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UPDATE

October 21, 2026 07:06 AM GMT

CXMT Corp | Asia Pacific

3Q26 nominal profit missed, but pricing/margin should be fine; OW

AlphaSignals Earnings Reaction

Unchanged
Impact to our thesis

Modest shortfall
Financial results versus consensus

Modest revision lower
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

3Q26 preliminary revenue missed: CXMT reported mid-point preliminary 3Q26 revenue of Rmb117.2bn, +18% Q/Q, but 7% below MSe, which we attribute to capacity constraints instead of price erosion. It didn't disclose 3Q26 gross margin, but we believe it should have been sustained at 2Q26's high level, see Exhibit 1.

Consolidated profit the focus. CXMT reported preliminary 3Q26 net profit attributable to shareholders of Rmb54.1bn, 24% below MSe. The stock fell 8% yesterday on the back of this (vs. +0.4% for Shanghai Composite Index). But, as CXMT's incremental output comes from its key subsidiaries (Exhibit 2), we think consolidated profit (which has not been disclosed yet) should be a better measure of its long-term profitability.

Buyback proposal should support the stock: The Chairman proposed a Rmb1-2bn share repurchase, subject to board or shareholder approval.

Our take - buy on dip: Capacity ramps at consolidated subsidiaries (Exhibit 2) should be more critical to the group's growth than the parent company. We remain OW (link) on continued DRAM supply tightness and CXMT's technology improvements.

Exhibit 1: 3Q26 earnings review - revenue missed, but gross margin should be fine; awaiting consolidated profits to be posted

P/L Comparison	3Q26						
(Rmb mn)	3Q25	2Q26	3Q26	Q/Q	Y/Y	MSe.	dif.
Net sales	16,646	99,510	117,190	18%	604%	126,347	-7%
Gross profit		87,163				110,325	
Operating profit	-1,875	82,755				102,870	
Pretax profit	-1,893	81,711				102,635	
Net profit (shareholders)	-2,948	52,843	54,145	2%	-1937%	71,434	-24%
EPS (Rmb) (shareholders)	-0.05	0.41				1.09	
Key ratios (%)							
Gross margin		87.6%				87.3%	
Operating margin	-11.3%	83.2%				81.4%	
Pretax margin	-11.4%	82.1%				81.2%	
Net profit (shareholders) margin	-17.7%	53.1%	46.2%	-6.9 ppt	63.9 ppt	56.5%	-10.3 ppt

Source: Company data, Morgan Stanley Research estimates.

Exhibit 2: Key subsidiaries and CXMT's ownership

Entity	Entity (Chinese name)	Fabs	Consolidation	Effective ownership	Location	Function
Changxin Cunchu	长鑫存储技术有限公司	Hefei Phase 1 (12-inch)	Consolidated	100%	Hefei	DDR/LPDDR
Changxin Xinqiao	长鑫新桥存储技术有限公司	Hefei Phase 2 (12-inch)	Consolidated	15.36%*	Hefei	DDR/LPDDR
Changxin Jidian	长鑫集电(北京)存储技术有限公司	Beijing (12-inch)	Consolidated	31.72%	Yizhuang, Beijing	DDR/LPDDR

Source: Company data, Morgan Stanley Research. *Note: CXMT's 15.36% effective equity interest in Changxin Xinqiao comprises a 3.35% direct stake and a 12.01% indirect interest through Changxin Xin'an (43.95% x 27.33%). Ownership data as of June 30, 2026.

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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 (%)	118
Shr price, close (Oct 20, 2026)	Rmb40.32
52-Week Range	Rmb61.80-38.11
Sh out, dil, curr (mn)	60,193
Mkt cap, curr (mn)	Rmb2,426,973.6
EV, curr (mn)	Rmb2,560,083.6
Avg daily trading value (mn)	Rmb21,432

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	0.0	3.8	6.1	6.3
EPS (Rmb)§	-	3.0	4.9	5.9
Revenue, net (Rmb mn)	61,799	438,929	718,172	870,554
EBITDA (Rmb mn)	35,859	396,821	639,891	667,981
ModelWare net inc (Rmb mn)	1,875	242,751	411,029	423,917
P/E	-	10.5	6.6	6.4
P/BV	-	7.6	3.5	2.3
RNOA (%)	4.2	111.7	148.5	135.7
ROE (%)	4.5	427.7	115.1	55.2
EV/EBITDA	-	6.1	3.2	2.5
Div yld (%)	-	0.0	0.0	0.0
FCF yld ratio (%)**	-	7.2	13.8	13.3
Leverage (EOP) (%)	152.1	(67.4)	(97.7)	(104.8)

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

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. Target implies 14.3x 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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Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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.

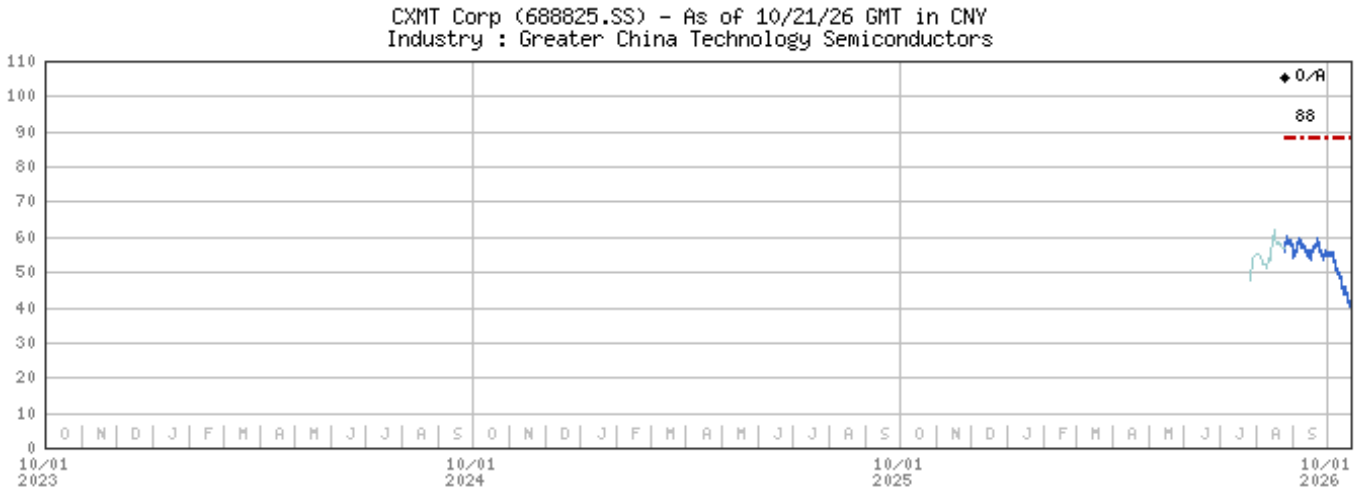
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Stock Rating History: 8/26/26 : O/A

Price Target History: 8/26/26 : 88

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -·- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ▬
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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/20/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$126.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,710.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$684.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb921.00
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb40.32
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$8,000.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$844.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$507.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$73.35
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$80.20
MediaTek (2454.TW)	O (11/28/2025)	NT$4,140.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb452.60
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$436.50
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb76.91
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,845.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb89.47
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$490.00
SMIC (0981.HK)	O (10/21/2025)	HK$51.20
TSMC (2330.TW)	O (02/07/2022)	NT$2,420.00
UMC (2303.TW)	O (05/19/2026)	NT$128.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$160.00
WIN Semiconductors Corp (3105.TWO)	E (10/09/2026)	NT$475.00
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$133.00
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb50.60
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb100.79

Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb25.91
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb192.00
Innoscience (2577.HK)	E (10/13/2025)	HK$33.08
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb57.25
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$23.64
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb98.12
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb93.90
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb71.83
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb53.97
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb21.08
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb77.35
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$831.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,485.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$15,900.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$94.80
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$130.50
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,655.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb140.72
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb282.43
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.85
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$103.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$203.00
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb169.27
Novatek (3034.TW)	U (02/04/2026)	NT$590.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$143.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$524.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$66.20
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$792.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb52.11
Silicon Motion (SIMO.O)	O (05/06/2024)	US$213.70
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$159.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$115.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$212.50
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$54.96
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb278.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb56.34
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb566.49
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,320.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$517.00
Hon Precision (7769.TW)	O (04/17/2026)	NT$5,130.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$278.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$4,900.00
Tiffany Yeh		
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	

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