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China Wind

Not All Wind Is Losing Speed; Value Emerges as Negatives Being Priced-In

APAC Utilities & Renewables | Sustainable Investing

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China's wind sector has corrected sharply on weak earnings and slowing onshore demand growth, prompting us to lower our onshore installation outlook and expect a more moderate growth trajectory through FY30. However, we remain positive on offshore wind and export-related opportunities, supported by stronger policy backing, a recovering project pipeline, and rising global competitiveness of Chinese suppliers. We prefer **Orient Cables** for offshore wind exposure and **Goldwind-H** and **Dajin-H** for export growth, while we upgrade Datang Renewable to OW on valuation and an improving curtailment outlook in FY27, and upgrade Mingyang to Neutral following the sector correction.

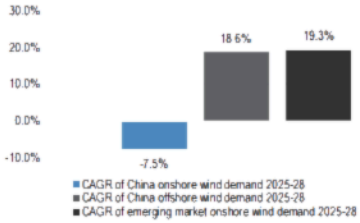
China's wind sector has corrected by roughly 30%-50% (averaging ~42%) since 1Q26-end, underperforming the SHCOMP and HSCEI, which have declined by ~3%. We attribute the weakness primarily to: 1) disappointing 1H26 earnings, reflecting a mix of structural and timing-related headwinds, and 2) a decline in China's wind turbine tender activity, which has raised concerns over the medium-term installation outlook. Given that most upstream wind names in China, including many outside our coverage universe, remain heavily exposed to the domestic onshore market, weaker demand expectations have weighed broadly on sector sentiment.

Offshore wind and wind exports, however, are following a different cycle and remain on an uptrend. Policy support continues to strengthen, with the Renewable Energy 15th Five-Year Plan targeting over 100GW of cumulative offshore wind capacity and around 100GW of new projects commencing construction, providing visibility into the next few years. As a result, we expect auction activity and equipment tenders to recover from 2027 onwards. Meanwhile, China's export opportunity remains strong. Domestic OEMs and suppliers continue to gain global market share, supported by competitive costs, improving execution capabilities, and an expanding overseas service footprint. Dajin has already captured a meaningful share of the European foundation market, while Goldwind continues to guide for solid overseas turbine orders, primarily from EM.

Factoring in the trend from 8M26 and a refreshed outlook, we have revised our China wind demand forecasts. We now expect onshore wind installations to stabilize at around 90GW annually through FY30. For offshore wind, we forecast a gradual recovery from approximately 7GW in FY26 and 9GW in FY27 to around 11-13GW per year in FY28-30 as project execution improves and the development pipeline converts into installations. While we remain constructive on the sector's long-term growth outlook, we now expect a more measured pace of expansion than previously assumed, in particular for China onshore.

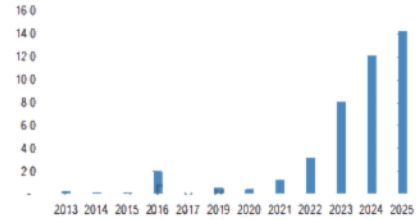
Cherry-picking quality players. Within offshore wind, we prefer Orient Cables, supported by an improving offshore demand outlook and high industry entry barriers. For the export theme, we favor Goldwind-H and Dajin-H, as we expect both companies to continue gaining overseas market share, underpinned by the growing competitiveness of China's wind supply chain. We close our UW call on Mingyang (upgrade to Neutral) and upgrade DT RE to OW on value.

Figure 1: CAGR of China onshore/offshore and EM onshore wind from 2025 to 2028E



Source: NEA, CEC, BloombergNEF, J.P. Morgan estimates. Note: BloombergNEF estimates for emerging market onshore wind demand 2025-28. J.P. Morgan estimates China's onshore/offshore wind demand 2026-28.

Figure 2: Wind turbine order volume outside of China secured by Chinese manufacturers (GW)



Source: BloombergNEF.

See page 23 for analyst certification and important disclosures, including non-US analyst disclosures.

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target End Date
Goldwind - A	002202 CH	8,177	CNY	15.87	N	n/c	18.00	Dec-27	26.10	Dec-26
Orient Cables - A	603606 CH	4,285	CNY	34.76	OW	n/c	52.00	Dec-27	61.00	Jun-27
Mingyang - A	601615 CH	3,149	CNY	9.32	N	UW	10.00	Dec-27	13.00	Jun-27
Datang Renewable (1798)	1798 HK	876	HKD	0.94	OW	N	1.25	Dec-27	1.40	Dec-26

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 13 Oct 26.

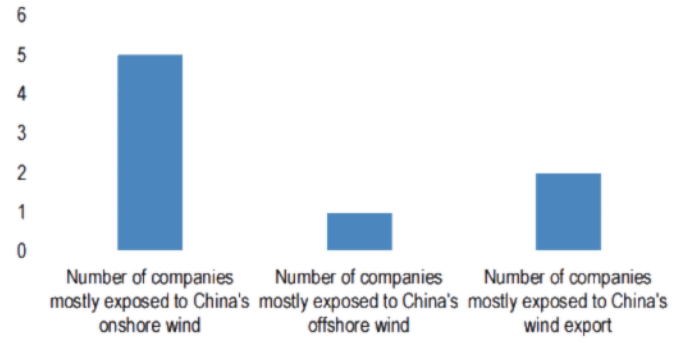
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China's wind sector registers weak share price performance

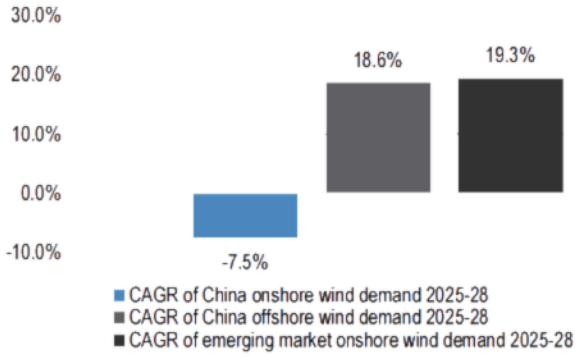
China's wind sector has corrected by approximately 30%–50% (averaging ~42%) since 1Q26-end, significantly underperforming the SHCOMP and HSCEI, which have declined by ~3% each. We attribute the weakness primarily to two factors: 1) disappointing 1H26 earnings, driven by a combination of structural challenges and timing-related issues; and 2) a decline in China's onshore wind turbine tender activity, which has raised concerns over the outlook for future onshore installations. Given that most upstream wind names in China, including many stocks beyond our coverage universe, remain heavily exposed to the domestic onshore market, the deterioration in onshore demand expectations has weighed on investor sentiment across the broader sector.

Figure 3: Number of selected companies exposed to China onshore wind, offshore wind, and wind exports



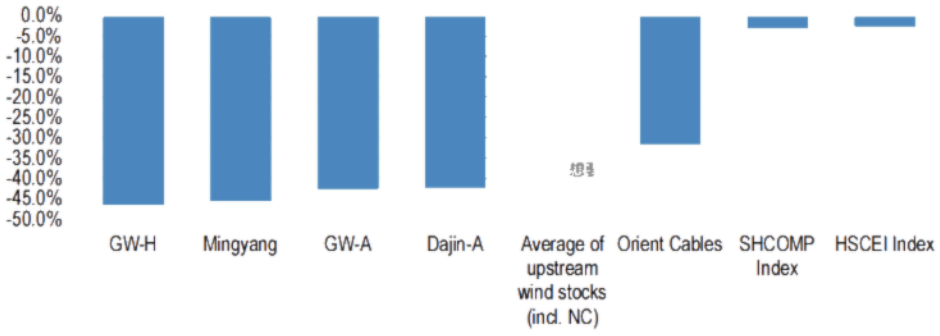
Note: Selected companies include: Goldwind, Mingyang, Orient Cables, Dajin, Sany Renewable, Riyue, Windey and Jinlei.
Source: J.P. Morgan estimates.

Figure 4: CAGR of China onshore/offshore and EM onshore wind demand from 2025 to 2028



Note: BloombergNEF estimates for emerging market onshore wind demand 2025-28. J.P. Morgan estimates China's onshore/offshore wind demand 2026-28.
Source: NEA, CEC, BloombergNEF, J.P. Morgan estimates.

Figure 5: Share price performance since 1Q26-end for selected names in China's wind sector



Note: Data as of 13 Oct 2026. Selected companies include: Goldwind, Mingyang, Orient Cables, Dajin, Sany Renewable (not covered [NC]), Riyue (NC), Windey (NC) and Jinlei (NC).
Source: Bloomberg Finance L.P.

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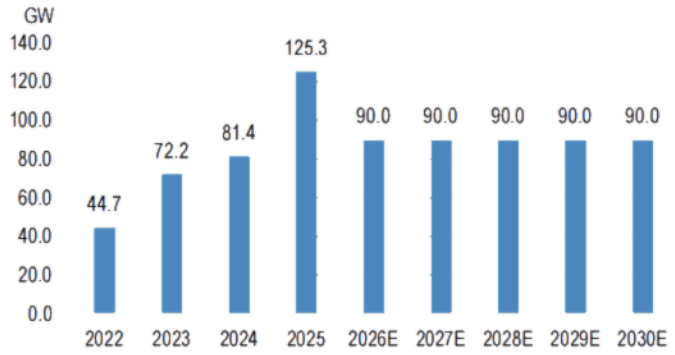
Revisions to China wind demand estimates in the 15-FYP

We have revised down our China wind demand estimates into the 15th FYP, mainly due to a reality-check in 9M26, and extended our forecast horizon from 2027 to 2030.

For **onshore wind**, we have cut our FY26/27 demand forecast from 110GW to 90GW, and now expect FY28-30 onshore demand to remain broadly flat at ~90GW per year. For **offshore wind**, while the policy background is very positive, it is taking time for local governments to respond to the new national capacity target, and we shift out the acceleration in installation growth in the outer years. We expect project establishment and submarine cable order flow to be key sector catalysts into 2027.

Figure 6: China's onshore wind installed capacity

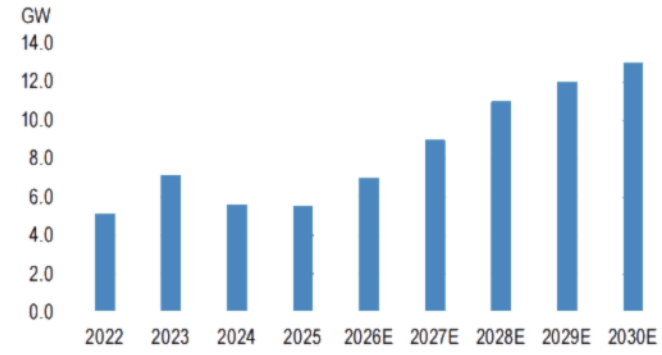
Unit: GW



Source: NEA, CEC, J.P. Morgan estimates.

Figure 7: China's offshore wind installed capacity

Unit: GW



Source: NEA, CEC, J.P. Morgan estimates.

Bullish offshore wind policy targets in the 15th FYP

The NEA and NDRC released the 15th Five-Year Plan for Renewable Energy on 23 July 2026, indicating that cumulative offshore wind installed capacity is expected to exceed 100GW. The plan also targets ~100GW of new offshore wind capacity to commence construction nationwide, implying continued development momentum into the 16th FYP.

Separately, local governments are drafting their own 15th FYP plans with a strong emphasis on the marine economy, including offshore wind development. In our view, clearer policy direction could support a pickup in offshore wind project auctions and equipment tenders from 2027.

Our current estimates already reflect the 2030 policy targets and our 9M26 installation reality check. As such, we expect FY26 installations to remain relatively subdued at ~7GW, before gradually accelerating into 2030E, with cumulative offshore wind capacity surpassing 100GW by 2030.

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Figure 8: China's cumulative offshore wind power capacity



Source: NEA, CEC, J.P. Morgan estimates.

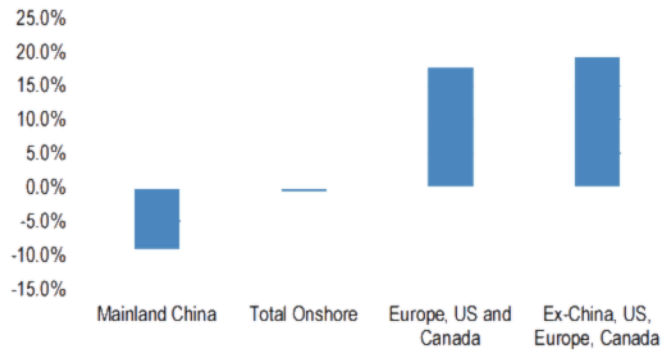
China's wind export opportunity remains strong

China's wind export opportunities continue to expand as global demand for affordable renewable energy accelerates, particularly across emerging markets in Asia, the Middle East, Latin America, and Central Asia. Chinese turbine manufacturers such as Goldwind, Envision and Mingyang have leveraged their scale, vertically integrated supply chains, and cost competitiveness to gain market share internationally.

Looking ahead, the strongest growth opportunities are likely to come from markets with ambitious decarbonization targets but limited domestic manufacturing capacity, including Saudi Arabia, Uzbekistan, Brazil, Vietnam, and several African countries. In addition to turbine exports, Chinese companies are increasingly moving up the value chain through localized manufacturing, EPC contracting, project development, and long-term service agreements, which should help strengthen their competitive position despite rising trade barriers in Europe and North America.

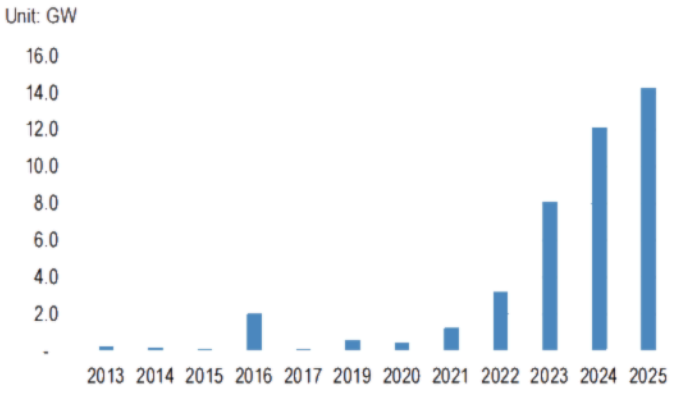
We believe overseas expansion represents one of the most attractive structural growth drivers for China's wind sector, potentially supporting volume growth, improving utilization rates, and providing a growing mix of higher-margin international revenue over the medium term. We believe the key beneficiaries among our coverage include Goldwind, Mingyang, and Dajin.

Figure 9: 2025-28 CAGR of onshore wind demand in various regions



Source: BloombergNEF.

Figure 10: Wind turbine order volume outside of China secured by Chinese manufacturers



Source: BloombergNEF.

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Table 1: Our investment thesis for key OW stocks

Stock	Key Investment Thesis
Orient Cables	Leveraged to offshore wind recovery, supported by high entry barriers and a favorable industry structure.
Goldwind-H	Best proxy for China's wind turbine export growth and overseas market share gains.
Dajin-H	Emerging global leader in offshore foundations, with significant upside from European and international offshore wind expansion.

Source: J.P. Morgan estimates.

Rating, PT and earnings change summary

Goldwind-A: Maintain Neutral with a revised PT of Rmb18.0

Earnings changes: We lower our FY26-28 earnings forecasts by 13-20%, incorporating 2Q26 operating trends and management's 2H26 guidance, including a largely stable wind turbine margin outlook and softer-than-expected China onshore wind demand.

PT and rating: We roll forward our valuation horizon from Dec-26 to Dec-27 and reduce our price target by 31% to Rmb18.0. The PT cut is driven primarily by our shift from a P/E-based approach to a P/B-based methodology for the wind turbine business, reflecting a more capital-intensive and lower-return industry backdrop. We maintain our Neutral rating, as we believe the company's improving industry fundamentals and overseas growth opportunities are broadly balanced by persistent domestic pricing pressure and a gradual profitability recovery.

Orient Cables: Maintain OW with a revised PT of Rmb52

Earnings changes: We cut our FY26-28 earnings forecasts by 5-11%, mainly reflecting weaker submarine cable revenue recognition in 2Q26.

PT and rating: We roll forward our valuation horizon to Dec-27 and lower our PT by 15% to Rmb52.0. We maintain our OW rating, as we believe the recent weakness is largely timing-related and does not alter our constructive view on the company's medium-term growth outlook.

Mingyang: Upgrade to Neutral with a revised PT of Rmb10.0

Earnings changes: We cut our FY26-28 earnings forecasts by 25-42%, reflecting weaker power plant sales and lower-than-expected China onshore wind demand.

PT and rating change: We roll forward our valuation horizon to Dec-27 and lower our PT by 23% to Rmb10.0. We upgrade Mingyang from UW to Neutral, as the recent share price weakness has brought the valuation to levels that, in our view, broadly reflect the weaker earnings outlook and industry headwinds.

Datang Renewable: Upgrade to OW with a revised PT of HK$1.25

Earnings changes: We make no changes to our FY26-28 earnings forecasts for DT RE.

PT and rating change: We roll forward our valuation horizon from Dec-26 to Dec-27 and lower our PT by 11% to HK$1.25, reflecting a lower target P/B multiple of 0.45x (vs 0.525x previously). We upgrade DT RE from Neutral to OW, as its c.30%
versus Longyuan since end-Jun 2026 has resulted in an attractive valuation gap, in our view. We expect fundamentals to improve from 2027, driven by easing curtailment, continued grid capex growth, faster ESS deployment and stabilizing power prices.

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Neutral

002202.SZ, 002202 CH
Price (13 Oct 26):Rmb15.87

▼ **Price Target (Dec-27):Rmb18.00**
Prior (Dec-26):Rmb26.10

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	0.87	0.70	-19.7%
Adj. EPS - 27E (Rmb)	1.12	0.88	-21.1%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	55	64	45	44	40
Growth	40	34	64	79	82
Momentum	33	3	31	76	33
Quality	58	75	80	69	66
Low Vol	87	75	38	16	56

Goldwind - A

Maintain Neutral with a revised PT of Rmb18.0

Earnings changes: We lower our FY26-28 earnings forecasts by 13-20%, incorporating 2Q26 operating trends and management's 2H26 guidance, including a largely stable wind turbine margin outlook and softer-than-expected China onshore wind demand.

PT and rating: We roll forward our valuation horizon from Dec-26 to Dec-27 and reduce our price target by 31% to Rmb18.0. The PT cut is primarily driven by our shift from a P/E-based approach to a P/B-based methodology for the wind turbine business, reflecting a more capital-intensive and lower-return industry backdrop. We maintain our Neutral rating, as we believe the company's improving industry fundamentals and overseas growth opportunities are broadly balanced by persistent domestic pricing pressure and a gradual profitability recovery.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-22.2%	-14.7%	-21.7%	-7.6%
Rel	-18.0%	-12.4%	-18.8%	-5.4%

Company Data

Shares O/S (mn)	3,449
52-week range (Rmb)	37.03-13.96
Market cap ($ mn)	8,177
Exchange rate	6.69
Free float (%)	72.0%
3M ADV (mn)	112.22
3M ADV ($ mn)	323.2
Volatility (90 Day)	59
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	17|3|2

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	72,782	80,957	81,869	82,679
Adj. EBITDA	8,565	8,489	10,053	11,298
Adj. EBIT	4,882	5,048	6,193	7,209
Adj. net income	2,664	2,931	3,695	4,129
Adj. EPS	0.64	0.70	0.88	0.99
BBG EPS	0.76	1.01	1.30	1.55
Cashflow from operations	3,543	5,558	7,532	8,241
FCFF	(2,870)	(6,559)	1,415	2,124
Margins and Growth				
Revenue Growth Y/Y (%)	28.8%	11.2%	1.1%	1.0%
EBITDA margin	11.8%	10.5%	12.3%	13.7%
EBITDA Growth Y/Y (%)	55.0%	(0.9%)	18.4%	12.4%
EBIT margin	6.7%	6.2%	7.6%	8.7%
Net margin	3.7%	3.6%	4.5%	5.0%
Adj. EPS growth	51.4%	10.0%	26.1%	11.7%
Ratios				
Adj. tax rate	24.2%	20.0%	20.0%	25.0%
Interest cover	8.1	7.6	8.2	8.9
Net debt/Equity	0.6	0.8	0.7	0.7
Net debt/EBITDA	3.3	4.4	3.9	3.6
ROCE	4.5%	4.6%	5.3%	5.5%
ROE	6.5%	6.6%	7.9%	8.3%
Valuation				
FCFF yield	(4.3%)	(9.9%)	2.1%	3.2%
Dividend yield	1.3%	1.4%	1.7%	1.9%
EV/Revenue	1.3	1.3	1.3	1.3
EV/EBITDA	11.0	12.2	10.5	9.5
Adj. P/E	24.9	22.6	18.0	16.1

Summary Investment Thesis and Valuation

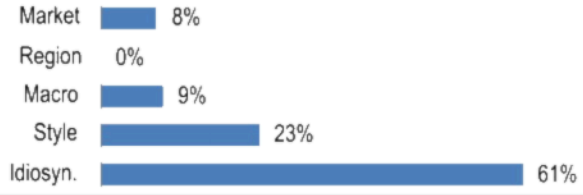
Investment Thesis

Goldwind is China's largest wind turbine generator (WTG) manufacturer, maintaining a domestic market share of c.20% over 2020-25. The company also owns a sizable wind farm portfolio, with attributable installed capacity approaching 8GW by end-2025, providing recurring earnings alongside its turbine manufacturing business. We maintain a Neutral rating on Goldwind-A, as accelerating overseas expansion and improving industry fundamentals are partly offset by persistent pricing pressure and modest returns in the domestic turbine manufacturing market.

Valuation

We value Goldwind-A on a SOTP basis, applying a P/B framework across its key business segments. We assign a target P/B of 1.4x to both the wind turbine manufacturing and wind farm operations businesses, broadly in line with the average trading multiples of A-share-listed wind power operators based on Bloomberg consensus. This yields our Dec-2027 price target of Rmb18.0.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.33	0.24
Region: China	-0.04	0.02
Macro:		
JPM Global Equity Sentiment	0.06	0.27
Markit EM Composite PMI SA	0.28	0.15
JP Morgan EMBI Global Spread	0.22	0.14
Quant Styles:		
Value	-0.41	-0.40
DivYld	-0.42	-0.36
Growth	0.32	0.26

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Goldwind - A *(Neutral: Price Target: Rmb18.00)*

Investment Thesis

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Goldwind-A PT analysis

Segment	Method	Forward 1-year Multiple	28E
WTG segment	P / BV	1.40	8.33
Wind farm	P / BV	1.40	7.20
Others	P / BV	1.40	1.59
LandSpace value			0.72
Dec-27 PT (Rmb / shr)			**18.00**

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks to our rating and price target include better-than-expected utilization, tariff resilience, stronger turbine margins and higher sales volumes. Downside risks include weaker utilization, tariff pressure, margin erosion and softer-than-expected turbine demand.

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Goldwind - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**56,516**	**72,782**	**80,957**	**81,869**	**82,679**
COGS	(48,799)	(62,543)	(69,768)	(69,620)	(69,599)
Gross profit	**7,717**	**10,240**	**11,188**	**12,249**	**13,080**
SG&A	(6,256)	(6,560)	(7,170)	(7,251)	(7,322)
Adj. EBITDA	**5,527**	**8,565**	**8,489**	**10,053**	**11,298**
D&A	(2,343)	(3,683)	(3,442)	(3,860)	(4,089)
Adj. EBIT	**3,184**	**4,882**	**5,048**	**6,193**	**7,209**
Net Interest	(1,217)	(1,057)	(1,120)	(1,224)	(1,263)
Adj. PBT	**2,104**	**3,989**	**4,145**	**5,186**	**6,162**
Tax	(247)	(964)	(829)	(1,037)	(1,541)
Minority Interest	(83)	(361)	(385)	(454)	(493)
Adj. Net Income	**1,774**	**2,664**	**2,931**	**3,695**	**4,129**
Reported EPS	0.42	0.64	0.70	0.88	0.99
Adj. EPS	**0.42**	**0.64**	**0.70**	**0.88**	**0.99**
DPS	**0.14**	**0.20**	**0.22**	**0.28**	**0.31**
Payout ratio	33.3%	31.7%	31.6%	31.4%	31.3%
Shares outstanding	4,217	4,183	4,183	4,183	4,183

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	11,619	10,323	9,157	7,628	9,637
Accounts receivable	40,736	42,512	48,796	49,346	49,834
Inventories	14,828	16,879	18,774	18,986	19,174
Other current assets	1,418	1,452	1,452	1,452	1,452
Current assets	**68,601**	**71,165**	**78,179**	**77,412**	**80,096**
PP&E	49,004	56,731	66,528	69,907	73,056
LT investments	4,493	3,890	3,890	3,890	3,890
Other non current assets	33,126	34,710	34,710	34,710	34,710
Total assets	**155,224**	**166,495**	**183,307**	**185,919**	**191,753**
Short term borrowings	5,817	4,838	4,838	4,838	4,838
Payables	40,779	44,254	48,022	47,348	46,588
Other short term liabilities	25,278	29,165	31,819	32,115	32,378
Current liabilities	**71,874**	**78,258**	**84,679**	**84,301**	**83,805**
Long-term debt	36,233	34,027	42,027	42,027	45,027
Other long term liabilities	6,691	7,030	7,030	7,030	7,030
Total liabilities	**114,797**	**119,314**	**133,736**	**133,358**	**135,861**
Shareholders' equity	38,529	43,436	45,552	48,199	51,147
Minority interests	1,898	3,744	4,019	4,362	4,744
Total liabilities & equity	**155,224**	**166,495**	**183,307**	**185,919**	**191,753**
BVPS	**9.14**	**10.38**	**10.89**	**11.52**	**12.23**
y/y Growth	*2.6%*	*13.7%*	*4.9%*	*5.8%*	*6.1%*
Net debt/(cash)	30,430	28,543	37,708	39,237	40,228

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**2,316**	**3,543**	**5,558**	**7,532**	**8,241**
o/w Depreciation & amortization	2,343	3,683	3,442	3,860	4,089
o/w Changes in working capital	(2,073)	(3,691)	(1,758)	(1,140)	(1,172)
Cash flow from investing activities	**(5,724)**	**(6,296)**	**(12,769)**	**(6,688)**	**(6,687)**
o/w Capital expenditure	(7,292)	(7,207)	(16,239)	(10,239)	(10,239)
as % of sales	*12.9%*	*9.9%*	*20.1%*	*12.5%*	*12.4%*
Cash flow from financing activities	**1,650**	**370**	**5,954**	**(2,383)**	**446**
o/w Dividends paid	(602)	(890)	(926)	(1,159)	(1,291)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	1,737	(2,204)	8,000	0	3,000
Net change in cash	**(1,758)**	**(2,383)**	**(1,257)**	**(1,539)**	**2,000**
Adj. Free cash flow to firm	**(2,443)**	**(2,870)**	**(6,559)**	**1,415**	**2,124**
y/y Growth	*64.1%*	*17.5%*	*128.5%*	*(121.6%)*	*50.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	13.7%	14.1%	13.8%	15.0%	15.8%
EBITDA margin	9.8%	11.8%	10.5%	12.3%	13.7%
EBIT margin	5.6%	6.7%	6.2%	7.6%	8.7%
Net profit margin	3.1%	3.7%	3.6%	4.5%	5.0%
ROE	4.7%	6.5%	6.6%	7.9%	8.3%
ROA	1.2%	1.7%	1.7%	2.0%	2.2%
ROCE	3.6%	4.5%	4.6%	5.3%	5.5%
SG&A/Sales	11.1%	9.0%	8.9%	8.9%	8.9%
Net debt/Equity	0.8	0.6	0.8	0.7	0.7
Net debt/EBITDA	5.5	3.3	4.4	3.9	3.6
Sales/Assets (x)	0.4	0.5	0.5	0.4	0.4
Assets/Equity (x)	3.9	3.9	3.9	3.9	3.8
Interest cover (x)	4.5	8.1	7.6	8.2	8.9
Operating leverage	(101.1%)	185.3%	30.3%	2013.4%	1657.4%
Tax rate	11.8%	24.2%	20.0%	20.0%	25.0%
Revenue y/y Growth	12.5%	28.8%	11.2%	1.1%	1.0%
EBITDA y/y Growth	(13.4%)	55.0%	(0.9%)	18.4%	12.4%
EPS y/y Growth	46.1%	51.4%	10.0%	26.1%	11.7%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	37.7	24.9	22.6	18.0	16.1
P/BV (x)	1.7	1.5	1.5	1.4	1.3
EV/EBITDA (x)	17.0	11.0	12.2	10.5	9.5
Dividend Yield	0.9%	1.3%	1.4%	1.7%	1.9%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Overweight

603606.SS, 603606 CH
Price (13 Oct 26):Rmb34.76
▼ **Price Target (Dec-27):Rmb52.00**
Prior (Jun-27):Rmb61.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	2.43	2.19	-10.2%
Adj. EPS - 27E (Rmb)	2.89	2.65	-8.3%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	68	77	78	68	50
Growth	44	33	34	20	33
Momentum	84	44	57	89	30
Quality	41	44	45	52	21
Low Vol	45	36	39	76	56

Orient Cables - A

Maintain OW with a revised PT of Rmb52

Earnings changes: We cut our FY26-28 earnings forecasts by 5-11%, mainly reflecting weaker submarine cable revenue recognition in 2Q26.

PT and rating: We roll forward our valuation horizon to Dec-27 and lower our PT by 15% to Rmb52.0. We maintain our OW rating, as we believe the recent weakness is largely timing-related and does not alter our constructive view on the company's medium-term growth outlook.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



	YTD	1m	3m	12m
Abs	-30.2%	-2.5%	-14.1%	-40.1%
Rel	-26.0%	-0.2%	-11.2%	-37.9%

Company Data

Shares O/S (mn)	825
52-week range (Rmb)	60.37-32.99
Market cap ($ mn)	4,285
Exchange rate	6.69
Free float (%)	57.0%
3M ADV (mn)	16.61
3M ADV ($ mn)	92.7
Volatility (90 Day)	41
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	25|0|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	10,843	12,944	14,701	16,711
Adj. EBITDA	1,909	2,470	2,934	3,461
Adj. EBIT	1,693	2,191	2,598	3,073
Adj. net income	1,434	1,803	2,191	2,589
Adj. EPS	2.09	2.19	2.65	3.14
BBG EPS	1.80	2.16	2.67	3.18
Cashflow from operations	1,965	2,192	1,855	2,232
FCFF	507	1,521	1,198	1,577
Margins and Growth				
Revenue Growth Y/Y (%)	19.3%	19.4%	13.6%	13.7%
EBITDA margin	17.6%	19.1%	20.0%	20.7%
EBITDA Growth Y/Y (%)	42.1%	29.4%	18.8%	17.9%
EBIT margin	15.6%	16.9%	17.7%	18.4%
Net margin	13.2%	13.9%	14.9%	15.5%
Adj. EPS growth	39.4%	4.7%	21.5%	18.2%
Ratios				
Adj. tax rate	16.8%	16.8%	16.8%	16.8%
Interest cover	-	60.1	-	-
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	17.4%	19.6%	20.4%	21.0%
ROE	18.9%	20.4%	21.6%	22.1%
Valuation				
FCFF yield	2.1%	5.3%	4.2%	5.5%
Dividend yield	1.6%	1.7%	2.1%	2.6%
EV/Revenue	2.5	2.0	1.8	1.5
EV/EBITDA	14.4	10.7	8.9	7.3
Adj. P/E	16.7	15.9	13.1	11.1

Summary Investment Thesis and Valuation

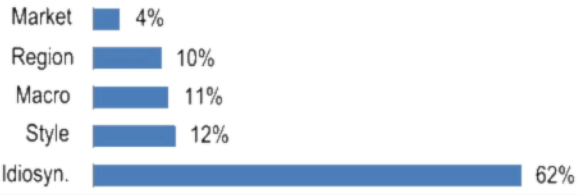
Investment Thesis

We maintain our OW rating on Orient Cables, reflecting its leadership in submarine cables, a structurally attractive segment of the offshore wind value chain characterized by high barriers to entry, limited competition and strong profitability. We believe the company's marine engineering capabilities enhance its competitive positioning and support long-term market share gains. In addition, expanding overseas opportunities could provide a meaningful growth avenue over the medium term.

Valuation

We value Orient Cables on a P/E basis. Our Dec-27 price target of Rmb52.0 is derived from a target 12-month forward P/E of 18x, below its three-year historical average forward P/E, reflecting a more conservative near-term earnings outlook.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.19	0.22
Region: China	0.25	0.34
Macro:		
HSI Volatility Index	-0.29	-0.31
Emerging Economies CPI(YoY)	0.42	0.28
JPM China A-shares Sentiment	0.27	0.11
Quant Styles:		
Size	-0.43	-0.29
DivYld	0.04	-0.10
Quality	0.21	0.10

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Orient Cables - A *(Overweight; Price Target: Rmb52.00)*

Investment Thesis

We maintain our OW rating on Orient Cables, reflecting its leadership in submarine cables, a structurally attractive segment of the offshore wind value chain characterized by high barriers to entry, limited competition and strong profitability. We believe the company's marine engineering capabilities enhance its competitive positioning and support long-term market share gains. In addition, expanding overseas opportunities could provide a meaningful growth avenue over the medium term.

Valuation

We value Orient Cables on a P/E basis. Our Dec-27 price target of Rmb52.0 is derived from a target 12-month forward P/E of 18x, below its three-year historical average forward P/E, reflecting a more conservative near-term earnings outlook.

Risks to Rating and Price Target

Key downside risks to our rating and price target include slower-than-expected offshore wind deployment, increased competitive intensity from new submarine cable capacity, weaker-than-expected ASPs, and cost inflation, all of which could weigh on earnings and valuation.

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Orient Cables - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**9,093**	**10,843**	**12,944**	**14,701**	**16,711**
COGS	(7,380)	(8,446)	(9,894)	(11,114)	(12,499)
Gross profit	**1,712**	**2,397**	**3,050**	**3,588**	**4,212**
SG&A	(312)	(370)	(441)	(501)	(570)
Adj. EBITDA	**1,343**	**1,909**	**2,470**	**2,934**	**3,461**
D&A	(182)	(216)	(279)	(337)	(388)
Adj. EBIT	**1,162**	**1,693**	**2,191**	**2,598**	**3,073**
Net Interest	5	13	(41)	17	20
Adj. PBT	**1,148**	**1,527**	**1,971**	**2,436**	**2,915**
Tax	(140)	(256)	(330)	(408)	(488)
Minority Interest	0	0	0	0	0
Adj. Net Income	**1,026**	**1,434**	**1,803**	**2,191**	**2,589**
Reported EPS	1.47	1.85	1.99	2.46	2.94
Adj. EPS	**1.50**	**2.09**	**2.19**	**2.65**	**3.14**
DPS	**0.45**	**0.56**	**0.60**	**0.74**	**0.89**
Payout ratio	30.5%	30.2%	30.2%	30.2%	30.2%
Shares outstanding	686	687	825	825	825

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	2,481	2,981	3,997	4,414	5,092
Accounts receivable	3,472	3,642	4,246	4,823	5,482
Inventories	1,834	3,950	3,387	3,805	4,280
Other current assets	733	848	848	848	848
Current assets	**8,520**	**11,421**	**12,478**	**13,891**	**15,702**
PP&E	2,087	2,714	3,093	3,591	4,038
LT investments	-	-	-	-	-
Other non current assets	1,567	1,401	1,366	1,357	1,349
Total assets	**12,174**	**15,536**	**16,938**	**18,839**	**21,088**
Short term borrowings	40	2	2	2	2
Payables	2,672	3,319	3,576	4,061	4,616
Other short term liabilities	1,928	3,357	3,357	3,357	3,357
Current liabilities	**4,639**	**6,678**	**6,935**	**7,420**	**7,976**
Long-term debt	510	463	463	463	463
Other long term liabilities	163	112	112	112	112
Total liabilities	**5,313**	**7,253**	**7,510**	**7,995**	**8,550**
Shareholders' equity	6,862	8,283	9,428	10,844	12,538
Minority interests	0	0	0	0	0
Total liabilities & equity	**12,174**	**15,536**	**16,938**	**18,839**	**21,088**
BVPS	**10.01**	**12.05**	**11.42**	**13.14**	**15.19**
y/y Growth	*9.7%*	*20.5%*	*(5.2%)*	*15.0%*	*15.6%*
Net debt/(cash)	(1,931)	(2,516)	(3,531)	(3,949)	(4,627)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**1,113**	**1,965**	**2,192**	**1,855**	**2,232**
o/w Depreciation & amortization	190	224	279	337	388
o/w Changes in working capital	(121)	310	214	(509)	(579)
Cash flow from investing activities	**(505)**	**(809)**	**(842)**	**(842)**	**(842)**
o/w Capital expenditure	(613)	(791)	(842)	(842)	(842)
as % of sales	*6.7%*	*7.3%*	*6.5%*	*5.7%*	*5.0%*
Cash flow from financing activities	**(131)**	**(661)**	**(334)**	**(595)**	**(712)**
o/w Dividends paid	(329)	(330)	(536)	(595)	(712)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	297	(301)	0	0	0
Net change in cash	**468**	**500**	**1,016**	**418**	**677**
Adj. Free cash flow to firm	**1,534**	**507**	**1,521**	**1,198**	**1,577**
y/y Growth	*13.9%*	*(67.0%)*	*200.2%*	*(21.2%)*	*31.6%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	18.8%	22.1%	23.6%	24.4%	25.2%
EBITDA margin	14.8%	17.6%	19.1%	20.0%	20.7%
EBIT margin	12.8%	15.6%	16.9%	17.7%	18.4%
Net profit margin	11.3%	13.2%	13.9%	14.9%	15.5%
ROE	15.6%	18.9%	20.4%	21.6%	22.1%
ROA	9.0%	10.3%	11.1%	12.2%	13.0%
ROCE	14.5%	17.4%	19.6%	20.4%	21.0%
SG&A/Sales	3.4%	3.4%	3.4%	3.4%	3.4%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.8	0.8	0.8	0.8	0.8
Assets/Equity (x)	1.7	1.8	1.8	1.8	1.7
Interest cover (x)	-	-	60.1	-	-
Operating leverage	(36.1%)	237.7%	151.7%	136.9%	133.8%
Tax rate	12.2%	16.8%	16.8%	16.8%	16.8%
Revenue y/y Growth	24.4%	19.3%	19.4%	13.6%	13.7%
EBITDA y/y Growth	(6.0%)	42.1%	29.4%	18.8%	17.9%
EPS y/y Growth	(7.7%)	39.4%	4.7%	21.5%	18.2%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	23.2	16.7	15.9	13.1	11.1
P/BV (x)	3.5	2.9	3.0	2.6	2.3
EV/EBITDA (x)	20.9	14.4	10.7	8.9	7.3
Dividend Yield	1.3%	1.6%	1.7%	2.1%	2.6%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which



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▲ **Neutral**
Previous: Underweight

601615.SS, 601615 CH
Price (13 Oct 26):Rmb9.32

▼ **Price Target (Dec-27):Rmb10.00**
Prior (Jun-27):Rmb13.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	0.49	0.36	-26.8%
Adj. EPS - 27E (Rmb)	0.59	0.48	-18.3%

Style Exposure

Quant	Current	Hist %Rank (1=Top)			
Factors	%Rank	6M	1Y	3Y	5Y
Value	34	58	38	25	46
Growth	47	14	23	51	76
Momentum	93	57	79	80	45
Quality	86	87	87	53	52
Low Vol	72	66	53	51	70

Mingyang - A

Upgrade to Neutral with a revised PT of Rmb10.0

Earnings changes: We cut our FY26-28 earnings forecasts by 25-42%, reflecting weaker power plant sales and lower-than-expected China onshore wind demand.

PT and rating change: We roll forward our valuation horizon to Dec-27 and lower our PT by 23% to Rmb10.0. We upgrade Mingyang from UW to Neutral, as the recent share price weakness has brought the valuation to levels that, in our view, broadly reflect the weaker earnings outlook and industry headwinds.

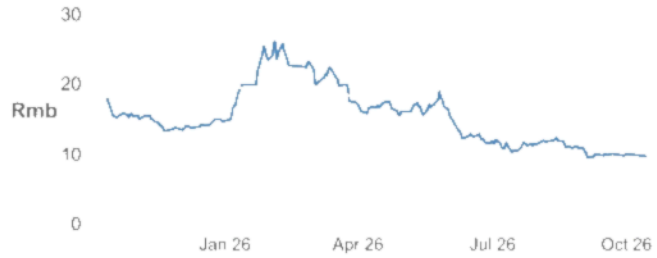
We value Mingyang on a SOTP basis, applying a P/B framework across its key business segments. We assign a target P/B of 0.75x to the wind turbine manufacturing business (vs. 0.85x previously), reflecting the sector's structurally lower profitability and return profile, and 1.45x to the wind farm operations business, broadly in line with A-share-listed wind power operators.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



— 601615.SS Price (Rmb) SSEA (rebased)

	YTD	1m	3m	12m
Abs	-35.6%	-3.5%	-10.0%	-48.3%
Rel	-31.4%	-1.3%	-7.0%	-46.1%

Company Data

Shares O/S (mn)	2,261
52-week range (Rmb)	26.90-9.12
Market cap ($ mn)	3,149
Exchange rate	6.69
Free float (%)	72.4%
3M ADV (mn)	50.62
3M ADV ($ mn)	79.9
Volatility (90 Day)	48
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	13|3|1

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	38,095	41,271	42,824	43,029
Adj. EBITDA	2,808	3,104	3,487	3,530
Adj. EBIT	1,242	1,279	1,439	1,542
Adj. net income	1,100	803	1,096	1,197
Adj. EPS	0.49	0.36	0.48	0.53
BBG EPS	0.59	0.56	0.89	1.21
Cashflow from operations	(5,538)	3,571	4,091	4,333
FCFF	(5,107)	(2,191)	1,081	1,323
Margins and Growth				
Revenue Growth Y/Y (%)	40.3%	8.3%	3.8%	0.5%
EBITDA margin	7.4%	7.5%	8.1%	8.2%
EBITDA Growth Y/Y (%)	77.0%	10.5%	12.4%	1.2%
EBIT margin	3.3%	3.1%	3.4%	3.6%
Net margin	2.9%	1.9%	2.6%	2.8%
Adj. EPS growth	25.0%	(27.6%)	36.4%	9.3%
Ratios				
Adj. tax rate	9.6%	10.0%	10.0%	10.0%
Interest cover	5.4	4.2	6.0	6.2
Net debt/Equity	0.3	0.4	0.3	0.3
Net debt/EBITDA	2.6	3.1	2.6	2.2
ROCE	2.6%	2.6%	2.9%	3.1%
ROE	4.2%	3.0%	4.1%	4.4%
Valuation				
FCFF yield	(24.5%)	(10.4%)	5.1%	6.3%
Dividend yield	1.9%	1.0%	1.7%	1.9%
EV/Revenue	0.8	0.8	0.7	0.7
EV/EBITDA	10.2	10.1	8.7	8.3
Adj. P/E	19.0	26.2	19.2	17.6

Summary Investment Thesis and Valuation

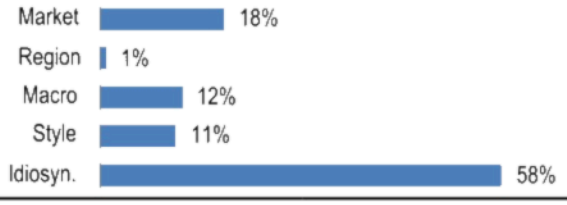
Investment Thesis

We have a Neutral rating on Mingyang, as we view the current risk-reward profile as balanced. While the company is well positioned to benefit from improving wind demand and offshore wind development, we believe the stock's valuation largely captures these positives amid ongoing pricing pressure and modest returns in the turbine manufacturing business.

Valuation

We value Mingyang on a SOTP basis, applying a P/B framework across its key business segments. We assign a target P/B of 0.75x to the wind turbine manufacturing business, reflecting the sector's structurally lower profitability and return profile, and 1.45x to the wind farm operations business, broadly in line with A-share-listed wind power operators. This results in our Dec-2027 price target of Rmb10.0.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.52	0.42
Region: China	0.13	0.17
Macro:		
Citi Economic Surprise - EM	-0.29	-0.37
JPM Global Equity Sentiment	-0.02	0.18
Generic 1st 'CO' Future	-0.13	-0.17
Quant Styles:		
Quality	-0.06	-0.30
Size	-0.23	-0.28
Value	0.01	-0.16

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Mingyang - A *(Neutral; Price Target: Rmb10.00)*

Investment Thesis

We have a Neutral rating on Mingyang, as we view the current risk-reward profile as balanced. While the company is well positioned to benefit from improving wind demand and offshore wind development, we believe the stock's valuation largely captures these positives amid ongoing pricing pressure and modest returns in the turbine manufacturing business.

Valuation

We value Mingyang on a SOTP basis, applying a P/B framework across its key business segments. We assign a target P/B of 0.75x to the wind turbine manufacturing business, reflecting the sector's structurally lower profitability and return profile, and 1.45x to the wind farm operations business, broadly in line with A-share-listed wind power operators. This results in our Dec-2027 price target of Rmb10.0.

Mingyang PT analysis

Segment	Method	Forward 1-year Multiple	2028E
Wind turbine sales business	P/B	0.75	5.88
Wind farm power sales	P/B	1.45	6.11
Conglomerate discount		15.0%	-1.80
Dec-27 PT (Rmb / shr)			**10.00**

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks to our rating and price target include softer-than-expected wind demand, continued competitive pricing pressure, and cost inflation. Upside risks include a stronger recovery in wind installations, firmer turbine pricing, and better-than-expected cost control.

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Mingyang - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**27,158**	**38,095**	**41,271**	**42,824**	**43,029**
COGS	(24,959)	(34,163)	(36,804)	(38,114)	(38,200)
Gross profit	**2,199**	**3,932**	**4,467**	**4,710**	**4,829**
SG&A	(1,797)	(2,018)	(2,310)	(2,354)	(2,365)
Adj. EBITDA	**1,586**	**2,808**	**3,104**	**3,487**	**3,530**
D&A	(1,389)	(1,565)	(1,825)	(2,048)	(1,988)
Adj. EBIT	**197**	**1,242**	**1,279**	**1,439**	**1,542**
Net Interest	(342)	(516)	(743)	(577)	(567)
Adj. PBT	**415**	**636**	**450**	**777**	**890**
Tax	(43)	61	(45)	(78)	(89)
Minority Interest	(26)	(3)	(2)	(3)	(4)
Adj. Net Income	**906**	**1,100**	**803**	**1,096**	**1,197**
Reported EPS	0.15	0.31	0.18	0.31	0.35
Adj. EPS	**0.39**	**0.49**	**0.36**	**0.48**	**0.53**
DPS	**0.29**	**0.18**	**0.09**	**0.15**	**0.18**
Payout ratio	191.9%	57.0%	50.0%	50.0%	50.0%
Shares outstanding	2,307	2,240	2,261	2,261	2,261

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	14,158	10,198	7,691	8,475	9,462
Accounts receivable	14,741	17,792	17,623	18,286	18,373
Inventories	13,538	18,222	17,107	17,716	17,756
Other current assets	7,689	12,127	12,127	12,127	12,127
Current assets	**50,126**	**58,339**	**54,548**	**56,605**	**57,720**
PP&E	14,438	17,160	19,504	18,874	18,303
LT investments	-	-	-	-	-
Other non current assets	22,231	21,355	21,356	21,356	21,357
Total assets	**86,795**	**96,854**	**95,408**	**96,835**	**97,379**
Short term borrowings	1,577	3,820	3,820	3,820	3,820
Payables	22,534	30,231	28,582	29,658	29,800
Other short term liabilities	15,027	16,528	16,528	16,528	16,528
Current liabilities	**39,138**	**50,580**	**48,930**	**50,006**	**50,148**
Long-term debt	13,942	13,583	13,583	13,583	13,583
Other long term liabilities	6,452	5,293	5,293	5,293	5,293
Total liabilities	**59,531**	**69,455**	**67,806**	**68,881**	**69,023**
Shareholders' equity	26,238	26,317	26,519	26,867	27,265
Minority interests	1,026	1,082	1,084	1,087	1,091
Total liabilities & equity	**86,795**	**96,854**	**95,408**	**96,835**	**97,379**
BVPS	**11.37**	**11.75**	**11.73**	**11.88**	**12.06**
y/y Growth	*(8.5%)*	*3.3%*	*(0.2%)*	*1.3%*	*1.5%*
Net debt/(cash)	1,361	7,205	9,712	8,928	7,941

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**(2,403)**	**(5,538)**	**3,571**	**4,091**	**4,333**
o/w Depreciation & amortization	1,459	1,640	1,825	2,048	1,988
o/w Changes in working capital	(3,920)	(7,833)	(366)	(197)	14
Cash flow from investing activities	**(2,055)**	**(1,885)**	**(5,133)**	**(2,381)**	**(2,381)**
o/w Capital expenditure	(5,647)	(2,538)	(5,133)	(2,381)	(2,381)
as % of sales	*20.8%*	*6.7%*	*12.4%*	*5.6%*	*5.5%*
Cash flow from financing activities	**6,560**	**3,492**	**(945)**	**(925)**	**(965)**
o/w Dividends paid	(1,199)	(1,095)	(945)	(925)	(965)
o/w Shares issued/(repurchased)	28	78	0	0	0
o/w Net debt issued/(repaid)	8,789	4,453	0	0	0
Net change in cash	**2,147**	**(3,960)**	**(2,507)**	**785**	**987**
Adj. Free cash flow to firm	**(9,287)**	**(5,107)**	**(2,191)**	**1,081**	**1,323**
y/y Growth	*245.7%*	*(45.0%)*	*(57.1%)*	*(149.3%)*	*22.4%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	8.1%	10.3%	10.8%	11.0%	11.2%
EBITDA margin	5.8%	7.4%	7.5%	8.1%	8.2%
EBIT margin	0.7%	3.3%	3.1%	3.4%	3.6%
Net profit margin	3.3%	2.9%	1.9%	2.6%	2.8%
ROE	3.4%	4.2%	3.0%	4.1%	4.4%
ROA	1.1%	1.2%	0.8%	1.1%	1.2%
ROCE	0.4%	2.6%	2.6%	2.9%	3.1%
SG&A/Sales	6.6%	5.3%	5.6%	5.5%	5.5%
Net debt/Equity	0.0	0.3	0.4	0.3	0.3
Net debt/EBITDA	0.9	2.6	3.1	2.6	2.2
Sales/Assets (x)	0.3	0.4	0.4	0.4	0.4
Assets/Equity (x)	3.2	3.5	3.6	3.6	3.6
Interest cover (x)	4.6	5.4	4.2	6.0	6.2
Operating leverage	1425.8%	1319.4%	35.4%	332.9%	1488.4%
Tax rate	10.4%	9.6%	10.0%	10.0%	10.0%
Revenue y/y Growth	(3.4%)	40.3%	8.3%	3.8%	0.5%
EBITDA y/y Growth	10.9%	77.0%	10.5%	12.4%	1.2%
EPS y/y Growth	(22.6%)	25.0%	(27.6%)	36.4%	9.3%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	23.7	19.0	26.2	19.2	17.6
P/BV (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x)	14.5	10.2	10.1	8.7	8.3
Dividend Yield	3.1%	1.9%	1.0%	1.7%	1.9%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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▲ **Overweight**
Previous: Neutral

1798.HK, 1798 HK
Price (13 Oct 26):HK$0.94

▼ **Price Target (Dec-27):HK$1.25**
Prior (Dec-26):HK$1.40

Head of APAC Utilities & Renewables | Sustainable Investing

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	28	10	24	16	28
Growth	91	77	56	75	73
Momentum	91	74	32	68	6
Quality	83	61	54	52	80
Low Vol	47	35	43	74	95

Datang Renewable (1798)

Upgrade to OW with a revised PT of HK$1.25

Earnings changes: We make no changes to our FY26-28 earnings forecasts for DT RE.

PT and rating change: We roll forward our valuation horizon from Dec-26 to Dec-27 and lower our PT by 11% to HK$1.25, reflecting a lower target P/B multiple of 0.45x (vs 0.525x previously). We upgrade DT RE from Neutral to OW, as its c.30% versus Longyuan since end-Jun 2026 has resulted in an attractive valuation gap, in our view. We expect fundamentals to improve from 2027, driven by easing curtailment, continued grid capex growth, faster ESS deployment and stabilizing power prices.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance



— 1798.HK Price (HK$) HSCEI (rebased)

	YTD	1m	3m	12m
Abs	-54.1%	-12.1%	-21.2%	-65.3%
Rel	-45.8%	-11.2%	-22.6%	-53.9%

Company Data

Shares O/S (mn)	7,274
52-week range (HK$)	2.82-0.94
Market cap ($ mn)	876
Exchange rate	7.85
Free float (%)	80.3%
3M ADV (mn)	9.00
3M ADV ($ mn)	1.3
Volatility (90 Day)	44
Index	HSCEI
BBG ANR (Buy | Hold | Sell)	3|1|1

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	12,577	10,898	11,976	12,819
Adj. EBITDA	9,875	8,527	9,339	9,964
Adj. EBIT	3,832	2,531	3,305	4,042
Adj. net income	1,212	278	665	1,044
Adj. EPS	0.17	0.04	0.09	0.14
BBG EPS	0.29	0.12	0.14	0.20
Cashflow from operations	9,240	4,285	7,037	7,572
FCFF	1,523	(4,366)	2,585	3,121
Margins and Growth				
Revenue Growth Y/Y (%)	0.0%	(13.4%)	9.9%	7.0%
EBITDA margin	78.5%	78.2%	78.0%	77.7%
EBITDA Growth Y/Y (%)	(4.1%)	(13.7%)	9.5%	6.7%
EBIT margin	30.5%	23.2%	27.6%	31.5%
Net margin	9.6%	2.6%	5.6%	8.1%
Adj. EPS growth	(37.1%)	(77.1%)	139.2%	56.9%
Ratios				
Adj. tax rate	22.6%	17.5%	19.0%	20.0%
Interest cover	6.6	5.2	5.0	4.9
Net debt/Equity	2.9	3.0	2.9	2.7
Net debt/EBITDA	6.8	8.6	7.8	7.2
ROCE	3.4%	2.2%	2.5%	2.8%
ROE	6.3%	1.4%	3.2%	4.9%
Valuation				
FCFF yield	26.0%	(74.5%)	44.1%	53.2%
Dividend yield	7.4%	1.7%	4.1%	6.4%
EV/Revenue	7.1	8.8	8.0	7.4
EV/EBITDA	9.1	11.3	10.2	9.5
Adj. P/E	4.8	21.1	8.8	5.6

Summary Investment Thesis and Valuation

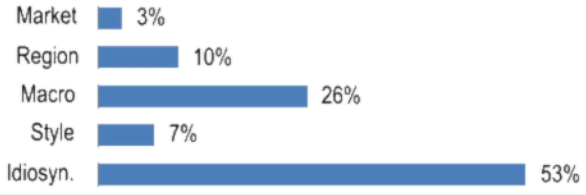
Investment Thesis

Datang Renewable (DT RE) is the listed renewable energy platform of China Datang Group, with 19.2GW of consolidated installed capacity as of end-2025, of which approximately 75% was wind power. Although near-term earnings remain pressured by weaker utilization and lower power prices, we expect fundamentals to improve from 2027, driven by easing curtailment, faster ESS deployment, continued grid capex growth and a stabilization in power prices following the full-year impact of market liberalization. We have an OW rating on the shares, underpinned by an attractive valuation and improving earnings prospects.

Valuation

Our Dec-2027 price target of HK$1.25 is derived from a target P/B of 0.45x applied to adjusted FY28E book value after factoring in potential re-powering-related impairments. The target multiple implies a c.40% discount to Longyuan, reflecting Datang Renewable's higher gearing (297% vs. c.171% in FY25) and higher exposure to ancillary expense risks.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.16	0.17
Region: China	0.32	0.32
Macro:		
Markit EM Composite PMI SA	0.50	0.41
US 10 Year Yield	0.48	0.29
Emerging Economies CPI(YoY)	-0.30	-0.28
Quant Styles:		
Size	-0.26	-0.27
Value	0.37	0.25
Momentum	-0.36	-0.25

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Datang Renewable (1798) *(Overweight: Price Target: HK$1.25)*

Investment Thesis

Datang Renewable (DTRE) is the listed renewable energy platform of China Datang Group, with 19.2GW of consolidated installed capacity as of end-2025, of which approximately 75% was wind power. Although near-term earnings remain pressured by weaker utilization and lower power prices, we expect fundamentals to improve from 2027, driven by easing curtailment, faster ESS deployment, continued grid capex growth and a stabilization in power prices following the full-year impact of market liberalization. We have an OW rating on the shares, underpinned by an attractive valuation and improving earnings prospects.

Valuation

Our Dec-2027 price target of HK$1.25 is derived from a target P/B of 0.45x applied to adjusted FY28E book value after factoring in potential re-powering-related impairments. The target multiple implies a c.40% discount to Longyuan, reflecting Datang Renewable's higher gearing (297% vs. c.171% in FY25) and higher exposure to ancillary expense risks.

Valuation methodology		
FY28E BVPS	Rmb/shr	3.02
Potential impact from re-power		11.8%
FY28E adj. BVPS	Rmb/shr	2.66
HKD/RMB		0.92
FY28E adj. BVPS	HKD/shr	2.90
Target P/BV multiple		0.45
NAV		**1.25**

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks to our rating and price target include weaker-than-expected utilization hours and higher finance costs, which could weigh on earnings and cash flow. Upside risks include a faster recovery in utilization hours and lower borrowing costs than anticipated.

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Datang Renewable (1798): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**12,576**	**12,577**	**10,898**	**11,976**	**12,819**
COGS	(1,755)	(1,846)	(1,720)	(1,901)	(2,050)
Gross profit	**10,821**	**10,731**	**9,178**	**10,074**	**10,770**
SG&A	(972)	(1,373)	(1,117)	(1,235)	(1,331)
Adj. EBITDA	**10,295**	**9,875**	**8,527**	**9,339**	**9,964**
D&A	(5,588)	(6,044)	(5,995)	(6,034)	(5,922)
Adj. EBIT	**4,707**	**3,832**	**2,531**	**3,305**	**4,042**
Net Interest	(1,608)	(1,501)	(1,633)	(1,853)	(2,041)
Adj. PBT	**3,118**	**2,344**	**911**	**1,465**	**2,015**
Tax	(500)	(530)	(159)	(278)	(403)
Minority Interest	(692)	(602)	(474)	(522)	(568)
Adj. Net Income	**1,926**	**1,212**	**278**	**665**	**1,044**
Reported EPS	0.26	0.17	0.04	0.09	0.14
Adj. EPS	**0.26**	**0.17**	**0.04**	**0.09**	**0.14**
DPS	**0.09**	**0.06**	**0.01**	**0.03**	**0.05**
Payout ratio	34.0%	36.0%	36.0%	36.0%	36.0%
Shares outstanding	7,274	7,274	7,274	7,274	7,274

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	1,944	2,411	7,329	17,838	27,559
Accounts receivable	21,588	21,813	25,857	27,860	29,823
Inventories	108	83	74	81	88
Other current assets	1,307	1,373	1,373	1,373	1,373
Current assets	**24,948**	**25,681**	**34,633**	**47,153**	**58,843**
PP&E	81,347	79,675	82,323	80,733	79,255
LT investments	-	-	-	-	-
Other non current assets	9,249	9,830	9,830	9,830	9,830
Total assets	**115,545**	**115,185**	**126,786**	**137,716**	**147,928**
Short term borrowings	22,602	17,133	17,133	17,133	17,133
Payables	225	189	138	122	97
Other short term liabilities	9,239	7,850	7,850	7,850	7,850
Current liabilities	**32,066**	**25,172**	**25,121**	**25,105**	**25,080**
Long-term debt	45,658	52,302	63,302	73,302	82,302
Other long term liabilities	14,501	14,330	14,330	14,330	14,330
Total liabilities	**92,225**	**91,804**	**102,753**	**112,736**	**121,712**
Shareholders' equity	18,962	19,521	20,090	20,907	21,965
Minority interests	4,358	3,860	3,943	4,073	4,251
Total liabilities & equity	**115,545**	**115,185**	**126,786**	**137,716**	**147,928**
BVPS	**2.61**	**2.68**	**2.76**	**2.87**	**3.02**
y/y Growth	*6.8%*	*2.9%*	*2.9%*	*4.1%*	*5.1%*
Net debt/(cash)	66,315	67,023	73,106	72,596	71,875

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**6,287**	**9,240**	**4,285**	**7,037**	**7,572**
o/w Depreciation & amortization	5,588	6,044	5,995	6,034	5,922
o/w Changes in working capital	(3,711)	(488)	(4,086)	(2,028)	(1,993)
Cash flow from investing activities	**(13,669)**	**(7,338)**	**(8,648)**	**(4,448)**	**(4,448)**
o/w Capital expenditure	(13,678)	(7,209)	(8,644)	(4,444)	(4,444)
as % of sales	*108.8%*	*57.3%*	*79.3%*	*37.1%*	*34.7%*
Cash flow from financing activities	**6,271**	**(1,435)**	**9,267**	**7,907**	**6,584**
o/w Dividends paid	(834)	(1,131)	(100)	(239)	(376)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	6,003	2,089	11,000	10,000	9,000
Net change in cash	**(1,112)**	**467**	**4,904**	**10,496**	**9,708**
Adj. Free cash flow to firm	**(7,641)**	**1,523**	**(4,366)**	**2,585**	**3,121**
y/y Growth	*4616.9%*	*(119.9%)*	*(386.8%)*	*(159.2%)*	*20.7%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	86.0%	85.3%	84.2%	84.1%	84.0%
EBITDA margin	81.9%	78.5%	78.2%	78.0%	77.7%
EBIT margin	37.4%	30.5%	23.2%	27.6%	31.5%
Net profit margin	15.3%	9.6%	2.6%	5.6%	8.1%
ROE	10.5%	6.3%	1.4%	3.2%	4.9%
ROA	1.8%	1.1%	0.2%	0.5%	0.7%
ROCE	4.9%	3.4%	2.2%	2.5%	2.8%
SG&A/Sales	7.7%	10.9%	10.3%	10.3%	10.4%
Net debt/Equity	2.8	2.9	3.0	2.9	2.7
Net debt/EBITDA	6.4	6.8	8.6	7.8	7.2
Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Assets/Equity (x)	5.9	6.0	6.1	6.5	6.7
Interest cover (x)	6.4	6.6	5.2	5.0	4.9
Operating leverage	639.4%	(170925.8%)	254.2%	309.0%	316.9%
Tax rate	16.0%	22.6%	17.5%	19.0%	20.0%
Revenue y/y Growth	(1.8%)	0.0%	(13.4%)	9.9%	7.0%
EBITDA y/y Growth	(2.9%)	(4.1%)	(13.7%)	9.5%	6.7%
EPS y/y Growth	(14.0%)	(37.1%)	(77.1%)	139.2%	56.9%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	3.0	4.8	21.1	8.8	5.6
P/BV (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	8.7	9.1	11.3	10.2	9.5
Dividend Yield	11.2%	7.4%	1.7%	4.1%	6.4%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which