BofA SECURITIES

Powertech Technology

Up-cycle level of earnings to continue; reiterate Buy

Reiterate Rating: BUY | PO: 500.00 TWD | Price: 254.50 TWD

Reiterate Buy on above-trend growth and margins

We believe Powertech Technology Inc. (PTI) can continue to benefit from the AI boom and an upturn in the memory chip industry. 3Q results clearly confirm record-high revenue (NT$25bn; up 27% YoY) and an above-trend gross margin (24%; normal high teen% or 20% range). 4Q guidance (for packaging/testing businesses) also remained bullish: DRAM – tight supply vs strong demand; NAND – order increase for more value-added NAND and enterprise SSD; and logic – mix improvement with FC-BGA and price hike (following cost increase). Key customers are Micron, Kioxia, Solidigm (owned by SK Hynix) and various Greater China logic chip makers that require outsourced packaging and testing services. As we have already assumed up-cycle earnings level for 2027-28, our EPS estimates remain largely unchanged. We maintain our PO of NT$500 (27x 2027-28E P/E applied). Reiterate Buy.

Key takeaways from 3Q results

Five takeaways from 3Q results: (1) strong execution in newly growing packaging orders for high-end memory (low-power / high-speed DRAM, enterprise SSD, 200+ layers NAND), (2) increasing exposure to more advanced logic (through FC-BGA, etc), (3) a well-balanced sales mix (DRAM: 20% of total sales; NAND: 28%; SiP/modules 9%; logic 43%), (4) notably improved gross margins (limited increase in manufacturing costs vs strong top-line growth seen), and (5) solid FCF generation (EBITDA: c.NT$8bn vs capex: NT$5bn; expected annual dividend yield: 3-4% range).

Estimates (Dec) (NT$)	2024A	2025A	2026E	2027E	2028E
Net Income (Adjusted - mn)	6,789	5,536	9,744	12,607	15,683
EPS	9.05	7.44	13.13	17.00	21.15
EPS Change (YoY)	-15.2%	-17.8%	76.4%	29.5%	24.4%
Consensus EPS (Visible Alpha)			12.75	16.87	19.97
Dividend / Share	7.00	4.50	8.00	10.00	12.50
Free Cash Flow / Share	17.00	(10.02)	(0.392)	4.92	7.15
Valuation (Dec)					
P/E	28.1x	34.2x	19.4x	15.0x	12.0x
Dividend Yield	2.8%	1.8%	3.1%	3.9%	4.9%
EV / EBITDA*	10.1x	11.0x	7.7x	6.6x	5.8x
Free Cash Flow Yield*	6.6%	-3.8%	-0.2%	1.9%	2.7%

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

27 October 2026

Equity

Key Changes

(NT$)	Previous	Current
2027E EPS	16.99	17.00
2028E EPS	21.14	21.15
2026E EBITDA (m)	28,220	28,897
2027E EBITDA (m)	32,890	33,600
2028E EBITDA (m)	37,730	38,447

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Stock Data

Price	254.50 TWD
Price Objective	500.00 TWD
Date Established	27-May-2026
Investment Opinion	C-1-7
52-Week Range	148.00 TWD-387.00 TWD
Mrkt Val / Shares Out (mn)	5,924 USD / 759.1
Market Value (mn)	193,203 TWD
Average Daily Value (mn)	110.72 USD
Free Float	90.0%
BofA Ticker / Exchange	PWOGF / TAI
Bloomberg / Reuters	6239 TT / 6239.TW
ROE (2026E)	16.1%
Net Dbt to Eqty (Dec-2025A)	12.7%

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Refer to important disclosures on page 16 to 18. Analyst Certification on page 13. Price

AI: Artificial intelligence
DRAM: Dynamic random-access memory
FC-BGA: Flip chip ball-grid array
NAND: Not-AND memory
SiP: System-in-package
SSD: Solid-state drive

iQprofile℠ Powertech Technology

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(NT$ Millions)					
Sales	73,315	74,929	96,256	113,684	131,728
Gross Profit	13,991	12,729	21,380	25,978	30,562
Sell General & Admin Expense	(2,809)	(2,807)	(3,459)	(3,616)	(3,797)
Operating Profit	9,382	8,132	15,433	19,749	24,033
Net Interest & Other Income	1,295	660	582	(120)	(120)
Associates	NA	NA	NA	NA	NA
Pretax Income	10,677	8,792	16,015	19,629	23,913
Tax (expense) / Benefit	(2,178)	(1,572)	(3,594)	(4,318)	(5,500)
Net Income (Adjusted)	6,789	5,536	9,744	12,607	15,683
Average Fully Diluted Shares Outstanding	750	744	742	741	741
Key Cash Flow Statement Data					
Net Income	6,789	5,536	9,744	12,607	15,683
Depreciation & Amortization	12,656	12,257	13,464	13,851	14,414
Change in Working Capital	2,764	2,011	(2,938)	(821)	(812)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	1,874	(1,295)	(560)	0	0
Cash Flow from Operations	24,082	18,509	19,710	25,637	29,284
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)	1,712	0	0
Cash Flow from Investing	(9,865)	(26,023)	(18,288)	(22,000)	(24,000)
Shares Issue / (Repurchase)	(65)	(390)	0	0	0
Cost of Dividends Paid	(5,231)	(5,172)	(3,325)	(5,910)	(7,388)
Cash Flow from Financing	(11,351)	4,197	7,207	(3,078)	(5,465)
Free Cash Flow	12,703	(7,432)	(290)	3,637	5,284
Net Debt	(3,506)	9,051	5,876	2,912	(186)
Change in Net Debt	(7,933)	9,978	(2,862)	(2,964)	(3,098)
Key Balance Sheet Data					
Property, Plant & Equipment	56,588	70,412	72,386	78,453	86,040
Other Non-Current Assets	5,616	6,387	13,053	13,583	14,134
Trade Receivables	15,885	18,537	21,873	23,301	24,468
Cash & Equivalents	22,271	16,375	25,318	25,877	25,696
Other Current Assets	8,830	11,453	12,748	13,091	13,722
Total Assets	109,191	123,163	145,378	154,305	164,060
Long-Term Debt	16,887	25,413	30,983	28,578	25,300
Other Non-Current Liabilities	2,255	2,699	8,470	8,813	9,171
Short-Term Debt	1,878	13	210	210	210
Other Current Liabilities	16,478	23,764	25,457	26,407	27,392
Total Liabilities	37,498	51,889	65,120	64,008	62,074
Total Equity	71,693	71,275	80,258	90,297	101,987
Total Equity & Liabilities	109,191	123,163	145,378	154,305	164,060
iQ*method℠ - Bus Performance					
Return On Capital Employed	7.9%	7.0%	10.9%	12.4%	14.0%
Return On Equity	12.2%	9.8%	16.1%	18.2%	19.7%
Operating Margin	12.8%	10.9%	16.0%	17.4%	18.2%
EBITDA Margin	30.1%	27.2%	30.0%	29.6%	29.2%
iQ*method℠ - Quality of Earnings					
Cash Realization Ratio	3.5x	3.3x	2.0x	2.0x	1.9x
Asset Replacement Ratio	0.9x	2.1x	1.5x	1.6x	1.7x
Tax Rate (Reported)	20.4%	17.9%	22.4%	22.0%	23.0%
Net Debt-to-Equity Ratio	-4.9%	12.7%	7.3%	3.2%	-0.2%
Interest Cover	NA	NA	NA	NA	NA

Key Metrics

* For full definitions of *iQmethod*℠ 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-3Q26 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	3.0x

Key charts/tables after 3Q26 results

Exhibit 1: Powertech is accelerating its advanced FOPLP packaging strategy through significant capacity expansion, strategic partnerships (including Broadcom), and customer wins such as AMD, positioning itself as a key beneficiary of growing AI semiconductor packaging demand from 2027 onward
Powertech's recent news summary during Jul-Aug 2026

Date	Key news	Summary
Aug-2026	FOPLP production	-Powertech plans to start production at the world's first panel-level chip packaging facility for AI chips as soon as early 2027 to make server CPUs, AI computing chips and advanced optics -Powertech said its advanced FOPLP production line has secured a 100% UTR through 2030 ahead of its scheduled volume production in 2027 -Powertech plans to invest NT$70bn (US$2.2bn) in its FOPLP facility, with installed capacity set to increase from 1,000 panels per months in 2026 to 5,000 in 2028
Jul-2026	JV with Broadcom	-Powertech reported plans to invest US$400mn to create a new JV with Broadcom in Singapore to cater to customer demand for advanced panel-based packaging services -The JV will concentrate on offering additive finer-geometry redistribution layer (RDL) tech for advanced package substrates
	AMD business	-Powertech reaffirmed that it is on track to start shipping AI chips utilizing its advanced PLP tech for AMD in 2H27, dismissing concerns over delays -AMD will be one of Powertech's first customers adopting the FOPLP tech, which is considered to be more cost-effective than the mainstream CoWoS tech
	Capex/capacity	-Powertech plans to acquire the entire Philippine unit of ON Semiconductor for US$45mn as part of its efforts to navigate global supply chain realignment amid escalating geopolitical risks -The transaction will be conducted by its subsidiary, Greatek Electronics in which Powertech holds 43% stake

Source: Company, media reports, BofA Global Research

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Exhibit 2: Upbeat 3Q results with record-high revenue (NT$25bn; up 27% YoY) and above trend of gross margin (24%; normal high teen% or 20% range), which exceeded consensus and our estimates
Powertech – 3Q26 results vs consensus and our estimate

NT$mn	Actual	QoQ	YoY	Cons	Act vs Cons	Our est	Act vs our est
Sales	**25,334**	**10%**	**27%**	**24,597**	**3%**	**24,350**	**4%**
Gross profit	6,085	21%	89%	5,526	10%	5,352	14%
Operating profit	**4,472**	**27%**	**118%**	**3,998**	**12%**	**4,124**	**8%**
Pretax income	4,557	24%	92%	4,113	11%	4,094	11%
Net income	2,612	18%	70%	2,645	-1%	2,734	-4%
FD EPS (NT$)	**3.52**	**18%**	**70%**	**3.51**	**0%**	**3.68**	**-4%**
Implied # of shares (mn)	741.4	0%	0%	754.5	-2%	743.2	0%
Margins							
Gross margin	**24.0%**	**2.3%pt**	**7.9%pt**	**22.5%**	**1.6%pt**	**22.0%**	**2.0%pt**
OP margin	**17.7%**	**2.4%pt**	**7.4%pt**	**16.3%**	**1.4%pt**	**16.9%**	**0.7%pt**
Pretax margin	18.0%	2.1%pt	6.1%pt	16.7%	1.3%pt	16.8%	1.2%pt
Net margin	10.3%	0.7%pt	2.6%pt	10.8%	-0.4%pt	11.2%	-0.9%pt

Source: Company, Bloomberg, BofA Global Research estimates

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Exhibit 3: Our 2027-28 estimates are broadly in line with consensus as but both clearly expect upturn level
Powertech – 2026-28 annual earnings; our estimate vs consensus

	2025	2026E			2027E			2028E		
NT$mn	Actual	Our est	Cons	Diff	Our est	Cons	Diff	Our est	Cons	Diff
Sales	**74,929**	**96,256**	**94,476**	**2%**	**113,684**	**114,784**	**-1%**	**131,728**	**128,151**	**3%**
Gross profit	12,729	21,380	20,528	4%	25,978	26,918	-3%	30,562	29,104	5%
Operating profit	**8,132**	**15,433**	**14,547**	**6%**	**19,749**	**20,036**	**-1%**	**24,033**	**23,367**	**3%**
Pretax income	8,792	16,015	15,293	5%	19,629	20,534	-4%	23,913	23,824	0%
Net income	5,536	9,744	9,510	2%	12,607	13,479	-6%	15,683	15,452	1%
FD EPS (NT$)	**7.44**	**13.13**	**12.70**	**3%**	**17.00**	**17.98**	**-5%**	**21.15**	**20.75**	**2%**
Implied # of shares (mn)	743.9	742.1	749.0	-1%	741.4	749.5	-1%	741.4	744.7	0%
Margins										
Gross margin	**17.0%**	**22.2%**	**21.7%**	**0.5%pt**	**22.9%**	**23.5%**	**-0.6%pt**	**23.2%**	**22.7%**	**0.5%pt**
OP margin	**10.9%**	**16.0%**	**15.4%**	**0.6%pt**	**17.4%**	**17.5%**	**-0.1%pt**	**18.2%**	**18.2%**	**0.0%pt**
Pretax margin	11.7%	16.6%	16.2%	0.5%pt	17.3%	17.9%	-0.6%pt	18.2%	18.6%	-0.4%pt
Net margin	7.4%	10.1%	10.1%	0.1%pt	11.1%	11.7%	-0.7%pt	11.9%	12.1%	-0.2%pt

Source: Company, Bloomberg, BofA Global Research estimates

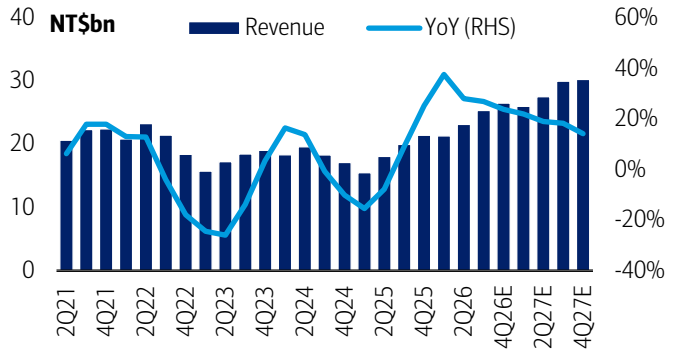
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Exhibit 4: Since we have already assumed up-cycle level of earnings for 2027-28, our EPS estimates are mostly unchanged
Powertech – Earnings revisions (2026-28E)

NT$mn, NT$	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2022	2023	2024	2025	2026E	2027E	2028E
EPS - fully diluted															
New	2.48	2.99	3.52	4.14	3.79	4.02	4.17	5.03	11.52	10.67	9.05	7.44	13.13	17.00	21.15
Old	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
Difference	na	na	-4%	4%	9%	9%	-15%	2%	na	na	na	na	0%	0%	0%
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	na	na	na	na	0%	na	na	na	na	na	na	0%	0%	0%
Shares for FD EPS															
New	743	742	741	741	741	741	741	741	754	751	750	744	742	741	741
Old	743	743	743	743	743	743	743	743	754	751	750	744	743	743	743
Difference	na	na	0%	0%	0%	0%	0%	0%	na	na	na	na	0%	0%	0%
Sales															
New	21,314	23,116	25,334	26,492	25,989	27,497	29,960	30,239	83,927	70,441	73,315	74,929	96,256	113,684	131,728
Old	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
Difference	na	na	4%	4%	4%	4%	4%	4%	na	na	na	na	2%	4%	4%
Gross margin															
New	19.4%	21.8%	24.0%	23.1%	22.2%	22.7%	23.1%	23.3%	20.7%	17.9%	19.1%	17.0%	22.2%	22.9%	23.2%
Old	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%
Difference	na	na	2.0%	0.6%	0.2%	0.2%	0.1%	0.0%	na	na	na	na	0.7%	0.1%	0.0%
OP															
New	2,761	3,531	4,472	4,670	4,332	4,666	5,227	5,523	12,448	8,154	9,382	8,132	15,433	19,749	24,033
Old	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
Difference	na	na	8%	7%	7%	7%	-2%	3%	na	na	na	na	4%	3%	3%
OP margin															
New	13.0%	15.3%	17.7%	17.6%	16.7%	17.0%	17.4%	18.3%	14.8%	11.6%	12.8%	10.9%	16.0%	17.4%	18.2%
Old	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%
Difference	na	na	0.7%	0.5%	0.4%	0.4%	-1.1%	-0.1%	na	na	na	na	0.3%	-0.1%	-0.2%
Net non-op income															
New	396	131	85	-30	-30	-30	-30	-30	1,192	3,890	1,295	660	582	-120	-120
Old	396	130	-30	-30	-30	-30	-30	-30	1,192	3,890	1,295	660	466	-120	-120
Difference	na	na	na	0%	0%	0%	0%	0%	na	na	na	na	25%	0%	0%
Tax rate - effective															
New	24.4%	22.2%	21.8%	22.0%	22.0%	22.0%	22.0%	22.0%	21.2%	21.0%	20.4%	17.9%	22.4%	22.0%	23.0%
Old	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%
Difference	na	na	0.8%	1.0%	0.0%	0.0%	0.0%	0.0%	na	na	na	na	0.5%	0.0%	0.0%
NP ex minority int															
New	1,844	2,219	2,612	3,069	2,807	2,979	3,091	3,729	8,687	8,009	6,789	5,536	9,744	12,607	15,683
Old	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
Difference	na	na	-4%	4%	9%	9%	-15%	2%	na	na	na	na	0%	0%	0%
EBITDA															
New	6,092	6,891	7,849	8,064	7,743	8,112	8,707	9,038	27,303	22,038	22,038	20,388	28,897	33,600	38,447
Old	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
Difference	na	na	5%	4%	4%	4%	-1%	2%	na	na	na	na	2%	2%	2%
Capex spend															
New	6,548	4,644	4,500	4,308	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	na	0%	9%	0%	0%	0%	0%	na	na	na	na	0%	0%	0%
Net debt															
New	10,254	8,464	6,620	5,876	4,131	8,440	3,436	2,912	10,079	2,512	-3,506	9,051	5,876	2,912	-186
Old	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
Difference	na	na	-30%	-3%	-9%	-8%	-17%	-20%	na	na	na	na	-3%	-20%	na
BVPS - O/S shr based															
New	78.8	77.3	77.1	87.3	91.9	88.8	94.3	100.1	68.9	73.4	76.0	76.0	87.3	100.1	115.0
Old	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
Difference	na	na	-7%	0%	0%	1%	1%	1%	na	na	na	na	0%	1%	1%

Source: Company, BofA Global Research estimates

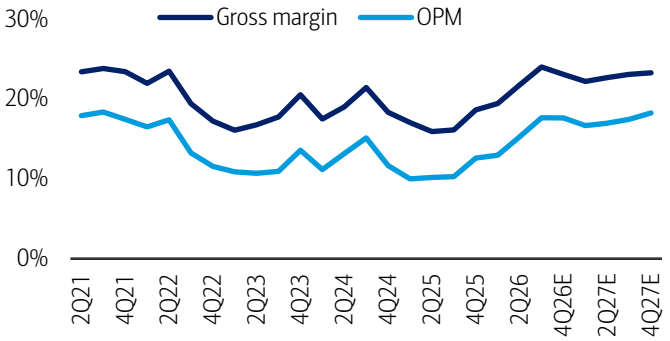
Exhibit 5: We assume robust topline growth in 2026-27 (up 28%/18% YoY); 3-yr sales CAGR (2025-28E) shows 21%
Powertech – Quarterly sales and YoY growth



Source: Company, BofA Global Research estimates

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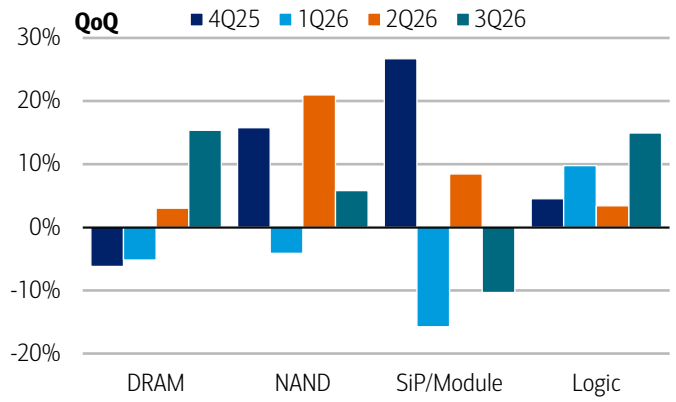
Exhibit 6: We expect 2026-28E margins (GM 22-23%, OPM 16-18%) to closely approach previous highs in 2020-22 (GM 20-23%, OPM 14-17%)
Powertech – Quarterly sales and YoY growth



Source: Company, BofA Global Research estimates

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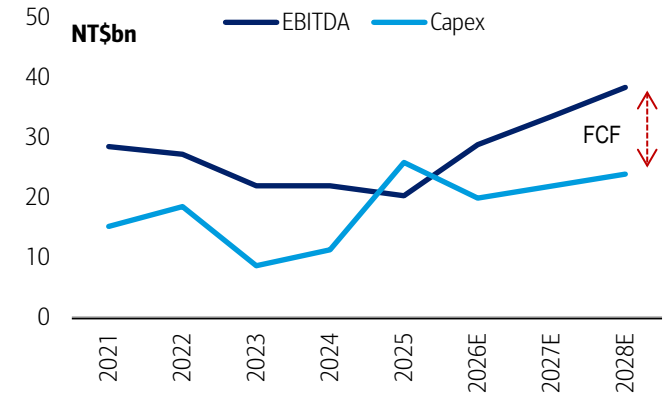
Exhibit 7: Solid QoQ growth seen for all segments in 3Q26 except SiP/Module
Powertech – QoQ sales growth by segment



*SiP/Module refers to mostly Solidigm's SSD products
Source: Company, BofA Global Research

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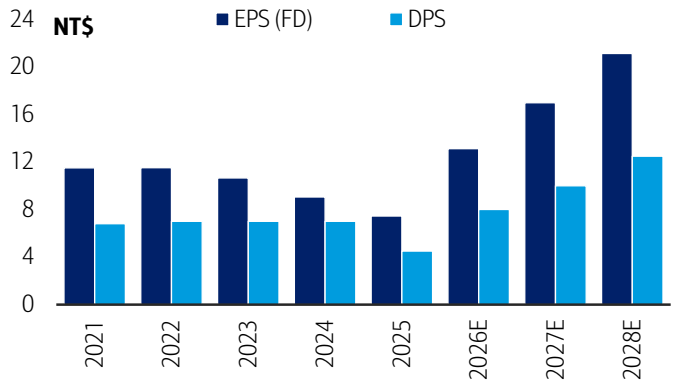
Exhibit 8: Robust 2026-28E FCF generation well-expected on the back of strong EBITDA rebound and disciplined capex spend
Powertech – QoQ sales growth by segment



Source: Company, BofA Global Research estimates

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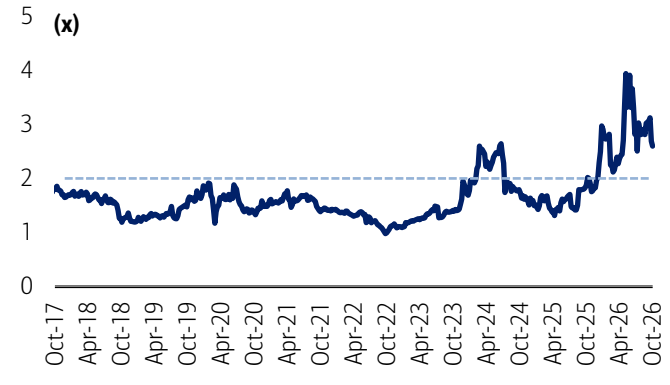
Exhibit 9: Management remains committed to high payout ratio (60%+)
Powertech – EPS and DPS



Source: Company, BofA Global Research estimates

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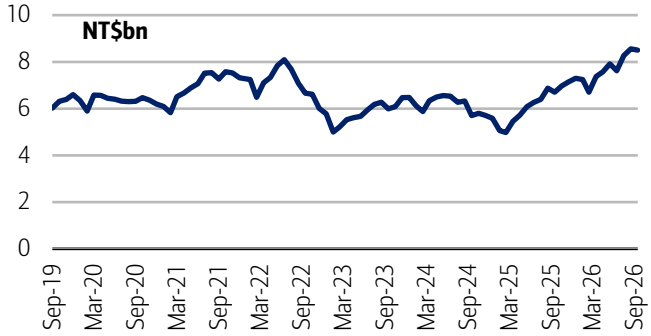
Exhibit 10: Currently trading at mid-2x vs our implied target 2027-28E P/B of 5x
Powertech – 12-month forward P/B



Source: Company, BofA Global Research estimates

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



Source: Company, BofA Global Research

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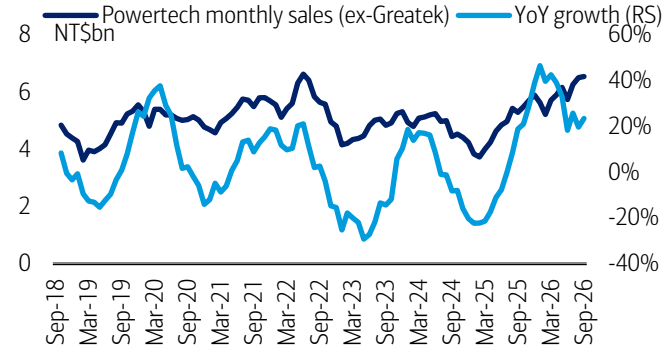
Exhibit 12: Robust YoY growth continued throughout 2H25-3Q26
Powertech – Monthly sales YoY



Source: Company, BofA Global Research

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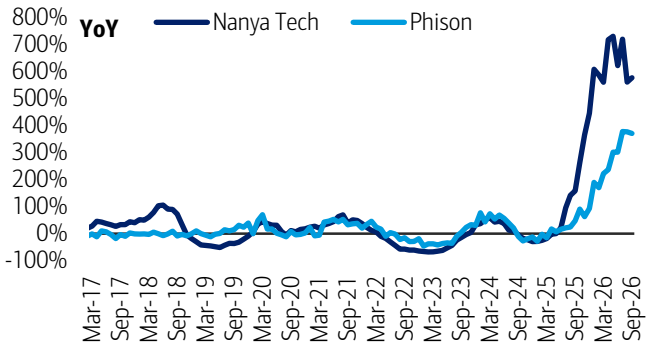
Exhibit 13: YoY turnaround continued throughout 2H25-3Q26
Powertech – monthly sales and YoY ex-Greatek



Source: Companies, BofA Global Research

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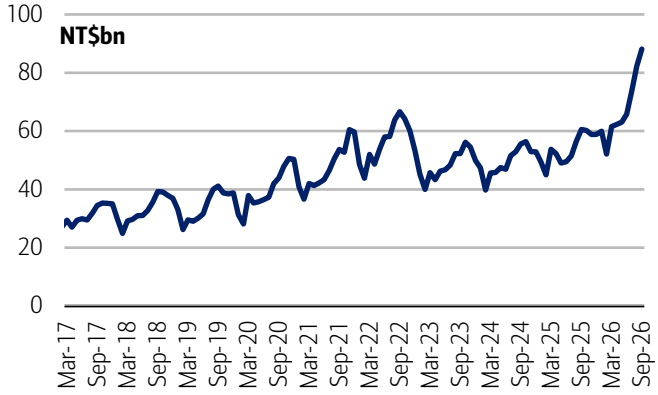
Exhibit 14: Nanya's exceptionally robust growth mostly driven by DRAM super-cycle
Nanya Tech and Phison monthly sales YoY



Source: Companies, BofA Global Research

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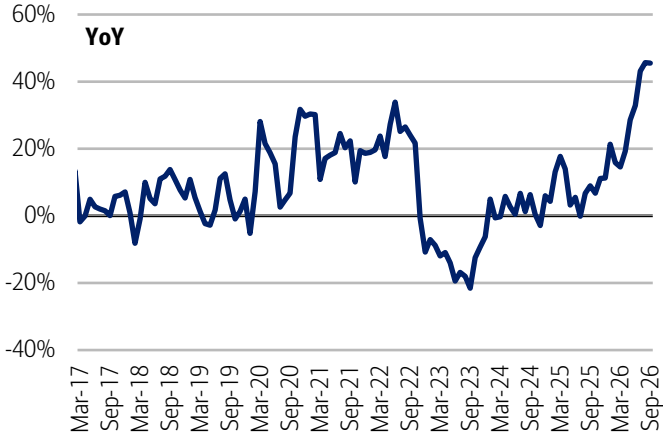
Exhibit 15: Solid recovery seen in 3Q26 (NT$244bn; +28% QoQ, +45% YoY)
ASE – Monthly sales trend



Source: Company, BofA Global Research

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Exhibit 16: Accelerating YoY rebound well-observed in 3Q26
ASE – YoY 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	**28.1**	**34.2**	**19.4**	**15.0**	**12.0**	**13.5**
P/B	**3.4**	**3.3**	**2.9**	**2.5**	**2.2**	**2.4**
EV/EBITDA	9.0	9.7	6.8	5.9	5.1	5.5
EV/Sales	2.7	2.6	2.1	1.7	1.5	1.6
PO based multiples						
P/E	**55.2**	**67.1**	**38.1**	**29.4**	**23.6**	**26.5**
P/B	**6.6**	**6.6**	**5.7**	**5.0**	**4.3**	**4.7**
EV/EBITDA	17.2	18.6	13.1	11.3	9.9	10.6
EV/Sales	5.2	5.1	3.9	3.3	2.9	3.1

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)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2015-25 Avg
Year-average													
P/E	**11.6**	**12.3**	**12.2**	**10.6**	**10.7**	**11.3**	**9.0**	**7.7**	**9.5**	**17.1**	**18.0**	**20.1**	**11.8**
P/B	**1.4**	**1.7**	**1.9**	**1.6**	**1.5**	**1.6**	**1.6**	**1.3**	**1.4**	**2.0**	**1.8**	**3.0**	**1.6**
EV/EBITDA	3.0	3.9	4.3	3.5	3.3	3.5	2.9	2.8	3.5	5.0	5.3	7.0	3.7
EV/Sales	1.0	1.3	1.4	1.2	1.1	1.1	1.0	0.9	1.1	1.5	1.4	2.1	1.2
Year-high													
P/E	**14.3**	**14.8**	**14.1**	**12.2**	**14.0**	**13.6**	**10.1**	**8.7**	**14.3**	**22.2**	**24.4**	**28.9**	**14.8**
P/B	**1.7**	**2.0**	**2.1**	**1.8**	**1.9**	**2.0**	**1.8**	**1.5**	**2.1**	**2.6**	**2.4**	**4.3**	**2.0**
EV/EBITDA	3.8	4.6	4.8	3.9	4.2	4.1	3.3	3.1	5.2	6.6	7.1	9.9	4.6
EV/Sales	1.3	1.6	1.6	1.3	1.4	1.3	1.1	1.0	1.6	2.0	1.9	3.0	1.5
Year-low													
P/E	**10.0**	**10.2**	**9.4**	**8.0**	**8.6**	**8.0**	**8.2**	**6.1**	**7.5**	**12.7**	**13.3**	**14.0**	**9.3**
P/B	**1.2**	**1.4**	**1.4**	**1.2**	**1.2**	**1.2**	**1.5**	**1.0**	**1.1**	**1.5**	**1.3**	**2.1**	**1.3**
EV/EBITDA	2.6	3.3	3.4	2.8	2.7	2.6	2.7	2.3	2.8	3.7	4.0	4.9	3.0
EV/Sales	0.9	1.1	1.1	0.9	0.9	0.8	0.9	0.7	0.9	1.1	1.1	1.5	1.0

Source: Company, BofA Global Research estimates

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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 (Local)	Mcap ($bn)	P/E			P/Book			EV/EBITDA			ROE		
					FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Powertech	PWOGF	C-1-7	254.50	5.9	19.4	15.0	12.0	3.0	2.6	2.3	7.7	6.6	5.8	16.1%	18.2%	19.7%
ASE	XSRIF	C-1-7	651.00	89.2	33.1	19.0	13.1	6.0	4.4	3.2	17.4	10.0	7.1	21.8%	27.2%	28.6%
JCET	XJIEF	C-1-7	53.29	14.3	41.1	26.4	21.5	3.1	2.8	2.5	14.7	11.5	10.1	7.9%	11.3%	12.5%
SIMO	SIMO	C-1-7	189.18	6.4	16.2	17.8	14.3	5.2	4.3	3.5	14.2	12.4	10.1	39.1%	27.2%	27.4%
Phison	PISNF	C-1-8	1,910.00	13.0	5.3	9.0	14.1	3.2	2.6	2.4	3.9	5.6	8.8	92.3%	37.0%	20.7%
Samsung	SSNLF	C-1-7	213,000	980.9	4.9	3.7	3.8	2.1	1.5	1.1	2.9	2.2	2.3	52.4%	46.1%	32.9%
SK Hynix	HXSCF	C-1-7	1,275,000	740.3	3.6	3.5	3.5	2.4	1.6	1.2	2.9	2.1	2.0	98.2%	52.9%	38.1%
Micron	MU	C-1-7	903.70	1,022.5	12.0	5.3	4.6	7.4	3.7	2.5	9.0	4.0	3.6	89.7%	95.8%	68.8%
Nanya Tech	NNYAF	B-1-7	441.00	46.7	5.9	4.3	5.2	3.1	1.9	1.6	3.7	2.5	3.0	75.3%	56.3%	34.2%
Intel	INTC	C-1-9	90.47	478.1	61.5	45.0	31.0	3.6	3.4	3.0	20.3	15.7	12.3	5.9%	7.9%	10.6%

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	96,256	113,684	131,728	155,440	175,958	193,553
Sales growth	4%	2%	28%	18%	16%	18%	13%	10%
OP	9,382	8,132	15,433	19,749	24,033	18,653	30,265	36,775
OPM	13%	11%	16%	17%	18%	12%	17%	19%
Dep & Amor	12,656	12,257	13,464	13,851	14,414	15,000	17,000	20,000
EBITDA	22,038	20,388	28,897	33,600	38,447	33,653	47,265	56,775
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	2,938	821	200	200	200
Net working capital	38,930	30,598	25,147	43,228	47,616	47,816	48,016	48,216
Taxes	2,178	1,572	3,594	4,318	5,500	4,104	6,658	8,091
Free cash flow	**7,368**	**-4,361**	**7,313**	**4,343**	**8,126**	**4,349**	**15,406**	**23,485**
Discount factor at 12% WACC		1.00	0.89	0.79	0.71	0.63	0.56	0.50
Present value of FCF			6,517	3,449	5,750	2,742	8,656	11,758
Sum of PV FCF (a)		**38,872**						
Terminal value								
PV of TV (b)		**356,468**						
12x EV/EBITDA		356,468						711,960
Perpetual growth		4.50%						
Biz value total (A = a+b)		**395,340**						
Net debt & minority int (B)		24,034						
Shareholder value total (A-B)		**371,306**						
Fully diluted shares (mn)		742						
Per share value (NT$)		**500.2**						
PO vs FV		0%						
BofA PO		**500.0**						
Current share price		254.5						
PO over share price		96%						

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 21% during 2025-28E)
Powertech – Sales breakdown

(NT$mn)	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2021	2022	2023	2024	2025	2026E	2027E	2028E
By chip application																
DRAM	4,263	4,392	5,067	5,422	5,205	5,465	6,011	6,252	17,000	17,987	17,815	15,826	16,876	19,143	22,933	27,225
NAND	5,542	6,704	7,094	7,519	7,143	7,643	8,484	8,908	30,148	28,602	20,219	20,881	18,464	26,858	32,179	38,914
SiP/Module	2,345	2,543	2,280	2,440	2,196	2,371	2,606	2,606	7,709	8,631	6,061	7,490	8,025	9,607	9,779	11,987
Logic	9,165	9,477	10,894	11,112	11,445	12,017	12,858	12,473	28,937	28,707	26,345	29,118	31,565	40,648	48,793	53,603
Total Sales	**21,314**	**23,116**	**25,334**	**26,492**	**25,989**	**27,497**	**29,960**	**30,239**	**83,794**	**83,927**	**70,441**	**73,315**	**74,929**	**96,256**	**113,684**	**131,728**
Mix																
DRAM	20%	19%	20%	20%	20%	20%	20%	21%	20%	21%	25%	22%	23%	20%	20%	21%
NAND	26%	29%	28%	28%	27%	28%	28%	29%	36%	34%	29%	28%	25%	28%	28%	30%
SiP/Module	11%	11%	9%	9%	8%	9%	9%	9%	9%	10%	9%	10%	11%	10%	9%	9%
Logic	43%	41%	43%	42%	44%	44%	43%	41%	35%	34%	37%	40%	42%	42%	43%	41%
Total Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
QoQ																
DRAM	-5%	3%	15%	7%	-4%	5%	10%	4%								
NAND	-4%	21%	6%	6%	-5%	7%	11%	5%								
SiP/Module	-16%	8%	-10%	7%	-10%	8%	10%	0%								
Logic	10%	3%	15%	2%	3%	5%	7%	-3%								
Total Sales	**0%**	**8%**	**10%**	**5%**	**-2%**	**6%**	**9%**	**1%**								
YoY																
DRAM	31%	1%	6%	21%	22%	24%	19%	15%	-2%	6%	-1%	-11%	7%	13%	20%	19%
NAND	49%	69%	42%	30%	29%	14%	20%	18%	1%	-5%	-29%	3%	-12%	45%	20%	21%
SiP/Module	89%	41%	4%	-12%	-6%	-7%	14%	7%	-7%	12%	-30%	24%	7%	20%	2%	23%
Logic	26%	19%	36%	33%	25%	27%	18%	12%	40%	-1%	-8%	11%	8%	29%	20%	10%
Total Sales	**38%**	**28%**	**27%**	**24%**	**22%**	**19%**	**18%**	**14%**	**10%**	**0%**	**-16%**	**4%**	**2%**	**28%**	**18%**	**16%**
By backend process																
Testing	4,689	5,317	6,080	5,802	5,653	5,939	6,426	6,441	18,435	18,630	15,788	16,300	16,639	21,888	24,459	27,556
SiP/module	2,345	2,543	2,280	2,440	2,196	2,371	2,606	2,606	7,709	8,631	6,061	7,319	8,025	9,607	9,779	11,987
Package	14,280	15,256	16,974	18,251	18,140	19,186	20,927	21,192	57,650	56,666	48,592	49,696	50,265	64,761	79,446	92,186
Total Sales	**21,314**	**23,116**	**25,334**	**26,492**	**25,989**	**27,497**	**29,960**	**30,239**	**83,794**	**83,927**	**70,441**	**73,315**	**74,929**	**96,256**	**113,684**	**131,728**
Mix																
Testing	22%	23%	24%	21.9%	21.8%	21.6%	21.5%	21.3%	22%	22%	22%	22%	22%	23%	22%	21%
SiP/module	11%	11%	9%	9.2%	8.4%	8.6%	8.7%	8.6%	9%	10%	9%	10%	11%	10%	9%	9%
Package	67%	66%	67%	68.9%	69.8%	69.8%	69.9%	70.1%	69%	68%	69%	68%	67%	67%	70%	70%
Total Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
QoQ																
Testing	0%	13%	14%	-5%	-3%	5%	8%	0%								
SiP/module	-16%	8%	-10%	7%	-10%	8%	10%	0%								
Package	3%	7%	11%	8%	-1%	6%	9%	1%								
Total Sales	**0%**	**8%**	**10%**	**5%**	**-2%**	**6%**	**9%**	**1%**								
YoY																
Testing	32%	34%	38%	23%	21%	12%	6%	11%	8%	1%	-15%	3%	2%	32%	12%	13%
SiP/module	89%	41%	4%	-12%	-6%	-7%	14%	7%	-7%	12%	-30%	21%	10%	20%	2%	23%
Package	34%	24%	27%	31%	27%	26%	23%	16%	13%	-2%	-14%	2%	1%	29%	23%	16%
Total Sales	**38%**	**28%**	**27%**	**24%**	**22%**	**19%**	**18%**	**14%**	**10%**	**0%**	**-16%**	**4%**	**2%**	**28%**	**18%**	**16%**

Source: Company, BofA Global Research estimates

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

Powertech – Income statement

(NT$mn)	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales	**21,314**	**23,116**	**25,334**	**26,492**	**25,989**	**27,497**	**29,960**	**30,239**	**83,794**	**83,927**	**70,441**	**73,315**	**74,929**	**96,256**	**113,684**	**131,728**
COGS	17,170	18,085	19,249	20,372	20,219	21,255	23,039	23,193	64,499	66,551	57,832	59,324	62,200	74,877	87,706	101,167
Gross profit	**4,144**	**5,031**	**6,085**	**6,120**	**5,769**	**6,242**	**6,921**	**7,046**	**19,295**	**17,376**	**12,609**	**13,991**	**12,729**	**21,380**	**25,978**	**30,562**
SG&A	**1,383**	**1,500**	**1,613**	**1,450**	**1,437**	**1,576**	**1,694**	**1,523**	**4,770**	**4,928**	**4,455**	**4,609**	**4,597**	**5,947**	**6,229**	**6,528**
R&D	843	919	846	850	870	965	889	893	2,443	2,462	2,458	2,809	2,807	3,459	3,616	3,797
Marketing & Admin	540	581	767	600	567	610	805	630	2,326	2,465	1,998	1,800	1,790	2,488	2,613	2,731
OP	**2,761**	**3,531**	**4,472**	**4,670**	**4,332**	**4,666**	**5,227**	**5,523**	**14,525**	**12,448**	**8,154**	**9,382**	**8,132**	**15,433**	**19,749**	**24,033**
EBITDA	**6,092**	**6,891**	**7,849**	**8,064**	**7,743**	**8,112**	**8,707**	**9,038**	**28,577**	**27,303**	**22,038**	**22,038**	**20,388**	**28,897**	**33,600**	**38,447**
Dep & amortization	3,332	3,361	3,377	3,394	3,411	3,445	3,480	3,515	14,052	14,855	13,884	12,656	12,257	13,464	13,851	14,414
Net Non-OP income	**396**	**131**	**85**	**-30**	**-30**	**-30**	**-30**	**-30**	**181**	**1,192**	**3,890**	**1,295**	**660**	**582**	**-120**	**-120**
Pre-tax income	**3,157**	**3,661**	**4,557**	**4,640**	**4,302**	**4,636**	**5,197**	**5,493**	**14,705**	**13,640**	**12,043**	**10,677**	**8,792**	**16,015**	**19,629**	**23,913**
Tax	770	811	992	1,021	946	1,020	1,143	1,208	2,980	2,888	2,534	2,178	1,572	3,594	4,318	5,500
Effective tax rate	*24%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	20%	21%	21%	20%	18%	22%	22%	23%
Net profit	**2,387**	**2,850**	**3,565**	**3,619**	**3,356**	**3,616**	**4,054**	**4,285**	**11,726**	**10,752**	**9,509**	**8,499**	**7,221**	**12,420**	**15,310**	**18,413**
Minority income	543	631	953	550	548	637	963	556	2,828	2,065	1,501	1,711	1,685	2,676	2,703	2,730
Net profit after min.	**1,844**	**2,219**	**2,612**	**3,069**	**2,807**	**2,979**	**3,091**	**3,729**	**8,898**	**8,687**	**8,009**	**6,789**	**5,536**	**9,744**	**12,607**	**15,683**
EPS (FD)	**2.48**	**2.99**	**3.52**	**4.14**	**3.79**	**4.02**	**4.17**	**5.03**	**11.50**	**11.52**	**10.66**	**9.05**	**7.45**	**13.13**	**17.00**	**21.15**
Margins (%)																
GP margin	19%	22%	24%	23%	22%	23%	23%	23%	23%	21%	18%	19%	17%	22%	23%	23%
OP margin	13%	15%	18%	18%	17%	17%	17%	18%	17%	15%	12%	13%	11%	16%	17%	18%
RP margin	15%	16%	18%	18%	17%	17%	17%	18%	18%	16%	17%	15%	12%	17%	17%	18%
NP margin	11%	12%	14%	14%	13%	13%	14%	14%	14%	13%	13%	12%	10%	13%	13%	14%

Source: Company, BofA Global Research estimates

Exhibit 22: Net debt shows NT$6.6bn as of 2Q26
Powertech – Balance sheet

(NT$mn)	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2021	2022	2023	2024	2025	2026E	2027E	2028E
Assets total	**126,980**	**130,960**	**144,094**	**145,378**	**147,687**	**145,281**	**152,058**	**154,305**	**118,587**	**118,969**	**111,155**	**109,191**	**123,163**	**145,378**	**154,305**	**164,060**
Current assets total	**47,281**	**50,534**	**59,165**	**59,939**	**61,058**	**56,488**	**61,629**	**62,269**	**51,959**	**49,777**	**48,194**	**46,986**	**46,365**	**59,939**	**62,269**	**63,886**
Cash & cash equivalent	16,023	17,625	24,886	25,318	26,443	21,527	25,935	25,877	23,175	20,534	21,319	22,271	16,375	25,318	25,877	25,696
A/R	19,457	20,626	21,657	21,873	21,436	21,650	22,733	23,301	17,975	14,347	16,679	15,885	18,537	21,873	23,301	24,468
Inventories	6,857	7,424	7,498	7,573	7,952	8,031	7,630	7,706	6,768	10,753	6,681	5,446	6,566	7,573	7,706	8,118
Others	4,945	4,859	5,124	5,175	5,227	5,279	5,332	5,385	4,041	4,143	3,516	3,384	4,887	5,175	5,385	5,604
Non-current assets total	**79,699**	**80,426**	**84,929**	**85,439**	**86,630**	**88,793**	**90,429**	**92,036**	**66,628**	**69,192**	**62,960**	**62,205**	**76,798**	**85,439**	**92,036**	**100,174**
LT investments	1,265	831	1,246	1,258	1,271	1,284	1,296	1,309	509	447	829	1,199	1,212	1,258	1,309	1,362
Fixed assets	73,313	74,345	72,006	72,386	73,446	75,478	76,980	78,453	63,237	64,818	56,924	56,588	70,412	72,386	78,453	86,040
Others	5,121	5,250	11,678	11,794	11,912	12,031	12,152	12,273	2,883	3,927	5,208	4,417	5,175	11,794	12,273	12,772
Liabilities total	**53,171**	**58,761**	**71,590**	**65,120**	**63,916**	**63,645**	**66,208**	**64,008**	**55,281**	**52,646**	**42,048**	**37,498**	**51,889**	**65,120**	**64,008**	**62,074**
Current liabilities total	**24,511**	**29,895**	**31,908**	**25,667**	**24,998**	**25,249**	**28,321**	**26,617**	**23,319**	**19,615**	**16,508**	**18,356**	**23,776**	**25,667**	**26,617**	**27,602**
ST debts	307	9	210	210	210	210	210	210	199	260	634	1,878	13	210	210	210
A/P	7,034	7,325	8,057	7,948	7,104	7,178	10,071	8,187	6,899	5,594	5,077	5,081	7,717	7,948	8,187	8,433
Others	17,170	22,561	23,641	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**	**39,682**	**39,453**	**38,918**	**38,396**	**37,887**	**37,391**	**31,962**	**33,031**	**25,540**	**19,142**	**28,113**	**39,453**	**37,391**	**34,471**
LT debts	25,970	26,080	31,296	30,983	30,364	29,756	29,161	28,578	30,013	30,354	23,198	16,887	25,413	30,983	28,578	25,300
Others	2,690	2,786	8,386	8,470	8,554	8,640	8,726	8,813	1,949	2,678	2,342	2,255	2,699	8,470	8,813	9,171
Equity total	**58,366**	**57,128**	**56,925**	**64,523**	**67,879**	**65,584**	**69,638**	**73,923**	**49,507**	**52,289**	**54,870**	**56,762**	**56,291**	**64,523**	**73,923**	**84,948**
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	50,608	54,173	57,792	61,148	58,853	62,907	67,192	43,574	45,551	48,242	49,756	49,961	57,792	67,192	78,217
Treasury stocks	-923	-923	-923	-923	-923	-923	-923	-923	-711	-469	-469	-533	-923	-923	-923	-923
Others	-570	-611	-4,379	-400	-400	-400	-400	-400	-1,418	-534	-732	-372	-801	-400	-400	-400
D/E Analysis																
Cash	16,023	17,625	24,886	25,318	26,443	21,527	25,935	25,877	23,175	20,534	21,319	22,271	16,375	25,318	25,877	25,696
Debts total	26,276	26,089	31,506	31,193	30,574	29,966	29,371	28,788	30,212	30,613	23,832	18,765	25,426	31,193	28,788	25,510
Net debts	10,254	8,464	6,620	5,876	4,131	8,440	3,436	2,912	7,037	10,079	2,512	-3,506	9,051	5,876	2,912	-186
Net D/E ratio	14%	12%	9%	7%	5%	10%	4%	3%	11%	15%	4%	-5%	13%	7%	3%	0%
Gross D/E ratio	36%	36%	43%	39%	36%	37%	34%	32%	48%	46%	34%	26%	36%	39%	32%	25%
BVPS	**79**	**77**	**77**	**87**	**92**	**89**	**94**	**100**	**64**	**69**	**73**	**76**	**76**	**87**	**100**	**115**

Source: Company, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 23: 2026-28E capex increase (NT$20-24bn 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	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2021	2022	2023	2024	2025	2026E	2027E	2028E
I. Operating CF	**4,102**	**5,972**	**9,756**	**-120**	**5,557**	**419**	**14,819**	**4,842**	**24,649**	**22,923**	**19,682**	**24,082**	**18,509**	**19,710**	**25,637**	**29,284**
Net income	1,844	2,219	2,612	3,069	2,807	2,979	3,091	3,729	8,898	8,687	8,009	6,789	5,536	9,744	12,607	15,683
D&A	3,332	3,361	3,377	3,394	3,411	3,445	3,480	3,515	14,052	14,855	13,884	12,656	12,257	13,464	13,851	14,414
Change in NWC	-829	708	3,766	-6,583	-662	-6,006	8,248	-2,402	611	-4,223	-1,113	2,764	2,011	-2,938	-821	-812
Others	-245	-315	0	0	0	0	0	0	1,087	3,605	-1,098	1,874	-1,295	-560	0	0
II. Investing CF	**-5,453**	**-4,026**	**-4,500**	**-4,308**	**-5,000**	**-6,000**	**-5,500**	**-5,500**	**-14,059**	**-18,927**	**-5,303**	**-9,865**	**-26,023**	**-18,288**	**-22,000**	**-24,000**
Capital expenditures	-6,548	-4,644	-4,500	-4,308	-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	618	0	0	0	0	0	0	1,216	-346	3,424	1,514	-82	1,712	0	0
III. Financing CF	**226**	**215**	**2,005**	**4,760**	**568**	**665**	**-4,911**	**600**	**-8,716**	**-6,761**	**-13,530**	**-11,351**	**4,197**	**7,207**	**-3,078**	**-5,465**
Change in debts	851	-188	5,417	-313	-620	-607	-595	-583	-1,342	401	-6,782	-5,066	6,660	5,768	-2,405	-3,278
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	-3,325	0	0	0	-5,910	0	-3,896	-5,086	-5,231	-5,231	-5,172	-3,325	-5,910	-7,388
Others	-624	403	-88	5,073	1,188	1,273	1,594	1,183	-3,036	-1,996	-1,604	-1,072	2,955	4,764	5,238	5,201
IV. Cash flows (I+II+III)	**-353**	**1,603**	**7,261**	**332**	**1,125**	**-4,916**	**4,408**	**-58**	**1,594**	**-2,241**	**706**	**3,675**	**-4,052**	**8,843**	**559**	**-181**
Cash at beginning	16,375	16,023	17,625	24,886	25,218	26,343	21,427	25,835	21,020	22,614	20,373	21,080	22,238	16,375	25,218	25,777
Cash at end	16,023	17,625	24,886	25,218	26,343	21,427	25,835	25,777	22,614	20,373	21,080	22,238	16,375	25,218	25,777	25,596

Source: Company, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 25: We assume FCF turnaround in 2026 (NT$2.4bn) and more meaningful recovery in 2027/28E (NT$6.5/8.1bn) on the back of steady EBITDA rebound with disciplined capex spend

Powertech Technology – Free cash flow (FCF) analysis

(NT$mn)	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales	21,314	23,116	25,334	26,492	25,989	27,497	29,960	30,239	83,794	83,927	70,441	73,315	74,929	96,256	113,684	131,728
Operating income	2,761	3,531	4,472	4,670	4,332	4,666	5,227	5,523	14,525	12,448	8,154	9,382	8,132	15,433	19,749	24,033
Dep & amortization	3,332	3,361	3,377	3,394	3,411	3,445	3,480	3,515	14,052	14,855	13,884	12,656	12,257	13,464	13,851	14,414
EBITDA	**6,092**	**6,891**	**7,849**	**8,064**	**7,743**	**8,112**	**8,707**	**9,038**	**28,577**	**27,303**	**22,038**	**22,038**	**20,388**	**28,897**	**33,600**	**38,447**
Capex	**6,548**	**4,644**	**4,500**	**4,308**	**5,000**	**6,000**	**5,500**	**5,500**	**15,275**	**18,582**	**8,727**	**11,379**	**25,941**	**20,000**	**22,000**	**24,000**
Increase of NWC	**829**	**-708**	**-3,766**	**6,583**	**662**	**6,006**	**-8,248**	**2,402**	**-611**	**4,223**	**1,113**	**-2,764**	**-2,011**	**2,938**	**821**	**812**
Net working capital (NWC)	7,055	6,347	2,581	9,164	9,826	15,832	7,584	9,986	5,664	32,064	51,120	38,930	30,598	25,147	43,228	47,616
Ex-cash current assets	31,259	32,909	34,279	34,622	34,615	34,961	35,695	36,393	28,784	122,803	116,778	106,028	106,304	133,068	141,663	149,308
Ex-debts current liabilities	24,204	26,561	31,698	25,457	24,788	19,129	28,111	26,407	23,120	90,739	65,657	67,098	75,706	107,921	98,435	101,691
Taxes	770	811	992	1,021	946	1,020	1,143	1,208	2,980	2,888	2,534	2,178	1,572	3,594	4,318	5,500
Free cash flow (FCF)	**-2,054**	**2,143**	**6,124**	**-3,848**	**1,135**	**-4,914**	**10,312**	**-73**	**10,934**	**1,610**	**9,664**	**11,245**	**-5,114**	**2,364**	**6,460**	**8,135**
FCF without NWC changes	-1,225	1,436	2,357	2,735	1,797	1,092	2,064	2,329	10,323	5,833	10,777	8,481	-7,124	5,303	7,281	8,947
US$ equivalent (mn)																
Sales	673	732	792	837	826	877	959	971	3,000	2,826	2,258	2,280	2,413	3,033	3,633	4,248
OP	87	112	140	147	138	149	167	177	520	421	261	292	262	486	631	775
EBITDA	192	218	245	255	246	259	279	290	1,023	920	707	685	656	910	1,074	1,240
Capex	207	147	141	136	159	191	176	177	547	630	281	353	836	630	703	774
Free cash flow (FCF)	**-65**	**68**	**191**	**-122**	**36**	**-157**	**330**	**-2**	**392**	**52**	**305**	**351**	**-170**	**73**	**207**	**262**
FCF without NWC changes	**-39**	**45**	**74**	**86**	**57**	**35**	**66**	**75**	**369**	**193**	**345**	**264**	**-231**	**167**	**233**	**288**

Source: Company, BofA Global Research estimates

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
	Doosan Corp	DOSAF	000150 KS	Simon Woo, CFA
	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
	Macronix International	MXICF	2337 TT	Dai Shen
	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 Hynix	HXSCF	000660 KS	Simon Woo, CFA
	SK Hynix ADR	SKHY	SKHY 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	Haas Liu
	Shenzhen Goodix	XQPLF	603160 CH	Daley Li, CFA
	Soulbrain	XSBOF	357780 KS	Simon Woo, CFA
	VeriSilicon	XMLZF	688521 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 Grace	HHUSF	1347 HK	Dai Shen
	LX Semicon	XLXSF	108320 KS	Simon Woo, CFA
	M31 Technology	XMTZF	6643 TT	Mike Yang
	Maxscend	XMXSF	300782 CH	Daley Li, CFA
	Parade	PRDWF	4966 TT	Mike Yang
	United Microelectronics Corp.	XUMIF	2303 TT	Haas Liu

APR - Semiconductor Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	United Microelectronics Corp.	UMC	UMC US	Haas Liu
	Win Semiconductors	WSMIF	3105 TT	Haas Liu
	Wonik IPS	XRHQF	240810 KS	Simon Woo, CFA

iQmethod℠ Measures Definitions

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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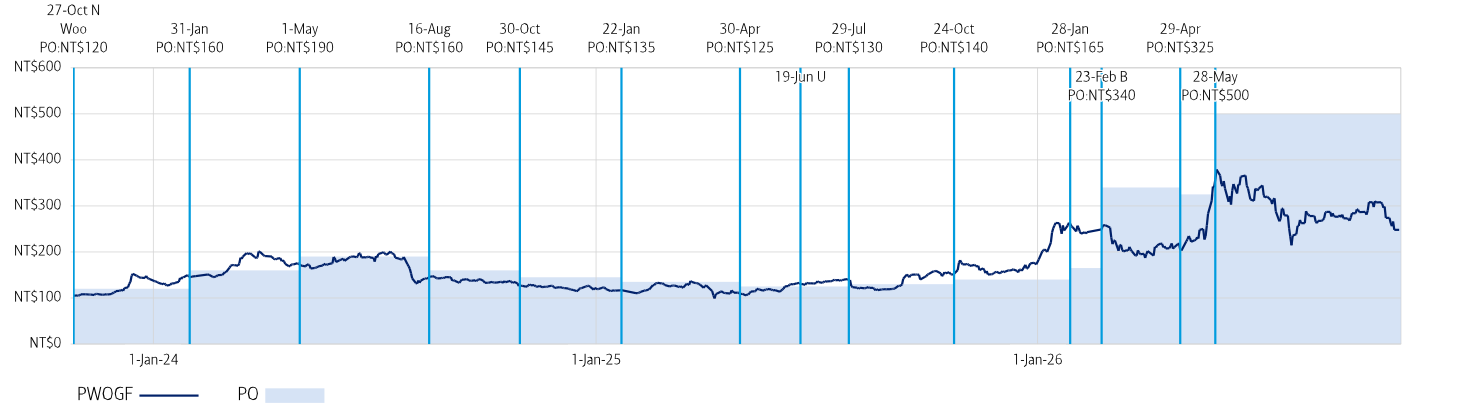
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Powertech (PWOGF) Price Chart



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

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

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	255	62.04%	Buy	157	61.57%
Hold	82	19.95%	Hold	46	56.10%
Sell	74	18.00%	Sell	31	41.89%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	2057	57.03%	Buy	1386	67.38%
Hold	806	22.35%	Hold	563	69.85%
Sell	744	20.63%	Sell	446	59.95%

[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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