Daiwa Capital Markets Hong Kong Limited

Nanya Technology (2408 TT)

Target price: **TWD650.00** (from TWD292.00)

Share price (6 Jul): **TWD420.50** | Up/downside: **+54.6%**

5 4 3 2 **1**

Buy (unchanged)

Solid 2Q26 revenue: intact earnings momentum

- 2Q26 revenue exceeds Bloomberg consensus on DRAM price hikes
- Further earnings upside in 2H26E; DDR4 price momentum until 2027E
- Reaffirming our Buy (1) rating; raising 12-month TP to TWD650

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What's new: Nanya announced its June revenue after market hours on 3 July. It posted robust revenue growth in 2Q26 (68% QoQ, 684% YoY) led by DRAM price hikes despite limited bit shipments. With the DDR4 premium over DDR5 maintained, we expect major players' supply reductions to prolong the supply shortage and price uplift into 2027. Nanya will hold its 2Q26 conference call on 10 July. With a positive market outlook and earnings forecasts, we expect the announcement of an enhanced shareholder return plan given the visibility of mid- to long-term demand.

What's the impact: **2Q26 revenue exceeds consensus.** Nanya posted revenue of TWD82.5bn (68% QoQ, 684% YoY) in 2Q26, beating the Bloomberg consensus. We also assume its operating profit of TWD49.0bn (101% QoQ, turned positive YoY) was higher than consensus. While we assume limited bit shipments (-3% QoQ) for 2Q26, given a reduced inventory level, we expect an earnings surprise led by a significant increase in DRAM prices of 68% QoQ, driven by sustained strong demand. We expect further earnings improvement in 3Q26, fuelled by continued DRAM price momentum.

Further earnings upside in 2H26E, with DDR4 price momentum likely to extend into 2027. Per Trendforce's report on 30 June, consumer DRAM remained in shortage through June, extending the price uptrend. Notably, not only DDR4 but DDR3 and DDR2 have also seen significant price hikes. With major DRAM players focusing on HBM and server DRAM, upward pressure on legacy product pricing continues to build. We also expect PC DRAM prices to rise by 20% QoQ in 3Q26. As enterprise SSD demand surges due to rising inference AI demand, we assume strong buffer DRAM demand to be sustained into 2027 and beyond, based on long-term agreements (LTA). Backed by a solid earnings outlook, we expect Nanya to sustain or raise its payout ratio of 50% over 2027-28, despite management having guided for a potential cut due to heavy capex in April. We raise our 2026–2028 EPS by 37–91% reflecting the DRAM price hikes.

What we recommend: We reiterate our Buy (1) rating and raise our 12-month TP to TWD650 (from TWD292), based on a target PER of 9.2x (from 6.8x) on our 2026-27E EPS (from 2026E EPS). Our new multiple applies a 25% premium to the average PER of major DRAM peers, reflecting upside from the buffer DRAM LTA secured via private placement with global customers on 25 March. Downside risk: weaker-than-expected commodity DRAM demand due to delays in data centre build-out.

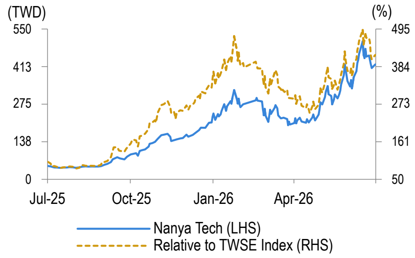
How we differ: Our 2026-27E EPS are 27-41% above the Bloomberg consensus, likely as we are more positive about the DDR4 price outlook.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	33.6	55.7	64.9
Net profit change	37.3	68.6	91.3
Core EPS (FD) change	37.3	68.6	91.3

Source: Daiwa forecasts

Share price performance



12-month range	40.55-505.00
Market cap (USDbn)	44.21
3m avg daily turnover (USDm)	1,273.69
Shares outstanding (m)	3,362
Major shareholder	Nanya Plastics Corp (29.3%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	331,568	471,416	480,253
Operating profit (m)	243,875	354,173	323,990
Net profit (m)	198,062	285,757	261,610
Core EPS (fully-diluted)	58.907	82.823	75.824
EPS change (%)	n.a.	40.6	(8.5)
Daiwa vs Cons. EPS (%)	27.3	41.0	47.1
PER (x)	7.1	5.1	5.5
Dividend yield (%)	6.8	9.8	9.0
DPS	28.7	41.4	37.9
PBR (x)	3.2	2.3	2.0
EV/EBITDA (x)	4.6	2.9	3.0
ROE (%)	39.2	53.8	38.2

Source: FactSet, Daiwa forecasts

Flash

Nanya: 2Q26 preview

(TWDm)	2Q26E	1Q26	*QoQ growth*	2Q25	*YoY growth*	BBG consensus	*Diff*
Revenue	82,549	49,087	*68%*	10,526	*684%*	71,242	*16%*
Operating Profit	60,570	30,111	*101%*	-4,501	*Positive turnaround*	51,850	*17%*
OP margin	*73.4%*	*61.3%*		*-42.8%*		*72.8%*	

Source: Company, Bloomberg
Note: Bloomberg consensus as of 3 July 2026, 2Q26 revenue reflects actual figures (June data announced on 3 July).

Nanya: earnings outlook

(TWDm)	1Q26	2Q26E	3Q26E	4Q26E	2025E	2026E	2027E	2028E
Revenue	49,087	82,549	96,950	102,983	66,587	331,568	471,416	480,253
Operating profit	30,111	60,570	73,627	79,567	5,243	243,875	354,173	323,990
OP margin (%)	*61.3%*	*73.4%*	*75.9%*	*77.3%*	*7.9%*	*73.6%*	*75.1%*	*67.5%*
Net profit	26,063	48,675	59,599	63,729	7,882	198,062	285,757	261,610

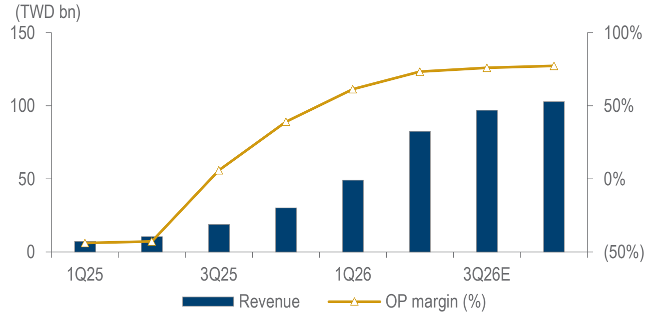
Source: Company, Daiwa forecasts

Nanya: key assumptions

	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E	2028E
DRAM								
Bit growth (q-q%)	1.0%	-2.9%	0.0%	-2.0%	53.8%	30.8%	-0.8%	5.0%
ASP (q-q%)	56.3%	68.0%	15.0%	7.0%	22.7%	274.5%	35.0%	-4.3%

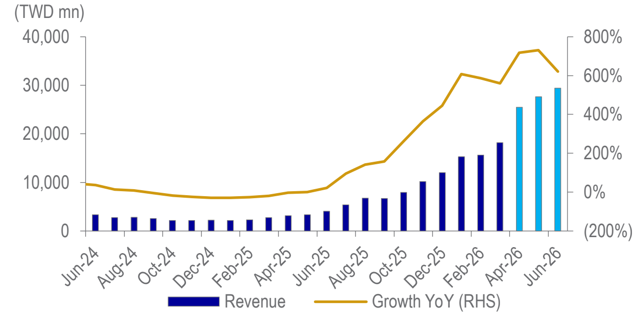
Source: Company, Daiwa forecasts

Nanya: revenue and operating margin forecasts



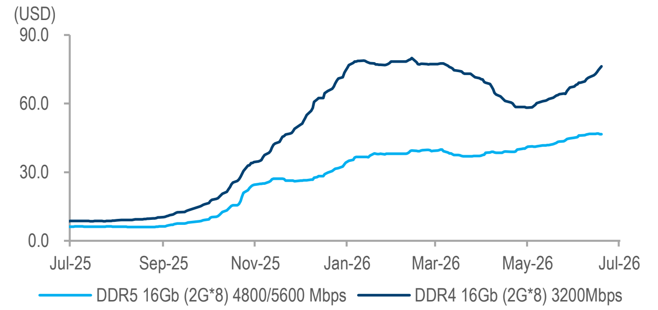
Source: Company, Daiwa forecasts

Nanya: monthly revenue and growth YoY trend



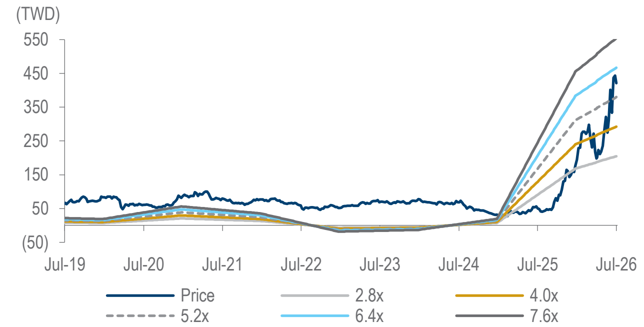
Source: Company

DRAM spot price trend



Source: DRAM eXchange, Daiwa
Note: As of 6 July, 2026

Nanya: 12-month forward PER band



Source: Company, Bloomberg, Daiwa forecasts

Nanya: peers valuation comparison

Company	Ticker (Bloomberg)	Recom.	Price (Local curr)	Mkt cap (USD $m)	P/E (x) FY26E	P/E (x) FY27E	P/BV (x) FY26E	P/BV (x) FY27E	ROE (%) FY26E	ROE (%) FY27E	EV/EBITDA FY26E	EV/EBITDA FY27E	Div yield (%) FY26E	Div yield (%) FY27E
Coverage														
Nanya Technology	2408 TT	Buy	410	43,054	7.0	5.0	3.1	2.2	39.6%	53.0%	4.4	2.8	7.1%	10.3%
Semiconductor														
Samsung Electronics	005930 KS	Buy	309,500	1,187,439	6.5	4.4	2.8	1.8	47.2%	50.6%	3.4	1.8	0.6%	0.6%
SK Hynix	000660 KS	Buy	2,425,000	1,091,139	7.4	5.0	4.9	2.6	98.4%	68.1%	5.1	2.9	0.2%	0.2%
Micron Technology	MU US	Buy	976	1,101,791	14.2	6.8	8.7	4.0	74.3%	72.0%	10.5	4.8	0.1%	0.1%
Average					9.4	5.4	5.4	2.8	73.3%	63.6%	6.3	3.2	0.3%	0.3%

Source: Bloomberg, Daiwa forecasts
Note: Share price as of 3 July 2026, US company as of 2 July 2026

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
DRAM bit growth (%)	(0.5)	(27.4)	(4.3)	0.9	53.8	30.8	(0.8)	5.0
DRAM ASP (%)	50.7	(16.8)	(44.7)	11.3	22.7	274.5	35.0	(4.3)
Wafer capacity per month	73.0	66.3	55.8	61.3	60.0	70.0	83.8	106.3

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
DRAM	85,604	56,952	29,892	34,132	66,607	333,062	471,416	480,253
Other Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Revenue	**85,604**	**56,952**	**29,892**	**34,132**	**66,587**	**331,568**	**471,416**	**480,253**
Other income	0	0	0	0	0	0	0	0
COGS	(48,560)	(35,610)	(34,375)	(34,552)	(51,602)	(77,987)	(108,972)	(148,531)
SG&A	(2,358)	(2,498)	(2,401)	(2,449)	(2,700)	(3,052)	(2,734)	(2,829)
Other op.expenses	(7,500)	(7,841)	(7,576)	(7,685)	(7,041)	(6,655)	(5,536)	(4,904)
Operating profit	**27,186**	**11,002**	**(14,460)**	**(10,555)**	**5,243**	**243,875**	**354,173**	**323,990**
Net-interest inc./(exp.)	250	1,346	3,014	2,974	1,907	2,171	2,296	2,282
Assoc/forex/extraord./others	331	4,529	742	1,103	337	676	727	741
Pre-tax profit	**27,767**	**16,877**	**(10,705)**	**(6,477)**	**7,487**	**246,722**	**357,196**	**327,012**
Tax	(4,918)	(2,258)	3,265	1,055	395	(48,660)	(71,439)	(65,402)
Min. int./pref. div./others	0	0	0	0	0	5	5	5
Net profit (reported)	**22,849**	**14,619**	**(7,440)**	**(5,422)**	**7,882**	**198,062**	**285,757**	**261,610**
Net profit (adjusted)	**22,849**	**14,619**	**(7,440)**	**(5,422)**	**7,882**	**198,062**	**285,757**	**261,610**
EPS (reported)(TWD)	**7.378**	**4.720**	**(2.401)**	**(1.750)**	**2.544**	**58.907**	**82.823**	**75.824**
EPS (adjusted)(TWD)	**7.378**	**4.720**	**(2.401)**	**(1.750)**	**2.544**	**58.907**	**82.823**	**75.824**
EPS (adjusted fully-diluted)(TWD)	**7.378**	**4.720**	**(2.401)**	**(1.750)**	**2.544**	**58.907**	**82.823**	**75.824**
DPS (TWD)	**3.703**	**2.130**	**2.130**	**2.130**	**1.348**	**28.704**	**41.412**	**37.913**
EBIT	**27,186**	**11,002**	**(14,460)**	**(10,555)**	**5,243**	**243,875**	**354,173**	**323,990**
EBITDA	**42,480**	**26,249**	**865**	**5,589**	**19,524**	**257,781**	**370,736**	**342,298**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	27,767	16,877	(10,705)	(6,477)	7,487	246,722	357,196	327,012
Depreciation and amortisation	15,294	15,247	15,326	16,144	14,281	13,906	16,563	18,308
Tax paid	(4,918)	(2,258)	3,265	1,055	395	(48,660)	(71,439)	(65,402)
Change in working capital	130	(6,179)	(6,486)	(8,461)	(3,638)	(47,710)	(22,861)	5,527
Other operational CF items	6,160	(2,251)	(7,028)	(182)	249	7,153	(10,945)	(11,024)
Cash flow from operations	**44,433**	**21,436**	**(5,628)**	**2,079**	**18,774**	**171,411**	**268,513**	**274,421**
Capex	(11,260)	(20,711)	(13,245)	(16,143)	(13,446)	(52,410)	(85,083)	(95,656)
Net (acquisitions)/disposals	0	0	0	0	(612)	0	0	0
Other investing CF items	5	(511)	(8)	(172)	(257)	(100)	(109)	(109)
Cash flow from investing	**(11,255)**	**(21,222)**	**(13,253)**	**(16,315)**	**(14,315)**	**(52,511)**	**(85,192)**	**(95,765)**
Change in debt	(71)	2,837	11,117	14,041	(6,102)	(2,295)	420	24
Net share issues/(repurchases)	1,261	55	5	11	0	78,718	0	0
Dividends paid	(4,000)	(11,470)	(6,600)	(6,600)	0	(6,600)	(99,034)	(142,881)
Other financing CF items	(250)	(3,193)	(326)	6,255	(215)	(214)	(165)	(160)
Cash flow from financing	**(3,060)**	**(11,771)**	**4,196**	**13,707**	**(6,317)**	**69,610**	**(98,779)**	**(143,017)**
Forex effect/others	323	(3,190)	38	(697)	214	236	225	231
Change in cash	**30,441**	**(14,748)**	**(14,647)**	**(1,226)**	**(1,644)**	**188,746**	**84,767**	**35,870**
Free cash flow	33,173	724	(18,873)	(14,063)	5,328	119,001	183,430	178,765

Source: FactSet, Daiwa forecasts

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	80,700	73,593	58,812	61,903	58,074	256,855	352,675	399,654
Inventory	11,611	23,384	27,634	35,318	27,288	23,402	29,429	40,112
Accounts receivable	11,569	4,359	5,220	4,132	16,558	77,164	109,709	111,766
Other current assets	2,580	4,175	4,844	6,593	6,621	6,328	6,329	6,336
Total current assets	**106,460**	**105,512**	**96,510**	**107,946**	**108,541**	**363,748**	**498,142**	**557,868**
Fixed assets	77,914	89,421	86,263	88,677	89,257	123,101	191,621	268,969
Goodwill & intangibles	1,014	767	927	688	531	872	832	792
Other non-current assets	6,034	6,536	8,650	9,396	10,124	7,241	7,241	7,241
Total assets	**191,421**	**202,236**	**192,351**	**206,706**	**208,453**	**494,962**	**697,836**	**834,871**
Short-term debt	215	361	11,574	21,687	5,517	433	383	339
Accounts payable	15,477	15,818	8,544	11,093	13,503	34,628	50,341	68,615
Other current liabilities	0	0	0	0	0	0	0	0
Total current liabilities	**15,692**	**16,179**	**20,118**	**32,780**	**19,020**	**35,061**	**50,724**	**68,955**
Long-term debt	1,510	4,200	4,104	8,032	18,101	20,890	21,359	21,427
Other non-current liabilities	1,242	898	1,205	841	794	903	917	918
Total liabilities	**18,443**	**21,278**	**25,427**	**41,653**	**37,914**	**56,854**	**73,000**	**91,300**
Share capital	30,973	30,981	30,981	30,981	30,981	34,497	34,497	34,497
Reserves/R.E./others	142,005	149,977	135,943	134,072	139,419	403,474	590,202	708,936
Shareholders' equity	**172,978**	**180,958**	**166,924**	**165,053**	**170,400**	**437,971**	**624,699**	**743,433**
Minority interests	0	0	0	0	139	137	137	137
Total equity & liabilities	**191,421**	**202,236**	**192,351**	**206,706**	**208,453**	**494,962**	**697,836**	**834,871**
EV	1,334,877	1,344,820	1,370,718	1,381,669	1,379,534	1,178,457	1,083,057	1,036,102
Net debt/(cash)	**(78,975)**	**(69,032)**	**(43,134)**	**(32,183)**	**(34,457)**	**(235,532)**	**(330,932)**	**(377,887)**
BVPS (TWD)	**55.856**	**58.426**	**53.881**	**53.274**	**54.992**	**130.259**	**181.061**	**215.475**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	40.3	(33.5)	(47.5)	14.2	95.1	398.0	42.2	1.9
EBITDA (YoY)	85.6	(38.2)	(96.7)	545.8	249.3	1,220.3	43.8	(7.7)
Operating profit (YoY)	222.3	(59.5)	n.a.	n.a.	n.a.	4,551.2	45.2	(8.5)
Net profit (YoY)	197.3	(36.0)	n.a.	n.a.	n.a.	1,471.4	44.3	(8.5)
Core EPS (fully-diluted) (YoY)	195.0	(36.0)	n.a.	n.a.	n.a.	2,215.8	40.6	(8.5)
Gross-profit margin	43.3	37.5	n.a.	n.a.	22.5	76.5	76.9	69.1
EBITDA margin	49.6	46.1	2.9	16.4	29.3	77.7	78.6	71.3
Operating-profit margin	31.8	19.3	(48.4)	(30.9)	7.9	73.6	75.1	67.5
Net profit margin	26.7	25.7	n.a.	n.a.	11.8	59.7	60.6	54.5
ROAE	14.0	8.3	n.a.	n.a.	4.7	39.2	53.8	38.2
ROAA	12.8	7.4	n.a.	n.a.	3.8	56.3	47.9	34.1
ROCE	16.5	6.1	n.a.	n.a.	2.7	74.6	64.0	45.9
ROIC	22.6	9.3	n.a.	n.a.	3.8	n.a	n.a	96.5
Net debt to equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	17.7	13.4	30.5	16.3	2.9	1.8	1.7	1.7
Accounts receivable (days)	41.5	51.0	58.5	50.0	56.7	51.6	72.3	84.2
Current ratio (x)	6.8	6.5	4.8	3.3	5.7	10.4	9.8	8.1
Net interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	50.2	45.1	n.a.	n.a.	53.0	48.7	50.0	50.0
Free cash flow yield	2.3	0.1	n.a.	n.a.	0.4	8.4	13.0	12.6

Source: FactSet, Daiwa forecasts

Company profile

Nanya manufactures dynamic random access memory (DRAM). Focusing on consumer DRAM market, Nanya had developed its technology through cooperation with other advanced suppliers such as Micron. Recently, as the fourth largest player in the global DRAM market, Nanya plans to apply its own process (1anm, 1bnm) developed to manufacture DRAM, targeting the mobile and server DRAM market. Nanya currently has wafer capacity of c.70k units, of which the 20nm-process accounts for 80% and is centred in Taiwan.

Daiwa Capital Markets Hong Kong Limited

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	Nanya is making an effort to ensure the quality of its board by appointing technology and accounting experts. The Board comprises 9 internal and 3 independent directors, 3 of whom are accounting experts and 6 are technology experts. Two of the directors are female and 4 directors are managerial officers of Nanya, including personnel from Nanya Plastic and Formosa.
G	Capital management	1	The company plans to increase its capex to TWD16bn for 2025 .
G	Related party & transaction	1	Nanya has no actual or proposed related-party transaction that exceeds 1% of its revenue. The company commented that the terms and pricing of sales with associates did not significantly differ from its normal selling prices.
S	Supply chain management	1	Nanya has multiple material suppliers to reduce its purchasing risk. The number of major suppliers increased to 412 in 2024 from 304 in 2020. Nanya is working with suppliers to construct a resilient and stable supply chain.
E	Water & wastewater management	1	Nanya targets to maintain its water recycling ratio at over 95% through a complete water recycling chain. In 2024, it achieved a 97% water recovery ratio (vs. 87% in 2020), thanks to its wastewater processing effort. Nanya has water supply from its backup wells (400m deep) and water tanks. It maintains 143 days of normal production at its plants with 2,000 CMD of well water.
E	Waste & hazardous materials management	2	Nanya increased its waste recycling and reuse rate to 99% in 2024 (vs. 89.6% in 2019). The company has conducted on-site audits and assists its suppliers with waste disposal. Also, Nanya reviewed 51 raw material suppliers for RoHS terms, and had a 100% rate of completion in 2024.
E	GHG emissions	2	The main sources of greenhouse gas (GHG) emissions are purchased electricity, which accounted for c.86% of Nanya's GHG emissions in 2024. Accordingly, Nanya has set a long-term goal of replacing coal-fired electricity with natural gas and implementing a green energy programme by using solar panels to reduce GHG emissions. On 7 October 2022, Science Based Targets initiative (SBTi) approved Nanya's GHG emission reduction target, ensuring its emission reduction roadmap is consistent with the Paris Agreement. With 2020 as the base year, Nanya targets a 25% reduction in GHG emissions (scope 1 and scope 2) and a 27% reduction in emissions per unit product (scope 3) by 2030.

Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.

Update Date: 2 Jan 2026

Source: Daiwa, Company

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Rating	Percentage of total
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Source: Daiwa

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