06 Aug 2026 09:52:49 ET | 14 pages

NYPCB (8046.TW)

2Q26 GM beat; aggressive capex announced; Buy

CITI'S TAKE

NYPCB posted strong 2Q26 GM beat as other ABF peers. We've detailed our ABF/BT thesis for each of major Taiwanese peers in this report. For NYPCB, we see upside from 1) product mix enhancement, 2) price hikes and 3) UTR improvement in its China plant. Although NYPCB just announced an aggressive capex plan for its capacity expansion, we think this expansion would be a greenfield project which likely wouldn't come online until late-2028. In the near term, we think the company would focus more on debottlenecking its existing plants or likely retrofitting some capacity. Overall, we remain bullish on NYPCB and slightly raise our DCF-based TP to NT$1,600 (implied 30x 2027E EPS). Reiterate our Buy rating.

2Q26 GM strong beat — 2Q26 sales advanced 21% QoQ, which we believe is led by both ABF (major) and BT price hikes. Thus, 2Q26 GM expanded by 8.9ppt QoQ to 24.7%, beating Citi/consensus forecasts of 22.8%/21.3% by 1.9ppt/3.4ppt. Non-op is quite clean. Due to higher tax rate, overall earnings came 4% higher than Citi/consensus forecasts.

3Q26 stronger sales momentum — Given higher season, production ramp for more AI chips and price hike, we now forecast NYPCB's 2Q26E sales to grow 19% QoQ. We forecast ABF price hike of +17%/+12% QoQ in 3Q/4Q26E. We expect UTR in its China plant to see more meaningful improvement in the coming quarters. We forecast 3Q26E GM to expand to 29.2% (+4.5ppts QoQ), backed by GM improvement in both ABF and BT (likely GM>20%).

Significant capex announced — The company announced capex amount of NT$46.8bn for capacity expansion with no timeframe specified. We think the investment is for a greenfield expansion with capacity likely to ramp in 2H28 at the earliest, given the long lead time in equipment procurement. To note that, this capex amount is basically equivalent to total capex amount from 2020 to 23. As per the announcement, the company said they might fund the expansion with its own cash, bank loans, or other financing methods.

Earnings slightly raised; reiterate Buy — We raise 2026/27/28E earnings by 3%/1%/1% to factor in 2Q26 results mainly. We slightly raise our TP of NYPCB to NT$1,600 (30x 2027E EPS) from NT$1,550 (30x 2027E EPS) and reiterate our Buy rating.

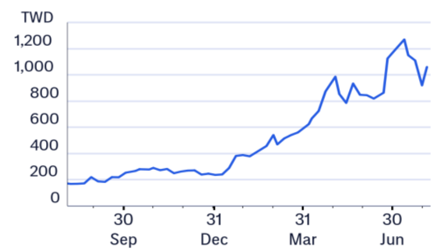
Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	204	0.32	-96.5	na	15.7	0.4	0.1
2025A	1,947	3.01	855.6	na	15.5	4.3	0.2
2026E	10,920	16.90	460.9	65.4	13.0	21.6	0.9
2027E	34,010	52.63	211.4	21.0	8.7	49.5	2.9
2028E	56,122	86.85	65.0	12.7	6.1	56.0	4.4

Source: Powered by dataCentral

Buy	
Price (06 Aug 26 13:30)	NT$1,105.00
Target price	NT$1,600.00↑
from NT$1,550.00	
Expected share price return	44.8%
Expected dividend yield	0.9%
Expected total return	45.7%
Market Cap	NT$714,013M
	US$22,121M

Price Performance
(RIC: 8046.TW, BB: 8046 TT)



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

8046.TW: Fiscal year end 31-Dec

Price: NT$1,105.00; TP: NT$1,600.00; Market Cap: NT$714,013m; Recomm: Buy

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	32,283	40,173	58,955	108,538	166,798
Cost of sales	-31,926	-36,526	-43,838	-63,911	-93,499
Gross profit	358	3,647	15,117	44,627	73,299
Gross Margin (%)	1.1	9.1	25.6	41.1	43.9
EBITDA (Adj)	**5,167**	**8,851**	**20,119**	**50,495**	**79,835**
EBITDA Margin (Adj) (%)	16.0	22.0	34.1	46.5	47.9
Depreciation	-6,433	-6,869	-7,113	-9,375	-11,822
Amortisation	0	0	0	0	0
EBIT (Adj)	**-1,267**	**1,982**	**13,006**	**41,119**	**68,012**
EBIT Margin (Adj) (%)	-3.9	4.9	22.1	37.9	40.8
Net interest	238	144	149	90	160
Associates	23	2	13	11	14
Non-Op/Except/Other Adj	1,170	217	370	256	256
Pre-tax profit	**163**	**2,346**	**13,537**	**41,476**	**68,442**
Tax	41	-399	-2,617	-7,466	-12,320
Extraord./Min.Int./Pref.div.	0	0	0	0	0
Reported net profit	**204**	**1,947**	**10,920**	**34,010**	**56,122**
Net Margin (%)	0.6	4.8	18.5	31.3	33.6
Core NPAT	204	1,947	10,920	34,010	56,122
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	0.32	3.01	16.90	52.63	86.85
Core EPS ($)	0.32	3.01	16.90	52.63	86.85
DPS ($)	1.00	2.00	10.14	31.58	48.53
CFPS ($)	4.97	10.33	18.05	49.02	89.45
FCFPS ($)	1.29	6.58	-3.79	-2.05	77.07
BVPS ($)	70.34	71.38	85.06	127.43	182.58
Wtd avg ord shares (m)	646	646	646	646	646
Wtd avg diluted shares (m)	646	646	646	646	646
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	-23.6	24.4	46.8	84.1	53.7
EBIT (Adj) (%)	-120.0	256.5	556.1	216.2	65.4
Core NPAT (%)	-96.5	855.6	460.9	211.4	65.0
Core EPS (%)	-96.5	855.6	460.9	211.4	65.0
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	8,481	8,590	3,898	5,929	35,230
Accounts receivables	6,996	9,552	15,405	27,629	38,590
Inventory	4,101	5,068	9,323	16,721	23,354
Net fixed & other tangibles	40,450	35,874	43,362	66,986	63,164
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	2,910	2,124	3,141	4,645	5,997
Total assets	**62,938**	**61,207**	**75,128**	**121,910**	**166,334**
Accounts payable	1,518	1,711	2,395	3,486	4,821
Short-term debt	0	0	0	0	0
Long-term debt	0	0	0	10,000	10,000
Provisions & other liab	15,970	13,374	17,767	26,080	33,534
Total liabilities	**17,488**	**15,085**	**20,163**	**39,566**	**48,354**
Shareholders' equity	45,450	46,123	54,966	82,344	117,980
Minority interests	0	0	0	0	0
Total equity	**45,450**	**46,123**	**54,966**	**82,344**	**117,980**
Net debt (Adj)	**-8,481**	**-8,590**	**-3,898**	**4,071**	**-25,230**
Net debt to equity (Adj) (%)	-18.7	-18.6	-7.1	4.9	-21.4

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	na	na	65.4	21.0	12.7
PB (x)	15.7	15.5	13.0	8.7	6.1
EV/EBITDA (x)	na	79.5	35.1	14.1	8.8
FCF yield (%)	0.1	0.6	-0.3	-0.2	7.0
Dividend yield (%)	0.1	0.2	0.9	2.9	4.4
Payout ratio (%)	317	66	60	60	56
ROE (%)	0.4	4.3	21.6	49.5	56.0
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	5,167	8,851	20,119	50,495	79,835
Working capital	-3,425	-2,143	-6,367	-11,711	-10,145
Other	1,470	-36	-2,086	-7,109	-11,890
Operating cashflow	**3,212**	**6,672**	**11,666**	**31,674**	**57,800**
Capex	-2,379	-2,422	-14,117	-33,000	-8,000
Net acq/disposals	584	61	440	-11	-14
Other	0	0	0	0	0
Investing cashflow	**-1,795**	**-2,361**	**-13,677**	**-33,011**	**-8,014**
Dividends paid	-3,554	-646	-1,292	-6,552	-20,406
Financing cashflow	**-5,267**	**-4,202**	**-2,681**	**3,368**	**-20,486**
Net change in cash	**-3,849**	**109**	**-4,692**	**2,032**	**29,301**
Free cashflow to s/holders	**833**	**4,250**	**-2,451**	**-1,326**	**49,800**

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

Figure 1. NYCPB – 2Q26 Results

(NT$mn)	2Q26 Actual	1Q26 Actual	Q/Q	2Q25 Actual	Y/Y	2Q26 Citi	Diff.	2Q26 Cons.	Diff.
Revenue	13,575	11,177	21%	9,583	42%	13,344	2%	13,496	1%
Gross profit	3,360	1,771	90%	769	337%	3,048	10%	2,879	17%
Gross margin	24.7%	15.8%	+8.9 ppt	8.0%	+16.7 ppt	22.8%	+1.9 ppt	21.3%	+3.4 ppt
Op. profit	2,899	1,352	114%	366	692%	2,567	13%	2,507	16%
OP margin	21.4%	12.1%	+9.3 ppt	3.8%	+17.5 ppt	19.2%	+2.1 ppt	18.6%	+2.8 ppt
Net income	2,262	1,309	73%	-187	-1307%	2,184	4%	2,174	4%
EPS (NT$)	3.50	2.03	73%	(0.29)	-1307%	3.38	4%	3.34	5%

Source: Citi Research Estimates, Company Reports, Bloomberg

Figure 2. NYCPB – Earnings Revisions

(NT$mn)	3Q26E New	3Q26E Old	3Q26E Chg.	4Q26E New	4Q26E Old	4Q26E Chg.	2026E New	2026E Old	2026E Chg.	2027E New	2027E Old	2027E Chg.	2028E New	2028E Old	2028E Chg.
Sales	16,197	16,176	0%	18,005	17,820	1%	58,955	58,517	1%	108,538	107,214	1%	166,798	164,586	1%
Sequential growth (%)	19%	21%		11%	10%		47%	46%		84%	83%		54%	54%	
Gross profit	4,738	4,486	6%	5,248	5,197	1%	15,117	14,502	4%	44,627	44,000	1%	73,299	72,477	1%
Opex	583	582	0%	648	642	1%	2,111	2,123	-1%	3,508	3,645	-4%	5,287	5,180	2%
Operating profit	4,155	3,904	6%	4,600	4,555	1%	13,006	12,379	5%	41,119	40,355	2%	68,012	67,297	1%
Pre-tax profit	4,253	4,002	6%	4,711	4,666	1%	13,537	12,930	5%	41,476	40,891	1%	68,442	67,907	1%
Net income	3,487	3,282	6%	3,863	3,826	1%	10,920	10,601	3%	34,010	33,531	1%	56,122	55,684	1%
EPS (NT$)	5.40	5.08	6%	5.98	5.92	1%	16.90	16.41	3%	52.63	51.89	1%	86.85	86.18	1%
Gross margin (%)	29.2%	27.7%	+1.5 ppt	29.1%	29.2%	-0.0 ppt	25.6%	24.8%	+0.9 ppt	41.1%	41.0%	+0.1 ppt	43.9%	44.0%	-0.1 ppt
Opex ratio (%)	3.6%	3.6%	+0.0 ppt	3.6%	3.6%	-0.0 ppt	3.6%	3.6%	-0.0 ppt	3.2%	3.4%	-0.2 ppt	3.2%	3.1%	+0.0 ppt
Operating margin (%)	25.6%	24.1%	+1.5 ppt	25.5%	25.6%	-0.0 ppt	22.1%	21.2%	+0.9 ppt	37.9%	37.6%	+0.2 ppt	40.8%	40.9%	-0.1 ppt
Net margin (%)	21.5%	20.3%	+1.2 ppt	21.5%	21.5%	-0.0 ppt	18.5%	18.1%	+0.4 ppt	31.3%	31.3%	+0.1 ppt	33.6%	33.8%	-0.2 ppt

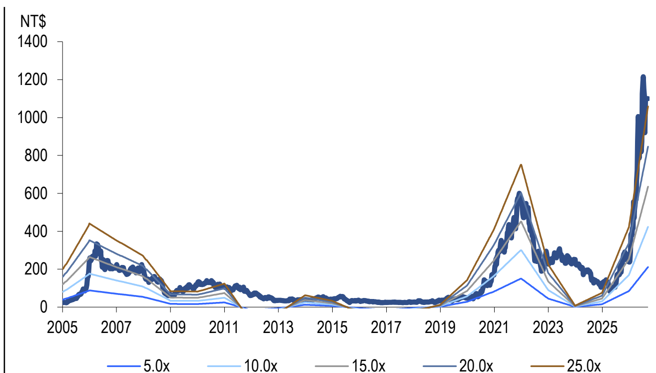
Source: Citi Research Estimates

Figure 3. NYCPB – Forecast Summary

NYPCB (NT$ in Mn, year-end Dec)	2026 1Q	2Q	3QE	4QE	2027 1QE	2QE	3QE	4QE	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	11,177	13,575	16,197	18,005	21,498	25,247	29,501	32,292	28,833	31,094	38,513	52,228	64,647	42,253	32,283	40,173	58,955	108,538	166,798
COGS	-9,406	-10,215	-11,460	-12,757	-13,565	-14,572	-17,063	-18,711	-28,483	-29,467	-32,761	-37,346	-38,779	-34,075	-31,926	-36,526	-43,838	-63,911	-93,499
Gross Profit	1,771	3,360	4,738	5,248	7,933	10,675	12,437	13,581	349	1,627	5,752	14,883	25,868	8,177	358	3,647	15,117	44,627	73,299
Operating Expense	-419	-460	-583	-648	-731	-858	-885	-1,033	-1,535	-1,555	-1,644	-2,012	-2,293	-1,847	-1,624	-1,665	-2,111	-3,508	-5,287
SG&A expenses	-419	-460	-583	-648	-731	-858	-885	-1,033	-1,535	-1,555	-1,644	-2,012	-2,293	-1,847	-1,624	-1,665	-2,111	-3,508	-5,287
R&D expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	1,352	2,899	4,155	4,600	7,202	9,817	11,552	12,548	-1,186	71	4,108	12,871	23,575	6,330	-1,267	1,982	13,006	41,119	68,012
Net Interest Income	34	37	39	39	15	15	30	30	5	50	37	14	114	308	238	144	149	90	160
Net Other Income	212	39	59	72	74	60	59	74	597	264	-142	210	1,673	469	1,192	219	382	267	270
Pre-Tax Profit	1,598	2,975	4,253	4,711	7,291	9,892	11,641	12,651	-584	385	4,003	13,095	25,362	7,107	163	2,346	13,537	41,476	68,442
Tax	290	714	765	848	1,312	1,781	2,095	2,277	0	-77	-337	-2,514	-5,946	-1,290	41	-399	-2,617	-7,466	-12,320
Net Profit	1,309	2,262	3,487	3,863	5,979	8,111	9,546	10,374	-584	308	3,666	10,582	19,416	5,817	204	1,947	10,920	34,010	56,122
EPS (NT$)	2.03	3.50	5.40	5.98	9.25	12.55	14.77	16.05	-0.90	0.48	5.67	16.38	30.05	9.00	0.32	3.01	16.90	52.63	86.85
Revenue breakdown (%)																			
PCB	6%	9%	11%	9%	7%	6%	6%	5%	34%	31%	25%	19%	14%	17%	21%	14%	9%	6%	4%
PP	29%	28%	26%	26%	21%	21%	20%	17%	32%	29%	29%	31%	27%	22%	30%	29%	27%	20%	15%
FC	64%	62%	63%	65%	72%	72%	75%	78%	33%	41%	46%	50%	58%	62%	49%	57%	64%	75%	81%
Margins (%)																			
Gross Margin	15.8	24.7	29.2	29.1	36.9	42.3	42.2	42.1	1.2	5.2	14.9	28.5	40.0	19.4	1.1	9.1	25.6	41.1	43.9
Operating Margin	12.1	21.4	25.6	25.5	33.5	38.9	39.2	38.9	-4.1	0.2	10.7	24.6	36.5	15.0	-3.9	4.9	22.1	37.9	40.8
Net Margin	11.7	16.7	21.5	21.5	27.8	32.1	32.4	32.1	-2.0	1.0	9.5	20.3	30.0	13.8	0.6	4.8	18.5	31.3	33.6
Sequential Growth (%)																			
Revenue	0.1	21.5	19.3	11.2	19.4	17.4	16.8	9.5	8.3	7.8	23.9	35.6	23.8	-34.6	-23.6	24.4	46.8	84.1	53.7
Gross Profit	26.7	89.7	41.0	10.8	51.2	34.6	16.5	9.2	n.m.	365.5	253.6	158.7	73.8	-68.4	-95.6	919.6	314.5	195.2	64.2
EBIT	40.4	114.4	43.3	10.7	56.6	36.3	17.7	8.6	n.m.	n.m.	5659.7	213.3	83.2	-73.1	n.m.	n.m.	556.1	216.2	65.4
Net Profit	8.9	72.8	54.2	10.8	54.8	35.7	17.7	8.7	n.m.	n.m.	1089.4	188.6	83.5	-70.0	-96.5	855.6	460.9	211.4	65.0
EPS	8.9	72.8	54.2	10.8	54.8	35.7	17.7	8.7	n.m.	n.m.	1089.4	188.6	83.5	-70.0	-96.5	855.6	460.9	211.4	65.0

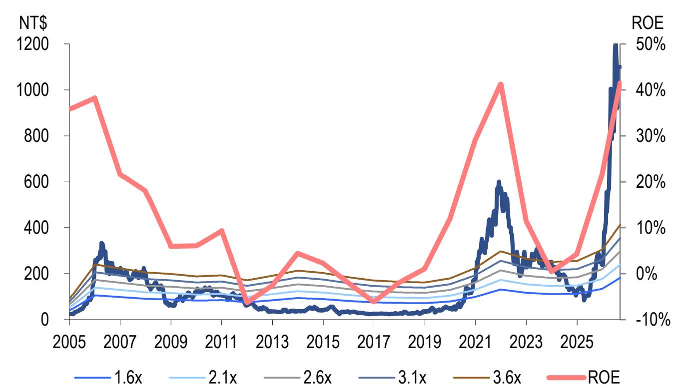
Source: Citi Research Estimates, Company Reports

Figure 4. NYCPB – 12M Forward P/E Band



Source: dataCentral, Citi Research

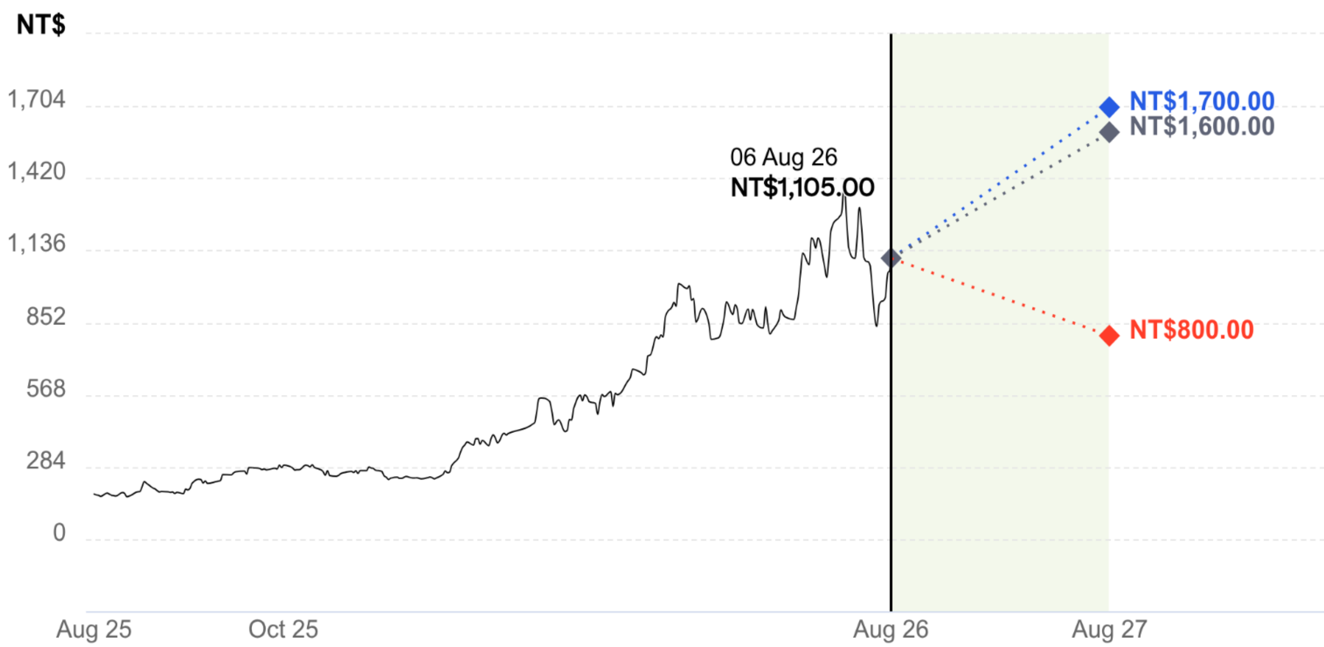
Figure 5. NYCPB – 12M Forward P/B Band



Source: dataCentral, Citi Research

Bull/Bear: NYPCB (8046.TW)

NT$1,700.00 ▲54% Upside	NT$1,600.00 ▲45% Upside	NT$800.00 ▼28% Downside



Spread 81pp
Current Price and expected returns (upside/downside) as of 06 Aug 2026

BULL Assumptions

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

BASE Assumptions

- +47%/+84% revenue growth for 2026E/27E
- 25.6%/41.1% GM and +22.1%/+37.9% OPM for 2026E/27E

BEAR Assumptions

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

NYPCB

Company description

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

Investment strategy

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

Valuation

Our DCF-based TP for NYPCB is NT$1,600. With a risk-free rate of 4.30% (10-year government bond rate), a market risk premium of 7% and an equity beta of 1.22 (YTD weekly share price), we calculate NYPCB's WACC as 12.8%. Our TP is equivalent to 94x/30x 2026E EPS/BVPS, which reflects its high P/E multiple during upcycles. NYPCB traded at 15-20x P/E during its 2003-2008 upcycle driven by PC/NB demand strength. In 2010-11 when the market was recovering from the global financial crisis, NYPCB traded at 25-35x P/E. In the last 2019-22 upcycle when ABF was in shortage, NYPCB traded at 30-40x P/E.

Risks

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

Appendix A-1

ANALYST CERTIFICATION

The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by “AC” in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely

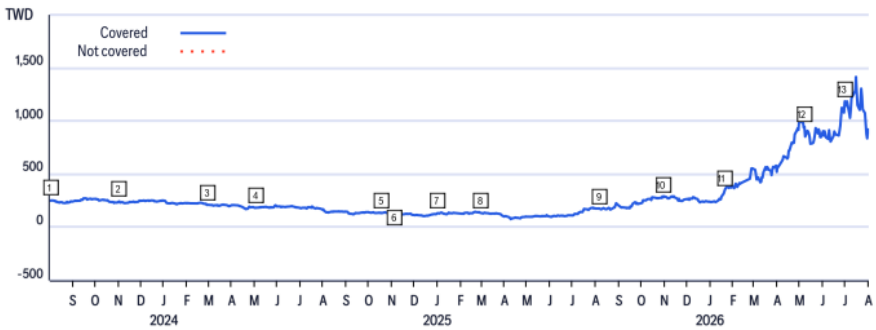
with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

NYPCB (8046.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



	Date	Rating	Target Price	Closing Price
1	03-Aug-23 11:47:20	2	*250.00	251.50
2	02-Nov-23 15:26:11	2	*241.00	243.00
3	29-Feb-24 14:01:07	2	*210.00	211.50
4	05-May-24 18:46:33	2	*200.00	184.50
5	20-Oct-24 21:10:34	2	*140.00	133.50
6	05-Nov-24 09:06:51	*3	*93.00	127.50
7	31-Dec-24 04:46:50	3	*85.00	130.50
8	28-Feb-25 11:17:59	3	*83.00	136.00
9	06-Aug-25 09:00:30	*2	*175.00	174.00
10	30-Oct-25 03:44:03	*1	*360.00	282.00
11	20-Jan-26 10:55:31	1	*450.00	341.50
12	07-May-26 19:18:42	1	*1,100.00	947.00
13	30-Jun-26 10:10:46	1	*1,550.00	1,185.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

NYPCB (8046.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen

	Date	Action	Expected Direction	Duration	Closing Price
1	06-Aug-23 10:33:00	Remove CW	Downside	30 Days	252.50
2	05-Nov-24 04:06:51	Add CW	Downside	90 Days	127.50
3	03-Feb-25 19:44:35	Remove CW	Downside	90 Days	127.50
4	06-Aug-25 05:00:30	Add STV	Upside	30 Days	174.00
5	05-Sep-25 14:02:30	Remove STV	Upside	30 Days	187.50
6	29-Oct-25 23:44:03	Add CW	Upside	90 Days	290.50
7	17-Dec-25 23:32:09	Remove CW	Upside	90 Days	243.50
8	30-Jun-26 06:10:46	Add CW	Upside	30 Days	1,185.00
9	30-Jul-26 21:35:49	Remove CW	Upside	30 Days	837.00

CW - Catalyst Watch , STV - Short-Term View

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