Morgan Stanley | RESEARCH

UPDATE

June 29, 2026 02:17 PM GMT

Nan Ya PCB | Asia Pacific

Even stronger preliminary May profits

Key Takeaways

- We continue to see margin improvement, with May net margin at 17.6% – up 420bps vs. April's net margin of 13.4% and a 590bps rise vs. 1Q26 net margin of 11.7%...
- ...likely driven by better pricing, improved mix, and still-full utilization rates for ABF and BT substrates.
- We believe the AI-driven up-cycle remains in its early innings, with undersupply emerging from CY27 onward.
- NYPCB's BT substrate business will also continue to benefit from the memory super-cycle.
- Stay OW – on a 12-month view, we prefer Unimicron over NYPCB and Zhen Ding.

Details of the release: NYPCB reported May 2026 profit per TWSE regulatory requirements. The company's preliminary monthly profits and unaudited preliminary results for April and May combined show sharp upside vs. both our estimates and the Street's.

- NYPCB's May 2026 revenue was NT$4.44bn (flat m/m, +36% y/y).
- May 2026 NP was NT$781mn, accounting for 47% of our 2Q26 NP estimate and 39% of the Street’s.
- April + May 2026 NP accounted for 84% and 69% of our 2Q26 NP estimate and 69% of the Street's.

Exhibit 1: NYPCB's preliminary May 2026 profit numbers

			2Q26	
NT$ M	**May-26**	**y/y**	**MSe**	**Cons**
Revenue	4,440	36%	13,362	13,662
Pre-tax profit	977	--	2,010	2,497
Net profit	781	--	1,648	1,988
EPS (NT$)	1.21	--	2.55	3.09

Source: Company data, Visible Alpha, Morgan Stanley Research estimates.

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Nan Ya PCB (8046.TW, 8046 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$1,275.00
Up/downside to price target (%)	18
Shr price, close (Jun 29, 2026)	NT$1,080.00
52-Week Range	NT$1,145.00-110.00
Sh out, dil, curr (mn)	646
Mkt cap, curr (mn)	NT$697,960
EV, curr (mn)	NT$688,870
Avg daily trading value (mn)	NT$8,235

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	3.01	11.52	23.78	51.05
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	2.63	12.91	30.75	60.97
Revenue, net (NT$ mn)	40,173	55,058	74,811	109,356
EBITDA (NT$ mn)	8,876	14,116	22,995	43,522
ModelWare net inc (NT $ mn)	1,947	7,442	15,367	32,989
P/E	80.0	93.8	45.4	21.2
P/BV	3.4	13.4	11.2	8.2
RNOA (%)	4.5	18.3	43.1	101.4
ROE (%)	4.3	16.1	29.5	52.8
EV/EBITDA	16.5	48.2	29.0	14.8
Div yld (%)	0.4	0.2	0.7	1.5
FCF yld ratio (%)**	0.7	1.5	2.5	4.9
Leverage (EOP) (%)	(19.7)	(34.5)	(49.0)	(64.2)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Nan Ya PCB 8046.TW			
Preliminary May profits announcement	29 Jun 2026	Strengthens	⬆ Meaningful upside surprise

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Unimicron (3037.TW)

Base case, residual income (RI) valuation model, which we think derives the most accurate value of the firm given that it takes into account cost of equity. We use a cost of equity of 9.2% [risk-free rate of 1% (10-year Taiwan government note yield), equity risk premium of 8.7%, and a beta of 1.0], a medium-term growth rate of 15%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected ABF substrate demand from PC and server customers
- Capex cuts; halt to its capacity expansion plan
- Continued yield issues of alternative technology that doesn't require substrate (e.g., CoWoP)

Risks to Downside

- Sudden demand shortfall
- Technological change that would not require ABF substrates
- Intensifying competition
- Yield issues or production hiccups when ramping new capacity

Zhen Ding (4958.TW)

Base case, residual income model. Key assumptions include a cost of equity of 10%, a medium-term growth rate of 15% and a terminal growth rate of 3%.

Risks to Upside

- Higher-than-expected F-PCB content increase for iPhones
- Better-than-expected production yield/share allocation for SLP
- Share gains on higher margin F-PCB pieces

Risks to Downside

- Worse-than-expected iPhone sell-through
- Lower-than-expected F-PCB content increase for iPhones
- Worse-than-expected production yield/share allocation for SLP
- Increasing competition from Chinese peers, intensifying pricing pressure

Nan Ya PCB (8046.TW)

Base case, residual income (RI) valuation model, which we think derives the most accurate value of the firm given that it takes into account cost of equity. We use a cost of equity of 9.3% [risk-free rate of 1% (10-year Taiwan government note yield), equity risk premium of 8.7%, and a beta of 1.0], a medium-term growth rate of 17%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected ABF and BT demand
- Faster-than-expected pickup in AI and 5G demand
- Stronger-than-expected ASP hike

- Continued yield issues of alternative technology that doesn't require substrate (e.g. CoWoP)

Risks to Downside

- A sudden demand shortfall, creating headwinds for ABF substrate demand and pricing
- Technological change that would not require ABF substrates
- Intensifying competition

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(as of May 31, 2026)
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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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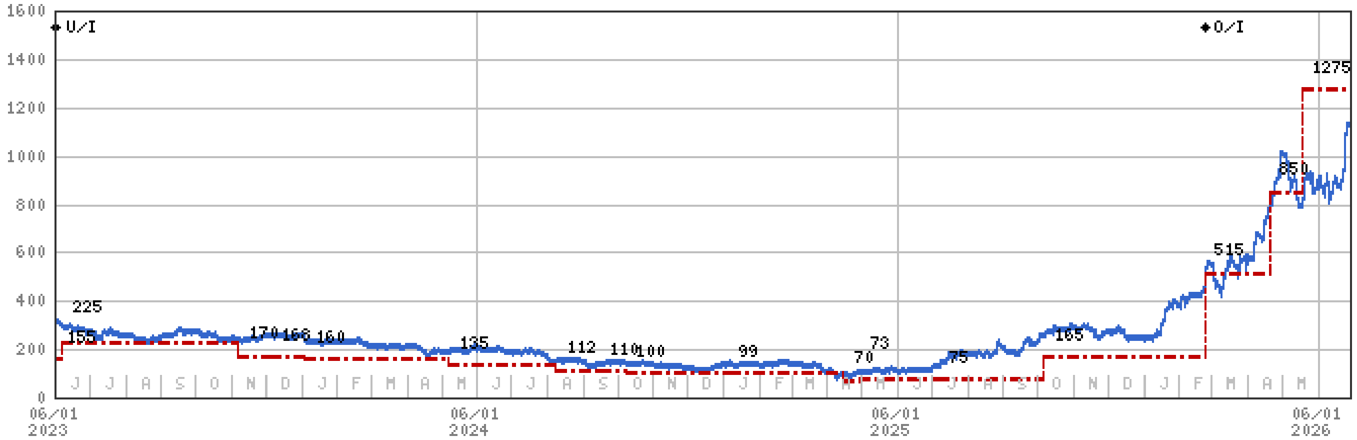
Stock Price, Price Target and Rating History (See Rating Definitions)

Nan Ya PCB (8046.TW) - As of 06/29/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : NA/I; 10/22/21 : O/I; 6/1/22 : E/I; 12/21/22 : U/I; 2/23/26 : O/I

Price Target History: 10/22/21 : 580; 11/9/21 : 630; 2/9/22 : 650; 2/25/22 : 670; 6/1/22 : 420; 8/23/22 : 275; 10/27/22 : 235; 12/21/22 : 180; 2/2/23 : 165; 2/25/23 : 155; 6/7/23 : 225; 11/7/23 : 170; 12/4/23 : 168; 1/4/24 : 160; 5/7/24 : 135; 8/9/24 : 112; 9/15/24 : 110; 10/8/24 : 100; 1/6/25 : 99; 4/15/25 : 70; 4/29/25 : 73; 7/7/25 : 75; 10/6/25 : 165; 2/23/26 : 515; 4/20/26 : 850; 5/18/26 : 1275

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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Unimicron (3037.TW) - As of 06/29/26 GMT in TWD
Industry : Greater China Technology Hardware

Stock Rating History: 6/1/21 : NA/I; 10/22/21 : O/I; 6/1/22 : E/I; 2/22/23 : U/I; 4/15/25 : E/I; 2/23/26 : O/I

Price Target History: 10/22/21 : 188.06; 10/27/21 : 237.55; 2/9/22 : 267.24; 2/24/22 : 366.22; 6/1/22 : 237.55; 8/23/22 : 178.16; 10/27/22 : 133.62; 12/21/22 : 123.72; 2/2/23 : 116.79; 2/22/23 : 98.98; 6/7/23 : 138.57; 11/7/23 : 125.7; 1/24/24 : 118.77; 4/15/25 : 81.66; 7/30/25 : 120.75; 2/23/26 : 500; 2/26/26 : 550; 4/20/26 : 785; 5/18/26 : 1225; 6/12/26 : 1285

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Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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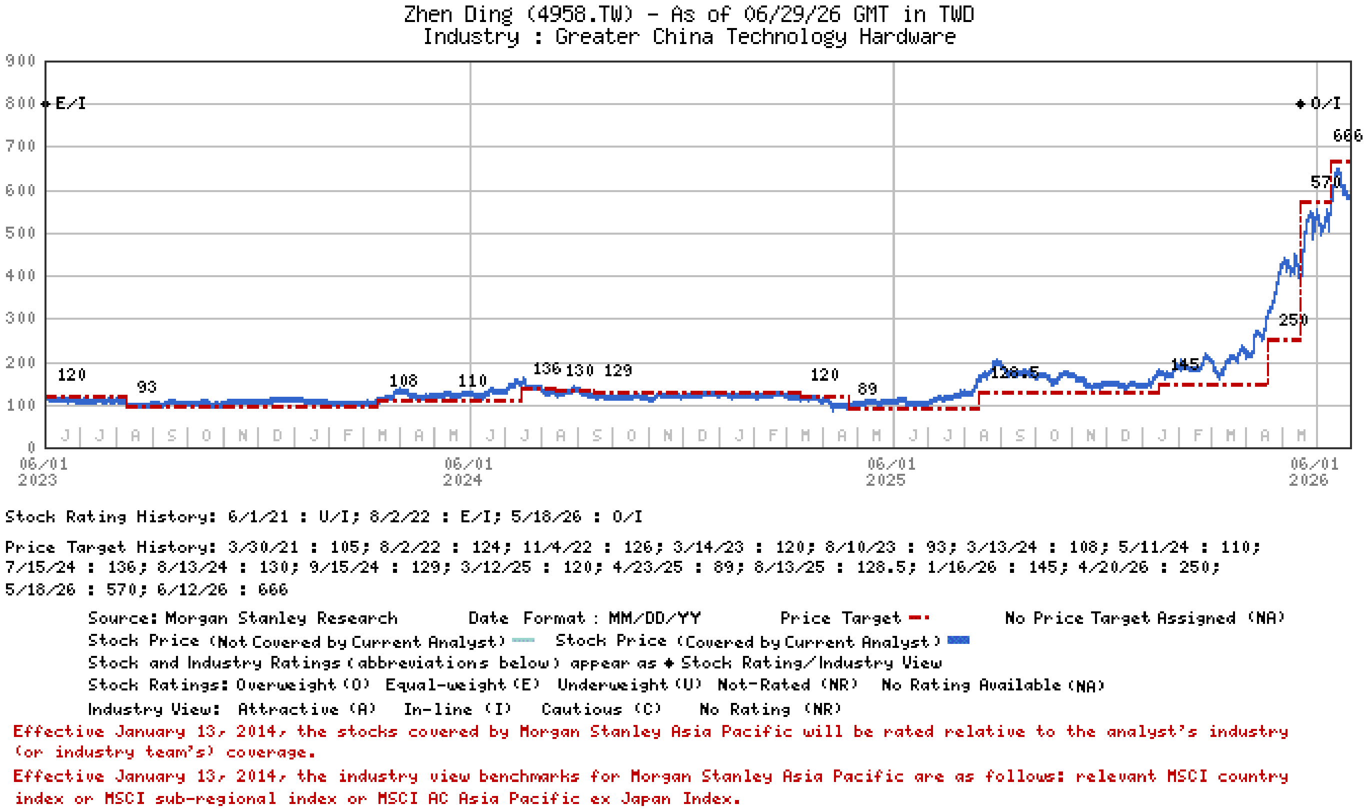

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/29/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$42.58
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb235.94
BYD Electronics (0285.HK)	O (04/28/2023)	HK$21.18
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.10
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.00
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb556.96
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$657.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.41
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb32.99
Largan Precision (3008.TW)	E (10/17/2025)	NT$4,380.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb6.88
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb8.93
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.90
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb46.52
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.00
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb57.00
Sunny Optical (2382.HK)	E (03/23/2026)	HK$59.40
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb295.15
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.71
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$21.86
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb527.10
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$239.40
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb141.60
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb32.25
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,220.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$22.96

ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.20
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,340.00
Advantech (2395.TW)	O (01/20/2021)	NT$472.50
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,355.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.60
Bizlink (3665.TW)	O (03/10/2025)	NT$1,880.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb7.95
Chenbro (8210.TW)	O (07/23/2025)	NT$1,215.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,080.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$214.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$62.40
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$318.50
Innolux (3481.TW)	E (04/07/2025)	NT$67.00
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$7,110.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb51.83
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$86.90
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb21.06
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.29
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb9.48
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb295.00
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.20
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$703.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$34.20
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$6.78
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$325.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,155.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb65.82
Lenovo (0992.HK)	E (11/16/2025)	HK$21.28
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,135.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,080.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$82.20
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$367.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb171.16
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb434.16
Unimicron (3037.TW)	O (02/23/2026)	NT$976.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$154.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$4,580.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$1,040.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$573.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,300.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$995.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$203.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,905.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,625.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb69.61
Foxconn Technology (2354.TW)	U (04/23/2025)	NT$54.80
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb21.43
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$246.50
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,035.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb15.76
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$211.50
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb65.30

Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT$138.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT$243.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$336.00

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* Historical prices are not split adjusted.