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UPDATE

October 29, 2026 12:55 PM GMT

StarPower Semiconductor Ltd | Asia Pacific

3Q26 earnings remain weak

AlphaSignals Earnings Reaction

Unchanged
Impact to our thesis

Meaningful shortfall
Financial results versus consensus

Meaningful revision lower
Direction of next 12-month consensus EPS

Key Takeaways

- We expect a negative stock price reaction, given continued earnings deterioration.
- Higher depreciation, financing costs, and R&D expenses continued to weigh on profitability.
- Earnings recovery could take time, as price increases have yet to offset rising cost.

3Q26 net profit missed consensus by 51%:

- Revenue of Rmb1.16bn rose 10% Y/Y and 9% Q/Q.
- Net profit of Rmb30mn declined 72% Y/Y and 22% Q/Q, 51% below consensus and 73% below our estimate.
- Gross margin declined a further 1.9ppt QoQ, to 18.2% from 20.2% in 2Q26, despite favorable pricing, mainly because of higher depreciation cost.

Negative stock price reaction: While we remain positive on power semiconductor pricing, StarPower's earnings recovery remains constrained by rising manufacturing costs and R&D investment. We believe the company remains less attractive with regard to gaining exposure to the pricing up-cycle, given its automotive exposure and increasing manufacturing cost base.

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the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

StarPower Semiconductor Ltd (603290.SS, 603290 CG)

Greater China Technology Semiconductors | China

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	Rmb110.00
Up/downside to price target (%)	59
Shr price, close (Oct 29, 2026)	Rmb69.07
52-Week Range	Rmb159.69-67.01
Sh out, dil, curr (mn)	239
Mkt cap, curr (mn)	Rmb16,534
Avg daily trading value (mn)	Rmb735

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	1.69	1.34	2.37	3.69
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	2.14	1.44	2.34	2.99
Revenue, net (Rmb mn)	4,012	4,770	5,562	7,004
EBITDA (Rmb mn)	828	755	1,003	1,354
ModelWare net inc (Rmb mn)	405	321	569	885
P/E	56.9	51.6	29.1	18.7
P/BV	3.3	2.3	2.1	1.9
ROE (%)	6.0	4.6	7.9	11.4
EV/EBITDA	28.5	22.6	16.5	11.9

framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates

investors should be aware that the firm may have a conflict of

Research as only a single factor i
decision.

**For analyst certification and oth
refer to the Disclosure Section, l
report.**

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and trading securities held by a re



Valuation Methodology and Risks

StarPower Semiconductor Ltd (603290.SS)

Base case, residual income model - we believe this methodology best captures a stock's long-term value. We assume an 8.2% cost of equity (beta 1.04, risk-free rate 2.0% and risk premium 6.0%), a payout ratio of 80%, a medium-term growth rate of 18.0% and a terminal growth rate of 5.5%, all of which are in line with other IC design companies that we cover.

Risks to Upside

- IGBT content per car for EVs rises.
- SiC MOS receives more design wins from auto OEMs
- Auto MCU receives more design wins from auto OEMs

Risks to Downside

- There is less IGBT content per car for EVs.
- Margins decline because revenue scale is not big enough to provide operating leverage.
- No technology breakthrough in auto MCU.