Morgan Stanley | RESEARCH

UPDATE

July 30, 2026 12:56 PM GMT

Nan Ya PCB | Asia Pacific

Margin improvement monthly in 2Q; total 2Q net profit 4% above MSe

MORGAN STANLEY TAIWAN LIMITED+

Howard Kao
Equity Analyst
Howard.Kao@morganstanley.com +886 2 2730-2989

Irene Yen
Research Associate
Irene.Yen@morganstanley.com +886 2 2730-2869

MORGAN STANLEY ASIA LIMITED+

Andy Meng, CFA
Equity Analyst
Andy.Meng@morganstanley.com +852 2239-7689

Key Takeaways

- We believe the AI-driven up-cycle remains in early innings, with undersupply seen emerging from CY27 onward.
- NYPCB's BT substrate business should continue to benefit from the memory super-cycle.
- Stay OW – on a 12-month view, we prefer Unimicron over NYPCB and Zhen Ding.

Details of the release: NYPCB reported June 2026 profit per TWSE regulatory requirements:

- June pre-tax margin at 26.8% (+470bps m/m)
- June net profit margin at 18.9% (+130bps m/m)

NYPCB was required to disclose every month in 2Q, so we can see the monthly margin improvements during the quarter (Exhibit 2).

NYPCB is set to report full 2Q numbers on August 6, but we now have unaudited 2Q net profit as they had disclosed preliminary April (report here) and May (report here). **2Q net profit reached ~NT$2,261M,** which is 4% above MSe and in line with the Street.

- Unaudited 2Q pre-tax margin is 21.9%, which is 250bps above MSe and 120bps above the Street, implying there could be upside to gross margin estimates.

Exhibit 1: NYPCB's preliminary May 2026 profit numbers

		2Q26		
NT$ M	**Jun-26**	**Prelim**	**MSe**	**Cons**
Revenue	4,684	13,575	13,575	13,447
Pre-tax profit	1,253	2,976	2,640	2,780
Net profit	883	2,261	2,165	2,257
EPS (NT$)	1.37	3.50	3.35	3.61
Pre-tax margin	26.8%	21.9%	19.4%	20.7%
Net margin	18.9%	16.7%	15.9%	16.8%

Source: Company data, Visible Alpha, Morgan Stanley Research estimates.

Nan Ya PCB (8046.TW, 8046 TT)

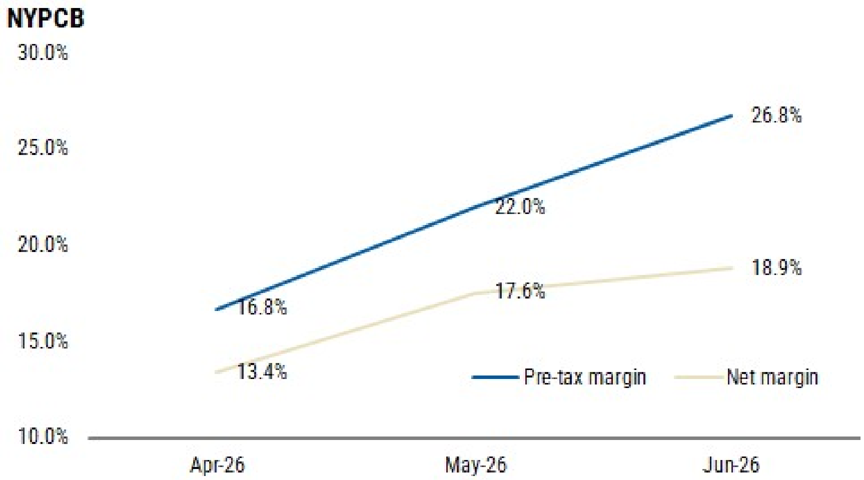
Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$1,550.00
Up/downside to price target (%)	85
Shr price, close (Jul 30, 2026)	NT$837.00
52-Week Range	NT$1,415.00-166.00
Sh out, dil, curr (mn)	646
Mkt cap, curr (mn)	NT$540,919
EV, curr (mn)	NT$531,829
Avg daily trading value (mn)	NT$9,589

Fiscal Year Ending	**12/25**	**12/26e**	**12/27e**	**12/28e**
EPS (NT$)**	3.01	15.64	33.02	62.87
EPS (NT$)§	2.63	16.45	40.66	78.10
Revenue, net (NT$ mn)	40,173	56,808	78,966	111,555
EBITDA (NT$ mn)	8,876	17,290	30,095	52,608
ModelWare net inc (NT $ mn)	1,947	10,108	21,337	40,621
P/E	80.0	53.5	25.3	13.3
P/BV	3.4	9.9	7.8	5.6
RNOA (%)	4.5	25.5	60.3	124.0
ROE (%)	4.3	21.9	38.9	58.5
EV/EBITDA	16.5	30.1	16.7	9.1
Div yld (%)	0.4	0.2	1.2	2.6
FCF yld ratio (%)**	0.7	2.4	4.3	7.7
Leverage (EOP) (%)	(19.7)	(37.4)	(53.5)	(67.6)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Exhibit 2: NYPCB's net profit margin improvement every month throughout 2Q



Source: Company data, Morgan Stanley Research.

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Nan Ya PCB 8046.TW			
Preliminary June profits announcement	30 Jul 2026	Strengthens	⬆ Modest upside surprise
Takeaways:			
• 2Q net profit is 4% above MSe			

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Unimicron (3037.TW)

Base case, residual income (RI) valuation model, which we think derives the most accurate value of the firm given that it takes into account cost of equity. We use a cost of equity of 9.2% [risk-free rate of 1% (10-year Taiwan government note yield), equity risk premium of 8.7%, and a beta of 1.0], a medium-term growth rate of 15%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected ABF substrate demand from PC and server customers
- Capex cuts; halt to its capacity expansion plan
- Continued yield issues of alternative technology that doesn't require substrate (e.g., CoWoP)

Risks to Downside

- Sudden demand shortfall
- Technological change that would not require ABF substrates
- Intensifying competition
- Yield issues or production hiccups when ramping new capacity

Zhen Ding (4958.TW)

Base case, residual income model. Key assumptions include a cost of equity of 10%, a medium-term growth rate of 15% and a terminal growth rate of 3%.

Risks to Upside

- Higher-than-expected F-PCB content increase for iPhones
- Better-than-expected production yield/share allocation for SLP
- Share gains on higher margin F-PCB pieces

Risks to Downside

- Worse-than-expected iPhone sell-through
- Lower-than-expected F-PCB content increase for iPhones
- Worse-than-expected production yield/share allocation for SLP
- Increasing competition from Chinese peers, intensifying pricing pressure

Nan Ya PCB (8046.TW)

Base case, residual income (RI) valuation model, which we think derives the most accurate value of the firm given that it takes into account cost of equity. We use a cost of equity of 9.3% [risk-free rate of 1% (10-year Taiwan government note yield), equity risk premium of 8.7%, and a beta of 1.0], a medium-term growth rate of 17%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected ABF and BT demand
- Faster-than-expected pickup in AI and 5G demand
- Stronger-than-expected ASP hike

- Continued yield issues of alternative technology that doesn't require substrate (e.g. CoWoP)

Risks to Downside

- Sudden demand shortfall, creating headwinds for ABF substrate demand and pricing
- Technological change that would not require ABF substrates
- Intensifying competition

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(as of June 30, 2026)

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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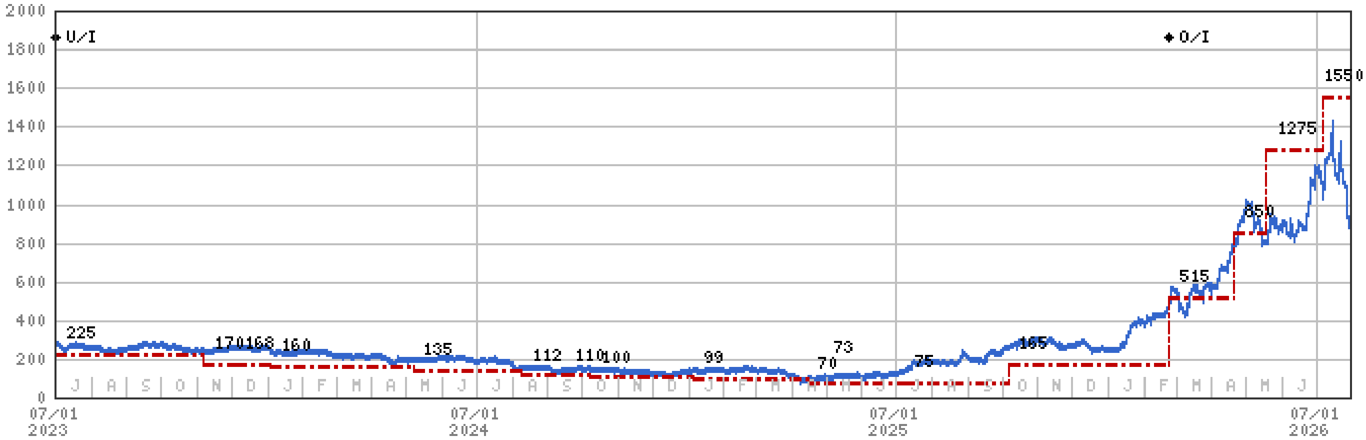
Stock Price, Price Target and Rating History (See Rating Definitions)

Nan Ya PCB (8046.TW) - As of 07/30/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 7/1/21 : NA/I; 10/22/21 : O/I; 6/1/22 : E/I; 12/21/22 : U/I; 2/23/26 : O/I

Price Target History: 10/22/21 : 580; 11/9/21 : 630; 2/9/22 : 650; 2/25/22 : 670; 6/1/22 : 420; 8/23/22 : 275; 10/27/22 : 235; 12/21/22 : 180; 2/2/23 : 165; 2/25/23 : 155; 6/7/23 : 225; 11/7/23 : 170; 12/4/23 : 168; 1/4/24 : 160; 5/7/24 : 135; 8/9/24 : 112; 9/15/24 : 110; 10/8/24 : 100; 1/6/25 : 99; 4/15/25 : 70; 4/29/25 : 73; 7/7/25 : 75; 10/6/25 : 165; 2/23/26 : 515; 4/20/26 : 850; 5/18/26 : 1275; 7/7/26 : 1550

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
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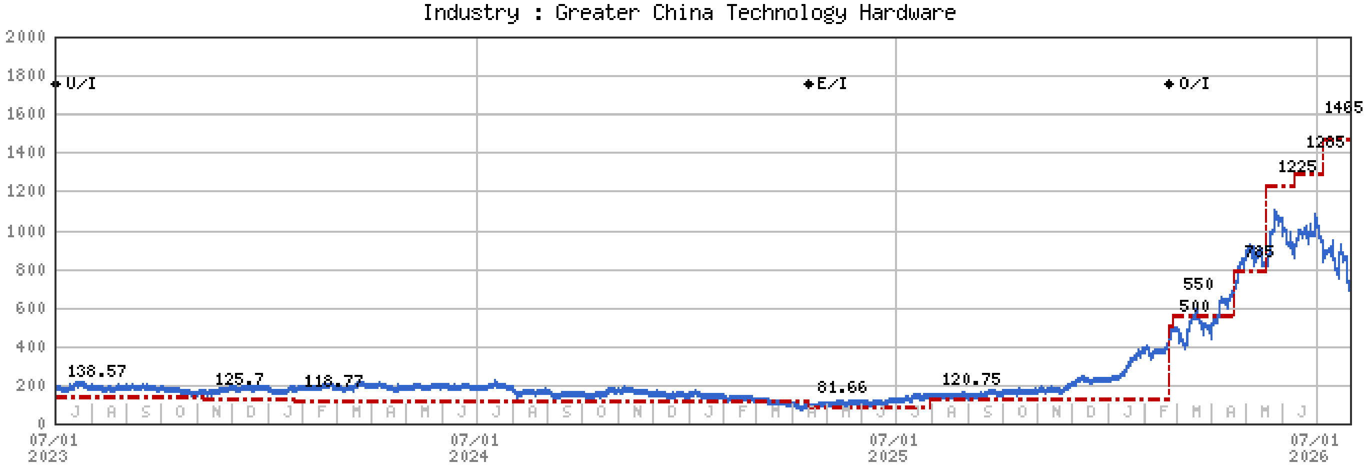
Unimicron (3037.TW) - As of 07/30/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 7/1/21 : NA/I; 10/22/21 : O/I; 6/1/22 : E/I; 2/22/23 : U/I; 4/15/25 : E/I; 2/23/26 : O/I

Price Target History: 10/22/21 : 188.06; 10/27/21 : 237.55; 2/9/22 : 267.24; 2/24/22 : 366.22; 6/1/22 : 237.55; 8/23/22 : 178.16; 10/27/22 : 133.62; 12/21/22 : 123.72; 2/2/23 : 116.79; 2/22/23 : 98.98; 6/7/23 : 138.57; 11/7/23 : 125.7; 1/24/24 : 118.77; 4/15/25 : 81.66; 7/30/25 : 120.75; 2/23/26 : 500; 2/26/26 : 550; 4/20/26 : 785; 5/18/26 : 1225; 6/12/26 : 1285; 7/7/26 : 1465

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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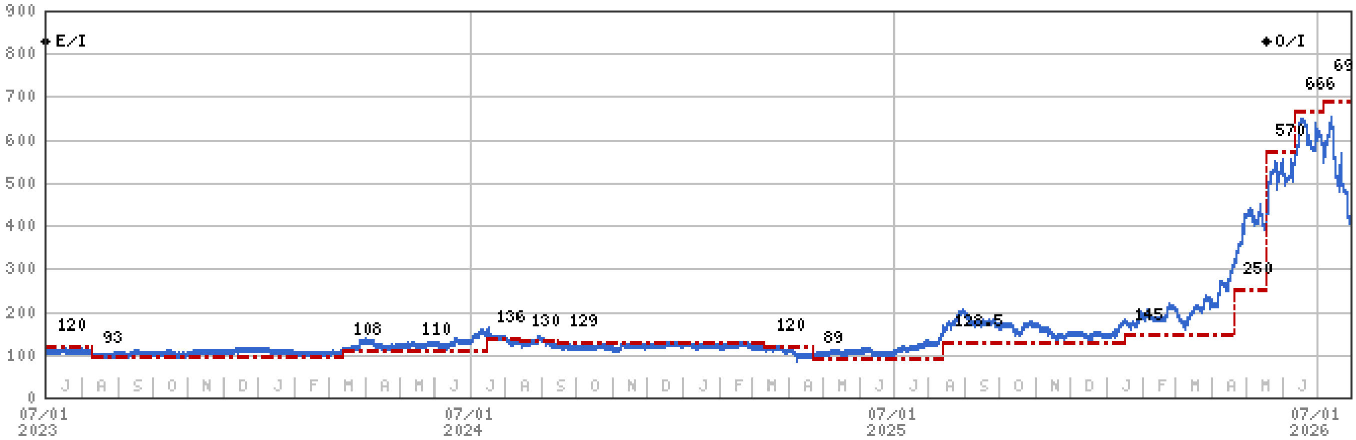

Stock Rating History: 7/1/21 : U/I; 8/2/22 : E/I; 5/18/26 : O/I

Price Target History: 3/30/21 : 105; 8/2/22 : 124; 11/4/22 : 126; 3/14/23 : 120; 8/10/23 : 93; 3/13/24 : 108; 5/11/24 : 110; 7/15/24 : 136; 8/13/24 : 130; 9/15/24 : 129; 3/12/25 : 120; 4/23/25 : 89; 8/13/25 : 128.5; 1/16/26 : 145; 4/20/26 : 250; 5/18/26 : 570; 6/12/26 : 666; 7/7/26 : 690

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/30/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$37.94
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb152.33
BYD Electronics (0285.HK)	O (04/28/2023)	HK$24.02
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.75
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.16
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb371.10
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$447.50
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.06
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.54
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb35.62
Largan Precision (3008.TW)	O (07/10/2026)	NT$3,715.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb6.88
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.21
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb58.35
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.03
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.70
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb45.41
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$31.00
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb65.75
Sunny Optical (2382.HK)	E (03/23/2026)	HK$57.20
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb160.10
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.01
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$31.04
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb262.66
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$92.00

Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb86.40
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb24.69
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb864.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$24.34
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb33.30
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,935.00
Advantech (2395.TW)	O (01/20/2021)	NT$547.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,340.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,110.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$22.20
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$820.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,910.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.36
Chenbro (8210.TW)	O (07/23/2025)	NT$951.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,910.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,530.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$182.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$45.55
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,230.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$283.00
Innolux (3481.TW)	E (04/07/2025)	NT$41.40
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$7,140.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb30.83
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$190.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.72
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.45
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb180.19
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$27.90
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$737.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$178.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$33.75
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.50
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb53.80
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$318.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$721.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$229.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb69.08
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$1,485.00
Lenovo (0992.HK)	O (07/10/2026)	HK$21.74
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,690.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$837.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$80.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$279.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb100.08
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb284.50
Unimicron (3037.TW)	O (02/23/2026)	NT$716.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$265.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$160.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$4,900.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$456.50
Zhen Ding (4958.TW)	O (05/18/2026)	NT$376.00

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.