J.P.Morgan

Asia Pacific Equity Research
21 April 2026

# Taiwan Surface Mount Tech

## Potential re-rating driven by emerging AI angle

**Overweight**

**6278.TW, 6278 TT**
Price (20 Apr 26):NT$158.50

▲**Price Target (Dec-26):NT$167.00**
Prior (Jun-26):NT$140.00

**Technology**


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We are raising our PT for TSMT to NT$167 (from NT$140) on the back of: 1) raising our 4Q26 earnings forecast, 2) migrating EPS base to 12m fw EPS, and 3) increasing PER to 14x (from 12x) on the emerging AI angle. We believe TSMT's traditional SMT/mini-LED business will grow moderately (JPMe 6%) in 2026, while the key focus is its entry into the AI business starting 3Q26E, which we believe can reach double-digit rev contribution in 2027. Upside risk remains from re-rating (ongoing).

- **1Q26 preview + FY2026 update: Apple capped by component shortage, DRAM driving rev starting 3Q.** For the upcoming 1Q26 result (the company will release on Apr 28), rev should increase +4% QoQ (beat JPMe/consensus by 10/2%). Meanwhile, we expect margin to drop by 2ppt (miss JPMe/ consensus by 1.5/1ppt). Based on our industry checks, the rev beat shall be driven by better-than-expected Apple product pull-in (TSMT does SMT and mini-LED mass transfer for Macbook) while the GM is dragged by 1) product mix (lower mix of DDR product whose margin is ~5ppt higher than corporate average), and 2) earlier component procurement to mitigate continued component price hike. Looking ahead, we expect 2Q rev to go up slightly QoQ (+3%) on the weak NB (mostly Apple) and DRAM orders. We expect rev momentum to pick up again starting from 3Q26 (JPMe 7% QoQ), mainly driven by strong growth from DRAM (20%+ QoQ) with strong Chinese DRAM client orders. Our 2Q/3Q26 OP estimates are 19/16% below our previous estimates to factor in weaker Apple NB (mainly due to component shortage) and DRAM rev (but note that our OP is still 2/10% above consensus). With that said, a key watchpoint in the coming quarters is Apple NB rev, which could pose upside risk if sufficient components are procured (key bottleneck).
- **AI business driving re-rating: reaching double-digit rev in 2027E.** The stock has surged by 39% (vs TWSE 4%) in the past 1 week. We believe the re-rating is driven by its entrance into the AI communication business. The rev will kick in starting from 3Q26E and reach a mid-single digit rev contribution in 4Q26E. Looking ahead, we believe rev can reach a double-digit contribution in 2027E. For the past 5 years, the company has been very disciplined in capacity expansion (and therefore controls depreciation cost very effectively), while we think the new AI business could trigger capacity expansion again in the coming 1-2 years, which would be a very positive signal on the rev contribution in the coming years. Our new PT of NT$167 is based on 12m fw EPS and 14x PER, which is 1.6-STD above mean since 2013. We think the re-rating is well-justified with the emerging AI angle (previously we used 12x PER). Given the recent market sentiment on the AI communication segment, we don't rule out the possibility of the stock getting further re-rated to higher levels.

**Quarterly Forecasts (FYE Dec)**

**Revenue (NT$ mn)**

| | 2025A | 2026E | 2027E |
|---|---|---|---|
| Q1 | 12,414 | 12,555 | 13,958 |
| Q2 | 12,588 | 12,922 | 15,159 |
| Q3 | 12,788 | 13,801 | 15,852 |
| Q4 | 12,087 | 14,639 | 16,083 |
| FY | 49,877 | 53,917 | 61,053 |

**Style Exposure**

| Quant Factors | Current %Rank | Hist %Rank (1=Top) 6M | 1Y | 3Y | 5Y |
|---|---|---|---|---|---|
| Value | 26 | 4 | 14 | 2 | 14 |
| Growth | 79 | 68 | 80 | 70 | 12 |
| Momentum | 86 | 57 | 24 | 75 | 91 |
| Quality | 66 | 54 | 57 | 47 | 50 |
| Low Vol | 30 | 34 | 32 | 53 | 91 |

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

**See page 7 for analyst certification and important disclosures, including non-US analyst disc**

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## Price Performance


| | YTD | 1m | 3m | 12m |
|---|---|---|---|---|
| Abs | 66.1% | 59.9% | 63.6% | 69.5% |
| Rel | 38.5% | 49.8% | 47.2% | -23.9% |

## Company Data

| | |
|---|---|
| Shares O/S (mn) | 292 |
| 52-week range (NT$) | 172.50-90.80 |
| Market cap ($ mn) | 1,467 |
| Exchange rate | 31.59 |
| Free float (%) | 84.4% |
| 3M ADV (mn) | 3.72 |
| 3M ADV ($ mn) | 14.2 |
| Volatility (90 Day) | 42 |
| Index | TAIEX |
| BBG ANR (Buy \| Hold \| Sell) | 4\|1\|0 |

## Key Metrics (FYE Dec)

| NT$ in millions | FY25A | FY26E | FY27E |
|---|---|---|---|
| **Financial Estimates** | | | |
| Revenue | 49,877 | 53,917 | 61,053 |
| Adj. EBIT | 3,505 | 4,193 | 7,391 |
| Adj. EBITDA | 5,360 | 6,030 | 10,260 |
| Adj. net income | 2,746 | 3,065 | 5,602 |
| Adj. EPS | 9.39 | 10.48 | 19.16 |
| BBG EPS | 9.25 | 10.13 | 10.54 |
| Cashflow from operations | 5,237 | 2,991 | 7,408 |
| FCFF | 2,151 | (234) | 3,508 |
| **Margins and Growth** | | | |
| Revenue Growth Y/Y (%) | 10.1% | 8.1% | 13.2% |
| EBIT margin | 7.0% | 7.8% | 12.1% |
| EBIT Growth Y/Y (%) | 16.5% | 19.7% | 76.2% |
| EBITDA margin | 10.7% | 11.2% | 16.8% |
| EBITDA Growth Y/Y (%) | 13.5% | 12.5% | 70.2% |
| Net margin | 5.5% | 5.7% | 9.2% |
| Adj. EPS growth | (5.5%) | 11.6% | 82.7% |
| **Ratios** | | | |
| Adj. tax rate | 21.7% | 25.0% | 25.0% |
| Interest cover | NM | NM | NM |
| Net debt/Equity | NM | NM | NM |
| Net debt/EBITDA | NM | NM | NM |
| ROE | 12.1% | 12.7% | 20.7% |
| **Valuation** | | | |
| FCFF yield | 4.6% | (0.5%) | 7.6% |
| Dividend yield | 2.9% | 2.8% | 0.0% |
| EV/Revenue | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 6.8 | 6.1 | 3.4 |
| Adj. P/E | 16.9 | 15.1 | 8.3 |

## Summary Investment Thesis and Valuation

### Investment Thesis

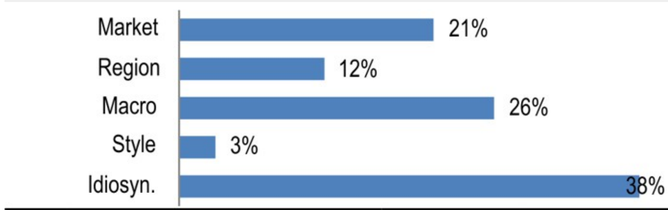
We are OW on Taiwan Surface Mount Technology (TSMT), as we expect its earnings to break out over the next few years. We highlight some key positives:

- New SMT opportunities at major US smartphone vendor.
- Semi module outsourcing trend.
- Increasing DDR 5 penetration.
- Increasing projects involved in EV.
- China panel makers gaining market share.

### Valuation

Our Dec-26 PT of NT$167 is based on 14x 12m fw EPS, around 1.6-STD above the mean since 2013, which we believe is reasonable, considering the emerging AI story on top of the multiple other drivers (e.g. DRAM business) fuelling the company's growth.

## Performance Drivers




| Factors | 6M Corr | 1Y Corr |
|---|---|---|
| **Market: MSCI Asia Pac ex JP** | 0.43 | 0.51 |
| **Region: Taiwan** | 0.42 | 0.41 |
| **Macro:** | | |
| US 10 Year Yield | -0.12 | -0.38 |
| HSI Volatility Index | -0.11 | -0.35 |
| Citi Economic Surprise - EM | 0.01 | 0.23 |
| **Quant Styles:** | | |
| Quality | 0.06 | 0.13 |
| LowVol | -0.05 | 0.13 |
| Momentum | -0.11 | -0.11 |

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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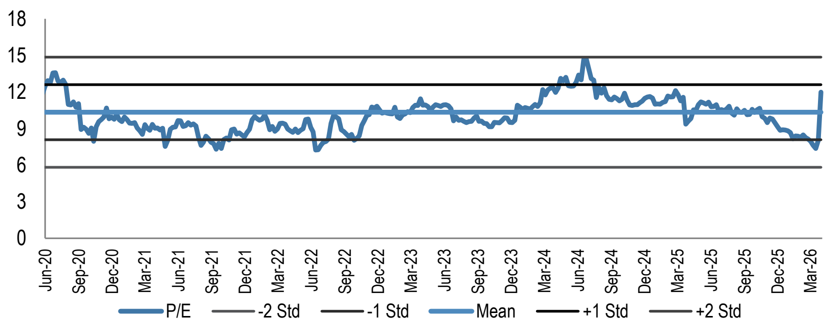
## Figure 1: TSMT PER trend: re-rating ongoing

x




Source: J.P. Morgan estimates, Company data.

## Table 1: I/S Highlights: Quarterly JPMe vs Consensus

NT$ mn except for EPS

| | JPMe | | | Consensus | | | Difference | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1Q26E | 2Q26E | 3Q26E | 1Q26E | 2Q26E | 3Q26E | 1Q26E | 2Q26E | 3Q26E |
| **Revenues** | **12,555** | **12,922** | **13,801** | **12,333** | **12,587** | **13,488** | **2%** | **3%** | **2%** |
| Gross profit | 1,475 | 1,632 | 1,861 | 1,579 | 1,687 | 1,848 | -7% | -3% | 1% |
| ***GM (%)*** | ***11.8%*** | ***12.6%*** | ***13.5%*** | ***12.8%*** | ***13.4%*** | ***13.7%*** | ***-105bps*** | ***-77bps*** | ***-22bps*** |
| Operating profit | 725 | 882 | 1,111 | 769 | 866 | 1,007 | -6% | 2% | 10% |
| ***OPM (%)*** | ***5.8%*** | ***6.8%*** | ***8.0%*** | ***6.2%*** | ***6.9%*** | ***7.5%*** | ***-45bps*** | ***-5bps*** | ***59bps*** |
| Pre-Tax profit | 704 | 862 | 1,089 | 831 | 950 | 1,057 | -15% | -9% | 3% |
| Net profit | 526 | 645 | 815 | 650 | 772 | 825 | -19% | -16% | -1% |
| ***Net Margin*** | ***4.2%*** | ***5.0%*** | ***5.9%*** | ***5.3%*** | ***6.1%*** | ***6.1%*** | ***-107bps*** | ***-114bps*** | ***-20bps*** |
| **EPS (NT$)** | **1.80** | **2.21** | **2.79** | **2.22** | **2.64** | **2.82** | **-19%** | **-16%** | **-1%** |

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

## Table 2: I/S Highlights: Quarterly Revised vs Previous

NT$ mn except for EPS

| | Revised | | | Previous | | | Difference | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1Q26E | 2Q26E | 3Q26E | 1Q26E | 2Q26E | 3Q26E | 1Q26E | 2Q26E | 3Q26E |
| **Revenues** | **12,555** | **12,922** | **13,801** | **11,391** | **13,190** | **14,473** | **10%** | **-2%** | **-5%** |
| Gross profit | 1,475 | 1,632 | 1,861 | 1,509 | 1,837 | 2,080 | -2% | -11% | -11% |
| ***GM (%)*** | ***11.8%*** | ***12.6%*** | ***13.5%*** | ***13.2%*** | ***13.9%*** | ***14.4%*** | ***-145bps*** | ***-127bps*** | ***-92bps*** |
| Operating profit | 725 | 882 | 1,111 | 759 | 1,087 | 1,330 | -4% | -19% | -16% |
| ***OPM (%)*** | ***5.8%*** | ***6.8%*** | ***8.0%*** | ***6.7%*** | ***8.2%*** | ***9.2%*** | ***-92bps*** | ***-138bps*** | ***-115bps*** |
| Pre-Tax profit | 704 | 862 | 1,089 | 889 | 1,229 | 1,484 | -21% | -30% | -27% |
| Net profit | 526 | 645 | 815 | 668 | 923 | 1,114 | -21% | -30% | -27% |
| ***Net Margin*** | ***4.2%*** | ***5.0%*** | ***5.9%*** | ***5.9%*** | ***7.0%*** | ***7.7%*** | ***-171bps*** | ***-201bps*** | ***-179bps*** |
| **EPS (NT$)** | **1.80** | **2.21** | **2.79** | **2.28** | **3.16** | **3.81** | **-21%** | **-30%** | **-27%** |

Source: J.P. Morgan estimates.

## Table 3: I/S Highlights: Annual JPMe vs Consensus

NT$ mn except for EPS

| | JPMe | | | Consensus | | Difference | |
|---|---|---|---|---|---|---|---|
| | FY25 | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| **Revenues** | **49,877** | **53,917** | **61,053** | **49,881** | **51,541** | **8%** | **18%** |
| Gross profit | 6,386 | 7,203 | 10,401 | 6,357 | 6,783 | 13% | 53% |
| ***GM (%)*** | ***12.8%*** | ***13.4%*** | ***17.0%*** | ***12.7%*** | ***13.2%*** | ***62bps*** | ***388bps*** |
| Operating profit | 3,505 | 4,193 | 7,391 | 3,546 | 3,657 | 18% | 102% |
| ***OPM (%)*** | ***7.0%*** | ***7.8%*** | ***12.1%*** | ***7.1%*** | ***7.1%*** | ***67bps*** | ***501bps*** |
| Pre-Tax profit | 3,512 | 4,094 | 7,476 | 3,456 | 3,893 | 18% | 92% |
| Net profit | 2,746 | 3,065 | 5,602 | 2,705 | 3,071 | 13% | 82% |
| ***Net Margin*** | ***5.5%*** | ***5.7%*** | ***9.2%*** | ***5.4%*** | ***6.0%*** | ***26bps*** | ***322bps*** |
| **EPS (NT$)** | **9.39** | **10.48** | **19.16** | **9.25** | **10.13** | **13%** | **89%** |

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

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### Table 4: I/S Highlights: Annual Revised vs Previous

NT$ mn except for EPS

| | Revised | | | Previous | | Difference | |
|---|---|---|---|---|---|---|---|
| | FY25 | FY26E | FY27E | FY25 | FY26E | FY25 | FY26E |
| **Revenues** | **49,877** | **53,917** | **61,053** | **49,889** | **53,628** | **0%** | **1%** |
| Gross profit | 6,386 | 7,203 | 10,401 | 6,409 | 7,483 | 0% | -4% |
| ***GM (%)*** | ***12.8%*** | ***13.4%*** | ***17.0%*** | ***12.8%*** | ***14.0%*** | ***0bps*** | ***-64bps*** |
| Operating profit | 3,505 | 4,193 | 7,391 | 3,492 | 4,473 | 0% | -6% |
| ***OPM (%)*** | ***7.0%*** | ***7.8%*** | ***12.1%*** | ***7.0%*** | ***8.3%*** | ***3bps*** | ***-52bps*** |
| Pre-Tax profit | 3,512 | 4,094 | 7,476 | 3,584 | 5,034 | -2% | -19% |
| Net profit | 2,746 | 3,065 | 5,602 | 2,782 | 3,779 | -1% | -19% |
| ***Net Margin*** | ***5.5%*** | ***5.7%*** | ***9.2%*** | ***5.6%*** | ***7.0%*** | ***-9bps*** | ***-131bps*** |
| **EPS (NT$)** | **9.39** | **10.48** | **19.16** | **9.51** | **12.92** | **-1%** | **-19%** |

Note: We are introducing 2027 estimates; therefore, no comparison vs previous.
Source: J.P. Morgan estimates.

### Table 5: JPM Quarterly and Annual Estimates

NT$ mn except for EPS, year-end December

| | FY24 | | | | FY25E | | | | FY26E | | | | FY27E | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | 1QE | 2QE | 3QE | 4QE | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
| **Sales** | **10,929** | **11,502** | **11,009** | **11,848** | **12,414** | **12,588** | **12,788** | **12,087** | **12,555** | **12,922** | **13,801** | **14,639** | **13,958** | **15,159** | **15,852** | **16,083** | **68,455** | **46,496** | **45,288** | **49,877** | **53,917** | **61,053** |
| *qoq (%)* | *-10* | *5* | *-4* | *8* | *5* | *1* | *2* | *-5* | *4* | *3* | *7* | *6* | *-5* | *9* | *5* | *1* | | | | | | |
| *yoy (%)* | *16* | *-6* | *-14* | *-3* | *14* | *9* | *16* | *2* | *1* | *3* | *8* | *21* | *11* | *17* | *15* | *10* | *4* | *-32* | *-3* | *10* | *8* | *13* |
| **Gross profit** | **1,294** | **1,601** | **1,424** | **1,733** | **1,658** | **1,528** | **1,621** | **1,579** | **1,475** | **1,632** | **1,861** | **2,236** | **2,135** | **2,567** | **2,803** | **2,896** | **8,831** | **5,276** | **6,052** | **6,386** | **7,203** | **10,401** |
| **Operating (EBIT)** | **608** | **794** | **646** | **961** | **939** | **840** | **943** | **782** | **725** | **882** | **1,111** | **1,476** | **1,385** | **1,817** | **2,053** | **2,136** | **5,812** | **2,489** | **3,009** | **3,505** | **4,193** | **7,391** |
| **Net profit** | **681** | **859** | **662** | **704** | **842** | **480** | **696** | **728** | **526** | **645** | **815** | **1,079** | **1,051** | **1,380** | **1,559** | **1,613** | **4,042** | **2,507** | **2,906** | **2,746** | **3,065** | **5,602** |
| **EPS (NT$)** | **2.33** | **2.94** | **2.27** | **2.41** | **2.88** | **1.64** | **2.38** | **2.49** | **1.80** | **2.21** | **2.79** | **3.69** | **3.59** | **4.72** | **5.33** | **5.51** | **13.82** | **8.57** | **9.94** | **9.39** | **10.48** | **19.16** |
| **Revenue Breakdown** | | | | | | | | | | | | | | | | | | | | | | |
| Control Board | 36% | 37% | 39% | 35% | 36% | 33% | 31% | 30% | 30% | 29% | 28% | 27% | 26% | 25% | 25% | 24% | 31% | 35% | 37% | 33% | 30% | 27% |
| TV-set | 1% | 1% | 1% | 1% | 0% | 0% | 1% | 1% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 2% | 1% | 1% | 1% | 1% | 1% |
| Light bar | 9% | 10% | 10% | 10% | 7% | 8% | 8% | 8% | 9% | 8% | 8% | 8% | 8% | 7% | 7% | 7% | 10% | 10% | 11% | 9% | 8% | 7% |
| Mini LED | 11% | 9% | 11% | 14% | 12% | 14% | 12% | 9% | 11% | 10% | 9% | 9% | 8% | 9% | 8% | 8% | 32% | 21% | 21% | 16% | 11% | 8% |
| Semi (DDR) | 6% | 8% | 6% | 9% | 13% | 12% | 15% | 22% | 17% | 18% | 20% | 21% | 22% | 21% | 21% | 21% | 7% | 6% | 6% | 6% | 6% | 5% |
| Others | 22% | 23% | 24% | 22% | 21% | 23% | 24% | 22% | 23% | 24% | 24% | 26% | 26% | 28% | 30% | 31% | 18% | 19% | 20% | 19% | 19% | 17% |
| **Margins (%)** | | | | | | | | | | | | | | | | | | | | | | |
| Gross | 11.8 | 13.9 | 12.9 | 14.6 | 13.4 | 12.1 | 12.7 | 13.1 | 11.8 | 12.6 | 13.5 | 15.3 | 15.3 | 16.9 | 17.7 | 18.0 | 12.9 | 11.3 | 13.4 | 12.8 | 13.4 | 17.0 |
| Operating | 5.6 | 6.9 | 5.9 | 8.1 | 7.6 | 6.7 | 7.4 | 6.5 | 5.8 | 6.8 | 8.0 | 10.1 | 9.9 | 12.0 | 12.9 | 13.3 | 8.5 | 5.4 | 6.6 | 7.0 | 7.8 | 12.1 |
| EBITDA | 9.3 | 10.5 | 9.7 | 11.9 | 11.5 | 10.7 | 10.9 | 9.9 | 9.1 | 10.1 | 11.7 | 13.5 | 14.6 | 16.7 | 17.7 | 17.9 | 12.8 | 11.9 | 10.4 | 10.7 | 11.2 | 16.8 |
| Net | 6.2 | 7.5 | 6.0 | 5.9 | 6.8 | 3.8 | 5.4 | 6.0 | 4.2 | 5.0 | 5.9 | 7.4 | 7.5 | 9.1 | 9.8 | 10.0 | 5.9 | 5.4 | 6.4 | 5.5 | 5.7 | 9.2 |

Source: J.P. Morgan estimates, Company data.

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# Investment Thesis, Valuation and Risks

## Taiwan Surface Mount Tech *(Overweight; Price Target: NT$167.00)*

**Investment Thesis**

We are OW on Taiwan Surface Mount Technology (TSMT), as we expect its earnings to break out over the next few years. We highlight some key positives:

- New SMT opportunities at major US smartphone vendor.
- Semi module outsourcing trend.
- Increasing DDR 5 penetration.
- Increasing projects involved in EV.
- China panel makers gaining market share.

**Valuation**

Our Dec-26 PT of NT$167 is based on 14x 12m fw EPS, around 1.6-STD above the mean since 2013, which we believe is reasonable, considering the emerging AI story on top of the multiple other drivers (e.g. DRAM business) fuelling the company's growth.

**Risks to Rating and Price Target**

Downside risks include weaker-than-expected demand for Mini LED display, a delay in Mini LED new model launches, more intense competition, chip makers retracting SMT outsourcing, and slower-than-expected Chinese panel maker capacity expansion.

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# Taiwan Surface Mount Tech: Summary of Financials

| Income Statement | FY24A | FY25A | FY26E | FY27E |
|---|---|---|---|---|
| **Revenue** | **45,288** | **49,877** | **53,917** | **61,053** |
| COGS | (37,525) | (41,636) | (44,877) | (47,783) |
| **Gross profit** | **6,052** | **6,386** | **7,203** | **10,401** |
| SG&A | (2,273) | (2,109) | (2,150) | (2,150) |
| **Adj. EBITDA** | **4,721** | **5,360** | **6,030** | **10,260** |
| D&A | (1,711) | (1,855) | (1,836) | (2,869) |
| **Adj. EBIT** | **3,009** | **3,505** | **4,193** | **7,391** |
| Net Interest | 284 | 122 | 121 | 125 |
| **Adj. PBT** | **3,614** | **3,512** | **4,094** | **7,476** |
| Tax | (702) | (763) | (1,024) | (1,869) |
| Minority Interest | (6) | (2) | (5) | (5) |
| **Adj. Net Income** | **2,906** | **2,746** | **3,065** | **5,602** |
| Reported EPS | 9.94 | 9.39 | 10.48 | 19.16 |
| **Adj. EPS** | **9.94** | **9.39** | **10.48** | **19.16** |
| | | | | |
| **DPS** | **4.05** | **4.67** | **4.41** | **0.00** |
| Payout ratio | 40.8% | 49.7% | 42.1% | 0.0% |
| Shares outstanding | 292 | 292 | 292 | 292 |

| Balance Sheet | FY24A | FY25A | FY26E | FY27E |
|---|---|---|---|---|
| Cash and cash equivalents | 17,226 | 16,803 | 16,605 | 18,709 |
| Accounts receivable | 16,019 | 15,804 | 19,141 | 21,029 |
| Inventories | 4,065 | 3,602 | 5,339 | 6,218 |
| Other current assets | 641 | 533 | 645 | 709 |
| **Current assets** | **37,952** | **36,742** | **41,730** | **46,665** |
| PP&E | 11,926 | 12,793 | 14,181 | 15,212 |
| LT investments | - | - | - | - |
| Other non current assets | 2,318 | 2,119 | 2,119 | 2,119 |
| **Total assets** | **52,196** | **51,653** | **58,030** | **63,996** |
| | | | | |
| Short term borrowings | 4,723 | 4,637 | 4,637 | 4,637 |
| Payables | 15,102 | 14,250 | 16,819 | 17,882 |
| Other short term liabilities | 4,848 | 5,208 | 6,307 | 6,930 |
| **Current liabilities** | **24,673** | **24,095** | **27,763** | **29,448** |
| Long-term debt | 2,629 | 2,384 | 2,384 | 2,384 |
| Other long term liabilities | 2,284 | 2,179 | 2,659 | 3,244 |
| **Total liabilities** | **29,587** | **28,658** | **32,806** | **35,076** |
| Shareholders' equity | 22,586 | 22,972 | 25,200 | 28,897 |
| Minority interests | 24 | 23 | 23 | 23 |
| **Total liabilities & equity** | **52,196** | **51,653** | **58,030** | **63,996** |
| **BVPS** | **77.24** | **78.56** | **86.18** | **98.83** |
| *y/y Growth* | *14.0%* | *1.7%* | *9.7%* | *14.7%* |
| | | | | |
| Net debt/(cash) | (9,875) | (9,782) | (9,584) | (11,688) |

| Cash Flow Statement | FY24A | FY25A | FY26E | FY27E |
|---|---|---|---|---|
| **Cash flow from operating activities** | **3,649** | **5,237** | **2,991** | **7,408** |
| o/w Depreciation & amortization | 1,711 | 1,855 | 1,836 | 2,869 |
| o/w Changes in working capital | (1,675) | (67) | (2,616) | (1,768) |
| | | | | |
| **Cash flow from investing activities** | **(2,840)** | **(4,286)** | **(4,225)** | **(4,900)** |
| o/w Capital expenditure | (2,219) | (3,086) | (3,225) | (3,900) |
| *as % of sales* | *4.9%* | *6.2%* | *6.0%* | *6.4%* |
| | | | | |
| **Cash flow from financing activities** | **(1,191)** | **(1,575)** | **836** | **(603)** |
| o/w Dividends paid | (1,185) | (1,366) | (1,291) | (1,441) |
| o/w Shares issued/(repurchased) | 0 | 0 | 0 | 0 |
| o/w Net debt issued/(repaid) | (208) | (331) | 0 | 0 |
| **Net change in cash** | **(182)** | **(424)** | **(198)** | **2,104** |
| | | | | |
| **Adj. Free cash flow to firm** | **1,430** | **2,151** | **(234)** | **3,508** |
| *y/y Growth* | *(75.5%)* | *50.4%* | *(110.9%)* | *(1597.7%)* |

| Ratio Analysis | FY24A | FY25A | FY26E | FY27E |
|---|---|---|---|---|
| Gross margin | 13.4% | 12.8% | 13.4% | 17.0% |
| EBITDA margin | 10.4% | 10.7% | 11.2% | 16.8% |
| EBIT margin | 6.6% | 7.0% | 7.8% | 12.1% |
| Net profit margin | 6.4% | 5.5% | 5.7% | 9.2% |
| | | | | |
| ROE | 13.7% | 12.1% | 12.7% | 20.7% |
| ROA | 5.8% | 5.3% | 5.6% | 9.2% |
| ROCE | 8.5% | 9.2% | 10.1% | 16.3% |
| SG&A/Sales | 5.0% | 4.2% | 4.0% | 3.5% |
| Net debt/Equity | NM | NM | NM | NM |
| Net debt/EBITDA | NM | NM | NM | NM |
| | | | | |
| Sales/Assets (x) | 0.9 | 1.0 | 1.0 | 1.0 |
| Assets/Equity (x) | 2.4 | 2.3 | 2.3 | 2.3 |
| Interest cover (x) | NM | NM | NM | NM |
| Operating leverage | (804.2%) | 162.4% | 242.7% | 576.1% |
| Tax rate | 19.4% | 21.7% | 25.0% | 25.0% |
| Revenue y/y Growth | (2.6%) | 10.1% | 8.1% | 13.2% |
| EBITDA y/y Growth | (14.9%) | 13.5% | 12.5% | 70.2% |
| EPS y/y Growth | 15.9% | (5.5%) | 11.6% | 82.7% |

| Valuation | FY24A | FY25A | FY26E | FY27E |
|---|---|---|---|---|
| P/E (x) | 15.9 | 16.9 | 15.1 | 8.3 |
| P/BV (x) | 2.1 | 2.0 | 1.8 | 1.6 |
| EV/EBITDA (x) | 7.7 | 6.8 | 6.1 | 3.4 |
| Dividend Yield | 2.6% | 2.9% | 2.8% | 0.0% |

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