Kinik

Outperform

Macquarie Asia Conference 2026

Capital Goods
Taiwan

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What's new

- Kinik attended our 2026 Asia Conference. The company outlined strong business momentum in its CMP diamond disk segment, supported by market share gains at advanced nodes and new client qualifications. Mgmt expects GPM for CMP diamond disk to expand further during the year, mainly driven by high market share in the rapidly ramping up 3nm and 2nm nodes. Additionally, mgmt noted that its newly developed grinding wheel product is currently under qualification phase, which could provide significant upside potential once qualified and enters volume production.

Why it matters

- **Margin expansion driven by advanced node.** CMP diamond disk segment's GPM is expanding further from 1Q26. This business unit accounts for c.30% of the company's revenue. Advanced diamond disks command a significantly higher ASP than conventional ones. Kinik's 70-80% market share in 3nm and 2nm gives it an edge to accelerate revenue growth and GPM expansion as customers rapidly ramping up 3nm and 2nm during the year. Mgmt also said that migrating from 3nm to 2nm would drive a 10% market size growth for diamond disk usage as chip layers increase, while a shift to next-gen backside power delivery nodes would drive an additional 20-30% increase.
- **US IDM customer qualification and premium pricing.** Kinik qualified its diamond disks for a US customer's leading node, where mgmt expects to capture 25-30% market share. Mgmt indicated ASP upside potential for further sales to this US customer, as Kinik's product enjoys a quality premium over those of its peers.
- **Memory customer usage and volume growth.** US memory customer will increase its diamond disk usage, which could increase Kinik's market share with the customer. Mgmt notes that once qualified in Taiwan, this memory customer transfers the information to its fabs in Japan and Singapore, which provides market expansion potential for company.
- **Grinding wheel development.** Kinik is developing fine grinding wheels for silicon wafer thinning to compete in a high-margin equipment market currently dominated by Japanese suppliers. Kinik has qualified certain specs and targets completing qualifications for the rest of the specs with its key foundry client by the end of this year. GPM for grinding wheels is higher than the corporate average.

1560 TT	Outperform
Price (at 19 May 2026)	TWD644.00
12-month target	TWD855.00
12-month TSR (%)	33.9
Volatility Index	High
Market Cap (Local) (m)	94,856
Market Cap (USD) (m)	2,996
Free Float (%)	76
30-day avg turnover (USD) (m)	52.7

Investment Fundamentals

Year end 31 Dec	2025A	2026E	2027E	2028E
Revenue (m)	8,149	10,591	13,127	15,192
Revenue growth (%)	16.1	30.0	23.9	15.7
EBIT (m)	1,303	2,238	3,263	4,187
EBIT growth (%)	12.8	71.7	45.8	28.3
Reported profit (m)	1,360	2,038	2,859	3,626
Adjusted profit (m)	1,360	2,038	2,859	3,626
EPS rep [TWD]	9.3	13.7	19.3	24.4
EPS rep growth (%)	30.5	47.8	40.3	26.8
EPS adj [TWD]	9.3	13.7	19.3	24.4
EPS adj growth (%)	30.4	47.8	40.3	26.8
Net debt/equity (%)	(2.6)	3.3	(8.3)	(29.4)
ROA (%)	10.7	16.0	20.8	22.7
ROE (%)	17.8	23.2	27.6	27.7
PER rep (x)	69.3	46.9	33.4	26.4
PER adj (x)	69.3	46.9	33.4	26.4
P/BV (x)	11.6	10.1	8.5	6.4
Total div yield (%)	0.8	1.1	1.4	0.0

1560 TT rel TAIEX performance, & rec history

Source: FactSet, Macquarie Research, May 2026 (all figures in TWD unless noted, TP in TWD)

Analysts

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Important Disclosures

Recommendation definitions	Volatility index definition	Financial definitions
Macquarie – Asia and USA Outperform – expected return >10% Neutral – expected return from -10% to +10% Underperform – expected return <-10% **Macquarie – Australia/New Zealand** Outperform – expected return >10% Neutral – expected return from 0% to 10% Underperform – expected return <0% During periods of share price volatility, recommendations and target prices may occasionally and temporarily be inconsistent with the above definitions. **Recommendations** – 12 months **12-month target** – Expected share price in 12 months **Valuation** – The company's estimated fair value share price based on the disclosed valuation methodology **Note**: Quant recommendations may differ from Fundamental Analyst recommendations	This is calculated from the volatility of historical price movements. **Very high** – highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative. **High** – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative. **Medium** – stock should be expected to move up or down at least 25–40% in a year. **Low** – stock should be expected to move up or down at least 15–25% in a year. * Applicable to select stocks in Asia/Australia/NZ **Note:** expected return is reflective of a Medium Volatility stock and should be assumed to adjust proportionately with volatility risk	All "Adjusted" data items have had the following adjustments made: **Added back:** goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests **EPS** = adjusted net profit / efpowa* **ROA** = adjusted ebit / average total assets **ROA Banks/Insurance** = adjusted net profit /average total assets **ROE** = adjusted net profit / average shareholders funds **Gross cashflow** = adjusted net profit + depreciation *equivalent fully paid ordinary weighted average number of shares All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions for quarter ending 31 Mar 2026

	AU/NZ	Asia	USA	
Outperform	66.90%	69.32%	67.14%	(for global coverage by Macquarie, 1.93% of stocks followed are investment banking clients)
Neutral	27.18%	17.21%	32.86%	(for global coverage by Macquarie, 0.40% of stocks followed are investment banking clients)
Underperform	5.92%	13.47%	0.00%	(for global coverage by Macquarie, 0.00% of stocks followed are investment banking clients)

Company-Specific Disclosures

Company Name	Disclosure
Kinik (1560 TT) **Outperform** 12-month target: TWD855.00 - PER Valuation: TWD 855.00 - PER Price: TWD644.00	None

Target Price Risk Disclosures

Company Name	Risk Disclosure
Kinik (1560 TT)	• Slower-than-expected ramp-up of TSMC's 2nm nodes. • Lower-than-expected customer adoption of 2nm nodes at TSMC. • Delays in the construction or commissioning of TSMC's new fabs. • Loss of market share or weaker revenue and margins due to competition.

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Recommendation history

Company name	Date	Recommendation	Target price
Kinik (1560 TT)	13-May-2026	Outperform	TWD 855.00
	12-Mar-2026	Outperform	TWD 500.00

11-Feb-2025	Outperform	TWD 370.00
13-Nov-2024	Outperform	TWD 420.00

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