11 Oct 2026 19:25:39 ET | 12 pages

Dajin Heavy (1081.HK)

Concern from EU Ban on PRC Wind Equipment Imports Overdone Based on China Wind Energy Association

CITI'S TAKE

Dajin's share price fell 16% on 9 Oct, over market concerns if EU would ban wind equipment imports from China due to national security threats (link). The European market is important to Dajin, generating 68.8% of its 2025 revenue. In our checks with industry body China Wind Energy Association, the CWEA indicated the likelihood of Europe implementing an import ban on Chinese wind equipment is not high because of the ongoing supply shortage in Europe, particularly for such components as monopiles and subsea cables. Meanwhile, Dajin is not aware of any confirmation regarding EU potentially banning the import of Chinese wind equipment. Dajin's monopile sales prices also should not be liable to anti-dumping concerns. We think the sharp share price fall presents a good opportunity to accumulate the stock expecting positive catalyst of new orders to resume from Europe in 1H27E. Its 9.3x 2027E PER and 1.1x PB look inexpensive.

Buy

Short-Term View: Upside, expires 13-OCT-26

Price (09 Oct 26 16:10)	HK$29.10
Target price	HK$43.00
Expected share price return	47.8%
Expected dividend yield	0.7%
Expected total return	48.5%
Market Cap	HK$35,698M
	US$4,549M

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1. New news – Dajin's share price fell 16% on Friday, 9 Oct, as there were market concerns if EU would ban wind equipment imports from China citing national security fears (link, Recharge, 8 Oct 2026). Dajin derived 74.5% (+28.6ppts yoy) of its group revenue in 2025 from overseas, with 68.8% from Europe. The European market therefore is very important to Dajin, which is the largest offshore wind foundation provider in terms of sales value of monopiles in Europe with 29.1% market share as of 1H25, according to Frost & Sullivan. The company has also established port facilities in Denmark, Germany, and Spain serving the key offshore wind markets in Europe, including the Baltic Sea, North Sea and Atlantic coast areas, to meet the delivery requirement of local projects. Since 2021, the EU has imposed anti-dumping duties on tower products from China, and the duty rate appliable to Dajin's products in the EU is 7.2% (not applicable in the UK). We note that Dajin customers are responsible for paying such anti-dumping duty. In the last three years (2023-25), Dajin derived merely 0.64% of its total group revenue from sale of tower products to the EU subject to anti-dumping duties. The impact was mild.

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Figure 1. Dajin's order backlog breakdown

%	2023	2024	Chg YoY	2025	Chg YoY
By Product Category:					
Foundation structures	71.9%	71.1%	-0.8%	83.0%	11.9%
Towers	28.1%	28.9%	0.8%	17.0%	-11.9%
Total	**100.0%**	**100.0%**	0.0%	**100.0%**	0.0%
By Region					
Outside Chinese Mainland	**85.7%**	**88.3%**	2.6%	**95.2%**	6.9%
Germany	*49.4%*	*52.5%*	3.1%	*47.4%*	-5.1%
U.K.	*12.9%*	*24.7%*	11.8%	*31.5%*	6.8%
Poland	*0.0%*	*0.0%*	0.0%	*14.1%*	14.1%
Denmark	*14.8%*	*8.9%*	-5.9%	*0.0%*	-8.9%
France	*6.9%*	*0.0%*	-6.9%	*0.0%*	0.0%
Others	*1.6%*	*2.1%*	0.5%	*2.2%*	0.1%
Chinese Mainland	**14.3%**	**11.7%**	-2.6%	**4.8%**	-6.9%
Total	**100.0%**	**100.0%**	**0.0%**	**100.0%**	**0.0%**

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Source: Citi Research, Company Reports

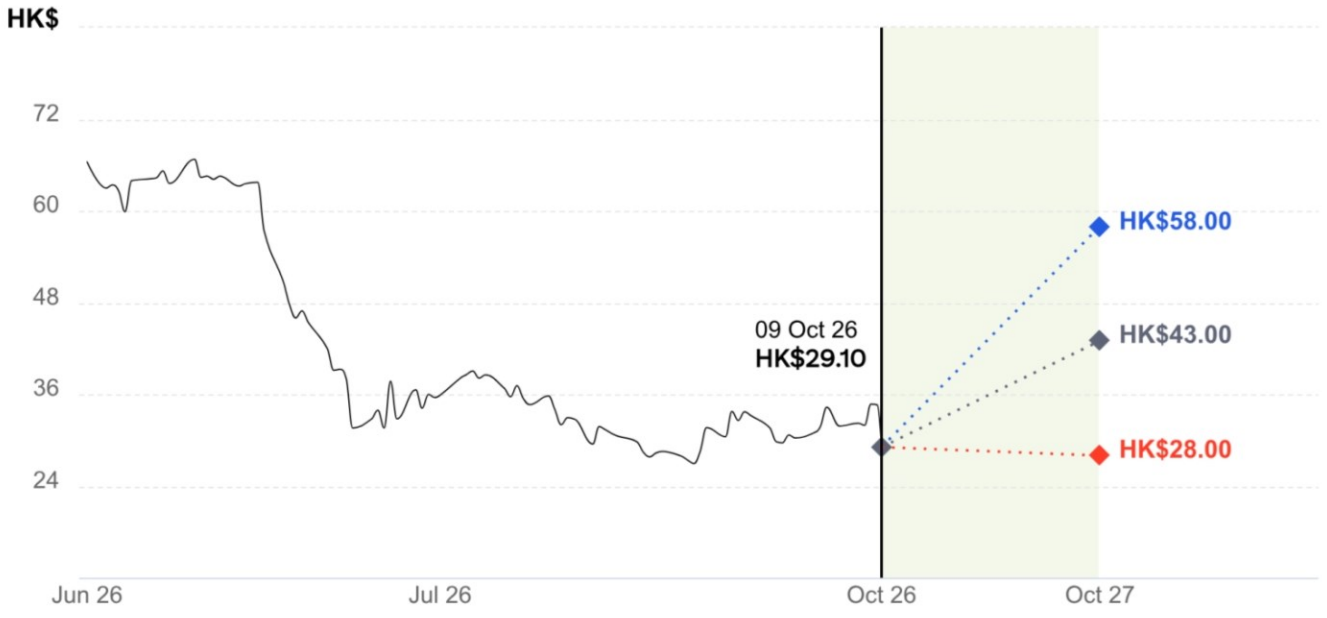
2. Company feedback – We have checked with Dajin. The company is not aware of any confirmation regarding EU potentially banning the import of Chinese wind equipment. In addition, the company commented the sales prices (ex-transportation) of its monopiles being sold to Europe (around Rmb20k per ton) are similar to the average sale prices of suppliers in Europe and just 5-10% less than those of SIF Holding (SIFG AS, not covered) at about Rmb21-22k per ton. Based on these sales prices, the company should not be liable for anti-dumping activities to Europe.

3. Comment from industry body China Wind Energy Association - We have also checked with industry body China Wind Energy Association in Beijing, China. This entity believes that the likelihood of Europe implementing an import ban on Chinese wind equipment is not high due to the supply shortage in Europe, particularly for such components as monopiles and subsea cables.

4. Our view - We assume Europe will continue to allow monopile imports as local production capacity will be sufficient for only 65% of demand there over the five-year period 2026E to 2030E. In addition to having a significant first-mover advantage compared with its Chinese peers, Dajin enjoys substantial competitive advantages over local European suppliers, driven by (i) its short delivery cycle, (ii) sufficient production volume, (iii) heavy marine transport capacity and (iv) efficient installation service. Furthermore, if we assess the potential policy risk based on impact from EU bans on Chinese inverters from EU funded power projects (link: Sungrow Power Supply (300274.SZ) - Impact from EU bans Chinese Inverters from EU-Funded Power Projects Looks Mild Based on Sungrow), it has affected only around 20% of renewable projects in Europe. Therefore, we believe any possible ban would have a partial but not full-scale impact based on this example.

Bull/Bear: Dajin Heavy

HK$ 58.00 ▲99% Upside | HK$ 43.00 ▲48% Upside | HK$ 28.00 ▼3.8% Downside



Spread 103pp
Current Price and expected returns (upside/downside) as of 09 Oct 2026

BULL Assumptions

- Overseas sales volume of wind foundation equipment up 10%
- Overseas ASP of wind foundation equipment up 10%
- GP margin of wind foundation equipment up 5ppts

BASE Assumptions

- Overseas sales volume of wind foundation equipment of 265k tons in 2026E
- Overseas ASP of wind foundation equipment down 5% yoy in 2026E
- GP margin of wind foundation equipment of 30% in 2026E

BEAR Assumptions

- Overseas sales volume of wind foundation equipment down 10%
- Overseas ASP of wind foundation equipment down 10%
- GP margin of wind foundation equipment down 5ppts

Dajin Heavy

Valuation

Our target price of HK$43.00 is based on DCF valuation. We believe a DCF valuation approach is apt given long term earnings & cashflow visibility underpinned by a large order backlog and tangible demand drivers. Key assumptions in our DCF include: 1) WACC of 8.5% (based on equity beta of 0.9, according to Bloomberg, a risk-free rate of 1.9%, market risk premium of 10.4%, a gearing ratio of 30%, and an effective tax rate of 12.8%) and 2) a terminal growth rate of 4.0%. At our target price, it would trade at 14.0x 2027E P/E and 1.6x PB.

Risks

This stock is High Risk based upon our quantitative model but assigning a High Risk rating is not supported by other qualitative factors including the long-term demand growth of offshore wind power projects globally and Dajin's leading market share in offshore wind foundation equipment sector, and so a High Risk rating has not been applied. Key downside risks that could prevent Dajin shares from reaching our targe price include: (i) lower-than-expected offshore wind market demand in Europe and emerging markets; (ii) margin squeeze from wind foundation equipment sales due to rising competition; (iii) any international trade restrictions against wind equipment to restrict Dajin from more export sales.



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Appendix A-1

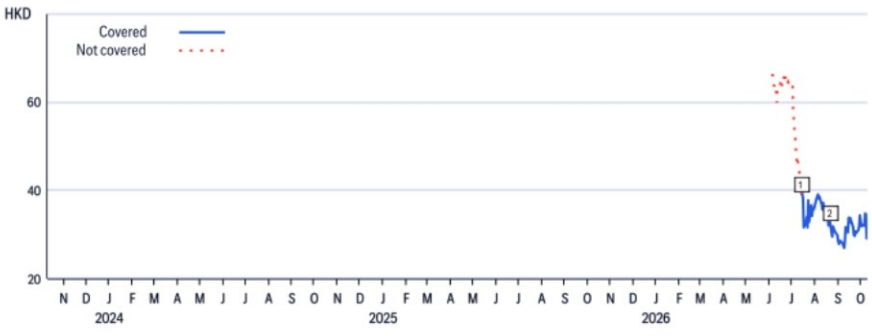
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Dajin Heavy (1081.HK)
Ratings and Target Price History
Fundamental Research

Analyst: Pierre Lau, CFA



	Date	Rating	Target Price	Closing Price
1	14-Jul-26 10:49:34	*1	*50.00	39.16

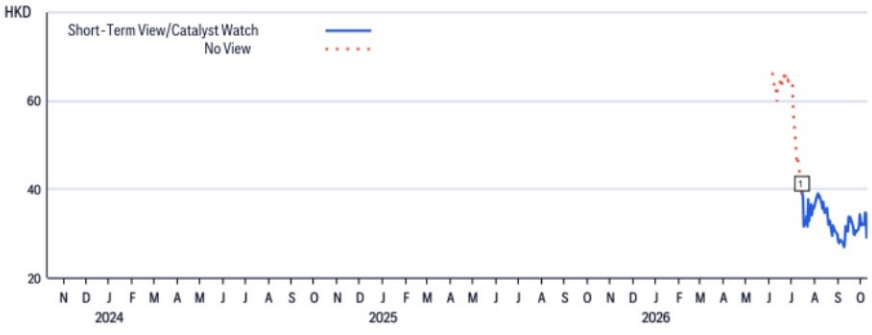
	Date	Rating	Target Price	Closing Price
2	21-Aug-26 14:18:21	1	*43.00	32.78

*Indicates Change

Rating/target price changes above reflect Eastern Time

Dajin Heavy (1081.HK)
Short-Term View/Catalyst Watch Research

Analyst: Pierre Lau, CFA



	Date	Action	Expected Direction	Duration	Closing Price
1	14-Jul-26 06:49:34	Add STV	Upside	90 Days	39.16

CW - Catalyst Watch , STV - Short-Term View

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