

Maxscend (300782 CH)

Transition pains persist; wait and HOLD

Maxscend released its FY25 results. Revenue declined by 17% to RMB3.7bn (9% below BBG consensus and ours), while net loss was RMB293mn. GPM declined by 13.8ppts to 25.7% (1ppt below BBG consensus/6ppts below ours) due to 1) low utilization rates at both 6-inch (~50%) and 12-inch (30-40%) fabs, 2) an unfavorable product mix due to the delay in higher-margin module ramp and a greater contribution from lower-value products, and 3) increased raw material costs driven by AI-related demand crowding. More fundamentally, the Company remains in a transition phase toward a fab-lite model with elevated depreciation and ramp inefficiencies continuing to pressure near-term earnings. **Maintain HOLD on the Company with TP revised to RMB91, corresponding to 45x 2027E EV/EBITDA (rolled forward from 45x 2026E) to reflect the delayed pace of margin normalization and earnings recovery. We lower our sales forecast for 2026/27E by 24%/27%, and GPM by 8.7ppts/8.2ppts, reflecting intensified market competition and low fab utilization.**

- **Revenue mix gradually improving on L-PAMiD ramp, though still below potential.** We view L-PAMiD as the key driver of medium-term recovery, given its successful entry into domestic tier-1 supply chains and clear advantages in cost, size, and integration via bare-die packaging. In FY25, RF module mix increased to 45% (from 42% in FY24), although absolute revenue declined 11% YoY due to delayed ramp and supply constraints earlier in the year. Meanwhile, RF discrete revenue mix fell to 52% (from 56%), with revenue declining ~22% YoY, reflecting both weaker end demand and pricing pressure in more commoditized segments. We expect mix to continue improving into 2026 on the back of L-PAMiD ramp and increasing contribution from high-integration modules.
- **1Q26 earnings showed early signs of stabilization, but margin pressure persists.** Revenue grew 9% YoY to RMB828mn but declined 14% QoQ due to seasonality, while GPM fell to 18.5% (vs. 31% in 1Q25 and 22.8% in 4Q25) in 1Q26, reflecting continued low utilization, elevated depreciation, and ongoing pricing pressure as the Company prioritizes share gains. We expect revenue to gradually recover through 2026 on L-PAMiD ramp, but margin recovery will likely lag, with meaningful improvement contingent on utilization ramp and higher contribution from customized higher-value modules.
- **12-inch Xinzhuo fab a long-term strategic asset with limited near-term catalysts.** The fab has reached stable mass production with competitive yields and supports key processes such as SOI (silicon on insulator) and heterogeneous integration, enabling internalization of high-value modules. While low utilization continues to weigh on margins, we see it driving long-term competitiveness and potential margin upside, with earnings contribution dependent on utilization ramp.
- **Maintain HOLD with TP revised to RMB91,** corresponding to rollover 2027E EV/EBITDA of 45x (prev. 45x 2026E EV/EBITDA) as we expect sales to stabilize on L-PAMiD ramp while profitability remains constrained by low utilization and elevated depreciation, both of which are unlikely to materially improve within 2026. However, we think the Company deserves a premium to peers due to its unique positioning as a vertically integrated, full-stack RFFE player while most other peers remain fabless or partially integrated. **Upside risks:** Improving end market demand, raw material price reduction, etc.; **downside risks:** Worsening end market demand, R&D challenges, etc.

HOLD (Maintain)

Target Price	RMB91.00
(Previous TP)	RMB81.50)
Up/Downside	(10.8%)
Current Price	RMB101.98

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Stock Data

Mkt Cap (RMB mn)	54,436.9
Avg 3 mths t/o (RMB mn)	1,721.0
52w High/Low (RMB)	114.59/67.33
Total Issued Shares (mn)	533.8

Source: FactSet

Shareholding Structure

WX HUIZHI UNITED INV	10.3%
Feng Chenhui	6.8%

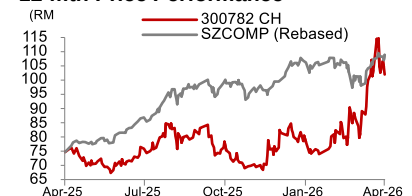
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	18.5%	10.2%
3-mth	30.3%	27.1%
6-mth	29.3%	19.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	4,487	3,726	3,775	4,462	5,406
YoY growth (%)	2.5	(17.0)	1.3	18.2	21.1
Gross margin (%)	39.5	25.7	27.8	32.7	35.4
Operating profit (RMB mn)	520.6	(141.7)	117.2	513.1	758.3
Net profit (RMB mn)	401.8	(292.9)	(217.8)	235.1	443.3
YoY growth (%)	(64.2)	na	na	na	88.5
ROE (%)	4.0	(2.9)	(2.2)	2.4	4.4

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Earnings revision

RMBmn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	3,775	4,462	5,406	4,946	6,112	N/A	-24%	-27%	N/A
Gross profit	1,049	1,458	1,912	1,807	2,501	N/A	-42%	-42%	N/A
Net profit	(218)	235	443	358	885	N/A	-161%	-73%	N/A
EPS (RMB)	(0.41)	0.44	0.83	0.67	1.65	N/A	-161%	-73%	N/A
Gross margin	27.8%	32.7%	35.4%	36.5%	40.9%	N/A	-8.7 ppt	-8.2 ppt	N/A
Net margin	-5.8%	5.3%	8.2%	7.2%	14.5%	N/A	-13 ppt	-9.2 ppt	N/A

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs. BBG consensus

RMBmn	CMBIGM			BBG Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	3,775	4,462	5,406	5,115	6,256	7,476	-26%	-29%	-28%
Gross profit	1,049	1,458	1,912	1,609	2,226	3,392	-35%	-35%	-44%
Net profit	-218	235	443	486	914	1,600	N/A	-74%	-72%
EPS (RMB)	-0.41	0.44	0.83	0.73	1.58	3.22	N/A	-72%	-74%
Gross margin	27.8%	32.7%	35.4%	31.5%	35.6%	45.4%	-3.7 ppt	-2.9 ppt	-10 ppt
Net margin	-5.8%	5.3%	8.2%	9.5%	14.6%	21.4%	-15.3 ppt	-9.3 ppt	-13.2 ppt

Source: Bloomberg consensus, CMBIGM estimates

Figure 3: Peers table

Company	Ticker	Mkt Cap	P/E (x)			EV/EBITDA (x)		
		US\$(mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Domestic peers								
Vanchip	688153 CH	2,245	78.2	41.6	-	29.7	16.9	-
Awinic	688798 CH	2,330	37.4	30.2	26.2	26.2	21.7	-
Smarter Micro	688512 CH	873	-	1,275.0	-	-	78.0	-
		Average	57.8	448.9	26.2	28.0	38.9	N/A

Source: Bloomberg consensus as of 28th April

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	4,378	4,487	3,726	3,775	4,462	5,406
Cost of goods sold	(2,345)	(2,715)	(2,770)	(2,726)	(3,005)	(3,493)
Gross profit	2,034	1,772	957	1,049	1,458	1,912
Operating expenses	(841)	(1,251)	(1,098)	(931)	(945)	(1,154)
SG&A expense	(201)	(237)	(217)	(231)	(179)	(214)
R&D expense	(629)	(997)	(867)	(685)	(747)	(917)
Others	(11)	(17)	(15)	(16)	(19)	(23)
Operating profit	1,192	521	(142)	117	513	758
Other income	18	52	82	85	85	85
Other expense	(10)	(9)	(7)	(0)	0	0
Other gains/(losses)	(73)	(161)	(240)	(226)	(303)	(317)
EBIT	1,127	403	(307)	(23)	295	526
Interest income	46	17	43	45	0	0
Interest expense	(2)	(37)	(76)	(210)	0	0
Others	0	(2)	(19)	(34)	(34)	(34)
Pre-tax profit	1,171	381	(359)	(222)	261	493
Income tax	(52)	21	66	4	(26)	(49)
After tax profit	1,119	403	(293)	(218)	235	443
Minority interest	(3)	1	(0)	(0)	0	0
Net profit	1,122	402	(293)	(218)	235	443

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	3,269	5,016	6,175	4,344	5,285	7,110
Cash & equivalents	1,008	1,411	1,648	2,187	937	4,024
Account receivables	518	579	601	289	616	480
Inventories	1,493	2,521	3,322	1,309	3,137	2,032
Prepayment	48	31	13	13	13	13
Other current assets	202	475	591	547	582	562
Non-current assets	7,689	9,216	9,294	8,844	8,259	7,639
PP&E	2,418	5,172	6,258	6,513	6,309	5,848
Right-of-use assets	71	68	60	96	142	202
Deferred income tax	84	90	164	164	164	164
Intangibles	122	152	171	187	207	232
Goodwill	0	0	0	0	0	0
Other non-current assets	4,994	3,735	2,641	1,884	1,437	1,192
Total assets	10,958	14,233	15,469	13,188	13,544	14,749
Current liabilities	881	2,971	3,079	2,350	2,302	2,953
Short-term borrowings	0	1,895	738	106	142	370
Account payables	635	880	1,166	1,075	983	1,410
Tax payable	121	25	74	74	74	74
Other current liabilities	21	45	943	938	945	942
Contract liabilities	7	5	3	3	3	3
Accrued expenses	97	121	155	155	155	155
Non-current liabilities	274	1,061	2,516	1,176	1,317	1,445
Long-term borrowings	0	633	1,748	408	548	676
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	3,526	3,619	4,398
Share capital	534	535	535	535	535	535
Retained earnings	5,271	5,553	5,206	5,009	5,243	5,618
Other reserves	3,998	4,112	4,132	4,116	4,146	4,196
Total shareholders equity	9,803	10,199	9,872	9,661	9,924	10,350
Minority interest	0	2	1	1	1	1
Total equity and liabilities	10,958	14,233	15,469	13,188	13,544	14,749

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,119	403	(293)	(218)	235	443
Depreciation & amortization	222	572	694	852	942	1,005
Change in working capital	431	(1,182)	(540)	2,367	30	30
Others	113	275	243	117	63	(7)
Net cash from operations	1,885	80	104	3,105	(1,117)	3,103
Investing						
Capital expenditure	(2,122)	(1,868)	(827)	(443)	(396)	(419)
Others	(171)	56	16	23	29	32
Net cash from investing	(2,292)	(1,812)	(810)	(419)	(367)	(387)
Financing						
Dividend paid	(91)	(152)	(55)	(210)	22	(24)
Net borrowings	0	2,527	779	(1,973)	177	357
Others	(3)	32	126	49	49	49
Net cash from financing	(94)	2,407	851	(2,134)	247	382
Net change in cash						
Cash at the beginning of the year	1,214	720	1,398	1,530	2,069	820
Exchange difference	(2)	2	(12)	(12)	(12)	(12)
Others	(501)	675	145	551	(1,237)	3,098
Cash at the end of the year	711	1,398	1,530	2,069	820	3,906
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	19.1%	2.5%	(17.0%)	1.3%	18.2%	21.1%
Gross profit	4.5%	(12.9%)	(46.0%)	9.6%	39.0%	31.2%
Operating profit	(11.7%)	(56.3%)	na	na	337.7%	47.8%
EBIT	6.9%	(64.3%)	na	na	na	78.4%
Net profit	5.0%	(64.2%)	na	na	na	88.5%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	46.4%	39.5%	25.7%	27.8%	32.7%	35.4%
Operating margin	27.2%	11.6%	(3.8%)	3.1%	11.5%	14.0%
Return on equity (ROE)	12.1%	4.0%	(2.9%)	(2.2%)	2.4%	4.4%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	3.7	1.7	2.0	1.8	2.3	2.4
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						

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

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