August 31, 2026 03:41 AM GMT

CXMT Corp | Asia Pacific

2Q26 GM reached 87.6%; LTAs under discussion; OW

AlphaSignals Earnings Reaction

Strengthens our thesis	Modest upside	Modest revision higher
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Key Takeaways

- 2Q26 results were a strong beat: revenue was Rmb99.5bn, +96% Q/Q, 17% above MSe
- 2Q26 GM was 87.6%, +8.4ppt Q/Q, 14.0ppt above MSe; gross profit was Rmb87.2bn
- 2Q26 EPS (shareholders) was Rmb0.88, +113% Q/Q, 33% above MSe

Strong 2H26 outlook: 1H26 revenue of Rmb150bn and net profit (shareholders) of Rmb78bn beat previous guidance of Rmb110-120bn revenue and Rmb50-57bn net profit (shareholders). The company guided for continued global DRAM supply tightness into 2H26.

Capex hike: 1H26 total capex reached Rmb21.59bn. Capital commitments accelerated materially, as contracted commitments for the acquisition and construction of long-term assets increased to Rmb52.44bn as of June 2026, from Rmb17.13bn as of Dec 2025.

LTAs under discussion: CXMT mentioned that it is currently in LTA discussions with multiple industry-leading customers, to secure mid- to long-term demand visibility. We view this positively. In our 2Q26 results preview: DRAM upcycle continues; China CSP LTA in focus, we mentioned any LTA commentaries would significantly improve the company's earnings visibility.

Exhibit 1: 2Q26 earnings beat

P/L Comparison	2Q26						
(Rmb mn)	2Q25	1Q26	2Q26	Q/Q	Y/Y	MSe.	dif.
Net sales	9,236	50,800	99,510	96%	977%	85,204	17%
Gross profit		40,212	87,163	117%		62,718	39%
Operating profit	-1,263	37,497	82,755	121%		57,563	44%
Pretax profit	-1,262	35,434	81,711	131%		57,163	43%
Net profit (shareholders)	-773	24,762	52,843	113%		39,786	33%
EPS (Rmb) (shareholders)	-0.01	0.41	0.88	113%		0.66	33%
Key ratios (%)							
Gross margin		79.2%	87.6%	8.4 ppt	87.6 ppt	73.6%	14.0 ppt
Operating margin	-13.7%	73.8%	83.2%	9.4 ppt	96.8 ppt	67.6%	15.6 ppt
Pretax margin	-13.7%	69.8%	82.1%	12.4 ppt	95.8 ppt	67.1%	15.0 ppt
Net profit margin	-8.4%	48.7%	53.1%	4.4 ppt	61.5 ppt	46.7%	6.4 ppt

Source: Company data, Morgan Stanley Research estimates

MORGAN STANLEY TAIWAN LIMITED+

Charlie Chan
Equity Analyst
Charlie.Chan@morganstanley.com +886 2 2730-1725

Daniel Yen, CFA
Equity Analyst
Daniel.Yen@morganstanley.com +886 2 2730-2863

MORGAN STANLEY ASIA LIMITED+

Daisy Dai, CFA
Equity Analyst
Daisy.Dai@morganstanley.com +852 2848-7310

Ethan Jia
Research Associate
Ethan.Jia@morganstanley.com +852 3963-2287

CXMT Corp (688825.SS, 688825 CG)

Greater China Technology Semiconductors | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	Rmb88.00
Up/downside to price target (%)	50
Shr price, close (Aug 28, 2026)	Rmb58.60
52-Week Range	Rmb61.80-38.11
Sh out, dil, curr (mn)	60,193
Mkt cap, curr (mn)	Rmb3,527,309.8
EV, curr (mn)	Rmb3,637,190.3
Avg daily trading value (mn)	Rmb32,229

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	0.0	3.0	4.8	6.3
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	-	2.6	4.4	5.5
Revenue, net (Rmb mn)	61,799.3	388,869.4	643,077.2	850,095.9
EBITDA (Rmb mn)	35,859.1	312,302.1	508,674.1	668,090.4
ModelWare net inc (Rmb mn)	1,874.9	189,693.0	319,242.9	423,535.0
P/E	-	19.5	12.3	9.3
P/BV	-	12.9	6.3	3.7
RNOA (%)	4.2	85.3	110.2	126.5
ROE (%)	4.5	334.2	105.0	67.9
EV/EBITDA	-	11.5	6.5	4.4
Div yld (%)	-	0.0	0.0	0.0
FCF yld ratio (%)**	-	3.2	6.9	10.0
Leverage (EOP) (%)	152.1	(49.8)	(84.8)	(101.3)

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

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Valuation Methodology and Risks

CXMT Corp (688825.SS)

Base case, residual income model. Key assumptions:

- 9.9% CoE (1.2 beta, 2.0% risk-free rate, and 6.6% risk premium)
- 51% payout ratio
- 11.0% medium-term growth rate
- 3% terminal growth rate

We believe these assumptions are justified, given CXMT's fast growth, capacity expansion, localization tailwinds and AI-memory exposure. Base case PT implies an 18.5x 2027e P/E vs global peers' 4.4x 2027e P/E; the premium reflects CXMT's stronger growth profile.

Risks to Upside

- resilient DRAM pricing, supported by AI demand
- faster-than-expected tech migration
- export control relief
- stronger demand from major customers

Risks to Downside

- earlier-than-expected global DRAM price declines
- CXMT delays in new products, HBM or 3D DRAM development
- tighter restrictions on China's fabs for semi equipment, materials, or servicing
- weaker demand from major China customers

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Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb367.00
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Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,065.00
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Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,046.63
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb58.60
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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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* Historical prices are not split adjusted.

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