Technology Hardware - Asia-Pacific

ABF substrate: further tightened S&D, led by CPU strength; lift POs of three names

Price Objective Change

25 June 2026

Equity
Asia-Pacific
Tech Hardware

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Further widening of S/D gap amid strength in server CPUs

We update the ABF substrate industry S/D (supply/demand) model in this report, and we now expect an undersupply of 4%/10%/16% (was 3%/10%/13%) across 2026/27/28E. While AI server continues to be the biggest demand contributor/driver with an expected 43%/51%/56% in 2026/27/28, we reflect the boost from (see our report) a further expanded TAM by server CPUs, which now accounts for 13%/14%/14% (was 13%/11%/10%) of the total expected demand in 2026/27/28E. On the supply side, the changes primarily reflect the latest comments by NYPCB, Kinsus and AT&S regarding capacity expansion, and we now forecast an overall 11%/23%/18% (was 9%/19%/18%) increase across 2026/27/28 by industry participants.

Positive read-across for margins & S/D from Ibiden/AT&S

At the industry level, we see positive read-across from the recent updates shared by Ibiden and AT&S. For the former, we note that 1) it targets 30% OpM in FY30 (vs ~15% in FY25), or 35% for the electronics business; and 2) it stated that a lead time of four years is required from planning to mass production, should there be an additional new building beyond the ¥500bn investment announced earlier this year. As for the latter, we note that it raised its revenue growth guidance to 45-55% (was 30-35%) for FY26/27, while expecting EBITDA margins to reach 32-37% (was 25-29%) over the same period.

Upstream sourcing continues to favor industry leaders

Regarding upstream raw material (T-glass cloth) sourcing, we see a more contained implied risk for Unimicron than for NYPCB/Kinsus, considering 1) differences in industry positioning and customer profile; and 2) recent commentary from industry peers, including Ibiden, AT&S and Toppan. That said, we believe all major suppliers (Ibiden, Unimicron, NYPCB, and Kinsus) with more significant revenue/earnings contribution from ABF substrates should benefit from the structural S/D tightness. As such, we reiterate our Buy ratings on these four names.

Raise estimates; raise POs on higher P/E multiples

We revise 2026-28E EPS for Unimicron/NYPCB/Kinsus by 0-1%/1-7%/2-9%, reflecting the updated business outlook and FX assumptions. We raise our POs on Unimicron/NYPCB/Kinsus are NT$1,400/NT$1,200/NT$900 (from NT$1,300/NT$1,170/NT$820), and are based on 33x/30x/30x (30.5x/28.5x/28.5x previously) 2H27-1H28E P/E multiples, reflecting a further widening of the S-D gap through 2027-28 and reiterate our Buy ratings. For Ibiden, our analyst Masashi Kubota has also (see our report) raised the PO and estimates earlier this week, reflecting 1) the benefits of an improved demand outlook for the CPU market; and 2) contributions from silicon bridge package substrates.

ABF - Ajinomoto build-up film

AI - artificial intelligence

CPU - central processing unit

NYPCB - Nan Ya Printed Circuit Board

OpM - operating margin

TAM- total addressable market

Exhibit 1: Summary of PO change

We raise PO on three stocks

Company	Ticker	PO (local currency) New	PO (local currency) Old
Unimicron	3037 TT	140 0	1300
Kinsus	3189 TT	120 0	1170
NYPCB	8046 TT	900	820

Source: BofA Global Research

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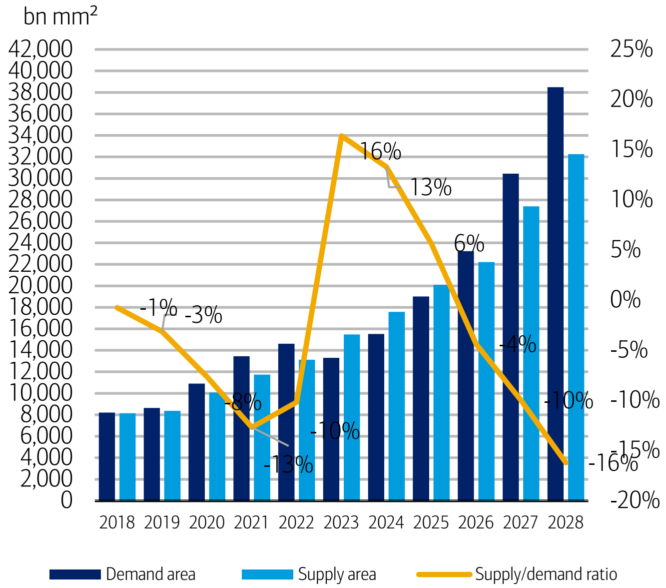
Refer to important disclosures on page 13 to 17. Analyst Certification on page 9. Price Objective Basis/Risk on page 8. 12986579

Timestamp: 25 June 2026 02:04AM EDT

Exhibit 2: ABF substrate supply/demand (new)

We expect an undersupply of 4%/10%/16% in 2026/27/28



Source: BofA Global Research estimates

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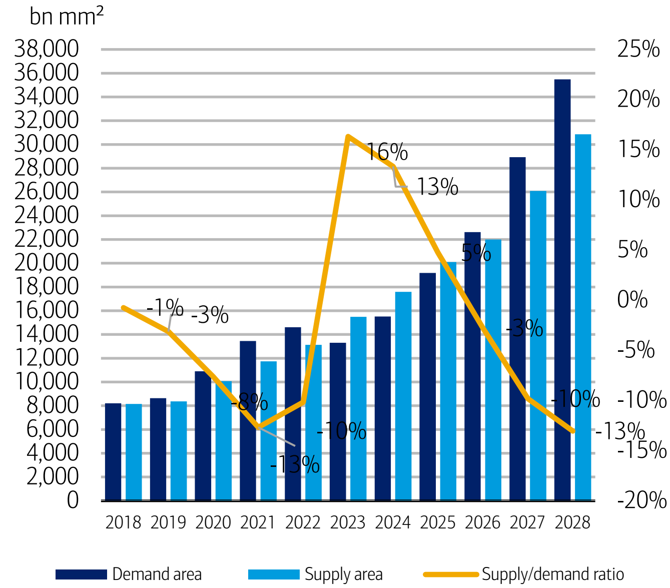
Exhibit 3: ABF substrate supply/demand (old)

Previously, we expected an undersupply of 3%/10%/13% in 2026/27/28



Source: BofA Global Research estimates

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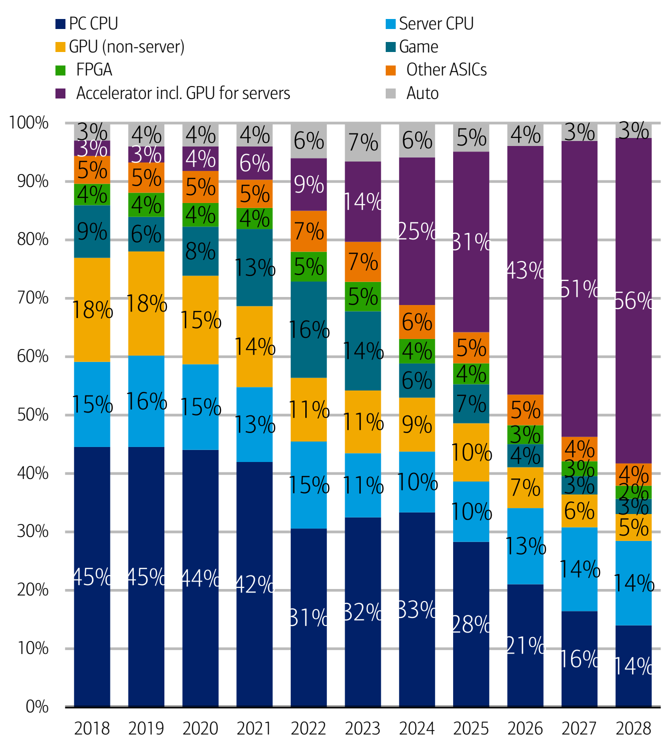
Exhibit 4: Demand mix of ABF substrate (new)

We expect continued strength of demand growth from AI accelerators, while the demand from server CPU also turns stronger



Source: BofA Global Research estimates

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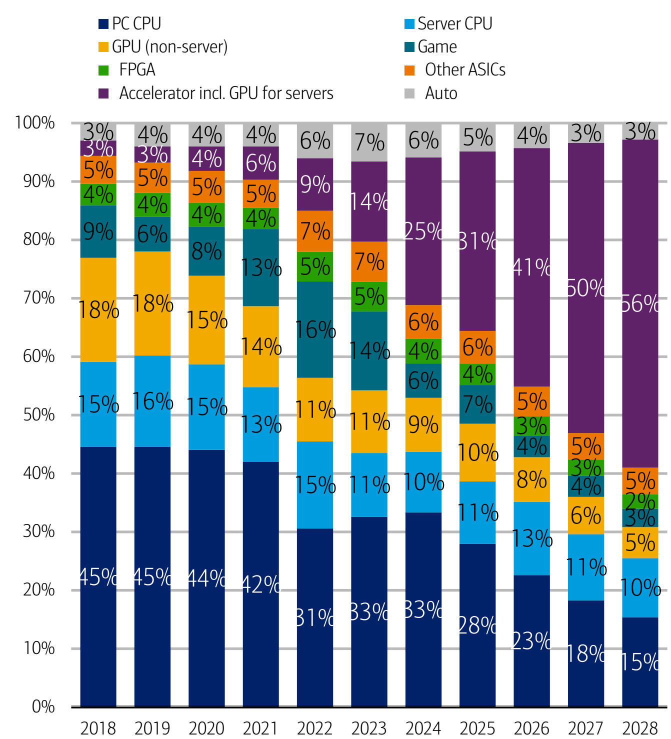
Exhibit 5: Demand mix of ABF substrate (old)

Previously, we already expected AI accelerators to account for 40+% demand in 2026



Source: BofA Global Research estimates

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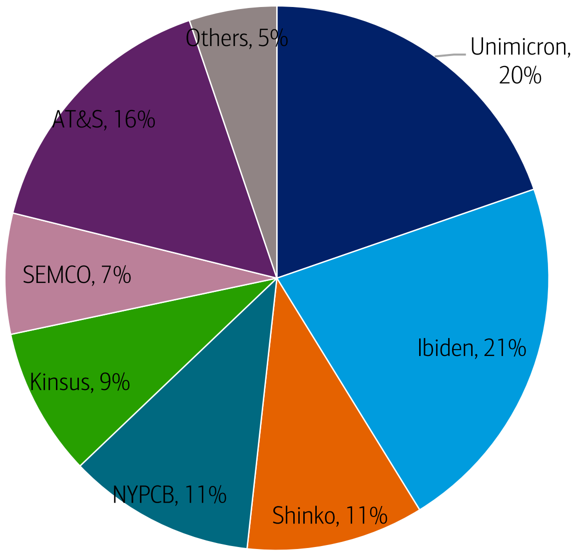
Exhibit 6: Supply (capacity) breakdown by suppliers, 2026E
Ibiden and Unimicron are the leaders in terms of capacity scale



Source: BofA Global Research estimates, company data

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Exhibit 7: Summary of changes in PO and valuation method
We raise P/E multiples on Unimicron, Kinsus and NYPCB to derive the new POs

Company	Ticker	PO (local currency) New	PO (local currency) Old	Valuation method New	Valuation method Old
Unimicron	3037 TT	1400	1300	33x 2H27-1H28E P/E	30.5x 2H27-1H28E P/E
Kinsus	3189 TT	1200	1170	30x 2H27-1H28E P/E	28.5x 2H27-1H28E P/E
NYPCB	8046 TT	900	820	30x 2H27-1H28E P/E	28.5x 2H27-1H28E P/E

Source: BofA Global Research

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Exhibit 8: Table of recommendations
Stocks mentioned with ratings in this report

BofA ticker	Ticker	Company name	Price (LC)	Rating
UMCRF	3037 TT	Unimicron	NT$ 931	C-1-7
KNSUF	3189 TT	Kinsus	NT$ 739	C-1-7
NANYF	8046 TT	NYPCB	NT$ 955	C-1-7
IBIDF	4062 JP	Ibiden	JPY 24785	C-1-7

Source: BofA Global Research, company data

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Exhibit 9: Earnings estimate change - Unimicron
We slightly nudge EPS by 0-1% after baking in the updated FX assumption

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	181,361	180,483	0.5	254,419	254,662	-0.1	320,669	320,976	-0.1
Gross profit	41,990	41,956	0.1	79,411	79,487	-0.1	117,478	117,590	-0.1
Gross margin	*23.2%*	*23.2%*	-0.1 ppt	*31.2%*	*31.2%*	0.0 ppt	*36.6%*	*36.6%*	0.0 ppt
Operating profit	26,819	26,795	0.1	63,164	63,237	-0.1	99,369	99,479	-0.1
Operating margin	*14.8%*	*14.8%*	-0.1 ppt	*24.8%*	*24.8%*	0.0 ppt	*31.0%*	*31.0%*	0.0 ppt
Pretax income	32,736	32,712	0.1	68,531	68,604	-0.1	104,736	104,846	-0.1
Pretax margin	*18.1%*	*18.1%*	-0.1 ppt	*26.9%*	*26.9%*	0.0 ppt	*32.7%*	*32.7%*	0.0 ppt
Net income	23,639	23,622	0.1	48,018	48,070	-0.1	73,981	74,059	-0.1
Net margin	*13.0%*	*13.1%*	-0.1 ppt	*18.9%*	*18.9%*	0.0 ppt	*23.1%*	*23.1%*	0.0 ppt
EPS (NT$)	15.52	15.51	0.1	31.52	31.56	-0.1	48.57	48.62	-0.1

Source: BofA Global Research estimates

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Exhibit 10: BofAe vs consensus - Unimicron
We are 2-14% ahead of consensus for 2026-28E given the assumption of stronger operating leverage

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	181,361	183,139	-1.0	254,419	263,824	-3.6	320,669	318,007	0.8
Gross profit	41,990	41,807	0.4	79,411	81,445	-2.5	117,478	111,229	5.6
Gross margin	*23.2%*	*22.8%*	0.3 ppt	*31.2%*	*30.9%*	0.3 ppt	*36.6%*	*35.0%*	1.7 ppt
Operating profit	26,819	23,032	16.4	63,164	53,609	17.8	99,369	81,046	22.6
Operating margin	*14.8%*	*12.6%*	2.2 ppt	*24.8%*	*20.3%*	4.5 ppt	*31.0%*	*25.5%*	5.5 ppt
Pretax income	32,736	29,070	12.6	68,531	54,799	25.1	104,736	83,010	26.2
Pretax margin	*18.1%*	*15.9%*	2.2 ppt	*26.9%*	*20.8%*	6.2 ppt	*32.7%*	*26.1%*	6.6 ppt
Net income	23,639	23,088	2.4	48,018	44,352	8.3	73,981	64,721	14.3
Net margin	*13.0%*	*12.6%*	0.4 ppt	*18.9%*	*16.8%*	2.1 ppt	*23.1%*	*20.4%*	2.7 ppt
EPS (NT$)	15.52	15.16	2.4	31.52	29.12	8.3	48.57	42.49	14.3

Source: BofA Global Research estimates, Bloomberg

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Exhibit 11: Income statement - Unimicron

We expect the company's gross margin to reach 30+%/35+% level in 2027/28

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	37,446	41,524	47,840	54,550	56,862	59,462	66,151	71,945	131,241	181,361	254,419	320,669
COGS	-30,721	-32,749	-36,222	-39,679	-41,163	-42,022	-44,858	-46,966	-112,949	-139,371	-175,008	-203,191
Gross Profit	6,726	8,775	11,618	14,871	15,699	17,440	21,293	24,979	18,292	41,990	79,411	117,478
Operating expenses	-3,969	-3,621	-3,740	-3,841	-3,780	-3,980	-4,116	-4,372	-11,618	-15,171	-16,247	-18,108
SG&A	-2,547	-2,133	-2,198	-2,265	-2,251	-2,380	-2,458	-2,599	-6,619	-9,143	-9,688	-10,640
R&D	-1,422	-1,488	-1,542	-1,576	-1,529	-1,600	-1,657	-1,773	-4,999	-6,028	-6,559	-7,469
Operating income	2,757	5,154	7,878	11,030	11,919	13,460	17,177	20,607	6,674	26,819	63,164	99,369
Non-operating income	3,542	792	792	792	1,342	1,342	1,342	1,342	2,153	5,917	5,367	5,367
Interest income	-327	-327	-327	-327	-327	-327	-327	-327	-1,287	-1,309	-1,309	-1,309
Investment income	600	150	150	150	150	150	150	150	-50	1,050	600	600
Others	3,269	969	969	969	1,519	1,519	1,519	1,519	3,489	6,176	6,076	6,076
Pre-tax profit	6,299	5,946	8,670	11,822	13,260	14,802	18,519	21,949	8,827	32,736	68,531	104,736
Tax	-881	-1,546	-1,734	-2,364	-2,917	-3,553	-3,704	-4,390	-1,277	-6,525	-14,563	-21,709
Net income	5,042	4,045	6,181	8,371	9,247	10,026	13,203	15,542	6,673	23,639	48,018	73,981
EPS (NT$)	3.31	2.66	4.06	5.50	6.07	6.58	8.67	10.20	4.38	15.52	31.52	48.57
Margin												
Gross margin	18.0%	21.1%	24.3%	27.3%	27.6%	29.3%	32.2%	34.7%	13.9%	23.2%	31.2%	36.6%
Operating margin	7.4%	12.4%	16.5%	20.2%	21.0%	22.6%	26.0%	28.6%	5.1%	14.8%	24.8%	31.0%
Pre-tax margin	16.8%	14.3%	18.1%	21.7%	23.3%	24.9%	28.0%	30.5%	6.7%	18.1%	26.9%	32.7%
Net margin	13.5%	9.7%	12.9%	15.3%	16.3%	16.9%	20.0%	21.6%	5.1%	13.0%	18.9%	23.1%
QoQ growth												
Revenue	7.9%	10.9%	15.2%	14.0%	4.2%	4.6%	11.2%	8.8%				
Gross profit	22.9%	30.5%	32.4%	28.0%	5.6%	11.1%	22.1%	17.3%				
Operating profit	16.5%	86.9%	52.8%	40.0%	8.1%	12.9%	27.6%	20.0%				
Pre-tax profit	51.8%	-5.6%	45.8%	36.4%	12.2%	11.6%	25.1%	18.5%				
Net profit	42.7%	-19.8%	52.8%	35.4%	10.5%	8.4%	31.7%	17.7%				
YoY growth												
Revenue	24.4%	27.9%	40.7%	57.2%	51.8%	43.2%	38.3%	31.9%	13.8%	38.2%	40.3%	26.0%
Gross profit	67.1%	106.7%	155.4%	171.8%	133.4%	98.7%	83.3%	68.0%	12.1%	129.6%	89.1%	47.9%
Operating profit	117.6%	241.5%	414.0%	366.3%	332.3%	161.2%	118.0%	86.8%	30.4%	301.8%	135.5%	57.3%
Pre-tax profit	358.6%	1566.7%	194.2%	184.8%	110.5%	148.9%	113.6%	85.7%	20.6%	270.8%	109.3%	52.8%
Net profit	451.3%	13561.8%	181.7%	136.8%	83.4%	147.9%	113.6%	85.7%	31.3%	254.2%	103.1%	54.1%

Source: BofA Global Research estimates, company data

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Exhibit 12: Earnings estimate change - NYPCB

We increase GM forecasts by 20-170bps during 2026-28, reflecting the stronger benefits from price hike in substrate business

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	58,138	59,380	-2.1	83,698	84,861	-1.4	112,230	113,729	-1.3
Gross profit	13,379	12,628	5.9	24,573	24,732	-0.6	37,917	38,113	-0.5
Gross margin	*23.0%*	*21.3%*	1.7 ppt	*29.4%*	*29.1%*	0.2 ppt	*33.8%*	*33.5%*	0.3 ppt
Operating profit	11,638	10,879	7.0	22,708	22,859	-0.7	35,937	36,125	-0.5
Operating margin	*20.0%*	*18.3%*	1.7 ppt	*27.1%*	*26.9%*	0.2 ppt	*32.0%*	*31.8%*	0.3 ppt
Pretax income	12,573	11,813	6.4	24,478	24,829	-1.4	37,893	38,082	-0.5
Pretax margin	*21.6%*	*19.9%*	1.7 ppt	*29.2%*	*29.3%*	0.0 ppt	*33.8%*	*33.5%*	0.3 ppt
Net income	10,334	9,707	6.5	20,532	21,133	-2.8	31,809	31,967	-0.5
Net margin	*17.8%*	*16.3%*	1.4 ppt	*24.5%*	*24.9%*	-0.4 ppt	*28.3%*	*28.1%*	0.2 ppt
EPS (NT$)	15.99	15.02	6.5	31.77	32.71	-2.8	49.23	49.47	-0.5

Source: BofA Global Research estimates

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Exhibit 13: BofAe vs consensus - NYPCB

We are 5%/19% lower vs consensus for 2027/28E EPS, given a more conservative assumption on operating leverage

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	58,138	58,158	0.0	83,698	86,913	-3.7	112,230	131,198	-14.5
Gross profit	13,379	11,844	13.0	24,573	25,577	-3.9	37,917	40,671	-6.8
Gross margin	*23.0%*	*20.4%*	2.6 ppt	*29.4%*	*29.4%*	-0.1 ppt	*33.8%*	*31.0%*	2.8 ppt
Operating profit	11,638	10,770	8.1	22,708	25,808	-12.0	35,937	45,199	-20.5
Operating margin	*20.0%*	*18.5%*	1.5 ppt	*27.1%*	*29.7%*	-2.6 ppt	*32.0%*	*34.5%*	-2.4 ppt
Pretax income	12,573	11,415	10.1	24,478	26,527	-7.7	37,893	48,117	-21.2
Pretax margin	*21.6%*	*19.6%*	2.0 ppt	*29.2%*	*30.5%*	-1.3 ppt	*33.8%*	*36.7%*	-2.9 ppt
Net income	10,334	9,253	11.7	20,532	21,607	-5.0	31,809	39,186	-18.8
Net margin	*17.8%*	*15.9%*	1.9 ppt	*24.5%*	*24.9%*	-0.3 ppt	*28.3%*	*29.9%*	-1.5 ppt
EPS (NT$)	15.99	14.32	11.7	31.77	33.44	-5.0	49.23	60.64	-18.8

Source: BofA Global Research estimates, Bloomberg

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Exhibit 14: Income statement - NYPCB

We expect the company to record 35+% revenue CAGR during 2026-28

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	**11,177**	**13,461**	**16,114**	**17,386**	**17,769**	**20,066**	**22,084**	**23,779**	**40,173**	**58,138**	**83,698**	**112,230**
COGS	-9,405	-10,576	-12,065	-12,713	-13,119	-14,420	-15,427	-16,159	-36,526	-44,759	-59,125	-74,313
Gross Profit	**1,771**	**2,885**	**4,049**	**4,673**	**4,651**	**5,646**	**6,656**	**7,620**	**3,647**	**13,379**	**24,573**	**37,917**
Operating expenses	**-419**	**-419**	**-441**	**-461**	**-447**	**-462**	**-470**	**-487**	**-1,665**	**-1,740**	**-1,865**	**-1,980**
SG&A	-419	-419	-441	-461	-447	-462	-470	-487	-1,665	-1,740	-1,865	-1,980
R&D	0	0	0	0	0	0	0	0	0	0	0	0
Operating income	**1,352**	**2,466**	**3,609**	**4,212**	**4,204**	**5,184**	**6,187**	**7,133**	**1,982**	**11,638**	**22,708**	**35,937**
Non-operating income	**246**	**296**	**196**	**196**	**343**	**542**	**442**	**442**	**363**	**934**	**1,770**	**1,956**
Interest income	33	32	32	32	29	28	29	29	158	130	115	101
Investment income	12	12	12	12	12	12	12	12	18	48	48	48
Others	201	252	152	152	302	502	402	402	187	756	1,607	1,807
Pre-tax profit	**1,598**	**2,762**	**3,805**	**4,408**	**4,547**	**5,726**	**6,629**	**7,576**	**2,346**	**12,573**	**24,478**	**37,893**
Tax	-290	-552	-647	-749	-682	-830	-994	-1,439	-399	-2,239	-3,946	-6,084
Net income	**1,308**	**2,209**	**3,158**	**3,659**	**3,865**	**4,896**	**5,635**	**6,136**	**1,947**	**10,334**	**20,532**	**31,809**
EPS (NT$)	**2.02**	**3.42**	**4.89**	**5.66**	**5.98**	**7.58**	**8.72**	**9.50**	**3.01**	**15.99**	**31.77**	**49.23**
Margin												
Gross margin	15.8%	21.4%	25.1%	26.9%	26.2%	28.1%	30.1%	32.0%	9.1%	23.0%	29.4%	33.8%
Operating margin	12.1%	18.3%	22.4%	24.2%	23.7%	25.8%	28.0%	30.0%	4.9%	20.0%	27.1%	32.0%
Pre-tax margin	14.3%	20.5%	23.6%	25.4%	25.6%	28.5%	30.0%	31.9%	5.8%	21.6%	29.2%	33.8%
Net margin	11.7%	16.4%	19.6%	21.0%	21.8%	24.4%	25.5%	25.8%	4.8%	17.8%	24.5%	28.3%
QoQ growth												
Revenue	0.1%	20.4%	19.7%	7.9%	2.2%	12.9%	10.1%	7.7%				
Gross profit	26.7%	62.9%	40.4%	15.4%	-0.5%	21.4%	17.9%	14.5%				
Operating profit	40.4%	82.4%	46.4%	16.7%	-0.2%	23.3%	19.3%	15.3%				
Pre-tax profit	13.4%	72.8%	37.8%	15.8%	3.2%	25.9%	15.8%	14.3%				
Net profit	8.8%	68.9%	43.0%	15.8%	5.6%	26.7%	15.1%	8.9%				
YoY growth												
Revenue	32.1%	40.5%	46.9%	55.7%	59.0%	49.1%	37.0%	36.8%	24.4%	44.7%	44.0%	34.1%
Gross profit	311.6%	275.2%	285.7%	234.2%	162.6%	95.7%	64.4%	63.1%	919.6%	266.8%	83.7%	54.3%
Operating profit	3985.8%	573.5%	481.8%	337.4%	211.0%	110.2%	71.4%	69.4%	n.a.	487.1%	95.1%	58.3%
Pre-tax profit	523.9%	n.a.	319.5%	212.9%	184.6%	107.3%	74.2%	71.9%	1338.4%	436.0%	94.7%	54.8%
Net profit	530.4%	n.a.	335.7%	204.4%	195.5%	121.6%	78.4%	67.7%	855.6%	430.8%	98.7%	54.9%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Exhibit 15: Earnings estimate change - Kinsus

We raise 2026-28E EPS by 2-9% after baking in the assumption of stronger revenue growth and gross margin

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	53,787	53,718	0.1	71,285	70,220	1.5	89,539	84,650	5.8
Gross profit	13,802	13,068	5.6	21,628	21,164	2.2	29,623	28,110	5.4
Gross margin	*25.7%*	*24.3%*	1.3 ppt	*30.3%*	*30.1%*	0.2 ppt	*33.1%*	*33.2%*	-0.1 ppt
Operating profit	7,277	6,751	7.8	14,452	14,220	1.6	21,929	20,734	5.8
Operating margin	*13.5%*	*12.6%*	1.0 ppt	*20.3%*	*20.3%*	0.0 ppt	*24.5%*	*24.5%*	0.0 ppt
Pretax income	7,751	7,225	7.3	14,959	14,728	1.6	22,437	21,241	5.6
Pretax margin	*14.4%*	*13.5%*	1.0 ppt	*21.0%*	*21.0%*	0.0 ppt	*25.1%*	*25.1%*	0.0 ppt
Net income	5,165	4,727	9.3	11,700	11,500	1.7	17,951	16,918	6.1
Net margin	*9.6%*	*8.8%*	0.8 ppt	*16.4%*	*16.4%*	0.0 ppt	*20.0%*	*20.0%*	0.1 ppt
EPS (NT$)	9.83	9.00	9.3	22.27	21.89	1.7	34.17	32.21	6.1

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 16: BofAe vs consensus - Kinsus

We are 50-200bps behind consensus for the gross margin estimates across 2026-28

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	53,787	53,687	0.2	71,285	74,021	-3.7	89,539	102,138	-12.3
Gross profit	13,802	14,034	-1.7	21,628	23,801	-9.1	29,623	35,786	-17.2
Gross margin	*25.7%*	*26.1%*	-0.5 ppt	*30.3%*	*32.2%*	-1.8 ppt	*33.1%*	*35.0%*	-2.0 ppt
Operating profit	7,277	7,077	2.8	14,452	15,004	-3.7	21,929	20,791	5.5
Operating margin	*13.5%*	*13.2%*	0.3 ppt	*20.3%*	*20.3%*	0.0 ppt	*24.5%*	*20.4%*	4.1 ppt
Pretax income	7,751	7,488	3.5	14,959	15,143	-1.2	22,437	22,419	0.1
Pretax margin	*14.4%*	*13.9%*	0.5 ppt	*21.0%*	*20.5%*	0.5 ppt	*25.1%*	*21.9%*	3.1 ppt
Net income	5,165	5,250	-1.6	11,700	11,702	0.0	17,951	17,504	2.6
Net margin	*9.6%*	*9.8%*	-0.2 ppt	*16.4%*	*15.8%*	0.6 ppt	*20.0%*	*17.1%*	2.9 ppt
EPS (NT$)	9.83	9.99	-1.6	22.27	22.28	0.0	34.17	33.32	2.6

Source: BofA Global Research estimates, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 17: Income statement - Kinsus
We expect the firm to record 25-30% revenue CAGR during 2026-28

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	**11,105**	**12,616**	**14,240**	**15,826**	**15,903**	**17,207**	**18,535**	**19,640**	**39,351**	**53,787**	**71,285**	**89,539**
COGS	-8,756	-9,599	-10,413	-11,218	-11,276	-12,035	-12,828	-13,519	-31,037	-39,986	-49,657	-59,916
Gross Profit	**2,349**	**3,017**	**3,827**	**4,608**	**4,627**	**5,173**	**5,707**	**6,122**	**8,314**	**13,802**	**21,628**	**29,623**
Operating expenses	**-1,459**	**-1,546**	**-1,683**	**-1,837**	**-1,710**	**-1,728**	**-1,804**	**-1,935**	**-5,645**	**-6,525**	**-7,176**	**-7,694**
SG&A	-831	-897	-948	-997	-1,019	-1,030	-1,069	-1,070	-3,035	-3,674	-4,188	-4,588
R&D	-628	-649	-735	-839	-690	-697	-735	-865	-2,610	-2,851	-2,988	-3,106
Operating income	**891**	**1,471**	**2,144**	**2,771**	**2,917**	**3,445**	**3,903**	**4,187**	**2,670**	**7,277**	**14,452**	**21,929**
Non-operating income	**73**	**47**	**177**	**177**	**47**	**47**	**207**	**207**	**417**	**474**	**508**	**508**
Interest income	-7	-7	-7	-7	-7	-7	-7	-7	-4	-26	-26	-26
Investment income	5	5	5	5	5	5	5	5	18	18	18	18
Others	75	49	179	179	49	49	209	209	404	482	516	516
Pre-tax profit	**964**	**1,518**	**2,321**	**2,948**	**2,964**	**3,492**	**4,110**	**4,394**	**3,087**	**7,751**	**14,959**	**22,437**
Tax	-142	-273	-371	-472	-445	-559	-452	-483	-370	-1,258	-1,939	-3,063
Net income	**1,118**	**2,366**	**2,222**	**2,808**	**2,871**	**3,306**	**4,985**	**4,215**	**1,596**	**5,165**	**11,700**	**17,951**
EPS (NT$)	**1.05**	**1.74**	**3.04**	**4.01**	**4.22**	**4.96**	**6.31**	**6.78**	**3.51**	**9.83**	**22.27**	**34.17**
Margin												
Gross margin	21.2%	23.9%	26.9%	29.1%	29.1%	30.1%	30.8%	31.2%	21.1%	25.7%	30.3%	33.1%
Operating margin	8.0%	11.7%	15.1%	17.5%	18.3%	20.0%	21.1%	21.3%	6.8%	13.5%	20.3%	24.5%
Pre-tax margin	8.7%	12.0%	16.3%	18.6%	18.6%	20.3%	22.2%	22.4%	7.8%	14.4%	21.0%	25.1%
Net margin	10.1%	18.8%	15.6%	17.7%	18.1%	19.2%	26.9%	21.5%	4.1%	9.6%	16.4%	20.0%
QoQ growth												
Revenue	2.7%	13.6%	12.9%	11.1%	0.5%	8.2%	7.7%	6.0%				
Gross profit	-1.8%	28.4%	26.9%	20.4%	0.4%	11.8%	10.3%	7.3%				
Operating profit	-3.3%	65.2%	45.7%	29.3%	5.3%	18.1%	13.3%	7.3%				
Pre-tax profit	-8.7%	57.5%	52.9%	27.0%	0.5%	17.8%	17.7%	6.9%				
Net profit	-7.7%	111.7%	-6.1%	26.4%	2.2%	15.2%	50.8%	-15.4%				
YoY growth												
Revenue	28.8%	31.9%	37.5%	46.4%	43.2%	36.4%	30.2%	24.1%	28.9%	36.7%	32.5%	25.6%
Gross profit	21.0%	49.7%	94.9%	92.5%	96.9%	71.5%	49.1%	32.8%	-4.1%	66.0%	56.7%	37.0%
Operating profit	77.7%	137.3%	241.4%	201.0%	227.5%	134.2%	82.0%	51.1%	143.7%	172.6%	98.6%	51.7%
Pre-tax profit	37.7%	145.1%	225.6%	179.3%	207.6%	130.0%	77.1%	49.0%	92.6%	151.1%	93.0%	50.0%
Net profit	-41.0%	165.7%	168.0%	131.8%	156.9%	39.7%	124.3%	50.1%	3164.4%	223.6%	126.5%	53.4%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Price objective basis & risk

Ibiden (4062 / IBIDF)

Our PO for Ibiden is ¥29,800. The PO is based on a P/E of 50x our FY3/29 estimate, a level well above the historical peak of 34x during previous earnings expansion phases. However, we believe such a premium multiple is justified in the near term, as the share price already appears to be discounting the company's medium-term profit target for FY3/31. We forecast EPS CAGR of 48% over the next five years (excluding one-off factors). Profitability in the CPU package business for a major North American semiconductor maker is also improving, and the earnings trend is becoming increasingly stable. While growth in GPU package substrates remains the core investment theme, we also expect future growth from package substrates for ASIC and the ramp up of the Gama plant for leading-edge substrates. Downside risks to our PO include (1) a larger-than-expected decline in IC package demand due to data center market weakness or contraction in the PC market, and (2) intensified price competition in the GPU package substrate market.

Kinsus (KNSUF)

We set our PO at NT$900 based on 30x 2H27-1H28E P/E, which is at mid-to-high-end level in its historical trading range (8-40x) since 2013. In our view, the multiple is backed by ROE and operating margin recovery to 29% and 22% in 2027-28E.

Upside risks to our PO are (1) tighter ABF supply, (2) increasing adoption of SiP and AiP, (3) lower competition pressure and (4) slow development of alternative technology.

Downside risks are (1) greater ABF expansion from peers, (2) muted SiP/AiP adoption, (3) more severe competition, and (4) unfavorable technology development.

NYPCB (NANYF)

Our PO of NT$1,200 is based on 30x 2H27-1H28E P/E, which in our view, the multiple backed by ROE and operating margin expansion to 37% and 30% in 2027-28E, as well as a net cash (to equity) position of 21%.

Upside risks to our PO are (1) tighter ABF supply, (2) higher SiP/AiP adoption, and (3) less intensified competition pressure in PCB business.

Downside risks are (1) greater ABF expansion from peers, (2) muted SiP/AiP adoption, and (3) more severe competition in PCB business.

Unimicron (UMCRF)

Our PO of NT$1,400 is based on 33x 2H27-1H28E, which is roughly 1x standard deviation above the historical average of 20x since 2017. In our view, the multiple is appropriate as we expect Unimicron earnings to be supported by its high-end technology offerings, where end market demand seems more resilient.

Upside risks are (1) tighter ABF supply, (2) greater PC and regular server demand, and (3) lower competition pressure.

Downside risks are (1) greater ABF expansion from peers, (2) lower ASP content increase at AI server, and (3) bigger drop in the demand of consumer electronic products.

Analyst Certification

We, Mike Yang and Masashi Kubota, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AAC Technologies	AACAF	2018 HK	Katherine Zhu
	Asia Vital Components	AVMPF	3017 TT	Doris Kao
	BizLink	BIZLF	3665 TT	Doris Kao
	BOE Technology Group Co., Ltd	XCJQF	000725 CH	Brad Lin
	Chenbro	CEOMF	8210 TT	Doris Kao
	Cowell	CWLLF	1415 HK	Katherine Zhu
	Crystal-Optech	XMKAF	002273 CH	Katherine Zhu
	Delta Electronics Inc.	DLTEF	2308 TT	Robert Cheng
	Duksan Neolux	XDSXF	213420 KS	Simon Woo, CFA
	Dynamic Holding	XLHCF	3715 TT	Mike Yang
	E Ink Holdings	PVWIF	8069 TT	Doris Kao
	Elite Material	ETMCF	2383 TT	Mike Yang
	Foxconn Industrial Internet	XDAZF	601138 CH	Robert Cheng
	Goertek	XGKCF	002241 CH	Katherine Zhu
	Gold Circuit	GOCCF	2368 TT	Doris Kao
	Hana Microelectronics	XHNNF	HANA TB	Suppapong Iemkongaek, CFA, CMT
	Hon Hai Precision Industry	HNHAF	2317 TT	Robert Cheng
	Huaqin	XHUAF	603296 CH	Katherine Zhu
	Huaqin	XPEZF	3296 HK	Katherine Zhu
	ISU Petasys	IPTYF	007660 KS	Matt Shin
	Jentech	XVFSF	3653 TT	Doris Kao
	King Slide	KGSLF	2059 TT	Doris Kao
	Kinsus	KNSUF	3189 TT	Mike Yang
	Lens Tech	XLTVF	6613 HK	Katherine Zhu
	LG CNS	XLGLF	064400 KS	Simon Woo, CFA
	LG Electronics	LGEAF	066570 KS	Simon Woo, CFA
	LG Innotek	XLGQF	011070 KS	Simon Woo, CFA
	Lotes	ZYZTF	3533 TT	Doris Kao
	Luxshare	XNJQF	002475 CH	Robert Cheng
	NYPCB	NANYF	8046 TT	Mike Yang
	Quanta Computer	QUCPF	2382 TT	Robert Cheng
	Samsung Electro-Mechanics	SMSGF	009150 KS	Simon Woo, CFA
	Samsung SDI	SSDIF	006400 KS	Simon Woo, CFA
	Samsung SDS	XWPBF	018260 KS	Simon Woo, CFA
	Shennan Circuits	XAMKF	002916 CH	Katherine Zhu
	Taiwan Union Technology Corporation	TWUNF	6274 TT	Mike Yang
	Unimicron	UMCRF	3037 TT	Mike Yang
	Universal Display	OLED	OLED US	Simon Woo, CFA
	Victory Giant	XENEF	300476 CH	Katherine Zhu
	Wistron	WICOF	3231 TT	Doris Kao
	Wiwynn	XWIQF	6669 TT	Robert Cheng
	Xiaomi Corporation	XIACF	1810 HK	Robert Cheng
	Yageo	YGEQF	2327 TT	Robert Cheng
	Zhen Ding Tech	XFAGF	4958 TT	Doris Kao
	Zhongji Innolight	XZICF	300308 CH	Katherine Zhu
	ZTE Corporation	SHZZF	000063 CH	Katherine Zhu
	ZTE Corporation	ZTCOF	763 HK	Katherine Zhu
NEUTRAL				
	Advantech	ADTEF	2395 TT	Robert Cheng
	Asustek	AKCPF	2357 TT	Robert Cheng
	AU Optronics	AUOTF	2409 TT	Brad Lin
	AU Optronics	AUOTY	AUOTY US	Brad Lin
	Auras Technology	AUTCF	3324 TT	Doris Kao
	BYD Electronic	BYDIF	285 HK	Katherine Zhu
	DS Precision	XBASF	002384 CH	Katherine Zhu
	Innolux Corporation	CMLXY	3481 TT	Brad Lin
	Largan Precision	LGANF	3008 TT	Robert Cheng
	Lenovo Group	LNVGF	992 HK	Robert Cheng
	Lenovo Group	LNVGY	LNVGY US	Robert Cheng
	Lite-On Tech	LOTZF	2301 TT	Doris Kao
	Sunny Optical	SNPTF	2382 HK	Katherine Zhu
	TCL Technology Group Corp	XTOOF	000100 CH	Brad Lin

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
UNDERPERFORM				
	Acer	ASIYF	2353 TT	Robert Cheng
	Catcher Tech	CHERF	2474 TT	Robert Cheng
	Compal Electron	XLCPF	2324 TT	Doris Kao
	Delta Electronics (Thailand)	XLETF	DELTA TB	Suppapong Iemkongaek, CFA, CMT
	Everwin Precision	XSHZF	300115 CH	Katherine Zhu
	Genius Electronic Optical	GNSEF	3406 TT	Robert Cheng
	Lens Tech	XLTGF	300433 CH	Katherine Zhu
	LG Display	LPHLF	034220 KS	Simon Woo, CFA
	LG Display-ADR	LPL	LPL US	Simon Woo, CFA
	Lianchuang Electronic	XWOFF	002036 CH	Katherine Zhu
	Pegatron	PGTRF	4938 TT	Robert Cheng
	Sanan Opto	XEQYF	600703 CH	Katherine Zhu
	Seoul Semiconductor	SLSOF	046890 KS	Simon Woo, CFA
	Shengyi	DGUNF	600183 CH	Mike Yang
	Sunway Communications	XWSVF	300136 CH	Katherine Zhu
	Tianma	XVZLF	000050 CH	Brad Lin
	Transsion	XCINF	688036 CH	Robert Cheng

Japan – Semiconductors/Tech Hardware/ Software & IT Svc Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Advantest	ADTTF	6857 JP	Mikio Hirakawa
	Anritsu	AITUF	6754 JP	Mikio Hirakawa
	Baycurrent	BYCRF	6532 JP	Hiromu Yabuki
	DISCO	DISPF	6146 JP	Mikio Hirakawa
	Fujitsu	FJTSF	6702 JP	Hideaki Tanaka
	Fujitsu	FJTSY	FJTSY US	Hideaki Tanaka
	Hitachi	HTHIF	6501 JP	Mikio Hirakawa
	Hitachi	HTHIY	HTHIY US	Mikio Hirakawa
	HOYA	HOCPF	7741 JP	Masashi Kubota
	HOYA	HOCPY	HOCPY US	Masashi Kubota
	Ibiden	IBIDF	4062 JP	Masashi Kubota
	JEOL	XJEOF	6951 JP	Mayako Ouchi
	KIOXIA	XIYUF	285A JP	Mikio Hirakawa
	Lasertec	LSRCF	6920 JP	Mikio Hirakawa
	MinebeaMitsumi	MNBEF	6479 JP	Masashi Kubota
	Mitsubishi Electric	MIELF	6503 JP	Mikio Hirakawa
	Murata Mfg	MRAAF	6981 JP	Masashi Kubota
	NEC	NIPNF	6701 JP	Hideaki Tanaka
	Niterra	NGKSF	5334 JP	Masashi Kubota
	Nitto Denko	NDEKF	6988 JP	Masashi Kubota
	Nomura Research Institute	NURAF	4307 JP	Hideaki Tanaka
	Nomura Research Institute	NRILY	NRILY US	Hideaki Tanaka
	Obic	OBIIF	4684 JP	Hideaki Tanaka
	OBIC	OBICY	OBICY US	Hideaki Tanaka
	Obic Business Consultants	OBIBF	4733 JP	Hideaki Tanaka
	Oracle Japan	OCLCF	4716 JP	Hideaki Tanaka
	Panasonic	PCRFF	6752 JP	Mikio Hirakawa
	Renesas Electronics	RNECF	6723 JP	Mikio Hirakawa
	Rigaku Corporation	RGAKF	268A JP	Mikio Hirakawa
	Sony Group Corporation	SONY	SONY US	Mikio Hirakawa
	Sony Group Corporation	SNEJF	6758 JP	Mikio Hirakawa
	TDK	TTDKY	TTDKY US	Masashi Kubota
	TDK	TTDKF	6762 JP	Masashi Kubota
	Tokyo Electron	TOELF	8035 JP	Mikio Hirakawa
	Tokyo Seimitsu	TMIUF	7729 JP	Mayako Ouchi
	ULVAC	ULVAF	6728 JP	Mayako Ouchi
NEUTRAL				
	BIPROGY	NTULF	8056 JP	Hideaki Tanaka
	Canon	CAJFF	7751 JP	Mayako Ouchi

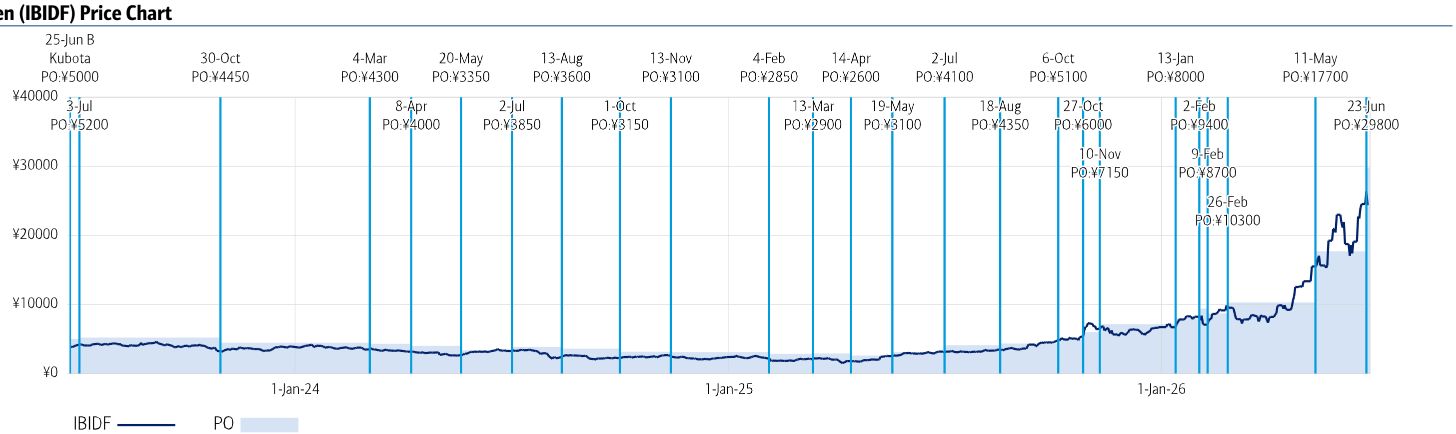
Japan – Semiconductors/Tech Hardware/ Software & IT Svc Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Iriso Electronics	IREEF	6908 JP	Hazel Xue
	Nikon	NINOF	7731 JP	Mayako Ouchi
	SCREEN Holdings	DINRF	7735 JP	Mikio Hirakawa
	TIS	TISNF	3626 JP	Hideaki Tanaka
	Trend Micro	TMICF	4704 JP	Hideaki Tanaka
UNDERPERFORM				
	Alps Alpine	APELF	6770 JP	Masashi Kubota
	Alps Alpine	APELY	APELY US	Masashi Kubota
	Fuji Electric	FELTF	6504 JP	Mikio Hirakawa
	Hirose Electric	HRSEF	6806 JP	Masashi Kubota
	Japan Aviation	JPAVF	6807 JP	Masashi Kubota
	Kyocera	KYOCF	6971 JP	Masashi Kubota
	Mabuchi Motor	MBUMF	6592 JP	Masashi Kubota
	NS Solutions	NSSXF	2327 JP	Hideaki Tanaka
	Otsuka Corp	OSUKF	4768 JP	Hideaki Tanaka
	Rohm	ROHCF	6963 JP	Masashi Kubota
	Sharp	SHCAF	6753 JP	Mikio Hirakawa
	Taiyo Yuden	TYOYF	6976 JP	Masashi Kubota
RVW				
	Nidec	NNDNF	6594 JP	Masashi Kubota
	NIDEC	NJDCY	NJDCY US	Masashi Kubota

Disclosures

Important Disclosures

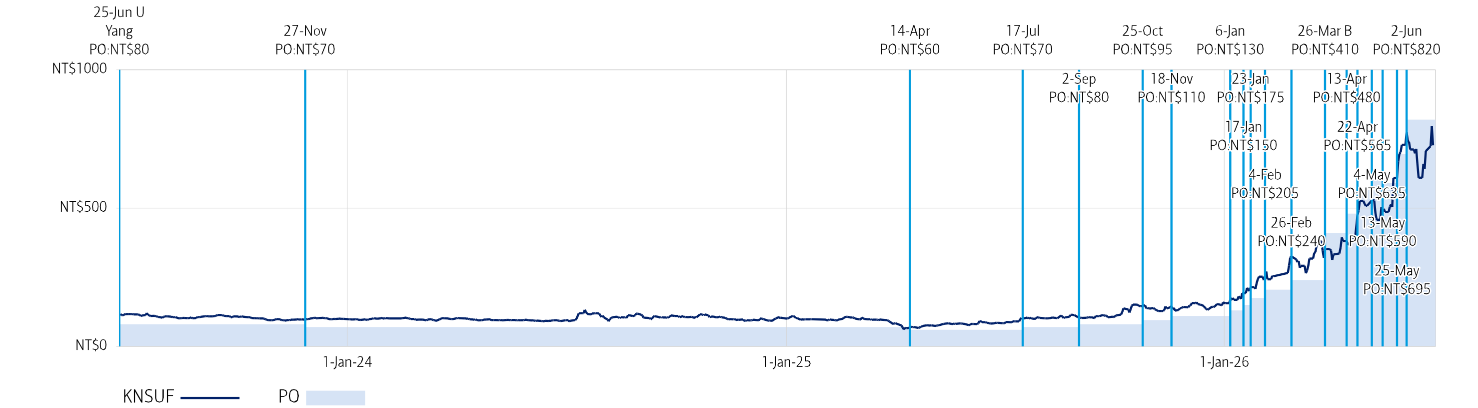
Ibiden (IBIDF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

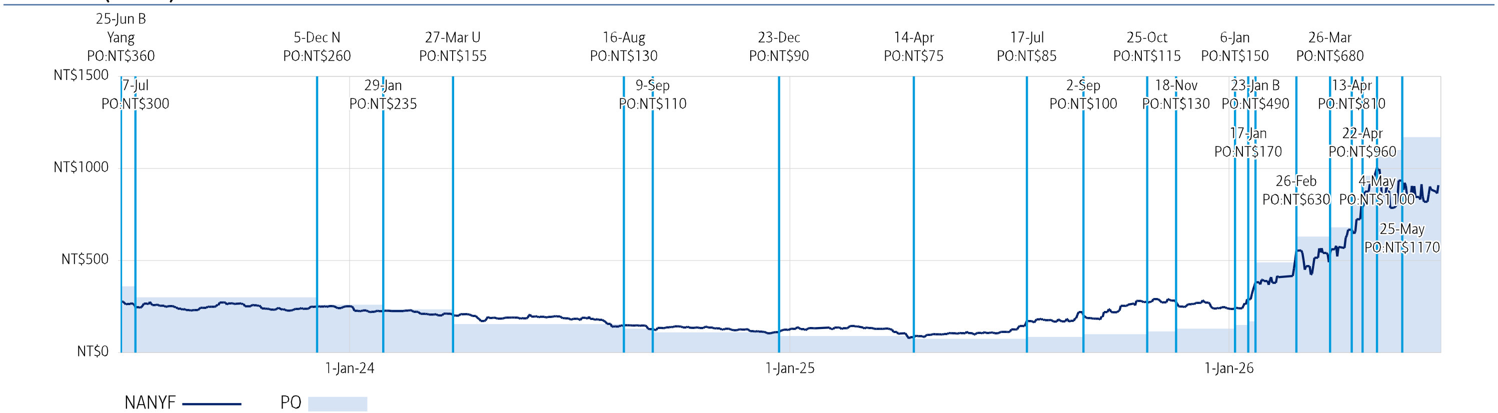
Kinsus (KNSUF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

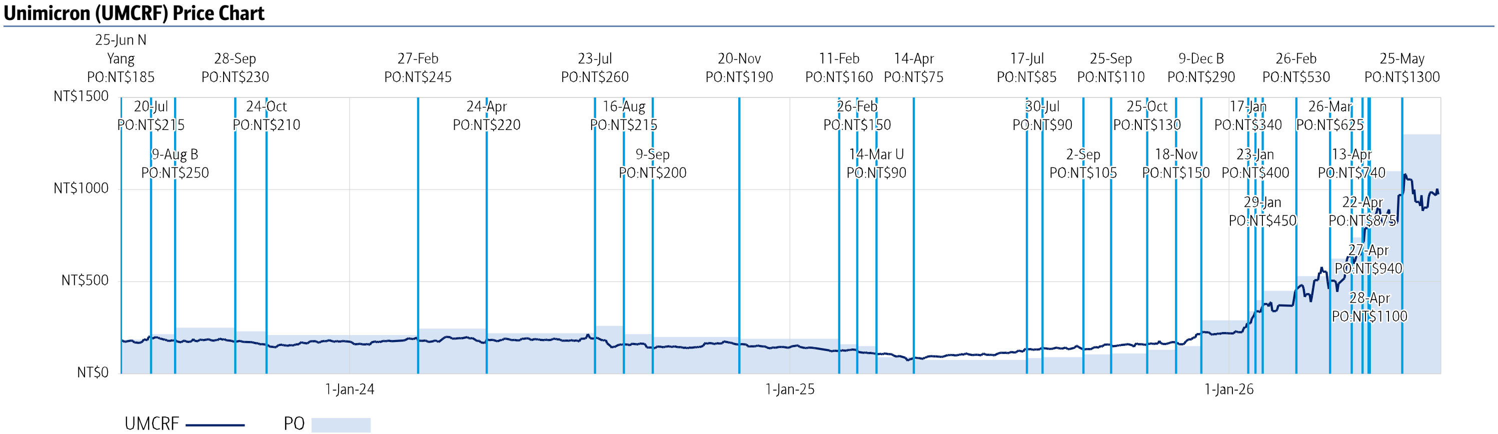
Nan Ya PCB (NANYF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Unimicron (UMCRF) Price Chart



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Equity Investment Rating Distribution: Electronics Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	34	56.67%	Buy	17	50.00%
Hold	10	16.67%	Hold	3	30.00%
Sell	16	26.67%	Sell	6	37.50%

Equity Investment Rating Distribution: Technology Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	234	58.50%	Buy	123	52.56%
Hold	90	22.50%	Hold	43	47.78%
Sell	76	19.00%	Sell	23	30.26%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1993	55.76%	Buy	1186	59.51%
Hold	821	22.97%	Hold	509	62.00%
Sell	760	21.26%	Sell	400	52.63%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2] Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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