UBS

Global Research
7 August 2026

King Yuan Electronics

Riding on expanding TAM of Cloud AI volume even with less growth in test time

Equities

Taiwan

Semiconductors

12-month rating	Buy
12m price target	NT$325.00
	Prior : NT$380.00
Price (07 Aug 2026)	NT$242.00

RIC: 2449.TW **BBG:** 2449 TT

Trading data and key metrics

52-wk range	NT$354.00-127.50
Market cap.	NT$296b/US$9.17b
Shares o/s	1,223m (ORD)
Free float	91%
Avg. daily volume ('000)	35,140
Avg. daily value (m)	NT$10,695.4
Common s/h equity (12/26E)	NT$61.9b
P/BV (12/26E)	4.8x
Net debt to EBITDA (12/26E)	1.7x

EPS (UBS, diluted) (NT$)

	From	To	% ch	Cons.
12/26E	10.18	9.13	-10	9.29
12/27E	17.28	14.79	-14	14.62
12/28E	20.85	18.34	-12	19.85

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Sales growth to accelerate in Q4 after softer Q3

We forecast KYEC's Q3 sales to grow high single digits QoQ, below consensus estimate of 16-17% QoQ. Q3 gross margin may also decline to 38-39% from 39.5% in Q2, due to higher electricity and labor cost, and 1% dilution from the new Singapore fab. The major Cloud AI accelerators are ramping up in Q3, albeit still in early stage. We expect multiple Cloud AI accelerator programs to ramp meaningfully in Q4, to lift sales growth to 15-20% QoQ. We estimate Q4 GM to also rise to 42-43% with higher utilization and lower utility cost.

Larger Cloud AI TAM to support 2027E sales growth of 45%

Looking ahead, KYEC has planned clean room construction through end of 2027, reflecting the rising testing demand from probing and final test from growing units of server CPU, accelerators, networking etc. On final test time, the content for new major Cloud AI accelerator may be flat to up slightly vs prior generation based on our estimate, likely given the tight testing capacity and limited architectural change. Net, we forecast KYEC's sales to grow 45% in 2027E after 36% growth in 2026E.

Diversifying footprint in Singapore and the US

Given the geopolitical dynamics, KYEC is also enhancing its supply resilience by diversifying its production base. The new Singapore fab just started mass production in Q226. KYEC also recently announced its plan for the US expansion. In terms of implication to profitability, our view is the dilution should be manageable if KYEC could negotiate with key clients for tool consignment.

Valuation: Buy with lower target of NT$325

We lower 2026/27/28E EPS by 11-15% to factor in less meaningful increase of final test time of Cloud AI chips, MediaTek's TPU v8t order split with ASE, and higher OPEX assumption. We lower our price target to NT$325 from NT$380, based on unchanged 22x 2027E PE. Maintain Buy rating.

Highlights (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	33,025	26,856	34,934	47,663	69,243	84,810	98,410	116,440
EBIT (UBS)	7,364	6,172	9,003	13,174	21,360	27,154	32,006	39,064
Net earnings (UBS)	5,840	4,445	7,963	11,184	18,107	22,448	26,522	31,860
EPS (UBS, diluted) (NT$)	4.78	3.64	6.48	9.13	14.79	18.34	21.66	26.02
DPS (net) (NT$)	3.50	0.00	5.86	5.95	5.86	11.93	14.10	16.94
Net (debt) / cash	(11,133)	(10,251)	(12,311)	(41,691)	(70,879)	(91,654)	(107,057)	(115,661)
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	22.3	23.0	25.8	27.6	30.8	32.0	32.5	33.5
ROIC (EBIT) %	19.1	11.7	15.7	18.8	22.3	21.7	21.3	23.2
EV/EBITDA (UBS core) x	4.7	10.6	10.6	12.0	8.2	6.9	6.1	5.1
P/E (UBS, diluted) x	13.0	29.7	21.1	26.5	16.4	13.2	11.2	9.3
Equity FCF (UBS) yield %	9.2	3.1	(11.1)	(9.7)	(10.2)	(3.8)	(2.1)	1.0
Dividend yield (net) %	5.6	0.0	4.3	2.5	2.4	4.9	5.8	7.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of NT$ 242.00 on 07-Aug-2026 18:28:01 CST

Figure 1: Q226 results vs consensus and UBS estimates

(NT$m)	Q226A	VA	Diff. vs VA	LSEG	Diff. vs LSEG	UBSe	Q126	QoQ	Q225	YoY
Revenue	**11,142**	**11,203**	**-1%**	**11,179**	**0%**	**11,235**	**10,192**	**9%**	**8,362**	**33%**
Gross profit	**4,400**	**4,433**	**-1%**	**4,402**	**0%**	**4,468**	**4,051**	**9%**	**2,972**	**48%**
- Gross margin	39.5%	39.6%	-8bps	39.4%	11bps	39.8%	39.7%	-25bps	35.5%	396bps
Operating profit	**2,828**	**3,209**	**-12%**	**3,227**	**-12%**	**3,417**	**2,772**	**2%**	**2,176**	**30%**
- OP margin	25.4%	28.6%	-326bps	28.9%	-349bps	30.4%	27.2%	-182bps	26.0%	-64bps
Net profit	**2,492**	**2,656**	**-6%**	**2,641**	**-6%**	**2,849**	**2,286**	**9%**	**2,175**	**15%**
EPS (NT$)	**2.04**	**2.07**	**-1%**	**2.05**	**0%**	**2.33**	**1.87**	**9%**	**1.78**	**15%**

Source: Company data, Visible Alpha, LSEG, UBS estimates

Figure 2: Revisions to UBS earnings estimates

	New			Old			Change		
(NT$m)	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Revenue	**47,663**	**69,243**	**84,810**	**49,608**	**71,183**	**86,983**	**-4%**	**-3%**	**-2%**
- YoY chg (%)	36%	45%	22%	42%	43%	22%			
Gross profit	**19,160**	**28,622**	**34,999**	**20,016**	**30,680**	**37,503**	**-4%**	**-7%**	**-7%**
- Gross margin	40.2%	41.3%	41.3%	40.3%	43.1%	43.1%	0%	-2%	-2%
Operating profit	**13,174**	**21,360**	**27,154**	**15,403**	**25,832**	**31,832**	**-14%**	**-17%**	**-15%**
- Operating margin	27.6%	30.8%	32.0%	31.0%	36.3%	36.6%	-3%	-5%	-5%
Non-op	718	1,275	906	178	696	191	303%	83%	374%
Pre-tax profit	**13,892**	**22,634**	**28,060**	**15,581**	**26,528**	**32,023**	**-11%**	**-15%**	**-12%**
Reported net profit	**11,184**	**18,107**	**22,448**	**12,504**	**21,222**	**25,618**	**-11%**	**-15%**	**-12%**
- Net margin	23.5%	26.1%	26.5%	25.2%	29.8%	29.5%			
Reported EPS (NT$)	**9.15**	**14.81**	**18.36**	**10.23**	**17.36**	**20.95**	**-11%**	**-15%**	**-12%**
- YoY chg (%)	2%	62%	24%	14%	70%	21%			

Source: UBS estimates. Note: Our EPS estimates here are based on basic EPS, and may differ from the table on the cover page.

Figure 3: UBS earnings estimates vs. consensus

	UBS			Consensus			Difference		
(NT$m)	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Revenue	**47,663**	**69,243**	**84,810**	**49,743**	**72,498**	**93,917**	**-4%**	**-4%**	**-10%**
- YoY chg (%)	36%	45%	22%	42%	46%	30%			
Gross profit	**19,160**	**28,622**	**34,999**	**19,962**	**30,231**	**39,582**	**-4%**	**-5%**	**-12%**
- Gross margin	40.2%	41.3%	41.3%	40.1%	41.7%	42.1%	0%	0%	1%
Operating profit	**13,174**	**21,360**	**27,154**	**14,717**	**23,818**	**31,621**	**-10%**	**-10%**	**-14%**
- Operating margin	27.6%	30.8%	32.0%	29.6%	32.9%	33.7%	2%	2%	2%
Pre-tax profit	**13,892**	**22,634**	**28,060**	**14,967**	**24,135**	**32,038**	**-7%**	**-6%**	**-12%**
Net profit	**11,184**	**18,107**	**22,448**	**12,043**	**19,394**	**25,747**	**-7%**	**-7%**	**-13%**
- Net margin	23.5%	26.1%	26.5%	24.2%	26.8%	27.4%			
Basic EPS (NT$)	**9.15**	**14.81**	**18.36**	**9.38**	**15.18**	**20.04**	**-3%**	**-2%**	**-8%**
- YoY chg (%)	2%	62%	24%	4%	62%	32%			

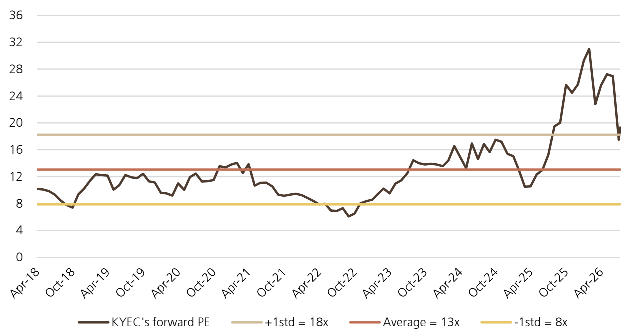
Source: Visible Alpha, UBS estimates. Note: Our EPS estimates here are based on basic EPS, and may differ from the table on the cover page.

Figure 4: UBS earnings forecast

(NT$m)	2025	Q126E	Q226E	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E	2028E	2029E	2030E
Revenue	**34,934**	**10,192**	**11,142**	**12,083**	**14,247**	**47,663**	**13,794**	**16,289**	**18,688**	**20,472**	**69,243**	**84,810**	**98,410**	**116,440**
- YoY chg (%)	30%	39%	33%	30%	43%	36%	35%	46%	55%	44%	45%	22%	16%	18%
- QoQ chg (%)	-	2%	9%	8%	18%	-	-3%	18%	15%	10%	-	-	-	-
Gross profit	**12,522**	**4,051**	**4,400**	**4,665**	**6,044**	**19,160**	**5,634**	**6,723**	**7,735**	**8,530**	**28,622**	**34,999**	**40,986**	**49,480**
- Gross margin	35.8%	39.7%	39.5%	38.6%	42.4%	40.2%	40.8%	41.3%	41.4%	41.7%	41.3%	41.3%	41.6%	42.5%
Operating profit	**9,003**	**2,772**	**2,828**	**3,213**	**4,361**	**13,174**	**4,138**	**5,003**	**5,795**	**6,424**	**21,360**	**27,154**	**32,006**	**39,064**
- Operating margin	25.8%	27.2%	25.4%	26.6%	30.6%	27.6%	30.0%	30.7%	31.0%	31.4%	30.8%	32.0%	32.5%	33.5%
Pre-tax profit	**10,629**	**2,808**	**3,076**	**3,453**	**4,555**	**13,892**	**4,534**	**5,362**	**6,103**	**6,635**	**22,634**	**28,060**	**33,153**	**39,826**
Net profit	**11,016**	**2,286**	**2,492**	**2,762**	**3,644**	**11,184**	**3,627**	**4,289**	**4,883**	**5,308**	**18,107**	**22,448**	**26,522**	**31,860**
- YoY chg (%)	42%	-47%	15%	20%	62%	2%	59%	72%	77%	46%	62%	24%	18%	20%
- QoQ chg (%)	-	2%	9%	11%	32%	-	0%	18%	14%	9%	-	-	-	-
Basic EPS (NT$)	**9.01**	**1.87**	**2.04**	**2.26**	**2.98**	**9.15**	**2.97**	**3.51**	**3.99**	**4.34**	**14.81**	**18.36**	**21.69**	**26.06**
- YoY chg (%)	42%	-47%	15%	20%	62%	2%	59%	72%	77%	46%	62%	24%	18%	20%
- QoQ chg (%)	-	2%	9%	11%	32%	-	0%	18%	14%	9%	-	-	-	-

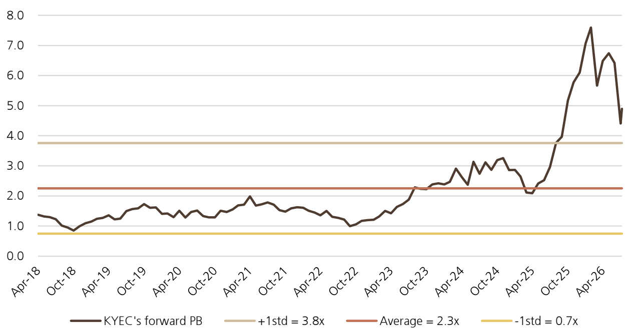
Source: Company data, UBS estimates. Note: Our EPS estimates here are based on basic EPS, and may differ from the table on the cover page.

Figure 5: KYEC's 12-month forward PE band (x)



Source: LSEG, UBS

Figure 6: KYEC's 12-month forward P/BV band (x)



Source: LSEG, UBS

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Income Statement (NT$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**33,025**	**26,856**	**34,934**	**47,663**	36.4	**69,243**	45.3	**84,810**	**98,410**	**116,440**
Gross profit	11,142	9,344	12,522	19,160	53.0	28,622	49.4	34,999	40,986	49,480
EBITDA (UBS)	**16,498**	**13,496**	**16,516**	**25,101**	52.0	**38,871**	54.9	**49,265**	**58,296**	**69,711**
Depreciation & amortisation	(9,134)	(7,324)	(7,513)	(11,928)	-58.8	(17,511)	-46.8	(22,110)	(26,290)	(30,647)
EBIT (UBS)	**7,364**	**6,172**	**9,003**	**13,174**	46.3	**21,360**	62.1	**27,154**	**32,006**	**39,064**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	114	(207)	1,764	1,281	-27.4	2,836	121.4	3,236	4,036	4,036
Net interest	6	6	(138)	(562)	-308.7	(1,561)	-177.6	(2,330)	(2,889)	(3,274)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**7,484**	**5,972**	**10,629**	**13,892**	30.7	**22,634**	62.9	**28,060**	**33,153**	**39,826**
Tax	(1,468)	(1,211)	(2,624)	(2,707)	-3.2	(4,527)	-67.2	(5,612)	(6,631)	(7,965)
Profit after tax	**6,016**	**4,761**	**8,005**	**11,185**	39.7	**18,107**	61.9	**22,448**	**26,522**	**31,861**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(176)	(316)	(42)	0	99.0	0	0.0	0	0	0
Extraordinary items	0	3,334	3,053	0	-	0	-	0	0	0
Net earnings (local GAAP)	**5,840**	**7,779**	**11,016**	**11,184**	1.5	**18,107**	61.9	**22,448**	**26,522**	**31,860**
Net earnings (UBS)	**5,840**	**4,445**	**7,963**	**11,184**	40.5	**18,107**	61.9	**22,448**	**26,522**	**31,860**
Tax rate (%)	19.6	20.3	24.7	19.5	-21.1	20.0	2.6	20.0	20.0	20.0

Per Share (NT$)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	4.78	3.64	6.48	9.13	41.0	14.79	62.0	18.34	21.66	26.02
EPS (local GAAP, diluted)	4.78	6.36	8.96	9.13	1.9	14.79	62.0	18.34	21.66	26.02
EPS (UBS, basic)	4.78	3.64	6.51	9.15	40.5	14.81	61.9	18.36	21.69	26.06
DPS (net) (NT$)	3.50	0.00	5.86	5.95	1.5	5.86	-1.5	11.93	14.10	16.94
Cash EPS (UBS, diluted) [1]	12.25	9.62	12.59	18.87	49.9	29.09	54.2	36.40	43.14	51.06
Book value per share	31.88	35.48	41.24	50.63	22.8	59.49	17.5	68.23	77.99	89.94
Average shares (diluted)	1,222	1,223	1,230	1,225	-0.4	1,224	0.0	1,224	1,224	1,224

Balance Sheet (NT$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	12,263	10,329	17,964	28,926	61.0	34,738	20.1	43,963	53,560	64,956
Other current assets	9,779	33,589	10,956	10,846	-1.0	15,620	44.0	16,942	20,023	23,245
Total current assets	**22,041**	**43,918**	**28,919**	**39,772**	37.5	**50,357**	26.6	**60,905**	**73,583**	**88,201**
Net tangible fixed assets	44,140	34,924	60,554	99,414	64.2	133,902	34.7	163,792	187,502	206,855
Net intangible fixed assets	13	8	9	7	-23.0	7	0.0	7	7	7
Investments / other assets	7,717	7,862	11,696	33,301	184.7	43,301	30.0	46,103	52,626	59,577
Total assets	**73,911**	**86,711**	**101,178**	**172,494**	70.5	**227,568**	31.9	**270,807**	**313,719**	**354,641**
Trade payables & other ST liabilities	6,953	16,907	15,919	21,104	32.6	22,101	4.7	22,375	22,990	23,574
Short term debt	795	0	0	0	-	0	-	0	0	0
Total current liabilities	**7,748**	**16,907**	**15,919**	**21,104**	32.6	**22,101**	4.7	**22,375**	**22,990**	**23,574**
Long term debt	22,601	20,581	30,275	70,617	133.3	105,617	49.6	135,617	160,617	180,617
Other long term liabilities	3,536	4,512	4,546	18,855	314.7	27,094	43.7	29,382	34,747	40,465
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**33,885**	**41,999**	**50,740**	**110,576**	117.9	**154,812**	40.0	**187,373**	**218,354**	**244,655**
Common s/h equity	**38,903**	**43,296**	**50,429**	**61,910**	22.8	**72,747**	17.5	**83,425**	**95,356**	**109,977**
Minority interests	1,124	1,415	8	9	1.1	9	0.0	9	9	9
Total liabilities & equity	**73,911**	**86,711**	**101,178**	**172,494**	70.5	**227,568**	31.9	**270,807**	**313,719**	**354,641**

Cash Flow (NT$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	5,840	7,779	11,016	11,184	1.5	18,107	61.9	22,448	26,522	31,860
Depreciation & amortisation	9,134	7,324	7,513	11,928	58.8	17,511	46.8	22,110	26,290	30,647
Net change in working capital	95	1,444	(1,822)	569	-	(2,947)	-	(819)	(1,924)	(2,063)
Other operating	(809)	1,928	(3,555)	(2,460)	30.8	(10,830)	-340.2	(3,032)	(7,064)	(7,527)
Operating cash flow	**14,260**	**18,475**	**13,152**	**21,221**	61.4	**21,842**	2.9	**40,707**	**43,824**	**52,917**
Tangible capital expenditure	(7,273)	(14,437)	(31,732)	(50,000)	-57.6	(52,000)	-4.0	(52,000)	(50,000)	(50,000)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	52	(1)	-	0	-	0	0	0
Other investing	0	81	18,602	62	-99.7	0	-	0	0	0
Investing cash flow	**(7,273)**	**(14,355)**	**(13,078)**	**(49,939)**	-281.9	**(52,000)**	-4.1	**(52,000)**	**(50,000)**	**(50,000)**
Equity dividends paid	(4,280)	(3,913)	(4,891)	(7,160)	-46.4	(7,270)	-1.5	(11,770)	(14,591)	(17,239)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(36,073)	3,947	(414)	6,612	-	8,239	24.6	2,287	5,365	5,718
Change in debt & pref shares	32,858	(2,815)	9,918	40,229	305.6	35,000	-13.0	30,000	25,000	20,000
Financing cash flow	**(7,495)**	**(2,781)**	**4,613**	**39,681**	NM	**35,969**	-9.4	**20,518**	**15,774**	**8,479**
Cash flow inc/(dec) in cash	**(508)**	**1,339**	**4,687**	**10,963**	133.9	**5,811**	-47.0	**9,225**	**9,597**	**11,396**
FX / non cash items	(46)	(3,272)	2,947	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(554)**	**(1,933)**	**7,634**	**10,963**	43.6	**5,811**	-47.0	**9,225**	**9,597**	**11,396**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

King Yuan Electronics (2449.TW)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	13.0	17.0	15.3	26.5	16.4	13.2	11.2	9.3
P/E (UBS, diluted)	13.0	29.7	21.1	26.5	16.4	13.2	11.2	9.3
P/CEPS	5.1	11.2	10.8	12.8	8.3	6.6	5.6	4.7
Equity FCF (UBS) yield %	9.2	3.1	(11.1)	(9.7)	(10.2)	(3.8)	(2.1)	1.0
Dividend yield (net) %	5.6	0.0	4.3	2.5	2.4	4.9	5.8	7.0
P/BV	1.9	3.0	3.3	4.8	4.1	3.5	3.1	2.7
EV/revenues (core)	2.3	5.3	5.0	6.3	4.6	4.0	3.6	3.1
EV/EBITDA (UBS core)	4.7	10.6	10.6	12.0	8.2	6.9	6.1	5.1
EV/EBIT (core)	10.4	23.3	19.4	22.8	15.0	12.6	11.0	9.2
EV/OpFCF (core)	4.7	10.6	10.6	12.0	8.2	6.9	6.1	5.1
EV/op. invested capital	2.0	2.7	3.1	4.3	3.3	2.7	2.4	2.1

Enterprise value (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	75,738	131,648	166,830	295,904	295,904	295,904	295,904	295,904
Net debt (cash)	73	10,692	11,281	27,001	56,285	81,267	99,356	111,359
Buy out of minorities	1,124	1,415	8	9	9	9	9	9
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**76,935**	**143,755**	**178,120**	**322,914**	**352,198**	**377,180**	**395,268**	**407,272**
Non core assets	(94)	(100)	(3,279)	(22,802)	(32,766)	(35,532)	(42,020)	(48,935)
Core enterprise value	**76,841**	**143,655**	**174,841**	**300,112**	**319,432**	**341,648**	**353,249**	**358,337**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	(10.2)	(18.7)	30.1	36.4	45.3	22.5	16.0	18.3
EBITDA (UBS)	(10.3)	(18.2)	22.4	52.0	54.9	26.7	18.3	19.6
EBIT (UBS)	(19.7)	(16.2)	45.9	46.3	62.1	27.1	17.9	22.1
EPS (UBS, diluted)	(14.4)	(23.9)	78.1	41.0	62.0	24.0	18.2	20.1
Net DPS	16.8	(100.0)	-	1.5	(1.5)	103.8	18.2	20.1

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	33.7	34.8	35.8	40.2	41.3	41.3	41.6	42.5
EBITDA margin	50.0	50.3	47.3	52.7	56.1	58.1	59.2	59.9
EBIT (UBS) margin	22.3	23.0	25.8	27.6	30.8	32.0	32.5	33.5
Net earnings (UBS) margin	17.7	16.6	22.8	23.5	26.1	26.5	27.0	27.4
ROIC (EBIT)	19.1	11.7	15.7	18.8	22.3	21.7	21.3	23.2
ROIC post tax	15.4	9.3	11.9	15.1	17.8	17.3	17.1	18.5
ROE (UBS)	15.6	10.8	17.0	19.9	26.9	28.7	29.7	31.0

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	0.7	0.8	0.7	1.7	1.8	1.9	1.8	1.7
Net debt / total equity %	27.8	22.9	24.4	67.3	97.4	109.9	112.3	105.2
Net debt / (net debt + total equity) %	21.8	18.7	19.6	40.2	49.3	52.3	52.9	51.3
Net debt/EV %	0.1	7.4	6.3	8.4	16.0	21.5	25.1	27.3
Capex / depreciation %	79.9	197.4	NM	NM	NM	NM	190.2	163.2
Capex / revenue %	22.0	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	-	-	65.4	23.4	13.7	11.7	11.1	11.9
Dividend cover (UBS)	1.4	-	1.1	1.5	2.5	1.5	1.5	1.5
Div. payout ratio (UBS) %	73.3	-	89.9	65.0	39.5	65.0	65.0	65.0

Revenues by division (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	33,025	26,856	34,934	47,663	69,243	84,810	98,410	116,440
Total	**33,025**	**26,856**	**34,934**	**47,663**	**69,243**	**84,810**	**98,410**	**116,440**

EBIT (UBS) by division (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	7,364	6,172	9,003	13,174	21,360	27,154	32,006	39,064
Total	**7,364**	**6,172**	**9,003**	**13,174**	**21,360**	**27,154**	**32,006**	**39,064**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	34.3%
Forecast dividend yield	2.5%
Forecast stock return	36.8%
Market return assumption	6.3%
Forecast excess return	30.5%

Company Description

Founded in 1987, King Yuan is Taiwan's leading pure semiconductor testing provider, with diversified applications and a growing customer base.

Valuation Method and Risk Statement

We value King Yuan based on a PE multiple.
Company-specific upside/downside risks include: a stronger/weaker-than-expected recovery in end-market tech demand and growing Chinese competition.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

King Yuan Electronics

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS Securities Pte. Ltd., Taipei Branch: Christine Chen, CFA, Ryan Sun, Sunny Lin.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
King Yuan Electronics[28]	2449.TW	Buy	NT$242.00	07 Aug 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.
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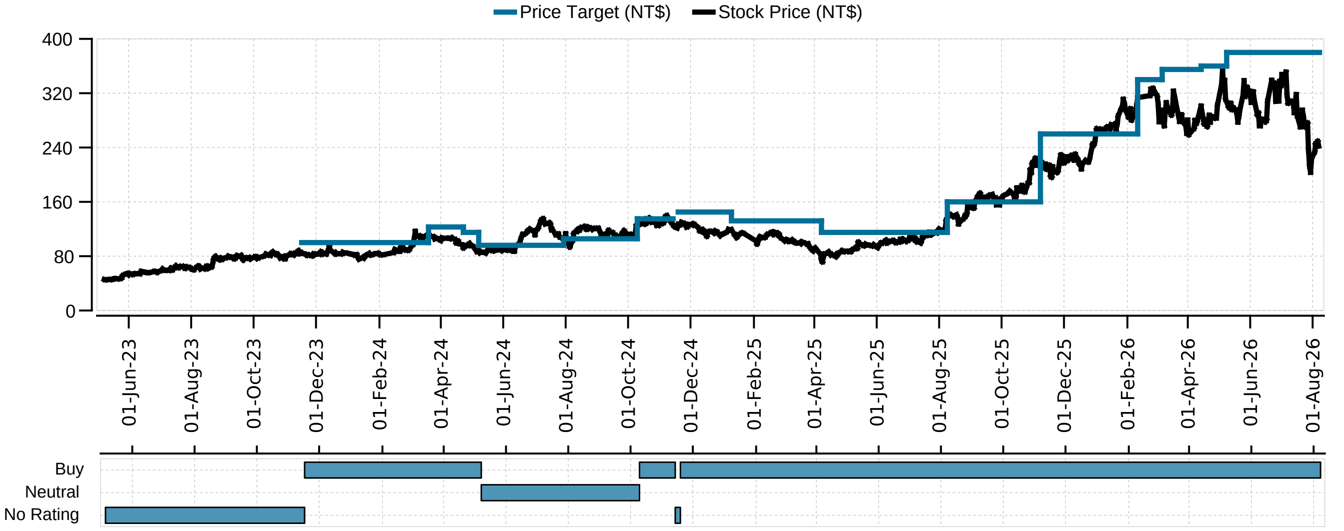
King Yuan Electronics (NT$)



Date	Stock Price (NT$)	Price Target (NT$)	Rating
2023-05-05	46.75	-	No Rating
2023-11-16	84.20	100.00	Buy
2024-03-19	109.00	123.00	Buy
2024-04-22	96.00	115.00	Buy
2024-05-07	87.50	96.00	Neutral
2024-07-29	105.50	105.60	Neutral
2024-10-09	124.50	135.00	Buy
2024-11-13	128.50	-	No Rating
2024-11-18	121.50	145.00	Buy
2025-01-09	118.50	132.00	Buy
2025-04-07	82.90	115.00	Buy
2025-08-08	133.50	160.00	Buy
2025-11-07	213.50	260.00	Buy
2026-02-10	302.00	340.00	Buy
2026-03-06	284.50	355.00	Buy
2026-04-13	295.00	360.00	Buy
2026-05-08	311.00	380.00	Buy

Source: UBS Global Research; LSEG Eikon as of 07-Aug-2026. All prices as of local market close. Ratings as of date shown.

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