# China Power Semiconductor

## Tighter-for-longer supply, rising SiC penetration

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### Tighter supply and stronger SiC adoption; upgrade Silan Micro to Buy

In our April sector note, we highlighted tight supply as a key driver of China's power semi cycle recovery. Since then, we have seen more commentary from the global power semi supply chain pointing to tighter-for-longer supply due to: 1) still-disciplined capex; and 2) resilient demand across new energy, and grid, core and physical AI. In addition, SiC offers attractive price-performance vs silicon-based products, which should drive SiC penetration across various end-markets, including EV, ESS and AIDC, benefiting suppliers with SiC R&D capabilities, such as Silan Micro and StarPower. Reflecting this better-than-expected cycle recovery and SiC penetration, we raise our earnings forecasts and price targets for NCE, Silan and CRM, and upgrade Silan from Neutral to Buy, given its likely margin expansion amid tight supply and strong presence in SiC. We cut our earnings forecasts for StarPower to reflect the higher burden from its fab-lite transition, but expect its strong R&D capability to enable it to broaden its market penetration and deliver 44% EPS CAGR over 2026-28E vs our prior forecast of 34%.

### Margin upside on the back of sustained supply tightness; prefer power IDMs

With supply tightness likely to persist for longer, supported by robust downstream demand and still-disciplined capex, we prefer power IDMs. Our net profit forecasts for CRM and Silan are higher than Wind consensus. With capacity fully utilised at both CR Micro and Silan Micro, and NTM PB below the historical average since 2020, we see room for both stocks to re-rate, as investors may overlook that this cycle is underpinned by tight supply and that power IDMs with a secure supply have better margin prospects than fabless companies. We forecast CRM/Silan's net margins to expand by 5-8ppt during 2026-28E and ROE to improve from 2.9/3.3% in 2025 to 9.6/12.0% by 2028E.

### SiC growth unlocked by compelling price-performance

We also turn more positive on SiC adoption as various downstream sectors, including xEV, ESS and AIDC, have seen SiC penetration rise after years of price declines. This trend is reflected in commentary from the global supply chain and the fully loaded SiC production lines at CRM and Silan. Within our coverage, StarPower and Silan have higher revenue exposure to SiC.

### Prefer power IDMs amid tighter-for-longer supply; upgrade Silan to Buy

Amid the cycle recovery, global power semi stocks are up by an average 135% YTD. Chinese names have only risen 34% over the same period, but we we expect them to catch up, especially power IDMs. We note that Infineon announced a second price hike for 2026 on 27 May. Turning more positive on the margin outlook and SiC growth, we raise our EPS forecasts for Silan, NCE and CRM, which are above Wind consensus. We lower our StarPower EPS estimates to reflect the higher burden from its fab-lite transition, but expect its strong R&D capability to drive a 44% EPS CAGR over 2026-28E.

**Figure 1: Summary of changes in our ratings, price targets and estimates**

| Name | Ticker | Mkt cap | Stock | Rating | | Price Target (LC) | | | EPS revision % | | | P/E (x) | | | EPS CAGR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | US$ bn | price (LC) | New | Old | New | Old | Chg | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E | 2026-28E |
| CR Micro | 688396.SS | 12.9 | 65.60 | Buy | Buy | 83.40 | 68.50 | 22% | 0% | 0% | 3% | 69 | 45 | 33 | 43% |
| Silan Micro | 600460.SS | 8.1 | 32.80 | Buy | Neutral | 46.20 | 29.80 | 55% | 5% | 11% | 14% | 60 | 40 | 31 | 39% |
| NCE Power | 605111.SS | 3.8 | 62.05 | Buy | Buy | 81.30 | 48.20 | 69% | -5% | 11% | 17% | 51 | 35 | 27 | 37% |
| Star Power | 603290.SS | 4.1 | 117.11 | Buy | Buy | 166.60 | 121.40 | 37% | -37% | -25% | -29% | 75 | 45 | 37 | 44% |

Source: UBS-S estimates. Note: Data as of 1 June 2026.

**UBS Research THESIS MAP**

| MOST FAVORED | LEAST FAVORED |
|---|---|
| **CR Micro, Silan Micro** | **n.a.** |

## PIVOTAL QUESTIONS

**Q: Can China's power semiconductor companies resume revenue growth from 2026?**

Yes. We expect supply-demand conditions to improve further, as evidenced by higher utilisation rates at power semi IDMs and specialty foundries. We forecast our covered power semi companies' combined revenue CAGR to accelerate from 11% in 2023-25 to 18% in 2026-28E, due to robust new energy demand and upside in demand from AI, spanning grid, core and physical AI applications.

**Q: Will margins expand for power semi suppliers in 2026?**

Yes. We expect improving supply-demand dynamics to drive a price recovery, and the net margins of power semi stocks under our coverage to expand by 2-8ppt over 2025-28E. Within the sector, we expect greater net margin expansion at power IDMs (CR Micro and Silan Micro), at 5-8ppt, than at fab-lite/fabless companies (StarPower and NCE Power), at 2-4ppt, owing to tighter supply constraints.

## UBS-S VIEW

We expect the supply conditions in the power semi sector to be tighter for longer due to: 1) still-disciplined capex; and 2) continuing demand growth from increasing localisation and growing downstream demand. We estimate our covered power semi companies' combined revenue growth to accelerate from 11% CAGR during 2023-25 to 18% in 2026-28E. Our EPS estimates for Silan, CR and NCE Power are above Wind consensus. China's power semi stocks have lagged global peers, but we expect them to catch up, especially power IDMs, as this upcycle continues, underpinned by tighter-for-longer supply conditions.

## EVIDENCE

1) Power IDMs' capex slowed over 2023-25; 2) utilisation rates for power IDMs and specialty foundries have further improved; 3) TSMC announced plans to gradually convert part of its 8" and 12" foundry to advanced packaging, and Infineon announced the conversion of some idle IGBT capacity to leading-edge MOSFET; 4) global and domestic power discrete companies have announced price hikes in early 2026; 5) global supply chain commentary on SiC adoption is bullish.

## WHAT'S PRICED IN?

Global power semi stocks have risen by an average 135% YTD, while Chinese peers are only up by an average 34%, and China power IDMs, such as Silan and CR Micro, are only up by 15-24%. We believe investors have overlooked that this power semi cycle is underpinned by tighter supply conditions, with power IDMs positioned for stronger margins.

**Figure 2: Our China power semi coverage ranked in order of preference**

| Pecking ord | Company | Rating | Type | SiC revenue exposure (2025) | SiC lines capability | Exposure to AI server/HPC applications | Exposure to auto, solar, and | Revenue CAGR 2023-25 | Revenue CAGR 2026-28E | Net margin 2025 | Net margin 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ↓ | CR Micro | Buy | IDM+manufacturing | <3% | 6" | Yes | ~20% | 6% | 18% | 6% | 14% |
| | Silan Micro | Buy | IDM | <10% | In production: 6" + 8" | Under trial-out | <30% | 18% | 16% | 3% | 8% |
| | NCE Power | Buy | Fabless | <5% | n.a. | Yes | ~40% | 13% | 28% | 21% | 25% |
| | StarPower | Buy | Fab-lite | <15% | 6"; in consideration for 8" expansion | Under trial-out | ~80% | 5% | 17% | 10% | 12% |

Source: Company data, UBS-S estimates

# Earnings estimates and price target revisions

**Silan Micro: Major beneficiary of tight supply and growing SiC penetration**

*Raise our 2026-28E EPS by 5-14%, 8-23% ahead of Wind consensus; raise price target to Rmb46.20; upgrade to Buy*

With utilisation trending higher than expected for both the silicon and silicon carbide based lines, as well as the LED line, we lift our 2026-28E EPS forecasts by 5-14%, reflecting more positive margin forecasts. Our 2026-28E EPS forecasts are now 8-23% higher than Wind consensus estimates. With supply conditions set to be tighter for longer, we see increasing visibility on stronger long-term ROE outlook. We forecast Silan's ROE to improve from 3.3% in 2025 to 12.0% in 2028E, and we now value the stock at a 5.2x 2027-28E average target P/B (vs 3.6x 2027E P/B previously), referencing its historical average P/B since 2020, as we expect ROE to improve to 7-12% over 2026-29E (vs an average of 8% ROE during 2020-25).

**CR Micro: Further room to re-rate with tighter-for-longer supply**

*Our 2027-28E EPS forecasts are 16-31% ahead of Wind consensus; raise price target to Rmb83.40*

We remain positive on CR Micro given the upside in its foundry business amid tight supply conditions, and expect investors to increasingly recognise its ability to win market share via external customer partnerships. Our 2027-28E EPS forecasts are 16-31% ahead of Wind consensus. We now value the stock at a 4.1x 2027-28E average target P/B (vs 3.5x 2027E P/B previously), referencing its peak valuation in 2023 when the company delivered a 7% ROE vs our forecast for ROE to improve to 8-10% during 2027-28E. Maintain Buy.

**NCE Power: Re-rating on solid AIDC progress and share gains in new energy**

*Raise 2027-28E EPS forecasts by 11-17%, 8-15% ahead of Wind consensus; raise price target to Rmb81.30*

We are more positive on the margin outlook for MOSFET than for IGBT given the more benign competitive landscape. We continue to like NCE Power for its R&D capability across a wide range of applications in data centres, robotics and low-altitude aircrafts, as well as its market share gains in auto MOS products. We raise our 2027-28E EPS forecasts by 11-17%; our new estimates are 8-15% ahead of Wind consensus. We now expect NCE's EPS growth to accelerate from 10% during 2023-25 to a 37% CAGR over 2026-28E (vs 24% previously). We now value the stock at a 40x 2027-28E average target PE (vs 30x 2027E PE previously), referencing its historical average PE (vs a conservative target of 1SD below historical average PE previously), for a new price target of Rmb81.30. Maintain Buy.

**StarPower: Strong R&D capability to fuel growth in SiC and new applications**

*We lower our 2026-28E EPS by 25-37% to reflect higher depreciation burden from fab-lite transition; raise price target to Rmb166.60 as we expect its SiC capability to drive a re-rating*

We believe investors recognise StarPower's R&D capability given its solid track record in the IGBT market and strong growth in SiC. We cut our 2026-28E revenue estimates by 11-22%, factoring in a more cautious outlook for auto IGBT pricing, which we believe is already widely acknowledged by the market following its Q126 results. We expect a sequential recovery, as recent price increases announced by global peers signal a recovery in prices. We cut 2026-28E EPS for StarPower by 25-37% to reflect higher depreciation costs given StarPower is transitioning from fabless to fab-lite, as well as more cautious margin estimates for StarPower's IGBT business, partially offset by strong growth in SiC. We change our valuation methodology and now value the stock at a 5.0x 2027-28E average target PB (vs 35x 2027E PE previously), consistent with our valuation methodology for other IDM/fab-lite semiconductor stocks. Our target PB is in line with the average 2027-28E PB for China's power semi and analog companies, taking into account StarPower's active expansion in power discrete applications and analog products.

**Figure 3: Earnings estimate revisions for covered power semi names**

| | Actual | | | | New | | | Old | | | Difference % | | | CAGR (2026-28E) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **UBS-Se** | **2022** | **2023** | **2024** | **2025** | **2026E** | **2027E** | **2028E** | **2026E** | **2027E** | **2028E** | **2026E** | **2027E** | **2028E** | **New** | **Old** |
| **Silan Micro** | | | | | | | | | | | | | | | |
| Revenue (Rmb m) | 8,282 | 9,340 | 11,221 | 13,052 | 15,330 | 17,938 | 20,689 | 15,107 | 17,380 | 19,761 | 1% | 3% | 5% | 16% | 14% |
| -Consensus (Rmb m) | | | | | 15,477 | 17,842 | 19,831 | | | | | | | | |
| NPAT (Rmb m) | 1,052 | -36 | 220 | 399 | 911 | 1,360 | 1,756 | 871 | 1,227 | 1,545 | 5% | 11% | 14% | 39% | 33% |
| -Consensus (Rmb m) | | | | | 842 | 1,127 | 1,428 | | | | | | | | |
| Net margin (%) | 13% | 0% | 2% | 3% | 6% | 8% | 8% | 6% | 7% | 8% | 0.2ppt | 0.5ppt | 0.7ppt | | |
| -Consensus (%) | | | | | 5% | 6% | n.a. | | | | | | | | |
| ROE % | 15.3% | -0.4% | 1.8% | 3.3% | 7.4% | 10.2% | 12.0% | 7.1% | 9.3% | 10.7% | 0.3ppt | 0.9ppt | 1.3ppt | | |
| **CR Micro** | | | | | | | | | | | | | | | |
| Revenue (Rmb m) | 10,060 | 9,901 | 10,119 | 11,054 | 13,176 | 15,600 | 18,282 | 13,176 | 15,588 | 17,951 | 0% | 0% | 2% | 18% | 17% |
| -Consensus (Rmb m) | | | | | 12,847 | 14,852 | 17,841 | | | | | | | | |
| NPAT (Rmb m) | 2,617 | 1,479 | 762 | 661 | 1,269 | 1,952 | 2,612 | 1,269 | 1,952 | 2,536 | 0% | 0% | 3% | 43% | 41% |
| -Consensus (Rmb m) | | | | | 1,265 | 1,688 | 1,987 | | | | | | | | |
| Net margin (%) | 26% | 15% | 8% | 6% | 10% | 13% | 14% | 10% | 13% | 14% | 0.0ppt | 0.0ppt | 0.2ppt | | |
| -Consensus (%) | | | | | 10% | 11% | n.a. | | | | | | | | |
| ROE % | 14.0% | 7.1% | 3.5% | 2.9% | 5.4% | 7.8% | 9.6% | 5.4% | 7.8% | 9.3% | 0.0ppt | 0.0ppt | 0.3ppt | | |
| **NCE Power** | | | | | | | | | | | | | | | |
| Revenue (Rmb m) | 1,811 | 1,477 | 1,828 | 1,877 | 2,298 | 2,946 | 3,744 | 2,197 | 2,707 | 3,303 | 5% | 9% | 13% | 28% | 23% |
| -Consensus (Rmb m) | | | | | 2,299 | 2,803 | 3,327 | | | | | | | | |
| NPAT (Rmb m) | 435 | 323 | 435 | 394 | 501 | 744 | 945 | 528 | 667 | 807 | -5% | 11% | 17% | 37% | 24% |
| -Consensus (Rmb m) | | | | | 550 | 688 | 825 | | | | | | | | |
| Net margin (%) | 24% | 22% | 24% | 21% | 22% | 25% | 25% | 24% | 25% | 24% | -2.2ppt | 0.6ppt | 0.8ppt | | |
| -Consensus (%) | | | | | 24% | 25% | 25% | | | | | | | | |
| ROE % | 16.8% | 8.7% | 10.7% | 8.4% | 11.1% | 14.8% | 16.6% | 11.6% | 13.3% | 14.4% | -0.6ppt | 1.5ppt | 2.2ppt | | |
| **StarPower** | | | | | | | | | | | | | | | |
| Revenue (Rmb m) | 2,705 | 3,663 | 3,391 | 4,012 | 4,506 | 5,371 | 6,166 | 5,060 | 6,462 | 7,859 | -11% | -17% | -22% | 17% | 25% |
| -Consensus (Rmb m) | | | | | 5,123 | 6,270 | 7,032 | | | | | | | | |
| NPAT (Rmb m) | 818 | 911 | 508 | 405 | 373 | 620 | 768 | 596 | 831 | 1,075 | -37% | -25% | -29% | 44% | 34% |
| -Consensus (Rmb m) | | | | | 610 | 814 | 845 | | | | | | | | |
| Net margin (%) | 30% | 25% | 15% | 10% | 8% | 12% | 12% | 12% | 13% | 14% | -3.5ppt | -1.3ppt | -1.2ppt | | |
| -Consensus (%) | | | | | 12% | 13% | n.a. | | | | | | | | |
| ROE % | 14.2% | 14.6% | 7.4% | 5.5% | 5.3% | 8.4% | 9.7% | 8.3% | 10.8% | 12.9% | -3.0ppt | -2.5ppt | -3.2ppt | | |

Source: Company data, UBS-S estimates

# Commentary

## Supply conditions tighter for longer

We flagged tighter supply conditions for the power semi sector in our April note. Since then, commentary from the global power semi supply chain has confirmed that tight supply conditions could last longer due to **robust demand across downstream sectors** and **still-disciplined capex**.

**Supply chain checks point to robust downstream demand across AI and non-AI spaces, and new energy demand being more resilient than market expectation.**

### Figure 4: Comments from global power semi companies on demand

| Company | Date | Comments on demand: AI power/data centre | Energy storage | Auto | Industrial |
|---|---|---|---|---|---|
| Infineon | 6-May-26 | Exceptional growth opportunity;<br>SiC demand from AI related applications is very strong | Grid modernization drives growth in ESS and transmission and distribution equipment | Lower than expected volume in US, stagnation within China;<br>Low customer inventory to trigger a broader replenishment; | Supported by rising power infrastructure-related demand |
| ON Semi | 4-May-26 | AI data centre show strong strength, expect revenue to double in 2026 | Expect 40%+ YoY revenue growth in 2026 and market share approaching 60% | Higher energy costs accelerating EV demand, with cost optimized EV platforms driving increased adoption of IGBT-based traction inverter solutions | Broad-based strength across traditional industrial business for the second consecutive quarter |
| STMicro | 23-Apr-26 | Really strong growth in data centre demand | / | Growth for ADAS, sensors, and silicon carbide boosted by the NXP MEMS acquisition | Solid growth in general-purpose acceleration including cloud optical interconnects for PIC100 and BiCMOS |
| CR Micro | 25-Apr-26 | Increasing order backlog and extended lead time | Strong export growth | 1Q26 was weak on subsidy pullback | Expect robust growth since 2Q26 on energy saving projects from mining and chemical downstream |
| StarPower | 8-May-26 | Under R&D for data centre applications | Expect elevated energy costs to result in upside in ESS demand | Subsidy pullback dragged auto sales in 1Q26;<br>Expect sequential recovery since 2Q26, but pricing competition remains fierce;<br>EU has decent EV projects | Expect growth in robotics, low-altitude aircraft |

Source: Company data, UBS-S

**Following Q126 results, major power IDM companies' capex for power discrete has remained disciplined, despite utilisation trending higher**

### Figure 5: Comments from power IDM supply chain on capex plans

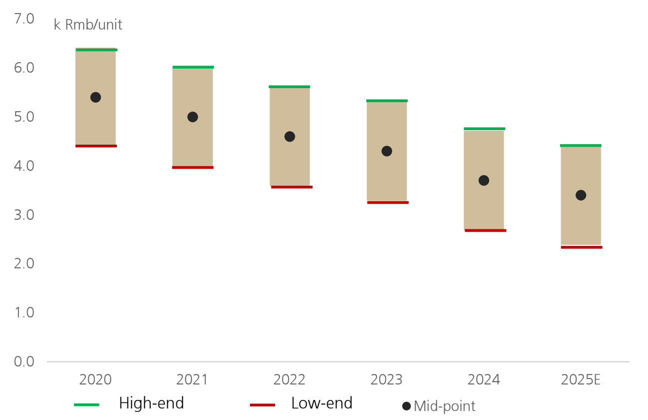
| Company | Capex trend 2023-1Q26 | Comments on capex outlook: Date | Comments |
|---|---|---|---|
| Infineon |  | 6-May-26 | Supply constraint seen particular in the AI power business;<br>Pull in investment related to powering AI |
| ON Semi |  | 4-May-26 | Despite UTR trending higher, ON will not change capital intensity, guiding capex at mid-single digit percentage of revenue for the foreseeable future |
| STMicro |  | 23-Apr-2026 | Has capability to increase capacity given capability to provide silicon photonics technology on 12-inch wafers |
| Silan Micro |  | 15-May-26 | Lines are fully loaded;<br>Capacity expansion would be focused on analog as competitive landscape improves in the future |
| CR Micro |  | 25-Apr-2026 | Higher capex expansion guidance for 12'' foundry line |

Source: Company data

## SiC adoption rising on compelling price-performance

After a multi-year price downcycle, supply chain commentary suggests the price-performance of SiC is becoming more attractive compared with silicon-based products, especially based on its superior efficiency, reliability and heat resistance. Positive progress on SiC penetration has been seen across various downstream sectors:

**Figure 6: Cost of SiC substrates, the main production input, has fallen significantly since 2020**




Source: Company data (SICC H-share prospectus), F&S

**Figure 7: SiC offers better performance in various downstream applications**

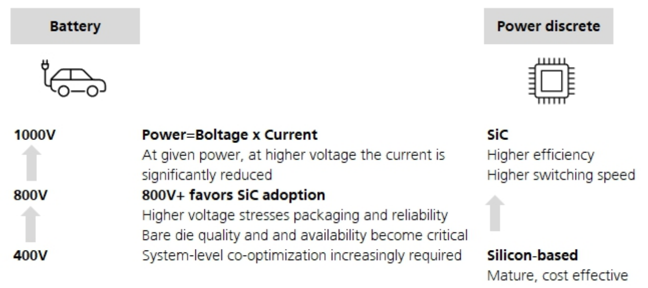
| End demand | Adantages vs. silicon IGBT |
|---|---|
| Motor drives in xEV | Reduce energy loss by 70-90%;<br>Increase vehicle range by 10%;<br>Supporting high-power output in high-temperature environment |
| OBC in xEV | Reduce charging losses by 40% |
| DC/DC in xEV | Reduce heat generation and energy loss by 80-90% |
| **End demand** | **Advantages vs. silicon-based MOSFETS** |
| AC/DC in data center | Higher switching frequency and lower reverse-recovery losses;<br>Effectively reduce the number of components;<br>Increase the power density of the power supply<br>Improve the energy-conversion efficiency |
| **End demand** | **Advantages vs. traditional silicon-based devices** |
| Inverters, boost converters etc. in Photovoltaic Energy Storage | Increase the conversion efficiency by 1-3%;<br>Volume and weight reduced by 40-60%;<br>Simplify installation and cut cost |

Source: Company data, UBS-S

## EV: accelerating adoption in low-end models

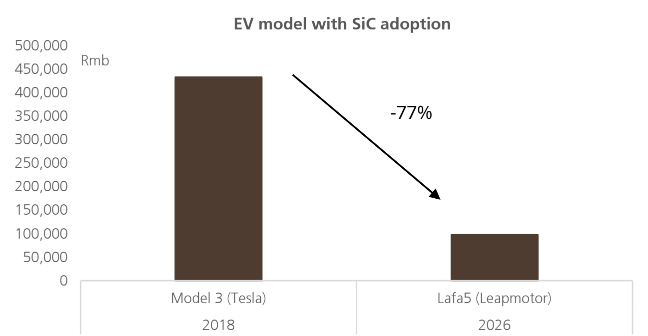
The structural driver of the transition from 400V to 800V architecture remains intact in xEVs, and we note multiple auto OEMs have launched new models with SiC modules in 2026, with the price of some models falling below the Rmb100k mark for the first time.

**Figure 8: Benefits of 800V transition in xEVs**




Source: UBS-S

**Figure 9: SiC penetration in low-price EV models**




Source: Autohome. Note: Model 3 refers to the imported version with standard rear-wheel drive.

## ESS: attractive life-cycle costs support SiC substitute

As a cost-sensitive industry, ESS is also seeing accelerating SiC adoption, as its life-cycle cost becomes more compelling compared with silicon-based products.

Since 2025, we have seen leading companies, including Sungrow, Tesla and BYD, launch flagship energy storage system products to address large storage demand, and they have all adopted SiC, achieving better efficiency. We believe SiC adoption in flagship ESS products represents material technological progress and points to further penetration in ESS products in the future.

**Figure 10: Increasing SiC adoption in ESS by leading companies**

| Launch date | Company | SiC adoption in ESS | Performance |
|---|---|---|---|
| Jun-25 | Sungrow | PowerTitan 3.0 PCS | Efficiency improved to 99.3% at 55°C, the overall energy storage system conversion efficiency is boosted to 92% |
| Sep-25 | Tesla | Megapack3 | Megapack3 uses SiC based PCS, achieving a system round-trip efficiency of 93.7% |
| Sep-25 | BYD | Haohan GC Flux | PCS efficiency as high as 99.35% |

Source: HJS

### AIDC: the new growth driver of SiC

Apart from the growing SiC adoption in xEV and ESS, increasing use of SiC in data centres could become the next major growth driver for SiC, especially with the shift to 800V DC platforms.

Based on our global team's detailed bottom-up analysis, power semis content per rack rises with power density. The team estimates a more than **doubling of content per GW** from **US$80m from Rubin NVL72 rack** to **US$180m per GW for Rubin Ultra NVL576 rack**, driven by the shift to 800V DC, which requires higher performance products and wide band gap materials across the power conversion stack.

As the use of SiC in power supplies increases, companies with broader portfolios beyond silicon-based products are likely to be favoured in the future, in our view.

For China power semi suppliers, multiple companies are actively investing in R&D on SiC space, especially for the data center applications, though currently the direct SiC revenue exposure to AIDC is still very limited. We expect positive impacts from further squeeze in supply due to greater SiC adoption.

**Figure 11: Power semis content per GW**

| Company | Nvidia | Nvidia | Nvidia | Nvidia | Nvidia | Nvidia | AMD | Google |
|---|---|---|---|---|---|---|---|---|
| GPU | Hopper | Blackwell | Blackwell Ultra | Rubin | Rubin Ultra | Feynman | MI450 | TPUv7 |
| Year of production | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2026 | 2026 |
| Power per rack (kW) | 40 | 120 | 150 | 225 | 600 | 1,000 | 225 | 90 |
| Rack architecture | HGX | Oberon | Oberon | Oberon | Kyber | Kyber | Helios | Ironwood |
| Power delivery | 1-phase AC | 1-phase AC | 1-phase AC | 1-phase AC | Power sidecar | Power sidecar | 1-phase AC | 1-phase AC |
| Power usage effectiveness | 87% | 87% | 87% | 87% | 87% | 87% | 87% | 87% |
| Racks per GW | 21,750 | 7,250 | 5,800 | 3,867 | 1,450 | 870 | 3,867 | 9,667 |
| Power semis per GW | | | | | | | | |
| $ content per rack | 3,888 | 12,572 | 14,720 | 20,186 | 123,092 | 201,617 | 20,186 | 9,429 |
| $ content per GW | 84,564,000 | 91,147,000 | 85,376,000 | 78,052,533 | 178,483,400 | 175,407,080 | 78,052,533 | 91,147,000 |

Source: Company data, UBS estimates. Note: Above analysis is from the UBS research report Global Semiconductors: AI Data Center Power Semis - is momentum sustainable? by Francois-Xavier Bouvignies

## Positive commentary from supply chain on further SiC penetration

There has also been positive commentary from the global supply chain on strong SiC penetration driven by broad AI-related demand, and also non-AI demand, such as EV and solar.

Global supply chain shared positive feedbacks on SiC penetration

**Figure 12: Comments from global power semi names on SiC progress**

| Company | Date | Comments on SiC |
|---|---|---|
| Wolfspeed | 5-May-26 | SST represents a significant future driver of SiC demand; |
| Infineon | 6-May-26 | SiC demand from AI-related applications is very strong;<br>Shifting R&D years ago away from IGBT to SiC |
| ON Semi | 4-May-26 | Ongoing fuel supply disruption and elevated energy costs expected to support demand for high effi ciency EV platforms and SiC content long-term;<br>Onsemi SiC share of new EV models deployed at 2026 Beijing Auto Show approximately 55% , with expanded collaborations with Geely and NIO. |
| STM | 23-Apr-26 | Secured multiple design wins for Si and SiC based power solutions, to support higher power density and increase energy efficiency for next-generation AI compute and data center architectures |
| Silan Micro | 15-May-26 | Robust orders for SiC;<br>6'' SiC line is already fully loaded; Positive on the ramp-up progress on 8'' SiC line |
| StarPower | 8-May-26 | SiC sees growing penetration in auto, solar, and high-voltage power supply;<br>Company also achieved higher than expected yield for SiC line. |

Source: Company data

## Impact on our covered power semi stocks

Our covered power semi stocks are well aware of the increasing importance of SiC, and are directing more R&D investments skewed to SiC space, based on our discussions with the companies. We view self-built SiC lines and downstream penetration into new energy (auto, solar, and ESS) and data centre applications as critical factors for outperformance in the SiC space.

Within our coverage, we expect Silan Micro and StarPower to be the major beneficiaries of growing SiC adoption given their self-built SiC lines and solid SiC technology capability. Silan Micro is among the early movers in SiC, with 6'' and 8'' SiC lines in production, and already has a robust order backlog.

**Figure 13: SiC exposure among our covered power semi names**

| SiC beneficiary | Company | Type | SiC revenue exposure (2025) | SiC lines capability | Exposure to AI server/HPC applications | Exposure to auto, solar, and ESS (2025) |
|---|---|---|---|---|---|---|
| | Silan Micro | IDM | <10% | In production: 6'' + 8'' | Under trial-out | <30% |
| | StarPower | Fab-lite | <15% | 6''; in consideration for 8'' expansion | Under trial-out | ~80% |
| | CR Micro | IDM+manufacturing | <3% | 6'' | Yes | ~20% |
| | NCE Power | Fabless | <5% | n.a. | Yes | ~40% |

Source: Company data, UBS-S estimates

## WHAT´S PRICED IN?

**China power semi stocks have lagged global peers**

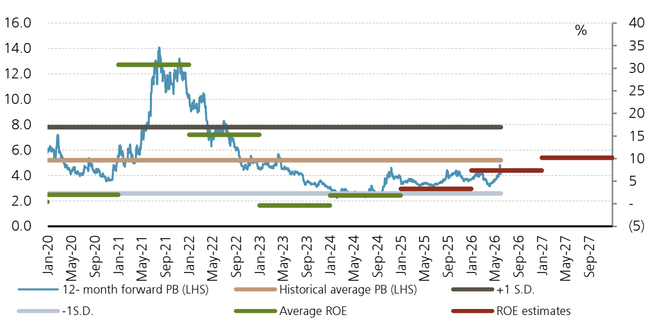
| Absolute return | 2021 | 2022 | 2023 | 2024 | 2025 | 2026YTD |
|---|---|---|---|---|---|---|
| **China power semi names:** | | | | | | |
| NCE Power | 28% | -39% | -32% | 25% | 5% | 74% |
| Star Power | 58% | -14% | -45% | -31% | 7% | 22% |
| CR Micro | 3% | -18% | -15% | 6% | 12% | 24% |
| Silan Micro | 117% | -40% | -30% | 14% | 9% | 15% |
| **China average** | 51% | -28% | -31% | 4% | 8% | 34% |
| **A-share Semi index** | 17% | -36% | 7% | 17% | 45% | 39% |
| **Global power semi names:** | | | | | | |
| Infineon | 30% | -30% | 33% | -17% | 20% | 115% |
| STM | 32% | -27% | 41% | -50% | 4% | 167% |
| ON semi | 108% | -8% | 34% | -25% | -14% | 123% |
| **Global average** | 56% | -22% | 36% | -31% | 3% | 135% |
| **SOX index** | 41% | -36% | 65% | 19% | 42% | 81% |

Source: Wind, Reuters. Note: Data as of 1 June 2026.

### Power IDMs: increasing visibility of ROE improvement given tighter-for-longer supply conditions

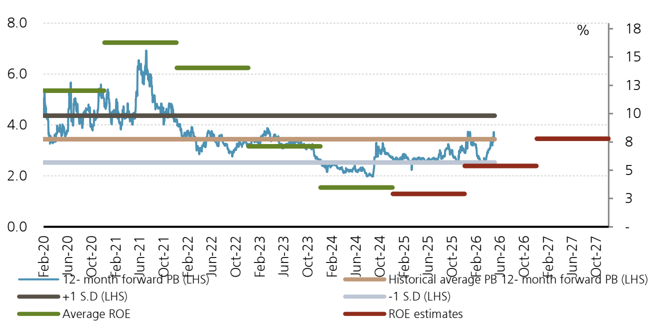
Power IDM stocks, including CR Micro and Silan Micro, are up by 15-24% YTD, lagging fabless and fab-lite peers, such as NCE Power and StarPower, which are up 22-74%. We believe investors may be overlooking that this power semi cycle is underpinned by tight supply, and supply conditions could be tighter for longer given still-disciplined capex and resilient downstream demand. Silan and CR Micro are trading below historical average PB, while we expect their medium-term ROEs to improve to above-average levels. As such, we are more positive on the re-rating potential for power IDMs, such as Silan Micro and CR Micro. Our 2026-28E EPS estimates for Silan Micro and CR Micro are ahead of Wind consensus.

**Figure 15: Silan Micro – NTM PB band**




Source: Wind, UBS-S estimates. Note: Data as of 1 June 2026.

**Figure 16: CR Micro – NTM PB band**




Source: Wind, UBS-S estimates. Note: Data as of 1 June 2026.

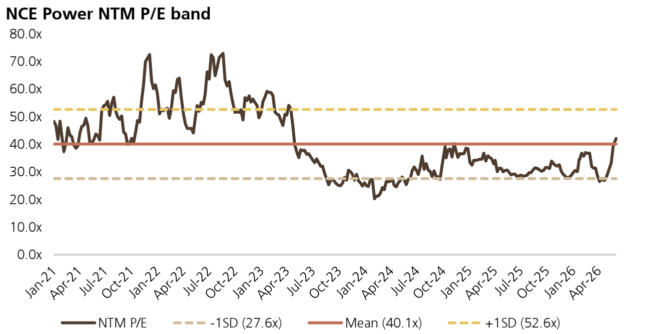
### NCE Power (fabless): remain positive on MOSFET pricing outlook, as well as NCE's unique exposure to data centre and humanoid robotics applications

Trading at a discount to other power semi names, NCE Power has in our view room to further re-rate, given the positive pricing outlook for MOSFETs due to the improved cycle, as well as the increasing contribution from high-end applications, including data centres, humanoid robotics and low-altitude aircraft. The stock is trading at a 40x NTM PE, slightly above its historical average, but with the cycle trending upward.

### StarPower (fab-lite): strong R&D capability to drive re-rating

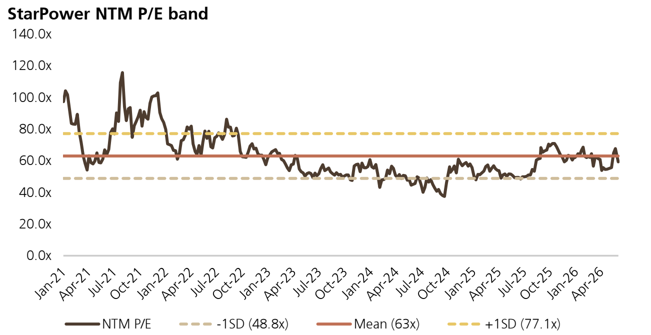
StarPower is known for its strong R&D capability and succeeded in implementing domestic substitution in the IGBT space, which in our view justifies its valuation premium over peers. Trading at below its historical average PE, the stock in our view has room to re-rate further, given it is the domestic leader in the SiC space, with its SiC revenue having delivered strong growth.

**Figure 17: NCE Power – NTM PE band**




Source: Wind, UBS-S estimates. Note: Data as of 1 June 2026.

**Figure 18: StarPower – NTM PE band**




Source: Wind, UBS-S estimates. Note: Data as of 1 June 2026.

### Global power and analog semi companies comparison

Chinese power and analog semi stocks have risen an average 34% YTD, lagging global peers, which are up an average 110%. In 2025, the average share price performance of China and global power and analog semi stocks was 12% and 11%, respectively. With SiC business gaining momentum, SICC-A and Wolfspeed shares have rallied by 53% and 240%, respectively, YTD.

Our covered power semi companies trade at an average 2026E PEG of 1.2x, below the 1.5x China average, and 3.3x for SICC-A.

Our covered power semi companies trade at a premium to global peers, partially reflecting higher depreciation costs from newly built lines, while their average PB of 4.5x is below the global average of 6.4x.

**Figure 19: Valuation comparison – global power and analog semi companies**

| Company | Ticker | Market cap | Share price performance | | | PE (x) | | | Net profit growth | | | Implied PEG (x, CY2026E) | PB (x) | | | ROE (%) | | | PS (x) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | US$ bn | 2026YTD | 2025 | 2024 | CY2026E | CY2027E | CY2028E | CY2026E | CY2027E | CY2028E | | CY2026E | CY2027E | CY2028E | CY2026E | CY2027E | CY2028E | CY2026E | CY2027E | CY2028E |
| **China power & analog semi companies** | | | | | | | | | | | | | | | | | | | | | |
| CR Micro | 688396.SH | 13 | 24% | 12% | 6% | 68.5 | 44.6 | 33.3 | 92% | 54% | 34% | 1.3 | 3.5 | 3.3 | 3.0 | 5.4 | 7.8 | 9.6 | 6.8 | 5.8 | 4.9 |
| Silan Micro | 600460.SH | 8 | 15% | 9% | 14% | 61.4 | 41.1 | 31.9 | 129% | 49% | 29% | 1.2 | 4.5 | 4.1 | 3.7 | 7.4 | 10.2 | 12.0 | 3.8 | 3.2 | 2.8 |
| NCE Power | 605111.SH | 4 | 74% | 5% | 25% | 51.2 | 34.5 | 27.2 | 44% | 48% | 27% | 1.1 | 5.9 | 5.2 | 4.6 | 11.1 | 14.8 | 16.6 | 11.6 | 9.0 | 7.1 |
| StarPower | 603290.SH | 4 | 22% | 7% | -31% | 75.0 | 45.1 | 36.4 | -1% | 66% | 24% | 1.1 | 4.3 | 4.0 | 3.8 | 5.3 | 8.4 | 9.7 | 6.4 | 5.4 | 4.7 |
| **Avereage - covered** | | | **34%** | **8%** | **4%** | **64.1** | **41.3** | **32.2** | **66%** | **54%** | **28%** | **1.2** | **4.5** | **4.2** | **3.8** | **7.3** | **10.3** | **12.0** | **7.1** | **5.9** | **4.9** |
| Yangjie* | 300373.SZ | 8 | 46% | 56% | 19% | 32.7 | 26.2 | 20.9 | 31% | 24% | 26% | 1.3 | 5.0 | 4.4 | 3.9 | 15.5 | 17.0 | 18.6 | 6.3 | 5.2 | 4.2 |
| Jiejie* | 300623.SZ | 4 | 23% | -20% | 115% | 38.6 | 28.9 | 22.4 | 51% | 33% | 29% | 1.2 | 4.2 | 3.8 | 3.3 | 10.9 | 13.0 | 14.6 | 6.2 | 4.9 | 3.9 |
| SG Micro* | 300661.SZ | 10 | 54% | 9% | -8% | 80.3 | 58.6 | 45.9 | 49% | 37% | 28% | 2.2 | 10.9 | 9.4 | 8.0 | 13.7 | 16.1 | 17.3 | 13.8 | 11.1 | 9.2 |
| Novosense* | 688052.SH | 5 | 50% | 21% | -22% | 409.0 | 116.6 | 66.0 | -140% | 264% | 77% | 1.5 | 5.1 | 4.9 | 4.5 | 1.3 | 4.3 | 6.8 | 8.6 | 6.8 | 5.4 |
| Southchip* | 688484.SH | 3 | 1% | 13% | -10% | 46.8 | 33.1 | 33.2 | 57% | 41% | 0% | 1.1 | 3.9 | 3.6 | 3.6 | 8.2 | 10.8 | 11.0 | 4.7 | 3.7 | 3.3 |
| **Avereage - non covered** | | | **35%** | **16%** | **19%** | **121.5** | **52.7** | **37.7** | **10%** | **80%** | **32%** | **1.5** | **5.8** | **5.2** | **4.6** | **9.9** | **12.2** | **13.7** | **7.9** | **6.3** | **5.2** |
| **Average - China** | | | **34%** | **12%** | **11%** | **92.8** | **47.0** | **34.9** | **38%** | **67%** | **30%** | **1.3** | **5.2** | **4.7** | **4.2** | **8.6** | **11.3** | **12.8** | **7.5** | **6.1** | **5.0** |
| **Global SiC related companies** | | | | | | | | | | | | | | | | | | | | | |
| SICC-A* | 688234.SH | 9 | 53% | 74% | -23% | 529.1 | 213.5 | 192.3 | n.a. | 158% | 11% | 3.3 | 9.6 | 9.3 | 8.5 | 1.2 | 3.4 | 4.4 | 30.6 | 23.4 | 21.0 |
| Wolfspeed** | WOLF.K | 3 | 240% | -84% | -86% | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 2.2 | n.a. | n.a. | n.a. | n.a. | n.a. | 4.3 | 3.9 | n.a. |
| **Average** | | | **147%** | **-5%** | **-54%** | **529.1** | **213.5** | **192.3** | **n.a.** | **158%** | **11%** | **3.3** | **5.9** | **9.3** | **8.5** | **1.2** | **3.4** | **4.4** | **17.5** | **13.6** | **21.0** |
| **Global power & analog semi companies** | | | | | | | | | | | | | | | | | | | | | |
| Infineon | IFXGn.DE | 123 | 115% | 20% | -17% | 45.5 | 32.0 | 25.5 | 33% | 39% | 25% | 1.2 | 5.9 | 5.2 | 4.5 | 13.8 | 17.6 | 19.4 | 6.6 | 5.6 | 4.9 |
| STMicro | STMPA.PA | 63 | 163% | -8% | -46% | 50.7 | 23.5 | 17.1 | 119% | 115% | 37% | 0.4 | 3.3 | 2.9 | 2.5 | 6.7 | 13.4 | 16.0 | 4.4 | 3.9 | 3.5 |
| Onsemi | ON.O | 47 | 123% | -14% | -25% | 38.6 | 28.0 | 20.8 | 20% | 37% | 32% | 1.0 | 6.5 | 6.6 | 6.1 | 16.4 | 23.4 | 30.2 | 7.5 | 6.6 | 5.8 |
| Rohm | 6963.T | 13 | 133% | 49% | -45% | 111.2 | 48.4 | 40.4 | -179% | 107% | 19% | 1.0 | 2.4 | 2.3 | 2.2 | 2.0 | 4.6 | 5.4 | 4.2 | 4.3 | 4.1 |
| TI | TXN.O | 278 | 76% | -7% | 10% | 36.3 | 27.7 | 23.6 | 45% | 29% | 16% | 1.2 | 14.4 | 14.8 | 16.4 | 43.0 | 52.5 | 65.5 | 13.2 | 11.6 | 10.7 |
| ADI | ADI.O | 202 | 53% | 28% | 7% | 32.5 | 24.5 | 22.5 | 52% | 29% | 7% | 1.1 | 5.9 | 5.7 | 5.4 | 18.3 | 23.5 | 24.4 | 13.8 | 11.5 | 10.8 |
| **Average - global** | | | **110%** | **11%** | **-19%** | **52.5** | **30.7** | **25.0** | **15%** | **60%** | **23%** | **1.0** | **6.4** | **6.2** | **6.2** | **16.7** | **22.5** | **26.8** | **8.3** | **7.2** | **6.6** |

Source: Wind*, Reuters**, UBS-S estimates, UBS estimates. Note: Data as of 1 June 2026, 2026E PEG is calculated with 2026E PE and 2027E EPS YoY growth; * used Wind consensus, ** used Reuters consensus

**Q: Can Silan Micro deliver more than 15% revenue CAGR over 2026-2**

Yes. Driven by the cycle recovery, as evidenced by price hikes and high utilisat
IDMs and specialty foundries, we forecast Silan Micro's revenue CAGR to rea
(vs 14% previously), owing to solid progress in its SiC line ramp-up, and rol
energy and industrial applications.

**Q: Can Silan Micro expand its net margin over 2026-28E?**

Yes. We expect net margin to expand by 5ppt from 2025 to 2028E, drive
recovery, improved product mix, economies of scale and improved profitability

We raise our 2026-28E EPS forecasts by 5-14% on higher margin estimate
expected utilisation at Silan's silicon and silicon carbide lines amid an impro
Our 2026-28E EPS forecasts are 8-23% above Wind consensus. We upgrad
Buy on its improved earnings outlook, as we expect the company is well po
beneficiary of tighter supply and stronger SiC adoption.

1) Power IDMs' capex slowed in 2023-25; 2) utilisation rates for power IDMs
have further improved; 3) TSMC announced plans to gradually convert part o
to advanced packaging, and Infineon announced the conversion of some id
MOSFET; 4) global and domestic power discrete companies have announc
2026; 5) global supply chain commentary is positive on increasing SiC adopti

Silan Micro is trading at 4.1x NTM PB, below its historical average of 4.3x
forecast its ROE to improve from 3% in 2025 to above the historical average
reaching 7-12% during 2026-29E.

COMPANY DESCRIPTION

Established in 1997 and listed on the
Microelectronics is a major power semicon

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

**PIVOTAL QUESTIONS**

**Q: Can CR Micro deliver more than 15% revenue CAGR over 2026-28E?**
Yes. Driven by the cycle recovery, as evidenced by price hikes and high utilisation rates at power semi IDMs and specialty foundries, we forecast CR Micro's revenue CAGR to reach 18% over 2026-28E (vs our previous forecast of 17%), owing to robust demand from new energy and industrial applications.

**Q: Can CR Micro expand net margin during 2026-28E?**
Yes. We expect net margin to expand by 8ppt from 2025 to 2028E due to the expected ASP recovery, improved product mix, economies of scale and improved profitability of its manufacturing lines.

**UBSVIEW**

Our 2027-28E EPS estimates are 16-31% higher than Wind consensus given our more positive view on CR Micro's margin outlook amid tight supply conditions. We have gained more conviction that tight supply conditions could last longer, after seeing positive commentary from the global power semi supply chain, and silicon and silicon carbide lines reaching full utilisation at CRM and Silan Micro. We raise our price target given the higher visibility on the improving power cycle. Reiterate Buy.

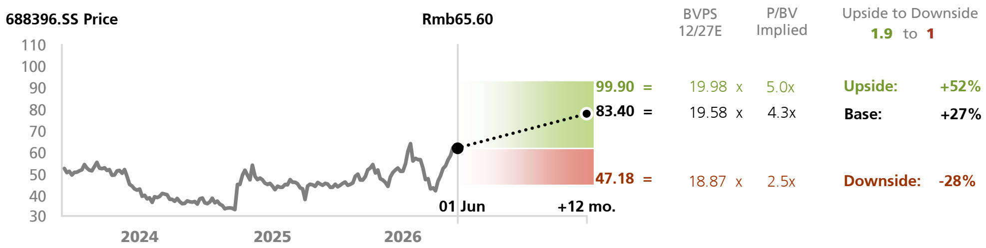
**EVIDENCE**

1) Power IDMs' capex slowed in 2023-25; 2) utilisation rates for power IDMs and specialty foundries have further improved; 3) TSMC announced plans to gradually convert part of its 8" and 12" foundry to advanced packaging, and Infineon announced the conversion of some idle IGBT to leading-edge MOSFET; 4) global and domestic power discrete companies have announced price hikes in early 2026; 5) global supply chain commentary is positive on increasing SiC adoption.

**WHAT´S PRICED IN?**

CR Micro is trading below historical average PB, while we forecast its ROE to improve to above the historical average level. Our EPS estimates for 2026-28E are above Wind consensus.

**UPSIDE/DOWNSIDE SPECTRUM**




| Value drivers (2027E) | IC products revenue YoY | Manufacturing revenue YoY | GPM (%) | SG&A ratio (%) | Profit from associates & JVs (Rmb mn) |
|---|---|---|---|---|---|
| Rmb99.90 upside | 28% | 20% | 33% | 12% | 0% |
| Rmb83.40 base | 22% | 14% | 29% | 15% | -100 |
| Rmb47.18 downside | 15% | 6% | 23% | 18% | -40% |

Source: UBS-S estimates

**COMPANY DESCRIPTION**

Founded in 1987, China Resources Microelectronics (CR Micro) is a leading semiconductor company in China, focusing on two major business lines: power semiconductor products and manufacturing services...

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

PIVOTAL QUESTIONS

**Q: Can NCE Power deliver more than 15% revenue CAGR over 2026-28E?**
Yes. Driven by the cycle recovery, as evidenced by price hikes and high utilisation rates at power semi IDMs and specialty foundries, we forecast NCE Power's revenue CAGR to reach 28% over 2026-28E (vs our previous forecast of 23%), owing to strong demand from new energy, industrial and data centre applications.

**Q: Can NCE Power expand its net margin during 2026-28E?**
Yes. We expect net margin to expand by 4ppt from 2025 to 2028E, due to the expected ASP recovery, improved product mix and economies of scale.

UBSVIEW

We raise our 2027-28E EPS forecasts by 11-17% on stronger demand from auto, ESS and data centre applications. Our 2027-28E EPS forecasts are above Wind consensus. We reiterate our Buy rating on NCE Power, as the company has strong R&D capability and is on track to deliver product mix upgrades.

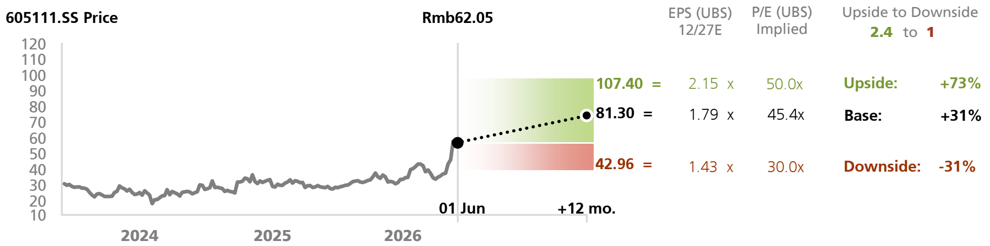
EVIDENCE

1) Power IDMs' capex slowed in 2023-25; 2) utilisation rates for power IDMs and specialty foundries have further improved; 3) TSMC announced plans to gradually convert part of its 8" and 12" foundry to advanced packaging, and Infineon announced the conversion of some idle IGBT to leading-edge MOSFET; 4) global and domestic power discrete companies have announced price hikes in early 2026; 5) global supply chain commentary is positive on increasing SiC adoption.

WHAT´S PRICED IN?

Trading at a discount to other power semi names, NCE Power has in our view room to further re-rate, given the positive pricing outlook for MOSFETs due to the improved cycle, as well as the increasing contribution from high-end applications, including data centres, humanoid robotics and low-altitude aircraft. The stock trades at 40x NTM PE, slightly above its historical average, but with the cycle trending upward.

UPSIDE/DOWNSIDE SPECTRUM




| **Value drivers (2027E)** | Auto revenue YoY | Data center revenue YoY | Robotics revenue YoY | Gross margin (2027E) | SG &A ratio (2027E) |
|---|---|---|---|---|---|
| Rmb107.40 upside | 40% | 150% | 20% | 40% | 8% |
| Rmb81.30 base | 30% | 100% | 5% | 36% | 10% |
| Rmb42.96 downside | 20% | 50% | -10% | 32% | 12% |

Source: UBS-S estimates

COMPANY DESCRIPTION

Wuxi NCE Power is a leading fabless supplier of power semiconductor devices in China, with product offerings including mainly the Si MOSFET and IGBT discrete/module, as well as SiC MOSFET, GaN HEMT and power ICs.

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

### PIVOTAL QUESTIONS

**Q: Can StarPower deliver more than 15% revenue CAGR over 2026-28E?**
Yes. Driven by the cycle recovery, as evidenced by price hikes and high utilisation rates at power semi IDMs and specialty foundries, we forecast StarPower's revenue CAGR to reach 17% over 2026-28E, owing to solid progress in the SiC line ramp-up, and robust demand from new energy and industrial applications.

**Q: Can StarPower expand its net margin during 2026-28E?**
Yes. We expect net margin to expand by 2ppt from 2025 to 2028E, due to the expected ASP recovery, improved product mix, economies of scale and the improved profitability for its SiC line.

### UBSVIEW

We cut our 2026-28E EPS forecasts for StarPower by 25-37% to reflect a more cautious outlook for auto IGBT and a higher depreciation burden from its fab-lite transition. However, we still expect a sequential EPS recovery, with EPS growing at a 44% CAGR over 2026-28E (vs our previous forecast of 34%), accelerating from -33% during 2023-25.

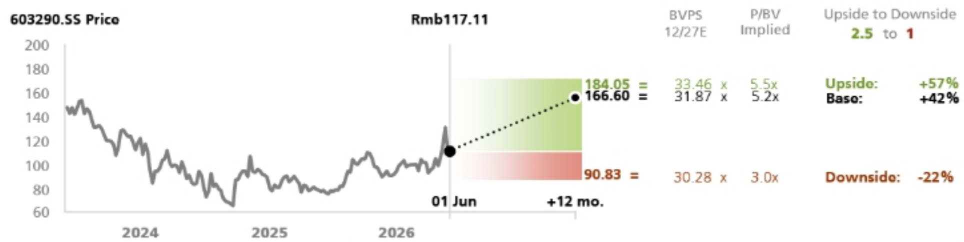
### EVIDENCE

1) Power IDMs' capex slowed in 2023-25; 2) utilisation rates for power IDMs and specialty foundries have further improved; 3) TSMC announced plans to gradually convert part of its 8" and 12" foundry to advanced packaging, and Infineon announced the conversion of some idle IGBT to leading-edge MOSFET; 4) global and domestic power discrete companies have announced price hikes in early 2026; 5) global supply chain commentary is positive on increasing SiC adoption.

### WHAT´S PRICED IN?

StarPower is trading at below the average 2027E PB for China power and analog semi companies, while the company has strong R&D capability and a solid track record of domestic substitution in the IGBT space. The company also delivered strong SiC revenue growth in 2025, and has a self-built SiC line ramping up.

### UPSIDE/DOWNSIDE SPECTRUM




| Value drivers (2027E) | New energy revenue YoY | Industrial control revenue YoY | Other revenue (Rmb mn) | Gross margin (2027E) | SG&A ratio (2027E) |
|---|---|---|---|---|---|
| Rmb184.05 upside | 30% | 23% | 500 | 30% | 12% |
| Rmb166.60 base | 17% | 15% | 100 | 26% | 15% |
| Rmb90.83 downside | 5% | 5% | 10 | 22% | -18% |

Source: UBS-S estimates

### COMPANY DESCRIPTION

StarPower Semiconductor is primarily engaged in the design, manufacturing and sales of insulated gate bipolar transistor (IGBT) modules that are extensively used in diverse industrial applications, electric vehicles, renewable energy, variable frequency home appliances and more.

## Valuation Method and Risk Statement

Investing in China's semiconductor sector involves a high degree of risk. Rapid technological changes, increasing competition, and exposure to macroeconomic cycles are among the many risks faced by investors in semis stocks. Moreover, it is very difficult to project the financial results of semis companies since their operating models are highly volatile and unpredictable. Finally, valuing semis stocks can prove challenging as neither traditional nor non-traditional valuation measures have provided much insight into how these stocks trade.

China's semis companies are also exposed to political risks including government policies and supply chain restrictions.

We value StarPower using a P/BV methodology. Downside risks include: 1) intensifying competition in China's IGBT industry due to excessive wafer capacity build-out, leading to potential share loss or bigger margin erosion; 2) slower-than-expected penetration of SiC MOSFET devices on EVs; and 3) escalation of geopolitical tensions, which could hinder StarPower's overseas business expansion. Upside risks include: 1) a meaningful recovery in power semis demand, especially from the consumer and industrial end-markets; 2) meaningful foundry pricing cuts, which could partially hedge the margin downside due to weakening product ASP; 3) smoother-than-expected production ramp-up at newly built in-house fabs; and 4) new product design wins with overseas auto OEMs or tier-1 suppliers.

We value NCE Power using PE methodology. Downside risks include: 1) slower-than-expected demand recovery in power semiconductors' consumer and industrial end-markets; 2) unexpected softness in power semiconductor demand for automotive and solar applications; 3) more intense competition in China's power semiconductor industry due to excessive wafer capacity build-out; 4) slower-than-expected progress with IGBT module development.

We value CR Micro based on P/BV methodology. Downside risks: 1) slower-than-expected transition to EV and green energy; 2) weaker-than-expected demand from downstream applications; 3) more intense domestic competition; and 4) its products being unable to meet market needs. Upside risks: 1) faster-than-expected transition to EV and green energy; 2) faster-than-expected recovery in downstream demand; 3) faster-than-expected progress in auto-grade IGBT design-in; and 4) major R&D breakthroughs for its products.

We value Silan Micro based on P/BV methodology. Downside risks include: 1) a slower-than-expected transition to EV and green energy; 2) weaker-than-expected demand from downstream applications; 3) intensifying domestic competition; 4) slower-than-expected capacity construction and ramp-up; and 5) Silan Micro's products being unable to meet market requirements. Upside risks include: 1) faster-than-expected transition to EV and green energy; 2) faster-than-expected recovery of downstream demand; 3) faster-than-expected capacity construction and ramp-up; and 4) major R&D breakthroughs in its products.

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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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**Company Disclosures**

| Company Name | Reuters | 12-month rating | Price | Price date |
|---|---|---|---|---|
| **China Resources Microelectronics** | 688396.SS | Buy | Rmb65.60 | 01 Jun 2026 |
| **Silan Microelectronics** | 600460.SS | Neutral | Rmb32.80 | 01 Jun 2026 |
| **StarPower Semiconductor** | 603290.SS | Buy | Rmb117.11 | 01 Jun 2026 |
| **Wuxi NCE Power** | 605111.SS | Buy | Rmb62.05 | 01 Jun 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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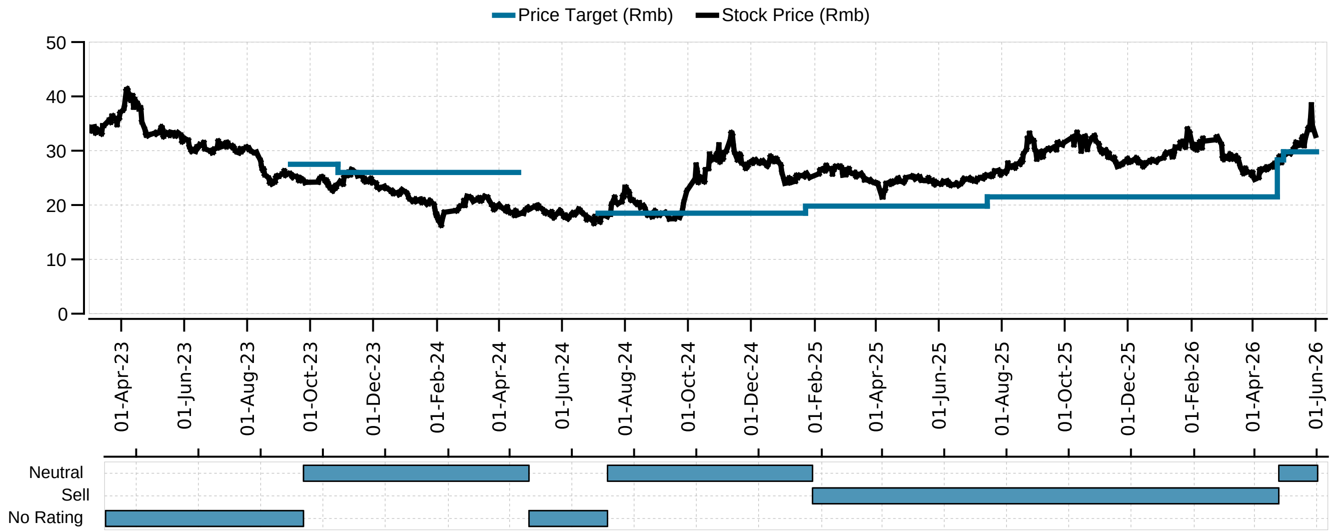
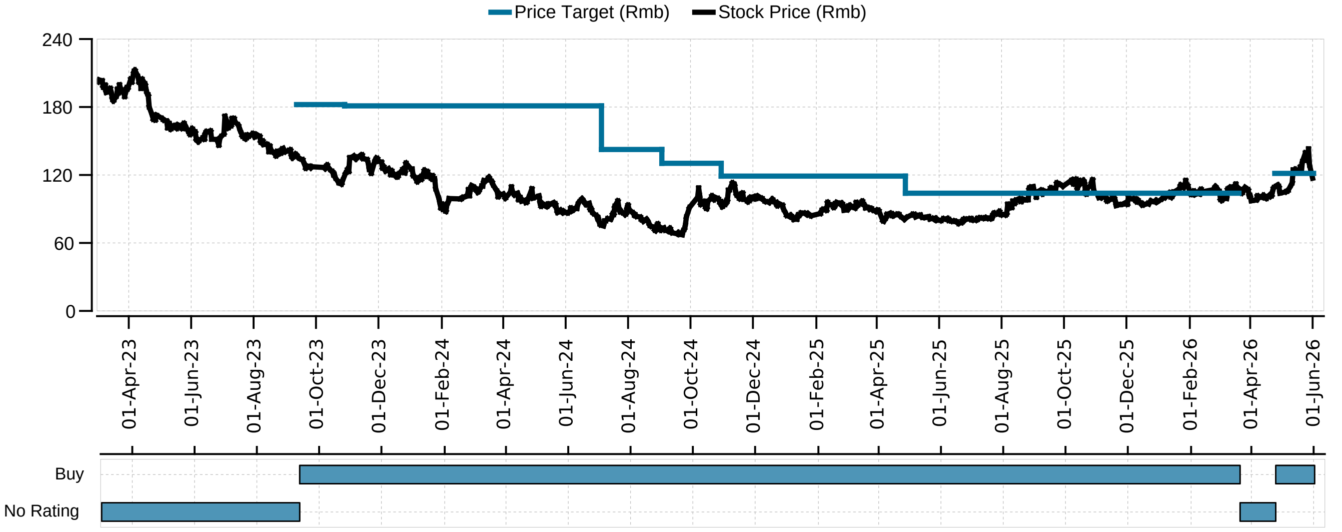
**Silan Microelectronics (Rmb)**




| Date | Stock Price (Rmb) | Price Target (Rmb) | Rating |
|---|---|---|---|
| 2023-03-01 | 34.09 | - | No Rating |
| 2023-09-11 | 25.81 | 27.50 | Neutral |
| 2023-10-27 | 23.62 | 26.00 | Neutral |
| 2024-04-19 | 18.22 | - | No Rating |
| 2024-07-05 | 17.35 | 18.50 | Neutral |
| 2025-01-22 | 25.26 | 19.80 | Sell |
| 2025-07-17 | 25.50 | 21.50 | Sell |
| 2026-04-24 | 27.82 | 28.30 | Neutral |
| 2026-04-30 | 28.90 | 29.80 | Neutral |

Source: UBS Global Research; LSEG Eikon as of 01-Jun-2026. All prices as of local market close. Ratings as of date shown.

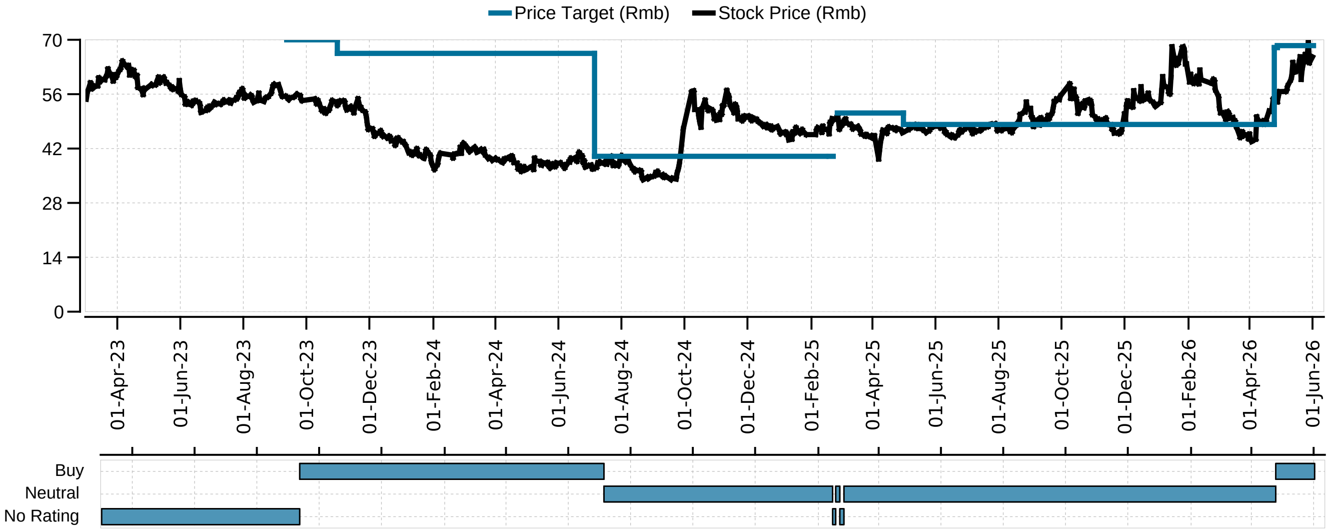
### StarPower Semiconductor (Rmb)




| Date | Stock Price (Rmb) | Price Target (Rmb) | Rating |
|---|---|---|---|
| 2023-03-01 | 207.27 | - | No Rating |
| 2023-09-11 | 138.51 | 182.143 | Buy |
| 2023-10-28 | 115.09 | 181.00 | Buy |
| 2024-07-05 | 76.07 | 142.50 | Buy |
| 2024-09-02 | 71.40 | 130.30 | Buy |
| 2024-10-30 | 95.09 | 119.00 | Buy |
| 2025-04-28 | 80.83 | 103.90 | Buy |
| 2026-03-20 | 108.77 | - | No Rating |
| 2026-04-24 | 108.70 | 121.40 | Buy |

Source: UBS Global Research; LSEG Eikon as of 01-Jun-2026. All prices as of local market close. Ratings as of date shown.

### China Resources Microelectronics (Rmb)

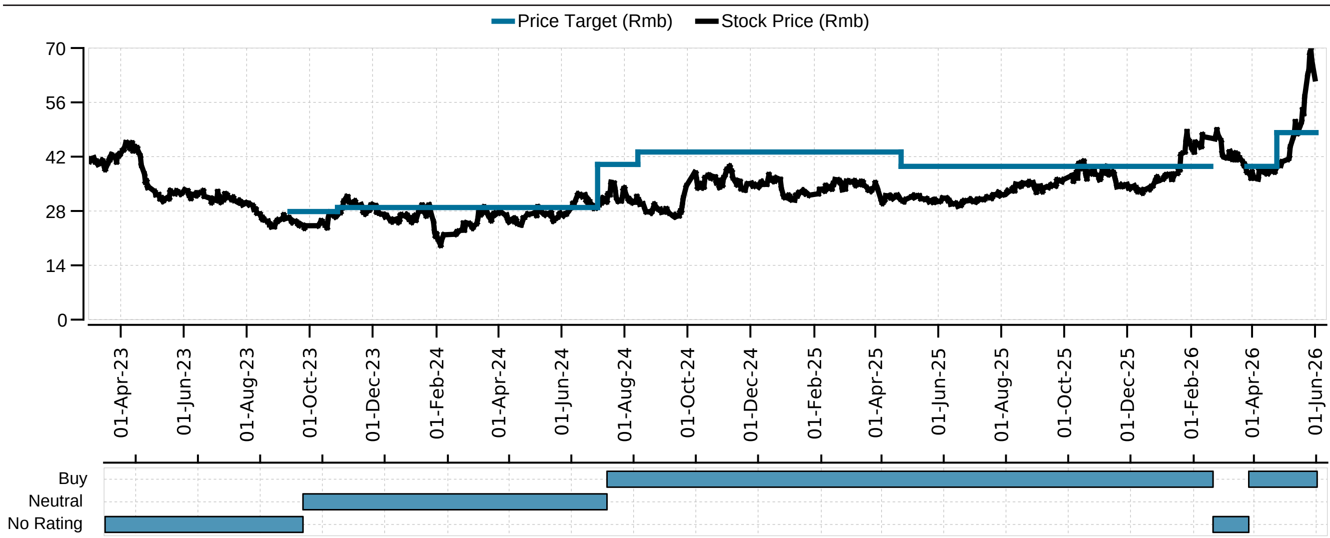



| Date | Stock Price (Rmb) | Price Target (Rmb) | Rating |
|---|---|---|---|
| 2023-03-01 | 54.59 | - | No Rating |
| 2023-09-11 | 55.47 | 70.00 | Buy |
| 2023-10-30 | 54.02 | 66.50 | Buy |
| 2024-07-05 | 36.78 | 40.00 | Neutral |
| 2025-02-14 | 46.92 | - | No Rating |
| 2025-02-17 | 46.83 | 40.00 | Neutral |
| 2025-02-21 | 49.70 | - | No Rating |

| Date | Stock Price (Rmb) | Price Target (Rmb) | Rating |
|---|---|---|---|
| 2025-02-25 | 49.77 | 51.15 | Neutral |
| 2025-04-30 | 46.07 | 48.20 | Neutral |
| 2026-04-24 | 54.73 | 68.00 | Buy |
| 2026-04-27 | 55.16 | 68.50 | Buy |

Source: UBS Global Research; LSEG Eikon as of 01-Jun-2026. All prices as of local market close. Ratings as of date shown.

**Wuxi NCE Power (Rmb)**




| Date | Stock Price (Rmb) | Price Target (Rmb) | Rating |
|---|---|---|---|
| 2023-03-01 | 41.13 | - | No Rating |
| 2023-09-11 | 26.27 | 27.857 | Neutral |
| 2023-10-27 | 26.71 | 28.90 | Neutral |
| 2024-07-05 | 28.88 | 40.00 | Buy |
| 2024-08-13 | 31.72 | 43.20 | Buy |
| 2025-04-25 | 31.12 | 39.50 | Buy |
| 2026-02-19 | 47.15 | - | No Rating |
| 2026-03-26 | 39.05 | 39.50 | Buy |
| 2026-04-24 | 38.79 | 48.20 | Buy |

Source: UBS Global Research; LSEG Eikon as of 01-Jun-2026. All prices as of local market close. Ratings as of date shown.

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