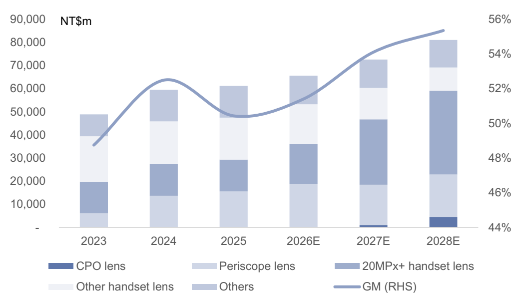
Largan (3008.TW)

Handset lens specification upgrade; CPO lens in expansion; TP up to NT$6,231, Buy

3008.TW	12m Price Target: **NT$6,231.00**	Price: **NT$4,290.00**	Upside: **45.2%**

We are positive on Largan's expansion to CPO lens, and see its focus on high-end handset lens as supporting it with the growing vision AI trend in smartphones, and meaning it should be less impacted by the high memory costs. The expansion toward CPO lens offers Largan diversification away from the competitive smartphone market, which we believe should support a re-rating for the company. We raise our target price to NT$6,231 (29.5x 2027E PE) from NT$3,423, with net income rising by 6% / 11% / 11% in 2026-28E. Maintain Buy.

Exhibit 1: Largan revenues by products and GM trend



Source: Company data, Goldman Sachs Global Investment Research

AI to drive handset lens upgrade: Camera is an important portal to input data for AI smartphones; the better quality of data input can enhance the AI processing and output, and strong hardware specification can physically capture more details, avoiding software over-editing, leading to more natural / more authentic photos / videos. In addition, AI can automatically optimise the aperture under different scenarios (e.g. from outdoors to indoors), reducing noise, or compensate for details of photos / video, enhancing user experience. In upcoming 2H26 flagship models, we see continuous camera lens upgrade, supporting Largan's growth:

BUY

Verena Jeng
+852-2978-1681 | verena.jeng@gs.com
Goldman Sachs (Asia) L.L.C.

Allen Chang
+852-2978-2930 | allen.k.chang@gs.com
Goldman Sachs (Asia) L.L.C.

Ting Song
+852-2978-6466 | ting.song@gs.com
Goldman Sachs (Asia) L.L.C.

Key Data

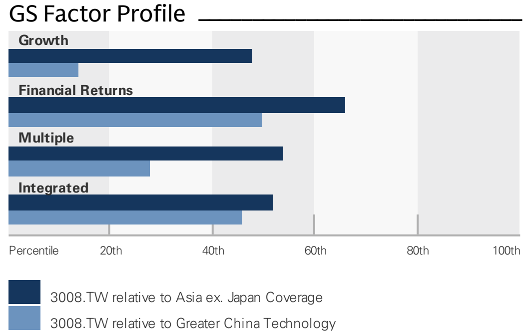
Market cap: NT$577.1bn / $18.1bn
Enterprise value: NT$449.9bn / $14.1bn
3m ADTV: NT$8.6bn / $271.3mn
Taiwan
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (NT$ mn) New	**61,147.9**	**65,588.5**	**75,755.3**	**84,529.2**
Revenue (NT$ mn) Old	61,147.9	63,330.6	70,297.8	75,296.1
EBITDA (NT$ mn)	31,290.3	34,547.5	40,817.1	45,898.9
EPS (NT$) New	**159.41**	**188.11**	**213.81**	**237.08**
EPS (NT$) Old	159.41	177.46	192.82	212.69
P/E (X)	14.8	22.8	20.1	18.1
P/B (X)	1.7	2.9	2.7	2.5
Dividend yield (%)	3.3	2.1	2.4	2.7
CROCI (%)	12.5	16.1	15.9	15.7

	3/26	6/26E	9/26E	12/26E
EPS (NT$)	46.63	38.50	50.23	52.75

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

BUY

Largan (3008.TW)

Rating since Nov 12, 2024

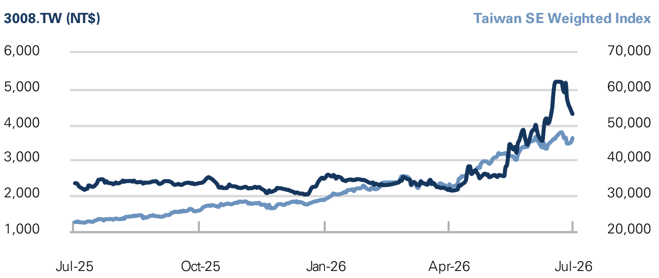
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	14.8	22.8	20.1	18.1
P/B (X)	1.7	2.9	2.7	2.5
FCF yield (%)	4.3	4.1	4.4	5.4
EV/EBITDAR (X)	6.4	12.8	10.6	9.1
EV/EBITDA (excl. leases) (X)	6.4	12.8	10.6	9.1
CROCI (%)	12.5	16.1	15.9	15.7
ROE (%)	11.4	12.8	13.7	14.1
Net debt/equity (%)	(64.1)	(66.6)	(67.9)	(70.6)
Net debt/equity (excl. leases) (%)	(64.1)	(66.6)	(67.9)	(70.6)
Interest cover (X)	15,611.8	43,740.4	–	–
Days inventory outst, sales	37.1	38.9	36.9	35.5
Receivable days	62.1	60.0	59.0	58.0
Days payable outstanding	21.6	22.0	24.0	24.0
DuPont ROE (%)	11.1	12.3	13.1	13.6
Turnover (X)	0.3	0.3	0.3	0.3
Leverage (X)	1.2	1.2	1.2	1.2
Gross cash invested (ex cash) (NT$)	176,879.0	197,817.9	220,514.4	244,820.1
Average capital employed (NT$)	73,429.5	74,596.1	75,156.4	75,469.6
BVPS (NT$)	1,395.59	1,497.72	1,597.98	1,722.56

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	2.8	7.3	15.5	11.6
EBITDA growth	3.4	10.4	18.1	12.5
EPS growth	(19.7)	18.0	13.7	10.9
DPS growth	(19.0)	18.2	13.6	11.3
EBIT margin	38.5	39.6	42.6	44.1
EBITDA margin	51.2	52.7	53.9	54.3
Net income margin	34.8	38.1	37.7	37.4

Price Performance



	3m	6m	12m
Absolute	99.1%	71.9%	80.3%
Rel. to the Taiwan SE Weighted Index	36.9%	8.0%	(13.0)%

Source: FactSet. Price as of 30 Jun 2026 close.

Income Statement (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	61,147.9	65,588.5	75,755.3	84,529.2
Cost of goods sold	(30,310.8)	(31,873.0)	(34,465.3)	(37,071.2)
SG&A	(1,985.5)	(2,008.0)	(2,356.0)	(2,628.9)
R&D	(5,293.3)	(5,725.6)	(6,666.5)	(7,523.1)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**31,290.3**	**34,547.5**	**40,817.1**	**45,898.9**
Depreciation & amortization	(7,732.0)	(8,565.7)	(8,549.5)	(8,592.9)
EBIT	**23,558.3**	**25,981.8**	**32,267.6**	**37,306.0**
Net interest inc./(exp.)	4,258.6	3,883.5	4,643.1	4,664.3
Income/(loss) from associates	87.0	28.4	–	–
Pre-tax profit	**25,900.2**	**30,370.6**	**36,910.7**	**41,970.3**
Provision for taxes	(4,340.0)	(5,118.7)	(8,120.4)	(10,072.9)
Minority interest	(284.9)	(246.2)	(254.1)	(255.5)
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**21,275.4**	**25,005.7**	**28,536.3**	**31,641.9**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**21,275.4**	**25,005.7**	**28,536.3**	**31,641.9**
EPS (basic, pre-except) (NT$)	**159.41**	**188.11**	**213.81**	**237.08**
EPS (diluted, pre-except) (NT$)	**157.21**	**185.88**	**211.22**	**235.08**
EPS (basic, post-except) (NT$)	**159.41**	**188.11**	**213.81**	**237.08**
EPS (diluted, post-except) (NT$)	**157.21**	**185.88**	**211.22**	**235.08**
DPS (NT$)	77.87	92.07	104.63	116.45
Div. payout ratio (%)	48.9	48.9	48.9	49.1

Balance Sheet (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	115,941.7	128,975.2	141,341.2	158,208.8
Accounts receivable	10,461.7	11,101.6	13,389.2	13,474.9
Inventory	6,713.2	7,258.5	8,038.4	8,415.2
Other current assets	21,168.8	21,168.8	21,168.8	21,168.8
Total current assets	**154,285.5**	**168,504.1**	**183,937.6**	**201,267.7**
Net PP&E	51,472.4	51,984.2	52,757.3	52,848.2
Net intangibles	474.6	351.6	344.5	213.7
Total investments	26.5	26.5	26.5	26.5
Other long-term assets	14,528.1	14,528.1	14,528.1	14,528.1
Total assets	**220,787.0**	**235,394.4**	**251,594.0**	**268,884.2**
Accounts payable	1,727.9	2,114.3	2,418.1	2,457.0
Short-term debt	0.0	0.0	0.0	0.0
Short-term lease liabilities	–	–	–	–
Other current liabilities	28,020.6	29,868.4	31,617.2	33,155.6
Total current liabilities	**29,748.5**	**31,982.7**	**34,035.3**	**35,612.6**
Long-term debt	–	–	–	–
Long-term lease liabilities	–	–	–	–
Other long-term liabilities	170.6	170.6	170.6	170.6
Total long-term liabilities	**170.6**	**170.6**	**170.6**	**170.6**
Total liabilities	**29,919.1**	**32,153.3**	**34,205.9**	**35,783.2**
Preferred shares	–	–	–	–
Total common equity	188,867.2	201,486.5	215,887.6	231,855.9
Minority interest	**2,000.8**	**1,754.6**	**1,500.6**	**1,245.1**
Total liabilities & equity	**220,787.0**	**235,394.4**	**251,594.0**	**268,884.2**
Net debt, adjusted	(122,308.6)	(135,342.0)	(147,708.1)	(164,575.7)

Cash Flow (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Net income	25,900.2	25,005.7	28,536.3	31,641.9
D&A add-back	7,732.0	8,565.7	8,549.5	8,592.9
Minority interest add-back	(284.9)	(246.2)	(254.1)	(255.5)
Net (inc)/dec working capital	(1,208.2)	(798.8)	(2,763.6)	(423.6)
Other operating cash flow	(6,058.9)	–	–	–
Cash flow from operations	**26,080.2**	**32,526.5**	**34,068.1**	**39,555.8**
Capital expenditures	(12,340.0)	(8,854.4)	(9,090.6)	(8,452.9)
Acquisitions	(2,040.4)	–	–	–
Divestitures	(2.6)	(100.0)	(225.0)	(100.0)
Others	5,147.2	–	–	–
Cash flow from investing	**(9,235.7)**	**(8,954.4)**	**(9,315.6)**	**(8,552.9)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(13,013.1)	(10,538.6)	(12,386.4)	(14,135.2)
Inc/(dec) in debt	(203.4)	–	–	–
Other financing cash flows	(1,344.6)	0.0	0.0	0.0
Cash flow from financing	**(14,561.2)**	**(10,538.6)**	**(12,386.4)**	**(14,135.2)**
Total cash flow	**2,283.4**	**13,033.5**	**12,366.0**	**16,867.6**
Free cash flow	13,740.3	23,672.1	24,977.4	31,102.8

Source: Company data, Goldman Sachs Research estimates.

- **Variable Aperture:** lens aperture changes based on the focal length (e.g. Huawei Pura 90 Pro Max launched in Apr 2026 featured with f/1.4-f/4.0 variable aperture wide camera), allowing easier user control of DoF (depth of field), taking pictures in low lights, or having a more natural broken gradient background when in portrait mode.
- **Under-Display Camera (UDC)** brings true full-screen visual experience, maximizing screen-to-body ratio and better environmental sealing (e.g. easier to achieve high water and dust resistance ratings). **Huawei Mate 90 Pro** in 4Q26 is likely to upgrade to UDC (link). The previous model launched in Nov 2025 priced at Rmb5,999 (US$884) with single front camera at 13MPx.
- **Dual 200MPx with front camera upgrades: OPPO Find X10 Pro** series likely to launch in Sep or Oct with dual 200MPx and front camera upgrade to 100MPx (link). The previous model OPPO Find X9 Pro priced at Rmb5,299 (US$780) and launched in Oct 2025 with triple rear cameras (50MPx wide, 200MPx periscope tele, 50MPx ultrawide) and single front camera (50MPx). **Honor Magic 9 Pro Max** likely to launch in Oct with dual 200MPx (link). The previous model Honor Magic 8 Pro is launched in Oct 2025 and priced at Rmb5,699 (US$839) with triple rear cameras (50MPx wide, 200MPx periscope tele, 50MPx ultrawide) and single front camera (50MPx). **Xiaomi 18 all series** likely to launch in Sep with dual 200MPx (link). The previous model Xiaomi 17 was launched in Sep 2025 priced at Rmb4,499 (US$662) with triple rear cameras (50MPx wide, 200MPx periscope tele, 50MPx ultrawide) and single front camera (50MPx).
- **10x optical zoom:** Vivo launched X300 Ultra in Mar 2026 priced at Rmb6,999 (US$1,030) with triple rear cameras (200MPx wide, 200MPx periscope tele, 50MPx ultrawide) and single front camera (50MPx). The upcoming **Vivo X500 Ultra** in 4Q26 is likely to upgrade the rear periscope tele from 3.7x optical zoom to 10x optical zoom (link). **Huawei Mate 90 Pro Max** in 4Q26 is likely to upgrade the rear periscope tele from 4x / 6.2x optical zoom to 10x optical zoom (link). The previous model launched in Nov 2025 priced at Rmb7,999 (US$1,178) with quad rear cameras (50MPx wide, 50MPx periscope tele, 50MPx periscope tele, 40MPx ultrawide) and single front camera (13MPx).

Premium models suffer less under the high memory costs: Global smartphone shipment declined by 4% YoY in 1Q26, while premium brands outperform: Samsung / Apple increased by 3.6% / 3.3% YoY (link), echoing our view that global leading brand makers enjoy better bargaining power over the supply chain, given larger procurement scale, and over customers, given strong brand awareness and as consumers of premium models are less price sensitive. As we highlighted in June in our Global Smartphone TAM report, we expect global smartphone shipment to decline 10% YoY in 2026E and stay low at 2027E (+3% YoY), while we continue to expect iPhones to outperform (-2% / +5% YoY in 2026 / 27E) with growing foldable iPhones (14m / 34m in 2026 / 27E). Largan mainly serves global leading smartphone brands with strong exposure to high-end handset lens, and we expect the premium model outperformance under the current challenging environment to continue to support Largan's growth ahead.

CPO lens, entering fast growth AI servers market: We are positive on Largan's expansion to lens for FAU in CPO switches for AI infrastructure, leading Largan to participate in the fast-growing AI server industry. As we highlighted in our Optical Networking thematic report, we expect CPO switch to start in 2H26, expanding from scale out to scale up with bandwidth migration (from 1.6T to 3.2T / 6.4T), supporting Largan's growth in coming years. Despite expecting a small revenue contribution in the near term, we believe it will enhance Largan's long term growth visibility, and reaffirms Largan's leading market position in the lens industry, which deserves a re-rating in our view. Note that the Taiwan AI server supply chain enjoyed a strong re-rating when it entered the AI server supply chain.

Exhibit 2: Taiwan AI server supply chain enjoyed a re-rating when AI servers ramped up

Company	Ticker	2020-2025 PE		
		Trough	Peak	Diff
Largan	3008.TW	10.6	28.0	163%
Taiwan AI server supply chain				
Hon Hai	2317.TW	7.7	17.5	129%
Wistron	3231.TW	6.0	21.8	262%
King Slide	2059.TW	9.0	30.2	236%
AVC	3017.TW	4.7	32.8	604%
Landmark	3081.TWO	28.9	144.1	398%
Auras	3324.TWO	8.8	54.6	523%
Chenbro	8210.TW	6.7	25.6	282%
Fositek	6805.TW	11.3	49.9	343%
Mitac	3706.TW	2.5	28.7	1044%
VPEC	2455.TW	18.1	74.1	310%
Inventec	2356.TW	9.9	31.0	213%
Avg.		**10.3**	**46.4**	**395%**

Source: Company data

Earnings revision

We raise net income by 6% / 11% / 11% in 2026-28E mainly on higher revenues, reflecting premium smartphone models outperforming the market, with the high memory costs supporting Largan's handset lens shipment growth and pixel mix upgrade, and Largan's expansion toward CPO lens.

Exhibit 3: Earnings revision

	2026E			2027E			2028E		
NT m	Old	New	Chg	Old	New	Chg	Old	New	Chg
Revenue	63,331	65,588	4%	70,298	75,755	8%	75,296	84,529	12%
GP	32,486	33,715	4%	38,022	41,290	9%	41,795	47,458	14%
OP	24,937	25,982	4%	29,966	32,268	8%	33,392	37,306	12%
Net income	23,685	25,006	6%	25,734	28,536	11%	28,386	31,642	11%
EPS (Diluted)	175.99	185.88	6%	191.21	211.22	10%	210.92	235.08	11%
Margins									
GM	51.3%	51.4%		54.1%	54.5%		55.5%	56.1%	
OPM	39.4%	39.6%		42.6%	42.6%		44.3%	44.1%	
NM	37.4%	38.1%		36.6%	37.7%		37.7%	37.4%	

Source: Company data, Goldman Sachs Global Investment Research

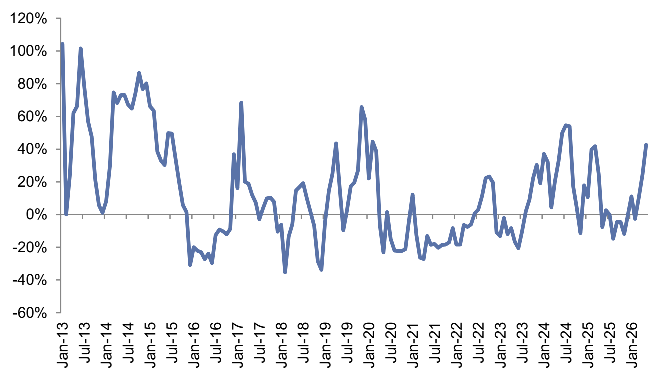
Exhibit 4: Revenues and GM revision by products

AAC 80kk	O-Film 31.6kk			Remark	Chart		
Revenues (NT$m)	2026E	2027E	2028E	GM	2026E	2027E	2028E
NEW	65,588	75,755	84,529	NEW	51.4%	54.5%	56.1%
CPO lens	63	1,067	4,518	CPO lens	50.3%	50.4%	50.5%
Periscope lens	18,762	18,570	19,783	Periscope lens	38.9%	38.5%	38.5%
20MPx+ handset lens	17,130	30,178	38,447	20MPx+ handset lens	72.8%	73.0%	74.0%
Other handset lens	17,282	13,632	9,898	Other handset lens	62.6%	62.4%	62.1%
Others	12,351	12,309	11,884	Others	24.9%	24.9%	25.0%
OLD	63,331	70,298	75,296	OLD	51.3%	54.1%	55.5%
CPO lens	-	-	-	CPO lens			
Periscope lens	17,583	17,042	18,087	Periscope lens	38.7%	38.5%	38.5%
20MPx+ handset lens	16,326	27,672	35,433	20MPx+ handset lens	72.7%	72.6%	72.6%
Other handset lens	17,107	13,331	9,869	Other handset lens	62.6%	62.3%	62.1%
Others	12,314	12,252	11,907	Others	25.1%	25.0%	25.0%
CHG	4%	8%	12%	CHG (NEW - OLD)	0.1%	0.4%	0.6%
CPO lens	na	na	na	CPO lens			
Periscope lens	7%	9%	9%	Periscope lens	0.2%	0.0%	0.0%
20MPx+ handset lens	5%	9%	9%	20MPx+ handset lens	0.1%	0.4%	1.4%
Other handset lens	1%	2%	0%	Other handset lens	0.0%	0.0%	0.0%
Others	0%	0%	0%	Others	-0.1%	0.0%	0.0%

Source: Goldman Sachs Global Investment Research

Largan's April and May revenues were 12% / 42% ahead of our estimates, reflecting the stronger-than-expected handset lens growth. We expect a sequential decline in June considering its major smartphone brand customer is under model transition, and a sequential increase in July as demand for lens for new models ramps up.

Exhibit 5: Largan revenues YoY



Source: Company data

Exhibit 6: Largan monthly revenues preview

	Apr 2026	May 2026	Jun 2026E	Jul 2026E	Aug 2026E	Sep 2026E	1Q26	2Q26E	3Q26E
Rev (NT$m)	5,362	4,593	3,795	5,692	6,262	6,912	15,544	13,750	18,866
YoY	24%	43%	-8%	5%	5%	11%	7%	18%	7%
MoM/QoQ	-1%	-14%	-17%	50%	10%	10%	-10%	-12%	37%
GS estimates (NT$m)	4,769	3,243					14,180		
Act. Vs. GS	12%	42%					10%		

Source: Company data, Goldman Sachs Global Investment Research

Compared to Bloomberg consensus, we are largely in line in 2026E, and 15% ahead in 2027E operating income, given our higher revenue and GM estimates, reflecting our positive view on Largan's focus on high-end handset lens, premium models being likely to suffer less under the high memory cost environment, and Largan's expansion towards CPO lens.

Exhibit 7: GS vs. Bloomberg consensus

NT m	2026E GS	2026E BB	2026E Diff %	2027E GS	2027E BB	2027E Diff %
Revenue	65,588	66,124	-1%	75,755	70,488	7%
GP	33,715	33,342	1%	41,290	36,407	13%
OP	25,982	25,656	1%	32,268	28,156	15%
Net income	25,006	24,742	1%	28,536	26,522	8%
Margins						
GM	51.4%	50.4%		54.5%	51.7%	
OPM	39.6%	38.8%		42.6%	39.9%	
NM	38.1%	37.4%		37.7%	37.6%	

Source: Goldman Sachs Global Investment Research, Bloomberg

Valuation

We continue to derive our target price from 2027E PE, and update our target PE multiple from 17.9x to 29.5x. Our target PE multiple (29.5x) is derived from (1) peers' avg. ratio of trading PE to forward year fundamentals (NI YoY and OPM), which is at 0.5x, and (2) Largan's forward year fundamentals: 2027-28E NI YoY at 13% on avg. and OPM at 43% on avg. Our previous target PE multiple (17.9x) was derived from Largan's historical trading avg. during periods when its OPM is recovering, which is difficult to reflect Largan's expansion to fast-growing AI server supply chain, in our view. The ratio of our new target PE multiple to forward year fundamentals (NI YoY and OPM) is at 0.5x, higher than our previous ratio (0.4x) of a target PE multiple to forward year fundamentals (NI YoY and OPM), reflecting our positive view on Largan's expansion from handset lens to CPO lens. The new target PE multiple of 29.5x is within Largan's historical trading range of 8.0x to 31.2x, reflecting our positive view on Largan's expansion from handset lens to CPO lens. Our new target price is at NT$6,231 (vs. NT$3,423 previously). Maintain Buy.

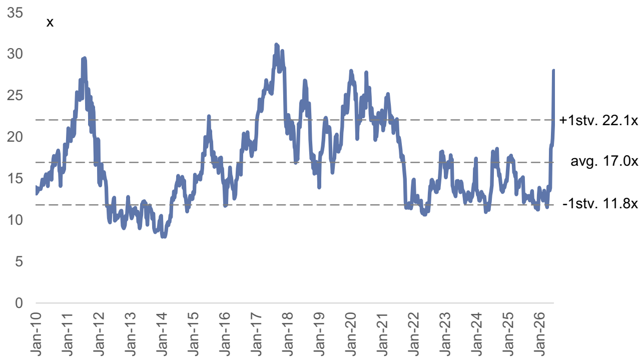
Exhibit 8: Largan peer comparison

Company	Ticker	Rating	PE 2027E	NI YoY 2027E	NI YoY 2028E	OPM 2027E	OPM 2028E	Ratio
Largan	3008.TW	Buy	20.3	14%	11%	42.6%	44.1%	0.4
Largan (TP implied)	3008.TW	Buy	29.5	14%	11%	42.6%	44.1%	0.5
Peers								
AAC	2018.HK	Buy	13.4	12%	12%	9.7%	10.0%	0.6
Q-Tech	1478.HK	NC	7.1	21%	16%	4.3%	4.3%	0.3
Himax	HIMX	NC	16.7	83%	101%	13.2%	20.7%	0.2
SEMCO	009150.KS	Buy	62.9	75%	18%	18.9%	19.1%	1.0
Genius	3406.TW	NC	18.1	8%	13%	20.1%	19.6%	0.6
Average			**23.6**	**40%**	**32%**	**13.2%**	**14.7%**	**0.5**

NC=not covered

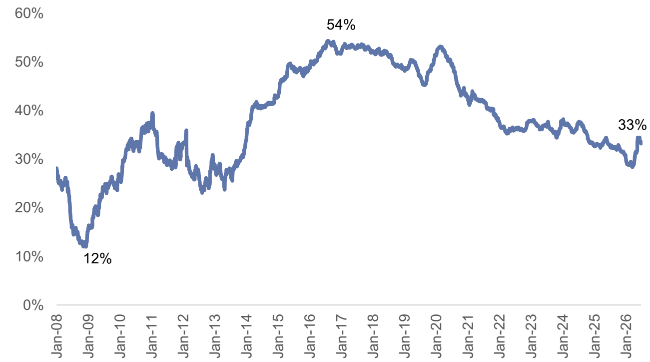
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 9: Largan 12M forward PE ratio



Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Exhibit 10: Largan QFII holdings



Source: TEJ

Financial tables

Exhibit 11: Largan P&L

NT$m	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	2027E	2028E
Revenues	14,579	11,673	17,677	17,219	15,544	13,750	18,866	17,428	48,842	59,458	61,148	65,588	75,755	84,529
GP	7,965	6,260	8,352	8,260	7,680	6,820	9,336	9,880	23,808	31,209	30,837	33,715	41,290	47,458
OP income	6,086	4,879	6,265	6,329	5,812	5,168	7,091	7,911	17,821	24,033	23,558	25,982	32,268	37,306
Net income	6,443	1,032	7,080	6,720	6,123	5,139	6,704	7,040	17,902	25,915	21,275	25,006	28,536	31,642
EPS, diluted (NT$)	47.73	7.70	52.61	49.17	46.11	38.04	49.62	52.11	132.62	191.44	157.21	185.88	211.22	235.08
YoY														
Revenues	29%	6%	-7%	-5%	7%	18%	7%	1%	2%	22%	3%	7%	16%	12%
GP	43%	18%	-13%	-23%	-4%	9%	12%	20%	-9%	31%	-1%	9%	22%	15%
OP income	54%	25%	-20%	-24%	-5%	6%	13%	25%	-13%	35%	-2%	10%	24%	16%
Net income	5%	-77%	7%	-23%	-5%	398%	-5%	5%	-21%	45%	-18%	18%	14%	11%
EPS, diluted (NT$)	5%	-77%	7%	-22%	-3%	394%	-6%	6%	-21%	44%	-18%	18%	14%	11%
QoQ														
Revenues	-20%	-20%	51%	-3%	-10%	-12%	37%	-8%						
GP	-26%	-21%	33%	-1%	-7%	-11%	37%	6%						
OP income	-27%	-20%	28%	1%	-8%	-11%	37%	12%						
Net income	-26%	-84%	586%	-5%	-9%	-16%	30%	5%						
EPS, diluted (NT$)	-24%	-84%	583%	-7%	-6%	-18%	30%	5%						
Margins														
GM	54.6%	53.6%	47.2%	48.0%	49.4%	49.6%	49.5%	56.7%	48.7%	52.5%	50.4%	51.4%	54.5%	56.1%
OPM	41.7%	41.8%	35.4%	36.8%	37.4%	37.6%	37.6%	45.4%	36.5%	40.4%	38.5%	39.6%	42.6%	44.1%
NM	44.2%	8.8%	40.1%	39.0%	39.4%	37.4%	35.5%	40.4%	36.7%	43.6%	34.8%	38.1%	37.7%	37.4%
Ratios														
Opex ratio	13%	12%	12%	11%	12%	12%	12%	11%	12%	12%	12%	12%	12%	12%
Tax rate	15%	42%	12%	17%	15%	15%	16%	20%	19%	19%	17%	17%	22%	24%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 12: Largan balance sheet

NT$ mn	2023	2024	2025	2026E	2027E	2028E
Balance Sheet						
Cash and equivalents	107,490	113,658	115,942	128,975	141,341	158,209
Accounts receivable	10,091	10,360	10,462	11,102	13,389	13,475
Inventory	4,591	5,733	6,713	7,259	8,038	8,415
Other current assets	12,149	16,012	21,169	21,169	21,169	21,169
Current assets	**134,321**	**145,764**	**154,285**	**168,504**	**183,938**	**201,268**
Net PP&E/Fixed assets	41,135	46,936	51,472	51,984	52,757	52,848
Net intangibles	239	505	475	352	345	214
Other long-term assets	19,443	23,322	14,555	14,555	14,555	14,555
Non-current assets	**60,817**	**70,763**	**66,502**	**66,890**	**67,656**	**67,616**
Total assets	**195,138**	**216,527**	**220,787**	**235,394**	**251,594**	**268,884**
Accounts payable	1,731	1,855	1,728	2,114	2,418	2,457
Short-term debt	-	203	-	-	-	-
Other current liabilities	27,787	28,520	28,021	29,868	31,617	33,156
Current liabilities	**29,517**	**30,578**	**29,749**	**31,983**	**34,035**	**35,613**
Long-term debt	-	-	-	-	-	-
Other long-term liabilities	110	561	171	171	171	171
Non-current liabilities	**110**	**561**	**171**	**171**	**171**	**171**
Total liabilities	**29,627**	**31,139**	**29,919**	**32,153**	**34,206**	**35,783**
Common stock	1,335	1,335	1,335	1,335	1,335	1,335
Retained earnings	160,871	175,969	185,818	198,437	212,838	228,807
Other common equity	3,305	6,215	1,714	1,714	1,714	1,714
Total common equity	**165,510**	**183,519**	**188,867**	**201,487**	**215,888**	**231,856**
Minority interest	-	1,869	2,001	1,755	1,501	1,245
Total equity	**165,510**	**185,388**	**190,868**	**203,241**	**217,388**	**233,101**
BVPS	1,226.07	1,369.51	1,410.38	1,510.76	1,609.09	1,731.81
Cash conversion cycle						
Account receivable days	68	63	62	60	59	58
Inventory days	71	67	75	80	81	81
Net payable days	25	23	22	22	24	24
Cash conversion cycle	114	106	116	118	116	115
Ratios						
ROE (common equity)	11%	15%	11%	13%	14%	14%
ROA	9%	13%	10%	11%	12%	12%
Net debt to total equity	-67%	-64%	-64%	-67%	-68%	-71%
Net cash per share (NTD)	(827.12)	(870.08)	(903.77)	(1,006.04)	(1,093.32)	(1,222.70)
Total liabilities to total assets	15%	14%	14%	14%	14%	13%
Dupont analysis						
Asset turnover	0.3	0.3	0.3	0.3	0.3	0.3
Leverage (assets to equity)	1.2	1.2	1.2	1.2	1.2	1.2
Net margin	36.7%	43.6%	34.8%	38.1%	37.7%	37.4%
ROE (total equity)	11%	15%	11%	13%	14%	14%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 13: Largan cash flow

NT$ mn	2023	2024	2025	2026E	2027E	2028E
Cash flow statement						
Net income	22,102	32,174	25,900	25,006	28,536	31,642
Minority interest add-back	-	(296)	(285)	(246)	(254)	(255)
Depreciation and amortization add-back	5,422	6,230	7,732	8,566	8,549	8,593
(Increase)/decrease in working capital	(1,400)	(1,287)	(1,208)	(799)	(2,764)	(424)
Other operating cash flow items	(7,925)	(5,243)	(6,059)	-	-	-
Cash flow from operating	**18,199**	**31,579**	**26,080**	**32,527**	**34,068**	**39,556**
Capital expenditure	(8,237)	(11,133)	(12,340)	(8,854)	(9,091)	(8,453)
Other investment cash flow items	(2,915)	(4,933)	3,104	(100)	(225)	(100)
Cash flow from investing	**(11,151)**	**(16,066)**	**(9,236)**	**(8,954)**	**(9,316)**	**(8,553)**
Dividends paid	(11,412)	(9,009)	(13,013)	(10,539)	(12,386)	(14,135)
Change in common stock	-	-	-	-	-	-
Increase/(decrease) in short-term debt	(19)	203	(203)	-	-	-
Increase/(decrease) in long-term debt	-	-	-	-	-	-
Other financing cash flow items	1,680	(1,958)	(241)	-	-	-
Cash flow from financing	**(9,750)**	**(10,764)**	**(13,458)**	**(10,539)**	**(12,386)**	**(14,135)**
Net change in cash	(2,682)	6,168	2,283	13,033	12,366	16,868
FCF	9,962	20,446	13,740	23,672	24,977	31,103
Ratio						
Capex to revenue	17%	19%	20%	14%	12%	10%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Largan

Valuation: We are Buy rated on Largan and have a 12-month target price of NT$6,231, which is based on 2027E P/E. Our target P/E multiple of 29.5x is derived from (1) peers' avg. ratio of trading PE to forward year fundamentals (NI YoY and OPM), which is at 0.5x, and (2) Largan's forward year fundamentals: 2027-28E NI YoY at 13% on avg. and OPM at 43% on avg. The target PE multiple of 29.5x is within Largan's historical trading range of 8.0x to 31.2x, reflecting our positive view on Largan's expansion from handset lens to CPO lens.

Key risks: (1) slower-than-expected smartphone market growth, (2) fiercer competition in handset lenses, (3) slower-than-expected smartphone camera lens specification upgrades or Largan's handset lens pixel mix upgrade, (4) slower-than-expected CPO lens ramp up, and (5) fiercer competition in CPO lens.

Disclosure Appendix

Reg AC

We, Verena Jeng, Allen Chang, Ting Song and Yifan Hu, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

Contributing Authors: Verena Jeng Goldman Sachs (Asia) L.L.C., Allen Chang Goldman Sachs (Asia) L.L.C., Ting Song Goldman Sachs (Asia) L.L.C., Yifan Hu Goldman Sachs (Asia) L.L.C..

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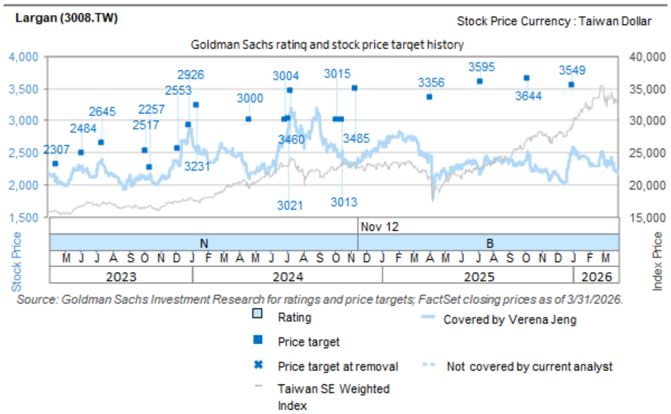
Price target and rating history chart(s)



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Target price history table(s)
Largan (3008.TW)

Date of report	Target price (NT$)	Closing price (NT$)
07-Apr-26	3,423.00	2,170.00
01-Jan-26	3,549.00	2,495.00
09-Oct-25	3,644.00	2,470.00
11-Jul-25	3,595.00	2,285.00
06-Apr-25	3,356.00	2,450.00
12-Nov-24	3,485.00	2,255.00
18-Oct-24	3,013.00	2,325.00
07-Oct-24	3,015.00	2,525.00
11-Jul-24	3,460.00	3,200.00
08-Jul-24	3,021.00	3,030.00
01-Jul-24	3,004.00	2,700.00
21-Apr-24	3,000.00	2,120.00
12-Jan-24	3,231.00	2,600.00
29-Dec-23	2,926.00	2,870.00
06-Dec-23	2,553.00	2,320.00
15-Oct-23	2,257.00	2,175.00
05-Oct-23	2,517.00	2,120.00
13-Jul-23	2,645.00	2,405.00

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