SG Micro (300661.SZ): China AI Tour: C-level visit: Optical module analog IC in expansion; Product mix upgrade driving ASP; Neutral

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We hosted SG Micro's Deputy Chairman on Sep 11 in Beijing during our China AI Tour. Management is positive on its optical module analog IC business and automotive grade products, supported by rising end demand, product mix upgrade, client base expansion, and rich product portfolio. We remain constructive on SG Micro's PMIC (Power Management IC) / Signal chain product expansion to AI data centers, riding on the AI infrastructure upcycle, dollar content increase and product mix upgrade, while we maintain Neutral on fair valuation.

Key takeaways: Management expects strong growth for its optical module analog IC business, leveraging its rich product portfolio and diversified client base. The company is closely collaborating with major customers on next-generation products, which would bring higher entry barrier and ASP uptrend. Management aims for an increasing revenue mix for its automotive business and mentioned that SG Micro is expanding its automotive grade product portfolio, leveraging its R&D experience in industrial markets. Management also expects the continuous product mix upgrade towards next-generation products to lead to a blended ASP uptrend, driving the company's revenue growth.

Price Target Risks and Methodology - SG Micro

Valuation methodology: We are Neutral rated on SG Micro with a 12-month target price of Rmb143, which is based on 36.5x 2030E P/E (discounted back to 2027E at a 10.2% CoE). Our target P/E is derived from a correlation between peers's P/E to the sum of NI YoY and OPM.

Upside / Downside risks: 1) stronger / weaker demand for smartphones and consumer electronics; 2) faster / slower progress in launching new products and expanding into new markets; and 3) less / more severe competition from domestic peers.

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300661.SZ	12m Price Target: **Rmb143.00**	Price: **Rmb107.98**	Upside: **32.4%**

Neutral

Market cap: Rmb66.3bn / $9.9bn
Enterprise value: Rmb64.9bn / $9.7bn
3m ADTV: Rmb2.0bn / $290.0mn
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)	3,898.1	5,118.1	6,752.5	8,704.8
EBITDA (Rmb mn)	663.1	1,081.5	1,675.0	2,365.5
EPS (Rmb)	0.88	1.44	2.33	3.11
P/E (X)	82.1	75.0	46.4	34.7
P/B (X)	8.5	11.2	9.4	7.8
Dividend yield (%)	0.3	0.3	0.5	0.7
N debt/EBITDA (ex lease,X)	(2.0)	(1.3)	(1.1)	(1.0)
CROCI (%)	17.9	20.3	26.3	27.9
FCF yield (%)	0.5	0.4	1.1	1.5

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	0.20	0.30	0.34	0.59

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11 Sep 2026 close.

