China Semiconductor

How to position China tech stock in 2026?

Equities

China

Semiconductors

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Our preference in China Tech stocks

	Localization theme	Other theme/sub-sectors
Most preferred	Wafer fab equipment Back-end testing equipment Interconnect chips	Laser/PCB equipment Edge AI supply chain
Selective	Chinese OSAT Power semi Smartphone related IC	Panel China Smartphone and components

UBS 瑞银 Source: UBS-S

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Most preferred stocks in China Tech Semis

Stock preference order

China localization:

- **Wafer fab equipment: NAURA/AMEC** *–High visibility of China's multiple year expansion cycle for advanced logic and memory, coupled with accelerating localization*

Global AI and semi cycle beneficiaries:

- **Interconnect solutions:**
  - **Montage** *– Innovator pioneer of CPU memory interconnect solutions, exposed to global AI Capex demand and emerging technology*
  - **USI** *– AIDC related business (incl. NIC PCBA, optical transceiver, etc.) becoming new revenue driver, Apple business content and AI glass major beneficiary*
- **OSAT: JCET** *– a proxy to global semi upcycle with global footprint, advanced packaging and China's semi localization with good earnings growth prospects*
- **Power semi: CR Micro** *– best positioned to expand net profit margin on the back of power discrete ASP recovery, better product mix, and improving profitability.*

Edge AI beneficiary:

- **AD/ADAS SoC: Horizon Robotics** *– secular trend of rapidly rising L2+ autonomous driving and China auto semi localization*

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UBS China Tech Stock coverage –Semiconductor

Company	Ticker	Rating	Mkt cap (US$ bn)	Current price (Rmb)	Price target (Rmb)	PE			P/BV			ROE			EPS growth			
						2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	2026-28E
China Semis Equipment																		
NAURA	002371.SZ	Buy	62.6	585.74	800.00	62.6	36.6	25.4	9.7	7.7	6.0	16.6	23.5	26.7	23%	71%	44%	57%
AMEC	688012.SS	Buy	36.5	265.47	403.00	67.3	39.6	27.2	9.4	7.7	6.2	15.0	21.3	25.1	73%	70%	46%	57%
Huafeng	688200.SS	Neutral	8.7	437.10	306.00	90.4	71.0	50.9	13.1	11.6	10.0	15.2	17.3	21.0	33%	27%	39%	33%
Chuangchuan	300604.SZ	Buy	18.7	200.40	280.00	63.6	41.7	30.0	19.6	13.8	9.7	35.6	38.8	38.0	59%	53%	39%	46%
Fabless																		
Omnivision	603501.SS	Buy	17.1	92.02	116.70	34.2	23.7	18.3	3.2	2.9	2.5	10.6	12.9	14.8	-20%	45%	30%	37%
Omnivision-H	0501.HK	Buy	12.7	78.70	114.70	29.3	20.2	15.6	2.8	2.5	2.2	10.6	12.9	14.8	-20%	45%	30%	37%
Montage-H	6809.HK	Buy	54.2	347.40	380.00	121.7	71.3	45.8	19.8	16.9	13.5	20.2	25.6	32.9	31%	71%	56%	63%
Maxscend	300782.SZ	Neutral	7.4	93.87	86.50	312.2	107.2	69.7	5.0	4.8	4.5	1.6	4.6	6.6	n.a.	191%	54%	n.a.
Horizon Robotics	9660.HK	Buy	9.4	5.05	10.00	n.a.	n.a.	118.7	8.5	10.0	8.7	-35.4	-21.7	7.8	n.a.	n.a.	n.a.	n.a.
China Power Semi																		
StarPower	603290.SS	Buy	3.8	106.40	166.60	68.4	41.1	33.2	3.5	3.3	3.1	5.3	8.4	9.7	-1%	66%	24%	44%
NCE Power	605111.SS	Buy	3.4	56.35	81.30	46.7	31.5	24.8	5.0	4.4	3.9	11.1	14.8	16.6	44%	48%	27%	37%
CR Micro	688396.SS	Buy	12.3	62.58	83.40	65.5	42.6	31.8	3.4	3.2	2.9	5.4	7.8	9.6	92%	54%	34%	43%
Silan Micro	600460.SS	Buy	7.9	32.13	46.20	58.7	39.3	30.4	4.2	3.8	3.5	7.4	10.2	12.0	129%	49%	29%	39%
Foundry																		
SMIC	0981.HK	Neutral (CBE)	77.9	76.75	76.00	39.7	29.9	0.1	3.6	3.2	6.5	9.0	10.7	48.2	52%	33%	42%	42%
Hua Hong	1347.HK	Neutral	31.0	141.40	104.00	128.2	91.8	0.1	5.1	4.8	3.4	4.0	5.2	70.6	22%	40%	30%	30%
OSAT																		
USI	601231.SS	Buy	13.7	38.78	51.50	38.3	27.1	18.8	4.2	3.7	3.2	11.2	14.5	18.3	19%	41%	44%	43%
JCET	600584.SS	Buy	18.5	70.30	79.50	55.1	35.5	26.2	4.1	3.7	3.3	7.7	11.0	13.4	46%	55%	36%	45%
Huatian	002185.SZ	Neutral	8.0	16.80	12.70	50.7	39.5	32.1	2.5	2.4	2.2	5.2	6.2	7.2	39%	28%	23%	26%
Panel/Laser/LED																		
TCL Tech	000100.SZ	Buy	14.3	4.65	5.60	10.2	7.7	7.3	1.2	1.1	1.0	12.8	15.3	14.6	82%	33%	6%	18%

UBS 瑞银 *Note: Price data as of closing of June 8, 2026; Source: Wind, UBS-S estimates*

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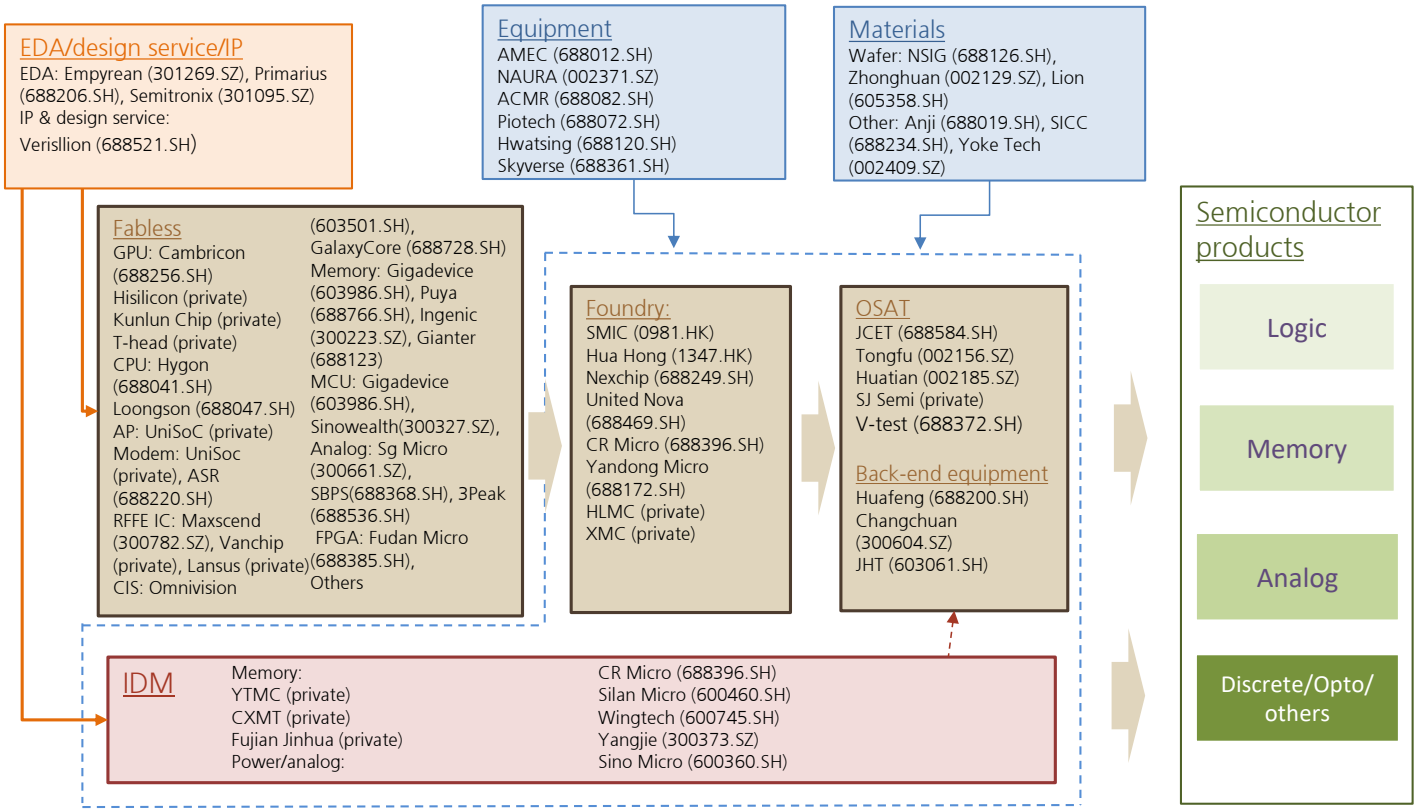
Section 1

Overview of China semiconductor industry

China Semiconductor supply chain



Source: UBS-S

China AI Semis Supply Chain

Chinese AI related firms vs oversea firms

	Global leaders		Chinese AI supply chain companies	
Sub-sector	**Company**	**Ticker/status**	**Company**	**Ticker/status**
Infrastructure				
GPU/AI accelerator	NVDA	NVDA.O	Cambricon	688256.SS
	AMD	AMD.O	Hygon Information	688041.SS
	Broadcom	AVGO.O	Hisilicon	Private
	Marvell	MRVL.O	Moore Threads	688795.SS
	Google	GOOGL.O	Biren Tech	6082.HK
	Amazon	AMZN.O	Enflame	Private
			MetaX	688802.SS
			Iluvatar	9903.HK
Networking	Broadcom	AVGO.O	Hisilicon	Private
	Marvell	MRVL.O	SaneChips	ZTE's subsidiary
			Centec Communications	688702.SS
CPU	Intel	INTC.O	Hygon Information	688041.SS
	AMD	AMD.O	Loongson	688047.SS
			Hisilicon	Private
Memory/HBM	Samsung	005930.KS	CXMT	Private
	Sk Hynix	000660.KS	YMTC	Private
	Micron	MU.O	SwaySure	Private
High speed IO	Rambus	RMBS.O	Montage	688008.SS
	Renesas	6723.T		
PMIC/other power semi	MPS	MPWR.O	Joulwatt	688141.SS
	TI	TXN.O	NCE Power	605111.SS
	Renesas	6723.T	CR Micro	688396.SS

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Source: Company data, UBS-S

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China AI Semis Supply Chain

Chinese AI related firms vs oversea firms

Manufacturing/EDA tool/Semicap				
Foundry	TSMC	2330.TW	SMIC-A	688981.SS
	UMC	2303.TW	HuaHong	1347.HK
	Global Foundries	GFS.O	Nexchip	688249.SS
			Huali	Private
OSAT/advanced packaging/Testing	ASE	3711.TW	JCET	600584.SS
	Amkor	AMKR.O	Tongfu	002156.SZ
	TSMC	2330.TW	Huatian	002185.SZ
	King Yuan	2449.TW	SJ Semi	Private
			V-test	688372.SS
WFE	ASML	ASML.AS	NAURA	002371.SZ
	LAM Research	LRCX.O	AMEC	688012.SS
	AMAT	AMAT.O	ACMR	688082.SS
	TEL	TEL.O	PioTech	688072.SS
	KLA	KLAC.O	Skyverse	688361.SS
	SCREEN	7735.T	Jingce	300567.SZ
	DISCO	6146.T	Kingsemi	688037.SS
			Lead Micro	688147.SS
			E-town	688729.SS
			Hwatsing	688120.SS
			SMEE	Private
Back-end equipment	Advantest	6857.T	Accotest	688200.SS
	Teradyne	TER.O	Changchuan	300604.SZ
			JHT	603061.SS
			CFMEE	688630.SS
IP Provider/EDA	ARM	ARM.O	VeriSilicon	688521.SS
	Synopsys	SNPS.O	Cambricon	688256.SS
	Cadence	CDNS.O	Empyrean	301269.SZ

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Source: Company data, UBS-S

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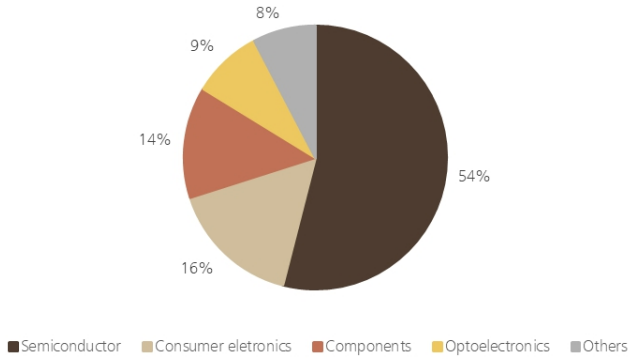
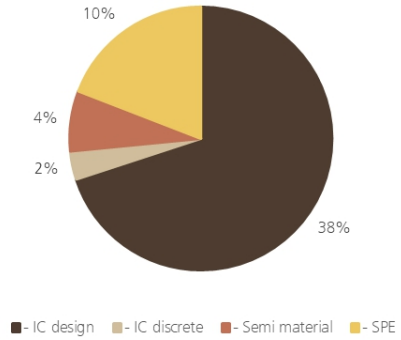
A-share semiconductor industry market value

	Market value (Rmb bn)	Market value (USD bn)	as % of total
Electoronics	**18,873**	**2,696**	***100%***
Semiconductor	10,191	1,456	*54%*
- IC design	7,132	1,019	*38%*
- IC discrete	355	51	*2%*
- Semi material	754	108	*4%*
- SPE	1,950	279	*10%*
Consumer eletronics	3,038	434	*16%*
Components	2,576	368	*14%*
Optoelectronics	1,620	231	*9%*
Others	1,448	207	*8%*

Market value breakdown of A-share electronics industry



Market value breakdown of A-share semiconductor industry



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Source: Wind, UBS-S, price data as of June 8, 2026

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Performance of major indexes

Subsector wind ticker	Sub sector	Past week	Past 1 month	Past 3 month	YTD
China A-share Indices					
000300.SH	CSI 300 INDEX	-2.7%	-4.8%	1.0%	1.8%
CI005025.WI	A-share Electronics Index	-0.7%	1.0%	30.0%	38.0%
A-share Electronics Sector					
CI005835.WI	Electronic components	1.3%	19.7%	59.9%	72.6%
CI005838.WI	Others	-1.0%	-4.0%	22.8%	31.7%
CI005834.WI	**Semiconductor**	**-1.6%**	**-1.2%**	**30.2%**	**39.7%**
CI005837.WI	Consumer electronics	-2.9%	-6.1%	24.6%	24.9%
CI005836.WI	Optical	5.4%	7.5%	11.6%	21.6%
A-share Semiconductor sector					
CI005538.WI	IC	-2.4%	-3.9%	28.9%	36.9%
CI005541.WI	Semis equipment	-0.4%	4.3%	36.4%	49.1%
CI005540.WI	Semis materials	5.5%	9.1%	39.1%	58.0%
CI005539.WI	Discrete	-3.9%	5.5%	14.0%	22.9%

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Source: Wind, price data as of June 8, 2026

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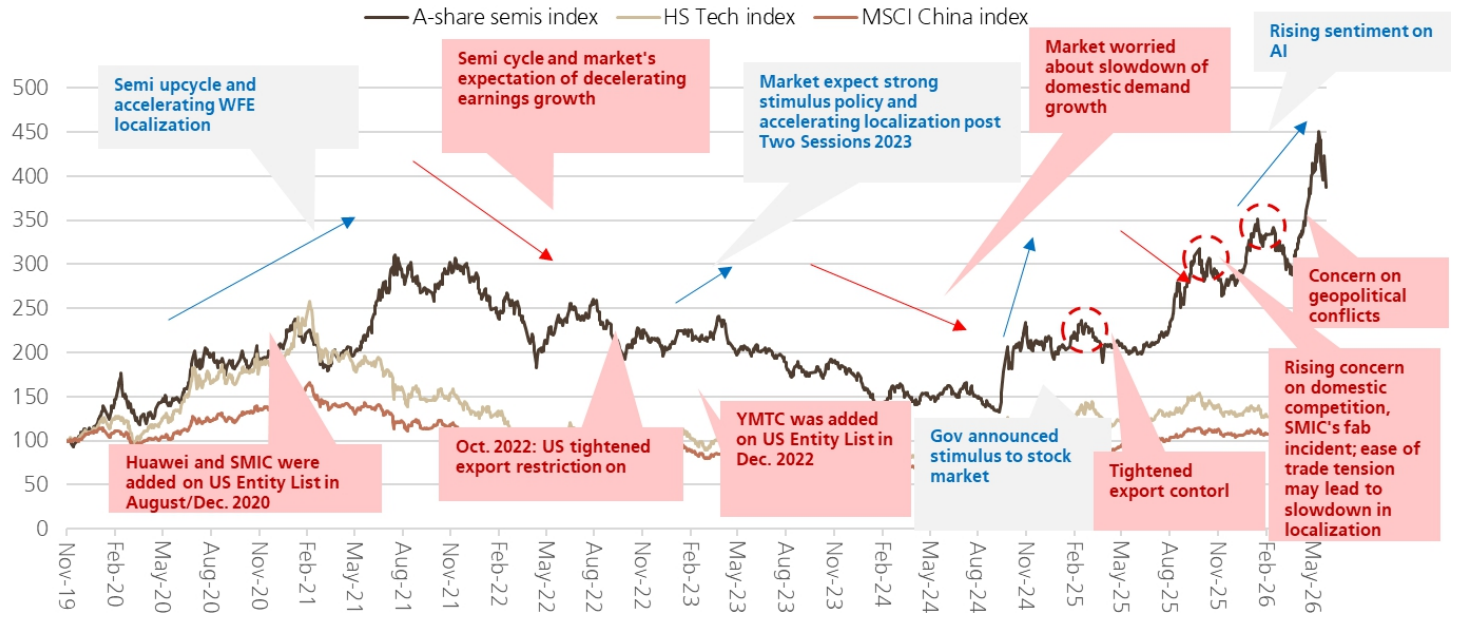
China Semis Index: share price performance



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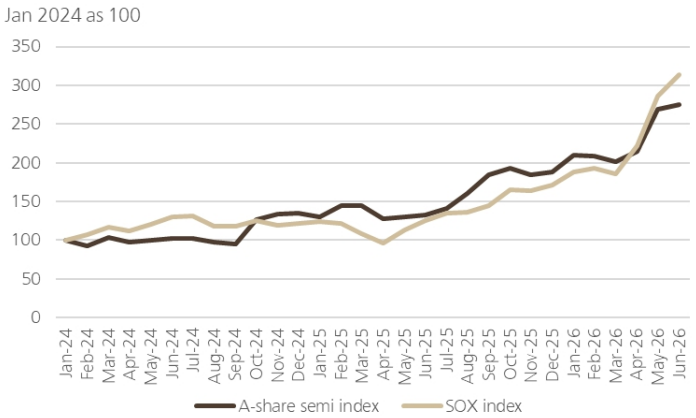
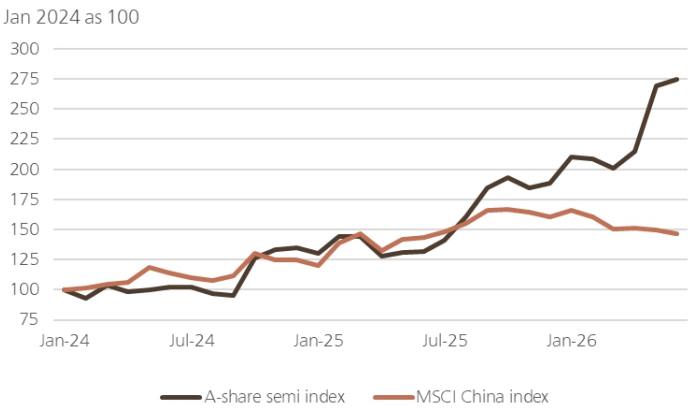
Source: Wind, UBS, price data as of June 8, 2026

China Semi Index vs SOX/Taiwan Semi Index

China Semiconductor index vs SOX index

Year	Index performance: A-share semi index	SOX index	Taiwan Semi index
Y2020	82.1%	50.8%	55.3%
Y2021	37.8%	41.2%	24.2%
Y2022	-30.1%	-35.8%	-31.8%
Y2023	-12.8%	64.9%	38.4%
Y2024	16.9%	19.3%	57.8%
Y2025	40.3%	42.2%	39.9%
Y2026 YTD	33.3%	72.5%	65.9%
Y2026 in the past week	-7.0%	-4.7%	-0.6%





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Source: Wind, price date as of June 8, 2026

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Section 2

End Demand and Cycle Update

UBS smartphones shipment forecast

Smartphone volume (m)	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26E	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Samsung	**224**	**61**	**58**	**61**	**60**	**240**	**60**	**60**	**63**	**56**	**238**	**63**	**59**	**64**	**58**	**243**
% YoY	*-0.4%*	*0.8%*	*7.4%*	*5.2%*	*15.4%*	*6.9%*	*-1.7%*	*3.4%*	*2.5%*	*-6.2%*	*-0.5%*	*5.9%*	*-1.7%*	*1.6%*	*2.1%*	*2.0%*
% of total	*18.3%*	*19.8%*	*19.5%*	*18.9%*	*17.6%*	*18.9%*	*21.8%*	*22.5%*	*21.5%*	*18.2%*	*20.9%*	*22.6%*	*21.6%*	*21.6%*	*18.2%*	*20.9%*
Apple	**222**	**52**	**48**	**54**	**90**	**243**	**60**	**57**	**55**	**93**	**264**	**62**	**58**	**57**	**95**	**271**
% YoY	*-2.9%*	*1.0%*	*10.3%*	*3.9%*	*19.2%*	*9.7%*	*16.5%*	*17.7%*	*3.0%*	*3.0%*	*8.8%*	*3.0%*	*3.0%*	*3.0%*	*2.0%*	*2.6%*
% of total	*18.1%*	*16.9%*	*16.2%*	*16.6%*	*26.4%*	*19.2%*	*21.9%*	*21.2%*	*19.0%*	*30.0%*	*23.2%*	*22.1%*	*21.3%*	*19.3%*	*30.0%*	*23.3%*
Huawei	**48**	**13**	**13**	**11**	**12**	**48**	**12**	**12**	**10**	**11**	**45**	**13**	**12**	**10**	**12**	**47**
% YoY	*32.8%*	*0.0%*	*7.7%*	*4.8%*	*-10.1%*	*0.2%*	*-8.4%*	*-4.8%*	*-9.1%*	*-5.2%*	*-6.8%*	*8.3%*	*0.0%*	*0.0%*	*9.1%*	*4.4%*
% of total	*3.9%*	*4.3%*	*4.2%*	*3.4%*	*3.4%*	*3.8%*	*4.4%*	*4.5%*	*3.4%*	*3.6%*	*4.0%*	*4.7%*	*4.4%*	*3.4%*	*3.8%*	*4.0%*
OPPO*	**105**	**24**	**24**	**28**	**27**	**102**	**21**	**22**	**25**	**24**	**92**	**21**	**21**	**26**	**25**	**93**
% YoY	*1.6%*	*-6.7%*	*-7.0%*	*-4.2%*	*7.6%*	*-2.7%*	*-10.6%*	*-8.3%*	*-9.4%*	*-10.8%*	*-9.8%*	*0.0%*	*-4.5%*	*4.0%*	*4.2%*	*1.1%*
% of total	*8.6%*	*7.7%*	*8.1%*	*8.6%*	*7.9%*	*8.1%*	*7.7%*	*8.3%*	*8.6%*	*7.8%*	*8.1%*	*7.5%*	*7.7%*	*8.8%*	*7.9%*	*8.0%*
Vivo	**100**	**23**	**27**	**29**	**27**	**106**	**21**	**20**	**26**	**24**	**91**	**22**	**20**	**27**	**25**	**94**
% YoY	*8.6%*	*0.9%*	*18.3%*	*6.7%*	*-0.4%*	*6.1%*	*-7.5%*	*-26.2%*	*-9.7%*	*-11.1%*	*-13.8%*	*4.8%*	*0.0%*	*3.8%*	*4.2%*	*3.3%*
% of total	*8.1%*	*7.4%*	*9.1%*	*8.9%*	*7.9%*	*8.3%*	*7.7%*	*7.5%*	*8.9%*	*7.8%*	*8.0%*	*7.9%*	*7.3%*	*9.2%*	*7.9%*	*8.1%*
Xiaomi	**169**	**42**	**42**	**43**	**38**	**165**	**35**	**37**	**39**	**35**	**145**	**37**	**39**	**41**	**38**	**153**
% YoY	*15.8%*	*3.0%*	*0.5%*	*0.5%*	*-11.8%*	*-2.0%*	*-16.5%*	*-13.7%*	*-11.1%*	*-7.4%*	*-12.3%*	*4.5%*	*5.2%*	*5.2%*	*7.5%*	*5.6%*
% of total	*13.8%*	*13.7%*	*14.3%*	*13.4%*	*11.1%*	*13.1%*	*12.8%*	*13.7%*	*13.2%*	*11.3%*	*12.7%*	*13.1%*	*14.1%*	*13.7%*	*11.9%*	*13.2%*
Transsion	**106**	**21**	**24**	**29**	**22**	**96**	**19**	**21**	**24**	**20**	**84**	**22**	**24**	**26**	**23**	**95**
% YoY	*10.4%*	*-24.5%*	*-5.9%*	*16.0%*	*-22.4%*	*-9.9%*	*-8.1%*	*-10.8%*	*-17.2%*	*-9.3%*	*-11.8%*	*14.0%*	*12.0%*	*8.3%*	*19.5%*	*13.2%*
% of total	*8.1%*	*6.5%*	*7.7%*	*8.9%*	*6.1%*	*7.3%*	*6.6%*	*7.5%*	*7.7%*	*6.0%*	*6.9%*	*7.4%*	*8.2%*	*8.3%*	*7.0%*	*7.7%*
Lenovo	**53**	**12**	**13**	**15**	**14**	**54**	**12**	**13**	**15**	**15**	**55**	**13**	**16**	**14**	**13**	**55**
% YoY	*16.8%*	*-4.7%*	*1.1%*	*2.0%*	*2.2%*	*0.2%*	*0.0%*	*0.0%*	*4.1%*	*5.7%*	*2.6%*	*6.6%*	*21.8%*	*-6.6%*	*-14.2%*	*0.9%*
% of total	*4.4%*	*4.0%*	*4.3%*	*4.5%*	*4.1%*	*4.2%*	*4.4%*	*4.8%*	*5.2%*	*4.8%*	*4.8%*	*4.6%*	*5.8%*	*4.8%*	*4.0%*	*4.8%*
Honor	**64**	**17**	**16**	**18**	**19**	**69**	**15**	**14**	**15**	**17**	**61**	**16**	**12**	**16**	**17**	**61**
% YoY	*15.7%*	*3.0%*	*3.2%*	*9.4%*	*15.6%*	*7.8%*	*-11.8%*	*-12.5%*	*-14.3%*	*-8.1%*	*-11.6%*	*6.7%*	*-14.3%*	*6.7%*	*0.0%*	*0.0%*
% of total	*5.2%*	*5.6%*	*5.4%*	*5.4%*	*5.4%*	*5.5%*	*5.5%*	*5.3%*	*5.2%*	*5.5%*	*5.4%*	*5.7%*	*4.4%*	*5.4%*	*5.4%*	*5.2%*
Other	**133**	**42**	**32**	**37**	**34**	**144**	**19**	**11**	**19**	**15**	**64**	**11**	**13**	**15**	**11**	**49**
% YoY	*-3.6%*	*107.5%*	*1.6%*	*-13.1%*	*-14.3%*	*8.3%*	*-55.0%*	*-65.6%*	*-46.8%*	*-56.7%*	*-55.7%*	*-41.2%*	*15.5%*	*-23.7%*	*-26.9%*	*-22.8%*
% of total	*10.8%*	*13.6%*	*10.8%*	*11.3%*	*9.8%*	*11.4%*	*6.8%*	*4.1%*	*6.7%*	*4.7%*	*5.6%*	*3.9%*	*4.7%*	*5.0%*	*3.4%*	*4.2%*
Total	**1,223**	**305**	**297**	**323**	**341**	**1,265**	**274**	**266**	**291**	**309**	**1,139**	**279**	**273**	**295**	**315**	**1,162**
% YoY	*5.0%*	*5.3%*	*4.1%*	*2.1%*	*2.7%*	*3.5%*	*-10.3%*	*-10.3%*	*-9.9%*	*-9.4%*	*-10.0%*	*2.1%*	*2.5%*	*1.4%*	*2.1%*	*2.0%*

UBS 瑞银

*Source: UBS estimates, Company data, Gartner; *Note: Oppo numbers include OnePlus but exclude Realme*

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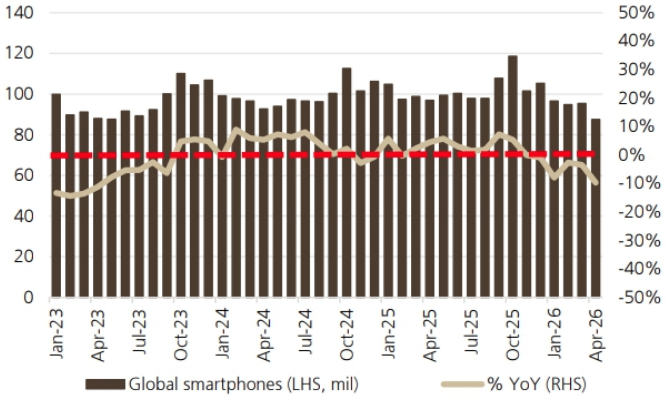
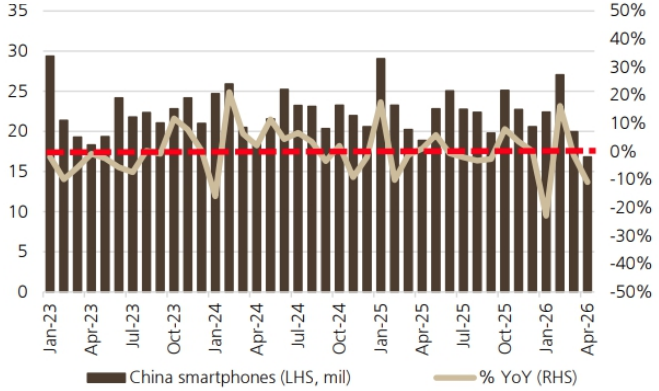
Smartphone sell-through data

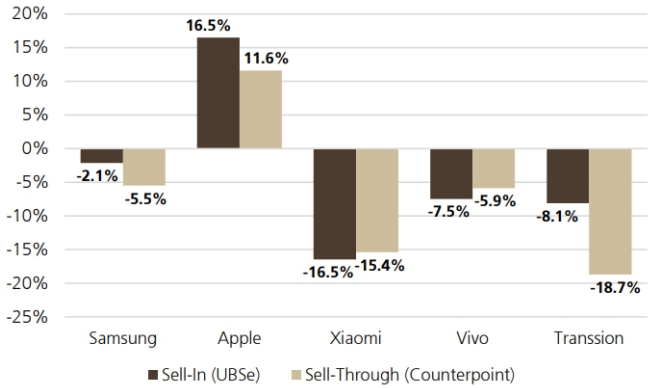
Global smartphone monthly units sell-through



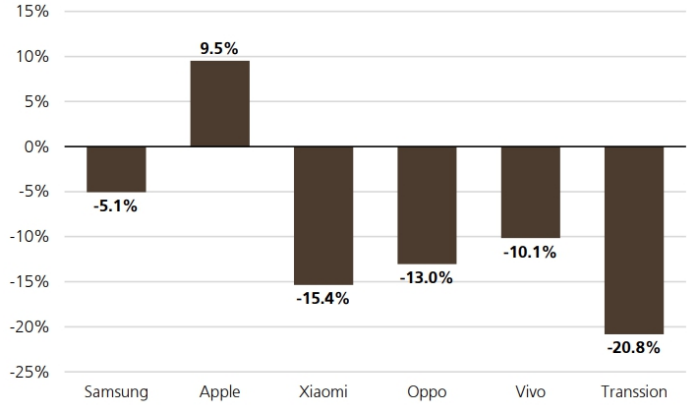
China smartphone monthly units sell-through



YoY smartphone units sell-in vs sell-through growth by OEM (1Q26)



YoY smartphone units sell-through growth by region (April '26 YTD)



UBS 瑞银 *Source: Counterpoint, UBS*

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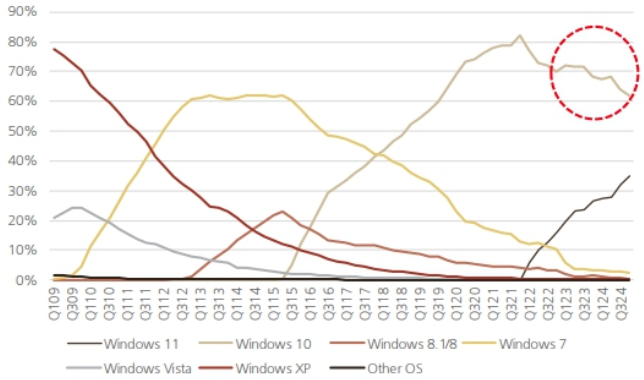
UBS global PC shipment forecast

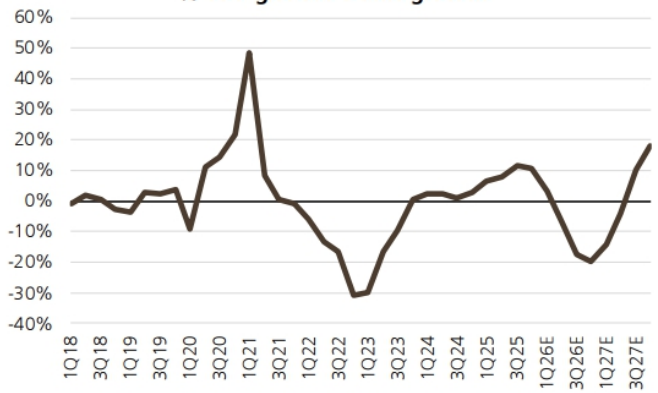
UBS global PC model

(mil units)		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Desktop units		**118.2**	**108.0**	**102.3**	**99.8**	**100.3**	**79.8**	**85.3**	**76.1**	**62.4**	**61.1**	**68.3**	**59.6**	**60.4**
	% YoY	*-11.5%*	*-8.7%*	*-5.3%*	*-2.4%*	*0.5%*	*-20.4%*	*6.9%*	*-10.9%*	*-17.9%*	*-2.1%*	*11.8%*	*-12.7%*	*1.3%*
Notebook units		**176.3**	**171.6**	**173.2**	**174.9**	**178.6**	**228.3**	**256.4**	**208.0**	**179.9**	**186.3**	**202.5**	**182.0**	**186.2**
	% YoY	*-5.2%*	*-2.7%*	*0.9%*	*1.0%*	*2.1%*	*27.8%*	*12.3%*	*-18.9%*	*-13.5%*	*3.6%*	*8.7%*	*-10.1%*	*2.3%*
Chromebook		6.8	9.4	12.8	14.9	16.3	32.6	35.3	19.4	16.6	18.3	19.9	16.7	18.1
	% YoY	*18.8%*	*38.2%*	*35.7%*	*16.8%*	*9.4%*	*100.0%*	*8.2%*	*-45.2%*	*-14.2%*	*10.2%*	*8.8%*	*-16.2%*	*8.3%*
Consumer PC units		**138.4**	**123.3**	**111.1**	**105.9**	**98.4**	**117.5**	**130.2**	**105.3**	**88.4**	**86.9**	**93.8**	**81.9**	**84.4**
	% YoY	*-10.2%*	*-10.9%*	*-9.9%*	*-4.7%*	*-7.0%*	*19.4%*	*10.7%*	*-19.1%*	*-16.1%*	*-1.7%*	*7.9%*	*-12.7%*	*3.1%*
Commercial PC units		**156.1**	**156.2**	**164.3**	**168.8**	**180.5**	**190.6**	**211.6**	**178.8**	**153.9**	**160.5**	**177.0**	**159.8**	**162.2**
	% YoY	*-5.6%*	*0.1%*	*5.2%*	*2.8%*	*6.9%*	*5.6%*	*11.0%*	*-15.5%*	*-13.9%*	*4.3%*	*10.3%*	*-9.8%*	*1.6%*
Total units		**294.5**	**279.5**	**275.4**	**274.7**	**278.9**	**308.2**	**341.7**	**284.1**	**242.3**	**247.5**	**270.8**	**241.6**	**246.6**
	% YoY	***-7.8%***	***-5.1%***	***-1.5%***	***-0.3%***	***1.5%***	***10.5%***	***10.9%***	***-16.9%***	***-14.7%***	***2.1%***	***9.4%***	***-10.8%***	***2.1%***

Desktop Windows version market share worldwide



% YoY global PC unit growth



UBS 瑞银 *Source: Company data, Gartner, UBS estimates*

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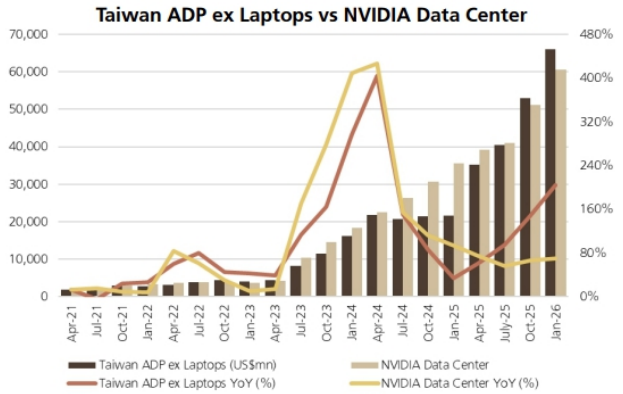
UBS Global server shipment forecast

UBS global server model forecasts

	2023	2024	2025	2026E	2027E
Total Server shipments (K unit)	**14,087**	**16,025**	**20,078**	**23,874**	**27,844**
Yoy growth (%)	***-5.7%***	***13.8%***	***25.3%***	***18.9%***	***16.6%***
Out of which conventional servers	**13,304**	**14,435**	**18,835**	**22,739**	**26,441**
Yoy growth (%)	*-6.4%*	*8.5%*	*30.5%*	*20.7%*	*16.3%*
% of total	*94%*	*90%*	*94%*	*95%*	*95%*
Traditional Enterprise	**4,217**	**4,283**	**4,214**	**4,298**	**4,384**
Yoy growth (%)	*-16.1%*	*1.6%*	*-4.0%*	*-6.0%*	*-6.0%*
% of total	*30%*	*27%*	*21%*	*18%*	*16%*
Hyperscalers	**9,915**	**9,883**	**11,102**	**15,864**	**19,576**
Yoy growth (%)	*12.4%*	*-0.3%*	*12.3%*	*42.9%*	*23.4%*
% of total	*70%*	*62%*	*55%*	*66%*	*70%*
Standard servers	**8,873**	**8,047**	**9,600**	**14,463**	**17,899**
Yoy growth (%)	*13.4%*	*-9.3%*	*19.3%*	*50.6%*	*23.8%*
% of total hyperscalers	*89%*	*81%*	*86%*	*91%*	*91%*
% of total servers	*63%*	*50%*	*48%*	*61%*	*64%*
AI Servers	**783**	**1,591**	**1,243**	**1,136**	**1,404**
Yoy growth (%)	*7.3%*	*103.1%*	*-21.8%*	*-8.7%*	*23.6%*
% of total hyperscalers	*8%*	*16%*	*11%*	*7%*	*7%*
% of total servers	*6%*	*10%*	*6%*	*5%*	*5%*
Database Servers	**259**	**246**	**258**	**266**	**274**
Yoy growth (%)	*2.0%*	*4.0%*	*4.0%*	*5.0%*	*5.0%*
% of total hyperscalers	*3%*	*2%*	*2%*	*2%*	*1%*
% of total servers	*2%*	*2%*	*1%*	*1%*	*1%*



Source: Dell'Oro Group, Company data, Gartner, UBS estimates.

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UBS Global server shipment forecast

(K Units)	2022	2023	2024	2025	1Q26	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Quarterly														
Alphabet	1,039	1,085	1,247	1,845	530	600	580	640	2,350	720	720	760	750	2,950
AWS	2,237	2,131	2,276	3,087	940	960	1,020	1,000	3,920	1,150	1,180	1,250	1,240	4,820
Microsoft	1,056	1,274	1,468	2,457	680	760	830	820	3,090	850	920	1,000	970	3,740
Meta	2,192	2,027	2,188	3,409	950	1,080	1,100	1,050	4,180	1,200	1,280	1,250	1,260	4,990
Baidu	71	70	37	30	10	10	11	10	41	13	14	13	12	52
Alibaba	376	188	305	456	135	145	155	160	595	158	167	175	180	680
Tencent	118	149	303	268	75	82	88	82	327	82	92	100	95	369
ByteDance	358	550	770	1,306	360	420	430	440	1,650	450	480	520	490	1,940
Total Top 8	**7,448**	**7,473**	**8,594**	**12,858**	**3,680**	**4,057**	**4,214**	**4,202**	**16,153**	**4,623**	**4,853**	**5,068**	**4,997**	**19,541**
% YoY	*13.5%*	*0.3%*	*15.0%*	*49.6%*	*28.2%*	*31.7%*	*25.0%*	*18.8%*	*25.6%*	*25.6%*	*19.6%*	*20.3%*	*18.9%*	*21.0%*
% QoQ					*4.1%*	*10.2%*	*3.9%*	*-0.3%*		*10.0%*	*5.0%*	*4.4%*	*-1.4%*	
Others	2,468	2,410	2,901	1,879	787	839	889	908	3,423	922	999	1,021	977	3,919
Total hyperscale	**9,915**	**9,883**	**11,494**	**14,737**	**4,467**	**4,896**	**5,103**	**5,110**	**19,576**	**5,545**	**5,852**	**6,089**	**5,974**	**23,460**
% YoY	*12.4%*	*-0.3%*	*16.3%*	*28.2%*	*38.8%*	*51.2%*	*26.5%*	*20.3%*	*32.8%*	*24.1%*	*19.5%*	*19.3%*	*16.9%*	*19.8%*
% QoQ					*5.2%*	*9.6%*	*4.2%*	*0.1%*		*8.5%*	*5.5%*	*4.0%*	*-1.9%*	
YoY (%)														
Alphabet	*24.0%*	*4.4%*	*15.0%*	*48.0%*	*51.8%*	*6.8%*	*26.9%*	*34.1%*	*27.3%*	*35.8%*	*20.0%*	*31.0%*	*17.2%*	*25.5%*
AWS	*24.5%*	*-4.7%*	*6.8%*	*35.6%*	*40.0%*	*63.4%*	*20.0%*	*2.3%*	*27.0%*	*22.3%*	*22.9%*	*22.5%*	*24.0%*	*23.0%*
Microsoft	*-2.9%*	*20.6%*	*15.3%*	*67.4%*	*17.9%*	*29.3%*	*20.4%*	*35.9%*	*25.7%*	*25.0%*	*21.1%*	*20.5%*	*18.3%*	*21.0%*
Meta	*20.7%*	*-7.5%*	*8.0%*	*55.8%*	*23.0%*	*21.3%*	*23.9%*	*22.4%*	*22.6%*	*26.3%*	*18.5%*	*13.6%*	*20.0%*	*19.4%*
Baidu	*-34.0%*	*-1.6%*	*-47.9%*	*-16.5%*	*44.8%*	*42.5%*	*3.4%*	*68.6%*	*34.5%*	*30.0%*	*40.0%*	*18.2%*	*20.0%*	*26.8%*
Alibaba	*-10.6%*	*-50.2%*	*62.5%*	*49.6%*	*81.9%*	*10.3%*	*41.3%*	*13.8%*	*30.5%*	*17.0%*	*15.2%*	*12.9%*	*12.5%*	*14.3%*
Tencent	*-56.1%*	*25.9%*	*103.3%*	*-11.6%*	*2.3%*	*42.6%*	*103.2%*	*-12.2%*	*22.2%*	*9.3%*	*12.2%*	*13.6%*	*15.9%*	*12.8%*
ByteDance	*60.6%*	*53.8%*	*39.9%*	*69.7%*	*4.0%*	*63.3%*	*32.9%*	*16.0%*	*26.3%*	*25.0%*	*14.3%*	*20.9%*	*11.4%*	*17.6%*

UBS 瑞银 *Source: Dell'Oro Group, UBS estimates*

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Global semi cycle: global semis revenue forecast (Sell-in basis)

Revenues (US$bn)		2019	2020	2021	2022	2023	2024	2025	2026E	2027E
MPU		**48.0**	**51.8**	**57.8**	**50.8**	**45.5**	**54.2**	**60.2**	**75.3**	**96.4**
	% YoY	*2.3%*	*8.0%*	*11.5%*	*-12.0%*	*-10.5%*	*19.1%*	*11.2%*	*25.0%*	*28.0%*
MCU		**15.8**	**15.5**	**19.6**	**25.0**	**27.9**	**22.5**	**21.6**	**25.5**	**29.3**
	% YoY	*-7.4%*	*-2.0%*	*26.7%*	*27.5%*	*11.4%*	*-19.4%*	*-4.0%*	*18.0%*	*15.0%*
Analog		**53.9**	**55.7**	**74.1**	**89.0**	**81.1**	**79.5**	**86.5**	**100.4**	**115.4**
	% YoY	*-8.3%*	*3.3%*	*33.1%*	*20.1%*	*-8.8%*	*-2.0%*	*8.8%*	*16.0%*	*15.0%*
CMOS Logic		**109.0**	**120.8**	**157.7**	**178.1**	**176.3**	**189.9**	**252.8**	**362.5**	**392.9**
	% YoY	*-3.1%*	*10.8%*	*30.5%*	*12.9%*	*-1.0%*	*7.7%*	*33.1%*	*43.4%*	*8.4%*
Memory		**106.4**	**117.5**	**153.8**	**129.8**	**92.3**	**165.1**	**230.0**	**961.1**	**1,637.7**
	% YoY	*-32.6%*	*10.4%*	*30.9%*	*-15.6%*	*-28.9%*	*78.8%*	*39.3%*	*317.8%*	*70.4%*
Total IC		**333.2**	**361.2**	**463.0**	**472.7**	**423.1**	**511.1**	**651.1**	**1,524.7**	**2,271.7**
	% YoY	*-15.3%*	*8.4%*	*28.2%*	*2.1%*	*-10.5%*	*20.8%*	*27.4%*	*134.2%*	*49.0%*
Discrete, Opto & Passives		**78.9**	**79.2**	**92.9**	**99.7**	**98.4**	**91.0**	**94.7**	**99.4**	**106.4**
	% YoY	*4.6%*	*0.3%*	*17.3%*	*7.3%*	*-1.3%*	*-7.5%*	*4.0%*	*5.0%*	*7.0%*
Total Semiconductors		**412.1**	**440.4**	**555.9**	**572.4**	**521.5**	**602.2**	**745.8**	**1,624.1**	**2,378.1**
	% YoY	*-12.1%*	*6.9%*	*26.2%*	*3.0%*	*-8.9%*	*15.5%*	*23.9%*	*117.8%*	*46.4%*
Semis ex memory		**305.7**	**322.9**	**402.1**	**442.6**	**429.2**	**437.1**	**515.8**	**663.0**	**740.4**
	% YoY	*-1.7%*	*5.6%*	*24.5%*	*10.1%*	*-3.0%*	*1.8%*	*18.0%*	*28.5%*	*11.7%*
Semis ex memory ex CPU		**257.7**	**271.1**	**344.3**	**391.8**	**383.7**	**382.9**	**455.5**	**587.7**	**644.0**
	% YoY	*-2.4%*	*5.2%*	*27.0%*	*13.8%*	*-2.1%*	*-0.2%*	*19.0%*	*29.0%*	*9.6%*

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Source: Gartner, SIA, UBS estimates

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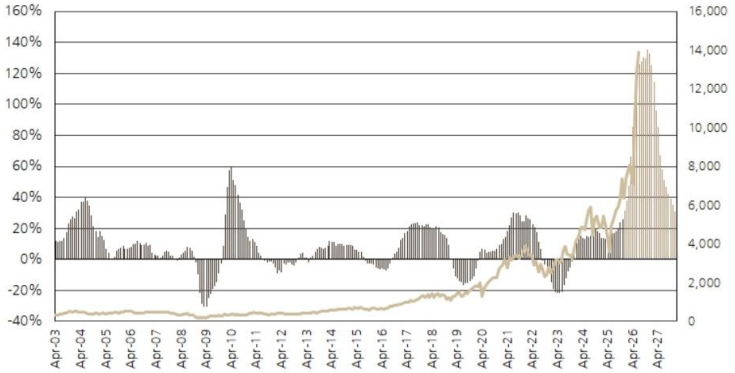
Global semi cycle: Semis revenue and earnings growth key charts

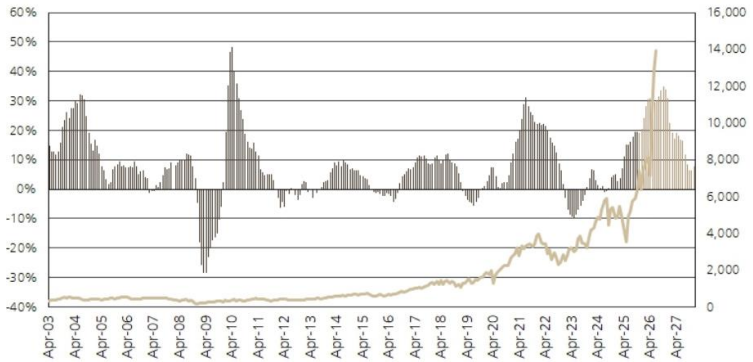
Summary of lead indicators and implications on stock troughs/peaks

	Lead Indication 'Color'	Recent Inflection (Peak/Trough)	Next Inflection (Peak / Trough)	Suggested Stock Peak / Trough
Lead indicator				
3MMA YoY semis revenue growth	Orange	Feb 25 (Trough)	October 26E (Peak)	1Q26E (Peak)
Foundry capacity utilisation rate	Green	3Q23 (Trough)	3Q27E (Peak)	1Q27E (Peak)
YoY assembly equipment revenue growth	Green	3Q25 (Trough)	4Q27E (Peak)	4Q27E (Peak)
Memory operating profits	Green	1Q25 (Trough)	4Q27E (Peak)	2Q27E (Peak)

Semis YoY 3MMA revenue growth (sell-in) vs. SOX



Semis ex-Memory YoY 3MMA revenue growth (sell-in) vs. SOX



UBS 瑞银

Source: SIA, Bloomberg, Company data, UBS estimates

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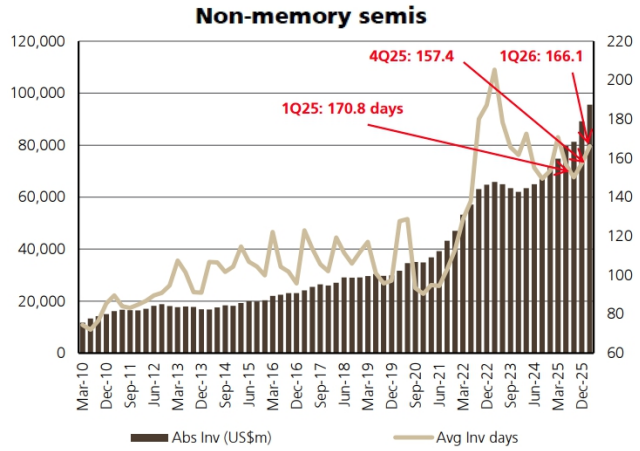
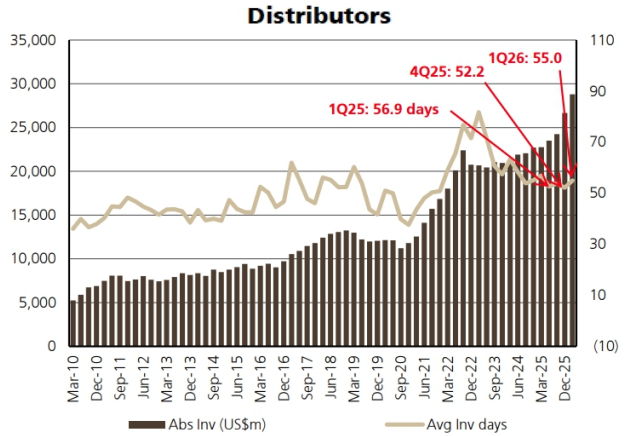
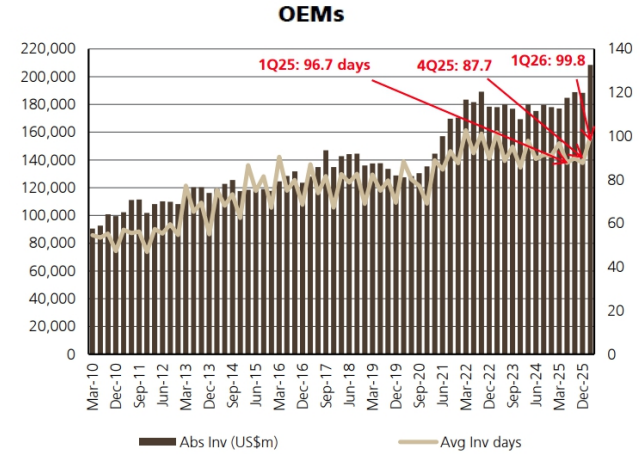
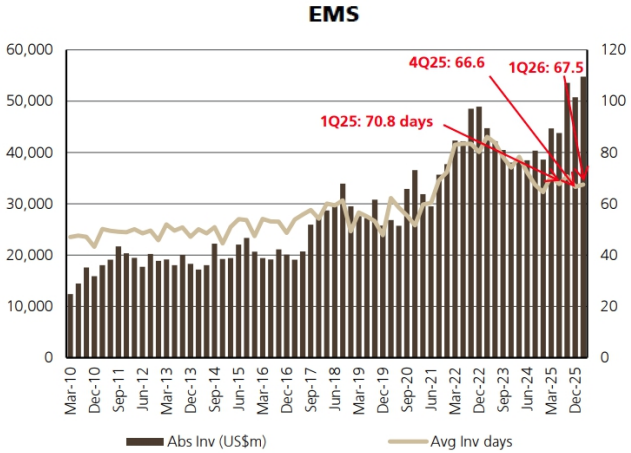
Global semi cycle: inventory analysis









UBS 瑞银

Source: Company data, UBS

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UBS Server GPU/Accelerator unit forecasts ('000 units)

	HBM Gen.	HBM Content (GB)			2025	1Q26	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
NVIDIA		2025E	2026E	2027E											
L40S	GDDR6	48			38.1										
H200	HBM3E	141			592.7										
H20 / H20E	HBM3 / 3E	96	96		441.0										
B200 (8Hi)	HBM3E	192	192		1,440.9										
GB200 (2x GPU - 8Hi)	HBM3E	384	384		1,080.4	102.9				102.9					
B300 (12Hi)	HBM3E	288	288	288	587.4	267.0	270.0	217.0	116.0	870.0	50.0				50.0
GB300 (2x GPU - 12Hi)	HBM3E	576	576	576	778.2	658.0	700.0	560.0	420.0	2,338.0	350.0	200.0	150.0	100.0	800.0
R200 (12Hi)	HBM4	288	288	288			20.0	200.0	320.0	540.0	350.0	380.0	250.0	200.0	1,180.0
RV200 (2x GPU - 12Hi)	HBM4	576	576	576			40.0	370.0	590.0	1,000.0	740.0	890.0	870.0	720.0	3,220.0
Rubin Ultra (16Hi)	HBM4E		768	768									280.0	670.0	950.0
*Other GPU/Accel	HBM3 / 3E	288	384	576	106.9	60.0	80.0	80.0	80.0	300.0	60.0	50.0	40.0	40.0	190.0
Total Units					**5,065.6**	**1,087.9**	**1,110.0**	**1,427.0**	**1,526.0**	**5,150.9**	**1,550.0**	**1,520.0**	**1,590.0**	**1,730.0**	**6,390.0**
% YoY					*3.2%*	*-17.2%*	*0.0%*	*11.9%*	*11.8%*	*1.7%*	*42.5%*	*36.9%*	*11.4%*	*13.4%*	*24.1%*
% QoQ						*-20.3%*	*2.0%*	*28.6%*	*6.9%*		*1.6%*	*-1.9%*	*4.6%*	*8.8%*	
Total GPUs					**6,924.3**	**1,848.8**	**1,850.0**	**2,357.0**	**2,536.0**	**8,591.8**	**2,640.0**	**2,610.0**	**3,450.0**	**4,560.0**	**13,260.0**
% YoY					*37.9%*	*27.2%*	*24.9%*	*26.5%*	*19.3%*	*24.1%*	*42.8%*	*41.1%*	*46.4%*	*79.8%*	*54.3%*
% QoQ						*-13.0%*	*0.1%*	*27.4%*	*7.6%*		*4.1%*	*-1.1%*	*32.2%*	*32.2%*	
AMD															
MI300	HBM3	192	192		71.3										
MI325X (12Hi)	HBM3E	256	256		223.8	21.4				21.4					
MI355X (12Hi)	HBM3E	288	288	288	220.7	203.3	176.3	83.0		462.6					
MI308X	HBM3	192	192	192	95.8	29.0	33.0	5.0		67.0					
MI450 (12Hi)	HBM4		432	432				80.0	180.0	260.0	200.0	320.0	290.0	220.0	1,030.0
MI5XX (16Hi)	HBM4E			1024									60.0	200.0	260.0
*Other GPU/Accel	HBM3	192	192	288	4.2	1.4	1.5	1.5	1.5	5.8	2.0	2.0	2.0	2.0	8.0
Total Units					**615.8**	**255.2**	**210.8**	**169.4**	**181.5**	**816.9**	**202.0**	**322.0**	**352.0**	**422.0**	**1,298.0**
% YoY					*41.1%*	*111.4%*	*119.0%*	*-5.3%*	*-17.5%*	*32.6%*	*-20.8%*	*52.7%*	*107.7%*	*132.6%*	*58.9%*
% QoQ						*16.0%*	*-17.4%*	*-19.6%*	*7.1%*		*11.3%*	*59.4%*	*9.3%*	*19.9%*	
Google															
TPU v5e	HBM2E	32	32		134										
TPU v5p	HBM2E	96	96		1,916										
TPU v6e	HBM3E	32	32	32	426	269	294	185	92	840					
TPU v7	HBM3E	192	192	192	90	420	650	720	730	2,520	660	480	320	210	1,670
TPU v8i (Dual die AX)	HBM3E		288	288				125	375	500	690	800	850	740	3,080
TPU v8t (Single die X)	HBM3E		216	216				110	340	450	670	770	820	720	2,980
TPU v9AX	HBM4E		768	768										90	90
TPU v9X	HBM4E		384	384										70	70
*Other TPU/Accel	HBM3	96	144	144	77	14	19	17	23	73	15	15	15	15	60
Total Units					**2,642.5**	**702.6**	**962.9**	**1,156.9**	**1,560.5**	**4,382.8**	**2,035.0**	**2,065.0**	**2,005.0**	**1,845.0**	**7,950.0**
% YoY					*18.6%*	*9.7%*	*67.7%*	*101.7%*	*82.6%*	*65.9%*	*189.6%*	*114.5%*	*73.3%*	*18.2%*	*81.4%*
% QoQ						*-17.8%*	*37.0%*	*20.1%*	*34.9%*		*30.4%*	*1.5%*	*-2.9%*	*-8.0%*	
Amazon															
Inferentia 2	HBM2E	32	32		88										
Trainium 2 / 2.5	HBM3E	96	144	144	496	180	250	180	140	750	80	40			120
Inferentia 3	HBM3	96	96	96	162	38	32	20	15	105	15	10			25
Trainium 3	HBM3E	144	144	144				350	553	903	500	430	200	150	1,280
Trainium 4	HBM4		256	256									250	490	740
*Other Accel	HBM3	144	144	144	37	7	8	11	14	40	9	9	9	9	36
Total Units					**783.2**	**224.5**	**290.5**	**561.0**	**722.4**	**1,798.4**	**604.0**	**489.0**	**459.0**	**649.0**	**2,201.0**
% YoY					*-7.7%*	*13.8%*	*41.6%*	*186.1%*	*291.1%*	*129.6%*	*169.0%*	*68.4%*	*-18.2%*	*-10.2%*	*22.4%*
% QoQ						*21.6%*	*29.4%*	*93.1%*	*28.8%*		*-16.4%*	*-19.0%*	*-6.1%*	*41.4%*	

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Source: Company data, UBS estimates

UBS Server GPU/Accelerator unit forecasts ('000 units)

	HBM Gen.	HBM Content (GB)			2025	1Q26	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Intel / Habana															
Gaudi 3	HBM2 / 3E	288	288	288	188	30	18	8	0	56					
Gaudi 4	HBM3E	288	288	288				10	25	35	25	20	15	10	70
*Others	HBM2 / 3E	192	192	192	25	6	4	4	5	18	4	4	4	4	16
Total Units					**213.2**	**36.0**	**21.6**	**21.6**	**30.0**	**109.2**	**29.0**	**24.0**	**19.0**	**14.0**	**86.0**
% YoY					*-32.1%*	*-20.3%*	*-60.1%*	*-62.7%*	*-46.3%*	*-48.8%*	*-19.4%*	*11.1%*	*-12.0%*	*-53.3%*	*-21.2%*
% QoQ						*-35.6%*	*-40.0%*	*0.0%*	*38.9%*		*-3.3%*	*-17.2%*	*-20.8%*	*-26.3%*	
Microsoft															
Maia 100	HBM3	120	120	120	34	3	1			4					
Maia 200	HBM3E		288	288		2	6	10	14	33	14	10	7	4	35
Maia 300	HBM4			288									8	14	22
*Others	HBM3	120	192	192	8	2	2	2	2	8	2	2	2	2	8
Total Units					**41.8**	**7.3**	**8.9**	**12.5**	**16.1**	**44.7**	**16.0**	**12.0**	**17.0**	**20.0**	**65.0**
% YoY					*22.3%*	*-27.1%*	*-19.2%*	*3.9%*	*83.6%*	*7.1%*	*119.5%*	*35.0%*	*36.3%*	*24.4%*	*45.3%*
% QoQ						*-16.7%*	*21.9%*	*40.3%*	*28.9%*		*-0.4%*	*-25.0%*	*41.7%*	*17.6%*	
Meta															
MTIA v1	LPDDR5	64	64		421	20	5			25					
MTIA v2	LPDDR5	128	128		30	20	8	2		30					
MTIA v3	HBM3E	192	192	192	5	15	20	35	40	110	40	30	20	15	105
MTIA v4	HBM4		432	432							40	60	80	120	300
*Others	LPDDR5	64	128	128	28	3	1	1	1	6	5	5	5	5	20
Total Units					**483.9**	**57.8**	**34.3**	**38.1**	**41.2**	**171.4**	**85.0**	**95.0**	**105.0**	**140.0**	**425.0**
% YoY					*19.3%*	*-43.2%*	*-71.1%*	*-71.4%*	*-68.3%*	*-64.6%*	*47.2%*	*176.8%*	*175.5%*	*239.8%*	*148.0%*
% QoQ						*-55.6%*	*-40.6%*	*11.0%*	*8.1%*		*106.3%*	*11.8%*	*10.5%*	*33.3%*	
OpenAI															
Titan v1	HBM3E		216	216				20	150	170	160	170	130	100	560
Titan v2	HBM4E		576	576									50	120	170
Total Units								**20.0**	**150.0**	**170.0**	**160.0**	**170.0**	**180.0**	**220.0**	**730.0**
% YoY													*800.0%*	*46.7%*	*329.4%*
% QoQ									*650.0%*		*6.7%*	*6.3%*	*5.9%*	*22.2%*	
Tesla															
Dojo	HBM3	64	64	64	62	17	18	15	14	64	15	15	18	15	63
*Others	HBM3	64	64	64	44	7	7	6	6	26	6	6	5	5	22
Total Units					**105.9**	**23.8**	**25.2**	**21.0**	**19.6**	**89.6**	**21.0**	**21.0**	**23.0**	**20.0**	**85.0**
% YoY					*-39.1%*	*-12.4%*	*-9.3%*	*-24.1%*	*-15.9%*	*-15.4%*	*-11.8%*	*-16.7%*	*9.5%*	*2.0%*	*-5.2%*
% QoQ						*2.0%*	*5.9%*	*-16.7%*	*-6.6%*		*7.1%*	*0.0%*	*9.5%*	*-13.0%*	
Others															
Startups	HBM3	192	288	288	657	165	160	160	160	645	160	165	165	165	655
Others	HBM2E /3	192	288	288	361	50	48	48	48	194	56	58	58	58	229
Total Units					**1,018.5**	**214.5**	**208.0**	**208.0**	**208.0**	**838.5**	**216.0**	**222.8**	**222.8**	**222.8**	**884.3**
% YoY					*58.8%*	*-14.5%*	*-21.0%*	*-20.3%*	*-14.6%*	*-17.7%*	*0.7%*	*7.1%*	*7.1%*	*7.1%*	*5.5%*
% QoQ						*-11.9%*	*-3.0%*	*0.0%*	*0.0%*		*3.8%*	*3.1%*	*0.0%*	*0.0%*	
Total GPU / Accelerator Units ('000)					**12,829.1**	**3,370.4**	**3,612.2**	**4,565.5**	**5,465.2**	**17,013.2**	**6,008.0**	**6,030.8**	**6,832.8**	**8,112.8**	**26,984.3**
% YoY					*27.0%*	*18.4%*	*27.5%*	*38.2%*	*42.1%*	*32.6%*	*78.3%*	*67.0%*	*49.7%*	*48.4%*	*58.6%*
% QoQ						*-12.4%*	*7.2%*	*26.4%*	*19.7%*		*9.9%*	*0.4%*	*13.3%*	*18.7%*	

UBS 瑞银 *Source: Company data, UBS estimates*

UBS HBM demand forecast by GPU/Accelerator

	HBM Gen.	HBM Content (GB)			2025	1Q26E	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
NVIDIA		**2025E**	**2026E**	**2027E**											
H200	HBM3E	141			83,571										
H20 / H20E	HBM3 / 3E	96	96		42,336										
B200 (8Hi)	HBM3E	192	192		276,649										
GB200 (2x GPU - 8Hi)	HBM3E	384	384		414,872	39,504				39,504					
B300 (12Hi)	HBM3E	288	288	288	169,176	76,896	77,760	62,496	33,408	250,560	14,400				14,400
GB300 (2x GPU - 12Hi)	HBM3E	576	576	576	448,259	379,008	403,200	322,560	241,920	1,346,688	201,600	115,200	86,400	57,600	460,800
R200 (12Hi)	HBM4	288	288	288			5,760	57,600	92,160	155,520	100,800	109,440	72,000	57,600	339,840
RV200 (2x GPU - 12Hi)	HBM4	576	576	576			23,040	213,120	339,840	576,000	426,240	512,640	501,120	414,720	1,854,720
Rubin Ultra (16Hi)	HBM4E		768	768									215,040	514,560	729,600
*Other GPU/Accel	HBM3 / 3E	288	384	576	30,787	23,040	30,720	30,720	30,720	115,200	34,560	28,800	23,040	23,040	109,440
Total ('000 GB)					**1,465,650**	**518,448**	**540,480**	**686,496**	**738,048**	**2,483,472**	**777,600**	**766,080**	**897,600**	**1,067,520**	**3,508,800**
Total (bn Gb)					**11.73**	**4.15**	**4.32**	**5.49**	**5.90**	**19.87**	**6.22**	**6.13**	**7.18**	**8.54**	**28.07**
AMD															
MI300	HBM3	192	192		13,685										
MI325X (12Hi)	HBM3E	256	256		57,294	5,479				5,479					
MI355X (12Hi)	HBM3E	288	288	288	63,569	58,556	50,782	23,897		133,236					
MI308X	HBM3	192	192	192	18,394	5,568	6,336	960		12,864					
MI450 (12Hi)	HBM4		432	432				34,560	77,760	112,320	86,400	138,240	125,280	95,040	444,960
MI5XX (16Hi)	HBM4E			1,024									61,440	204,800	266,240
*Other GPU/Accel	HBM3	192	192	288	812	274	285	282	281	1,123	576	576	576	576	2,304
Total ('000 GB)					**153,754**	**69,877**	**57,403**	**59,700**	**78,041**	**265,022**	**86,976**	**138,816**	**187,296**	**300,416**	**713,504**
Total (bn Gb)					**1.23**	**0.56**	**0.46**	**0.48**	**0.62**	**2.12**	**0.70**	**1.11**	**1.50**	**2.40**	**5.71**
Google															
TPU v5e	HBM2E	32	32		4,282										
TPU v5p	HBM2E	96	96		183,913										
TPU v6e	HBM3E	32	32	32	13,632	8,602	9,408	5,914	2,957	26,880					
TPU v7	HBM3E	192	192	192	17,280	80,640	124,800	138,240	140,160	483,840	126,720	92,160	61,440	40,320	320,640
TPU v8i (Dual die AX)	HBM3E		288	288				36,000	108,000	144,000	198,720	230,400	244,800	213,120	887,040
TPU v8t (Single die X)	HBM3E		216	216				23,760	73,440	97,200	144,720	166,320	177,120	155,520	643,680
TPU v9AX	HBM4E		768	768										69,120	69,120
TPU v9X	HBM4E		384	384										26,880	26,880
*Other TPU/Accel	HBM3	96	144	144	7,389	1,984	2,719	2,462	3,321	10,485	2,160	2,160	2,160	2,160	8,640
Total ('000 GB)					**226,495**	**91,225**	**136,927**	**206,376**	**327,878**	**762,405**	**472,320**	**491,040**	**485,520**	**507,120**	**1,956,000**
Total (bn Gb)					**1.81**	**0.73**	**1.10**	**1.65**	**2.62**	**6.10**	**3.78**	**3.93**	**3.88**	**4.06**	**15.65**
Amazon															
Inferentia 2	HBM2E	32	32		2,823										
Trainium 2 / 2.5	HBM3E	96	144	144	47,574	25,920	36,000	25,920	20,160	108,000	11,520	5,760			17,280
Inferentia 3	HBM3	96	96	96	15,563	3,648	3,072	1,920	1,440	10,080	1,440	960			2,400
Trainium 3	HBM3E	144	144	144				50,400	79,660	130,060	72,000	61,920	28,800	21,600	184,320
Trainium 4	HBM4		256	256									64,000	125,440	189,440
*Other Accel	HBM3	144	144	144	5,375	942	1,218	1,584	2,040	5,784	1,296	1,296	1,296	1,296	5,184
Total ('000 GB)					**71,336**	**30,510**	**40,290**	**79,824**	**103,300**	**253,924**	**86,256**	**69,936**	**94,096**	**148,336**	**398,624**
Total (bn Gb)					**0.57**	**0.24**	**0.32**	**0.64**	**0.83**	**2.03**	**0.69**	**0.56**	**0.75**	**1.19**	**3.19**

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Source: Company data, UBS estimates

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UBS HBM demand forecast by GPU/Accelerator

	HBM Gen.	HBM Content (GB)			2025	1Q26E	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Intel															
Gaudi 3	HBM2 / 3E	288	288	288	54,212	8,640	5,184	2,304		16,128					
Gaudi 4	HBM3E	288	288	288				2,880	7,200	10,080	7,200	5,760	4,320	2,880	20,160
*Others	HBM2 / 3E	192	192	192	4,789	1,152	691	691	960	3,494	768	768	768	768	3,072
Total ('000 GB)					**59,001**	**9,792**	**5,875**	**5,875**	**8,160**	**29,702**	**7,968**	**6,528**	**5,088**	**3,648**	**23,232**
Total (bn Gb)					**0.47**	**0.08**	**0.05**	**0.05**	**0.07**	**0.24**	**0.06**	**0.05**	**0.04**	**0.03**	**0.19**
Microsoft															
Maia 100	HBM3	120	120	120	4,050	360	120			480					
Maia 200	HBM3E		288	288		660	1,696	3,016	4,052	9,424	4,032	2,880	2,016	1,152	10,080
Maia 300	HBM4			288									2,304	4,032	6,336
*Others	HBM3	120	192	192	960	384	384	384	384	1,536	384	384	384	384	1,536
Total ('000 GB)					**5,010**	**1,404**	**2,200**	**3,400**	**4,436**	**11,440**	**4,416**	**3,264**	**4,704**	**5,568**	**17,952**
Total (bn Gb)					**0.04**	**0.01**	**0.02**	**0.03**	**0.04**	**0.09**	**0.04**	**0.03**	**0.04**	**0.04**	**0.14**
Meta															
MTIA v3	HBM3E	192	192	192	960	2,880	3,840	6,720	7,680	21,120	7,680	5,760	3,840	2,880	20,160
MTIA v4	HBM4		432	432							17,280	25,920	34,560	51,840	129,600
Total ('000 GB)					**960**	**2,880**	**3,840**	**6,720**	**7,680**	**21,120**	**24,960**	**31,680**	**38,400**	**54,720**	**149,760**
Total (bn Gb)					**0.01**	**0.02**	**0.03**	**0.05**	**0.06**	**0.17**	**0.20**	**0.25**	**0.31**	**0.44**	**1.20**
OpenAI															
Titan v1	HBM3E		216	216				4,320	32,400	36,720	34,560	36,720	28,080	21,600	120,960
Titan v2	HBM4E		576	576									28,800	69,120	97,920
Total ('000 GB)								**4,320**	**32,400**	**36,720**	**34,560**	**36,720**	**56,880**	**90,720**	**218,880**
Total (bn Gb)								**0.03**	**0.26**	**0.29**	**0.28**	**0.29**	**0.46**	**0.73**	**1.75**
Others															
Tesla	HBM3	64	64		6,780	1,523	1,613	1,344	1,255	5,735	1,344	1,344	1,472	1,280	5,440
Startups / Etc.	HBM2E / 3	192	288		195,559	61,776	59,904	59,904	59,904	241,488	62,208	64,152	64,152	64,152	254,664
Total ('000 GB)					**202,339**	**63,299**	**61,517**	**61,248**	**61,159**	**247,223**	**63,552**	**65,496**	**65,624**	**65,432**	**260,104**
Total (bn Gb)					**1.62**	**0.51**	**0.49**	**0.49**	**0.49**	**1.98**	**0.51**	**0.52**	**0.52**	**0.52**	**2.08**
Total HBM Demand ('000 GB)					**2,184,545**	**787,435**	**848,532**	**1,113,958**	**1,361,103**	**4,111,029**	**1,558,608**	**1,609,560**	**1,835,208**	**2,243,480**	**7,246,856**
Total HBM Demand (bn Gb)					**17.48**	**6.30**	**6.79**	**8.91**	**10.89**	**32.89**	**12.47**	**12.88**	**14.68**	**17.95**	**57.97**
% YoY					*103.0%*	*99.7%*	*97.2%*	*84.1%*	*80.6%*	*88.2%*	*97.9%*	*89.7%*	*64.7%*	*64.8%*	*76.3%*
% QoQ						*4.5%*	*7.8%*	*31.3%*	*22.2%*		*14.5%*	*3.3%*	*14.0%*	*22.2%*	

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Source: Company data, UBS estimates

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UBS DRAM S/D model

UBS DRAM supply/demand summary

	Q125	Q225	Q325	Q425	2025	Q126	Q226E	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E
Revenues ($ mil)	**26,683**	**31,996**	**39,350**	**52,865**	**150,894**	**97,111**	**156,861**	**187,698**	**214,177**	**655,847**	**239,993**	**268,760**	**300,582**	**319,521**	**1,128,857**
% QoQ	*-6.7%*	*19.9%*	*23.0%*	*34.3%*		*83.7%*	*61.5%*	*19.7%*	*14.1%*		*12.1%*	*12.0%*	*11.8%*	*6.3%*	
% YoY	*49.9%*	*41.1%*	*55.3%*	*84.9%*	*59.8%*	*263.9%*	*390.3%*	*377.0%*	*305.1%*	*334.6%*	*147.1%*	*71.3%*	*60.1%*	*49.2%*	*72.1%*
Supply (Shipments Based) (M 1Gb)	**64,968**	**76,461**	**85,829**	**87,246**	**314,505**	**88,812**	**93,489**	**100,732**	**105,801**	**388,834**	**106,695**	**112,460**	**120,097**	**124,562**	**463,814**
% QoQ	*-1.9%*	*17.7%*	*12.3%*	*1.7%*		*1.8%*	*5.3%*	*7.7%*	*5.0%*		*0.8%*	*5.4%*	*6.8%*	*3.7%*	
% YoY	*5.9%*	*15.9%*	*29.7%*	*31.7%*	*21.1%*	*36.7%*	*22.3%*	*17.4%*	*21.3%*	*23.6%*	*20.1%*	*20.3%*	*19.2%*	*17.7%*	*19.3%*
Demand (End Consumption) (M 1Gb)	**69,879**	**73,066**	**87,229**	**94,090**	**324,264**	**88,306**	**90,602**	**102,399**	**111,420**	**392,727**	**111,701**	**122,091**	**141,496**	**159,172**	**534,461**
% QoQ	*0.2%*	*4.6%*	*19.4%*	*7.9%*		*-6.1%*	*2.6%*	*13.0%*	*8.8%*		*0.3%*	*9.3%*	*15.9%*	*12.5%*	
% YoY	*17.5%*	*21.0%*	*35.1%*	*34.9%*	*27.6%*	*26.4%*	*24.0%*	*17.4%*	*18.4%*	*21.1%*	*26.5%*	*34.8%*	*38.2%*	*42.9%*	*36.1%*
DDR Demand (M 1Gb)					**324,263**					**392,726**					**534,460**
% YoY					*27.6%*					*21.1%*					*36.1%*
Inventory adjustment	-5,500	3,800	400	-900	-2,200	17,400	14,000	600	-3,500	28,500	-2,700	-8,300	-20,200	-34,200	-65,400
Inventory Adj. Demand (M 1Gb)	**64,379**	**76,866**	**87,629**	**93,190**	**322,064**	**105,706**	**104,602**	**102,999**	**107,920**	**421,227**	**109,001**	**113,791**	**121,296**	**124,972**	**469,061**
% QoQ	*-5.1%*	*19.4%*	*14.0%*	*6.3%*		*13.4%*	*-1.0%*	*-1.5%*	*4.8%*		*1.0%*	*4.4%*	*6.6%*	*3.0%*	
% YoY	*4.0%*	*12.2%*	*29.5%*	*37.3%*	*21.1%*	*64.2%*	*36.1%*	*17.5%*	*15.8%*	*30.8%*	*3.1%*	*8.8%*	*17.8%*	*15.8%*	*11.4%*
Wafer out (k wpm, 12" equi.)	**1,722**	**1,772**	**1,816**	**1,857**	**1,792**	**1,887**	**1,907**	**1,935**	**1,966**	**1,924**	**2,010**	**2,063**	**2,115**	**2,168**	**2,089**
% QoQ	*2.4%*	*2.9%*	*2.5%*	*2.2%*		*1.6%*	*1.0%*	*1.5%*	*1.6%*		*2.3%*	*2.6%*	*2.5%*	*2.5%*	
% YoY	*22.4%*	*17.8%*	*13.7%*	*10.4%*	*15.8%*	*9.6%*	*7.6%*	*6.6%*	*5.9%*	*7.4%*	*6.5%*	*8.2%*	*9.3%*	*10.3%*	*8.6%*
% Sufficiency Ratio	***0.9%***	***-0.5%***	***-2.1%***	***-6.4%***	***-2.3%***	***-16.0%***	***-10.6%***	***-2.2%***	***-2.0%***	***-7.7%***	***-2.1%***	***-1.2%***	***-1.0%***	***-0.3%***	***-1.1%***
Blended ASP incl. HBM ($/Gb)	**0.41**	**0.42**	**0.46**	**0.61**	**0.48**	**1.09**	**1.68**	**1.86**	**2.02**	**1.69**	**2.25**	**2.39**	**2.50**	**2.57**	**2.43**
% QoQ	*-4.8%*	*1.9%*	*9.6%*	*32.2%*		*80.5%*	*53.4%*	*11.1%*	*8.6%*		*11.1%*	*6.2%*	*4.7%*	*2.5%*	
% YoY	*41.5%*	*21.8%*	*19.7%*	*40.4%*	*32.0%*	*166.2%*	*301.0%*	*306.4%*	*234.1%*	*251.6%*	*105.7%*	*42.4%*	*34.3%*	*26.7%*	*44.3%*
DDR ASP ($/Gb)	**0.33**	**0.35**	**0.38**	**0.53**	**0.40**	**1.05**	**1.68**	**1.87**	**2.04**	**1.68**	**2.20**	**2.33**	**2.43**	**2.48**	**2.36**
% QoQ	*-6.2%*	*7.0%*	*7.0%*	*42.0%*		*97.0%*	*60.0%*	*11.0%*	*9.0%*		*8.0%*	*6.0%*	*4.0%*	*2.0%*	
% YoY	*20.3%*	*10.6%*	*11.8%*	*52.5%*	*26.3%*	*220.3%*	*378.9%*	*396.8%*	*281.4%*	*315.7%*	*109.1%*	*38.5%*	*29.8%*	*21.4%*	*40.7%*
HBM ASP ($/Gb)	**1.42**	**1.55**	**1.56**	**1.53**	**1.52**	**1.57**	**1.60**	**1.80**	**1.91**	**1.75**	**2.61**	**2.80**	**3.00**	**3.11**	**2.90**
% QoQ	*2.7%*	*9.5%*	*0.6%*	*-2.4%*		*2.9%*	*2.1%*	*12.2%*	*6.2%*		*36.5%*	*7.5%*	*7.1%*	*3.6%*	
% YoY	*25.6%*	*28.3%*	*17.2%*	*10.4%*	*15.8%*	*10.6%*	*3.1%*	*15.1%*	*25.2%*	*14.9%*	*66.1%*	*74.9%*	*66.9%*	*62.8%*	*66.2%*

DRAM vendors' market share in bit shipments

	Q125	Q225	Q325	Q425	2025	Q126	Q226E	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E
Samsung	39.3%	37.3%	38.2%	38.3%	38.2%	38.0%	37.9%	37.6%	37.3%	37.7%	37.7%	37.4%	37.9%	37.0%	37.5%
SK Hynix	28.9%	30.6%	29.5%	29.3%	29.6%	28.7%	29.3%	30.8%	31.2%	30.1%	29.5%	29.7%	29.4%	29.9%	29.6%
Micron	22.8%	23.3%	23.8%	23.6%	23.4%	24.3%	23.8%	22.9%	22.7%	23.4%	23.4%	23.3%	22.9%	22.9%	23.1%
Nanya Tech	1.0%	1.4%	1.6%	1.8%	1.5%	1.6%	1.5%	1.3%	1.1%	1.4%	1.2%	1.2%	1.3%	1.4%	1.3%
CXMT	7.7%	7.1%	6.6%	6.9%	7.0%	7.1%	7.3%	7.2%	7.5%	7.3%	8.1%	8.4%	8.4%	8.6%	8.4%
Others	0.3%	0.3%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Total Supply	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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Source: Gartner, Company data, UBS estimates

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NAND Flash S/D model

UBS NAND Flash supply/demand summary

	Q125	Q225	Q325	Q425	2025	Q126	Q226E	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E
Revenues ($ mil)	**12,302**	**14,726**	**16,969**	**21,320**	**65,317**	**37,952**	**66,162**	**80,312**	**92,242**	**276,667**	**103,499**	**111,704**	**122,509**	**126,647**	**464,359**
% QoQ	*-20.1%*	*19.7%*	*15.2%*	*25.6%*		*78.0%*	*74.3%*	*21.4%*	*14.9%*		*12.2%*	*7.9%*	*9.7%*	*3.4%*	
% YoY	*-1.0%*	*-1.1%*	*4.9%*	*38.5%*	*10.9%*	*208.5%*	*349.3%*	*373.3%*	*332.7%*	*323.6%*	*172.7%*	*68.8%*	*52.5%*	*37.3%*	*67.8%*
Supply (Shipments Based) (M 1GB)	**201,828**	**247,795**	**271,936**	**273,324**	**994,882**	**270,305**	**285,595**	**301,455**	**314,758**	**1,172,113**	**330,068**	**339,271**	**361,249**	**373,453**	**1,404,041**
% QoQ	*-6.0%*	*22.8%*	*9.7%*	*0.5%*		*-1.1%*	*5.7%*	*5.6%*	*4.4%*		*4.9%*	*2.8%*	*6.5%*	*3.4%*	
% YoY	*-6.3%*	*15.1%*	*25.6%*	*27.3%*	*15.4%*	*33.9%*	*15.3%*	*10.9%*	*15.2%*	*17.8%*	*22.1%*	*18.8%*	*19.8%*	*18.6%*	*19.8%*
Demand (End Consumption) (M 1GB)	**235,552**	**242,791**	**280,969**	**321,309**	**1,080,621**	**295,527**	**302,868**	**329,889**	**368,521**	**1,296,806**	**354,477**	**371,572**	**408,846**	**460,507**	**1,595,402**
% QoQ	*-8.1%*	*3.1%*	*15.7%*	*14.4%*		*-8.0%*	*2.5%*	*8.9%*	*11.7%*		*-3.8%*	*4.8%*	*10.0%*	*12.6%*	
% YoY	*11.4%*	*13.0%*	*20.1%*	*25.4%*	*17.9%*	*25.5%*	*24.7%*	*17.4%*	*14.7%*	*20.0%*	*19.9%*	*22.7%*	*23.9%*	*25.0%*	*23.0%*
Inventory adjustment	-39,600	3,700	-6,200	-33,500	-75,600	26,200	25,500	-19,000	-47,200	-14,500	-20,000	-28,500	-45,000	-86,500	-180,000
Inventory Adj. Demand (M 1GB)	**195,952**	**246,491**	**274,769**	**287,809**	**1,005,021**	**321,727**	**328,368**	**310,889**	**321,321**	**1,282,306**	**334,477**	**343,072**	**363,846**	**374,007**	**1,415,402**
% QoQ	*-8.0%*	*25.8%*	*11.5%*	*4.7%*		*11.8%*	*2.1%*	*-5.3%*	*3.4%*		*4.1%*	*2.6%*	*6.1%*	*2.8%*	
% YoY	*-14.3%*	*9.9%*	*24.6%*	*35.1%*	*13.4%*	*64.2%*	*33.2%*	*13.1%*	*11.6%*	*27.6%*	*4.0%*	*4.5%*	*17.0%*	*16.4%*	*10.4%*
Wafer out (k wpm, 12" equi.)	**1,418**	**1,288**	**1,268**	**1,313**	**1,322**	**1,366**	**1,343**	**1,338**	**1,351**	**1,349**	**1,361**	**1,357**	**1,353**	**1,349**	**1,355**
% QoQ	*-0.4%*	*-9.2%*	*-1.5%*	*3.5%*		*4.1%*	*-1.7%*	*-0.4%*	*1.0%*		*0.7%*	*-0.3%*	*-0.3%*	*-0.3%*	
% YoY	*23.7%*	*2.5%*	*-5.8%*	*-7.8%*	*2.2%*	*-3.6%*	*4.3%*	*5.5%*	*2.9%*	*2.1%*	*-0.4%*	*1.0%*	*1.1%*	*-0.2%*	*0.4%*
% Sufficiency Ratio	***3.0%***	***0.5%***	***-1.0%***	***-5.0%***	***-1.0%***	***-16.0%***	***-13.0%***	***-3.0%***	***-2.0%***	***-8.6%***	***-1.3%***	***-1.1%***	***-0.7%***	***-0.1%***	***-0.8%***
NAND ASP ($/1GB)	**0.06**	**0.06**	**0.06**	**0.08**	**0.07**	**0.14**	**0.23**	**0.27**	**0.29**	**0.24**	**0.31**	**0.33**	**0.34**	**0.34**	**0.33**
% QoQ	*-15.0%*	*-2.5%*	*5.0%*	*25.0%*		*80.0%*	*65.0%*	*15.0%*	*10.0%*		*7.0%*	*5.0%*	*3.0%*	*0.0%*	
% YoY	*5.8%*	*-14.1%*	*-16.5%*	*8.8%*	*-3.9%*	*130.3%*	*289.8%*	*326.9%*	*275.7%*	*259.5%*	*123.3%*	*42.1%*	*27.3%*	*15.7%*	*40.1%*

NAND Flash vendors market share in bit shipments

	Q125	Q225	Q325	Q425	2025	Q126	Q226E	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E
Samsung	31.0%	31.8%	31.8%	28.5%	30.7%	31.0%	29.9%	29.0%	29.0%	29.7%	29.2%	29.1%	28.9%	28.4%	28.9%
Kioxia	15.3%	12.5%	15.5%	16.2%	14.9%	14.7%	14.6%	14.9%	15.0%	14.8%	16.0%	14.8%	14.6%	14.8%	15.0%
SanDisk	13.2%	11.2%	11.7%	12.0%	12.0%	11.6%	11.5%	12.5%	12.0%	11.9%	10.9%	11.1%	12.0%	12.4%	11.6%
SK Hynix	12.8%	18.2%	15.7%	17.1%	16.1%	15.5%	16.9%	16.5%	16.7%	16.4%	16.0%	16.6%	16.5%	16.0%	16.2%
Micron	14.1%	14.3%	12.6%	13.1%	13.5%	13.7%	13.6%	13.7%	13.9%	13.8%	13.7%	13.7%	13.2%	13.3%	13.5%
YMTC	12.5%	11.3%	11.9%	12.2%	12.0%	12.7%	12.6%	12.6%	12.7%	12.7%	13.6%	14.0%	14.2%	14.5%	14.1%
Total Bit Supply	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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Source: Company data, UBS estimates

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Global semi cycle: global WFE forecast

WFE

$MM	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Memory Total	34,350	22,850	29,450	44,650	39,000	27,500	37,450	46,500	69,500	98,500	107,500
DRAM	15,550	10,250	13,400	23,100	22,500	20,750	29,400	34,750	52,000	74,000	78,000
NAND	18,800	12,600	16,050	21,550	16,500	6,750	8,050	11,750	17,500	24,500	29,500
Non-memory Total	19,500	28,050	30,550	45,850	61,550	62,900	64,050	69,500	77,500	99,500	140,000
Total	**53,850**	**51,500**	**61,500**	**90,500**	**100,550**	**90,400**	**101,500**	**116,000**	**147,000**	**198,000**	**247,500**
China WFE	6,000	7,000	14,000	17,000	22,800	30,500	39,000	44,500	47,500	56,000	64,000
Total WFE ex-China	47,850	44,500	47,500	73,500	77,750	59,900	62,500	71,500	99,500	142,000	183,500
Total WFE ex-China F/L & CXMT @ 50%	53,100	50,625	58,450	86,200	94,513	79,380	88,535	99,150	130,530	180,695	228,550
WFE YoY %											
Memory Total	30.1%	-33.5%	28.9%	51.6%	-12.7%	-29.5%	36.2%	24.2%	49.5%	41.7%	9.1%
DRAM	70.9%	-34.1%	30.7%	72.4%	-2.6%	-7.8%	41.7%	18.2%	49.6%	42.3%	5.4%
NAND	8.7%	-33.0%	27.4%	34.3%	-23.4%	-59.1%	19.3%	46.0%	48.9%	40.0%	20.4%
Non-memory Total	-6.0%	43.8%	8.9%	50.1%	34.2%	2.2%	1.8%	8.5%	11.5%	28.4%	40.7%
Total	**14.2%**	**-4.4%**	**19.4%**	**47.2%**	**11.1%**	**-10.1%**	**12.3%**	**14.3%**	**26.7%**	**34.7%**	**25.0%**
Segment % of total											
Memory Total	63.8%	44.4%	47.9%	49.3%	38.8%	30.4%	36.9%	40.1%	47.3%	49.7%	43.4%
DRAM	28.9%	19.9%	21.8%	25.5%	22.4%	23.0%	29.0%	30.0%	35.4%	37.4%	31.5%
NAND	34.9%	24.5%	26.1%	23.8%	16.4%	7.5%	7.9%	10.1%	11.9%	12.4%	11.9%
Non-memory Total	36.2%	54.5%	49.7%	50.7%	61.2%	69.6%	63.1%	59.9%	52.7%	50.3%	56.6%
Total	**100.0%**	**98.8%**	**97.6%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
WFE Intensity %											
Memory Total	21.7%	21.5%	25.1%	29.0%	30.1%	29.8%	22.7%	20.2%	8.4%	8.0%	
DRAM	15.7%	16.4%	20.8%	24.8%	28.9%	39.9%	31.0%	22.5%	9.1%	8.5%	
NAND	34.7%	31.4%	32.5%	38.5%	35.1%	18.7%	12.2%	16.6%	7.0%	6.7%	
Non-memory	6.3%	9.2%	9.5%	11.4%	13.9%	14.7%	14.7%	13.5%	9.7%	8.7%	
Total	**11.5%**	**12.5%**	**14.0%**	**16.3%**	**17.6%**	**17.3%**	**16.9%**	**15.6%**	**9.1%**	**8.3%**	
Ex-Dom China Mature F/L	11.3%	12.3%	13.3%	15.5%	16.5%	15.2%	14.7%	13.3%	8.0%	7.6%	
ex. Dom China Mature F/L & CXMT @ 50%	11.3%	12.3%	13.3%	15.5%	16.5%	15.2%	14.7%	13.3%	8.0%	7.6%	

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Source: Company data, UBS estimates

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Section 3

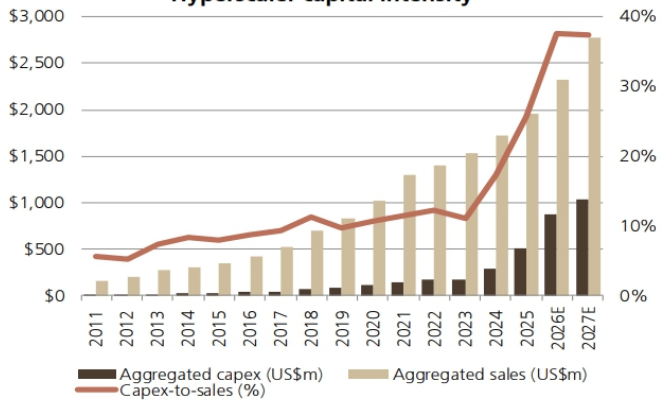
Global/China AI Update

Hyperscaler Capex

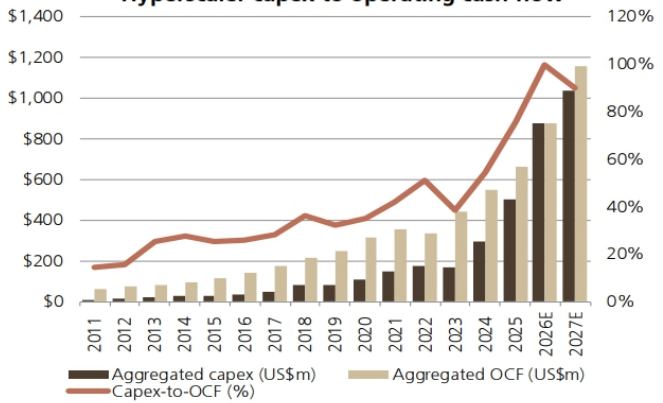
Top 11 hyperscaler capex summary

Top 11 Hyperscale capex	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E
Meta	$18,997	$39,345	$41,620	$45,216	$36,105	$34,580	$36,757	$42,611	$69,691	$145,179	$150,052
Google	$35,674	$46,368	$50,603	$57,329	$57,543	$59,701	$61,737	$62,577	$91,447	$189,975	$241,557
Amazon	$44,203	$46,098	$52,356	$59,376	$57,656	$56,730	$54,762	$56,026	$131,819	$202,033	$225,174
Microsoft (+Leases)	$31,900	$40,959	$58,611	$58,553	$58,059	$58,441	$69,409	$68,095	$118,000	$190,023	$254,004
Oracle	$18,635	$10,944	$15,420	$16,859	$18,428	$20,662	$17,483	$19,671	$35,477	$61,857	$76,244
Corew eave (+Leases)	$6,709	$10,399	$9,392	$7,044	$7,537	$10,409	$11,127	$6,820	$14,886	$33,544	$35,892
Lambda Labs	$420	$480	$520	$580	$525	$600	$650	$725	$1,500	$2,000	$2,500
Baidu	$247	$306	$282	$341	$262	$325	$300	$362	$1,683	$1,176	$1,249
Alibaba	$4,729	$4,444	$4,634	$4,823	$5,012	$4,421	$4,609	$4,797	$15,822	$18,630	$18,838
Tencent	$3,199	$3,335	$3,471	$3,607	$3,521	$3,671	$3,821	$3,971	$11,000	$13,612	$14,984
Top 11 Hyperscale capex (US$mn)	**$168,047**	**$207,282**	**$241,831**	**$256,744**	**$248,816**	**$255,293**	**$266,805**	**$269,425**	**$504,026**	**$873,904**	**$1,040,338**
Capex YoY Growth	**77.7%**	**75.7%**	**81.4%**	**62.3%**	**48.1%**	**23.2%**	**10.3%**	**4.9%**	**69.8%**	**73.4%**	**19.0%**
QoQ Growth	**6.3%**	**23.3%**	**16.7%**	**6.2%**	**-3.1%**	**2.6%**	**4.5%**	**1.0%**			

Hyperscaler capital intensity



Hyperscaler capex to operating cash flow

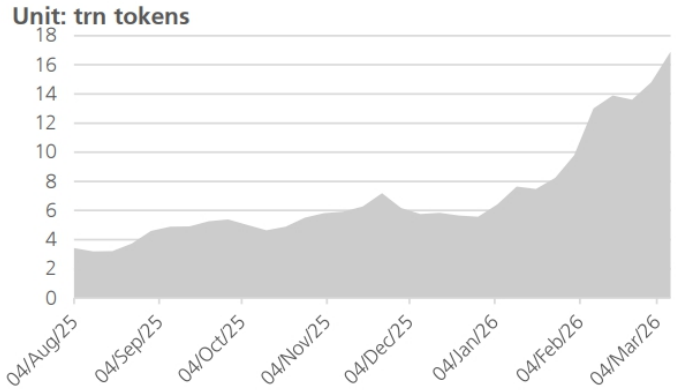


UBS 瑞银

Source: Company data, UBS estimates

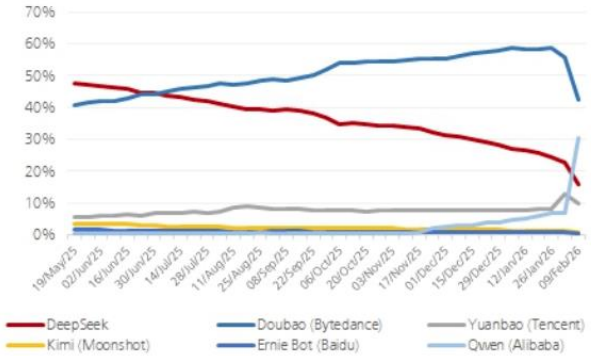
China AI demand update

Total weekly token usage via OpenRouter



Source: OpenRouter. Note: The above token usage data refers to all apps usage on OpenRouter, including OpenClaw, Kilo Code, Claude Code, etc.

Weekly Active User (WAU) share of major AI chatbots in China



Source: QuestMobile; Note: The above data is as of 8 Feb 2026.

OpenRouter's LLM leaderboard by token usage (month as of 15 Feb 2026)

Rank	Model	Company	Token Usage	Growth
1	Kimi K2.5	Moonshot AI	3.58T tokens	New
2	MiniMax M2.5	MiniMax	3.3T tokens	New
3	Gemini 3 Flash Preview	Google	3.09T tokens	104%
4	Claude Sonnet 4.5	Anthropic	2.94T tokens	40%
5	DeepSeek V3.2	DeepSeek	2.65T tokens	83%
6	Gemini 2.5 Flash	Google	1.81T tokens	15%
7	Grok 4.1 Fast	xAI	1.77T tokens	78%
8	Gemini 2.5 Flash Lite	Google	1.47T tokens	62%
9	Grok Code Fast 1	xAI	1.38T tokens	-29%
10	Claude Opus 4.5	Anthropic	1.31T tokens	-11%

Source: OpenRouter

OpenRouter's token usage share by company (week as of 15 Feb 2026)

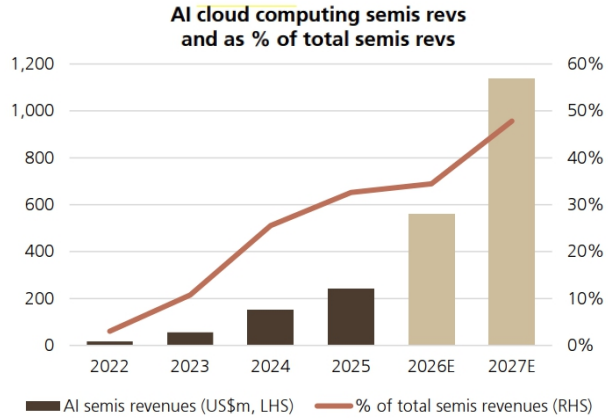
Rank	Company	Token Usage	Market Share
1	MiniMax	2.39T	22%
2	Google	1.65T	15%
3	Anthropic	1.33T	12%
4	OpenAI	1.09T	10%
5	Moonshot AI	948B	9%
6	Z.ai	922B	9%
7	DeepSeek	705B	7%
8	xAI	535B	5%
9	Arcee AI	316B	3%
10	Others	893B	8%

Source: OpenRouter

AI Cloud Computing Semis Revenues

Semis industry revenues breakdown

	2022	2023	2024	2025	2026E	2027E
Total semis industry revenues (US$ bn)	**572,384**	**521,473**	**602,173**	**745,814**	**1,624,128**	**2,378,051**
YoY growth (%)		*-9%*	*15%*	*24%*	*118%*	*46%*
AI cloud computing semis revenues (US$ bn)	**17,255**	**55,995**	**153,704**	**243,117**	**559,659**	**1,137,182**
YoY growth (%)		*225%*	*174%*	*58%*	*130%*	*103%*
As % of total semis revenues	***3%***	***11%***	***26%***	***33%***	***34%***	***48%***
Semis industry revenues ex-AI cloud computing (US$ bn)	**555,129**	**465,478**	**448,469**	**502,696**	**1,064,469**	**1,240,869**
YoY growth (%)		*-16%*	*-4%*	*12%*	*112%*	*17%*
As % of total semis revenues	***97%***	***89%***	***74%***	***67%***	***66%***	***52%***



UBS 瑞银

Source: SIA, UBS estimates

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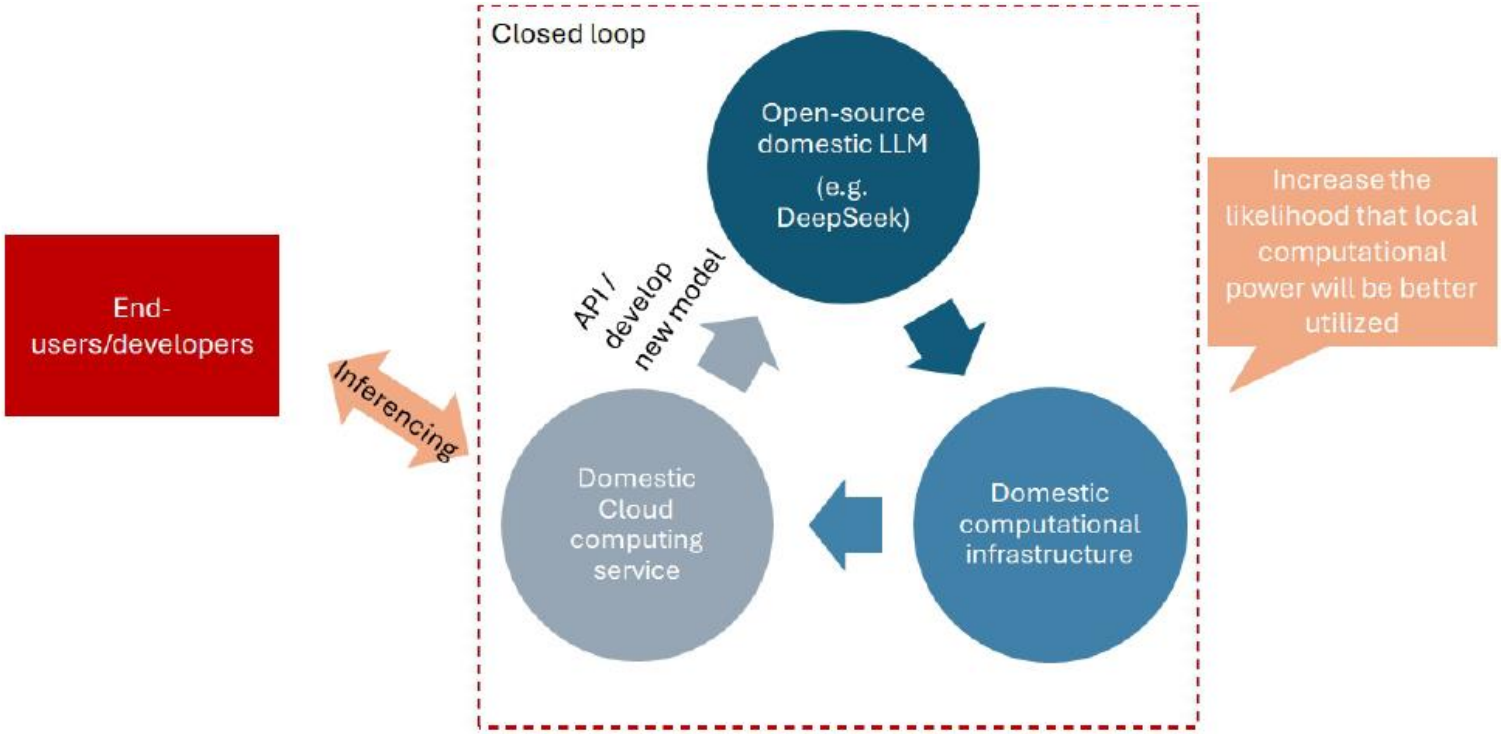
DeepSeek's implication on China Tech Semis

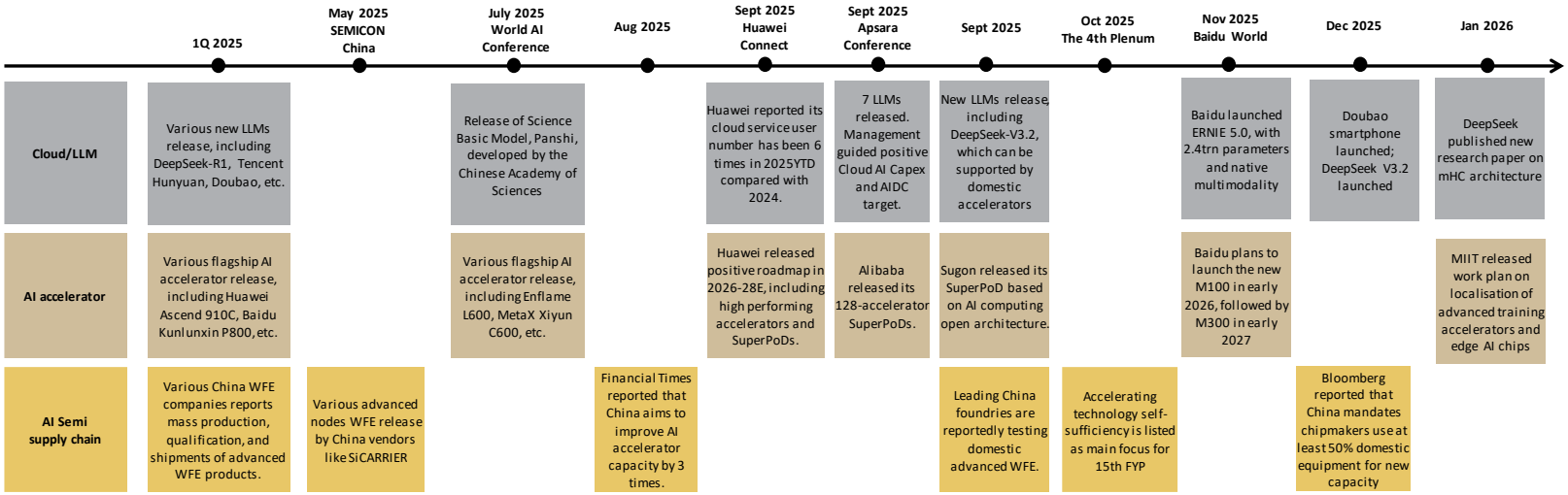
Potential implications to the tech supply chain



UBS 瑞银

Source: UBS-S

Major milestone of China AI tech related industry



Source: Company data, Financial Times, UBS-S

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Huawei's AI accelerator and SuperPoD roadmap

Ascend chip

	Ascend 910C	Ascend 950PR	Ascend 950DT	Ascend 960	Ascend 970
Launch time	2025 Q1	2026 Q1	2026 Q4	2027 Q4	2028 Q4
Microarchitecture	SIMD	SIMD/SIMT	SIMD/SIMT	SIMD/SIMT	SIMD/SIMT
Data formats	FP32/HF32/FP16/BF16/INT8	FP32/HF32/FP16/BF16/FP8/MXFP8/HiF8/MXFP4	FP32/HF32/FP16/BF16/FP8/MXFP8/HiF8/MXFP4	FP32/HF32/FP16/BF16/FP8/MXFP8/HiF8/MXFP4/HiF4	FP32/HF32/FP16/BF16/FP8/MXFP8/HiF8/MXFP4/HiF4
Interconnect bandwidth	784GB/s	2TB/s	2TB/s	2.2TB/s	4TB/s
Computing power	800 TFLOPS FP16	1 PFLOPS FP8, 2PFLOPS FP4	1 PFLOPS FP8, 2PFLOPS FP4	2 PFLOPS FP8, 4 PFLOPS FP4	4 PFLOPS FP8, 8 PFLOPS FP4
Momory capacity	128 GB, 3.2 TB/s	128GB, 1.6TB/s	144GB, 4TB/s	288GB, 9.6TB/s	288GB, 14.4TB/s

SuperPod

	Atlas 800 Server	Atlas 900 Server	Atlas 900 Cluster	Cloud Matrix 384	Atlas 950 Server	Atlas 950 SuperPoD	Atlas 960 SuperPoD
Launch time	2019	2019	2019	2025	2026	2026	2027
Num. of accelerator	8	64	>1000	384	64	8,192	15,488
Computing power(FP16)	1.76-2.24PFLOPS (FP16)	17.92PFLOPS (FP16)	256-1024PFLOPS(FP16)	300PFLOPS (BF16)	64PFLOPS(FP8) 128PFLOPS(FP4)	8EFLOPS(FP8) 16EFLOPS(FP4)	30EFLOPS(FP8) 60EFLOPS(FP4)
Memory	32 DDR4	256 DDR4			HUAWEI HBM	HUAWEI HBM	HUAWEI HBM
Memory bandwidth	3.2TB/s	3.2TB/s	3.2TB/s	3.2TB/s	4TB/s	4TB/s	9.6TB/s

UBS 瑞银

Source: Company data, TrendForce, techradar.com

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Chinese AI accelerator vs NVIDIA's GPU

	Huawei	Alibaba	Baidu	Moore Threads	MetaX	NVIDIA	NVIDIA
Product	Ascend 910C	PPU	Kunlun Gen3	S5000	Xiyun C600	A100	H100
Launch time	2025 Q1	2025	2025	2025	2025	2020	2022
Interconnect bandwidth	784GB/s	700GB/s				600GB/s	900GB/s
Computing power (FP16)	800TFLOPS					312 TFLOPS	800+ TFLOPS
Memory Capacity	128GB	96GB HBM2e			144GB HBM3e	80GB HBM2e	80GB HBM3

UBS 瑞银

Source: Company data, EE Times, Sina News, CCTV

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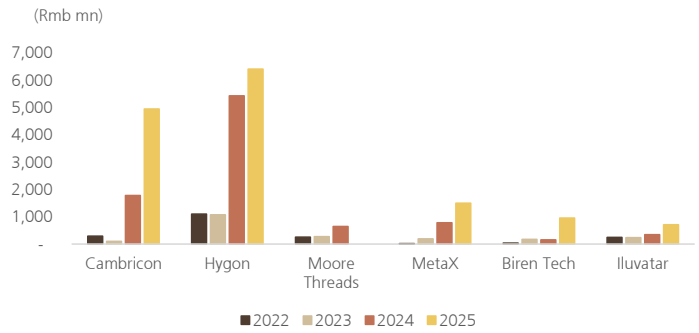
China xPU companies are experiencing rapid growth

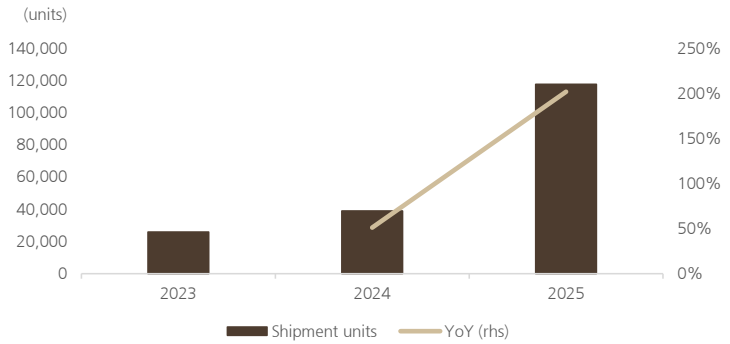
Major A-share AI accelerator companies' quarterly revenue

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Quarterly revenue (Rmb m)													
Cambricon	75	39	31	564	26	39	121	989	1,111	1,769	1,727	1,890	2,885
Hygon	1,161	1,450	1,331	2,069	1,592	2,171	2,374	3,026	2,400	3,064	4,026	4,887	4,034
Moore Threads	0	0	0	0	0	0	0	160	289	413	83	721	738
MetaX	0	0	0	0	0	176	42	520	320	595	321	408	562
Total revenue	**1,237**	**1,490**	**1,362**	**2,633**	**1,618**	**2,386**	**2,536**	**4,695**	**4,121**	**5,841**	**6,157**	**7,906**	**8,218**
YoY													
Cambricon		*n.a.*	*n.a.*	*n.a.*	*-66%*	*0%*	*285%*	*76%*	*4230%*	*4425%*	*1333%*	*91%*	*160%*
Hygon		*n.a.*	*n.a.*	*n.a.*	*37%*	*50%*	*78%*	*46%*	*51%*	*41%*	*70%*	*62%*	*68%*
Moore Threads		*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*350%*	*155%*
MetaX		*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*238%*	*665%*	*-22%*	*75%*
Total revenue		***n.a.***	***n.a.***	***n.a.***	***31%***	***60%***	***86%***	***78%***	***155%***	***145%***	***143%***	***68%***	***99%***
QoQ													
Cambricon		*-48%*	*-20%*	*1698%*	*-95%*	*52%*	*208%*	*721%*	*12%*	*59%*	*-2%*	*9%*	*53%*
Hygon		*25%*	*-8%*	*55%*	*-23%*	*36%*	*9%*	*27%*	*-21%*	*28%*	*31%*	*21%*	*-17%*
Moore Threads		*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*80%*	*43%*	*-80%*	*770%*	*2%*
MetaX		*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*-76%*	*1139%*	*-38%*	*86%*	*-46%*	*27%*	*38%*
Total revenue		***20%***	***-9%***	***93%***	***-39%***	***47%***	***6%***	***85%***	***-12%***	***42%***	***5%***	***28%***	***4%***

Inventory trend of major China AI accelerator companies (2022-25)



Cambricon's AI accelerator shipment (2023-25)



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Source: Company data

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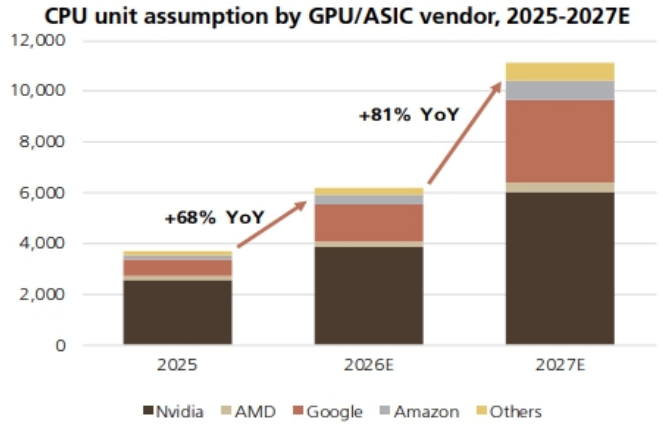
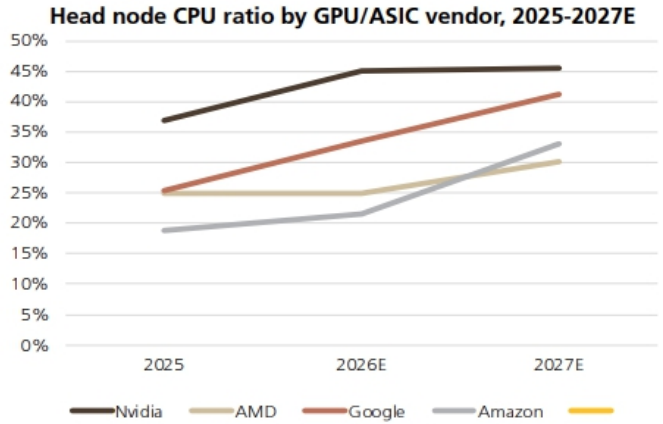
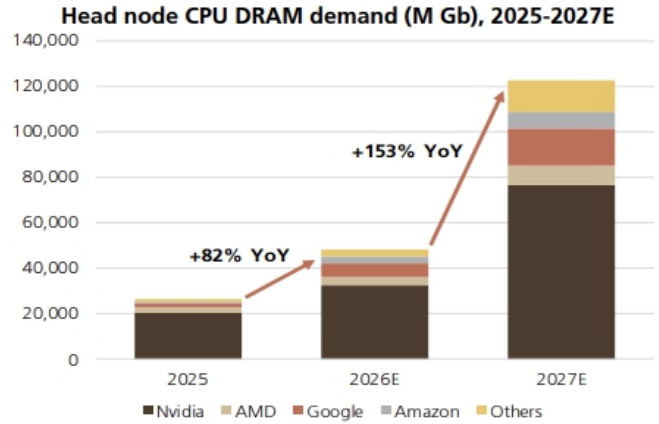
Agentic AI pushing memory demand upwards



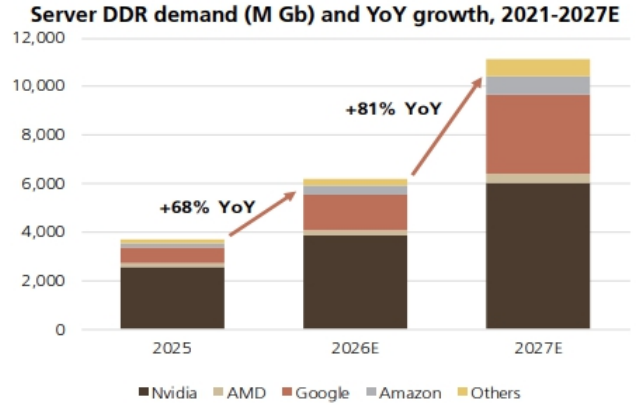


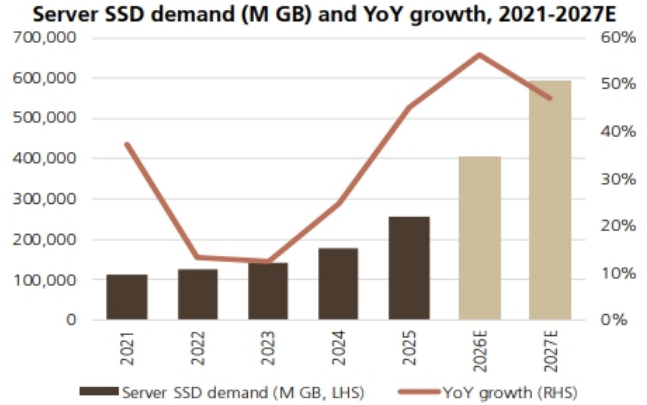


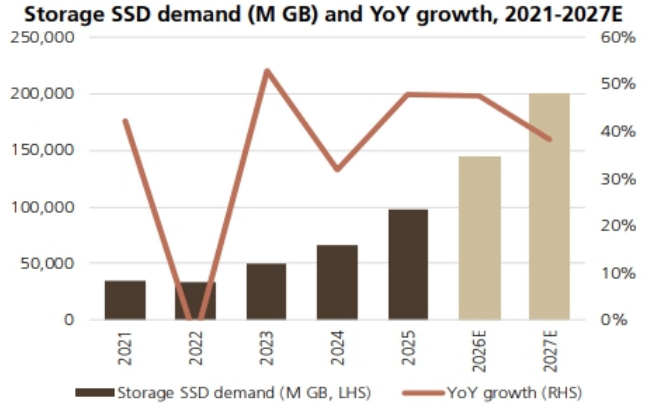
UBS 瑞银

Source: Company data, UBS estimates

Agentic AI pushing memory demand upwards







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Source: Company data, UBS estimates

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Memory spend as % of total hyperscaler Capex

Hyperscaler memory spend	2025	2026E	2027E
AI Server HBM Demand (mil Gb)	17,486	32,888	57,975
% Hyperscaler	*90%*	*90%*	*90%*
HBM Blended ASP (US$/Gb)	$1.52	$1.72	$2.77
AI Server HBM Capex (US$m)	**$23,980**	**$50,997**	**$144,384**
AI Server DDR Demand (mil Gb)	26,594	50,192	130,566
% Hyperscaler	*90%*	*90%*	*90%*
Server DDR Blended ASP (US$/Gb)	$0.43	$1.79	$2.30
AI Server DDR Capex (US$m)	**$10,287**	**$80,643**	**$270,176**
Conventional Server DDR Demand (mil Gb)	57,795	77,002	97,146
% Hyperscaler	*80%*	*80%*	*80%*
Server DDR Blended ASP (US$/Gb)	$0.43	$1.79	$2.30
Conventional Server DDR Capex (US$m)	**$19,871**	**$109,972**	**$178,686**
Server SSD NAND Demand (mil GB)	257,321	402,128	591,194
% Hyperscaler	*80%*	*80%*	*80%*
NAND Blended ASP (US$/GB)	$0.07	$0.21	$0.27
Server SSD NAND Capex (US$m)	**$13,509**	**$69,118**	**$125,493**
Storage SSD NAND Demand (mil GB)	98,162	145,022	200,582
% Hyperscaler	*80%*	*80%*	*80%*
NAND Blended ASP (US$/GB)	$0.07	$0.21	$0.27
Storage SSD NAND Capex (US$m)	**$5,153**	**$24,926**	**$42,578**

Summary	2025	2026E	2027E
Top 11 hyperscaler capex	**$504,026**	**$873,904**	**$1,040,338**
% YoY growth	*70%*	*73%*	*19%*
Total HBM spend (US$m)	$23,980	$50,997	$144,384
Total DDR spend (US$m)	$30,158	$190,615	$448,862
Total NAND spend (US$m)	$18,662	$94,044	$168,071
Total memory spend (US$m)	**$72,800**	**$335,657**	**$761,317**
% YoY growth		*361%*	*127%*
As % of total hyperscaler capex	***14%***	***38%***	***73%***

Source: Company data, UBS estimates

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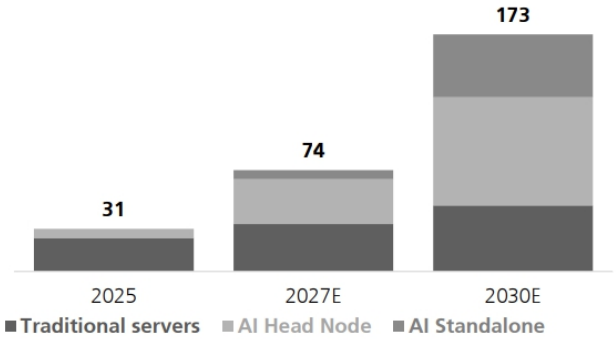
UBS Server CPU market analysis

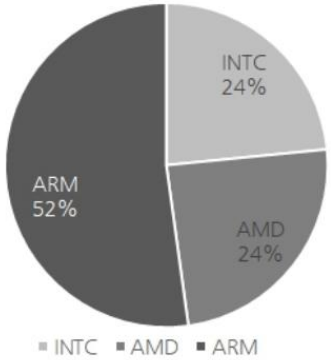
UBS CPU TAM estimates

Estimate	2025	2027	2030	Comment
Traditional CPU Market				
Traditional CPU Market, MM	20	26	30	Grows from 2025 at 8% CAGR like C2005-2020
Traditional CPU ASP, K	$1,200	$1,348	$1,606	Grows from 2025 at 1.5x 4% CAGR like C2005-2020
Traditional Market, $B	24	35	48	Implied by units and ASPs
AI CPU (Bottom-Up)				
AI Accelerator units (Bottom-up), MM	9	23	40	Largest programs (NVDA, AMD, TPU, Trn), ex-China
AI CPU Market (Bottom-up Ests), MM	3	12	33	
Head Node	3	10	~20	UBSe based announced systems
Standalone	0	2	13	Additional CPU units outside of rack
AI CPU ASP, K	$2,420	$3,175	$3,769	Higher core count and clock speed increasing ASPs
AI CPU Market (Bottom-up Ests), $B	7	39	125	
AI CPU (Top-Down)				
AI CPU Market (Top-Down Ests), MM			40	TAM based on 3-4T AI Spend, and 1-to-1 CPU/GPU attach
AI CPU ASP, K			$3,000	UBS ASP ests
AI CPU Market, $B			120	Implied by units and ASPs
Total Market				
Bottom-up units, MM	23	36	63	Traditional + Bottom-up Ests
Bottom-up TAM, $B	31	74	173	
Top-Down CPU Market, MM			70	Traditional demand + Top-Down Est
Top-Down CPU Market, $B			168	

UBS CPU TAM estimates breakdown



UBS CPU market share forecast by C2030E



UBS 瑞银

Source: Mercury Research, UBS estimates

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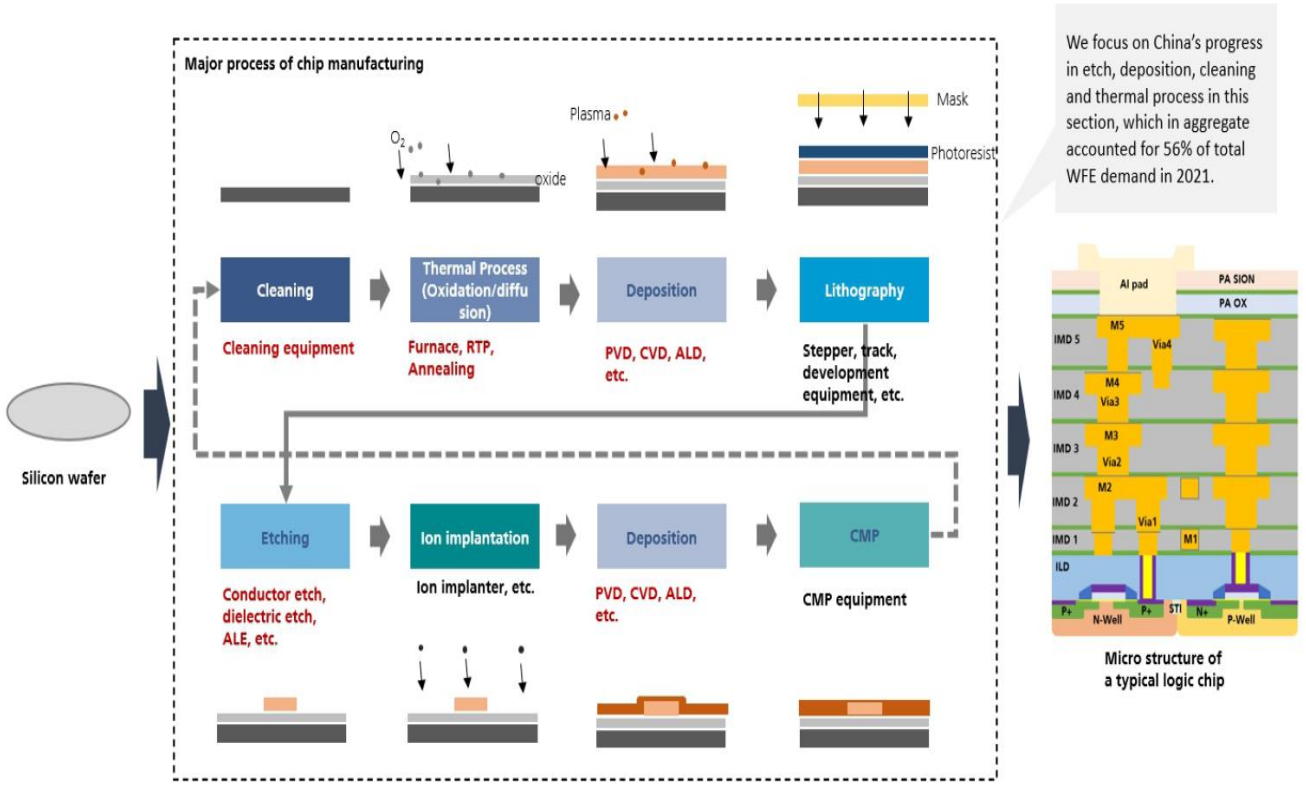
Section 4

China Semiconductor Equipment Sector

China Semis Equipment: IC manufacturing process and pivotal questions

IC manufacturing process



*Source: Company data, UBS-S estimates. Note: * we assume China total WFE spend in 2027 is largely stable compared with that in 2026.*

China WFE spend forecast

US$ m	2022	2023	2024	2025	2026E	2027E	2028E
China's WFE spend by vendors							
TOP 5 SPENDERS							
SMIC	3,300	5,250	6,100	7,000	7,000	7,500	8,000
YoY	*73.7%*	*59.1%*	*16.2%*	*14.8%*	*0.0%*	*7.1%*	*6.7%*
Huahong	598	600	2,050	1,700	1,700	2,000	2,200
YoY	*6.2%*	*0.3%*	*241.7%*	*-17.1%*	*0.0%*	*17.6%*	*10.0%*
Shanghai Huali	600	750	1,500	3,000	3,500	4,000	4,500
YoY	*-20.0%*	*25.0%*	*100.0%*	*100.0%*	*16.7%*	*14.3%*	*12.5%*
YMTC	2,100	500	2,000	3,000	5,000	8,000	11,000
YoY	*-19.2%*	*-76.2%*	*300.0%*	*50.0%*	*66.7%*	*60.0%*	*37.5%*
CXMT	4,250	5,000	8,000	5,500	7,500	11,000	14,000
YoY	*325.0%*	*17.6%*	*60.0%*	*-31.3%*	*36.4%*	*46.7%*	*27.3%*
Subtotal of top 5 spenders	**10,848**	**12,100**	**19,650**	**20,200**	**24,700**	**32,500**	**39,700**
YoY	*59.2%*	*11.5%*	*62.4%*	*2.8%*	*22.3%*	*31.6%*	*22.2%*
As % of total China WFE	*47.6%*	*39.7%*	*50.4%*	*45.4%*	*52.0%*	*58.0%*	*62.0%*
OTHER FABS							
Other domestic fabs	7,662	15,900	18,150	23,300	22,300	22,800	23,600
YoY	*29.1%*	*107.5%*	*14.2%*	*28.4%*	*-4.3%*	*2.2%*	*3.5%*
Multinational fabs	4,290	2,500	1,200	1,000	500	700	700
YoY	*0.9%*	*-41.7%*	*-52.0%*	*-16.7%*	*-50.0%*	*40.0%*	*0.0%*
Subtotal of others	**11,952**	**18,400**	**19,350**	**24,300**	**22,800**	**23,500**	**24,300**
YoY	*17.3%*	*53.9%*	*5.2%*	*25.6%*	*-6.2%*	*3.1%*	*3.4%*
As % of total China WFE	*52.4%*	*60.3%*	*49.6%*	*54.6%*	*48.0%*	*42.0%*	*38.0%*
Total China WFE spend	**22,800**	**30,500**	**39,000**	**44,500**	**47,500**	**56,000**	**64,000**
YoY	*34.1%*	*33.8%*	*27.9%*	*14.1%*	*6.7%*	*17.9%*	*14.3%*
BREAKDOWN	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Tier 1 local foundries (SMIC+Huahong+Huali)	**4,498**	**6,600**	**9,650**	**11,700**	**12,200**	**13,500**	**14,700**
YoY	*40.0%*	*46.7%*	*46.2%*	*21.2%*	*4.3%*	*10.7%*	*8.9%*
As % of total China WFE	*19.7%*	*21.6%*	*24.7%*	*26.3%*	*25.7%*	*24.1%*	*23.0%*
Chinese memory IDMs (incl. CXMT/YMTC/SwaySure, etc.)	**6,610**	**5,960**	**11,870**	**9,800**	**14,060**	**20,690**	**25,650**
YoY	*59.3%*	*-9.8%*	*99.2%*	*-17.4%*	*43.5%*	*47.2%*	*24.0%*
As % of total China WFE	*29.0%*	*19.5%*	*30.4%*	*22.0%*	*29.6%*	*36.9%*	*40.1%*
Tier 1 local foundries + memory	**11,108**	**12,560**	**21,520**	**21,500**	**26,260**	**34,190**	**40,350**
YoY	*50.9%*	*13.1%*	*71.3%*	*-0.1%*	*22.1%*	*30.2%*	*18.0%*
As % of total China WFE	*48.7%*	*41.2%*	*55.2%*	*48.3%*	*55.3%*	*61.1%*	*63.0%*
Other fabs	**7,402**	**15,440**	**16,280**	**22,000**	**20,740**	**21,110**	**22,950**
YoY	*37.4%*	*108.6%*	*5.4%*	*35.1%*	*-5.7%*	*1.8%*	*8.7%*
Of which							
- Other major listed foundry/IDMs	3,588	3,422	3,858	4,703	4,705	5,472	5,416
- Other major private fabs	3,565	5,746	7,922	13,297	12,236	11,438	12,685
- Other fabs	248	6,272	4,500	4,000	3,800	4,200	4,850
China domestic WFE in total	**18,510**	**28,000**	**37,800**	**43,500**	**47,000**	**55,300**	**63,300**
YoY	*45.2%*	*51.3%*	*35.0%*	*15.1%*	*8.0%*	*17.7%*	*14.5%*
As % of total China WFE	*81.2%*	*91.8%*	*96.9%*	*97.8%*	*98.9%*	*98.7%*	*98.9%*
Multinational fabs	**4,290**	**2,500**	**1,200**	**1,000**	**500**	**700**	**700**
YoY	*0.9%*	*-41.7%*	*-52.0%*	*-16.7%*	*-50.0%*	*40.0%*	*0.0%*
As % of total China WFE	*18.8%*	*8.2%*	*3.1%*	*2.2%*	*1.1%*	*1.3%*	*1.1%*
Total China WFE	**22,800**	**30,500**	**39,000**	**44,500**	**47,500**	**56,000**	**64,000**
YoY	*34.1%*	*33.8%*	*27.9%*	*14.1%*	*6.7%*	*17.9%*	*14.3%*

UBS 瑞银 *Source: Company data, UBS estimates, UBS-S estimates*

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SEMICON China 2026 takeaways

1) End demand: strong memory capex upcycle going ahead

- a strong memory capex upcycle (mainly for DRAM) is expected, and is likely to be longer and stronger in 2026-30
- Combined memory capacity expansion could be c120k wpm or higher in 2026, with most capacity added for DRAM.
- Views on advanced logic capex demand in China remain positive, although overall feedback was toned down marginally. Advanced logic capacity expansion demand in Shanghai and Beijing is on track.

2) WFE localization accelerates

- WFE localisation is accelerating at DRAM fabs (by application) and critical etching/deposition/cleaning - with notable progress in process control where localisation is low
- Major Chinese WFE company product releases were notably AMEC's high-selective etch (enabling equipment for 5nm), NAURA's high-end ICP etch NMC612H and Piotech's ALD.
- Chinese WFE suppliers expect accelerating localisation at DRAM fabs this year (even at CXMT's Shanghai fab) vs. 15-20% localisation previously.

3) OSAT and back-end equipment: AI emerging as a material driver for back-end equipment suppliers

- For 2.5D packaging, besides aggressive capacity additions, domestic OSATs are exploring new technologies (i.e. laser direct imaging).
- We expect longer testing times and more complex thermal management for AI applications to drive handler demand. We also note the rising importance of power management in AI applications.
- A domestic OSAT and a wirebonding supplier flagged the spill-over effect on traditional packaging demand.

Evidence/analysis: bottom-up analysis

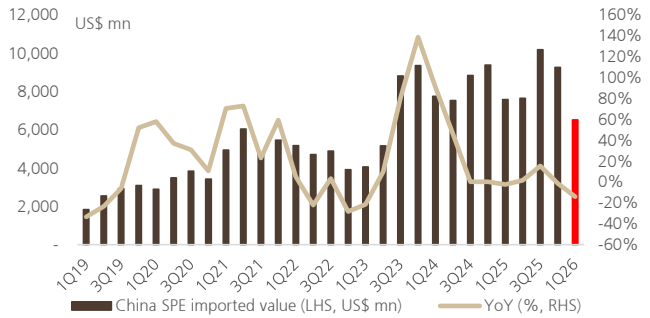
Projects likely under expansion in 2025-26

No	Project	Province/city	Wafer size	Node	Capacity	Potential investment (US$ bn)
1	SMIC Jingcheng Phase 2 *New*	Beijing	12-inch	28nm and above	NA	6.5~7.0B
2	Yandong Micro 28nm 12-inch fab *New*	Beijing	12-inch	28-55nm	50	4.5B
3	HLMC Kangqiao Phase 2 (Fab 8)	Shanghai	12-inch	28nm	NA	5.0-5.5B*
4	CXMT Shanghai Fab *New*	Shanghai	12-inch	NA	100	8.0~10.0B*
5	Cansemi 12-inch fab Phase 4	Guangdong	12-inch	NA	40	1.5~2.0B*
6	YMTC Fab 3 *New*	Hubei	12-inch	NA	100	7.0~8.0B*
7	XMC	Hubei	12-inch	NA	50	3.8B
8	Nexchip 12-inch production line (Phase 4) *New*	Anhui	12-inch	28nm and above	80	5.0~6.0B
9	Rongxin 12-inch fab *New*	Zhejiang	12-inch	180-28nm	35	2.2B
10	Maxscend 12-inch fab expansion project *New*	Jiangsu	12-inch	NA	NA	0.6B
	Total					**44.1~49.6B**

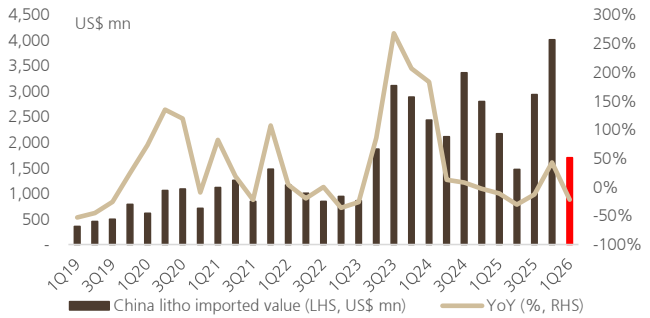
Recent fab project starting construction – mature nodes' fabs

Project	Investment value	Wafer size	Process node	Capacity	Product type
Hua Hong Wuxi Fab9B (Phase III)	Rmb 3.8 billion for plant construction	12 inch		55kwpm	
Nexchip Anhui fab (Phase IV)	Rmb 35.5 billion	12 inch	40-28nm	55kwpm	Logic, CIS, OLED, etc.
Cansemi Guangzhou (Phase IV)	Rmb 25.2 billion	12 inch	65-22nm	40kwpm	AI chip, industrial electronics, auto semi, etc.
Silan Micro 12 inch advanced analog production lines	Rmb 20.0 billion	12 inch		45kwpm	Analog
Maxscend RF capacity expansion	Rmb 4.2 billion	12 inch		15kwpm	RF/mixed signal

China's quarterly SPE imported value (YoY)



China's quarterly litho imported value (YoY)



Source: Company data, Financial Times, BidCenter.com.cn, Wuxi Public Resource Trading Platform, China Customs, UBS-S.
*Note: * based on typical investment intensity of similar type of fab's expansion in China*

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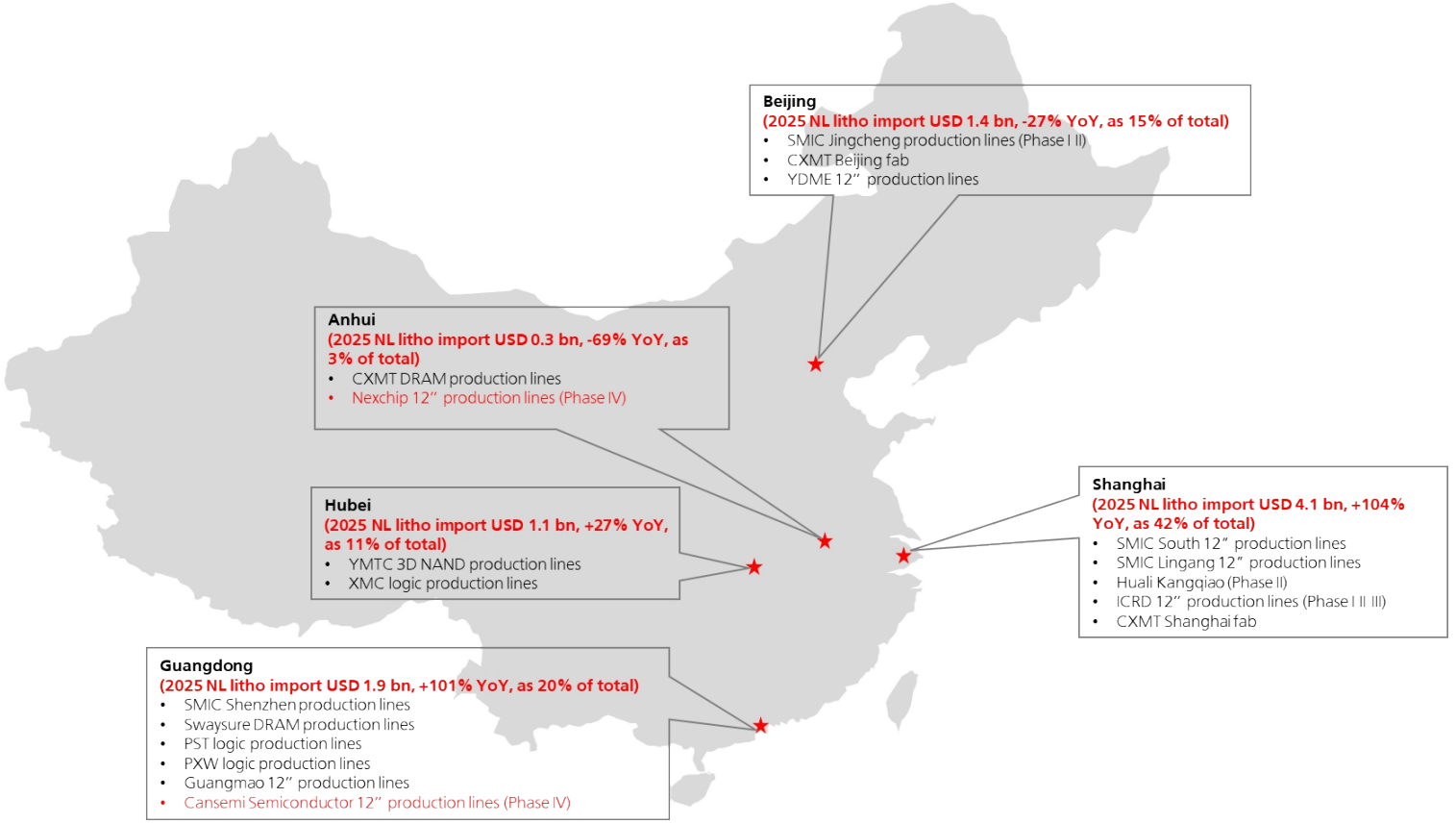
Evidence/analysis: bottom-up analysis

Major China fab projects



Source: Company data, Official data (press release from local governments)

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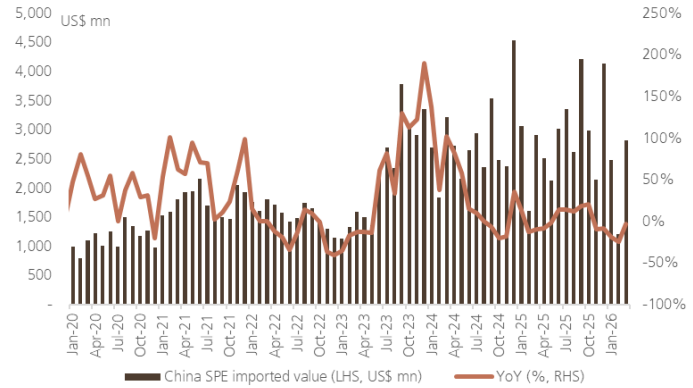
Evidence/analysis: WFE equipment import

	Monthly					Full year								YTD			Average		
US$ m, %	Apr-26	Mar-26	Apr-25	MoM (%)	YoY (%)	2018	2019	2020	2021	2022	2023	2024	2025	4M26	4M25	YoY (%)	Avg. 4M26	Avg. 4M25	Chg (%)
Total SPE import	**2,351**	**2,823**	**2,507**	**-17%**	**-6%**	**11,251**	**10,417**	**13,663**	**21,167**	**18,693**	**27,400**	**33,510**	**34,682**	**8,872**	**10,088**	**-12%**	**2,218**	**2,522**	**-12%**
By equipment type																			
Litho	**142**	**851**	**351**	**-83%**	**-60%**	**2,873**	**2,087**	**3,473**	**4,697**	**3,963**	**8,736**	**10,723**	**10,603**	**1,845**	**2,525**	**-27%**	**461**	**631**	**-27%**
Non-Litho	**2,209**	**1,972**	**2,151**	**12%**	**3%**	**8,379**	**8,329**	**10,090**	**16,474**	**14,742**	**18,671**	**22,779**	**24,062**	**7,020**	**7,560**	**-7%**	**1,755**	**1,890**	**-7%**
Etch	506	638	708	-21%	-28%	2,426	2,424	3,053	5,567	4,624	5,181	6,427	7,496	1,980	2,320	-15%	495	580	-15%
Deposition	868	555	637	56%	36%	3,234	2,653	3,200	5,501	5,072	6,818	7,712	8,343	2,555	2,535	1%	639	634	1%
Oxide RTP	152	204	154	-25%	-1%	822	1,158	1,244	1,908	1,743	1,808	2,090	1,630	543	528	3%	136	132	3%
Ion implanter	189	92	158	105%	20%	357	401	615	913	1,063	1,332	1,810	1,350	454	487	-7%	114	122	-7%
Other	493	483	500	2%	-1%	1,540	1,693	2,078	2,580	2,228	3,524	4,748	5,258	1,495	1,692	-12%	374	423	-12%
As % of total																			
Litho	6%	30%	14%	-24.1	-8.0	26%	20%	25%	22%	21%	32%	32%	31%	21%	25%	-4.2	21%	25%	-4.2
Non-Litho	94%	70%	86%	24.1	8.2	74%	80%	74%	78%	79%	68%	68%	69%	79%	75%	4.2	79%	75%	4.2
Etch	22%	23%	28%	-1.0	-6.7	22%	23%	22%	26%	25%	19%	19%	22%	22%	23%	-0.7	22%	23%	-0.7
Deposition	37%	20%	25%	17.3	11.5	29%	25%	23%	26%	27%	25%	23%	24%	29%	25%	3.7	29%	25%	3.7
Oxide RTP	6%	7%	6%	-0.8	0.4	7%	11%	9%	9%	9%	7%	6%	5%	6%	5%	0.9	6%	5%	0.9
Ion implanter	8%	3%	6%	4.8	1.8	3%	4%	5%	4%	6%	5%	5%	4%	5%	5%	0.3	5%	5%	0.3
Other	21%	17%	20%	3.9	1.0	14%	16%	15%	12%	12%	13%	14%	15%	17%	17%	0.1	17%	17%	0.1
By exporting country to China																			
Japan	692	713	920	-3%	-25%	2,940	2,996	4,095	6,811	5,892	7,518	9,630	8,622	2,111	2,914	-28%	528	729	-28%
Netherlands	102	786	280	-87%	-64%	2,417	1,588	2,624	3,239	2,564	7,242	9,529	9,815	1,669	2,309	-28%	417	577	-28%
US	199	92	232	118%	-14%	2,954	2,298	2,415	3,691	2,971	2,854	3,182	2,072	448	782	-43%	112	195	-43%
Singapore	845	417	416	102%	103%	1,093	893	1,500	2,526	2,454	4,205	4,861	5,699	2,137	1,492	43%	534	373	43%
Malaysia	114	374	247	-70%	-54%	14	103	191	402	1,063	1,614	1,616	3,446	1,021	879	16%	255	220	16%
Korea	131	109	143	19%	-9%	392	1,075	1,181	2,146	1,486	1,221	1,619	1,474	376	490	-23%	94	122	-23%
Others	269	332	269	-19%	0%	1,441	1,463	1,656	2,351	2,263	2,745	3,073	3,555	1,110	1,222	-9%	277	305	-9%
As % of total																			
Japan	29%	25%	37%	4.2	-7.2	26%	29%	30%	32%	32%	27%	29%	25%	24%	29%	-5.1	24%	29%	-5.1
Netherlands	4%	28%	11%	-23.5	-6.9	21%	15%	19%	15%	14%	26%	28%	28%	19%	23%	-4.1	19%	23%	-4.1
US	8%	3%	9%	5.2	-0.8	26%	22%	18%	17%	16%	10%	9%	6%	5%	8%	-2.7	5%	8%	-2.7
Singapore	36%	15%	17%	21.1	19.3	10%	9%	11%	12%	13%	15%	15%	16%	24%	15%	9.3	24%	15%	9.3
Malaysia	5%	13%	10%	-8.4	-5.0	0%	1%	1%	2%	6%	6%	5%	10%	12%	9%	2.8	12%	9%	2.8
Korea	6%	4%	6%	1.7	-0.2	3%	10%	9%	10%	8%	4%	5%	4%	4%	5%	-0.6	4%	5%	-0.6
Others	11%	12%	11%	-0.3	0.7	13%	14%	12%	11%	12%	10%	9%	10%	13%	12%	0.4	13%	12%	0.4
By China's importing province/city																			
Shanghai	854	842	654	1%	31%	1,722	1,395	3,538	3,511	3,213	4,316	7,158	10,498	2,777	1,955	42%	694	434	60%
Beijing	544	635	228	-14%	139%	568	324	607	1,679	1,993	3,015	4,403	4,213	2,370	754	214%	592	175	238%
Guangdong	173	552	915	-69%	-81%	177	604	452	859	882	3,908	6,243	9,068	861	3,874	-78%	215	986	-78%
Hubei	70	133	88	-48%	-20%	1,252	1,439	1,588	2,876	2,183	3,466	1,981	2,276	303	683	-56%	76	199	-62%
Anhui	99	226	83	-56%	20%	835	1,256	946	2,463	2,225	3,618	3,575	1,723	402	870	-54%	101	263	-62%
Jiangsu	159	163	299	-3%	-47%	2,163	2,802	3,176	2,839	3,541	2,077	3,384	2,305	921	844	9%	230	182	27%
Others	453	272	241	67%	88%	4,534	2,595	3,357	6,940	4,656	7,001	6,766	4,598	1,238	1,107	12%	309	289	7%
As % of total																			
Shanghai	36%	30%	26%	6.5	10.2	15%	13%	26%	17%	17%	16%	21%	30%	31%	19%	11.9	31%	17%	14.1
Beijing	23%	22%	9%	0.7	14.1	5%	3%	4%	8%	11%	11%	13%	12%	27%	7%	19.2	27%	7%	19.8
Guangdong	7%	20%	36%	-12.2	-29.1	2%	6%	3%	4%	5%	14%	19%	26%	10%	38%	-28.7	10%	39%	-29.4
Hubei	3%	5%	4%	-1.8	-0.5	11%	14%	12%	14%	12%	13%	6%	7%	3%	7%	-3.4	3%	8%	-4.5
Anhui	4%	8%	3%	-3.8	0.9	7%	12%	7%	12%	12%	13%	11%	5%	5%	9%	-4.1	5%	10%	-5.9
Jiangsu	7%	6%	12%	1.0	-5.2	19%	27%	23%	13%	19%	8%	10%	7%	10%	8%	2.0	10%	7%	3.2
Others	19%	10%	10%	9.6	9.7	40%	25%	25%	33%	25%	26%	20%	13%	14%	11%	3.0	14%	11%	2.5

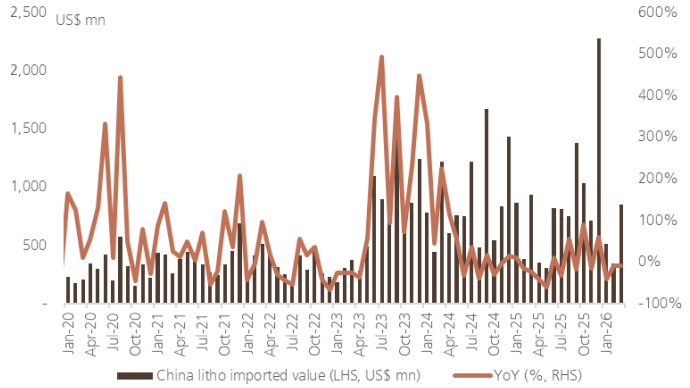
Source: China Customs

Evidence/analysis: WFE equipment import

China's monthly SPE imports (YoY)



Monthly litho import value (YoY)



Major provinces/cities importing litho tools from the Netherlands

Province	2025 Imported amount (US$ m)	2025 Imported unit	2025 ASP (US$ m)	2025 As % of total amount	Apr-26 Imported amount (US$ m)	Apr-26 Imported unit	Apr-26 ASP (US$ m)	Apr-26 As % of total amount	4M26 Imported amount (US$ m)	4M26 Imported unit	4M26 ASP (US$ m)	4M26 As % of total amount	Major fabs located in the province
Shanghai	4,092	79	52	42%	18	3	6	18%	723	12	60	43%	SMIC, Hua Hong, Huali, CXMT. GTA Semi, GTX, etc.
Beijing	1,442	21	69	15%	49	3	16	48%	191	11	17	11%	SMIC, Yandong Micro, CXMT, etc.
Guangdong	1,946	37	53	20%	0	0	n.a.	0%	261	6	43	16%	SMIC, CanSemi, SwaySure, CR Micro
Shandong	4	1	4	0%	0	0	n.a.	0%	0	0	n.a.	0%	Si'En, BYD Semi
Anhui	333	8	42	3%	0	0	n.a.	0%	109	1	109	7%	CXMT, Nexchip
Sichuan	161	6	27	2%	5	1	5	5%	35	3	12	2%	Huali, BYD Semi
Jiangsu	304	22	14	3%	0	0	n.a.	0%	60	5	12	4%	Hua Hong, SK Hynix, TSMC Nanjing
Hubei	1,096	19	58	11%	17	1	17	16%	57	4	14	3%	YMTC, XMC
Fujian	26	1	26	0%	0	0	n.a.	0%	0	0	n.a.	0%	UMC Xiamen, Jinhua, Silan Xiamen
Shaanxi	16	2	8	0%	0	0	n.a.	0%	0	0	n.a.	0%	Samsung
Zhejiang	240	7	34	2%	13	1	13	13%	92	4	23	6%	Fullsemi, Rongsemi, United Nova, Silan Micro, StarPower
Other	144	4	36	1%	0	0	n.a.	0%	141	4	35	8%	
Total	**9,806**	**207**	**47**		**102**	**9**	**11**		**1,669**	**50**	**33**		

UBS 瑞银 *Source: China Customs*

Evidence/analysis: WFE equipment import

Lithography import data analysis

Province	Item	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	4M25	4M26	2023	2024	2025	Major fabs
Shanghai	**Import value (US$ m)**	**64**	**371**	**965**	**107**	**617**	**485**	**526**	**376**	**322**	**359**	**1,417**	**1,994**	**705**	**435**	**723**	**1,507**	**2,005**	**4,092**	SMIC, Hua Hong, HLMC, ICRD, GTA Semi, etc.
	Unit	8	15	18	10	16	17	13	12	14	13	24	28	9	19	12	51	58	79	
	ASP (US$ m/unit)	8.0	24.7	53.6	10.7	38.6	28.5	40.5	31.4	23.0	27.6	59.0	71.2	78.3	22.9	60.2	29.5	34.6	51.8	
Beijing	**Import value (US$ m)**	**188**	**286**	**94**	**657**	**464**	**148**	**413**	**939**	**191**	**99**	**112**	**1,040**	**143**	**191**	**191**	**1,225**	**1,965**	**1,442**	SMIC, Yandong Micro, CXMT, etc.
	Unit	11	8	4	12	14	4	8	20	3	2	5	11	8	3	11	35	46	21	
	ASP (US$ m/unit)	17.1	35.8	23.4	54.7	33.1	37.1	51.7	47.0	63.5	49.6	22.5	94.5	17.8	63.5	17.4	35.0	42.7	68.7	
Guangdong	**Import value (US$ m)**	**7**	**159**	**559**	**294**	**293**	**434**	**148**	**95**	**761**	**524**	**429**	**232**	**261**	**898**	**261**	**1,020**	**969**	**1,946**	
	Unit	2	5	11	10	8	18	7	8	14	11	6	6	6	19	6	28	41	37	PST, Pengxinwei, SwaySure, SMIC, CanSemi, CR Micro, etc.
	ASP (US$ m/unit)	3.6	31.8	50.8	29.4	36.6	24.1	21.1	11.8	54.3	47.6	71.4	38.7	43.4	47.3	43.4	36.4	23.6	52.6	
Hubei	**Import value (US$ m)**	**131**	**54**	**570**	**669**	**0**	**133**	**442**	**286**	**289**	**117**	**466**	**225**	**41**	**292**	**57**	**1,424**	**861**	**1,096**	YMTC, XMC, etc.
	Unit	9	3	10	12	0	4	9	10	5	3	6	5	3	6	4	34	23	19	
	ASP (US$ m/unit)	14.6	18.0	57.0	55.8	n.a.	33.2	49.1	28.6	57.8	38.9	77.6	45.0	13.5	48.6	14.3	41.9	37.4	57.7	
Anhui	**Import value (US$ m)**	**54**	**108**	**311**	**512**	**170**	**0**	**603**	**311**	**194**	**58**	**81**	**0**	**109**	**209**	**109**	**985**	**1,083**	**333**	CXMT, Nexchip
	Unit	2	2	7	12	2	0	8	8	5	2	1	0	1	6	1	23	18	8	
	ASP (US$ m/unit)	26.9	54.2	44.5	42.6	84.8	n.a.	75.3	38.9	38.7	28.9	81.5	n.a.	108.7	34.9	108.7	42.8	60.2	41.6	
Jiangsu	**Import value (US$ m)**	**89**	**158**	**0**	**52**	**30**	**272**	**181**	**112**	**113**	**82**	**28**	**81**	**60**	**116**	**60**	**299**	**594**	**304**	Hua Hong, Maxscend, CR Micro, etc.
	Unit	5	4	0	2	3	11	13	11	3	5	6	8	5	4	5	11	38	22	
	ASP (US$ m/unit)	17.8	39.4	n.a.	26.1	9.9	24.7	13.9	10.2	37.6	16.3	4.7	10.1	11.9	28.9	11.9	27.2	15.6	13.8	
Zhejiang	**Import value (US$ m)**	**6**	**139**	**47**	**25**	**0**	**0**	**75**	**89**	**0**	**24**	**3**	**214**	**79**	**5**	**92**	**218**	**164**	**240**	Fullsemi, Rongsemi, United Nova, Silan Micro, StarPower, etc.
	Unit	1	4	3	5	0	0	2	3	0	3	1	3	3	1	4	13	5	7	
	ASP (US$ m/unit)	6.1	34.9	15.7	5.0	n.a.	n.a.	37.6	29.8	n.a.	8.0	2.6	71.3	26.4	5.5	23.0	16.7	32.9	34.3	
Sichuan	**Import value (US$ m)**	**0**	**0**	**0**	**0**	**151**	**201**	**225**	**175**	**148**	**7**	**6**	**0**	**30**	**148**	**35**	**0**	**752**	**161**	HLMC, BYD Semi
	Unit	0	0	0	0	3	6	6	4	3	2	1	0	2	3	3	0	19	6	
	ASP (US$ m/unit)	n.a.	n.a.	n.a.	n.a.	50.2	33.6	37.5	43.8	49.4	3.5	6.1	n.a.	15.0	49.4	11.8	n.a.	39.6	26.8	
Other	**Import value (US$ m)**	**16**	**129**	**131**	**276**	**443**	**146**	**458**	**72**	**11**	**13**	**153**	**15**	**141**	**13**	**141**	**552**	**1,119**	**191**	
	Unit	2	5	11	12	8	6	7	6	1	3	3	1	4	2	4	30	27	8	
	ASP (US$ m/unit)	8.0	25.9	11.9	23.0	55.4	24.3	65.4	12.1	10.7	4.2	51.0	14.9	35.2	6.6	35.2	18.4	41.4	23.9	
Total	**Import value (US$ m)**	**555**	**1,405**	**2,677**	**2,592**	**2,167**	**1,819**	**3,071**	**2,457**	**2,028**	**1,282**	**2,695**	**3,800**	**1,567**	**2,307**	**1,669**	**7,230**	**9,513**	**9,806**	
	Unit	40	46	64	75	54	66	73	82	48	44	53	62	41	63	50	225	275	207	
	ASP (US$ m/unit)	13.9	30.6	41.8	34.6	40.1	27.6	42.1	30.0	42.3	29.1	50.8	61.3	38.2	36.6	33.4	32.1	34.6	47.4	

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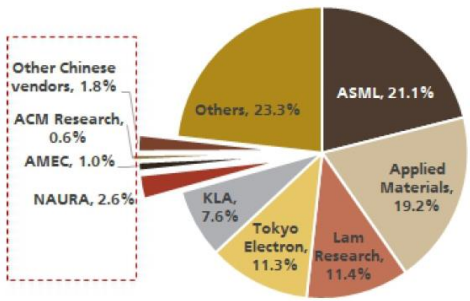
Global competitive landscape

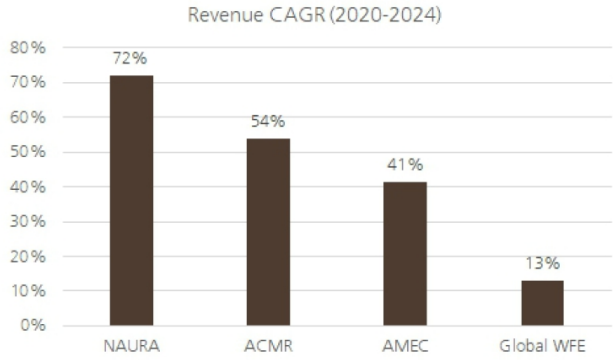
Competitive landscape

Major process	Entry barrier	As % of total WFE * (2024)	Market conentration* (2024)	Major Chinese players	Chinese vendors' global mkt share (2024)
Lithography	Extre high	19%	ASML (90%), Canon (5%)	SMEE, Huawei	NA
Dry etch	High	22%	**LRCX (40%)**, TEL (27%), **AMAT (16%)**	NAURA, AMEC	12%
Deposition	High	22%	**AMAT (46%), LRCX (17%)**, ASMI (10%), TEL(8%)	Piotech, NAURA, AMEC, ACM Research	6%
Cleaning*	Medium	6%	SCREEN (40%), TEL (25%), SEMES (16%)	ACM Research, PNC Process, NAURA	12%
Thermal Process	Medium	3%	**AMAT (47%)**, Kokusai (12%), TEL (13%)	NAURA, ACM Research	9%
CMP	Medium	3%	**AMAT (54%)**, Ebara(28%)	Hwatsing	11%
Photoresist processing	Medium	4%	TEL (92%), SCREEN (3%)	Kingsemi, ACMR	4%
Ion Implant	High	2%	**AMAT (65%), Axcelis (23%)**, SMIT (8%)	Kingstone, NAURA, Hswting	1%
Process control	High	11%	**KLA (57%)**, AMAT (9%), Lasertec (9%)	SiCarrier, SkyVerse, Jingce, etc.	1%
Other equipment	Miedum	8%			
Total		**100%**	Top 5 vendors (72%)		5-6%

Global revenue market share of WFE suppliers



Revenue CAGR of Chinese WFE vendors vs global industry



Company data, Gartner, UBS-S. Note: market share calculation based on Gartner data.

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Evidence/analysis: bottom-up analysis

China major WFE companies' solid results

Rmb m	Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425	Q126	1H24	2H24	1H25	2H25
Revenue													
NAURA	**5,859**	**6,476**	**8,018**	**9,485**	**8,206**	**7,936**	**11,160**	**12,052**	**10,323**	**12,335**	**17,503**	**16,142**	**23,212**
YoY growth	*51%*	*42%*	*30%*	*27%*	*40%*	*23%*	*39%*	*27%*	*26%*			*30.9%*	*32.6%*
NAURA* (assuming 70% revenue being WFE; and excluding Kingsemi)	**4,101**	**4,533**	**5,613**	**6,640**	**5,744**	**5,555**	**7,615**	**7,765**	**6,995**	**8,634**	**12,252**	**11,299**	**15,381**
YoY growth	*51%*	*42%*	*30%*	*27%*	*40%*	*23%*	*36%*	*17%*	*22%*			*30.9%*	*25.5%*
AMEC	**1,605**	**1,843**	**2,059**	**3,558**	**2,173**	**2,787**	**3,102**	**4,322**	**2,915**	**3,448**	**5,617**	**4,960**	**7,424**
YoY growth	*31%*	*41%*	*36%*	*60%*	*35%*	*51%*	*51%*	*21%*	*34%*			*43.9%*	*32.2%*
ACM Research Shanghai	**921**	**1,483**	**1,573**	**1,641**	**1,306**	**1,959**	**1,881**	**1,640**	**1,476**	**2,404**	**3,214**	**3,265**	**3,521**
YoY growth	*50%*	*49%*	*38%*	*44%*	*42%*	*32%*	*20%*	*0%*	*13%*			*35.8%*	*9.6%*
Piotech	**472**	**795**	**1,011**	**1,826**	**709**	**1,235**	**2,266**	**2,299**	**1,112**	**1,267**	**2,837**	**1,944**	**4,565**
YoY growth	*17%*	*32%*	*45%*	*82%*	*50%*	*55%*	*124%*	*26%*	*57%*			*53.4%*	*60.9%*
Kingsemi	**244**	**449**	**411**	**649**	**275**	**434**	**281**	**958**	**331**	**694**	**1,060**	**709**	**1,239**
YoY growth	*-15%*	*10%*	*-20%*	*27%*	*13%*	*-3%*	*-32%*	*48%*	*20%*			*2.2%*	*16.9%*
Hwatsing	**680**	**816**	**955**	**955**	**912**	**1,037**	**1,244**	**1,454**	**1,201**	**1,497**	**1,910**	**1,950**	**2,699**
YoY growth	*10%*	*32%*	*58%*	*43%*	*34%*	*27%*	*30%*	*52%*	*32%*			*30.3%*	*41.3%*
E-Town	**1,012**	**1,078**	**1,240**	**1,303**	**1,160**	**1,322**	**1,314**	**1,298**	**1,037**	**2,090**	**2,543**	**2,482**	**2,612**
YoY growth					*15%*	*23%*	*6%*	*0%*	*-11%*			*18.8%*	*2.7%*
Total Revenue (Rmb m)*	**9,036**	**10,997**	**12,862**	**16,571**	**12,280**	**14,329**	**17,703**	**19,737**	**15,068**	**20,033**	**29,433**	**26,609**	**37,440**
YoY growth	*35%*	*37%*	*31%*	*39%*	*36%*	*30%*	*38%*	*19%*	*23%*			*32.8%*	*27.2%*
Total revenue (USD m)	**1,255**	**1,527**	**1,786**	**2,302**	**1,706**	**1,990**	**2,459**	**2,741**	**2,093**	**2,782**	**4,088**	**3,696**	**5,200**
YoY growth	*35%*	*37%*	*31%*	*39%*	*36%*	*30%*	*38%*	*19%*	*23%*			*32.8%*	*27.2%*

UBS 瑞银 *Source: Company data, UBS-S*

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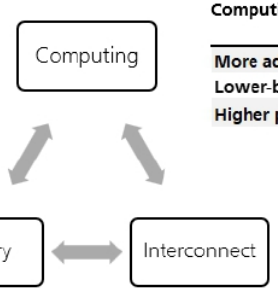
Section 5

China Interconnect Chips Sector Update

Major growth driver of interconnect chips

Powerful LLM = More parameters + Larger dataset + Longer thinking

Semis Hardwar is The Cornerstone to Support A Powerful LLM



Computing: Optimized Operators + More #Transistors

	Ampere	Hopper	Blackwell	Rubin
More advanced process nodes	N7	N4	N4P	N3
Lower-bit operations	FP16	FP8	FP4	FP4
Higher performance	624 TFLOPS	1979 TFLOPS	3.5 PFLOPS	

Memory Tiering

Tier0	On-chip	SRAM
Tier1	Off-chip	HBM
Tier2	Off-chip	DRAM: DDR/ LPDDR/ GDDR
Tier3	Off-chip	Storage

Interconnect layers

Card	**Within a GPU/ ASIC card**	Traditional packaging -> CoWoS -> SOIC
Rack	**Scale-up within a rack: GPU - GPU**	HGX 8-card -> NVL36 -> NVL72 -> NVL576
Cluster	**Scale-out within a cluster: Rack - Rack**	100K cluster -> 400K cluster -> 1M cluster

	Parallel technology paths co-exist	
	NVIDIA	**Open architecture**
CPU - GPU		
Protocol	NVLink C2C, PCIe	PCIe
Physical connection	Copper cable, PCIe Switch	PCIe Switch, PCIe Retimer
CPU - other devices (e.g. NIC, SSD)		
Protocol	PCIe	PCIe
Physical connection	PCIe Switch, ConnectX	PCIe Switch, PCIe Retimer
GPU - GPU		
Protocol	NVLink	UALink, Ethernet, etc.
Physical connection	DAC (Direct Attach Copper)	DAC -> AEC (PCIe Retimer + DAC)
Rack - Rack		
Protocol	Infiniband -> Ethernet	Ethernet
Physical connection	Optical	Optical

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Source: Company data, UBS-S

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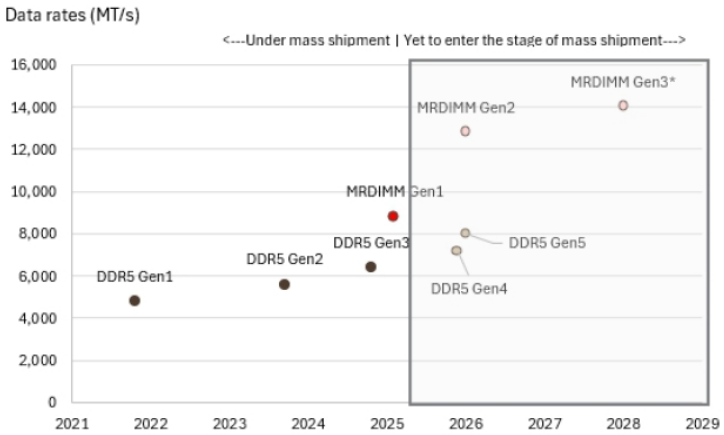
Major growth driver of interconnect chips (cont'd)

Memory interconnect chips and the major drivers

Type of chips	Function	Market size (2024)	CAGR (2024-30F)	Major growth drivers
Server				
RCD/DB	Serve as a pathway for server CPUs to access memory data. To optimize data transfer speeds, improve signal integrity, and ensure stability	US$695m	11%	✓ Server unit growth ✓ Memory module unit growth per server ✓ Higher penetration of newer generations within DDR5
MRCD/MDB	Serve as a pathway for server CPUs to access memory data. For high bandwidth memory.	US$19m	127%	✓ AI server unit growth ✓ Higher penetration of MRDIMM with more CPU platforms support MRDIMM
PC				
CKD	A must-have when DDR5 data rates reach 6400MT/s or higher	US$11m	68%	✓ AI PC unit growth ✓ Higher penetration of newer generations within DDR5
Memory module supporting chips				
SPD, TS, PMIC	SPD: serves as the central point of communication TS: monitors and manages the temperature PMIC: provide stable and efficient power support	US$444m	13%	✓ Server, AI PC unit growth ✓ Higher penetration of DDR5 and MRDIMM

Transfer rates of different types of memory interconnect chips



Usage of different types of memory interconnect chips in different applications

	Memory Module	RCD	DB	SPD	TS	PMIC	MRCD	MDB	CKD
Servers	RDIMM (DDR4)	1	-	1	-	-	-	-	-
	LRDIMM (DDR4)	1	9	1	-	-	-	-	-
	RDIMM (DDR5)	1	-	1	2	1	-	-	-
	LRDIMM (DDR5)	1	10	1	2	1	-	-	-
	MRDIMM (DDR5)	-	-	1	2	1	1	10	-
PCs	UDIMM/SODIMM (DDR4)	-	-	1	-	-	-	-	-
	UDIMM/SODIMM (DDR5)	-	-	1	-	1	-	-	-
	CUDIMM/CSODIMM/CAMM (DDR5)	-	-	1	-	1	-	-	1
	LPCAMM (DDR5)	-	-	1	-	1	-	-	-

Source: Company data, F&S, JEDEC, Intel, UBS-S; Note: MRDIMM Gen-3's spec TBC

Memory interconnect chip evolution

Memory interconnect chip generation	R&D period	Major participants
DDR2	2004-2008	TI, Intel, Simens, Inphi, **Montage**, IDT, etc.
DDR3	2008-2014	Inphi, IDT, **Montage**, Rambus, TI, etc.
DDR4	2013-2017	**Montage**, IDT, Rambus
DDR5	2017 to date	**Montage**, Renesas (ie IDT), Rambus

Source：Company data

Quantifying incremental TAM of memory interconnect chips driven by AI applications

Server CPU TAM analysis

Estimate	2025	2027	2030	Comment
Traditional CPU Market				
Traditional CPU Market, MM	20	26	30	Grows from 2025 at 8% CAGR like C2005-2020
Traditional CPU ASP, K	$1,200	$1,348	$1,606	Grows from 2025 at 1.5x 4% CAGR like C2005-2020
Traditional Market, $B	24	35	48	Implied by units and ASPs
AI CPU (Bottom-Up)				
AI Accelerator units (Bottom-up), MM	9	23	40	Largest programs (NVDA, AMD, TPU, Trn), ex-China
AI CPU Market (Bottom-up Ests), MM	3	12	33	
Head Node	3	10	~20	UBSe based announced systems
Standalone	0	2	13	Additional CPU units outside of rack
AI CPU ASP, K	$2,420	$3,175	$3,769	Higher core count and clock speed increasing ASPs
AI CPU Market (Bottom-up Ests), $B	7	39	125	
AI CPU (Top-Down)				
AI CPU Market (Top-Down Ests), MM			40	TAM based on 3-4T AI Spend, and 1-to-1 CPU/GPU attach
AI CPU ASP, K			$3,000	UBS ASP ests
AI CPU Market, $B			120	Implied by units and ASPs
Total Market				
Bottom-up units, MM	23	36	63	Traditional + Bottom-up Ests
Bottom-up TAM, $B	31	74	173	
Top-Down CPU Market, MM			70	Traditional demand + Top-Down Est
Top-Down CPU Market, $B			168	

Revenue TAM of memory interconnect chips to support AI CPU

	2025	2027	2030	CAGR (25-30E)
AI CPU (m units)	**3**	**12**	**33**	61.5%
Incremtnal volume (vs 2025)		***9***	***30***	
Mix by DDR5, DDR6, MRDIMM				
DDR5	95%	85%	55%	
DDR6	0%	0%	10%	
MRDIMM	0%	5%	15%	
Other no I/O required specs	5%	10%	20%	
#Memory interconnect per CPU				
DDR5 (m units)	16	18	20	
DDR6 (m units)	0	0	48	
MRDIMM (m units)	0	12	12	
#Memory interconnect (mn unit)				
DDR5 (m units)	46	184	363	
DDR6 (m units)	0	0	158	
MRDIMM (m units)	0	7	59	
Blended ASP assumption (US$)				
DDR5 (US$/unit)	5.5	5.0	4.5	
DDR6 (US$/unit)			8.0	
MRDIMM (US$/unit)		65.0	45.0	
TAM for supporting AI CPU application (US$ bn)				
DDR5 (US$ bn)	0.3	0.9	1.6	45.5%
DDR6 (US$ bn)	0.0	0.0	1.3	n.a.
MRDIMM (US$ bn)	0.0	0.5	2.7	n.a.
Total	**0.3**	**1.4**	**5.6**	**85.9%**
Total (excluding MRDIMM)	**0.3**	**0.9**	**2.9**	**63.2%**

Source： UBS estimates, UBS-S estimates

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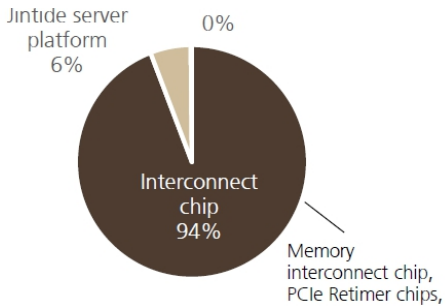
Chinese memory interconnect chip company's revenue outpaced its major global peers

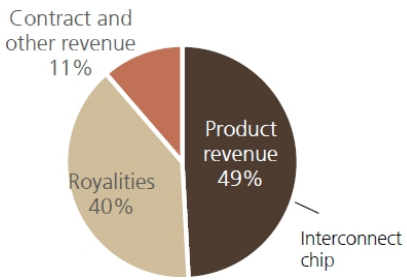
Montage's revenue growth vs competitors in 2024-25

%	2020	2021	2022	2023	2024	2025
Montage	5%	40%	43%	-38%	59%	50%
Rambus	8%	35%	39%	1%	21%	27%
Renesas	0%	39%	51%	-2%	-8%	-2%
Average	**4%**	**38%**	**44%**	**-13%**	**24%**	**25%**

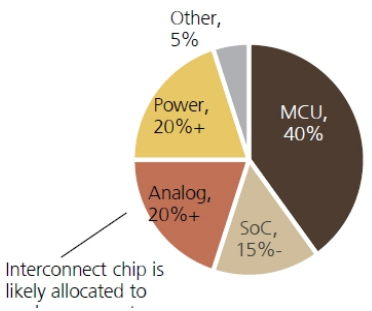
Montage's revenue breakdown (2025)



Rambus's revenue breakdown (2025)



Renesas's revenue breakdown (2025)



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Source: *Company data*

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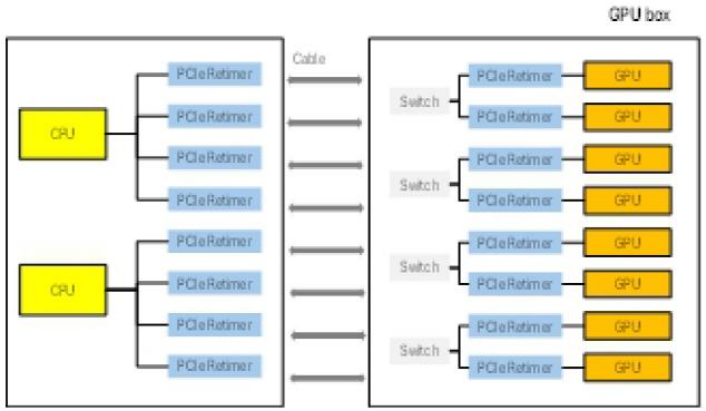
PCIe interconnect chips and major drivers

PCIe interconnect chips and the major drivers

Type of chips	Function	Market size (2024)	CAGR (2024-30F)	Major growth drivers
PCIe Retimer	Helps improve the signal integrity in high-speed, long-distance data transmission to address the issue of signal attenuation and reference clock timing	US$0.4bn	30%	✓ AI server unit growth ✓ Higher attach rate per GPU with increasingly complex AI system architecture ✓ PCIe standard evolvement
PCIe Switch	Expand PCIe lane availability through an internal switching architecture	US$1.9bn	21%	
Total		**US$2.3bn**	**23%**	

Typical PCIe retimer use-cases in AI servers



Major participants in PCIe Retimer chips

PCIe interconnect chip generation	Major participants
PCIe 4.0	Astera Labs, Montage, Parade, etc.
PCIe 5.0	Astera Labs, Montage, etc.
PCIe 6.0	Astera Labs, Montage, Broadcom, Marvell, etc.

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Source: Company data, F&S, UBS-S

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CXL and other interconnect chips

CXL interconnect chips and the major drivers

Type of chips	Function	Market size (2024)	CAGR (2024-30F)	Major growth drivers
CXL MXC	Key controller for building memory expansion and memory pooling architecture to ensure seamless data management across hardware nodes	US$2.5m	170%	✓ Rising penetration of CXL protocol in AI server ✓ Restructuring in system architecture for memory pooling and memory expansion
CXL Switch	To enhance system scalability and resource utilization efficiency for large-scale memory pooling architectures	US$1.8m	172%	
Total of CXL		**US$4.3m**	**171%**	

Other interconnect chips and the major drivers

Type of chips	Function	Market size (2024)	CAGR (2024-30F)	Major growth drivers
Ethernet interconnect chips **e.g. Switch, NIC, Retimer**	To enable the data transmission between devices via Ethernet protocol	US$9.4bn	17%	✓ AI server unit growth ✓ Larger scale of clusters ✓ Increasingly complex AI system architecture
Optical interconnect chips **e.g. oDSPs, Drivers and ITAs, Silicon Photonic chips**	To enable the data transmission through optoelectronic conversion	US$2.6bn	25%	✓ AI server unit growth ✓ Larger scale of clusters ✓ Increasingly complex AI system architecture

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Source: Company data, F&S, UBS-S

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Section 7

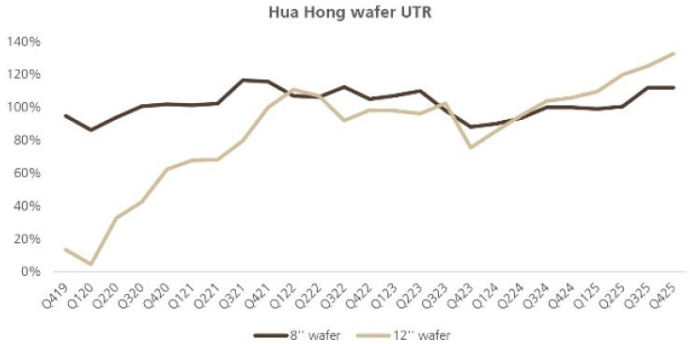
China Power Semi Sector

Be selective, turning more positive on power IDM

Comments from CR Micro and Silan Micro suggest high UTRs

Company	Announcement	Comments on UTRs
CR Micro	03-Apr-26	1) Fully loaded since 4Q25 for 6'', 8'', and Chongqing 12''; 2) Shenzhen 12'' under rapid ramp-up;
Silan Micro	15-May-26	1) Fully loaded in 1Q26 for 5'' (Jicheng), 6'' (Jicheng), 8'' (Jixin), and 12'' (Jike); 2) 6'' SiC (Mingjia) is fully loaded by 1Q26; 8'' (Jixin) is ramping up with strong order

Hua Hong's UTR continued to improve for both 8" and 12" wafers



Our China power semi coverage ranked in order 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

End demand – Comments from global semi companies

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

Company	Date	Comments on demand			
		AI power/data centre	Energy storage	Auto	Industrial
Infineon	6-May-26	Exceptional growth opportunity; 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; 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; Expect sequential recovery since 2Q26, but pricing competition remains fierce; EU has decent EV projects	Expect growth in robotics, low-altitude aircraft

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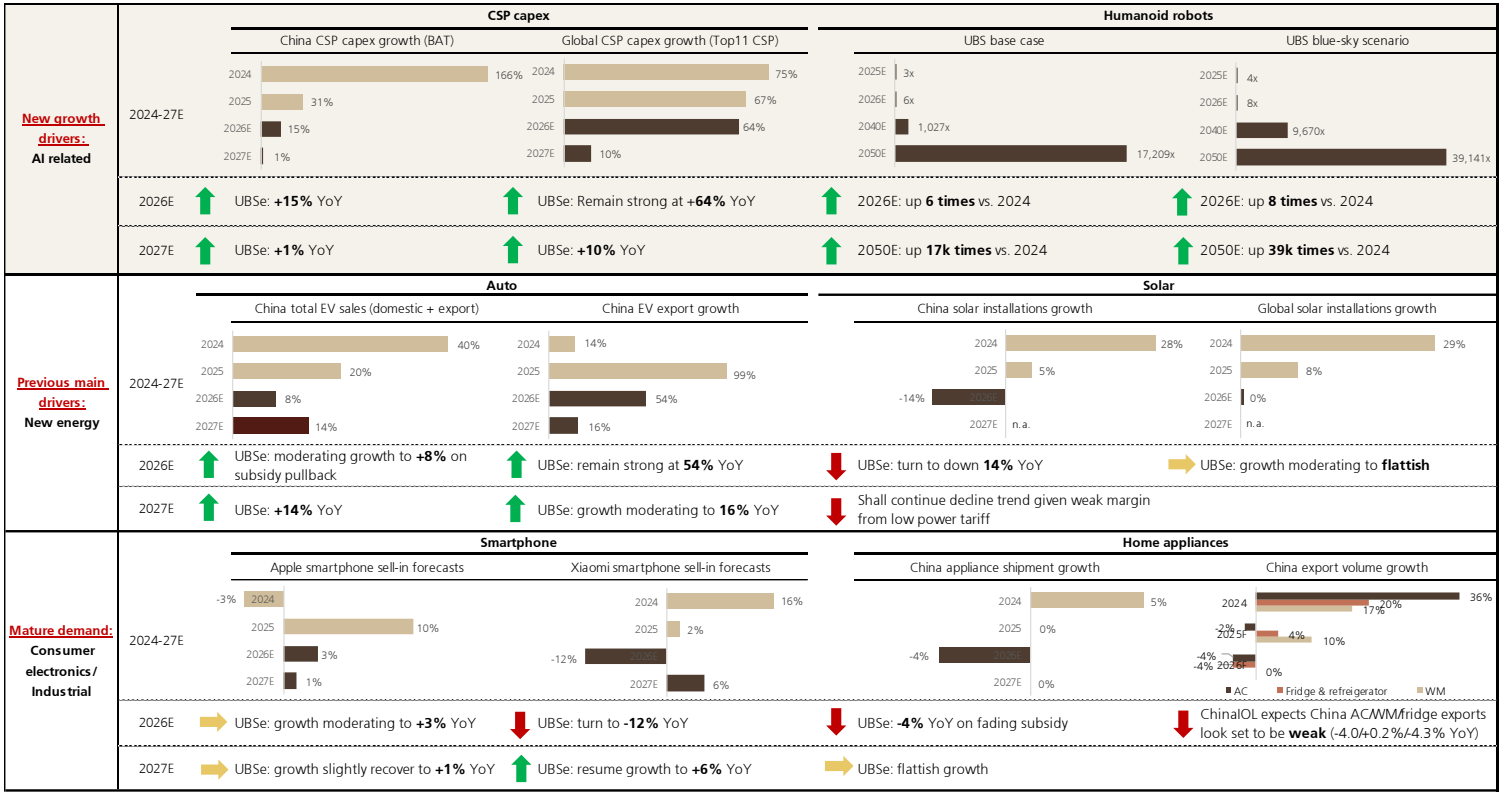
Source: Company data, UBS-S

End demand – new applications like AI and humanoid robots



Source: Wind, Counterpoint, China AOL, UBS estimates, UBS-S estimates

Supply and demand – auto

Accelerating MOS localization trend in autos

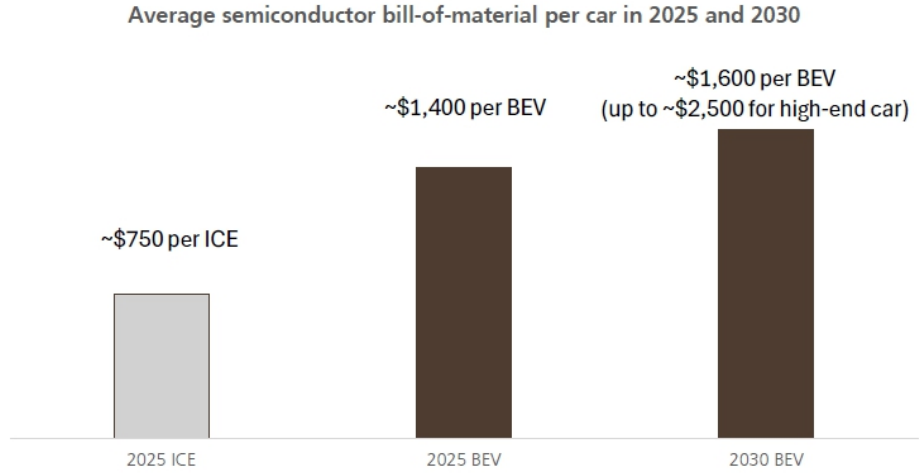
Vds 40V SKU comparison, for 12V power architecture in 2025

V_DS [max] 40V SKU: for 12V power architecture				
R_Dson[max] @ V_GS =10V (mΩ)	<10	10~50	>50	Total
Nexperia	75	31	9	115
NCE Power	70	1	0	71
Yangjie	56	4	1	61
Silan Micro	10	0	0	10
CR Micro	13	0	0	13

Vds 100V SKU comparison, for 48V power architecture in 2025

V_DS [max] 100V SKU: for 48V power architecture						
R_Dson[max] @ V_GS =10V (mΩ)	<10	10~25	25~50	50~100	>100	Total
Nexperia	7	12	18	10	15	62
NCE Power	12	8	0	0	0	20
Yangjie	7	12	0	0	1	20
Silan Micro	6	1	0	0	0	7
CR Micro	3	1	1	0	0	5

Long-term growth remains intact from xEV



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Source: Company data, Infineon's Q1 FY26 results briefing, UBS-S

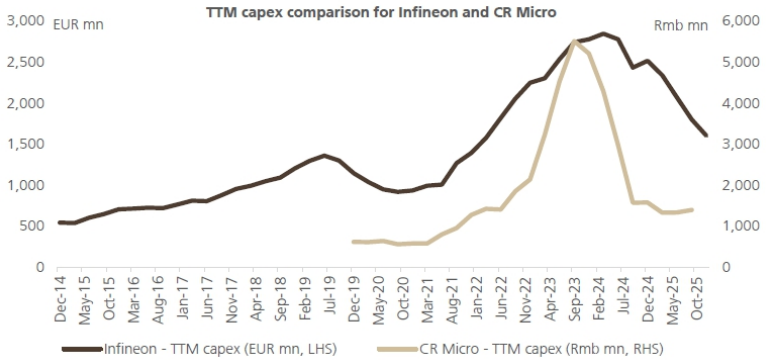
Tighter supply conditions from capital discipline and capacity reallocation

Apart from power semi IDMs' more disciplined capex in the past, we believe capacity reallocation to AI has also contributed to the tighter supply.

Comments from global power semi companies on their capex plans, revealing no meaningful increase in power discrete investments

Company	Capex trend 2023-1Q26	Comments on capex outlook Date	Comments
Infineon		6-May-26	Supply constraint seen particular in the AI power business; 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; 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

Capex for Infineon and CR Micro peaked around 2024



Source: Company data, UBS-S

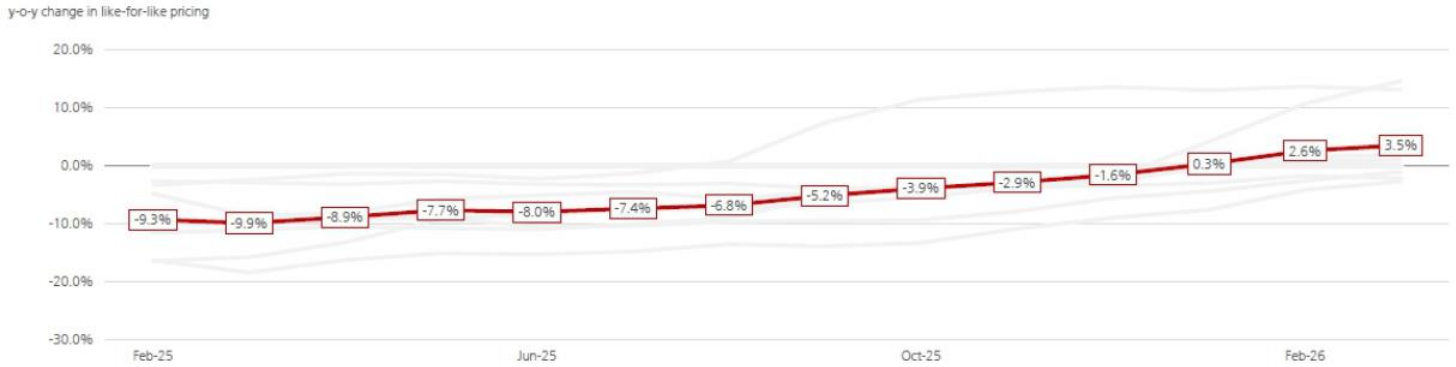
Favorable pricing environment to support margin recovery

Price hike announced since 2026

Company	Date on		Details of price hikes
	Announcement	Implementation	
CR Micro	01-Feb-26	01-Feb-26	10%+ hikes on CR Micro's electronic products
Jiejie	01-Feb-26	01-Feb-26	10-20% hikes on MOS products
Infineon	05-Feb-26	01-Apr-26	New prices for power switches and IC products
Silan Micro	05-Feb-26	01-Mar-26	10% hikes on small signal diodes/transistor, MOS
MacMic	24-Feb-26	01-Mar-26	Price hikes on IGBT, MOS
NCE Power	25-Feb-26	01-Mar-26	10%+ hikes on MOSFET products
NXP	05-Mar-26	30-Mar-26	Price hikes on selected products
STM	24-Mar-26	26-Apr-26	Price will increase across several product lines
Jiejie	17-Apr-26	01-May-26	10-20% price hikes on IGBT products
Infineon	27-May-26	01-Jul-26	Price hikes on some products
STM	31-May-26	28-Jun-26	Price hikes on MCU, MOSFET, IGBT, SiC etc.

Source: Company data

Weighted average prices suggest a supportive pricing environment



Source: UBS Evidence Lab (> Access dataset); red line is average across all companies in our heatmaps ex-ROHM, details in note (UBS Evidence Lab inside: Semis Distributor Tracker - showing all the right signs, 23 March 2026, Francois-Xavier Bouvignies)

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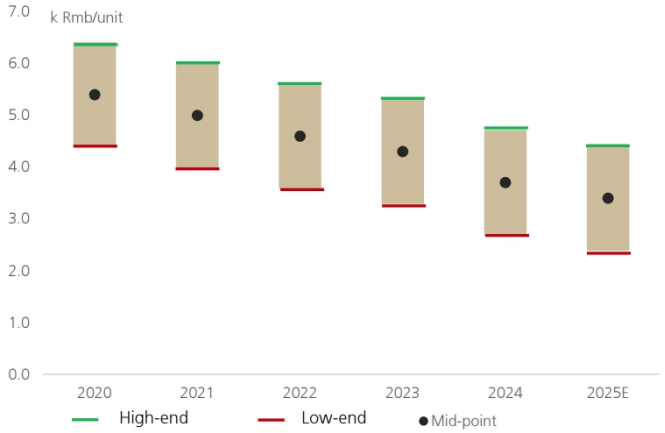
SiC adoption rising on compelling price-performance

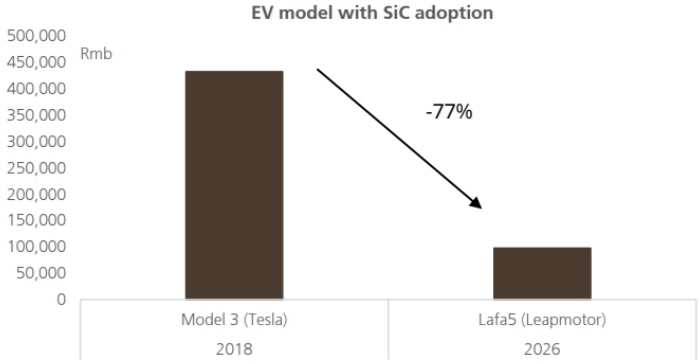
Cost of SiC substrates, the main production input, has fallen significantly since 2020



SiC offers better performance in various downstream applications

End demand	Adantages vs. silicon IGBT
Motor drives in xEV	Reduce energy loss by 70-90%; Increase vehicle range by 10%; 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; Effectively reduce the number of components; Increase the power density of the power supply 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%; Volume and weight reduced by 40-60%; Simplify installation and cut cost

EV: SiC penetration in low-price EV models



ESS: 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%

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Source: Company data, AutoHome, HJS, UBS-S

SiC – Supply chain shared positive feedback on SiC

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; 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; 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; 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; Company also achieved higher than expected yield for SiC line.

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%

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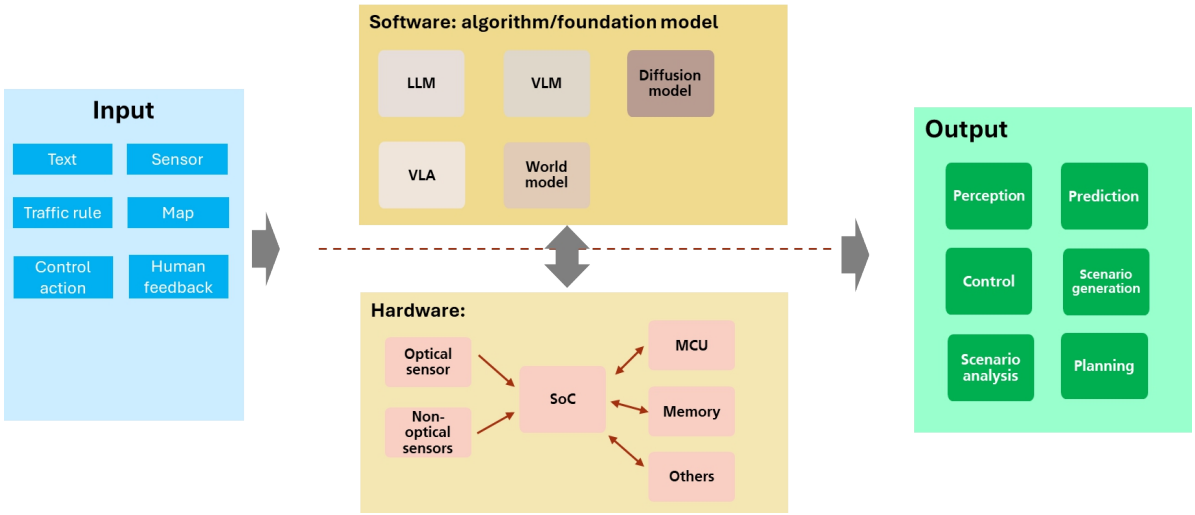
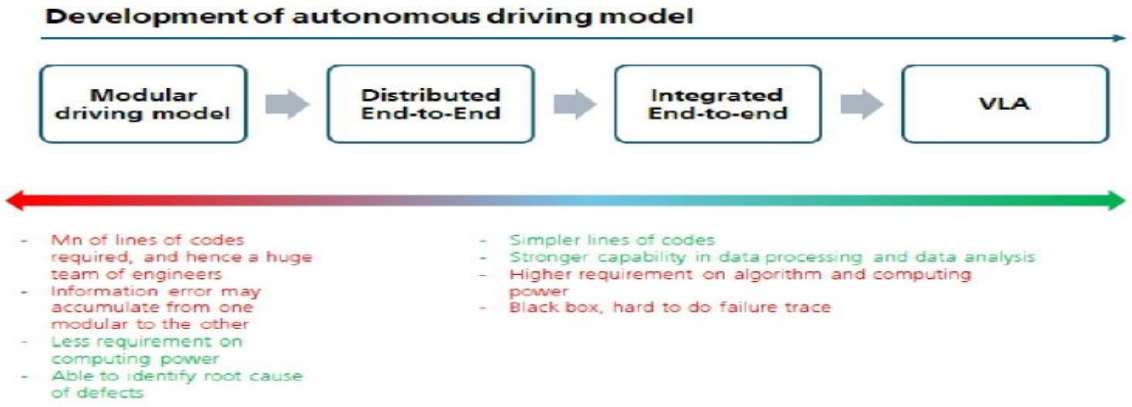
Source: Company data, UBS-S estimates

Section 6

Edge AI- Autonomous Driving

Autonomous driving processing steps





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Source: UBS

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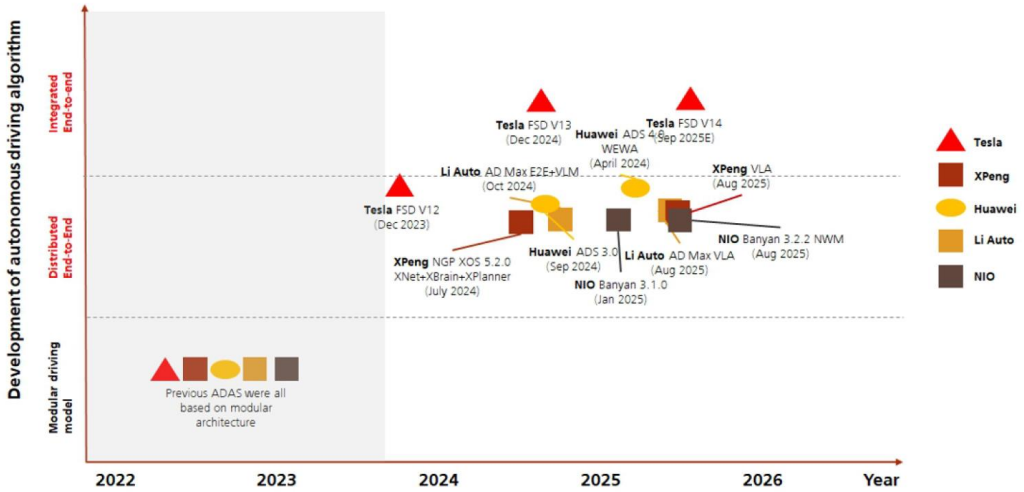
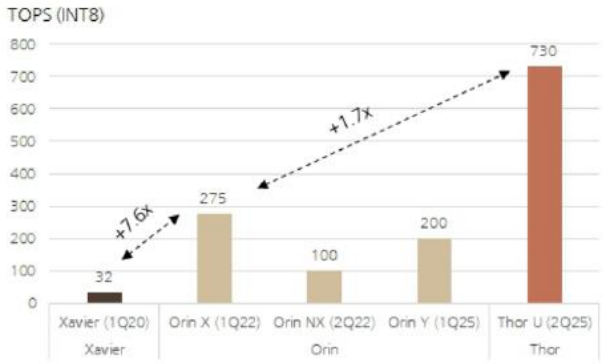
Maturity of AI technology enables higher level self-driving

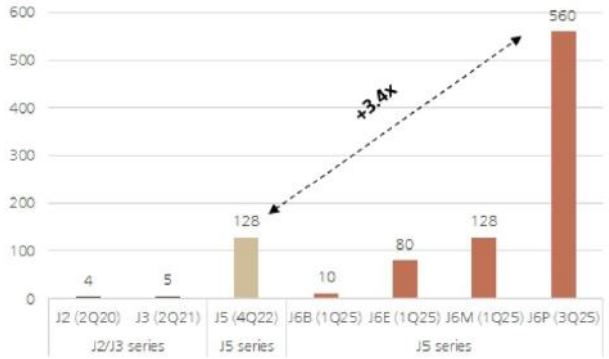
Major OEMs have all introduced an E2E model



Computing power of NVIDIA's AD chips increased by >10x in 2020-25



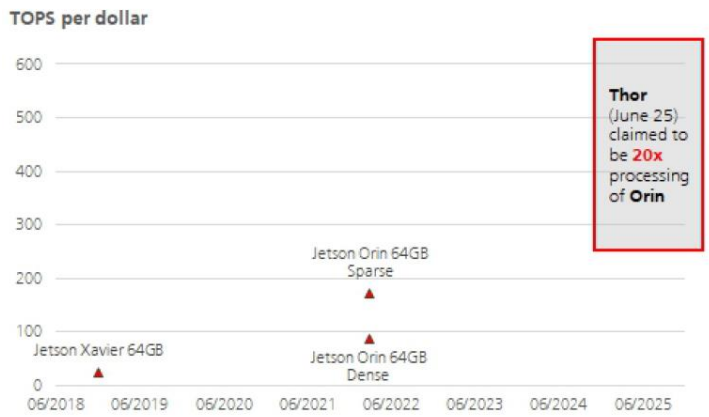
Computing power of Horizon Robotics' AD SoC also increased notably over the past 4-5 years



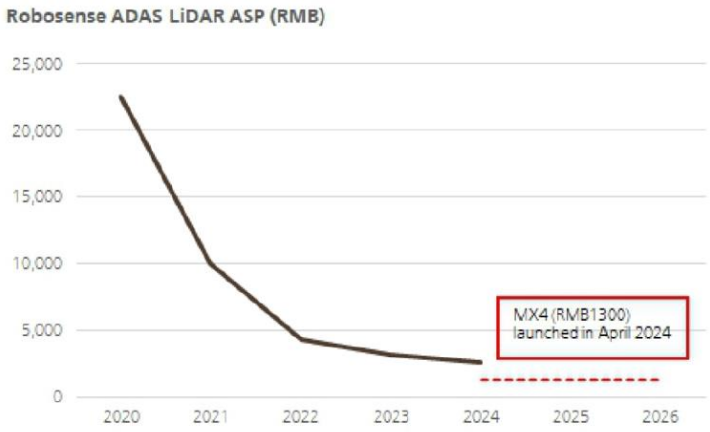
Source: Company data, UBS-S

Decreasing costs of AD solutions that enabled OEMs' aggressive push of L2+ models

TOPS per dollar (Jetson module)



Cost of LiDAR keeps declining



Multiple domestic OEMs have announced their ambitions in ADAS democratisation

Timeline	OEM	Strategy
Feb-25	BYD	Announced adoption of L2+ across the entire lineup; penetrating down to RMB100K range
Feb-25	Changan	Announced to bring ADAS solution down to models with starting price from RMB150k
Mar-25	Geely	Released the new ADAS solution G-Pilot, with computing power from 100TOPS, aiming at ADAS democratization
Mar-25	Chery	Announced Little Ant (with starting price from RMB60K) will be adopted by L2+ highway NOA

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Source: Company data, UBS-S

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TAM of SoC for AD application in Chinese OEMs likely to reach US $7.3bn in 2029E

Unit: mn	2024	2025E	2026E	2027E	2028E	2029E
Automovtive shipment						
Major Chinese auto OEMs shipment	15.9	19.4	22.0	24.3	26.0	27.0
YoY		21.8%	13.6%	10.3%	7.0%	4.1%
As % of global auto shipment	18%	22%	25%	27%	28%	29%
Aunomous driving SoC forecast						
Unit demand						
L0/L1	7.49	5.66	3.54	1.93	0.95	0.57
L2 (below 50 TOPS)	1.78	4.20	5.02	5.42	4.56	3.48
L2+ (100TOPS)	0.45	3.67	7.95	11.08	11.24	10.39
L2++ (200~300TOPS)	0.40	0.71	2.45	5.37	9.29	11.40
L3 (500~1000 TOPS)	0.99	2.20	3.95	6.30	10.10	14.20
L4 (2000TOPS and above)	0.00	0.00	0.01	0.01	0.02	0.04
Total	**11.11**	**16.45**	**22.90**	**30.10**	**36.16**	**40.07**
YoY						
L0/L1		*-24%*	*-38%*	*-45%*	*-51%*	*-41%*
L2 (below 50 TOPS)		*136%*	*20%*	*8%*	*-16%*	*-24%*
L2+ (100TOPS)		*717%*	*116%*	*39%*	*1%*	*-8%*
L2++ (200~300TOPS)		*77%*	*244%*	*119%*	*73%*	*23%*
L3 (500~1000 TOPS)		*122%*	*80%*	*59%*	*60%*	*41%*
L4 (2000TOPS and above)		*459%*	*26%*	*130%*	*64%*	*97%*
Total		***48%***	***39%***	***31%***	***20%***	***11%***
As % of total						
L0/L1		*34%*	*15%*	*6%*	*3%*	*1%*
L2 (below 50 TOPS)		*26%*	*22%*	*18%*	*13%*	*9%*
L2+ (100TOPS)		*22%*	*35%*	*37%*	*31%*	*26%*
L2++ (200~300TOPS)		*4%*	*11%*	*18%*	*26%*	*28%*
L3 (500~1000 TOPS)		*13%*	*17%*	*21%*	*28%*	*35%*
L4 (2000TOPS and above)		*0%*	*0%*	*0%*	*0%*	*0%*
L2+ and above		***40%***	***63%***	***76%***	***85%***	***90%***
L3 and above		***13%***	***17%***	***21%***	***28%***	***36%***
Revenue TAM of ADAS SoC						
Revenue market size (US$ m)	**783**	**1,633**	**2,812**	**4,288**	**6,051**	**7,345**
YoY		*108%*	*72%*	*53%*	*41%*	*21%*
Implied ASP (US$/unit)	**71**	**99**	**123**	**142**	**167**	**183**
YoY		*41%*	*24%*	*16%*	*17%*	*10%*

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Source: UBS-S

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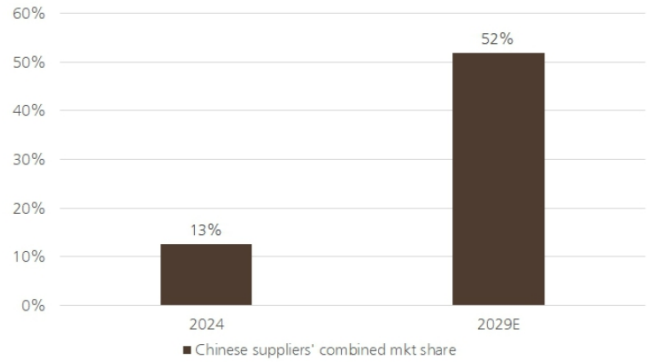
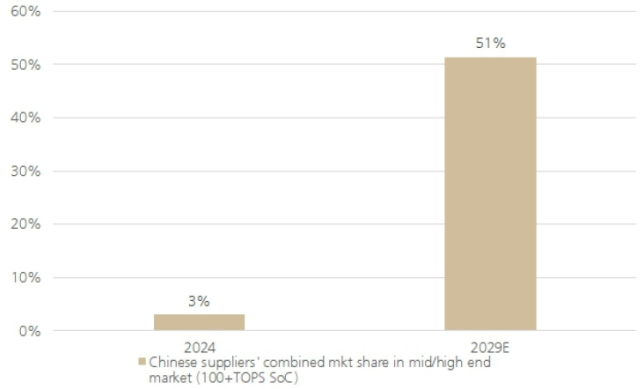
We expect 50%+ self-sufficiency ratio by 2029E

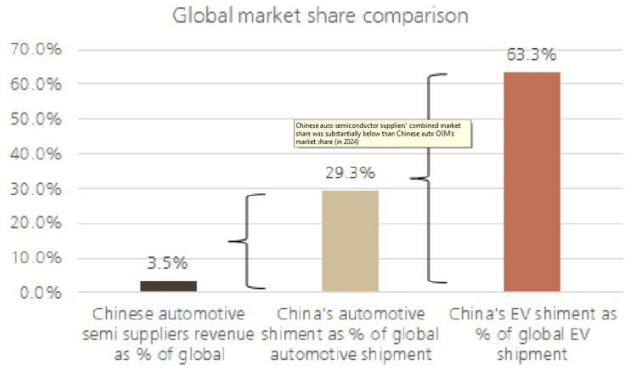
Chinese suppliers' combined share in Chinese OEMs' AD/ADAS SoC market (by revenue)



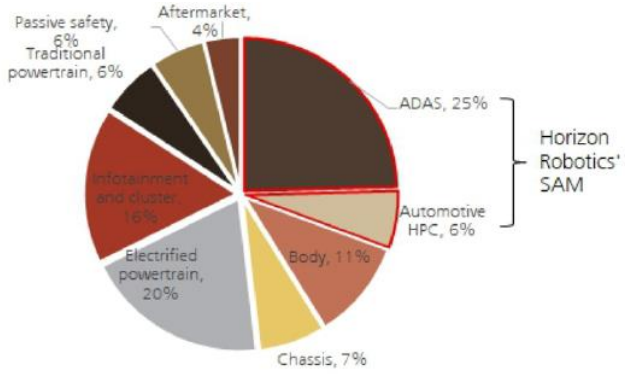
China's AD/ADAS SoC localisation (for 100+ TOPS, by revenue)



Chinese auto semiconductor suppliers' combined market share was substantially below Chinese auto OEM's market share in 2024



ADAS and HPC accounted for 30% of total automotive semiconductor content in 2024



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Source: Gartner, UBS estimates

Narrowing gap between Chinese SoC firms and leading overseas peers

Computing power comparison

SoC	Mass production	Process node	Computing power (INT8)	CPU cores	CPU computing power	CPU Max Frequency	DRAM	Bandwidth	TDP
Nvidia									
Xavier	Q120	12nm	32TOPS	8		2.2GHz	LPDDR4X	137GB/s	10W~30W
Orin X	Q122	7nm	275TOPS	12		2.2GHz	LPDDR5	205GB/s	15W~60W
Orin NX	Q222	7nm	100TOPS	8		2.0GHz	LPDDR5	102GB/s	10W~25W
Orin Y	Q125	7nm	200TOPS		30 SpecInt2k17Rate				
Thor U	Q225	4nm	730TOPS	14	74 SpecInt2k17Rate		LPDDR5X	273GB/s	140W
Mobileye									
EyeQ4 High	2018	28nm	2TOPS			1GHz	LPDDR4/3		6W
EyeQ5 High	2021	7nm	16TOPS	8			LPDDR4		10W
EyeQ6 Lite	2023	7nm	5TOPS	2			LPDDR4/4X		
EyeQ6 High	2023	7nm	34TOPS	8			LPDDR5		
EyeQ7 Ultra	2027E	5nm	176TOPS						
Qualcomm									
SA8775P	Q224	5nm	48-96TOPS	8	189-230K DMIPS		LPDDR5		
SA8255	Q224	5nm	48TOPS	8			LPDDR5		
SA8650AAAA	Q224	4nm	100TOPS (Dense)	8	35 SpecInt2k17Rate		LPDDR5		
SA8620AAAA	Q224	4nm	36TOPS (Dense)	8	15 SpecInt2k17Rate		LPDDR5		
Horizon									
J2	Q220	28nm	4TOPS+	2			LPDDR4		
J3	Q221	16nm	5TOPS	4			LPDDR4/4X		2.5W
J5	Q422	16nm	128TOPS	8			LPDDR4/4X		30W
J6B	Q125	7nm	10TOPS+		20K DMIPS				
J6E	Q125	7nm	80TOPS	6	100K DMIPS		LPDDR5/4X		
J6M	Q125	7nm	128TOPS		137K DMIPS				
J6P	Q325	7nm	560TOPS	18	410K DMIPS		LPDDR5		
Black Sesame									
A1000	2022	16nm	58TOPS						18W
A1000L	2022	16nm	16TOPS						15W
A2000	2026E	7nm	256-512TOPS						
Huawei									
MDC610	2022	7nm	200TOPS	16	200K DMIPS				65W

Computing power comparison

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Source: Company data

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Quantifying the revenue TAM of automotive CIS arising from AD

CIS TAM in major Chinese OEMs

	Unit	2024	2025E	2026E	2027E	2028E	2029E
Automovtive shipment							
Major Chinese auto OEMs shipment	**m units**	**15.9**	**19.4**	**22.0**	**24.3**	**26.0**	**27.0**
YoY	%		21.8%	13.6%	10.3%	7.0%	4.1%
As % of global auto shipment	%	18%	22%	25%	27%	28%	29%
L2+ and above autonomus driving penetration	%	10%	28%	49%	64%	77%	84%
Automotive CMOS Image sensor unit demand assumption for major Chinese OEMs							
Total CMOS Image Sensor demand	**m units**	**65**	**120**	**179**	**237**	**285**	**325**
YoY			84%	49%	32%	20%	14%
Of which							
- Below 2MP	m units	48	57	55	55	50	49
- 2~5MP	m units	16	52	96	129	155	171
- Above 5MP	m units	1	11	28	52	79	106
YoY							
- Below 2MP	%		19%	-4%	0%	-8%	-3%
- 2~5MP	%		220%	86%	35%	20%	10%
- Above 5MP	%		1327%	151%	90%	51%	33%
CMOS Image sensor market size (for major Chinese OEMs)							
Total CMOS Image Sensor	**US$ bn**	**0.6**	**1.1**	**1.8**	**2.4**	**2.9**	**3.2**
YoY	%		102%	56%	33%	20%	12%
ASP	**US$/unit**	**8.7**	**9.6**	**10.0**	**10.1**	**10.0**	**9.8**
YoY	%		10%	5%	1%	-1%	-2%

UBS 瑞银

Source: CPCA, UBS-S estimates, UBS estimates

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Section 8

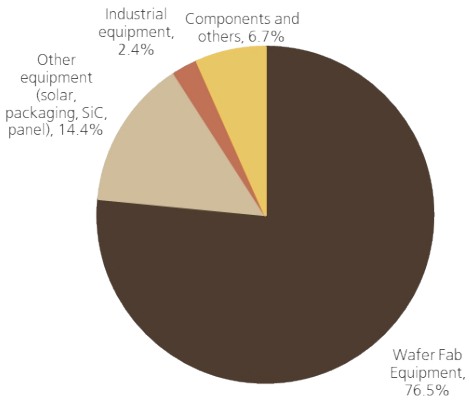
Company Pages

NAURA (002371.SZ), PT Rmb800.00 – Buy

Company description

Formed through a strategic restructuring of several entities in 2017, NAURA is the largest Chinese semiconductor equipment vendor by revenue, covering the semiconductor equipment fields of etching (mainly ICP), PVD, cleaning, and more. According to Gartner, NAURA's WFE-related revenue amounted to US$2.9bn in 2024, ranking No. 7 in the global market. In addition, the company engages in vacuum equipment, new energy equipment and advanced packaging equipment, as well as precision component businesses.

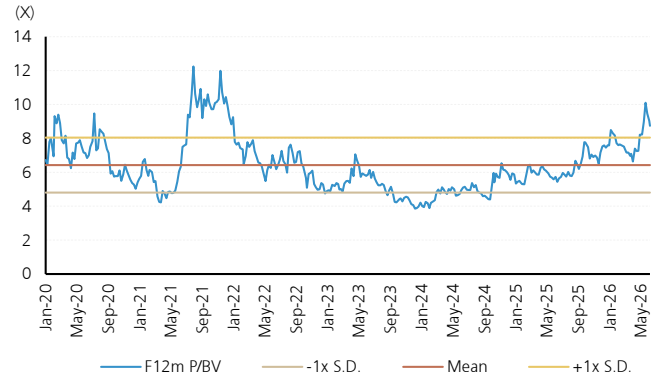
Revenue breakdown (2025)



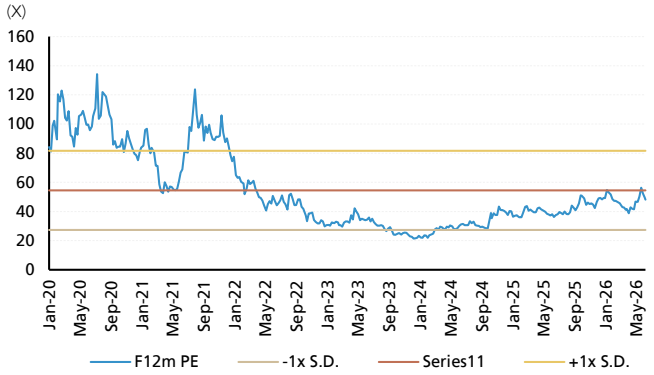
Investment thesis:

- **A major beneficiary of China's WFE localization**
- We expect China's WFE spending to reach 7%/18%/14% YoY growth in 2026/27/28E.
- Given its increasing technology maturity and expanding coverage, we view NAURA as a major beneficiary of localisation and forecast an over 40% WFE revenue CAGR in 2026-28.
- We continue to view NAURA as our most-preferred WFE stock due to good earnings growth visibility, share gain outlook in domestic fabs, its solid expansion of semi equipment applications, as well as attractive valuation.

NAURA's 12-month forward P/BV



NAURA's 12-month forward PE band



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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NAURA (002371.SZ), PT Rmb800.00 – Buy

Revenue assumption for NAURA

			UBS-Se		
Rmb bn	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Etching equipment	8,046	11,259	15,996	24,315	34,040
Deposition	10,303	14,220	19,507	28,285	38,184
Other Wafer Fab Equipment	2,499	4,640	7,158	10,388	13,545
Other electronic process equipment	6,859	6,613	6,673	6,945	7,157
Electronics components	2,325	2,579	2,450	2,499	2,574
Other	43	43	46	48	51
Total	**30,075**	**39,353**	**51,830**	**72,480**	**95,551**

Source: Company data, UBS-S estimates

AMEC (688012.SS), PT Rmb403.00, Buy

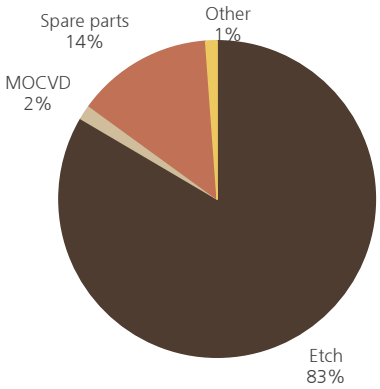
Company description

Advanced Micro-Fabrication Equipment (AMEC) is the second-largest WFE company in China by revenue. It has a range of proprietary fabrication solutions in plasma etching and deposition (mainly metal organic chemical vapour deposition [MOCVD]). The company was founded by AMEC Asia (the shareholding platform of its foreign management/key employees that have experience in leading overseas WFE companies) in 2004, and was listed on the STAR market in 2018.

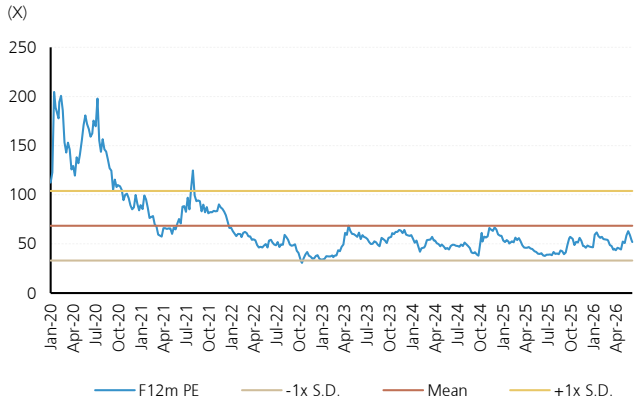
Investment thesis:

- We expect China's WFE spending to reach 7%/18%/14% YoY growth in 2026/27/28E.
- Given increasing technology maturity and expanding coverage, we view AMEC as a major beneficiary of localisation and forecast a WFE revenue CAGR of 40%+ in 2026-28.
- In addition, with its substantial R&D investment, we expect the company's new equipment revenue contribution to accelerate.
- Furthermore, its 90:1 high-aspect ratio CCP etch equipment qualification at the NAND customer are likely to bring meaningful SAM for the company.

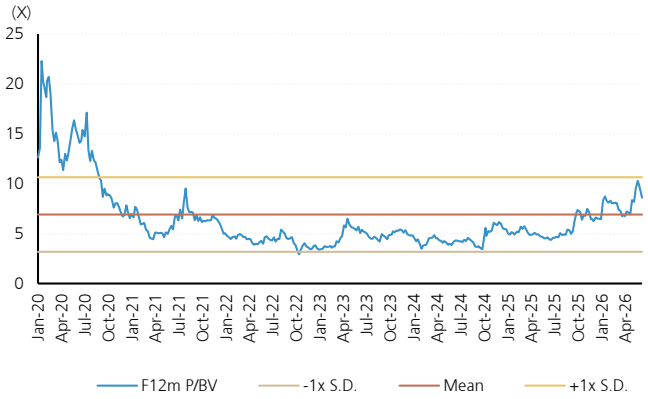
Revenue breakdown (2025)



Forward 12m P/E band



Forward 12m P/B band



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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AMEC (688012.SS), PT Rmb403.00, Buy

Revenue assumption for AMEC

	UBS-Se (new)		
(Rmb mn)	**2026E**	**2027E**	**2028E**
WFE	**14,400**	**21,904**	**31,409**
- Etch	13,215	19,604	27,610
- Deposition	1,085	2,100	3,399
- Other	100	200	400
MOCVD	**403**	**464**	**460**
Other	2,516	3,747	5,259
Total revenue	**17,319**	**26,115**	**37,127**

Source: Company data, UBS-S estimates

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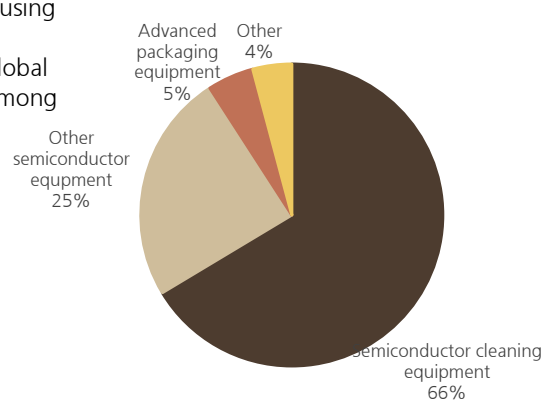
ACMR (Shanghai) (688082.SH)

Company description
Founded in 2005, ACM Research (Shanghai) is a semiconductor equipment company mainly focusing on cleaning equipment for use in fabricating foundries, logic, memory and compounded semiconductor chips. According to Gartner, ACM Research's single wafer cleaning equipment global market share in 2022 was 4%, ranked the fifth largest suppliers by revenue, and ranked No.1 among Chinese vendors.

Revenue breakdown (2025)



UBS 瑞银 Source: Company data

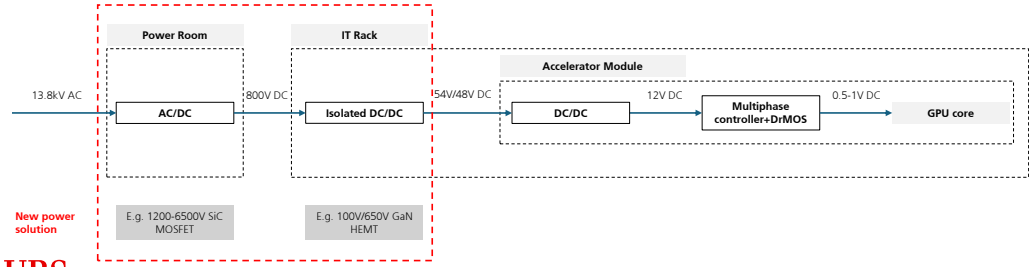
Huafeng (688200.SH), PT Rmb 306.00 - Neutral

Company description
Beijing Huafeng Test & Control Technology (AccoTEST) is a leading supplier of semiconductor test equipment in China, mainly focusing on power, analog and mixed-signal testers. With more than 20 years of experience in the industry and an ATE installation base of more than 8000 sets globally, Huafeng has become the largest Chinese supplier of analog/mixed-signal ATEs. Huafeng was founded in 1993 and listed on the STAR board of the SSE in 2020. Huafeng's total revenue was Rmb905m in 2024.

Investment thesis:

- We downgraded Huafeng to Neutral this February considering fuller valuation and near-term risk from potential demand weakness for consumer electronics.
- We still see Huafeng a beneficiary in AI infrastructure build-out:
  - Structural demand for AI power supply, from PMIC to discrete, from Si to GaN to SiC
    - ✓ Covered by existing product line STS8200/ STS8300
  - Capability of the high computing power testing
    - ✓ Better visibility on its new product line, high-end SoC tester STS8600
- Near-term risk: Demand for consumer electronics, where Huafeng has high exposure, could be capped by memory price hike
- Longer term: STS8200/ STS8300 shall be supported by solid localization demand
  - Overseas vendors' China-for-China strategy + domestic vendors' share gains

We believe Huafeng is able to cover testing solutions for power supply from Grid to GPU core

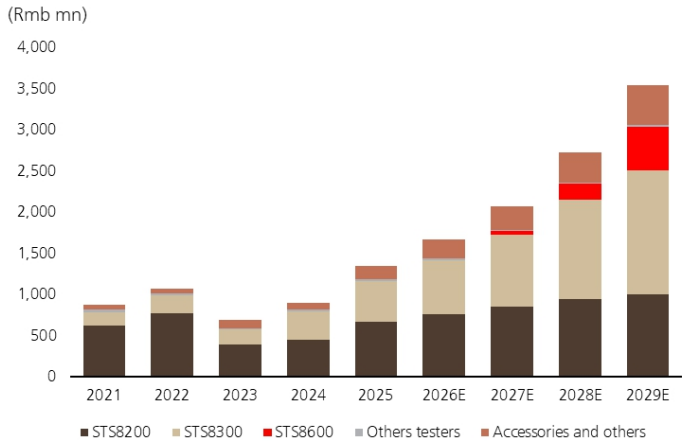


Source: Company data, Wind, UBS-S estimates

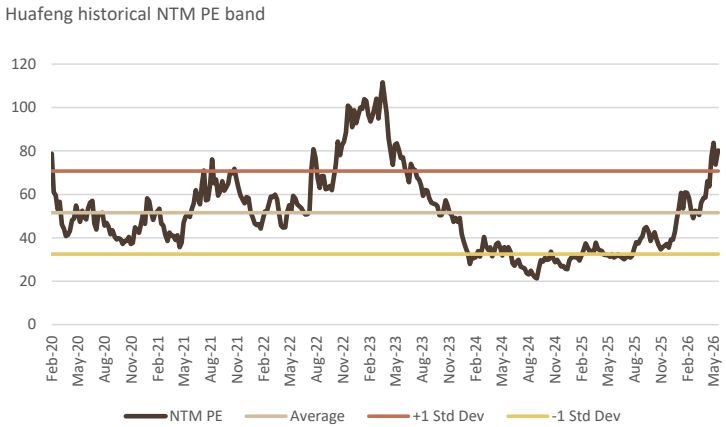
Huafeng (688200.SH), PT Rmb 306.00 - Neutral

Valuation:
Our PT is based on 50x 2027E PE on a 1.4x PEG (2026-28E earnings CAGR of 35%), largely in line with domestic semi equipment names.

Revenue by product



Historical NTM PE band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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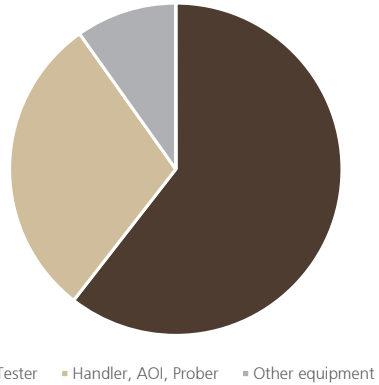
Changchuan (300604.SZ), PT Rmb280.00 – Buy

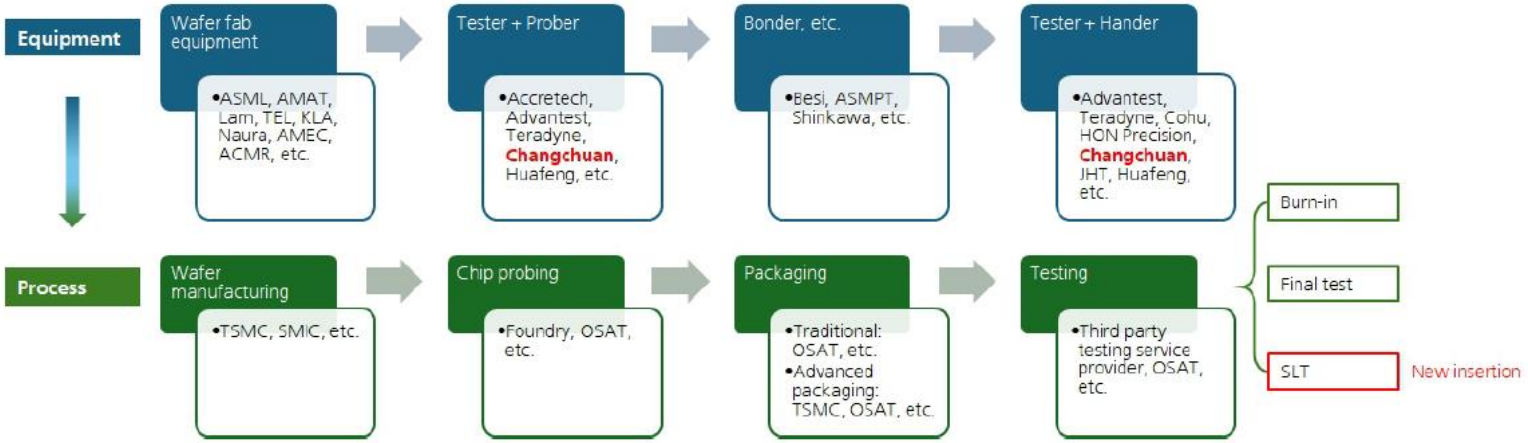
Company description

- Hangzhou Changchuan Technology is a leading Chinese company engaged in the R&D, manufacturing and sales of IC testing equipment, including testers, handlers (incl. SLT), metrology (2D/3D automated optical inspection; AOI) and others.
- Customers span major OSATs and IDMs such as ASE, JCET, Huatian, Tongfu and Silan Micro. The acquisition of Singapore-based STI in 2019 strengthened its capability in optical inspection and expanded its customer base to global leading IDMs.
- Changchuan was founded in 2008 and listed on SZSE in 2017. In 2025, Changchuan achieved revenue of Rmb5.3bn, as testers, handlers and AOI accounted for 61%, 20% and 9%, respectively.

Revenue mix by product (2025)



Changchuan well positioned in back-end testing



UBS 瑞银 **Source: Company data, UBS-S estimates**

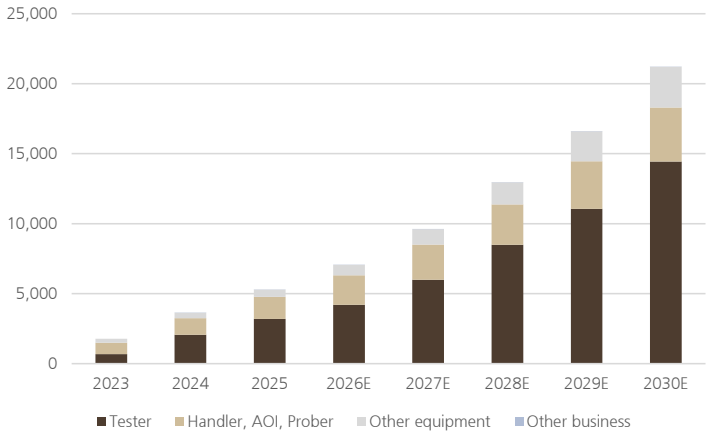
86

Changchuan (300604.SZ), PT Rmb280.00 – Buy

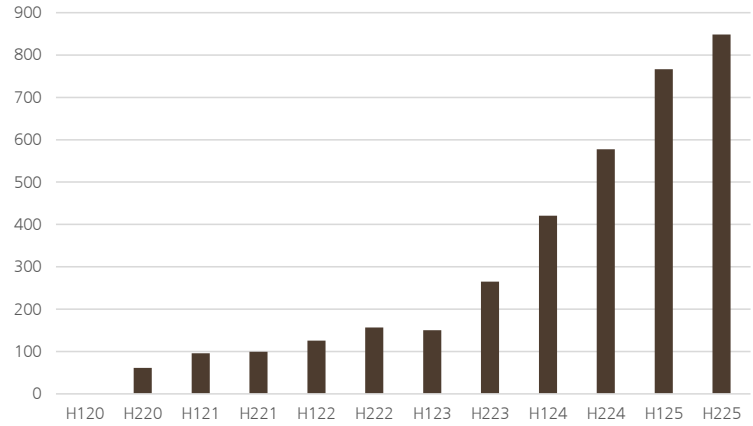
Investment thesis

- We believe Changchuan's high-end SoC testers will meaningfully ramp up from late 2025 with the rising AI tide.
  - Rising demand for domestic AI accelerators, and we believe Changchuan has good traction at certain key ASIC customer
  - Increasing testing intensity due to more complex GPU architecture
  - Share gains accelerated by the supply tightness at global leader Advantest
- We now see better-than-expected demand for traditional testing, especially from AI peripheral ICs, and capacity re-allocation, offsetting short-term smartphone demand weakness
- We expect an increasing SLT and AOI TAM, given more testing insertions in AI accelerators.
- We have increased visibility into Changchuan's memory tester breakthrough.
- Longer term, any yield improvement in front-end wafer manufacturing and advanced packaging, can support sustainable growth.

Revenue by product



Near term demand supported by strong growth in goods in transit



UBS 瑞银 **Source: Company data, UBS-S estimates**

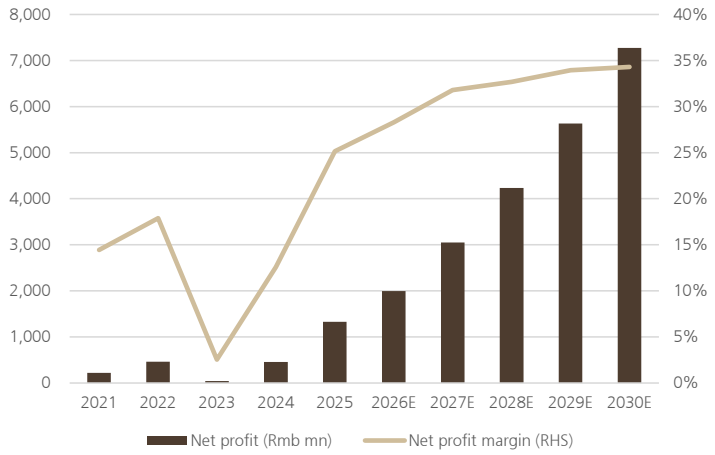
87

Changchuan (300604.SZ), PT Rmb280.00 – Buy

Valuation

- We do not believe Changchuan's AI opportunity to leverage a comprehensive back-end equipment portfolio has been priced in.
- PT Rmb280 is based on 58x 2027E PE, implying a PEG ratio of 1.6x, roughly in line with where back-end testing names are trading.
- Key catalysts include domestic hyperscalers raising AI capex and new product design wins.
- Downside risk: Close relationship to key customer and corporate governance may be concerns.

Profitability trajectory



Historical consensus NTM PE

UBS 瑞银 **Source: Company data, UBS-S estimates, price data as of June 5, 2026**

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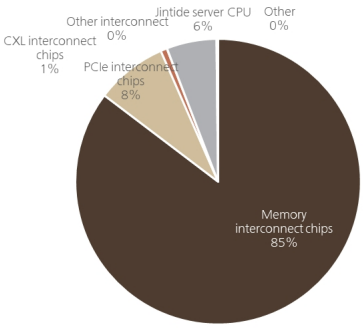
Montage-H (6809.HK), PT HKD380.00 - Buy

Company description
Founded in 2004, Montage is a leader in the memory interconnect chip industry by revenue and an innovative pioneer of other interconnect solutions designed to enhance data transfer reliability and efficiency in AI servers and PCs. The company is headquartered in Shanghai and has branches in Kunshan, Beijing, Xi'an, Macau, the United States and South Korea.

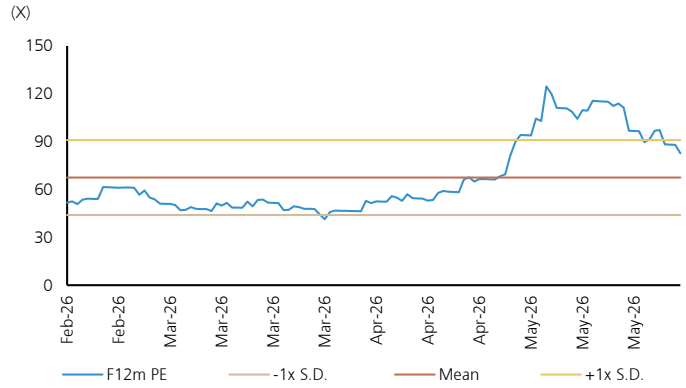
Investment thesis:

- We forecast Montage's memory interconnect chip revenue CAGR to accelerate from 20% during 2022-25 to 42% during 2026-29E on stronger market demand growth from increasing global AI capex, rising demand for CPU from Agentic AI applications, standard upgrades, newly adopted technology, as well as Montage's competitive technology advantage.
- We forecast revenue from PCIe, CXL and other interconnect chips to contribute 21% of revenue in 2028E, up from 8% in 2025, given Montage's strong R&D capability, management team's interconnect industry experience and close relationship with key partners across global AI supply chain.
- We expect Montage's NPM to improve from 41.0% in 2025 to 52.4% in 2027E on improving interconnect chip GM and a favorable product mix, as well as a lower R&D.

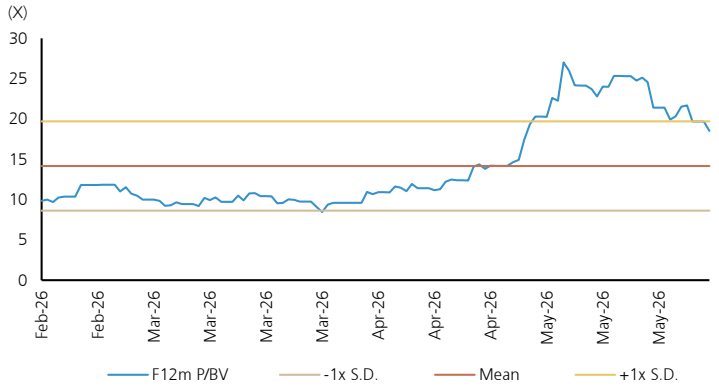
Revenue breakdown (2025)



Montage-H's NTM PE band



Montage-H's NTM PB band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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Montage-H (6809.HK), PT HKD380.00 - Buy

Montage—interconnect chip business snapshot

Product	Industry TAM estimates			Montage's revenue forecasts			Main drivers for the product
	2024 (US$ bn)	2030F (US$ bn)	CAGR (2024-30F)	% of total revenue (2025)	% of total revenue (2028E)	Revenue CAGR (2025-28E)	
Memory interconnect chips	**1.2**	**5.0**	**27%**	**85%**	**69%**	**36%**	**1) Server memory shipment** to grow 10.3% over 2024-30F; **2) New applications** (rising penetration of MRDIMMs in servers and CKDs in PCs beyond 2026).
RCD/DB	0.7	1.3	11%	55%	37%	29%	
Module supporting chips	0.4	0.9	13%	25%	16%	26%	
MRCD/MDB	0.02	2.5	127%	4%	14%	118%	
CKD	0.01	0.2	68%	1%	1%	66%	
PCIe interconnect chips	**2.3**	**7.8**	**23%**	**8%**	**21%**	**103%**	1) AI server unit growth; 2) Higher attach rate per GPU with increasingly complex AI system architecture; 3) PCIe stardard evolvement
PCIe Retimer	0.4	1.9	30%	8%	20%	99%	
PCIe Switch	1.9	5.9	21%	0%	1%	n.a.	
CXL interconnect chips	**0.004**	**1.7**	**171%**	**1%**	**4%**	**185%**	Rising penetration in AI and system architecture restructuring
CXL MXC	0.003	1.0	170%				
CXL Switch	0.002	0.7	172%				
Other interconnect chips	**12.0**	**34.5**	**19%**	**0%**	**3%**	**640%**	1) AI server unit growth; 2) Larger scale of clusters; 3) Increasingly complex AI system architecture
Ethernet interconnect chips	9.4	24.7	17%				
Optical interconnect chips	2.6	9.9	25%				
Total interconnect chip	**15.4**	**49.0**	**21%**	**94%**	**98%**	**47%**	

Memory interconnect chips and the major drivers

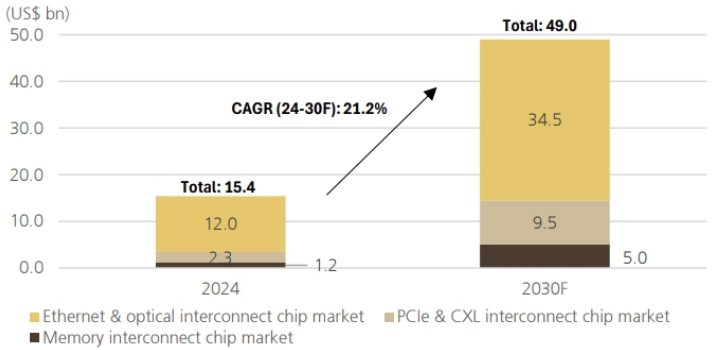
Type of chips	Function	Market size (2024)	CAGR (2024-30F)	Major growth drivers
Server				
RCD/DB	Serve as a pathway for server CPUs to access memory data. To optimize data transfer speeds, improve signal integrity, and ensure stability	US$695m	11%	✓ Server unit growth ✓ Memory module unit growth per server ✓ Higher penetration of newer generations within DDR5
MRCD/MDB	Serve as a pathway for server CPUs to access memory data. For high bandwidth memory.	US$19m	127%	✓ AI server unit growth ✓ Higher penetration of MRDIMM with more CPU platforms support MRDIMM
PC				
CKD	A must-have when DDR5 data rates reach 6400MT/s or higher	US$11m	68%	✓ AI PC unit growth ✓ Higher penetration of newer generations within DDR5
Memory module supporting chips				
SPD, TS, PMIC	SPD: serves as the central point of communication TS: monitors and manages the temperature PMIC: provide stable and efficient power support	US$444m	13%	✓ Server, AI PC unit growth ✓ Higher penetration of DDR5 and MRDIMM

UBS 瑞银 Source: F&S, company data, UBS-S estimates

90

Montage-H (6809.HK), PT HKD380.00 - Buy

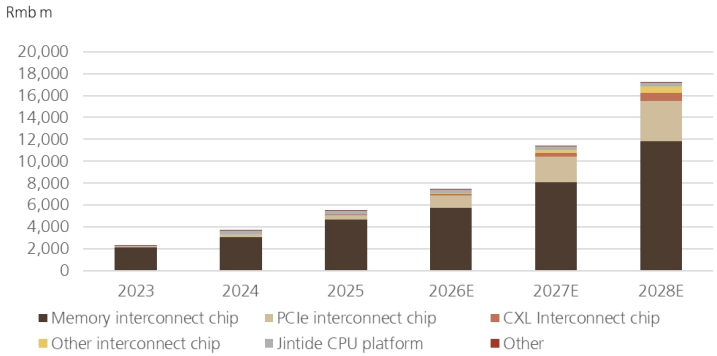
F&S forecasts a 21.2% interconnect chip market CAGR over 2024-30



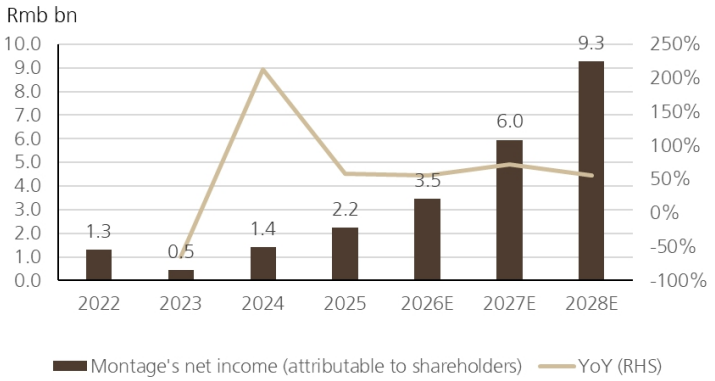
Montage is the no.1 memory interconnect solutions supplier and no.2 PCIe retimer supplier globally

Product	Industry position	Revenue contribution (2025)	Revenue CAGR (2025-28E)
Memory interconnect chips	**No.1** supplier, 36.8% of market share globally	85%	36%
PCIe interconnect chips	**No.2** PCIeRetimer supplier, with10.9% of market share globally	8%	103%
CXL interconnect chips	1st CXL MXC delivered in the world	1%	165%

We expect Montage's total revenue to deliver a CAGR of over 50% in 2026-28



We expect Montage's net income to deliver a 47% CAGR in 2025-27



UBS 瑞银 Source: Company data, UBS Research, UBS estimates

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Horizon Robotics (9660.HK), PT HKD10.00 – Buy

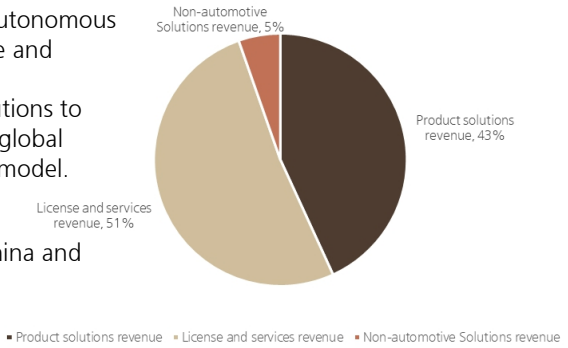
Company description

Horizon Robotics is a leading provider of advanced driver assistance systems (ADAS) and autonomous driving (AD) solutions, primarily focused on the PV market. It develops proprietary software and hardware technologies, including algorithms, specialized brain processing units (BPUs) and development tools. Horizon Robotics operates as a tier 2 supplier providing integrated solutions to OEMs and tier 1 suppliers. It is a key player in China's ADAS chip market, competing with global leaders and leveraging software-hardware co-optimzation and an open platform business model.

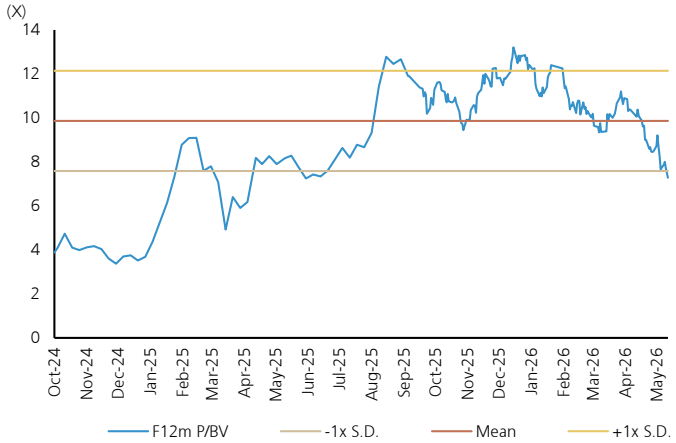
Investment thesis:

- Faster penetration of higher-level AD to boost its serviceable addressable market in China and among Chinese OEMs
- China's automotive and AI semi localization will provide a consistent tailwind
- Attractive valuation despite auto sales headwind and intensifying competition

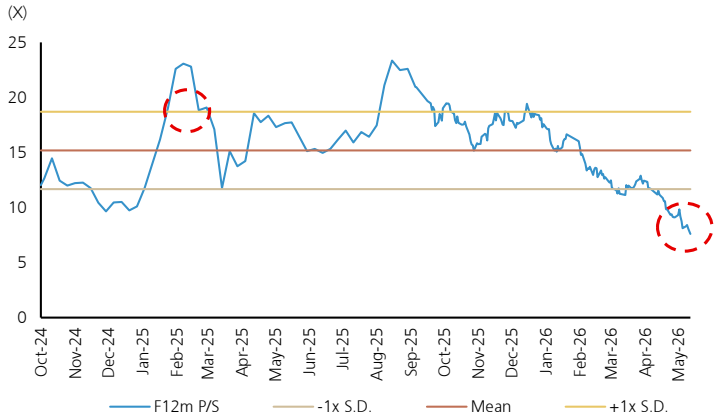
Revenue breakdown (2025)



Forward 12m P/B band



Forward 12m P/S band



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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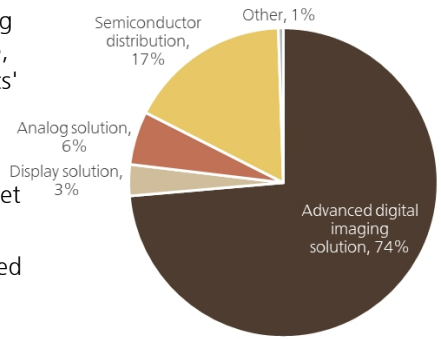
Omnivision (603501.SH), PT Rmb116.70 – Buy

Company description

Omnivision (formerly Will Semiconductor) was founded in 2007 in Shanghai as a mixed-signal IC and discrete device design house. It entered the CMOS image sensor (CIS) industry in 2019 by acquiring California-based OmniVision and Beijing-based SuperPix, with customers covering the smartphone, automobile, surveillance equipment and medical device segments. It also acquired part of Synaptics' touch and display driver integration (TDDI) IC business in 2020.

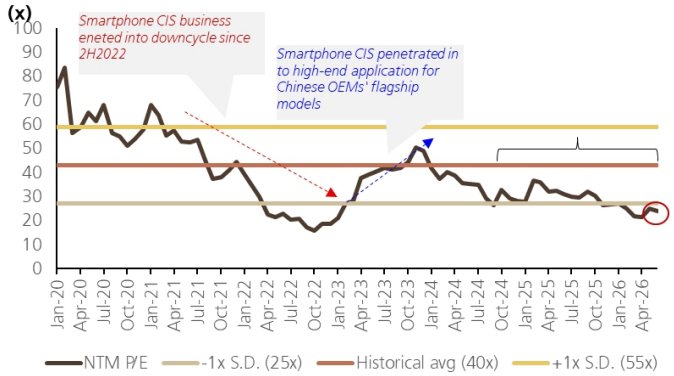
Revenue breakdown (2025)



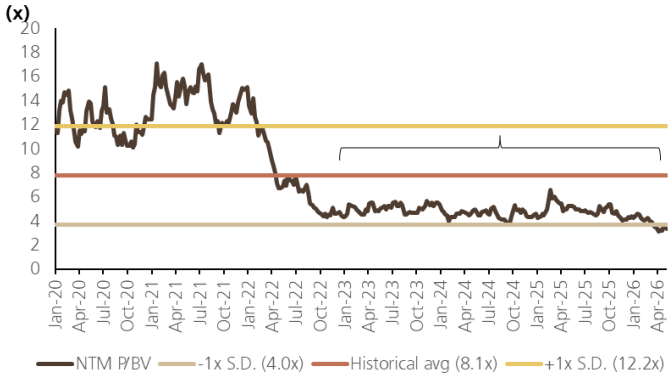
Investment thesis:

- We expect OmniVision's revenue growth to accelerate in 2026-28, outpacing global CIS market TAM growth in the same period, mainly due to:
  - 1) OmniVision's leading position in the growing automotive CIS market amid accelerated ADAS adoption;
  - 2) OmniVision's strong presence in edge AI applications, where CIS adoption is accelerating, particularly in areas such as machine vision, AI glasses and edge AI;
  - 3) High-quality CIS products help to gain market share in premium smartphone devices.

Omnivision's NTM PE band



Omnivision's NTM PB band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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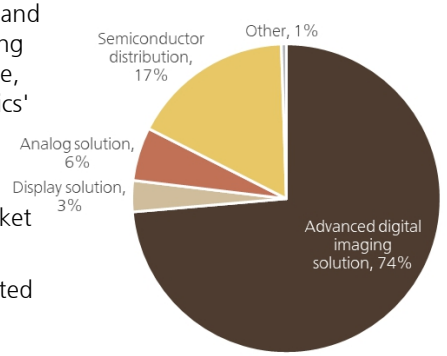
Omnivision-H (0501.HK), PT HKD114.70 - Buy

Company description

Omnivision (formerly Will Semiconductor) was founded in 2007 in Shanghai as a mixed-signal IC and discrete device design house. It entered the CMOS image sensor (CIS) industry in 2019 by acquiring California-based OmniVision and Beijing-based SuperPix, with customers covering the smartphone, automobile, surveillance equipment and medical device segments. It also acquired part of Synaptics' touch and display driver integration (TDDI) IC business in 2020.

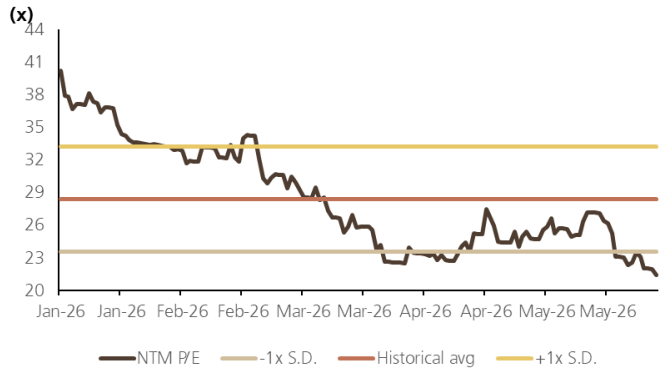
Revenue breakdown (2025)



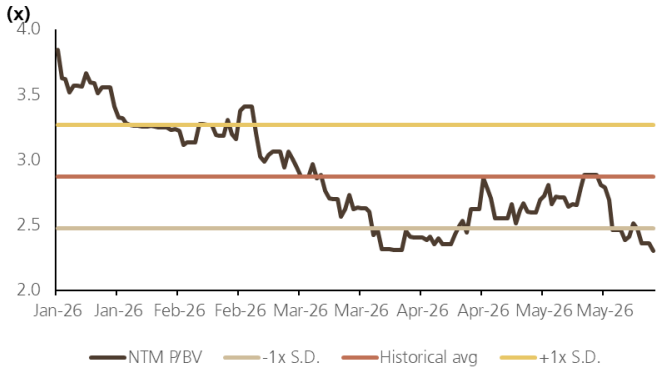
Investment thesis:

- We expect OmniVision's revenue growth to accelerate in 2026-28, outpacing global CIS market TAM growth in the same period, mainly due to:
  - 1) OmniVision's leading position in the growing automotive CIS market amid accelerated ADAS adoption;
  - 2) OmniVision's strong presence in edge AI applications, where CIS adoption is accelerating, particularly in areas such as machine vision, AI glasses and edge AI;
  - 3) High-quality CIS products help to gain market share in premium smartphone devices.

Omnivision-H's NTM PE band



Omnivision-H's NTM PB band

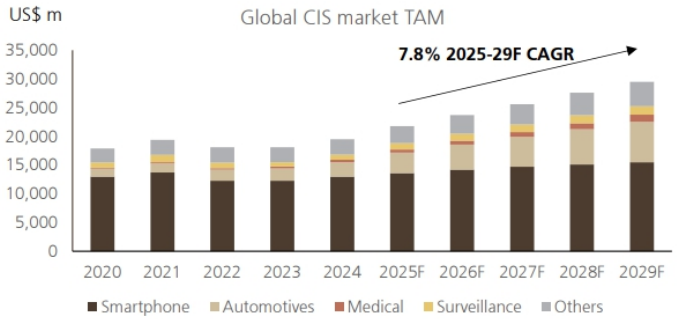


UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

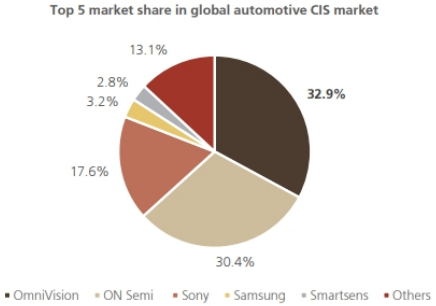
94

Omnivision-H (0501.HK), PT HKD114.70 - Buy

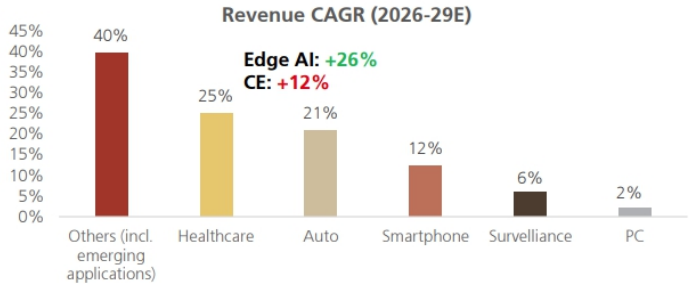
Global CIS market TAM to record an 7.8% CAGR in 2025-29F, mainly driven by high growth in the automotive segment



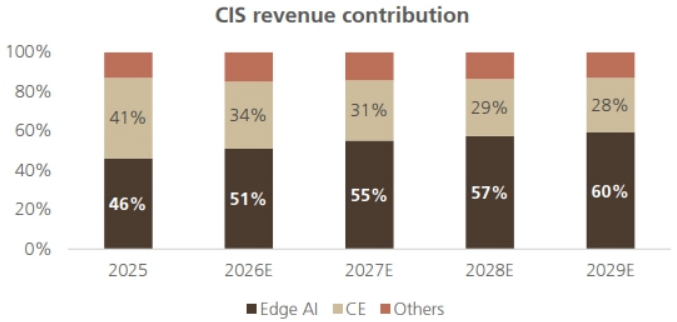
OmniVision is a leader in the automotive CIS market, accounting for 32.9% of global automotive CIS market share in 2024, per F&S



Emerging, automotive and healthcare applications are the major revenue drivers for the CIS business



Edge AI CIS to contribute 60% of revenue by 2029E (vs. 28% for CE)



UBS 瑞银 Source: Company data, UBS Research, YOLE, Frost & Sullivan

95

Omnivision-H (0501.HK), PT HKD114.70 - Buy

Revenue assumption for Omnivision

Rmb m	Actual 2025	UBS-S estimates (new) 2026E	2027E	2028E
- Smartphone	8,273	6,891	7,580	8,717
- PC	425	396	396	407
- Surveillance	1,775	1,826	1,954	2,071
- Auto	7,471	8,054	10,067	12,081
- Healthcare	975	1,338	1,740	2,174
- Others (emerging applications)	2,327	2,851	4,276	5,987
Total CIS	**21,246**	**21,356**	**26,013**	**31,438**

Rmb m	Actual 2025	UBS-S estimates (new) 2026E	2027E	2028E
Revenue	**28,855**	**29,731**	**35,184**	**41,507**
- CIS	*21,246*	*21,356*	*26,013*	*31,438*
- TDDI & DDIC	*941*	*941*	*969*	*1,018*
- Other IC design	*1,613*	*2,097*	*2,621*	*3,277*
- Distribution	*4,905*	*5,150*	*5,356*	*5,517*

UBS 瑞银 Source: Company data, UBS-S estimates

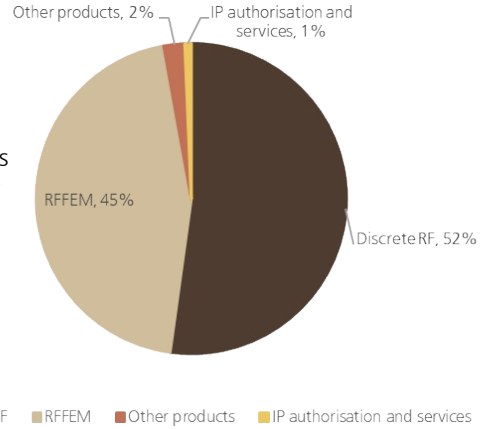
Maxscend (300782.SZ), PT Rmb86.50 – Neutral

Company description
Maxscend Microelectronics is a leading IC design company for radio frequency (RF) devices in China. The company was ranked No. 9 in the global RF IC market, with a 3% market share in 2022, according to Gartner. Its major downstream clients include Samsung, Xiaomi, Oppo, and Vivo, etc.

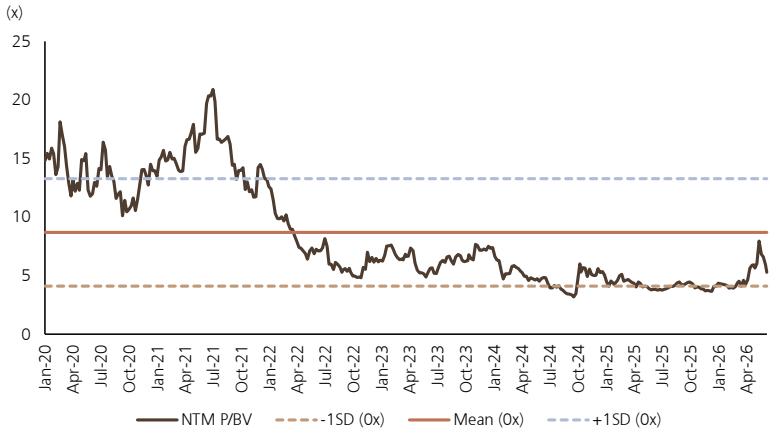
Investment thesis:

- Not yet the turnaround point for its RF Front-end business. After two consecutive quarters of loss making, the drag from elevated depreciation and lacklustre end demand should continue, in our view. Management expects depreciation costs for its current 6/12-inch lines to gradually decline from 2030/2032, and we think the company's market share focus strategy may cap the pricing upside.
- More dedication to new business expansion, but no details to disclose yet. Maxscend noted that it is proactively developing technological foundations to expand the business in multiple new applications, including high-end RF, satellite and optical communications.

Revenue breakdown (2025)



Maxscend's NTM PB band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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CR Micro (688396.SH), PT Rmb83.40 – Buy

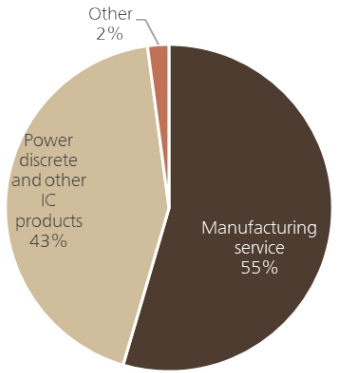
Company background

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. The company's major fabs are located in Hangzhou and Chongqing with 230k 6-inch/140k 8-inch wafer per month capacity installed. Chongqing 12-inch fab is expected to reach 35kwpm by YE2024; Shenzhen 12-inch fab are under construction, with total planned capacity of 40kwpm. According to Gartner, CR Micro ranked No. 3 by discrete revenue among power semi companies headquartered in China.

Investment thesis

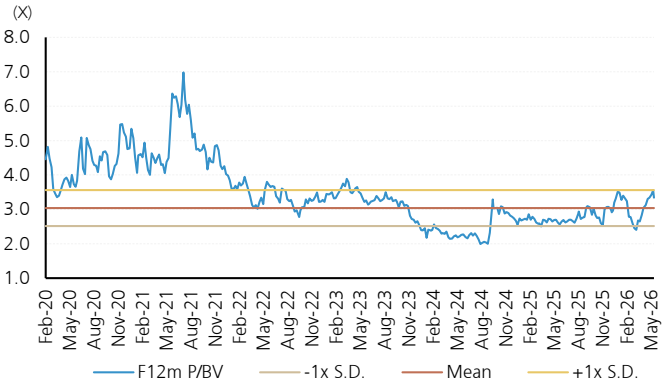
- Driven by a cycle recovery, we forecast CRM's revenue CAGR to accelerate from 2026, due to accelerated localisation following the Nexperia dispute, growing power semi content in new energy, and potential upside in demand from AI, spanning grid, core and physical AI applications.
- We expect CRM's net margin to improve from 2026 due to the expected ASP recovery, product mix changes, the impact of economies of scale and improved profitability for its foundry business.

Revenue by application (2025)



CR Micro 12-month forward PE band

CR Micro 12-month forward PB band



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

98

CR Micro (688396.SH), PT Rmb83.40 – Buy

Revenue assumption for CR Micro

	UBS-Se		
	2026E	**2027E**	**2028E**
- Power	7,170	8,721	10,526
- Power discrete / Power semi	5,373	6,608	7,978
- IC Design	1,730	2,039	2,467
- Other	67	74	81
- Manufacturing service	5,703	6,515	7,356
- Foundry business (external)	3,541	4,089	4,656
- Packaging and testing (external)	1,629	1,759	1,900
- Mask service and other (external)	533	667	800
- Other	303	364	400
Total revenue	**13,176**	**15,600**	**18,282**

UBS 瑞银 Source: Company data, UBS-S estimates

Silan Micro (600460.SH), PT Rmb46.20 – Buy

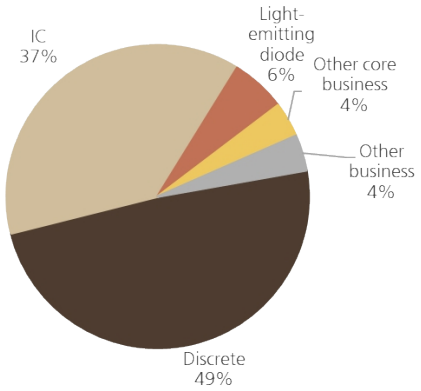
Company background

Established in 1997 and listed on the Shanghai Stock Exchange in 2003, Hangzhou Silan Microelectronics is a major power semiconductor IDM company in China. The company operates a 6-inch fab and an 8-inch fab in Hangzhou with 220k and 60k wafer per month capacity, respectively, as of end-2022. The company also owns a 12-inch fab in Xiamen with total capacity of 60k wafers per month at end-2022, and another 12-inch fab which is under construction (designed capacity of 30k) in Hangzhou. According to Gartner, Silan ranked second among domestic power semiconductor suppliers in terms of discrete revenue in 2022.

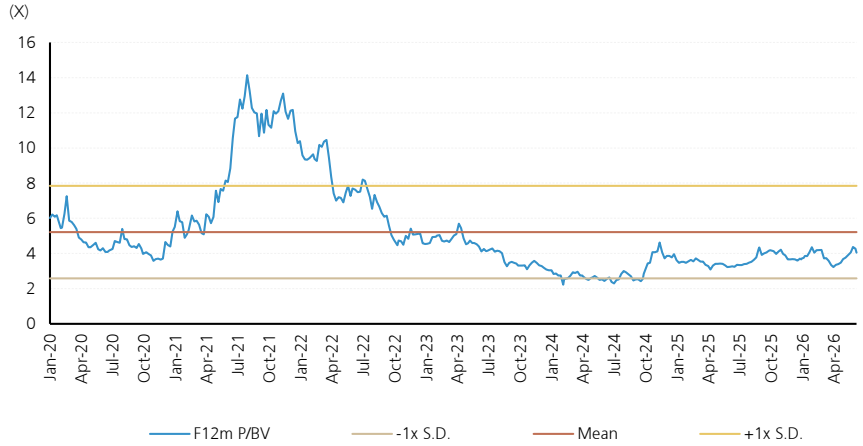
Investment thesis

- We forecast Silan Micro's revenue to grow at a 10%-plus CAGR over 2026-28E due to our anticipation of a recovery in prices, driven by power discrete and improving SiC penetration in EV.
- We expect net margin to expand from 2026 driven by expected ASP recovery, improved product mix, economies of scale and improved profitability in its SiC and LED lines.

Revenue by application (2025)



Silan Micro 12-month forward P/BV band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

StarPower (603290.SH), PT Rmb 166.60 - Buy

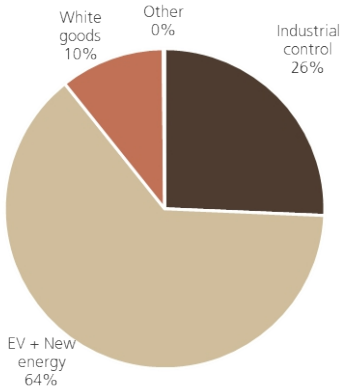
Company background

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. It also provides discrete IGBTs, Si/SiC MOSFETs, rectifiers and diodes. In 2022, the company took fab-lite initiatives by building in-house IGBT and SiC MOSFET wafer fabrication capacity.

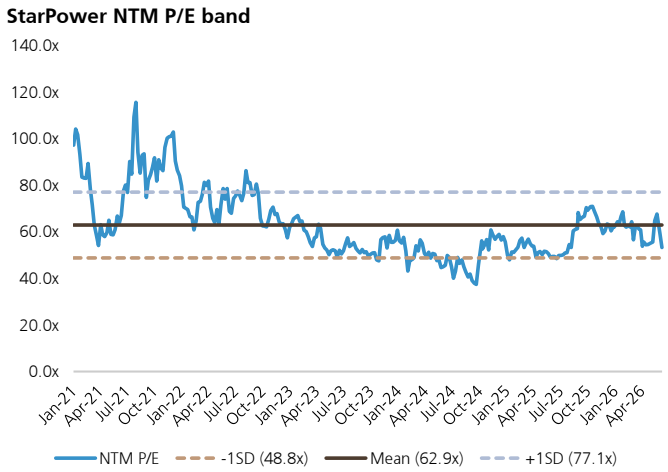
Investment thesis

- Driven by the cycle recovery, we forecast StarPower's revenue CAGR to reach 10%-plus over 2026-28E, owing to solid progress in the SiC line ramp-up, and robust demand from new energy and industrial applications.
- We expect net margin to improve since 2026E, due to the expected ASP recovery, improved product mix, economies of scale and the improved profitability for its SiC line.

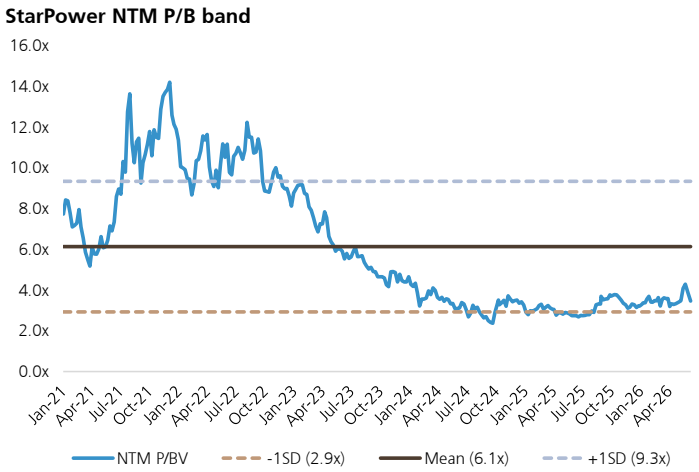
Revenue by application (2025)



Starpower 12-month forward PE band



StarPower 12-month forward P/BV band



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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NCE Power (605111.SH), PT Rmb 81.30 - Buy

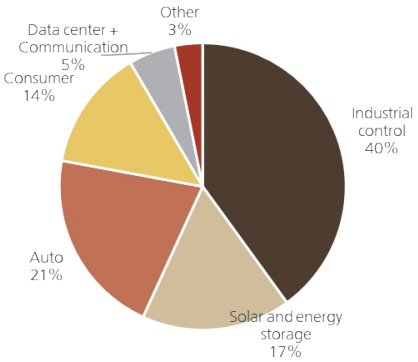
Company background

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.

Investment thesis

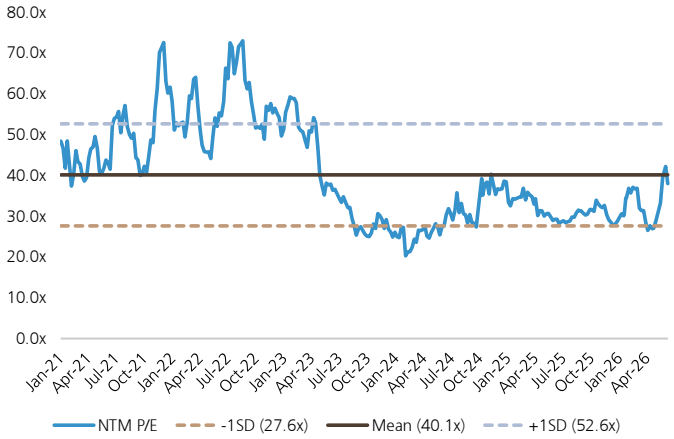
- Driven by the cycle recovery, we forecast NCE Power's revenue CAGR to reach 20%-plus over 2026-28E, owing to strong demand from new energy, industrial and data centre applications.
- We expect net margin to improve since 2026E, due to the expected ASP recovery, improved product mix and economies of scale.

Revenue by application (2025)



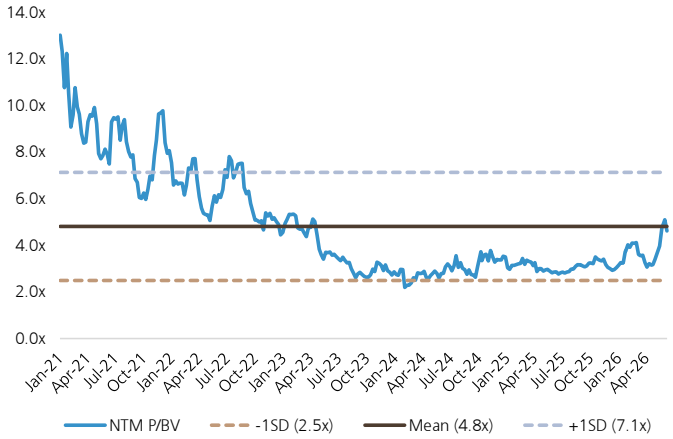
NCE Power 12-month forward PE band

NCE Power NTM P/E band



NCE Power 12-month forward P/BV band

NCE Power NTM P/B band



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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Han’s Laser (002008.SZ)

Company description

Han's Laser Technology Industry (Han's Laser) is a market and technology leader in laser-related equipment in China. The company mainly offers low-power laser equipment, higher-power laser equipment, printed circuit board (PCB) equipment and light-emitting diode (LED) equipment, with automation production solutions available for clients. Downstream applications for its products are diversified and include consumer electronics, displays, electric vehicle (EV) batteries, automotives, PCBs and LEDs. Han's Laser is also a major laser equipment provider in Apple's supply chain.

UBS 瑞银 Source: Company data, Wind, UBS-S estimates

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Han's Laser (002008.SZ)

Newly announced capacity by major PCB companies

Company	Announcement Date	Country	Province/city	Major product	Capacity	Total investment (Rmb bn)	Annual output (Rmb100m)	Estimated launch date	Current status
Victory Giant	May-24	Vietnam		HDI	150,000 sqm	1.8	1.65	2026	Expected to start production in June-July 2026
	Aug-24	Thailand		HLC	1.5m sqm	1.4	1.95	2025/2026	Phase I upgrade of the company's Thailand factory Building A1 completed in March 2025; Phase II high-end capacity has begun production for qualification; The construction of Building A2 in Thailand and the facility in Vietnam is also proceeding per schedule.
	Dec-24	China	Huizhou fab 4	HDI, HLC		2.7		2025	L1-3 will be launched in June; L4-5 in November; L6 in December. Huizhou fab 4 project have been put into operation in stages, and the construction of fab 10/11 is progressing per schedule.
	Jan-26	Malaysia		TBD		TBD		est.2027/28	US$51m acquisition of SunPower Malaysia equity; the target's core business is photovoltaic
	Feb-26	China	Huizhou fab 10/11	HDI, HLC	100,000 sqm HDI 150,000 sqm HLC	7.5	30	2026/2027	Infrastructure upgrades under construction
	Feb-26	China	Huizhou	HLC	1.02m sqm	3*		2026/2027	Infrastructure upgrades under construction
	Feb-26	China	Changsha/Yiyang, Hunan	HDI, HLC	72,000 sqm HDI 360,000 sqm HLC	12*		2026/2027	Facility topped out in October 2025; infrastructure upgrades under construction
	Feb-26			mSAP		TBD		est.2027/28	Under construction
WUS	Jun-22	Thailand		HDI, HLC		2.0		2Q25	Small-batch production in Q225, has been certified by top-tier global customers, capacity expanded significantly since Q425
	Jan-24	China	Kunshan, Jiangsu technology upgrade	HDI, HLC		0.5		2H25	
	Oct-24	China	Kunshan, Jiangsu Phase I	HDI, HLC	180,000 sqm	2.7	3	2H26	Construction started in late June 2025; trial production expected in H226 with gradual capacity ramp-up, full production targeted for 2027
	Oct-24	China	Kunshan, Jiangsu Phase II	HDI, HLC	110,000 sqm	1.6	1.8	Before 2032	
	Jul-25	China	Huangshi, Hubei	HDI, HLC		3.6		TBD	
	Feb-26	China	Kunshan, Jiangsu	TBD	140,000 sqm	3.3	3	2028	
Dongshan	Jul-25	China	Zhuhai, Guangdong	HDI, HLC		7.0		2027	US$200m invested in equipment upgrades; Phase I capacity preparation expected by Q226, with production slate for Q326
	Aug-25	Thailand		HDI, HLC		7.0			Some production equipment installation and commissioning underway; project proceeding per schedule.
Shengyi Electronics	Jul-23	Thailand		HDI		1.2		2026	The project topped out in January 2026
	Dec-24	China	Dongguan, Guangdong	HDI	250,000 sqm	1.4		2025/2027	Phase I trial production started in Q325; Phase II planning initiated in advance
	Aug-25	China	Ji'an, Jiangxi	HDI, HLC	700,000 sqm	1.9		2026/2027	Construction started in August 2025
	Nov-25	China	Dongguan, Guangdong	HDI	167,200 sqm	2.0		2028	
Avary	Aug-25	China	Huai'an, Jiangsu	SLP, HDI, HLC		8.0		2028	Construction started in August 2025
	Dec-25	Thailand		HDI, HLC		4.3		2027	
Kinwong	Aug-25	China	Zhuhai, Guangdong	HDI, HLC	> 800,000 sqm	5.0		2026/2027	Brownfield upgrade completed in H225; New capacity construction started in Q325, expected to put into operation by end-2026; reserved land construction slated for early 2027 with production within 2027
Founder Tech	Jun-25	China	Zhuhai, Guangdong	HDI		2.1		2027	Under construction
Shennan Circuits	Nov-23	Thailand		HDI, HLC		1.3			Production started in Q325; currently in the early stages of capacity ramp-up
	Sep-24	China	Nantong, Jiangsu	HDI	660,000 sqm	1.9			Production started in Q425; currently in the early stages of capacity ramp-up
	Aug-25	China	Wuxi, Jiangsu	TBD		TBD		TBD	Land acquired in August 2025; currently under bidding and construction, expected to launch in phases
Total						>85*			

Han's CNC's PCB drilling equipment specs vs. competitors

	Mitsubishi Electric	Schmoll	Schmoll	Han's CNC	Han's CNC	Han's CNC
Product type	CO2 laser drilling	Mechanical drilling	CO2 laser drilling	Mechanical drilling	CO2 laser drilling	Super fast drilling
Product	GTW3 Series	EXY-6 Series	CombiDrill500	HANS-F6MH	HD650L2 Series	DRD5070
Via size processing capability	~50μm	100-8000μm	50-300μm	100-6500μm	50-125μm	30-80μm

Source: Company data, UBS-S estimates; Note: * based on our assumption of investment value of Rmb30k per sqm for projects that haven't disclosed total investment.

USI (601231.SH), PT Rmb51.50, Buy

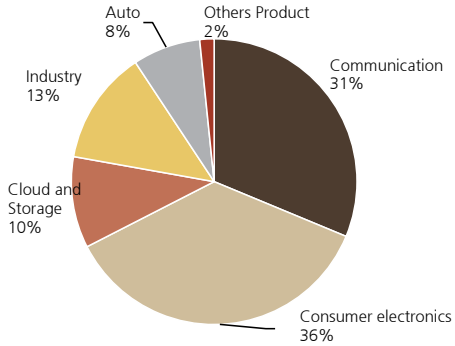
Company description

Universal Scientific Industrial (USI), a subsidiary of ASE, is mainly engaged in SiP and EMS business. We estimate that USI is a major supplier of multiple SiP modules for Apple (incl. Wifi module, Apple Watch SiP, Airpods SiP, etc.), with c55% of total revenue contributed by its Apple business in 2022. The company's other businesses include automotive electronics, industrial, and PC & storages, etc.

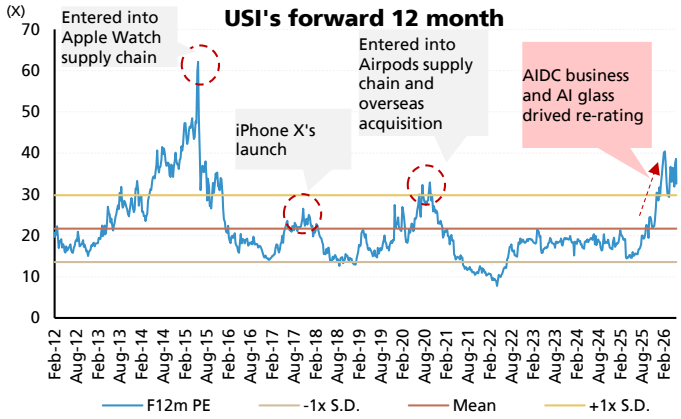
Investment thesis:

- We expect USI's cloud & storage revenue to reach c65% CAGR in 2025-28E.
  - Optical transceiver/AI accelerator board assembly to be the two major drivers
  - Well positioned to gain more business opportunities (e.g. HVDC) in AI data center applications.
- We expect blended GPM to improve 2.1ppt to 11.6% in 2028E from 9.5% in 2025, mainly from a product mix improvement. Investors likely underestimate: 1) the synergy between ASE (the parent) and USI (e.g. new design wins, higher value-added solutions; 2) USI's rapidly expanding product offering in AIDC applications; and 3) margin expansion on an improving product mix.
- We expect over 40% earnings CAGR in 2026-28E. We view the valuation as attractive.

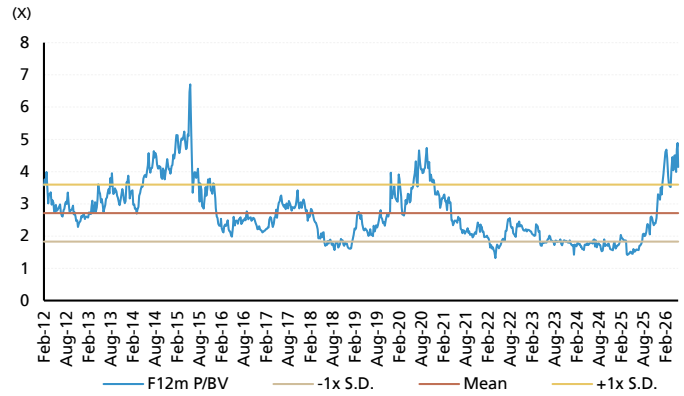
Revenue breakdown (2025)



Forward 12m P/E band



Forward 12m P/B band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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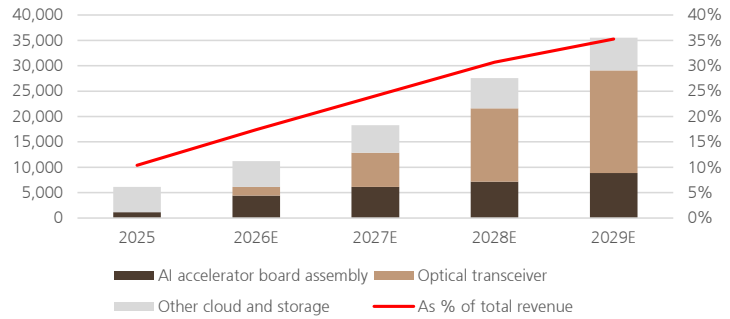
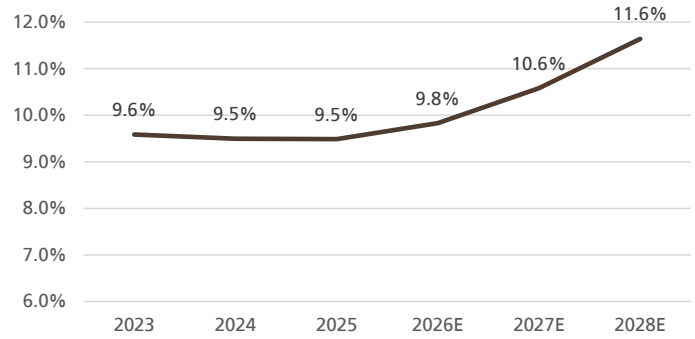
USI (601231.SH), PT Rmb51.50, Buy

We expect cloud and storage business to achieve Rmb28bn in 2028E (c30% of total revenue)

(Rmb mn)



USI's blended GPM forecasts



USI's AI accelerator card assembly revenue forecast

	2025E	2026E	2027E	2028E
Unit shipment (m units)	0.8	1.6	2.5	3.3
YoY		*100%*	*56%*	*30%*
ASP (US$/unit)	200	400	360	324
YoY		*100%*	*-10%*	*-10%*
Revenue (US$ m)	**160**	**640**	**900**	**1,053**
YoY		*300%*	*41%*	*17%*
Revenue (Rmb m)	**1,143**	**4,480**	**6,300**	**7,371**
YoY		*292%*	*41%*	*17%*
As % of total sales	*2%*	*6%*	*8%*	*8%*

USI's optical transceiver revenue forecasts

	2025E	2026E	2027E	2028E
Unit shipment (m units)				
Traditional optical transceiver		0.7	2.3	3.5
- 800G		0.6	2.0	2.0
- 1.6T		0.1	0.3	1.5
CPO/NPO related			0.3	1.2
- ELSFP			0.3	1.2
Total		**0.7**	**2.6**	**4.7**
ASP				
Traditional optical transceiver		**412**	**390**	**453**
- 800G		380	340	306
- 1.6T		800	720	648
CPO/NPO related			**400**	**380**
- ELSFP			400	380
Blended ASP (US$/unit)				
Revenue (US$ m)				
Traditional optical transceiver		**268**	**896**	**1,584**
- 800G		228	680	612
- 1.6T		40	216	972
CPO/NPO related			**120**	**456**
- ELSFP			120	456
Total optical transceiver revenue (US$ m)		**268**	**1,016**	**2,040**
Total optical transceiver revenue (Rmb m)		**1,876**	**7,112**	**14,280**
YoY			279.1%	100.8%
AS % of total revenue		2.7%	8.8%	15.2%

UBS 瑞银 Source: Company data, UBS-S estimates

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JCET (600584.SH), PT Rmb79.50 – Buy

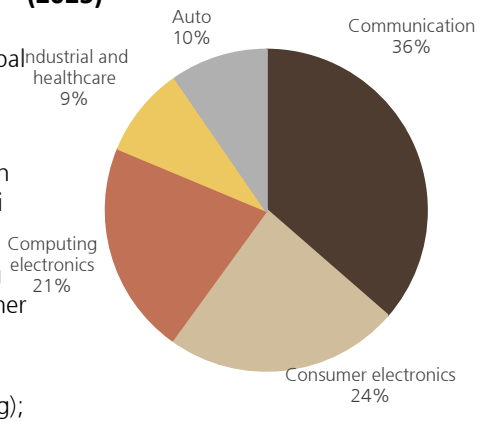
Company description

JCET is a leading OSAT vendor domestically and globally. The company ranked No.3 in the global market and No. 1 in domestic market in 2025. JCET's headquarter is in Jiangsu Province of China, and it also has production base in Korea and Singapore. The company covers 19 out of top 20 global IC design companies, and of which the largest client is Apple.

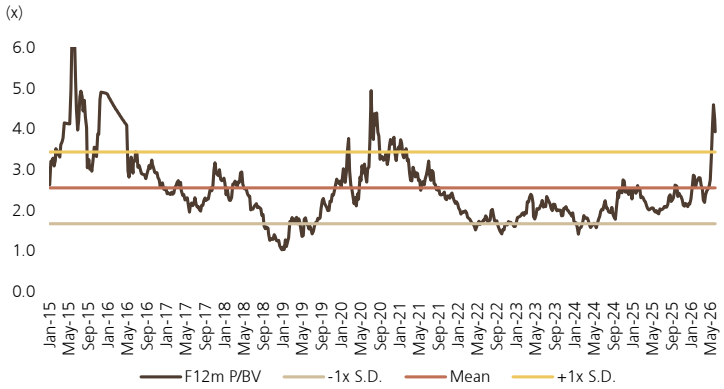
Investment thesis:

- We expect JCET's revenue growth to accelerate in 2026/27/28, due to: 1) substantial upside in advanced packaging brought by China's AI development; 2) a continued favorable global semi cycle; and 3) China's accelerating localization in high-end semiconductors.
- We see substantial upside in advanced packaging benefiting from a broad coverage of leading HPC and edge AI application from global customers, while domestic customers could be another revenue driver for its 2.5D/3D packaging business over the long term.
- We expect improving ROE in 2026-28E mainly due to 1) an estimated higher UTR, given the industry upcycle; 2) an improved product mix (eg, rising contribution from advanced packaging); and 3) a modest pricing recovery.

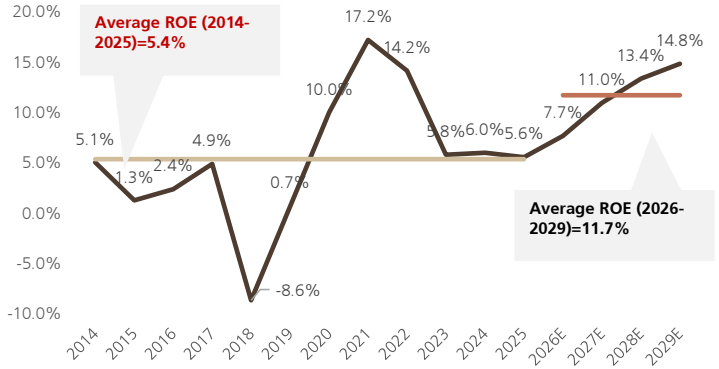
Revenue breakdown by application (2025)



Forward 12m P/BV band



ROE



UBS 瑞银 Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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JCET (600584.SH), PT Rmb79.50 – Buy

Revenue assumption for JCET

	UBS-Se (new)		
Unit: Rmb m	**2026E**	**2027E**	**2028E**
Jiangyin headquarter	8,814	9,695	10,471
JCET - SCL	12,843	15,412	17,724
JSCK	14,145	15,277	16,805
JCAP	2,913	3,642	4,370
JCET Chuzhou	1,161	1,254	1,329
JCET Suqian	1,416	1,557	1,682
WDC Shanghai fab	4,164	4,497	4,767
JCET Micro	1,940	5,040	7,560
Other	500	1,250	2,000
Gross revenue	**47,897**	**57,624**	**66,707**
Internal elimination	-2,703	-3,252	-3,765
Total revenue	**45,194**	**54,372**	**62,943**

UBS 瑞银 Source: Company data, UBS-S estimates

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Huatian (002185.SZ), PT Rmb12.70 – Neutral

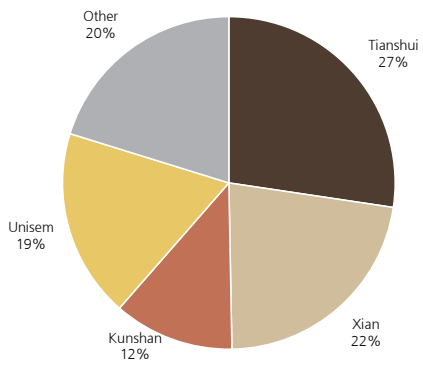
Company description

Tianshui Huatian Technology, established in 2003, is the third largest integrated circuit (IC) packaging and testing company in China and the sixth-largest globally. It has four major production bases: Tianshui, Xi'an, Kunshan and Nanjing. In January 2019, Huatian completed a co-acquisition of Unisem (M) Berhad (included in consolidated financial statements from 31 January 2019). Unisem is a leading IC packaging and testing company founded and listed in Malaysia.

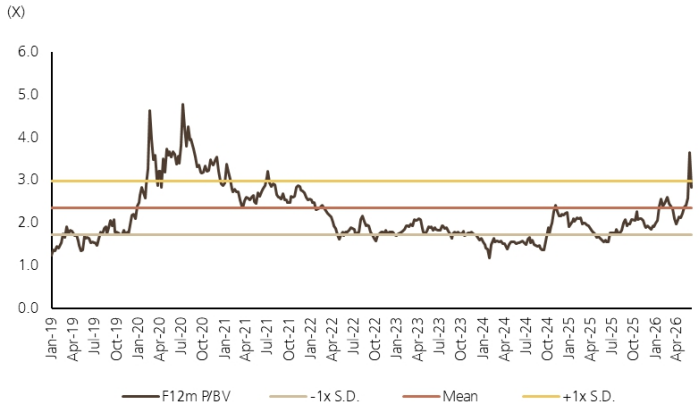
Investment thesis:

- Capacity utilisation rate remained high
- Increasing Focus on developing advanced packaging
- A key beneficiary of China's semiconductor localization
- But we believe profitability improvement could be limited given
  - More aggressive capex in the past recent years
  - Relatively less favorable product mix

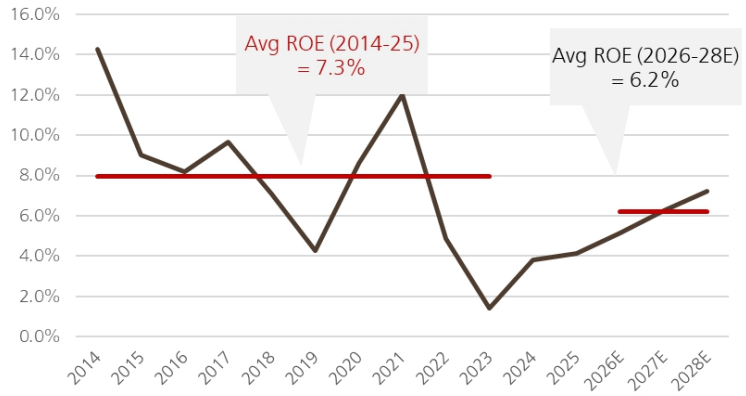
Revenue breakdown (2025)



Forward 12m P/BV band



ROE



UBS 瑞银 Source: Company data, UBS-S estimates, price data as of June 8, 2026

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TCL Tech (000100.SZ), PT Rmb5.60 – Buy

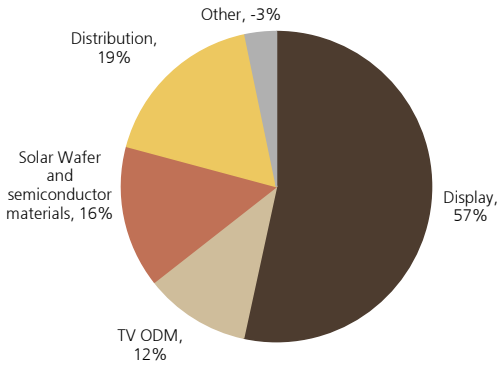
Company description

TCL Tech is one of two major panel companies in China, ranked No.2 in the global large-size LCD panel market. In late 2020, the company penetrated to photovoltaic and silicon wafer market through the acquisition of Zhonghuan Group.

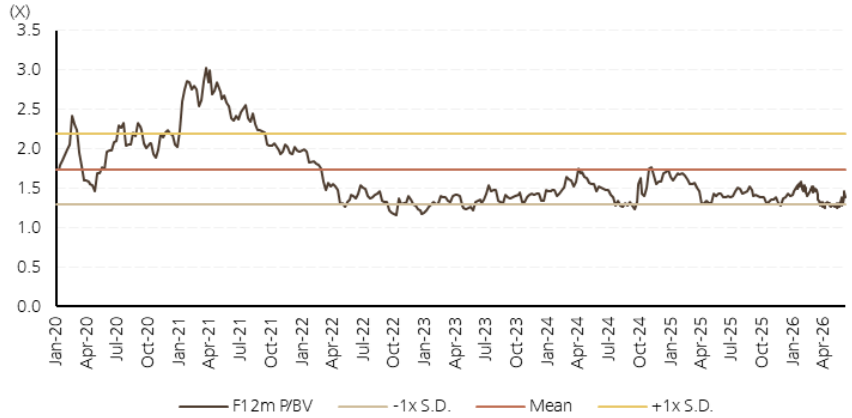
Investment thesis:

- The company expects largely stable LCD TV demand in 2026, while the LCD TV panel shipment area may grow on an increasing average size.
- LCD TV panel prices may continue steady uptrend in Q126. Panel biz maintained decent profit margin and cash flow, as per recent earnings results.
- Our analysis suggests its combined depreciation will peak in 2026, and the company is more cautious about future CAPEX. We thus expect revenue to grow much faster than depreciation, which will be accretive to its GPM.

Revenue breakdown (2025)



Forward 12m P/B band



Source: Company data, Wind, UBS-S estimates, price data as of June 8, 2026

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 semi stocks. Moreover, it is very difficult to project the financial results of semi companies, since their operating models are highly volatile and unpredictable. Finally, valuing semi stocks can prove challenging, as neither traditional nor non-traditional valuation measures have provided much insight into how these stocks trade. China's semi companies are also exposed to political risks, including government policies and supply chain restrictions, etc.