Unimicron

Benign outlook remains given technology migration & expansion; 2Q ahead on GM

Reiterate Rating: BUY | PO: 1,200 TWD | Price: 688.00 TWD

29 July 2026

Equity

Key Changes

(NT$)	Previous	Current
Price Obj.	1,400.00	1,200.00
2026E EPS	15.52	19.81
2027E EPS	31.52	32.28
2028E EPS	48.57	48.28
2026E EBITDA (m)	48,033.0	51,909.0
2027E EBITDA (m)	87,216.3	94,869.5
2028E EBITDA (m)	123,825.3	132,253.0

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2Q26 beat on gross margin and non-op

The company reported 2Q26 results after market close on 28 July, with net income reaching NT$13.1bn (EPS of NT$8.5), outperforming consensus by 138%. The upside was mainly attributable to a 290bp gross margin beat and gains from non-operating investments. AI related products contribute 60+% of total revenue, and the mix is expected to reach ~70% in 2H26.

Continued expansion in KuangFu/Yangmei for ABF

On capacity expansion and capex plan, Unimicron increased its long lead-time equipment capex to NT$31.6bn from NT$14.1bn previously. Management indicated that the equipment will be deployed at the KF2 and YM2 plants. Management also noted that construction of the YM2 plant has already commenced in 2Q26, while construction of the KF2 plant is expected to begin in late 2026 or early 2027.

Reasons to be more positive on EMIB-T adoption

On EMIB-T, the firm stated a higher % of BoM costs by substrate, given the removal of interposer vs CoWoS. We further believe the risk associated with the investment will be manageable, given that 1) the profitability will be guaranteed when the yield rate is lower than 50%; and 2) 80+% of the equipment invested for EMIB-T will be fungible to other technologies. Given the heavy R&D/investment for advanced technologies, we expect GM for ABF substrate to reach ~50% (or higher) in longer-term (from 2028).

Reiterate Buy with PO NT$1,200

We reiterate our Buy on Unimicron in view of widening S/D (supply/demand) gap in ABF substrate. We raise our 2026E EPS forecast by 28%, reflecting the substantial non-operating earnings uplift in 2Q26. For 2027-28E, we adjust our EPS estimates by 1-2% to incorporate the updated business outlook and the share base increase following the issuance of GDRs (Global Depositary Receipts). We lower our PO to NT$1,200 from NT$1,400 based on an unchanged 33x P/E, incorporating higher opex and lower non-operating income assumptions for the 2H27–1H28E valuation period.

Estimates (Dec) (NT$)	2024A	2025A	2026E	2027E	2028E
Net Income (Adjusted - mn)	5,082	6,673	31,481	51,287	76,712
EPS	3.34	4.38	19.81	32.28	48.28
EPS Change (YoY)	-57.6%	31.1%	352.3%	62.9%	49.6%
Consensus EPS (Visible Alpha)			15.75	34.18	55.02
Dividend / Share	1.50	2.00	9.90	16.10	24.10
Free Cash Flow / Share	(10.15)	(6.13)	(0.490)	19.79	43.94
Valuation (Dec)					
P/E	205.94x	157.05x	34.73x	21.32x	14.25x
Dividend Yield	0.218%	0.291%	1.44%	2.34%	3.50%
EV / EBITDA*	48.20x	95.65x	20.75x	11.35x	8.14x
Free Cash Flow Yield*	-1.41%	-0.854%	-0.071%	2.88%	6.39%

* For full definitions of *iQmethod*SM measures, see page 7.

Stock Data

Price	688.00 TWD
Price Objective	1,200 TWD
Date Established	29-Jul-2026
Investment Opinion	C-1-7
52-Week Range	128.50 TWD-1,130 TWD
Mrkt Val / Shares Out (mn)	33,705 USD / 1,588.9
Market Value (mn)	1,093,145 TWD
Average Daily Value (mn)	610.27 USD
Free Float	83.1%
BofA Ticker / Exchange	UMCRF / TAI
Bloomberg / Reuters	3037 TT / 3037.TW
ROE (2026E)	26.0%
Net Dbt to Eqty (Dec-2025A)	-18.7%

EMIB-T - embedded multi-die interconnect bridge through silicon via

CoWoS - chip on wafer on substrat

BoM - bill of materials

AI - artificial intelligence

ABF - Ajinomoto build-up film

YM – Yangmei

KF – KuangFu

iQprofile℠ Unimicron

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(NT$ Millions)					
Sales	115,373	131,241	188,093	265,345	333,843
Gross Profit	16,315	18,292	47,902	88,486	127,150
Sell General & Admin Expense	(6,156)	(6,619)	(9,031)	(9,868)	(10,975)
Operating Profit	5,117	6,674	31,858	70,650	106,417
Net Interest & Other Income	2,204	2,153	8,794	1,453	1,553
Associates	NA	NA	NA	NA	NA
Pretax Income	7,321	8,827	40,652	72,103	107,970
Tax (expense) / Benefit	(1,765)	(1,277)	(6,908)	(14,572)	(21,933)
Net Income (Adjusted)	5,082	6,673	31,481	51,287	76,712
Average Fully Diluted Shares Outstanding	1,521	1,523	1,589	1,589	1,589
Key Cash Flow Statement Data					
Net Income	5,082	6,673	31,481	51,287	76,712
Depreciation & Amortization	17,231	4,587	20,051	24,220	25,836
Change in Working Capital	(5,229)	(4,449)	(12,017)	(16,328)	(14,471)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(6,791)	8,156	13,408	7,271	11,748
Cash Flow from Operations	10,294	14,967	52,922	66,451	99,825
Capital Expenditure	(25,735)	(24,307)	(53,700)	(35,000)	(30,000)
(Acquisition) / Disposal of Investments	(3,050)	1,730	0	0	0
Other Cash Inflow / (Outflow)	(445)	(440)	0	0	0
Cash Flow from Investing	(29,230)	(23,018)	(53,700)	(35,000)	(30,000)
Shares Issue / (Repurchase)	0	2,150	0	0	0
Cost of Dividends Paid	(4,575)	(2,295)	(3,178)	(15,731)	(25,582)
Cash Flow from Financing	8,336	19,073	(3,178)	(15,731)	(25,582)
Free Cash Flow	(15,441)	(9,340)	(778)	31,451	69,825
Net Debt	(14,657)	(20,008)	(16,052)	(31,772)	(76,014)
Change in Net Debt	22,021	3,162	3,956	(15,720)	(44,243)
Key Balance Sheet Data					
Property, Plant & Equipment	120,536	125,866	159,515	170,296	174,460
Other Non-Current Assets	23,442	24,628	29,169	29,169	29,169
Trade Receivables	23,617	27,570	39,513	55,741	70,131
Cash & Equivalents	43,753	54,872	50,916	66,636	110,878
Other Current Assets	19,499	22,856	27,150	32,929	37,631
Total Assets	230,847	255,792	306,262	354,770	422,268
Long-Term Debt	21,909	24,019	24,019	24,019	24,019
Other Non-Current Liabilities	NA	NA	NA	NA	NA
Short-Term Debt	7,188	10,845	10,845	10,845	10,845
Other Current Liabilities	102,163	113,921	136,088	149,039	165,408
Total Liabilities	131,260	148,785	170,952	183,903	200,272
Total Equity	99,587	107,007	135,310	170,867	221,996
Total Equity & Liabilities	230,847	255,792	306,262	354,770	422,268
iQ*method℠ - Bus Performance					
Return On Capital Employed	3.2%	4.2%	16.9%	30.0%	36.7%
Return On Equity	5.2%	6.5%	26.0%	33.5%	39.1%
Operating Margin	4.4%	5.1%	16.9%	26.6%	31.9%
EBITDA Margin	19.4%	8.6%	27.6%	35.8%	39.6%
iQ*method℠ - Quality of Earnings					
Cash Realization Ratio	2.0x	2.2x	1.7x	1.3x	1.3x
Asset Replacement Ratio	1.5x	5.3x	2.7x	1.4x	1.2x
Tax Rate (Reported)	24.1%	14.5%	17.0%	20.2%	20.3%
Net Debt-to-Equity Ratio	-14.7%	-18.7%	-11.9%	-18.6%	-34.2%
Interest Cover	4.0x	5.2x	25.0x	NM	NM

Key Metrics

* For full definitions of *iQmethod*℠ measures, see page 7.

Company Sector

Electronics

Company Description

Unimicron (3037 TT) was founded in 1990 and listed on the Taiwan Stock Exchange in 1998. The firm manufactures a wide range of PCB and IC substrates for consumer electronics, industrial, and automotive. It is also the leading ABF supplier globally. The company merged with Phoenix Precision Technology (PPT, delisted) in 2009 and expanded its exposure in the IC substrate business. UMC is the biggest shareholder in Unimicron with a 13.3% stake.

Investment Rationale

We have a Buy rating on Unimicron, in view of strong demand from AI accelerators (especially ASICs) to boost the utilization rate of ABF substrate business from 2H26, which should also in turn bolster the margin profile and profitability toward 2027.

Stock Data

Price to Book Value	8.1x

Exhibit 1: 2Q26 result review

2Q26 EPS was ahead by 138% vs consensus given the beat in gross margin and more significant non-op gains

(NT$mn)	2Q25A	1Q26A	2Q26A	QoQ %	YoY %	BofAe	Diff (%)	Consensus	Diff (%)
Revenue	32,466	37,446	42,890	14.5%	32.1%	41,524	3.3%	42,739	0.4%
Gross profit	4,246	6,726	10,638	58.2%	150.6%	8,775	21.2%	9,365	13.6%
Gross margin (%)	13.1%	18.0%	24.8%	6.8 ppt	11.7 ppt	21.1%	3.7 ppt	21.9%	2.9 ppt
Operating Income	1,509	2,757	6,651	141.3%	NM	5,154	29.0%	5,695	16.8%
Operating margin (%)	4.6%	7.4%	15.5%	8.1 ppt	10.9 ppt	12.4%	3.1 ppt	13.3%	2.2 ppt
Pre-tax Income	357	6,299	15,576	147.3%	NM	5,946	162.0%	7,033	121.5%
Pre-tax margin (%)	1.1%	16.8%	36.3%	19.5 ppt	35.2 ppt	14.3%	22.0 ppt	16.5%	19.9 ppt
Net Income	30	5,043	13,115	160.1%	NM	4,045	NM	5,503	138.3%
Net margin (%)	0.1%	13.5%	30.6%	17.1 ppt	30.5 ppt	9.7%	20.8 ppt	12.9%	17.7 ppt
EPS (NT$)	0.02	3.28	8.53	160.1%	NM	2.66	NM	3.58	138.3%

Source: BofA Global Research estimates, company data, Bloomberg

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Exhibit 2: Earnings estimate change

We raise 2026E EPS by 28% after baking in 2Q26 results, while we slightly tweak 2027-28E EPS by 1-2%

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	188,093	181,361	3.7	265,345	254,419	4.3	333,843	320,669	4.1
Gross profit	47,902	41,990	14.1	88,486	79,411	11.4	127,150	117,478	8.2
Gross margin	*25.5%*	*23.2%*	2.3 ppt	*33.3%*	*31.2%*	2.1 ppt	*38.1%*	*36.6%*	1.5 ppt
Operating profit	31,858	26,819	18.8	70,650	63,164	11.9	106,417	99,369	7.1
Operating margin	*16.9%*	*14.8%*	2.1 ppt	*26.6%*	*24.8%*	1.8 ppt	*31.9%*	*31.0%*	0.9 ppt
Pretax income	40,652	32,736	24.2	72,103	68,531	5.2	107,970	104,736	3.1
Pretax margin	*21.6%*	*18.1%*	3.6 ppt	*27.2%*	*26.9%*	0.2 ppt	*32.3%*	*32.7%*	-0.3 ppt
Net income	31,481	23,639	33.2	51,287	48,018	6.8	76,712	73,981	3.7
Net margin	*16.7%*	*13.0%*	3.7 ppt	*19.3%*	*18.9%*	0.5 ppt	*23.0%*	*23.1%*	-0.1 ppt
EPS (NT$)	19.81	15.52	27.7	32.28	31.52	2.4	48.28	48.57	-0.6

Source: BofA Global Research estimates

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Exhibit 3: BofAe vs consensus

We are 8%/1% ahead of consensus for 2027/28E operating profit, given the assumptions of stronger gross margin and operating leverage

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	188,093	184,396	2.0	265,345	265,798	-0.2	333,843	349,156	-4.4
Gross profit	47,902	43,005	11.4	88,486	85,497	3.5	127,150	118,992	6.9
Gross margin	*25.5%*	*23.3%*	2.1 ppt	*33.3%*	*32.2%*	1.2 ppt	*38.1%*	*34.1%*	4.0 ppt
Operating profit	31,858	26,831	18.7	70,650	65,240	8.3	106,417	105,856	0.5
Operating margin	*16.9%*	*14.6%*	2.4 ppt	*26.6%*	*24.5%*	2.1 ppt	*31.9%*	*30.3%*	1.6 ppt
Pretax income	40,652	33,001	23.2	72,103	67,768	6.4	107,970	106,906	1.0
Pretax margin	*21.6%*	*17.9%*	3.7 ppt	*27.2%*	*25.5%*	1.7 ppt	*32.3%*	*30.6%*	1.7 ppt
Net income	31,481	23,088	36.4	51,287	53,072	-3.4	76,712	85,426	-10.2
Net margin	*16.7%*	*12.5%*	4.2 ppt	*19.3%*	*20.0%*	-0.6 ppt	*23.0%*	*24.5%*	-1.5 ppt
EPS (NT$)	19.81	14.53	36.4	32.28	33.40	-3.4	48.28	53.76	-10.2

Source: BofA Global Research estimates, Bloomberg

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Exhibit 4: Income statement

We expect gross margin expansion toward 33%/38% in 2027/28, along with 30+% revenue CAGR during 2026-28

(NT$mn)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	37,446	42,890	50,415	57,342	59,357	62,041	68,972	74,974	131,241	188,093	265,345	333,843
COGS	-30,720	-32,252	-36,792	-40,427	-41,549	-42,296	-45,374	-47,639	-112,949	-140,191	-176,858	-206,693
Gross Profit	6,726	10,638	13,623	16,915	17,807	19,746	23,599	27,335	18,292	47,902	88,486	127,150
Operating expenses	-3,969	-3,987	-4,026	-4,061	-4,113	-4,382	-4,592	-4,749	-11,618	-16,044	-17,837	-20,733
SG&A	-2,382	-2,130	-2,227	-2,292	-2,288	-2,386	-2,568	-2,626	-6,619	-9,031	-9,868	-10,975
R&D	-1,587	-1,857	-1,799	-1,769	-1,825	-1,997	-2,024	-2,123	-4,999	-7,012	-7,968	-9,758
Operating income	2,757	6,651	9,597	12,854	13,694	15,363	19,007	22,586	6,674	31,858	70,650	106,417
Non-operating income	3,542	8,925	-4,137	463	1,413	1,413	-687	-687	2,153	8,794	1,453	1,553
Interest income	-319	-319	-319	-319	-319	-319	-319	-319	-1,287	-1,274	-1,274	-1,274
Investment income	-10	9,150	-4,600	0	0	0	0	0	-50	4,540	0	0
Others	3,870	94	782	782	1,732	1,732	-368	-368	3,489	5,527	2,727	2,827
Pre-tax profit	6,299	15,576	5,461	13,317	15,107	16,776	18,320	21,899	8,827	40,652	72,103	107,970
Tax	-918	-2,234	-1,092	-2,663	-2,266	-3,020	-4,030	-5,256	-1,277	-6,908	-14,572	-21,933
Net income	5,043	13,115	3,893	9,430	11,592	12,369	12,695	14,631	6,673	31,481	51,287	76,712
EPS (NT$)	3.28	8.53	2.45	5.93	7.30	7.78	7.99	9.21	4.38	19.81	32.28	48.28
Margin												
Gross margin	18.0%	24.8%	27.0%	29.5%	30.0%	31.8%	34.2%	36.5%	13.9%	25.5%	33.3%	38.1%
Operating margin	7.4%	15.5%	19.0%	22.4%	23.1%	24.8%	27.6%	30.1%	5.1%	16.9%	26.6%	31.9%
Pre-tax margin	16.8%	36.3%	10.8%	23.2%	25.5%	27.0%	26.6%	29.2%	6.7%	21.6%	27.2%	32.3%
Net margin	13.5%	30.6%	7.7%	16.4%	19.5%	19.9%	18.4%	19.5%	5.1%	16.7%	19.3%	23.0%
QoQ growth												
Revenue	7.9%	14.5%	17.5%	13.7%	3.5%	4.5%	11.2%	8.7%				
Gross profit	22.9%	58.2%	28.1%	24.2%	5.3%	10.9%	19.5%	15.8%				
Operating profit	16.5%	141.3%	44.3%	33.9%	6.5%	12.2%	23.7%	18.8%				
Pre-tax profit	51.8%	147.3%	-64.9%	143.9%	13.4%	11.0%	9.2%	19.5%				
Net profit	42.7%	160.1%	-70.3%	142.2%	22.9%	6.7%	2.6%	15.3%				
YoY growth												
Revenue	24.5%	32.1%	48.3%	65.3%	58.5%	44.7%	36.8%	30.7%	13.8%	43.3%	41.1%	25.8%
Gross profit	67.1%	150.6%	199.5%	209.1%	164.8%	85.6%	73.2%	61.6%	12.1%	161.9%	84.7%	43.7%
Operating profit	117.6%	340.6%	526.2%	443.3%	396.8%	131.0%	98.0%	75.7%	30.4%	377.3%	121.8%	50.6%
Pre-tax profit	358.6%	4266.1%	85.3%	220.8%	139.8%	7.7%	235.5%	64.4%	20.6%	360.5%	77.4%	49.7%
Net profit	451.4%	44196.8%	77.4%	166.8%	129.9%	-5.7%	226.1%	55.2%	31.3%	371.8%	62.9%	49.6%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Price objective basis & risk

Unimicron (UMCRF)

Our PO of NT$1,200 is based on 33x 2H27-1H28E, which is roughly 1x standard deviation above the historical average of 20x since 2017. In our view, the multiple is appropriate as we expect Unimicron earnings to be supported by its high-end technology offerings, where end market demand seems more resilient.

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

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

Analyst Certification

I, Mike Yang, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AAC Technologies	AACAF	2018 HK	Katherine Zhu
	Asia Vital Components	AVMPF	3017 TT	Doris Kao
	BizLink	BIZLF	3665 TT	Doris Kao
	Chenbro	CEOMF	8210 TT	Doris Kao
	Cowell	CWLLF	1415 HK	Katherine Zhu
	Crystal-Optech	XMKAF	002273 CH	Katherine Zhu
	Delta Electronics Inc.	DLTEF	2308 TT	Robert Cheng
	Duksan Neolux	XDSXF	213420 KS	Simon Woo, CFA
	Dynamic Holding	XLHCF	3715 TT	Mike Yang

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	E Ink Holdings	PVWIF	8069 TT	Doris Kao
	Elite Material	ETMCF	2383 TT	Mike Yang
	Foxconn Industrial Internet	XDAZF	601138 CH	Robert Cheng
	Goertek	XGKCF	002241 CH	Katherine Zhu
	Gold Circuit	GOCCF	2368 TT	Doris Kao
	Hana Microelectronics	XHNNF	HANA TB	Suppapong Iemkongaek, CFA, CMT
	Hon Hai Precision Industry	HNHAF	2317 TT	Robert Cheng
	Huaqin	XHUAF	603296 CH	Katherine Zhu
	Huaqin	XPEZF	3296 HK	Katherine Zhu
	ISU Petasys	IPTYF	007660 KS	Matt Shin
	Jentech	XVFSF	3653 TT	Doris Kao
	King Slide	KGSLF	2059 TT	Doris Kao
	Kinsus	KNSUF	3189 TT	Mike Yang
	Largan Precision	LGANF	3008 TT	Robert Cheng
	Lens Tech	XLTVF	6613 HK	Katherine Zhu
	LG CNS	XLGLF	064400 KS	Simon Woo, CFA
	LG Electronics	LGEAF	066570 KS	Simon Woo, CFA
	LG Innotek	XLGQF	011070 KS	Simon Woo, CFA
	Lotes	ZYZTF	3533 TT	Doris Kao
	Luxshare	XNJQF	002475 CH	Robert Cheng
	Netweb Technologies	XNTZF	NETWEB IN	Jatin Kalra, CFA
	NYPCB	NANYF	8046 TT	Mike Yang
	Quanta Computer	QUCPF	2382 TT	Robert Cheng
	Samsung Electro-Mechanics	SMSGF	009150 KS	Simon Woo, CFA
	Samsung SDI	SSDIF	006400 KS	Simon Woo, CFA
	Samsung SDS	XWPBF	018260 KS	Simon Woo, CFA
	Shennan Circuits	XAMKF	002916 CH	Katherine Zhu
	Taiwan Union Technology Corporation	TWUNF	6274 TT	Mike Yang
	Unimicron	UMCRF	3037 TT	Mike Yang
	Universal Display	OLED	OLED US	Simon Woo, CFA
	Victory Giant	XENEF	300476 CH	Katherine Zhu
	Wistron	WICOF	3231 TT	Doris Kao
	Wiwynn	XWIQF	6669 TT	Robert Cheng
	Xiaomi Corporation	XIACF	1810 HK	Robert Cheng
	Yageo	YGEQF	2327 TT	Robert Cheng
	Zhen Ding Tech	XFAGF	4958 TT	Doris Kao
	Zhongji Innolight	XZICF	300308 CH	Katherine Zhu
	ZTE Corporation	SHZZF	000063 CH	Katherine Zhu
	ZTE Corporation	ZTCOF	763 HK	Katherine Zhu
NEUTRAL				
	Advantech	ADTEF	2395 TT	Robert Cheng
	Asustek	AKCPF	2357 TT	Robert Cheng
	Auras Technology	AUTCF	3324 TT	Doris Kao
	BYD Electronic	BYDIF	285 HK	Katherine Zhu
	DS Precision	XBASF	002384 CH	Katherine Zhu
	Lenovo Group	LNVGF	992 HK	Robert Cheng
	Lenovo Group	LNVGY	LNVGY US	Robert Cheng
	Lite-On Tech	LOTZF	2301 TT	Doris Kao
	Sunny Optical	SNPTF	2382 HK	Katherine Zhu
UNDERPERFORM				
	Acer	ASIYF	2353 TT	Robert Cheng
	Catcher Tech	CHERF	2474 TT	Robert Cheng
	Compal Electron	XLCPF	2324 TT	Doris Kao
	Delta Electronics (Thailand)	XLETF	DELTA TB	Suppapong Iemkongaek, CFA, CMT
	Everwin Precision	XSHZF	300115 CH	Katherine Zhu
	Genius Electronic Optical	GNSEF	3406 TT	Robert Cheng
	Lens Tech	XLTGF	300433 CH	Katherine Zhu
	LG Display	LPHLF	034220 KS	Simon Woo, CFA
	LG Display-ADR	LPL	LPL US	Simon Woo, CFA
	Lianchuang Electronic	XWOFF	002036 CH	Katherine Zhu
	Pegatron	PGTRF	4938 TT	Robert Cheng
	Sanan Opto	XEQYF	600703 CH	Katherine Zhu
	Seoul Semiconductor	SLSOF	046890 KS	Simon Woo, CFA
	Shengyi	DGUNF	600183 CH	Mike Yang

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Sunway Communications	XWSVF	300136 CH	Katherine Zhu
	Transsion	XCINF	688036 CH	Robert Cheng

*iQ*method[SM] 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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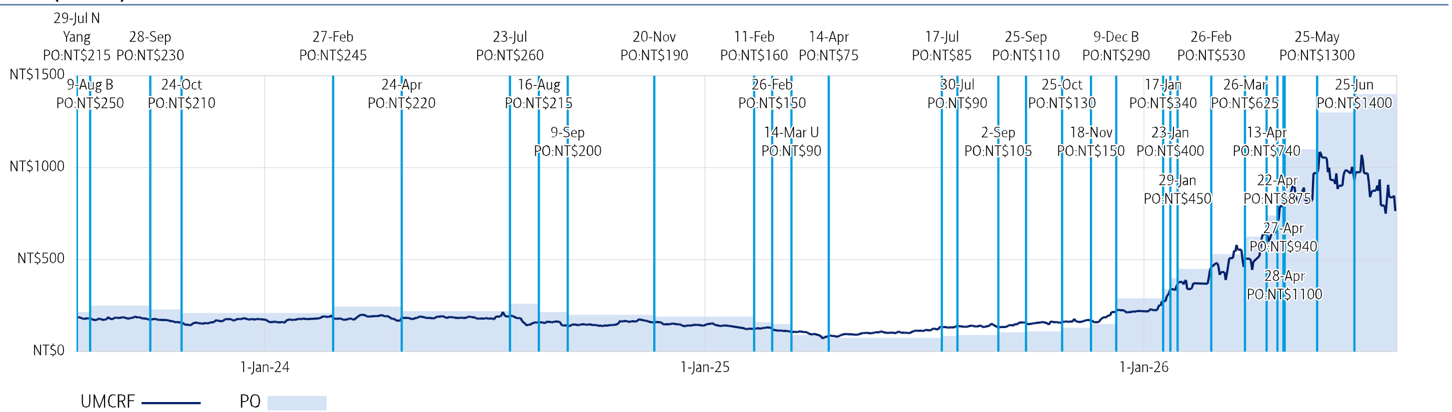
Unimicron (UMCRF) Price Chart



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: Electronics Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	34	55.74%	Buy	16	47.06%
Hold	10	16.39%	Hold	3	30.00%
Sell	17	27.87%	Sell	6	35.29%

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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