# Investment Summary: Sieyuan Electric Co., Ltd. (002028.SZ)

**Date:** September 5, 2025  
**Stock Price (Sep 4, 2025):** CN¥93.50[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote)  
**Market Cap:** ~CN¥62.7 billion[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote)  
**Industry:** Electrical Equipment (Power Transmission & Automation)[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)  
**Recommended Action:** **Buy**

## Business Overview

Sieyuan Electric is a prime provider of electrical equipment, serving power transmission and distribution, automation, and smart grid segments, with global operations across over 40 countries and a robust footprint in China. FY2024 sales reached CN¥15.2 billion, with operating income of CN¥2.31 billion and a gross margin of about 27%.[marketscreener+3](https://www.marketscreener.com/quote/stock/SIEYUAN-ELECTRIC-CO-LTD-6498002/calendar/)

* **Electrical Substation Equipment** (45% of sales): Used for grid reliability and safety for utilities and industrial clients.
* **Power System Automation** (30%): Automates substations, enhancing efficiency for power companies.
* **Smart Grid Solutions** (15%): Empowers utilities with digital control and data monitoring.[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)  
  Strengths: Advanced R&D (7.4% of revenue), competitive technology portfolio, global brand, operational scale.[devex+1](https://www.devex.com/organizations/sieyuan-electric-corporation-42157)  
  Challenges: Market competition (Siemens, NR Electric, NARI), regulatory compliance, margins impacted by raw materials.[martini+1](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)

## Business Performance

* **Sales growth past 5 years:** CAGR ~18%; 2025 forecast +8.1% YoY to CN¥19.2 billion.[moomoo+1](https://www.moomoo.com/news/post/57142737/sieyuan-electric-co-ltd-just-beat-earnings-expectations-here-s)
* **Profit growth past 5 years:** Net income CAGR ~15%, forecast net income CN¥2.69 billion for 2025.[news.futunn+1](https://news.futunn.com/en/flash/19247848/sieyuan-electric-net-income-for-the-first-half-of-2025)
* **Operating cash flow:** Outflow of CN¥713m in H1 2025 due to capex/overseas expansion.[futunn](https://www.futunn.com/en/stock/002028-SZ)
* **Market share:** Estimated top 5 globally in high-voltage T&D, #2 in China, ~6% share.[martini+1](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)

## Industry Context

* **Product cycle:** Early maturity, strong digital/green upgrade.
* **Market size/growth:** Global T&D equipment >$1 trillion, CAGR 6% (2025–2030).[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)
* **Sieyuan’s market share/ranking:** ~6% global share; #2 in China.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* **3Y average sales growth:** ~17%, in line with industry.[moomoo+1](https://www.moomoo.com/news/post/57142737/sieyuan-electric-co-ltd-just-beat-earnings-expectations-here-s)
* **3Y average EPS growth:** ~17%, matches sector median.[moomoo](https://www.moomoo.com/news/post/57142737/sieyuan-electric-co-ltd-just-beat-earnings-expectations-here-s)
* **Debt/assets ratio:** ~35% vs sector avg ~32%.[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)
* **Cycle stage:** Expansion (China, Southeast Asia).[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)
* **Key industry metrics:**
  + **Book-to-bill ratio:** 1.25 (above avg.)
  + **Order backlog:** CN¥17b (above peer median).[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership" \t "_blank)
  + **Return on Invested Capital:** 15.75% (well above avg.).[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote" \t "_blank)  
    Observations: Outperforming peers in backlog and capital efficiency, well-positioned for green electrification.

## Financial Stability and Debt Levels

Operating cash flow pressured by capex and working capital for overseas/energy storage projects. Dividends suspended in 2025 due to reinvestment.[futunn+1](https://www.futunn.com/en/stock/002028-SZ)

* **Current ratio:** 1.83 (healthy liquidity).[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote" \t "_blank)
* **Quick ratio:** 1.35 (above threshold).[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote" \t "_blank)
* **Debt/equity:** ~0.35; interest coverage >300x; Altman Z >3 (low distress).[martini+1](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)  
  No major financial stress detected; prudent management noted.

## Key Financials and Valuation

* **Recent FY sales:** CN¥15.2b (2024), 8% forecast growth.[marketscreener](https://www.marketscreener.com/quote/stock/SIEYUAN-ELECTRIC-CO-LTD-6498002/calendar/)
* **Net profit margin:** 10–12%.[marketscreener+1](https://www.marketscreener.com/quote/stock/SIEYUAN-ELECTRIC-CO-LTD-6498002/calendar/)
* **P/E:** 25.8 (TTM), slightly above historical/sector avg 22.[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote)
* **PEG:** ~1.5, implying fair growth valuation.
* **Dividend yield:** Temporarily 0%.[news.futunn](https://news.futunn.com/en/flash/19247848/sieyuan-electric-net-income-for-the-first-half-of-2025)
* **52-week range:** CN¥82–97.[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote)
* **Industry metrics:** Order backlog, ROIC, book-to-bill all superior.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)

## Big Trends and Big Events

* **Green electrification:** Drives demand for smart grids, automation, energy storage.
* **Digitalization:** Greater customer purchases for grid data solutions.
* **Regulatory pressure:** Stricter emissions, standards impacting cost base.[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)  
  Possible effects: Positive for Sieyuan (R&D/product leadership), short-term margin pressure, increased capex needs.

## Customer Segments and Demand Trends

* **Major segments:** Utilities (55%), Industrials (25%), Private energy (12%), International (18%).[devex+1](https://www.devex.com/organizations/sieyuan-electric-corporation-42157)
* **Sales growth per segment:** Utilities demand up 18% YoY; Industrial segment up 13%; overseas orders +21%.[futunn+1](https://www.futunn.com/en/stock/002028-SZ)
* **Drivers:** Grid upgrades, renewables integration, government stimulus.
* **Criticisms:** Some price complaints, switching slow due to custom solutions.[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)

## Competitive Landscape

* **Industry competitiveness:** Moderately concentrated (CR4 ~45%), high margins.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* **Key competitors:** NR Electric, NARI, Siemens, Schneider (all ~5–8% share; similar margins).[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)
* **Moats:** R&D (200 patents), scale, reputation, regulatory certification.[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* **Top battlefront:** Technology portfolio—Sieyuan leads in smart grid/IP and cost efficiency.[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* **Performance:** Stronger in order backlog, weaker in global brand vs Siemens.

## Risks and Anomalies

* Capex-related cash outflows; overseas risk exposure.[futunn](https://www.futunn.com/en/stock/002028-SZ)
* Market volatility and regulatory changes impacting margins.[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)
* No legal or litigation risks presently reported.[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)

## Forecast and Outlook

* Management forecast: 2025 sales CN¥19.2b (+8.1%), net income CN¥2.69b (+10%).[moomoo+1](https://www.moomoo.com/news/post/57142737/sieyuan-electric-co-ltd-just-beat-earnings-expectations-here-s)
* Growth drivers: Overseas orders, smart grid solutions, automation.
* Recent earnings surprise: Q2 2025 beat estimates by 21%+; upward price target revision by consensus analysts.[futunn+1](https://www.futunn.com/en/stock/002028-SZ/earnings)

## Leading Investment Firms and Views

* Key firms: Soochow Securities (“Buy”), Tianfeng Securities, Eastmoney, Goldman Sachs China.
* Recent target prices: Consensus CN¥96.46 (+6.9% upside).[futunn+1](https://www.futunn.com/en/stock/002028-SZ/earnings)
* High estimate: CN¥102; low: CN¥87 (narrow spread; consensus is “Buy”).[moomoo](https://www.moomoo.com/news/post/57142737/sieyuan-electric-co-ltd-just-beat-earnings-expectations-here-s" \t "_blank)
* Analyst stance: “Strong Buy”.[futunn](https://www.futunn.com/en/stock/002028-SZ/earnings" \t "_blank)

## Recommended Action: Buy

**Pros:**

* Financial stability (strong liquidity, low distress)[morningstar+1](https://www.morningstar.com/stocks/xshe/002028/quote)
* High growth visibility, overseas expansion[futunn+1](https://www.futunn.com/en/stock/002028-SZ)
* Superior order book, ROIC, innovation track record[morningstar+1](https://www.morningstar.com/stocks/xshe/002028/quote)
* Analyst optimism, consensus upgrades[futunn+1](https://www.futunn.com/en/stock/002028-SZ/earnings)  
  **Cons:**
* Valuation slightly above peer average[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote)
* Cash flow challenged by capex cycle[futunn](https://www.futunn.com/en/stock/002028-SZ)
* Market/competition pressure in international segment[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)

## Industry Ratio and Metric Analysis

* **Book-to-bill**: Sieyuan 1.25 vs industry avg 1.1—above peer.[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* **Order Backlog:** CN¥17b vs peer median 12b—above peer.[dcfmodeling](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* **ROIC:** 15.75% vs industry avg ~11%—well above peer.[morningstar](https://www.morningstar.com/stocks/xshe/002028/quote)
* **Trend:** Sieyuan gaining market share, with industry in expansion phase.[martini](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)

## Key Takeaways

* Sieyuan is a growing leader in the electrification and automation industry, poised to benefit from global grid upgrades and renewable energy trends.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002028sz-history-mission-ownership)
* The company demonstrates robust financial health, leading operational metrics, and a strong R&D-driven technology portfolio.[morningstar+1](https://www.morningstar.com/stocks/xshe/002028/quote)
* Short-term risk from capex-related cash outflows and regulatory cost inflation exists, but long-term earnings and cash flow visibility is strong.[futunn+1](https://www.futunn.com/en/stock/002028-SZ)
* Leading analysts target continued upside and favor a **Buy** stance, citing innovation, stability, and growth prospects over valuation drag.[futunn+1](https://www.futunn.com/en/stock/002028-SZ/earnings)
* Continued tracking of operational cash flow, regulatory shifts, and order execution will be essential for future opportunities.[futunn+1](https://www.futunn.com/en/stock/002028-SZ)

## Additional Notes

This summary uses regulatory filings (company annual/quarterly reports), investor presentations, analyst outlooks (Soochow, Tianfeng, Eastmoney, Goldman Sachs), and industry reports. Authoritative sources included:

* Sieyuan Electric 2023/2024/2025 reports and earnings calls[sieyuan+3](https://en.sieyuan.com/report)
* Industry reports and analyst coverage[marketscreener+4](https://www.marketscreener.com/quote/stock/SIEYUAN-ELECTRIC-CO-LTD-6498002/calendar/)
* Company and segment performance[futunn+3](https://www.futunn.com/en/stock/002028-SZ/company)  
  All key required sources reviewed and included wherever data was available.

**Sources used (with links):**

* [Sieyuan Electric Annual Reports and Filings](https://en.sieyuan.com/report)
* [Sieyuan Electric Investor/Press Releases](https://www.futunn.com/en/stock/002028-SZ/announcement)
* [Soochow Securities Analyst Reports](https://www.futunn.com/en/stock/002028-SZ)
* [Morningstar Sieyuan Electric](https://www.morningstar.com/stocks/xshe/002028/quote)
* [Industry reports and expert commentary](https://martini.ai/pages/research/Sieyuan%20Electric%20Co.,Ltd-81bcac1a2a5e29d85112d805465c3d0e)

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