

Nan Ya Plastics Corp

Blue skies turn to reality, raise PT to NT\$200; good progress on M9/M10 CCL and T-glass; AI-grade might form >50% of mix by 2028

Nan Ya Plastics' share price has rallied by >40% over the past week (vs. Taicx: +8%) due to continued competitor price hikes across electronic materials, and rising expectations for potential good news from the company's M9/M10 qualification with Nvidia. We think the vast majority of investors remain skeptical and uninvested in Nan Ya Plastics, preferring more obvious pure-play PCB chain companies, which on average are up by 182% YTD (Tier 1/2: +221% YTD, see Fig 4). An M9/M10 order win in coming months might be the much-needed catalyst to trigger a valuation multiple re-rating, in our view. We raise 2026/27/28E EPS by 38-65% to reflect recent competitor price hikes and higher AI-grade product mix (JPMe M7+ now >60% of CCL revenue by 2028, and low-dk >50% of glass fiber revenue, versus negligible in 2025), and PT to a street high of NT\$200/sh (4x P/B, ~30% 2028E ROE). Our PT implies 2026/27 P/Es of 23x/15x, offering a 5% 2027E dividend yield even at NT\$200/share.

- **Good progress on M8-M10 CCL and T-glass:** As recently as 2025, NPC had less than 10% specialty grade electronic material exposure (mostly M4/M6 CCL and E-glass), with highly cyclical earnings. As such, even though NPC's 2025 CCL capacity was similar to Elite Material's, its CCL revenue and ASP was less than half of EMC's. We forecast NPC's gap versus industry leaders like EMC/Nittobo to narrow in coming years given the company's progress in next-gen electronic materials. NPC has won multiple M7/M8 orders over the past year and is ramping up production, and was one of 3 companies reportedly selected for M10 sampling with Nvidia. NPC was also successful in launching T-glass production and plans to triple capacity by 2028. Given the company is now operating at close to max utilization for most of its products and only has one major copper foil expansion starting in 1Q27, we view the next positive catalysts as: (1) successful M9-10 qualification, (2) expansion of high margin electronic material capacity, and (3) further upward earnings revisions on product mix improvement and price hikes.
- **Commodity-grade EM upcycle might last longer than you think:** On 14 January, we [highlighted our expectation](#) for commodity-grade electronic materials to enter a bull market due to the "server supercycle" coming from higher AI inference demand. NPC has a historical niche in general server EM, for which many customers are expected to migrate from M6 CCL to M7+ CCL in 2H26. We note that capacity upgrades typically come with a capacity conversion loss of 15-60% depending on product, exacerbating the shortage. While previous EM upcycles typically lasted 2 years, we do not rule out the potential for this cycle to be longer given significant capacity conversion loss against a backdrop of strong AI demand. We model NPC's electronic materials OPM peaking at a new record high of 28%, and note that even when the industry downcycle inevitably returns, we expect NPC's transition into M8-10 CCL, T-glass and HVLP 3+ copper foil to help keep margins above 10%.
- **NER glass for M9 - broadening the opportunity for NPC.** As noted by our analyst covering Nitto Boseki, Mio Shikanai, enquiries for NER-glass

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Overweight

1303.TW, 1303 TT

Price (18 Jun 26): NT\$139.00

▲ Price Target (Dec-27): NT\$200.00

Prior (Jun-27): NT\$125.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (NT\$)	6.26	8.63	37.8%
Adj. EPS - 27E (NT\$)	8.13	13.41	64.9%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	29	68	73	58	54
Growth	28	94	83	89	91
Momentum	11	28	92	69	21
Quality	91	92	89	86	88
Low Vol	78	62	28	26	25
ESGQ	87	94	96	6	92

See page 10 for analyst certification and important disclosures, including non-US analyst disclosures.

Price Performance



	YTD	1m	3m	12m
Abs	130.9%	65.1%	61.2%	388.6%
Rel	70.5%	51.5%	26.0%	280.7%

Company Data

Shares O/S (mn)	7,931
52-week range (NT\$)	139.00-26.25
Market cap (\$ mn)	34,902
Exchange rate	31.58
Free float (%)	61.0%
3M ADV (mn)	82.29
3M ADV (\$ mn)	240.8
Volatility (90 Day)	80
Index	TAIEX
BBG ANR (Buy Hold Sell)	6 2 1

Key Metrics (FYE Dec)

NT\$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	259,912	304,503	376,983	419,829
Adj. EBITDA	26,221	52,255	81,056	101,240
Adj. EBIT	3,704	29,591	57,883	77,611
Adj. net income	4,519	68,454	106,347	120,294
Adj. EPS	0.57	8.63	13.41	15.17
BBG EPS	0.41	6.49	6.82	9.78
Cashflow from operations	8,649	72,768	108,667	132,034
FCFF	(754)	63,502	98,845	124,217
Margins and Growth				
Revenue Growth Y/Y (%)	0.1%	17.2%	23.8%	11.4%
EBITDA margin	10.1%	17.2%	21.5%	24.1%
EBITDA Growth Y/Y (%)	13.3%	99.3%	55.1%	24.9%
EBIT margin	1.4%	9.7%	15.4%	18.5%
Net margin	1.7%	22.5%	28.2%	28.7%
Adj. EPS growth	35.3%	1414.9%	55.4%	13.1%
Ratios				
Adj. tax rate	21.6%	21.6%	21.6%	21.6%
Interest cover	10.7	19.9	32.7	49.7
Net debt/Equity	0.3	0.2	0.2	0.1
Net debt/EBITDA	4.8	1.8	1.0	0.5
ROCE	0.6%	4.5%	8.7%	11.3%
ROE	1.3%	18.7%	27.2%	28.9%
Valuation				
FCFF yield	(0.1%)	5.8%	9.0%	11.3%
Dividend yield	0.6%	4.3%	7.2%	8.7%
EV/Revenue	4.8	4.0	3.2	2.8
EV/EBITDA	47.5	23.2	14.8	11.6
Adj. P/E	244.0	16.1	10.4	9.2

Summary Investment Thesis and Valuation

Investment Thesis

NPC is a major producer of electronic materials (CCL, Copper foil, Epoxy Resin, glass fiber, PCB), polyester, chemicals (mainly MEG/BPA), and PVC plastics. We are OW on NPC on the back of emerging EPS positives from a multi-year PCB material supply tightness and its transition towards specialty grade electronic materials. While we estimate that >90% of NPC's electronic materials sales are commodity-grade with lower margins as of 2025, an improving product mix, utilisation uptick and price hikes on the back of tightening industry S&D in the coming years should drive OPM upside for the segment, in our view.

Valuation

Our Dec-27 PT of NT\$200 is based on a one-year forward P/B of 4x to reflect new record high ROE of close to 30% by 2028 (previous: 2.5x, 15-20% ROE). This is due to the structural improvement in electronic material margins caused by NPC's transition towards AI-grade electronic materials. We see NPC's ROE improving to >25% over the next two years. For comparison, NPC's historical 10-year average P/B and ROE are 1.6x and 9%, respectively.

Performance Drivers

Market	6%
Region	0%
Macro	17%
Style	3%
Idiosyn.	74%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.56	0.26
Region: Taiwan	0.15	-0.04
Macro:		
Citi Economic Surprise - EM	-0.17	-0.29
HSI Volatility Index	-0.43	-0.19
JPM EM Currency(EMCI) Fixing	0.33	0.17
Quant Styles:		
Quality	-0.26	-0.24
DivYld	-0.36	-0.13
LowVol	-0.33	-0.13

application on M9 CCL have been emerging on the back of advancement in resin technology. This marks an expansion in TAM as M9 was originally qualified for Q-glass only (Figure 3). We view this as positive for NPC's M9 CCL market entry, as the company's partnership with Nittobo ([JPM note](#)) also includes long-term supply agreement of NER-yarn, which is earmarked for exclusive use for NPC's in-house CCL production. We believe NPC has submitted M9/M10 samples with both NER and Q glass options, and is currently awaiting customer qualification with potential end-2026 production and earnings contribution in 2027. NPC's breakthrough in M7+ CCL markets could represent a significant margin driver. Compared to NPC's previous M6 or lower products, we estimate an upgrade to M7-8 might lift prices by 30-80%, while an upgrade to M9 might lift prices by over 5x.

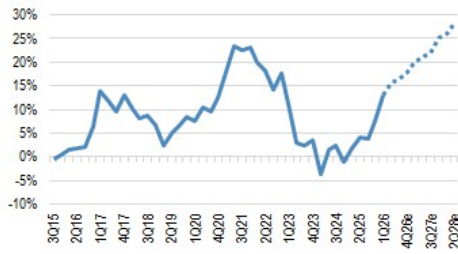
- **Further upside to the 10%-40% industry price hikes:** Following the 10%-40% price hike announcement across the industry in early Apr, major CCL producers (EMC, ITEQ, TUC) have all been printing record high single month sales (JPM notes on [Apr/May](#) revenue release), while NPC sees revenue reaching a 45+ month high. Price hikes have been swiftly converting to earnings, with EMC's May attributable NP reaching NT \$3.25bn, +199% y/y and already representing 40% of 2Q consensus. Post Kingboard's price hike announcement, NPC [commented](#) that "pricing deliberation with clients will continue" to ensure "full reflection of ongoing market S-D condition". Management had previously guided in [our fireside chat](#) that 2Q margin improvement remains on track as the full quarter contribution of the CCL price hike (16 Mar) feeds through, and we expect the 2Q electronic materials margin to exceed 15% (+11pct y/y), marking a three-year high.
- **Raise EPS by 38%-65% and PT to a new Street-high of NT\$200:** We raise FY26-28E EPS to reflect an improved electronic materials product mix, as well as upward revisions to consensus expectations for NYT (equity method income) and NY PCB. Our FY26-28E EPS is 34-97% above the Street. We now forecast NE/NER/T glass to account for 50% of glass fiber revenue by 2028 (previous: 20%), while M7+ will account for >60% of CCL revenue by 2028 (previous: 30%). The improved product mix results in electronic materials OPM reaching a new record high of 28% in 2Q28, versus the previous peak of 23% in 2Q21. Our PT is based on 4x P/B (previous: 2.5x) to reflect ROE rising to 29% by 2028 (previous: 20%). Our revised PT of NT\$200 implies 15x 2027 P/E, versus industry peers at 27-78x 2027E P/E and 11x P/B, ROE 28% (Figure 4).

Figure 1: NPC quarterly earnings (NT\$mnn)

Unit: NT\$ m in millions	10Q25	20Q25	30Q25	40Q25	10Q26	20Q26	30Q26	40Q26	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	65,552	65,716	64,177	64,467	68,600	75,407	75,685	84,812	273,354	411,670	355,183	259,755	259,608	259,912	304,503	376,983	419,829
Plastics (PVC products)	9,030	9,235	8,982	9,005	9,122	9,214	8,192	8,192	40,921	48,624	43,419	38,539	39,238	36,251	34,721	34,902	35,082
Electronic materials	28,033	29,877	29,911	32,797	36,222	43,000	43,558	52,685	119,777	182,319	160,662	115,546	108,365	120,618	175,465	247,227	288,765
Polyester	11,787	10,588	9,405	9,918	10,712	10,819	10,718	10,718	43,580	58,320	63,957	45,211	48,510	41,698	42,968	42,968	42,968
Chemicals (MEG, BPA, etc.)	15,531	14,763	14,728	11,544	11,162	11,274	12,116	12,116	64,902	117,234	82,491	54,900	58,363	56,665	46,669	47,207	48,334
Others	1,971	1,255	1,152	1,202	1,381	1,180	1,100	1,100	4,174	5,173	4,654	5,560	5,134	4,680	4,680	4,680	4,680
Operating Income	36	1,302	1,036	1,329	3,780	6,543	7,631	11,638	21,220	80,984	32,044	1,962	435	3,704	29,591	57,883	77,611
Plastics (PVC products)	697	733	757	799	855	864	768	464	3,562	3,257	2,142	2,500	3,097	2,985	2,951	3,071	3,087
Electronic materials	482	1,196	1,124	2,485	4,759	6,665	7,187	9,463	12,250	40,014	28,206	5,589	(30)	5,287	28,074	54,390	72,191
Polyester	(148)	103	(363)	(308)	(235)	(237)	(235)	1,136	1,673	6,063	4,124	(585)	(473)	(716)	430	430	430
Chemicals (MEG, BPA)	(1,477)	(827)	(1,076)	(2,024)	(1,792)	(902)	(242)	135	2,215	32,709	2,399	(6,287)	(3,549)	(5,403)	(2,800)	(644)	967
Others	482	97	594	377	192	153	153	438	1,520	(1,042)	(4,828)	751	1,390	1,551	936	936	936
OPM	6.1%	2.0%	1.6%	2.1%	5.5%	8.7%	10.1%	13.7%	7.8%	19.7%	9.0%	0.8%	0.2%	1.4%	8.7%	15.4%	18.5%
Plastics (PVC products)	7.7%	7.9%	8.4%	8.9%	9.4%	9.4%	9.4%	5.7%	8.7%	6.7%	4.9%	6.5%	7.9%	8.2%	8.5%	8.8%	8.8%
Electronic materials	1.7%	4.0%	3.8%	7.6%	13.1%	15.5%	16.5%	18.0%	10.2%	21.9%	17.0%	4.8%	0.0%	4.4%	16.0%	22%	25%
Polyester	-1.3%	1.0%	-3.9%	-3.1%	-2.2%	-2.2%	-2.2%	10.0%	3.8%	10.4%	6.4%	-1.3%	-1.0%	-1.7%	1.0%	1.0%	1.0%
Chemicals (MEG, BPA)	-9.5%	-5.6%	-7.3%	-17.5%	-16.0%	-8.0%	-2.0%	1.1%	3.4%	27.9%	2.9%	-11.5%	-6.1%	-9.5%	-6.0%	-2.0%	2.0%
Others	45.1%	7.7%	51.6%	31.4%	13.9%	13.9%	13.9%	39.9%	36.4%	-20.2%	-103.7%	13.5%	27.1%	33.1%	20.0%	20.0%	20.0%
Equity Income (23% FPCC, 29.5% NYT)	436	(2,972)	2,208	3,919	12,120	14,415	13,862	18,531	6,643	20,748	4,819	3,974	1,414	3,590	58,928	79,021	76,591
Other non-CP	342	(2,524)	756	891	180	(179)	(179)	(179)	2,575	1,731	10,688	3,194	2,675	(834)	(367)	62	727
Total Non-op Income	778	(5,496)	2,964	4,810	12,300	14,236	13,683	18,353	9,218	22,480	15,507	7,168	4,089	2,755	58,572	79,084	77,318
Pre-tax Income	814	(4,194)	4,000	5,839	16,080	20,779	21,314	29,900	30,438	103,464	47,551	9,130	4,523	6,459	88,163	136,966	154,928
Tax Expense	(320)	(11)	(521)	(541)	(1,405)	(1,816)	(1,863)	(13,934)	(3,813)	(18,631)	(9,066)	(1,020)	(1,216)	(1,393)	(19,018)	(29,545)	(33,420)
Minority Interest	(41)	89	(219)	(377)	(420)	(90)	(90)	(90)	(915)	(3,538)	(6,376)	(1,800)	33	(547)	(691)	(1,074)	(1,215)
Net Income	453	(4,116)	3,260	4,922	14,255	18,872	19,360	15,966	25,709	81,295	32,109	6,310	3,340	4,519	68,454	106,347	120,294
EPS	0.06	(0.52)	0.41	0.62	1.80	2.38	2.44	2.01	3.24	10.25	4.05	0.80	0.42	0.57	8.63	13.41	15.17
ROE%									7.5%	21.4%	8.1%	1.7%	0.9%	1.3%	18.7%	27.2%	29%
DPS									2.40	7.50	3.00	0.70	0.80	0.80	6.04	10.06	12.13
Payout%									74%	73%	74%	88%	166%	140%	70%	75%	80%
Consensus	20y	21y	22y	23y	24y	25y	26y	27y	28y								
Sales	66,212	68,651	66,344	67,210	66,359	74,612	76,381	77,604	268,201	406,871	371,956	292,931	253,426	264,203	289,531	310,959	372,214
OP	379	1,335	1,485	1,985	1,477	5,156	6,511	6,312	16,951	77,646	34,108	2,684	1,522	4,326	20,330	29,350	38,694
NP	1,469	(1,321)	2,990	2,239	6,628	13,190	16,484	16,827	21,439	79,688	39,922	9,389	5,396	3,447	51,131	64,139	77,552
EPS	0.15	(0.05)	0.35	0.43	1.01	1.66	2.08	2.00	2.53	10.12	4.94	1.11	0.80	0.41	6.49	6.82	9.78

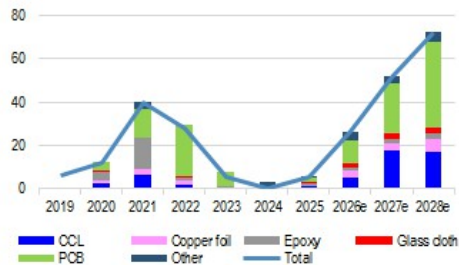
Source: Company data, JP Morgan estimates

Figure 2: NPC electronic material OPM %



Source: Company data, J.P. Morgan estimates

Figure 3: NPC electronic material OP split (NT\$bn)



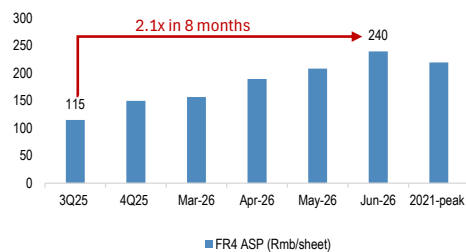
Source: Company data, J.P. Morgan estimates

Figure 4: AI Materials comps

Ticker	IPM rating	YTD share price perf	P/BV (x)	2026E	2027E	2028E	2026E	2027E	2028E	Div yld (%)	2026E	2027E	2028E	EPS y/y growth (%)	2026E	2027E	2028E	ROE (%)	2026E	2027E	2028E
PCB avg		80%	12.3	9.2	6.4	42	28	20	20	0.7	1.2	na	73	51	41	33.3	37.0	37.7			
Glass Fiber avg		253%	30.7	22.5	15.4	127	78	67	67	0.6	0.8	1.0	285	58	30	14.3	18.1	19.8			
Copper foil avg		156%	8.5	6.8	2.9	47	41	23	23	0.4	0.7	1.0	81	124	71	16.4	23.9	28.1			
CCL avg		245%	12.6	9.3	7.0	43	27	20	20	1.1	1.6	2.4	148	56	37	27.0	32.7	34.9			
MLCC upstream avg		198%	13.2	10.6	8.5	87	64	50	50	1.0	1.0	1.1	77	32	25	13.5	15.5	15.6			
MLCC avg		332%	7.7	6.9	6.1	84	60	35	35	0.7	0.8	1.0	48	40	37	10.7	13.8	17.6			
Memory avg		217%	4.6	2.8	2.0	9	7	7	7	1.5	2.1	2.7	952	34	2	65.2	48.7	35.3			
Nanya Plastic (NPC)	1303 TT	OW	131%	2.9	2.7	2.6	16	10	9	4.3	7.2	8.7	1,415	55	13	18.7	27.2	28.9			
FCFC	1326 TT	OW	69%	0.9	0.9	0.9	27	19	13	0.0	0.0	0.1	206	138	144	3.4	4.6	6.5			
FPC	1301 TT	OW	33%	1.3	1.2	1.2	14	13	9	0.1	0.1	0.1	361	104	139	2.0	3.5	5.4			
FPCC	6505 TT	OW	12%	0.9	0.9	0.9	47	27	18	0.0	0.0	0.0	72	177	153	9.6	9.5	12.7			

Source: Bloomberg Finance LP, J.P. Morgan Asia Energy Research. Priced on 20 June 2026. Note: PCB, Glass Fiber, Copper foil, CCL and Memory basket show the simple average valuation multiples of Asia-listed peers - detailed comps sheet available on request.

Figure 5: China FR4 CCL ASP (Rmb/sheet)



Source: Company data, J.P. Morgan Asia Energy Research

Figure 6: China G75 electronic glass fiber yarn price

Rmb/t



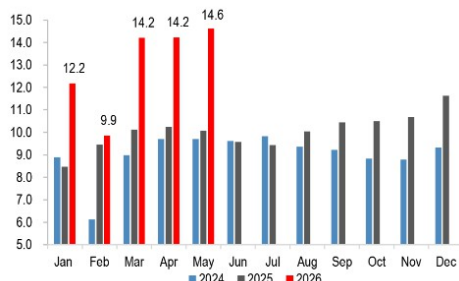
Source: Company data, Wind, J.P. Morgan Asia Energy Research

Figure 7: Electronic material price hike announcements since 2025

Date	Company	Announced Pricing adjustment
CCL		
Jan 16th, 2026	Resonac	All CCL +30% for shipments from 1 Mar, 2026 onwards. Prev hike was 10% in Nov 2022 and 15% in Jan 2022
Mar 10th, 2026	Kingboard	+10% price hike across CCL/PP/copper foil processing fee
Mar 16th, 2026	NPC	+15% across CCL products
Apr 3rd, 2026	Kingboard	+10% price hike across CCL/PP products citing raw material price inflation
Apr, 2026	EMC	High-end CCL +10% from 2Q26
Apr, 2026	TUC	+20%-40% for selected CCL products
Apr 9th, 2026	Panasonic	CCL/prepeg/FRP/FPC materials price +15-30% from May 2026
Apr, 2026	ITEQ	High-end CCL +10%
Apr 28th, 2026	Kingboard	+10% price hike on FR4/PP products
May 27th, 2026	Kingboard	+10%/20% price hike on CCL/PP products
Jun, 2026	Kingboard	+15% price hike on FR4/PP products
Electronic-grade Glass Fiber		
Aug 1st, 2025	Nitto Boseki	20% price hike on various glass fiber products
Apr-26	Nitto Boseki	30% price hike on T-glass, implemented April through July
Copper Foil		
Aug, 2025	Co-Tech	5-10% hike in processing fee for standard copper foil/HVLP4
Sep 29th, 2025	China Electronic Material Industry Association	"Recommendation" for an industry-wide increase in processing fees for electronic copper foil: +Rmb2/kg
Sep, 2025	NPC	Single-double digit % across conventional/high-end copper foil product
Oct, 2025	Mitsui Metal	+US\$2/kg (~15% increase) in high-end copper foil price

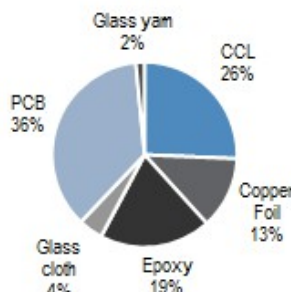
Source: Company data, J.P. Morgan Asia Energy Research. Above list not exhaustive.

Figure 8: NPC monthly electronic material revenue
NT\$ bn



Source: Company data. Based on the company's preliminary disclosures; numbers may be restated in the audited quarterly financial statements.

Figure 9: NPC 2025 electronic materials revenue
breakdown



Source: Company data, J.P. Morgan

Figure 10: J.P. Morgan earnings revision for Nan Ya Plastics

bn NT\$	Current			Previous			Change			Consensus			JPM v Cons		
	26E	27E	28E	26E	27E	28E	26E	27E	28E	26E	27E	28E	26E	27E	28E
Formosa Group															
NPC															
Revenue	304.5	377.0	419.8	306.0	339.3	372.2	0%	11%	13%	289.5	311.0	372.2	5%	21%	13%
OP	29.6	57.9	77.6	26.6	39.9	52.4	11%	45%	48%	20.3	29.3	38.7	46%	97%	101%
NP	68.5	106.3	120.3	49.7	64.5	77.6	38%	65%	55%	51.1	54.1	77.6	34%	96%	55%
DPS	6.0	10.1	12.1	4.4	6.1	7.3	38%	65%	66%	3.2	4.3	7.3	87%	136%	66%
PT (NT\$/sh)			200.0			125.0									
Rating			OW			OW									
ROE%	19%	27%	29%												
DPS as % curr px	4%	7%	9%												

Source: J.P. Morgan estimates, Bloomberg Finance L.P. Priced on 20 June 2026.

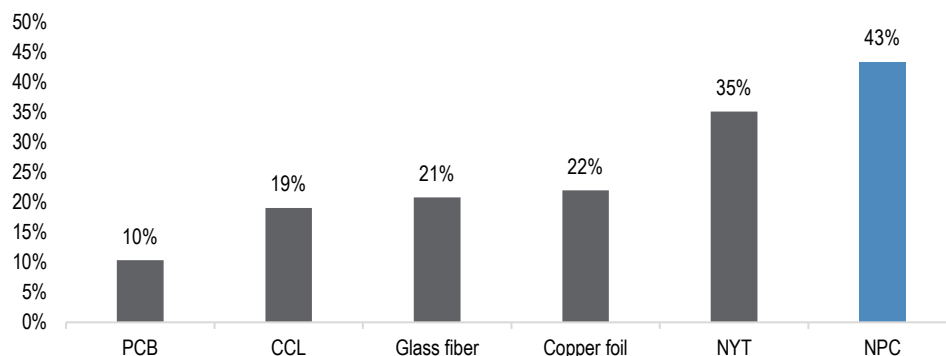
Figure 11: NPC detailed earnings changes (NT\$m)

	Revised			Previous			Change		
	2026	2027	2028	2026	2027	2028	2026	2027	2028
Total OP	29,591	57,883	77,611	26,618	39,913	52,449	2,973	17,970	25,162
Plastics/PVC	2,951	3,071	3,087	2,951	3,071	3,087	-	-	-
Electronic materials	28,074	54,390	72,191	25,586	36,598	46,899	2,488	17,792	25,292
PCB	10,494	23,097	39,251	10,680	17,625	22,913	(186)	5,472	16,338
CCL	5,451	17,342	16,927	5,503	10,083	9,244	(52)	7,258	7,683
Epoxy	1,256	1,895	2,804	1,256	1,353	1,402	-	541	1,402
Copper foil	2,812	3,938	6,070	973	2,379	4,150	1,839	1,559	1,920
Glass Cloth	2,037	2,448	2,445	1,135	1,313	873	902	1,135	1,571
Other	6,025	5,671	4,694	6,040	3,844	8,316	(14)	1,827	(3,622)
Polyester	430	430	430	430	430	430	-	-	-
Chems & other	(2,800)	(944)	967	(2,349)	(186)	2,033	(451)	(758)	(1,066)
Non-OP	58,572	79,084	77,318	37,228	43,138	47,433	21,344	35,946	29,885
of which NYT	49,627	71,085	65,001	29,178	35,939	36,348	20,449	35,146	28,653
Other non-OP	8,945	7,999	12,316	8,050	7,199	11,085	894	800	1,232
Pretax	88,163	136,966	154,928	63,846	83,051	99,882	24,317	53,915	55,046
NP	68,454	106,347	120,294	49,573	64,484	77,553	18,881	41,863	42,741

Source: J.P. Morgan estimates, Bloomberg Finance L.P. Note: NYT and NYPCB earnings based on BBG consensus.

Figure 12: 1week share price performance of PCB/CCL value chain names

% share price move



Source: Bloomberg Finance L.P., J.P. Morgan Asia Energy Research

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Investment Thesis, Valuation and Risks

Nan Ya Plastics Corp (*Overweight; Price Target: NT\$200.00*)

Investment Thesis

NPC is a major producer of electronic materials (CCL, Copper foil, Epoxy Resin, glass fiber, PCB), polyester, chemicals (mainly MEG/BPA), and PVC plastics. We are OW on NPC on the back of emerging EPS positives from a multi-year PCB material supply tightness and its transition towards specialty grade electronic materials. While we estimate that >90% of NPC's electronic materials sales are commodity-grade with lower margins as of 2025, an improving product mix, utilisation uptick and price hikes on the back of tightening industry S&D in the coming years should drive OPM upside for the segment, in our view.

Valuation

Our Dec-27 PT of NT\$200 is based on a one-year forward P/B of 4x to reflect new record high ROE of close to 30% by 2028 (previous: 2.5x, 15-20% ROE). This is due to the structural improvement in electronic material margins caused by NPC's transition towards AI-grade electronic materials. We see NPC's ROE improving to >25% over the next two years. For comparison, NPC's historical 10-year average P/B and ROE are 1.6x and 9%, respectively.

Risks to Rating and Price Target

Downside risks include weaker-than-expected MEG/BPA demand due to a weak macro or tariffs, a deceleration in global AI/datacenter capex, unsuccessful PCB/substrate price hikes/ next-gen electronic material qualification, and a loss of electronic materials market share.

Nan Ya Plastics Corp: Summary of Financials

Income Statement						Cash Flow Statement					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	259,608	259,912	304,503	376,983	419,829	Cash flow from operating activities	18,786	8,649	72,768	108,667	132,034
COGS	(241,034)	(238,313)	(255,577)	(295,899)	(316,707)	o/w Depreciation & amortization	22,032	21,933	22,345	22,774	23,117
Gross profit	18,574	21,599	48,926	81,084	103,123	o/w Changes in working capital	(4,244)	(6,222)	(15,694)	(20,802)	(12,835)
SG&A	(18,228)	(17,896)	(19,359)	(23,237)	(25,560)	Cash flow from investing activities	(17,900)	(11,332)	(11,329)	(11,766)	(9,413)
Adj. EBITDA	23,136	26,221	52,255	81,056	101,240	o/w Capital expenditure	(12,640)	(11,329)	(11,329)	(11,766)	(9,413)
D&A	(22,702)	(22,518)	(22,664)	(23,173)	(23,629)	as % of sales	4.9%	4.4%	3.7%	3.1%	2.2%
Adj. EBIT	435	3,704	29,591	57,883	77,611	Cash flow from financing activities	(20,112)	(16,751)	(68,499)	(88,187)	(104,262)
Net Interest	(2,063)	(2,456)	(2,631)	(2,479)	(2,036)	o/w Dividends paid	(5,615)	(5,562)	(47,918)	(79,760)	(96,235)
Adj. PBT	4,523	6,459	88,163	136,966	154,928	o/w Shares issued/(repurchased)	0	0	0	0	0
Tax	(1,216)	(1,393)	(19,018)	(29,545)	(33,420)	o/w Net debt issued/(repaid)	(9,950)	(7,554)	(20,582)	(8,426)	(8,028)
Minority Interest	33	(547)	(691)	(1,074)	(1,215)	Net change in cash	(13,856)	(20,295)	(7,061)	8,714	18,359
Adj. Net Income	3,340	4,519	68,454	106,347	120,294	Adj. Free cash flow to firm	7,653	(754)	63,502	98,845	124,217
Reported EPS	0.42	0.57	8.63	13.41	15.17	y/y Growth	(40.4%)	(109.8%)	(8526.6%)	55.7%	25.7%
Adj. EPS	0.42	0.57	8.63	13.41	15.17						
DPS	0.70	0.80	6.04	10.06	12.13						
Payout ratio	166.2%	140.4%	70.0%	75.0%	80.0%						
Shares outstanding	7,931	7,931	7,931	7,931	7,931						
Balance Sheet						Ratio Analysis					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	66,445	46,150	39,089	47,803	66,162	Gross margin	7.2%	8.3%	16.1%	21.5%	24.6%
Accounts receivable	41,852	46,344	51,663	63,961	71,230	EBITDA margin	8.9%	10.1%	17.2%	21.5%	24.1%
Inventories	51,696	51,303	65,804	81,467	90,726	EBIT margin	0.2%	1.4%	9.7%	15.4%	18.5%
Other current assets	25,508	34,039	36,938	37,664	37,421	Net profit margin	1.3%	1.7%	22.5%	28.2%	28.7%
Current assets	185,502	177,836	193,494	230,894	265,538	ROE	0.9%	1.3%	18.7%	27.2%	28.9%
PP&E	219,151	208,547	197,531	186,524	172,820	ROA	0.5%	0.7%	11.2%	16.9%	18.4%
LT investments	170,623	184,104	184,104	184,104	184,104	ROCE	0.1%	0.6%	4.5%	8.7%	11.3%
Other non current assets	42,198	40,111	41,089	41,089	41,089	SG&A/Sales	7.0%	6.9%	6.4%	6.2%	6.1%
Total assets	617,473	610,598	616,219	642,612	663,552	Net debt/Equity	0.3	0.3	0.2	0.2	0.1
Short term borrowings	97,303	93,325	76,946	71,297	70,397	Net debt/EBITDA	4.2	4.8	1.8	1.0	0.5
Payables	43,368	41,245	45,371	52,530	56,223	Sales/Assets (x)	0.4	0.4	0.5	0.6	0.6
Other short term liabilities	0	130	0	0	0	Assets/Equity (x)	1.8	1.7	1.7	1.6	1.6
Current liabilities	140,671	134,700	122,318	123,827	126,621	Interest cover (x)	11.2	10.7	19.9	32.7	49.7
Long-term debt	83,336	79,759	75,556	72,779	65,651	Operating leverage	137700.7%	644032.2%	4074.2%	401.7%	299.9%
Other long term liabilities	30,864	24,341	24,341	24,341	24,341	Tax rate	26.9%	21.6%	21.6%	21.6%	21.6%
Total liabilities	254,870	238,800	222,214	220,946	216,613	Revenue y/y Growth	(0.1%)	0.1%	17.2%	23.8%	11.4%
Shareholders' equity	346,583	355,666	377,180	403,767	427,825	EBITDA y/y Growth	(8.9%)	13.3%	99.3%	55.1%	24.9%
Minority interests	16,020	16,133	16,825	17,899	19,114	EPS y/y Growth	(47.1%)	35.3%	1414.9%	55.4%	13.1%
Total liabilities & equity	617,473	610,598	616,219	642,612	663,552						
BVPS	43.70	44.85	47.56	50.91	53.94						
y/y Growth	(3.8%)	2.6%	6.0%	7.0%	6.0%						
Net debt/(cash)	97,939	126,934	95,439	78,299	51,913						
Valuation											
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	330.0	244.0	16.1	10.4	9.2						
P/BV (x)	3.2	3.1	2.9	2.7	2.6						
EV/EBITDA (x)	52.6	47.5	23.2	14.8	11.6						
Dividend Yield	0.5%	0.6%	4.3%	7.2%	8.7%						

Source: Company reports and J.P. Morgan estimates.

Note: NT\$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Companies Discussed in This Report (all prices in this report as of market close on 18 June 2026, unless otherwise indicated)
Formosa Chemicals and Fibre Corp(1326.TW/NT\$54.20/OW), Formosa Petrochemical Corp(6505.TW/NT\$53.50/OW), Formosa Plastics Corp(1301.TW/NT\$51.70/OW)

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Nan Ya Plastics Corp (1303.TW, 1303 TT) Price Chart



Date	Rating	Price (NT\$)	Price Target (NT\$)
28-Jun-23	UW	77.10	65
10-Apr-24	UW	58.60	52.5
13-Jan-25	UW	28.30	24
21-Sep-25	OW	39.25	50
20-Nov-25	OW	53.80	70
14-Jan-26	OW	62.20	80
25-Feb-26	OW	90.80	120
12-Apr-26	OW	81.60	125

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 02, 2001. All share prices are as of market close on the previous business day.

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