NOMURA

Global Markets Research

YAGEO Corporation 2327.TW 2327 TT

1 July 2026

EQUITY: TECHNOLOGY

Enjoying stronger pricing power in this upcycle

The upcycle is still in the early stage and could last longer than the previous cycle; maintain Buy

Action: Maintain Buy; lift TP to TWD1,350, implying ~18% upside

We raise 2026F/27F/28F EPS from TWD18.7/24.4/29.2 to TWD20.9/33.2/45.0 due to a likely structural passive component industry shortage and an accelerated capacitor price hike. We think the current strong AI demand for high-cap MLCC at Murata (6981 JP, Buy) and SEMCO (009150 KS, Buy) is crowding out allocation to non-AI applications, and demand overflows could benefit Greater China passive makers such as Yageo whose current portfolios are skewed towards the 'low-end' and boost their pricing power. Specifically for Yageo, we believe it could leverage a broader product lineup for bundle sales of tantalum capacitors and R-chips (of which it is the world's largest manufacturer, according to Yageo) with MLCCs, at a more favorable pricing to monetize the structural uptrend. As such, we raise our TP to TWD1,350 (from TWD415), based on 30x 2028F EPS of TWD45.0 (previously 19x 2H26-1H27F EPS of TWD21.8), with the target multiple at the higher end of Yageo's historical trading band (8-40x) to discount the AI-driven business rally and a more favorable pricing environment. The stock currently trades at 34x 2027F EPS.

A more sound upcycle that could last longer than the previous one (2017-18)

Based on the previous upcycle, we believe the share price could peak roughly a quarter ahead of its gross margin (GM) peak (*Fig. 1*), and so far Yageo's GM is still in the early stage of expansion (*Fig. 2*). Also, we think the current AI-driven cycle might last longer than the previous cycle underpinned by automobile electrification, due to: 1) a much faster organic revenue growth for AI chips (TSMC [2330 TT, Buy] estimates at high-50% over 2024-29E; *report*) vs. a long-term automobile industry CAGR of 5-10%; and 2) a faster AI platform refresh cadence (almost one new generation every year). We estimate Yageo's GM will expand from 36.2% in 2025 to 48.3% in 2028F, still below the 2018 high of 63.3%. We advise monitoring whether pricing dynamics would be in favor of Yageo given a likely worsening industry supply/demand imbalance into 2027-28F.

Massive content increases and capacity drain by AI is the root cause

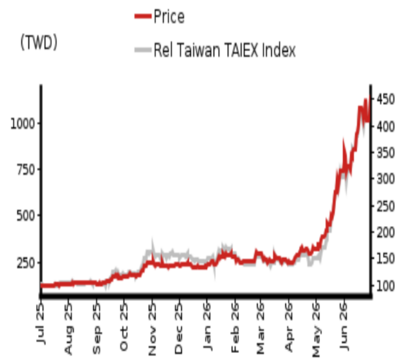
Our industry checks suggest >3x MLCC content growth in nVidia's (NVDA US, Not rated) upcoming VR200 vs. GB300. Although Yageo is not a direct MLCC supplier, the significant capacity drain at Murata and SEMCO could squeeze allocation to notably mid/high-cap names with demand overflowing to Yageo for a richer mix. We also expect more tantalum capacitor to be used in AWS Trainium 3 vs. the prior generation, and Yageo is a leading tantalum capacitor supplier globally.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (TWD)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	132,930	174,417	186,351	211,612	245,013	244,216	301,989
Reported net profit (mn)	23,634	38,348	42,853	50,075	68,073	59,966	92,414
Normalised net profit (mn)	23,634	38,348	42,853	50,075	68,073	59,966	92,414
FD normalised EPS	11.51	18.68	20.87	24.39	33.15	29.20	45.00
FD norm. EPS growth (%)	20.8	62.3	81.3	30.6	58.9	19.8	35.8
FD normalised P/E (x)	99.0	–	54.6	–	34.4	–	25.3
EV/EBITDA (x)	61.0	–	37.2	–	24.0	–	17.6
Price/book (x)	13.5	–	11.5	–	9.2	–	7.4
Dividend yield (%)	0.5	–	0.8	–	1.3	–	1.8
ROE (%)	15.8	22.8	25.5	23.1	29.7	23.8	32.5
Net debt/equity (%)	32.7	11.0	9.7	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Increased from TWD 415.00	**TWD 1,350.00**
Closing price 1 July 2026	**TWD 1,140.00**
Implied upside	**+18.4%**
Market Cap (USD mn)	74,122.5
ADT (USD mn)	995.6

Relative performance chart



Source: LSEG, Nomura

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Key data on YAGEO Corporation

Performance

(%)	1M	3M	12M		
Absolute (TWD)	44.3	353.3	831.6	M cap (USDmn)	74,122.5
Absolute (USD)	42.0	353.8	752.6	Free float (%)	72.0
Rel to Taiwan TAIEX Index	42.6	314.2	727.0	3-mth ADT (USDmn)	995.6

Income statement (TWDmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	121,667	132,930	186,351	245,013	301,989
Cost of goods sold	-79,864	-84,800	-111,352	-132,880	-156,144
Gross profit	41,803	48,130	74,999	112,134	145,845
SG&A	-18,418	-18,329	-21,613	-26,072	-28,577
Employee share expense					
Operating profit	23,386	29,801	53,386	86,061	117,268
EBITDA	33,014	39,635	64,070	97,595	129,652
Depreciation	-9,629	-9,834	-10,684	-11,534	-12,384
Amortisation					
EBIT	23,386	29,801	53,386	86,061	117,268
Net interest expense	2,190	1,571	1,212	1,212	1,212
Associates & JCEs					
Other income	1,287	-252	409	0	0
Earnings before tax	26,863	31,120	55,007	87,273	118,480
Income tax	-7,377	-7,343	-12,117	-19,200	-26,066
Net profit after tax	19,487	23,777	42,890	68,073	92,414
Minority interests	-130	-143	-37	0	0
Other items					
Preferred dividends					
Normalised NPAT	19,356	23,634	42,853	68,073	92,414
Extraordinary items					
Reported NPAT	19,356	23,634	42,853	68,073	92,414
Dividends	-10,265	-12,344	-19,284	-30,633	-41,586
Transfer to reserves	9,091	11,290	23,569	37,440	50,828
Valuations and ratios					
Reported P/E (x)	119.6	99.0	54.6	34.4	25.3
Normalised P/E (x)	119.6	99.0	54.6	34.4	25.3
FD normalised P/E (x)	119.6	99.0	54.6	34.4	25.3
Dividend yield (%)	0.4	0.5	0.8	1.3	1.8
Price/cashflow (x)	74.3	75.8	40.3	34.2	24.9
Price/book (x)	14.2	13.5	11.5	9.2	7.4
EV/EBITDA (x)	73.9	61.0	37.2	24.0	17.6
EV/EBIT (x)	104.3	81.2	44.6	27.2	19.5
Gross margin (%)	34.4	36.2	40.2	45.8	48.3
EBITDA margin (%)	27.1	29.8	34.4	39.8	42.9
EBIT margin (%)	19.2	22.4	28.6	35.1	38.8
Net margin (%)	15.9	17.8	23.0	27.8	30.6
Effective tax rate (%)	27.5	23.6	22.0	22.0	22.0
Dividend payout (%)	53.0	52.2	45.0	45.0	45.0
ROE (%)	15.0	15.8	25.5	29.7	32.5
ROA (pretax %)	8.0	9.7	17.1	26.7	34.8
Growth (%)					
Revenue	13.1	9.3	40.2	31.5	23.3
EBITDA	13.2	20.1	61.7	52.3	32.8
Normalised EPS	-8.8	20.8	81.3	58.9	35.8
Normalised FDEPS	-8.8	20.8	81.3	58.9	35.8

Source: Company data, Nomura estimates

Cashflow statement (TWDmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	33,014	39,635	64,070	97,595	129,652
Change in working capital	-664	3,716	4,512	-11,205	-10,954
Other operating cashflow	-1,188	-12,488	-10,533	-17,988	-24,854
Cashflow from operations	31,162	30,863	58,049	68,402	93,845
Capital expenditure	-6,363	-5,588	-8,500	-8,500	-8,500
Free cashflow	24,799	25,275	49,549	59,902	85,345
Reduction in investments	-22,731	18,667	0	0	0
Net acquisitions	0	0	0	0	0
Dec in other LT assets	0	0	0	0	0
Inc in other LT liabilities	0	0	0	0	0
Adjustments	-666	-16,805	0	0	0
CF after investing acts	1,402	27,138	49,549	59,902	85,345
Cash dividends	-8,369	-10,265	-12,344	-19,284	-30,633
Equity issue	0	0	0	0	0
Debt issue	12,200	7,070	0	0	0
Convertible debt issue					
Others	2,933	-3,587	0	0	0
CF from financial acts	6,764	-6,782	-12,344	-19,284	-30,633
Net cashflow	8,166	20,356	37,205	40,618	54,712
Beginning cash	52,951	61,118	81,473	118,678	159,296
Ending cash	61,118	81,473	118,678	159,296	214,008
Ending net debt	78,195	56,962	19,757	-20,861	-75,572

Balance sheet (TWDmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	61,118	81,473	118,678	159,296	214,008
Marketable securities	40,704	16,634	16,634	16,634	16,634
Accounts receivable	21,969	27,792	33,543	44,102	54,358
Inventories	27,823	31,636	34,519	41,193	48,405
Other current assets	6,674	7,811	7,811	7,811	7,811
Total current assets	158,288	165,346	211,186	269,037	341,216
LT investments	39,141	44,974	44,974	44,974	44,974
Fixed assets	66,410	65,305	63,121	60,087	56,203
Goodwill	94,926	106,700	106,700	106,700	106,700
Other intangible assets					
Other LT assets	7,911	8,464	8,416	8,416	8,416
Total assets	366,676	390,789	434,397	489,214	557,509
Short-term debt	68,735	76,348	76,348	76,348	76,348
Accounts payable	15,003	18,031	31,179	37,206	43,720
Other current liabilities	30,240	41,700	41,700	41,700	41,700
Total current liabilities	113,978	136,079	149,226	155,254	161,768
Long-term debt	70,578	62,088	62,088	62,088	62,088
Convertible debt					
Other LT liabilities	19,566	18,626	18,626	18,626	18,626
Total liabilities	204,123	216,793	229,940	235,968	242,481
Minority interest					
Preferred stock					
Common stock	5,188	5,182	5,134	5,134	5,134
Retained earnings	147,616	161,842	192,351	241,141	302,922
Proposed dividends					
Other equity and reserves	9,749	6,972	6,972	6,972	6,972
Total shareholders' equity	162,553	173,997	204,457	253,246	315,028
Total equity & liabilities	366,676	390,789	434,397	489,214	557,509
Liquidity (x)					
Current ratio	1.39	1.22	1.42	1.73	2.11
Interest cover	–	–	–	–	–
Leverage					
Net debt/EBITDA (x)	2.37	1.44	0.31	net cash	net cash
Net debt/equity (%)	48.1	32.7	9.7	net cash	net cash
Per share					
Reported EPS (TWD)	9.53	11.51	20.87	33.15	45.00
Norm EPS (TWD)	9.53	11.51	20.87	33.15	45.00
FD norm EPS (TWD)	9.53	11.51	20.87	33.15	45.00
BVPS (TWD)	80.05	84.74	99.56	123.32	153.41
DPS (TWD)	5.00	6.00	9.39	14.92	20.25
Activity (days)					
Days receivable	63.6	68.3	60.1	57.8	59.7
Days inventory	125.5	128.0	108.4	104.0	105.0
Days payable	69.4	71.1	80.7	93.9	94.8
Cash cycle	119.8	125.2	87.8	67.9	69.8

Source: Company data, Nomura estimates

Company profile

Yageo is the global largest R-chip and tantalum capacitor and 3rd largest MLCC and inductor supplier (in terms of capacity). It has high market share in global passive components industry.

Valuation Methodology

Our target price for Yageo is TWD1,350, which is based on 30x 2028F EPS of TWD45.0. Our 30x P/E multiple is at the higher end of 8-40x P/E range since 2018. The benchmark index is TAIEX.

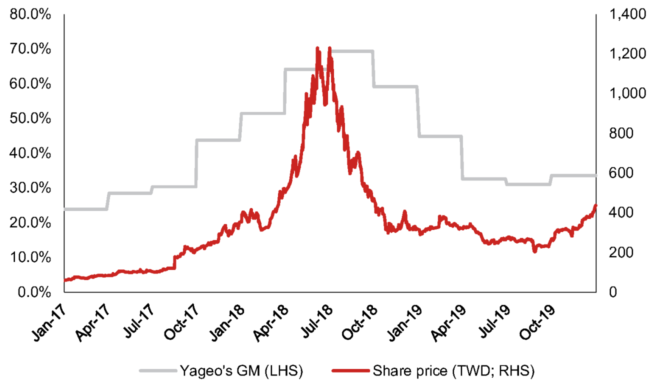
Risks that may impede the achievement of the target price

Key downside risks: 1) longer than expected inventory correction resulting in a low UTR, which would pressure ASPs; 2) failure to pass through high raw material costs from the high inflation in 2021; 3) intensifying competition from Greater China vendors; and 4) Higher OPEX than expected by new sensor business

ESG

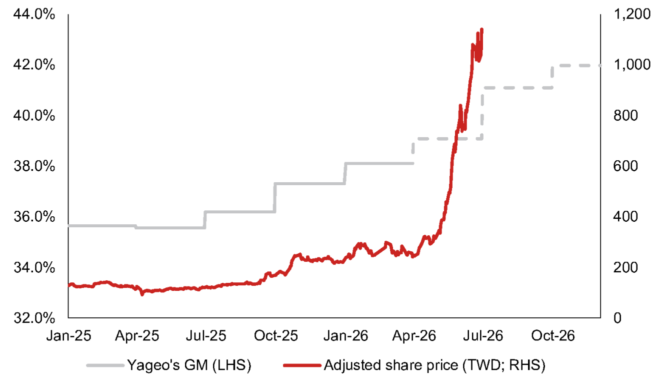
Yageo corporation declares the metal conflict-free on products supplied to consumers. Yageo take due diligence with supply chain to assure the metals are not derived from or sourced from mines in conflict areas. Yageo establish and implement enviromental management of energy saving and waste minimization, strengthen resources recycling and reuse, reduce and disuse environment-prohibited material.

Fig. 1: Yageo share price vs. GM trend in the 2017-18 upcycle



Source: Company data, Nomura research

Fig. 2: Yageo's GM vs. share price



Source: Company data, Nomura estimates

Fig. 3: Yageo: Earnings forecast revisions

	New forecasts			Previous forecasts			Change (%)		
TWD mn	**2026F**	**2027F**	**2028F**	**2026F**	**2027F**	**2028F**	**2026F**	**2027F**	**2028F**
Revenue	186,351	245,013	301,989	174,417	211,612	244,216.0	6.8	15.8	23.7
Gross profit	74,999	112,134	145,845	68,686	85,325	99,633.2	9.2	31.4	46.4
Operating profit	53,386	86,061	117,268	47,873	63,336	76,017.1	11.5	35.9	54.3
Pretax profit	55,007	87,273	118,480	49,231	64,199	76,879.3	11.7	35.9	54.1
Net profit	42,853	68,073	92,414	38,348	50,075	59,965.8	11.7	35.9	54.1
EPS (TWD)	20.87	33.15	45.00	18.68	24.39	29.2			
Margins (%)									
Gross margin	40.2	45.8	48.3	39.4	40.3	40.8	0.9	5.4	7.5
Operating margin	28.6	35.1	38.8	27.4	29.9	31.1	1.2	5.2	7.7
Pretax margin	29.5	35.6	39.2	28.2	30.3	31.5	1.3	5.3	7.8
Net margin	23.0	27.8	30.6	22.0	23.7	24.6	1.0	4.1	6.0

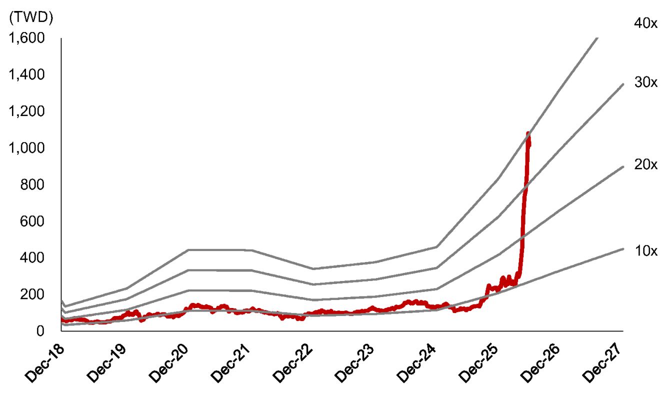
Source: Nomura estimates

Fig. 4: Yageo: P&L

(TWDm)	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26F	3Q26F	4Q26F	2026F	1Q27F	2Q27F	3Q27F	4Q27F	2027F	2028F
Net revenue	**31,104**	**32,771**	**33,087**	**35,968**	**132,930**	**38,166**	**45,011**	**50,114**	**53,061**	**186,351**	**55,409**	**59,544**	**63,478**	**66,582**	**245,013**	**301,989**
COGS	20,018	21,119	21,112	22,551	84,800	23,624	27,421	29,519	30,789	111,352	30,830	32,291	34,093	35,666	132,880	156,144
Gross profit	**11,086**	**11,652**	**11,974**	**13,417**	**48,130**	**14,542**	**17,590**	**20,595**	**22,272**	**74,999**	**24,580**	**27,253**	**29,386**	**30,916**	**112,134**	**145,845**
Op expenses	4,623	4,609	4,412	4,685	18,329	4,929	5,241	5,555	5,888	21,613	6,006	6,367	6,749	6,951	26,072	28,577
Op profit	**6,463**	**7,044**	**7,562**	**8,732**	**29,801**	**9,613**	**12,349**	**15,040**	**16,384**	**53,386**	**18,573**	**20,886**	**22,637**	**23,965**	**86,061**	**117,268**
Non-op income	710	(15)	650	(26)	1,319	712	303	303	303	1,621	303	303	303	303	1,212	1,212
Pretax profit	7,173	7,028	8,212	8,706	31,120	10,325	12,652	15,343	16,687	55,007	18,876	21,189	22,940	24,268	87,273	118,480
Net profit	**5,530**	**4,998**	**6,356**	**6,751**	**23,634**	**8,001**	**9,869**	**11,968**	**13,016**	**42,853**	**14,724**	**16,528**	**17,893**	**18,929**	**68,073**	**92,414**
EPS (TWD)	**2.69**	**2.43**	**3.10**	**3.29**	**11.51**	**3.90**	**4.81**	**5.83**	**6.34**	**20.87**	**7.17**	**8.05**	**8.71**	**9.22**	**33.15**	**45.00**
Operating ratios (%)																
Gross margin	35.6%	35.6%	36.2%	37.3%	36.2%	38.1%	39.1%	41.1%	42.0%	40.2%	44.4%	45.8%	46.3%	46.4%	45.8%	48.3%
Operating margin	20.8%	21.5%	22.9%	24.3%	22.4%	25.2%	27.4%	30.0%	30.9%	28.6%	33.5%	35.1%	35.7%	36.0%	35.1%	38.8%
Pretax profit margin	23.1%	21.4%	24.8%	24.2%	23.4%	27.1%	28.1%	30.6%	31.4%	29.5%	34.1%	35.6%	36.1%	36.4%	35.6%	39.2%
Net profit margin	17.8%	15.3%	19.2%	18.8%	17.8%	21.0%	21.9%	23.9%	24.5%	23.0%	26.6%	27.8%	28.2%	28.4%	27.8%	30.6%
Year-to-year (%)																
Net revenue	9%	4%	4%	20%	9%	23%	37%	51%	48%	40%	45%	32%	27%	25%	31%	23%
Gross profit	15%	6%	7%	35%	15%	31%	51%	72%	66%	56%	69%	55%	43%	39%	50%	30%
Operating profit	30%	9%	14%	65%	27%	49%	75%	99%	88%	79%	93%	69%	51%	46%	61%	36%
Pretax profit	18%	-5%	14%	41%	16%	44%	80%	87%	92%	77%	83%	67%	50%	45%	59%	36%
Net profit	20%	-8%	13%	85%	22%	45%	97%	88%	93%	81%	84%	67%	50%	45%	59%	36%
Qtr-to-Qtr (%)																
Net revenue	4%	5%	1%	9%		6%	18%	11%	6%		4%	7%	7%	5%		
Gross profit	11%	5%	3%	12%		8%	21%	17%	8%		10%	11%	8%	5%		
Operating profit	22%	9%	7%	15%		10%	28%	22%	9%		13%	12%	8%	6%		
Pretax profit	16%	-2%	17%	6%		19%	23%	21%	9%		13%	12%	8%	6%		
Net profit	52%	-10%	27%	6%		19%	23%	21%	9%		13%	12%	8%	6%		

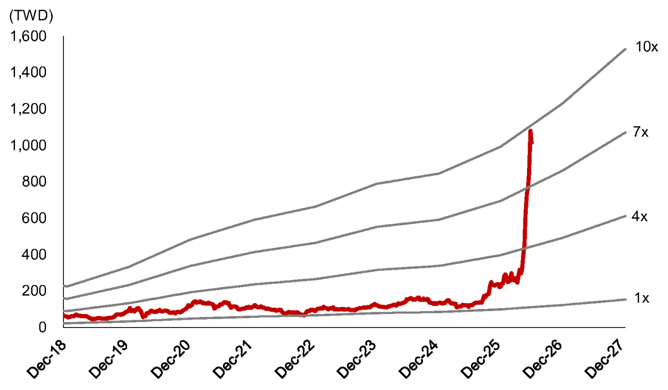
Source: Company data, Nomura estimates

Fig. 5: Yageo: P/E band



Source: TEJ, Company data, Nomura research

Fig. 6: Yageo: P/B band



Source: TEJ, Company data, Nomura research

Appendix A-1

This report has been produced by Nomura International (Hong Kong) Ltd., Taipei Branch (NITB), Taiwan.
See Disclaimers for Nomura Group entity details.

Analyst Certification

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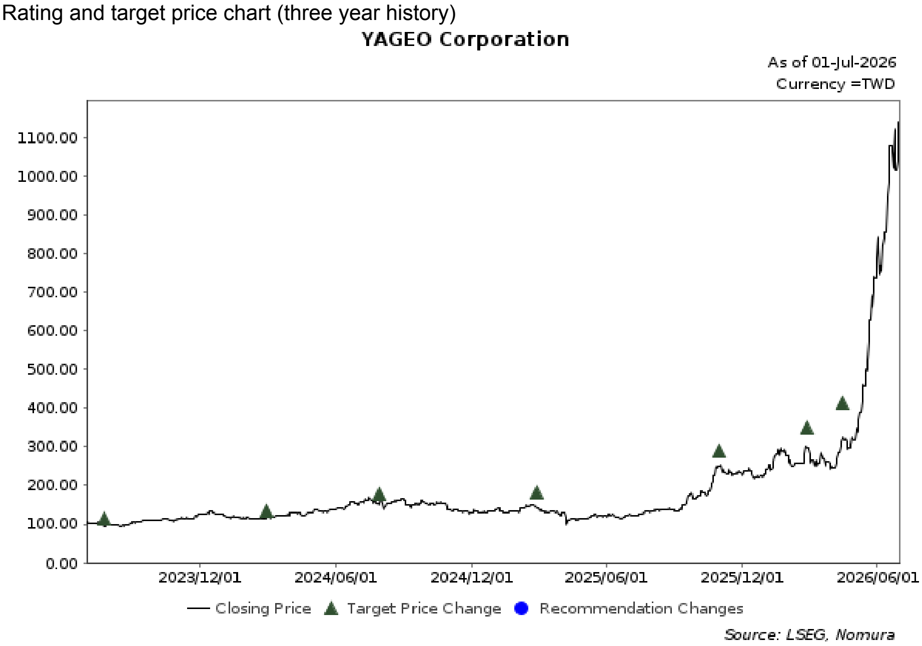
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
YAGEO Corporation	2327 TT	TWD 1,140.00	01-Jul-2026	Buy	N/A	

YAGEO Corporation (2327 TT) **TWD 1,140.00 (01-Jul-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
15-Apr-26		415.00	322.00
26-Feb-26		350.00	298.00
31-Oct-25		290.00	249.00
27-Feb-25		180.25	141.50
30-Jul-24		177.85	152.74
29-Feb-24		136.00	116.75
25-Jul-23		112.99	96.56

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

Valuation Methodology Our target price for Yageo is TWD1,350, which is based on 30x 2028F EPS of TWD45.0. Our 30x P/E multiple is at the higher end of 8-40x P/E range since 2018. The benchmark index is TAIEX.
Risks that may impede the achievement of the target price Key downside risks: 1) longer than expected inventory correction resulting in a low UTR, which would pressure ASPs; 2) failure to pass through high raw material costs from the high inflation in 2021; 3) intensifying competition from Greater China vendors; and 4) Higher OPEX than expected by new sensor business

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