NOMURA

Global Markets Research
28 August 2026

Shenzhen Sunway Communication 300136.SZ 300136 CH

EQUITY: TECHNOLOGY

1H26: EPS decline dragged by FX

Satellite momentum, AI hardware ramp-up, and MLCC consolidation underpin long-term earnings growth

1H26 EPS decline dragged by FX

Sunway reported 1H26 revenue of CNY4,032mn, up 8.88% y-y; overseas sales rose 14.49% y-y while domestic CNY-settled sales fell 1.42% y-y. Management attributed the increase to a resilient consumer electronics base and growth in the satellite business. Gross margin improved by 1.38pp y-y to 20.0%, which was driven by its phase-out of lower-margin products and a rising mix of satellite and MLCC (multilayer ceramic capacitor) business. 1H26 operating expense ratio fell 1.17pp y-y to 13.3%, reflecting lower research and development expense. 1H6 finance expenses rose 204.09% y-y to CNY84mn, including a CNY57.6mn FX loss versus a loss of CNY0.4mn in 1H25. 1H26 net profit declined 7.0% y-y to CNY151mn, and EPS fell 7.00% to CNY0.158. Excluding the FX impact, 1H26 net profit would have risen 28.27% y-y.

Satellites, AI hardware, and MLCC define the next growth leg

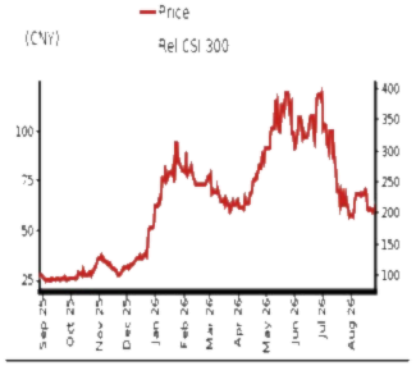
In the long term, we expect satellite components to remain as Sunway's core growth driver. Management commented that Sunway remains the sole high-frequency/high-speed connector supplier for one US client (1H26 orders rose 20-30% y-y, with customer users above 12mn in 2Q26), and expects domestic terminal demand to inflect from 2H27E into 2028E. Management guided for the MLCC business to turn positive profit positive in 4Q26E, and expects the planned execution of increasing shareholding at its Yiyang subsidiary to complete around 4Q26E; it expects the subsidiary's revenue to rise nearly 10x in 2026E and over 5x in 2027E, and monthly capacity rising toward 10bn units in 2026E and above 20bn in 2027E. In addition, management expects OpenAI (unlisted) mass production to start in late October or early November, with shipment expectations of tens of millions of units. We think these engines support mix and margin improvement in the long term.

Maintain Buy and lower TP to CNY105

We reiterate our Buy rating and lower TP to CNY105 (from CNY138), and revise down 2026/27F EPS to CNY0.80/1.03 from CNY1.03/CNY1.35 to reflect the soft 1H26 earnings. Our new TP is based on 86x 2028F P/E, at +3.0x SD of its 9-year historical average P/E of 41x (previously 86x 2028F P/E) — a premium to consumer electronics peers, which we believe is justified by the structural mix shift toward the high-margin satellite business. The stock currently trades at a 2028F P/E of 51x.

Rating Remains	Buy
Target price Reduced from CNY 138.00	CNY 105.00
Closing price 27 August 2026	CNY 62.07
Implied upside	+69.2%
Market Cap (USD mn)	8,936.5
ADT (USD mn)	1,034.7

Relative performance chart



Source: LSEG, Nomura

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Year-end 31 Dec	FY25		FY26F		FY27F		FY28F
Currency (CNY)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	8,910	10,599	10,004	12,313	11,345	13,999	12,841
Reported net profit (mn)	709	1,001	773	1,307	1,001	1,547	1,177
Normalised net profit (mn)	709	1,001	773	1,307	1,001	1,547	1,177
FD normalised EPS	73.24c	1.03	79.89c	1.35	1.03	1.60	1.22
FD norm. EPS growth (%)	7.1	41.3	9.1	30.5	29.5	18.4	17.6
FD normalised P/E (x)	84.7	–	77.7	–	60.0	–	51.0
EV/EBITDA (x)	44.4	–	41.3	–	31.9	–	26.7
Price/book (x)	7.6	–	6.8	–	6.0	–	5.2
Dividend yield (%)	0.1	–	0.1	–	0.1	–	0.1
ROE (%)	9.3	11.5	9.2	12.5	10.6	12.5	10.9
Net debt/equity (%)	9.6	5.6	9.7	net cash	6.2	net cash	1.2

Source: Company data, Nomura estimates

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Key data on Shenzhen Sunway Communication

Performance

(%)	1M	3M	12M		
Absolute (CNY)	-6.9	-44.6	132.5	M cap (USDmn)	8,936.5
Absolute (USD)	-6.2	-44.1	147.6	Free float (%)	74.2
Rel to CSI 300	-5.4	-38.9	126.9	3-mth ADT (USDmn)	1,034.7

Income statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	8,744	8,910	10,004	11,345	12,841
Cost of goods sold	-6,923	-6,879	-7,842	-8,747	-9,867
Gross profit	1,820	2,030	2,162	2,598	2,974
SG&A	-1,257	-1,195	-1,396	-1,583	-1,779
Employee share expense					
Operating profit	563	835	767	1,016	1,195
EBITDA	1,055	1,371	1,476	1,900	2,255
Depreciation	-464	-496	-663	-831	-999
Amortisation	-27	-39	-47	-54	-61
EBIT	563	835	767	1,016	1,195
Net interest expense	31	-83	-93	-105	-119
Associates & JCEs					
Other income	134	99	185	202	232
Earnings before tax	728	852	859	1,112	1,308
Income tax	-73	-147	-86	-111	-131
Net profit after tax	655	706	773	1,001	1,177
Minority interests	7	3	0	0	0
Other items					
Preferred dividends					
Normalised NPAT	662	709	773	1,001	1,177
Extraordinary items					
Reported NPAT	662	709	773	1,001	1,177
Dividends	-48	-48	-52	-67	-79
Transfer to reserves	614	661	721	934	1,098
Valuations and ratios					
Reported P/E (x)	90.8	84.7	77.7	60.0	51.0
Normalised P/E (x)	90.8	84.7	77.7	60.0	51.0
FD normalised P/E (x)	90.8	84.7	77.7	60.0	51.0
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Price/cashflow (x)	55.8	35.6	51.8	40.0	34.0
Price/book (x)	8.2	7.6	6.8	6.0	5.2
EV/EBITDA (x)	57.8	44.4	41.3	31.9	26.7
EV/EBIT (x)	108.2	72.8	79.5	59.7	50.4
Gross margin (%)	20.8	22.8	21.6	22.9	23.2
EBITDA margin (%)	12.1	15.4	14.8	16.7	17.6
EBIT margin (%)	6.4	9.4	7.7	9.0	9.3
Net margin (%)	7.6	8.0	7.7	8.8	9.2
Effective tax rate (%)	10.0	17.2	10.0	10.0	10.0
Dividend payout (%)	7.2	6.7	6.7	6.7	6.7
ROE (%)	9.2	9.3	9.2	10.6	10.9
ROA (pretax %)	5.0	7.0	6.0	7.2	7.7
Growth (%)					
Revenue	15.8	1.9	12.3	13.4	13.2
EBITDA	4.8	29.9	7.7	28.7	18.7
Normalised EPS	26.9	7.1	9.1	29.5	17.6
Normalised FDEPS	26.9	7.1	9.1	29.5	17.6

Source: Company data, Nomura estimates

Cashflow statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	1,055	1,371	1,476	1,900	2,255
Change in working capital	965	-267	-279	-371	-402
Other operating cashflow	-944	586	-38	-28	-87
Cashflow from operations	1,076	1,689	1,159	1,502	1,766
Capital expenditure	-1,085	-1,234	-1,200	-1,200	-1,200
Free cashflow	-9	456	-41	302	566
Reduction in investments	10	49	0	0	0
Net acquisitions	0	0	0	0	0
Dec in other LT assets					
Inc in other LT liabilities					
Adjustments	0	0	0	0	0
CF after investing acts	1	505	-41	302	566
Cash dividends	-48	-48	-52	-67	-79
Equity issue	3	15	0	0	0
Debt issue	115	-515	0	0	0
Convertible debt issue	0	0	0	0	0
Others	-505	-167	0	0	0
CF from financial acts	-435	-715	-52	-67	-79
Net cashflow	-434	-210	-93	234	487
Beginning cash	2,037	1,603	1,393	1,301	1,535
Ending cash	1,603	1,393	1,301	1,535	2,022
Ending net debt	923	763	855	621	134

Balance sheet (CNYmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	1,603	1,393	1,301	1,535	2,022
Marketable securities	0	0	0	0	0
Accounts receivable	2,347	2,462	2,765	3,136	3,549
Inventories	1,393	1,411	1,609	1,794	2,024
Other current assets	875	864	970	1,100	1,245
Total current assets	6,218	6,130	6,644	7,565	8,839
LT investments	0	0	0	0	0
Fixed assets	3,477	3,845	4,281	4,551	4,652
Goodwill	987	987	987	987	987
Other intangible assets	519	548	602	648	687
Other LT assets	2,169	2,029	2,278	2,584	2,924
Total assets	13,371	13,540	14,792	16,334	18,089
Short-term debt	997	1,142	1,142	1,142	1,142
Accounts payable	2,023	2,120	2,416	2,695	3,040
Other current liabilities	867	625	655	692	733
Total current liabilities	3,887	3,887	4,214	4,529	4,915
Long-term debt	1,529	1,014	1,014	1,014	1,014
Convertible debt	0	0	0	0	0
Other LT liabilities	617	708	708	708	708
Total liabilities	6,033	5,609	5,936	6,251	6,637
Minority interest					
Preferred stock					
Common stock	1,661	1,567	1,567	1,567	1,567
Retained earnings	5,928	6,561	7,282	8,215	9,314
Proposed dividends					
Other equity and reserves	-251	-197	8	300	571
Total shareholders' equity	7,338	7,930	8,856	10,082	11,452
Total equity & liabilities	13,371	13,540	14,792	16,334	18,089
Liquidity (x)					
Current ratio	1.60	1.58	1.58	1.67	1.80
Interest cover	–	10.1	8.3	9.7	10.0
Leverage					
Net debt/EBITDA (x)	0.88	0.56	0.58	0.33	0.06
Net debt/equity (%)	12.6	9.6	9.7	6.2	1.2
Per share					
Reported EPS (CNY)	68.38c	73.24c	79.89c	1.03	1.22
Norm EPS (CNY)	68.38c	73.24c	79.89c	1.03	1.22
FD norm EPS (CNY)	68.38c	73.24c	79.89c	1.03	1.22
BVPS (CNY)	7.58	8.20	9.15	10.42	11.84
DPS (CNY)	0.05	0.05	0.05	0.07	0.08
Activity (days)					
Days receivable	95.0	98.5	95.4	94.9	95.3
Days inventory	95.8	74.4	70.3	71.0	70.8
Days payable	99.8	109.9	105.6	106.7	106.4
Cash cycle	91.0	63.0	60.1	59.3	59.7

Source: Company data, Nomura estimates

Company profile

Shenzhen Sunway Communication Co., Ltd. engages in the research, development, manufacture, and sale of antennas and modules, wireless charging modules and related products, EMI/EMC devices, precision connectors, and acoustic devices in China and internationally.

Valuation Methodology

Our TP of CNY105 is based on 86x 2028F P/E, +3.0x SD of its 9-years historical average P/E at 41x, which is supported by 1) its 2025-28F earnings CAGR at 18% based on growth in satellite sector and product mix improvement, and 2) likely re-rating by shifting from a consumer electronics, margin-compressed revenue based toward a higher-value, more diversified mix anchored by satellite communication.

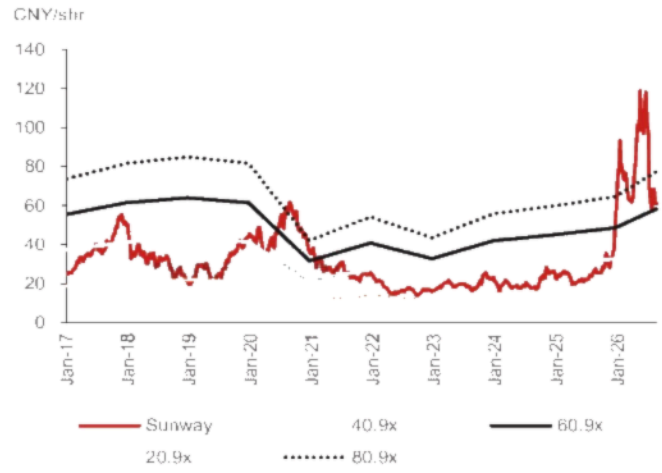
Risks that may impede the achievement of the target price

Downside risks include: 1) slower delivery of satellite products; 2) intensified competition or policy uncertainties, which may result in shrinking shares in certain clients; 3) softening demand in consumer electronics market.

ESG

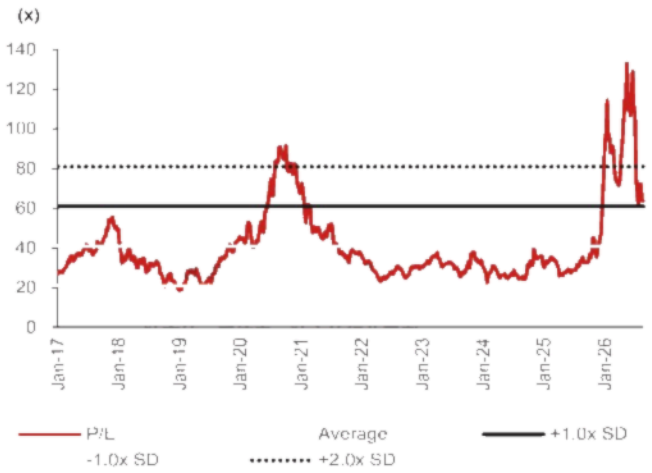
Shenzhen Sunway Communication demonstrates commitment to ESG by 1) using 100% clean energy to power its Apple-related production, and 2) by signing an agreement with one company to purchase only low-emission electricity for Sunway's Guangdong facilities.

Fig. 1: Sunway – Forward P/E band



Source: Bloomberg Finance L.P., Nomura estimates

Fig. 2: Sunway – Forward P/E with -1/+2x SD



Source: Bloomberg Finance L.P., Nomura estimates

Appendix A-1

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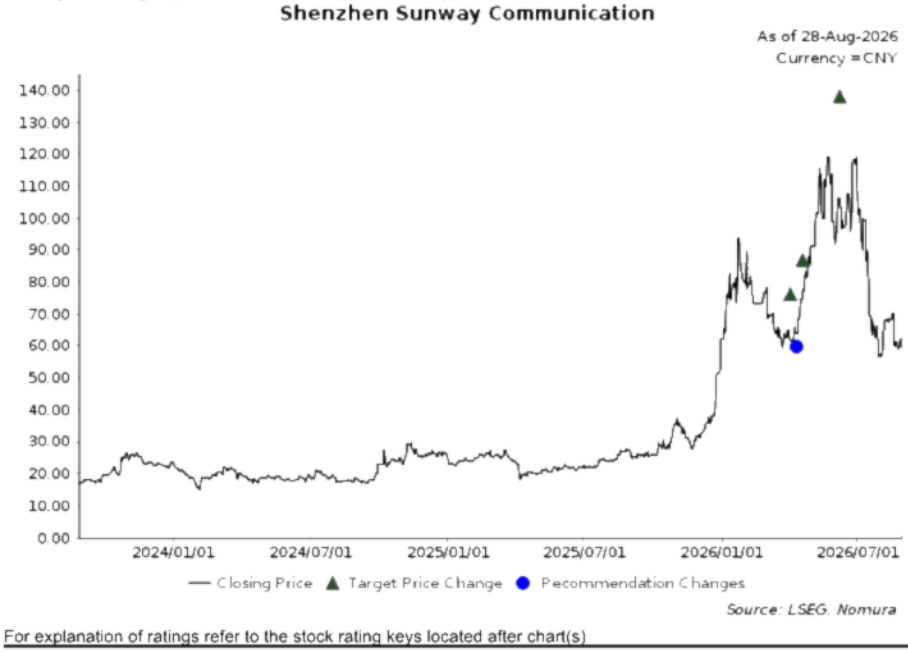
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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Shenzhen Sunway Communication	300136 CH	CNY 62.07	27-Aug-2026	Buy	N/A	

Shenzhen Sunway Communication (300136 CH) **CNY 62.07 (27-Aug-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
08-Jun-26		138.00	103.65
19-Apr-26		87.00	74.91
03-Apr-26	Buy		61.77
03-Apr-26		76.00	61.77

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of CNY105 is based on 86x 2028F P/E, +3.0x SD of its 9-years historical average P/E at 41x, which is supported by 1) its 2025-28F earnings CAGR at 18% based on growth in satellite sector and product mix improvement, and 2) likely re-rating by shifting from a consumer electronics, margin-compressed revenue based toward a higher-value, more diversified mix anchored by satellite communication.
Risks that may impede the achievement of the target price Downside risks include: 1) slower delivery of satellite products; 2) intensified competition or policy uncertainties, which may result in shrinking shares in certain clients; 3) softening demand in consumer electronics market.

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