ITEQ Corp (6213.TW)

Earning Review: Price hikes to continue in 3Q26, despite the decelerating risk in 4Q26; remain Sell

6213.TW	12m Price Target: **NT$134.00**	Price: **NT$427.50**	Downside: **68.7%**

SELL

Chao Wang
+886(2)2730-4195 | kuan-chao.wang@gs.com
Goldman Sachs (Asia) L.L.C., Taipei Branch

Allen Chang
+852-2978-2930 | allen.k.chang@gs.com
Goldman Sachs (Asia) L.L.C.

Al Wang
+886(2)2730-4081 | al.wang@gs.com
Goldman Sachs (Asia) L.L.C., Taipei Branch

2Q26 beat on strong QoQ revenue growth on accelerating price hikes

ITEQ's 2Q26 core business (OPI) was 113%/52% higher than GSe/BBG consensus and 2Q26 GM beat GSe by 6.9ppt, primarily due to accelerated pricing hikes followed by product mix improvement. OPEX was lower than expected (NT$691mn in 2Q26 vs. GSe at NT$747mn). For earnings, ITEQ's 2Q26 net income was 105%/71% higher than GSe/BBG consensus, mainly due to the GM expansion driven by better pricing.

Going into 3Q26, we expect the company's revenue growth and GM expansion to sustain

We expect a 26% QoQ revenue increase in 3Q26, given the sustained strong general server demand and a better product mix. We expect ITEQ to continue to benefit from CCL pricing hikes in 2H26, where price increases continue to be driven by rising material costs (including E-glass and RG/RTF copper foil). Moreover, we expect the company's GM level to improve to 23.7% (vs. 22.0% in 2Q26) as we believe the higher pricing and better product mix will continue to drive the margin improvement, despite rising materials costs and material shortages remain key risks.

Furthermore, ITEQ announced a new Rmb2.1bn (~NT$10.3bn) CAPEX plan for the Wuxi plant expansion, with spending to be phased over 2026-29. The expansion will add 2.85mn sheets/month of high-end capacity (M7 and above) throughout 2027-29E (~53% of capacity increase by 2029 end vs. current capacity of 5.4mn sheets/month). The expansion is mainly focused on high-end CCL products for new ASIC customers as well as supporting general server demand. Based on the newly announced CAPEX plan, the company also raised its 2026 CAPEX guidance to ~NT$4bn from NT$1.5-2bn (~129% upward revision from the midpoint), and expects 2027/28 CAPEX to reach ~NT$3.8bn/~NT$3bn.

Key Data

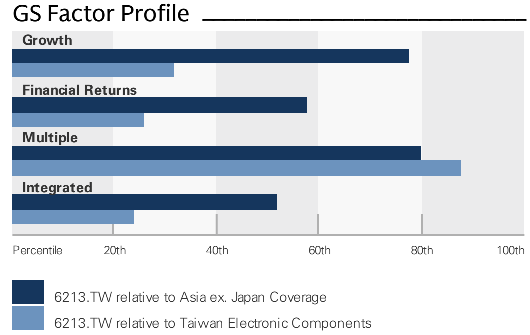
Market cap: NT$145.7bn / $4.5bn
Enterprise value: NT$145.1bn / $4.5bn
3m ADTV: NT$6.4bn / $200.8mn
Taiwan
Taiwan Electronic Components
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (NT$ mn) New	**33,098.3**	**49,032.4**	**55,282.1**	**62,054.3**
Revenue (NT$ mn) Old	33,098.3	42,709.6	49,899.0	57,323.5
EBITDA (NT$ mn)	3,968.5	9,016.0	9,019.5	11,339.4
EPS (NT$) New	**4.16**	**11.40**	**10.17**	**15.41**
EPS (NT$) Old	4.16	6.58	11.17	14.80
P/E (X)	22.0	37.5	42.0	27.7
P/B (X)	1.6	6.8	6.4	5.8
Dividend yield (%)	3.3	1.6	1.4	2.2
CROCI (%)	12.1	20.5	17.5	20.9

	6/26	9/26E	12/26E	3/27E
EPS (NT$)	3.52	3.77	3.24	1.97

GS Factor Profile



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

SELL

ITEQ Corp (6213.TW)

Rating since Jul 21, 2022

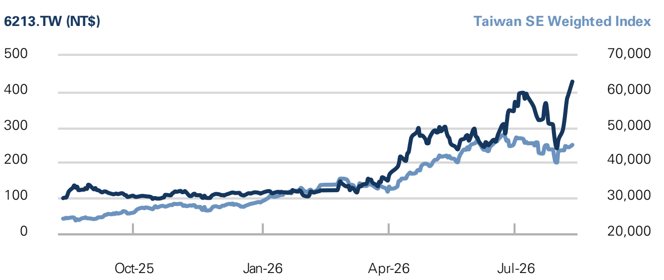
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	22.0	37.5	42.0	27.7
P/B (X)	1.6	6.8	6.4	5.8
FCF yield (%)	2.2	1.4	0.3	2.4
EV/EBITDAR (X)	8.5	17.1	17.4	13.7
EV/EBITDA (excl. leases) (X)	8.5	17.1	17.4	13.7
CROCI (%)	12.1	20.5	17.5	20.9
ROE (%)	7.2	18.7	15.6	21.9
Net debt/equity (%)	2.4	3.0	18.0	16.7
Net debt/equity (excl. leases) (%)	2.4	3.0	18.0	16.7
Interest cover (X)	15.0	35.9	34.4	45.1
Days inventory outst, sales	47.7	38.0	39.9	41.7
Receivable days	154.6	126.2	134.6	137.1
Days payable outstanding	97.6	101.6	114.5	119.5
DuPont ROE (%)	7.1	19.1	16.9	24.5
Turnover (X)	0.9	1.1	1.2	1.2
Leverage (X)	1.8	2.0	2.1	2.2
Gross cash invested (ex cash) (NT$)	30,386.9	33,194.0	39,260.7	42,977.5
Average capital employed (NT$)	21,077.7	22,045.4	24,062.9	26,242.2
BVPS (NT$)	58.21	63.15	67.22	73.39

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	12.7	48.1	12.7	12.3
EBITDA growth	40.5	127.2	0.0	25.7
EPS growth	83.8	173.9	(10.8)	51.5
DPS growth	66.7	127.9	(10.8)	51.5
EBIT margin	7.2	13.7	11.7	13.7
EBITDA margin	12.0	18.4	16.3	18.3
Net income margin	4.6	8.4	6.7	9.0

Price Performance



	3m	6m	12m
Absolute	48.7%	260.8%	375.0%
Rel. to the Taiwan SE Weighted Index	37.7%	165.6%	154.0%

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

Income Statement (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	33,098.3	49,032.4	55,282.1	62,054.3
Cost of goods sold	(28,313.8)	(38,864.8)	(44,886.6)	(49,226.5)
SG&A	(1,588.8)	(2,217.4)	(2,596.6)	(2,824.5)
R&D	(812.9)	(1,213.0)	(1,339.5)	(1,528.8)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**3,968.5**	**9,016.0**	**9,019.5**	**11,339.4**
Depreciation & amortization	(1,585.8)	(2,278.8)	(2,560.0)	(2,864.8)
EBIT	**2,382.7**	**6,737.2**	**6,459.4**	**8,474.6**
Net interest inc./(exp.)	(129.2)	(155.7)	(156.5)	(177.8)
Income/(loss) from associates	(6.5)	–	–	–
Pre-tax profit	**2,366.6**	**6,492.1**	**5,859.4**	**8,474.6**
Provision for taxes	(856.4)	(2,355.4)	(2,167.7)	(2,881.0)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**1,510.2**	**4,136.7**	**3,691.7**	**5,593.6**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**1,510.2**	**4,136.7**	**3,691.7**	**5,593.6**
EPS (basic, pre-except) (NT$)	**4.16**	**11.40**	**10.17**	**15.41**
EPS (diluted, pre-except) (NT$)	**4.16**	**11.40**	**10.17**	**15.41**
EPS (basic, post-except) (NT$)	**4.16**	**11.40**	**10.17**	**15.41**
EPS (diluted, post-except) (NT$)	**4.16**	**11.40**	**10.17**	**15.41**
DPS (NT$)	3.00	6.84	6.10	9.25
Div. payout ratio (%)	72.1	60.0	60.0	60.0

Balance Sheet (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	4,989.4	4,856.1	1,566.5	1,692.3
Accounts receivable	15,111.2	18,806.9	21,961.4	24,651.7
Inventory	4,890.4	5,323.9	6,763.7	7,417.7
Other current assets	981.3	981.3	981.3	981.3
Total current assets	**25,972.2**	**29,968.2**	**31,272.9**	**34,743.0**
Net PP&E	9,081.6	10,875.2	12,187.5	12,395.0
Net intangibles	9.4	(63.0)	(135.3)	(207.7)
Total investments	0.0	0.0	0.0	0.0
Other long-term assets	3,150.1	3,150.1	3,150.1	3,150.1
Total assets	**38,213.3**	**43,930.5**	**46,475.2**	**50,080.4**
Accounts payable	8,848.5	12,777.5	15,372.1	16,858.4
Short-term debt	3,401.7	3,401.7	3,401.7	3,401.7
Short-term lease liabilities	–	–	–	–
Other current liabilities	1,310.5	2,703.6	2,436.6	3,577.7
Total current liabilities	**13,560.7**	**18,882.7**	**21,210.4**	**23,837.8**
Long-term debt	2,101.9	2,101.9	2,101.9	2,101.9
Long-term lease liabilities	–	–	–	–
Other long-term liabilities	1,283.8	1,283.8	1,283.8	1,283.8
Total long-term liabilities	**3,385.6**	**3,385.6**	**3,385.6**	**3,385.6**
Total liabilities	**16,946.3**	**22,268.4**	**24,596.0**	**27,223.4**
Preferred shares	–	–	–	–
Total common equity	21,267.0	22,921.7	24,398.4	26,635.8
Minority interest	**--**	**(1,259.6)**	**(2,519.2)**	**(3,778.9)**
Total liabilities & equity	**38,213.3**	**43,930.5**	**46,475.2**	**50,080.4**
Net debt, adjusted	514.2	647.5	3,937.0	3,811.3

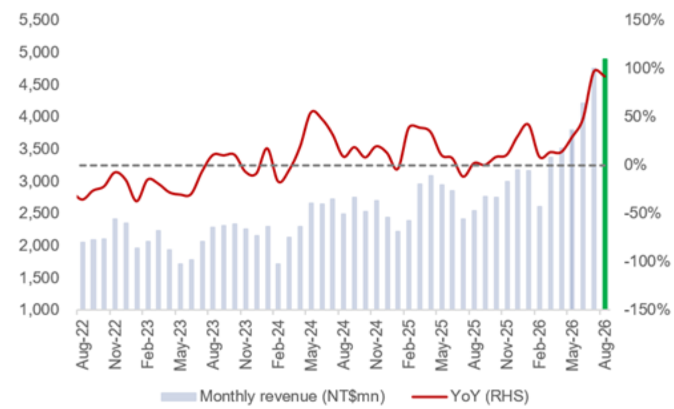
Cash Flow (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Net income	1,510.2	4,136.7	3,691.7	5,593.6
D&A add-back	1,585.8	2,278.8	2,560.0	2,864.8
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(1,165.3)	(200.3)	(1,999.6)	(1,858.0)
Other operating cash flow	338.7	–	–	–
Cash flow from operations	**2,269.4**	**6,215.3**	**4,252.1**	**6,600.4**
Capital expenditures	(1,539.4)	(4,000.0)	(3,800.0)	(3,000.0)
Acquisitions	–	–	–	–
Divestitures	21.8	–	–	–
Others	35.3	–	–	–
Cash flow from investing	**(1,482.3)**	**(4,000.0)**	**(3,800.0)**	**(3,000.0)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(653.3)	(1,089.0)	(2,482.0)	(2,215.0)
Inc/(dec) in debt	1,377.7	–	–	–
Other financing cash flows	(1,105.5)	(1,259.6)	(1,259.6)	(1,259.6)
Cash flow from financing	**(381.1)**	**(2,348.6)**	**(3,741.7)**	**(3,474.6)**
Total cash flow	**406.0**	**(133.3)**	**(3,289.5)**	**125.7**
Free cash flow	730.0	2,215.3	452.1	3,600.4

Source: Company data, Goldman Sachs Research estimates.

ITEQ also announced its July revenue at NT$4,749mn (+13% MoM, +97% YoY), monthly revenue reaching another historical high, mainly driven by better pricing and the continued strength in general server demand. However, we continue to see pressure from rising material cost and potential material shortage despite the continuous pricing increase, while the revenue growth is tracking behind other CCL leaders (EMC and TUC, see here). For August, we expect revenue to rise by 3% MoM to NT$4,892mn (92% YoY), mainly driven by the improving ASP and sustained general server demand.

Exhibit 1: We estimate ITEQ's August revenue to increase by 92% YoY



Source: Company data, Goldman Sachs Global Investment Research

Investment view

We will continue to see solid revenue/profitability for the company in 2H26, while low-end CCL price increase (1) continues to reflect material costs increase (especially E-glass, which has surged 80%+ in 1H26), and (2) supported by tightening low-end CCL supply, as some CCL suppliers continue to shift capacity toward high-end CCL (see here). We expect the low-end CCL price increase to sustain in 3Q26, but will decelerate from 4Q26 as E-glass shortage will gradually ease as consumer-related CCL demand (accounted for ~90% of E-glass demand per GSe) will enter the low season. Moreover, the low-end CCL industry remains weak and will likely only grow at 2% 2025-28E TAM CAGR, as consumer-related applications account for 50%+ of total low-end CCL demand (we expect smartphone to see -10%/3%/1% YoY growth and PC to see -14/-5/0% YoY growth in 2026-28E, see here and here). ITEQ's revenue growth should outperform (23% 2025-28E CAGR) overall low-end CCL industry TAM, but is still tracking slower than high-end CCL market growth (96% 2025-28E CAGR), where high-end CCL pricing is supported by strong AI demand and continuous supply shortage throughout 2026-28E.

We continue to expect a solid outlook for general servers (we now expect general server volume to increase by 14/6/6% YoY in 2026-28E, see here), which is the key driver for ITEQ's revenue growth since 2025. However, key CPU material shortages remain a key risk (we expect ABF substrate shortage ratio could reach 14/34/51% in 1H26/2027/2028, see here), which could result in slower product mix improvement for ITEQ.

For ITEQ's latest Wuxi plant expansion, this is primarily to serve new ASIC customers and for some general server CCL demand. However, we expect EMC to maintain a leading share for these clients (see here), as EMC maintains a technology leadership in high-end

CCL, and is also more proactive in high-end capacity expansion (with 3.15mn sheets/month of new capacity to be out in 2027, significantly ahead of ITEQ's planned 600k sheets/month capacity addition in 2027). Given ITEQ's relatively slower technology migration and continued focus on the mid- to low-end market, we believe it will take time for the company to gain meaningful share in the AI CCL market and see sustainable profitability.

Overall, we maintain Sell on ITEQ with a revised TP of NT$134 (from NT$117)

Exhibit 2: ITEQ earnings comparison table

ITEQ (6213.TW)	2Q26			QoQ		YoY		Bloomberg consensus	
P&L (NT$mn)	Actual	GS est.	Diff (%)	1Q26	QoQ	2Q25	YoY	Consensus	%
Revenue	11,530	10,668	8%	9,143	26%	8,877	30%	11,166	3%
Gross profits	2,539	1,615	57%	1,044	143%	1,384	84%	1,877	35%
Operating profits	1,848	868	113%	424	336%	788	135%	1,213	52%
Pre-tax income	1,834	958	91%	483	279%	670	174%	1,268	45%
Net earnings	1,279	623	105%	315	307%	420	204%	750	71%
EPS, NT$	3.52	1.72	105%	0.87	306%	1.16	204%	2.26	56%
Gross margin (%)	22.0%	15.1%	6.9ppt	11.4%	10.6ppt	15.6%	6.4ppt	16.8%	5.2ppt
EBIT margin (%)	16.0%	8.1%	7.9ppt	4.6%	11.4ppt	8.9%	7.2ppt	10.9%	5.2ppt
Net margin (%)	11.1%	5.8%	5.3ppt	3.4%	7.7ppt	4.7%	6.4ppt	6.7%	4.4ppt

Source: Company data, Goldman Sachs Global Investment Research

Earnings revisions

We revise up our 2026 revenue and GM estimates to factor in 2Q26 results and better pricing environment. We revise up our 2027/28 revenue by 11/8% to factor in the latest capacity expansion plans. Moreover, we revise up our 2027/28E GM estimates by 0.2/0.8ppt to reflect improvement in product mix due to the new expansions. Overall, we revise up our 2026E earnings estimates by 73% due to better-than-expected general server demand, revise down our 2027E earnings estimates by 9% with a higher tax rate assumption, and revise up our 2028E earnings estimates by 4% with more contribution from the new capacity.

Also, we introduce our 2029 estimates within this report.

Exhibit 3: ITEQ earnings revision table

ITEQ P&L (NT$ mn)	2026 New	2026 Old	Diff.	2027 New	2027 New	Diff.	2028 New	2028 New	Diff.	2029 New
Sales	49,032	42,710	15%	55,282	49,899	11%	62,054	57,323	8%	72,512
Gross Profit	10,168	6,706	52%	10,395	9,277	12%	12,828	11,407	12%	15,585
EBIT	6,737	3,651	85%	6,459	5,798	11%	8,475	7,451	14%	10,583
Net Income	4,137	2,387	73%	3,692	4,056	-9%	5,594	5,373	4%	6,985
EPS (NT$)	**11.40**	**6.58**	**73%**	**10.17**	**11.17**	**-9%**	**15.41**	**14.80**	**4%**	**19.25**
Ratio analysis										
Gross margin	20.7%	15.7%	5.0pp	18.8%	18.6%	0.2pp	20.7%	19.9%	0.8pp	21.5%
EBIT margin	13.7%	8.5%	5.2pp	11.7%	11.6%	0.1pp	13.7%	13.0%	0.7pp	14.6%
Net margin	8.4%	5.6%	2.8pp	6.7%	8.1%	-1.4pp	9.0%	9.4%	-0.4pp	9.6%

Source: Goldman Sachs Global Investment Research

Valuation

We revise up our 12m TP to NT$134 (from NT$117), based on an unchanged target P/E of 13.5x (0.5x s.d. lower than past 10-year average valuation) and roll over our valuation base from 2H26-1H27E to 4Q26E-3Q27E, and factor in our earnings revisions.

Exhibit 4: ITEQ P&L table

NT$mn	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	2025	2026E	2027E	2028E	2029E
Revenue	9,143	11,530	14,531	13,828	13,300	13,489	13,971	14,522	15,015	15,129	15,767	16,143	33,098	49,032	55,282	62,054	72,512
Gross profit	1,044	2,539	3,445	3,140	2,323	2,480	2,630	2,963	2,960	3,090	3,307	3,471	4,784	10,168	10,395	12,828	15,585
Operating expense	(620)	(691)	(1,075)	(1,044)	(971)	(971)	(992)	(1,002)	(1,036)	(1,044)	(1,135)	(1,138)	(2,402)	(3,430)	(3,936)	(4,353)	(5,003)
Operating income	424	1,848	2,369	2,096	1,352	1,509	1,638	1,961	1,924	2,046	2,172	2,333	2,383	6,737	6,459	8,475	10,583
Pretax income	483	1,834	2,279	1,896	1,152	1,309	1,438	1,961	1,924	2,046	2,172	2,333	2,367	6,492	5,859	8,475	10,583
Taxes expense	(169)	(554)	(912)	(720)	(438)	(497)	(546)	(686)	(635)	(716)	(760)	(770)	(856)	(2,355)	(2,168)	(2,881)	(3,598)
Net income	315	1,279	1,368	1,175	714	811	891	1,275	1,289	1,330	1,412	1,563	1,510	4,137	3,692	5,594	6,985
EPS, NT$	**0.87**	**3.52**	**3.77**	**3.24**	**1.97**	**2.24**	**2.46**	**3.51**	**3.55**	**3.66**	**3.89**	**4.31**	**4.16**	**11.40**	**10.17**	**15.41**	**19.25**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	11.4%	22.0%	23.7%	22.7%	17.5%	18.4%	18.8%	20.4%	19.7%	20.4%	21.0%	21.5%	14.5%	20.7%	18.8%	20.7%	21.5%
Operating expense ratio	6.8%	6.0%	7.4%	7.6%	7.3%	7.2%	7.1%	6.9%	6.9%	6.9%	7.2%	7.1%	7.3%	7.0%	7.1%	7.0%	6.9%
Operating margin	4.6%	16.0%	16.3%	15.2%	10.2%	11.2%	11.7%	13.5%	12.8%	13.5%	13.8%	14.5%	7.2%	13.7%	11.7%	13.7%	14.6%
Net margin	3.4%	11.1%	9.4%	8.5%	5.4%	6.0%	6.4%	8.8%	8.6%	8.8%	9.0%	9.7%	4.6%	8.4%	6.7%	9.0%	9.6%
QoQ growth (%)																	
Revenue	2.5%	26.1%	26.0%	-4.8%	-3.8%	1.4%	3.6%	3.9%	3.4%	0.8%	4.2%	2.4%					
Gross profit	-17.2%	143.1%	35.7%	-8.9%	-26.0%	6.8%	6.0%	12.7%	-0.1%	4.4%	7.0%	5.0%					
Operating income	-32.4%	335.7%	28.2%	-11.5%	-35.5%	11.6%	8.5%	19.8%	-1.9%	6.4%	6.1%	7.4%					
Net income	-26.6%	306.8%	6.9%	-14.1%	-39.2%	13.6%	9.9%	43.0%	1.1%	3.2%	6.1%	10.7%					
YoY growth (%)																	
Revenue	20.6%	29.9%	88.1%	55.1%	45.5%	17.0%	-3.9%	5.0%	12.9%	12.2%	12.9%	11.2%	13%	48%	13%	12%	17%
Gross profit	-3.3%	83.5%	224.8%	149.0%	122.4%	-2.3%	-23.7%	-5.6%	27.4%	24.6%	25.8%	17.1%	30%	113%	2%	23%	21%
Operating income	-18.6%	134.5%	431.3%	234.0%	218.6%	-18.4%	-30.9%	-6.4%	42.3%	35.6%	32.6%	19.0%	76%	183%	-4%	31%	25%
Net income	-6.6%	204.3%	321.2%	174.4%	127.0%	-36.6%	-34.8%	8.5%	80.5%	63.9%	58.4%	22.6%	84%	174%	-11%	52%	25%
EPS	-6.6%	204.3%	321.2%	174.4%	127.0%	-36.6%	-34.8%	8.5%	80.5%	63.9%	58.4%	22.6%	84%	174%	-11%	52%	25%

Source: Company data, Goldman Sachs Global Investment Research

Investment Thesis & PT methodology and risks

ITEQ is a key high-end CCL player, mainly focused on the server market (15-20% global share as of 2024). While we are positive on its long-term outlook given promising growth in the server CCL and automotive high-speed CCL markets, we continue to see a weaker than peer revenue/profitability outlook, considering the company's lagging technology. Further, we believe the mid- to low-end CCL market oversupply issue will continue in the coming years, weighing on ITEQ's profitability in the foreseeable future. Meanwhile, the company is trading at a 2026E P/E that is much higher than the average peak valuation and Taiwan peers. We are Sell rated on the stock. Key upside risks: (1) stronger-than-expected demand from server/switch segments in the coming years; (2) stronger-than-expected CCL pricing hikes in the coming quarters without component cost increases; and (3) stronger-than-expected 5G BTS demand globally in the coming quarters.

Valuation methodology: Our 12m TP of NT$134 is based on a 4Q26E-3Q27E P/E multiple of 13.5x (-0.5x s.d. lower than past 10-year average valuation).

Key upside risks: (1) stronger-than-expected demand from server/switch segments in the coming years; (2) stronger-than-expected CCL pricing hikes in the coming quarters without component cost increases; and (3) stronger-than-expected 5G BTS demand globally in the coming quarters.

Disclosure Appendix

Reg AC

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

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Contributing Authors: Chao Wang Goldman Sachs (Asia) L.L.C., Taipei Branch, Allen Chang Goldman Sachs (Asia) L.L.C., Al Wang Goldman Sachs (Asia) L.L.C., Taipei Branch.

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Goldman Sachs Investment Research global Equity coverage universe

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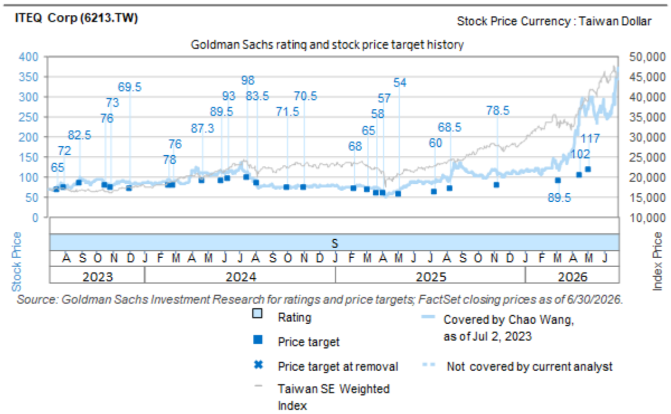
Price target and rating history chart(s)



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Target price history table(s)

ITEQ Corp (6213.TW)

Date of report	Target price (NT$)	Closing price (NT$)
06-May-26	117.00	285.00
17-Apr-26	102.00	270.50
08-Mar-26	89.50	127.50
11-Nov-25	78.50	106.00
11-Aug-25	68.50	99.00
15-Jul-25	60.00	93.80
06-May-25	54.00	66.40
06-Apr-25	57.00	66.00
24-Mar-25	58.00	74.00
07-Mar-25	65.00	73.70
09-Feb-25	68.00	72.00
05-Nov-24	70.50	78.00
03-Oct-24	71.50	75.30
06-Aug-24	83.50	76.50
17-Jul-24	98.00	114.00
11-Jun-24	93.00	111.50
29-May-24	89.50	114.00
23-Apr-24	87.30	109.00
28-Feb-24	76.00	86.00
18-Feb-24	78.00	94.80
05-Dec-23	69.50	86.60
31-Oct-23	73.00	75.90
20-Oct-23	76.00	80.00
30-Aug-23	82.50	96.40

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

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