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UPDATE

August 31, 2026 05:01 AM GMT

MetaX Integrated Circuits | Asia Pacific

In-line 2Q26 revenue, margin light; EW

AlphaSignals Earnings Reaction

Unchanged Impact to our thesis	**Meaningful upside** Financial results versus consensus	**Modest revision lower** Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

2Q26 results: in-line revenue, slightly below-estimate GM.

- MetaX reported 2Q26 revenue of Rmb762mn, up 36% Q/Q and 28% Y/Y, in line with MSe of Rmb772mn. Shipments of the new C600 family primarily drove growth.
- GM printed 55.1%, 4ppts below MSe. Per our supply chain checks, we attribute softness to elevated memory costs (especially HBM) and strategic price cuts to expand share.
- Net profit to shareholders reached Rmb711mn, a significant beat vs. MSe, supported by Rmb883mn in fair value gains on financial assets. Excluding this non-recurring item, underlying net loss would be Rmb172mn, below our forecast.

Inventory growth contained. Inventory stood at Rmb1.4bn, roughly flat Q/Q, while prepayments hit Rmb2.2bn, reflecting proactive stocking of wafers and HBM to support future production.

Maintain EW. Given MetaX's C600 series is mainly built on the N+1 (12nm) node, we view this generation as slightly lagging peers on power efficiency and thermal performance, which will continue to weigh on pricing and gross margins. We therefore reaffirm our EW and look ahead to the tape-out and volume ramp of the next-generation C700 series.

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MetaX Integrated Circuits (688802.SS, 688802 CG)

Greater China Technology Semiconductors | China

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	Rmb758.00
Up/downside to price target (%)	12
Shr price, close (Aug 28, 2026)	Rmb674.90
52-Week Range	Rmb1,033.00-479.01
Sh out, dil, curr (mn)	400
Mkt cap, curr (mn)	Rmb269,960.0
EV, curr (mn)	Rmb260,597.1
Avg daily trading value (mn)	Rmb1,515

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	(2.1)	0.1	1.4	2.5
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	-	0.1	2.0	4.3
Revenue, net (Rmb mn)	1,644.1	4,085.5	6,208.6	7,482.9
EBITDA (Rmb mn)	(543.3)	81.8	434.9	856.9
ModelWare net inc (Rmb mn)	(786.8)	24.0	554.9	996.9
P/E	NM	11,259.4	486.5	270.8
P/BV	16.3	20.5	19.6	18.3
RNOA (%)	(92.9)	1.6	6.5	10.0
ROE (%)	(66.8)	0.2	4.2	7.3
EV/EBITDA	NM	3,200.0	603.9	305.7
Div yld (%)	0.0	0.0	0.0	0.0
FCF yld ratio (%)**	(0.6)	(0.4)	(0.3)	0.3
Leverage (EOP) (%)	(71.1)	(61.7)	(53.3)	(54.3)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Valuation Methodology and Risks

MetaX Integrated Circuits (688802.SS)

Key valuation assumptions include: an 6.5% cost of equity (derived from a beta of 0.75, risk-free rate of 2.0%, and equity risk premium of 6.5%), a long-term target payout ratio of 51% (was 50%), a medium-term CAGR of 18% through 2038e, and a perpetual terminal growth rate of 6%.

Risks to Upside

- Faster CUDA migration
- Stronger government and CSP orders
- Better-than-expected C600 ramp

Risks to Downside

- Product concentration risk
- Weaker-than-expected demand
- Intensifying competition

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(as of July 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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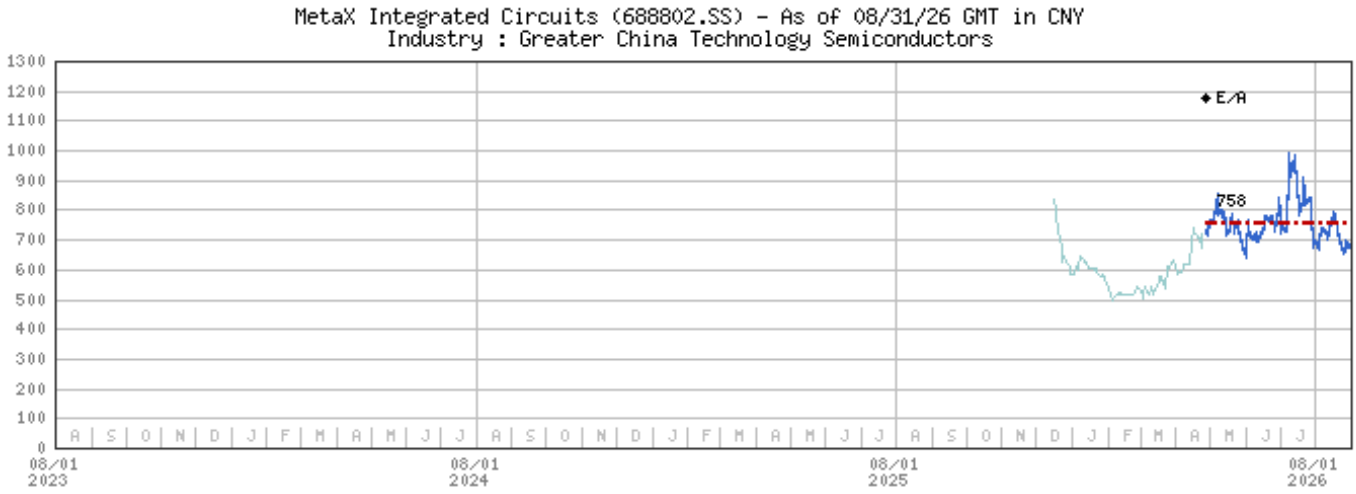
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 4/27/26 : E/A

Price Target History: 4/27/26 : 758

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/28/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$74.42
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb367.00
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$117.50
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,065.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$621.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,046.63
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb58.60
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$6,015.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$972.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$500.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$120.60
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$396.80
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$270.00
MediaTek (2454.TW)	O (11/28/2025)	NT$3,985.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb674.90
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$540.00
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb697.51
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb82.00
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,150.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb114.50
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$458.00
SMIC (0981.HK)	O (10/21/2025)	HK$70.15
TSMC (2330.TW)	O (02/07/2022)	NT$2,420.00
UMC (2303.TW)	O (05/19/2026)	NT$130.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$153.00
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$439.00
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$160.90
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb60.95

Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb96.10
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb34.17
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb245.49
Innoscience (2577.HK)	E (10/13/2025)	HK$46.28
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb74.93
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$25.68
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb105.86
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb91.07
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb62.78
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb26.99
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb94.43
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$895.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,450.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$15,630.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$101.00
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$138.50
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,540.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb115.88
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb396.82
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$126.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$285.00
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb213.00
Novatek (3034.TW)	U (02/04/2026)	NT$545.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$122.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$584.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$70.00
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$722.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb48.89
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$181.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$100.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$196.00
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb115.01
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb376.88
Henry Zhao		
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb77.39
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,365.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$701.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$13.64
Hon Precision (7769.TW)	O (04/17/2026)	NT$6,490.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,030.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$245.81
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$6,250.00

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