Action | Citi Research

30 Jun 2026 11:54:24 ET | 14 pages

Flexium Interconnect (6269.TW)

No Clear Catalyst in Sight; Neutral

CITI'S TAKE

Despite regaining its market share in FPCB for iPhone and computers, we think the recent decision by Apple to hike prices of its products would negatively impact unit shipments of consumer electronics, pressuring Flexium's sales momentum in 2H. The company is currently making slow progress in AI servers with FPCB-based leakage detect sensors and even though the progress is slow, we think it could still help Flexium to partially offset the negative impact from weak consumer electronics demand. We lift our DCF-based TP to NT$75 from NT$67 owing to earnings recovery and maintain our Neutral rating.

Neutral	
Price (30 Jun 26 13:30)	NT$71.00
Target price	NT$75.00↑
from NT$67.00	
Expected share price return	5.6%
Expected dividend yield	0.0%
Expected total return	5.6%
Market Cap	NT$22,992M
	US$726M

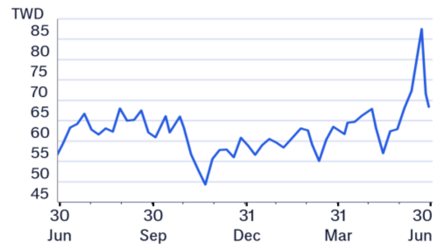
Sales momentum still sluggish — Year to date, the company's sales momentum has remained weak with 5M26 sales YoY growth of +2%. We attribute the weak sales to its higher exposure to consumer electronics demand, which currently is negatively impacted by the rise in memory costs. We expect 2Q26E sales to be flat QoQ due to continued headwinds.

Apple: recovery in market share but outlook dampened by rising memory costs — Although the company is positive on regaining its market share in iPhone with 30% YoY sales growth along with growth in computer segment, we think the growth might be impacted by Apple's recent decision to raise the prices of Mac/iPad products. We think the price hike would lead to low unit shipments and thus estimate 16% QoQ (+4% YoY) sales growth in 3Q26.

AI server seeing gradual contribution — FPCB is currently seeing adoption of leakage detect sensors for AI servers, with sales gradually ramping up. The company targets sales mix from servers to reach 10% in 2026E with a wider adoption among customers. In the next 2-3 years, the company plans to reduce its sales dependence on Apple, and increase its sales contribution from non-Apple customers to 20-30% of the overall sales mix.

Earnings cut; maintain Neutral — We cut our 2026/27E earnings by ~211%/101% to factor in the headwinds from the rise in memory costs impacting consumer electronics. We also introduce our 2028E earnings forecast. We roll over our DCF-based TP to 2027 from 2026 and thus raise our TP to NT$75 from NT$67 on revised estimates. Maintain our Neutral rating considering the cycle would likely bottom in 1H26.

Price Performance
(RIC: 6269.TW, BB: 6269 TT)



Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	-826	-2.56	-140.2	na	0.9	-3.4	6.6
2025A	-2,229	-6.95	-171.1	-10.2	1.0	-9.8	6.4
2026E	-1,556	-4.87	29.9	-14.6	1.1	-7.5	6.3
2027E	-25	-0.09	98.2	na	1.1	-0.1	6.1
2028E	1,357	4.25	na	16.7	1.0	6.5	6.0

Source: Powered by dataCentral

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

6269.TW: Fiscal year end 31-Dec

Price: NT$71.00; TP: NT$75.00; Market Cap: NT$22,992m; Recomm: Neutral

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	26,444	22,350	23,793	25,435	27,733
Cost of sales	-24,924	-22,054	-23,268	-23,332	-23,841
Gross profit	1,520	295	526	2,103	3,892
Gross Margin (%)	5.7	1.3	2.2	8.3	14.0
EBITDA (Adj)	**1,103**	**-795**	**-257**	**1,400**	**2,541**
EBITDA Margin (Adj) (%)	4.2	-3.6	-1.1	5.5	9.2
Depreciation	-2,917	-2,506	-2,087	-1,706	-1,276
Amortisation	0	0	0	0	0
EBIT (Adj)	**-1,814**	**-3,302**	**-2,344**	**-306**	**1,266**
EBIT Margin (Adj) (%)	-6.9	-14.8	-9.9	-1.2	4.6
Net interest	223	159	174	246	306
Associates	40	81	-2	0	0
Non-Op/Except/Other Adj	350	175	46	76	76
Pre-tax profit	**-1,200**	**-2,887**	**-2,125**	**16**	**1,648**
Tax	383	678	592	-40	-311
Extraord./Min.Int./Pref.div.	-10	-20	-23	0	20
Reported net profit	**-826**	**-2,229**	**-1,556**	**-25**	**1,357**
Net Margin (%)	-3.1	-10.0	-6.5	-0.1	4.9
Core NPAT	-826	-2,229	-1,556	-25	1,357
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	-2.56	-6.95	-4.87	-0.09	4.25
Core EPS ($)	-2.56	-6.95	-4.87	-0.09	4.25
DPS ($)	4.66	4.55	4.44	4.34	4.24
CFPS ($)	-7.22	7.71	19.74	4.41	7.18
FCFPS ($)	-10.18	5.51	17.80	2.22	4.98
BVPS ($)	76.26	68.05	64.22	64.14	68.45
Wtd avg ord shares (m)	323	321	319	319	319
Wtd avg diluted shares (m)	323	321	319	319	319
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	-19.2	-15.5	6.5	6.9	9.0
EBIT (Adj) (%)	-210.8	-82.0	29.0	86.9	513.1
Core NPAT (%)	-140.0	-169.7	30.2	98.4	na
Core EPS (%)	-140.2	-171.1	29.9	98.2	na
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	3,195	3,293	9,704	10,543	12,202
Accounts receivables	3,750	4,095	4,187	4,549	4,973
Inventory	3,057	3,443	2,980	3,237	3,539
Net fixed & other tangibles	18,801	17,139	16,182	15,176	14,600
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	9,791	8,208	1,864	1,854	1,940
Total assets	**38,594**	**36,178**	**34,917**	**35,359**	**37,253**
Accounts payable	3,979	4,502	4,095	4,295	4,527
Short-term debt	660	467	347	330	323
Long-term debt	4,119	3,713	3,647	3,647	3,647
Provisions & other liab	4,249	4,504	5,013	5,296	5,628
Total liabilities	**13,007**	**13,185**	**13,101**	**13,567**	**14,125**
Shareholders' equity	23,944	21,362	20,203	20,178	21,535
Minority interests	1,644	1,630	1,613	1,613	1,593
Total equity	**25,588**	**22,992**	**21,816**	**21,792**	**23,128**
Net debt (Adj)	**1,584**	**886**	**-5,711**	**-6,567**	**-8,232**
Net debt to equity (Adj) (%)	6.2	3.9	-26.2	-30.1	-35.6

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	-27.7	-10.2	-14.6	na	16.7
PB (x)	0.9	1.0	1.1	1.1	1.0
EV/EBITDA (x)	21.3	-31.4	-83.8	13.0	6.7
FCF yield (%)	-14.3	7.8	25.1	3.1	7.0
Dividend yield (%)	6.6	6.4	6.3	6.1	6.0
Payout ratio (%)	-182	-65	-91	na	100
ROE (%)	-3.4	-9.8	-7.5	-0.1	6.5
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	1,103	-795	-257	1,400	2,541
Working capital	1,789	-208	-37	-419	-493
Other	-5,220	3,475	6,598	429	243
Operating cashflow	**-2,328**	**2,472**	**6,304**	**1,410**	**2,292**
Capex	-957	-703	-619	-700	-700
Net acq/disposals	0	0	0	0	0
Other	-751	-739	580	146	73
Investing cashflow	**-1,707**	**-1,442**	**-39**	**-554**	**-627**
Dividends paid	-1,651	-43	0	0	0
Financing cashflow	**1,229**	**-931**	**145**	**-17**	**-6**
Net change in cash	**-2,806**	**99**	**6,411**	**839**	**1,659**
Free cashflow to s/holders	**-3,284**	**1,768**	**5,686**	**710**	**1,592**

For definitions of the items in this table, please click here.

Figure 1. Flexium – Earnings Revision

	2Q26E			3Q26E			2026E			2027E			2028E
(NT$mn)	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New
Sales	5,446	6,348	-14%	6,328	7,745	-18%	23,793	28,168	-16%	25,435	30,238	-16%	27,733
Sequential growth (%)	0%	7%		16%	22%		6%	21%		7%	7%		9%
Gross profit	4	684	-99%	237	1,509	-84%	526	4,168	-87%	2,103	4,726	-55%	3,892
Opex	664	774	-14%	645	790	-18%	2,870	3,102	-7%	2,410	2,866	-16%	2,627
Operating profit	-660	-90	633%	(409)	718	-157%	-2,344	1,066	-320%	(306)	1,861	-116%	1,266
Pre-tax profit	-599	16	-3856%	(339)	949	-136%	-2,125	1,770	-220%	16	2,294	-99%	1,648
Net income	-395	11	-3728%	(206)	755	-127%	-1,556	1,399	-211%	(25)	1,916	-101%	1,357
EPS (NT$)	-1.24	0.03	-3763%	(0.65)	2.34	-128%	-4.87	4.34	-212%	(0.08)	5.94	-101%	4.25
Gross margin (%)	0.1%	10.8%	-10.7 ppt	3.7%	19.5%	-15.7 ppt	2.2%	14.8%	-12.6 ppt	8.3%	15.6%	-7.4 ppt	14.0%
Opex ratio (%)	12.2%	12.2%	+0.0 ppt	10.2%	10.2%	-0.0 ppt	12.1%	11.0%	+1.0 ppt	9.5%	9.5%	-0.0 ppt	9.5%
Operating margin (%)	-12.1%	-1.4%	-10.7 ppt	-6.5%	9.3%	-15.7 ppt	-9.9%	3.8%	-13.6 ppt	-1.2%	6.2%	-7.4 ppt	4.6%
Net margin (%)	-7.3%	0.2%	-7.4 ppt	-3.3%	9.7%	-13.0 ppt	-6.5%	5.0%	-11.5 ppt	-0.1%	6.3%	-6.4 ppt	4.9%

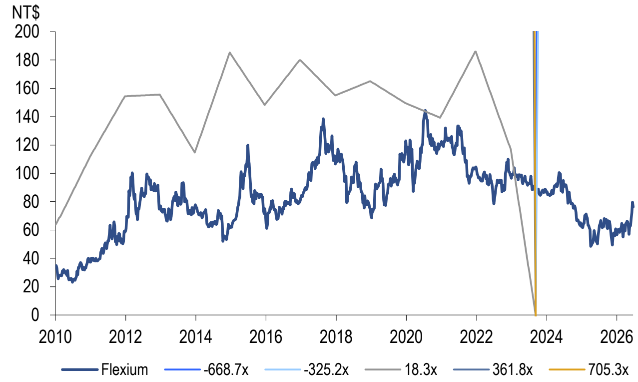
Source: Citi Research Estimates

Figure 2. Flexium – Forecast Summary

Flexium	2026				2027																
(NT$ in Mn, year-end Dec)	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	5,467	5,446	6,328	6,553	5,576	5,837	6,902	7,119	19,096	25,846	26,770	26,033	29,898	35,569	40,070	32,729	26,444	22,350	23,793	25,435	27,733
COGS	-5,543	-5,442	-6,091	-6,192	-5,313	-5,404	-6,252	-6,363	-14,557	-20,185	-21,650	-20,088	-23,764	-29,239	-33,247	-27,875	-24,924	-22,054	-23,268	-23,332	-23,841
Gross Profit	-76	4	237	361	263	434	650	756	4,539	5,662	5,120	5,945	6,134	6,329	6,823	4,854	1,520	295	526	2,103	3,892
Operating Expense	-924	-664	-645	-636	-552	-613	-718	-527	-1,487	-1,701	-1,967	-2,148	-2,695	-3,057	-3,293	-3,216	-3,334	-3,597	-2,870	-2,410	-2,627
SG&A expenses	-270	-251	-240	-229	-190	-193	-242	-235	-580	-695	-756	-727	-868	-1,001	-1,242	-1,302	-1,171	-1,042	-991	-859	-936
R&D expenses	-654	-414	-405	-406	-362	-420	-476	-292	-907	-1,006	-1,211	-1,421	-1,826	-2,055	-2,051	-1,914	-2,163	-2,555	-1,879	-1,551	-1,691
EBIT	-1,000	-660	-409	-275	-289	-179	-68	229	3,052	3,961	3,153	3,797	3,439	3,273	3,530	1,638	-1,814	-3,302	-2,344	-306	1,266
Net Interest Income	30	42	51	51	62	62	61	61	55	81	106	60	95	152	251	337	223	159	174	246	306
Net Other Income	-12	19	19	19	19	19	19	19	-148	-165	222	145	263	389	530	353	391	256	45	76	76
Pre-Tax Profit	-982	-599	-339	-205	-208	-98	12	309	2,960	3,877	3,481	4,002	3,797	3,814	4,312	2,328	-1,200	-2,887	-2,125	16	1,648
Tax	-164	-210	-136	-82	-21	-10	3	68	-685	-820	-836	-849	-863	-934	-790	-272	383	678	592	-40	-311
Net Profit	-830	-395	-206	-125	-190	-90	10	245	2,275	3,057	2,645	3,153	2,934	2,880	3,522	2,067	-826	-2,229	-1,556	-25	1,357
EPS (NT$) - diluted	-2.60	-1.24	-0.65	-0.39	-0.59	-0.28	0.03	0.77	8.09	9.82	8.46	9.01	8.16	7.60	10.14	6.38	-2.56	-6.95	-4.87	-0.08	4.25
Margins (%)																					
Gross Margin	-1.4	0.1	3.7	5.5	4.7	7.4	9.4	10.6	23.8	21.9	19.1	22.8	20.5	17.8	17.0	14.8	5.7	1.3	2.2	8.3	14.0
Operating Margin	-18.3	-12.1	-6.5	-4.2	-5.2	-3.1	-1.0	3.2	16.0	15.3	11.8	14.6	11.5	9.2	8.8	5.0	-6.9	-14.8	-9.9	-1.2	4.6
Net Margin	-15.2	-7.3	-3.3	-1.9	-3.4	-1.5	0.1	3.4	11.9	11.8	9.9	12.1	9.8	8.1	8.8	6.3	-3.1	-10.0	-6.5	-0.1	4.9
Sequential Growth (%)																					
Revenue	(2)	(0)	16	4	(15)	5	18	3	6	35	4	(3)	15	19	13	(18)	(19)	(15)	6	7	9
Gross Profit	n.m.	n.m.	5,660	52	(27)	65	50	16	(6)	25	(10)	16	3	3	8	(29)	(69)	(81)	78	300	85
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	(10)	30	(20)	20	(9)	(5)	8	(54)	n.m.	n.m.	n.m.	n.m.	n.m.
Net Profit	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2,383	(18)	34	(13)	19	(7)	(2)	22	(41)	n.m.	n.m.	n.m.	n.m.	n.m.
EPS - basic	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2,383	(23)	20	(17)	18	(14)	(5)	32	(40)	n.m.	n.m.	n.m.	n.m.	n.m.
EPS - diluted	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2,383	(20)	21	(14)	7	(9)	(7)	33	(37)	n.m.	n.m.	n.m.	n.m.	n.m.

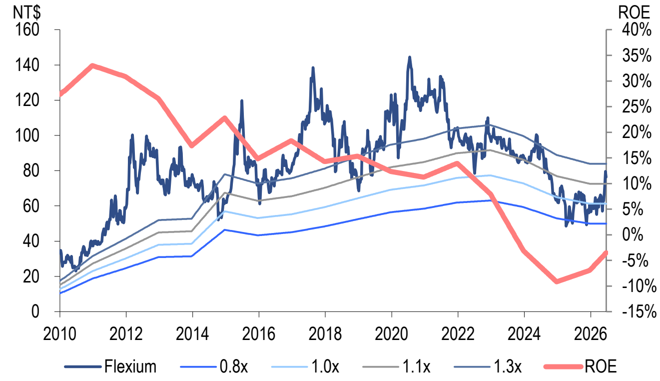
Source: Citi Research Estimates, Company Reports

Figure 3. Flexium – 12M Forward P/E Band



Source: dataCentral, Citi Research

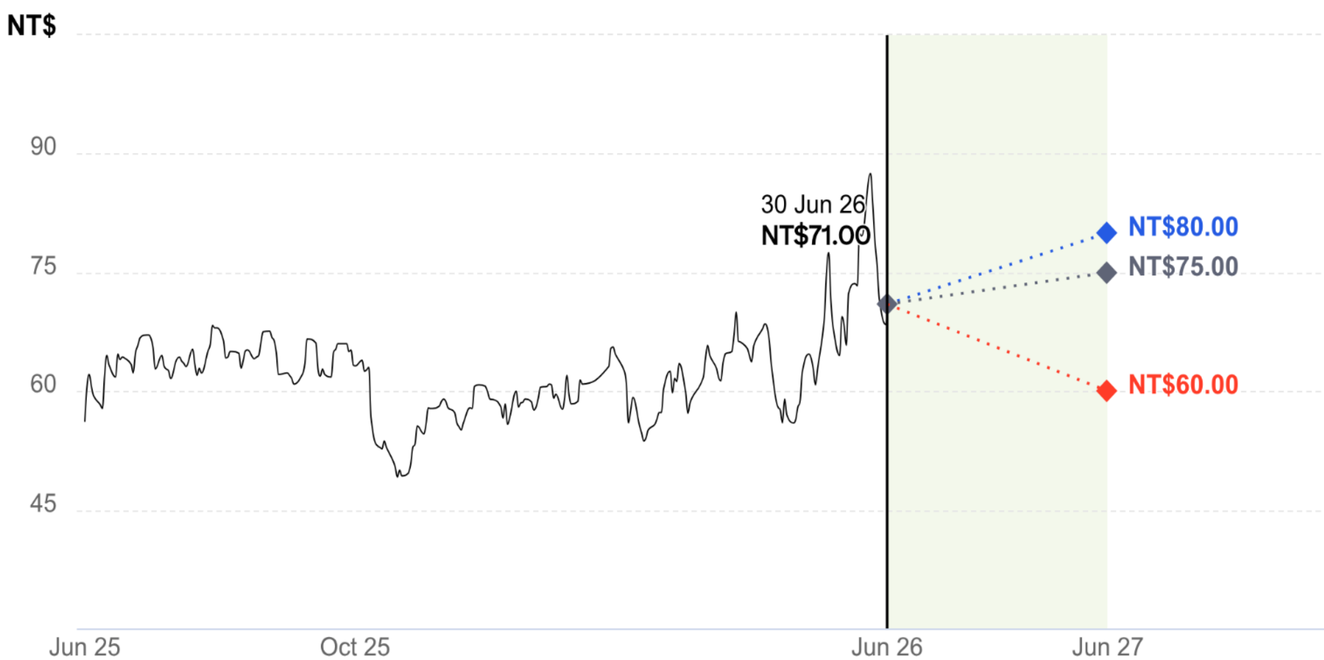
Figure 4. Flexium – 12M Forward P/B Band



Source: dataCentral, Citi Research

Bull/Bear: Flexium Interconnect (6269.TW)

NT$ 80.00	NT$ 75.00	NT$ 60.00
▲13% Upside	▲5.6% Upside	▼15% Downside



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Current Price and expected returns (upside/downside) as of 30 Jun 2026

BULL Assumptions

- Stronger than expected top line growth on higher demand
- Better than expected gross margin from MPI/LCP will increase UTR and efficiency

BASE Assumptions

- +6%/+7% revenue growth in 2026/27E
- 2.2%/8.3% gross margin in 2026/27E

BEAR Assumptions

- Weaker than expected top line growth with soft demand or tougher competition
- Worse than expected impact from gross margin

Flexium Interconnect

Company description

Established in 1997 and headquartered in Kaohsiung, Taiwan, Flexium is one of the world's key flexible PCB makers. In recent years, Flexium has been gaining market share at the expense of Japanese players. Flexium has manufacturing sites in Kaohsiung, Taiwan and Kunshan, China. Flexium has over 50% of revenue exposed to smartphone application.

Investment strategy

We have a Neutral rating on Flexium as we expect: 1) a recovery of its iPhone business with likely stabilizing ASP; 2) the start of margin profile improvements; 3) potentially higher adoption of LCP in AI servers; and 4) more FPCB content in tablets, wearables and auto. However, we believe 1) likely slower-than-expected iPhone sell-through, 2) fierce ASP pressure from its main customer, and 3) less-than-expected LCP adoption in AI server could dampen its GM profile.

Valuation

We set a DCF-based target price of NT$75 for Flexium. We use a DCF-based valuation to reflect Flexium's capability to generate stable cash. With a risk-free rate of 4.4% (current 10-year government bond rate), a market risk premium of 7%, and an equity beta of 0.95 (based on the last 5-year share price, to reflect its long-term development), we calculate Flexium's WACC as 8.9%. Our model assumes c.4% long-term revenue growth from 2028E, and a 4.6% EBIT margin from 2027E with a mild improvement annually.

Risks

Key upside risks that could mean the shares trade above our TP include: 1) stabilizing pricing competition from FPC peers; 2) better-than-expected high-end smartphone demand and penetration; 3) better-than-expected margin improvement given gradually exiting SMT business, and 4) potentially higher adoption of LCP in AI servers. Key downside risks that could mean the shares trade below our target price include: 1) aggressive pricing competition from FPC peers; 2) worse-than-expected high-end smartphone demand; 3) less-than-expected adoption of LCP in AI servers; and 4) capacity overbuild in the FPC industry.

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Appendix A-1

ANALYST CERTIFICATION

The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by "AC" in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC

analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

Flexium Interconnect (6269.TW)
Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen

	Date	Rating	Target Price	Closing Price
1	26-Oct-23 11:32:54	2	*91.00	85.40
2	15-Feb-24 12:32:54	*3	*69.00	84.60
3	23-Feb-25 22:42:07	*2	*76.00	71.30
4	13-Jun-25 09:19:19	2	*58.00	51.70
5	31-Jul-25 20:24:08	2	*67.00	65.50

*Indicates Change

Rating/target price changes above reflect Eastern Time

Flexium Interconnect (6269.TW)
Short-Term View/Catalyst Watch Research

Analyst: Jack Chen

	Date	Action	Expected Direction	Duration	Closing Price
1	23-Feb-25 17:42:07	Add STV	Upside	30 Days	71.30
2	26-Mar-25 21:44:16	Remove STV	Upside	30 Days	63.60
3	13-Jun-25 05:19:19	Add STV	Downside	90 Days	51.70
4	11-Sep-25 21:30:55	Remove STV	Downside	90 Days	65.10

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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