# CR Micro (688396.SS)

## AI trend to support growth ahead; Upgrading to Neutral with TP raised to Rmb77.02

| 688396.SS | 12m Price Target: **Rmb77.02** | Price: **Rmb73.59** | Upside: **4.7%** |
|---|---|---|---|

We are turning more positive on CR Micro given the growing AI infrastructure trend driving **(1) power semis business:** We see the AI server racks ramping up, driving demand on power management components, supporting power semi supply chain price increases, with global leading suppliers, such as Infineon (link) and Texas Instruments (link), announcing several rounds of price increases in YTD 2026. CR Micro, as the leading power semi supplier in China market, has entered the supply chain of leading CSPs, AI server OEMs, and power supply component suppliers and announced a price increase in Feb 2026 (link), reflecting the power semi supply chain benefiting from the rising end demand from AI data centers, **(2) OSAT business:** CR Micro is leveraging its high-density PoP packaging technology to expand to AI server power supply and optical module power driver markets, enabling the company to capture the rising end demand. We expect the company to enjoy rising contribution from its OSAT business, driven by the collaboration with a leading power optical module player and rising end demand for AI server power management solutions. CR Micro is the leading power semi ODM player in China market and is expanding to the AI infrastructure supply chain, supporting the company's earnings growth ahead. **Upgrade CR Micro from Sell to Neutral with new TP at Rmb77.02.** We would turn more positive on CR Micro if we see stronger-than-expected power semi shipments or ASP improvement, driven by AI related end demand.

**Key debates:** We note investor debates on CR Micro's valuation, and highlight the market re-rating the power semi supply chain, given the rising applications in AI related end products. Infineon's avg. forward trading P/E was 19x in 2025, and has increased to 25x in YTD 2026 (Exhibit 2). Texas Instruments' avg. forward trading P/E was 31x in 2025, and has increased to 33x in YTD 2026 (Exhibit 4). STMicroelectronics's avg. forward trading P/E was 23x in 2025, and has increased to 29x in YTD2026 (Exhibit 3). We view CR Micro as the leading power semis supplier in China market, along with its

**NEUTRAL**

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### Key Data

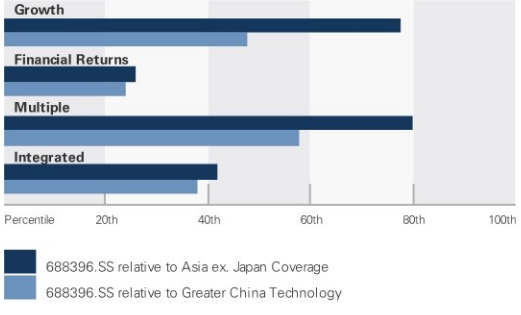
Market cap: Rmb97.4bn / $14.4bn
Enterprise value: Rmb89.1bn / $13.2bn
3m ADTV: Rmb1.9bn / $282.7mn
China
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

### GS Forecast

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| **Revenue (Rmb mn) New** | **11,053.8** | **13,319.2** | **16,371.8** | **19,134.6** |
| Revenue (Rmb mn) Old | 11,053.8 | 13,235.1 | 14,808.4 | 17,444.2 |
| EBITDA (Rmb mn) | 2,149.4 | 3,129.6 | 3,963.2 | 4,955.2 |
| **EPS (Rmb) New** | **0.50** | **1.12** | **1.51** | **2.06** |
| EPS (Rmb) Old | 0.50 | 1.11 | 1.35 | 1.88 |
| P/E (X) | 97.8 | 65.8 | 48.7 | 35.7 |
| P/B (X) | 2.8 | 4.0 | 3.8 | 3.5 |
| Dividend yield (%) | 0.2 | 0.2 | 0.3 | 0.4 |
| CROCI (%) | 5.5 | 6.9 | 7.8 | 8.8 |

| | 3/26 | 6/26E | 9/26E | 12/26E |
|---|---|---|---|---|
| EPS (Rmb) | 0.25 | 0.25 | 0.30 | 0.32 |

### GS Factor Profile




Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

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NEUTRAL

# CR Micro (688396.SS)

Rating since Jun 20, 2026

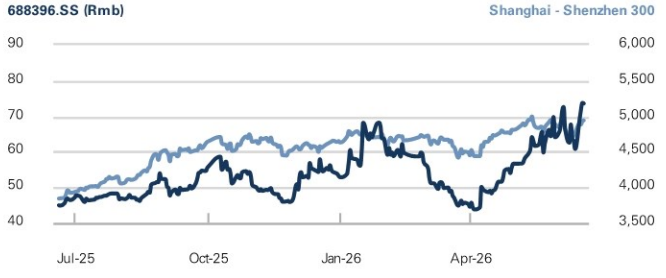
## Ratios & Valuation

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| P/E (X) | 97.8 | 65.8 | 48.7 | 35.7 |
| P/B (X) | 2.8 | 4.0 | 3.8 | 3.5 |
| FCF yield (%) | 0.9 | 0.9 | 1.2 | 2.5 |
| EV/EBITDAR (X) | 26.5 | 28.6 | 22.3 | 17.4 |
| EV/EBITDA (excl. leases) (X) | 26.5 | 28.6 | 22.3 | 17.4 |
| CROCI (%) | 5.5 | 6.9 | 7.8 | 8.8 |
| ROE (%) | 2.9 | 6.3 | 8.0 | 10.1 |
| Net debt/equity (%) | (38.0) | (38.8) | (39.9) | (43.8) |
| Net debt/equity (excl. leases) (%) | (38.0) | (38.8) | (39.9) | (43.8) |
| Interest cover (X) | 98.7 | 124.0 | 182.3 | 256.1 |
| Days inventory outst, sales | 72.2 | 63.4 | 58.6 | 56.5 |
| Receivable days | 66.4 | 62.0 | 57.0 | 53.0 |
| Days payable outstanding | 65.7 | 65.0 | 65.0 | 65.0 |
| DuPont ROE (%) | 2.7 | 5.7 | 7.3 | 9.2 |
| Turnover (X) | 0.4 | 0.4 | 0.5 | 0.5 |
| Leverage (X) | 1.2 | 1.2 | 1.2 | 1.2 |
| Gross cash invested (ex cash) (Rmb) | 39,847.0 | 42,536.8 | 45,757.3 | 49,649.7 |
| Average capital employed (Rmb) | 15,542.0 | 15,659.2 | 16,243.2 | 16,654.5 |
| BVPS (Rmb) | 17.31 | 18.26 | 19.53 | 21.27 |

## Growth & Margins (%)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue growth | 9.2 | 20.5 | 22.9 | 16.9 |
| EBITDA growth | 10.4 | 45.6 | 26.6 | 25.0 |
| EPS growth | (13.7) | 124.6 | 35.1 | 36.4 |
| DPS growth | 32.2 | 124.6 | 35.1 | 36.4 |
| EBIT margin | 8.1 | 11.8 | 14.2 | 17.0 |
| EBITDA margin | 19.4 | 23.5 | 24.2 | 25.9 |
| Net income margin | 6.0 | 11.1 | 12.2 | 14.3 |

## Price Performance




| | 3m | 6m | 12m |
|---|---|---|---|
| Absolute | 49.9% | 32.2% | 62.4% |
| Rel. to the Shanghai - Shenzhen 300 | 41.3% | 21.8% | 27.4% |

Source: FactSet. Price as of 18 Jun 2026 close.

## Income Statement (Rmb mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue | 11,053.8 | 13,319.2 | 16,371.8 | 19,134.6 |
| Cost of goods sold | (8,137.5) | (9,601.4) | (11,696.2) | (13,505.2) |
| SG&A | (851.9) | (893.9) | (948.4) | (950.0) |
| R&D | (1,168.4) | (1,248.0) | (1,410.3) | (1,424.4) |
| Other operating inc./(exp.) | – | – | – | – |
| **EBITDA** | **2,149.4** | **3,129.6** | **3,963.2** | **4,955.2** |
| Depreciation & amortization | (1,253.4) | (1,553.7) | (1,646.3) | (1,700.2) |
| **EBIT** | **896.0** | **1,575.9** | **2,316.8** | **3,255.0** |
| Net interest inc./(exp.) | 183.4 | 82.8 | 140.2 | 153.7 |
| Income/(loss) from associates | (502.9) | (125.9) | 0.0 | – |
| **Pre-tax profit** | **722.4** | **1,781.2** | **2,457.1** | **3,408.7** |
| Provision for taxes | (167.9) | (415.4) | (572.5) | (794.2) |
| Minority interest | 106.0 | 118.0 | 120.0 | 120.0 |
| Preferred dividends | – | – | – | – |
| **Net inc. (pre-exceptionals)** | **660.5** | **1,483.8** | **2,004.6** | **2,734.5** |
| Post-tax exceptionals | 0.0 | – | – | – |
| **Net inc. (post-exceptionals)** | **660.5** | **1,483.8** | **2,004.6** | **2,734.5** |
| **EPS (basic, pre-except) (Rmb)** | **0.50** | **1.12** | **1.51** | **2.06** |
| **EPS (diluted, pre-except) (Rmb)** | **0.50** | **1.12** | **1.51** | **2.06** |
| **EPS (basic, post-except) (Rmb)** | **0.50** | **1.12** | **1.51** | **2.06** |
| **EPS (diluted, post-except) (Rmb)** | **0.50** | **1.12** | **1.51** | **2.06** |
| DPS (Rmb) | 0.08 | 0.17 | 0.23 | 0.32 |
| Div. payout ratio (%) | 15.5 | 15.5 | 15.5 | 15.5 |

## Balance Sheet (Rmb mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Cash & cash equivalents | 9,551.9 | 10,195.3 | 11,094.3 | 13,138.2 |
| Accounts receivable | 2,169.7 | 2,355.2 | 2,758.2 | 2,798.7 |
| Inventory | 2,278.4 | 2,351.3 | 2,904.0 | 3,016.1 |
| Other current assets | 1,034.7 | 1,034.7 | 1,034.7 | 1,034.7 |
| **Total current assets** | **15,034.7** | **15,936.6** | **17,791.2** | **19,987.8** |
| Net PP&E | 7,627.1 | 8,101.7 | 8,381.4 | 8,510.1 |
| Net intangibles | 354.5 | 326.3 | 300.3 | 276.4 |
| Total investments | 5,441.2 | 5,441.2 | 5,441.2 | 5,441.2 |
| Other long-term assets | 2,132.2 | 2,132.2 | 2,132.2 | 2,132.2 |
| **Total assets** | **30,589.7** | **31,938.0** | **34,046.2** | **36,347.7** |
| Accounts payable | 1,603.8 | 1,815.9 | 2,349.9 | 2,460.2 |
| Short-term debt | 97.8 | 97.8 | 97.8 | 97.8 |
| Short-term lease liabilities | – | – | – | – |
| Other current liabilities | 3,399.9 | 3,399.9 | 3,399.9 | 3,399.9 |
| **Total current liabilities** | **5,101.5** | **5,313.6** | **5,847.6** | **5,957.9** |
| Long-term debt | 0.0 | 0.0 | 0.0 | – |
| Long-term lease liabilities | – | – | – | – |
| Other long-term liabilities | 621.3 | 621.3 | 621.3 | 621.3 |
| **Total long-term liabilities** | **621.3** | **621.3** | **621.3** | **621.3** |
| **Total liabilities** | **5,722.7** | **5,934.8** | **6,468.8** | **6,579.1** |
| Preferred shares | – | – | – | – |
| Total common equity | 22,980.6 | 24,234.7 | 25,929.0 | 28,240.1 |
| **Minority interest** | **1,886.4** | **1,768.4** | **1,648.4** | **1,528.4** |
| **Total liabilities & equity** | **30,589.7** | **31,938.0** | **34,046.2** | **36,347.7** |
| Net debt, adjusted | (9,454.1) | (10,097.6) | (10,996.5) | (13,040.5) |

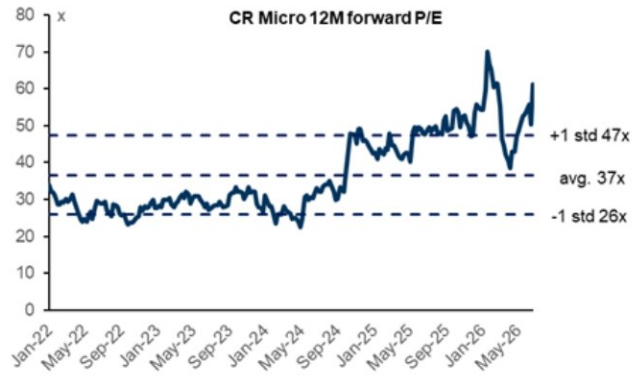
## Cash Flow (Rmb mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Net income | 660.5 | 1,483.8 | 2,004.6 | 2,734.5 |
| D&A add-back | 1,253.4 | 1,553.7 | 1,646.3 | 1,700.2 |
| Minority interest add-back | (106.0) | (118.0) | (120.0) | (120.0) |
| Net (inc)/dec working capital | (219.1) | (46.3) | (421.6) | (42.4) |
| Other operating cash flow | 496.0 | (0.3) | – | – |
| **Cash flow from operations** | **2,084.7** | **2,872.9** | **3,109.2** | **4,272.3** |
| Capital expenditures | (1,508.0) | (2,000.0) | (1,900.0) | (1,805.0) |
| Acquisitions | (76.6) | – | – | – |
| Divestitures | – | – | – | – |
| Others | 75.7 | 0.3 | – | – |
| **Cash flow from investing** | **(1,508.9)** | **(1,999.7)** | **(1,900.0)** | **(1,805.0)** |
| Repayment of lease liabilities | – | – | – | – |
| Dividends paid (common & pref) | (114.9) | (229.7) | (310.3) | (423.3) |
| Inc/(dec) in debt | 39.7 | – | – | – |
| Other financing cash flows | 368.3 | 0.0 | 0.0 | 0.0 |
| **Cash flow from financing** | **293.1** | **(229.7)** | **(310.3)** | **(423.3)** |
| **Total cash flow** | **868.9** | **643.5** | **898.9** | **2,044.0** |
| Free cash flow | 576.7 | 872.9 | 1,209.2 | 2,467.3 |

Source: Company data, Goldman Sachs Research estimates.

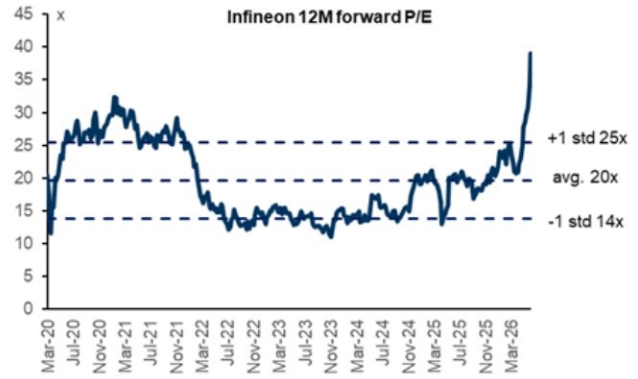
expansion to AI server power management components, leading to its valuation re-rating from 48x avg. forward trading P/E in 2025 to 53x in YTD 2026.

**Exhibit 1: CR Micro 12M forward P/E**



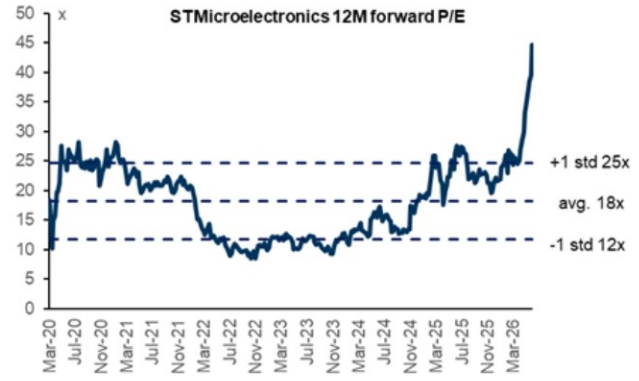

Source: Refinitiv Eikon

**Exhibit 2: Infineon 12M forward P/E**



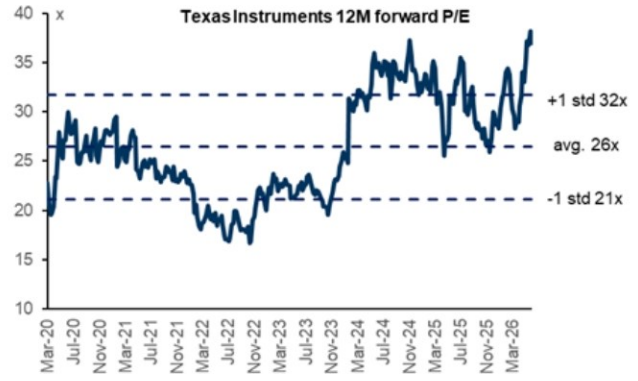

Source: Refinitiv Eikon

**Exhibit 3: STMicroelectronics 12M forward P/E**




Source: Refinitiv Eikon

**Exhibit 4: Texas Instruments 12M forward P/E**




Source: Refinitiv Eikon

**Earnings revision:** We raise our 2026-28E net incomes by 1% / 12% / 10%, mainly on revenues and lower opex ratios. We raise our power semi shipments (e.g. MOSFET, IGBT, SiC, GaN) OSAT business contribution in 2026-28E to reflect CR Micro's expansion towards AI server power management components and optical module power drivers, leading our 2026-28E revenues up 1% / 11% / 10%. Our 2027-28E opex ratios are revised down by 0.4 / 0.2 ppts, reflecting CR Micro's IDM business model supporting operational efficiency improvement, while R&D expense is still at uptrend to support the company's expansion towards AI related end products. Our 2026-28E GMs are largely unchanged, still showing an uptrend in coming years supported by UT rate improvement and shipments ramp up.

**Exhibit 5: Earnings revision**

| (Rmb mn) | 2026E New | 2026E Old | 2026E Diff | 2027E New | 2027E Old | 2027E Diff | 2028E New | 2028E Old | 2028E Diff |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 13,319 | 13,235 | 1% | 16,372 | 14,808 | 11% | 19,135 | 17,444 | 10% |
| Gross profit | 3,718 | 3,692 | 1% | 4,676 | 4,229 | 11% | 5,629 | 5,125 | 10% |
| Operating income | 1,576 | 1,563 | 1% | 2,317 | 2,043 | 13% | 3,255 | 2,931 | 11% |
| Net income | 1,484 | 1,476 | 1% | 2,005 | 1,797 | 12% | 2,734 | 2,490 | 10% |
| **Margins** | | | | | | | | | |
| Gross margin | 27.9% | 27.9% | 0ppts | 28.6% | 28.6% | 0ppts | 29.4% | 29.4% | 0ppts |
| Operating margin | 11.8% | 11.8% | 0ppts | 14.2% | 13.8% | 0.4ppts | 17.0% | 16.8% | 0.2ppts |
| Net margin | 11.1% | 11.2% | 0ppts | 12.2% | 12.1% | 0.1ppts | 14.3% | 14.3% | 0ppts |

Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 6: CR Micro revenues and GM changes by segment**

| Rev (Rmb m) | 2026E | 2027E | 2028E | GM | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| **NEW** | **13,319** | **16,372** | **19,135** | **NEW** | **28%** | **29%** | **29%** |
| MOSFET | 4,048 | 5,375 | 6,472 | MOSFET | 30% | 31% | 31% |
| IGBT | 2,386 | 3,450 | 4,147 | IGBT | 29% | 29% | 30% |
| SiC | 584 | 1,077 | 1,788 | SiC | 29% | 29% | 30% |
| GaN | 382 | 669 | 1,049 | GaN | 29% | 29% | 29% |
| Power IC | 1,065 | 1,320 | 1,636 | Power IC | 29% | 29% | 29% |
| Other power semi | 489 | 490 | 490 | Other power semi | 24% | 24% | 24% |
| Sensors | 532 | 588 | 651 | Sensors | 40% | 40% | 40% |
| MCU and other IC | 115 | 112 | 109 | MCU and other IC | 30% | 30% | 30% |
| Foundry - 6" | 323 | 230 | 196 | Foundry - 6" | 22% | 23% | 23% |
| Foundry - 8" | 2,379 | 1,927 | 1,645 | Foundry - 8" | 24% | 24% | 24% |
| OSAT | 986 | 1,103 | 922 | OSAT | 21% | 21% | 22% |
| Others | 31 | 31 | 31 | Others | 21% | 21% | 21% |
| **OLD** | **13,235** | **14,808** | **17,444** | **OLD** | **28%** | **29%** | **29%** |
| MOSFET | 3,969 | 4,674 | 5,627 | MOSFET | 30% | 31% | 32% |
| IGBT | 2,386 | 2,997 | 3,657 | IGBT | 29% | 29% | 30% |
| SiC | 584 | 970 | 1,610 | SiC | 29% | 29% | 30% |
| GaN | 382 | 598 | 938 | GaN | 29% | 29% | 29% |
| Power IC | 1,065 | 1,320 | 1,636 | Power IC | 29% | 29% | 29% |
| Other power semi | 489 | 490 | 490 | Other power semi | 24% | 24% | 24% |
| Sensors | 532 | 588 | 651 | Sensors | 40% | 40% | 40% |
| MCU and other IC | 115 | 112 | 109 | MCU and other IC | 30% | 30% | 30% |
| Foundry - 6" | 323 | 230 | 196 | Foundry - 6" | 22% | 23% | 23% |
| Foundry - 8" | 2,379 | 1,927 | 1,645 | Foundry - 8" | 24% | 24% | 24% |
| OSAT | 980 | 872 | 855 | OSAT | 21% | 21% | 22% |
| Others | 31 | 31 | 31 | Others | 21% | 21% | 21% |
| ***CHG*** | ***1%*** | ***11%*** | ***10%*** | ***CHG*** | ***0ppts*** | ***0ppts*** | ***0ppts*** |
| MOSFET | *2%* | *15%* | *15%* | MOSFET | *0ppts* | *0ppts* | *-0.1ppts* |
| IGBT | *0%* | *15%* | *13%* | IGBT | *0ppts* | *0ppts* | *0ppts* |
| SiC | *0%* | *11%* | *11%* | SiC | *0ppts* | *0ppts* | *0ppts* |
| GaN | *0%* | *12%* | *12%* | GaN | *0ppts* | *0ppts* | *0ppts* |
| Power IC | *0%* | *0%* | *0%* | Power IC | *0ppts* | *0ppts* | *0ppts* |
| Other power semi | *0%* | *0%* | *0%* | Other power semi | *0ppts* | *0ppts* | *0ppts* |
| Sensors | *0%* | *0%* | *0%* | Sensors | *0ppts* | *0ppts* | *0ppts* |
| MCU and other IC | *0%* | *0%* | *0%* | MCU and other IC | *0ppts* | *0ppts* | *0ppts* |
| Foundry - 6" | *0%* | *0%* | *0%* | Foundry - 6" | *0ppts* | *0ppts* | *0ppts* |
| Foundry - 8" | *0%* | *0%* | *0%* | Foundry - 8" | *0ppts* | *0ppts* | *0ppts* |
| OSAT | *1%* | *26%* | *8%* | OSAT | *0ppts* | *0ppts* | *0ppts* |
| Others | *0%* | *0%* | *0%* | Others | *0ppts* | *0ppts* | *0ppts* |

**GS vs. Bloomberg consensus:** Our 2026-28E revenues are higher than BBG consensus, reflecting our more positive view on CR Micro's power semi business benefiting from rising end demand for AI server power supply components, while GMs are lower than BBG consensus, reflecting the competitive power semi market. Our opex ratios are lower than BBG consensus, as we are positive on CR Micro's IDM business model driving operational efficiency improvement. Overall, our 2026-28E net incomes are 15% / 12% / 11% higher than BBG consensus.

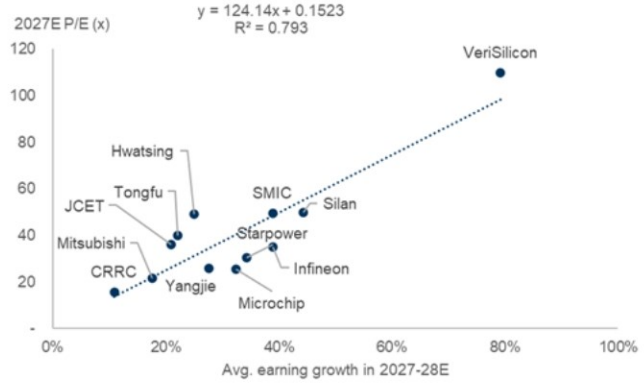
**Exhibit 7: GS vs. Bloomberg consensus**

| | 2026E | | | 2027E | | | 2028E | | |
|---|---|---|---|---|---|---|---|---|---|
| (Rmb mn) | GS | Con | Diff | GS | Con | Diff | GS | Con | Diff |
| Revenue | 13,319 | 12,868 | 4% | 16,372 | 14,956 | 9% | 19,135 | 17,950 | 7% |
| Gross profit | 3,718 | 3,616 | 3% | 4,676 | 4,434 | 5% | 5,629 | 5,313 | 6% |
| Opering income | 1,576 | 1,396 | 13% | 2,317 | 1,964 | 18% | 3,255 | 2,553 | 27% |
| Net income | 1,484 | 1,286 | 15% | 2,005 | 1,796 | 12% | 2,734 | 2,472 | 11% |
| **Margins** | | | | | | | | | |
| Gross margin | 27.9% | 28.1% | | 28.6% | 29.6% | | 29.4% | 29.6% | |
| Operating margin | 11.8% | 10.8% | | 14.2% | 13.1% | | 17.0% | 14.2% | |
| Net margin | 11.1% | 10.0% | | 12.2% | 12.0% | | 14.3% | 13.8% | |

Source: Goldman Sachs Global Investment Research, Bloomberg

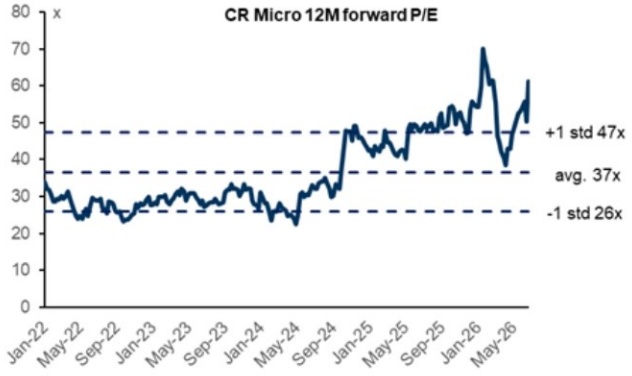
**Valuation:** We roll our base year forward to 2028E and continue to use forward target P/E to derive our 12M TP. Our target P/E is updated to 37.4x 2028E EPS (vs. old TP implied at 22.7x), which is still derived from peers' correlation between trading P/E and forward year NI YoY. Our peer group includes global power semis suppliers and China AI semis players, including IC design, foundry, OSAT, etc, that benefits from rising AI semi end demand. With the updated target P/E and earnings estimates, our 12M TP is updated to Rmb77.02 (vs. Rmb42.69 previously). With potential 5% upside, **we upgrade CR Micro from Sell to Neutral.**

**Exhibit 8: CR Micro's peers: avg. NI growth in 2027E-28E and 2027E P/E**




Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 9: CR Micro 12M forward P/E**




Source: Refinitiv Eikon

**Cross check:** Our TP implied P/E of 37.4x is around avg. in past 3 years, reflecting the sector re-rating on power semi suppliers given the rising applications in AI data centers. Our new TP implied PEG is at 1.2x, which is within the peers range of 0.9x to 1.9x.

**Exhibit 10: CR Micro and peers' PEG**

| Company | CR Micro | Company | SMIC | JCET | Tongfu | Infineon | Silan | VeriSilicon | Mitsubishi |
|---|---|---|---|---|---|---|---|---|---|
| Ticker | 688396.SS | Ticker | 0981.HK | 600584.SS | 002156.SZ | IFXGn.DE | 600460.SS | 688521.SS | 6503.T |
| Rating | Neutral | Rating | Buy | Neutral | NC | Buy | NC | Buy | Buy |
| 2027E TP implied P/E | 37.4 | 2027E trading P/E | 48.9 | 39.9 | 40.0 | 35.0 | 50.0 | 110.0 | 22.5 |
| 2027-28E avg. NI YoY | 30% | 2027-28E avg. NI YoY | 39% | 21% | 22% | 39% | 44% | 79% | 18% |
| PEG | 1.2 | PEG | 1.3 | 1.9 | 1.8 | 0.9 | 1.1 | 1.4 | 1.3 |
| | | **Avg.** | | | | | | | **1.4** |

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

## Exhibit 11: 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 | 3,561 | 3,647 | 10,060 | 9,901 | 10,119 | 11,054 | 13,319 | 16,372 | 19,135 |
| Gross profit | 596 | 743 | 795 | 783 | 728 | 879 | 1,039 | 1,072 | 3,694 | 3,190 | 2,752 | 2,916 | 3,718 | 4,676 | 5,629 |
| Operating expense | 474 | 465 | 525 | 556 | 473 | 502 | 571 | 597 | 1,733 | 2,060 | 1,932 | 2,020 | 2,142 | 2,359 | 2,374 |
| Operating income | 121 | 278 | 270 | 227 | 256 | 377 | 469 | 475 | 1,961 | 1,130 | 820 | 896 | 1,576 | 2,317 | 3,255 |
| Net income | 83 | 256 | 187 | 135 | 330 | 330 | 400 | 424 | 2,617 | 1,479 | 762 | 661 | 1,484 | 2,005 | 2,734 |
| 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 | 1.12 | 1.51 | 2.06 |
| **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% | 14.4% | 12.4% |
| Operating margin | 5.1% | 9.7% | 9.5% | 7.6% | 8.9% | 11.6% | 13.2% | 13.0% | 19.5% | 11.4% | 8.1% | 8.1% | 11.8% | 14.2% | 17.0% |
| Net margin | 3.4% | 9.7% | 7.9% | 4.7% | 13.7% | 12.0% | 13.6% | 14.1% | 26.4% | 17.0% | 7.9% | 6.5% | 13.4% | 15.0% | 17.8% |
| **QoQ** | | | | | | | | | | | | | | | |
| Revenue | -11% | 22% | 0% | 5% | -4% | 14% | 9% | 2% | | | | | | | |
| Gross profit | -18% | 25% | 7% | -1% | -7% | 21% | 18% | 3% | | | | | | | |
| Operating income | -54% | 130% | -3% | -16% | 13% | 48% | 24% | 1% | | | | | | | |
| Net income | -68% | 207% | -27% | -28% | 144% | 0% | 21% | 6% | | | | | | | |
| EPS | -68% | 207% | -27% | -28% | 144% | 0% | 21% | 6% | | | | | | | |
| **YoY** | | | | | | | | | | | | | | | |
| Revenue | 11% | 8% | 5% | 13% | 21% | 14% | 25% | 22% | 9% | -2% | 2% | 9% | 20% | 23% | 17% |
| Gross profit | 6% | 7% | 3% | 8% | 22% | 18% | 31% | 37% | 13% | -14% | -14% | 6% | 27% | 26% | 20% |
| Operating income | 56% | 27% | 3% | -13% | 111% | 35% | 74% | 109% | 3% | -42% | -27% | 9% | 76% | 47% | 40% |
| Net income | 151% | 3% | -15% | -49% | 297% | 29% | 114% | 214% | 15% | -43% | -48% | -13% | 125% | 35% | 36% |
| EPS | 150% | 3% | -15% | -49% | 296% | 29% | 114% | 214% | 12% | -43% | -49% | -14% | 125% | 35% | 36% |

Source: Company data, Goldman Sachs Global Investment Research

## Exhibit 12: CR Micro balance sheet

| Rmb m | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| **Cash flow statement** | | | | | | | |
| Net income | 2,617 | 1,479 | 762 | 661 | 1,484 | 2,005 | 2,734 |
| D&A add-back | 872 | 956 | 1,127 | 1,253 | 1,554 | 1,646 | 1,700 |
| Minorities add-back | (18) | (41) | (101) | (106) | (118) | (120) | (120) |
| Net(inc)/dec working capital | (449) | (507) | (287) | (219) | (46) | (422) | (42) |
| Other operating cash flow | 31 | (144) | 538 | 497 | 0 | 0 | 0 |
| **Cash flow from operations** | **3,058** | **1,738** | **2,036** | **2,085** | **2,873** | **3,109** | **4,272** |
| | | | | | | | |
| Capital expenditures | (2,135) | (5,205) | (1,569) | (1,508) | (2,000) | (1,900) | (1,805) |
| (Acquisitions)/divestitures | (79) | (42) | (109) | (77) | 0 | 0 | 0 |
| Others | 158 | (1,158) | (2,368) | 76 | 0 | 0 | 0 |
| **Cash flow from investments** | **(2,056)** | **(6,405)** | **(4,046)** | **(1,509)** | **(2,000)** | **(1,900)** | **(1,805)** |
| | | | | | | | |
| Dividend paid (common & pref) | (253) | (329) | (191) | (115) | (230) | (310) | (423) |
| Inc/(dec) in debt | (27) | 9 | (936) | 40 | 0 | 0 | 0 |
| Share repurchase/issue | 109 | 365 | 134 | 141 | 0 | 0 | 0 |
| Other financing cash flows | 461 | 3,606 | (50) | 170 | 0 | 0 | 0 |
| **Cash flow from financing** | **290** | **3,651** | **(1,044)** | **236** | **(230)** | **(310)** | **(423)** |
| **Total cash flow** | **1,453** | **(963)** | **(3,054)** | **869** | **643** | **899** | **2,044** |
| Free cash flow | 923 | (3,467) | 467 | 577 | 873 | 1,209 | 2,467 |
| **Ratios** | | | | | | | |
| Capex to revenue | 21% | 53% | 16% | 14% | 15% | 12% | 9% |

Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 13: CR Micro cash flow statement**

| Rmb m | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| **Cash flow statement** | | | | | | | |
| Net income | 2,617 | 1,479 | 762 | 661 | 1,484 | 2,005 | 2,734 |
| D&A add-back | 872 | 956 | 1,127 | 1,253 | 1,554 | 1,646 | 1,700 |
| Minorities add-back | (18) | (41) | (101) | (106) | (118) | (120) | (120) |
| Net(inc)/dec working capital | (449) | (507) | (287) | (219) | (46) | (422) | (42) |
| Other operating cash flow | 31 | (144) | 538 | 497 | 0 | 0 | 0 |
| **Cash flow from operations** | **3,058** | **1,738** | **2,036** | **2,085** | **2,873** | **3,109** | **4,272** |
| Capital expenditures | (2,135) | (5,205) | (1,569) | (1,508) | (2,000) | (1,900) | (1,805) |
| (Acquisitions)/divestitures | (79) | (42) | (109) | (77) | 0 | 0 | 0 |
| Others | 158 | (1,158) | (2,368) | 76 | 0 | 0 | 0 |
| **Cash flow from investments** | **(2,056)** | **(6,405)** | **(4,046)** | **(1,509)** | **(2,000)** | **(1,900)** | **(1,805)** |
| Dividend paid (common & pref) | (253) | (329) | (191) | (115) | (230) | (310) | (423) |
| Inc/(dec) in debt | (27) | 9 | (936) | 40 | 0 | 0 | 0 |
| Share repurchase/issue | 109 | 365 | 134 | 141 | 0 | 0 | 0 |
| Other financing cash flows | 461 | 3,606 | (50) | 170 | 0 | 0 | 0 |
| **Cash flow from financing** | **290** | **3,651** | **(1,044)** | **236** | **(230)** | **(310)** | **(423)** |
| **Total cash flow** | **1,453** | **(963)** | **(3,054)** | **869** | **643** | **899** | **2,044** |
| Free cash flow | 923 | (3,467) | 467 | 577 | 873 | 1,209 | 2,467 |
| **Ratios** | | | | | | | |
| Capex to revenue | 21% | 53% | 16% | 14% | 15% | 12% | 9% |

Source: Company data, Goldman Sachs Global Investment Research

## Upside / downside risks:

**(1) Stronger / weaker-than-expected AI infrastructure end demand:** We model CR Micro's power semi as one of the key drivers in coming years, supported by the rising end demand for AI server power management components. If the AI infrastructure end demand is stronger / weaker than expected, it would bring upside / downside risks to our earnings estimates.

**(2) Higher / lower-than-expected yield rate:** CR Micro adopts the IDM business model, covering the product design and manufacturing. If the yield rate of CR Micro's manufacturing and OSAT business is higher / lower than expected, it would lead to upside / downside risks to CR Micro's profitability and earnings growth.

**(3) Stronger / milder-than-expected market competition:** Power semi market is fragmented, and the stronger / milder-than-expected market competition would bring upside / downside risks to the company's profitability.

CR Micro is a leading power semi supplier in China market that adopts IDM business model, covering product design, manufacturing, packaging, etc. The company is expanding the end market from consumer electronics and industrial to AI infrastructures, such as AI server power management components, optical module power driver, etc, riding on the growing AI infrastructure trend globally, which we view as one of key drivers to support the company's growth in coming years. We have a Neutral rating on CR Micro.

### Price Target Risks and Methodology - CR Micro

**Valuation methodology:** Our 12-month target price of **Rmb77.02** is based on 37.4x 2028E P/E. Our target multiple is derived from sector P/E and earnings growth correlation. Our target P/E is within CR Micro's historical trading range.

**Upside / downside risks** include: (1) Stronger / weaker-than-expected AI infrastructure end demand; (2) Higher / lower-than-expected yield rate; (3) Stronger / milder-than-expected market competition.

# Disclosure Appendix

## Reg AC

We, Allen Chang, Verena Jeng and Yifan Hu, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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**Contributing Authors:** Allen Chang Goldman Sachs (Asia) L.L.C., Verena Jeng Goldman Sachs (Asia) L.L.C., Yifan Hu Goldman Sachs (Asia) L.L.C..

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**Growth** is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

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## Disclosures

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Infineon (Buy, €81.97), JCET (Neutral, Rmb83.03), Mitsubishi Electric (Buy, ¥6,051), SMIC (H) (Buy, HK$76.50) and VeriSilicon (Buy, Rmb274.00)

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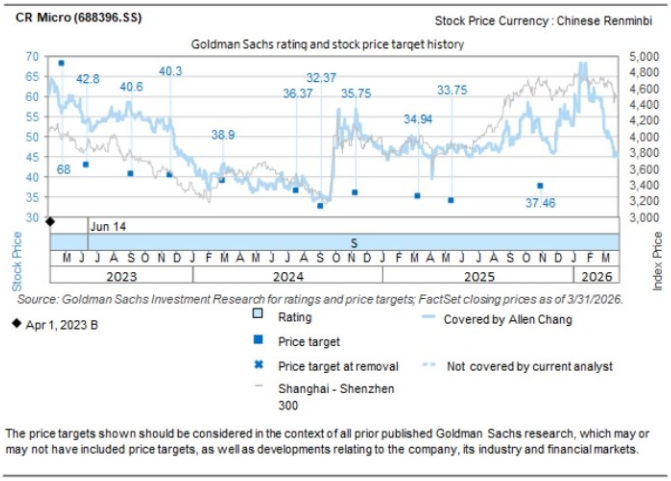
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## Target price history table(s)

### CR Micro (688396.SS)

| Date of report | Target price (Rmb) | Closing price (Rmb) |
|---|---|---|
| 10-Jun-26 | 42.69 | 63.83 |
| 02-Nov-25 | 37.46 | 50.74 |
| 16-May-25 | 33.75 | 47.99 |
| 12-Mar-25 | 34.94 | 47.85 |
| 12-Nov-24 | 35.75 | 56.13 |
| 06-Sep-24 | 32.37 | 35.30 |
| 22-Jul-24 | 36.37 | 39.98 |
| 02-Mar-24 | 38.90 | 43.38 |
| 23-Nov-23 | 40.30 | 52.51 |
| 08-Sep-23 | 40.60 | 55.43 |

Price targets shown in table(s) are unadjusted for corporate actions.

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