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Taiwan PCB & Laminates

ABF/BT Sector: GM/pricing Upcycle Underway; Buy with Higher TPs

Jack Chen [AC]
+886-2-8726-9091
jack1.chen@citi.com

Laura (Chia Yi) Chen
+886-2-8726-9090
laura.cy.chen@citi.com

Nicholas Lai
+886-2-8726-9093
nicholas.lai@citi.com

CITI'S TAKE

Both ABF and BT substrate demand are rising on AI applications. With rising AI GPU/ASIC/CPU demand, we expect the ABF supply tightness to continue throughout 2027 with continued price hikes. For BT, we also see improving S/D status, given peers' less willingness in BT production. T glass is likely to still be a constraint throughout 2027, if new capacity ramps slower than expected. We expect substrate makers to enjoy GM expansion cycle evidenced by recent monthly earnings release. We raise TPs of NYPCB (new TP NT$1,550), Kinsus (new TP NT$1,100) and Unimicron (new TP NT$1,500) and reiterate our Buy ratings. In the short term, we prefer NYPCB and Kinsus on more aggressive pricing strategies. We open 30-day upside CWs for NYPCB and Kinsus on potential sales/GM upbeat on price hikes.

ABF substrate: tight supply evidenced by improving China UTR — Besides rapid recovery in UTR of non-China capacity, we observe UTR in China ABF capacity is improving with peers like Zhen Ding announcing further capacity expansion. To note that, China ABF capacity is the least favorable option to US customers given geopolitical risk. However, it seems US customers are adopting it given lack of choices. Meanwhile, domestic AI demand for China is also improving, competing for capacity as well. Unless there is any sign of loosening demand in China capacity, we are confident on the growth prospects of the ABF industry. We currently forecast 15-20% QoQ ABF price hike in 3Q26 considering higher willingness to pay in high season and followed by 10-15% QoQ in 4Q26 considering lower seasonality.

BT substrate: improving S/D with peers gradually cutting capacity — Our industry checks suggest some peers are showing less willingness to take BT orders or are planning to convert BT production lines into ABF lines given better profitability and visibility. This coupled with its guidance, Unimicron now targets to cut at least 15% of its total BT capacity by end-2026, likely mostly for WBCSP-related products in Taiwan plants. We think Unimicron won't fully exit BT market in the mid-term given some of its major ABF customers like Apple and few key Chinese customers still have BT demand. Thus, we think its capacity in Suzhou's BT plant might be kept operational. As per our calculation (see figure 2), Unimicron's BT sales roughly account for 11% of BT sales from global major peers. We project Unimicron to cut 40-50% of its BT capacity in the mid-term, thereby gradually transferring BT orders to other Taiwanese peers.

						Rating		Short-Term	Target Price						Current Fiscal Year EPS		Next Fiscal Year EPS	
Company	Ticker	Ccy	Price	Mkt Cap (M)	Date & Time	Old	New	View	Old	New	ESPR (%)	Div Yld (%)	ETR (%)	Last Rpt Yr	Old	New	Old	New
Kinsus Interconnect Technology	3189.TW	NT$	891.00	469,482	30 Jun 13:30	1	nc	Upside^	400.00	1,100.00	23.5	0.2	23.6	Dec-25	9.56	11.42	16.20	38.61
Nan Ya PCB	8046.TW	NT$	1,185.00	765,706	30 Jun 13:30	1	nc	Upside^	1,100.00	1,550.00	30.8	0.2	31.0	Dec-25	14.07	16.41	36.82	51.89
Unimicron Technology	3037.TW	NT$	1,070.00	1,700,094	30 Jun 13:30	1	nc	Upside^	1,080.00	1,500.00	40.2	0.2	40.4	Dec-25	17.71	21.12	35.94	50.49

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk
ESPR = Expected Share Price Return, ETR = Expected Total Return, nc = no change
Source: Citi Research
^Catalyst Watch

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

Earnings Estimates

				Last Reported Year					Current Fiscal Year					Next Fiscal Year				
Company Name	Ticker	Last Rpt Year	Currency	1Q	2Q	3Q	4Q	FY0	1Q	2Q	3Q	4Q	FY1	1Q	2Q	3Q	4Q	FY2
Kinsus Interconnect Technology	3189.TW	Dec-25	NT$	0.61	0.74	0.75	1.41	3.51	1.17	2.50	3.45	4.08	11.42	6.97	8.74	10.37	12.53	38.61
Old		Dec-25	NT$	0.61	0.74	0.75	1.41	3.51	1.69	1.74	2.80	3.24	9.56	3.22	3.59	4.77	4.62	16.20
Nan Ya PCB	8046.TW	Dec-25	NT$	0.32	-0.29	1.12	1.86	3.01	2.03	3.38	5.08	5.92	16.41	8.73	12.22	14.65	16.29	51.89
Old		Dec-25	NT$	0.32	-0.29	1.12	1.86	3.01	2.03	2.87	4.07	5.11	14.07	6.52	8.41	10.48	11.41	36.82
Unimicron Technology	3037.TW	Dec-25	NT$	0.60	0.02	1.44	2.32	4.38	3.28	6.29	5.03	6.52	21.12	8.08	9.78	14.04	18.58	50.49
Old		Dec-25	NT$	0.60	0.02	1.44	2.32	4.38	3.20	4.07	4.11	6.34	17.71	6.88	7.79	9.90	11.38	35.94

Source: Citi Research

T glass: likely continued constraint throughout 2027 — With rising AI GPU/ASIC/CPU demand, we think T glass constraint will likely continue into 2027, given the qualification progress for new vendors seems to be slower than expected. Among all the new vendors, Taiwan Glass Industry takes the lead in thick glass, but its product quality still falls short of Nittobo's. End-customers/fabless currently are still trying to find new vendors or other kinds of new solutions, which is why EMC's ABF CCL, MGC's RS Resin solution, Nanya Plastics' T glass or other new unlisted vendors' T glass are considered yet without proven. In our view, Nittobo's capacity expansion plan remains the key to the supply, yet whether to initiate another price hike is up to Nittobo's willingness, which is addressed in our JP analyst Yuta Nishiyama's report. In our view, whether industrywide T glass supply is able to fulfill all the AI chips demand is less concerning as we think substrate makers would just hike the prices to achieve growth despite the unit shipments being constrained. We expect fabless in the queue eventually needs to pay premium for the shortage, unless there is any delay in their AI chip development.

NYPCB: aggressive ABF/BT pricing strategies — NYPCB is the key beneficiary to Broadcom's Tomahawk products for ABF. Besides switch ICs, the company would also supply some ASIC projects with minority share. For BT, the company sees strong demand from memory. NYPCB is reluctant to enter into long-term agreements with customers with high exposure to spot market. Based on the last cycle experience, we expect the company to be aggressive in both ABF and BT pricing strategies in the coming quarters. We expect price hikes and improving UTR to drive its GM profile in the coming quarters. Our 2027E profit forecast increases by ~40% to NT$33.5bn given more aggressive pricing strategies.

Kinsus: Vera CPU key suppliers + improving BT S/D — The company is bullish on its market share in Vera CPU, which echoes our view of market share >50%. The upside to its market share in Vera CPU would hinge on its capacity expansion pace. For its BT demand, we expect Kinsus to benefit from outflowing orders from Unimicron, driving its UTR quarter after quarter. We expect Kinsus' both ABF and BT UTR to reach full levels by end 2026. To note that, we think BT GM would likely surpass 20% levels in this cycle vs historical levels of 5-15% range. Kinsus currently has 35-40% BT sales exposure. We forecast more than double our 2027E profit estimate to NT$20.8bn given improvement in both ABF and BT GM.

Unimicron: more T glass supply + HDI upside — To note that, in the long term, we remain bullish on Unimicron. We understand investors' short-term preference to ABF names with higher spot-price exposure and earnings growth. However, we think Unimicron still sees meaningful earnings upside from 1) GM benefits from long-term agreements, 2) HDI GM improvement when mass production kicks off and 3) more sufficient T glass supply, which would give Unimicron more bargaining power with customers vs other ABF peers. To note that, we think current 2Q26 GM uptick is likely driven by rising ABF demand rather than by HDI UTR improvement. Our 2027E profit forecast increases by 37% to NT$77.6bn given GM expansion on more AI GPU/ASIC demand and price hikes.

GM expansion/price hikes underway; NYPCB/Kinsus preferred in the S-T — We see improving monthly profitability (see figure 1) of three Taiwanese substrate makers, which we believe is driven by enhanced product mix, rising UTR and price hikes. Given material changes to our 2027E profit estimates driven by margin expansion, we raise TPs of Unimicron/NYPCB/Kinsus to NT$1,500 (30x 2027E EPS)/ NT$1,550 (30x 2027E EPS)/ NT$1,100 (28x 2027E EPS). We believe the GM/pricing upcycle would justify the high PE multiple of ~30x for all the three companies. Reiterate our Buy ratings on three names. **In the short term, we prefer**

NYPCB/Kinsus given aggressive pricings and improving BT sentiment. In the long term, we still like Unimicron given its leadership position.

Figure 1. Unaudited monthly results of Unimicron, NYPCB and Kinsus

Unimicron

(NT$mn)	1Q26	Jan	Implied Feb	March	April	May
Sales	37,446	12,767	11,600	13,079	13,933	na
Pre-tax earnings	6,299	2,382	2,290	1,627	3,460	na
Pre-tax margin %	*16.8%*	*18.7%*	*19.7%*	*12.4%*	*24.8%*	na
EPS (NT$)	3.28	1.23	1.31	0.74	1.85	na
Gains on financial assets (liabilities) at fair value	2,507					
% of total sales	6.7%					
Share price performance of Unimicron's financial assets (%)						
Unimicron	92%	72%	27%	-8%	99%	19%
UMC	18%	27%	5%	-14%	37%	87%
TWSE Index	11%	11%	10%	-10%	23%	15%
Share price diff. of Unimicron's financial assets (NT$/share, except Index)						
Unimicron	225	159	103	(37)	439	172
UMC	7	13	3	(9)	21	67
TWSE Index	2,759	3,100	3,351	(3,692)	7,204	5,806

NYPCB

(NT$mn)	1Q26	Jan	Feb	Implied March	April	May
Sales	11,177	3,720	3,166	4,291	4,451	4,440
Pre-tax earnings	1,598	450	369	779	746	977
Pre-tax margin %	*14.3%*	*12.1%*	*11.7%*	*18.2%*	*16.8%*	*22.0%*
EPS (NT$)	2.03	0.56	0.46	1.01	0.92	1.21

Kinsus

(NT$mn)	1Q26	Implied Jan	Feb	March	April	May
Sales	11,105	3,962	3,204	3,939	na	4,200
Pre-tax earnings	964	99	421	444	na	563
Pre-tax margin %	*8.7%*	*2.5%*	*13.1%*	*11.3%*	na	*13.4%*
EPS (NT$)	1.17	-0.09	0.68	0.58	na	0.91

Source: Company Reports, Citi Research, MOPS

Figure 2. BT estimated sales of major global peers in 2025

	Market Share (%)	Sales (US$mn)
Taiwan peers		
Unimicron	11%	551
Kinsus	10%	460
Nanya PCB	8%	376
Zhen Ding	5%	260
Chinese peers		
Shennan Circuits	12%	577
Shenzhen Fastprint	4%	186
Korea peers		
Simmtech	16%	748
SEMCO	14%	657
Daeduck	10%	479
LG Innotek	7%	322
Other small peers	4%	205
Total	100%	4,820

Source: Citi Research Estimates, Bloomberg

Figure 3. NYCPB – Earnings Revision

	2Q26E			3Q26E			2026E			2027E			2028E		
(NT$mn)	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.
Sales	13,344	13,585	-2%	16,176	15,603	4%	58,517	57,230	2%	107,214	92,356	16%	164,586	130,620	26%
Sequential growth (%)	19%	22%		21%	15%		46%	42%		83%	61%		54%	41%	
Gross profit	3,048	2,651	15%	4,486	3,655	23%	14,502	12,581	15%	44,000	31,624	39%	72,477	48,856	48%
Opex	480	489	-2%	582	546	7%	2,123	2,045	4%	3,645	3,140	16%	5,180	4,180	24%
Operating profit	2,567	2,162	19%	3,904	3,108	26%	12,379	10,537	17%	40,355	28,484	42%	67,297	44,676	51%
Pre-tax profit	2,663	2,258	18%	4,002	3,206	25%	12,930	11,088	17%	40,891	29,012	41%	67,907	45,276	50%
Net income	2,184	1,852	18%	3,282	2,629	25%	10,601	9,090	17%	33,531	23,790	41%	55,684	37,127	50%
EPS (NT$)	3.38	2.87	18%	5.08	4.07	25%	16.41	14.07	17%	51.89	36.82	41%	86.18	57.46	50%
Gross margin (%)	22.8%	19.5%	+3.3 ppt	27.7%	23.4%	+4.3 ppt	24.8%	22.0%	+2.8 ppt	41.0%	34.2%	+6.8 ppt	44.0%	37.4%	+6.6 ppt
Opex ratio (%)	3.6%	3.6%	-0.0 ppt	3.6%	3.5%	+0.1 ppt	3.6%	3.6%	+0.1 ppt	3.4%	3.4%	-0.0 ppt	3.1%	3.2%	-0.1 ppt
Operating margin (%)	19.2%	15.9%	+3.3 ppt	24.1%	19.9%	+4.2 ppt	21.2%	18.4%	+2.7 ppt	37.6%	30.8%	+6.8 ppt	40.9%	34.2%	+6.7 ppt
Net margin (%)	16.4%	13.6%	+2.7 ppt	20.3%	16.9%	+3.4 ppt	18.1%	15.9%	+2.2 ppt	31.3%	25.8%	+5.5 ppt	33.8%	28.4%	+5.4 ppt

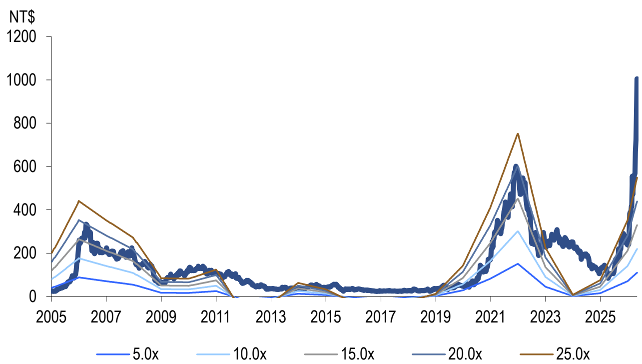
Source: Citi Research Estimates

Figure 4. NYCPB – Forecast Summary

NYPCB	2026				2027															
(NT$ in Mn, year-end Dec)	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	11,177	13,344	16,176	17,820	21,246	24,947	29,139	31,882	28,833	31,094	38,513	52,228	64,647	42,253	32,283	40,173	58,517	107,214	164,586
COGS	-9,406	-10,296	-11,690	-12,623	-13,779	-14,590	-16,735	-18,111	-28,483	-29,467	-32,761	-37,346	-38,779	-34,075	-31,926	-36,526	-44,015	-63,214	-92,109
Gross Profit	1,771	3,048	4,486	5,197	7,467	10,357	12,404	13,772	349	1,627	5,752	14,883	25,868	8,177	358	3,647	14,502	44,000	72,477
Operating Expense	-419	-480	-582	-642	-722	-848	-991	-1,084	-1,535	-1,555	-1,644	-2,012	-2,293	-1,847	-1,624	-1,665	-2,123	-3,645	-5,180
SG&A expenses	-419	-480	-582	-642	-722	-848	-991	-1,084	-1,535	-1,555	-1,644	-2,012	-2,293	-1,847	-1,624	-1,665	-2,123	-3,645	-5,180
R&D expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	1,352	2,567	3,904	4,555	6,745	9,509	11,414	12,688	-1,186	71	4,108	12,871	23,575	6,330	-1,267	1,982	12,379	40,355	67,297
Net Interest Income	34	36	39	39	60	60	75	75	5	50	37	14	114	308	238	144	148	270	340
Net Other Income	212	60	59	72	74	60	59	74	597	264	-142	210	1,673	469	1,192	219	403	267	270
Pre-Tax Profit	1,598	2,663	4,002	4,666	6,879	9,629	11,548	12,836	-584	385	4,003	13,095	25,362	7,107	163	2,346	12,930	40,891	67,907
Tax	290	479	720	840	1,238	1,733	2,079	2,311	0	-77	-337	-2,514	-5,946	-1,290	41	-399	-2,329	-7,360	-12,223
Net Profit	1,309	2,184	3,282	3,826	5,641	7,896	9,469	10,526	-584	308	3,666	10,582	19,416	5,817	204	1,947	10,601	33,531	55,684
EPS (NT$)	2.03	3.38	5.08	5.92	8.73	12.22	14.65	16.29	-0.90	0.48	5.67	16.38	30.05	9.00	0.32	3.01	16.41	51.89	86.18
Revenue breakdown (%)																			
PCB	6%	10%	11%	9%	7%	6%	6%	5%	34%	31%	25%	19%	14%	17%	21%	14%	9%	6%	4%
PP	29%	29%	27%	26%	21%	21%	20%	17%	32%	29%	29%	31%	27%	22%	30%	29%	27%	20%	15%
FC	64%	61%	62%	65%	72%	72%	74%	78%	33%	41%	46%	50%	58%	62%	49%	57%	63%	74%	81%
Margins (%)																			
Gross Margin	15.8	22.8	27.7	29.2	35.1	41.5	42.6	43.2	1.2	5.2	14.9	28.5	40.0	19.4	1.1	9.1	24.8	41.0	44.0
Operating Margin	12.1	19.2	24.1	25.6	31.7	38.1	39.2	39.8	-4.1	0.2	10.7	24.6	36.5	15.0	-3.9	4.9	21.2	37.6	40.9
Net Margin	11.7	16.4	20.3	21.5	26.5	31.6	32.5	33.0	-2.0	1.0	9.5	20.3	30.0	13.8	0.6	4.8	18.1	31.3	33.8
Sequential Growth (%)																			
Revenue	0.1	19.4	21.2	10.2	19.2	17.4	16.8	9.4	8.3	7.8	23.9	35.6	23.8	-34.6	-23.6	24.4	45.7	83.2	53.5
Gross Profit	26.7	72.1	47.2	15.8	43.7	38.7	19.8	11.0	n.m.	365.5	253.6	158.7	73.8	-68.4	-95.6	919.6	297.6	203.4	64.7
EBIT	40.4	89.9	52.1	16.7	48.1	41.0	20.0	11.2	n.m.	n.m.	5659.7	213.3	83.2	-73.1	n.m.	n.m.	524.4	226.0	66.8
Net Profit	8.9	66.9	50.3	16.6	47.4	40.0	19.9	11.2	n.m.	n.m.	1089.4	188.6	83.5	-70.0	-96.5	855.6	444.5	216.3	66.1
EPS	8.9	66.9	50.3	16.6	47.4	40.0	19.9	11.2	n.m.	n.m.	1089.4	188.6	83.5	-70.0	-96.5	855.6	444.5	216.3	66.1

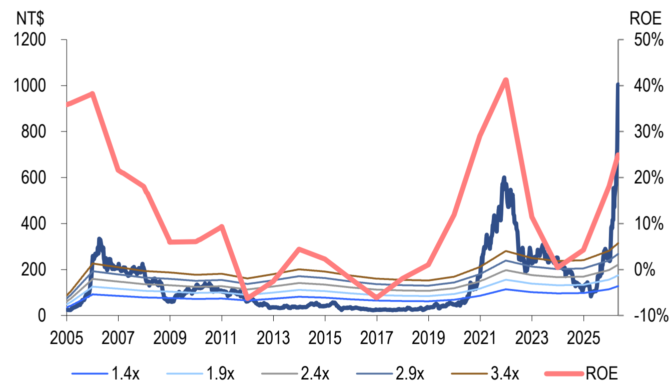
Source: Citi Research Estimates, Company Reports

Figure 5. NYCPB – 12M Forward P/E Band



Source: dataCentral, Citi Research

Figure 6. NYCPB – 12M Forward P/B Band



Source: dataCentral, Citi Research

Figure 7. Kinsus – Earnings Revisions

	1Q26E			2Q26E			2026E			2027E			2028E		
(NT$mn)	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.
Sales	12,609	12,095	4%	14,950	13,869	8%	55,121	51,229	8%	96,308	67,132	43%	146,640	79,292	85%
Sequential growth	14%	12%		19%	15%		40%	30%		75%	31%		52%	18%	
Gross profit	3,461	3,110	11%	4,598	3,991	15%	15,557	14,099	10%	35,762	21,006	70%	61,329	27,220	125%
Opex	1,664	1,633	2%	2,018	1,817	11%	7,297	6,802	7%	10,979	8,853	24%	16,130	10,457	54%
Operating profit	1,797	1,477	22%	2,580	2,175	19%	8,259	7,296	13%	24,783	12,154	104%	45,199	16,763	170%
Pre-tax profit	1,841	1,523	21%	2,641	2,236	18%	8,499	7,560	12%	24,997	12,368	102%	45,463	17,027	167%
Net income	1,348	959	41%	1,866	1,543	21%	5,966	5,103	17%	20,851	8,941	133%	38,793	12,362	214%
EPS (NT$)	2.50	1.74	44%	3.45	2.80	24%	11.42	9.56	20%	38.61	16.20	138%	71.83	22.40	221%
Gross margin	27.4%	25.7%	1.7%	30.8%	28.8%	2.0%	28.2%	27.5%	0.7%	37.1%	31.3%	5.8%	41.8%	34.3%	7.5%
Opex ratio	13.2%	13.5%	-0.3%	13.5%	13.1%	0.4%	13.2%	13.3%	0.0%	11.4%	13.2%	-1.8%	11.0%	13.2%	-2.2%
Operating margin	14.2%	12.2%	2.0%	17.3%	15.7%	1.6%	15.0%	14.2%	0.7%	25.7%	18.1%	7.6%	30.8%	21.1%	9.7%
Net margin	10.7%	7.9%	2.8%	12.5%	11.1%	1.4%	10.8%	10.0%	0.9%	21.7%	13.3%	8.3%	26.5%	15.6%	10.9%

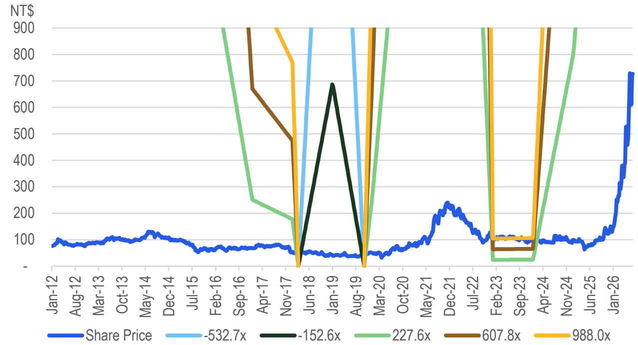
Source: Citi Research estimates

Figure 8. Kinsus — Key Earnings Estimates

Kinsus		2026				2027													
(NT$ in Mn, year-end Dec)	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	11,105	12,609	14,950	16,456	20,469	22,746	25,326	27,767	23,728	22,327	27,098	35,673	42,441	26,832	30,535	39,351	55,121	96,308	146,640
COGS	-8,755	-9,148	-10,352	-11,309	-13,568	-14,626	-15,634	-16,718	-18,341	-19,567	-21,279	-25,147	-26,729	-20,075	-21,867	-31,037	-39,564	-60,546	-85,311
Gross Profit	2,349	3,461	4,598	5,147	6,900	8,120	9,692	11,049	5,387	2,761	5,819	10,526	15,712	6,758	8,668	8,314	15,557	35,762	61,329
Operating Expense	-1,459	-1,664	-2,018	-2,156	-2,333	-2,593	-2,887	-3,165	-4,595	-4,411	-4,478	-5,521	-6,135	-5,715	-7,572	-5,645	-7,297	-10,979	-16,130
SG&A expenses	-886	-908	-972	-1,004	-1,105	-1,228	-1,368	-1,499	-2,376	-2,486	-2,150	-3,026	-3,624	-3,318	-4,961	-3,035	-3,769	-5,201	-7,332
R&D expenses	-573	-757	-1,047	-1,152	-1,228	-1,365	-1,520	-1,666	-2,218	-1,925	-2,328	-2,496	-2,511	-2,397	-2,612	-2,610	-3,528	-5,778	-8,798
EBIT	891	1,797	2,580	2,992	4,567	5,527	6,805	7,884	792	-1,650	1,341	5,005	9,576	1,042	1,095	2,670	8,259	24,783	45,199
Net Interest Income	-13	-7	10	10	0	0	5	5	-59	-83	-33	-47	-100	185	136	-6	0	10	60
Net Other Income	87	51	51	51	51	51	51	51	-22	-113	-184	206	616	199	372	423	240	204	204
Pre-Tax Profit	964	1,841	2,641	3,053	4,618	5,578	6,861	7,940	711	-1,846	1,123	5,164	10,092	1,426	1,603	3,087	8,499	24,997	45,463
Tax	89	193	475	549	554	558	961	873	-299	-101	-194	-672	-2,158	-256	-272	-370	-1,307	-2,946	-5,470
Net Profit	549	1,348	1,866	2,203	3,764	4,720	5,600	6,767	349	-2,025	542	3,859	6,977	48	49	1,596	5,966	20,851	38,793
EPS (NT$)	1.17	2.50	3.45	4.08	6.97	8.74	10.37	12.53	0.78	-4.53	1.21	8.57	15.47	0.11	0.11	3.51	11.42	38.61	71.83
Margins (%)																			
Gross Margin	21.2	27.4	30.8	31.3	33.7	35.7	38.3	39.8	22.7	12.4	21.5	29.5	37.0	25.2	28.4	21.1	28.2	37.1	41.8
Operating Margin	8.0	14.2	17.3	18.2	22.3	24.3	26.9	28.4	3.3	-7.4	4.9	14.0	22.6	3.9	3.6	6.8	15.0	25.7	30.8
Net Margin	4.9	10.7	12.5	13.4	18.4	20.8	22.1	24.4	1.5	-9.1	2.0	10.8	16.4	0.2	0.2	4.1	10.8	21.7	26.5
Sequential Growth (%)																			
Revenue	2.7	13.5	18.6	10.1	24.4	11.1	11.3	9.6	6.2	-5.9	21.4	31.6	19.0	-36.8	13.8	28.9	40.1	74.7	52.3
- Substrate	*3.8*	*14.8*	*21.4*	*12.0*	*28.5*	*11.5*	*12.1*	*10.7*	*5.9*	*-5.4*	*30.1*	*30.8*	*27.2*	*-43.2*	*18.3*	*36.2*	*45.6*	*86.7*	*56.5*
- PCB									*-13.1*	*-20.7*	*-28.3*	*21.9*	*-63.8*	*-100.0*					
- Contact Lens	*-2.3*	*7.2*	*3.9*	*-1.7*	*-4.0*	*7.2*	*3.9*	*-1.7*	*43.6*	*7.1*	*18.6*	*40.6*	*13.0*	*7.4*	*0.4*	*3.3*	*14.7*	*5.0*	*8.0*
Gross Profit	-1.8	47.3	32.9	11.9	34.1	17.7	19.4	14.0	29.4	-48.7	110.8	80.9	49.3	-57.0	28.3	-4.1	87.1	129.9	71.5
EBIT	-3.3	101.7	43.6	15.9	52.7	21.0	23.1	15.9	98.3	n.m.	n.m.	273.3	91.4	-89.1	5.1	143.7	209.4	200.1	82.4
Net Profit	-14.5	145.3	38.5	18.1	70.8	25.4	18.6	20.8	-28.9	n.m.	n.m.	612.1	80.8	-99.3	2.9	3164.4	273.8	249.5	86.0
EPS	-16.9	112.8	38.5	18.1	70.8	25.4	18.6	20.8	-29.3	n.m.	n.m.	606.6	80.6	-99.3	2.6	3151.8	225.8	237.9	86.0

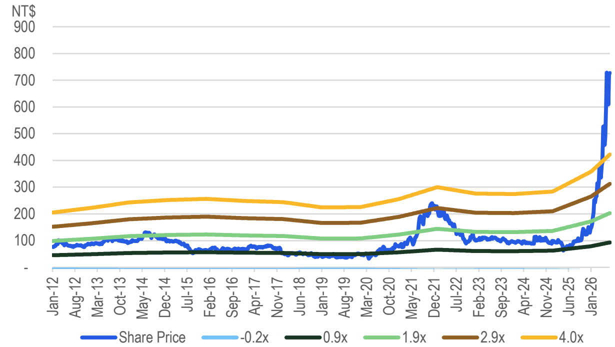
Source: Company data, Citi Research estimates

Figure 9. Kinsus — Forward 1-yr P/E Band



Source: Citi Research, Bloomberg

Figure 10. Kinsus — Forward 1-yr P/B Band



Source: dataCentral, Citi Research

Figure 11. Unimicron – Earnings Revisions

	2Q26E			3Q26E			2026E			2027E			2028E		
(NT$mn)	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.
Sales	42,341	41,711	2%	50,503	49,736	2%	185,885	185,975	0%	312,252	272,514	15%	504,809	365,214	38%
Sequential growth	13%	11%		19%	19%		42%	42%		68%	47%		62%	34%	
Gross profit	10,604	9,127	16%	14,670	13,023	13%	49,780	46,363	7%	125,243	95,228	32%	228,016	137,887	65%
Opex	4,168	3,855	8%	4,622	4,403	5%	17,572	17,169	2%	25,084	21,932	14%	39,503	29,417	34%
Operating profit	6,436	5,272	22%	10,048	8,620	17%	32,208	29,194	10%	100,158	73,296	37%	188,513	108,470	74%
Pre-tax profit	11,790	8,879	33%	10,353	8,965	15%	41,735	37,044	13%	101,528	74,666	36%	189,883	109,840	73%
Net income	9,672	6,398	51%	7,725	6,464	20%	32,458	27,875	16%	77,607	56,560	37%	146,309	83,615	75%
EPS (NT$)	6.29	4.07	55%	5.03	4.11	22%	21.12	17.71	19%	50.49	35.94	40%	95.19	53.14	79%
Gross margin	25.0%	21.9%	+3.2 ppt	29.0%	26.2%	+2.9 ppt	26.8%	24.9%	+1.9 ppt	40.1%	34.9%	+5.2 ppt	45.2%	37.8%	+7.4 ppt
Opex ratio	9.8%	9.2%	+0.6 ppt	9.2%	8.9%	+0.3 ppt	9.5%	9.2%	+0.2 ppt	8.0%	8.0%	-0.0 ppt	7.8%	8.1%	-0.2 ppt
Operating margin	15.2%	12.6%	+2.6 ppt	19.9%	17.3%	+2.6 ppt	17.3%	15.7%	+1.6 ppt	32.1%	26.9%	+5.2 ppt	37.3%	29.7%	+7.6 ppt
Net margin	22.8%	15.3%	+7.5 ppt	15.3%	13.0%	+2.3 ppt	17.5%	15.0%	+2.5 ppt	24.9%	20.8%	+4.1 ppt	29.0%	22.9%	+6.1 ppt

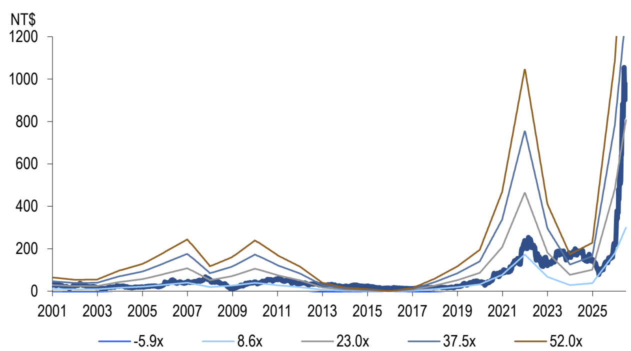
Source: Citi Research estimates

Figure 12. Unimicron — Key Earnings Estimates

Unimicron	2026				2027														
(NT$ in Mn, year-end Dec)	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	37,446	42,341	50,503	55,595	60,652	69,700	85,173	96,727	75,733	82,536	87,893	104,563	140,489	104,036	115,373	131,241	185,885	312,252	504,809
Depreciation	-4,917	-5,030	-5,182	-5,377	-5,416	-5,582	-5,692	-5,794	-8,319	-8,396	-8,714	-9,506	-11,391	-14,643	-16,730	-18,333	-20,507	-22,484	-24,175
COGS	-30,720	-31,737	-35,833	-37,815	-39,830	-44,017	-49,886	-53,276	-67,349	-71,222	-75,064	-80,900	-90,056	-83,735	-99,058	-112,949	-136,105	-187,009	-276,793
Gross Profit	6,726	10,604	14,670	17,780	20,821	25,683	35,287	43,451	8,383	11,314	12,828	23,663	50,433	20,302	16,315	18,292	49,780	125,243	228,016
Operating Expense	-3,993	-4,168	-4,622	-4,813	-5,253	-5,691	-6,620	-7,521	-6,994	-7,820	-8,811	-10,493	-12,261	-11,382	-11,198	-11,618	-17,572	-25,084	-39,503
SG&A expenses	-2,430	-2,310	-2,398	-2,581	-3,117	-3,230	-3,686	-4,183	-4,088	-4,378	-4,873	-5,777	-6,374	-6,458	-6,156	-6,619	-9,528	-14,025	-21,611
R&D expenses	-1,587	-1,905	-2,273	-2,279	-2,183	-2,509	-2,981	-3,385	-2,906	-3,442	-3,938	-4,716	-5,887	-4,923	-5,043	-4,999	-8,044	-11,059	-17,892
EBIT	2,757	6,436	10,048	12,968	15,569	19,991	28,668	35,930	1,390	3,493	4,017	13,170	38,172	8,920	5,117	6,674	32,208	100,158	188,513
Net Interest Income	21	55	80	100	100	100	100	110	-505	-444	-282	-160	212	746	494	183	256	410	410
Net Other Income	3,522	5,299	225	225	225	285	225	225	1,397	989	2,499	3,619	1,491	5,909	1,710	1,970	9,271	960	960
Pre-Tax Profit	6,299	11,790	10,353	13,293	15,894	20,376	28,993	36,265	2,282	4,038	6,234	16,629	39,875	15,575	7,321	8,827	41,735	101,528	189,883
Tax	918	1,769	2,278	2,924	3,020	4,890	6,958	7,253	-452	-763	-917	-3,104	-8,649	-3,350	-1,765	-1,277	-7,889	-22,122	-41,374
Net Profit	5,043	9,672	7,725	10,018	12,424	15,036	21,585	28,562	1,705	3,260	5,462	13,222	29,619	11,980	5,082	6,673	32,458	77,607	146,309
EPS (NT$)	3.28	6.29	5.03	6.52	8.08	9.78	14.04	18.58	1.14	2.24	3.75	9.00	20.09	7.88	3.34	4.38	21.12	50.49	95.19
Revenue breakdown																			
PCB	10%	8%	7%	7%	6%	5%	4%	4%	14%	14%	13%	14%	11%	13%	10%	11%	8%	5%	3%
HDI	27%	24%	23%	22%	20%	18%	16%	14%	38%	36%	34%	26%	19%	20%	24%	28%	24%	17%	11%
Substrate	61%	65%	68%	70%	73%	75%	79%	81%	41%	43%	47%	55%	67%	63%	61%	58%	66%	78%	85%
FlexPCB	2%	2%	2%	1%	1%	1%	1%	1%	5%	5%	5%	4%	2%	2%	3%	2%	2%	1%	1%
Margins (%)																			
Gross Margin	18.0	25.0	29.0	32.0	34.3	36.8	41.4	44.9	11.1	13.7	14.6	22.6	35.9	19.5	14.1	13.9	26.8	40.1	45.2
Operating Margin	7.4	15.2	19.9	23.3	25.7	28.7	33.7	37.1	1.8	4.2	4.6	12.6	27.2	8.6	4.4	5.1	17.3	32.1	37.3
Net Margin	13.5	22.8	15.3	18.0	20.5	21.6	25.3	29.5	2.3	3.9	6.2	12.6	21.1	11.5	4.4	5.1	17.5	24.9	29.0
Sequential Growth (%)																			
Revenue	7.9	13.1	19.3	10.1	9.1	14.9	22.2	13.6	16.5	9.0	6.5	19.0	34.4	-25.9	10.9	13.8	41.6	68.0	61.7
Gross Profit	22.9	57.7	38.4	21.2	17.1	23.3	37.4	23.1	44.9	35.0	13.4	84.5	113.1	-59.7	-19.6	12.1	172.1	151.6	82.1
EBIT	16.5	133.5	56.1	29.1	20.1	28.4	43.4	25.3	n.m.	151.4	15.0	227.9	189.8	-76.6	-42.6	30.4	382.6	211.0	88.2
Net Profit	42.7	91.8	-20.1	29.7	24.0	21.0	43.6	32.3	311.6	91.2	67.5	142.1	124.0	-59.6	-57.6	31.3	386.4	139.1	88.5
EPS	41.4	91.8	-20.1	29.7	24.0	21.0	43.6	32.3	312.7	96.5	66.9	140.3	123.2	-60.7	-57.6	31.2	381.8	139.1	88.5

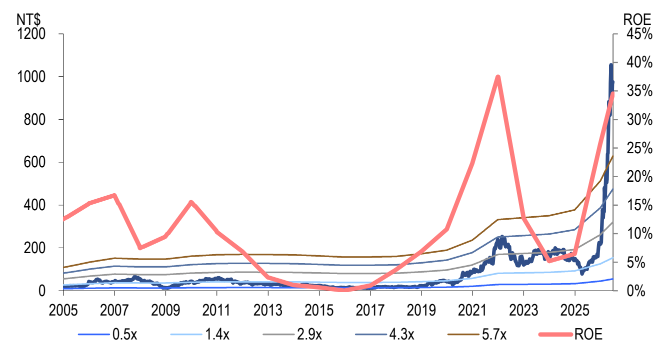
Source: Company data, Citi Research estimates

Figure 13. Unimicron — Forward 1-yr P/E Band



Source: Citi Research, Bloomberg

Figure 14. Unimicron — Forward 1-yr P/B Band



Source: dataCentral, Citi Research

Companies Mentioned:
Unimicron (3037.TW; NT$1070.0; 1; 30 Jun 26; 13:30)
Kinsus Interconnect Technology (3189.TW; NT$891.0; 1; 30 Jun 26; 13:30)
NYPCB (8046.TW; NT$1185.0; 1; 30 Jun 26; 13:30)
Apple, Inc. (AAPL.O; US$281.74; 1; 29 Jun 26; 16:00)
Broadcom Inc (AVGO.O; US$372.45; 1; 29 Jun 26; 16:00)
Elite Material (2383.TW; NT$5390.0; 1; 30 Jun 26; 13:30)
LG Innotek (011070.KS; W981000.0; 1; 30 Jun 26; 15:45)
Mitsubishi Gas Chemical (4182.T; ¥5068.0; 1; 30 Jun 26; 15:30)
Nan Ya Plastics (1303.TW; NT$166.5; 3; 30 Jun 26; 13:30)
Nitto Boseki (3110.T; ¥4315.0; 1; 30 Jun 26; 15:30)
Samsung Electro-Mechanics (009150.KS; W2184000.0; 1; 30 Jun 26; 15:45)
Shennan Circuit (002916.SZ; Rmb457.9; 1; 30 Jun 26; 15:00)
UMC (2303.TW; NT$164.5; 1; 30 Jun 26; 13:30)
Zhen Ding Technology (4958.TW; NT$630.0; 1; 30 Jun 26; 13:30)

3189.TW: Fiscal year end 31-Dec					
Profit & Loss (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue	30,535	39,351	55,121	96,308	146,640
Cost of sales	-21,867	-31,037	-39,564	-60,546	-85,311
Gross profit	8,668	8,314	15,557	35,762	61,329
Gross Margin (%)	28.4	21.1	28.2	37.1	41.8
EBITDA (Adj)	**6,554**	**9,113**	**15,522**	**32,387**	**52,497**
EBITDA Margin (Adj) (%)	21.5	23.2	28.2	33.6	35.8
Depreciation	-5,459	-6,443	-7,263	-7,605	-7,298
Amortisation	0	0	0	0	0
EBIT (Adj)	**1,095**	**2,670**	**8,259**	**24,783**	**45,199**
EBIT Margin (Adj) (%)	3.6	6.8	15.0	25.7	30.8
Net interest	136	-6	0	10	60
Associates	91	-11	-3	-12	-12
Non-Op/Except/Other Adj	281	434	243	216	216
Pre-tax profit	**1,603**	**3,087**	**8,499**	**24,997**	**45,463**
Tax	-272	-370	-1,307	-2,946	-5,470
Extraord./Min.Int./Pref.div.	-1,282	-1,121	-1,227	-1,200	-1,200
Reported net profit	**49**	**1,596**	**5,966**	**20,851**	**38,793**
Net Margin (%)	0.2	4.1	10.8	21.7	26.5
Core NPAT	49	1,596	5,966	20,851	38,793
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	0.11	3.51	11.42	38.61	71.83
Core EPS ($)	0.11	3.51	11.42	38.61	71.83
DPS ($)	1.00	1.75	5.53	19.33	2.54
CFPS ($)	12.83	7.16	19.09	48.41	81.02
FCFPS ($)	-10.13	-6.28	5.00	29.90	62.51
BVPS ($)	69.31	71.66	90.66	124.70	179.00
Wtd avg ord shares (m)	453	455	522	540	540
Wtd avg diluted shares (m)	453	455	522	540	540
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	13.8	28.9	40.1	74.7	52.3
EBIT (Adj) (%)	5.1	143.7	209.4	200.1	82.4
Core NPAT (%)	2.9	na	273.8	249.5	86.0
Core EPS (%)	2.6	na	225.8	237.9	86.0
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	14,400	12,281	19,505	33,924	58,752
Accounts receivables	5,284	6,804	10,356	17,474	25,135
Inventory	2,981	4,828	7,349	12,401	17,837
Net fixed & other tangibles	49,658	50,897	50,049	51,599	53,490
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	7,112	5,163	7,648	12,904	18,562
Total assets	**79,435**	**79,973**	**94,906**	**128,303**	**173,777**
Accounts payable	2,500	3,900	5,494	8,625	12,337
Short-term debt	5,468	7,251	3,976	4,400	4,847
Long-term debt	13,779	11,197	7,181	7,946	8,754
Provisions & other liab	17,810	16,252	21,266	31,206	41,905
Total liabilities	**39,557**	**38,600**	**37,917**	**52,177**	**67,842**
Shareholders' equity	31,652	32,732	47,771	65,709	94,318
Minority interests	8,226	8,641	9,217	10,417	11,617
Total equity	**39,878**	**41,373**	**56,989**	**76,126**	**105,935**
Net debt (Adj)	**4,848**	**6,167**	**-8,347**	**-21,579**	**-45,152**
Net debt to equity (Adj) (%)	12.2	14.9	-14.6	-28.3	-42.6

Price: NT$891.00; TP: NT$1,100.00; Market Cap: NT$469,482m; Recomm: Buy

Valuation ratios	**2024**	**2025**	**2026E**	**2027E**	**2028E**
PE (x)	na	na	78.0	23.1	12.4
PB (x)	12.9	12.4	9.8	7.1	5.0
EV/EBITDA (x)	73.4	53.0	30.7	14.3	8.5
FCF yield (%)	-1.1	-0.7	0.6	3.4	7.0
Dividend yield (%)	0.1	0.2	0.6	2.2	0.3
Payout ratio (%)	927	50	48	50	4
ROE (%)	0.2	5.0	14.8	36.7	48.5
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	6,554	9,113	15,522	32,387	52,497
Working capital	-976	-5,901	-4,487	-3,510	-3,535
Other	236	48	-1,067	-2,732	-5,206
Operating cashflow	**5,814**	**3,260**	**9,968**	**26,145**	**43,757**
Capex	-10,408	-6,117	-7,359	-10,000	-10,000
Net acq/disposals	0	0	0	0	0
Other	3,725	4,251	3,974	0	0
Investing cashflow	**-6,683**	**-1,866**	**-3,385**	**-10,000**	**-10,000**
Dividends paid	-454	-457	-798	-2,914	-10,184
Financing cashflow	**-432**	**-3,512**	**641**	**-1,725**	**-8,929**
Net change in cash	**-1,301**	**-2,118**	**7,223**	**14,420**	**24,828**
Free cashflow to s/holders	**-4,594**	**-2,857**	**2,609**	**16,145**	**33,757**

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

8046.TW: Fiscal year end 31-Dec

Price: NT$1,185.00; TP: NT$1,550.00; Market Cap: NT$765,706m; Recomm: Buy

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	32,283	40,173	58,517	107,214	164,586
Cost of sales	-31,926	-36,526	-44,015	-63,214	-92,109
Gross profit	358	3,647	14,502	44,000	72,477
Gross Margin (%)	1.1	9.1	24.8	41.0	44.0
EBITDA (Adj)	**5,167**	**8,851**	**19,381**	**46,541**	**72,095**
EBITDA Margin (Adj) (%)	16.0	22.0	33.1	43.4	43.8
Depreciation	-6,433	-6,869	-7,002	-6,186	-4,797
Amortisation	0	0	0	0	0
EBIT (Adj)	**-1,267**	**1,982**	**12,379**	**40,355**	**67,297**
EBIT Margin (Adj) (%)	-3.9	4.9	21.2	37.6	40.9
Net interest	238	144	148	270	340
Associates	23	2	13	11	14
Non-Op/Except/Other Adj	1,170	217	391	256	256
Pre-tax profit	**163**	**2,346**	**12,930**	**40,891**	**67,907**
Tax	41	-399	-2,329	-7,360	-12,223
Extraord./Min.Int./Pref.div.	0	0	0	0	0
Reported net profit	**204**	**1,947**	**10,601**	**33,531**	**55,684**
Net Margin (%)	0.6	4.8	18.1	31.3	33.8
Core NPAT	204	1,947	10,601	33,531	55,684
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	0.32	3.01	16.41	51.89	86.18
Core EPS ($)	0.32	3.01	16.41	51.89	86.18
DPS ($)	1.00	1.81	9.84	31.14	47.80
CFPS ($)	4.97	10.33	17.64	43.88	78.59
FCFPS ($)	1.29	6.58	13.74	39.24	73.95
BVPS ($)	70.34	71.38	84.76	126.69	181.60
Wtd avg ord shares (m)	646	646	646	646	646
Wtd avg diluted shares (m)	646	646	646	646	646
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	-23.6	24.4	45.7	83.2	53.5
EBIT (Adj) (%)	-120.0	256.5	524.4	226.0	66.8
Core NPAT (%)	-96.5	855.6	444.5	216.3	66.1
Core EPS (%)	-96.5	855.6	444.5	216.3	66.1
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	8,481	8,590	15,353	34,258	61,830
Accounts receivables	6,996	9,552	15,247	27,278	38,078
Inventory	4,101	5,068	9,227	16,509	23,044
Net fixed & other tangibles	40,450	35,874	31,872	28,686	26,889
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	2,910	2,124	3,122	4,602	5,934
Total assets	**62,938**	**61,207**	**74,821**	**111,333**	**155,775**
Accounts payable	1,518	1,711	2,390	3,631	5,244
Short-term debt	0	0	0	0	0
Long-term debt	0	0	0	0	0
Provisions & other liab	15,970	13,374	17,660	25,842	33,185
Total liabilities	**17,488**	**15,085**	**20,050**	**29,472**	**38,429**
Shareholders' equity	45,450	46,123	54,771	81,861	117,346
Minority interests	0	0	0	0	0
Total equity	**45,450**	**46,123**	**54,771**	**81,861**	**117,346**
Net debt (Adj)	**-8,481**	**-8,590**	**-15,353**	**-34,258**	**-61,830**
Net debt to equity (Adj) (%)	-18.7	-18.6	-28.0	-41.8	-52.7

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	na	na	72.2	22.8	13.8
PB (x)	16.8	16.6	14.0	9.4	6.5
EV/EBITDA (x)	na	85.3	38.8	15.9	9.9
FCF yield (%)	0.1	0.6	1.2	3.3	6.2
Dividend yield (%)	0.1	0.2	0.8	2.6	4.0
Payout ratio (%)	317	60	60	60	55
ROE (%)	0.4	4.3	21.0	49.1	55.9
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	5,167	8,851	19,381	46,541	72,095
Working capital	-3,425	-2,143	-6,206	-11,360	-9,697
Other	1,470	-36	-1,778	-6,824	-11,614
Operating cashflow	**3,212**	**6,672**	**11,397**	**28,357**	**50,784**
Capex	-2,379	-2,422	-2,517	-3,000	-3,000
Net acq/disposals	584	61	440	-11	-14
Other	0	0	0	0	0
Investing cashflow	**-1,795**	**-2,361**	**-2,077**	**-3,011**	**-3,014**
Dividends paid	-3,554	-646	-1,168	-6,360	-20,119
Financing cashflow	**-5,267**	**-4,202**	**-2,557**	**-6,440**	**-20,199**
Net change in cash	**-3,849**	**109**	**6,763**	**18,905**	**27,572**
Free cashflow to s/holders	**833**	**4,250**	**8,880**	**25,357**	**47,784**

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

3037.TW: Fiscal year end 31-Dec

Price: NT$1,070.00; TP: NT$1,500.00; Market Cap: NT$1,700,094m; Recomm: Buy

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	115,373	131,241	185,885	312,252	504,809
Cost of sales	-99,058	-112,949	-136,105	-187,009	-276,793
Gross profit	16,315	18,292	49,780	125,243	228,016
Gross Margin (%)	14.1	13.9	26.8	40.1	45.2
EBITDA (Adj)	**21,847**	**25,007**	**52,716**	**122,643**	**212,688**
EBITDA Margin (Adj) (%)	18.9	19.1	28.4	39.3	42.1
Depreciation	-16,730	-18,333	-20,507	-22,484	-24,175
Amortisation	0	0	0	0	0
EBIT (Adj)	**5,117**	**6,674**	**32,208**	**100,158**	**188,513**
EBIT Margin (Adj) (%)	4.4	5.1	17.3	32.1	37.3
Net interest	494	183	256	410	410
Associates	273	1,627	8,273	60	60
Non-Op/Except/Other Adj	1,438	343	998	900	900
Pre-tax profit	**7,321**	**8,827**	**41,735**	**101,528**	**189,883**
Tax	-1,765	-1,277	-7,889	-22,122	-41,374
Extraord./Min.Int./Pref.div.	-474	-877	-1,388	-1,800	-2,200
Reported net profit	**5,082**	**6,673**	**32,458**	**77,607**	**146,309**
Net Margin (%)	4.4	5.1	17.5	24.9	29.0
Core NPAT	5,082	6,673	32,458	77,607	146,309
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	3.34	4.38	21.12	50.49	95.19
Core EPS ($)	3.34	4.38	21.12	50.49	95.19
DPS ($)	1.50	1.44	8.16	19.50	36.76
CFPS ($)	13.03	16.82	37.02	64.42	113.41
FCFPS ($)	-4.14	0.00	16.54	43.60	92.59
BVPS ($)	61.31	66.02	89.84	131.85	206.83
Wtd avg ord shares (m)	1,521	1,522	1,537	1,537	1,537
Wtd avg diluted shares (m)	1,521	1,522	1,537	1,537	1,537
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	10.9	13.8	41.6	68.0	61.7
EBIT (Adj) (%)	-42.6	30.4	382.6	211.0	88.2
Core NPAT (%)	-57.6	31.3	386.4	139.1	88.5
Core EPS (%)	-57.6	31.2	381.8	139.1	88.5
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	43,753	54,872	71,117	127,277	239,587
Accounts receivables	23,617	27,570	43,026	74,860	111,979
Inventory	14,863	17,802	28,113	48,913	73,166
Net fixed & other tangibles	136,921	142,257	156,357	165,872	173,697
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	11,693	13,291	22,156	28,859	36,665
Total assets	**230,847**	**255,792**	**320,768**	**445,780**	**635,095**
Accounts payable	15,117	17,494	22,111	32,367	49,312
Short-term debt	10,871	22,206	29,865	32,117	33,249
Long-term debt	32,905	34,873	24,346	24,346	24,346
Provisions & other liab	72,367	74,211	101,753	147,890	201,689
Total liabilities	**131,260**	**148,785**	**178,075**	**236,721**	**308,596**
Shareholders' equity	93,265	100,569	138,075	202,641	317,881
Minority interests	6,322	6,438	4,619	6,419	8,619
Total equity	**99,587**	**107,007**	**142,694**	**209,059**	**326,499**
Net debt (Adj)	**23**	**2,207**	**-16,906**	**-70,814**	**-181,992**
Net debt to equity (Adj) (%)	0.0	2.1	-11.8	-33.9	-55.7

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	na	na	50.7	21.2	11.2
PB (x)	17.5	16.2	11.9	8.1	5.2
EV/EBITDA (x)	77.3	68.0	32.0	13.4	7.4
FCF yield (%)	-0.4	0.0	1.5	4.1	8.7
Dividend yield (%)	0.1	0.1	0.8	1.8	3.4
Payout ratio (%)	45	33	39	39	39
ROE (%)	5.5	6.9	27.2	45.6	56.2
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	21,847	25,007	52,716	122,643	212,688
Working capital	-2,463	-272	2,541	-2,883	1,624
Other	439	876	1,638	-20,752	-40,004
Operating cashflow	**19,824**	**25,611**	**56,895**	**99,008**	**174,308**
Capex	-26,128	-25,617	-31,475	-32,000	-32,000
Net acq/disposals	250	655	-1,313	0	0
Other	-3,499	-1,186	-7,770	-60	-60
Investing cashflow	**-29,377**	**-26,149**	**-40,558**	**-32,060**	**-32,060**
Dividends paid	-4,575	-2,295	-2,449	-12,961	-30,989
Financing cashflow	**447**	**11,656**	**-92**	**-10,788**	**-29,937**
Net change in cash	**-9,106**	**11,118**	**16,245**	**56,160**	**112,311**
Free cashflow to s/holders	**-6,304**	**-6**	**25,420**	**67,008**	**142,308**

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

Adding Upside 30-Day Catalyst Watch on Kinsus Interconnect Technology (3189.TW)

Direction:	**Upside**
Duration:	Within 30 Days
Catalyst:	Earnings

We expect upcoming monthly unaudited earnings, if released, would surprise to the upside (at least 2.0ppt higher than GM consensus of c.25%) on pricing upcycle.

Adding Upside 30-Day Catalyst Watch on NYPCB (8046.TW)

Direction:	**Upside**
Duration:	Within 30 Days
Catalyst:	Earnings

We expect upcoming monthly unaudited earnings, if released, would surprise to the upside (at least 3.0ppt higher than GM consensus of c.19%) on pricing upcycle.

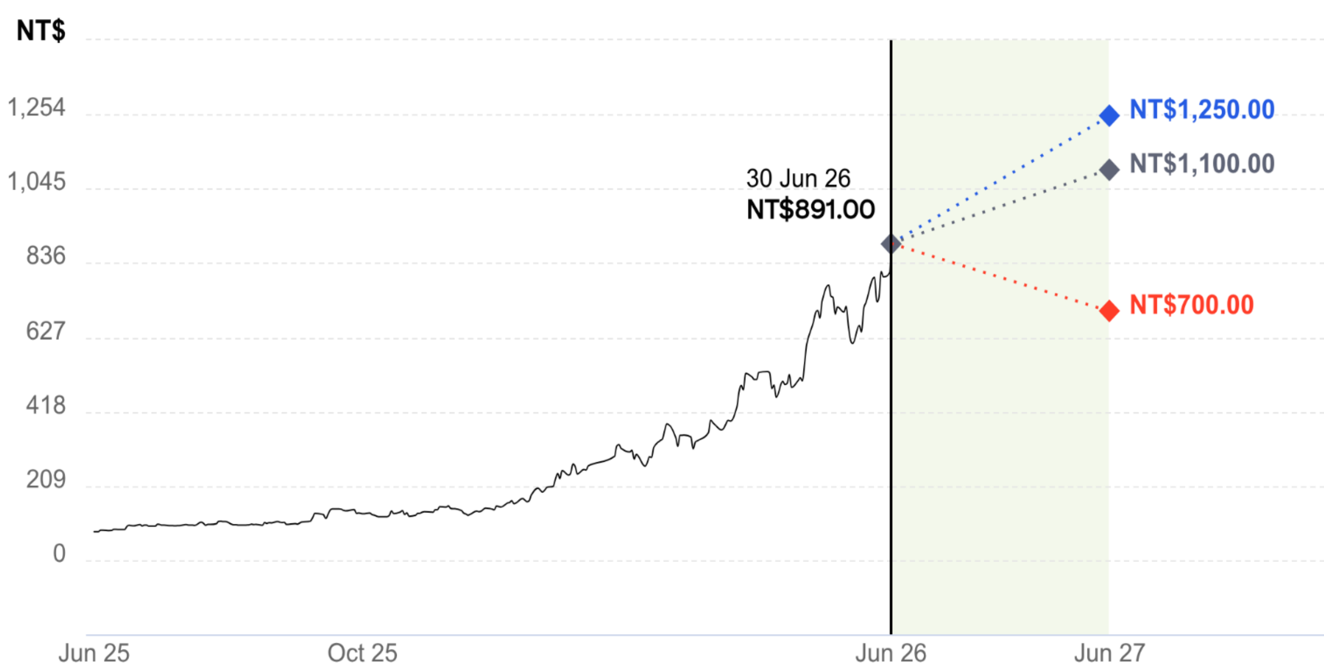
Catalyst Watch on Unimicron (3037.TW)

Direction:	**Upside**
Duration:	Within 90 Days (expires 28 Jul 2026)
Date Added:	28 Apr 2026
Catalyst:	Earnings

We believe upcoming monthly sales are likely to see an uptick, supported by continued price hikes from 2Q26 onwards.

Bull/Bear: Kinsus Interconnect Technology (3189.TW)

NT$1,250.00 ▲40% Upside	NT$1,100.00 ▲23% Upside	NT$700.00 ▼21% Downside



Spread 62pp
Current Price and expected returns (upside/downside) as of 30 Jun 2026

BULL Assumptions

- Better than expected end-demand for ABF and AiP with improved product mix
- Market share gains for major products

BASE Assumptions

- +40%/+75% YoY revenue growth in 2026E/27E
- 28.2%/37.1% GPM and 15.0%/25.7% OPM in 2026E/27E

BEAR Assumptions

- Lower than expected revenue growth due to lackluster market demand
- SiP market share loss due to competition

Bull/Bear: NYPCB (8046.TW)

NT$1,700.00 ▲43% Upside	NT$1,550.00 ▲31% Upside	NT$800.00 ▼32% Downside

Spread 76pp
Current Price and expected returns (upside/downside) as of 30 Jun 2026

BULL Assumptions

- Higher-than-expected ABF shortage to boost pricing and margins
- Market share gains for new ABF/BT projects

BASE Assumptions

- +46%/+83% revenue growth for 2026E/27E
- 24.8%/41.0% GM and +21.2%/+37.6% OPM for 2026E/27E

BEAR Assumptions

- US entity list impact more than expected
- Weaker traditional PCB demand
- Lower-than-expected margins

Bull/Bear: Unimicron (3037.TW)

NT$1,700.00 ▲59% Upside	NT$1,500.00 ▲40% Upside	NT$800.00 ▼25% Downside

Spread 84pp
Current Price and expected returns (upside/downside) as of 30 Jun 2026

BULL Assumptions

- Better-than-expected ABF recovery on AI and PC
- Rapid improvement in the yield of HDI for AI products
- ASP hike on T-glass shortage

BASE Assumptions

- +42%/+68% revenue YoY in 26/27E
- 26.8%/40.1% GM and 17.3%/32.1% OPM in 26/27E

BEAR Assumptions

- Weakening ABF demand, dragged by recession
- GM pressure if tariff is not removed or stays at high levels
- Slow improvement in the yield of HDI for AI products

Kinsus Interconnect Technology

Company description

Kinsus was established in 2000. It is a major supplier of substrate, with high exposure to communication (handsets and base station >50%, networking >20%). Kinsus' main manufacturing facility is in Taiwan, and the China site started contributing from 4Q10. Pegatron is the largest shareholder with a 39% holding.

Investment strategy

We rate Kinsus shares as Buy. We believe the negatives facing the company, including weak smartphone/ABF demand or ABF S/D oversupply in 2026 are already in the share price. Looking forward, with graduall recovery from smartphone/memory for BT and server/PC for ABF, we believe its profitability is on a growth trajectory. Kinsus expanded its ABF substrate business in 2023 to capture more of the opportunities like HP/AI applications, which is likely to trigger a re-rating once there is progress, especially with major AI players.

Valuation

Our DCF-based target price for Kinsus is NT$1,100. Factoring in a 4.3% risk-free rate (YTD avg. 10-year government bond), a 7% risk premium and beta of 1.38, we calculate a WACC of 13.7%. Our DCF model assumes 1.5% long-term revenue growth and a 30.8% EBIT margin in 2028E with gradual margin improvement going forward. We believe the worst demand/profitability is over given recovery demand and more disciplined supply control by the industry. Our DCF-based target price equates to 96/29X 2026/27E EPS and 12.1x/8.8x 2026/27E BVPS.

Risks

Key downside risks that could prevent the Kinsus stock from reaching our target price include: 1) weaker smartphone/smartphone demand.; 2) weaker-than-expected ABF demand momentum or market oversupply; and 3) lower-than-expected contribution from AiP.

NYPCB

Company description

Established in 1997, Nan Ya Printed Circuit Board (NYPCB) is a technology subsidiary of the Formosa Plastics Group. Nan Ya PCB's main products include conventional PCB, HDI, Flip Chip substrate (FCBGA and FCCSP), Wire Bond Substrate, etc. The company has manufacturing sites in Taiwan and Kunshan, China.

Investment strategy

We rate NYPCB shares as Buy. We believe ABF/BT should see a solid recovery in 2026 on robust AI demand: 1) NYPCB is the purest ABF play with a significant earnings turnaround, driven by growing chip sizes and layer counts for AI ASIC/networking; and 2) the BT business should benefit from price hikes on rising memory demand and T glass shortage. Considering T glass support from NYPCB's parent company, we believe NYPCB would have a better chance to win additional AI ASIC/networking business going forward.

Valuation

Our DCF-based TP for NYPCB is NT$1,550. With a risk-free rate of 4.30% (10-year government bond rate), a market risk premium of 7% and an equity beta of 1.22 (YTD weekly share price), we calculate NYPCB's WACC as 12.8%. Our TP is equivalent to 95x/30x 2026E EPS/BVPS, which reflects its high P/E multiple during upcycles. NYPCB traded at 15-20x P/E during its 2003-2008 upcycle driven by PC/NB demand strength. In 2010-11 when the market was recovering from the global financial crisis, NYPCB traded at 25-35x P/E. In the last 2019-22 upcycle when ABF was in shortage, NYPCB traded at 30-40x P/E.

Risks

Key downside risks that could prevent the NYPCB shares from reaching our target price include: 1) weaker-than-expected ABF demand from key customers; 2) BT business seasonality weakness and fewer-than-expected price hikes; and 3) severe T glass shortages that cause a bottleneck to its production.

Unimicron

Company description

Established in 1990, Unimicron is the world's No.1 PCB maker and HDI board maker. After the acquisition of PPT in late 2009, its revenue exposure to substrate has surpassed 40%, with the rest almost equally shared by conventional PCB and HDI. Unimicron has manufacturing sites in Taiwan and China (Suzhou, Kunshan, Shenzhen). UMC is the largest shareholder, with a ~13% stake.

Investment strategy

We rate Unimicron shares a Buy. Our positive view is premised on: more upside potential in the ABF segment thanks to product-mix improvements, better pricing on more complex product upgrade, and capacity expansion. Despite macro uncertainty, from a long-term perspective, we believe the tightness in ABF is unlikely to ease without much new capacity ramped aggressively in the upcoming years, and Unimicron should be the largest beneficiary with its scale in ABF. Thanks to AI GPU/ASIC demand, we now see strong growth in 2026/27E ABF consumption. We believe Unimicron could see strong revenue growth again as it did in 2019–21 from both ABF new capacity and a BT rebound.

Valuation

Our target price for Unimicron is NT$1,500. We use a 1-year forward-looking DCF-based valuation (ie, end-2027) to reflect Unimicron's ability to generate stable cash. With a risk-free rate of 4.3% (10-year government bond rate), a market risk premium of 7%, and an equity beta of 1.43 (2-year weekly share price), we calculate Unimicron's WACC as 13.9%. Our target price is equivalent to 72x/30x 2026/27E EPS, which is higher than the +1std level of consensus PE multiple of the past five years. However, as the market focuses on 2027 upcycle, we believe valuation on 2027E EPS is still in line with historical peak valuations of 25–30x during the last upcycles.

Risks

Key downside risks that could mean Unimicron shares trade below our target price include: 1) weaker-than-expected HDI business; 2) significant increase in ABF supply in the industry; and 3) stronger-than-expected margin pressure from depreciation due to higher capex investments.

If you are visually impaired and would like to speak to a Citi representative regarding the details of the graphics in this document, please call USA 1-888-500-5008 (TTY: 711), from outside the US +1-210-677-3788

Appendix A-1

ANALYST CERTIFICATION

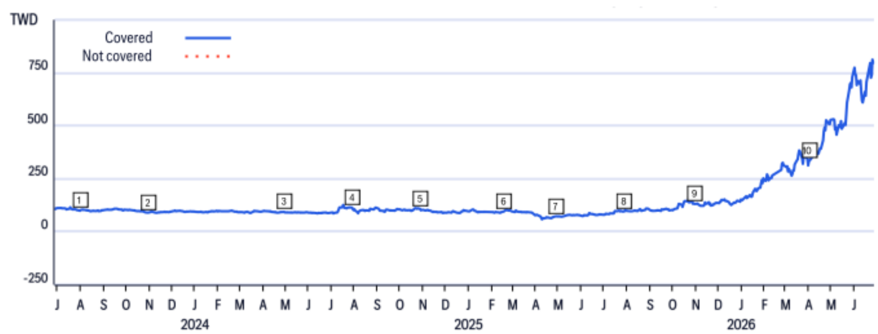
The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by "AC" in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst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

Kinsus Interconnect Technology (3189.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



	Date	Rating	Target Price	Closing Price
1	31-Jul-23 15:55:12	*1	*129.22	99.07
2	30-Oct-23 12:09:04	1	*105.29	90.17
3	29-Apr-24 12:07:33	1	*114.86	93.71
4	29-Jul-24 11:04:07	1	*134.00	113.90
5	28-Oct-24 10:01:51	1	*129.22	107.68
6	17-Feb-25 17:29:49	1	*116.77	95.72
7	28-Apr-25 13:23:06	1	*89.02	72.84
8	28-Jul-25 09:46:53	1	*110.07	95.72
9	30-Oct-25 03:44:03	1	*153.15	131.61
10	01-Apr-26 06:03:10	1	*400.00	332.00

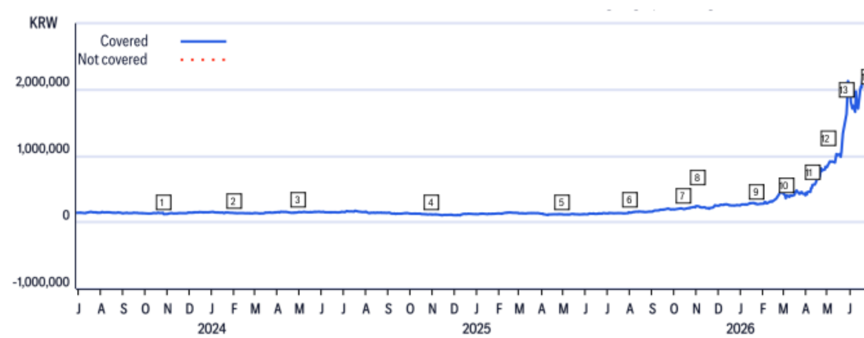
*Indicates Change

Rating/target price changes above reflect Eastern Time

Samsung Electro-Mechanics (009150.KS)

Ratings and Target Price History
Fundamental Research

Analyst: Peter Lee



	Date	Rating	Target Price	Closing Price
1	26-Oct-23 03:14:33	1	*190,000.00	124,100.00
2	31-Jan-24 10:44:19	1	*180,000.00	139,600.00
3	29-Apr-24 08:19:34	1	*186,000.00	151,300.00
4	29-Oct-24 07:40:41	1	*180,000.00	120,200.00
5	29-Apr-25 05:47:53	1	*170,000.00	121,800.00
6	31-Jul-25 05:48:27	1	*182,000.00	148,700.00
7	13-Oct-25 08:54:36	1	*265,000.00	203,500.00
8	03-Nov-25 06:50:36	1	*315,000.00	243,000.00
9	23-Jan-26 06:50:42	1	*380,000.00	272,000.00
10	04-Mar-26 11:26:21	1	*550,000.00	362,500.00
11	10-Apr-26 02:35:51	1	*680,000.00	565,000.00
12	30-Apr-26 07:25:06	1	*1,100,000.00	832,000.00
13	26-May-26 11:52:26	1	*2,000,000.00	1,572,000.00
14	25-Jun-26 07:06:50	1	*3,000,000.00	1,997,000.00

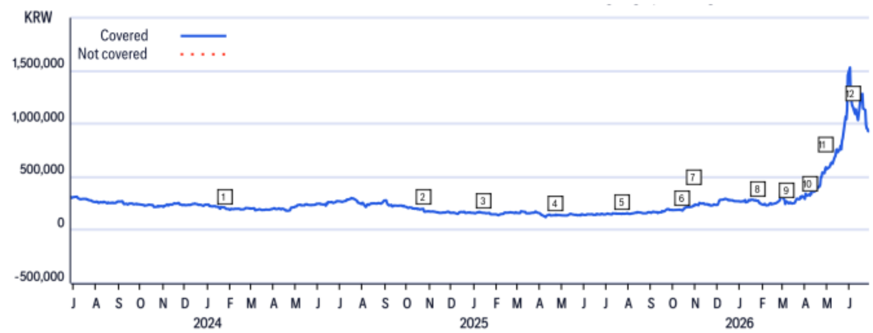
*Indicates Change

Rating/target price changes above reflect Eastern Time

LG Innotek (011070.KS)

Ratings and Target Price History
Fundamental Research

Analyst: Peter Lee



	Date	Rating	Target Price	Closing Price
1	25-Jan-24 15:28:05	1	*360,000.00	207,000.00
2	23-Oct-24 10:34:30	1	*320,000.00	199,700.00
3	14-Jan-25 04:29:40	1	*270,000.00	162,700.00
4	23-Apr-25 08:09:29	1	*240,000.00	145,500.00

	Date	Rating	Target Price	Closing Price
5	23-Jul-25 08:32:53	1	*230,000.00	154,000.00
6	13-Oct-25 09:14:30	1	*257,000.00	187,200.00
7	30-Oct-25 05:52:28	1	*290,000.00	228,500.00
8	26-Jan-26 09:30:34	1	*330,000.00	276,000.00

	Date	Rating	Target Price	Closing Price
9	06-Mar-26 01:31:25	1	*380,000.00	270,000.00
10	07-Apr-26 07:05:30	1	*400,000.00	325,500.00
11	27-Apr-26 10:01:09	1	*700,000.00	536,000.00
12	04-Jun-26 07:50:12	1	*1,800,000.00	1,173,000.00

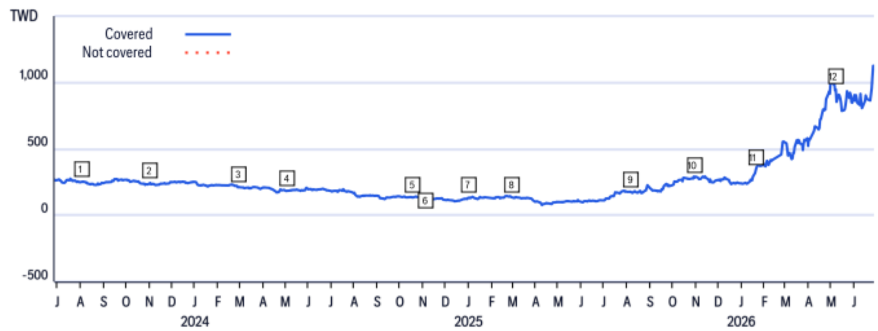
*Indicates Change

Rating/target price changes above reflect Eastern Time

NYPCB (8046.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



	Date	Rating	Target Price	Closing Price
1	03-Aug-23 11:47:20	2	*250.00	251.50
2	02-Nov-23 15:26:11	2	*241.00	243.00
3	29-Feb-24 14:01:07	2	*210.00	211.50
4	05-May-24 18:46:33	2	*200.00	184.50

	Date	Rating	Target Price	Closing Price
5	20-Oct-24 21:10:34	2	*140.00	133.50
6	05-Nov-24 09:06:51	*3	*93.00	127.50
7	31-Dec-24 04:46:50	3	*85.00	130.50
8	28-Feb-25 11:17:59	3	*83.00	136.00

	Date	Rating	Target Price	Closing Price
9	06-Aug-25 09:00:30	*2	*175.00	174.00
10	30-Oct-25 03:44:03	*1	*360.00	282.00
11	20-Jan-26 10:55:31	1	*450.00	341.50
12	07-May-26 19:18:42	1	*1,100.00	947.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

Unimicron (3037.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen

	Date	Rating	Target Price	Closing Price
1	31-Jul-23 15:55:12	1	*217.75	182.61
2	23-Oct-23 14:57:39	1	*207.85	156.88
3	26-Feb-24 10:21:09	1	*247.44	194.00
4	31-Jul-24 10:50:03	1	*237.55	177.67

	Date	Rating	Target Price	Closing Price
5	29-Oct-24 13:16:03	1	*217.75	161.83
6	26-Feb-25 11:29:28	1	*173.21	124.22
7	22-Apr-25 12:10:54	1	*98.98	80.17
8	30-Jul-25 10:26:52	1	*163.31	140.55

	Date	Rating	Target Price	Closing Price
9	30-Oct-25 03:44:03	1	*217.75	158.36
10	20-Jan-26 10:55:31	1	*400.00	308.00
11	28-Apr-26 12:07:06	1	*1,080.00	825.00

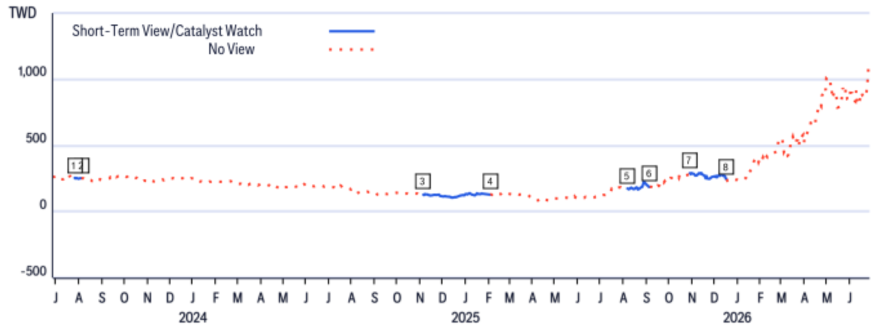
*Indicates Change

Rating/target price changes above reflect Eastern Time

NYPCB (8046.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



#	Date	Action	Expected Direction	Duration	Closing Price
1	26-Jul-23 22:12:57	Add CW	Downside	30 Days	254.50
2	06-Aug-23 10:33:00	Remove CW	Downside	30 Days	252.50
3	05-Nov-24 04:06:51	Add CW	Downside	90 Days	127.50
4	03-Feb-25 19:44:35	Remove CW	Downside	90 Days	127.50
5	06-Aug-25 05:00:30	Add STV	Upside	30 Days	174.00
6	05-Sep-25 14:02:30	Remove STV	Upside	30 Days	187.50
7	29-Oct-25 23:44:03	Add CW	Upside	90 Days	290.50
8	17-Dec-25 23:32:09	Remove CW	Upside	90 Days	243.50

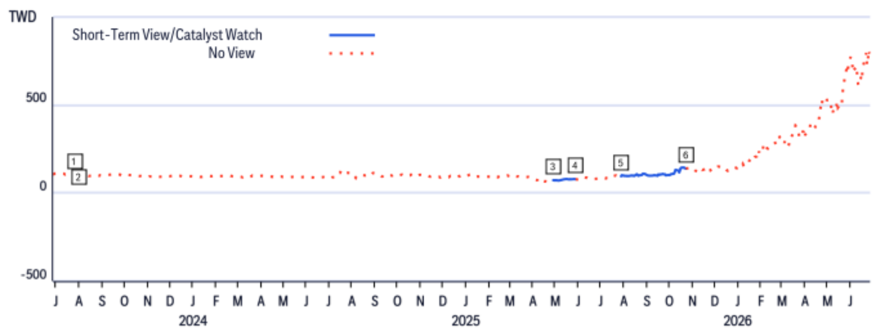
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Kinsus Interconnect Technology (3189.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



#	Date	Action	Expected Direction	Duration	Closing Price
1	26-Jul-23 22:06:29	Add CW	Downside	30 Days	104.33
2	31-Jul-23 12:06:16	Remove CW	Downside	30 Days	99.07
3	28-Apr-25 09:23:06	Add STV	Upside	30 Days	72.84
4	28-May-25 21:56:24	Remove STV	Upside	30 Days	78.20
5	28-Jul-25 05:46:53	Add STV	Upside	90 Days	95.72
6	26-Oct-25 21:50:08	Remove STV	Upside	90 Days	138.79

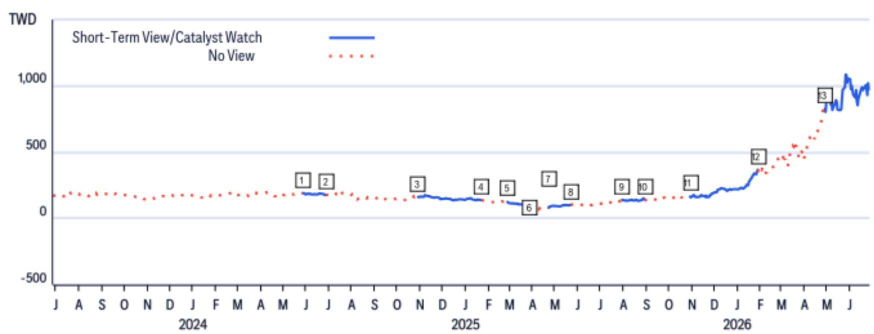
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Unimicron (3037.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



#	Date	Action	Expected Direction	Duration	Closing Price
1	27-May-24 20:58:42	Add CW	Upside	30 Days	190.04
2	27-Jun-24 11:34:52	Remove CW	Upside	30 Days	176.68
3	29-Oct-24 09:16:03	Add STV	Upside	90 Days	161.83
4	27-Jan-25 19:44:16	Remove STV	Upside	90 Days	137.58
5	26-Feb-25 06:29:28	Add STV	Downside	30 Days	124.22
6	28-Mar-25 14:14:28	Remove STV	Downside	30 Days	97.99
7	22-Apr-25 08:10:54	Add STV	Upside	30 Days	80.17
8	22-May-25 21:41:10	Remove STV	Upside	30 Days	100.96
9	30-Jul-25 06:26:52	Add STV	Upside	30 Days	140.55
10	29-Aug-25 14:17:02	Remove STV	Upside	30 Days	143.02
11	29-Oct-25 23:44:03	Add CW	Upside	90 Days	164.30
12	28-Jan-26 19:41:51	Remove CW	Upside	90 Days	367.50
13	28-Apr-26 08:07:06	Add CW	Upside	90 Days	825.00

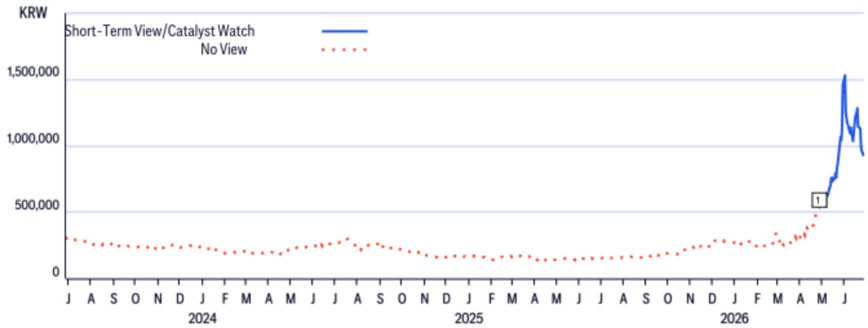
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

LG Innotek (011070.KS)

Short-Term View/Catalyst Watch Research

Analyst: Peter Lee



	Date	Action	Expected Direction	Duration	Closing Price
1	27-Apr-26 06:01:09	Add CW	Upside	90 Days	536,000.00

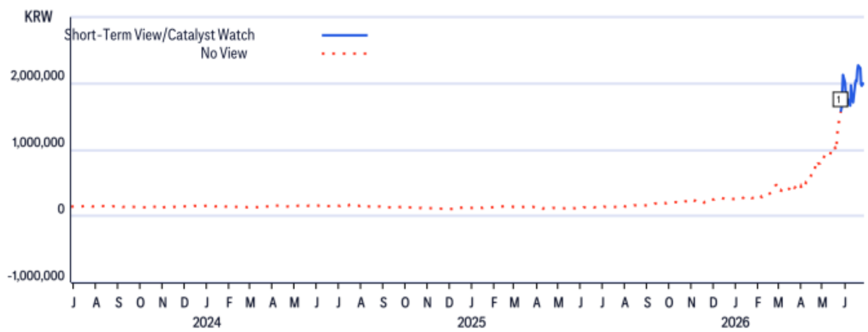
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Samsung Electro-Mechanics (009150.KS)

Short-Term View/Catalyst Watch Research

Analyst: Peter Lee



	Date	Action	Expected Direction	Duration	Closing Price
1	26-May-26 07:52:26	Add CW	Upside	90 Days	1,572,000.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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	12 Month Rating			Catalyst Watch		
Data current as of 01 Apr 2026	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
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