J.P.Morgan

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15 July 2026

Powerchip Semiconductor Manufacturing Corp.

Stronger-than-expected GM on near-term price hikes; rising AI contribution in medium term; stay OW

Overweight

6770.TWO, 6770 TT
Price (14 Jul 26):NT$69.20
Price Target (Jun-27):NT$100.00

We now believe PSMC's GM ramp could be faster than expected, given stronger price hikes in its memory foundry business. Meanwhile, logic foundry is tracking well, with 10–15% price increases across both 8" and 12" in 1H26. Beyond pricing, we expect continued mix improvement (e.g. higher memory contribution, rising PMIC share in logic while reducing DDIC and sensor exposure) to support overall ASP growth of 50%+/25%+ in 2026/27. Longer term, we see several new growth drivers: 1) DRAM process migration to 1X (self-developed) and 1P (technology transferred from Micron); 2) HBM post-wafer fabrication (PWF) outsourced from Micron; 3) Si capacitor wafers primarily for Intel EMIB; 4) Interposer demand spillover from tight CoWoS supply at TSMC; and 5) WoW stacking as a more power-efficient memory architecture. We therefore believe revenue and margin expansion can extend beyond the near-term pricing momentum and persist into 2027–28. We maintain OW with a PT of NT$100.

- **Strong pricing momentum in both memory and logic:** PSMC reported +27% QoQ revenue growth and an +18ppt GM expansion in 2Q, as strong memory price hikes in late 2025 finally flowed through (given the ~5-month cycle time). Beyond spot-price tailwinds, the company implemented a structural price hike for memory foundry in February, followed by another in July of greater magnitude (~45%). We therefore expect a stronger-than-anticipated revenue and margin ramp in 4Q26. On the logic side, the pricing environment is also improving: both 8" and 12" saw 10–15% price increases in 1H, with potential for further hikes in 2H (particularly 8"). ASP growth could extend beyond headline price increases as PSMC continues to shift mix toward higher-margin products (e.g., PMIC) while reducing exposure to lower-margin lines (DDIC, sensors), aided by tight capacity (near full UTR now excluding lines under progress of relocation from P5). In sum, with rising memory contribution (>50% of revenue now), continued logic mix improvement, and a robust pricing backdrop, we expect the company's blended ASP to increase 50+%/25+% YoY in 2026/27.
- **DRAM technology migration and PWF to drive long-term memory growth:** PSMC is pursuing several memory upgrades: 1) a self-developed 1X process node; 2) a 1P node via technology transfer from Micron; and 3) HBM PWF (post-wafer fabrication) outsourced from Micron, with Micron already making prepayments. The 1X node was ready in June, while the 1P node will ramp in mid-2028 and offers 1.5–2x ASP versus PSMC's current node. The PWF mini-line is targeted for completion by YE26 with MP in 4Q27, which we believe will be margin-accretive. We therefore view PSMC's memory growth as increasingly structural and sustainable—extending beyond spot-price dynamics.
- **3D AI foundry as a new growth engine, with Si capacitor taking the lead:** 3D AI foundry reached 5+% of company revenue in 2Q26, up from 3% in 1Q and 2-3% in 2025. The company targets 20% of revenue from 3D AI foundry within three years, supported by: 1) strong demand for Si capacitors (primarily

Technology and Telecoms

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (NT$)	6.41	6.61	3.1%
Adj. EPS - 27E (NT$)	6.52	7.16	9.8%

Quarterly Forecasts (FYE Dec)

Adj. EPS (NT$)

	2025A	2026E	2027E
Q1	(0.26)	3.36A	1.62
Q2	(0.80)	0.76A	1.78
Q3	(0.65)	1.10	1.86
Q4	(0.16)	1.50	1.90
FY	(1.87)	6.61	7.16

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	23	100	100	65	68
Growth	78	97	99	42	3
Momentum	5	95	98	96	
Quality	98	100	100	46	68
Low Vol	94	74	57	53	98

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 9 for analyst certification and important disclosures, including non-US analyst disclosures.

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Price Performance

	YTD	1m	3m	12m
Abs	75.0%	3.0%	26.7%	327.2%
Rel	20.5%	1.7%	3.5%	229.3%

Company Data

Shares O/S (mn)	4,140
52-week range (NT$)	94.50-14.65
Market cap ($ mn)	8,897
Exchange rate	32.20
Free float (%)	77.9%
3M ADV (mn)	210.31
3M ADV ($ mn)	468.5
Volatility (90 Day)	80
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	5|3|0

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	46,730	75,138	101,289	109,666
Adj. EBIT	(5,960)	31,545	37,601	43,729
Adj. EBITDA	5,263	41,400	47,612	53,999
Adj. net income	(7,813)	29,619	33,398	39,163
Adj. EPS	(1.87)	6.61	7.16	8.40
BBG EPS	(1.89)	5.52	5.31	7.45
Cashflow from operations	(1,662)	63,704	46,843	52,949
FCFF	(10,654)	51,978	37,983	44,089
Margins and Growth				
Revenue Growth Y/Y (%)	4.5%	60.8%	34.8%	8.3%
EBIT margin	(12.8%)	42.0%	37.1%	39.9%
EBIT Growth Y/Y (%)	(25.2%)	(629.3%)	19.2%	16.3%
EBITDA margin	11.3%	55.1%	47.0%	49.2%
EBITDA Growth Y/Y (%)	205.9%	686.6%	15.0%	13.4%
Net margin	(16.7%)	39.4%	33.0%	35.7%
Adj. EPS growth	13.8%	(454.4%)	8.3%	17.3%
Ratios				
Adj. tax rate	(4.5%)	9.7%	17.0%	17.0%
Interest cover	3.0	52.0	234.4	1,015.9
Net debt/Equity	0.4	NM	NM	NM
Net debt/EBITDA	6.9	NM	NM	NM
ROE	(9.2%)	26.6%	21.5%	21.0%
Valuation				
FCFF yield	(3.7%)	16.8%	11.8%	13.7%
Dividend yield	0.0%	0.0%	1.5%	1.5%
EV/Revenue	6.9	2.9	1.8	1.3
EV/EBITDA	61.4	5.2	3.8	2.6
Adj. P/E	NM	10.5	9.7	8.2

Summary Investment Thesis and Valuation

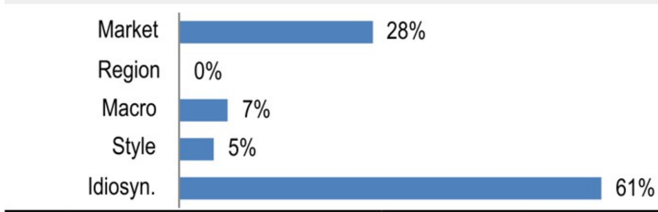
Investment Thesis

We are OW on PSMC, given its ability to sustain revenue and margin expansion beyond near-term pricing upside, which is likely to extend into the 2027-28 timeframe. We also expect continued mix improvement from higher memory representation and increasing PMIC contribution in logic with less DDIC and sensor exposure, supporting overall ASP growth of 50%+/25%+ in 2026/27. Longer term, we see several new growth drivers: 1) DRAM process migration to 1X and 1P; 2) HBM post-wafer fabrication (PWF); 3) Si capacitor wafers for Intel EMIB; 4) Interposer demand spillover from tight CoWoS supply; and 5) WoW stacking for more power-efficient memory architecture.

Valuation

We are OW on PSMC with a Jun-27 PT of NT$100 (13x 12M forward earnings, one notch lower vs. prior, given recent weaker memory sentiment) to reflect stronger memory Foundry ASP upgrades and multiple catalysts from MU collaborations and upside from logic Foundry.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.59	0.50
Region: Taiwan	-0.20	0.00
Macro:		
Emerging Economies CPI(YoY)	-0.23	-0.23
JP Morgan EMBI Global Spread	0.40	0.21
Citi Economic Surprise - EM	0.37	0.20
Quant Styles:		
Size	0.00	-0.13
Quality	-0.07	-0.12
Growth	-0.18	-0.08

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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used in Intel EMIB); 2) the PWF business with Micron; 3) interposer demand benefiting from spillover given tight TSMC CoWoS supply; and 4) WoW demand driven by the power-efficiency advantages of hybrid bonding versus current micro-bumps used in HBM. We believe Si capacitors make up the majority of current 3D AI revenue at ~1–2k wfpm shipment. The company is targeting 8–10k wfpm capacity by YE27, and we believe it can potentially ramp to 15–20k by 2028. Interposers should see rising contribution in 2027 once the 5–6k wfpm capacity relocated from P5 comes online. WoW and PWF are longer-term drivers, in our view—likely 2028 and beyond—once larger-scale capacity is in place.

- **GM ramping faster than expected:** The GM improvement is coming in faster than our previous expectation. We now model PSMC reaching ~43%/48% GM by YE26/27 and expect it to surpass its historical peak of 51% by mid-2028. Near-term drivers are stronger-than-expected price hikes in both logic and memory, while multiple new business lines provide mid-term support for continued margin expansion. We forecast EPS of NT$6.61 in 2026 (including the one-off gain from selling the Tongluo fab to Micron) and NT$7.16/NT$8.40 in 2027/28 (up 130%/17% YoY on a recurring basis).

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Earnings Review

Table 1: PSMC – 2Q26 earnings review

NT$ in millions, %

	2Q26			Variance		Growth	
NT$ million	Actual	JPMe	BBG	vs. JPMe	vs. Consensus	Q/Q	Y/Y
Revenues	**17,290**	**17,659**	**18,470**	**-2%**	**-6%**	**27%**	**53%**
Gross profit	4,889	5,076	4,260	-4%	15%	252%	N.A.
GM (%)	*28.3%*	*28.7%*	*23.1%*	*-47bps*	*521bps*	*1,805bps*	*3,734bps*
Operating profit	3,684	3,104	3,987	19%	-8%	-74%	N.A.
OPM (%)	*21.3%*	*17.6%*	*21.6%*	*373bps*	*-28bps*	*-8,351bps*	*3,635bps*
Net profit	3,291	3,232	3,564	2%	-8%	-77%	N.A.
EPS (NT$)	**0.78**	**0.76**	**0.84**	**2%**	**-8%**	**-77%**	**N.A.**

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Estimate Revisions

Table 2: PSMC – Quarterly estimate revisions

NT$ in millions, %

	Revised			Prior			Change (%)		
NT$ million	3Q26E	4Q26E	1Q27E	3Q26E	4Q26E	1Q27E	3Q26E	4Q26E	1Q27E
Revenues (NT$ in mn)	**20,848**	**23,427**	**24,009**	**20,823**	**21,935**	**22,891**	**0%**	**7%**	**5%**
Gross profit	7,897	10,131	10,859	7,934	9,048	10,104	-0%	12%	7%
GM (%)	*37.9%*	*43.2%*	*45.2%*	*38.1%*	*41.2%*	*44.1%*	*-22bps*	*200bps*	*109bps*
Operating profit	5,791	7,844	8,502	5,665	6,762	7,742	2%	16%	10%
OPM (%)	*27.8%*	*33.5%*	*35.4%*	*27.2%*	*30.8%*	*33.8%*	*57bps*	*265bps*	*159bps*
Net profit	5,122	6,974	7,552	5,068	6,024	6,859	1%	16%	10%
EPS (NT$)	**1.10**	**1.50**	**1.62**	**1.09**	**1.29**	**1.47**	**1%**	**16%**	**10%**
Recurring EPS (NT$)	**1.10**	**1.50**	**1.62**	**0.76**	**1.09**	**1.29**	**44%**	**38%**	**25%**
Operating Assumptions									
Capacity ('000 wafers, 8" equ)	468	464	479	468	464	479	0%	0%	0%
Shipment ('000 wafers, 8" equ)	454	454	448	454	454	448	0%	0%	0%
Shipment utilization (%)	97%	98%	94%	97%	98%	94%	0bps	0bps	0bps
Wafer ASP (US$)	1,453	1,631	1,693	1,450	1,527	1,614	0%	7%	5%

Source: J.P. Morgan estimates.

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Table 3: PSMC – Annual estimate revisions

NT$ in millions, %

	Revised			Prior			Change (%)		
NT$ million	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues (NT$ in mn)	**75,138**	**101,289**	**109,666**	**73,989**	**96,572**	**104,568**	**2%**	**5%**	**5%**
Gross profit	24,306	47,654	54,670	23,447	44,408	51,530	4%	7%	6%
GM (%)	*32.3%*	*47.0%*	*49.9%*	*31.7%*	*46.0%*	*49.3%*	*66bps*	*106bps*	*57bps*
Operating profit	31,545	37,601	43,729	29,757	34,336	40,459	6%	10%	8%
OPM (%)	*42.0%*	*37.1%*	*39.9%*	*40.2%*	*35.6%*	*38.7%*	*176bps*	*157bps*	*118bps*
Net profit	29,619	33,398	39,163	28,556	30,418	36,089	4%	10%	9%
EPS (NT$)	**6.61**	**7.16**	**8.40**	**6.41**	**6.52**	**7.74**	**3%**	**10%**	**9%**
Recurring EPS (NT$)	**3.11**	**7.16**	**8.40**	**2.90**	**6.52**	**7.74**	**7%**	**10%**	**9%**
Operating Assumptions									
Capacity ('000 wafers, 8" equ)	1,947	1,916	1,946	1,947	1,916	1,946	0%	0%	0%
Shipment ('000 wafers, 8" equ)	1,745	1,856	1,903	1,759	1,856	1,903	-1%	0%	0%
Shipment utilization (%)	90%	97%	98%	90%	97%	98%	-76bps	0bps	0bps
Wafer ASP (US$)	1,361	1,725	1,822	1,329	1,644	1,736	2%	5%	5%

Source: J.P. Morgan estimates.

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Table 4: PSMC – Financials

	FY25				FY26E				FY27E				FY28E							
NT$ in millions, year-end December	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Sales	**11,116**	**11,278**	**11,840**	**12,495**	**13,572**	**17,290**	**20,848**	**23,427**	**24,009**	**25,365**	**25,876**	**26,038**	**25,460**	**26,767**	**28,577**	**28,862**	**46,730**	**75,138**	**101,289**	**109,666**
COGS	-11,653	-12,300	-12,614	-11,701	-12,184	-12,401	-12,951	-13,295	-13,150	-13,437	-13,543	-13,504	-13,162	-13,771	-13,903	-14,161	-48,267	-50,832	-53,635	-54,996
Depreciation	-2,793	-2,815	-2,818	-2,798	-2,619	-2,323	-2,290	-2,624	-2,616	-2,540	-2,447	-2,408	-2,429	-2,675	-2,454	-2,712	-11,223	-9,855	-10,011	-10,270
Gross profit	**-536**	**-1,022**	**-773**	**794**	**1,388**	**4,889**	**7,897**	**10,131**	**10,859**	**11,928**	**12,333**	**12,534**	**12,299**	**12,996**	**14,674**	**14,701**	**-1,537**	**24,306**	**47,654**	**54,670**
Operating expense	322	674	1,913	1,514	-12,838	1,205	2,106	2,288	2,357	2,518	2,579	2,599	2,504	2,658	2,872	2,906	-4,423	7,239	-10,053	-10,941
SG&A	739	694	683	682	914	883	938	1,031	1,056	1,116	1,139	1,146	1,095	1,151	1,229	1,241	-2,797	-3,766	-4,457	-4,716
R&D	1,354	1,260	1,297	1,346	1,615	1,589	1,668	1,757	1,801	1,902	1,941	1,953	1,910	2,007	2,143	2,165	-5,257	-6,629	-7,597	-8,225
Other Opex	-1,770	-1,280	-67	-514	-15,368	-1,267	-500	-500	-500	-500	-500	-500	-500	-500	-500	-500	3,631	17,635	2,000	2,000
Operating (EBIT)	**-858**	**-1,696**	**-2,686**	**-719**	**14,226**	**3,684**	**5,791**	**7,844**	**8,502**	**9,410**	**9,754**	**9,935**	**9,794**	**10,337**	**11,802**	**11,796**	**-5,960**	**31,545**	**37,601**	**43,729**
Net interest income (expense)	-284	-149	-300	-222	-352	206	355	532	569	589	663	699	738	773	870	948	-954	741	2,520	3,329
Net other income (expense)	210	-1,381	259	349	458	-3	25	27	28	29	30	30	30	31	33	33	-563	508	117	126
Pre-tax profit	-932	-3,226	-2,727	-592	14,332	3,888	6,171	8,403	9,099	10,029	10,447	10,664	10,562	11,141	12,704	12,777	-7,477	32,794	40,238	47,184
Tax credit (expense)	165	108	1	62	101	597	1,049	1,428	1,547	1,705	1,776	1,813	1,796	1,894	2,160	2,172	336	3,175	6,840	8,021
Net profit	**-1,097**	**-3,334**	**-2,728**	**-654**	**14,231**	**3,291**	**5,122**	**6,974**	**7,552**	**8,324**	**8,671**	**8,851**	**8,766**	**9,247**	**10,545**	**10,605**	**-7,813**	**29,619**	**33,398**	**39,163**
Adjusted O/S (B)	4,172	4,188	4,188	4,198	4,239	4,347	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,186	4,479	4,664	4,664
FD EPS (NT$)	**-0.26**	**-0.80**	**-0.65**	**-0.16**	**3.36**	**0.76**	**1.10**	**1.50**	**1.62**	**1.78**	**1.86**	**1.90**	**1.88**	**1.98**	**2.26**	**2.27**	**-1.87**	**6.61**	**7.16**	**8.40**
Key assumption																				
Capacity ('000 wafers, 8" equ)	520	520	520	520	520	494	468	464	479	479	479	479	479	479	494	494	2,081	1,947	1,916	1,946
Shipment ('000 wafers, 8" equ)	387	421	423	415	415	422	454	454	448	464	472	472	457	472	487	487	1,647	1,745	1,856	1,903
Shipment utilization (%)	74	81	81	80	80	85	97	98	94	97	99	99	95	99	99	99	79	90	97	98
Wafer ASP (US$)	872	858	936	968	1,033	1,295	1,453	1,631	1,693	1,729	1,733	1,743	1,762	1,792	1,854	1,873	909	1,361	1,725	1,822
Margins (%)																				
Gross	-4.8	-9.1	-6.5	6.4	10.2	28.3	37.9	43.2	45.2	47.0	47.7	48.1	48.3	48.6	51.3	50.9	-3.3	32.3	47.0	49.9
Operating	-7.7	-15.0	-22.7	-5.8	104.8	21.3	27.8	33.5	35.4	37.1	37.7	38.2	38.5	38.6	41.3	40.9	-12.8	42.0	37.1	39.9
EBITDA	17.4	9.9	1.1	16.6	124.1	34.7	38.8	44.7	46.3	47.1	47.2	47.4	48.0	48.6	49.9	50.3	11.3	55.1	47.0	49.2
Net	-9.9	-29.6	-23.0	-5.2	104.9	19.0	24.6	29.8	31.5	32.8	33.5	34.0	34.4	34.5	36.9	36.7	-16.7	39.4	33.0	35.7
Growth (%, H/H)																				
Shipment	4	9	0	-2	0	2	8	0	-1	3	2	0	-3	3	3	0				
ASP	-5	-2	9	3	7	25	12	12	4	2	0	1	1	2	3	1				
Sales	0	1	5	6	9	27	21	12	2	6	2	1	-2	5	7	1				
Gross profit	57	-91	24	203	75	252	62	28	7	10	3	2	-2	6	13	0				
EBIT	56	-98	-58	73	2,078	-74	57	35	8	11	4	2	-1	6	14	0				
Net profit	27	-204	18	76	2,276	-77	56	36	8	10	4	2	-1	5	14	1				
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	-77	45	36	8	10	4	2	-1	5	14	1				
Growth (%, Y/Y)																				
Shipment	15	22	17	11	7	0	7	9	8	10	4	4	2	2	3	3	16	6	6	3
ASP	(15)	(14)	(7)	5	18	51	55	68	64	34	19	7	4	4	7	7	(8)	50	27	6
Sales	3	1	2	12	22	53	76	87	77	47	24	11	6	6	10	11	4	61	35	8
Gross profit	(132)	(274)	(58)	164	359	578	1,121	1,175	682	144	56	24	13	9	19	17	(393)	1,681	96	15
EBIT	20	24	0	64	1,758	317	316	1,190	(40)	155	68	27	15	10	21	19	25	629	19	16
Net profit	(150)	(70)	5	56	1,397	199	288	1,166	(47)	153	69	27	16	11	22	20	(15)	479	13	17
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	(52)	136	69	27	16	11	22	20	n.m.	n.m.	8	17

Source: Company reports and J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

Powerchip Semiconductor Manufacturing Corp. *(Overweight; Price Target: NT$100.00)*

Investment Thesis

We are OW on PSMC, given its ability to sustain revenue and margin expansion beyond near-term pricing upside, which is likely to extend into the 2027-28 timeframe. We also expect continued mix improvement from higher memory representation and increasing PMIC contribution in logic with less DDIC and sensor exposure, supporting overall ASP growth of 50%+/25%+ in 2026/27. Longer term, we see several new growth drivers: 1) DRAM process migration to 1X and 1P; 2) HBM post-wafer fabrication (PWF); 3) Si capacitor wafers for Intel EMIB; 4) Interposer demand spillover from tight CoWoS supply; and 5) WoW stacking for more power-efficient memory architecture.

Valuation

We are OW on PSMC with a Jun-27 PT of NT$100 (13x 12M forward earnings, one notch lower vs. prior, given recent weaker memory sentiment) to reflect stronger memory Foundry ASP upgrades and multiple catalysts from MU collaborations and upside from logic Foundry.

Risks to Rating and Price Target

Key upside risks would be (1) faster progress on HBM packaging and future DRAM process tech collaboration with Micron, (2) stronger growth in the interposer business.

Key downside risks are (1) continued downtrend in spot DRAM prices, given the significant premium to contract prices, (2) execution challenges in the tech transfer and collaboration with Micron.

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Powerchip Semiconductor Manufacturing Corp.: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E
Revenue	**44,726**	**46,730**	**75,138**	**101,289**
COGS	(44,200)	(48,267)	(50,832)	(53,635)
Gross profit	**525**	**(1,537)**	**24,306**	**47,654**
SG&A	(4,737)	(2,797)	(3,766)	(4,457)
Adj. EBITDA	**1,721**	**5,263**	**41,400**	**47,612**
D&A	(9,686)	(11,223)	(9,855)	(10,011)
Adj. EBIT	**(7,965)**	**(5,960)**	**31,545**	**37,601**
Net Interest	(1,534)	(1,784)	(797)	(203)
Adj. PBT	**(6,832)**	**(7,477)**	**32,794**	**40,238**
Tax	54	(336)	(3,175)	(6,840)
Minority Interest	-	-	-	-
Adj. Net Income	**(6,777)**	**(7,813)**	**29,619**	**33,398**
Reported EPS	(1.64)	(1.87)	6.61	7.16
Adj. EPS	**(1.64)**	**(1.87)**	**6.61**	**7.16**
DPS	**0.30**	**0.00**	**0.00**	**1.07**
Payout ratio	NM	0.0%	0.0%	16.2%
Shares outstanding	4,132	4,186	4,479	4,664

Income Statement - Quarterly	1Q26A	2Q26A	3Q26E	4Q26E
Revenue	**13,572**	**17,290**	**20,848**	**23,427**
COGS	(12,184)	(12,401)	(12,951)	(13,295)
Gross profit	**1,388**	**4,889**	**7,897**	**10,131**
SG&A	(914)	(883)	(938)	(1,031)
Adj. EBITDA	**16,845**	**6,007**	**8,081**	**10,468**
D&A	(2,619)	(2,323)	(2,290)	(2,624)
Adj. EBIT	**14,226**	**3,684**	**5,791**	**7,844**
Net Interest	(457)	(126)	(116)	(98)
Adj. PBT	**14,332**	**3,895**	**6,171**	**8,403**
Tax	(101)	(597)	(1,049)	(1,428)
Minority Interest	-	-	-	-
Adj. Net Income	**14,231**	**3,298**	**5,122**	**6,974**
Reported EPS	3.36	0.76	1.10	1.50
Adj. EPS	**3.36**	**0.76**	**1.10**	**1.50**
Shares outstanding	4,239	4,347	4,664	4,664

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E
Cash and cash equivalents	32,034	26,749	89,401	103,645
Accounts receivable	7,299	6,997	12,837	14,267
Inventories	9,850	9,291	10,491	10,655
Other current assets	1,178	1,111	2,343	2,604
Current assets	**50,361**	**44,148**	**115,071**	**131,172**
PP&E	124,236	122,004	96,876	95,724
LT investments	13,324	12,534	15,051	15,051
Other non current assets	1,000	0	4,041	4,041
Total assets	**188,921**	**178,686**	**231,039**	**245,988**
Short term borrowings	5,700	4,062	3,299	3,299
Payables	2,633	2,997	4,371	4,440
Other short term liabilities	22,092	15,727	46,854	52,076
Current liabilities	**30,425**	**22,785**	**54,524**	**59,815**
Long-term debt	57,035	59,238	20,244	244
Other long term liabilities	12,816	14,662	15,297	16,558
Total liabilities	**100,275**	**96,685**	**90,065**	**76,617**
Shareholders' equity	88,646	82,000	140,973	169,371
Minority interests	0	0	0	0
Total liabilities & equity	**188,921**	**178,686**	**231,039**	**245,988**
BVPS	**21.41**	**19.58**	**33.22**	**36.32**
y/y Growth	*(7.2%)*	*(8.6%)*	*69.6%*	*9.3%*
Net debt/(cash)	30,701	36,551	(65,858)	(100,102)
Cash flow from operating activities	**125**	**(1,662)**	**63,704**	**46,843**
o/w Depreciation & amortization	9,686	11,223	9,855	10,011
o/w Changes in working capital	(2,784)	(5,073)	24,230	3,434
Cash flow from investing activities	**(21,292)**	**(7,201)**	**8,715**	**(8,860)**
o/w Capital expenditure	(21,516)	(8,992)	(11,727)	(8,860)
as % of sales	*48.1%*	*19.2%*	*15.6%*	*8.7%*
Cash flow from financing activities	**10,798**	**3,579**	**(9,767)**	**(23,739)**
o/w Dividends paid	(1,226)	0	0	(5,000)
o/w Net debt issued/(repaid)	14,259	565	(39,756)	(20,000)
Net change in cash	**(10,369)**	**(5,285)**	**62,652**	**14,244**
Adj. Free cash flow to firm	**(21,391)**	**(10,654)**	**51,978**	**37,983**
y/y Growth	*(51.6%)*	*(50.2%)*	*(587.9%)*	*(26.9%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E
Gross margin	1.2%	(3.3%)	32.3%	47.0%
EBITDA margin	3.8%	11.3%	55.1%	47.0%
EBIT margin	(17.8%)	(12.8%)	42.0%	37.1%
Net profit margin	(15.2%)	(16.7%)	39.4%	33.0%
ROE	(7.4%)	(9.2%)	26.6%	21.5%
ROA	(3.6%)	(4.3%)	14.5%	14.0%
ROCE	(5.5%)	(4.2%)	18.4%	18.5%
SG&A/Sales	10.6%	6.0%	5.0%	4.4%
Net debt/equity	0.3	0.4	NM	NM
P/E (x)	NM	NM	10.5	9.7
P/BV (x)	3.2	3.5	2.1	1.9
EV/EBITDA (x)	183.7	61.4	5.2	3.8
Dividend Yield	0.4%	0.0%	0.0%	1.5%
Sales/Assets (x)	0.2	0.3	0.4	0.4
Interest cover (x)	1.1	3.0	52.0	234.4
Operating leverage	9538.5%	(561.8%)	(1035.1%)	55.2%
Revenue y/y Growth	1.6%	4.5%	60.8%	34.8%
EBITDA y/y Growth	(52.1%)	205.9%	686.6%	15.0%
Tax rate	(0.8%)	(4.5%)	9.7%	17.0%
Adj. Net Income y/y Growth	312.4%	15.3%	(479.1%)	12.8%
EPS y/y Growth	304.4%	13.8%	(454.4%)	8.3%
DPS y/y Growth	(50.3%)	(100.0%)	-	-

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Date	Rating	Price (NT$)	Price Target (NT$)
19-Jul-23	N	30.50	28
05-Jan-24	OW	28.25	38
17-Jul-24	N	25.65	28
25-Feb-25	N	18.70	16
22-Oct-25	N	30.70	27
19-Jan-26	N	56.40	48
06-Feb-26	N	62.80	55
22-Apr-26	N	54.00	50
21-Jun-26	OW	74.20	100

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jun 15, 2021. All share prices are as of market close on the previous business day.

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