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TAIWAN PCB/CCL/ABF

Elevated CAPEX to expand capacity amid supply shortage; revise up all ABF substrate players TP by ~15%

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We expect CAPEX to accelerate in 2026-27E, and we estimate major ABF players to see average CAPEX growth of 33% YoY in 2026 and 36% YoY in 2027. We also see potential upside to 2028 CAPEX, which is in line with our view that demand for ABF substrate remains strong, and that the market will enter a supply shortage from 2H26 to at least 2028 (see here). For PCB/CCL, we also expect to see an increase in CAPEX as industry capacity growth remains relatively stable while demand outlook remains strong, thus the imbalance should further support additional rounds of price hikes in 2H26/2027 (see here). As a result, the overall SD dynamics remain highly favorable for PCB/CCL/ABF substrate suppliers, with many companies guiding for elevated CAPEX to ease the supply tightness amid the strong demand environment.

ABF Substrate

Kinsus has guided CAPEX to reach NT$8bn/NT$10bn in 2026/27E, implying +31%/+25% YoY. CAPEX in 2026 will be primarily allocated to capacity expansion for Phase 1 of its K6 plant, which is scheduled to be out in early 2027 and increase total capacity by 20-25%. Subsequent CAPEX will focus on the expansion for Phases 2 and 3 of its K6 Plant, with additional capacity to be out in 2028-29. The company's capacity expansion plans are due to capacity utilization that is currently close to full, and the stronger ABF substrate supply demand outlook in 2026-27 is in-line with our expectation.

Unimicron has guided CAPEX in 2026E to be NT$34bn (implying 33% YoY) and expects to maintain at a similar level in 2027E (the company previously increased its 2027 equipment budget, see here, and we expect CAPEX to further increase by 30%+ YoY in 2027E). We believe the new CAPEX investment in 2026/27 is related to KF and Yangmei plant substrate capacity expansions, which aligns with our view that the ABF substrate market will enter a supply shortage from 2H26 to at least 2028.

PCB

GCE has guided CAPEX to reach NT$17bn+ in 2026E (implying 100%+ YoY), and expects CAPEX to maintain at a high level in 2027E. Investment will remain focused on capacity expansion across Taiwan, Thailand and China through 2026-27E, with phase 2 of its new Thailand plant scheduled to ramp up in 2H26. Given sustained demand, we would expect GCE to further announce new CAPEX plans to better support future growth.

CCL

ITEQ has guided CAPEX in 2026E to be no higher than 2025 level of ~NT$1.5bn, with investment continuing to focus on expansion in Thailand, with Phase 2 of the Thailand plant expected to be completed by 2026 end. However, we are conservative on ITEQ's capacity expansion plan given its slower technology migration, which has led the company to lag peers (e.g. EMC and TUC) in capturing AI server-driven growth opportunities, resulting in a more measured pace of capacity expansion.

Overall, we reivsed up our 12-m TP to NT$970/NT$485/NT$555 for NYPCB/Kinsus/Unimicron (from NT$850/NT$425/NT$485). Maintain Buy on NYPCB (on CL)/Kinsus/GCE, maintain Neutral on Unimicron and maintain Sell on ITEQ.

Earnings revision

NYPCB

We revise up our 2027/28E net earnings by 1%/1% to reflect increased LTAs extending into 2027-29, which results in better earnings visibility. We revise up our 2027/28 revenue estimate by 1%/1%.

Exhibit 1: NYPCB earnings revision table

NYPCB P&L (NT$ mn)	2026E New	2026E Old	Diff.	2027E New	2027E Old	Diff.	2028E New	2028E Old	Diff.
Sales	74,563	74,563	0%	125,675	124,195	1%	171,531	169,353	1%
Gross Profit	18,389	18,389	0%	44,038	43,478	1%	65,037	64,158	1%
EBIT	16,227	16,227	0%	40,875	40,318	1%	60,864	60,022	1%
Net Income	12,997	12,997	0%	32,990	32,549	1%	48,835	48,167	1%
EPS (NT$)	**20.11**	**20.11**	**0%**	**51.05**	**50.37**	**1%**	**75.58**	**74.54**	**1%**
Ratio analysis									
Gross margin	24.7%	24.7%	0.0pp	35.0%	35.0%	0.0pp	37.9%	37.9%	0.0pp
EBIT margin	21.8%	21.8%	0.0pp	32.5%	32.5%	0.1pp	35.5%	35.4%	0.0pp
Net margin	17.4%	17.4%	0.0pp	26.2%	26.2%	0.0pp	28.5%	28.4%	0.0pp

Source: Company data, Goldman Sachs Global Investment Research

Kinsus

We revise up our 2027/28E net earnings by 2%/2% to reflect increase LTAs extending into 2027-29, as well as the company's increasing AI exposure in inferencing ICs. We revise up our 2027/28 revenue estimate by 1%/1%.

Exhibit 2: Kinsus earnings revision table

Kinsus P&L (NT$ mn)	2026E New	2026E Old	Diff.	2027E New	2027E Old	Diff.	2028E New	2028E Old	Diff.
Sales	56,469	56,469	0%	82,630	81,770	1%	103,541	102,298	1%
Gross Profit	16,568	16,568	0%	28,330	28,013	1%	36,116	35,648	1%
EBIT	9,761	9,761	0%	18,466	18,175	2%	24,066	23,631	2%
Net Income	7,147	7,147	0%	13,895	13,657	2%	18,456	18,099	2%
EPS (NT$)	**15.65**	**15.65**	0%	**30.42**	**29.90**	2%	**40.40**	**39.62**	2%
Ratio analysis									
Gross margin	29.3%	29.3%	0.0ppt	34.3%	34.3%	0.0ppt	34.9%	34.8%	0.0ppt
EBIT margin	17.3%	17.3%	0.0ppt	22.3%	22.2%	0.1ppt	23.2%	23.1%	0.1ppt
Net margin	12.7%	12.7%	0.0ppt	16.8%	16.7%	0.1ppt	17.8%	17.7%	0.1ppt

Source: Goldman Sachs Global Investment Research

Unimicron

We revise up our 2027/28E revenue estimate by 1%/1% to factor in increasing LTAs extending into 2027-29, which results in better demand visibility. We revise up our 2027/28 earnings estimates by 1%/1%.

Exhibit 3: Unimicron earnings revision table

Unimicron P&L (NT$ mn)	2026E New	2026E Old	Diff.	2027E New	2027E Old	Diff.	2028E New	2028E Old	Diff.
Sales	187,481	187,481	0%	266,374	264,369	1%	342,007	339,923	1%
Gross Profit	43,227	43,227	0%	82,104	81,366	1%	116,191	115,216	1%
EBIT	28,125	28,125	0%	62,335	61,745	1%	90,975	90,153	1%
Net Income	23,371	23,371	0%	48,635	48,170	1%	71,230	70,581	1%
EPS (NT$)	**15.35**	**15.35**	**0%**	**31.95**	**31.64**	**1%**	**46.79**	**46.36**	**1%**
Ratio analysis									
Gross margin	23.1%	23.1%	0.0pp	30.8%	30.8%	0.0pp	34.0%	33.9%	0.1pp
EBIT margin	15.0%	15.0%	0.0pp	23.4%	23.4%	0.0pp	26.6%	26.5%	0.1pp
Net margin	12.5%	12.5%	0.0pp	18.3%	18.2%	0.0pp	20.8%	20.8%	0.1pp

Source: Goldman Sachs Global Investment Research

Valuation & TP revision

NYPCB

We are Buy rated (on CL) with a new 12-month TP of NT$970 (from NT$850), based on a higher 2027 P/E of 19.0x (was 2027 P/E of 16.8x). We believe the company could trade at 1.2x STDV above the past upcycle average P/E of 13.3x as we expect better demand visibility from higher LTAs, and factor in our earnings revisions.

Exhibit 4: NYPCB P&L table

NT$mn	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2024	2025	2026E	2027E	2028E
Revenue	8,458	9,583	10,967	11,165	11,177	16,983	21,746	24,657	25,670	30,572	33,944	35,489	32,283	40,173	74,563	125,675	171,531
Gross profit	430	769	1,050	1,398	1,705	3,556	5,753	7,374	8,050	10,191	12,397	13,401	358	3,647	18,389	44,038	65,037
Operating expense	(397)	(403)	(429)	(435)	(402)	(530)	(590)	(640)	(677)	(825)	(835)	(825)	(1,624)	(1,665)	(2,162)	(3,163)	(4,173)
Operating income	33	366	620	963	1,302	3,026	5,163	6,734	7,373	9,365	11,562	12,576	(1,267)	1,982	16,227	40,875	60,864
Pretax income	256	(227)	907	1,409	1,327	3,026	5,343	6,914	7,573	9,565	11,762	12,776	163	2,346	16,612	41,675	61,664
Taxes expense	(49)	39	(182)	(207)	(252)	(666)	(1,176)	(1,521)	(1,439)	(2,104)	(2,588)	(2,555)	41	(399)	(3,615)	(8,686)	(12,830)
Net income	207	(187)	725	1,202	1,075	2,360	4,168	5,393	6,134	7,461	9,174	10,220	204	1,947	12,997	32,990	48,835
EPS, NT$	**0.32**	**(0.29)**	**1.12**	**1.86**	**1.66**	**3.65**	**6.45**	**8.35**	**9.49**	**11.55**	**14.20**	**15.82**	**0.32**	**3.01**	**20.11**	**51.05**	**75.58**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	5.1%	8.0%	9.6%	12.5%	15.3%	20.9%	26.5%	29.9%	31.4%	33.3%	36.5%	37.8%	1.1%	9.1%	24.7%	35.0%	37.9%
Operating expense ratio	4.7%	4.2%	3.9%	3.9%	3.6%	3.1%	2.7%	2.6%	2.6%	2.7%	2.5%	2.3%	5.0%	4.1%	2.9%	2.5%	2.4%
Operating margin	0.4%	3.8%	5.7%	8.6%	11.7%	17.8%	23.7%	27.3%	28.7%	30.6%	34.1%	35.4%	-3.9%	4.9%	21.8%	32.5%	35.5%
Net margin	2.5%	-2.0%	6.6%	10.8%	9.6%	13.9%	19.2%	21.9%	23.9%	24.4%	27.0%	28.8%	0.6%	4.8%	17.4%	26.2%	28.5%
QoQ growth (%)																	
Revenue	7.5%	13.3%	14.4%	1.8%	0.1%	51.9%	28.0%	13.4%	4.1%	19.1%	11.0%	4.6%	-	-	-	-	-
Gross profit	2441.0%	78.7%	36.5%	33.2%	21.9%	108.6%	61.8%	28.2%	9.2%	26.6%	21.7%	8.1%	-	-	-	-	-
Operating income	-108.5%	1006.2%	69.4%	55.2%	35.3%	132.4%	70.6%	30.4%	9.5%	27.0%	23.5%	8.8%	-	-	-	-	-
Net income	16.1%	-190.3%	-486.7%	65.8%	-10.5%	119.5%	76.6%	29.4%	13.7%	21.6%	23.0%	11.4%	-	-	-	-	-
YoY growth (%)																	
Revenue	19.1%	18.0%	19.3%	41.9%	32.1%	77.2%	98.3%	120.8%	129.7%	80.0%	56.1%	43.9%	-24%	24%	86%	69%	36%
Gross profit	-213.1%	319.0%	95.2%	N.A	296.2%	362.6%	448.1%	427.4%	372.2%	186.6%	115.5%	81.7%	-96%	920%	404%	139%	48%
Operating income	-104.2%	-276.9%	396.4%	-346.5%	3835.5%	726.6%	732.4%	599.4%	466.1%	209.5%	123.9%	86.7%	-120%	-257%	719%	152%	49%
Net income	-236.1%	-258.0%	1130.9%	572.7%	418.2%	-1359.4%	475.0%	348.7%	470.5%	216.1%	120.1%	89.5%	-96%	856%	568%	154%	48%

Source: Company data, Goldman Sachs Global Investment Research

Kinsus

We are Buy rated with a new 12-month TP of NT$485 (from NT$425), based on higher 2027 P/E of 15.9x (was 2027 P/E of 14.2x). We believe the company could trade at 1x STDV above the average PE multiple during previous upcycle of 14.2x as we expect the company's profitability to continue improving driven by increasing AI exposure and increasing earnings visibility, and factor in our earnings revisions.

Exhibit 5: Kinsus P&L table

NT$mn	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2024	2025E	2026E	2027E	2028E
Revenue	8,620	9,564	10,356	10,811	11,105	13,351	15,274	16,739	16,635	19,425	23,120	23,450	30,535	39,351	56,469	82,630	103,541
Gross profit	1,942	2,016	1,964	2,393	2,832	3,652	4,674	5,411	5,563	6,492	8,028	8,247	8,668	8,314	16,568	28,330	36,116
Operating expense	(1,440)	(1,396)	(1,336)	(1,473)	(1,397)	(1,672)	(1,779)	(1,958)	(1,930)	(2,370)	(2,821)	(2,744)	(7,572)	(5,645)	(6,807)	(9,864)	(12,050)
Operating income	501	620	628	921	1,435	1,980	2,895	3,452	3,633	4,122	5,208	5,504	1,095	2,670	9,761	18,466	24,066
Pretax income	700	619	713	1,055	1,610	2,080	2,995	3,452	3,683	4,172	5,208	5,489	1,603	3,087	10,136	18,551	24,151
Taxes expense	(88)	(65)	(100)	(118)	(241)	(354)	(509)	(587)	(663)	(751)	(937)	(988)	(272)	(370)	(1,691)	(3,339)	(4,347)
Net income	276	338	339	642	1,045	1,445	2,132	2,525	2,724	3,149	3,888	4,133	49	1,596	7,147	13,895	18,456
EPS, NT$	**0.61**	**0.74**	**0.75**	**1.41**	**2.29**	**3.16**	**4.67**	**5.53**	**5.96**	**6.89**	**8.51**	**9.05**	**0.11**	**3.52**	**15.65**	**30.42**	**40.40**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	22.5%	21.1%	19.0%	22.1%	25.5%	27.3%	30.6%	32.3%	33.4%	33.4%	34.7%	35.2%	28.4%	21.1%	29.3%	34.3%	34.9%
Operating expense ratio	16.7%	14.6%	12.9%	13.6%	12.6%	12.5%	11.7%	11.7%	11.6%	12.2%	12.2%	11.7%	24.8%	14.3%	12.1%	11.9%	11.6%
Operating margin	5.8%	6.5%	6.1%	8.5%	12.9%	14.8%	19.0%	20.6%	21.8%	21.2%	22.5%	23.5%	3.6%	6.8%	17.3%	22.3%	23.2%
Net margin	3.2%	3.5%	3.3%	5.9%	9.4%	10.8%	14.0%	15.1%	16.4%	16.2%	16.8%	17.6%	0.2%	4.1%	12.7%	16.8%	17.8%
QoQ growth (%)																	
Revenue	7.2%	11.0%	8.3%	4.4%	2.7%	20.2%	14.4%	9.6%	-0.6%	16.8%	19.0%	1.4%	-	-	-	-	-
Gross profit	-13.6%	3.8%	-2.6%	21.9%	18.3%	29.0%	28.0%	15.8%	2.8%	16.7%	23.7%	2.7%	-	-	-	-	-
Operating income	NM	23.7%	1.3%	46.6%	55.8%	38.0%	46.2%	19.3%	5.2%	13.4%	26.3%	5.7%	-	-	-	-	-
Net income	-210.7%	22.5%	0.3%	89.3%	62.6%	38.3%	47.6%	18.4%	7.9%	15.6%	23.5%	6.3%	-	-	-	-	-
Revenue	23.2%	31.0%	26.3%	34.4%	28.8%	39.6%	47.5%	54.8%	49.8%	45.5%	51.4%	40.1%	14%	29%	43%	46%	25%
Gross profit	2.7%	-5.1%	-18.4%	6.5%	45.9%	81.2%	138.0%	126.1%	96.4%	77.8%	71.8%	52.4%	28%	-4%	99%	71%	27%
Operating income	56.0%	74.5%	48.8%	NM	186.3%	219.3%	361.0%	274.9%	153.2%	108.2%	79.9%	59.4%	5%	144%	266%	89%	30%
Net income	1026.8%	281.9%	83.2%	-357.5%	278.4%	327.2%	528.3%	293.1%	160.8%	118.0%	82.4%	63.7%	3%	3164%	348%	94%	33%

Source: Company data, Goldman Sachs Global Investment Research

Unimicron

We are Neutral rated with a new 12-month TP of NT$555 (from NT$485), based on the higher 2027 P/E of 17.4x (was 2027 P/E of 15.4x). We believe the company would trade at 2.7x STDV higher than past upcycle average P/E of 10.3x as we expect better demand visibility, and factor in our earnings revisions.

Exhibit 6: Unimicron P&L table

NT$mn	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2024	2025	2026E	2027E	2028E
Revenue	30,090	32,466	33,994	34,691	37,446	44,615	49,627	55,793	57,567	62,264	69,645	76,897	115,373	131,241	187,481	266,374	342,007
Gross profit	4,026	4,246	4,549	5,472	8,228	9,073	11,576	14,350	15,915	17,987	22,155	26,046	16,315	18,292	43,227	82,104	116,191
Operating expense	(2,759)	(2,736)	(3,016)	(3,106)	(3,183)	(3,703)	(3,921)	(4,296)	(4,318)	(4,608)	(5,154)	(5,690)	(11,198)	(11,618)	(15,103)	(19,769)	(25,216)
Operating income	1,267	1,509	1,533	2,366	5,045	5,370	7,656	10,054	11,598	13,380	17,002	20,356	5,117	6,674	28,125	62,335	90,975
Pretax income	1,373	357	2,947	4,150	6,545	5,870	7,656	10,054	11,598	13,380	17,002	20,356	7,321	8,827	30,125	62,335	90,975
Taxes expense	(450)	(97)	(496)	(235)	(1,178)	(1,291)	(1,761)	(1,954)	(2,320)	(2,944)	(3,910)	(3,956)	(1,765)	(1,277)	(6,184)	(13,130)	(19,175)
Net income	915	30	2,194	3,535	5,247	4,479	5,745	7,900	9,158	10,336	12,941	16,199	5,082	6,673	23,371	48,635	71,230
EPS, NT$	**0.60**	**0.02**	**1.44**	**2.32**	**3.45**	**2.94**	**3.77**	**5.19**	**6.02**	**6.79**	**8.50**	**10.64**	**3.34**	**4.38**	**15.35**	**31.95**	**46.79**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	13.4%	13.1%	13.4%	15.8%	22.0%	20.3%	23.3%	25.7%	27.6%	28.9%	31.8%	33.9%	14.1%	13.9%	23.1%	30.8%	34.0%
Operating expense ratio	9.2%	8.4%	8.9%	9.0%	8.5%	8.3%	7.9%	7.7%	7.5%	7.4%	7.4%	7.4%	9.7%	8.9%	8.1%	7.4%	7.4%
Operating margin	4.2%	4.6%	4.5%	6.8%	13.5%	12.0%	15.4%	18.0%	20.1%	21.5%	24.4%	26.5%	4.4%	5.1%	15.0%	23.4%	26.6%
Net margin	3.0%	0.1%	6.5%	10.2%	14.0%	10.0%	11.6%	14.2%	15.9%	16.6%	18.6%	21.1%	4.4%	5.1%	12.5%	18.3%	20.8%
QoQ growth (%)																	
Revenue	2.4%	7.9%	4.7%	2.0%	7.9%	19.1%	11.2%	12.4%	65.9%	8.2%	11.9%	10.4%	-	-	-	-	-
Gross profit	18.5%	5.5%	7.1%	20.3%	50.4%	10.3%	27.6%	24.0%	190.8%	13.0%	23.2%	17.6%	-	-	-	-	-
Operating income	86.5%	19.1%	1.5%	54.4%	113.3%	6.4%	42.6%	31.3%	390.2%	15.4%	27.1%	19.7%	-	-	-	-	-
Net income	1531.2%	-96.8%	7312.1%	61.1%	48.4%	-14.6%	28.3%	37.5%	159.1%	12.9%	25.2%	25.2%	-	-	-	-	-
YoY growth (%)																	
Revenue	14.0%	16.5%	7.2%	18.1%	24.5%	37.4%	46.0%	60.8%	91.3%	91.8%	104.9%	121.7%	11%	14%	43%	42%	28%
Gross profit	-6.2%	15.3%	-8.0%	61.0%	104.4%	113.7%	154.5%	162.2%	295.3%	323.7%	387.1%	376.0%	-20%	12%	136%	90%	42%
Operating income	-19.7%	68.3%	-21.9%	248.2%	298.2%	255.8%	399.5%	325.0%	815.5%	786.5%	1009.4%	760.5%	-43%	30%	321%	122%	46%
Net income	-62.4%	-98.1%	120.1%	6204.2%	473.7%	N/A	161.8%	123.5%	901.4%	N/A	489.7%	358.3%	-58%	31%	250%	108%	46%

Source: Company data, Goldman Sachs Global Investment Research

GCE

We are Buy rated and maintain our 12-month TP at NT$1,380, with the same 22x P/E on 4Q26-3Q27E EPS (in-line with the AI PCB industry average valuation in the past 3 years) to better reflect the longer term positive earnings outlook.

Exhibit 7: GCE P&L table

NT$mn	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2024	2025	2026E	2027E	2028E
Revenue	12,063	13,853	17,680	16,408	19,342	23,121	29,411	34,735	32,917	40,297	48,610	52,887	38,952	60,004	106,609	174,711	210,363
Gross profit	3,776	4,095	6,288	5,524	7,021	8,459	11,897	13,912	13,204	16,941	20,741	22,734	11,396	19,683	41,289	73,619	90,255
Operating expense	(1,233)	(1,228)	(1,641)	(1,538)	(1,741)	(1,988)	(2,412)	(2,619)	(2,681)	(3,159)	(3,714)	(3,882)	(3,329)	(5,640)	(8,760)	(13,436)	(16,067)
Operating income	2,543	2,868	4,647	3,986	5,280	6,471	9,485	11,293	10,523	13,781	17,027	18,852	8,067	14,043	32,529	60,184	74,189
Pretax income	2,653	2,509	4,730	4,281	5,280	6,471	9,985	9,493	8,773	12,031	15,277	19,852	8,490	14,173	31,229	55,934	73,739
Taxes expense	(900)	(815)	(1,501)	(1,351)	(1,584)	(2,071)	(3,195)	(3,038)	(2,807)	(3,850)	(4,583)	(5,558)	(2,875)	(4,567)	(9,888)	(16,799)	(22,410)
Net income	1,753	1,694	3,229	2,930	3,696	4,400	6,790	6,455	5,966	8,181	10,694	14,293	5,616	9,607	21,341	39,134	51,329
EPS, NT$	**3.60**	**3.48**	**6.53**	**5.86**	**7.39**	**8.80**	**13.58**	**12.91**	**11.93**	**16.36**	**21.39**	**28.59**	**11.54**	**19.48**	**42.68**	**78.27**	**102.66**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	31.3%	29.6%	35.6%	33.7%	36.3%	36.6%	40.5%	40.1%	40.1%	42.0%	42.7%	43.0%	29.3%	32.8%	38.7%	42.1%	42.9%
Operating expense ratio	10.2%	8.9%	9.3%	9.4%	9.0%	8.6%	8.2%	7.5%	8.1%	7.8%	7.6%	7.3%	8.5%	9.4%	8.2%	7.7%	7.6%
Operating margin	21.1%	20.7%	26.3%	24.3%	27.3%	28.0%	32.3%	32.5%	32.0%	34.2%	35.0%	35.6%	20.7%	23.4%	30.5%	34.4%	35.3%
Net margin	14.5%	12.2%	18.3%	17.9%	19.1%	19.0%	23.1%	18.6%	18.1%	20.3%	22.0%	27.0%	14.4%	16.0%	20.0%	22.4%	24.4%
QoQ growth (%)																	
Revenue	22.4%	14.8%	27.6%	-7.2%	17.9%	19.5%	27.2%	18.1%	-5.2%	22.4%	20.6%	8.8%	-	-	-	-	-
Gross profit	47.7%	8.5%	53.5%	-12.1%	27.1%	20.5%	40.6%	16.9%	-5.1%	28.3%	22.4%	9.6%	-	-	-	-	-
Operating income	55.5%	12.8%	62.0%	-14.2%	32.5%	22.5%	46.6%	19.1%	-6.8%	31.0%	23.6%	10.7%	-	-	-	-	-
Net income	36.7%	-3.4%	90.6%	-9.3%	26.2%	19.0%	54.3%	-4.9%	-7.6%	37.1%	30.7%	33.7%	-	-	-	-	-
YoY growth (%)																	
Revenue	33.1%	44.7%	69.1%	66.5%	60.3%	66.9%	66.4%	111.7%	70.2%	74.3%	65.3%	52.3%	30%	54%	78%	64%	20%
Gross profit	55.0%	35.3%	86.2%	116.1%	85.9%	106.6%	89.2%	151.9%	88.1%	100.3%	74.3%	63.4%	48%	73%	110%	78%	23%
Operating income	47.3%	30.3%	85.5%	143.7%	107.6%	125.6%	104.1%	183.3%	99.3%	113.0%	79.5%	66.9%	57%	74%	132%	85%	23%
Net income	44.0%	11.4%	102.5%	128.5%	110.9%	159.7%	110.3%	120.3%	61.4%	85.9%	57.5%	121.4%	59%	71%	122%	83%	31%

Source: Company data, Goldman Sachs Global Investment Research

ITEQ

We are Sell rated and maintain our 12-month TP at NT$102, based on the same 13.5x P/E on 2Q26-1Q27E EPS (0.5x s.d. lower than past 10-year average valuation).

Exhibit 8: ITEQ P&L table

NT$mn	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2024	2025	2026E	2027E	2028E
Revenue	7,580	8,877	7,724	8,917	9,143	9,273	10,904	11,236	11,196	11,657	12,315	11,985	29,378	33,099	40,556	47,154	52,700
Gross profit	1,080	1,384	1,061	1,261	1,325	1,453	1,984	2,180	2,033	2,268	2,465	2,465	3,690	4,785	6,943	9,232	11,021
Operating expense	(558)	(596)	(615)	(633)	(686)	(705)	(861)	(831)	(829)	(851)	(936)	(839)	(2,339)	(2,402)	(3,083)	(3,454)	(3,899)
Operating income	521	788	446	627	640	748	1,123	1,349	1,205	1,417	1,529	1,626	1,351	2,383	3,859	5,778	7,122
Pretax income	535	670	521	641	640	658	1,033	1,259	1,115	1,417	1,529	1,626	1,317	2,367	3,589	5,688	7,122
Taxes expense	(198)	(250)	(196)	(213)	(224)	(230)	(392)	(378)	(312)	(369)	(382)	(407)	(496)	(856)	(1,224)	(1,470)	(1,844)
Net income	337	420	325	428	416	428	640	881	803	1,049	1,147	1,220	822	1,510	2,365	4,218	5,278
EPS, NT$	**0.93**	**1.16**	**0.89**	**1.18**	**1.15**	**1.18**	**1.76**	**2.43**	**2.21**	**2.89**	**3.16**	**3.36**	**2.26**	**4.16**	**6.52**	**11.62**	**14.54**
Ratio analysis and assumption																	
As % of sales																	
Gross margin	14.2%	15.6%	13.7%	14.1%	14.5%	15.7%	18.2%	19.4%	18.2%	19.5%	20.0%	20.6%	12.6%	14.5%	17.1%	19.6%	20.9%
Operating expense ratio	7.4%	6.7%	8.0%	7.1%	7.5%	7.6%	7.9%	7.4%	7.4%	7.3%	7.6%	7.0%	8.0%	7.3%	7.6%	7.3%	7.4%
Operating margin	6.9%	8.9%	5.8%	7.0%	7.0%	8.1%	10.3%	12.0%	10.8%	12.2%	12.4%	13.6%	4.6%	7.2%	9.5%	12.3%	13.5%
Net margin	4.4%	4.7%	4.2%	4.8%	4.5%	4.6%	5.9%	7.8%	7.2%	9.0%	9.3%	10.2%	2.8%	4.6%	5.8%	8.9%	10.0%
QoQ growth (%)																	
Revenue	-1.1%	17.1%	-13.0%	15.4%	2.5%	1.4%	17.6%	3.0%	-0.4%	4.1%	5.6%	-2.7%					
Gross profit	5.6%	28.2%	-23.3%	18.9%	5.1%	9.6%	36.5%	9.9%	-6.7%	11.6%	8.7%	0.0%					
Operating income	35.0%	51.1%	-43.4%	40.7%	1.9%	17.0%	50.0%	20.2%	-10.7%	17.6%	7.9%	6.4%					
Net income	54.0%	24.8%	-22.8%	31.9%	-2.9%	2.9%	49.6%	37.7%	-8.9%	30.7%	9.3%	6.4%					
YoY growth (%)																	
Revenue	23.1%	16.9%	-3.0%	16.3%	20.6%	4.5%	41.2%	26.0%	22.5%	25.7%	12.9%	6.7%	17%	13%	23%	16%	12%
Gross profit	37.7%	45.7%	13.5%	23.3%	22.8%	5.0%	87.1%	72.9%	53.4%	56.1%	24.2%	13.1%	19%	30%	45%	33%	19%
Operating income	111.6%	133.1%	17.3%	62.5%	22.7%	-5.1%	151.7%	115.0%	88.4%	89.4%	36.2%	20.6%	36%	76%	62%	50%	23%
Net income	119.2%	110.0%	30.3%	95.8%	23.4%	1.8%	97.2%	105.7%	93.1%	145.1%	79.1%	38.4%	21%	84%	57%	78%	25%
EPS	119.2%	110.0%	30.3%	95.8%	23.4%	1.8%	97.2%	105.7%	93.1%	145.1%	79.1%	38.4%	21%	84%	57%	78%	25%

Source: Company data, Goldman Sachs Global Investment Research

Investment thesis, PT methodology and risks

Investment Thesis - NYPCB

NYPCB manufactures and markets printed circuit boards (PCBs) and integrated circuit (IC) substrates (including ABF and BT substrates). We are Buy-rated on NYPCB considering the company's high exposure to BT substrate and non-LTA ABF substrate (70%+ of total revenue), where we expect GM/OPM to increase significantly in the coming quarters (from breakeven in OPM in 1H25 to 25/35% in 2026/27E) due to the favorable substrate pricing outlook. Despite the company's low exposure to high-end ABF substrate industry (<20% of total revenue in 1H25), we believe the expanding demand from ASIC AI server and high-end switch IC demand will drive the company's high-end ABF revenue exposure to 40%+ by 2027E, suggesting better GM/OPM outlook in the long term. In 2H25-2H26, we believe NYPCB will continue to benefit from the better ABF/BT pricing and should be a key beneficiary of the pricing uptrend considering the company's key focus on BT and non-LTA ABF substrate industries. Moreover, in the long term (after 2026), we expect the ABF industry to return to supply tightness, and NYPCB's expanding high-end exposure will lead to a long term earnings growth outlook (93% 2026-28E earnings CAGR). As a result, we see solid upside potential for NYPCB's earnings and stock performance.

Price Target Risks and Methodology - NYPCB

Valuation methodology: Our 12-month target price of NT$970 for NYPCB is based on 19.0x 2027 P/E, which is +1.2x STDV higher than the past upcycle average P/E (13.3x).

Key downside risks: (1) Slower-than-expected PC demand recovery, (2) Slower-than-expected ABF substrates pricing upgrading outlook, and (3) Slower-than-expected NYPCB new high-end capacity qualification progress.

Investment Thesis - Kinsus

Kinsus is one of the key IC substrates suppliers globally with ~10% ABF/BT substrates market share in 2024, with ~18% of total 2025 revenue contributed by its contact lens subsidiary, Pegavision (6941.TW, Not Covered). With our view that the ABF substrate shortage could start from 2H26 (ABF substrate return to supply demand balance from late 2025), we believe Kinsus' performance will continue to improve comparing with high-end ABF peers considering the company's increasing market share in the high-end ABF substrate market; however, ~36% of the company's revenue is contributed by BT substrate in 2025 and 30% of the company's ABF revenue is contributed by non-LTA customers, which we believe will continue to enjoy a better pricing outlook. As a result, we believe Kinsus' earnings outlook should continue to be strong (~59% 2026-28E CAGR), mainly driven by better BT substrate and non-LTA ABF substrate pricing outlook, despite the unfavorable demand outlook before 2H26. We believe Kinsus, as an experienced substrate supplier with a clear capacity expansion plan, can also upgrade its product portfolio in the long term, and we are in the beginning of the upcycle, making us positive on Kinsus' stock performance in the next 12 months.

Price Target Risks and Methodology - Kinsus

Valuation methodology: Our 12-month target price of NT$485 for Kinsus is based on 15.9x 2027E P/E, which is +1x STDV higher than Kinsus' past upcycle average P/E (14.2x).

Key downside risks: (1) Slower-than-expected PC demand recovery, (2) Slower-than-expected ABF substrates pricing upgrading outlook, (3) Slower/Less-than-expected AI server orders from 2H26.

Investment Thesis - Unimicron Technology

Unimicron is a key supplier of ABF substrates (27% market share in 2024) and BT substrates and also produces FPC/HDI/PCB products. We are neutral on the company's long-term growth opportunity given: (1) over 70% of ABF shipments are covered by long-term agreements (LTA), which limits pricing flexibility and makes price hike less likely; (2) the company's execution track record has been weaker than peers; (3) capacity expansion plan remains slower than peers, constraining its ability to capture incremental AI demand. The current ABF substrates market is seeing more favorable supply demand outlook, and Unimicron is likely to see better pricing outlook to reflect rising material costs in the coming quarters. AI ABF account for 10% of the company's total revenue, but the growth is likely to be slower than peers due to the company continuing to lose market share to peers given its less favourable production yield and slow capacity expansion. Overall, we are Neutral-rated on Unimicron, given the limited upside for future outlook, barring ASIC AI servers, despite our positive view in the long term.

Price Target Risks and Methodology - Unimicron Technology

Valuation methodology: Our 12-month target price of NT$555 for Unimicron is based on 17.4x 2027E P/E, which is 2.7x STDV higher than the past upcycle average P/E (10.3x).

Key upside/downside risks: (1) Slower/faster-than-expected PC demand recovery, (2) Slower/faster-than-expected ABF substrates upgrading pace, and (3) Slower/faster than-expected AI server PCB market share loss progress.

GCE is a key cloud (server+switch) PCB supplier globally with 20%+ market share in 2022. We expect cloud PCB market demand to grow at a 15% 2024E-26E CAGR (far stronger than the overall RPCB+HDI market demand growth rate at 5% 2024E-26E CAGR). We believe GCE's proactive capacity expansion plan (33% in 2026) and high annualized ROI (300%+) will continue to drive the company's revenue/margin level in the coming quarters/years. Additionally, we believe GCE can continue to see strong demand from the increasing content per server/switch, as we expect both markets to see a 20-50%+ layer count increase after the generation upgrade (upgrade to 400G/Eagle Stream). We are constructive on GCE's long-term growth opportunity given its solid position in the rapidly growing cloud PCB market, and we are Buy rated on the stock. GCE is trading higher than its historical P/E average level driven by strong AI server demand, but lower than the TW AI server players' average.

Price Target Risks and Methodology

Valuation methodology: Our 12m TP of NT$1,380 is based on a 22x 4Q26-3Q27E P/E (in-line with the AI PCB leader valuation in past 3 years).

Key downside risks: (1) weaker-than-expected AI server market demand; (2) delays in the company's Nvidia OAM/UBB product qualification, (3) weaker-than-expected HDI demand, and (4) high than expected ramp up cost for new capacity

ITEQ is a key high-end CCL player, mainly focused on the server market (15-20% global share as of 2024). While we are positive on its long-term outlook given promising growth in the server CCL and automotive high-speed CCL markets, we continue to see a weaker than peer revenue/profitability outlook, considering the company's lag
Further, we believe the mid- to low-end CCL market oversupply issue wi
coming years, weighing on ITEQ's profitability in the foreseeable future.
company is trading at a 2026E P/E that is much higher than the average
and Taiwan peers. We are Sell rated on the stock. Key upside risks: (1)
stronger-than-expected demand from server/switch segments in the co

stronger-than-expected CCL pricing hikes in the coming quarters without component cost increases; and (3) stronger-than-expected 5G BTS demand globally in the coming quarters.

Valuation methodology: Our 12m TP of NT$102 is based on a 2Q26E-1Q27E P/E multiple of 13.5x (-0.5x s.d. lower than past 10-year average valuation).

Key upside risks: (1) stronger-than-expected demand from server/switch segments in the coming years; (2) stronger-than-expected CCL pricing hikes in the coming quarters without component cost increases; and (3) stronger-than-expected 5G BTS demand globally in the coming quarters.