

Maxscend (300782 CH)

Transition before turnaround; maintain HOLD

Maxscend released 1H26 results. Revenue rose 6.2% YoY to RMB1.81bn, while net loss widened to RMB371mn; 2Q26 revenue reached RMB982mn (+3.6% YoY/+18.7% QoQ), but net loss deepened to RMB226mn, both below Bloomberg consensus. GPM fell 12.4ppts to 16.4%, as low fab loading, depreciation, pricing pressure and module ramp costs overwhelmed mix improvement. Maxscend is simultaneously digesting legacy inventory, executing its Fab-Lite transition and pivoting toward optical interconnect. With demand recovery uncertain and utilization subdued, we cut FY26E/FY27E revenue by 2.1%/2.4% and GPM by 11.7ppts/9.6ppts. **Maintain HOLD and lower TP to RMB74.2**, based on 40x 2027E EV/EBITDA, similar to 1-SD below the historical mean.

- **Module growth outpaced discrete, but margins lagged.** In 1H26, RF module revenue climbed 22.9% YoY to RMB929mn, lifting its sales mix to 51%, as L-PAMiD shipments accelerated and Wi-Fi 7 scaled; Wi-Fi 8 also entered small-volume shipments. In contrast, RF discrete sales fell 8.3% YoY to RMB824mn amid soft handset demand and ongoing inventory digestion. The richer module mix has yet to translate into profitability, as module GPM fell 15.6ppts to 13.1%, while discrete GPM dropped 10.5ppts to 17.8%. We expect volume growth, yield improvement, greater customization and cost-down to underpin a gradual margin recovery.
- **Fab utilization remains the key earnings swing factor.** Xinzhuo Fab's revenue increased 43.8% YoY to RMB694mn in 1H26, while its net loss narrowed to RMB256mn from RMB337mn in 1H25. The 12-inch fab has monthly capacity of 9k wafers and has been running at roughly 50–60% utilization, per mgmt., while the 6-inch filter line has reached 15k wafers/month. Utilization improved from 1Q26 and should continue rising in 2H26, although mgmt. does not expect a high FY26 level. We believe a durable turnaround requires both higher loading and better unit economics through yield gains, cost down, and enhanced pricing.
- **Optical interconnect extends the platform's runway but also raises the execution bar.** Maxscend is repurposing its SOI and SiGe capabilities for optical and electrical chips used in AIDCs. First-generation SiGe electrical-chip products are under collaboration, while the SiPho process platform is still undergoing finalization. The [April placement](#)'s RMB3.46bn net proceeds provide sufficient funding, but customer qualification and volume production remain distant milestones, in our view. We therefore assign no material near-term earnings contribution. **Key upside risks** include faster utilization recovery, stronger L-PAMiD wins or earlier optical validation; **key downside risks** include weak demand, slower qualification, intensifying competition, etc.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	4,487	3,726	3,694	4,354	5,250
YoY growth (%)	2.5	(17.0)	(0.9)	17.9	20.6
Gross margin (%)	39.5	25.7	16.1	23.1	28.5
EBITDA (RMB mn)	987.2	433.7	156.9	989.7	1,411.3
Net profit (RMB mn)	401.8	(292.9)	(731.2)	(151.9)	157.8
YoY growth (%)	(64.2)	na	na	na	na
P/S (x)	9.7	11.7	11.8	10.0	8.3

Source: Company data, Bloomberg, CMBIGM estimates

HOLD (Maintain)

Target Price	RMB74.20
(Previous TP)	RMB91.00)
Up/Downside	(2.2%)
Current Price	RMB75.85

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Stock Data

Mkt Cap (RMB mn)	43,612.8
Avg 3 mths t/o (RMB mn)	1,961.7
52w High/Low (RMB)	140.88/64.72
Total Issued Shares (mn)	575.0

Source: FactSet

Shareholding Structure

WX HUIZHI UNITED INV	10.3%
Feng Chenhui	6.8%

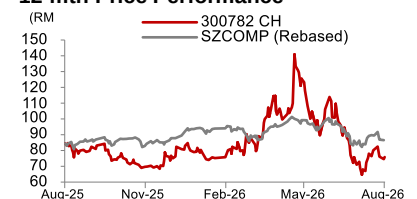
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	6.8%	3.2%
3-mth	-38.4%	-29.7%
6-mth	0.1%	9.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMBmn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	3,694	4,354	5,250	3,775	4,462	5,406	-2.1%	-2.4%	-2.9%
Gross profit	595	1,007	1,498	1,049	1,458	1,912	-43.3%	-31.0%	-21.7%
Net profit	(731)	(152)	158	-218	235	443	N/A	N/A	-64%
EPS (RMB)	(1.30)	(0.26)	0.27	(0.41)	0.44	0.83	N/A	N/A	-67%
Gross margin	16.1%	23.1%	28.5%	27.8%	32.7%	35.4%	-11.7 ppt	-9.6 ppt	-6.9 ppt
Net margin	-19.8%	-3.5%	3.0%	-5.8%	5.3%	8.2%	-14 ppt	-8.8 ppt	-5.2 ppt

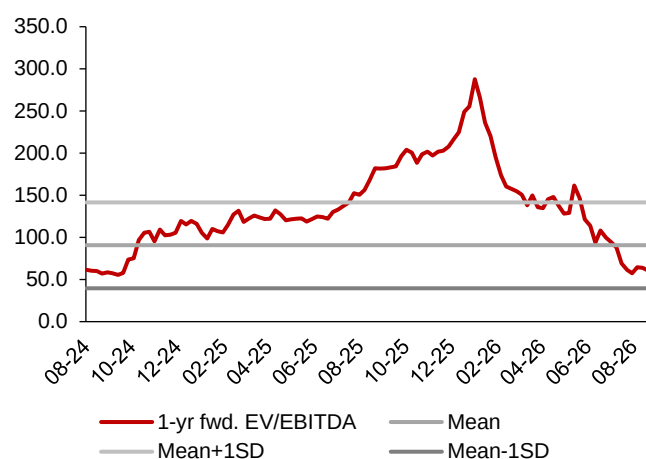
Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs. BBG consensus

RMBmn	CMBI estimates			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	3,694	4,354	5,250	3,834	4,299	5,945	-3.7%	1.3%	-11.7%
Gross profit	595	1,007	1,498	952	1,256	1,796	-37.5%	-19.8%	-16.6%
Net profit	(731)	(152)	158	(123)	350	514	N/A	-143%	-69%
EPS (RMB)	(1.30)	(0.26)	0.27	(0.97)	(0.28)	0.93	N/A	N/A	-71%
Gross margin	16.1%	23.1%	28.5%	24.8%	29.2%	30.2%	-8.7 ppt	-6.1 ppt	-1.7 ppt
Net margin	-19.8%	-3.5%	3.0%	-3.2%	8.1%	8.6%	-16.6 ppt	-11.6 ppt	-5.6 ppt

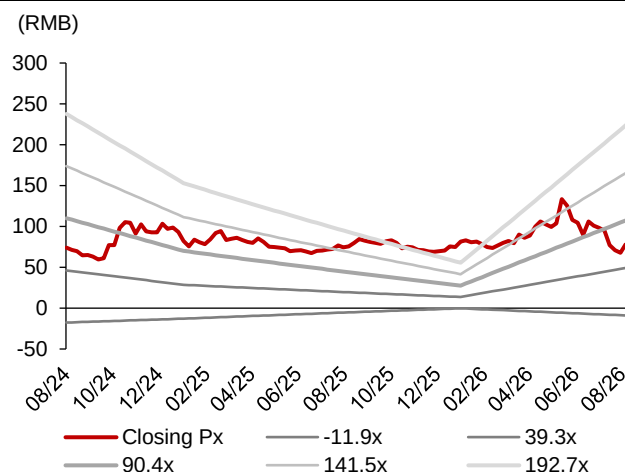
Source: Bloomberg consensus, CMBIGM estimates

Figure 3: EV/EBITDA chart



Source: Company data, CMBIGM estimates

Figure 4: EV/EBITDA band



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	4,378	4,487	3,726	3,694	4,354	5,250
Cost of goods sold	(2,345)	(2,715)	(2,770)	(3,099)	(3,347)	(3,752)
Gross profit	2,034	1,772	957	595	1,007	1,498
Operating expenses	(841)	(1,251)	(1,098)	(1,073)	(778)	(897)
SG&A expense	(201)	(237)	(217)	(232)	(188)	(221)
R&D expense	(629)	(997)	(867)	(828)	(574)	(656)
Others	(11)	(17)	(15)	(14)	(16)	(20)
Operating profit	1,192	521	(142)	(478)	228	600
Other income	18	52	82	86	86	86
Other expense	(10)	(9)	(7)	(2)	0	0
Other gains/(losses)	(73)	(161)	(240)	(286)	(248)	(263)
EBITDA	1,358	987	434	157	990	1,411
EBIT	1,127	403	(307)	(680)	66	423
Interest income	46	17	43	64	0	0
Interest expense	(2)	(37)	(76)	(155)	(176)	(189)
Others	0	(2)	(19)	(37)	(39)	(39)
Pre-tax profit	1,171	381	(359)	(808)	(149)	196
Income tax	(52)	21	66	77	(3)	(38)
After tax profit	1,119	403	(293)	(732)	(152)	158
Minority interest	(3)	1	(0)	(0)	0	0
Net profit	1,122	402	(293)	(731)	(152)	158

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	3,269	5,016	6,175	9,197	10,431	11,070
Cash & equivalents	1,008	1,411	1,648	2,724	4,364	4,396
Account receivables	518	579	601	481	401	663
Inventories	1,493	2,521	3,322	2,729	2,406	2,734
Prepayment	48	31	13	13	13	13
Other current assets	202	475	591	3,249	3,248	3,264
Non-current assets	7,689	9,216	9,294	9,021	8,558	8,059
PP&E	2,418	5,172	6,258	6,571	6,465	6,104
Right-of-use assets	71	68	60	142	195	265
Deferred income tax	84	90	164	164	164	164
Intangibles	122	152	171	168	188	214
Goodwill	0	0	0	0	0	0
Other non-current assets	4,994	3,735	2,641	1,976	1,544	1,313
Total assets	10,958	14,233	15,469	18,218	18,989	19,128
Current liabilities	881	2,971	3,079	2,903	3,567	3,449
Short-term borrowings	0	1,895	738	888	959	1,154
Account payables	635	880	1,166	849	1,444	1,126
Tax payable	121	25	74	74	74	74
Other current liabilities	21	45	943	935	932	938
Contract liabilities	7	5	3	3	3	3
Accrued expenses	97	121	155	155	155	155
Non-current liabilities	274	1,061	2,516	2,706	2,946	3,027
Long-term borrowings	0	633	1,748	1,937	2,177	2,258
Bond payables	0	0	0	0	0	0
Other non-current liabilities	274	428	769	769	769	769
Total liabilities	1,154	4,032	5,595	5,609	6,513	6,476
Share capital	534	535	535	575	575	575
Retained earnings	5,271	5,553	5,206	4,547	4,411	4,553
Other reserves	3,998	4,112	4,132	7,486	7,489	7,523
Total shareholders equity	9,803	10,199	9,872	12,609	12,475	12,651
Minority interest	0	2	1	1	1	1
Total equity and liabilities	10,958	14,233	15,469	18,218	18,989	19,128

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,119	403	(293)	(732)	(152)	158
Depreciation & amortization	222	572	728	854	952	1,026
Change in working capital	431	(1,182)	(631)	494	1,054	(890)
Others	122	287	300	67	91	122
Net cash from operations	1,894	80	104	684	1,946	416
Investing						
Capital expenditure	(2,122)	(1,868)	(806)	(618)	(520)	(553)
Others	(171)	56	(4)	(2,662)	29	33
Net cash from investing	(2,292)	(1,812)	(810)	(3,280)	(491)	(520)
Financing						
Net borrowings	0	2,527	960	329	312	275
Others	(94)	(120)	(109)	3,360	(127)	(140)
Net cash from financing	(94)	2,407	851	3,690	184	135
Net change in cash						
Cash at the beginning of the year	1,214	720	1,398	1,530	2,607	4,246
Exchange difference	(2)	2	(12)	(17)	0	0
Others	(492)	675	145	1,094	1,639	32
Cash at the end of the year	720	1,398	1,530	2,607	4,246	4,278
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	19.1%	2.5%	(17.0%)	(0.9%)	17.9%	20.6%
Gross profit	4.5%	(12.9%)	(46.0%)	(37.8%)	69.1%	48.8%
Operating profit	(11.7%)	(56.3%)	na	na	na	163.0%
EBITDA	na	(27.3%)	(56.1%)	(63.8%)	530.9%	42.6%
EBIT	6.9%	(64.3%)	na	na	na	543.8%
Net profit	5.0%	(64.2%)	na	na	na	na
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	46.4%	39.5%	25.7%	16.1%	23.1%	28.5%
Operating margin	27.2%	11.6%	(3.8%)	(12.9%)	5.2%	11.4%
EBITDA margin	31.0%	22.0%	11.6%	4.2%	22.7%	26.9%
Return on equity (ROE)	12.1%	4.0%	(2.9%)	(6.5%)	(1.2%)	1.3%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	3.7	1.7	2.0	3.2	2.9	3.2

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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