Daiwa Capital Markets
Hong Kong Limited

news

17 June 2026

MEMO

Elite Material (2383 TT)

Share price (17 Jun): **TWD5,200.00**   12-mth rating: **Buy (1)**   **Information Technology: Taiwan**

May results released: short-term upside risk

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Summary: EMC reported May results with net profit of TWD3.2bn (+199% YoY), EPS of TWD9.07 (+190% YoY), and pre-tax margin of 27%. The May pre-tax margin of 27% compares favourably against 21% in 1Q26, coming in ahead of our estimate (24% in 2Q26E). The meaningful sequential margin expansion implies a better margin profile than previously modelled, and we see clear upside to our current forecasts. We view this as a near-term price catalyst.

We reaffirm our positive view on EMC with further upside to consensus and maintain our positive stance. We have a Buy (1) rating on EMC with a 12-month TP of TWD6,022, based on a 48x PER on the 1-year-forward EPS. Key downside risk: weaker-than-expected AI server demand.

EMC reported May results with net profit of TWD3.2bn (+199% YoY), EPS of TWD9.07 (+190% YoY), and pre-tax margin of 27%. The May pre-tax margin of 27% compares favourably against 21% in 1Q26, coming in ahead of our estimate (24% in 2Q26E). The meaningful sequential margin expansion implies a structurally better margin profile than previously modelled, and we see clear upside to our current forecasts. We view this as a near-term price catalyst.

We reaffirm our positive view on EMC. The May margin beat (27% pre-tax vs. 21% in 1Q26) is an early signal of structural margin re-rating driven by the ongoing spec upgrade cycle. With M7+ revenue reaching c.70% by end-2026 and M8-M10 becoming mainstream from 2027, each generation upgrade carrying c.30% ASP upside, EMC's earnings growth trajectory remains intact. We see further upside to consensus and maintain our positive stance.

We have a Buy (1) rating on EMC with a 12-month TP of TWD6,022, based on a 48x PER on the 1-year-forward EPS. Key downside risk: weaker-than-expected AI server demand.

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	73.51%
Hold**	19.39%
Sell***	7.10%

Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 31 March 2026.
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