

CR Micro (688396.SS): Expanding to AI server power supply and optical module with 12” capacity ramping up

We remain positive on CR Micro’s revenue growth and GM improvement ahead, supported by its 12” production line capacity ramp up, solid utilization rate, and the price increase announced in Feb 2026. Management mentioned that CR Micro is leveraging its IDM business model to capture the rising demand in emerging markets ([link](#)), such as AI server power supply components, low-altitude economy, robots, etc. For AI server power supply components, CR Micro covers PSU, HVDC, SST, IBC, POL, etc, offering total solutions of power devices and modules, which is expected to have a rising contribution in coming years, in management’s view. CR Micro is also collaborating with a leading optical module player to develop next generation optical module power driver modules, with mass production expected in the second half of 2026, leveraging the company’s high density PoP packaging technology. Overall, we are positive on CR Micro riding on the demand uptrend of power semis industry, along with the GM recovery, driving its earnings growth ahead, while we maintain the Sell rating on CR Micro’s stretched valuation and a competitive power semis market. We roll over our base year to 2027E, introduce our 2028E estimates, and raise our 12M TP to Rmb42.69.

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Earnings revision: We factor in CR Micro’s 4Q25 and 1Q26 results and raise our 2026-27E net incomes by 1% / 5%, mainly on higher revenues and GMs. We raise our 2026-27E revenues by 6% / 9%, reflecting the company’s expansion to AI server, optical module, robots, etc. Our 2026-27E GMs are revised up by 0.3~0.6ppts, considering CR Micro’s GM beat in 1Q26 driven by product price increase and high utilization rate of foundries. We raise our 2026-27E R&D expense to reflect the company’s expansion to AI related end products (e.g. AI server, optical module). We introduce our 2028E estimate.

Exhibit 1: Earnings revisions, we introduce 2028E estimates

(Rmb mn)	New	2026E Old	Diff	New	2027E Old	Diff	New	2028E Old	Diff
Revenue	13,235	12,470	6%	14,808	13,634	9%	17,444		
Gross profit	3,692	3,436	7%	4,229	3,805	11%	5,125		
Operating income	1,563	1,411	11%	2,043	1,721	19%	2,931		
Net income	1,476	1,457	1%	1,797	1,711	5%	2,490		
Margins									
Gross margin	27.9%	27.6%	0.3ppts	28.6%	27.9%	0.6ppts	29.4%		
Operating margin	11.8%	11.3%	0.5ppts	13.8%	12.6%	1.2ppts	16.8%		
Net margin	11.2%	11.7%	-0.5ppts	12.1%	12.5%	-0.4ppts	14.3%		

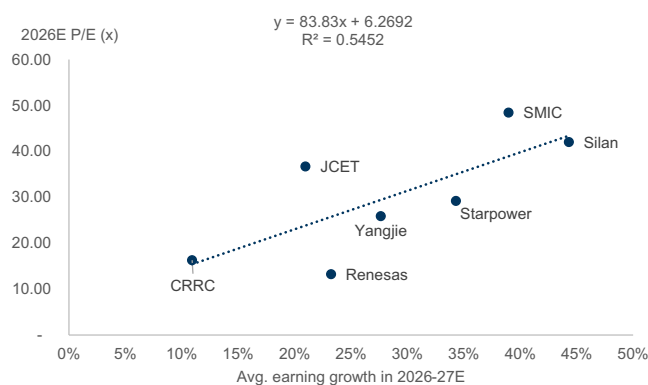
Source: Goldman Sachs Global Investment Research

Valuation: We roll over our base year to 2027E and continue to derive our 12M TP

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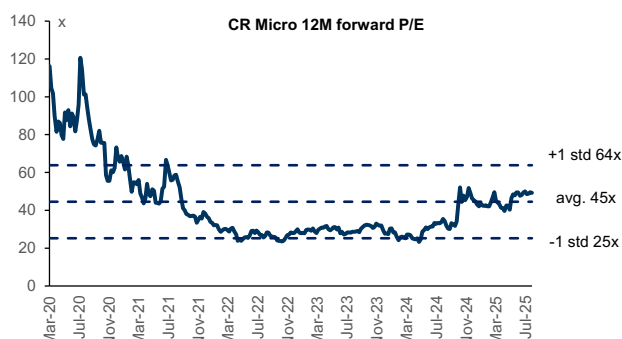
based on near-term P/E. Our 2027E target P/E is updated to 31.5x (vs. old TP implied 2027E P/E at 29.0x), which is derived from the refreshed peers' correlation of forward trading P/E and EPS growth, reflecting the re-rating on power semiconductor given the rising applications in AI data centers. With our updated earnings estimates and target multiple, our 12M TP is raised at Rmb42.69 (vs. Rmb37.46 previously). Our target P/E is still between the company's historical avg. and avg. -1stv. forward trading P/E, considering the competitive power semis market. Maintain Sell.

Exhibit 2: CR Micro's peers: avg. NI growth in 2027E-28E and 2027E P/E



Source: Company data, Goldman Sachs Global Investment Research, Refinitiv Eikon

Exhibit 3: CR Micro 12M forward P/E



Source: Refinitiv Eikon

Exhibit 4: CR Micro P&L summary

(Rmb m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	2,355	2,863	2,851	2,985	2,857	3,253	3,520	3,605	10,060	9,901	10,119	11,054	13,235	14,808	17,444
Gross profit	596	743	795	783	728	879	1,026	1,058	3,694	3,190	2,752	2,916	3,692	4,229	5,125
Operating expense	474	465	525	556	473	502	564	590	1,733	2,060	1,932	2,020	2,129	2,186	2,194
Operating income	121	278	270	227	256	377	462	468	1,961	1,130	820	896	1,563	2,043	2,931
Net income	83	256	187	135	330	331	396	420	2,617	1,479	762	661	1,476	1,797	2,490
EPS (Rmb)	0.06	0.19	0.14	0.10	0.25	0.25	0.30	0.32	1.98	1.12	0.58	0.50	1.11	1.35	1.88
Margins / ratio															
Gross margin	25.3%	25.9%	27.9%	26.2%	25.5%	27.0%	29.2%	29.4%	36.7%	32.2%	27.2%	26.4%	27.9%	28.6%	29.4%
Opex ratio	20.1%	16.2%	18.4%	18.6%	16.5%	15.4%	16.0%	16.4%	17.2%	20.8%	19.1%	18.3%	16.1%	14.8%	12.6%
Operating margin	5.1%	9.7%	9.5%	7.6%	8.9%	11.6%	13.1%	13.0%	19.5%	11.4%	8.1%	8.1%	11.8%	13.8%	16.8%
Net margin	3.4%	9.7%	7.9%	4.7%	13.7%	12.0%	13.5%	14.1%	26.4%	17.0%	7.9%	6.5%	13.4%	14.7%	17.7%
QoQ															
Revenue	-11%	22%	0%	5%	-4%	14%	8%	2%							
Gross profit	-18%	25%	7%	-1%	-7%	21%	17%	3%							
Operating income	-54%	130%	-3%	-16%	13%	48%	23%	1%							
Net income	-68%	207%	-27%	-28%	144%	0%	20%	6%							
EPS	-68%	207%	-27%	-28%	144%	0%	20%	6%							
YoY															
Revenue	11%	8%	5%	13%	21%	14%	23%	21%	9%	-2%	2%	9%	20%	12%	18%
Gross profit	6%	7%	3%	8%	22%	18%	29%	35%	13%	-14%	-14%	6%	27%	15%	21%
Operating income	56%	27%	3%	-13%	111%	35%	71%	107%	3%	-42%	-27%	9%	74%	31%	43%
Net income	151%	3%	-15%	-49%	297%	29%	112%	211%	15%	-43%	-48%	-13%	124%	22%	39%
EPS	150%	3%	-15%	-49%	296%	29%	112%	211%	12%	-43%	-49%	-14%	124%	22%	39%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - CR Micro

Valuation methodology: Our 12-month target price of **Rmb42.69** is based on 31.5x 2027E P/E. Our target multiple is derived from sector P/E and earnings correlation. Our target P/E is within CR Micro's historical trading range.

Key risks include: 1) Better-than-expected ASP trend among MOSFET, faster-than-expected new design wins and market share gains; 3) faster new product (IGBT and power IC) development progress; 4) fewer entra



SiC space, which helps to reduce the competition.

688396.SS	12m Price Target: Rmb42.69	Price: Rmb67.68	Downside: 36.9%
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Sell	GS Forecast				
Market cap: Rmb89.6bn / \$13.2bn Enterprise value: Rmb81.2bn / \$12.0bn 3m ADTV: Rmb1.7bn / \$249.8mn China Greater China Technology M&A Rank: 3 Leases incl. in net debt & EV?: No		12/25	12/26E	12/27E	12/28E
	Revenue (Rmb mn) New	11,053.8	13,235.1	14,808.4	17,444.2
	Revenue (Rmb mn) Old	11,092.9	12,470.3	13,634.4	–
	EBITDA (Rmb mn)	2,149.4	3,116.3	3,689.6	4,630.8
	EPS (Rmb) New	0.50	1.11	1.35	1.88
	EPS (Rmb) Old	0.69	1.10	1.29	–
	P/E (X)	97.8	60.9	50.0	36.1
	P/B (X)	2.8	3.7	3.5	3.2
	Dividend yield (%)	0.2	0.3	0.3	0.4
	CROCI (%)	5.5	6.9	7.3	8.3
		3/26	6/26E	9/26E	12/26E
	EPS (Rmb)	0.25	0.25	0.30	0.32

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 9 Jun 2026 close.