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GigaDevice Semiconductor Beijing Inc | Asia Pacific

Memory strength persists, although margins to eventually normalize

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AlphaSignals Earnings Reaction

Weakens our thesis
Impact to our thesis

Modest shortfall
Financial results versus consensus

Modest revision lower
Direction of next 12-month consensus EPS

3Q earnings missed: 3Q revenue was Rmb8.73bn, +18% Q/Q, +226% Y/Y; 3Q gross profit was Rmb6.1bn, GM was 70.3%. +3.8ppt Q/Q, +29.6ppt Y/Y; 3Q net profit was Rmb4.2bn, -22% Q/Q, +729% Y/Y; 3Q EPS was Rmb5.94, vs consensus of Rmb6.3. Revenue, gross profit and net profit/EPS missed MSe. Memory volumes and prices, broader product growth and lagged cost increase supported profitability. Net profit was affected by non-recurring items, mainly investment revaluation gains in 2Q turning into losses in 3Q.

Elevated margins but normalization ahead: Management expects GM to stay high for a period before returning toward normal as ASP increases slow and higher costs flow through. SLC NAND shortages should persist. High prices are softening consumer demand for niche DRAM, but capacity remains insufficient and management expects prices to stay elevated for an extended period. Large-capacity NOR remains tight with modest price increases; smaller density products are balanced. 4Q/1Q seasonality should still influence operations despite a narrower seasonal gap.

2027 growth shifts toward demand and share gain: Management targets double-digit MCU revenue growth in 2027, supported by new applications, products and market share gains, with less contribution from restocking. NOR and SLC NAND capacity should keep expanding next year while standard niche DRAM remains the main DRAM revenue contributor. Customized memory continues to progress.



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

GigaDevice Semiconductor Beijing Inc (603986.SS, 603986 CG)

Greater China Technology Semiconductors | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	Rmb750.00
Up/downside to price target (%)	172
Shr price, close (Oct 29, 2026)	Rmb275.99
52-Week Range	Rmb846.66-176.00
Sh out, dil, curr (mn)	667
Mkt cap, curr (mn)	Rmb184,214
Avg daily trading value (mn)	Rmb14,123

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	2.48	34.72	45.09	52.05
EPS (Rmb)§	2.47	19.12	21.44	21.37
Revenue, net (Rmb mn)	9,203	38,638	66,329	76,136
EBITDA (Rmb mn)	2,027	27,157	34,789	40,120
ModelWare net inc (Rmb mn)	1,648	24,345	31,610	36,493
P/E	86.5	7.9	6.1	5.3
P/BV	7.4	4.5	2.9	2.0
ROE (%)	9.9	126.6	73.4	54.2
EV/EBITDA	63.9	5.5	3.8	2.6
Div yld (%)	0.3	3.8	4.9	5.7

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

GigaDevice Semiconductor Beijing Inc (603986.SS)

Our price target is our base-case value, derived from our residual income model. Key assumptions: cost of equity of 9.4% (beta 1.1, risk-free rate 2% and risk premium 6.5%), a payout ratio of 40%, medium-term growth rate of 11.3% and a terminal growth rate of 2.5%.

Risks to Upside

- NOR up-cycle driven by stronger demand
- Superior chip design, leading to increasing exposure to low-density NOR
- Faster-than-expected DRAM development

Risks to Downside

- NOR down-cycle driven by weaker demand
- Inferior chip design, leading to increasing exposure to mid-/high-density NOR
- Slower-than-expected DRAM development