04 Nov 2026 01:36:48 ET | 10 pages

Nitto Boseki (3110.T)

Taiwan glass announces glass cloth capacity expansion

CITI'S TAKE

On November 2, Taiwan Glass announced Phase 4 glass cloth capacity expansion plans at its Taoyuan and Lukang plants in Taiwan and its Bengbu plant in Anhui Province, China. The investment amounts to c¥8bn (TWD1.63bn) in Taiwan and c¥5.5bn (TWD1.15bn) in China. According to a November 3 *Economic Daily News* report, Taiwan Glass initially viewed the supply shortage of high-end glass cloth, such as second-generation low-dielectric types (equivalent to NER) and low-thermal-expansion types (equivalent to T), as lasting until 2027, but this outlook has changed to a prolonged shortage through 2028, and the company aims to accelerate investment and expand its share. Phase 1 has already begun operation, Phase 2 will begin operation at the end of 2026, Phase 3 will begin operation during 2027, and Phase 4 will begin operation from 2027.

- **Implications for Nittobo** — Total investment amounts to c¥13.5bn, which is small compared with Nittobo's investment (we expect Nittobo to soon announce capital expenditure of ¥30bn-¥40bn to raise T-glass production capacity to 4x the FY3/26 level from 3x before). However, the market will likely view aggressive investment by competitors with concern as a risk of competition intensifying. After Taiwan Glass completes the series of capacity expansions it has announced, its nominal capacity could reach around 30%-40% of Nittobo's nominal capacity.

Buy	
Catalyst Watch: Upside, expires 09-NOV-26	
Price (02 Nov 26 15:30)	¥2,825.5
Target price	¥5,200.0
Expected share price return	84.0%
Expected dividend yield	1.3%
Expected total return	85.3%
Market Cap	¥514,328M
	US$3,241M

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Nitto Boseki

Valuation

We set our target price at ¥5,200 (FY3/29E PER of 20x). We reference the PERs of AI-related material and basic material manufacturers in setting our target PER. It is now apparent that Nitto Boseki expects to boost production capacity through 2027 or thereabouts and visibility is improving on continued tightness in demand, so we use FY3/29 as our base year.

Risks

Our quants model classifies the company's stock as High Risk (H), but we believe this is due to the fact that the company has rapidly gained attention from the stock market over the past few years as it began to benefit from demand for AI from around 2024. Now that several years have passed since the firm became widely recognized as an AI-related stock, we believe that the volatility of the stock will stabilize going forward, and therefore we do not assign a High Risk rating.
Downside risks to our target price include 1) greater-than-expected capacity increases by specialty glass competitors and adoption of their products, 2) delays in the development of next-generation specialty glass and progress in the development of competing materials (quartz glass), etc., and 3) delays to growth in specialty glass production. Upside risks to our target price include 1) price hikes for NER glass as well as T-glass, 2) faster adoption of NER glass for AI servers, 3) higher-than-expected volumes thanks to productivity improvements, and 4) positive changes in shareholder return policies.

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Appendix A-1

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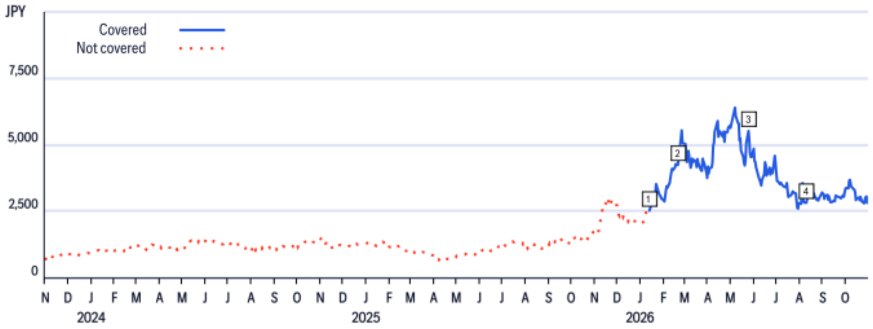
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Nitto Boseki (3110)

Ratings and Target Price History
Fundamental Research

Analyst: Yuta Nishiyama



	Date	Rating	Target Price	Closing Price
1	13-Jan-26 01:35:45	*1	*2,900	2,520
2	23-Feb-26 09:25:27	1	*5,300	4,240
3	25-May-26 04:03:16	1	*6,600	5,512
4	10-Aug-26 07:50:28	1	*5,200	2,815

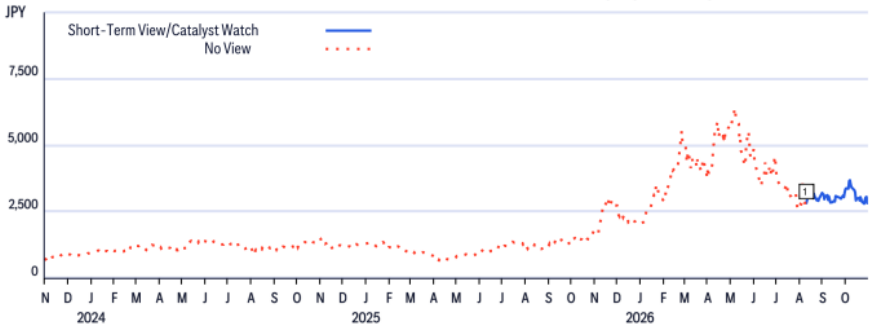
*Indicates Change

Rating/target price changes above reflect Eastern Time

Nitto Boseki (3110)

Short-Term View/Catalyst Watch Research

Analyst: Yuta Nishiyama



	Date	Action	Expected Direction	Duration	Closing Price
1	10-Aug-26 03:32:58	Add CW	Upside	90 Days	2,815

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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% of companies in each rating category that are investment banking clients	39%	43%	30%	42%	38%	36%

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