NOMURA

Global Markets Research

11 July 2026

GlobalWafers 6488.TWO 6488 TT

EQUITY: TECHNOLOGY

New LTA arrived earlier than anticipated

GWC's new 10-year LTA with Micron could cause semi wafer prices to potentially grow meaningfully

Maintain Buy on GWC with a new TP of TWD1,800; LTA implies upcycle is underway

On 9 July, Micron (MU US, Not rated) and GlobalWafers (GWC) announced that Micron would provide GWC with a USD500mn prepayment to secure the supply of 12″ semi wafers under a 10-year agreement (LTA). This LTA announcement came sooner than we anticipated, which in our view implies that: 1) memory companies have ample cash to secure upstream supply early; and 2) supply-demand dynamics could turn more favorable. As a result, we raise our 2026-28F earnings forecasts for GWC by 7-99%, and increase our TP to TWD1,800 (from TWD1,200), based on 6x 2028F BVPS of TWD300 (vs 4.8x 2028F BVPS of TWD252 previously). The stock is trading at 2.6x 2028F BVPS of TWD300. Historically, taking the 2H16-1H18 semi wafer upcycle as an example, LTAs were first negotiated from 1H27, implying the upcycle was underway, and the upcycle would not end until end demand weakened.

LTA pricing for semi wafers with memory customers could potentially double

We believe that LTA pricing for semi wafers supplied to memory customers could potentially double, as memory wafer price can reach tens of thousands of USD per piece, with semi wafers now only accounting for less than 1% of the memory wafer price vs 3-5% two years ago. However, in the case of the 10-year GWC-Micron LTA, considering the long contract period, we believe there is room for pricing and product spec mix to be adjusted over time. That said, if price hikes are implemented quickly/gradually over the contract period, GWC's earnings could recover sharply/steadily in the coming years.

Semi inflation is accelerating; GWC's customer base is optimizing

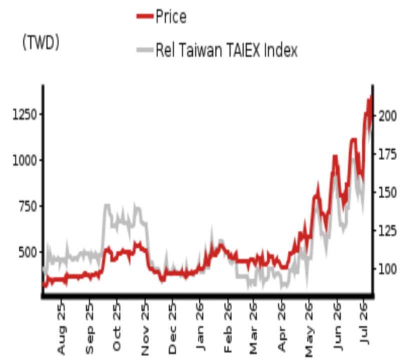
We believe this move of Micron could encourage other leading semi manufacturers with ample cash and strong demand from end customers to secure future strategic resources as capacity expansion is becoming increasingly critical – the earlier the spending, the lower the cost. As a result, this semi inflation trend is likely occurring across the entire semi supply chain. For GWC, this 10-year LTA has broken its previous 8-year LTA record and could help strengthen its customer base, as GWC's major memory customer has historically been Samsung (005930 KS, Buy), but Micron's engagement is likely also increasing. Possibly, other US semi companies such as Intel (INTC US, Not rated), TI (TXN US, Not rated), and GlobalFoundries (GFS US, Not rated) could engage more closely with GWC.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (TWD)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	60,598	61,726	62,931	73,535	83,063	88,666	113,936
Reported net profit (mn)	7,311	11,633	12,485	12,082	18,986	19,163	38,064
Normalised net profit (mn)	7,311	11,633	12,485	12,082	18,986	19,163	38,064
FD normalised EPS	15.36	24.33	26.11	25.27	39.71	40.08	79.61
FD norm. EPS growth (%)	-29.8	58.4	70.0	3.9	52.1	58.6	100.5
FD normalised P/E (x)	87.9	–	51.7	–	34.0	–	17.0
EV/EBITDA (x)	47.0	–	46.3	–	23.6	–	12.2
Price/book (x)	6.9	–	6.4	–	5.7	–	4.5
Dividend yield (%)	0.5	–	0.9	–	1.3	–	1.7
ROE (%)	7.9	12.0	12.9	11.7	17.7	16.9	29.6
Net debt/equity (%)	7.1	net cash	net cash	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Increased from TWD 1,200.00	**TWD 1,800.00**
Closing price 9 July 2026	**TWD 1,350.00**
Implied upside	**+33.3%**
Market Cap (USD mn)	20,085.7
ADT (USD mn)	193.3

Relative performance chart



Source: LSEG, Nomura

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Key data on GlobalWafers

Performance

(%)	1M	3M	12M		
Absolute (TWD)	68.1	201.7	339.0	M cap (USDmn)	20,085.7
Absolute (USD)	64.8	198.4	297.7	Free float (%)	27.5
Rel to Taiwan TAIEX Index	66.7	171.6	237.7	3-mth ADT (USDmn)	193.3

Income statement (TWDmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	62,626	60,598	62,931	83,063	113,936
Cost of goods sold	-42,823	-45,974	-48,565	-54,686	-60,324
Gross profit	19,804	14,624	14,366	28,377	53,612
SG&A	-3,365	-3,770	-4,063	-4,984	-6,449
Employee share expense	-2,320	-2,218	-2,149	-2,741	-3,638
Operating profit	14,119	8,636	8,154	20,652	43,525
EBITDA	18,987	13,797	13,676	26,511	49,599
Depreciation	-4,829	-5,120	-5,478	-5,812	-6,026
Amortisation	-39	-41	-44	-47	-48
EBIT	14,119	8,636	8,154	20,652	43,525
Net interest expense	2,489	1,124	3,388	3,690	5,275
Associates & JCEs	186	85	15	0	0
Other income	-4,364	-329	4,365	0	0
Earnings before tax	12,429	9,516	15,922	24,342	48,800
Income tax	-2,590	-2,205	-3,437	-5,355	-10,736
Net profit after tax	9,840	7,311	12,485	18,987	38,064
Minority interests	7	0	0	0	0
Other items	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Normalised NPAT	9,847	7,311	12,485	18,986	38,064
Extraordinary items	0	0	0	0	0
Reported NPAT	9,847	7,311	12,485	18,986	38,064
Dividends	-5,259	-3,290	-5,618	-8,544	-11,107
Transfer to reserves	4,588	4,021	6,867	10,443	26,956
Valuations and ratios					
Reported P/E (x)	61.0	87.9	51.7	34.0	17.0
Normalised P/E (x)	61.0	87.9	51.7	34.0	17.0
FD normalised P/E (x)	61.6	87.9	51.7	34.0	17.0
Dividend yield (%)	0.8	0.5	0.9	1.3	1.7
Price/cashflow (x)	23.4	–	13.9	30.6	16.7
Price/book (x)	7.1	6.9	6.4	5.7	4.5
EV/EBITDA (x)	33.6	47.0	46.3	23.6	12.2
EV/EBIT (x)	45.0	74.8	77.6	30.3	13.9
Gross margin (%)	31.6	24.1	22.8	34.2	47.1
EBITDA margin (%)	30.3	22.8	21.7	31.9	43.5
EBIT margin (%)	22.5	14.3	13.0	24.9	38.2
Net margin (%)	15.7	12.1	19.8	22.9	33.4
Effective tax rate (%)	20.8	23.2	21.6	22.0	22.0
Dividend payout (%)	53.4	45.0	45.0	45.0	29.2
ROE (%)	12.5	7.9	12.9	17.7	29.6
ROA (pretax %)	8.2	4.5	4.2	10.8	21.8
Growth (%)					
Revenue	-11.4	-3.2	3.8	32.0	37.2
EBITDA	-24.0	-27.3	-0.9	93.9	87.1
Normalised EPS	-51.8	-30.6	70.0	52.1	100.5
Normalised FDEPS	-51.8	-29.8	70.0	52.1	100.5

Source: Company data, Nomura estimates

Cashflow statement (TWDmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	18,987	13,797	13,676	26,511	49,599
Change in working capital	11,289	-28,021	28,325	-3,759	-5,450
Other operating cashflow	-4,298	-1,297	4,332	-1,666	-5,461
Cashflow from operations	25,978	-15,520	46,334	21,086	38,688
Capital expenditure	-48,319	-33,130	-25,033	-20,956	-17,398
Free cashflow	-22,342	-48,650	21,301	130	21,290
Reduction in investments	-6,052	498	-127	0	0
Net acquisitions	0	0	0	0	0
Dec in other LT assets	4,302	39,845	14,538	13,418	8,679
Inc in other LT liabilities	0	0	0	0	
Adjustments	0	0	0	0	0
CF after investing acts	-24,092	-8,307	35,711	13,548	29,969
Cash dividends	-8,748	-5,259	-3,290	-5,618	-8,544
Equity issue	0	0	0	0	0
Debt issue	9,776	-11,511	-7,141	0	0
Convertible debt issue	0	0	0	0	0
Others	35,829	5,632	-14,495	0	0
CF from financial acts	36,857	-11,139	-24,927	-5,618	-8,544
Net cashflow	12,765	-19,445	10,784	7,930	21,425
Beginning cash	26,165	38,929	19,484	30,268	38,198
Ending cash	38,929	19,484	30,268	38,198	59,623
Ending net debt	-1,282	6,652	-11,273	-19,203	-40,628

Balance sheet (TWDmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	38,929	19,484	30,268	38,198	59,623
Marketable securities	29	1	0	0	0
Accounts receivable	10,265	10,113	10,066	13,558	18,751
Inventories	11,238	10,399	10,148	11,090	12,114
Other current assets	20,030	46,632	31,636	31,636	31,636
Total current assets	80,492	86,629	82,118	94,481	122,123
LT investments	7,445	6,947	7,074	7,074	7,074
Fixed assets	119,074	107,241	111,560	113,239	115,885
Goodwill	0	0	0	0	0
Other intangible assets	0	0	0	0	0
Other LT assets	17,570	17,525	18,179	18,179	18,179
Total assets	224,581	218,343	218,932	232,975	263,261
Short-term debt	27,117	18,571	14,252	14,252	14,252
Accounts payable	5,371	4,161	4,464	5,138	5,905
Other current liabilities	32,577	31,377	44,105	44,105	44,105
Total current liabilities	65,065	54,109	62,821	63,495	64,262
Long-term debt	10,531	7,565	4,743	4,743	4,743
Convertible debt	0	0	0	0	0
Other LT liabilities	57,958	63,374	50,690	50,690	50,690
Total liabilities	133,553	125,048	118,254	118,929	119,695
Minority interest	-3	-3	-4	-4	-4
Preferred stock	0	0	0	0	0
Common stock	4,781	4,781	4,781	4,781	4,781
Retained earnings	31,640	37,451	41,592	52,035	78,991
Proposed dividends	5,259	3,290	5,618	8,544	11,107
Other equity and reserves	49,350	47,776	48,690	48,690	48,690
Total shareholders' equity	91,030	93,298	100,681	114,049	143,569
Total equity & liabilities	224,580	218,342	218,932	232,975	263,261
Liquidity (x)					
Current ratio	1.24	1.60	1.31	1.49	1.90
Interest cover	–	–	–	–	–
Leverage					
Net debt/EBITDA (x)	net cash	0.48	net cash	net cash	net cash
Net debt/equity (%)	net cash	7.1	net cash	net cash	net cash
Per share					
Reported EPS (TWD)	22.14	15.36	26.11	39.71	79.61
Norm EPS (TWD)	22.14	15.36	26.11	39.71	79.61
FD norm EPS (TWD)	21.90	15.36	26.11	39.71	79.61
BVPS (TWD)	190.39	195.14	210.58	238.54	300.28
DPS (TWD)	11.00	6.88	11.75	17.87	23.23
Activity (days)					
Days receivable	59.4	61.4	58.5	51.9	51.9
Days inventory	87.8	85.9	77.2	70.9	70.4
Days payable	44.3	37.8	32.4	32.0	33.5
Cash cycle	102.9	109.4	103.3	90.7	88.8

Source: Company data, Nomura estimates

Company profile

GlobalWafers is the world’s third-largest and largest non-Japanese wafer manufacturer that specializing in 3” to 12” silicon wafer manufacturing, possessing a complete production line from ingot growth, slicing, etching, diffusion, polishing and epitaxy.

Valuation Methodology

Our TP of TWD1800 is based on 6x 2028F BVPS TWD300. The 6x P/B is based on the high-end of 2-6x P/B range during the full Semi wafer cycle in 2017-2020. The benchmark index is TAIEX.

Risks that may impede the achievement of the target price

Downside risks include: • Faster-than-expected entry of China into the 12” semi wafer market. • Slower-than-expected of market consolidation. • Worse-than-expected end-demand for the semi industry. • Less favorable demand/supply dynamics in the semi wafer industry. • Less favorable FX volatility and rising material/utility costs.

ESG

In response to global climate change and latest development trends in corporate social responsibilities (CSR), GlobalWafers has taken the initiative to compile a CSR report. Based on long-term in-depth interactions with local communities and engagement with stakeholders, GlobalWafers discloses in the report relevant information on material issues regarding the four aspects of corporate governance, economy, environment, and society, as well as execution & improvement results, in addition to presenting the the future vision and goals in terms of sustainable development.

Earnings forecast revisions

We revise up our 2026-28F earnings forecasts by 7-99%. We expect a moderate revenue recovery in 2026F, but believe revenues will accelerate from 2H26F onward, as well as a more favorable supply-demand environment in 2027-28F. YTD 2026, GWC has also recognized meaningful non-operating gains from its investment in Siltronic (WAF GR, Not rated) due to the sharp rise in Siltronic's share price. We have not yet factored any Siltronic share price impact into our forecasts from 2H26F onward.

In the near term, we believe GWC's profitability is still under pressure due to rising depreciation costs from new capacity expansion, but as market demand continues to grow, we believe price hike potential is also likely to increase.

Fig. 1: GWC: earnings estimate revisions

	2026F			2027F			2028F		
(TWD mn)	Previous	Revised	Change (%; pp)	Previous	Revised	Change (%; pp)	Previous	Revised	Change (%; pp)
Net Sales	61,726	62,931	2.0	73,535	83,063	13.0	88,666	113,936	28.5
Gross profit	13,162	14,366	9.2	18,850	28,377	50.5	28,342	53,612	89.2
Operating income	7,065	8,154	15.4	12,011	20,652	71.9	20,485	43,525	112.5
Pretax income	14,831	15,922	7.4	15,490	24,342	57.1	24,568	48,800	98.6
Net income	11,633	12,485	7.3	12,082	18,986	57.1	19,163	38,064	98.6
EPS	24.3	26.1	7.3	25.3	39.7	57.1	40.1	79.6	98.6
Gross Margin %	21.3	22.8	1.5	25.6	34.2	8.5	32.0	47.1	15.1
Operating Margin %	11.4	13.0	1.5	16.3	24.9	8.5	23.1	38.2	15.1
Net Margin %	18.8	19.8	1.0	16.4	22.9	6.4	21.6	33.4	11.8

Source: Nomura estimates

Fig. 2: GWC: P&L

(TWDmn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26F	3Q26F	4Q26F	2025	2026F	2027F	2028F
Net Sales	15,595	16,008	14,493	14,502	13,985	15,396	16,137	17,414	60,598	62,931	83,063	113,936
Gross profit	4,112	4,123	2,662	3,726	2,914	3,208	3,732	4,512	14,624	14,366	28,377	53,612
Operating income	2,589	2,438	1,230	2,379	1,475	1,669	2,135	2,875	8,636	8,154	20,652	43,525
Pretax income	2,133	2,289	2,187	2,907	2,347	6,445	3,247	3,884	9,516	15,922	24,342	48,800
Net income	1,456	1,682	1,969	2,205	1,896	5,027	2,532	3,029	7,312	12,485	18,986	38,064
Profitability												
Gross Margin	26.4%	25.8%	18.4%	25.7%	20.8%	20.8%	23.1%	25.9%	24.1%	22.8%	34.2%	47.1%
Operating Margin	16.6%	15.2%	8.5%	16.4%	10.5%	10.8%	13.2%	16.5%	14.3%	13.0%	24.9%	38.2%
Pretax Margin	13.7%	14.3%	15.1%	20.0%	16.8%	41.9%	20.1%	22.3%	15.7%	25.3%	29.3%	42.8%
Net Margin	9.3%	10.5%	13.6%	15.2%	13.6%	32.7%	15.7%	17.4%	12.1%	19.8%	22.9%	33.4%
EPS	3.11	3.52	4.12	4.61	3.97	10.52	5.30	6.34	15.36	26.11	39.71	79.61
Growth (QoQ)												
Net Sales	-4.6%	2.7%	-9.5%	0.1%	-3.6%	10.1%	4.8%	7.9%				
Gross profit	-16.4%	0.3%	-35.4%	40.0%	-21.8%	10.1%	16.3%	20.9%				
Op income	-27.8%	-5.8%	-49.6%	93.5%	-38.0%	13.1%	27.9%	34.7%				
Pretax income	168.0%	7.3%	-4.4%	32.9%	-19.3%	174.7%	-49.6%	19.6%				
Net income	204.2%	15.5%	17.1%	12.0%	-14.0%	165.2%	-49.6%	19.6%				
Growth (YoY)												
Net Sales	3.4%	4.5%	-8.7%	-11.3%	-10.3%	-3.8%	11.3%	20.1%	-3.2%	3.8%	32.0%	37.2%
Gross profit	-20.4%	-16.7%	-44.2%	-24.2%	-29.1%	-22.2%	40.2%	21.1%	-26.2%	-1.8%	97.5%	88.9%
Op income	-34.7%	-27.6%	-61.6%	-33.6%	-43.0%	-31.6%	73.6%	20.8%	-38.8%	-5.6%	153.3%	110.8%
Pretax income	-53.2%	-35.2%	-38.3%	265.2%	10.0%	181.6%	48.4%	33.6%	-23.4%	67.3%	52.9%	100.5%
Net income	-58.8%	-41.6%	-33.3%	360.5%	30.2%	198.9%	28.6%	37.4%	-25.7%	70.7%	52.1%	100.5%

Source: Company data, Nomura estimates

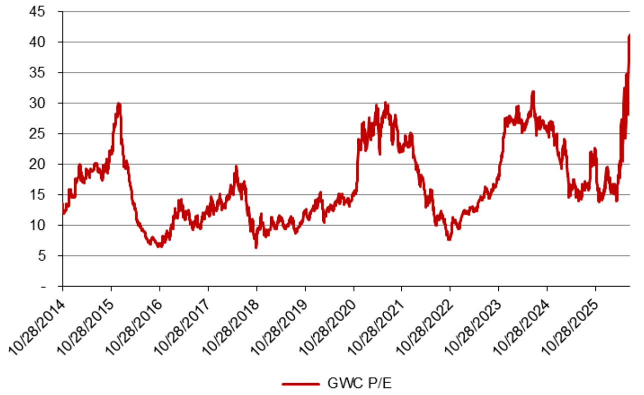
Valuation methodology and risks

Our new TP of TWD1,800 is based on 6x 2028F BVPS of TWD300. The 6x target multiple is at the high-end of the historical P/B range of 2-6x during the full semi wafer cycle in 2017-20.

Downside risks include:

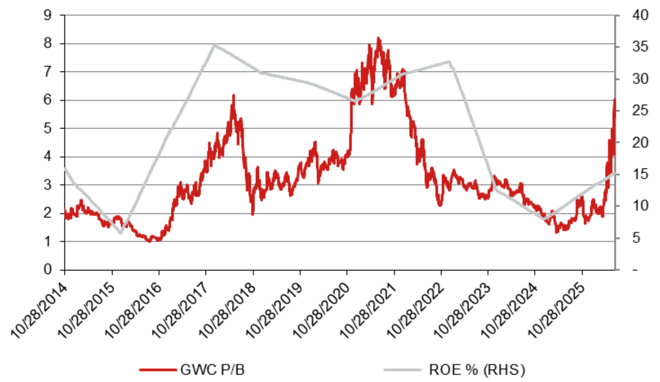
- Faster-than-expected entry of China into the 12” semi wafer market.
- Slower-than-expected of market consolidation.
- Worse-than-expected end-demand for the semi industry.
- Less favorable demand/supply dynamics in the semi wafer industry.
- Less favorable FX volatility and rising material/utility costs.

Fig. 3: GWC: P/E



Source: Company data, Nomura estimates

Fig. 4: GWC: P/B



Source: Company data, Nomura estimates

Appendix A-1

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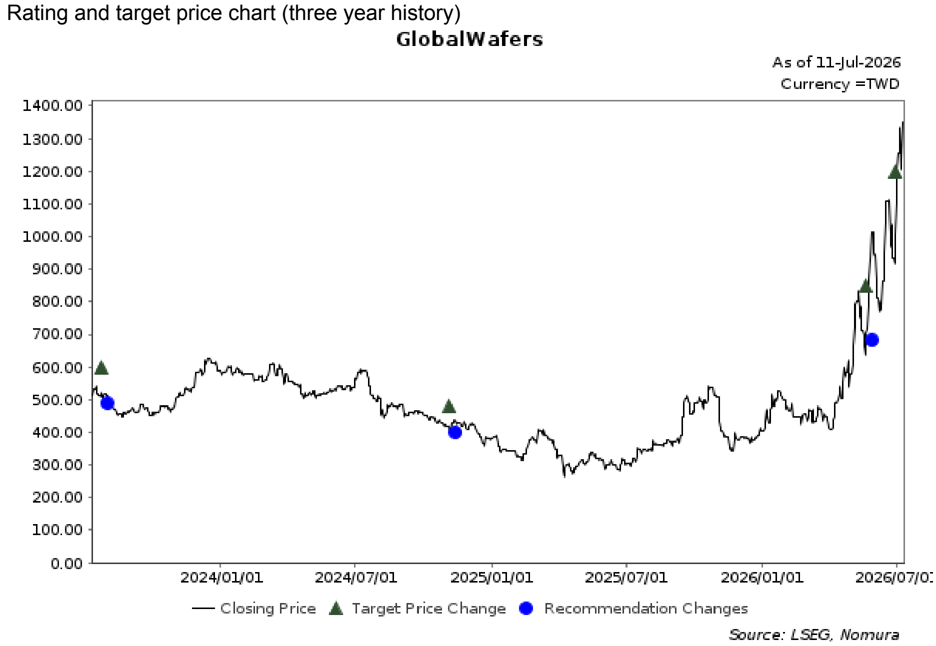
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
GlobalWafers	6488 TT	TWD 1,350.00	09-Jul-2026	Buy	N/A	A6

A6 The Nomura Group expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.

GlobalWafers (6488 TT) **TWD 1,350.00 (09-Jul-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
30-Jun-26		1,200.00	1,005.00
21-May-26	Buy		701.00
21-May-26		850.00	701.00
05-Nov-24	Neutral		418.00
05-Nov-24		480.00	418.00
24-Jul-23	Buy		508.00
24-Jul-23		600.00	508.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of TWD1800 is based on 6x 2028F BVPS TWD300. The 6x P/B is based on the high-end of 2-6x P/B range during the full Semi wafer cycle in 2017-2020. The benchmark index is TAIEX.
Risks that may impede the achievement of the target price Downside risks include: • Faster-than-expected entry of China into the 12” semi wafer market. • Slower-than-expected of market consolidation. • Worse-than-expected end-demand for the semi industry. • Less favorable demand/supply dynamics in the semi wafer industry. • Less favorable FX volatility and rising material/utility costs.

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As at 30 June 2026.
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STOCKS

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A Target Price, if discussed, indicates the analyst’s forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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