Goldman Sachs Research

Equity Research

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Montage (688008.SS): Mgmt. visit: MRCD/ MDB driven by AI; New products maintaining high GM

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We hosted Montage management in Shanghai on May 21 during our China Tech Tour. Key discussions were around demand trend of memory interconnection IC, new product expansion plans, and market dynamics amid diversifying CPU platforms. Overall, management is positive on the growth of MRCD/ MDB demand, and expects their new products in 2027 to be supported by the new CPU platform. While the CPU market shows a diversifying trend, with more suppliers entering the market, Montage expects an unchanged competition landscape for memory interface IC. Details within.

Key takeaways

1. Positive tone on MRCD / MDB: Management remains positive on high bandwidth memory interconnect (MRCD / MDB) market demand, driven by rising AI trend. Management highlights they are one of the two global suppliers capable of providing both DDR5 Gen 1 and Gen 2 MRCD and MDB chipset and, compared to peers, their products carry better performance, lower latency, and better power consumption. Management continues to target a higher market share in MRCD / MDB compared to RCD.

2. New products in expansion: Management remains positive on 2027, as the upcoming new CPU platform would support Montage's new products: MRDIMM gen2, PCIE gen6, and CXL 3.0. With growing AI demand, higher memory bandwidth demand and rising memory costs could also encourage customers to migrate to the latest products for better performance and efficiency. The growing new products would support the company's GM to stay at a high level.

3. Diversifying CPU trend: Management remains positive on their leading market position on memory interconnect IC. According to management, their products are standardized and new CPU suppliers could take some time to adapt their products, but not likely to ask for customization. For example, in-house CPU designed by US technology giants (e.g. Microsoft, Google, etc.) also use DDR5. As a result, management expects the competition landscape to remain similar.

Price target methodology and risks - Montage

Valuation methodology: For the A-share, our 12M target price of **Rmb363.0 is based on a 45.2x 2030E discounted P/E.** Our target P/E multiple of 45.2x is derived from peers' P/E and NI growth correlation. For the H-share, our 12M target price of **HK$510.0 is based on a 58.3x 2030E P/E** (29% valuation premium over the A-share and using a 1.09 CNY/HKD).

Key downside risks are: 1) Weaker-than-expected memory interface IC market growth; 2) slower-than-expected new product introductions; and 3) Fiercer-than-expected market competition.

688008.SS	12m Price Target: **Rmb363.00**	Price: **Rmb257.30**	Upside: **41.1%**
6809.HK	12m Price Target: **HK$510.00**	Price: **HK$446.80**	Upside: **14.1%**

Buy

Market cap:
Rmb314.5bn / $46.2bn
Enterprise value:
Rmb298.9bn / $43.9bn
3m ADTV: Rmb9.1bn / $1.3bn
China
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn)	5,456.3	8,121.6	11,153.7	15,621.6
EBITDA (Rmb mn)	1,943.3	3,865.8	5,486.0	7,586.9
EPS (Rmb)	1.95	3.12	4.37	5.92
P/E (X)	48.7	82.5	58.9	43.5
P/B (X)	9.5	15.2	13.4	11.6
Dividend yield (%)	1.0	0.6	0.8	1.2
N debt/EBITDA (ex lease,X)	(3.5)	(4.0)	(3.2)	(2.7)
CROCI (%)	14.5	24.8	24.6	29.1
FCF yield (%)	1.2	1.0	1.4	2.1

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	0.69	0.64	0.87	0.92

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 20 May 2026 close.