Montage (688008.SS): 3Q26 preliminary NI beat; Interconnect chip revenue up 21% QoQ on DDR5 RCD ramp; Buy

Allen Chang
+852-2978-2930 | allen.k.chang@gs.com
Goldman Sachs (Asia) L.L.C.

Verena Jeng
+852-2978-1681 | verena.jeng@gs.com
Goldman Sachs (Asia) L.L.C.

Montage announced preliminary 3Q26 revenue of c.Rmb2.08bn (+46% YoY / +11% QoQ, vs. +28% QoQ in 2Q26), in line with GSe and 1% above Bloomberg consensus. The company expects 3Q26 net income of Rmb1.2bn–Rmb1.3bn (+154% to +175% YoY / +4% to +13% QoQ), with the midpoint implying 9% QoQ growth (vs. +36% QoQ in 2Q26) and coming in 30% / 47% above GSe / consensus. The strong growth was driven by rising server CPU demand on the rapid development of AI inference and Agent applications, supporting higher demand for memory modules and interconnect chips. Montage also saw increasing shipments of DDR5 memory interface and module-supporting chips, with a further mix upgrade toward Gen-3 / Gen-4 / Gen-5 RCD products. We remain positive on the company's growth opportunities from rising demand for memory interface ICs and its expansion into MRCD / MDB, CXL, PCIe and optical interconnect products over the longer term. Maintain Buy.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Exhibit 1: Montage 3Q26 preliminary results

	Guidance										
	Lower end	High end	Midpoint	Gse 3Q26	vs. Gse	Consensus 3Q26	vs. Consensus	3Q25	YoY	2Q26	QoQ
Revenues			2079	2,073	0%	2064	1%	1424	46%	1875	11%
Net income	1200	1300	1250	964	30%	851.5	47%	473	164%	1150	9%

Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Interconnect chip revenue growth remained strong: Montage expects its interconnect chip product-line revenue to reach c.Rmb2.05bn in 3Q26, up 49% YoY and 21% QoQ, broadly maintaining the sequential growth momentum seen in 2Q26 (+20% QoQ). The company expects its interconnect chip product-line GM to reach 68.0%–68.5% in 3Q26, improving by 0.6–1.1ppt from 67.4% in 2Q26. Management expects demand for interconnect chip products to further increase in 4Q26, supported by continued growth in server CPU and memory demand and a higher contribution from new-generation DDR5 RCD products.

Exhibit 2: Montage P&L Summary

(Rmb mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E
Revenue	**3,672**	**2,286**	**3,639**	**5,456**	**7,641**	**11,650**	**16,266**	**22,146**	**27,408**	**33,257**	**39,335**	**1,222**	**1,411**	**1,424**	**1,399**	**1,461**	**1,875**	**2,073**	**2,233**
COGS	1,967	939	1,524	2,061	2,633	4,013	5,831	8,352	10,488	12,926	15,082	483	558	522	497	441	716	719	757
Gross profit	**1,706**	**1,347**	**2,115**	**3,395**	**5,008**	**7,637**	**10,435**	**13,795**	**16,919**	**20,331**	**24,254**	**739**	**853**	**902**	**902**	**1,019**	**1,159**	**1,354**	**1,476**
Selling expenses	86	90	96	120	133	140	157	174	226	294	323	24	27	31	38	29	30	33	42
G&A expenses	202	173	196	526	517	554	654	732	966	1,256	1,382	102	120	370	(65)	127	161	111	117
R&D expenses	563	682	763	915	1,002	1,132	1,302	1,459	1,908	2,366	2,768	153	204	176	382	188	265	282	267
Operating expense	858	950	1,062	1,568	1,660	1,838	2,129	2,387	3,128	3,949	4,513	280	353	578	357	346	457	428	428
Operating income	**848**	**396**	**1,053**	**1,827**	**3,348**	**5,799**	**8,306**	**11,408**	**13,792**	**16,382**	**19,741**	**458**	**500**	**324**	**545**	**673**	**702**	**926**	**1,047**
Non-op	566	76	359	493	901	483	525	601	688	816	946	72	155	183	83	204	492	146	59
Pre tax profit	**1,414**	**472**	**1,413**	**2,321**	**4,249**	**6,282**	**8,831**	**12,009**	**14,480**	**17,199**	**20,687**	**531**	**655**	**507**	**628**	**877**	**1,194**	**1,072**	**1,107**
Tax	114	21	72	191	369	645	927	1,279	1,564	1,875	2,276	27	47	43	74	47	82	118	122
Minority interest	(0)	0	(71)	(106)	(76)	(131)	(144)	(158)	(174)	(191)	(210)	(22)	(25)	(9)	(50)	(18)	(39)	(10)	(10)
Net income	**1,299**	**451**	**1,412**	**2,236**	**3,956**	**5,768**	**8,048**	**10,888**	**13,090**	**15,515**	**18,622**	**525**	**634**	**473**	**603**	**847**	**1,150**	**964**	**995**
Fully diluted shares outstanding (mn)	1,130	1,138	1,141	1,146	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,145	1,145	1,145	1,146	1,222	1,222	1,222	1,222
Margins																			
Gross margin	46.4%	58.9%	58.1%	62.2%	65.5%	65.6%	64.2%	62.3%	61.7%	61.1%	61.7%	60.4%	60.4%	63.3%	64.5%	69.8%	61.8%	65.3%	66.1%
Operating margin	23.1%	17.3%	28.9%	33.5%	43.8%	49.8%	51.1%	51.5%	50.3%	49.3%	50.2%	37.5%	35.4%	22.7%	39.0%	46.1%	37.4%	44.7%	46.9%
Net margin	35.4%	19.7%	38.8%	41.0%	51.8%	49.5%	49.5%	49.2%	47.8%	46.7%	47.3%	43.0%	44.9%	33.2%	43.1%	58.0%	61.3%	46.5%	44.6%
Ratios																			
Opex ratio	-23.4%	-41.6%	-29.2%	-28.7%	-21.7%	-15.8%	-13.1%	-10.8%	-11.4%	-11.9%	-11.5%	-22.9%	-25.0%	-40.6%	-25.5%	-23.7%	-24.4%	-20.6%	-19.2%
Selling expenses ratio	-2.3%	-3.9%	-2.6%	-2.2%	-1.7%	-1.2%	-1.0%	-0.8%	-0.8%	-0.9%	-0.8%	-2.0%	-1.9%	-2.1%	-2.7%	-2.0%	-1.6%	-1.6%	-1.9%
G&A expenses ratio	-5.5%	-7.6%	-5.4%	-9.6%	-6.8%	-4.8%	-4.0%	-3.3%	-3.5%	-3.8%	-3.5%	-8.3%	-8.5%	-26.0%	4.7%	-8.7%	-8.6%	-5.4%	-5.3%
R&D expenses ratio	-15.3%	-29.8%	-21.0%	-16.8%	-13.1%	-9.7%	-8.0%	-6.6%	-7.0%	-7.1%	-7.0%	-12.5%	-14.5%	-12.4%	-27.3%	-12.9%	-14.1%	-13.6%	-12.0%
Tax rate	-8.1%	-4.5%	-5.1%	-8.2%	-8.7%	-10.3%	-10.5%	-10.7%	-10.8%	-10.9%	-11.0%	-5.1%	-7.1%	-8.4%	-11.8%	-5.4%	-6.9%	-11.0%	-11.0%
QoQ																			
Revenue												14%	15%	1%	-2%	4%	28%	11%	8%
Gross profit												19%	15%	6%	0%	13%	14%	17%	9%
Operating income												49%	9%	-35%	68%	24%	4%	32%	13%
Pre tax profit												43%	23%	-23%	24%	40%	36%	-10%	3%
Net income												21%	21%	-25%	27%	40%	36%	-16%	3%
YoY																			
Revenue	43%	-38%	59%	50%	40%	52%	40%	36%	24%	21%	18%	66%	52%	57%	31%	20%	33%	46%	60%
Gross profit	38%	-21%	57%	61%	47%	52%	37%	32%	23%	20%	19%	74%	59%	70%	45%	38%	36%	50%	64%
Operating income	47%	-53%	166%	73%	83%	73%	43%	37%	21%	19%	21%	146%	77%	17%	77%	47%	40%	186%	92%
Pre tax profit	55%	-67%	199%	64%	83%	48%	41%	36%	21%	19%	20%	121%	64%	26%	69%	65%	82%	111%	76%
Net income	57%	-65%	213%	58%	77%	46%	40%	35%	20%	19%	20%	135%	71%	23%	39%	61%	81%	104%	65%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: Montage Glossary table

General terms	Description
PCIe	Peripheral Component Interconnect Express, a high-speed serial computer expansion bus standard
Retimer	Mixed signal analog/ digital device to enable longer physical channels in servers and storage systems
CKD	Client Clock Driver, devices designed to buffer the clock between the host controller and DRAM
CXL	Compute Express Link, open standard for high-speed, high capacity central processing unit (CPU)-to-device and CPU-to-memory connections
DDR5	Double Data Rate 5, a type of synchronous dynamic random-access memory, reducing power consumption compared to DDR4
DDIM	Dual In-line Memory Module, containing an array of RAM chips mounted on the motherboards
MRCD/MDB	Multiplexed Registered Clock Driver (MRCD) and Multiplexed Data Buffer (MDB) on DIMMs to buffer the Command/Address bus, chip selects and clock between the host controller and the DRAMs
MXC	Memory Expander Controller, enabling high-speed and low-latency interconnect between CPU and GPU

Source: Company data

Price target methodology and risks - Montage

Valuation methodology: For the A-share, our 12M target price of **Rmb377.0 is based on a 48.7x 2030E discounted P/E.** Our target P/E multiple is derived from peers' P/E

and NI growth correlation. For the H-share, our 12M target price of **HK$500.0 is based on a 59.3x 2030E P/E** (a 22% 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: **Rmb377.00**	Price: **Rmb169.27**	Upside: **122.7%**
6809.HK	12m Price Target: **HK$500.00**	Price: **HK$203.00**	Upside: **146.3%**

Buy

Market cap:
Rmb206.9bn / $31.0bn
Enterprise value:
Rmb191.2bn / $28.6bn
3m ADTV: Rmb8.3bn / $1.2bn
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	7,641.5	11,650.4	16,266.2
EBITDA (Rmb mn)	1,943.3	3,464.2	5,950.0	8,481.5
EPS (Rmb)	1.95	3.24	4.72	6.58
P/E (X)	48.7	52.3	35.9	25.7
P/B (X)	9.5	9.9	8.7	7.5
Dividend yield (%)	1.0	1.0	1.4	1.9
N debt/EBITDA (ex lease,X)	(3.5)	(4.5)	(2.9)	(2.5)
CROCI (%)	14.5	24.5	26.4	31.9
FCF yield (%)	1.2	1.6	2.3	3.7

	6/26	9/26E	12/26E	3/27E
EPS (Rmb)	0.94	0.79	0.81	1.14

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

