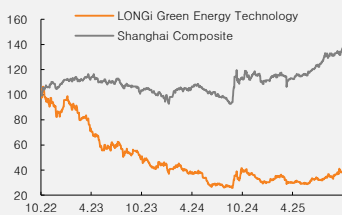


(Initiate)	<b>Buy</b>
Target price	<b>CNY26.0</b>
Current price (10/28/25)	CNY18.90
Upside	37.6%

SSE Composite	3,988.22
EPS growth (25F, %)	-
P/E (25F, x)	-
Dividend yield (%)	0.0
Market cap (CNYbn)	143.23
Market cap (Wtr)	28.84
Shares (mn)	7,578.1
60-day avg. trading value (CNYmn)	2,843.01
52-week low (CNY)	14.18
52-week high (CNY)	20.25

(%)	1M	6M	12M
Absolute	8.0	26.4	-5.9
Relative	3.7	4.2	-21.6



Mirae Asset Securities Co., Ltd.

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# LONGi Green Energy Technology

## The unrivaled wafer leader

### Initiate at Buy with TP of CNY26

We initiate our coverage of LONGi Green Energy Technology (LONGi) with a Buy rating and target price of CNY26 (implying roughly 38% upside). Our valuation is based on a 12-month forward P/E of 23x—the company's average multiple in 2H20, when prices began to rise across the solar value chain. We view a target multiple of 23x as relatively conservative, given that the stock traded at an average P/E of around 22x in the five years preceding the current down-cycle and earnings are expected to start recovering in 2026. Notably, we expect valuation support from LONGi's TaiRay wafer production capacity, the growth potential of hybrid passivated back-contact (HPBC) 2.0 modules, and the expanding share of overseas sales.

### 2026 earnings outlook

For 2026, we look for revenue of CNY118.2bn and gross profit of CNY31bn (swinging to profit YoY). Government-led industry restructuring is likely to drive steady margin improvement, and we expect LONGi—with its portfolio of premium HPBC modules—to achieve a faster earnings recovery than most of its peers. That said, as the restructuring is expected to focus primarily on the polysilicon segment, LONGi's vertically integrated business model (spanning wafers, cells, and modules) may result in a somewhat slower pace of recovery compared with pure polysilicon players. Nevertheless, as the world's largest producer of wafers (immediately downstream from polysilicon), the company is still likely to feel significant indirect benefits from restructuring. In addition, with recent policy changes causing demand to be pulled forward, module prices are likely to move higher.

We expect the company to return to profitability at the gross level in 1Q26 and at the operating and net levels in 2Q26. Overall, we believe that higher module prices, rather than cost reductions, will be the primary driver of margin improvement.

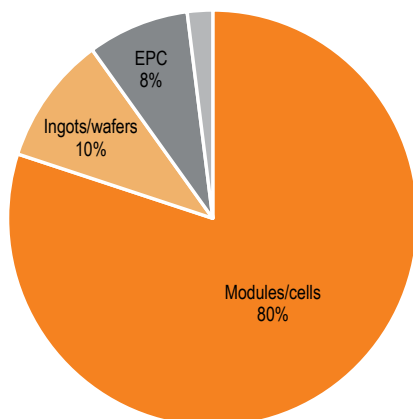
### HPBC technology to drive next phase of growth

Back-contact cell architectures are reshaping the solar industry, with LONGi and Shanghai Aiko Solar Energy at the forefront in terms of technological competitiveness. Notably, LONGi's proprietary HPBC 2.0 technology offers higher photoelectric conversion efficiency and module power output than the currently dominant tunnel oxide passivated contact (TOPCon) technology. While HPBC products are still in the early stages of technological development, they are expected to achieve greater efficiency improvements over time than both TOPCon and heterojunction technology (HJT). HPBC products are also reportedly around 10% more profitable than TOPCon products. As the mix of premium products—including HPBC, HPBC 2.0, and hybrid interdigitated back-contact (HIBC) products—continues to rise, we expect company-wide profitability improvement to gain further traction.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (CNYmn)	129,498	82,582	71,903	118,281	144,393
OP (CNYmn)	12,113	-9,755	-8,911	9,928	23,351
OP margin (%)	9.4	-11.8	-12.4	8.4	16.2
NP (CNYmn)	10,751	-8,618	-7,880	8,458	20,038
EPS (CNY)	1.42	-1.14	-1.04	1.12	2.64
ROE (%)	16.2	-13.1	-13.8	14.7	28.0
P/E (x)	16.1	-	-	16.9	7.1
P/B (x)	2.5	1.9	2.7	2.3	1.7

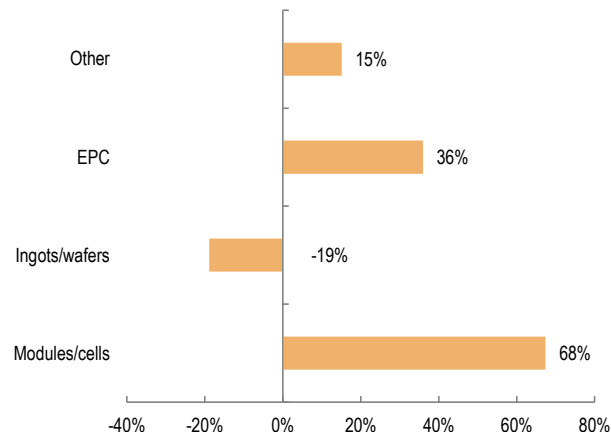
Notes: Under GAAP; NP is attributable to owners of the parent  
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. LONGi: Revenue breakdown by segment



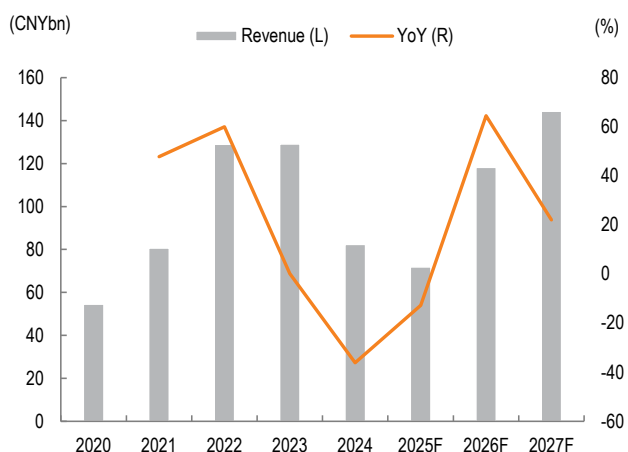
Source: Company data, Mirae Asset Securities Research

Figure 2. LONGi: GP breakdown by segment



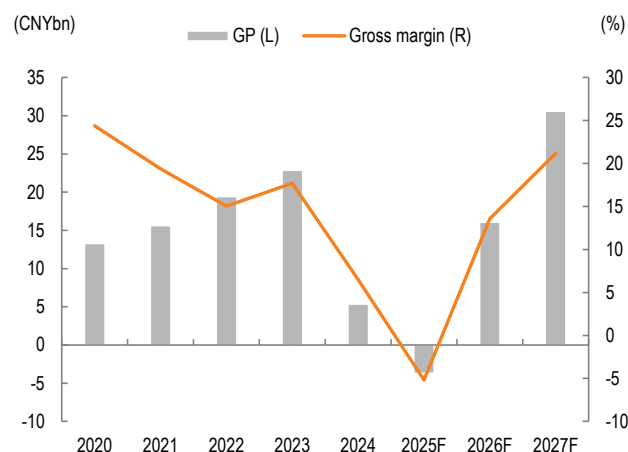
Source: Company data, Mirae Asset Securities Research

Figure 3. LONGi: Revenue and growth



Source: Company data, Mirae Asset Securities Research

Figure 4. LONGi: GP and gross margin



Source: Company data, Mirae Asset Securities Research

Table 1. LONGi: Quarterly and annual earnings

	(CNYmn)										
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	4Q25F	2024	2025F	2026F
Revenue	17,595	20,855	20,064	23,909	13,652	19,161	17,191	21,899	82,422	71,903	118,281
Wafers	3,066	1,686	1,980	1,639	1,807	1,834	2,308	3,028	8,371	8,977	14,929
Cells	557	315	328	324	352	325	375	432	1,524	1,484	2,307
Modules	13,067	17,205	15,609	20,453	9,017	18,235	13,620	17,108	66,334	57,979	95,844
EPC	952	1,903	1,903	1,586	1,332	888	888	1,332	6,343	4,440	5,200
GP	1,349	1,236	1,559	1,221	-752	122	-5,426	-1,033	5,365	-7,089	30,855
Wafers	153	-34	-99	-82	-181	-92	-2,850	-694	-61	-3,816	15,041
Cells	47	14	-57	-64	-32	-20	-12	-25	-59	-89	111
Modules	2,142	3,711	2,000	-3,811	-1,013	-1,906	-2,723	-608	4,043	-6,249	14,663
EPC	334	668	668	557	266	178	160	293	2,227	897	1,040
NP	-2,358	-2,899	-1,279	-2,141	-1,450	-1,148	-5,869	-2,473	-8,677	-10,940	21,496

Source: Company data, Mirae Asset Securities Research

## LONGi Green Energy Technology (601012 CH)

## Income statement (summarized)

(CNYmn)	2024	2025F	2026F	2027F
<b>Revenue</b>	<b>82,582</b>	<b>71,903</b>	<b>118,281</b>	<b>144,393</b>
<b>Cost of revenue</b>	<b>82,568</b>	<b>75,399</b>	<b>102,200</b>	<b>113,822</b>
<b>GP</b>	<b>14</b>	<b>-3,496</b>	<b>16,081</b>	<b>30,571</b>
<b>SG&amp;A expenses</b>	<b>9,769</b>	<b>5,416</b>	<b>6,153</b>	<b>7,220</b>
<b>OP</b>	<b>-9,755</b>	<b>-8,911</b>	<b>9,928</b>	<b>23,351</b>
<b>Non-operating profit</b>	<b>-451</b>	<b>-228</b>	<b>-146</b>	<b>-146</b>
Net financial income	0	604	1,323	2,049
Net income from associates	0	0	0	0
Other	-451	-832	-1,469	-2,195
Pretax profit	-10,206	-9,139	9,782	23,205
Income tax	-1,528	-1,162	1,215	2,909
<b>NP</b>	<b>-8,677</b>	<b>-7,977</b>	<b>8,567</b>	<b>20,296</b>
Attr. to owners of the parent	-8,618	-7,880	8,458	20,038
Non-controlling interest	-60	-97	109	258

<b>Growth &amp; margins</b>	2024	2025F	2026F	2027F
Revenue growth (%)	-36.2	-12.9	64.5	22.1
GP growth (%)	-99.9	-	-560.0	90.1
OP growth (%)	-180.5	-8.7	-211.4	135.2
NP growth (%)	-181.2	-8.1	-207.4	136.9
EPS growth (%)	-	-	-	136.9
Gross margin (%)	0.0	-4.9	13.6	21.2
OP margin (%)	-11.8	-12.4	8.4	16.2
Net margin (%)	-10.5	-11.1	7.2	14.1

## Cash flow statement (summarized)

(CNYmn)	2024	2025F	2026F	2027F
<b>Operating cash flow</b>	<b>-4,725</b>	<b>-8,443</b>	<b>27,327</b>	<b>17,896</b>
NP	0	-7,977	8,567	20,296
Depreciation & amortization	0	0	0	0
Other	-4,725	-466	18,760	-2,400
<b>Cash flow from investing activities</b>	<b>-7,232</b>	<b>-11,656</b>	<b>-10,389</b>	<b>-524</b>
Capex	-8,013	-5,367	-2,000	-2,000
Other	781	-6,289	-8,389	1,476
<b>Cash flow from financing activities</b>	<b>8,297</b>	<b>1,036</b>	<b>0</b>	<b>0</b>
Dividends	1,629	203	0	0
Chg. in equity	550	-60	0	0
Chg. in financial liabilities	12,064	2,958	0	0
Other	-5,946	-2,065	0	0
Chg. in cash & equivalents	-3,474	-18,361	16,939	17,371
Beginning balance	54,422	50,948	32,587	49,526
Ending balance	50,948	32,587	49,526	66,898

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet (summarized)

(CNYmn)	2024	2025F	2026F	2027F
<b>Current assets</b>	<b>90,023</b>	<b>68,462</b>	<b>99,617</b>	<b>119,448</b>
Cash & equivalents	50,948	32,587	49,526	66,898
Accounts receivable	20,598	18,803	26,324	27,640
Inventory	13,382	12,216	17,103	17,958
Other	5,095	4,856	6,664	6,952
<b>Non-current assets</b>	<b>62,822</b>	<b>73,492</b>	<b>85,248</b>	<b>87,858</b>
Investments	8,786	15,987	25,744	26,353
PP&E	47,412	50,387	52,387	54,387
Intangible	1,062	1,015	1,015	1,015
Other	5,562	6,103	6,102	6,103
<b>Total assets</b>	<b>152,845</b>	<b>141,954</b>	<b>184,865</b>	<b>207,306</b>
<b>Current liabilities</b>	<b>60,293</b>	<b>54,855</b>	<b>87,279</b>	<b>89,304</b>
Accounts payable	37,073	33,843	54,496	55,785
Short-term borrowings	300	300	300	300
Other	22,920	20,712	32,483	33,219
<b>Non-current liabilities</b>	<b>31,151</b>	<b>33,515</b>	<b>35,435</b>	<b>35,555</b>
Long-term financial liabilities	34,486	37,811	37,811	37,811
Other	-3,335	-4,296	-2,376	-2,256
<b>Total liabilities</b>	<b>91,444</b>	<b>88,370</b>	<b>122,714</b>	<b>124,859</b>
<b>Equity attr. to owners of the parent</b>	<b>60,896</b>	<b>53,169</b>	<b>61,627</b>	<b>81,665</b>
Capital stock	7,578	7,578	7,578	7,578
Capital surplus	12,999	12,939	12,939	12,939
Retained earnings	40,390	32,546	41,004	61,042
Other	-71	106	106	106
<b>Non-controlling interest</b>	<b>505</b>	<b>415</b>	<b>524</b>	<b>782</b>
<b>Shareholders' equity</b>	<b>61,401</b>	<b>53,584</b>	<b>62,151</b>	<b>82,447</b>

## Key valuation metrics/ratios

	2024	2025F	2026F	2027F
P/E (x)	-	-	16.9	7.1
P/S (x)	1.4	2.0	1.2	1.0
P/B (x)	1.9	2.7	2.3	1.7
EV/EBITDA (x)	-	-	13.4	5.0
EPS (CNY)	-1.14	-1.04	1.12	2.64
BPS (CNY)	8.08	7.06	8.17	10.82
DPS (CNY)	0.00	0.00	0.00	0.00
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Accounts receivable turnover (x)	4.3	3.6	5.2	5.4
Inventory turnover (x)	4.7	5.6	8.1	8.2
Accounts payable turnover (x)	2.1	2.1	2.3	2.1
ROA (%)	-5.5	-5.4	5.2	10.4
ROE (%)	-13.1	-13.8	14.7	28.0
ROIC (%)	-28.1	-23.2	31.4	97.8
Debt-to-equity ratio (x)	148.9	164.9	197.4	151.4
Current ratio (x)	149.3	124.8	114.1	133.8
Net debt-to-equity ratio (x)	-23.4	12.5	-16.4	-33.4

# Appendix 1

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