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Jianghai Capacitor (002484.SZ)

3Q26 GPM Above Consensus, Revenue and NP Below; AI Ramp Is a 4Q Story

CITI'S TAKE

Jianghai's 3Q26 revenue rose 24% YoY to Rmb1.77bn and NP rose 37% YoY to Rmb241mn (recurring NP +38%), both faster than the 17% and 7% growth in 1H26. NPM rose to 13.6% from 12.4% in 3Q25, and GPM rose to 26.3% from 25.2% in 1H26. The margin recovery is consistent with our view, but revenue and NP were 7% and 8% below VA consensus, while GPM was about 1pp above it. The recovery came ahead of mgmt's guided 4Q step-up in AI revenue to above Rmb100mn a month and the price increases on traditional aluminium capacitors; we continue to see 4Q as the first test of the AI ramp. We keep our Buy rating and will review our estimates after the post-results call. **Read our initiation report:** Jianghai Capacitor (002484.SZ): Initiate at Buy: AI Capacitors to Nearly Double 2027 Earnings.

Buy	
Price (22 Oct 26 15:00)	Rmb39.130
Target price	Rmb71.000
Expected share price return	81.4%
Expected dividend yield	1.6%
Expected total return	83.0%
Market Cap	Rmb33,281M US$4,985M

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Margins recovered in 3Q after a weaker 1H

NPM rebounded to 13.6% in 3Q from 12.2% in 1H26. For 9M, NP grew 17% YoY, slower than the 25% growth in GP. In 9M, higher admin expenses (+29% YoY), FX losses, additional tax and inventory impairments absorbed part of the GP gain. 9M finance costs rose to Rmb21mn from Rmb1mn in 9M25, and asset impairments to Rmb33mn from Rmb11mn, which the company attributes to a deliberate inventory build to win share.

Our forecasts require a stronger 4Q

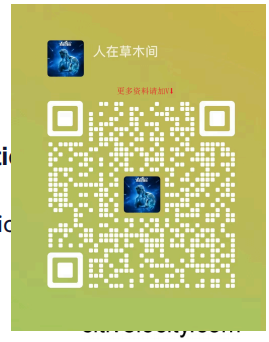
Per mgmt, AI revenue should exceed Rmb100mn a month in 4Q at a GPM of about 40%, and monthly snap-in shipments should rise from about 2mn units in September to 3-4mn by year-end. Mgmt's FY26 NP growth target of above 25% implies 4Q NP of about Rmb220mn, below 3Q's Rmb241mn. Our forecast requires a much stronger finish: our FY26E NP of Rmb965mn and VA consensus of Rmb985mn imply 4Q NP of about Rmb340mn and Rmb360mn, respectively, or 41-50% QoQ growth. The 4Q AI ramp and the monthly AI revenue run-rate in 1Q27 will show whether the FY27 earnings step-up is on track.

Key questions for the post-results call (10am HKT, 23 Oct)

- October AI snap-in shipments and AI revenue, against mgmt's target of above Rmb100mn a month in 4Q.

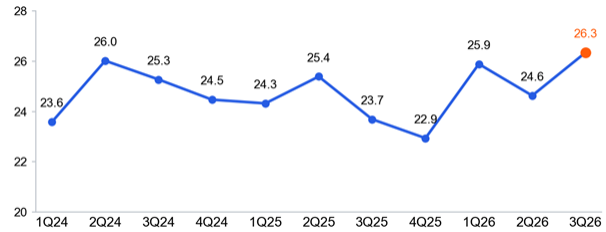
See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliati

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Foreign Institutional Investors.



- Monthly snap-in capacity at end-2026, the timing of new lines, and whether FY26 capex will reach mgmt's guidance of about Rmb400mn (9M: Rmb73mn).
- How far the price increases on traditional aluminium capacitors have taken effect?
- Have Delta placed volume order for snap-in?

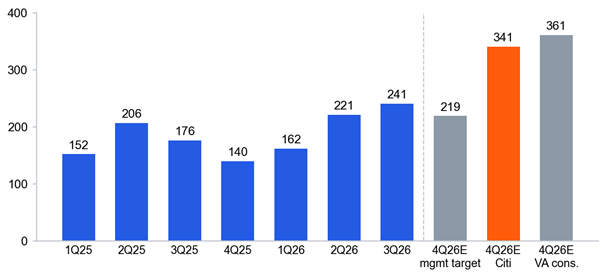
Figure 1. Quarterly gross margin, 1Q24-3Q26 (%)



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Source: Citi Research, Company Reports

Figure 2. Quarterly NP, 1Q25-3Q26, and implied 4Q26E (Rmb mn)



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Source: Company Reports and Citi Research Estimates

Figure 3. Quarterly P&L

Quarter	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
Revenue	**1,158**	**1,536**	**1,423**	**1,367**	**1,384**	**1,767**	**1,769**
Cost of goods sold	(876)	(1,146)	(1,086)	(1,054)	(1,025)	(1,332)	(1,303)
Gross profit	**282**	**390**	**337**	**314**	**358**	**435**	**466**
Business tax	(6)	(9)	(8)	(6)	(9)	(10)	(11)
Selling expenses	(23)	(23)	(26)	(15)	(29)	(17)	(29)
G&A expenses	(44)	(39)	(40)	(58)	(50)	(52)	(57)
R&D expenses	(60)	(87)	(77)	(48)	(77)	(84)	(88)
Finance expenses	1	(0)	(2)	(3)	(7)	(11)	(3)
OP before other items	**150**	**232**	**185**	**183**	**186**	**261**	**279**
Other gains	27	9	7	22	19	7	5
Investment income	(1)	3	1	4	0	5	1
FV gains/(losses)	-	-	-	2	(0)	4	(1)
Asset impairment	(3)	(7)	(2)	(27)	(9)	(21)	(2)
Credit impairment	2	(3)	7	(6)	(1)	(3)	(3)
Asset disposal gains	-	-	-	(0)	(0)	0	-
Reported OP	**175**	**234**	**198**	**178**	**195**	**253**	**279**
Check vs Wind OP (=0)	-	-	-	-	-	-	-
Non-operating income	1	(0)	(0)	1	0	1	1
Non-operating expenses	(1)	(2)	(1)	(1)	(1)	(5)	(1)
Profit before tax	**175**	**232**	**196**	**178**	**194**	**248**	**278**
Income tax	(22)	(24)	(20)	(34)	(29)	(28)	(38)
Net profit	**153**	**209**	**176**	**144**	**165**	**220**	**240**
Minority interests	1	2	(1)	4	3	(2)	(1)
NP to shareholders	**152**	**206**	**176**	**140**	**162**	**221**	**241**
Check vs Wind NP (=0)	-	-	-	-	-	-	-
Growth							
Revenue YoY	**10.1%**	**17.0%**	**21.1%**	**7.7%**	**19.5%**	**15.0%**	**24.3%**
Revenue QoQ	(8.8%)	32.7%	(7.3%)	(3.9%)	1.2%	27.7%	0.1%
Gross profit YoY	13.6%	14.2%	13.6%	1.0%	27.2%	11.6%	38.2%
Operating profit YoY	8.2%	(3.4%)	14.9%	7.0%	11.2%	8.0%	41.2%
NP YoY	**11.0%**	**(1.9%)**	**20.0%**	**(12.8%)**	**6.6%**	**7.2%**	**36.6%**
Margins							
Gross margin	**24.3%**	**25.4%**	**23.7%**	**22.9%**	**25.9%**	**24.6%**	**26.3%**
Selling % rev	2.0%	1.5%	1.8%	1.1%	2.1%	0.9%	1.6%
G&A % rev	3.8%	2.6%	2.8%	4.2%	3.6%	2.9%	3.2%
R&D % rev	5.2%	5.6%	5.4%	3.5%	5.6%	4.7%	5.0%
OP margin before other items	13.0%	15.1%	13.0%	13.4%	13.5%	14.8%	15.8%
Reported OP margin	15.1%	15.2%	13.9%	13.0%	14.1%	14.3%	15.8%
Net margin	**13.1%**	**13.4%**	**12.4%**	**10.2%**	**11.7%**	**12.5%**	**13.6%**
Tax rate	12.8%	10.1%	10.4%	19.3%	15.2%	11.5%	13.7%

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Source: Citi Research, Company Reports

Figure 4. Jianghai Capacitor — 12m Fwd P/E Band (Since 2021)



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Source: Citi Research

Jianghai Capacitor

Valuation

Our TP of Rmb71 is based on 32.7x FY27E PE (+1SD to mean since 2021). This is ~9% above peers (~30x) and below the 35-36x of prior upcycles. Our call does not depend on the premium: at the peer average of ~30x, our TP would be Rmb66-67. We see the premium as justified by the AI-driven shift in earnings mix (close to half of group GP in FY27E, more than half in FY28E), ROE rising from 11% in FY25 to 24% in FY27E and a 54% NP CAGR over FY25-28E. We value on FY27E, the first year that fully reflects the snap-in and EDLC ramp; delivery should drive consensus upgrades and a re-rating to +1SD.

Risks

Downside risks that could impede the stock from reaching our TP mainly include: 1) rack deployment or capacitor content per rack below our assumptions, which would lower snap-in volumes; 2) price competition as Japanese and second-tier Chinese capacity arrives from 2027; 3) delays in LIC system testing or AI-server MLPC qualification, which could push back new-product revenue; and 4) an AI sector valuation de-rating.