NYPCB (8046.TW)

New capacity expansion on high-end ABF suggesting significant ASP jump in the next 3+ years; short-term pricing uptrend remains solid; reiterate Buy (on CL)

8046.TW	12m Price Target: NT$2,500.00	Price: NT$1,130.00	Upside: 121.2%

We hosted NYPCB's 2Q26 post result on August 11th. Key takeaways include:

(1) NYPCB mentioned it is considering multiple different CAPEX plans apart from the new Chiayi plant but most of these plans are still under evaluation. For the new Chiayi plant (NT$46.8bn investment or ~7% of NYPCB's market cap today - see here), NYPCB mentioned it will focus on the next generation advanced packaging substrates, whose pricing per unit can be US$1,000+, depending on the actual spec of substrates, and the revenue contribution could start from 1H29.

(2) In terms of the pricing of ABF substrates, the company mentioned the ASP growth will accelerate in 2H26 vs. 1H26, while NYPCB believes the like for like basis pricing will continue to go up in coming quarters, due to the industry supply shortage condition (NYPCB doesn't expect this to be solved in 2027-28 and expects the pricing for ABF substrate could continue to go higher every quarter/year without any pricing ceiling).

(3) For BT substrates, the company mentioned the GM went up from single digits % in 1Q26 to low twenties % in 2Q26, thanks to the 20-30% QoQ pricing hike per quarter since 2H25, and NYPCB continues to believe the BT substrate pricing will go up by 20-30% QoQ per quarter in foreseeable future.

(4) In 3Q26, the company believes the revenue should go up by at least high teens % QoQ and targets to reach 20%+ QoQ if possible. In terms of the revenue growth, ABF substrates will be the key growth driver for 3Q with more high-end switches IC & AI ASIC IC substrate demand and the better pricing outlook, as well as the increasing contribution from its Kunshan plant (UTR was 50% only in 2Q26 vs. 3Q should be 70%+ with increasing demand from high-end networking customer).

BUY (CL)

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Key Data

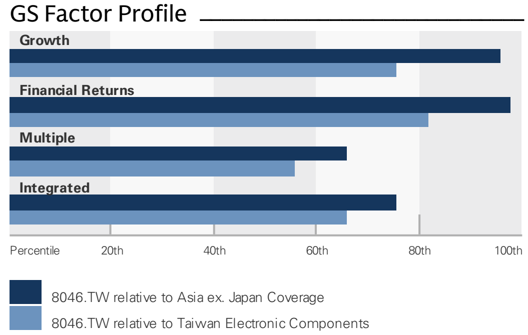
Market cap: NT$730.2bn / $22.7bn
Enterprise value: NT$713.5bn / $22.2bn
3m ADTV: NT$16.8bn / $525.9mn
Taiwan
Taiwan Electronic Components
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (NT$ mn)	40,173.0	63,496.6	128,352.1	208,109.8
EBITDA (NT$ mn)	8,876.3	23,683.3	61,326.0	107,543.3
EPS (NT$)	3.01	20.68	65.83	120.18
P/E (X)	56.6	54.6	17.2	9.4
P/B (X)	2.4	13.5	9.2	5.8
Dividend yield (%)	1.2	0.7	2.3	4.3
N debt/EBITDA (ex lease,X)	(1.0)	(0.7)	(0.5)	(0.5)
CROCI (%)	6.3	20.0	43.1	60.2
FCF yield (%)	0.5	1.3	2.5	5.5

	6/26	9/26E	12/26E	3/27E
EPS (NT$)	3.50	6.16	8.99	11.23

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

NYPCB (8046.TW)

BUY CL

Rating since Aug 25, 2025

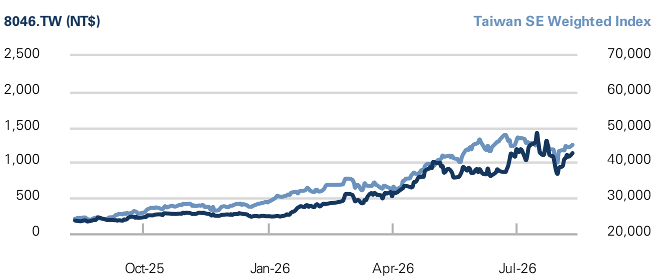
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	56.6	54.6	17.2	9.4
P/B (X)	2.4	13.5	9.2	5.8
FCF yield (%)	0.5	1.3	2.5	5.5
EV/EBITDAR (X)	11.4	30.1	11.4	6.3
EV/EBITDA (excl. leases) (X)	11.4	30.1	11.4	6.3
CROCI (%)	6.3	20.0	43.1	60.2
ROE (%)	4.3	26.7	63.6	75.4
Net debt/equity (%)	(18.6)	(30.8)	(37.6)	(42.1)
Net debt/equity (excl. leases) (%)	(18.6)	(30.8)	(37.6)	(42.1)
Interest cover (X)	27,921.3	–	–	–
Days inventory outst, sales	41.7	32.4	22.7	21.1
Receivable days	76.4	70.4	63.5	68.7
Days payable outstanding	16.1	21.9	24.5	25.3
DuPont ROE (%)	4.2	24.7	53.4	61.5
Turnover (X)	0.7	0.8	1.1	1.2
Leverage (X)	1.3	1.4	1.4	1.4
Gross cash invested (ex cash) (NT$)	98,759.1	105,904.3	125,787.2	157,104.7
Average capital employed (NT$)	37,251.5	37,486.7	43,581.2	61,391.0
BVPS (NT$)	71.38	83.79	123.28	195.39

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	24.4	58.1	102.1	62.1
EBITDA growth	70.9	166.8	158.9	75.4
EPS growth	855.6	586.4	218.3	82.6
DPS growth	100.0	313.6	218.3	82.6
EBIT margin	4.9	25.9	41.9	47.8
EBITDA margin	22.1	37.3	47.8	51.7
Net income margin	4.8	21.0	33.1	37.3

Price Performance



	3m	6m	12m
Absolute	32.3%	175.9%	570.6%
Rel. to the Taiwan SE Weighted Index	22.5%	103.1%	258.6%

Source: FactSet. Price as of 10 Aug 2026 close.

Income Statement (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	40,173.0	63,496.6	128,352.1	208,109.8
Cost of goods sold	(36,525.9)	(45,172.0)	(71,625.7)	(104,343.1)
SG&A	(1,664.6)	(1,212.8)	(1,833.5)	(2,593.7)
R&D	0.0	(666.9)	(1,167.4)	(1,610.1)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**8,876.3**	**23,683.3**	**61,326.0**	**107,543.3**
Depreciation & amortization	(6,893.8)	(7,238.5)	(7,600.5)	(7,980.5)
EBIT	**1,982.4**	**16,444.8**	**53,725.5**	**99,562.8**
Net interest inc./(exp.)	158.2	160.3	311.6	558.6
Income/(loss) from associates	0.0	0.0	0.0	–
Pre-tax profit	**2,345.5**	**17,127.0**	**53,725.5**	**99,562.8**
Provision for taxes	(398.7)	(3,765.1)	(11,189.0)	(21,903.8)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**1,946.8**	**13,361.9**	**42,536.5**	**77,659.0**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**1,946.8**	**13,361.9**	**42,536.5**	**77,659.0**
EPS (basic, pre-except) (NT$)	**3.01**	**20.68**	**65.83**	**120.18**
EPS (diluted, pre-except) (NT$)	**3.01**	**20.68**	**65.83**	**120.18**
EPS (basic, post-except) (NT$)	**3.01**	**20.68**	**65.83**	**120.18**
EPS (diluted, post-except) (NT$)	**3.01**	**20.68**	**65.83**	**120.18**
DPS (NT$)	2.00	8.27	26.33	48.07
Div. payout ratio (%)	66.4	40.0	40.0	40.0

Balance Sheet (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	8,589.5	16,700.0	29,939.4	53,197.8
Accounts receivable	9,707.7	14,786.9	29,890.2	48,463.9
Inventory	5,067.7	6,188.0	9,811.7	14,293.6
Other current assets	257.8	257.8	257.8	257.8
Total current assets	**23,622.6**	**37,932.6**	**69,899.1**	**116,213.1**
Net PP&E	35,373.3	35,134.8	42,534.3	59,553.9
Net intangibles	–	–	–	–
Total investments	500.2	500.2	500.2	500.2
Other long-term assets	1,711.2	1,711.2	1,711.2	1,711.2
Total assets	**61,207.4**	**75,278.8**	**114,644.9**	**177,978.4**
Accounts payable	1,710.9	3,712.8	5,887.0	8,576.1
Short-term debt	0.0	–	–	–
Short-term lease liabilities	–	–	–	–
Other current liabilities	5,477.9	9,530.3	21,200.2	35,249.2
Total current liabilities	**7,188.8**	**13,243.1**	**27,087.2**	**43,825.3**
Long-term debt	0.0	–	–	–
Long-term lease liabilities	–	–	–	–
Other long-term liabilities	7,895.8	7,895.8	7,895.8	7,895.8
Total long-term liabilities	**7,895.8**	**7,895.8**	**7,895.8**	**7,895.8**
Total liabilities	**15,084.5**	**21,138.8**	**34,982.9**	**51,721.1**
Preferred shares	–	–	–	–
Total common equity	46,122.9	54,140.0	79,661.9	126,257.3
Minority interest	--	--	--	--
Total liabilities & equity	**61,207.4**	**75,278.8**	**114,644.9**	**177,978.4**
Net debt, adjusted	(8,589.5)	(16,700.0)	(29,939.4)	(53,197.8)

Cash Flow (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Net income	1,946.8	13,361.9	42,536.5	77,659.0
D&A add-back	6,893.8	7,238.5	7,600.5	7,980.5
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(3,218.0)	(4,197.5)	(16,552.8)	(20,366.5)
Other operating cash flow	(2,595.6)	0.0	0.0	0.0
Cash flow from operations	**3,027.0**	**16,402.9**	**33,584.1**	**65,273.0**
Capital expenditures	(2,422.3)	(7,000.0)	(15,000.0)	(25,000.0)
Acquisitions	–	–	–	–
Divestitures	74.6	–	–	–
Others	625.1	–	–	–
Cash flow from investing	**(1,722.7)**	**(7,000.0)**	**(15,000.0)**	**(25,000.0)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(646.2)	(1,292.3)	(5,344.7)	(17,014.6)
Inc/(dec) in debt	–	–	–	–
Other financing cash flows	(549.4)	0.0	0.0	0.0
Cash flow from financing	**(1,195.5)**	**(1,292.3)**	**(5,344.7)**	**(17,014.6)**
Total cash flow	**108.8**	**8,110.5**	**13,239.4**	**23,258.4**
Free cash flow	604.7	9,402.9	18,584.1	40,273.0

Source: Company data, Goldman Sachs Research estimates.

(5) In terms of the material supply update, NYPCB believes the cost from T-glass will go even higher in 2H26 vs. 1H26, and the company believes the shortage on T-glass will not be solved in the foreseeable future, considering the acceleration on substrate spec migration speed which should continue to result in lower industry average yield rate and consume more and more T-glass volume in the long term.

(6) For the new capacity expansion plans, the company is considering whether to get some funding from customers (like other ABF suppliers), but it will focus on bank loan first, as the flexibility on capacity usage could be limited if getting the funding from customers.

Maintain Buy on NYPCB, as the key spot price ABF substrate supplier in the market which should benefit strongly from the S/D shortage and pricing hike in the foreseeable future, with an unchanged TP of NT$2,500 (based on 21x 2028E EPS).

Exhibit 1: P&L table

NT$mn	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	2025	2026E	2027E	2028E	2029E
Revenue	11,177	13,575	17,284	21,460	24,118	29,222	34,661	40,351	44,585	50,594	53,276	59,655	40,173	63,497	128,352	208,110	336,653
Gross profit	1,771	3,360	5,408	7,785	9,566	12,422	15,716	19,022	21,749	25,020	26,462	30,536	3,647	18,325	56,726	103,767	189,175
Operating expense	(419)	(460)	(486)	(514)	(607)	(696)	(769)	(928)	(951)	(961)	(1,012)	(1,279)	(1,665)	(1,880)	(3,001)	(4,204)	(7,269)
Operating income	1,352	2,899	4,922	7,271	8,959	11,726	14,947	18,094	20,798	24,059	25,450	29,257	1,982	16,445	53,725	99,563	181,906
Pretax income	1,598	2,976	5,102	7,451	8,959	11,726	14,947	18,094	20,798	24,059	25,450	29,257	2,346	17,127	53,725	99,563	182,626
Taxes expense	(290)	(714)	(1,122)	(1,639)	(1,702)	(2,580)	(3,288)	(3,619)	(4,575)	(5,293)	(5,599)	(6,436)	(399)	(3,765)	(11,189)	(21,904)	(39,790)
Net income	1,309	2,262	3,979	5,812	7,256	9,146	11,659	14,475	16,222	18,766	19,851	22,820	1,947	13,362	42,537	77,659	142,836
EPS, NT$	**2.03**	**3.50**	**6.16**	**8.99**	**11.23**	**14.15**	**18.04**	**22.40**	**25.11**	**29.04**	**30.72**	**35.32**	**3.01**	**20.68**	**65.83**	**120.18**	**221.05**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	15.8%	24.7%	31.3%	36.3%	39.7%	42.5%	45.3%	47.1%	48.8%	49.5%	49.7%	51.2%	9.1%	28.9%	44.2%	49.9%	56.2%
Operating expense ratio	3.8%	3.4%	2.8%	2.4%	2.5%	2.4%	2.2%	2.3%	2.1%	1.9%	1.9%	2.1%	4.1%	3.0%	2.3%	2.0%	2.2%
Operating margin	12.1%	21.4%	28.5%	33.9%	37.1%	40.1%	43.1%	44.8%	46.6%	47.6%	47.8%	49.0%	4.9%	25.9%	41.9%	47.8%	54.0%
Net margin	11.7%	16.7%	23.0%	27.1%	30.1%	31.3%	33.6%	35.9%	36.4%	37.1%	37.3%	38.3%	4.8%	21.0%	33.1%	37.3%	42.4%
QoQ growth (%)																	
Revenue	0.1%	21.5%	27.3%	24.2%	12.4%	21.2%	18.6%	16.4%	10.5%	13.5%	5.3%	12.0%	-	-	-	-	-
Gross profit	26.7%	89.7%	61.0%	44.0%	22.9%	29.9%	26.5%	21.0%	14.3%	15.0%	5.8%	15.4%	-	-	-	-	-
Operating income	40.4%	114.4%	69.8%	47.7%	23.2%	30.9%	27.5%	21.1%	14.9%	15.7%	5.8%	15.0%	-	-	-	-	-
Net income	8.9%	72.8%	75.9%	46.1%	24.9%	26.0%	27.5%	24.2%	12.1%	15.7%	5.8%	15.0%	-	-	-	-	-
YoY growth (%)																	
Revenue	32.1%	41.7%	57.6%	92.2%	115.8%	115.3%	100.5%	88.0%	84.9%	73.1%	53.7%	47.8%	24%	58%	102%	62%	62%
Gross profit	311.7%	337.0%	415.2%	456.8%	440.0%	269.8%	190.6%	144.3%	127.4%	101.4%	68.4%	60.5%	920%	402%	210%	83%	82%
Operating income	3986.2%	692.0%	693.5%	655.1%	562.5%	304.4%	203.7%	148.8%	132.2%	105.2%	70.3%	61.7%	-257%	730%	227%	85%	83%
Net income	530.8%	-1306.7%	449.0%	383.6%	454.5%	304.4%	193.0%	149.1%	123.6%	105.2%	70.3%	57.7%	856%	586%	218%	83%	84%

Source: Company data, Goldman Sachs Global Investment Research

Investment Thesis & PT methodology and risks

Investment Thesis - NYPCB

NYPCB manufactures and markets printed circuit boards (PCBs) and integrated circuit (IC) substrates (including ABF and BT substrates). We are Buy-rated on NYPCB considering the company's high exposure to BT substrates and non-LTA ABF substrate (70%+ of total revenue), where we expect GM/OPM to increase significantly in the coming quarters (from breakeven in OPM in 1H25 to 27/41% in 2026/27E) due to the favorable substrate pricing outlook. Despite the company's low exposure to high-end ABF substrate industry (<20% of total revenue in 1H25), we believe the expanding demand from ASIC AI server and high-end switch IC demand will drive the company's high-end ABF revenue exposure to 40%+ by 2027E, suggesting better GM/OPM outlook in the long term. In 2H25-2H26, we believe NYPCB will continue to benefit from stronger ABF/BT pricing and should be a key beneficiary of the pricing uptrend considering the company's key focus on BT and non-LTA ABF substrate industries. Moreover, in the long term (after 2026), we expect the ABF industry to return to supply tightness, and NYPCB's expanding high-end exposure will lead to a long-term earnings growth outlook (122%

2026-28E earnings CAGR). As a result, we see solid upside potential for NYPCB's earnings and stock performance.

Price Target Risks and Methodology - NYPCB

Valuation methodology: Our 12-month target price of NT$2,500 for NYPCB is based on 21x 2028E P/E, which is +1.5x STDV higher than the past upcycle average P/E (13.3x).

Key downside risks: (1) Slower-than-expected PC demand recovery, (2) Slower-than-expected ABF substrates pricing upgrading outlook, and (3) Slower-than-expected NYPCB new high-end capacity qualification progress.

Disclosure Appendix

Reg AC

I, Chao Wang, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

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GS Factor Profile

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

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Disclosures

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Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: NYPCB (NT$1,130.00)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: NYPCB (NT$1,130.00)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: NYPCB (NT$1,130.00)

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Goldman Sachs Investment Research global Equity coverage universe

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	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	34%	16%	65%	59%	43%

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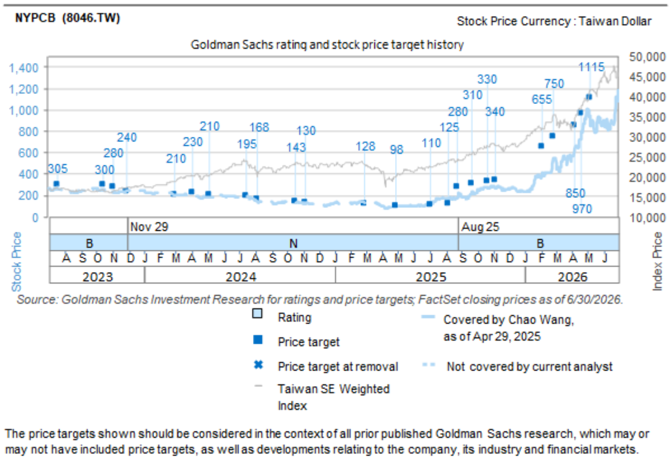
Price target and rating history chart(s)



Target price history table(s)
NYPCB (8046.TW)

Date of report	Target price (NT$)	Closing price (NT$)
06-Aug-26	2,500.00	1,105.00
12-Jul-26	2,310.00	1,215.00
07-May-26	1,115.00	947.00
21-Apr-26	970.00	789.00
08-Apr-26	850.00	637.00
25-Feb-26	750.00	553.00
03-Feb-26	655.00	394.50
05-Nov-25	340.00	272.00
21-Oct-25	330.00	273.50
22-Sep-25	310.00	235.50
25-Aug-25	280.00	186.00
07-Aug-25	125.00	172.50
04-Jul-25	110.00	126.00
29-Apr-25	98.00	101.00
28-Feb-25	128.00	136.00
06-Nov-24	130.00	124.50
18-Oct-24	143.00	133.50
07-Aug-24	168.00	143.00
16-Jul-24	195.00	183.50
06-May-24	210.00	185.00
03-Apr-24	230.00	209.00
01-Mar-24	210.00	210.50
29-Nov-23	240.00	251.00
03-Nov-23	280.00	232.50
16-Oct-23	300.00	253.00

Price targets shown in table(s) are unadjusted for corporate actions.

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