UBS 瑞银

Global Research
11 May 2026

Chaozhou Three-Circle

MLCC and SOFC segments beat our estimates; lift earnings estimates and price target

High-capacitance MLCC sales volume grew rapidly in Q126

Three-Circle's net profit rose 48%YoY to Rmb790m in Q126, ahead of UBS-Se. Multi-layer ceramic capacitor (MLCC) revenue grew notably YoY, mainly on: 1) industry fundamentals underpinned by AI servers and downstream restocking demand (see our 2 Feb 2026 note, China MLCC Sector: Distributor says 2026 may be a good year; we lift our PTs but downgrade Boqian to Neutral); and 2) Three-Circle's continued share gains (with an increased sales portion for high-capacitance products). Also, new solid-oxide fuel-cell (SOFC) orders doubled for 2026, and we expect MLCC and SOFC revenue growth to be supported by strong AI server demand in 2026. We maintain our Buy rating.

We expect the company's MLCC revenue to double in 2025-28

Three-Circle's high-capacitance MLCC sales volume recorded significant growth in Q126. We expect its MLCC revenue to increase more than 40% YoY in 2026 (vs. single-digit industry revenue growth) and to contribute more than 40% of total revenue. Over the longer term, we think technological breakthroughs in high-end products could drive up its global MLCC market share from 3% in 2025 to 8% in 2028E (our prior estimate: 5%), mainly driven by shipment growth across the communications, data center (energy control systems), consumer electronics and automotive downstreams.

SOFC membrane sales may rise 100%+ YoY; solid BE order intake

After a fast new order increase for SOFC membrane in Q126, we expect the segment's revenue to more than double YoY to Rmb1bn in 2026, with around a 10% revenue share. Bloom Energy (BE), a key client of Three-Circle, recorded US$750m in Q126 revenue, beating UBSe, and raised its 2026 revenue guidance to US$3.4-3.5bn. In Feb 2026, Oracle's AI data center project in New Mexico selected BE's SOFC as the prime power source, which we believe may reflect SOFC's long-term growth potential (see UBS analyst Manav Gupta's 28 April note, "BE Reports 1Q26 Beat, Raises Guide").

Valuation: Lift price target from Rmb66 to Rmb108; maintain Buy

We lift our 2026-28E MLCC revenue 7-13% and 2026E SOFC revenue from Rmb800m to Rmb1bn (implying ~1GW of SOFC installations). Accordingly, we raise our 2026E/2027E/2028E net profit 7%/16%/21%. We raise our PE-based price target from Rmb66 to Rmb108, on 43x 2027E PE vs. a 26% 2027-29E EPS CAGR (from 38x 2026E PE vs. a 23% 2026-28E EPS CAGR), while our implied PEG multiple is unchanged.

Equities

China
Electric Components & Equipment

12-month rating	**Buy**
12m price target	**Rmb108.00**
	Prior : Rmb66.00
Price (11 May 2026)	**Rmb88.22**

RIC: 300408.SZ **BBG:** 300408 CS

Trading data and key metrics

52-wk range	Rmb88.22-31.54
Market cap.	Rmb169b/US$24.9b
Shares o/s	1,916m (ORDA)
Free float	60%
Avg. daily volume ('000)	29,459
Avg. daily value (m)	Rmb1,904.7
Common s/h equity (12/26E)	Rmb24.5b
P/BV (12/26E)	6.9x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (Rmb)

	From	To	% ch	Cons.
12/26E	1.74	1.87	7	1.90
12/27E	2.19	2.53	16	2.34
12/28E	2.64	3.19	21	2.83

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Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	5,727	7,375	9,007	12,067	15,409	19,223	23,748	29,409
EBIT (UBS)	1,147	2,019	2,460	3,621	4,945	6,315	7,909	9,899
Net earnings (UBS)	1,581	2,190	2,618	3,583	4,858	6,111	7,679	9,663
EPS (UBS, diluted) (Rmb)	0.82	1.14	1.37	1.87	2.53	3.19	4.01	5.04
DPS (net) (Rmb)	0.29	0.38	0.38	0.56	0.76	0.96	1.20	1.51
Net (debt) / cash	2,101	2,588	2,493	3,485	5,317	7,935	11,551	16,335
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	20.0	27.4	27.3	30.0	32.1	32.9	33.3	33.7
ROIC (EBIT) %	7.9	12.1	13.5	18.0	22.5	26.3	30.3	34.7
EV/EBITDA (UBS core) x	32.0	20.8	22.8	37.9	28.2	22.3	17.8	14.1
P/E (UBS, diluted) x	37.6	26.5	28.9	47.2	34.8	27.7	22.0	17.5
Equity FCF (UBS) yield %	2.0	3.0	3.0	1.0	1.7	2.4	3.2	4.2
Dividend yield (net) %	0.9	1.3	1.0	0.6	0.9	1.1	1.4	1.7

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of Rmb 88.22 on 11-May-2026

UBS-S Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: Can Three-Circle double MLCC revenue in 2025-28 by growing market share?
Yes. Leading domestic producer Three-Circle controlled a global share of only 3% in 2025. In upcoming years, we anticipate it to gain market share in China, driven by improving product competitiveness, lower costs and downstreams' concerns about supply chain security. We expect Three-Circle's home appliance/industrial market shares to rise from 30%/16% in 2025 to 50%/30% in 2027-28E, and we think its consumer electronics and automotive MLCC revenue could grow.

"China MLCC Sector: APAC Focus: Passive components with largest localisation upside; Chinese makers set to thrive" 7/31/2025

Q: Can AI server demand help underpin continued strength in MLCC fundamentals in 2026?
Yes. Capacity utilisation remains above 90% for the top Japanese and Korean MLCC producers and 70%-90% for Chinese makers. Dealer checks indicate MLCC inventory remains low. We think MLCC demand could be driven by AI servers and restocking demand in 2026. Yet, whether common-grade MLCCs can hike prices still depends on the competitive landscape, as consumer electronics demand remains relatively weak.

"China MLCC Sector: Distributor says 2026 may be a good year; we lift our PTs but downgrade Boqian to Neutral" 2/4/2026

UBS-S VIEW

We lift our PT from Rmb66 to Rmb108 and maintain a Buy rating. We expect Three-Circle's MLCC global market share to expand from 3% to 8% (prior estimate: 5%) in 2025-28E and its SOFC revenue to maintain a ~100% CAGR in 2026-27E. We expect its net profit to have a 26% CAGR in 2027-29E (prior estimate: 21%), driven by increased shipments of higher-end products.

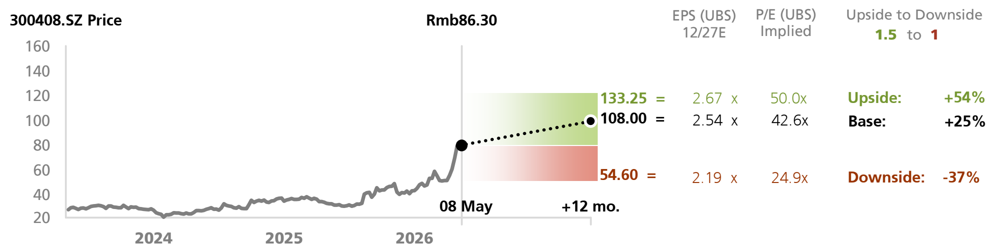
EVIDENCE

As per UBS Evidence Lab's Electronics Distributor Inventory Monitor (> Access Dataset), inventory of MLCC distributors as of end-March 2026 decreased 2% from the prior month and fell another 2% in April. In Q126, results of globally leading MLCC producers Murata and Samsung Electro-Mechanics both beat UBS estimates, while Yageo also delivered fast revenue growth.

WHAT´S PRICED IN?

We do not think the company’s long-term market share upside is fully priced in. The stock is trading at 46x/34x 2026E/2027E PE, slightly below the value chain peer average (56x/38x). We expect its 2026-28E EPS CAGR at 30%, slightly below the 33% industrial average. However, given the large MLCC market size and the relatively low shares of domestic makers, we think MLCC makers have greater growth visibility than upstream materials companies.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers (2027E)	MLCC revenue growth	PKG revenue growth	SOFC revenue growth	GPM
Rmb133.25 upside	40%	25%	150%	45.0%
Rmb108 base	33%	15%	90%	44.1%
Rmb54.60 downside	25%	8%	50%	43.2%

Source: UBS-S estimates

COMPANY DESCRIPTION

Chaozhou Three-Circle Group is a domestic leading company in electronic ceramic products. Its key products include fibre ceramic ferrules and sleeves, ceramic substrates and matrix, multi-layer ceramic capacitors (MLCC), ceramic PKG and ceramic appearance components.

After Three-Circle's MLCC revenue growth and SOFC order growth beat our estimates in Q126, we raise our MLCC revenue estimates 7-13% and our SOFC revenue estimates 40-67% for 2026-28. **We also turn more bullish on the sustainability of robust MLCC fundamentals and the company's long-term share gain potential.**

Figure 1: Three-Circle – revenue and earnings estimate changes (by product)

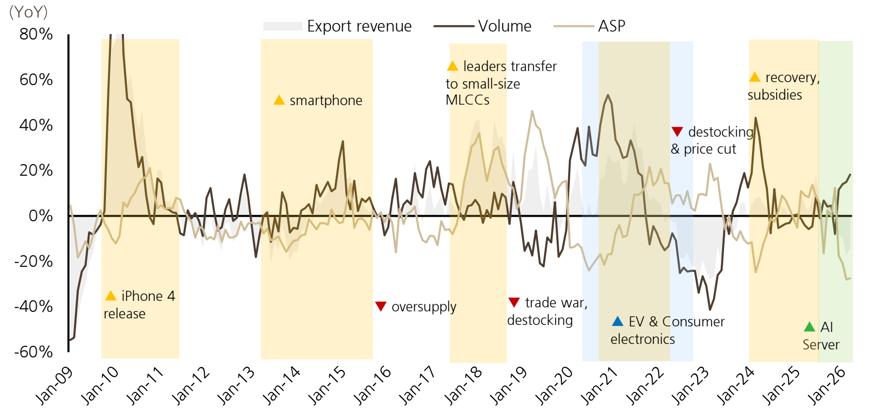
	2026E			2027E			2028E		
	New	**Old**	***Chg.***	**New**	**Old**	***Chg.***	**New**	**Old**	***Chg.***
Total revenue	**12,067**	**11,466**	*5.2%*	**15,409**	**14,260**	*8.1%*	**19,223**	**17,001**	*13.1%*
MLCC	4,915	4,616	*6.5%*	6,529	6,105	*6.9%*	8,411	7,476	*12.5%*
Ferrule	1,349	1,349	-	1,551	1,551	-	1,784	1,784	-
PKG	1,659	1,659	-	1,909	1,909	-	2,138	2,138	-
Substrate	1,539	1,539	-	1,761	1,761	-	1,928	1,928	-
SOFC	1,057	755	*40.0%*	2,008	1,283	*56.5%*	3,212	1,925	*66.9%*
Others	1,548	1,548	*0.0%*	1,650	1,650	-	1,750	1,750	*0.0%*
Gross profit	**5,219**	**4,936**	*5.7%*	**6,794**	**6,241**	*8.9%*	**8,636**	**7,562**	*14.2%*
MLCC	2,163	2,031	*6.5%*	2,938	2,747	*6.9%*	3,869		*#DIV/0!*
Ferrule	607	607	-	698	698	-	803	803	-
PKG	728	728	-	837	837	-	938	938	-
Substrate	519	519	-	594	594	-	651	651	-
SOFC	528	377	*40.0%*	1,004	642	*56.5%*	1,606	962	*66.9%*
Others	674	674	*0.0%*	723	723	*0.0%*	770	770	*0.0%*
Operating profit	4,117	3,844	*7.1%*	5,574	4,834	*15.3%*	7,012	5,809	*20.7%*
Net profit	**3,583**	**3,339**	*7.3%*	**4,858**	**4,202**	*15.6%*	**6,111**	**5,051**	*21.0%*
NPM%	*29.7%*	*29.1%*	*0.6ppt*	*31.5%*	*29.5%*	*2.1ppt*	*31.8%*	*29.7%*	*2.1ppt*

Source: UBS-S estimates

We expect AI server demand to underpin continued strength in MLCC fundamentals. Compared with previous MLCC cycles, we think the ongoing MLCC demand upcycle could last longer. MLCC industry started to recover in 2024-25 with consumer electronics demand rebounded modestly. In 2026, subdued consumer electronics demand is offset by AI server demand growth. We think the AI server downstream could continue to support the structural growth of MLCC demand in upcoming years, and the MLCC upcycle could last longer if consumer electronics demand recovers.

We think the MLCC industry's capacity expansion remains disciplined. Leading producers from Japan and South Korea plan to add 10-20% per annum in capacity overall. Murata recently announced a plan to invest an additional JPY80bn (JPY40bn/ JPY40bn in 2026/2027) to build capacity, which could increase its total capacity 10-15% after launch. By contrast, mainland Chinese MLCC producers are expanding capacity at a fast pace, although most hold low market shares below 3%. Therefore, we think the impact on the industry landscape and supply of high-capacitance MLCCs may be limited.

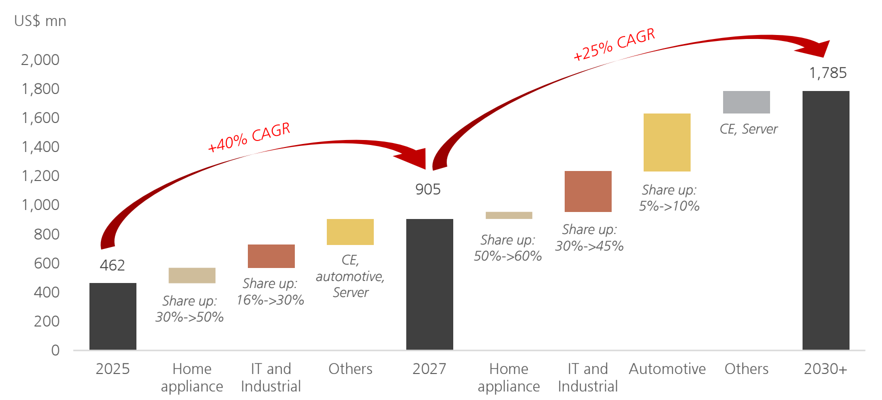
Figure 2: Japanese MLCC production volume and ASP changes through cycles



Source: Ministry of Economy, Trade and Industry of Japan, UBS-S; Note: Yellow background stands for consumer electronics upcycle; blue for electric vehicle upcycle; green for AI server upcycle.

We turn more bullish on Three-Circle's long-term market share upside, mostly because its high-capacitance MLCC sales volume is already delivering fast growth. We expect the company's MLCC revenue to double in 2025-27E, reaching >Rmb6bn, primarily underpinned by share gains in mature downstreams (such as communications, energy control and home appliances). We turn more bullish on its market share gain potential in 2028-30 and expect its MLCC global share to reach 12-15% in 2030 (prior estimate: 10%), mostly because we expect its high-capacitance MLCC products to sustain volume growth in power supply system of servers, consumer electronics and automotive (info-tainment systems).

Figure 3: Three-Circle's MLCC revenue growth estimates (by downstream)



Source: Company data, UBS-S estimates

WHAT´S PRICED IN?

Segment	Net profit - Rmb mn 2027E	2029E	CAGR 2027-29E	PE (x) 2027E	PEG 2027-29E	Valuation Rmb mn
MLCC	2,100	3,454	28%	*46.3x*	1.6	97,265
SOFC	602	1,446	55%	*100.0x*	1.8	60,206
Others	2,155	2,780	14%	*22.3x*	1.6	47,979
Total net profit	**4,858**	**7,679**			**Total valuation**	**205,450**
Implied PE (x)	*42.3x*	*26.8x*			Share outstanding	1,917
					Implied SOTP valuation - Rmb/shr	**107.2**

Source: UBS-S estimates

We do not think the company's MLCC long-term market share upside is fully priced in.

We cross-check our price target for Three-Circle with sum-of-the-parts valuation. For 2027-29E, we expect its MLCC revenue CAGR at 27% and its net profit CAGR at 28%. The MLCC value chain is trading at average PEG of ~1.6x; thus, we value its MLCC segment at 46x 2027E PE (implying 28x 2029E PE). As a beneficiary of AI server demand growth, the SOFC membrane segment has stronger growth potential; we value the segment at 1.8x PEG, implying 100x/42x 2027E/2029E PE.

Considering Three-Circle's technological breakthroughs in high-capacitance products, we turn more optimistic about the long-term growth upside of its MLCC segment and expect its relevant global market share to rise to 12-15% in 2030E (prior estimate: 10%). **We do not think its long-term growth upside is fully priced in.**

Figure 5: Three-Circle – revenue and gross profit breakdown (by product, Rmb m)

	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Revenue	**5,727**	**7,375**	**9,007**	**12,067**	**15,409**	**19,223**	**23,748**	**29,409**
MLCC	1,572	2,298	3,308	4,915	6,529	8,411	10,513	12,850
Ferrule	864	994	1,143	1,349	1,551	1,784	2,051	2,359
PKG	1,123	1,312	1,451	1,659	1,909	2,138	2,395	2,682
Substrate	624	1,081	1,296	1,539	1,761	1,928	2,111	2,311
SOFC	174	252	377	1,057	2,008	3,212	4,819	7,228
Others	1,370	1,439	1,432	1,548	1,650	1,750	1,858	1,978
YoY growth%		***29%***	***22%***	***34%***	***28%***	***25%***	***24%***	***24%***
MLCC		*46%*	*44%*	*49%*	*33%*	*29%*	*25%*	*22%*
Ferrule		*15%*	*15%*	*18%*	*15%*	*15%*	*15%*	*15%*
PKG		*17%*	*11%*	*14%*	*15%*	*12%*	*12%*	*12%*
Substrate		*73%*	*20%*	*19%*	*14%*	*9%*	*9%*	*10%*
SOFC		*45%*	*50%*	*180%*	*90%*	*60%*	*50%*	*50%*
Others		*5%*	*0%*	*8%*	*7%*	*6%*	*6%*	*6%*
Gross profit	**2,281**	**3,170**	**3,795**	**5,219**	**6,794**	**8,636**	**10,752**	**13,420**
MLCC	438	1,020	1,399	2,163	2,938	3,869	4,836	5,911
Ferrule	346	447	514	607	698	803	923	1,062
PKG	457	566	636	728	837	938	1,050	1,176
Substrate	188	331	437	519	594	651	712	780
SOFC	87	126	189	528	1,004	1,606	2,409	3,614
Others	766	680	619	674	723	770	821	877
GPM%	*39.8%*	*43.0%*	*42.1%*	*43.2%*	*44.1%*	*44.9%*	*45.3%*	*45.6%*

Source: Company data, UBS-S estimates

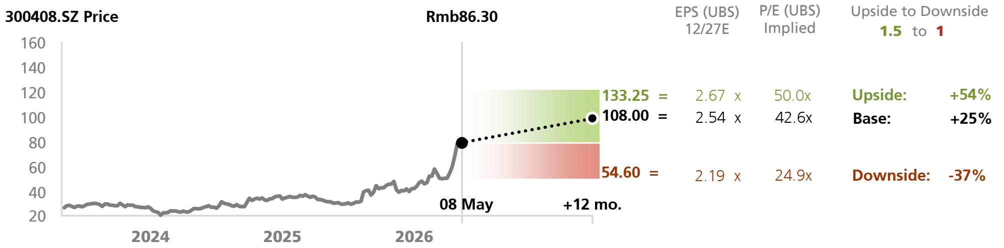
Three-Circle is trading at 46x/34x 2026E/2027E PE, slightly below the A-share MLCC value chain peer averages (56x/38x). We expect MLCC fundamentals to remain robust in 2026-27. We expect its 2026-28E EPS CAGR at 30%, slightly below the 33% industrial average. However, given the large MLCC market size and the relatively low shares of domestic makers, we think MLCC makers have greater growth visibility than upstream materials companies. Thus, we think Three-Circle's valuation has upside potential.

Figure 6: MLCC value chain listed peers' valuation comps

	Share price	Mkt cap	PE (x)			P/BV (x)			ROE (%)			EPS CAGR	PEG
8-May-26	Local ccy	Rmb$bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	26-28E	2026
MLCC - China mainland													
Chaozhou Three-Circle*	86.3	165.4	46x	34x	27x	6.7x	5.8x	5.0x	16%	18%	20%	30%	1.51
Fenghua	25.9	29.9	53x	42x	33x	2.3x	2.3x	2.2x	4%	5%	7%	26%	2.05
Torch Electron	33.5	15.9	28x	21x	16x	2.4x	2.2x	2.0x	9%	11%	12%	29%	0.94
Zhenhua Group	44.7	24.8	22x	19x	15x	1.5x	1.4x	1.3x	7%	7%	8%	21%	1.06
Yuanliu Hongyuan	56.9	13.2	40x	30x	24x	2.8x	2.6x	2.3x	7%	9%	10%	29%	1.37
Avg.			**38x**	**29x**	**23x**	**3.2x**	**2.9x**	**2.6x**	**9%**	**10%**	**11%**	**27%**	**1.38**
MLCC protection film													
EM Technology*	46.1	46.6	60x	38x	30x	7.2x	6.6x	6.0x	13%	18%	21%	42%	1.42
Jiemei*	49.0	21.1	55x	37x	30x	6.2x	5.6x	4.9x	12%	16%	18%	36%	1.53
SDK	85.0	38.5	128x	65x	54x	14.6x	11.7x	9.3x	12%	19%	19%	55%	2.35
Avg.			**81x**	**47x**	**38x**	**9.4x**	**7.9x**	**6.7x**	**12%**	**18%**	**19%**	**44%**	**1.77**
MLCC powders													
Sinocera*	38.3	38.2	52x	39x	33x	4.9x	4.5x	4.0x	10%	12%	13%	25%	2.08
Jiangsu Boqian*	134.3	35.1	78x	54x	40x	17.3x	14.2x	11.3x	24%	29%	32%	40%	1.95
Avg.			**65x**	**47x**	**37x**	**11.1x**	**9.3x**	**7.7x**	**17%**	**20%**	**22%**	**33%**	**2.02**

Source: Company data, UBS-S estimates. Note: Prices as of 8 May.

UPSIDE/DOWNSIDE SPECTRUM



Three-Circle is trading at Rmb86.30 as of 8 May.

Value drivers (2027E)	MLCC revenue growth	PKG revenue growth	SOFC revenue growth	GPM
Rmb133.25 upside	40%	25%	150%	45.0%
Rmb108 base	33%	15%	90%	44.1%
Rmb54.60 downside	25%	8%	50%	43.2%

Source: UBS-S estimates

Risk to the current share price is skewed to the upside (1.5: 1)

Three-Circle is trading at **Rmb86.30** (as of 8 May).

UPSIDE (Rmb133.25): We assume a recovery in MLCC industry fundamentals and Three-Circle's market share gains outpace our base-case expectations. We expect the company's MLCC revenue to more than double in 2026-28E, while its relevant market share globally is likely to rise from 4% to 10%. We project over 150% YoY SOFC revenue growth in 2027, also above our base-case expectation. We expect overall net profit to rise 42% YoY to Rmb5.1bn in 2027E. Our upside valuation is Rmb133.25/share, or 50x 2027E PE.

BASE (Rmb108): We expect a mild recovery in MLCC industry fundamentals and expansion in Three-Circle's home appliance, industrial control and consumer electronics market shares. We expect the company's MLCC revenue to double in 2026-28E, while its relevant market share globally is likely to rise from 4% to 8%. We expect its SOFC revenue to increase 90% YoY in 2027E, driven by downstream AI server demand growth. We project a 35% YoY gain in overall net profit to Rmb4.9bn in 2027. Our price target of Rmb108 is based on 43x 2027E PE.

DOWNSIDE (Rmb54.60): We assume any recovery in MLCC industry fundamentals turns out to be weaker than our base-case expectation. We project an uptick in the company's MLCC market share globally from 4% to 6% in 2026-28, hindered by soft fundamentals in consumer electronics. We expect its SOFC revenue growth to be slower than order growth, with revenue up only 50% YoY in 2027E. We forecast overall net profit of Rmb4.2bn for 2027, up 17% YoY. Our downside valuation is Rmb54.60/share, or 25x 2027E PE.

Chaozhou Three-Circle (300408.SZ)

Income Statement (Rmbm)	**12/23**	**12/24**	**12/25**	**12/26E**	**%ch**	**12/27E**	**%ch**	**12/28E**	**12/29E**	**12/30E**
Revenues	**5,727**	**7,375**	**9,007**	**12,067**	*34.0*	**15,409**	*27.7*	**19,223**	**23,748**	**29,409**
Gross profit	2,281	3,170	3,795	5,185	*36.6*	6,794	*31.0*	8,636	10,752	13,420
EBITDA (UBS)	**1,757**	**2,678**	**3,204**	**4,396**	*37.2*	**5,831**	*32.6*	**7,289**	**8,957**	**11,022**
Depreciation & amortisation	(609)	(659)	(744)	(775)	*-4.1*	(885)	*-14.2*	(974)	(1,048)	(1,123)
EBIT (UBS)	**1,147**	**2,019**	**2,460**	**3,621**	*47.2*	**4,945**	*36.6*	**6,315**	**7,909**	**9,899**
Associates & investment income	57	17	42	7	*-84.2*	0	-	0	0	0
Other non-operating income	427	307	330	293	*-11.2*	360	*22.8*	449	555	687
Net interest	152	176	176	192	*9.0*	269	*39.8*	248	346	498
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,783**	**2,519**	**3,008**	**4,113**	*36.7*	**5,574**	*35.5*	**7,012**	**8,810**	**11,084**
Tax	(200)	(329)	(391)	(527)	*-34.7*	(713)	*-35.3*	(896)	(1,126)	(1,417)
Profit after tax	**1,583**	**2,190**	**2,617**	**3,586**	*37.0*	**4,862**	*35.6*	**6,115**	**7,683**	**9,667**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(2)	0	1	(3)	-	(4)	*-37.5*	(4)	(4)	(4)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,581**	**2,190**	**2,618**	**3,583**	*36.9*	**4,858**	*35.6*	**6,111**	**7,679**	**9,663**
Net earnings (UBS)	**1,581**	**2,190**	**2,618**	**3,583**	*36.9*	**4,858**	*35.6*	**6,111**	**7,679**	**9,663**
Tax rate (%)	11.2	13.0	13.0	12.8	*-1.5*	12.8	*-0.2*	12.8	12.8	12.8

Per Share (Rmb)	**12/23**	**12/24**	**12/25**	**12/26E**	**%ch**	**12/27E**	**%ch**	**12/28E**	**12/29E**	**12/30E**
EPS (UBS, diluted)	0.82	1.14	1.37	1.87	*36.9*	2.53	*35.6*	3.19	4.01	5.04
EPS (local GAAP, diluted)	0.82	1.14	1.37	1.87	*36.9*	2.53	*35.6*	3.19	4.01	5.04
EPS (UBS, basic)	0.82	1.14	1.37	1.87	*36.9*	2.53	*35.6*	3.19	4.01	5.04
DPS (net) (Rmb)	0.29	0.38	0.38	0.56	*47.6*	0.76	*35.6*	0.96	1.20	1.51
Cash EPS (UBS, diluted) [1]	1.14	1.49	1.75	2.27	*29.6*	3.00	*31.8*	3.70	4.55	5.63
Book value per share	9.51	10.37	11.30	12.79	*13.2*	14.76	*15.4*	17.19	20.24	24.08
Average shares (diluted)	1,917	1,917	1,917	1,917	*0.0*	1,917	*0.0*	1,917	1,917	1,917

Balance Sheet (Rmbm)	**12/23**	**12/24**	**12/25**	**12/26E**	**%ch**	**12/27E**	**%ch**	**12/28E**	**12/29E**	**12/30E**
Cash and equivalents	2,842	3,063	3,058	4,049	*32.4*	5,882	*45.3*	8,500	12,115	16,899
Other current assets	8,438	10,539	10,024	11,781	*17.5*	13,657	*15.9*	15,796	18,365	21,571
Total current assets	**11,279**	**13,602**	**13,082**	**15,830**	*21.0*	**19,538**	*23.4*	**24,296**	**30,481**	**38,470**
Net tangible fixed assets	5,103	5,734	6,190	6,915	*11.7*	7,629	*10.3*	8,256	8,808	9,285
Net intangible fixed assets	690	668	694	694	*0.0*	694	*0.0*	694	694	694
Investments / other assets	4,755	3,912	6,541	6,541	*0.0*	6,541	*0.0*	6,541	6,541	6,541
Total assets	**21,827**	**23,916**	**26,506**	**29,979**	*13.1*	**34,403**	*14.8*	**39,787**	**46,523**	**54,990**
Trade payables & other ST liabilities	1,660	2,119	2,941	3,559	*21.0*	4,200	*18.0*	4,930	5,821	6,928
Short term debt	741	475	539	539	*0.0*	539	*0.0*	539	539	539
Total current liabilities	**2,401**	**2,594**	**3,480**	**4,099**	*17.8*	**4,739**	*15.6*	**5,469**	**6,360**	**7,467**
Long term debt	0	0	25	25	*0.0*	25	*0.0*	25	25	25
Other long term liabilities	1,187	1,450	1,338	1,338	*0.0*	1,338	*0.0*	1,338	1,338	1,338
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**3,588**	**4,044**	**4,843**	**5,461**	*12.8*	**6,102**	*11.7*	**6,832**	**7,723**	**8,830**
Common s/h equity	**18,233**	**19,866**	**21,659**	**24,514**	*13.2*	**28,297**	*15.4*	**32,951**	**38,797**	**46,156**
Minority interests	6	6	4	4	*0.0*	4	*0.0*	4	4	4
Total liabilities & equity	**21,827**	**23,916**	**26,506**	**29,979**	*13.1*	**34,403**	*14.8*	**39,787**	**46,523**	**54,990**

Cash Flow (Rmbm)	**12/23**	**12/24**	**12/25**	**12/26E**	**%ch**	**12/27E**	**%ch**	**12/28E**	**12/29E**	**12/30E**
Net income (before pref divs)	1,581	2,190	2,618	3,583	*36.9*	4,858	*35.6*	6,111	7,679	9,663
Depreciation & amortisation	609	659	744	775	*4.1*	885	*14.2*	974	1,048	1,123
Net change in working capital	(3,842)	425	(1,568)	(1,139)	*27.4*	(1,235)	*-8.5*	(1,410)	(1,678)	(2,098)
Other operating	3,371	(872)	1,084	0	-	0	-	0	0	0
Operating cash flow	**1,719**	**2,403**	**2,878**	**3,220**	*11.9*	**4,508**	*40.0*	**5,676**	**7,049**	**8,688**
Tangible capital expenditure	(546)	(639)	(580)	(1,500)	*-158.6*	(1,600)	*-6.7*	(1,600)	(1,600)	(1,600)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	(3,229)	(715)	(244)	0	-	0	-	0	0	0
Investing cash flow	**(3,775)**	**(1,354)**	**(824)**	**(1,500)**	*-82.0*	**(1,600)**	*-6.7*	**(1,600)**	**(1,600)**	**(1,600)**
Equity dividends paid	(479)	(556)	(727)	(728)	*-0.2*	(1,075)	*-47.6*	(1,457)	(1,833)	(2,304)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(6)	(2)	(192)	0	-	0	-	0	0	0
Change in debt & pref shares	650	(650)	25	0	-	0	-	0	0	0
Financing cash flow	**165**	**(1,208)**	**(894)**	**(728)**	*18.5*	**(1,075)**	*-47.6*	**(1,457)**	**(1,833)**	**(2,304)**
Cash flow inc/(dec) in cash	**(1,891)**	**(158)**	**1,160**	**991**	*-14.5*	**1,832**	*84.9*	**2,618**	**3,615**	**4,784**
FX / non cash items	223	380	(1,165)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(1,668)**	**221**	**(5)**	**991**	-	**1,832**	*84.9*	**2,618**	**3,615**	**4,784**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Chaozhou Three-Circle (300408.SZ)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	37.6	26.5	28.9	47.2	34.8	27.7	22.0	17.5
P/E (UBS, diluted)	37.6	26.5	28.9	47.2	34.8	27.7	22.0	17.5
P/CEPS	27.1	20.4	22.5	38.8	29.4	23.9	19.4	15.7
Equity FCF (UBS) yield %	2.0	3.0	3.0	1.0	1.7	2.4	3.2	4.2
Dividend yield (net) %	0.9	1.3	1.0	0.6	0.9	1.1	1.4	1.7
P/BV	3.3	2.9	3.5	6.9	6.0	5.1	4.4	3.7
EV/revenues (core)	9.8	7.6	8.1	NM	NM	8.5	6.7	5.3
EV/EBITDA (UBS core)	32.0	20.8	22.8	37.9	28.2	22.3	17.8	14.1
EV/EBIT (core)	49.0	27.6	29.7	46.0	33.3	25.7	20.1	15.7
EV/OpFCF (core)	73.6	27.0	31.7	47.5	34.2	26.3	20.6	16.0
EV/op. invested capital	3.9	3.3	4.0	8.3	7.5	6.8	6.1	5.4

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	59,389	58,082	75,577	169,073	169,073	169,073	169,073	169,073
Net debt (cash)	(3,229)	(2,345)	(2,541)	(2,541)	(4,401)	(6,626)	(9,743)	(13,943)
Buy out of minorities	6	6	4	4	4	4	4	4
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**56,166**	**55,743**	**73,041**	**166,537**	**164,677**	**162,451**	**159,334**	**155,135**
Non core assets	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Core enterprise value	**56,163**	**55,740**	**73,037**	**166,534**	**164,673**	**162,448**	**159,331**	**155,131**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	11.2	28.8	22.1	34.0	27.7	24.8	23.5	23.8
EBITDA (UBS)	(0.4)	52.4	19.7	37.2	32.6	25.0	22.9	23.1
EBIT (UBS)	(5.9)	75.9	21.9	47.2	36.6	27.7	25.2	25.2
EPS (UBS, diluted)	5.1	38.6	19.5	36.9	35.6	25.8	25.7	25.8
Net DPS	16.0	31.0	0.0	47.6	35.6	25.8	25.7	25.8

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	39.8	43.0	42.1	43.0	44.1	44.9	45.3	45.6
EBITDA margin	30.7	36.3	35.6	36.4	37.8	37.9	37.7	37.5
EBIT (UBS) margin	20.0	27.4	27.3	30.0	32.1	32.9	33.3	33.7
Net earnings (UBS) margin	27.6	29.7	29.1	29.7	31.5	31.8	32.3	32.9
ROIC (EBIT)	7.9	12.1	13.5	18.0	22.5	26.3	30.3	34.7
ROIC post tax	7.1	10.5	11.7	15.7	19.6	22.9	26.4	30.3
ROE (UBS)	8.9	11.5	12.6	15.5	18.4	20.0	21.4	22.7

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(1.2)	(1.0)	(0.8)	(0.8)	(0.9)	(1.1)	(1.3)	(1.5)
Net debt / total equity %	(11.5)	(13.0)	(11.5)	(14.2)	(18.8)	(24.1)	(29.8)	(35.4)
Net debt / (net debt + total equity) %	(13.0)	(15.0)	(13.0)	(16.6)	(23.1)	(31.7)	(42.4)	(54.8)
Net debt/EV %	(5.7)	(4.2)	(3.5)	(1.8)	(2.7)	(4.1)	(6.1)	(9.0)
Capex / depreciation %	89.6	97.0	78.0	193.6	180.8	164.3	152.7	142.4
Capex / revenue %	9.5	8.7	6.4	12.4	10.4	8.3	6.7	5.4
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	2.8	3.0	3.6	3.3	3.3	3.3	3.3	3.3
Div. payout ratio (UBS) %	35.2	33.2	27.8	30.0	30.0	30.0	30.0	30.0

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	5,727	7,375	9,007	12,067	15,409	19,223	23,748	29,409
Total	**5,727**	**7,375**	**9,007**	**12,067**	**15,409**	**19,223**	**23,748**	**29,409**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	1,147	2,019	2,460	3,621	4,945	6,315	7,909	9,899
Total	**1,147**	**2,019**	**2,460**	**3,621**	**4,945**	**6,315**	**7,909**	**9,899**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Chaozhou Three-Circle

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	September 1, 2026
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	MLCC price hike

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 31 March 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS Securities Co. Limited: Amily Guo, Richard Li.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Chaozhou Three-Circle	300408.SZ	Buy	Rmb88.22	11 May 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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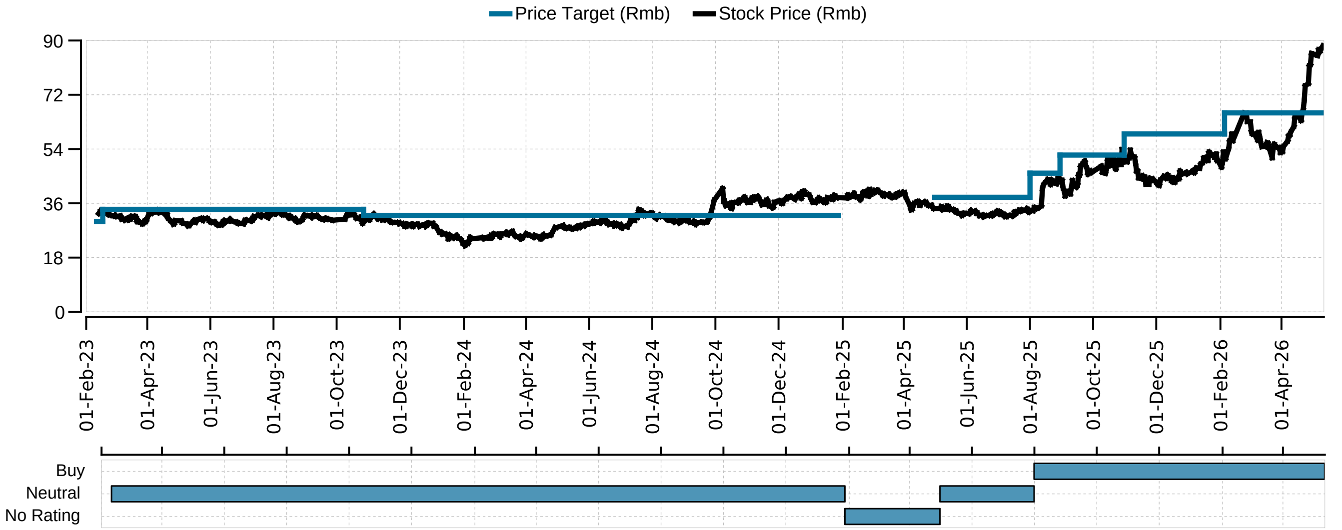
Chaozhou Three-Circle (Rmb)



Date	Stock Price (Rmb)	Price Target (Rmb)	Rating
2023-02-10	32.68	30.00	Neutral
2023-02-16	33.03	34.00	Neutral
2023-10-26	29.37	32.00	Neutral
2025-01-27	37.90	-	No Rating
2025-04-30	34.31	38.00	Neutral
2025-07-31	33.09	46.00	Buy
2025-08-29	44.22	52.00	Buy
2025-10-30	51.89	59.00	Buy
2026-02-04	53.00	66.00	Buy

Source: UBS Global Research; LSEG Eikon as of 11-May-2026. All prices as of local market close. Ratings as of date shown.

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