

## Goertek - A

Soft core earnings in 4Q25/1Q26; stay Neutral on lower AI glass demand and uncertain margin

Goertek reported an unexpected recurring net loss for 4Q25 mainly due to deterioration of GPM in the smart acoustic segment. While the GPM recovered in 1Q26, revenue and earnings both missed JPMe, which we attribute to softness in AI glass orders. Looking ahead, we expect lower demand for AI glass this year, but we think resilience of orders in the Apple supply chain and launch of new smart-hardware projects would drive 15%/20% yoy revenue growth for Goertek in 2026/27. Meanwhile, we stay cautious about its overall margin, considering a potential yield/UTR loss amid the new project ramp-up and sustained R&D investment. We see limited share-price catalysts over the next 6-12 month and stay Neutral with a lower Dec-26 PT of Rmb24, based on a 21x one-year forward P/E.

- Unexpected recurring net loss in 4Q25 and slight growth in 1Q26.** Goertek reported a 7% yoy revenue decline and a recurring net loss of Rmb587mn for 4Q25 (excluding a large amount of one-off investment gains), as GPM was significantly impacted by rising labor costs at the Vietnam factories in the smart acoustic segment (segment GPM fell from 9.9% in 1H25 to 0.4% in 2H25). In 1Q26, revenue growth resumed at 14% yoy and blended GPM recovered to 13.8%, but the net profit of Rmb503mn was still 23% below the JPMe, which we attribute to weaker-than-expected orders for AI glass, despite strong acoustic component demand from Apple for the iPhone.
- Growing revenue and uncertain operations in 2026/27.** We expect 15%/20% yoy revenue growth for Goertek in 2026/27, assuming resilient iPhone acoustic component demand and new projects kick-in (AirPods/AI glass in 2026 and game console in 2027), though we assume a lower shipments volume for AI glass this year. However, we stay cautious about Goertek's overall margin considering a potential yield/utilization loss during the ramp-up of the new projects and sustained R&D investment. We trim our 2026/27 earnings forecasts by 9%/9%, projecting NP of Rmb3.5bn/4.0bn, and expect another 13% yoy growth in 2028.
- Well positioned in the AI glass chain, but limited upside in the near term.** Goertek's share has underperformed the SW electronics index by 35ppt YTD, because of weaker-than-expected demand for AI glass this year. We recognize Goertek's leading position in terms of capabilities spanning from acoustic/optical components and modules to assembly in the AI glass chain, but think the upside potential is priced-in fairly. We cut our Dec-26 PT to Rmb24, based on the lower estimates and a 1yr forward PE of 21x (prev: 23x), and stay Neutral.

## Neutral

002241.SZ, 002241.CH

Price (27 Apr 26): Rmb25.08

▼ **Price Target (Dec-26): Rmb24.00**  
Prior (Dec-26): Rmb29.00

### China

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J.P. Morgan Securities (China) Company Limited

#### Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	1.09	1.00	-8.9%
Adj. EPS - 27E (Rmb)	1.26	1.14	-9.7%

#### Quarterly Forecasts (FYE Dec)

Adj. EPS (Rmb)	2025A	2026E	2027E
Q1	0.13	0.14A	0.27
Q2	0.27	0.19	0.28
Q3	0.33	0.39	0.33
Q4	0.38	0.27	0.26
FY	1.11	1.00	1.14

#### Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	52	52	46	45	47
Growth	21	35	18	83	38
Momentum	64	20	18	88	67
Quality	36	46	76	64	44
Low Vol	70	71	64	76	82
ESGQ	22	9	22	18	11

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

See page 6 for analyst certification and important disclosures, including non-US analyst disclosures.

## Price Performance



— 002241.SZ Price (Rmb) SSEA (rebased)

	YTD	1m	3m	12m
Abs	-12.7%	10.7%	-10.4%	19.2%
Rel	-15.7%	6.3%	-9.1%	-5.1%

## Company Data

Shares O/S (mn)	3,547
52-week range (Rmb)	40.68-20.33
Market cap (\$ mn)	13,022
Exchange rate	6.83
Free float (%)	64.4%
3M ADV (mn)	73.54
3M ADV (\$ mn)	271.0
Volatility (90 Day)	33
Index	SHASHR
BBG ANR (Buy   Hold   Sell)	21 3 1

## Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
<b>Financial Estimates</b>				
Revenue	96,550	110,942	133,290	142,541
Adj. EBIT	1,585	3,618	3,864	4,340
Adj. EBITDA	5,381	7,603	8,080	8,792
Adj. net income	3,940	3,538	4,041	4,586
Adj. EPS	1.11	1.00	1.14	1.29
BBG EPS	0.96	1.21	1.42	1.32
Cashflow from operations	6,849	8,274	8,656	9,160
FCFF	(281)	2,800	4,545	5,375
<b>Margins and Growth</b>				
Revenue Growth Y/Y (%)	(4.4%)	14.9%	20.1%	6.9%
EBIT margin	1.6%	3.3%	2.9%	3.0%
EBIT Growth Y/Y (%)	(36.9%)	128.3%	6.8%	12.3%
EBITDA margin	5.6%	6.9%	6.1%	6.2%
EBITDA Growth Y/Y (%)	(15.9%)	41.3%	6.3%	8.8%
Net margin	4.1%	3.2%	3.0%	3.2%
Adj. EPS growth	45.3%	(10.3%)	14.2%	13.5%
<b>Ratios</b>				
Adj. tax rate	3.7%	8.1%	8.1%	8.1%
Interest cover	22.5	19.9	23.3	28.1
Net debt/Equity	0.1	0.0	NM	NM
Net debt/EBITDA	0.7	0.1	NM	NM
ROE	11.3%	9.4%	10.2%	10.9%
<b>Valuation</b>				
FCFF yield	(0.3%)	3.1%	5.1%	6.0%
Dividend yield	1.7%	2.2%	2.0%	2.3%
EV/Revenue	1.0	0.8	0.7	0.6
EV/EBITDA	17.4	12.0	10.9	9.7
Adj. P/E	22.6	25.2	22.0	19.4

## Summary Investment Thesis and Valuation

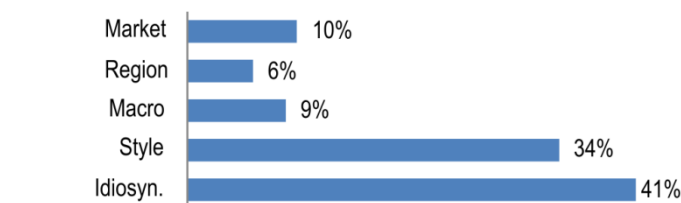
### Investment thesis

Goertek is the global leading assembler for VR headsets. We expect 15%/20% yoy revenue growth in 2026/2027, driven by resilient demand in the Apple supply chain and the launch of new smart-hardware projects, but we are cautious on the margin outlook considering uncertainties during new project ramp-up and sustained R&D investment. We consider Goertek to be well positioned in the AI glass food chain with industry-leading capabilities from R&D to manufacturing, but we are turning a bit cautious on AI glass demand and think that such upside has been fairly priced in. Maintain Neutral.

### Valuation

Our Dec-26 PT of Rmb24 is based on a 21x one-year forward P/E, on par with the peer average, based on our estimates for Luxshare and Huaqin, and Bloomberg consensus for other China peers.

### Performance Drivers



Factors	6M Corr	1Y Corr
<b>Market: MSCI Asia Pac ex JP</b>	0.22	0.32
<b>Region: China</b>	0.20	0.26
<b>Macro:</b>		
JPM Global Equity Sentiment	0.48	0.26
JP Morgan GBI-EM Global Div	-0.39	-0.25
Markit EM Composite PMI SA	-0.29	-0.19
<b>Quant Styles:</b>		
Growth	0.69	0.65
DivYld	-0.64	-0.61
LowVol	-0.56	-0.53

## Earnings forecasts and valuations

Table 1: Goertek earnings revisions and 2028 estimates

Rmb million, %, Rmb	New				Old			Change		
	2025A	2026E	2027E	2028E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	96,550	110,942	133,290	142,541	95,728	124,410	143,545	1%	-11%	-7%
Gross Profit	11,395	13,863	15,477	16,544	12,442	14,843	16,377	-8%	-7%	-5%
<b>GPM</b>	11.8%	12.5%	11.6%	11.6%	13.0%	11.9%	11.4%	-1.2 ppts	0.6 ppts	0.2 ppts
Operating Profit	1,585	3,618	3,864	4,340	2,810	3,500	4,057	-44%	3%	-5%
<b>OPM</b>	1.6%	3.3%	2.9%	3.0%	2.9%	2.8%	2.8%	-1.3 ppts	0.4 ppts	0.1 ppts
Net Income	3,940	3,538	4,041	4,586	3,226	3,870	4,462	22%	-9%	-9%
<b>NPM</b>	4.1%	3.2%	3.0%	3.2%	3.4%	3.1%	3.1%	0.7 ppts	0.1 ppts	-0.1 ppts

Source: Annual report (2025), J.P. Morgan estimates. Note: The 22% earnings beat in 2025 was due to non-recurring investment gains.

Table 2: Peers valuations

Ticker	Company name	Price (TC)	Mcap (TC mn)	P/E 26E	P/E 27E	P/B 26E	P/B 27E	ROE 26E	ROE 27E	24-27E Earnings CAGR
002241.SZ	Goertek - A	25.1	88,970	25.2	22.0	2.3	2.1	9%	10%	15%
<b>Peers</b>										
002475.SZ	Luxshare*	72.0	524,372	24.8	19.5	5.3	4.4	23%	25%	26%
603296.SS	Huaqin*	108.1	121,126	21.2	16.6	3.7	3.2	19%	21%	31%
603341.SS	Longcheer	38.2	19,004	20.7	15.0	2.7	2.4	13%	16%	35%
<b>Average</b>				<b>22.2</b>	<b>17.0</b>	<b>3.9</b>	<b>3.3</b>	<b>18%</b>	<b>20%</b>	<b>31%</b>

Source: J.P. Morgan estimates (marked with \*), Bloomberg Finance L.P. Note: Data as of market close on 27 April 2026.



## Investment Thesis, Valuation and Risks

### Goertek Inc. - A *(Neutral; Price Target: Rmb24.00)*

#### **Investment thesis**

Goertek is the global leading assembler for VR headsets. We expect 15%/20% yoy revenue growth in 2026/2027, driven by resilient demand in the Apple supply chain and the launch of new smart-hardware projects, but we are cautious on the margin outlook considering uncertainties during new project ramp-up and sustained R&D investment. We consider Goertek to be well positioned in the AI glass food chain with industry-leading capabilities from R&D to manufacturing, but we have turned a bit cautious on AI glass demand and think that such upside has been fairly priced in. Maintain Neutral.

#### **Valuation**

Our Dec-26 PT of Rmb24 is based on a 21x one-year forward P/E, on par with the peer average, based on our estimates for Luxshare and Huaqin, and Bloomberg consensus for other China peers.

#### **Risks to Rating and Price Target**

Upside risks include better-than-expected VR demand and a newly developed business.

Downside risks include market-share losses and lower ASP for Apple acoustic projects, demand uncertainty for VR/AR products, and lower-than-expected margins, due to new projects.

## Goertek - A: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly									
	FY24A	FY25A	FY26E	FY27E	FY28E	1Q26A	2Q26E	3Q26E	4Q26E						
Revenue	100,954	96,550	110,942	133,290	142,541	18,659	21,350	36,486	34,448	Revenue	18,659	21,350	36,486	34,448	
COGS	(89,759)	(85,155)	(97,079)	(117,812)	(125,997)	(16,090)	(18,560)	(32,120)	(30,309)	COGS	(16,090)	(18,560)	(32,120)	(30,309)	
<b>Gross profit</b>	<b>11,194</b>	<b>11,395</b>	<b>13,863</b>	<b>15,477</b>	<b>16,544</b>	<b>2,569</b>	<b>2,790</b>	<b>4,366</b>	<b>4,138</b>	<b>Gross profit</b>	<b>2,569</b>	<b>2,790</b>	<b>4,366</b>	<b>4,138</b>	
SG&A	(2,820)	(3,234)	(3,615)	(4,178)	(4,368)	(769)	(731)	(997)	(1,119)	SG&A	(769)	(731)	(997)	(1,119)	
<b>Adj. EBITDA</b>	<b>6,396</b>	<b>5,381</b>	<b>7,603</b>	<b>8,080</b>	<b>8,792</b>	<b>1,547</b>	<b>1,635</b>	<b>2,422</b>	<b>1,998</b>	<b>Adj. EBITDA</b>	<b>1,547</b>	<b>1,635</b>	<b>2,422</b>	<b>1,998</b>	
D&A	(3,884)	(3,797)	(3,984)	(4,216)	(4,452)	(987)	(995)	(996)	(1,006)	D&A	(987)	(995)	(996)	(1,006)	
<b>Adj. EBIT</b>	<b>2,512</b>	<b>1,585</b>	<b>3,618</b>	<b>3,864</b>	<b>4,340</b>	<b>560</b>	<b>640</b>	<b>1,426</b>	<b>992</b>	<b>Adj. EBIT</b>	<b>560</b>	<b>640</b>	<b>1,426</b>	<b>992</b>	
Net Interest	(172)	(239)	(382)	(346)	(313)	(88)	(89)	(101)	(105)	Net Interest	(88)	(89)	(101)	(105)	
<b>Adj. PBT</b>	<b>2,774</b>	<b>3,980</b>	<b>3,812</b>	<b>4,337</b>	<b>4,928</b>	<b>563</b>	<b>716</b>	<b>1,493</b>	<b>1,039</b>	<b>Adj. PBT</b>	<b>563</b>	<b>716</b>	<b>1,493</b>	<b>1,039</b>	
Tax	(188)	(148)	(308)	(351)	(400)	(41)	(52)	(127)	(88)	Tax	(41)	(52)	(127)	(88)	
Minority Interest	79	108	34	54	58	(19)	14	19	20	Minority Interest	(19)	14	19	20	
<b>Adj. Net Income</b>	<b>2,665</b>	<b>3,940</b>	<b>3,538</b>	<b>4,041</b>	<b>4,586</b>	<b>503</b>	<b>678</b>	<b>1,385</b>	<b>971</b>	<b>Adj. Net Income</b>	<b>503</b>	<b>678</b>	<b>1,385</b>	<b>971</b>	
Reported EPS	0.76	1.11	1.00	1.14	1.29	0.14	0.19	0.39	0.27	Reported EPS	0.14	0.19	0.39	0.27	
<b>Adj. EPS</b>	<b>0.76</b>	<b>1.11</b>	<b>1.00</b>	<b>1.14</b>	<b>1.29</b>	<b>0.14</b>	<b>0.19</b>	<b>0.39</b>	<b>0.27</b>	<b>Adj. EPS</b>	<b>0.14</b>	<b>0.19</b>	<b>0.39</b>	<b>0.27</b>	
<b>DPS</b>	<b>0.39</b>	<b>0.42</b>	<b>0.56</b>	<b>0.50</b>	<b>0.57</b>	<b>0.02</b>	<b>0.53</b>	<b>0.00</b>	<b>0.00</b>	<b>DPS</b>	<b>0.02</b>	<b>0.53</b>	<b>0.00</b>	<b>0.00</b>	
Payout ratio	51.3%	38.3%	55.7%	43.8%	44.1%	15.8%	278.8%	0.0%	0.0%	Payout ratio	15.8%	278.8%	0.0%	0.0%	
Shares outstanding	3,486	3,547	3,550	3,550	3,550	3,550	3,550	3,550	3,550	Shares outstanding	3,550	3,550	3,550	3,550	
Balance Sheet & Cash Flow Statement						Ratio Analysis									
	FY24A	FY25A	FY26E	FY27E	FY28E	FY24A	FY25A	FY26E	FY27E	FY28E					
Cash and cash equivalents	17,466	18,886	27,154	29,554	32,514	Gross margin	11.1%	11.8%	12.5%	11.6%	11.6%				
Accounts receivable	17,881	13,295	16,101	19,123	20,353	EBITDA margin	6.3%	5.6%	6.9%	6.1%	6.2%				
Inventories	10,479	13,077	15,226	18,289	19,472	EBIT margin	2.5%	1.6%	3.3%	2.9%	3.0%				
Other current assets	3,613	6,101	5,447	5,538	5,574	Net profit margin	2.6%	4.1%	3.2%	3.0%	3.2%				
<b>Current assets</b>	<b>49,440</b>	<b>51,359</b>	<b>63,927</b>	<b>72,504</b>	<b>77,913</b>	ROE	8.3%	11.3%	9.4%	10.2%	10.9%				
PP&E	23,201	24,699	26,156	26,567	26,436	ROA	3.4%	4.5%	3.7%	3.8%	4.0%				
LT investments	734	4,457	4,735	5,056	5,392	ROCE	4.8%	2.8%	5.3%	5.2%	5.7%				
Other non current assets	9,332	10,016	8,422	7,906	7,370	SG&A/Sales	2.8%	3.3%	3.3%	3.1%	3.1%				
<b>Total assets</b>	<b>82,707</b>	<b>90,530</b>	<b>103,239</b>	<b>112,033</b>	<b>117,111</b>	Net debt/equity	0.0	0.1	0.0	NM	NM				
Short term borrowings	16,692	18,981	24,768	24,768	24,768	P/E (x)	32.8	22.6	25.2	22.0	19.4				
Payables	21,962	21,553	25,093	30,143	32,091	P/BV (x)	2.6	2.4	2.3	2.2	2.1				
Other short term liabilities	6,302	6,858	8,184	9,711	10,332	EV/EBITDA (x)	14.1	17.4	12.0	10.9	9.7				
<b>Current liabilities</b>	<b>44,957</b>	<b>47,391</b>	<b>58,045</b>	<b>64,622</b>	<b>67,192</b>	Dividend Yield	1.6%	1.7%	2.2%	2.0%	2.3%				
Long-term debt	1,341	3,551	3,486	3,486	3,486	Sales/Assets (x)	1.3	1.1	1.1	1.2	1.2				
Other long term liabilities	2,361	2,340	2,380	2,380	2,380	Interest cover (x)	37.3	22.5	19.9	23.3	28.1				
<b>Total liabilities</b>	<b>48,659</b>	<b>53,281</b>	<b>63,912</b>	<b>70,489</b>	<b>73,059</b>	Operating leverage	8133.9%	846.4%	860.9%	33.7%	177.1%				
Shareholders' equity	33,186	36,402	38,520	40,792	43,357	Revenue y/y Growth	2.4%	(4.4%)	14.9%	20.1%	6.9%				
Minority interests	862	847	807	753	695	EBITDA y/y Growth	32.7%	(15.9%)	41.3%	6.3%	8.8%				
<b>Total liabilities &amp; equity</b>	<b>82,707</b>	<b>90,530</b>	<b>103,239</b>	<b>112,033</b>	<b>117,111</b>	Tax rate	6.8%	3.7%	8.1%	8.1%	8.1%				
<b>BVPS</b>	<b>9.52</b>	<b>10.26</b>	<b>10.85</b>	<b>11.49</b>	<b>12.21</b>	Adj. Net Income y/y Growth	144.9%	47.9%	(10.2%)	14.2%	13.5%				
y/y Growth	5.7%	7.8%	5.8%	5.9%	6.3%	EPS y/y Growth	140.3%	45.3%	(10.3%)	14.2%	13.5%				
Net debt/(cash)	567	3,645	1,101	(1,299)	(4,260)	DPS y/y Growth	60.3%	8.4%	30.6%	(10.2%)	14.2%				
<b>Cash flow from operating activities</b>	<b>6,200</b>	<b>6,849</b>	<b>8,274</b>	<b>8,656</b>	<b>9,160</b>										
o/w Depreciation & amortization	3,884	3,797	3,984	4,216	4,452										
o/w Changes in working capital	(2,083)	(353)	566	400	122										
<b>Cash flow from investing activities</b>	<b>(5,246)</b>	<b>(13,590)</b>	<b>(7,693)</b>	<b>(4,433)</b>	<b>(4,121)</b>										
o/w Capital expenditure	(3,634)	(7,129)	(5,474)	(4,111)	(3,786)										
as % of sales	3.6%	7.4%	4.9%	3.1%	2.7%										
<b>Cash flow from financing activities</b>	<b>(2,290)</b>	<b>8,046</b>	<b>4,175</b>	<b>(1,823)</b>	<b>(2,078)</b>										
o/w Dividends paid	(1,367)	(1,507)	(1,970)	(1,769)	(2,021)										
o/w Net debt issued/(repaid)	1,638	4,498	5,724	0	0										
<b>Net change in cash</b>	<b>(1,362)</b>	<b>1,274</b>	<b>4,630</b>	<b>2,400</b>	<b>2,961</b>										
<b>Adj. Free cash flow to firm</b>	<b>2,566</b>	<b>(281)</b>	<b>2,800</b>	<b>4,545</b>	<b>5,375</b>										
y/y Growth	113.5%	(110.9%)	(1098.0%)	62.3%	18.3%										

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