27 Oct 2026 06:02:13 ET | 11 pages

CHPT (6510.TWO)

First Take on 3Q26 Results - Margins Remain Resilient; Focus Shift to New Projects Ramp

CITI'S TAKE

CHPT reported 3Q26 net profit of NT$551mn (+12% QoQ/+100% YoY), largely in line with Citi forecasts but slightly below cons forecasts. GPM maintained solid at 57.3% (-0.3 ppt QoQ/+0.9 ppt YoY), 2.0 ppts/1.8 ppts above Citi/cons expectations, as dilution concern from new product ramps proved milder than expected. Opex of NT$420mn went above expectations, likely reflecting capacity expansion, while opex ratio still eased to 22.0%, lifting OPM to 35.2% (+0.5 ppt QoQ/+10.5 ppts YoY). CHPT will host its 3Q26 earnings call on Oct 28. We believe the key focus remains on AI GPU/ASIC testing board ramping progress, GPM sustainability with higher new products mix, probe card total solution opportunities, and capacity expansion schedule. Reiterate Buy/High Risk.

Buy / High Risk	
Price (27 Oct 26 15:00)	NT$2,910.00
Target price	NT$4,350.00
Expected share price return	49.5%
Expected dividend yield	1.1%
Expected total return	50.6%
Market Cap	NT$95,824M
	US$2,940M

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Figure 1. CHPT - 3Q26 earnings review

(NT$mn)	3Q26 Actual	2Q26 Actual	Q/Q	3Q25 Actual	Y/Y	3Q26 Citi	Diff.	3Q26 Cons.	Diff.
Revenue	1,905	1,640	16%	1,242	53%	1,957	-3%	1,968	-3%
Gross profit	1,091	943	16%	700	56%	1,081	1%	1,091	0%
Gross margin	*57.3%*	*57.5%*	*-0.3 ppt*	*56.3%*	*+0.9 ppt*	*55.2%*	*+2.0 ppt*	*55.4%*	*+1.8 ppt*
Op. profit	671	570	18%	307	118%	670	0%	688	-3%
OP margin	*35.2%*	*34.7%*	*+0.5 ppt*	*24.7%*	*+10.5 ppt*	*34.2%*	*+1.0 ppt*	*35.0%*	*+0.2 ppt*
Net income	551	494	12%	276	100%	541	2%	578	-5%
EPS (NT$)	16.76	15.02	12%	8.41	99%	16.51	1%	17.47	-4%

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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$4,350 is derived from applying 35x to 2027E EPS, implying the company's average forward PE since 2024 +1 SD, 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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Appendix A-1

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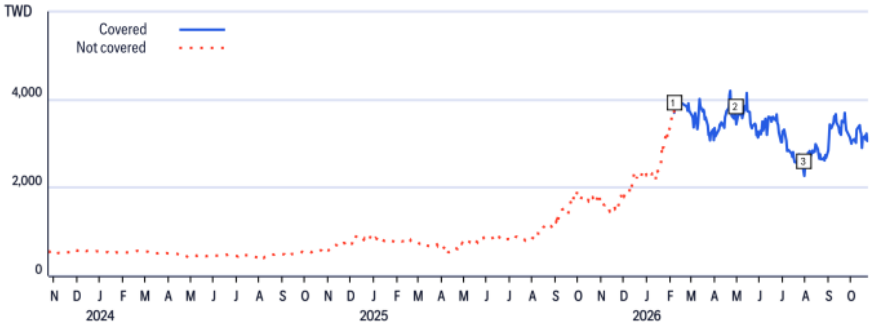
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CHPT (6510.TWO)

Ratings and Target Price History
Fundamental Research

Analyst: Michael Hung



	Date	Rating	Target Price	Closing Price
1	06-Feb-26 05:59:37	*1H	*5,000.00	3,700.00
2	29-Apr-26 07:12:48	1H	*4,900.00	3,630.00
3	29-Jul-26 14:55:23	1H	*4,350.00	2,370.00

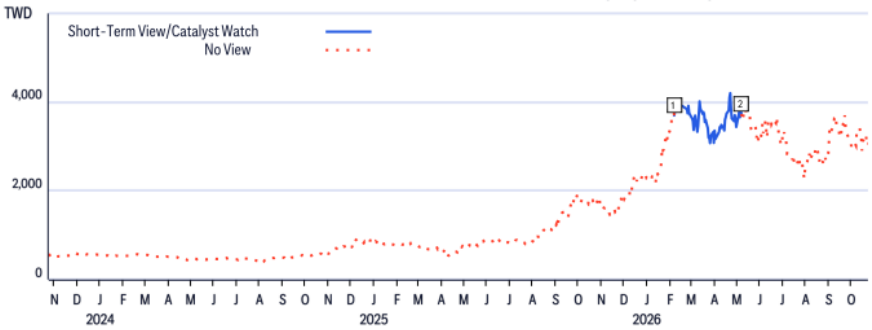
*Indicates Change

Rating/target price changes above reflect Eastern Time

CHPT (6510.TWO)

Short-Term View/Catalyst Watch Research

Analyst: Michael Hung



	Date	Action	Expected Direction	Duration	Closing Price
1	06-Feb-26 00:59:37	Add CW	Upside	90 Days	3,700.00
2	07-May-26 22:13:10	Remove CW	Upside	90 Days	3,730.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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% of companies in each rating category that are investment banking clients	39%	43%	30%	42%	38%	36%

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