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CHPT (6510.TWO)

First Take on 2Q26 Results - Bottom-Line Beat Again Driven by AI Demand and Disciplined Cost Control

CITI'S TAKE

CHPT reported 2Q26 net profit of NT$494mn (+44% QoQ/+129% YoY), beating Citi/cons forecasts by 25%/15%. The outperformance was again driven by solid top-line growth, margin expansion, and disciplined opex control. GPM further improved to 57.5% (+0.7 ppt QoQ/+1.7 ppts YoY), supported by a richer mix of high-margin AI/HPC orders (56% in 2Q26 vs. 45% in 1Q26). Opex ratio lowered to 22.8% due to disciplined cost control and improved production efficiency. CHPT will host its 2Q26 earnings call on Jul 29. We believe the key focus remains on AI GPU/ASIC testing board ramping progress, probe card total solution opportunities, and capacity expansion schedule. Reiterate Buy.

Buy / High Risk	
Price (28 Jul 26 15:00)	NT$2,480.00
Target price	NT$4,900.00
Expected share price return	97.6%
Expected dividend yield	0.6%
Expected total return	98.2%
Market Cap	NT$81,317M
	US$2,518M

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Figure 1. CHPT – 2Q26 earnings review

(NT$mn)	2Q26 Actual	1Q26 Actual	Q/Q	2Q25 Actual	Y/Y	2Q26 Citi	Diff.	2Q26 Cons.	Diff.
Revenue	1,640	1,357	21%	1,216	35%	1,547	6%	1,608	2%
Gross profit	943	771	22%	679	39%	871	8%	903	4%
Gross margin	*57.5%*	*56.8%*	*+0.7 ppt*	*55.8%*	*+1.7 ppt*	*56.3%*	*+1.2 ppt*	*56.1%*	*+1.4 ppt*
Op. profit	570	397	43%	314	82%	483	18%	516	10%
OP margin	*34.7%*	*29.3%*	*+5.5 ppt*	*25.8%*	*+8.9 ppt*	*31.3%*	*+3.5 ppt*	*32.1%*	*+2.7 ppt*
Net income	494	342	44%	216	129%	397	25%	415	19%
EPS (NT$)	15.06	10.43	44%	6.58	129%	12.10	25%	13.11	15%

Source: Company Reports, Citi Research Estimates, Bloomberg consensus

CHPT

Valuation

We value CHPT using a PE-based approach that factors in earnings momentum and the structural shift towards high-end testing. Our target price of NT$4,900 is derived from applying 40x to 2027E EPS, near the high end of its historical PE range, which we believe is justified given the company's entrenched position in the 2nm/3nm testing segment, rising contribution from US AI GPU & AI ASIC projects, and the unique competitive advantage of its "All-in-House" vertical integration model. With these structural drivers in place, and as we believe the market is starting to value it as an AI/HPC play (rather than a consumer electronics stock), we expect the multiple to hold at a premium relative to its historical averages.

Risks

Our quant system rates the CHPT stock as High Risk for its share-price volatility.

Key downside risks that could impede the stock from reaching our target price, and to our earnings forecasts, include: 1) margin compression from lower-than-expected utilization rates; 2) execution delays in concentrated US AI GPU and ASIC programs; 3) intensifying competition in testing boards from global peers; and 4) structural gross margin dilution from a shift towards high-end burn-in boards.

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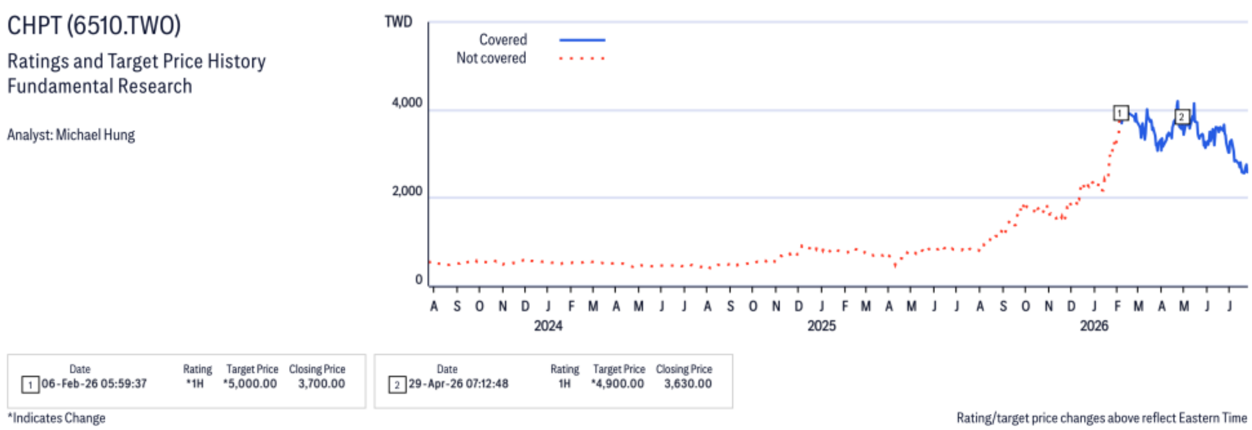

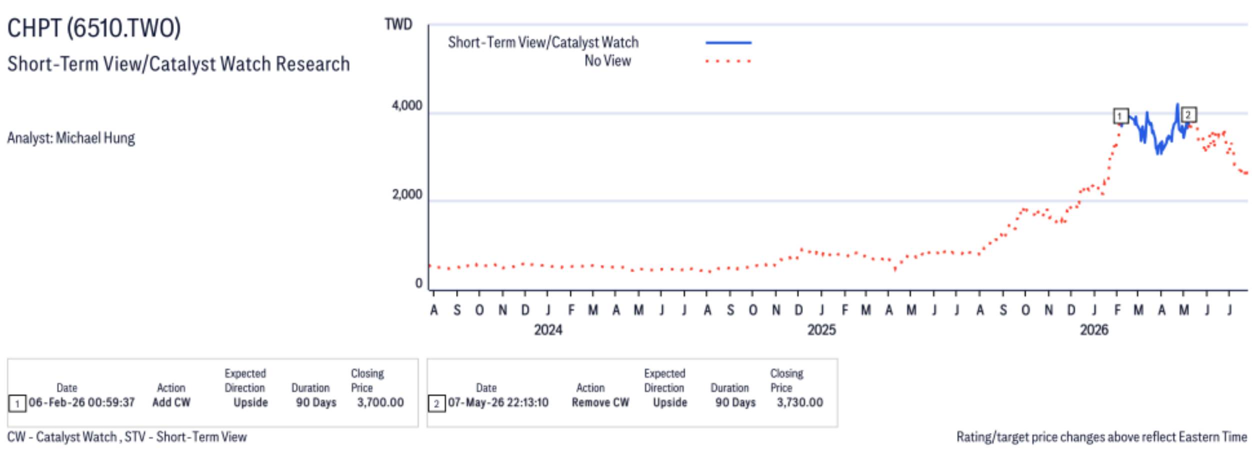

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