

Taiwan PCB & Laminates

What's New at Citi Taiwan Tech Conference 2026 – strong demand and shortage

CITI'S TAKE

Overall, EMC, TUC and Gold Circuit (GCE) are all positive about AI demand and mentioned their capacity expansion pace could not catch up with end-customers' demand. EMC and TUC mentioned new CCL capacity ramp would be lower than new PCB capacity ramp, resulting in CCL shortage and potential price hikes going forward. EMC and TUC would continuously raise the price reflecting either inflation or premium based on customers' demand. GCE mentioned currently customers all agreed with the PCB price hike as well. GCE now sees m/s gain in its existing ASIC customer and sees good chance to support another new ASIC customer from 4Q26 onward. GCE's sales contribution from Thailand plant is guided to grow QoQ from 1Q26 onward, supporting its Thailand plant's profitability. Below are the key takeaways at Citi Taiwan Conference.

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GCE

- GCE plans to add one greenfield plant each year in 2027, 2028, and 2029. However, management indicated that the planned capacity expansion may still be insufficient to fully meet customers' demand.
- In addition to expanding MLB capacity, GCE also intends to invest in HDI production capacity to support future growth opportunities.
- For its existing ASIC customer, GCE is seeing market share gain in 2026 vs 2025. Meanwhile, management believes the company has a high probability of securing ASIC mainboard for additional ASIC customer.
- Thailand operations are expected to increase monthly revenue contribution from approximately NT\$600mn in 2Q26 to NT\$1.3bn in 3Q26. The facility is currently focused on general-purpose server products, with AI server production scheduled to commence in 2H26. Management expects profitability at the Thailand plant to improve gradually as utilization ramps.
- Regarding CCL supply, management believes supply can still be secured through previously negotiated long-term procurement forecasts. However, rush orders placed outside of committed volumes are unlikely to be fulfilled given tight industry supply conditions.

EMC and TUC

- Both EMC and TUC observed that CCL industry capacity additions remain below the pace of PCB industry expansion. As a result, both companies expect CCL supply tightness to persist, supporting further pricing hikes in CCL sector.
- EMC's future capacity expansion will primarily be concentrated in China, where management believes capacity deployment is more efficient and customer

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demand is more abundant. Nevertheless, the company does not rule out additional investments in Malaysia.

- On glass fiber supply, EMC believes it is unlikely to be affected by potential Low-Dk2 shortages, whereas TUC expects Low-Dk2 materials to remain tight. Both companies noted that E-glass supply conditions appear to be improving and may no longer represent a major bottleneck in 2027.
- For copper foil, EMC expects supply tightness could emerge in 2H26/2027. In contrast, TUC sees no meaningful shortage risk and believes copper foil pricing remains stable.
- Regarding pricing strategy, EMC intends to continue passing through higher raw material costs. At the same time, management emphasized the importance of maintaining long-term strategic relationships with key AI customers when implementing price adjustments.
- EMC believes customers' adoption of PTFE material remains at a very early evaluation stage and does not view PTFE adoption as a done deal at this point.
- EMC is currently qualifying its ABF CCL for an ASIC project. Management indicated that the qualification results are unlikely to be available until end-2026.
- TUC plans to adopt a more aggressive pricing strategy for M7 and below CCL. For M8 CCL, management expects pricing actions to remain aligned with EMC's strategy.
- TUC remains constructive on its Thailand expansion and continues to observe OOC demand from US-based customers.
- TUC's Thailand facility is now expected to begin contributing revenue by end-3Q26, later than previously anticipated, primarily due to delays in equipment deliveries.

Elite Material

(2383.TW; NT\$4885.0; 1; 05 Jun 26; 13:30)

Valuation

Our target price for EMC is set at NT\$5,100, based on a target PE multiple of 30x on our 2027E EPS average. We believe our target PE multiple, at the peak of its forward PE average in the past 5 years, is justified by a strong earnings outlook supported by its leading position in CCL supply for AI GPU and ASIC (high m/s) from 2026E onwards. We also believe the continued spec upgrade for CCL and price hikes should help support its margin expansion going forward. At our target price, the shares would trade at 22.9x/13.0x 2026E/27E PB.

Risks

Citi's quant system rates EMC high-risk given high share price volatility, which we largely attribute to frequent debates over the spec upgrade for next-gen AI servers. In general, we believe some investors initially tend to have high hope for aggressive spec upgrade without sufficiently considering the scalability and cost structure of CCL products, which then leads to a shortfall in the end. However, from a longer-term perspective, we see a decent and clear spec upgrade trend with meaningful ASP growth potential among AI servers of different generations. As such, we do not assign a high-risk rating.

Key downside risks that could prevent the shares from reaching our target price include: 1) a slower-than-expected CCL upgrade trend; 2) weaker-than-expected AI server demand; 3) production bottlenecks in AI supply chain (eg, glass, copper foil, foundry or OSAT); 4) unexpected share loss in key AI server projects; and 5) stricter practice of OOC policy by end customers.

Gold Circuit Electronics

(2368.TW; NT\$1315.0; 1; 05 Jun 26; 13:30)

Valuation

Our TP of NT\$1,650 for GCE is based on 26x our 2027E EPS estimate, which is higher than 22x or +2std level of its 1-year-forward PE over the past three years. We believe the 25x multiple is justified by GCE's high AI server/networking sales exposure, market share gain in existing ASIC customer and new AI ASIC customer wins from 4Q26, which drives its AI ASIC sales growth and margin profile. Recall that TSMC expects close to a 50%+ CAGR in the next five years for its AI-related demand, which is stronger than any other applications. Thus, we believe investors would be willing to pay for high-growth AI names (especially ASIC) with high PE multiples. Our target price is equivalent to 44x/26x our 2026/27E EPS estimates and 16.1x/10.0x our 2026/27E BVPS.

Risks

Key downside risks that could prevent the shares from reaching our target price include: 1) weaker-than-expected server recovery; 2) slower ramp-up pace of new server platform; 3) less-than-expected AI demand; 4) more PCB peers added into AI supply chain; and 5) stricter practice of China+1 by customers due to geopolitical concerns.

TUC

(6274.TWO; NT\$1610.0; 1; 05 Jun 26; 15:00)

Valuation

Our target price for TUC is set at NT\$1,600, based on a target PE multiple of 25x on our 2027E EPS. We believe our target PE multiple, at the peak of TUC's PE average in the last upcycle, is justified by its strong margin expansion potential on a higher sales mix from AI ASIC server/800G products and price hikes on supply tightness. We believe TUC's growth outlook is well supported by AI ASIC and 800G with its capacity ramp in Thailand from 2Q26 onward. At our target price, the shares would trade at 2026E/27E PB of 16.6x/10.0x.

Risks

Citi's quant system rates TUC high-risk given high share price volatility, which we largely attribute to frequent debates over the spec upgrade for next-gen AI servers. In general, we believe some investors initially tend to have high hope for aggressive spec upgrade without sufficiently considering the scalability and cost structure of CCL products, which then leads to a shortfall in the end. However, from a longer-term perspective, we see a decent and clear spec upgrade trend with meaningful ASP growth potential among AI servers of different generations. As such, we do not assign a high-risk rating.

Key downside risks that could prevent the shares from reaching our target price include: 1) a slower-than-expected CCL upgrade trend; 2) weaker-than-expected AI server/800G demand; 3) production bottlenecks in AI supply chain (eg, glass, copper foil,

foundry or OSAT); 4) unexpected share loss in key AI server projects; 5) flexible practice of OOC policy by end customers; and 6) slow development of the PCB industry in Southeast Asia.

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Appendix A-1

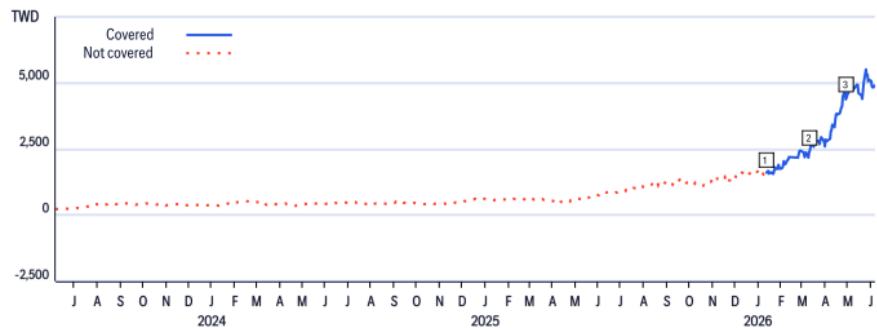
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Elite Material (2383.TW)
Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



Date	Rating	Target Price	Closing Price
12-Jan-26 05:58:26	*1	*2,100.00	1,610.00

*Indicates Change

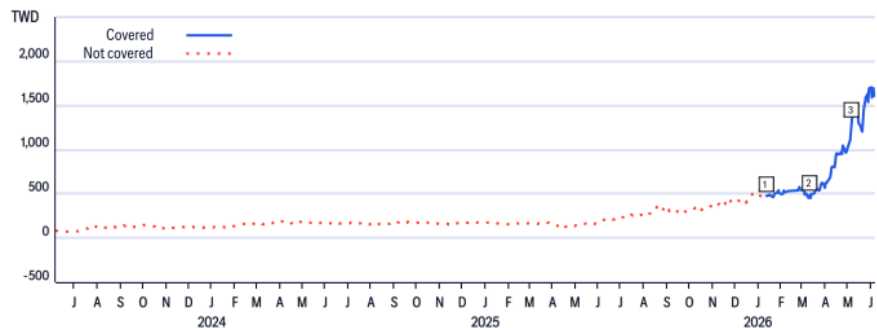
Date	Rating	Target Price	Closing Price
11-Mar-26 12:43:44	1	*3,000.00	2,450.00

Date	Rating	Target Price	Closing Price
29-Apr-26 14:52:44	1	*5,100.00	4,440.00

Rating/target price changes above reflect Eastern Time

TUC (6274.TWO)
Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



Date	Rating	Target Price	Closing Price
12-Jan-26 05:58:26	*1	*600.00	475.50

*Indicates Change

Date	Rating	Target Price	Closing Price
11-Mar-26 12:43:44	1	*660.00	488.50

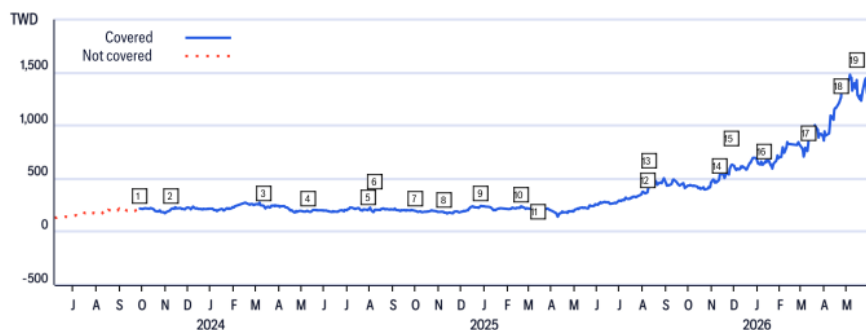
Date	Rating	Target Price	Closing Price
06-May-26 10:57:02	1	*1,600.00	1,315.00

Rating/target price changes above reflect Eastern Time

Gold Circuit Electronics (2368.TW)

Ratings and Target Price History Fundamental Research

Analyst: Jack Chen



	Date	Rating	Target Price	Closing Price
1	28-Sep-23 03:46:01	*1	*270.00	219.50
2	09-Nov-23 13:43:33	1	*275.00	215.00
3	12-Mar-24 09:50:59	1	*280.00	242.50
4	09-May-24 19:40:33	1	*270.00	198.50
5	29-Jul-24 14:25:02	1	*280.00	204.00
6	07-Aug-24 10:24:15	1	*285.00	207.00
7	30-Sep-24 06:13:16	1	*290.00	198.00

*Indicates Change

	Date	Rating	Target Price	Closing Price
8	07-Nov-24 16:47:02	1	*275.00	188.50
9	27-Dec-24 08:55:33	1	*300.00	244.50
10	18-Feb-25 12:07:53	1	*305.00	236.50
11	13-Mar-25 10:30:00	1	*310.00	217.00
12	07-Aug-25 13:42:52	1	*450.00	372.00
13	08-Aug-25 10:05:38	1	*500.00	409.00
14	11-Nov-25 09:42:04	1	*600.00	498.50

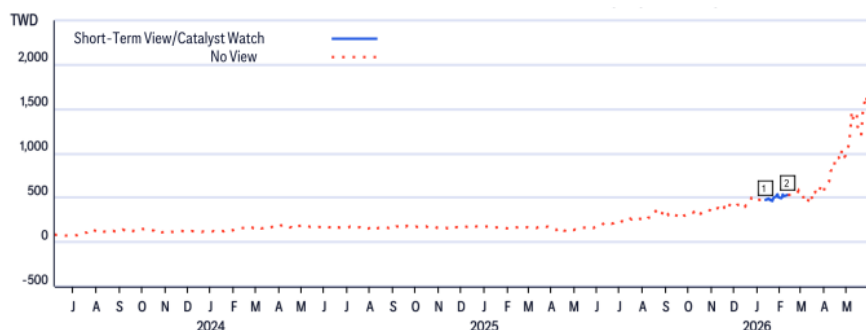
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15	26-Nov-25 12:21:53	1	*750.00	610.00
16	09-Jan-26 12:27:10	1	*820.00	637.00
17	10-Mar-26 19:51:47	1	*1,100.00	817.00
18	22-Apr-26 04:54:40	1	*1,500.00	1,250.00
19	13-May-26 11:55:06	1	*1,650.00	1,350.00

Rating/target price changes above reflect Eastern Time

TUC (6274.TWO)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	12-Jan-26 00:58:26	Add CW	Upside	30 Days	475.50

CW - Catalyst Watch, STV - Short-Term View

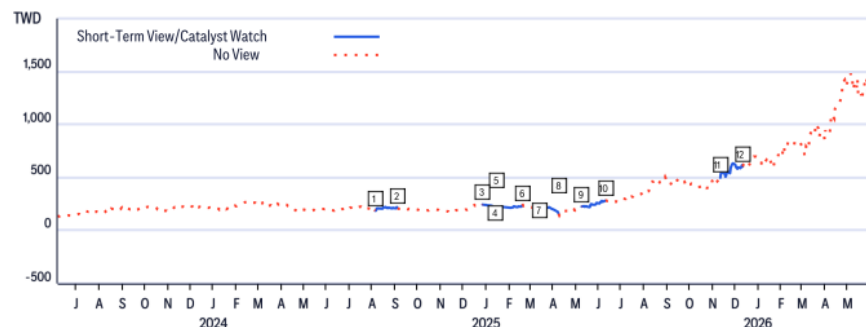
	Date	Action	Expected Direction	Duration	Closing Price
2	11-Feb-26 20:14:42	Remove CW	Upside	30 Days	532.00

Rating/target price changes above reflect Eastern Time

Gold Circuit Electronics (2368.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	05-Aug-24 02:41:35	Add CW	Upside	30 Days	187.00
2	04-Sep-24 21:42:12	Remove CW	Upside	30 Days	210.50
3	27-Dec-24 03:55:33	Add STV	Upside	30 Days	244.50
4	13-Jan-25 00:16:57	Remove STV	Upside	30 Days	203.50

CW - Catalyst Watch, STV - Short-Term View

	Date	Action	Expected Direction	Duration	Closing Price
5	13-Jan-25 00:16:57	Add CW	Downside	90 Days	203.50
6	18-Feb-25 07:07:53	Remove CW	Downside	90 Days	236.50
7	13-Mar-25 06:30:00	Add CW	Upside	30 Days	217.00
8	08-Apr-25 01:45:16	Remove CW	Upside	30 Days	158.00

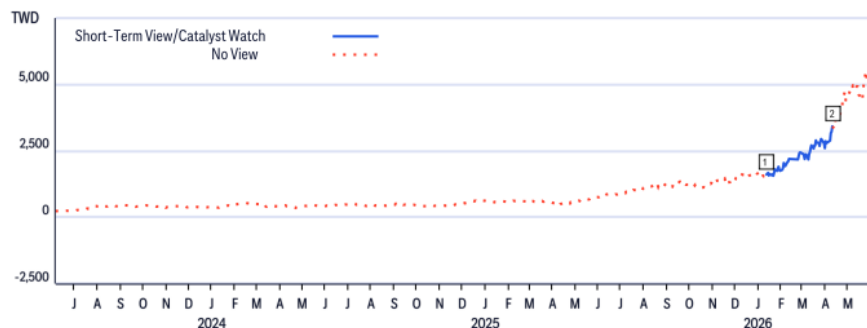
	Date	Action	Expected Direction	Duration	Closing Price
9	11-May-25 16:26:29	Add CW	Upside	30 Days	226.00
10	10-Jun-25 21:35:53	Remove CW	Upside	30 Days	281.50
11	11-Nov-25 04:42:04	Add CW	Upside	30 Days	498.50
12	11-Dec-25 19:37:10	Remove CW	Upside	30 Days	603.00

Rating/target price changes above reflect Eastern Time

Elite Material (2383.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	12-Jan-26 00:58:26	Add CW	Upside	90 Days	1,610.00
2	12-Apr-26 21:49:04	Remove CW	Upside	90 Days	3,420.00

CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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