# Powertech Technology

# Solid earnings confirmed by 2Q results; positive implication for memory

**Reiterate Rating: BUY | PO: 500.00 TWD | Price: 251.50 TWD**

28 July 2026

Equity

## 2Q EPS more than doubled YoY, driven by NAND

Powertech, one of Taiwan's largest memory packaging/testing companies, reported upcycle-level 2Q results (sales NT$23bn – up 28% YoY; GM 22%; OPM 15%; EPS NT$3.0 – up 131%). The key contributor should be NAND packaging/testing (sales up 69% YoY) followed by SiP & module (up 41%; mostly SSD assembly for Solidigm). Manufacturing costs and SG&A/R&D expenses were also well managed; thus, operating/net profits rose 90%+/100%+ YoY. That said, DRAM packaging/testing sales (mostly for commodity DDR4 and DDR5; HBM not yet) were below expectations (sales grew only +1% YoY vs 30%+ in 3Q25-1Q26. DRAM chipmakers are making greater use of in-house packaging for high-end LPDDR5 and HBM (vs more outsourced NAND and SSD backend manufacturing). Overall, Powertech's strong 2Q results were mostly based on NAND/SSD offsetting muted DRAM.

## Constructive guidance reinforces positive memory outlook

Management provided bullish guidance not only for 2H26 (strong demand for AI server, HBM, SSD, etc.) but also 2027-28 (potentially growing new orders for advanced packaging technologies such as FC-BGA and FO-PLP). HBM packaging order (from Micron) is not yet confirmed, but high-speed / low-power LPDDR5 should be the new growth catalyst for Powertech. We assume 2027 sales mix at 20:40:40 (DRAM:NAND/SSD:logic), with DRAM contribution relatively small vs NAND/logic.

## Reiterate Buy expecting record high 2027-28 earnings

Our Buy is based on above-trend earnings growth/margin alongside the memory upcycle. We tweak our EPS estimate (down 1-3% for 2026-28E vs old) based on slightly lower margin assumptions (sub-1.0%pt), but 20%+ growth is on track. Our PO of NT$500 is derived from 27x 2027-28E P/E (unchanged), which is 10-20% higher than 2024-25 peaks, as new record-high earnings are well expected even after the 2026 upturn.

| **Estimates (Dec) (NT$)** | **2024A** | **2025A** | **2026E** | **2027E** | **2028E** |
|---|---|---|---|---|---|
| Net Income (Adjusted - mn) | 6,789 | 5,536 | 9,758 | 12,628 | 15,712 |
| EPS | 9.05 | 7.44 | 13.13 | 16.99 | 21.14 |
| EPS Change (YoY) | -15.2% | -17.8% | 76.4% | 29.4% | 24.4% |
| Consensus EPS (Visible Alpha) | | | 12.45 | 16.25 | 20.14 |
| Dividend / Share | 7.00 | 4.50 | 8.00 | 10.00 | 12.50 |
| Free Cash Flow / Share | 17.00 | (10.02) | 1.42 | 4.94 | 7.18 |
| **Valuation (Dec)** | | | | | |
| P/E | 27.8x | 33.8x | 19.2x | 14.8x | 11.9x |
| Dividend Yield | 2.8% | 1.8% | 3.2% | 4.0% | 5.0% |
| EV / EBITDA* | 9.8x | 10.6x | 7.6x | 6.6x | 5.7x |
| Free Cash Flow Yield* | 6.7% | -3.9% | 0.6% | 1.9% | 2.8% |

* For full definitions of *iQmethod*SM measures, see page 15.

**Key Changes**

| **(NT$)** | **Previous** | **Current** |
|---|---|---|
| 2026E EPS | 13.27 | 13.13 |
| 2027E EPS | 17.17 | 16.99 |
| 2028E EPS | 21.76 | 21.14 |
| 2026E EBITDA (m) | 28,059 | 28,220 |
| 2027E EBITDA (m) | 32,655 | 32,890 |
| 2028E EBITDA (m) | 37,918 | 37,730 |

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**Stock Data**

| | |
|---|---|
| Price | 251.50 TWD |
| Price Objective | 500.00 TWD |
| Date Established | 27-May-2026 |
| Investment Opinion | C-1-7 |
| 52-Week Range | 116.00 TWD-387.00 TWD |
| Mrkt Val / Shares Out (mn) | 5,914 USD / 759.1 |
| Market Value (mn) | 190,925 TWD |
| Average Daily Value (mn) | 248.23 USD |
| Free Float | 88.6% |
| BofA Ticker / Exchange | PWOGF / TAI |
| Bloomberg / Reuters | 6239 TT / 6239.TW |
| ROE (2026E) | 16.1% |
| Net Dbt to Eqty (Dec-2025A) | 12.7% |

**AI**: Artificial intelligence
**DDR4/5**: 4th/5th gen DRAM
**DRAM**: Dynamic random-access memory
**FC-BGA**: Flip chip ball-grid array
**FO-PLP**: Fan-out panel level packaging
**GM/OPM:** Gross/Operating profit margin
**HBM**: High bandwidth memory
**LPDDR5**: Low-power DDR5
**NAND**: Not-AND memory

# *iQprofile* SM Powertech Technology

| Key Income Statement Data (Dec) | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **(NT$ Millions)** | | | | | |
| Sales | 73,315 | 74,929 | 94,276 | 109,185 | 126,907 |
| Gross Profit | 13,991 | 12,729 | 20,264 | 24,819 | 29,384 |
| Sell General & Admin Expense | (2,809) | (2,807) | (3,113) | (3,254) | (3,417) |
| Operating Profit | 9,382 | 8,132 | 14,793 | 19,089 | 23,369 |
| Net Interest & Other Income | 1,295 | 660 | 466 | (120) | (120) |
| Associates | NA | NA | NA | NA | NA |
| Pretax Income | 10,677 | 8,792 | 15,259 | 18,969 | 23,249 |
| Tax (expense) / Benefit | (2,178) | (1,572) | (3,354) | (4,173) | (5,347) |
| Net Income (Adjusted) | 6,789 | 5,536 | 9,758 | 12,628 | 15,712 |
| Average Fully Diluted Shares Outstanding | 750 | 744 | 743 | 743 | 743 |
| **Key Cash Flow Statement Data** | | | | | |
| Net Income | 6,789 | 5,536 | 9,758 | 12,628 | 15,712 |
| Depreciation & Amortization | 12,656 | 12,257 | 13,427 | 13,801 | 14,361 |
| Change in Working Capital | 2,764 | 2,011 | (1,887) | (771) | (759) |
| Deferred Taxation Charge | NA | NA | NA | NA | NA |
| Other Adjustments, Net | 1,874 | (1,295) | (245) | 0 | 0 |
| Cash Flow from Operations | 24,082 | 18,509 | 21,054 | 25,658 | 29,314 |
| Capital Expenditure | (11,379) | (25,941) | (20,000) | (22,000) | (24,000) |
| (Acquisition) / Disposal of Investments | NA | NA | NA | NA | NA |
| Other Cash Inflow / (Outflow) | 1,514 | (82) | 1,094 | 0 | 0 |
| Cash Flow from Investing | (9,865) | (26,023) | (18,906) | (22,000) | (24,000) |
| Shares Issue / (Repurchase) | (65) | (390) | 0 | 0 | 0 |
| Cost of Dividends Paid | (5,231) | (5,172) | (3,333) | (5,924) | (7,406) |
| Cash Flow from Financing | (11,351) | 4,197 | 292 | (3,221) | (5,456) |
| Free Cash Flow | 12,703 | (7,432) | 1,054 | 3,658 | 5,314 |
| Net Debt | (3,506) | 9,051 | 6,030 | 3,649 | 1,138 |
| Change in Net Debt | (7,933) | 9,978 | (2,149) | (2,381) | (2,511) |
| **Key Balance Sheet Data** | | | | | |
| Property, Plant & Equipment | 56,588 | 70,412 | 72,423 | 78,540 | 86,179 |
| Other Non-Current Assets | 5,616 | 6,387 | 8,810 | 9,167 | 9,540 |
| Trade Receivables | 15,885 | 18,537 | 21,337 | 22,729 | 23,868 |
| Cash & Equivalents | 22,271 | 16,375 | 19,688 | 20,125 | 19,983 |
| Other Current Assets | 8,830 | 11,453 | 12,234 | 12,561 | 13,167 |
| Total Assets | 109,191 | 123,163 | 134,490 | 143,123 | 152,737 |
| Long-Term Debt | 16,887 | 25,413 | 25,198 | 23,242 | 20,576 |
| Other Non-Current Liabilities | 2,255 | 2,699 | 3,219 | 3,350 | 3,486 |
| Short-Term Debt | 1,878 | 13 | 519 | 532 | 545 |
| Other Current Liabilities | 16,478 | 23,764 | 25,457 | 26,407 | 27,392 |
| Total Liabilities | 37,498 | 51,889 | 54,394 | 53,531 | 51,999 |
| Total Equity | 71,693 | 71,275 | 80,096 | 89,592 | 100,737 |
| Total Equity & Liabilities | 109,191 | 123,163 | 134,490 | 143,123 | 152,737 |
| ***iQ*method SM - Bus Performance*** | | | | | |
| Return On Capital Employed | 7.9% | 7.0% | 11.1% | 13.2% | 14.9% |
| Return On Equity | 12.2% | 9.8% | 16.1% | 18.3% | 19.9% |
| Operating Margin | 12.8% | 10.9% | 15.7% | 17.5% | 18.4% |
| EBITDA Margin | 30.1% | 27.2% | 29.9% | 30.1% | 29.7% |
| ***iQ*method SM - Quality of Earnings*** | | | | | |
| Cash Realization Ratio | 3.5x | 3.3x | 2.2x | 2.0x | 1.9x |
| Asset Replacement Ratio | 0.9x | 2.1x | 1.5x | 1.6x | 1.7x |
| Tax Rate (Reported) | 20.4% | 17.9% | 22.0% | 22.0% | 23.0% |
| Net Debt-to-Equity Ratio | -4.9% | 12.7% | 7.5% | 4.1% | 1.1% |
| Interest Cover | NA | NA | NA | NA | NA |

**Key Metrics**

* For full definitions of *iQmethod* SM measures, see page 15.

## Company Sector

Semiconductors

## Company Description

Headquartered in Taiwan, PTI is one of the largest OSAT firms, which packages and tests memory and logic chips. It has around 18,000 employees. The logic chip-related business operates under Greatek Electronics (fully consolidated into earnings). Management's new focus areas in packaging/testing are PLP, TSV, 3D NAND, low-power DRAM, SSD, etc.

## Investment Rationale

Our Buy rating is based on strong earnings growth, driven by more value-added memory and even logic packaging solutions. 1Q/2Q26 earnings have already hit upcycle levels, posting a strong YoY growth (largely driven by NAND/SSD). We believe the memory super-cycle and customers' ongoing outsourcing trend (Micron, Solidigm/Hynix, Kioxia and Greater China's logic chipmakers) using Powertech's proven backend solutions should be the key contributors to strong earnings growth by 2028.

## Stock Data

| | |
|---|---|
| Price to Book Value | 2.9x |

# Key charts/tables after 2Q26 results

**Exhibit 1: Upcycle level of 2Q results (sales NT$23bn; up 28% YoY; GM 22%, OPM 15%, EPS NT$3.0 – up 131% YoY) seen; key contributor should be NAND packaging/testing (sales up 69% YoY) followed by SiP & module (up 41%; mostly SSD assembly for Solidigm)**

Powertech – 2Q26 results vs consensus and our estimate

| NT$mn | Actual | QoQ | YoY | Cons | Act vs Cons | Our est | Act vs our est |
|---|---|---|---|---|---|---|---|
| **Sales** | **23,116** | **8%** | **28%** | **23,114** | **0%** | **22,904** | **1%** |
| Gross profit | 5,031 | 21% | 75% | 4,777 | 5% | 4,869 | 3% |
| **Operating profit** | **3,531** | **28%** | **92%** | **3,416** | **3%** | **3,778** | **-7%** |
| Pretax income | 3,661 | 16% | 133% | 3,540 | 3% | 3,748 | -2% |
| Net income | 2,219 | 20% | 131% | 2,330 | -5% | 2,642 | -16% |
| **FD EPS (NT$)** | **2.99** | **20%** | **131%** | **3.11** | **-4%** | **3.55** | **-16%** |
| Implied # of shares (mn) | 743.2 | 0% | 0% | 748.2 | -1% | 743.2 | 0% |
| **Margins** | | | | | | | |
| **Gross margin** | **21.8%** | **2.3%pt** | **5.8%pt** | **20.7%** | **1.1%pt** | **21.3%** | **0.5%pt** |
| **OP margin** | **15.3%** | **2.3%pt** | **5.1%pt** | **14.8%** | **0.5%pt** | **16.5%** | **-1.2%pt** |
| Pretax margin | 15.8% | 1.0%pt | 7.2%pt | 15.3% | 0.5%pt | 16.4% | -0.5%pt |
| Net margin | 9.6% | 0.9%pt | 4.3%pt | 10.1% | -0.5%pt | 11.5% | -1.9%pt |

**Source:** Company, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 2: We assume stronger margins in 2H (GM 22-23%, OPM 17%) vs consensus (GM 21-22%, OPM 16%), while both expect similar sales growth**

Powertech – 2026 quarterly earnings; our estimate vs consensus

| | 1Q26 | 2Q26 | 3Q26E | | | 4Q26E | | |
|---|---|---|---|---|---|---|---|---|
| NT$mn | Actual | Actual | Our est | Cons | Diff | Our est | Cons | Diff |
| **Sales** | **21,314** | **23,116** | **24,350** | **24,654** | **-1%** | **25,496** | **25,112** | **2%** |
| Gross profit | 4,144 | 5,031 | 5,352 | 5,231 | 2% | 5,737 | 5,425 | 6% |
| **Operating profit** | **2,761** | **3,531** | **4,124** | **3,811** | **8%** | **4,377** | **3,976** | **10%** |
| Pretax income | 3,157 | 3,661 | 4,094 | 3,906 | 5% | 4,347 | 4,096 | 6% |
| Net income | 1,844 | 2,219 | 2,734 | 2,562 | 7% | 2,961 | 2,620 | 13% |
| **FD EPS (NT$)** | **2.48** | **2.99** | **3.68** | **3.38** | **9%** | **3.98** | **3.52** | **13%** |
| Implied # of shares (mn) | 743.2 | 743.2 | 743.2 | 757.2 | -2% | 743.2 | 744.8 | 0% |
| **Margins** | | | | | | | | |
| **Gross margin** | **19.4%** | **21.8%** | **22.0%** | **21.2%** | **0.8%pt** | **22.5%** | **21.6%** | **0.9%pt** |
| **OP margin** | **13.0%** | **15.3%** | **16.9%** | **15.5%** | **1.5%pt** | **17.2%** | **15.8%** | **1.3%pt** |
| Pretax margin | 14.8% | 15.8% | 16.8% | 15.8% | 1.0%pt | 17.0% | 16.3% | 0.7%pt |
| Net margin | 8.7% | 9.6% | 11.2% | 10.4% | 0.8%pt | 11.6% | 10.4% | 1.2%pt |

**Source:** Company, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 3: Our 2027 estimates are broadly more conservative than consensus, but both clearly expect upturn level**

Powertech – 2026-28 annual earnings; our estimate vs consensus

| | 2025 | 2026E | | | 2027E | | | 2028E | | |
|---|---|---|---|---|---|---|---|---|---|---|
| NT$mn | Actual | Our est | Cons | Diff | Our est | Cons | Diff | Our est | Cons | Diff |
| **Sales** | **74,929** | **94,276** | **94,194** | **0%** | **109,185** | **115,237** | **-5%** | **126,907** | **119,684** | **6%** |
| Gross profit | 12,729 | 20,264 | 19,584 | 3% | 24,819 | 25,883 | -4% | 29,384 | 27,070 | 9% |
| **Operating profit** | **8,132** | **14,793** | **13,964** | **6%** | **19,089** | **19,541** | **-2%** | **23,369** | **21,589** | **8%** |
| Pretax income | 8,792 | 15,259 | 14,720 | 4% | 18,969 | 20,024 | -5% | 23,249 | 21,237 | 9% |
| Net income | 5,536 | 9,758 | 9,362 | 4% | 12,628 | 13,436 | -6% | 15,712 | 14,318 | 10% |
| **FD EPS (NT$)** | **7.44** | **13.13** | **12.00** | **9%** | **16.99** | **17.36** | **-2%** | **21.14** | **19.59** | **8%** |
| Implied # of shares (mn) | 743.9 | 743.2 | 780.0 | -5% | 743.2 | 774.1 | -4% | 743.2 | 730.9 | 2% |
| **Margins** | | | | | | | | | | |
| **Gross margin** | **17.0%** | **21.5%** | **20.8%** | **0.7%pt** | **22.7%** | **22.5%** | **0.3%pt** | **23.2%** | **22.6%** | **0.5%pt** |
| **OP margin** | **10.9%** | **15.7%** | **14.8%** | **0.9%pt** | **17.5%** | **17.0%** | **0.5%pt** | **18.4%** | **18.0%** | **0.4%pt** |
| Pretax margin | 11.7% | 16.2% | 15.6% | 0.6%pt | 17.4% | 17.4% | 0.0%pt | 18.3% | 17.7% | 0.6%pt |
| Net margin | 7.4% | 10.4% | 9.9% | 0.4%pt | 11.6% | 11.7% | -0.1%pt | 12.4% | 12.0% | 0.4%pt |

**Source:** Company, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 4: Our fine-tuned 2026-28E EPS estimates (down 1-3%) are mostly based on slightly lower margin assumptions (sub-1.0%pt), but 20%+ topline growth on track**

Powertech – Earnings revisions (2026-28E)

| NT$mn, NT$ | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS - fully diluted** | | | | | | | | | | | | | | | |
| New | 2.48 | 2.99 | 3.68 | 3.98 | 3.48 | 3.69 | 4.88 | 4.94 | 11.52 | 10.67 | 9.05 | 7.44 | 13.13 | 16.99 | 21.14 |
| Old | 2.48 | 3.55 | 3.69 | 3.54 | 3.28 | 4.39 | 4.85 | 4.65 | 11.52 | 10.67 | 9.05 | 7.44 | 13.27 | 17.17 | 21.76 |
| Difference | na | -16% | 0% | 13% | 6% | -16% | 1% | 6% | na | na | na | na | -1% | -1% | -3% |
| **Dividend/share** | | | | | | | | | | | | | | | |
| New | 0.0 | 4.5 | 0.0 | 0.0 | 0.0 | 8.0 | 0.0 | 0.0 | 7.0 | 7.0 | 7.0 | 4.5 | 8.0 | 10.0 | 12.5 |
| Old | 0.0 | 4.5 | 0.0 | 0.0 | 0.0 | 8.0 | 0.0 | 0.0 | 7.0 | 7.0 | 7.0 | 4.5 | 8.0 | 10.0 | 12.5 |
| Difference | na | 0% | na | na | na | 0% | na | na | na | na | na | na | 0% | 0% | 0% |
| **Shares for FD EPS** | | | | | | | | | | | | | | | |
| New | 743 | 743 | 743 | 743 | 743 | 743 | 743 | 743 | 754 | 751 | 750 | 744 | 743 | 743 | 743 |
| Old | 743 | 743 | 743 | 743 | 743 | 743 | 743 | 743 | 754 | 751 | 750 | 744 | 743 | 743 | 743 |
| Difference | na | 0% | 0% | 0% | 0% | 0% | 0% | 0% | na | na | na | na | 0% | 0% | 0% |
| **Sales** | | | | | | | | | | | | | | | |
| New | 21,314 | 23,116 | 24,350 | 25,496 | 24,924 | 26,392 | 28,781 | 29,088 | 83,927 | 70,441 | 73,315 | 74,929 | 94,276 | 109,185 | 126,907 |
| Old | 21,314 | 22,904 | 23,766 | 23,109 | 23,635 | 25,646 | 27,970 | 28,268 | 83,927 | 70,441 | 73,315 | 74,929 | 91,093 | 105,520 | 123,266 |
| Difference | na | 1% | 2% | 10% | 5% | 3% | 3% | 3% | na | na | na | na | 3% | 3% | 3% |
| **Gross margin** | | | | | | | | | | | | | | | |
| New | 19.4% | 21.8% | 22.0% | 22.5% | 22.0% | 22.5% | 23.0% | 23.3% | 20.7% | 17.9% | 19.1% | 17.0% | 21.5% | 22.7% | 23.2% |
| Old | 19.4% | 21.3% | 22.6% | 23.0% | 22.0% | 22.5% | 23.6% | 23.0% | 20.7% | 17.9% | 19.1% | 17.0% | 21.6% | 22.8% | 23.5% |
| Difference | na | 0.5% | -0.6% | -0.5% | 0.0% | 0.0% | -0.5% | 0.3% | na | na | na | na | -0.1% | -0.1% | -0.4% |
| **OP** | | | | | | | | | | | | | | | |
| New | 2,761 | 3,531 | 4,124 | 4,377 | 4,046 | 4,363 | 5,330 | 5,350 | 12,448 | 8,154 | 9,382 | 8,132 | 14,793 | 19,089 | 23,369 |
| Old | 2,761 | 3,778 | 4,138 | 3,955 | 3,857 | 4,625 | 5,298 | 5,074 | 12,448 | 8,154 | 9,382 | 8,132 | 14,632 | 18,854 | 23,557 |
| Difference | na | -7% | 0% | 11% | 5% | -6% | 1% | 5% | na | na | na | na | 1% | 1% | -1% |
| **OP margin** | | | | | | | | | | | | | | | |
| New | 13.0% | 15.3% | 16.9% | 17.2% | 16.2% | 16.5% | 18.5% | 18.4% | 14.8% | 11.6% | 12.8% | 10.9% | 15.7% | 17.5% | 18.4% |
| Old | 13.0% | 16.5% | 17.4% | 17.1% | 16.3% | 18.0% | 18.9% | 17.9% | 14.8% | 11.6% | 12.8% | 10.9% | 16.1% | 17.9% | 19.1% |
| Difference | na | -1.2% | -0.5% | 0.1% | -0.1% | -1.5% | -0.4% | 0.4% | na | na | na | na | -0.4% | -0.4% | -0.7% |
| **Net non-op income** | | | | | | | | | | | | | | | |
| New | 396 | 130 | -30 | -30 | -30 | -30 | -30 | -30 | 1,192 | 3,890 | 1,295 | 660 | 466 | -120 | -120 |
| Old | 396 | -30 | -30 | -30 | -30 | -30 | -30 | -30 | 1,192 | 3,890 | 1,295 | 660 | 306 | -120 | -120 |
| Difference | na | na | 0% | 0% | 0% | 0% | 0% | 0% | na | na | na | na | 52% | 0% | 0% |
| **Tax rate - effective** | | | | | | | | | | | | | | | |
| New | 24.4% | 22.2% | 21.0% | 21.0% | 22.0% | 22.0% | 22.0% | 22.0% | 21.2% | 21.0% | 20.4% | 17.9% | 22.0% | 22.0% | 23.0% |
| Old | 24.4% | 21.0% | 21.0% | 21.0% | 22.0% | 22.0% | 22.0% | 22.0% | 21.2% | 21.0% | 20.4% | 17.9% | 21.7% | 22.0% | 23.0% |
| Difference | na | 1.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | na | na | na | na | 0.3% | 0.0% | 0.0% |
| **NP ex minority int** | | | | | | | | | | | | | | | |
| New | 1,844 | 2,219 | 2,734 | 2,961 | 2,584 | 2,743 | 3,629 | 3,672 | 8,687 | 8,009 | 6,789 | 5,536 | 9,758 | 12,628 | 15,712 |
| Old | 1,844 | 2,642 | 2,746 | 2,628 | 2,437 | 3,262 | 3,604 | 3,457 | 8,687 | 8,009 | 6,789 | 5,536 | 9,860 | 12,760 | 16,175 |
| Difference | na | -16% | 0% | 13% | 6% | -16% | 1% | 6% | na | na | na | na | -1% | -1% | -3% |
| **EBITDA** | | | | | | | | | | | | | | | |
| New | 6,092 | 6,879 | 7,489 | 7,759 | 7,445 | 7,796 | 8,797 | 8,852 | 27,303 | 22,038 | 22,038 | 20,388 | 28,220 | 32,890 | 37,730 |
| Old | 6,092 | 7,126 | 7,504 | 7,337 | 7,256 | 8,058 | 8,765 | 8,576 | 27,303 | 22,038 | 22,038 | 20,388 | 28,059 | 32,655 | 37,918 |
| Difference | na | -3% | 0% | 6% | 3% | -3% | 0% | 3% | na | na | na | na | 1% | 1% | 0% |
| **Capex spend** | | | | | | | | | | | | | | | |
| New | 6,548 | 5,000 | 4,500 | 3,952 | 5,000 | 6,000 | 5,500 | 5,500 | 18,582 | 8,727 | 11,379 | 25,941 | 20,000 | 22,000 | 24,000 |
| Old | 6,548 | 5,000 | 4,500 | 3,952 | 5,000 | 6,000 | 5,500 | 5,500 | 18,582 | 8,727 | 11,379 | 25,941 | 20,000 | 22,000 | 24,000 |
| Difference | na | 0% | 0% | 0% | 0% | 0% | 0% | 0% | na | na | na | na | 0% | 0% | 0% |
| **Net debt** | | | | | | | | | | | | | | | |
| New | 10,254 | 8,598 | 9,450 | 6,030 | 4,531 | 9,184 | 4,141 | 3,649 | 10,079 | 2,512 | -3,506 | 9,051 | 6,030 | 3,649 | 1,138 |
| Old | 10,254 | 10,511 | 7,235 | 4,126 | 2,753 | 7,181 | 2,141 | 1,843 | 10,079 | 2,512 | -3,506 | 9,051 | 4,126 | 1,843 | -902 |
| Difference | na | -18% | 31% | 46% | 65% | 28% | 93% | 98% | na | na | na | na | 46% | 98% | na |
| **BVPS - O/S shr based** | | | | | | | | | | | | | | | |
| New | 78.8 | 77.1 | 82.8 | 87.4 | 91.6 | 88.2 | 93.8 | 99.4 | 68.9 | 73.4 | 76.0 | 76.0 | 87.4 | 99.4 | 113.5 |
| Old | 78.8 | 78.5 | 82.9 | 87.1 | 91.1 | 88.0 | 93.5 | 98.8 | 68.9 | 73.4 | 76.0 | 76.0 | 87.1 | 98.8 | 113.2 |
| Difference | na | -2% | 0% | 0% | 1% | 0% | 0% | 1% | na | na | na | na | 0% | 1% | 0% |

**Source:** Company, BofA Global Research estimates

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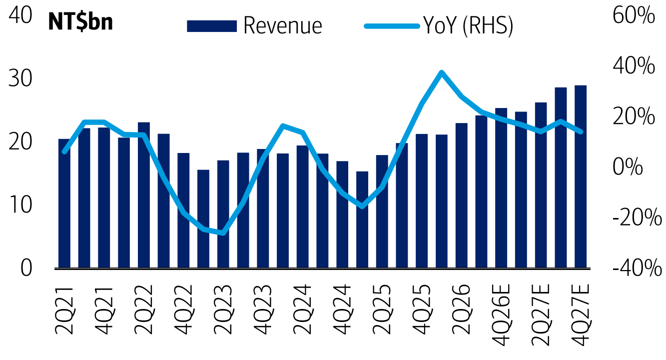
**Exhibit 5: We assume robust topline growth in 2026 (up 26% YoY); 3-yr sales CAGR (2025-28E) shows 19%**

Powertech – Quarterly sales and YoY growth




**Source:** Company, BofA Global Research estimates

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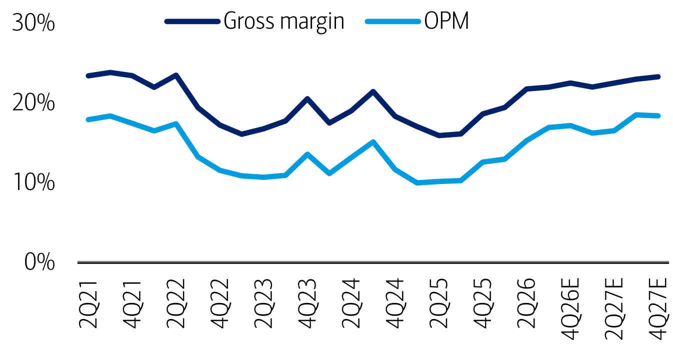
**Exhibit 6: We expect 2026-28E margins (GM 21-23%, OPM 16-18%) to closely approach previous highs in 2020-22 (GM 20-23%, OPM 14-17%)**

Powertech – Quarterly sales and YoY growth




**Source:** Company, BofA Global Research estimates

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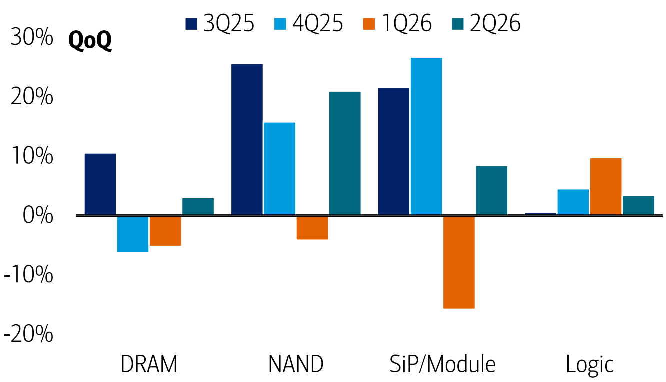
**Exhibit 7: Solid QoQ growth seen for all segments in 2Q26**

Powertech – QoQ sales growth by segment




*SiP/Module refers to mostly Solidigm's SSD products

**Source:** Company, BofA Global Research

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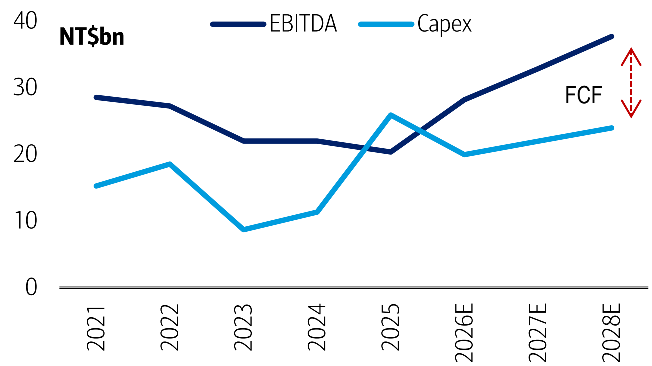
**Exhibit 8: Robust 2026-28E FCF generation well-expected on the back of strong EBITDA rebound and disciplined capex spend**

Powertech – QoQ sales growth by segment




**Source:** Company, BofA Global Research estimates

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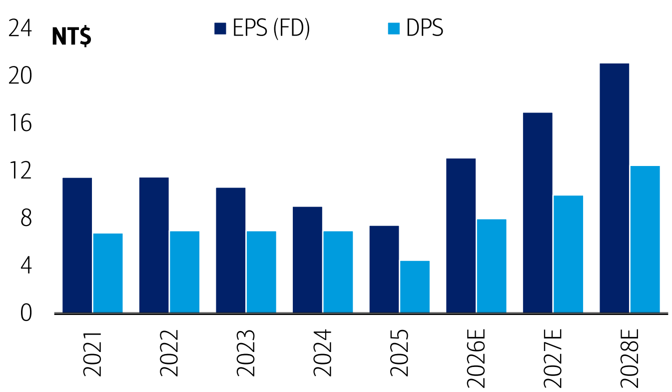
**Exhibit 9: Management remains committed to high payout ratio (60%+)**

Powertech – EPS and DPS




**Source:** Company, BofA Global Research estimates

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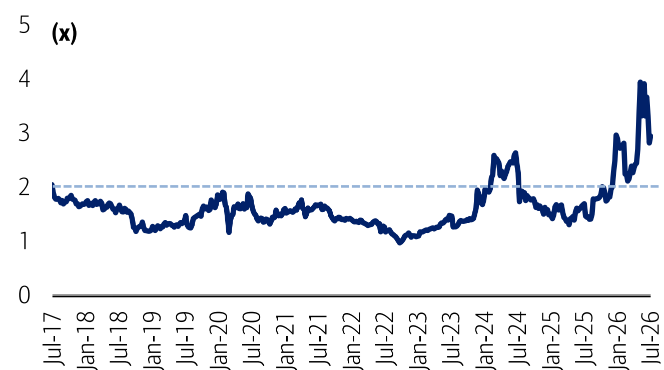
**Exhibit 10: Currently trading at high-3x vs our implied target 2027-28E P/B of 5x**

Powertech – 12-month forward P/B




**Source:** Company, BofA Global Research estimates

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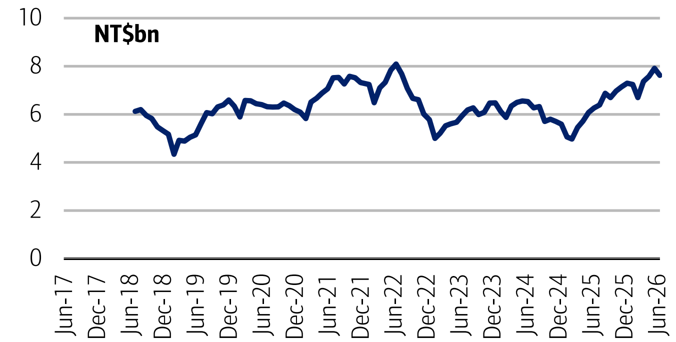
**Exhibit 11: Powertech's monthly sales showed steady recovery recently, closely approaching previous high level in 2022**
Powertech – Monthly sales




**Source:** Company, BofA Global Research

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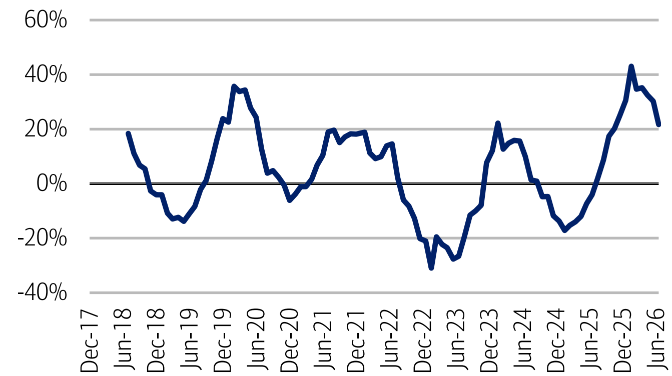
**Exhibit 12: Robust YoY growth continued throughout 2H25-2Q26**
Powertech – Monthly sales YoY




**Source:** Company, BofA Global Research

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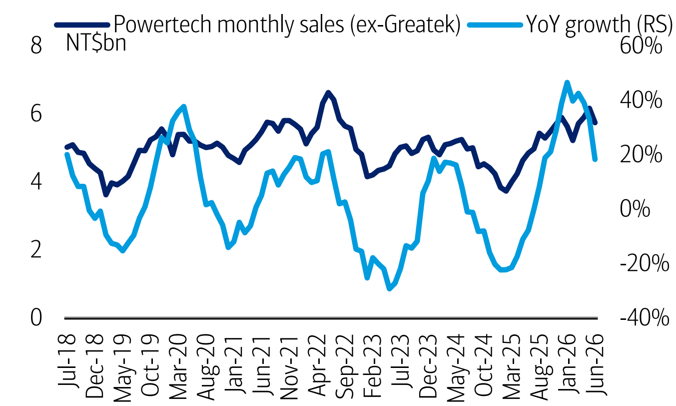
**Exhibit 13: YoY turnaround continued throughout 2H25-2Q26**
Powertech – monthly sales and YoY ex-Greatek




**Source:** Companies, BofA Global Research

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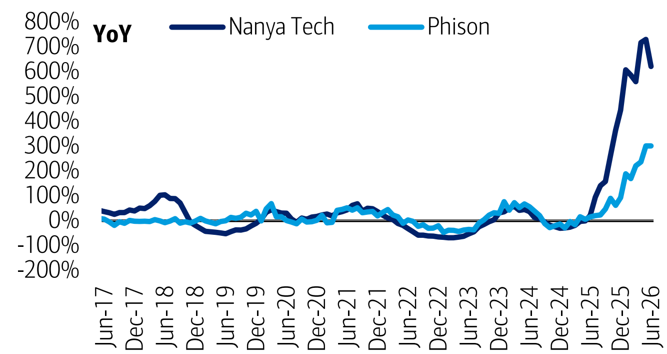
**Exhibit 14: Nanya's exceptionally robust growth mostly driven by DRAM super-cycle**
Nanya Tech and Phison monthly sales YoY




**Source:** Companies, BofA Global Research

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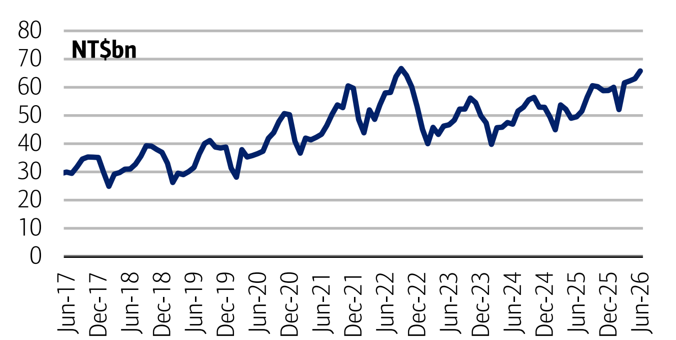
**Exhibit 15: Resilient recovery seen in 2Q26 sales (NT$191bn; +10% QoQ, +27% YoY)**
ASE – Monthly sales trend




**Source:** Company, BofA Global Research

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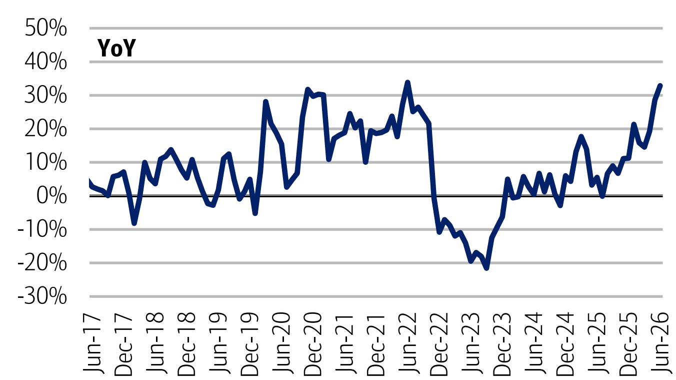
**Exhibit 16: Accelerating YoY rebound well-observed in 2Q26**
ASE – Monthly sales trend




**Source:** Company, BofA Global Research

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# Valuation

**Exhibit 17: Our PO NT$500 is derived from 27x 2027-28E P/E**
Powertech – Valuation multiples at current price and PO

| (x) | 2024 | 2025 | 2026E | 2027E | 2028E | 2027-28E avg |
|---|---|---|---|---|---|---|
| **Current shr price based** | | | | | | |
| **P/E** | **27.8** | **33.8** | **19.2** | **14.8** | **11.9** | **13.3** |
| **P/B** | **3.3** | **3.3** | **2.9** | **2.5** | **2.2** | **2.4** |
| EV/EBITDA | 8.9 | 9.6 | 6.9 | 5.9 | 5.2 | 5.6 |
| EV/Sales | 2.7 | 2.6 | 2.1 | 1.8 | 1.5 | 1.7 |
| **PO based multiples** | | | | | | |
| **P/E** | **55.2** | **67.1** | **38.1** | **29.4** | **23.7** | **26.5** |
| **P/B** | **6.6** | **6.6** | **5.7** | **5.0** | **4.4** | **4.7** |
| EV/EBITDA | 17.2 | 18.6 | 13.4 | 11.5 | 10.1 | 10.8 |
| EV/Sales | 5.2 | 5.1 | 4.0 | 3.5 | 3.0 | 3.2 |

**Source:** Company. BofA Global Research estimates

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**Exhibit 18: Long-term historical average P/E shows 12x**
Powertech – Historical multiples based on year-average/high/low share prices

| (x) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2015-25 Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year-average** | | | | | | | | | | | |
| **P/E** | **12.3** | **12.2** | **10.6** | **10.7** | **11.3** | **9.0** | **7.7** | **9.5** | **17.1** | **18.0** | **11.8** |
| **P/B** | **1.7** | **1.9** | **1.6** | **1.5** | **1.6** | **1.6** | **1.3** | **1.4** | **2.0** | **1.8** | **1.6** |
| EV/EBITDA | 3.9 | 4.3 | 3.5 | 3.3 | 3.5 | 3.0 | 2.8 | 3.5 | 5.1 | 5.0 | 3.7 |
| EV/Sales | 1.3 | 1.4 | 1.2 | 1.1 | 1.1 | 1.0 | 0.9 | 1.1 | 1.5 | 1.4 | 1.2 |
| **Year-high** | | | | | | | | | | | |
| **P/E** | **14.8** | **14.1** | **12.2** | **14.0** | **13.6** | **10.1** | **8.7** | **14.3** | **22.2** | **24.4** | **14.8** |
| **P/B** | **2.0** | **2.1** | **1.8** | **1.9** | **2.0** | **1.8** | **1.5** | **2.1** | **2.6** | **2.4** | **2.0** |
| EV/EBITDA | 4.6 | 4.8 | 3.9 | 4.2 | 4.1 | 3.3 | 3.1 | 5.3 | 6.7 | 6.8 | 4.6 |
| EV/Sales | 1.6 | 1.6 | 1.3 | 1.4 | 1.3 | 1.1 | 1.0 | 1.7 | 2.0 | 1.8 | 1.5 |
| **Year-low** | | | | | | | | | | | |
| **P/E** | **10.2** | **9.4** | **8.0** | **8.6** | **8.0** | **8.2** | **6.1** | **7.5** | **12.7** | **13.3** | **9.3** |
| **P/B** | **1.4** | **1.4** | **1.2** | **1.2** | **1.2** | **1.5** | **1.0** | **1.1** | **1.5** | **1.3** | **1.3** |
| EV/EBITDA | 3.3 | 3.4 | 2.8 | 2.7 | 2.6 | 2.7 | 2.3 | 2.8 | 3.7 | 3.7 | 3.0 |
| EV/Sales | 1.1 | 1.1 | 0.9 | 0.9 | 0.8 | 0.9 | 0.7 | 0.9 | 1.1 | 1.0 | 0.9 |

**Source:** Company, BofA Global Research

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**Exhibit 19: Powertech's multiples are lower than its memory and semis back-end peers despite solid ROE (high-teen% in FY27-28E)**
Valuations comparison

| | Ticker | Rating | Price | Mcap | P/E | | | P/Book | | | EV/EBITDA | | | ROE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (Local) | ($bn) | FY26 | FY27E | FY28E | FY26 | FY27E | FY28E | FY26 | FY27E | FY28E | FY26 | FY27E | FY28E |
| Powertech | PWOGF | C-1-7 | 251.50 | 5.9 | 19.2 | 14.8 | 11.9 | 2.9 | 2.6 | 2.3 | 7.6 | 6.6 | 5.7 | 16.1% | 18.3% | 19.9% |
| ASE | XSRIF | C-1-7 | 554.00 | 76.7 | 32.4 | 17.6 | 13.2 | 5.1 | 3.8 | 2.9 | 14.9 | 9.0 | 6.7 | 18.9% | 25.2% | 25.0% |
| JCET | XJIEF | C-1-7 | 76.83 | 20.3 | 49.9 | 36.9 | 25.3 | 4.5 | 4.0 | 3.6 | 19.5 | 16.4 | 15.5 | 9.3% | 11.5% | 11.9% |
| SIMO | SIMO | C-1-7 | 244.45 | 8.3 | 27.1 | 23.0 | 18.5 | 7.5 | 6.0 | 4.8 | 20.1 | 15.9 | 12.9 | 31.9% | 29.6% | 29.4% |
| Phison | PISNF | C-1-8 | 1,650.00 | 11.3 | 4.6 | 7.8 | 12.2 | 3.1 | 2.6 | 2.3 | 3.3 | 5.4 | 8.4 | 89.2% | 36.0% | 20.2% |
| Samsung | SSNLF | C-1-7 | 255,000 | 872.0 | 5.8 | 4.4 | 4.6 | 2.5 | 1.6 | 1.2 | 3.3 | 2.6 | 2.7 | 51.8% | 43.5% | 29.9% |
| Micron | MU | C-1-7 | 900.20 | 1,016.7 | 12.3 | 6.4 | 6.2 | 7.5 | 3.9 | 2.8 | 9.9 | 5.2 | 5.1 | 87.8% | 81.0% | 54.8% |
| Nanya Tech | NNYAF | B-1-7 | 392.50 | 41.9 | 6.3 | 4.6 | 5.7 | 3.0 | 2.0 | 1.6 | 3.8 | 2.7 | 3.3 | 67.9% | 52.0% | 31.5% |
| Intel | INTC | C-1-9 | 91.67 | 462.4 | 61.5 | 43.9 | 30.5 | 4.2 | 3.9 | 3.4 | 19.5 | 15.1 | 11.9 | 6.5% | 9.5% | 12.5% |

**Source:** Companies, BofA Global Research estimates. Mcap = market capitalization. ROE = return on equity

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**Exhibit 20: NT$20bn+ annual FCF generation suggests a fair value of NT$500**

Powertech –Cross-checked discounted cash flow (DCF) valuation

| | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E |
|---|---|---|---|---|---|---|---|---|
| Sales | 73,315 | 74,929 | 94,276 | 109,185 | 126,907 | 149,750 | 169,517 | 186,469 |
| Sales growth | 4% | 2% | 26% | 16% | 16% | 18% | 13% | 10% |
| OP | 9,382 | 8,132 | 14,793 | 19,089 | 23,369 | 28,452 | 32,208 | 35,988 |
| OPM | 13% | 11% | 16% | 17% | 18% | 19% | 19% | 19% |
| Dep &Amor | 12,656 | 12,257 | 13,427 | 13,801 | 14,361 | 15,000 | 17,000 | 20,000 |
| EBITDA | 22,038 | 20,388 | 28,220 | 32,890 | 37,730 | 43,452 | 49,208 | 55,988 |
| Capex | 11,379 | 25,941 | 20,000 | 22,000 | 24,000 | 25,000 | 25,000 | 25,000 |
| Increase in NWC | 1,113 | -2,764 | -2,011 | 1,887 | 771 | 200 | 200 | 200 |
| Net working capital | 38,930 | 30,598 | 30,067 | 39,124 | 43,301 | 43,501 | 43,701 | 43,901 |
| Taxes | 2,178 | 1,572 | 3,354 | 4,173 | 5,347 | 6,260 | 7,086 | 7,917 |
| **Free cash flow** | **7,368** | **-4,361** | **6,877** | **4,830** | **7,612** | **11,993** | **16,922** | **22,871** |
| Discount factor at 12% WACC | | 1.00 | 0.89 | 0.79 | 0.71 | 0.63 | 0.56 | 0.50 |
| Present value of FCF | | | 6,128 | 3,835 | 5,386 | 7,562 | 9,508 | 11,451 |
| **Sum of PV FCF (a)** | | **43,871** | | | | | | |
| **Terminal value** | | | | | | | | |
| PV of TV (b) | | **351,528** | | | | | | |
| *12x EV/EBITDA* | | 351,528 | | | | | | 702,095 |
| *Perpetual growth* | | 4.50% | | | | | | |
| Biz value total (A = a+b) | | 395,399 | | | | | | |
| **Net debt & minority int (B)** | | **24,034** | | | | | | |
| Shareholder value total (A-B) | | 371,365 | | | | | | |
| **Fully diluted shares (mn)** | | **742** | | | | | | |
| **Per share value (NT$)** | | **500.3** | | | | | | |
| PO vs FV | | 0% | | | | | | |
| **BofA PO** | | **500.0** | | | | | | |

**Source:** Company, BofA Global Research estimates

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# Earnings outlook in 2026-28E

**Exhibit 21: Memory (DRAM+NAND combined) accounts for sub-50% of total sales, followed by logic (~40%), SiP/Module (low-teen%); we expect strong 2026-28E topline growth (3-yr CAGR of 19% during 2025-28E)**

Powertech – Sales breakdown

| (NT$mn) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **By chip application** | | | | | | | | | | | | | | | | |
| DRAM | 3,254 | 4,334 | 4,792 | 4,495 | 4,263 | 4,392 | 4,787 | 5,122 | 17,000 | 17,987 | 17,815 | 15,826 | 16,876 | 18,565 | 21,668 | 25,723 |
| NAND | 3,719 | 3,973 | 4,992 | 5,780 | 5,542 | 6,704 | 7,106 | 7,532 | 30,148 | 28,602 | 20,219 | 20,881 | 18,464 | 26,883 | 32,234 | 38,981 |
| SiP/Module | 1,240 | 1,806 | 2,197 | 2,783 | 2,345 | 2,543 | 2,695 | 2,884 | 7,709 | 8,631 | 6,061 | 7,490 | 8,025 | 10,467 | 11,560 | 14,170 |
| Logic | 7,282 | 7,946 | 7,987 | 8,349 | 9,165 | 9,477 | 9,762 | 9,957 | 28,937 | 28,707 | 26,345 | 29,118 | 31,565 | 38,361 | 43,723 | 48,033 |
| **Total Sales** | **15,494** | **18,060** | **19,968** | **21,407** | **21,314** | **23,116** | **24,350** | **25,496** | **83,794** | **83,927** | **70,441** | **73,315** | **74,929** | **94,276** | **109,185** | **126,907** |
| **Mix** | | | | | | | | | | | | | | | | |
| DRAM | 21% | 24% | 24% | 21% | 20% | 19% | 20% | 20% | 20% | 21% | 25% | 22% | 23% | 20% | 20% | 20% |
| NAND | 24% | 22% | 25% | 27% | 26% | 29% | 29% | 30% | 36% | 34% | 29% | 28% | 25% | 29% | 30% | 31% |
| SiP/Module | 8% | 10% | 11% | 13% | 11% | 11% | 11% | 11% | 9% | 10% | 9% | 10% | 11% | 11% | 11% | 11% |
| Logic | 47% | 44% | 40% | 39% | 43% | 41% | 40% | 39% | 35% | 34% | 37% | 40% | 42% | 41% | 40% | 38% |
| **Total Sales** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| **QoQ** | | | | | | | | | | | | | | | | |
| DRAM | 0% | 33% | 11% | -6% | -5% | 3% | 9% | 7% | | | | | | | | |
| NAND | -22% | 7% | 26% | 16% | -4% | 21% | 6% | 6% | | | | | | | | |
| SiP/Module | -34% | 46% | 22% | 27% | -16% | 8% | 6% | 7% | | | | | | | | |
| Logic | 1% | 9% | 1% | 5% | 10% | 3% | 3% | 2% | | | | | | | | |
| **Total Sales** | **-9%** | **17%** | **11%** | **7%** | **0%** | **8%** | **5%** | **5%** | | | | | | | | |
| **YoY** | | | | | | | | | | | | | | | | |
| DRAM | -26% | -8% | 38% | 38% | 31% | 1% | 0% | 14% | -2% | 6% | -1% | -11% | 7% | 10% | 17% | 19% |
| NAND | -28% | -25% | -12% | 21% | 49% | 69% | 42% | 30% | 1% | -5% | -29% | 3% | -12% | 46% | 20% | 21% |
| SiP/Module | -39% | 2% | 20% | 48% | 89% | 41% | 23% | 4% | -7% | 12% | -30% | 24% | 7% | 30% | 10% | 23% |
| Logic | 7% | 1% | 9% | 16% | 26% | 19% | 22% | 19% | 40% | -1% | -8% | 11% | 8% | 22% | 14% | 10% |
| **Total Sales** | **-15%** | **-8%** | **9%** | **25%** | **38%** | **28%** | **22%** | **19%** | **10%** | **0%** | **-16%** | **4%** | **2%** | **26%** | **16%** | **16%** |
| **By backend process** | | | | | | | | | | | | | | | | |
| Testing | 3,564 | 3,973 | 4,393 | 4,710 | 4,689 | 5,317 | 5,357 | 5,584 | 18,435 | 18,630 | 15,788 | 16,300 | 16,639 | 20,946 | 23,491 | 26,547 |
| SiP/module | 1,240 | 1,806 | 2,197 | 2,783 | 2,345 | 2,543 | 2,695 | 2,884 | 7,709 | 8,631 | 6,061 | 7,319 | 8,025 | 10,467 | 11,560 | 14,170 |
| Package | 10,691 | 12,281 | 13,379 | 13,915 | 14,280 | 15,256 | 16,298 | 17,028 | 57,650 | 56,666 | 48,592 | 49,696 | 50,265 | 62,863 | 74,134 | 86,190 |
| **Total Sales** | **15,494** | **18,060** | **19,968** | **21,407** | **21,314** | **23,116** | **24,350** | **25,496** | **83,794** | **83,927** | **70,441** | **73,315** | **74,929** | **94,276** | **109,185** | **126,907** |
| **Mix** | | | | | | | | | | | | | | | | |
| Testing | 23% | 22% | 22% | 22% | 22% | 23% | 22.0% | 21.9% | 22% | 22% | 22% | 22% | 22% | 22% | 22% | 21% |
| SiP/module | 8% | 10% | 11% | 13% | 11% | 11% | 11.1% | 11.3% | 9% | 10% | 9% | 10% | 11% | 11% | 11% | 11% |
| Package | 69% | 68% | 67% | 65% | 67% | 66% | 66.9% | 66.8% | 69% | 68% | 69% | 68% | 67% | 67% | 68% | 68% |
| **Total Sales** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| **QoQ** | | | | | | | | | | | | | | | | |
| Testing | -9% | 11% | 11% | 7% | 0% | 13% | 1% | 4% | | | | | | | | |
| SiP/module | -28% | 46% | 22% | 27% | -16% | 8% | 6% | 7% | | | | | | | | |
| Package | -7% | 15% | 9% | 4% | 3% | 7% | 7% | 4% | | | | | | | | |
| **Total Sales** | **-9%** | **17%** | **11%** | **7%** | **0%** | **8%** | **5%** | **5%** | | | | | | | | |
| **YoY** | | | | | | | | | | | | | | | | |
| Testing | -7% | -8% | 4% | 20% | 32% | 34% | 22% | 19% | 8% | 1% | -15% | 3% | 2% | 26% | 12% | 13% |
| SiP/module | -39% | 2% | 20% | 63% | 89% | 41% | 23% | 4% | -7% | 12% | -30% | 21% | 10% | 30% | 10% | 23% |
| Package | -14% | -9% | 9% | 21% | 34% | 24% | 22% | 22% | 13% | -2% | -14% | 2% | 1% | 25% | 18% | 16% |
| **Total Sales** | **-15%** | **-8%** | **9%** | **25%** | **38%** | **28%** | **22%** | **19%** | **10%** | **0%** | **-16%** | **4%** | **2%** | **26%** | **16%** | **16%** |

**Source:** Company, BofA Global Research estimates

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**Exhibit 22: We expect solid topline growth in 2026-28E coupled with steady margin improvement (GM 21-23%, OPM 16-18%), closely approaching 2021-22 upturn level**

Powertech – Income statement

| (NT$mn) | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **21,314** | **23,116** | **24,350** | **25,496** | **24,924** | **26,392** | **28,781** | **29,088** | **83,794** | **83,927** | **70,441** | **73,315** | **74,929** | **94,276** | **109,185** | **126,907** |
| COGS | 17,170 | 18,085 | 18,998 | 19,759 | 19,441 | 20,453 | 22,162 | 22,310 | 64,499 | 66,551 | 57,832 | 59,324 | 62,200 | 74,012 | 84,367 | 97,522 |
| **Gross profit** | **4,144** | **5,031** | **5,352** | **5,737** | **5,483** | **5,938** | **6,620** | **6,777** | **19,295** | **17,376** | **12,609** | **13,991** | **12,729** | **20,264** | **24,819** | **29,384** |
| **SG&A** | **1,383** | **1,500** | **1,228** | **1,360** | **1,437** | **1,575** | **1,289** | **1,428** | **4,770** | **4,928** | **4,455** | **4,609** | **4,597** | **5,471** | **5,729** | **6,016** |
| R&D | 843 | 678 | 741 | 851 | 870 | 712 | 778 | 894 | 2,443 | 2,462 | 2,458 | 2,809 | 2,807 | 3,113 | 3,254 | 3,417 |
| Market. & Adm. | 540 | 822 | 487 | 508 | 567 | 863 | 512 | 534 | 2,326 | 2,465 | 1,998 | 1,800 | 1,790 | 2,357 | 2,475 | 2,599 |
| **OP** | **2,761** | **3,531** | **4,124** | **4,377** | **4,046** | **4,363** | **5,330** | **5,350** | **14,525** | **12,448** | **8,154** | **9,382** | **8,132** | **14,793** | **19,089** | **23,369** |
| **EBITDA** | **6,092** | **6,879** | **7,489** | **7,759** | **7,445** | **7,796** | **8,797** | **8,852** | **28,577** | **27,303** | **22,038** | **22,038** | **20,388** | **28,220** | **32,890** | **37,730** |
| Dep & amort/ | 3,332 | 3,348 | 3,365 | 3,382 | 3,399 | 3,433 | 3,467 | 3,502 | 14,052 | 14,855 | 13,884 | 12,656 | 12,257 | 13,427 | 13,801 | 14,361 |
| **Net Non-OP inc** | **396** | **130** | **-30** | **-30** | **-30** | **-30** | **-30** | **-30** | **181** | **1,192** | **3,890** | **1,295** | **660** | **466** | **-120** | **-120** |
| **Pre-tax income** | **3,157** | **3,661** | **4,094** | **4,347** | **4,016** | **4,333** | **5,300** | **5,320** | **14,705** | **13,640** | **12,043** | **10,677** | **8,792** | **15,259** | **18,969** | **23,249** |
| Tax | 770 | 811 | 860 | 913 | 884 | 953 | 1,166 | 1,170 | 2,980 | 2,888 | 2,534 | 2,178 | 1,572 | 3,354 | 4,173 | 5,347 |
| Effective tax rate | *24%* | *22%* | *21%* | *21%* | *22%* | *22%* | *22%* | *22%* | 20% | 21% | 21% | 20% | 18% | 22% | 22% | 23% |
| **Net profit** | **2,387** | **2,850** | **3,234** | **3,434** | **3,133** | **3,380** | **4,134** | **4,150** | **11,726** | **10,752** | **9,509** | **8,499** | **7,221** | **11,905** | **14,796** | **17,901** |
| Minority income | 543 | 631 | 500 | 473 | 548 | 637 | 505 | 478 | 2,828 | 2,065 | 1,501 | 1,711 | 1,685 | 2,147 | 2,168 | 2,190 |
| **Net profit aft. min.** | **1,844** | **2,219** | **2,734** | **2,961** | **2,584** | **2,743** | **3,629** | **3,672** | **8,898** | **8,687** | **8,009** | **6,789** | **5,536** | **9,758** | **12,628** | **15,712** |
| **EPS (FD)** | **2.48** | **2.99** | **3.68** | **3.98** | **3.48** | **3.69** | **4.88** | **4.94** | **11.50** | **11.52** | **10.66** | **9.05** | **7.45** | **13.13** | **16.99** | **21.14** |
| **Margins (%)** | - | | | | | | | | | | | | | | | |
| GP margin | 19% | 22% | 22% | 23% | 22% | 23% | 23% | 23% | 23% | 21% | 18% | 19% | 17% | 21% | 23% | 23% |
| OP margin | 13% | 15% | 17% | 17% | 16% | 17% | 19% | 18% | 17% | 15% | 12% | 13% | 11% | 16% | 17% | 18% |
| RP margin | 15% | 16% | 17% | 17% | 16% | 16% | 18% | 18% | 18% | 16% | 17% | 15% | 12% | 16% | 17% | 18% |
| NP margin | 11% | 12% | 13% | 13% | 13% | 13% | 14% | 14% | 14% | 13% | 13% | 12% | 10% | 13% | 14% | 14% |

**Source:** Company, BofA Global Research estimates

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### Exhibit 23: Net debt shows NT$8.6bn as of 2Q26

Powertech – Balance sheet

| (NT$mn) | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets total** | **126,980** | **130,960** | **130,865** | **134,490** | **136,639** | **133,964** | **140,847** | **143,123** | **118,587** | **118,969** | **111,155** | **109,191** | **123,163** | **134,490** | **143,123** | **152,737** |
| **Current assets total** | **47,281** | **50,534** | **49,757** | **53,258** | **54,246** | **49,438** | **54,716** | **55,415** | **51,959** | **49,777** | **48,194** | **46,986** | **46,365** | **53,258** | **55,415** | **57,018** |
| Cash & cash equivalent | 16,023 | 17,625 | 16,518 | 19,688 | 20,686 | 15,542 | 20,104 | 20,125 | 23,175 | 20,534 | 21,319 | 22,271 | 16,375 | 19,688 | 20,125 | 19,983 |
| A/R | 19,457 | 20,916 | 21,125 | 21,337 | 20,910 | 21,119 | 22,175 | 22,729 | 17,975 | 14,347 | 16,679 | 15,885 | 18,537 | 21,337 | 22,729 | 23,868 |
| Inventories | 6,857 | 7,200 | 7,272 | 7,345 | 7,712 | 7,789 | 7,400 | 7,474 | 6,768 | 10,753 | 6,681 | 5,446 | 6,566 | 7,345 | 7,474 | 7,873 |
| Others | 4,945 | 4,793 | 4,841 | 4,889 | 4,938 | 4,987 | 5,037 | 5,087 | 4,041 | 4,143 | 3,516 | 3,384 | 4,887 | 4,889 | 5,087 | 5,294 |
| **Non-current assets total** | **79,699** | **80,426** | **81,108** | **81,232** | **82,393** | **84,526** | **86,131** | **87,707** | **66,628** | **69,192** | **62,960** | **62,205** | **76,798** | **81,232** | **87,707** | **95,719** |
| LT investments | 1,265 | 1,278 | 1,290 | 1,303 | 1,316 | 1,329 | 1,343 | 1,356 | 509 | 447 | 829 | 1,199 | 1,212 | 1,303 | 1,356 | 1,411 |
| Fixed assets | 73,313 | 71,790 | 72,386 | 72,423 | 73,495 | 75,540 | 77,055 | 78,540 | 63,237 | 64,818 | 56,924 | 56,588 | 70,412 | 72,423 | 78,540 | 86,179 |
| Others | 5,121 | 7,358 | 7,432 | 7,506 | 7,581 | 7,657 | 7,734 | 7,811 | 2,883 | 3,927 | 5,208 | 4,417 | 5,175 | 7,506 | 7,811 | 8,128 |
| **Liabilities total** | **53,171** | **58,761** | **54,355** | **54,394** | **53,257** | **52,971** | **55,563** | **53,531** | **55,281** | **52,646** | **42,048** | **37,498** | **51,889** | **54,394** | **53,531** | **51,999** |
| **Current liabilities total** | **24,511** | **29,895** | **25,715** | **25,977** | **25,311** | **25,486** | **28,530** | **26,939** | **23,319** | **19,615** | **16,508** | **18,356** | **23,776** | **25,977** | **26,939** | **27,937** |
| ST debts | 307 | 513 | 516 | 519 | 522 | 525 | 528 | 532 | 199 | 260 | 634 | 1,878 | 13 | 519 | 532 | 545 |
| A/P | 7,034 | 7,245 | 7,970 | 7,948 | 7,104 | 7,100 | 9,962 | 8,187 | 6,899 | 5,594 | 5,077 | 5,081 | 7,717 | 7,948 | 8,187 | 8,433 |
| Others | 17,170 | 22,137 | 17,229 | 17,509 | 17,684 | 17,861 | 18,040 | 18,220 | 16,221 | 13,762 | 10,798 | 11,397 | 16,047 | 17,509 | 18,220 | 18,960 |
| **Non-current liabilities** | **28,660** | **28,866** | **28,640** | **28,418** | **27,946** | **27,485** | **27,033** | **26,592** | **31,962** | **33,031** | **25,540** | **19,142** | **28,113** | **28,418** | **26,592** | **24,062** |
| LT debts | 25,970 | 25,710 | 25,453 | 25,198 | 24,694 | 24,201 | 23,717 | 23,242 | 30,013 | 30,354 | 23,198 | 16,887 | 25,413 | 25,198 | 23,242 | 20,576 |
| Others | 2,690 | 3,156 | 3,188 | 3,219 | 3,252 | 3,284 | 3,317 | 3,350 | 1,949 | 2,678 | 2,342 | 2,255 | 2,699 | 3,219 | 3,350 | 3,486 |
| **Equity total** | **58,366** | **57,128** | **61,288** | **64,722** | **67,855** | **65,310** | **69,444** | **73,594** | **49,507** | **52,289** | **54,870** | **56,762** | **56,291** | **64,722** | **73,594** | **84,090** |
| Paid in capital | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,791 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 |
| Capital surplus | 462 | 462 | 462 | 462 | 462 | 462 | 462 | 462 | 271 | 150 | 237 | 320 | 462 | 462 | 462 | 462 |
| Retained earnings | 51,805 | 51,323 | 54,557 | 57,991 | 61,124 | 58,579 | 62,713 | 66,863 | 43,574 | 45,551 | 48,242 | 49,756 | 49,961 | 57,991 | 66,863 | 77,359 |
| Treasury stocks | -923 | -923 | -923 | -923 | -923 | -923 | -923 | -923 | -711 | -469 | -469 | -533 | -923 | -923 | -923 | -923 |
| Others | -570 | -1,326 | -400 | -400 | -400 | -400 | -400 | -400 | -1,418 | -534 | -732 | -372 | -801 | -400 | -400 | -400 |
| **D/E Analysis** | | | | | | | | | | | | | | | | |
| Cash | 16,023 | 17,625 | 16,518 | 19,688 | 20,686 | 15,542 | 20,104 | 20,125 | 23,175 | 20,534 | 21,319 | 22,271 | 16,375 | 19,688 | 20,125 | 19,983 |
| Debts total | 26,276 | 26,223 | 25,969 | 25,718 | 25,217 | 24,726 | 24,245 | 23,774 | 30,212 | 30,613 | 23,832 | 18,765 | 25,426 | 25,718 | 23,774 | 21,121 |
| Net debts | 10,254 | 8,598 | 9,450 | 6,030 | 4,531 | 9,184 | 4,141 | 3,649 | 7,037 | 10,079 | 2,512 | -3,506 | 9,051 | 6,030 | 3,649 | 1,138 |
| Net D/E ratio | 14% | 12% | 12% | 8% | 5% | 11% | 5% | 4% | 11% | 15% | 4% | -5% | 13% | 8% | 4% | 1% |
| Gross D/E ratio | 36% | 36% | 34% | 32% | 30% | 31% | 28% | 27% | 48% | 46% | 34% | 26% | 36% | 32% | 27% | 21% |
| BVPS | 79 | 77 | 83 | 87 | 92 | 88 | 94 | 99 | 64 | 69 | 73 | 76 | 76 | 87 | 99 | 114 |

**Source:** Company, BofA Global Research estimates

BofA GLOBAL RESEARCH

### Exhibit 24: 2026-28E capex increase (NT$18-24bn pa) mostly for advanced packaging such as PLP and TSV/HBM; this should be fully covered by operating cash flow

Powertech – Cash flow statement

| (NT$mn) | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. CF from operation** | **4,102** | **5,763** | **4,920** | **6,270** | **5,325** | **88** | **15,345** | **4,900** | **24,649** | **22,923** | **19,682** | **24,082** | **18,509** | **21,054** | **25,658** | **29,314** |
| Net income | 1,844 | 2,219 | 2,734 | 2,961 | 2,584 | 2,743 | 3,629 | 3,672 | 8,898 | 8,687 | 8,009 | 6,789 | 5,536 | 9,758 | 12,628 | 15,712 |
| D&A | 3,332 | 3,348 | 3,365 | 3,382 | 3,399 | 3,433 | 3,467 | 3,502 | 14,052 | 14,855 | 13,884 | 12,656 | 12,257 | 13,427 | 13,801 | 14,361 |
| Change in NWC | -829 | 195 | -1,180 | -74 | -658 | -6,087 | 8,249 | -2,273 | 611 | -4,223 | -1,113 | 2,764 | 2,011 | -1,887 | -771 | -759 |
| Others | -245 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,087 | 3,605 | -1,098 | 1,874 | -1,295 | -245 | 0 | 0 |
| **II. CF from investments** | **-5,453** | **-5,000** | **-4,500** | **-3,952** | **-5,000** | **-6,000** | **-5,500** | **-5,500** | **-14,059** | **-18,927** | **-5,303** | **-9,865** | **-26,023** | **-18,906** | **-22,000** | **-24,000** |
| Capital expenditures | -6,548 | -5,000 | -4,500 | -3,952 | -5,000 | -6,000 | -5,500 | -5,500 | -15,275 | -18,582 | -8,727 | -11,379 | -25,941 | -20,000 | -22,000 | -24,000 |
| Others | 1,094 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,216 | -346 | 3,424 | 1,514 | -82 | 1,094 | 0 | 0 |
| **III. CF from financing** | **226** | **740** | **-1,526** | **852** | **673** | **768** | **-5,283** | **620** | **-8,716** | **-6,761** | **-13,530** | **-11,351** | **4,197** | **292** | **-3,221** | **-5,456** |
| Change in debts | 851 | -53 | -254 | -251 | -501 | -491 | -481 | -471 | -1,342 | 401 | -6,782 | -5,066 | 6,660 | 292 | -1,944 | -2,653 |
| Change in capital stocks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | -321 | 88 | 83 | 143 | 0 | 0 | 0 |
| Net share repurchases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -481 | 242 | 0 | -65 | -390 | 0 | 0 | 0 |
| Dividends | 0 | 0 | -3,333 | 0 | 0 | 0 | -5,924 | 0 | -3,896 | -5,086 | -5,231 | -5,231 | -5,172 | -3,333 | -5,924 | -7,406 |
| Others | -624 | 793 | 2,061 | 1,103 | 1,174 | 1,259 | 1,123 | 1,091 | -3,036 | -1,996 | -1,604 | -1,072 | 2,955 | 3,333 | 4,647 | 4,603 |
| **IV. Cash flows (I+II+III)** | **-353** | **1,502** | **-1,107** | **3,169** | **998** | **-5,144** | **4,562** | **20** | **1,594** | **-2,241** | **706** | **3,675** | **-4,052** | **3,212** | **437** | **-142** |
| Cash at beginning | 16,375 | 16,023 | 17,525 | 16,418 | 19,588 | 20,586 | 15,442 | 20,004 | 21,020 | 22,614 | 20,373 | 21,080 | 22,238 | 16,375 | 19,588 | 20,025 |
| Cash at end | 16,023 | 17,525 | 16,418 | 19,588 | 20,586 | 15,442 | 20,004 | 20,025 | 22,614 | 20,373 | 21,080 | 22,238 | 16,375 | 19,588 | 20,025 | 19,883 |

**Source:** Company, BofA Global Research estimates

BofA GLOBAL RESEARCH

**Exhibit 25: We assume FCF turnaround in 2026 (NT$3.0bn) and more meaningful recovery in 2027/28E (NT$6.0/7.6bn) on the back of steady EBITDA rebound with disciplined capex spend**

Powertech Technology – Free cash flow (FCF) analysis

| (NT$mn) | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 21,314 | 23,116 | 24,350 | 25,496 | 24,924 | 26,392 | 28,781 | 29,088 | 83,794 | 83,927 | 70,441 | 73,315 | 74,929 | 94,276 | 109,185 | 126,907 |
| Operating income | 2,761 | 3,531 | 4,124 | 4,377 | 4,046 | 4,363 | 5,330 | 5,350 | 14,525 | 12,448 | 8,154 | 9,382 | 8,132 | 14,793 | 19,089 | 23,369 |
| Dep & amortization | 3,332 | 3,348 | 3,365 | 3,382 | 3,399 | 3,433 | 3,467 | 3,502 | 14,052 | 14,855 | 13,884 | 12,656 | 12,257 | 13,427 | 13,801 | 14,361 |
| **EBITDA** | **6,092** | **6,879** | **7,489** | **7,759** | **7,445** | **7,796** | **8,797** | **8,852** | **28,577** | **27,303** | **22,038** | **22,038** | **20,388** | **28,220** | **32,890** | **37,730** |
| **Capex** | **6,548** | **5,000** | **4,500** | **3,952** | **5,000** | **6,000** | **5,500** | **5,500** | **15,275** | **18,582** | **8,727** | **11,379** | **25,941** | **20,000** | **22,000** | **24,000** |
| **Increase of NWC** | **829** | **-195** | **1,180** | **74** | **658** | **6,087** | **-8,249** | **2,273** | **-611** | **4,223** | **1,113** | **-2,764** | **-2,011** | **1,887** | **771** | **759** |
| Net working capital (NWC) | 7,055 | 6,860 | 8,040 | 8,113 | 8,771 | 14,859 | 6,610 | 8,884 | 5,664 | 32,064 | 51,120 | 38,930 | 30,598 | 30,067 | 39,124 | 43,301 |
| Ex-cash current assets | 31,259 | 32,909 | 33,238 | 33,570 | 33,560 | 33,895 | 34,612 | 35,291 | 28,784 | 122,803 | 116,778 | 106,028 | 106,304 | 130,976 | 137,358 | 144,779 |
| Ex-debts current liabilities | 24,204 | 26,049 | 25,199 | 25,457 | 24,788 | 19,037 | 28,002 | 26,407 | 23,120 | 90,739 | 65,657 | 67,098 | 75,706 | 100,910 | 98,234 | 101,477 |
| Taxes | 770 | 811 | 860 | 913 | 884 | 953 | 1,166 | 1,170 | 2,980 | 2,888 | 2,534 | 2,178 | 1,572 | 3,354 | 4,173 | 5,347 |
| **Free cash flow (FCF)** | **-2,054** | **1,264** | **950** | **2,820** | **903** | **-5,245** | **10,380** | **-92** | **10,934** | **1,610** | **9,664** | **11,245** | **-5,114** | **2,979** | **5,946** | **7,624** |
| FCF without NWC changes | -1,225 | 1,068 | 2,130 | 2,894 | 1,561 | 843 | 2,131 | 2,181 | 10,323 | 5,833 | 10,777 | 8,481 | -7,124 | 4,866 | 6,717 | 8,383 |
| **US$ equivalent (mn)** | | | | | | | | | | | | | | | | |
| Sales | 673 | 732 | 771 | 808 | 793 | 842 | 921 | 934 | 3,000 | 2,826 | 2,258 | 2,280 | 2,413 | 2,984 | 3,489 | 4,092 |
| OP | 87 | 112 | 131 | 139 | 129 | 139 | 171 | 172 | 520 | 421 | 261 | 292 | 262 | 468 | 610 | 754 |
| EBITDA | 192 | 218 | 237 | 246 | 237 | 249 | 282 | 284 | 1,023 | 920 | 707 | 685 | 656 | 893 | 1,051 | 1,217 |
| Capex | 207 | 158 | 142 | 125 | 159 | 191 | 176 | 177 | 547 | 630 | 281 | 353 | 836 | 633 | 703 | 774 |
| **Free cash flow (FCF)** | **-65** | **40** | **30** | **89** | **29** | **-167** | **332** | **-3** | **392** | **52** | **305** | **351** | **-170** | **95** | **191** | **246** |
| **FCF without NWC changes** | **-39** | **34** | **67** | **92** | **50** | **27** | **68** | **70** | **369** | **193** | **345** | **264** | **-231** | **154** | **215** | **270** |

**Source:** Company, BofA Global Research estimates

BofA GLOBAL RESEARCH

## Price objective basis & risk

**Powertech Technology (PWOGF)**

Our PO of NT$500 is derived from 27x P/E based on 2027-28E EPS. This is 10-20% higher than 2024-25 peak levels (low- to mid-20x). Since we expect 50%+ higher EPS in 2026-28E vs 2024-25 on the back of record-high sales/margin, we believe fair multiples should be at least on par with the previous peak level. True, the long-term historical average P/E came in the range of 10-20x, but the memory super-cycle and AI boom should warrant above-trend earnings growth and consequently over 20x fair P/E. Taiwan's OSAT stocks also trade at 20-30x P/E.

Upside risk is mostly related to strong packaging orders from memory chipmakers and even logic chip suppliers.

Downside risk is mostly associated with an unexpected memory industry downturn or AI bubble (e.g., significant packaging order cut).

## Analyst Certification

We, Simon Woo, CFA and Matt Shin, 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 - Semiconductor Coverage Cluster**

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Alchip | ALCPF | 3661 TT | Haas Liu |
| | All Ring | XNQNF | 6187 TT | Haas Liu |
| | AMEC | XRTOF | 688012 CH | Dai Shen |
| | ASE Technology Holding | XSRIF | 3711 TT | Haas Liu |
| | ASE Technology Holding -ADR | ASX | ASX US | Haas Liu |

**APR - Semiconductor Coverage Cluster**

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| | ASMPT | ASMVF | 522 HK | Simon Woo, CFA |
| | Aspeed | XLKMF | 5274 TT | Mike Yang |
| | Chroma ATE | CRMJF | 2360 TT | Haas Liu |
| | eMemory | XYLWF | 3529 TT | Mike Yang |
| | GigaDevice | XGXIF | 603986 CH | Daley Li, CFA |
| | Global Unichip Corp. | GBUHF | 3443 TT | Haas Liu |
| | Grand Process Technology Corp | XZOWF | 3131 TT | Haas Liu |
| | Hanmi Semiconductor | HNSIF | 042700 KS | Simon Woo, CFA |
| | Hon Precision | XXPIF | 7769 TT | Haas Liu |
| | Horizon Robotics | HRZRF | 9660 HK | Daley Li, CFA |
| | Iluvatar CoreX | XSIBF | 9903 HK | Daley Li, CFA |
| | Ingenic | XISCF | 300223 CH | Dai Shen |
| | InnoScience Technology | XSCHF | 2577 HK | Daley Li, CFA |
| | JCET Group Co Ltd | XJIEF | 600584 CH | Dai Shen |
| | King Yuan Electronics Corp. | KYUFF | 2449 TT | Haas Liu |
| | Kinik | KIKCF | 1560 TT | Haas Liu |
| | MediaTek | MDTKF | 2454 TT | Haas Liu |
| | Montage Technology | XRDFF | 688008 CH | Daley Li, CFA |
| | MPI Corporation | XMJCF | 6223 TT | Mike Yang |
| | Nanya Technology | NNYAF | 2408 TT | Simon Woo, CFA |
| | NCE Power | XVFFF | 605111 CH | Daley Li, CFA |
| | OmniVision | XXHQF | 603501 CH | Dai Shen |
| | Phison Electronics | PISNF | 8299 TT | Simon Woo, CFA |
| | Powerchip Semiconductor Manufacturing Co | XCHPF | 6770 TT | Haas Liu |
| | Powertech Technology | PWOGF | 6239 TT | Simon Woo, CFA |
| | Rockchip | XRPXF | 603893 CH | Daley Li, CFA |
| | Samsung C&T | XCDTF | 028260 KS | Simon Woo, CFA |
| | Samsung Elec -G | SSNHZ | SMSN LI | Simon Woo, CFA |
| | Samsung Electronics | SSNLF | 005930 KS | Simon Woo, CFA |
| | Samsung Electronics Preferred | SSNNF | 005935 KS | Simon Woo, CFA |
| | Silergy Corp. | SLEGF | 6415 TT | Mike Yang |
| | Silicon Motion | SIMO | SIMO US | Simon Woo, CFA |
| | SK Square | SKSQF | 402340 KS | Simon Woo, CFA |
| | Taiwan Semiconductor Manufacturing Co. | TSM | TSM US | Haas Liu |
| | Taiwan Semiconductor Manufacturing Co. | TSMWF | 2330 TT | Haas Liu |
| | Vanguard International Semiconductor Co | VGILF | 5347 TT | Haas Liu |
| | Winbond Electronics | WBEKF | 2344 TT | Dai Shen |
| | WinWay Technology | XWCLF | 6515 TT | Mike Yang |
| | WT Microelectronics | XZOPF | 3036 TT | Mike Yang |
| **NEUTRAL** | | | | |
| | ASMedia Technology Inc. | XZSFF | 5269 TT | Mike Yang |
| | Black Sesame Intl Holding | BSIHF | 2533 HK | Daley Li, CFA |
| | Hangzhou Silan Microelectronics | XDFRF | 600460 CH | Daley Li, CFA |
| | Lion Electronics | XDHFF | 605358 CH | Dai Shen |
| | MetaX | XMEZF | 688802 CH | Daley Li, CFA |
| | Novatek | NVKMF | 3034 TT | Mike Yang |
| | Realtek | RLTKF | 2379 TT | Mike Yang |
| | Shenzhen Goodix | XQPLF | 603160 CH | Daley Li, CFA |
| **UNDERPERFORM** | | | | |
| | Crystal Clear | XPPTF | 300655 CH | Dai Shen |
| | Faraday | FDYTF | 3035 TT | Haas Liu |
| | GlobalWafers | XWLFF | 6488 TT | Mike Yang |
| | Hua Hong Semi | HHUSF | 1347 HK | Dai Shen |
| | LX Semicon | XLXSF | 108320 KS | Simon Woo, CFA |
| | M31 Technology | XMTZF | 6643 TT | Mike Yang |
| | Macronix International | MXICF | 2337 TT | Dai Shen |
| | Maxscend | XMXSF | 300782 CH | Daley Li, CFA |
| | Parade | PRDWF | 4966 TT | Mike Yang |
| | Soulbrain | XSBOF | 357780 KS | Simon Woo, CFA |
| | United Microelectronics Corp. | XUMIF | 2303 TT | Haas Liu |
| | United Microelectronics Corp. | UMC | UMC US | Haas Liu |
| | VeriSilicon | XMLZF | 688521 CH | Daley Li, CFA |
| | Win Semiconductors | WSMIF | 3105 TT | Haas Liu |
| | Wonik IPS | XRHQF | 240810 KS | Simon Woo, CFA |

**APR - Semiconductor Coverage Cluster**

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **RSTR** | | | | |
| | SK Hynix | HXSCF | 000660 KS | Simon Woo, CFA |

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| **Business Performance** | **Numerator** | **Denominator** |
|---|---|---|
| Return On Capital Employed | NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization | Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization |
| Return On Equity | Net Income | Shareholders' Equity |
| Operating Margin | Operating Profit | Sales |
| Earnings Growth | Expected 5 Year CAGR From Latest Actual | N/A |
| Free Cash Flow | Cash Flow From Operations – Total Capex | N/A |
| **Quality of Earnings** | **Numerator** | **Denominator** |
| Cash Realization Ratio | Cash Flow From Operations | Net Income |
| Asset Replacement Ratio | Capex | Depreciation |
| Tax Rate | Tax Charge | Pre-Tax Income |
| Net Debt-To-Equity Ratio | Net Debt = Total Debt – Cash & Equivalents | Total Equity |
| Interest Cover | EBIT | Interest Expense |
| **Valuation Toolkit** | **Numerator** | **Denominator** |
| Price / Earnings Ratio | Current Share Price | Diluted Earnings Per Share (Basis As Specified) |
| Price / Book Value | Current Share Price | Shareholders' Equity / Current Basic Shares |
| Dividend Yield | Annualised Declared Cash Dividend | Current Share Price |
| Free Cash Flow Yield | Cash Flow From Operations – Total Capex | Market Cap = Current Share Price × Current Basic Shares |
| Enterprise Value / Sales | EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities | Sales |
| EV / EBITDA | Enterprise Value | Basic EBIT + Depreciation + Amortization |

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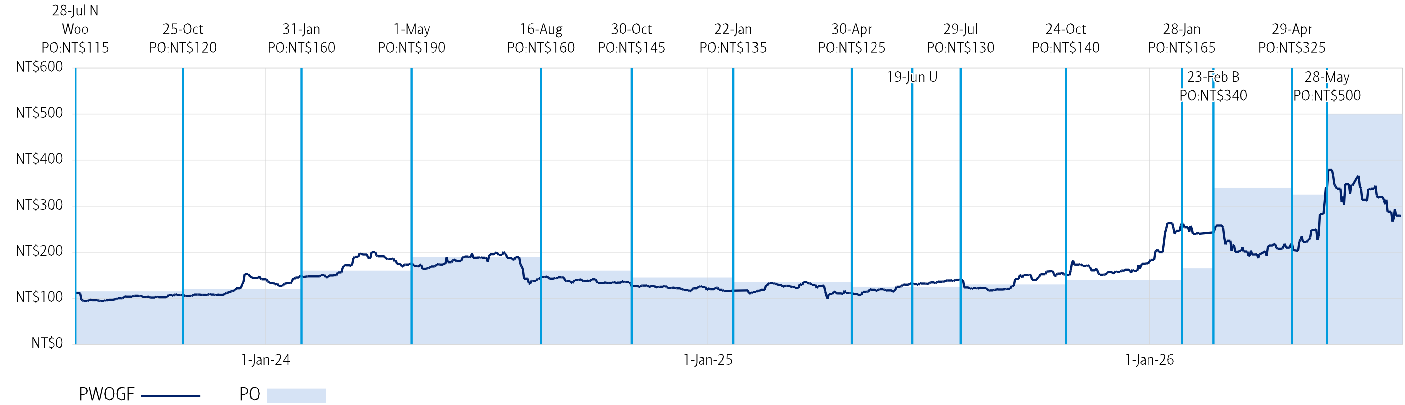
**Powertech (PWOGF) Price Chart**




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.

**Equity Investment Rating Distribution: Technology Group (as of 30 Jun 2026)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships [R1] | Count | Percent |
|---|---|---|---|---|---|
| Buy | 243 | 60.60% | Buy | 123 | 50.62% |
| Hold | 87 | 21.70% | Hold | 45 | 51.72% |
| Sell | 71 | 17.71% | Sell | 21 | 29.58% |

**Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships [R1] | Count | Percent |
|---|---|---|---|---|---|
| Buy | 1987 | 56.11% | Buy | 1190 | 59.89% |
| Hold | 797 | 22.51% | Hold | 496 | 62.23% |
| Sell | 757 | 21.38% | Sell | 391 | 51.65% |

[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% |

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