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China Jushi (600176.SS)

Company 15th FYP Targets 2bn+ Meters of E-Fabric Capacity and >35% High-End Mix

CITI'S TAKE

We attended China Jushi's 32nd International Fiberglass Annual Conference in Tongxiang on October 20. We highlight three key takeaways: 1) Management expects the current E-fabric upcycle to exceed historical cycles in both pricing magnitude and duration, supported by AI-driven PCB/CCL upgrades and broader demand from automotive electronics and energy storage; 2) effective supply growth remains constrained by electronic yarn and loom bottlenecks, with more sophisticated fabrics requiring substantially more weaving time; and 3) Jushi's 15th Five-Year Plan prioritizes product mix improvement, targeting over 2bn meters of E-fabric capacity and a high-end product mix above 35% by 2030. Shengyi Technology's chairman also outlined nearly Rmb20bn of downstream capacity investments. We believe specification upgrades and tight effective supply, rather than capacity growth alone, will shape Jushi's earnings trajectory, while the pace of planned additions warrants monitoring. Maintain Buy on China Jushi.

Buy

Catalyst Watch: Upside, expires 07-NOV-26

Price (21 Oct 26 15:00)	Rmb34.590
Target price	Rmb71.000
Expected share price return	105.3%
Expected dividend yield	2.7%
Expected total return	108.0%
Market Cap	Rmb138,468M US$20,742M

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- **E-fabric: Current upcycle could exceed historical cycles in both magnitude and duration.** Management expects the current cycle to outperform historical 4–5 year cycles, driven by accelerating AI demand and broader PCB applications. Mgmt highlighted projected 2026–28 CAGRs of 148% and 161% for global AI server PCB and CCL markets, respectively. Conventional E-fabric also benefits from hybrid material designs for AI servers, automotive electronics and energy storage, despite sluggish consumer electronics demand.

- **Supply: Dual bottlenecks in electronic yarn and weaving capacity.** High-end E-fabric production remains heavily dependent on Japanese looms, with limited equipment availability and extended order backlogs. Management noted that sophisticated AI-related fabrics could reduce weaving output efficiency by 2–3x versus conventional products, effectively absorbing existing capacity. The shift toward thinner conventional fabrics further exacerbates constraints. Meanwhile, rising precious-metal costs, technical barriers and capacity conversions toward specialty yarn limit conventional electronic yarn expansion, with some incremental supply potentially delayed until 4Q27.

- **2026 operations: Solid volume growth and encouraging specialty product progress.** Jushi reported 9M26 coarse roving and fiberglass product sales of 2.54mt (+6.2% YoY) and E-fabric sales of 856mn meters

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

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(+9.9% YoY). Annual capacity for 1080-and-thinner fabrics exceeded 120mn meters. Ultra-thin 106 fabric achieved commercial supply to a strategic customer, 1037 passed key customer qualification, and 1027 completed production process development. Low-CTE fabrics progressed into selected packaging applications, while low-Dk products entered trial production and customer qualification. Second-generation ultra-low-loss glass formulations are also under development.

- **15th FYP: E-fabric capacity to exceed 2bn meters, with high-end mix exceeding 35% by 2030.** Jushi targets over 4.5mt of fiberglass capacity and 2bn meters of E-fabric capacity by 2030. The company aims to increase capacity for 1080 and thinner fabrics by 4x, with at least two-thirds of new E-fabric capacity allocated to thinner and higher-end specifications. It also targets over 15% market share in specialty E-fabric, reinforcing its focus on higher-value products. Product mix upgrades could improve ASPs while limiting effective volume growth.

- **Downstream demand: Shengyi Technology's nearly Rmb20bn expansion plan reinforces long-term demand visibility.** Shengyi Technology Chairman Mr. Chen Renxi also spoke at the conference, highlighting ongoing capacity investments totaling nearly Rmb20bn across Guangdong, Jiangsu, Jiangxi and Thailand. He noted that Shengyi's strategic partnership with Jushi, established in 2017, has expanded from conventional thick fabrics to thin, ultra-thin and extremely thin products, serving consumer electronics, automotive electronics, ns and AI computing. Shengyi expects continued growth in its demand for various E-fabric products as capacity expands and product specifications advance.

- **Coarse roving: Gradual recovery supported by disciplined supply growth.** Management expects global fiberglass demand to grow 4–5% and Chinese demand 7–8%, supported by wind power, thermoplastics, renewable energy infrastructure and emerging applications. While traditional construction demand remains weak, overseas capacity closures, limited new investments and industry efforts to curb excessive competition should support gradual supply/demand improvement. Management sees scope for cyclical price recovery, partly to offset rising production costs.

- **Long-term strategy: Advanced composites, smart manufacturing and overseas expansion.** Jushi plans to develop a second growth engine through downstream composite applications, selective M&A and strategic partnerships. Overseas, Jushi intends to expand its manufacturing footprint while accelerating renewable-energy adoption and low-carbon production technologies.

China Jushi

Valuation

Our target price of Rmb71 is based on 17.3x 2027E P/E, in line with its historical average. Our 2027E earnings already incorporate a substantial uplift from stronger E-fabric pricing and product-mix improvement; we therefore believe the historical average provides an appropriate valuation benchmark. We believe our target multiple is justified by Jushi's global cost leadership, integrated electronic yarn-and-cloth platform and superior earnings leverage to the ongoing E-fabric upcycle, while potential structural upside from specialty E-fabric expansion and further mix improvement is not yet fully reflected in our valuation.

Risks

Major downside risks that could impede the shares from reaching our target price include: 1) weaker-than-expected demand for glass fiber products; 2) rising energy/power costs; and 3) greater-than-expected capacity additions. Major upside risks include better-than-expected demand and supply-side discipline that helps protect margins.



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Appendix A-1

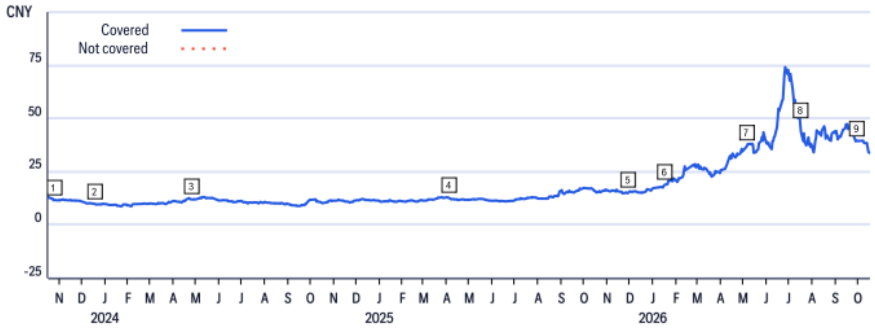
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China Jushi (600176.SS)
Ratings and Target Price History
Fundamental Research

Analyst: Anna Wang



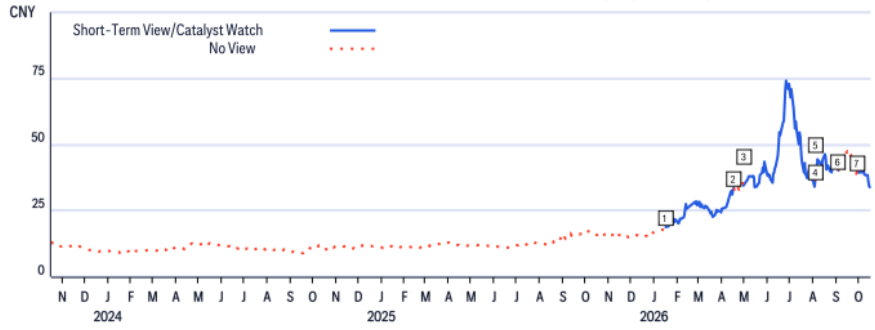
	Date	Rating	Target Price	Closing Price
1	25-Oct-23 10:31:45	1	*14.50	11.71
2	19-Dec-23 02:47:41	1	*11.70	9.74
3	28-Apr-24 22:36:01	1	*17.50	11.92
4	03-Apr-25 01:27:01	1	*15.00	12.78
5	28-Nov-25 04:18:57	1	*19.80	14.91
6	18-Jan-26 17:52:14	1	*26.10	18.78
7	06-May-26 03:42:56	1	*43.40	37.00
8	16-Jul-26 06:47:54	1	*67.00	47.71
9	07-Oct-26 23:05:22	1	*71.00	39.41

*Indicates Change

Rating/target price changes above reflect Eastern Time

China Jushi (600176.SS)
Short-Term View/Catalyst Watch Research

Analyst: Anna Wang



	Date	Action	Expected Direction	Duration	Closing Price
1	18-Jan-26 12:52:14	Add CW	Upside	90 Days	18.78
2	17-Apr-26 14:05:12	Remove CW	Upside	90 Days	33.50
3	05-May-26 23:42:56	Add CW	Upside	90 Days	34.50
4	04-Aug-26 23:05:44	Remove CW	Upside	90 Days	36.19
5	05-Aug-26 05:38:23	Add CW	Upside	30 Days	39.28
6	04-Sep-26 14:05:59	Remove CW	Upside	30 Days	40.18
7	07-Oct-26 19:05:22	Add CW	Upside	30 Days	39.41

CW - Catalyst Watch , STV - Short-Term View

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