First Read

Suzhou Maxwell

Q326 semiconductor revenue mix increased; GPM hit a record high

Q: How did the results compare vs expectations?

A: Maxwell's Q326 revenue and net profit fell 38% YoY and 87% YoY, below our and market expectations. Q326 gross margin was 53%, up 13ppts YoY/7ppts QoQ (higher mix of high-GPM semiconductors and overseas PV); however, admin and R&D expense ratios increased by 16ppts (due to decline in revenue), and credit impairment losses were Rmb210m (up Rmb70m YoY), resulting in net profit margin dropping by11ppts YoY to 3%.

Q: What were the most noteworthy areas in the results?

A: The Q326 revenue decline was mainly due to slower PV equipment acceptance; however, the revenue mix of semiconductor equipment rose to c15-20% (vs 9% in H126). In Q326, accounts receivable fell 14% QoQ to Rmb3.1bn, and credit impairment losses were cRmb200m. We estimate that the bad debt provision ratio has exceeded 30% (a record high), and subsequent impairment pressure is expected to ease marginally.

Q: Has the company's outlook/guidance changed?

A: The company expects new orders for semiconductor front-end equipment in 2026 to reach the upper end of previous guidance of Rmb2.0-2.5bn, with 70% coming from high selectivity etching equipment. New orders in 2027 are expected to double YoY (focusing on three new equipment models).

Q: How would we expect investors to react?

A: Although the results fell short of market expectations, considering the record-high gross margin in Q326 (higher mix of semiconductors and overseas PV) and a slight increase in contract liabilities, we would expect investors to respond positively.

Equities

China

Industrial, Diversified

12-month rating	**Neutral**
12m price target	**Rmb216.30**
Price (27 Oct 2026)	**Rmb129.25**

RIC: 300751.SZ **BBG:** 300751 CS

Trading data and key metrics

52-wk range	Rmb362.50-94.01
Market cap.	Rmb36.1b/US$5.42b
Shares o/s	279m (ORDA)
Free float	100%
Avg. daily volume ('000)	6,830
Avg. daily value (m)	Rmb1,227.6
Common s/h equity (12/26E)	Rmb8.45b
P/BV (12/26E)	4.3x
Net debt to EBITDA (12/26E)	0.6x

EPS (UBS, diluted) (CNY)

	UBS	Cons.
12/26E	2.36	2.76
12/27E	3.59	4.69
12/28E	5.10	7.00

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Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	8,089	9,830	8,152	7,053	8,360	10,032	11,368	12,888
EBIT (UBS)	803	1,120	1,412	866	1,269	1,824	2,063	2,336
Net earnings (UBS)	914	926	722	658	1,002	1,425	1,904	2,068
EPS (UBS, diluted) (Rmb)	3.29	3.32	2.58	2.36	3.59	5.10	6.81	7.40
DPS (net) (Rmb)	1.10	0.60	0.50	0.71	1.08	1.53	2.04	2.22
Net (debt) / cash	2,847	1,326	(314)	(689)	(1,706)	(1,689)	(1,136)	(1,428)

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E
EBIT (UBS) margin %	9.9	11.4	17.3	12.3	15.2	18.2
ROIC (EBIT) %	25.3	21.7	19.9	10.1	12.8	16.1
EV/EBITDA (UBS core) x	48.6	21.3	14.9	32.8	24.0	17.3
P/E (UBS, diluted) x	52.0	33.9	36.1	54.9	36.0	25.3
Equity FCF (UBS) yield %	(1.5)	(2.3)	(5.2)	(0.3)	(2.0)	1.3
Dividend yield (net) %	0.6	0.5	0.5	0.5	0.8	1.2

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha
price of Rmb 129.25 on 27-Oct-2026



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Co Ltd on the same date. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFO**
QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.

Forecast returns

Forecast price appreciation	67.4%
Forecast dividend yield	0.5%
Forecast stock return	67.9%
Market return assumption	6.7%
Forecast excess return	61.2%

Valuation Method and Risk Statement

We derive our price target based on SOTP.

Downside risks facing the company include: 1) slowing capacity expansion at downstream manufacturers; 2) weaker-than-expected new solar installations, either domestically or overseas; 3) more new entrants into the market than expected; 4) a sharp decline in new product ASPs. Upside risks include: 1) faster capacity expansion at downstream manufacturers; 2) stronger-than-expected solar installations at home and abroad; 3) easing market competition; 4) a sharp rise in new product ASPs.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

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Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	