

MPI Corp

#Flashnote

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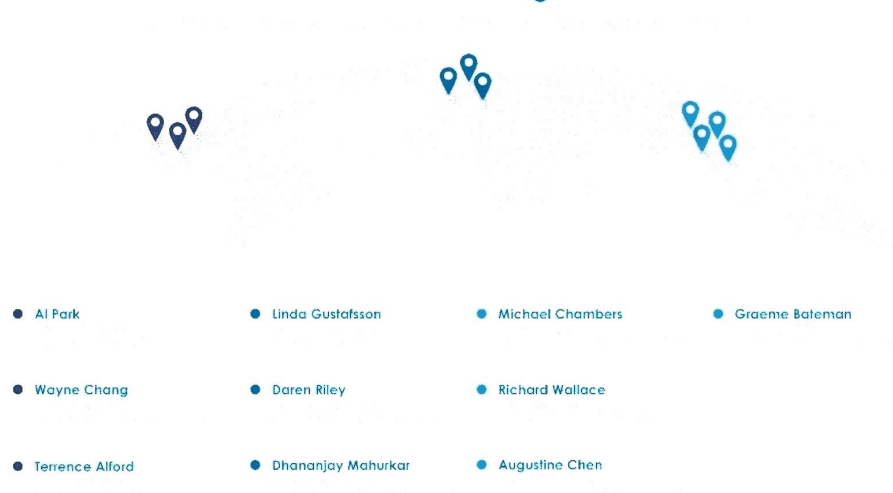
Seemingly Never Enough

- MPI noted at its AGM last week that the probe card industry is entering a multi-year supply-constrained cycle, prompting the company to explore customer prepayment for capacity commitment. Notably, customer demand for MPI's vertical MEMS probe cards is running at ~12mn monthly pins—which is 3x MPI's current 3-4mn pin capacity and 2x consensus expectations, which generally assume MPI expands to only 6-7mn pins by end-FY26E. Moreover, a meaningful portion of this demand carries ASPs of up to US\$18 per pin, versus MPI's current average of US\$10-11. Altogether, we estimate MPI's earnings power could reach ~NT\$300 per share if it fulfills customer demand—nearly 10x its FY25E earnings level. MPI is our Alpha Portfolio stock with TP of NT\$10,000.
- **Nearly NT\$300 EPS if MPI were to fulfill the massive probing demand:** Our research indicates that hyperscaler customer demand of ~12mn monthly pins is currently targeting MPI, versus the company's existing VPC-MEMS capacity of only 3-4mn per month. Management confirmed the magnitude of this demand imbalance, noting that MPI's capacity is 'seemingly never enough', as demand continues to outpace every round of capacity expansion. Prior to the AGM, the prevailing expectation, including consensus forecasts, was for MPI to expand capacity to around 6-7mn pins by end-FY26E and then largely stabilize. However, the magnitude of demand now suggests MPI may need to pursue a much more aggressive expansion plan. This backdrop also explains why MPI is considering customer prepayment and capacity commitment arrangements, allowing customers to secure future supply while providing MPI greater visibility for capacity investments and allocation priorities.
 - We estimate that a meaningful portion of the demand pipeline may carry ASPs of US\$15-18 per pin, substantially above MPI's current average of US\$10-11 per pin.
 - Under a scenario where MPI could fulfill all the underlying customer demand, we estimate the company could generate NT\$230 EPS from the probe card business alone. Including a flat equipment business would imply roughly NT\$260 EPS, while a scenario incorporating a reasonable amount of CPO equipment, i.e. 200 units of CPO probers—could deliver EPS of ~NT\$300—nearly 10x its FY25E earnings level.
 - Our FY26E-28E EPS estimates are 20-50% above consensus. Specifically, our FY28E EPS forecast is NT\$286.5, reflecting our view that MPI may expand capacity more aggressively than currently expected while simultaneously benefiting from a richer mix of high-end vertical MEMS probe card projects.
- **The outcome of Humufish TPU probe card vendor may be out soon:** The probe card vendor list and allocation for TPU v9t (Humufish)—across the main die, sub-dies, and I/O dies—have not yet been finalized. While the earliest allocation decisions could emerge in early July, our understanding is that TSMC is currently utilizing its internal probe cards during the process optimization and pathfinding stage. For the eventual mass-production phase, we believe MediaTek may need to leverage external probe card suppliers, with vendor selection still under evaluation across different chiplets. Key vendors of choices include TechnoProbe, FormFactor, Keystone Microtech, and MPI.

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