NOMURA

Moon Environment Technology 000811.SZ 000811 CH

Global Markets Research
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EQUITY: Machinery and Equipment

AIDC cooling leader; overseas orders ramp

Overseas AIDC orders of Dunham Bush (the company's global HVAC brand) ramp on global AI build-out

Initiate at Buy with a TP of CNY60.69, implying 60.0% upside

We expect the company's overseas AIDC orders to move into large-scale delivery in 2027F, while elevated contract liabilities should provide further visibility on revenue growth. We therefore forecast revenue of CNY9,071mn/CNY11,422mn/CNY13,838mn in 2026-28F, implying a CAGR of 25.2%. We also expect a rising contribution from AIDC and a richer product mix to lift the gross margin of industrial products, supporting net profit of CNY899mn/CNY1,434mn/CNY1,837mn over the same period, implying a CAGR of 48.2%. On valuation, we apply a 42x target P/E, equivalent to the three-year average TTM P/E plus 1SD, reflecting our expectation that a rising AIDC contribution will drive a marked improvement in earnings growth and profitability vs. historical levels. Based on 2027F EPS of CNY1.45, we derive a TP of CNY60.69, implying 60.0% upside, and initiate at Buy. Over the three months to 9 Sep, the stock rose 18%, outperforming the CSI 300 by 22.8pp, which we attribute to strong global AIDC liquid-cooling demand and continued overseas order wins for the company, a key primary-side chiller play. **Key catalysts**: stronger AIDC primary-side chiller demand and further large overseas AIDC chiller orders at Dunham Bush. **Key downside risks:** slower AIDC build-out, macro weakness, delays in new product development, raw material price volatility and a slower-than-expected capacity ramp-up.

AIDC build-out unlocks a new compressor market

The AI build-out is placing ever greater demands on data-center cooling. As rack power density rises, so do cooling loads and energy-efficiency requirements, accelerating upgrades in cooling systems and demand for magnetic bearing centrifugal chillers. We believe the global AIDC cooling industry is entering a period of technology upgrades and rapid demand growth. Recent results from major North American HVAC manufacturers - including Trane Technologies and Johnson Controls - point in the same direction, with both orders and AIDC-related revenue growing rapidly. Based on data from Grid Strategies, the IEA and the CIAPST, we estimate average annual incremental AIDC-related compressor demand of CNY38.4bn globally and CNY6.4bn in China over 2025-30.

Overseas AIDC orders ramp; HRSG adds potential upside

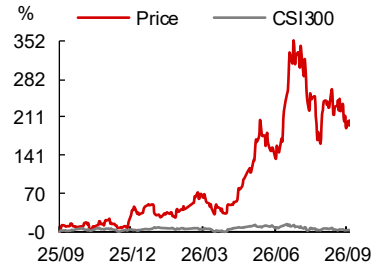
We believe Dunham Bush's established North American brand, together with Moon Environment's global manufacturing footprint, leaves the company well placed to take on data-center orders that larger manufacturers cannot absorb because of capacity constraints. According to company data, Dunham Bush recently secured magnetic bearing centrifugal chiller orders from North American and Australian customers, scheduled for delivery in end-2026 and 2027. These wins improve visibility for the overseas AIDC business and reinforce our view that AIDC will be a major growth driver over the next several years. The company also has exposure to the upswing in gas-fired power. Associate Yantai Hyundai Heavy Industrial Co., Ltd. manufactures heat recovery steam generators (HRSGs) and works with major global gas-turbine manufacturers including GE and Siemens. We expect stronger global demand for gas-fired generation and gas turbines to support the HRSG business, with the contribution flowing through investment income.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (CNY)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	7,052		9,071		11,422		13,838
Reported net profit (mn)	564		899		1,434		1,837
Normalised net profit (mn)	515		881		1,434		1,837
FD normalised EPS	0.52		0.89		1.45		1.85
FD norm. EPS growth (%)	-0.7		70.9		62.8		28.1
FD normalised P/E (x)	73.1		42.7		26.3		20.5
EV/EBITDA (x)	20.8		26.3		17.0		12.8
Price/book (x)	2.9		5.3		4.5		3.8
Dividend yield (%)	0.3		0.4		0.7		0.9
ROE (%)	8.8		12.6		17.2		18.7
Net debt/equity (%)	net cash		net cash		net cash		net cash

Source: Wind, company data, Nomura estimates

Rating Starts at	**Buy**
Target price Starts at	**CNY 60.69**
Closing price 09 Sep 2026	**CNY 37.94**
Implied upside	**+60.0%**
Market Cap (USD mn)	5,556.3
ADT (USD mn)	311.1

Relative performance chart



Source: Gildata

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

Key data on Moon Environment Technology

Performance

(%)	1M	3M	12M		
Absolute (CNY)	-10.3	18.0	204.7	M cap (USDmn)	5,556.3
Absolute (USD)	-10.1	18.7	219.3	Free float (%)	59.5
Rel to CSI 300	-7.7	22.8	201.7	3-mth ADT (USDmn)	311.1

Source: Gildata

Income statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	6,635	7,052	9,071	11,422	13,838
Cost of goods sold	-4,801	-5,153	-6,490	-7,889	-9,389
Gross profit	1,833	1,899	2,581	3,533	4,449
SG&A	-1,272	-1,275	-1,570	-1,884	-2,227
Employee share expense					
Operating profit	745	771	1,162	1,898	2,511
EBITDA	739	822	1,366	2,077	2,673
Depreciation	-161	-170	-174	-155	-147
Amortisation					
EBIT	578	652	1,192	1,922	2,525
Net interest expense	24	23	-29	-24	-14
Associates & JCEs	0	0	0	0	0
Other income	187	125	181	273	303
Earnings before tax	773	772	1,163	1,898	2,511
Income tax	-106	-141	-159	-297	-461
Net profit after tax	667	630	1,004	1,601	2,051
Minority interests	-39	-66	-105	-167	-214
Other items	0	0	0	0	0
Preferred dividends					
Normalised NPAT	519	515	881	1,434	1,837
Extraordinary items	109	49	18	0	0
Reported NPAT	628	564	899	1,434	1,837
Dividends	-191	-99	-158	-252	-323
Transfer to reserves	437	465	741	1,182	1,514
Valuations and ratios					
Reported P/E (x)	14.9	32.6	41.9	26.3	20.5
Normalised P/E (x)	18.0	35.7	42.7	26.3	20.5
FD normalised P/E (x)	72.5	73.1	42.7	26.3	20.5
Dividend yield (%)	0.7	0.3	0.4	0.7	0.9
Price/cashflow (x)	52.2	45.9	30.4	23.0	17.7
Price/book (x)	1.6	2.9	5.3	4.5	3.8
EV/EBITDA (x)	10.6	20.8	26.3	17.0	12.8
EV/EBIT (x)	62.6	55.7	30.2	18.4	13.6
Gross margin (%)	27.6	26.9	28.5	30.9	32.2
EBITDA margin (%)	11.1	11.7	15.1	18.2	19.3
EBIT margin (%)	8.7	9.2	13.1	16.8	18.2
Net margin (%)	9.5	8.0	9.9	12.6	13.3
Effective tax rate (%)	13.7	18.3	13.7	15.7	18.3
Dividend payout (%)	30.4	17.6	17.6	17.6	17.6
ROE (%)	10.8	8.8	12.6	17.2	18.7
ROA (pretax %)	4.9	5.2	8.4	11.6	12.9
Growth (%)					
Revenue	-11.5	6.3	28.6	25.9	21.2
EBITDA	-0.3	11.2	66.2	52.1	28.7
Normalised EPS	-8.2	-23.6	70.9	62.8	28.1
Normalised FDEPS	-8.2	-0.7	70.9	62.8	28.1

Source: Wind, company data, Nomura estimates

Cashflow statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	739	822	1,366	2,077	2,673
Change in working capital	-56	52	135	14	72
Other operating cashflow	38	-53	-261	-454	-614
Cashflow from operations	721	821	1,240	1,637	2,130
Capital expenditure	-116	-124	-34	-34	-34
Free cashflow	604	697	1,206	1,603	2,096
Reduction in investments	-291	-678	-793	-833	-874
Net acquisitions	0	0	0	0	0
Dec in other LT assets	0	0	0	0	0
Inc in other LT liabilities	0	0	0	0	0
Adjustments	108	50	110	163	170
CF after investing acts	421	69	523	934	1,392
Cash dividends	-191	-99	-158	-252	-323
Equity issue	0	0	0	0	0
Debt issue	-51	208	-21	0	0
Convertible debt issue					
Others	-118	-180	0	-33	-33
CF from financial acts	-359	-71	-179	-285	-356
Net cashflow	66	3	344	649	1,036
Beginning cash	2,249	2,316	2,318	2,662	3,311
Ending cash	2,316	2,318	2,662	3,311	4,346
Ending net debt	-1,546	-1,607	-1,951	-2,600	-3,635

Balance sheet (CNYmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	2,316	2,318	2,662	3,311	4,346
Marketable securities	1,401	2,201	2,995	3,827	4,702
Accounts receivable	2,120	2,113	2,808	3,479	4,249
Inventories	1,451	1,754	2,085	2,611	3,062
Other current assets	655	648	851	1,013	1,223
Total current assets	7,942	9,035	11,401	14,241	17,582
LT investments	1,349	1,395	1,395	1,395	1,395
Fixed assets	1,358	1,343	1,208	1,072	937
Goodwill	811	811	811	811	811
Other intangible assets	214	229	241	272	301
Other LT assets	191	180	157	142	138
Total assets	11,866	12,993	15,212	17,933	21,163
Short-term debt	384	565	565	565	565
Accounts payable	2,275	2,515	3,121	3,822	4,532
Other current liabilities	2,393	2,720	3,457	4,127	4,920
Total current liabilities	5,052	5,800	7,143	8,515	10,018
Long-term debt	386	146	146	146	146
Convertible debt					
Other LT liabilities	217	289	286	286	286
Total liabilities	5,656	6,235	7,575	8,947	10,450
Minority interest	398	380	484	651	864
Preferred stock					
Common stock	764	992	992	992	992
Retained earnings	4,502	4,952	5,693	6,875	8,389
Proposed dividends					
Other equity and reserves	546	433	467	467	467
Total shareholders' equity	6,210	6,758	7,637	8,986	10,713
Total equity & liabilities	11,866	12,993	15,212	17,933	21,163

Liquidity (x)

Current ratio	1.57	1.56	1.60	1.67	1.76
Interest cover	-	-	41.1	80.7	179.2

Leverage

Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash

Per share

Reported EPS (CNY)	0.63	0.57	0.91	1.45	1.85
Norm EPS (CNY)	0.68	0.52	0.89	1.45	1.85
FD norm EPS (CNY)	0.52	0.52	0.89	1.45	1.85
BVPS (CNY)	7.61	6.43	7.21	8.40	9.92
DPS (CNY)	0.25	0.10	0.16	0.25	0.33
Activity (days)					
Days receivable	111.4	108.0	97.6	99.1	100.5
Days inventory	107.5	112.0	106.5	107.1	108.8
Days payable	172.4	167.3	156.3	158.4	160.2
Cash cycle	46.4	52.7	47.8	47.8	49.1

Source: Wind, company data, Nomura estimates

Company profile

Moon Environment positions its business around “energy and power”. Its major products include screw compressors, centrifugal compressors, reciprocating compressors, scroll compressors, absorption chillers and industrial heat pumps. Its businesses span industrial refrigeration, HVAC, green-energy equipment, precision forming and smart industrial solutions, with applications in food freezing, refrigeration and processing, cold-chain logistics, data centers, and energy and power.

Valuation Methodology

We apply a 42x target P/E, in line with the stock’s three-year average TTM P/E plus 1SD. Based on 2027F EPS of CNY1.45, we derive a TP of CNY60.69. The stock’s benchmark index is the CSI 300.

Risks that may impede the achievement of the target price

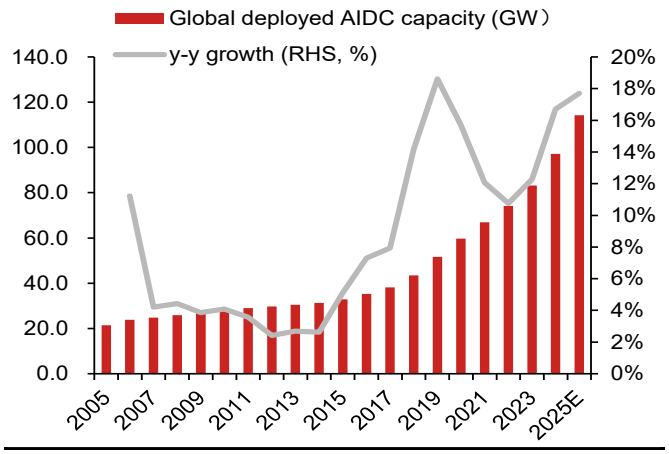
Key downside risks include slower-than-expected AIDC build-out; macro weakness; delays in new-product development; raw-material price volatility; and a slower-than-expected capacity ramp-up.

ESG

According to Moon Environment’s 2025 Environmental, Social and Governance (ESG) Report, the company is accelerating the green and low-carbon transformation of traditional industries in support of China’s dual-carbon goals and energy transition. It continues to advance technological development and commercial applications of low-carbon refrigerants including R744 and R290, while developing a green value chain across its operations. The company supplied its proprietary CO2 compression and liquefaction unit to CHN Energy’s Jinjie Power Plant for a 150ktpa carbon capture and utilization demonstration project. In 2025, 100% of production staff held the required professional certifications, while employee welfare expenditure reached CNY47.86mn.

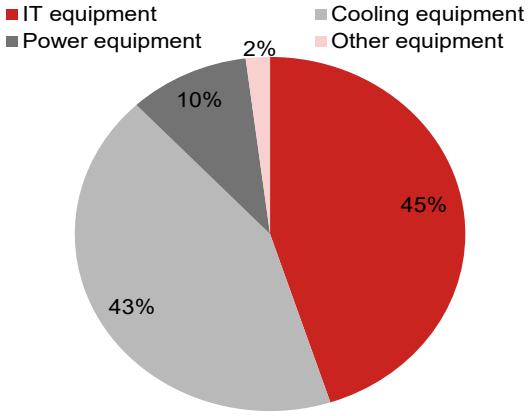
Focus charts

Fig. 1: Global deployed AIDC capacity



Source: IEA, Nomura

Fig. 2: Energy consumption breakdown of conventional AIDCs



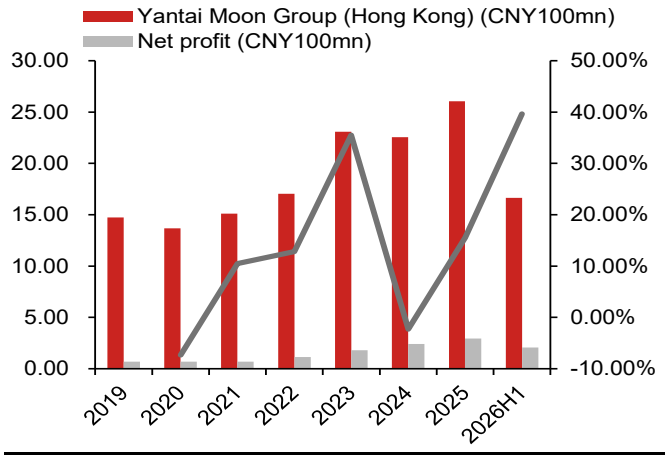
Source: Chinese Association of Refrigeration, China AIDC Cooling Technology Annual Development Research Report 2024, CCID Consulting, Nomura

Fig. 3: We estimate annual incremental AIDC-related compressor demand at CNY38.4bn globally and CNY6.4bn in 2025-30

	US/Global	China
AIDC capacity addition assumptions		
2025-30E AIDC capacity additions (GW)	US: 90	28
Share of global AIDC capacity additions	US: 44%	26%
Incremental chiller market size assumptions		
Chiller value per MW (USDmn/MW)	0.4	0.4
Total incremental chiller market, 2025-30E (CNYbn)	Global: 67.4	11.2
Average incremental chiller market, 2025-30E (USDbn)	Global: 11.2	1.9
USD/CNY	7	7
Average annual incremental chiller market (CNYbn)	Global: 76.9	12.8
Incremental compressor market size assumptions		
Compressor share of chiller value	50%	50%
Average annual incremental compressor market (CNYbn)	Global: 38.4	6.4

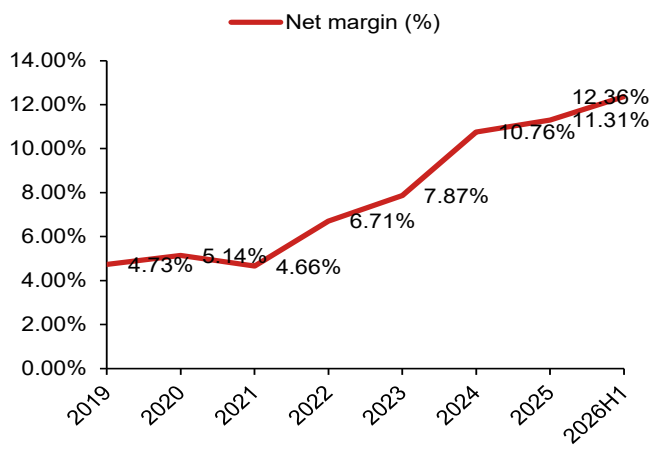
Source: Grid Strategies, Semiconductor Industry Development Branch of the China International Association for Promotion of Science and Technology (CIAPST), IEA, Nomura estimates

Fig. 4: Moon Environment Technology — AIDC drives continued revenue growth at Yantai Moon Group (Hong Kong)



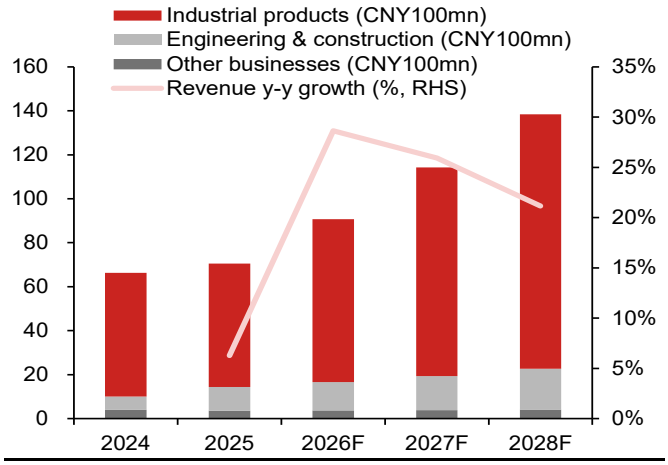
Source: Moon Environment 2019-25 annual reports and 1H26 interim report, Nomura

Fig. 5: Moon Environment Technology — AIDC drives continued NPM expansion at Yantai Moon Group (Hong Kong)



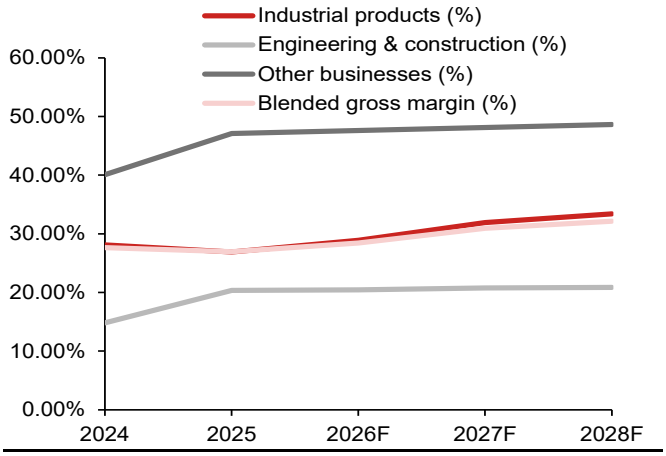
Source: Moon Environment 2019-25 annual reports and 1H26 interim report, Nomura

Fig. 6: Moon Environment Technology — AIDC is the main growth driver for industrial products and total revenue



Source: Moon Environment 2024-25 annual reports, Nomura estimates

Fig. 7: Moon Environment Technology — Blended and industrial-products gross margins trend broadly in line



Source: Moon Environment 2024-25 annual reports, Nomura estimates

Results review

According to Moon Environment's 1H26 interim report, revenue rose 18.0% y-y to CNY3,678mn and net profit increased 17.0% y-y to CNY311mn. Weighted-average ROE rose 0.26pp y-y to 4.83%. By region, domestic revenue increased 4.0% y-y to CNY2,185mn in 1H26, accounting for 59.4% of total revenue, while overseas revenue rose 46.9% y-y to CNY1,494mn and accounted for 40.6%.

We attribute the strong overseas revenue growth mainly to rapid expansion of the overseas AIDC business. According to operating data for major subsidiaries disclosed in the interim report, Yantai Moon Group (Hong Kong) Limited, the holding company for Dunham Bush, generated revenue of CNY1,665mn in 1H26, up 39.6% y-y, further demonstrating the strong growth in compressor demand driven by the AI infrastructure build-out.

Investment highlight

Well positioned to capture overflow AIDC chiller orders

AIDC demand remains strong, with major North American HVAC manufacturers continuing to report growth in data-center revenue and orders. Capacity is increasingly tight and expansion lead times are long, resulting in clear order spillover. We believe Moon Environment is well positioned to capture such orders through Dunham-Bush's established brand and distribution network in North America, together with its manufacturing footprint and capacity expansion across Yantai, Malaysia and North America. Recent magnetic bearing centrifugal chiller orders in North America and Australia further demonstrate its ability to secure overseas orders.

Recent operating data disclosed by major North American HVAC manufacturers further confirm strong industry demand:

(1) Trane Technologies (TT US, Not Rated): Backlog reached a record USD12.1bn in 2QFY26, up 70% y-y. Americas large commercial HVAC equipment orders rose 130% y-y, marking the fourth consecutive quarter of more than 100% growth, while backlog increased around 90% y-y. Around USD6bn of orders are scheduled for delivery in 2027 and beyond.

(2) Johnson Controls (JCI US, Not Rated): Backlog reached a record USD21bn in 3QFY26, up more than 30% y-y. Americas orders increased 37% y-y, driven by AIDC and other mission-critical applications. The company expects AIDC revenue to approach 20% of group revenue in FY26 and rise to around one-third over the next 3-5 years.

Overall, the rapid growth in orders and backlog at the major North American HVAC manufacturers indicates that AIDC chiller demand remains strong, while capacity constraints and longer delivery schedules are widening the supply-demand gap. We believe this provides a favorable industry backdrop for Dunham-Bush to capture incremental demand.

Financial forecasts

We believe Moon Environment can leverage Dunham Bush's established North American brand and the group's global manufacturing footprint to capture overseas AIDC cooling demand that major HVAC manufacturers cannot absorb because of capacity constraints. According to company data, Dunham Bush recently secured two magnetic bearing centrifugal chiller orders from North American Customer A worth more than USD30mn and USD100mn, respectively, for delivery in 2027. It also secured an order worth more than USD10mn from Australian Customer B for delivery by end-2026. We expect the AIDC business to continue ramping up and forecast revenue of CNY9,071mn/CNY11,422mn/ CNY13,838mn in 2026-28F, representing a CAGR of 25.2%. We forecast net profit of CNY899mn/CNY1,434mn/CNY1,837mn over the same period, representing a CAGR of 48.2%. Our key segment assumptions are as follows.

Industrial products

We expect AIDC to be the main growth driver for industrial products. Our forecasts take into account: 1) sustained AIDC demand and a gradual recovery in broader industrial demand; and 2) Dunham Bush's position as a long-established North American HVAC brand, its manufacturing footprint across Yantai, Malaysia and North America, and strong revenue growth at Yantai Moon Group (Hong Kong) in 1H26. With reference to AIDC-related demand and backlog growth at Trane Technologies and Johnson Controls, we forecast industrial-products revenue growth of 32% y-y in 2026F. For 2027-28F, factoring in large-scale delivery of overseas AIDC orders, a gradual capacity ramp and a higher revenue base, we forecast growth of 28%/22% y-y. We expect the rising contribution from AIDC products and an improving product mix to lift industrial-products gross margin from 26.89% in 2025 to 28.89%/31.89%/33.39% in 2026-28F.

Engineering & construction

Moon Environment's engineering & construction business mainly comprises EPC contracting for thermal-management systems and is closely linked to its proprietary refrigeration-equipment business. As the company continues to expand its integrated AIDC thermal-management solutions, we forecast engineering & construction revenue growth of 20% y-y in each of 2026-28F. We forecast gross margin to rise by 0.1pp/0.3pp/0.1pp y-y over the same period, reflecting greater synergies between equipment sales and project execution and a rising contribution from higher-value-added AIDC projects.

Other businesses

Other businesses mainly comprise material sales and other revenue. Following weaker demand over the past two years, we expect a gradual recovery in domestic and downstream industry demand, driving revenue growth of 2%/5%/5% y-y in 2026-28F. We forecast gross margin to increase by 0.5pp each year over the same period.

Expenses

As scale benefits emerge and internal digitalization delivers cost savings and efficiency gains, we expect expense ratios to decline gradually. We forecast the combined selling, administrative and R&D expense ratio at 16.69%/15.89%/15.49% in 2026-28F.

Fig. 8: Moon Environment Technology — Key financial forecasts

CNYmn		2024	2025	2026F	2027F	2028F	2026-28F CAGR
Total revenue		**6,635**	**7,052**	**9,071**	**11,422**	**13,838**	**25.2%**
	y-y growth (%)		6%	29%	26%	21%	
Industrial products		5,629	5,613	7,409	9,484	11,570	27.3%
	y-y growth (%)		0%	32%	28%	22%	
	as % of revenue	85%	80%	82%	83%	84%	
Engineering & construction		606	1,077	1,293	1,551	1,862	20.0%
	y-y growth (%)		78%	20%	20%	20%	
	as % of revenue	9%	15%	14%	14%	13%	
Other businesses		399	361	369	387	407	4.0%
	y-y growth (%)		-9%	2%	5%	5%	
	as % of revenue	6%	5%	4%	3%	3%	
Gross profit		**1,833**	**1,899**	**2,581**	**3,533**	**4,449**	**32.8%**
	y-y growth (%)		4%	36%	37%	26%	
Blended GPM (%)		**27.6%**	**26.9%**	**28.5%**	**30.9%**	**32.2%**	
Industrial-products GPM (%)		28.1%	26.9%	28.9%	31.9%	33.4%	
Engineering & construction GPM (%)		14.8%	20.3%	20.4%	20.7%	20.8%	
Other-businesses GPM (%)		40.1%	47.1%	47.6%	48.1%	48.6%	
Expenses							
Selling expenses		595	592	734	891	1,051	
	as % of revenue	9.0%	8.4%	8.1%	7.8%	7.6%	
G&A expenses		382	363	439	519	615	
	as % of revenue	5.8%	5.1%	4.8%	4.5%	4.4%	
R&D expenses		255	278	340	405	477	
	as % of revenue	3.8%	3.9%	3.7%	3.5%	3.4%	
Operating profit		**745**	**771**	**1,162**	**1,898**	**2,511**	**48.2%**
	y-y growth (%)		4%	51%	63%	32%	
Net profit		**628**	**564**	**899**	**1,434**	**1,837**	**48.2%**
	y-y growth (%)		-10%	59%	59%	28%	

Source: Wind, Moon Environment 2024-25 annual reports, Nomura estimates

Our 2026F revenue forecast is 4.5% above Wind consensus, while our 2027F/2028F forecasts are 1.7%/2.5% below consensus. Our net profit forecasts for 2026-28F are 7.4%/7.8%/2.3% above consensus. For revenue, our 2026F forecast is above consensus as we expect overseas AI infrastructure investment to remain strong, with elevated contract liabilities and Dunham Bush's disclosed orders providing additional support. For 2027-28F, our assumptions are more conservative as we factor in intensifying industry competition. On earnings, we expect the AIDC business to enter a major delivery phase from 2027F, with a rising contribution from higher-margin AIDC products supporting further overall gross margin expansion.

Fig. 9: Moon Environment Technology — Nomura estimates vs Wind consensus

	Nomura estimates			Wind consensus			Diff. (%)		
CNYmn	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	9,071	11,422	13,838	8,677	11,614	14,196	4.5	-1.7	-2.5
Net profit	899	1,434	1,837	838	1,330	1,796	7.4	7.8	2.3

Note: Wind consensus data as of 9 Sep 2026.
Source: Wind, Nomura estimates

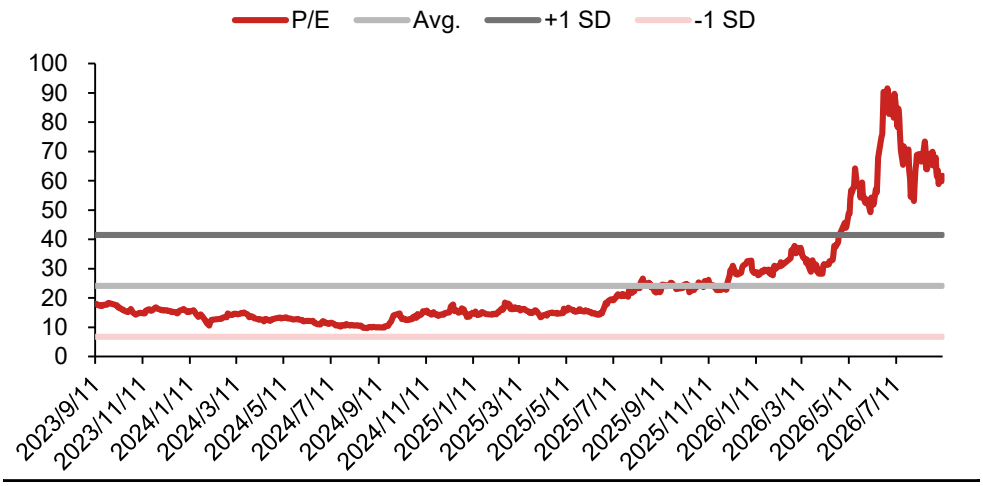
Valuation methodology and risks

Initiate at Buy with a TP of CNY60.69

We use a P/E-based valuation approach given the expected improvement in Moon Environment's profitability. We use 2027F as the valuation base year, when we expect overseas AIDC orders to enter a major delivery phase, while industrial waste-heat recovery heat pumps should provide incremental earnings.

As AIDC develops into a major growth driver, we expect both earnings growth and profitability to improve markedly from historical levels. We forecast the company's net profit to deliver a 48.2% CAGR in 2026-28F, compared with 9.9% over 2023-2025. Accordingly, we apply a 42x target P/E for valuation, equivalent to the three-year average TTM P/E plus 1SD. Based on 2027F EPS of CNY1.45, we derive a TP of CNY60.69, implying 60.0% upside, and initiate at Buy. The stock currently trades at around 42x 2026F P/E and 26x 2027F P/E.

Fig. 10: Moon Environment Technology — Historical TTM P/E band



Note: Priced as of 9 Sep 2026.
Source: Wind, Nomura

Fig. 11: Moon Environment — Valuation comparables

Ticker	Company name	Rating	TP (CNY)	CP (CNY)	Mkt cap (CNYbn)	PE (x)			EPS CAGR	ROE (%)		
						2026F	2027F	2028F	2026-28F	2026F	2027F	2028F
000811 CH	**Moon Environment Technology**	**Buy**	**60.69**	**37.94**	**37.65**	**41.9**	**26.3**	**20.5**	**48%**	**12.6**	**17.2**	**18.7**
605060 CH	Allied Machinery	Not Rated		40.49	9.74	29.7	21.1	14.8	42%	12.3	15.2	18.3
301317 CH	Xinlei Compressor	Not Rated		49.50	7.78	85.8	41.2	14.9	22%	6.9	13.2	31.3
301018 CH	Shenling Environmental Systems	Not Rated		100.70	37.69	85.3	42.4	25.8	69%	14.3	22.0	25.8
688448 CH	Nanjing CIGU Technology	Not Rated		67.27	6.56	178.2	34.8	16.5	207%	3.5	16.7	29.5
Average						**94.7**	**34.9**	**18.0**	**85%**	**9.3**	**16.8**	**26.2**

Note: Priced as of 9 Sep 2026; Nomura estimates for rated stocks and Wind consensus estimates for not rated stocks; average excludes Moon Environment.
Source: Wind, Nomura estimates

Key downside risks

(1) **Slower-than-expected AIDC build-out:** Macroeconomic or policy factors could delay overseas AIDC construction and weigh on revenue from the company's AIDC refrigeration compressors, in our view.

(2) **Weaker-than-expected macro environment:** Slower demand from downstream industries such as chemicals could weigh on non-AIDC refrigeration revenue growth, in our view.

(3) **Slower-than-expected new-product development:** Delays in new compressor development could weaken the company's competitive position and constrain revenue growth, in our view.

(4) **Raw-material price volatility:** A sharp increase in prices for key raw materials, including steel and pig iron, could raise production costs and pressure profitability, in our view.

(5) **Slower-than-expected capacity ramp-up:** Delays in capacity ramp-up could constrain the company's ability to secure and deliver orders, in our view.

Appendix A-1

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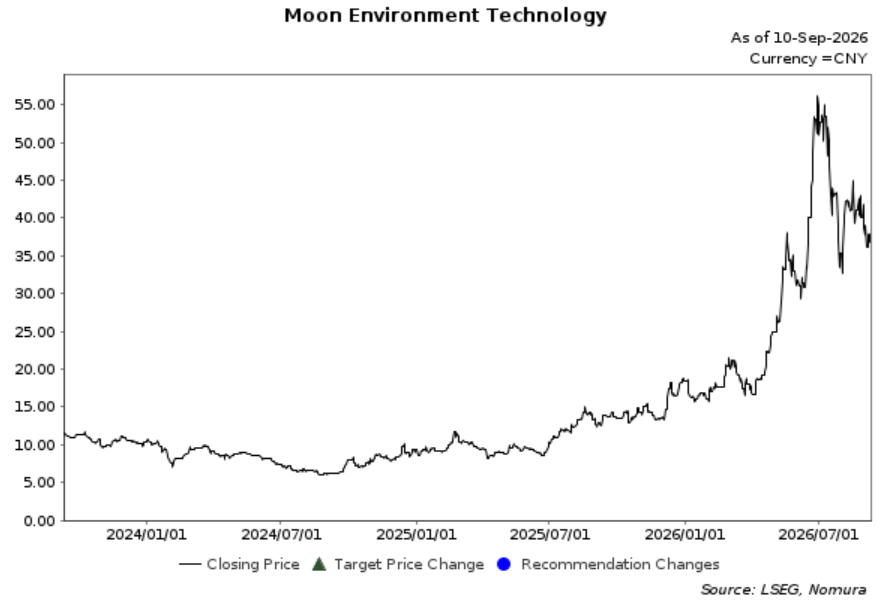
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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Moon Environment Technology	000811 CH	CNY 37.75	10-Sep-2026	Buy	N/A	

Moon Environment Technology (000811 CH) **CNY 37.75 (10-Sep-2026) Buy** (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target Price	Closing price

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

Valuation Methodology We apply a 42x target P/E, in line with the stock's three-year average TTM P/E plus 1SD. Based on 2027F EPS of CNY1.45, we derive a TP of CNY60.69. The stock's benchmark index is the CSI 300.

Risks that may impede the achievement of the target price Key downside risks include slower-than-expected AIDC build-out; macro weakness; delays in new-product development; raw-material price volatility; and a slower-than-expected capacity ramp-up.

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