21 Jul 2026

CMB International Global Markets | Equity Research | Company Update

Iluvatar CoreX (9903 HK)

Strong order momentum and new product to extend growth runway; raise TP to HK$878

BUY (Maintain)

Target Price	**HK$878.00**
(Previous TP	HK$694.00)
Up/Downside	**69.0%**
Current Price	**HK$519.50**

We raise our TP for Iluvatar CoreX to HK$878 based on 25.8x 2027E P/S. We favor the Company among China's emerging AI accelerator vendors for its demonstrated ability to scale shipments, secure sizeable orders and build a broad customer base. We believe the recent ByteDance order (according to *Reuters*) provides greater visibility into its near-term revenue trajectory, while the newly launched TG300 GPU adds a new growth driver for 2027E and beyond. Together, stronger order conversion and an expanding product portfolio reinforce our view of the Company as one of the more promising domestic AI accelerator players.

- **Raise revenue forecasts on faster shipment ramp and stronger industry demand.** We increase our 2026E/27E/28E revenue forecasts by 15%/46%/64%, respectively, reflecting accelerated product shipments, stronger domestic AI infrastructure investment, and improving supply-chain readiness for locally developed accelerators. We expect 2026E revenue to remain meaningfully 2H-weighted as order deliveries accelerate through the year. We lower our GPM forecasts by 3.4ppts/1.1ppts/1.6ppts, respectively, to factor in tighter domestic wafer capacity, potentially higher manufacturing costs, and initial margin dilution from the ramp-up of new products.
- **New product launch opens the next leg of growth for 2027-28E.** The Company unveiled its next-generation AI accelerator at WAIC 2026 in Shanghai on 19 July. We expect the new product to broaden the Company's addressable market and strengthen its competitiveness in large-scale AI computing deployments. Following the initial qualification and customer adoption cycle, we expect the product to become an increasingly meaningful revenue contributor in 2027-28E, providing the next leg of growth beyond the current shipment ramp.
- **TP adjusted up to HK$878, based on 25.8x 2027E P/S, similar to its peers.** We remain positive on the Company as competition in AI accelerators extends beyond standalone chip specifications to system-level performance, software compatibility, supply availability and the ability to deliver at scale. Iluvatar CoreX's progress in securing large orders, ramping mass shipments and expanding its product portfolio strengthens its position among China's emerging AI accelerator leaders.
- **Risks:** Supply chain uncertainty, higher-than-expected R&D expenses, unsuccessful product testing at clients, etc.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	540	1,034	2,867	7,646	13,199
YoY growth (%)	86.7	91.6	177.3	166.7	72.6
Gross margin (%)	49.1	54.0	48.2	49.5	49.9
Net profit (RMB mn)	(892.4)	(1,003.7)	(690.9)	763.9	2,476.8
YoY growth (%)	na	na	na	na	224.2
EPS (Reported) (RMB cents)	(464.00)	(531.00)	(264.39)	292.34	947.80
P/S (x)	217.5	113.5	40.9	15.3	8.9
P/E (x)	ns	ns	ns	153.6	47.4

Source: Company data, Bloomberg, CMBIGM estimates

China Semiconductors

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Stock Data

Mkt Cap (HK$ mn)	135,755.1
Avg 3 mths t/o (HK$ mn)	973.0
52w High/Low (HK$)	NA/NA
Total Issued Shares (mn)	261.3

Source: FactSet

Shareholding Structure

Centurium	7.0%
Nanjing Youxu Equity Inv Partner	6.4%

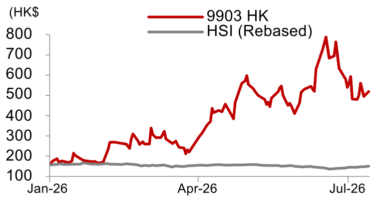
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-17.5%	-21.5%
3-mth	21.9%	27.9%
6-mth	219.7%	236.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMBmn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,867	7,646	13,199	2,482	5,233	8,067	15%	46%	64%
Gross profit	1,381	3,782	6,583	1,281	2,648	4,155	8%	43%	58%
Net profit	-691	764	2,477	-671	160	1,041	-3%	379%	138%
EPS (RMB)	(2.64)	2.92	9.48	(2.93)	0.70	4.55	10%	319%	108%
Gross margin	48.2%	49.5%	49.9%	51.6%	50.6%	51.5%	-3.4 ppt	-1.1 ppt	-1.6 ppt
Net margin	-24.1%	10.0%	18.8%	-27.0%	3.0%	12.9%	2.9 ppt	6.9 ppt	5.9 ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs. BBG consensus

	CMBIGM			BBG Consensus			Diff (%)		
RMBmn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,867	7,646	13,199	2,786	6,183	9,396	3%	24%	40%
Gross profit	1,381	3,782	6,583	1,444	3,303	5,083	-4%	14%	30%
Net profit	-691	764	2,477	-484	1,434	2,787	-43%	-47%	-11%
EPS (RMB)	(2.64)	2.92	9.48	(1.90)	5.64	10.96	-39%	-48%	-14%
Gross margin	48.2%	49.5%	49.9%	51.8%	53.4%	54.1%	-3.7 ppt	-4 ppt	-4.2 ppt
Net margin	-24.1%	10.0%	18.8%	-17.4%	23.2%	29.7%	-6.7 ppt	-13.2 ppt	-10.9 ppt

Source: Bloomberg consensus, CMBIGM estimates

Figure 3: Peers table

			Mkt Cap	P/S (x)		GPM%	
Company	Ticker	Rating	(LC in mn)	FY26E	FY27E	FY26E	FY27E
Biren	6082 HK	NR	80,221	34.0	9.5	52.3	52.4
Cambricon	688256 CH	NR	748,033	41.9	22.5	54.3	54.8
MetaX	688802 CH	NR	312,066	84.4	48.5	55.7	55.6
Hygon	688041 CH	NR	708,644	32.3	22.9	58.2	58.3
	Average			***48.1***	***25.8***	***55.1***	***55.3***

Source: Bloomberg consensus as of 17 July market close

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**289**	**540**	**1,034**	**2,867**	**7,646**	**13,199**
Cost of goods sold	(146)	(274)	(476)	(1,485)	(3,865)	(6,616)
Gross profit	**143**	**265**	**558**	**1,381**	**3,782**	**6,583**
Operating expenses	**(926)**	**(1,107)**	**(1,511)**	**(2,031)**	**(2,964)**	**(3,611)**
Selling expense	(88)	(122)	(152)	(229)	(344)	(462)
Admin expense	(242)	(257)	(482)	(717)	(1,070)	(1,320)
R&D expense	(616)	(773)	(974)	(1,218)	(1,713)	(1,980)
Others	20	45	97	133	163	151
Operating profit	**(783)**	**(842)**	**(953)**	**(650)**	**817**	**2,972**
Other income	(35)	(50)	(51)	(41)	(53)	(58)
EBIT	**(817)**	**(892)**	**(1,004)**	**(691)**	**764**	**2,914**
Income tax	0	0	0	0	0	(437)
After tax profit	**(817)**	**(892)**	**(1,004)**	**(691)**	**764**	**2,477**
Minority interest	(26)	0	0	0	0	0
Net profit	**(791)**	**(892)**	**(1,004)**	**(691)**	**764**	**2,477**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**1,287**	**1,262**	**3,432**	**12,247**	**14,221**	**17,666**
Cash & equivalents	308	314	1,505	7,376	6,026	7,322
Restricted cash	0	0	0	0	0	0
Account receivables	200	377	577	1,623	3,405	3,827
Inventories	233	343	710	1,325	2,487	3,676
Prepayment	339	203	630	1,704	2,042	2,518
Financial assets at FVTPL	0	0	0	0	0	0
Other current assets	207	26	11	219	262	323
Non-current assets	**306**	**423**	**480**	**1,910**	**2,739**	**3,248**
PP&E	106	128	188	416	626	831
Right-of-use assets	9	41	10	309	528	730
Intangibles	75	141	190	973	1,345	1,410
Financial assets at FVTPL	91	97	76	76	76	76
Other non-current assets	26	17	16	136	163	201
Total assets	**1,593**	**1,685**	**3,912**	**14,156**	**16,960**	**20,914**
Current liabilities	**686**	**880**	**1,112**	**2,275**	**3,742**	**4,838**
Short-term borrowings	492	566	644	650	650	650
Account payables	18	46	31	83	213	293
Other current liabilities	159	222	304	1,150	2,409	3,315
Lease liabilities	4	18	7	151	181	223
Contract liabilities	14	29	127	242	289	357
Non-current liabilities	**28**	**117**	**446**	**664**	**713**	**782**
Long-term borrowings	0	42	365	350	350	350
Other non-current liabilities	28	75	81	314	363	432
Total liabilities	**715**	**997**	**1,559**	**2,939**	**4,455**	**5,620**
Share capital	186	194	229	261	261	261
Other reserves	692	495	2,124	10,956	12,243	15,033
Total shareholders equity	**878**	**689**	**2,353**	**11,218**	**12,505**	**15,294**
Total equity and liabilities	**1,593**	**1,685**	**3,912**	**14,156**	**16,960**	**20,914**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Depreciation & amortization	118	145	159	390	756	1,071
Change in working capital	(264)	(169)	(856)	(2,185)	(2,147)	(1,399)
Others	(561)	(594)	(464)	(148)	1,333	3,321
Net cash from operations	**(707)**	**(618)**	**(1,162)**	**(1,944)**	**(58)**	**2,992**
Investing						
Capital expenditure	(71)	(85)	(103)	(354)	(424)	(523)
Others	(83)	(81)	(30)	(1,528)	(1,322)	(1,211)
Net cash from investing	**(153)**	**(166)**	**(132)**	**(1,882)**	**(1,746)**	**(1,734)**
Financing						
Net borrowings	340	116	401	(9)	0	0
Proceeds from share issues	565	728	2,149	9,000	0	0
Others	42	(54)	(59)	270	25	49
Net cash from financing	**946**	**789**	**2,491**	**9,261**	**25**	**49**
Net change in cash						
Cash at the beginning of the year	219	308	314	1,505	7,376	6,026
Exchange difference	3	0	(6)	0	0	0
Others	86	6	1,197	5,872	(1,350)	1,296
Cash at the end of the year	**308**	**314**	**1,505**	**7,376**	**6,026**	**7,322**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	52.6%	86.7%	91.6%	177.3%	166.7%	72.6%
Gross profit	27.3%	85.2%	110.5%	147.5%	173.8%	74.1%
Operating profit	na	na	na	na	na	263.6%
EBIT	na	na	na	na	na	281.4%
Net profit	na	na	na	na	na	224.2%
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	49.5%	49.1%	54.0%	48.2%	49.5%	49.9%
Operating margin	(270.9%)	(156.1%)	(92.2%)	(22.7%)	10.7%	22.5%
Return on equity (ROE)	(105.6%)	(113.9%)	(66.0%)	(10.2%)	6.4%	17.8%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Current ratio (x)	1.9	1.4	3.1	5.4	3.8	3.7
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	ns	ns	ns	ns	153.6	47.4

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

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