

Shanghai Aiko Solar Energy

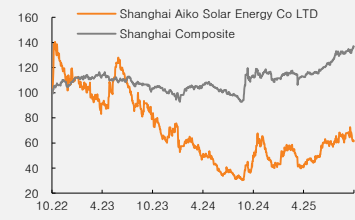
Technological strength and export competitiveness

Equity Research
October 29, 2025

(Initiate)	Buy
Target price	CNY29.0
Current price (10/28/25)	CNY14.95
Upside	94.0%

SSE Composite	3,988.22
EPS growth (25F, %)	-
P/E (25F, x)	-
Dividend yield (%)	0.0
Market cap (CNYbn)	31.65
Market cap (Wbn)	6,372.68
Shares (mn)	2,117.2
60-day avg. trading value (CNYmn)	785.66
52-week low (CNY)	9.69
52-week high (CNY)	17.73

(%)	1M	6M	12M
Absolute	-3.4	48.0	22.5
Relative	-7.2	22.0	2.1



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Initiate at Buy with TP of CNY29; our top pick among Chinese solar plays

We initiate our coverage of Shanghai Aiko Solar Energy (Aiko) with a Buy rating and target price of CNY29 (implying roughly 94% upside). Our target price 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 believe our valuation is reasonable given the company's technological leadership in all-back-contact (ABC) cells/modules and its premium market positioning overseas. We also believe the company deserves recognition for achieving a gross profit turnaround in 2Q25, ahead of peers.

2026 outlook

In 2026, we forecast Aiko to deliver revenue of CNY34.8bn (+92% YoY) and gross profit of CNY8.7bn (+748% YoY). While operating profit and net profit are likely to turn positive only in 2026, the company already swung to a gross profit in 2Q25, ahead of peers. We attribute the company's rapid earnings improvement to: 1) the 30% price premium enjoyed by its ABC products in overseas markets; 2) a rising share of exports; and 3) cost reduction efforts. We believe these factors will enable the firm to continue to achieve faster earnings improvements than peers next year. We forecast the firm's ABC module production volume to expand 35% YoY to 32.5GW in 2026. The company is also expanding into the ESS and inverter businesses, and we may revisit our earnings estimates as these initiatives take clearer shape.

ABC cells changing the competitive landscape

ABC cells—Aiko's core technology—have recently been garnering significant attention among back-contact cell technologies. Until recently, tunnel oxide passivated contact (TOPCon) and heterojunction technology (HJT) were expected to dominate the solar market, but the emergence of back-contact technologies developed by Aiko and LONGi Green Energy Technology is now changing the competitive landscape. The China Photovoltaic Industry Association (CPIA) projects that back-contact cells will reach a market share of 20% by 2030.

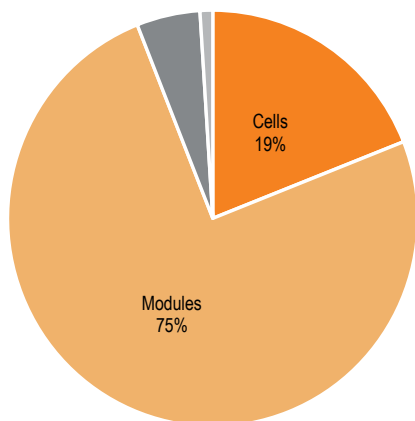
The key strength of ABC lies in its superior photoelectric conversion efficiency. Aiko's ABC cells have ranked first globally in terms of efficiency (24.4%) for 31 consecutive months. As a result, the company's products are sold at a roughly 30% price premium over TOPCon products in Europe. We also note improving export momentum, with the share of exports rising from 25% in 1Q25 to 40% in 2Q25 (with a year-end target of over 50%). Looking ahead, we expect earnings to improve rapidly, benefiting from both the company's leadership in high-margin ABC technology and an anticipated industry upturn driven by restructuring in China.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (CNYmn)	27,170	11,155	18,123	34,791	47,909
OP (CNYmn)	711	-6,097	-1,636	2,424	8,212
OP margin (%)	2.6	-54.7	-9.0	7.0	17.1
NP (CNYmn)	757	-5,319	-1,812	2,644	9,190
EPS (CNY)	0.42	-2.91	-0.86	1.25	4.34
ROE (%)	8.5	-87.0	-70.6	91.1	104.2
P/E (x)	42.0	-	-	12.0	3.4
P/B (x)	3.5	5.0	16.8	7.0	2.3

Notes: Under GAAP; NP is attributable to owners of the parent

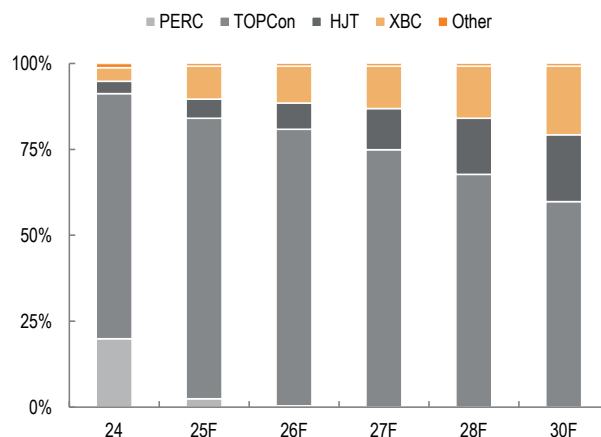
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. Aiko: Revenue breakdown



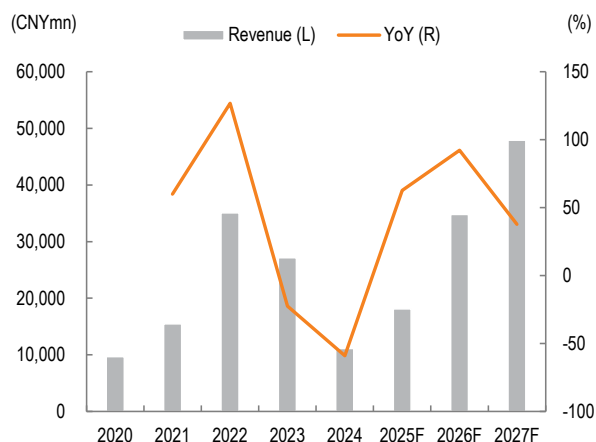
Source: Company data, Mirae Asset Securities Research

Figure 2. M/S outlook by cell technology



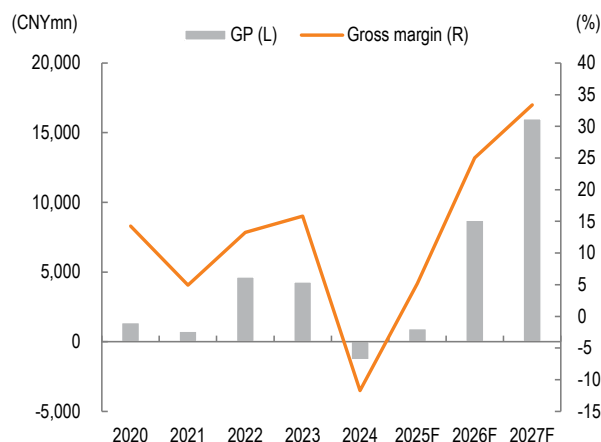
Source: CPIA, Mirae Asset Securities Research

Figure 3. Aiko: Revenue and growth



Source: Company data, Mirae Asset Securities Research

Figure 4. Aiko: GP and gross margin



Source: Company data, Mirae Asset Securities Research

Table 1. Aiko: Quarterly and annual earnings

	(CNYmn)										
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	4Q25F	2024	2025F	2026F
Revenue	2,486	2,648	2,734	3,260	4,109	4,311	4,365	5,313	11,128	18,097	34,791
Cells	1,585	1,369	1,094	1,037	1,174	1,171	1,160	1,044	5,086	4,548	5,219
Modules	624	796	1,046	2,044	2,618	2,917	3,205	4,269	4,510	13,009	29,572
GP	251	-530	-566	-458	-62	261	117	620	-1,303	936	8,711
Cells	95	18	-217	-246	-51	-62	-32	-66	-351	-210	193
Modules	-14	-178	-222	-268	-101	130	150	686	-681	864	8,519
NP	-91	-1,653	-1,106	-2,543	-313	50	-307	-946	-5,394	-1,516	2,104

Source: Company data, Mirae Asset Securities Research

Shanghai Aiko Solar Energy (600732 CH)

Income statement (summarized)

(CNYmn)	2024	2025F	2026F	2027F
Revenue	11,155	18,123	34,791	47,909
Cost of revenue	14,839	17,097	26,080	31,907
GP	-3,684	1,026	8,711	16,002
SG&A expenses	2,413	2,663	6,287	7,790
OP	-6,097	-1,636	2,424	8,212
Non-operating profit	-344	-69	-86	-87
Net financial income	0	175	982	1,957
Net income from associates	0	0	0	0
Other	-344	-244	-1,068	-2,044
Pretax profit	-6,441	-1,705	2,338	8,125
Income tax	-1,047	-189	234	813
NP	-5,394	-1,516	2,104	7,313
Attr. to owners of the parent	-5,319	-1,812	2,644	9,190
Non-controlling interest	-74	296	-540	-1,878

Growth & margins	2024	2025F	2026F	2027F
Revenue growth (%)	-58.9	62.5	92.0	37.7
GP growth (%)	-211.2	-127.9	749.0	83.7
OP growth (%)	-957.5	-73.2	-248.2	238.8
NP growth (%)	-812.5	-71.9	-238.8	247.6
EPS growth (%)	-	-	-	247.6
Gross margin (%)	-33.0	5.7	25.0	33.4
OP margin (%)	-54.7	-9.0	7.0	17.1
Net margin (%)	-48.4	-8.4	6.0	15.3

Cash flow statement (summarized)

(CNYmn)	2024	2025F	2026F	2027F
Operating cash flow	-4,520	3,706	18,912	9,781
NP	0	-1,516	2,104	7,313
Depreciation & amortization	0	0	0	0
Other	-4,520	5,222	16,808	2,468
Cash flow from investing activities	-1,960	-1,853	-3,519	-1,430
Capex	-1,928	-1,399	-3,000	-3,000
Other	-32	-454	-519	1,570
Cash flow from financing activities	5,462	-823	0	0
Dividends	610	234	0	0
Chg. in equity	214	-197	0	0
Chg. in financial liabilities	-425	-3,422	0	0
Other	5,063	2,562	0	0
Chg. in cash & equivalents	-1,064	962	15,393	8,351
Beginning balance	1,648	584	1,546	16,938
Ending balance	584	1,546	16,938	25,289

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(CNYmn)	2024	2025F	2026F	2027F
Current assets	7,498	8,641	24,973	33,733
Cash & equivalents	584	1,546	16,938	25,289
Accounts receivable	2,611	2,872	3,159	3,001
Inventory	2,550	2,295	2,754	3,108
Other	1,753	1,928	2,122	2,335
Non-current assets	27,025	28,277	32,778	36,165
Investments	920	1,505	3,006	3,393
PP&E	23,181	23,709	26,709	29,709
Intangible	1,013	1,000	1,000	1,000
Other	1,911	2,063	2,063	2,063
Total assets	34,523	36,918	57,751	69,898
Current liabilities	18,045	19,589	31,643	34,755
Accounts payable	5,609	9,144	18,260	20,614
Short-term borrowings	7,292	4,040	4,040	4,040
Other	5,144	6,405	9,343	10,101
Non-current liabilities	11,525	13,825	20,500	22,223
Long-term financial liabilities	7,431	7,138	7,138	7,138
Other	4,094	6,687	13,362	15,085
Total liabilities	29,570	33,414	52,143	56,978
Equity attr. to owners of the parent	3,554	1,579	4,223	13,413
Capital stock	1,828	1,826	1,826	1,826
Capital surplus	3,735	3,539	3,539	3,539
Retained earnings	-1,497	-3,309	-665	8,526
Other	-512	-477	-477	-478
Non-controlling interest	1,399	1,924	1,384	-493
Shareholders' equity	4,953	3,503	5,607	12,920

Key valuation metrics/ratios

	2024	2025F	2026F	2027F
P/E (x)	-	-	12.0	3.4
P/S (x)	1.8	1.7	0.9	0.7
P/B (x)	5.0	16.8	7.0	2.3
EV/EBITDA (x)	-	-	12.7	2.5
EPS (CNY)	-2.91	-0.86	1.25	4.34
BPS (CNY)	2.22	0.89	2.14	6.48
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)	5.1	6.6	11.5	15.6
Inventory turnover (x)	3.9	7.5	13.8	16.3
Accounts payable turnover (x)	3.0	2.3	1.9	1.6
ROA (%)	-15.7	-4.2	4.4	11.5
ROE (%)	-87.0	-70.6	91.1	104.2
ROIC (%)	-20.7	-6.7	13.9	62.7
Debt-to-equity ratio (x)	597.0	953.8	929.9	441.0
Current ratio (x)	41.6	44.1	78.9	97.1
Net debt-to-equity ratio (x)	352.8	373.7	-41.0	-82.4

Appendix 1

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