Jefferies Report

# China (PRC) | Technology

Equity Research
April 20, 2026

# PCB/CCL Key Beneficiaries of AI Boom; Initiate on WUS/Delton/Sytech

We forecast AI PCB/CCL's TAM will expand by 60/70% CAGR from US $7bn/3bn in 2025 to US75bn/39bn in 2030, driving ~15% CAGR for global PCB. Upgrades in materials (from M8 to M9/10) and techniques (moving to higher layer count, and mSAP) are key drivers of better performance and higher PCB/CCL value. Initiate with BUY on WUS/Delton-A/Delton-H/Sytech as our favorable picks in high-speed switch, CPU PCB and AI CCL domains with 33%/27%/26%/37% upside to our PTs.

**AI a game changer for the PCB/CCL industry.** Amid booming AI infrastructure build, we expect the global PCB market to grow from US$85bn in 2025 (range-bound for many years) to US $173bn in 2030E, or a ~15% CAGR. We also estimate about US$7bn/3bn comes from AI PCB/CCL, which are expected to increase by 5-year CAGRs of ~60%/70% to US$75bn/39bn in 2030, driving the total server PCB market to reach ~US$90bn. This implies ~US$2tn AI capex globally. We believe the megatrend of AI infra investment growth gives relevant PCB/CCL players significant growth opportunities.

**Spec upgrade trend keeps lifting PCB/CCL's value.** Typical AI PCB specs include either high-end material solutions, complex design, high-layer count, small L/S or multifunction requirements (e.g. mid/backplane). We believe both material and technique upgrades are key drivers of better performance and higher PCB value. AI players have already been adopting M8 grade PCB for server/switch, and are also exploring further upgrades to M9/10 for higher data transmission speed/efficiency. We also see the trend of more sophisticated PCB design by AI players, such as higher-layer HDI/MLPCB, and wider adoption of mSAP, which could move to AI server/switch (e.g. CoWoP). We expect the PCB/CCL value per GPU to rise 3-4x/4-5x from NVIDIA GB200/300 to VR300, and also see similar trend in upcoming new AI server/switch products from other AI players. Such big content growth will be a key driver of PCB/CCL TAM growth, in addition to volume increase.

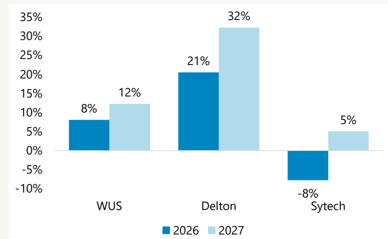
**Deep dive into AI PCB/CCL suppliers and landscape.** Both PCB/CCL markets are mainly made up of China Mainland and Taiwan suppliers, with some from other regions. Although many PCB vendors are building/expanding capacity in SEA, we expect China Mainland to maintain >50% production share, as its mature and integrated PCB ecosystem gives it a strong edge in production efficiency, cost, and reliability. In this report, we provide a detailed breakdown of AI PCB/CCL's suppliers by major AI players' existing/upcoming server products, to achieve deeper understanding of the current supply chain dynamics and competitive landscape.

**Initiate on WUS/Delton/Sytech at BUY; Sytech is our top pick.** We initiate on WUS/Delton/Sytech as they are well-positioned in their respective domains (high-speed switch/CPU PCB/AI CCL), while Sytech is our top pick for its rarity as a Chinese high-end CCL player. **WUS:** 1) Leading position in high-speed switch market driven by its edge in HLC technique, 2) Healthy competition in high-speed switch market, 3) High profit exposure to AI server/switch. **Delton:** 1) A CPU-focused supplier with high profit exposure to server, 2) Underestimated CPU demand due to agentic AI, 3) Potential to penetrate the AI server/switch market, 4) Smooth profitability ramp of overseas factories. **Sytech:** 1) Breakthroughs in high-end AI CCL to achieve significant market share and revenue growth, 2) Ongoing CCL price hike to benefit ASP, 3) Ample room to grow in AI PCB. We forecast 43%/54%/48% NP CAGR in 2026E-28E for WUS/Delton/Sytech, mostly above consensus. Our PTs imply 2026E P/E of 41x/45x/41x/44x or 2027E P/E of 26x/27x/25x/28x for WUS/Delton-A/Delton-H/Sytech, with a PEG range of 0.6-0.9x, and suggest 33%/27%/26%/37% potential upside.

**KEY STOCKS FEATURED INCLUDE:**

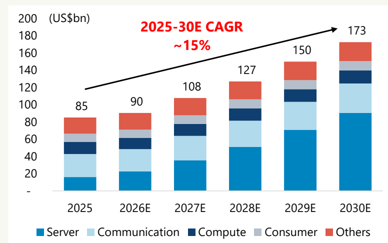
| TICKER | RATING | PRICE TARGET |
|---|---|---|
| 002463 CH | BUY | Rmb130.00 |
| 001389 CH | BUY | Rmb190.00 |
| 1989 HK | BUY | HK$200.00 |
| 600183 CH | BUY | Rmb95.00 |

Chart 1 - JEFe vs Consensus NP Forecast



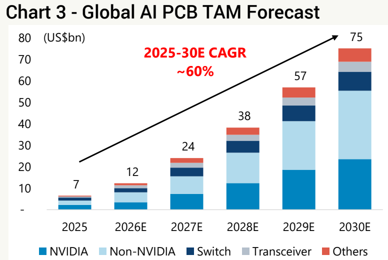

Source: Company data, FactSet, Jefferies estimates

Chart 2 - Global PCB TAM Forecast




Source: Prismark, Jefferies estimates

Chart 3 - Global AI PCB TAM Forecast




Source: Company data, Jefferies estimates

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# Summary of Changes

| | | | | Rev. (MM)Estimates | | | P/Rev. (MM) | | |
|---|---|---|---|---|---|---|---|---|---|
| Company | Rating | Price^ | Price Target | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 |
| WUS<br>002463 CH | BUY | Rmb97.66 | Rmb130.00 | RMB13,342.0 | RMB18,945.0 | RMB27,289.0 | -- | -- | -- |
| Delton<br>001389 CH | BUY | Rmb149.22 | Rmb190.00 | RMB3,734.0 | RMB5,485.0 | RMB9,006.0 | -- | -- | -- |
| Delton<br>1989 HK | BUY | HK$158.30 | HK$200.00 | RMB3,734.0 | RMB5,485.0 | RMB9,006.0 | -- | -- | -- |
| Shengyi Technology<br>600183 CH | BUY | Rmb69.25 | Rmb95.00 | RMB20,388.0 | RMB28,431.0 | RMB38,854.0 | -- | -- | -- |

^Prior trading day's closing price unless otherwise noted.

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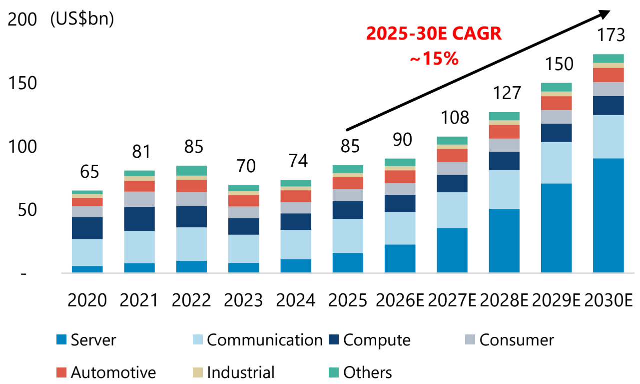
# Executive Summary

## Global PCB TAM to expand by ~15% CAGR to 2030E; AI PCB/CCL by 60%/70% CAGR

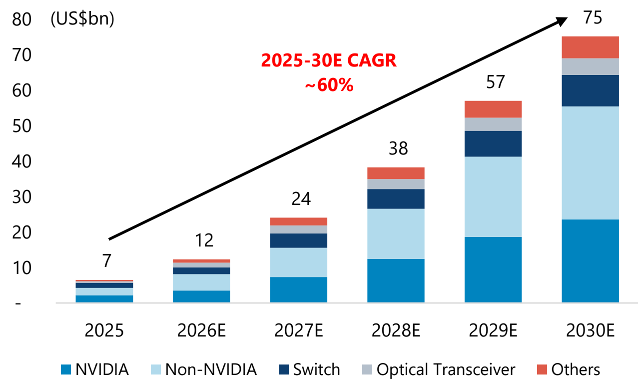
In the past decade, global PCB market size has been range-bound at US$60-80bn with a wide range of downstream applications but limited drivers to reach a higher level. However, we now view PCB as one of the key upstream components that will benefit from the booming construction of AI infrastructure in the coming years, as it acts as an important carrier for AI chips and data transmission. We expect PCB's global TAM to increase by a ~15% CAGR from US$85bn between 2025 and 2030. Specifically, server PCB 2025 market size was ~US$16bn (19% of the total PCB market), of which ~US$7bn/3bn are estimated to come from AI PCB/CCL. We forecast AI PCB/CCL to expand by 5-year CAGR of ~60%/70% to US$75bn/39bn by 2030, driving the global server PCB market to reach ~US$90bn.

**Chart 4 - Global PCB TAM Forecast**




Source: Prismark, Jefferies estimates

**Chart 5 - Global AI PCB TAM Forecast**

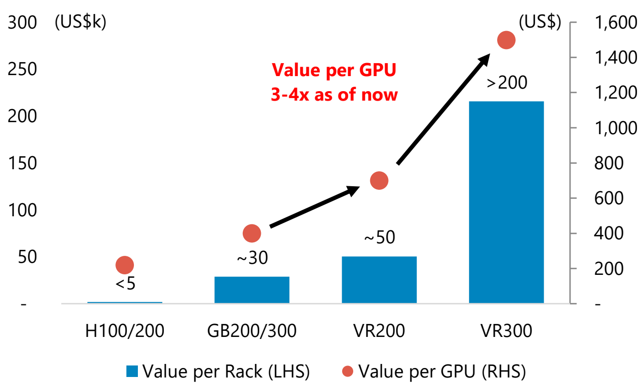



Source: Prismark, Jefferies estimates

## Surge in ASP from spec upgrade also a key driver of the growth in TAM

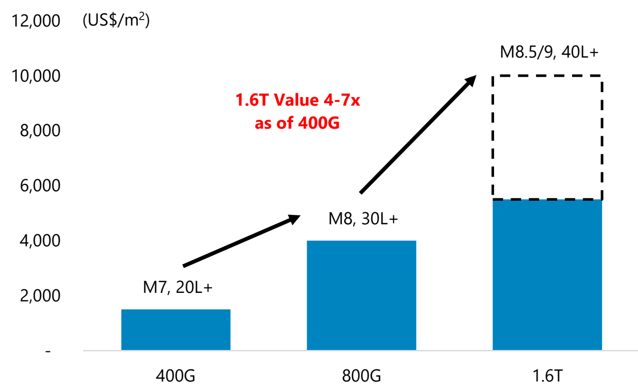
Both material and technique upgrades are major drivers of better performance and higher value. AI players have already been adopting M8 grade PCB for server/switch, but are now exploring further upgrades to M9/10 for higher data transmission speed/efficiency. We also see more sophisticated PCB design by AI players. As a result, we estimate the PCB/CCL value per GPU will rise 3-4x/4-5x from NVIDIA GB200/300 to VR300, and see a similar trend in other AI server/switch players' upcoming products. We see this big content growth as a key driver of PCB TAM growth, in addition to volume increase.

**Chart 6 - NVIDIA AI Server PCB Dollar Content Forecast**




Source: Company data, Jefferies estimates

**Chart 7 - High-Speed Switch PCB Dollar Content Forecast**

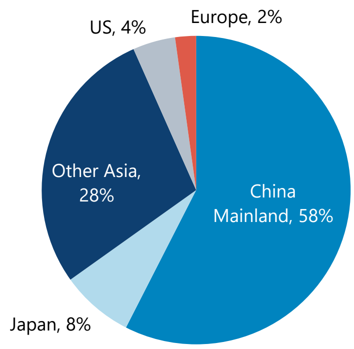



Source: Jefferies estimates

## China is the global PCB hub with rapid capacity expansion in SEA

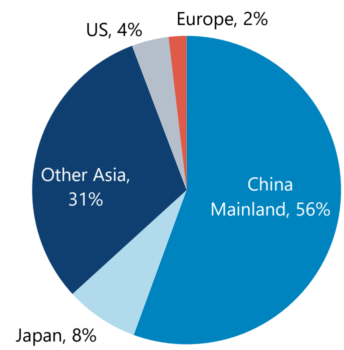
Both the PCB/CCL markets are dominated by China Mainland and Taiwan suppliers, with some regional players. Currently, the majority of PCB production comes from China. Although many PCB vendors are building/expanding capacity in Southeast Asia (SEA), we expect China Mainland to maintain >50% production share, driven by its edge in production efficiency, cost, and reliability due to the mature and integrated PCB ecosystem. In this report, we provide an AI PCB/CCL supply chain breakdown of major AI players' existing and upcoming server products. Our intention is to aid investors in gaining a deeper understanding of the current supply chain dynamics and competitive landscape in order to determine what implications future changes of certain products' volume or market share allocation will have for each PCB/CCL player.

**Chart 8 - PCB Production Value by Geography (2025)**




Source: Prismark, Jefferies

**Chart 9 - PCB Production Value by Geography (2030)**

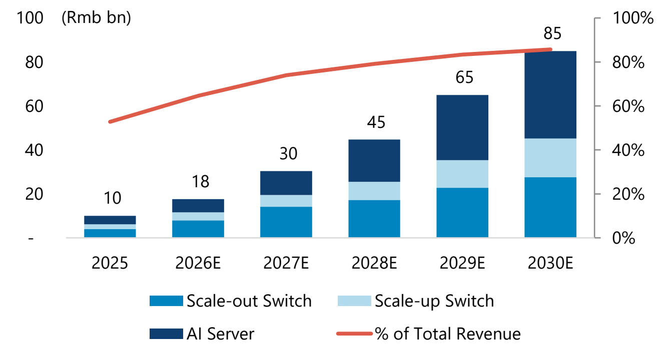



Source: Prismark, Jefferies

## Initiate on WUS/Delton/Sytech at BUY; Sytech is our top pick

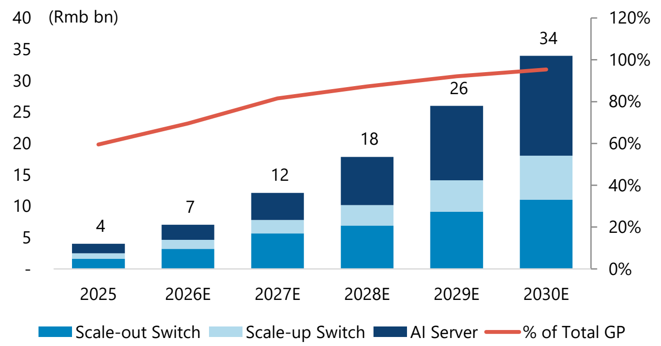
Among dozens of AI PCB/CCL players in the supply chain, we choose to initiate on WUS/Delton/Sytech as we believe they are well-positioned in each domain. For WUS, we like: 1) its leading position in the high-speed switch market driven by its edge in the HLC technique, 2) a healthy competitive landscape in the high-speed switch market, and 3) its high profit exposure to AI server/switch. For Delton, we like: 1) its unique position as a server CPU-focused supplier with high exposure to the server market, 2) the strong growth potential in CPU driven by agentic AI, 3) its potential to penetrate the AI server/switch market, and 4) smooth profitability ramp of overseas factories. For Sytech, we think its potential as a leading China Mainland CCL vendor has been underestimated and expect its continued breakthrough in high-end CCL with significant market share and revenue growth in the future. Among the three stocks, Sytech is our top pick, given its rarity as a Chinese high-end CCL player with a high technique barrier, and the recent CCL price hike in the industry likely stimulating both its near-term financials and stock price performance, leading to higher upside potential. Our in-depth analysis suggests these three names have a high likelihood of achieving consensus-beating growth.

**Chart 10 - WUS AI PCB Revenue Forecast**



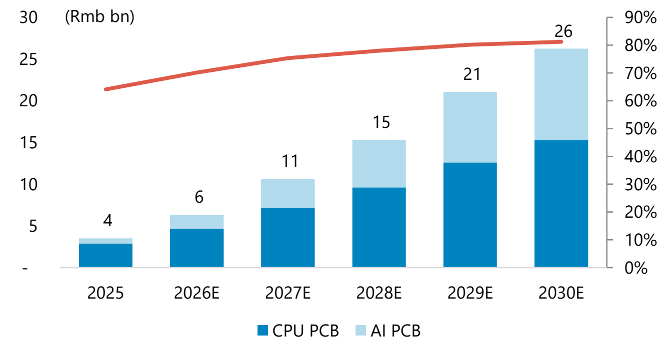

Source: Company data, Jefferies estimates

**Chart 11 - WUS AI PCB Gross Profit Forecast**



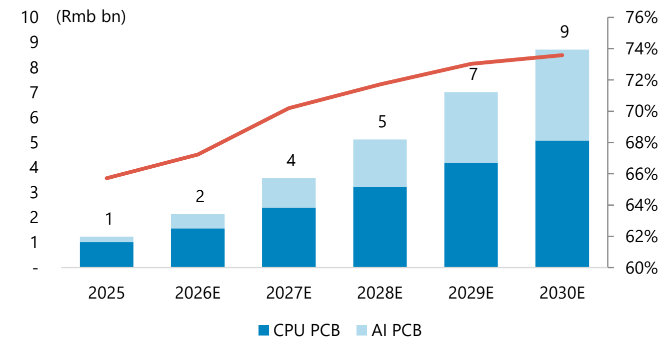

Source: Company data, Jefferies estimates

**Chart 12 - Delton CPU/AI PCB Revenue Forecast**



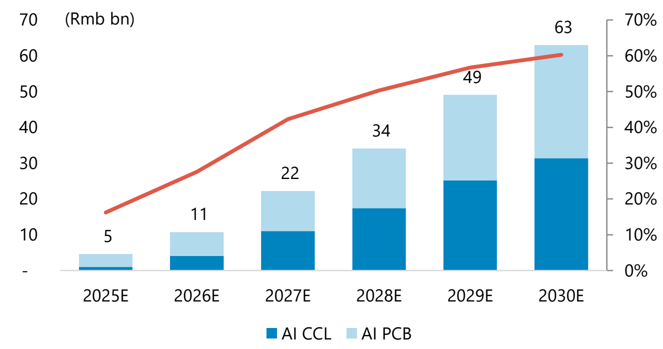

Source: Company data, Jefferies estimates

**Chart 13 - Delton AI CPU/AI PCB Gross Profit Forecast**



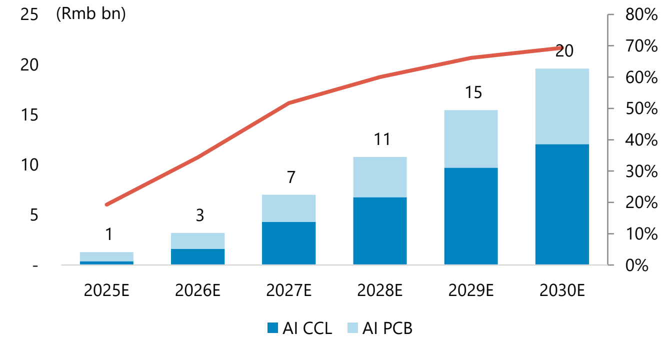

Source: Company data, Jefferies estimates

**Chart 14 - Sytech AI PCB/CCL Revenue Forecast**




Source: Company data, Jefferies estimates

**Chart 15 - Sytech AI PCB/CCL Gross Profit Forecast**




Source: Company data, Jefferies estimates

## Expect further re-rating; our PTs are based on DCF, cross-checked with PE and PEG

In the past 2 years, the stock prices of WUS/Delton-A/Sytech have risen ~2.3x/3.1x/2.0x, and outperformed the CSI 300 Index by 160%-280%. Driven by the ongoing growth in AI infra buildout and their strong market positions, we expect their re-rating to continue in the next 12 months. We forecast 43%/54%/48% NP CAGR in 2026E-28E for WUS/Delton/Sytech, mostly above consensus (Chart 25). Our valuations are based on DCF (end-2030E) using est. WACC of 9.8% and terminal growth of 6.5% (for WUS and Delton) and 7% for Sytech. Our PTs for WUS/Delton A/Delton H/Sytech imply 2026E P/E of 41x/45x/41x/44x, 2027E P/E of 26x/27x/25x/28x, and a 2026E PEG range of only 0.6-0.9x, suggesting potential upside of 33%/27%/26%/37%.

**Table 1 - Newly-Initiated Stock Coverage Valuation Summary**

| (Rmb m) | WUS | | | | Delton-A | | | | Delton-H | | | | Sytech | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024A | 2025A | 2026E | 2027E | 2024A | 2025A | 2026E | 2027E | 2024A | 2025A | 2026E | 2027E | 2024A | 2025E | 2026E | 2027E |
| Revenue | 13,342 | 18,945 | 27,289 | 41,016 | 3,734 | 5,485 | 9,006 | 14,159 | 3,734 | 5,485 | 9,006 | 14,159 | 20,388 | 28,431 | 38,854 | 52,497 |
| *YoY* | *49%* | *42%* | *44%* | *50%* | *39%* | *47%* | *64%* | *57%* | *39%* | *47%* | *64%* | *57%* | *23%* | *39%* | *37%* | *35%* |
| EBIT | 3,030 | 4,517 | 6,962 | 10,300 | 805 | 1,243 | 2,289 | 3,808 | 805 | 1,243 | 2,289 | 3,808 | 1,998 | 4,405 | 6,987 | 10,925 |
| *YoY* | *78%* | *49%* | *54%* | *48%* | *41%* | *55%* | *84%* | *66%* | *41%* | *55%* | *84%* | *66%* | *55%* | *120%* | *59%* | *56%* |
| Net Profit/(Loss) | 2,587 | 3,822 | 6,133 | 9,476 | 676 | 1,016 | 2,009 | 3,346 | 676 | 1,016 | 2,009 | 3,346 | 1,739 | 3,334 | 5,209 | 8,307 |
| *YoY* | *35%* | *48%* | *60%* | *55%* | *63%* | *50%* | *98%* | *66%* | *63%* | *50%* | *98%* | *66%* | *49%* | *92%* | *56%* | *59%* |
| **Multiples** | | | | | | | | | | | | | | | | |
| P/E | 72.5 | 49.6 | 30.6 | 19.8 | 90.4 | 62.4 | 35.1 | 21.1 | 83.4 | 57.6 | 32.4 | 19.4 | 94.9 | 50.5 | 32.3 | 20.3 |
| P/B | 8.9 | 6.7 | 4.1 | 3.3 | 10.8 | 8.4 | 5.2 | 3.5 | 9.9 | 7.8 | 4.8 | 3.2 | 6.0 | 5.2 | 4.2 | 3.4 |
| P/S | 14.1 | 9.9 | 6.9 | 4.6 | 18.9 | 12.9 | 7.8 | 5.0 | 17.4 | 11.9 | 7.2 | 4.6 | 8.3 | 5.9 | 4.3 | 3.2 |
| EV/Sales | 14.2 | 10.0 | 6.8 | 4.6 | 18.8 | 12.9 | 7.9 | 5.0 | 17.3 | 11.9 | 7.2 | 4.6 | 8.3 | 6.0 | 4.4 | 3.2 |
| EV/EBITDA | 53.8 | 37.0 | 24.1 | 15.9 | 71.7 | 48.0 | 27.5 | 15.7 | 66.1 | 44.3 | 25.4 | 14.5 | 58.8 | 32.3 | 21.3 | 14.0 |
| ROE | 24% | 28% | 27% | 29% | 28% | 29% | 33% | 31% | 28% | 29% | 33% | 31% | 11% | 19% | 25% | 32% |

Source: Company data, Jefferies estimates, Factset

# Glossary of Terms

Table 2 - Glossary of Terms

| Term | Definition | Explanation |
|---|---|---|
| AI | Artificial Intelligence | Computers that learn and think like humans to make decisions, e.g., recommended videos on your phone |
| ASIC | Application-Specific Integrated Circuit | A chip designed for one specific task (like mining Bitcoin). It's faster and uses less power than general-purpose chips |
| ASP | Average Selling Price | The average price a product (like a chip or phone) sells for. It helps analyze a company's pricing power and profitability |
| CCL | Copper Clad Laminate | The "base foundation" of circuit boards. It's a sheet of insulating material covered with copper foil, where circuits are etched |
| CoPoS | Chip-on-Panel-on-Substrate | An advanced packaging technique that attaches chips directly to a display panel. It makes devices thinner and signals transfer faster |
| CoWoP | Chip-on-Wafer-on-PCB | An advanced way to package chips, it bonds chips to a wafer first, then to a PCB board. It shrinks size and boosts performance |
| CoWoS | Chip-on-Wafer-on-Substrate | TSMC's key technology. It's like putting Lego blocks together—connecting multiple chips on a substrate to make them run faster and better |
| CPU | Central Processing Unit | The "brain" of a computer/phone. It handles all core calculations and controls how apps run |
| CR10 | Concerntration Ratio for the Top 10 | The total market share of the top 10 companies in an industry. A higher number means the industry is more dominated by a few top firms |
| DDR | Double Data Rate | A memory technology that transfers data on both the rising and falling edges of a clock signal. It's like "double speed" data transfer |
| Df | Dissipation Factor | Dissipation Factor: Measures signal loss in circuit board materials. A lower value means less signal loss, which is better for high-speed chips |
| DPU | Data Processing Unit | A chip that handles network and storage tasks in data centers. It assists the CPU, letting the CPU focus on complex computing |
| EMIB | Embedded Multi-die Interconnect Bridge | Intel's packaging tech. It's like a "micro-bridge" that allows different chips to communicate quickly and with low delay |
| FCCL | Flexible Copper Clad Laminate | A bendable circuit board material used in foldable phones and smartwatches. It lets circuits bend with the device |
| FPC | Flexible Printed Circuit | A circuit made of flexible material that can bend or fold. The cable connecting your phone's screen to its motherboard is an FPC |
| Gbps | Gigabits per second | A unit measuring data speed. 1 Gbps = 1 billion bits transferred per second. Used for internet speed and chip communication |
| GPU | Graphics Processing Unit | The "graphic expert" of a computer. It renders game graphics, processes AI calculations, and is key for gaming and video editing |
| HBM | High Bandwidth Memory | Ultra-fast memory specially designed for AI chips and graphics cards. Its transfer speed is much faster than regular memory |
| HDI | High Density Interconnect | A circuit board with very dense wiring. It fits more circuits in a small space, making smartphones and thin laptops possible |
| HLC | High Layer Count | Refers to the number of layers in a circuit board (e.g., 10 layers). More layers mean more complex functions and higher performance |
| HVLP | Hyper Very Low Profile | A high-quality copper foil process with a smooth surface, reducing signal loss. It's a premium material for high-frequency circuit boards |
| L/S | Line/Spacing | The width and spacing of wires on a circuit board. A smaller number means more advanced technology, allowing smaller and more precise circuits |
| LHS | Left-hand Side | This is a label that usually makes it easier to distinguish the data in the chart |
| Low-Dk | Low Dielectric Constant | Measures insulation in circuit materials. A lower value means faster signal transmission and less loss, ideal for high-speed chips |
| MLPCB | Multi-layer Printed Circuit Board | A board made by pressing multiple circuit layers together. Found in most computer and phone motherboards |
| MP | Mass Production | The stage where products are made in large quantities on assembly lines. It's the key step from research to market. |
| mSAP | Modified Semi-Additive Process | An advanced PCB manufacturing technique that creates finer circuits. It's the main process for high-density circuits in 5G and AI devices |
| OAM | Open Accelerator Module | A standard for AI acceleration cards. It allows different brands of AI chips and servers to work together, avoiding vendor lock-in |
| ODM | Original Design Manufatucrer | A company that designs and produces products for you. Many brand-name electronics are made by ODMs |
| OEM | Roiginal Equipment Manufacturer | A contract manufacturer that produces products according to your design. Also known as a "factory partner" |
| PCB | Printed Circuit Board | The "baseboard" inside every electronic device. It's the flat green (or other color) board that holds all the chips and wires together |
| PCIe | Peripheral Component Interconnect Express | A super-fast connection standard. It's like a high-speed highway inside your computer, letting parts like graphics cards and SSDs talk to the CPU quickly |
| PP | Prepreg | A sticky, semi-cured insulating material. It's the "glue" that holds the different layers of a multi-layer circuit board together |
| PTFE | Polytetrafluoroethylene | Also known as Teflon. A high-performance plastic used in special circuit boards. It keeps signals from losing strength at very high speeds |
| Q-glass | Quartz Glass Fabric | A high-quality fiber material used in advanced circuit boards. It's super stable and helps signals travel fast with little loss |
| RDL | Redistribution Layer | A tiny, extra layer of wiring on a chip. It lets you rearrange the chip's connection points to fit better into the final package |
| RHS | Right-hand Side | This is a label that usually makes it easier to distinguish the data in the chart |
| RPCB | Rigid Printed Circuit Board | The standard/hard circuit board. It's stiff and doesn't bend, like the main board in your desktop computer |
| RTF | Reversed Treated Foil | Reversed Treated Foil: A special type of copper foil for high-end PCBs. It has a very smooth surface to keep high-speed signals from getting distorted |
| SEA | Southeast Asia | A geographic region that includes countries like Singapore, Malaysia, Thailand, and Vietnam |
| SLP | Substrate-Like Printed Circuit Board | A very high-end, dense circuit board used in smartphones. It's almost as advanced as the "substrates" used in chip packaging |
| SMT | Surface Mount Technology | The standard method for soldering tiny components directly onto the surface of a circuit board. It's how most modern electronics are built |
| TAM | Total Addressable Market | The total size of the market for a product. It answers the question: "What's the maximum possible revenue if we sold to every single potential customer?" |
| UBB | Unit/Universal Baseboard | A common reference design baseboard used for testing or as a standard platform. It's like a universal plug-and-play motherboard |
| YTD | Year-to-Date | A financial term that means "from the start of the year up to today" |

Source: Jefferies

# The Three-Minute Guide

## AI PCB/CCL deep dive: WUS, Delton and Sytech are our top picks under this theme

**Table 3 - Newly-Initiated Stock Coverage in this Report**

| Company | Current Px | Target Px | 2027E P/E | △ Diff | Rec |
|---|---|---|---|---|---|
| WUS | Rmb97.66 | Rmb130.00 | 26x | +33% | BUY |
| Delton-A | Rmb149.22 | Rmb190.00 | 27x | +27% | BUY |
| Delton-H | HK$158.30 | HK$200.00 | 25x | +26% | BUY |
| Sytech | HK$69.25 | HK$95.00 | 28x | +37% | BUY |

Source: Company data, FactSet, Jefferies estimates
Note: As of Apr 17, 2026

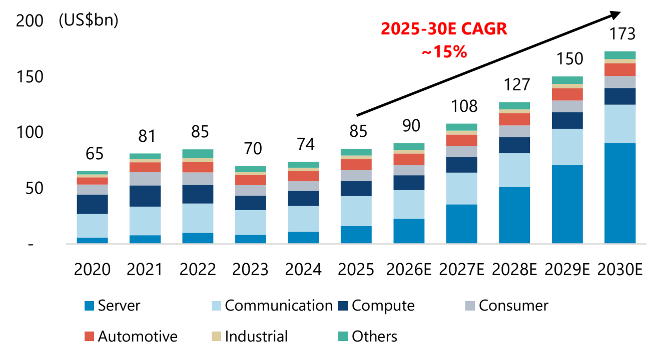
**Table 4 - Consensus View on Newly-Initiated Stock Coverage**

| | Consensus PT | | | Recommendation | | |
|---|---|---|---|---|---|---|
| | High | Mean | Low | BUY | HOLD | UNPF |
| WUS | 127.00 | 106.35 | 84.40 | 16 | 0 | 0 |
| Delton | N/A | N/A | N/A | 4 | 0 | 0 |
| Sytech | 111.00 | 83.11 | 52.00 | 14 | 1 | 1 |

Source: Company data, FactSet, Jefferies estimates
Note: As of Apr 17, 2026

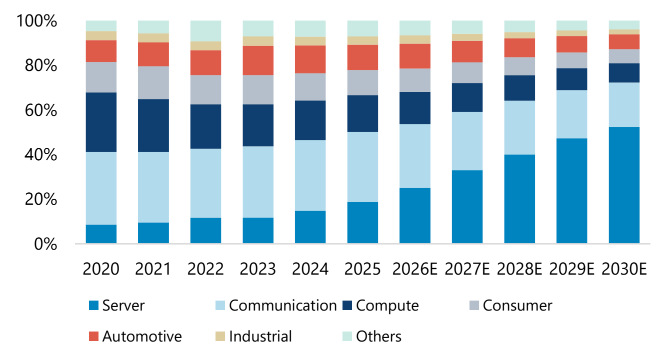
## Driven by strong demand from AI infrastructure build, we forecast overall PCB TAM to expand by 15% CAGR...

**Chart 16 - Global PCB TAM Forecast**




Source: Prismark, Jefferies estimates

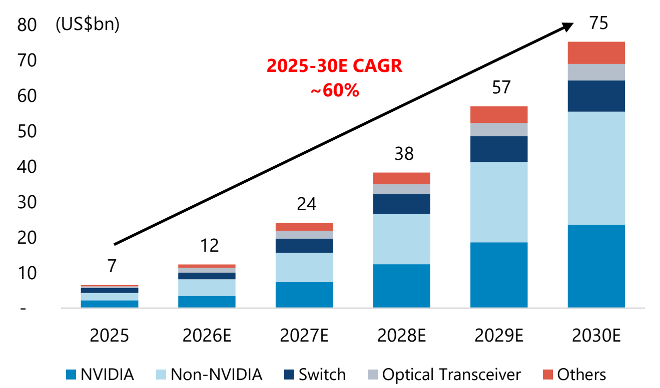
**Chart 17 - Global PCB TAM Mix Forecast**




Source: Prismark, Jefferies estimates

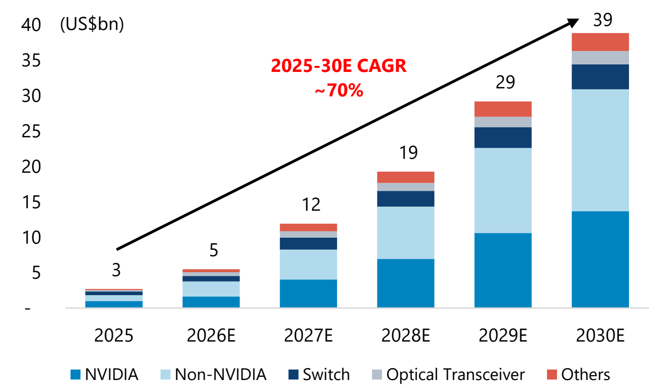
## ...And specifically, expect AI PCB/CCL TAM to increase by ~60%/70% CAGR as core propellers

**Chart 18 - Global AI PCB TAM Forecast**




Source: Prismark, Jefferies estimates

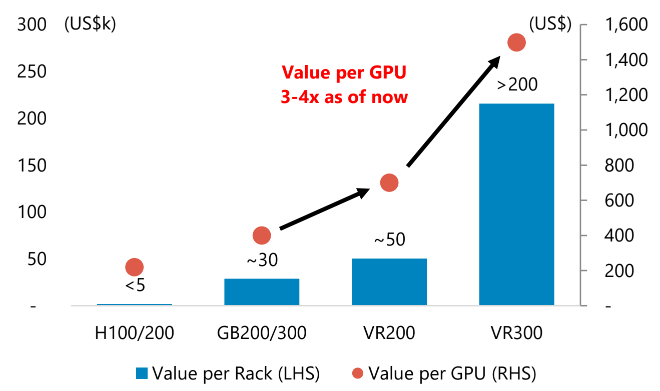
**Chart 19 - Global AI CCL TAM Forecast**




Source: Prismark, Jefferies estimates

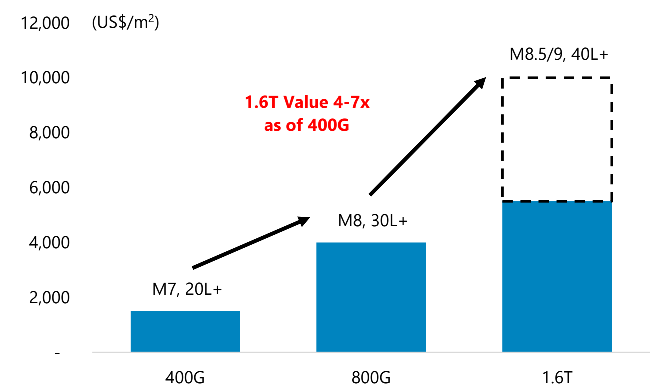
## Higher-speed interconnection requires advanced solutions and materials upgrade = Surge in dollar content

**Chart 20 - NVIDIA AI Server PCB Dollar Content Forecast**



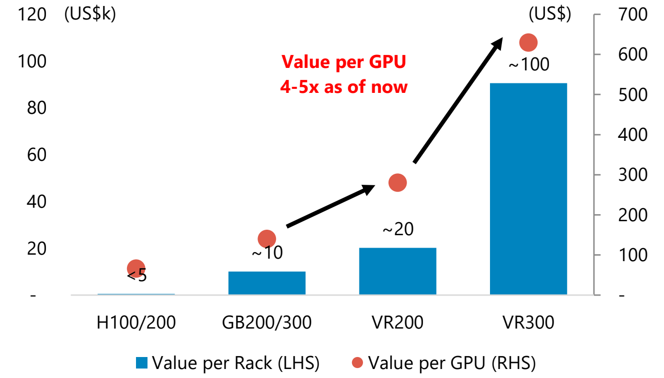

Source: Company data, Jefferies estimates

**Chart 21 - High-Speed Switch PCB Dollar Content Forecast**



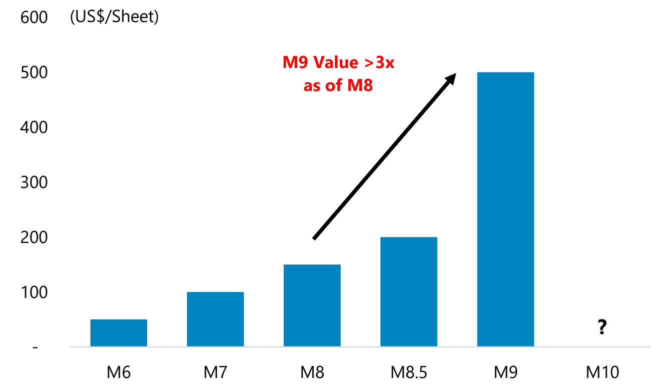

Source: Jefferies estimates

Chart 22 - NVIDIA AI Server CCL Dollar Content Forecast




Source: Company data, Jefferies estimates

Chart 23 - CCL Value by Spec




Source: Jefferies estimates

## We outline the related PCB/CCL suppliers to major AI servers to understand the current supply chain landscape

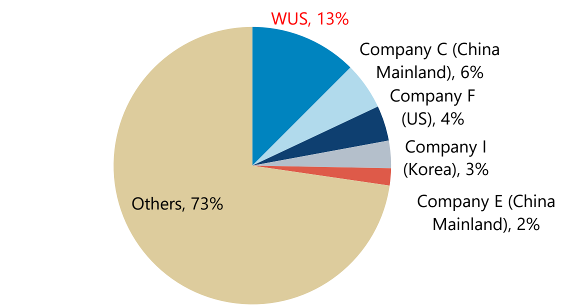
Table 5 - Major AI Server PCB/CCL Suppliers

| Product | Content | CCL Spec | PCB Spec | Major CCL Supplier | Major PCB Supplier |
|---|---|---|---|---|---|
| ***NVIDIA*** | | | | | |
| H100/200 | OAM | M7 | 5+ HDI | EMC | Unimicron, VGT |
| | UBB | M7 | 20L+ HLC | EMC | WUS, TTM, ISU |
| B200 | OAM | M8 | 5+ HDI | Doosan | Unimicron, VGT |
| | UBB | M7 | 20L+ HLC | Doosan | WUS, TTM, ISU |
| B300 | OAM | M8 | 5+ HDI | Doosan | Unimicron, VGT |
| | UBB | M8 | 20L+ HLC | Doosan | WUS, TTM, ISU |
| GB200 | Compute Board | M8 | 5+ HDI | Doosan | VGT, Unimicron |
| | Switch Board | M8 | 20L+ HLC | EMC, Sytech | WUS, VGT, Unimicron |
| GB300 | Compute Board | M8 | 5+ HDI | Doosan | VGT, Unimicron, Dynamic |
| | Switch Board | M8 | 20L+ HLC | EMC, Sytech | WUS, VGT, Unimicron |
| VR200 | Compute Board | M8 | 5+ HDI/20L+ HLC | Doosan, EMC, Sytech | VGT, Unimicron, Dynamic, ZDT, Kinwong, Founder |
| | Switch Board | M8.5 | 20L+ HLC | EMC, Sytech | WUS, VGT, Unimicron |
| | Midplane | M8.5 | 40L+ HLC | EMC, Sytech | VGT, WUS, Kinwong, Delton |
| VR300 | Backplane | M9/10/PTFE? | 78-168L HLC | Doosan? EMC? Sytech? | VGT? WUS? Kinwong? Unimicron? DSBJ? Shennan? |
| | CoWoP | M8/9/10? | ?+ HDI | Doosan? EMC? Sytech? | ZDT? Unimicron? VGT? WUS? |
| ***Google*** | | | | | |
| v5 | UBB | M7 | 20L+ HLC | Panasonic | WUS, TTM, ISU |
| v6/v7 | UBB | M7 | 30L+ HLC | Panasonic, EMC | WUS, TTM, ISU, GBM, Shennan |
| v8 | UBB | M8 | 40L+ HLC | Panasonic, EMC, Doosan | WUS, TTM, ISU, GBM, Shennan, VGT, ZDT, GCE, Dynamic |
| v9 | OAM | M9/10/PTFE? | 6+ HDI | EMC? | WUS? VGT? Unimicron? ZDT? |
| ***Amazon*** | | | | | |
| Trainium 2 | OAM | M6 | 3+ HDI | Panasonic | SYE |
| | UBB | M8 | 20L+ HLC | EMC, TUC | GCE, FHT, SYE |
| Trainium 2.5 | OAM | M6 | 4+ HDI | Panasonic | SYE |
| | UBB | M8 | 30L+ HLC | EMC, TUC | GCE, FHT, SYE, WUS |
| Trainium 3 | OAM | M7 | 4+ HDI | Panasonic | SYE, ZDT, Unimicron |
| | UBB | M8 | 30L+ HLC | EMC, TUC | GCE, FHT, SYE, WUS, ZDT |
| ***Meta*** | | | | | |
| MTIA 2 | UBB | M8+M4 | 30L+ HLC | EMC | WUS, TTM, ISU |
| MTIA 3 | UBB | M8+M4 | 40L+ HLC | EMC, TUC, ITEQ | WUS, TTM, ISU, GCE, Shennan, Delton |

Source: Company data, Jefferies estimates
Note: Question mark = no confirmed information as of now

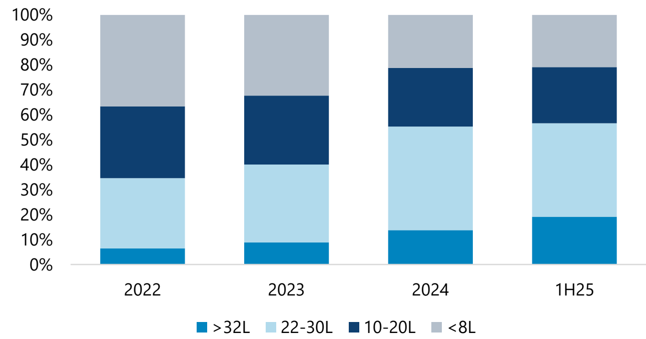
## WUS: A leading vendor focused on high-speed PCB; Rising mix of >32-layer products to push up ASP

**Chart 24 - Switch/Router PCB Market Share (2024-1H25)**



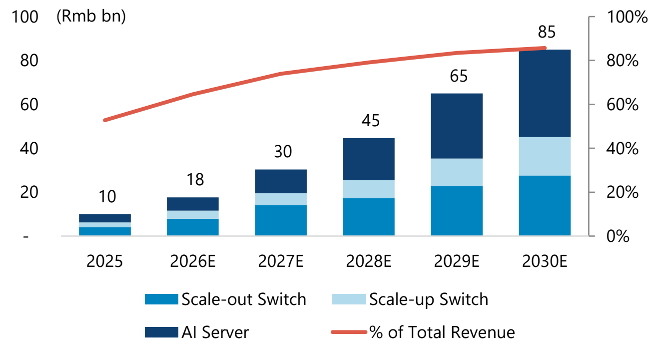

Source: Company data, Jefferies

**Chart 25 - WUS PCB Revenue by Spec**



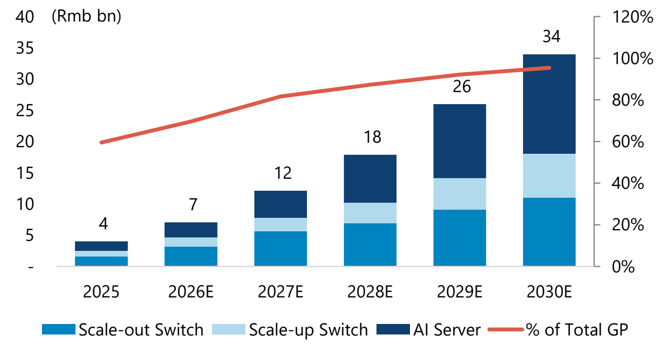

Source: Company data, Jefferies

**Chart 26 - WUS AI PCB Revenue Forecast**




Source: Company data, Jefferies estimates

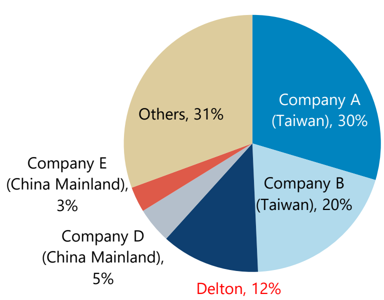
**Chart 27 - WUS AI PCB Gross Profit Forecast**




Source: Company data, Jefferies estimates

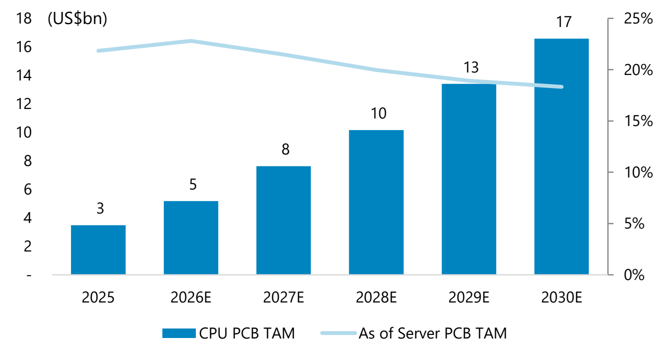
## Delton: A proxy for rising server CPU (>50% revenue exposure) demand driven by proliferation of agentic AI

**Chart 28 - High Performance Server CPU PCB Market Share (2022-2024)**



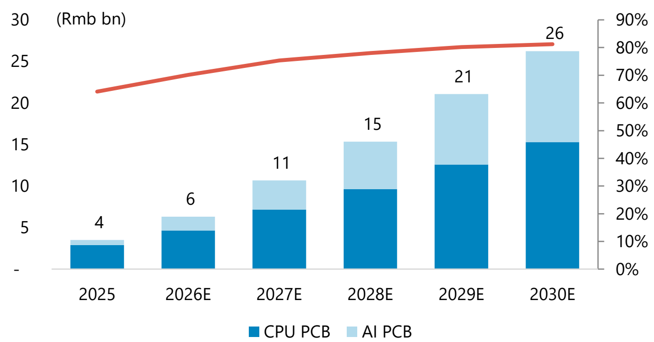

Source: Company data, Jefferies

**Chart 29 - Global Server CPU PCB TAM Forecast**



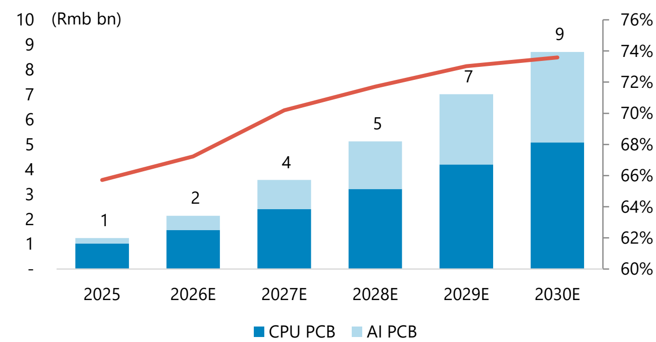

Source: Gartner, Jefferies

**Chart 30 - Delton CPU/AI PCB Revenue Forecast**




Source: Company data, Jefferies

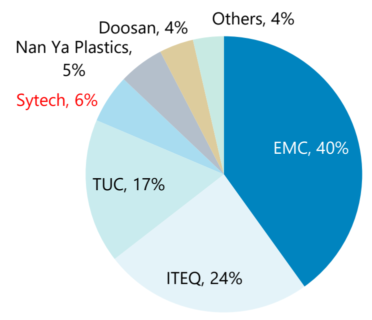
**Chart 31 - Delton CPU/AI PCB Gross Profit Forecast**




Source: Company data, Jefferies

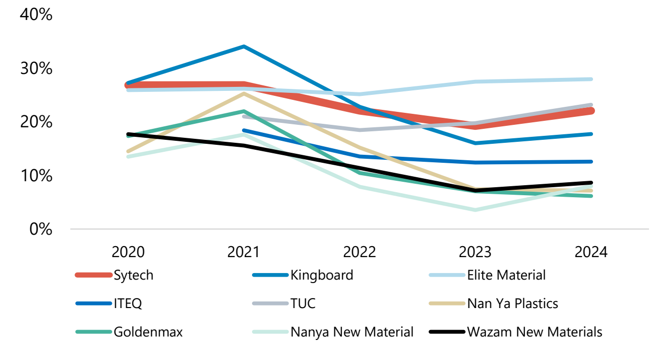
## Sytech: A top Chinese CCL vendor penetrating the global high-end market; Large upside potential on AI

**Chart 32 - Halogen-free High-speed CCL Market Share by Vendor (2024)**



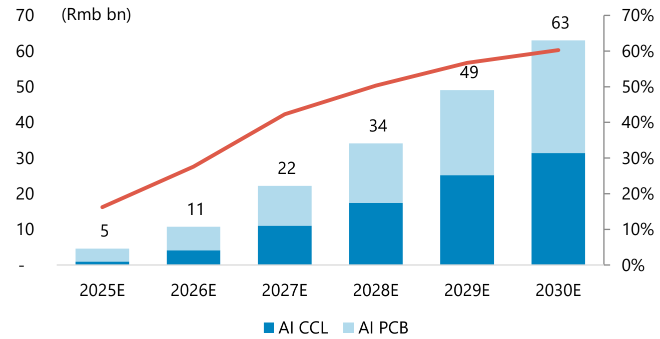

Source: Prismark, Jefferies

**Chart 33 - Major CCL Player Gross Margin Comparison**



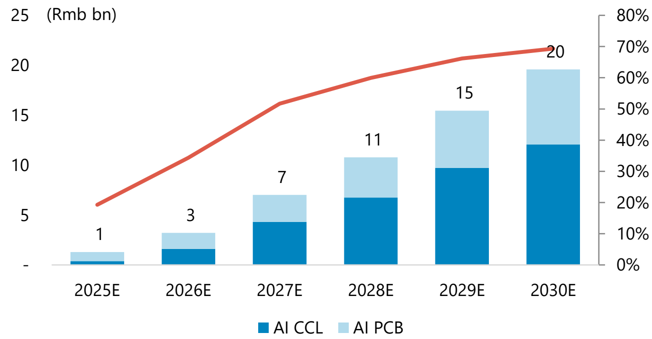

Source: Prismark, Jefferies

**Chart 34 - Sytech AI PCB/CCL Revenue Forecast**




Source: Company data, Jefferies

**Chart 35 - Sytech AI PCB/CCL Gross Profit Forecast**




Source: Company data, Jefferies estimates
Note: PCB gross profit adjusted for minority interest

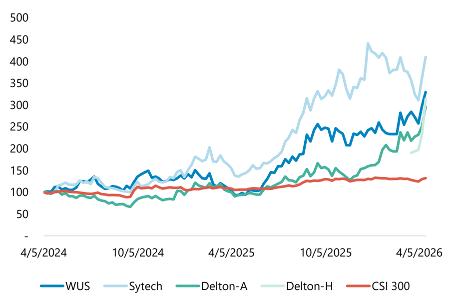
## We like all three names for their favorable position in each domain (high-speed switch, CPU PCB, and AI CCL)

**Table 6 - Newly-Initiated Stock Coverage Valuation Summary**

| (Rmb m) | WUS | | | | Delton-A | | | | Delton-H | | | | Sytech | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024A | 2025A | 2026E | 2027E | 2024A | 2025A | 2026E | 2027E | 2024A | 2025A | 2026E | 2027E | 2024A | 2025E | 2026E | 2027E |
| Revenue | 13,342 | 18,945 | 27,289 | 41,016 | 3,734 | 5,485 | 9,006 | 14,159 | 3,734 | 5,485 | 9,006 | 14,159 | 20,388 | 28,431 | 38,854 | 52,497 |
| *YoY* | *49%* | *42%* | *44%* | *50%* | *39%* | *47%* | *64%* | *57%* | *39%* | *47%* | *64%* | *57%* | *23%* | *39%* | *37%* | *35%* |
| EBIT | 3,030 | 4,517 | 6,962 | 10,300 | 805 | 1,243 | 2,289 | 3,808 | 805 | 1,243 | 2,289 | 3,808 | 1,998 | 4,405 | 6,987 | 10,925 |
| *YoY* | *78%* | *49%* | *54%* | *48%* | *41%* | *55%* | *84%* | *66%* | *41%* | *55%* | *84%* | *66%* | *55%* | *120%* | *59%* | *56%* |
| Net Profit/(Loss) | 2,587 | 3,822 | 6,133 | 9,476 | 676 | 1,016 | 2,009 | 3,346 | 676 | 1,016 | 2,009 | 3,346 | 1,739 | 3,334 | 5,209 | 8,307 |
| *YoY* | *35%* | *48%* | *60%* | *55%* | *63%* | *50%* | *98%* | *66%* | *63%* | *50%* | *98%* | *66%* | *49%* | *92%* | *56%* | *59%* |
| **Multiples** | | | | | | | | | | | | | | | | |
| P/E | 72.5 | 49.6 | 30.6 | 19.8 | 90.4 | 62.4 | 35.1 | 21.1 | 83.4 | 57.6 | 32.4 | 19.4 | 94.9 | 50.5 | 32.3 | 20.3 |
| P/B | 8.9 | 6.7 | 4.1 | 3.3 | 10.8 | 8.4 | 5.2 | 3.5 | 9.9 | 7.8 | 4.8 | 3.2 | 6.0 | 5.2 | 4.2 | 3.4 |
| P/S | 14.1 | 9.9 | 6.9 | 4.6 | 18.9 | 12.9 | 7.8 | 5.0 | 17.4 | 11.9 | 7.2 | 4.6 | 8.3 | 5.9 | 4.3 | 3.2 |
| EV/Sales | 14.2 | 10.0 | 6.8 | 4.6 | 18.8 | 12.9 | 7.9 | 5.0 | 17.3 | 11.9 | 7.2 | 4.6 | 8.3 | 6.0 | 4.4 | 3.2 |
| EV/EBITDA | 53.8 | 37.0 | 24.1 | 15.9 | 71.7 | 48.0 | 27.5 | 15.7 | 66.1 | 44.3 | 25.4 | 14.5 | 58.8 | 32.3 | 21.3 | 14.0 |
| ROE | 24% | 28% | 27% | 29% | 28% | 29% | 33% | 31% | 28% | 29% | 33% | 31% | 11% | 19% | 25% | 32% |

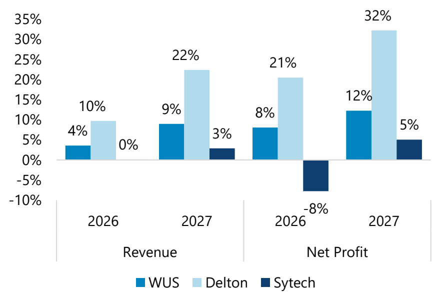
Source: Company data, FactSet, Jefferies estimates

**Chart 36 - 2-year Stock Performance**



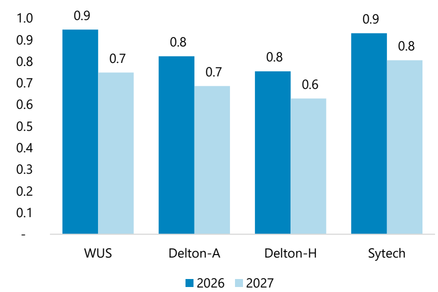

Source: FactSet, Jefferies

**Chart 37 - JEFe vs Consensus Forecast**




Source: Company data, FactSet, Jefferies estimates

**Chart 38 - PT PEG Comparison**

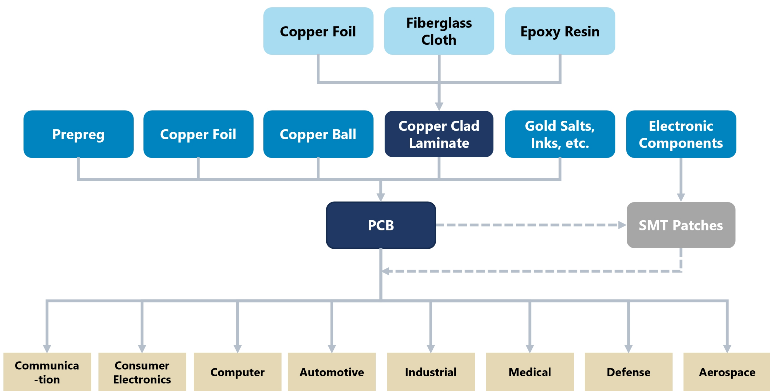



Source: Company data, Jefferies estimates

# Booming PCB TAM: Riding the Tide of AI Infrastructure Build Megatrend

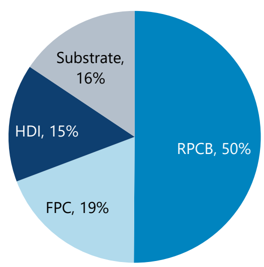
**AI is a game changer for the PCB industry; We estimate overall TAM CAGR of ~15%.** In the past decade, global PCB market size has been range-bound at US$60-80bn with a vast range of downstream applications but limited drivers to reach a higher level. However, led by NVIDIA, major CSPs and other tech giants, we have been seeing tremendous effort in building up computing infrastructure (represented by data center equipment like servers, switches, etc.) for AI training/ inference since 2023. This has brought structural changes to PCB, which acts as a core carrier for AI chips and electrical signal transmission, and the exponential growth in computing power comes with ongoing demand for higher data transmission speed. As a result, rigid PCBs (including conventional RPCB, HDI, and substrate) have risen from 81% of total PCB production in 2020 to 85%, as server-related products rarely adopt flexible PCBs. As AI infrastructure growth is likely to continue to be supported by tech giants' rising capex plans, we expect the PCB industry to ride this tide, and forecast ~15% CAGR in 2025-30 for the global TAM of PCB.

Chart 39 - PCB Supply Chain



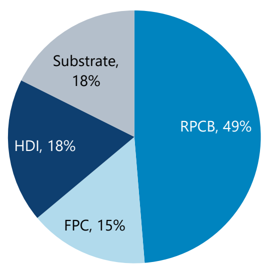

Source: Company data, Jefferies

Chart 40 - Global PCB TAM Mix by Product (2020)



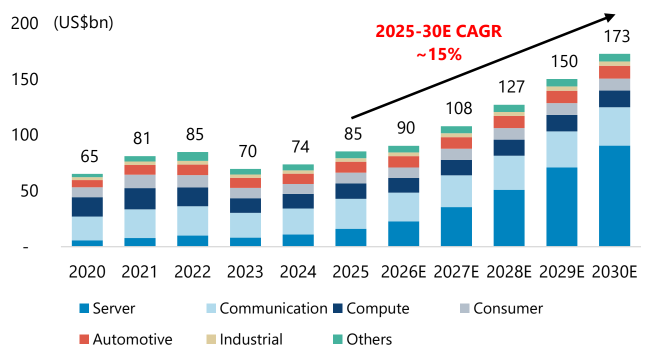

Source: Prismark, Jefferies

Chart 41 - Global PCB TAM Mix by Product (2025)



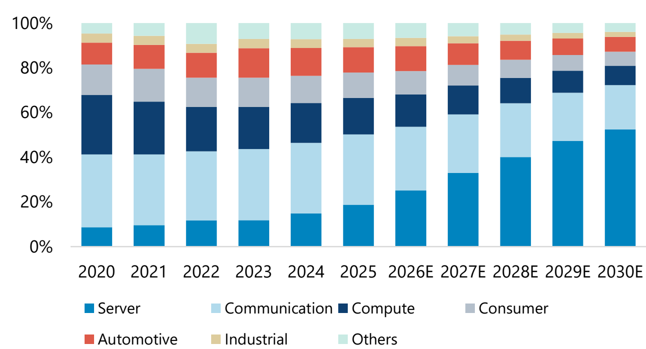

Source: Prismark, Jefferies

Chart 42 - Global PCB TAM Forecast




Source: Prismark, Jefferies estimates

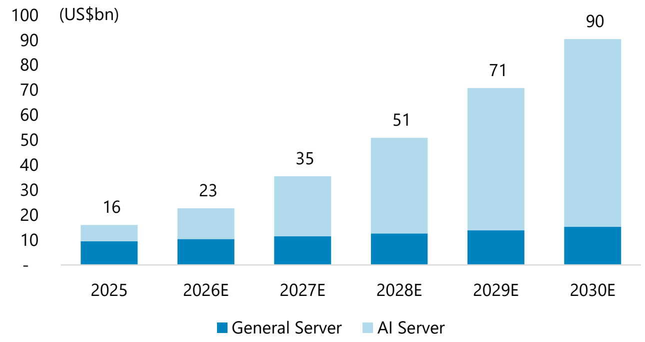
Chart 43 - Global PCB TAM Mix Forecast




Source: Prismark, Jefferies estimates

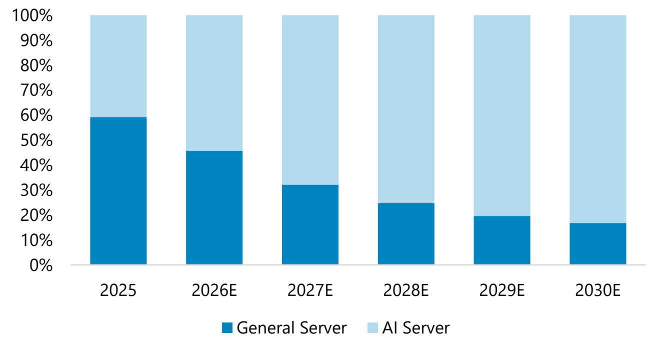
**CAGR of ~60%/70% for AI PCB/CCL as core drivers; Our 2030 forecast implies ~US$2tn AI capex.** Based on current AI chip volume and allocation to each player (NVIDIA, CSP etc.), AI PCB spec adopted and future roadmap, we estimate AI PCB/CCL TAM of US$7bn/3bn in 2025 (including GPU/ASIC server, high-speed switch and optical transceiver), and forecast ~60%/70% CAGR to reach US$75bn/39bn in 2030, assuming: 1) TSMC and other fabs will continue to expand both advanced nodes/packaging (CoWoS/CoPoS, EMIB etc.) capacity for more AI chip output; 2) AI players would continue to afford rising capex; and 3) no significant technical disruption in supply chain. According to Prismark, the 2025 server PCB market size was US$16bn. Our previous forecast of AI PCB then leads to **US$90bn** overall server PCB TAM in **2030**. If we simply regard server market size as AI capex, and assume PCB value to comprise ~5% of total AI infrastructure costs, this translates into **~US$2tn** total AI capex globally in **2030**. We provide this framework to show that different expectations for AI capex level would lead to divergence in ultimate PCB/CCL TAM forecasts.

**Chart 44 - Global Server PCB TAM Forecast**



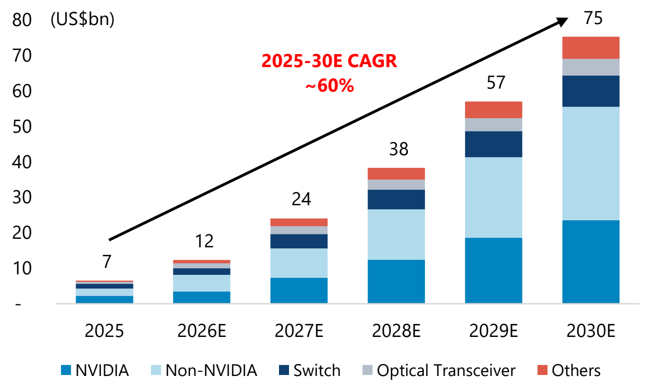

Source: Prismark, Jefferies estimates

**Chart 45 - Global Server PCB TAM Forecast**



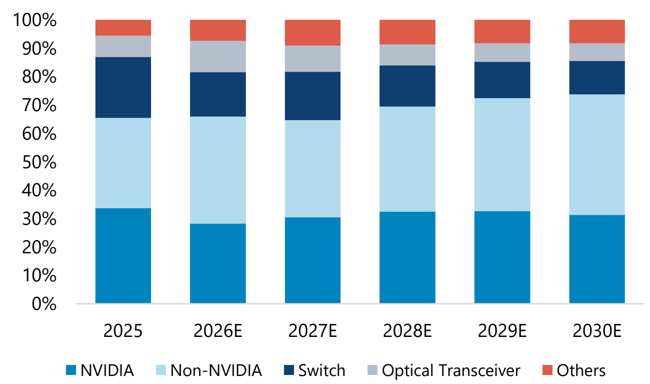

Source: Prismark, Jefferies estimates

**Chart 46 - Global AI PCB TAM Forecast**



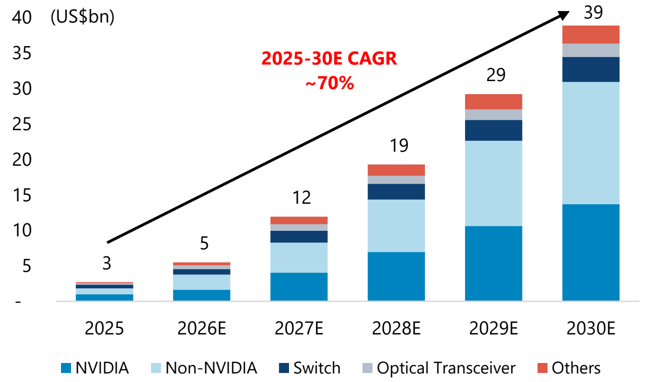

Source: Company data, Jefferies estimates

**Chart 47 - Global AI PCB TAM Mix Forecast**



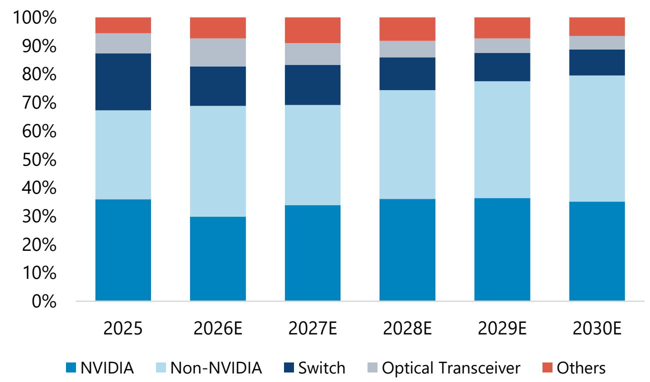

Source: Company data, Jefferies estimates

**Chart 48 - Global AI CCL TAM Forecast**




Source: Company data, Jefferies estimates

**Chart 49 - Global AI CCL TAM Mix Forecast**

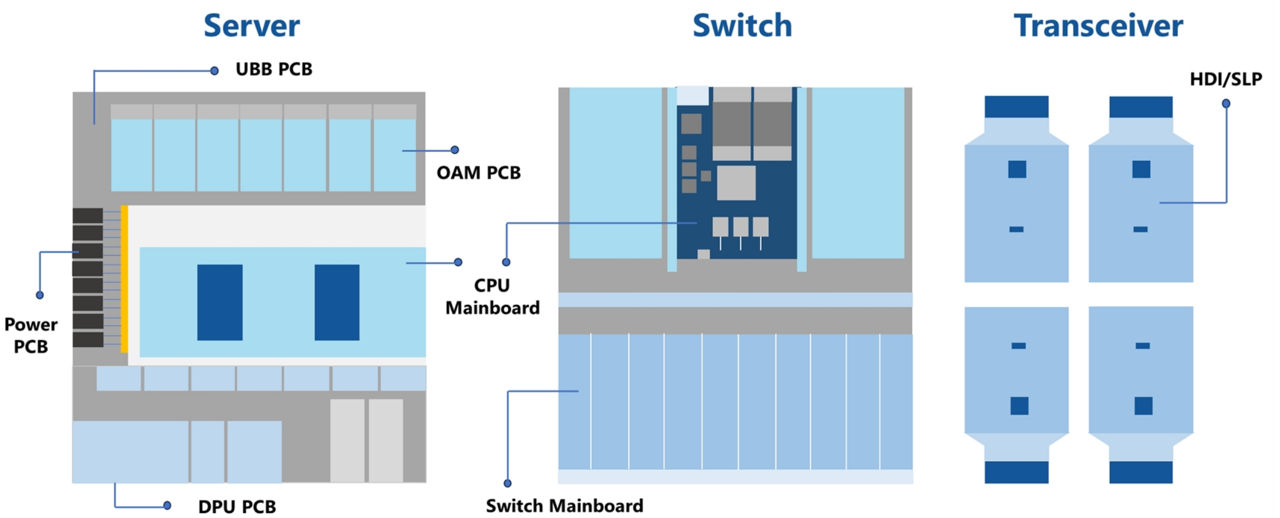



Source: Company data, Jefferies estimates

## Surge in Spec/ASP Driven by High-Speed Interconnection Demand

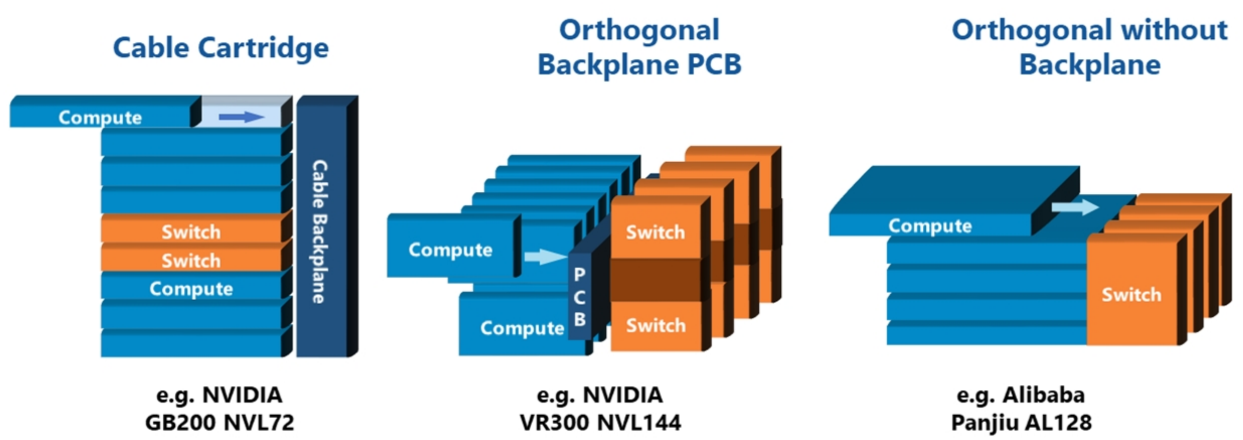
**Materials upgrade and more sophisticated techniques are pushing PCB evolution.** The major end-devices that adopt high-end PCB include AI server (mainboard, OAM, UBB, etc.), high-speed switch, and optical transceiver (>=400G). Typical AI PCB specs include either high-end material solutions, complex design (e.g. 5+ HDI for OAM), high layer count (e.g. 30L+ MLPCB for switch), small L/S (e.g. SLP for transceiver) or multifunction requirements (e.g. backplane PCB for connecting compute/switch trays within a rack). All these will only be realized through sophisticated techniques and materials upgrade, leading to higher value produced by PCB vendors.

**Chart 50 - AI PCB Adoption**




Source: Jefferies

**Chart 51 - Rack Backplane Interconnection Solution**




Source: Jefferies

**Higher-end materials for better PCB performance.** PCB and CCL mainly comprise copper foil, epoxy resin, and fiberglass cloth. Using higher-end materials with better properties could lead to stronger performance of CCL, and thus overall PCB. For example, AI players have already been adopting M8 grade (based on Panasonic's rating system that is widely used in the industry) for server/switch PCB to reach 112Gbps Ethernet standard. Currently, to meet 224Gbps standard, the industry is developing M9 materials with a key upgrade in fiberglass changing from low-Dk to Q-glass, which will lead to much higher pricing for CCL (a key reason for higher value mix of CCL in high-end PCBs' BOM cost compared with conventional PCBs). In some cases, the higher-end materials may bring about greater difficulty in PCB manufacturing, and thus different technology paths may be explored if the technical bottlenecks are not resolved. For example, if M9 PCB/CCL face difficulties in commercialization in the near term, AI players may take a step back to develop M8.5 (low-Dk2 + HVLP4) as a transitional solution, which could translate into AI products' iteration at the expense of some data transmission efficiency. That said, AI players would continue to improve PCB/CCL performance by addressing supply chain bottlenecks or experimenting with different material combinations (such as developing M10 mainly by upgrading resin and fiberglass).

**Table 7 - CCL Spec By Grade**

| Grade | Ethernet | Loss | Dk | Df | Fiberglass | Copper Foil | Application |
|---|---|---|---|---|---|---|---|
| FR4 | <5Gbps | Standard Loss | ~4.7 | 0.023-0.015 | E Glass | RTF | General |
| M2 | 8Gbps | Medium Loss | ~4.3 | 0.015-0.010 | E Glass | RTF | PCIe 2.0, 10G Ethernet |
| M4 | 10Gbps | Low Loss | ~3.9 | 0.010-0.005 | E Glass | RTF/HVLP1 | PCIe 3.0, 10G/100G Ethernet |
| M6 | 25Gbps | Very Low Loss | ~3.8 | 0.005-0.003 | E Glass | HVLP2 | PCIe 5.0, 100G/400G Ethernet |
| M7 | 56Gbps | Ultra Low Loss | ~3.5 | 0.003-0.0015 | Low-Dk1 | HVLP2/3 | PCIe 6.0, 400G/800G Ethernet |
| M8 | 112Gbps | Extreme Low Loss | ~3.0 | 0.0015-0.0010 | Low-Dk1/2 | HVLP2/3/4 | PCIe 7.0, 800G/1.6T Ethernet |
| M9 | 224Gbps | / | <3.0 | 0.0009-0.0007 | Q-Glass/Low-Dk2 | HVLP4/5 | >=PCIe 7.0, >=1.6T Ethernet |

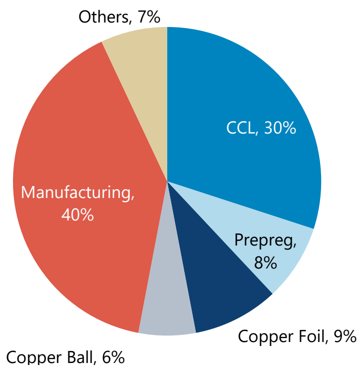
Source: Company data, Jefferies

**Table 8 - Fiberglass Cloth Spec Comparison**

| Item | E-Glass | Low-Dk1 | Low-Dk2 | Q-Glass |
|---|---|---|---|---|
| Dk (10GHz) | 6.6 | 4.8 | 4.5 | 3.4 |
| Df (10GHz) | 0.006 | 0.002-0.003 | 0.001-0.002 | <0.0007 |
| CTE | 5.5-6.0 | 3.0-4.0 | 3.0-3.5 | <1.0 |
| Cost | $ | $$ | $$$ | $$$$ |

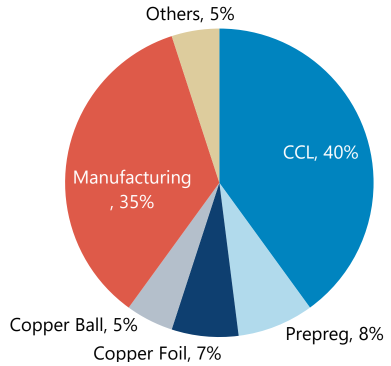
Source: Company data, Jefferies

**Chart 52 - Conventional PCB Cost Structure**



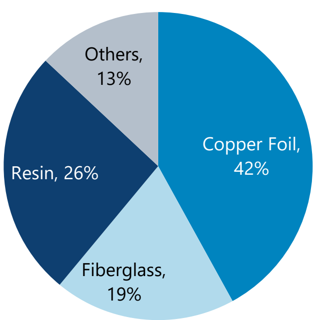

Source: AskCI Consulting, Jefferies

**Chart 53 - A Certain High-end PCB Cost Structure**



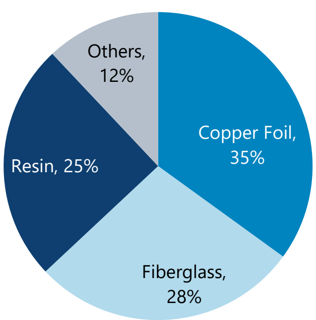

Source: Jefferies estimates

**Chart 54 - Conventional CCL Cost Structure**




Source: AskCI Consulting, Jefferies

**Chart 55 - A Certain High-end CCL Cost Structure**




Source: Jefferies estimates

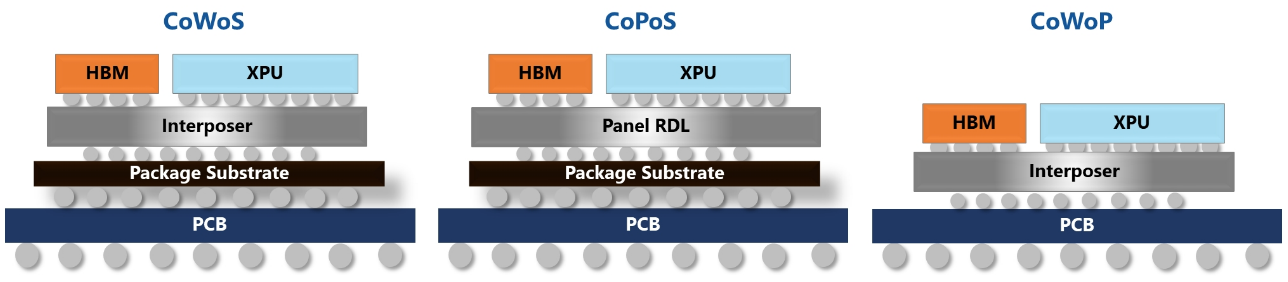
**Technique advancement towards more sophisticated and refined direction.** In addition to materials, technique upgrade is also a key roadmap to realize better PCB performance. We observe that AI players have been adopting increasingly-sophisticated designs, such as higher layer-count HDI/MLPCB, to accommodate more signal channels and improve data transmission efficiency. In addition to adding more layers within a single PCB, another key development path is pursuing smaller line and space (L/S). For example, SLP (minimum L/S <=30um through mSAP technique) has become the mainstream solution on 1.6T optical transceiver as an upgrade from traditional HDI. Going forward, mSAP technique may even penetrate the server/switch level, as certain AI players are now developing CoWoP by placing a silicon interposer directly on PCB without substrate compared with traditional CoWoS, further improving signal integrity (so CoPoP may be developed in the future if TSMC's CoPoS is commercialized as scheduled). Although there are still many challenges to CoWoP at this stage, such as reaching ideal CTE, surface evenness, and supply chain integrity, we see relevant AI players continuing to advance technology R&D with the supply chain, and look for commercialization in 1-2 years (e.g. NVIDIA intends to gradually adopt it on Rubin Ultra/ Feynman). This trend would place higher requirements on PCB vendors, and thus suppliers with outstanding small L/S process capabilities could have a greater advantage in the long run.

Table 9 - Rigid PCB Comparison by Type

| Technical Parameters | Common PCB | HDI | SLP | IC Substrate |
|---|---|---|---|---|
| Number of Layers | 1-100+ | 4-30 | 2-20 | 2-20 |
| Board Thickness | 0.3-7mm | 0.25-2mm | 0.2-1.5mm | 0.1-1.5mm |
| Minimum L/S | 50-100μm | 40-60μm | 20-30μm | 10-30μm |
| Aperture Diameter | 75μm | 75μm | 60μm | 50μm |
| Fabrication Process | Subtractive | Subtractive | mSAP | mSAP/SAP |

Source: Huaon, Jefferies

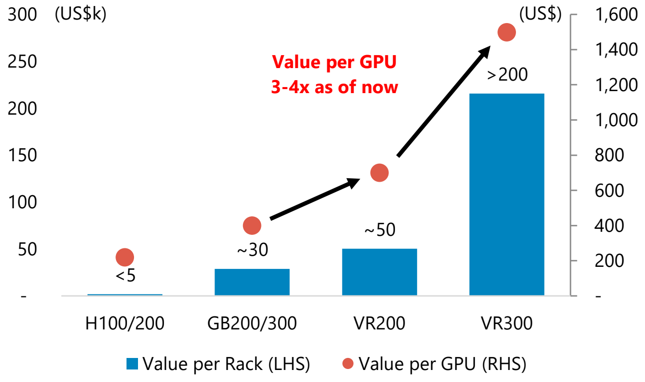
Chart 56 - CoWoP Mechanism




Source: Jefferies

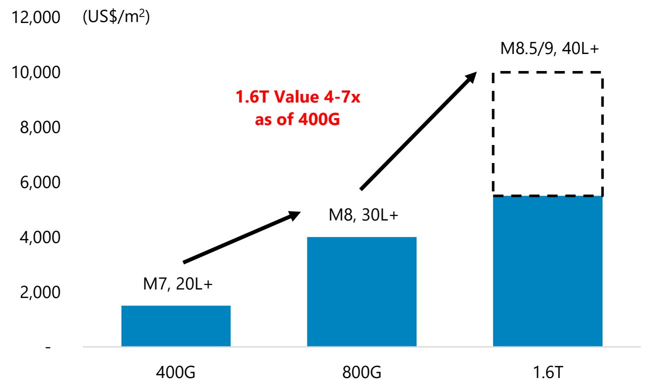
**Upgrade on materials + technique = surge in ASP.** We take NVIDIA's server as an example. With server/rack structure evolution, we estimate PCB value per GPU to rise from **US$200-250 for H100/200** to **~US$400 for GB200/300**, and then to **~US$700 for VR200** through PCB spec upgrade and the introduction of intra-tray small midplane. We forecast the content value to surge to **~US1,500 for VR300** (Rubin Ultra), which is slated to be launched in 2027 (or even higher depending on ultimate spec) mainly due to the introduction of backplane (officially called midplane by NVIDIA - We use backplane in this report to avoid ambiguity) to connect compute blades and switch blades as a new scale-up solution. This would lead to 3-4x/4-5x PCB/CCL value per GPU compared with GB200/300 current products. In addition to NVIDIA, we see a similar trend in other AI server/switch players' upcoming products (e.g. ASP jump for CCL from M8 to M9 and PCB from 400G to 1.6T switch), which acts as a core factor driving the rapid growth of AI PCB TAM.

Chart 57 - NVIDIA AI Server PCB Dollar Content Forecast



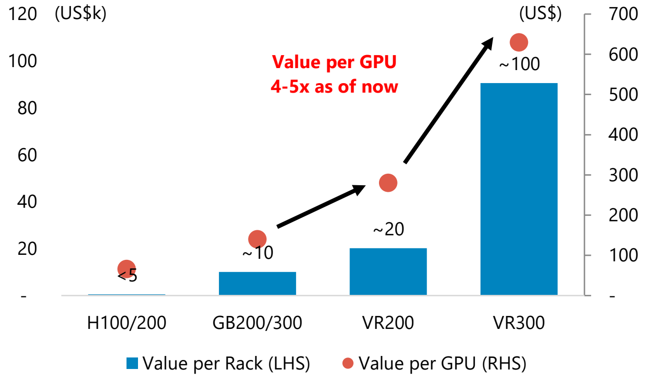

Source: Company data, Jefferies estimates

Chart 58 - High-Speed Switch PCB Dollar Content Forecast



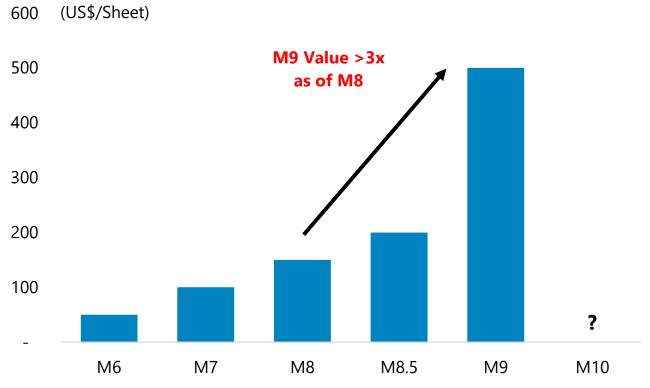

Source: Jefferies estimates

Chart 59 - NVIDIA AI Server CCL Dollar Content Forecast




Source: Company data, Jefferies estimates

Chart 60 - CCL Value by Spec

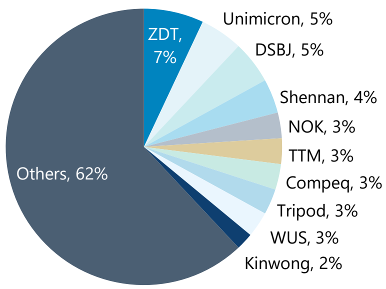



Source: Jefferies estimates

# Supply Chain Breakdown: Positioning Each Participant

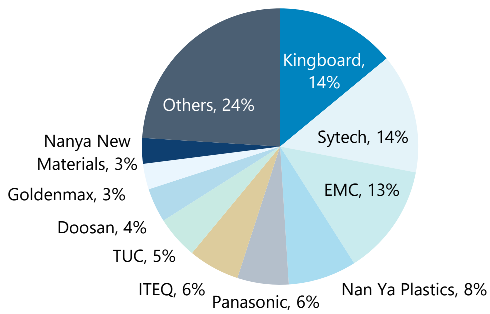
**CCL competition landscape more concentrated vs PCB; Rapid capacity expansion in SEA, while China Mainland continues to be PCB hub.** PCB is a relatively fragmented market with CR10 only at <40% in 2024, while CCL market is more concentrated with CR10 at >70% according to Prismark. After years of competitive landscape changes, both PCB/CCL markets mainly comprise China Mainland and Taiwan suppliers with some players from other regions (Japan/Korea/US, etc.) more focused on high-end segments. In terms of production location, currently >50% comes from China. Given that many international AI players are looking to diversify their production locations to address geopolitical uncertainties going forward, we see a large number of PCB vendors building/expanding capacity in Southeast Asia (mostly in Thailand), which could gradually become another major production center for PCBs. That said, we expect China Mainland to maintain >50% production mix as the core production hub, with its leading edge in production efficiency, cost, and reliability, thanks to the mature and integrated ecosystem for PCB.

**Chart 61 - Global PCB Market Share by Supplier (2024)**



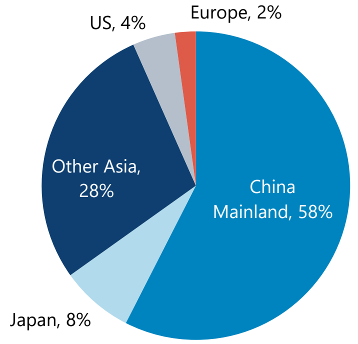

Source: Prismark, Jefferies

**Chart 62 - Global CCL Market Share by Supplier (2024)**



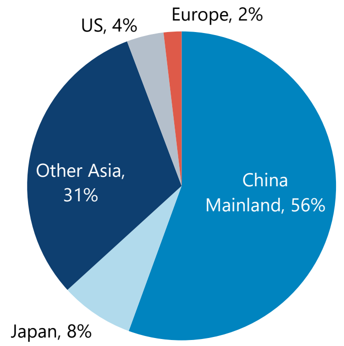

Source: Prismark, Jefferies

**Chart 63 - PCB Production Value by Geography (2025)**




Source: Prismark, Jefferies

**Chart 64 - PCB Production Value by Geography (2030)**




Source: Prismark, Jefferies

**Breakdown of PCB/CCL specs and related suppliers to major AI server players.** Combining company information and our industry checks, we compile data to show PCB spec and supplier breakdown for major AI players' existing and upcoming server products. From the table below, we observe that what most AI players have in common is that they are introducing an increasing number of new vendors to maintain supply chain stability amid rising shipment volume and continued product iteration. The rapidly-expanding PCB TAM itself does not necessarily mean all existing suppliers would be hurt by this trend. However, the ongoing product iteration would raise the standards required by each supplier, and thus those with rich experience, leading techniques, and stable delivery capabilities are likely to maintain a favorable position in their customers' supply chains in the long run. The key here is to understand the current supply chain dynamics and competitive landscape in detail. On this basis, we determine the implications that changes in certain products' volume or market share allocation in the future would have for each PCB/CCL player.

Table 10 - Major AI Server PCB/CCL Suppliers

| Product | Content | CCL Spec | PCB Spec | Major CCL Supplier | Major PCB Supplier |
|---|---|---|---|---|---|
| ***NVIDIA*** | | | | | |
| H100/200 | OAM | M7 | 5+ HDI | EMC | Unimicron, VGT |
| | UBB | M7 | 20L+ HLC | EMC | WUS, TTM, ISU |
| B200 | OAM | M8 | 5+ HDI | Doosan | Unimicron, VGT |
| | UBB | M7 | 20L+ HLC | Doosan | WUS, TTM, ISU |
| B300 | OAM | M8 | 5+ HDI | Doosan | Unimicron, VGT |
| | UBB | M8 | 20L+ HLC | Doosan | WUS, TTM, ISU |
| GB200 | Compute Board | M8 | 5+ HDI | Doosan | VGT, Unimicron |
| | Switch Board | M8 | 20L+ HLC | EMC, Sytech | WUS, VGT, Unimicron |
| GB300 | Compute Board | M8 | 5+ HDI | Doosan | VGT, Unimicron, Dynamic |
| | Switch Board | M8 | 20L+ HLC | EMC, Sytech | WUS, VGT, Unimicron |
| VR200 | Compute Board | M8 | 5+ HDI/20L+ HLC | Doosan, EMC, Sytech | VGT, Unimicron, Dynamic, ZDT, Kinwong, Founder |
| | Switch Board | M8.5 | 20L+ HLC | EMC, Sytech | WUS, VGT, Unimicron |
| | Midplane | M8.5 | 40L+ HLC | EMC, Sytech | VGT, WUS, Kinwong, Delton |
| VR300 | Backplane | M9/10/PTFE? | 78-168L HLC | Doosan? EMC? Sytech? | VGT? WUS? Kinwong? Unimicron? DSBJ? Shennan? |
| | CoWoP | M8/9/10? | ?+ HDI | Doosan? EMC? Sytech? | ZDT? Unimicron? VGT? WUS? |
| ***Google*** | | | | | |
| v5 | UBB | M7 | 20L+ HLC | Panasonic | WUS, TTM, ISU |
| v6/v7 | UBB | M7 | 30L+ HLC | Panasonic, EMC | WUS, TTM, ISU, GBM, Shennan |
| v8 | UBB | M8 | 40L+ HLC | Panasonic, EMC, Doosan | WUS, TTM, ISU, GBM, Shennan, VGT, ZDT, GCE, Dynamic |
| v9 | OAM | M9/10/PTFE? | 6+ HDI | EMC? | WUS? VGT? Unimicron? ZDT? |
| ***Amazon*** | | | | | |
| Trainium 2 | OAM | M6 | 3+ HDI | Panasonic | SYE |
| | UBB | M8 | 20L+ HLC | EMC, TUC | GCE, FHT, SYE |
| Trainium 2.5 | OAM | M6 | 4+ HDI | Panasonic | SYE |
| | UBB | M8 | 30L+ HLC | EMC, TUC | GCE, FHT, SYE, WUS |
| Trainium 3 | OAM | M7 | 4+ HDI | Panasonic | SYE, ZDT, Unimicron |
| | UBB | M8 | 30L+ HLC | EMC, TUC | GCE, FHT, SYE, WUS, ZDT |
| ***Meta*** | | | | | |
| MTIA 2 | UBB | M8+M4 | 30L+ HLC | EMC | WUS, TTM, ISU |
| MTIA 3 | UBB | M8+M4 | 40L+ HLC | EMC, TUC, ITEQ | WUS, TTM, ISU, GCE, Shennan, Delton |

Source: Company data, Jefferies estimates
Note: Question mark = no confirmed information as of now

# WUS (002463 CH) – Initiate with BUY

China (PRC) | Electronic Components

## WUS

Equity Research
April 20, 2026

## Leading HLC Maker to Ride on Growth in High-Speed Switch; Initiate at BUY

As No.1 switch/router PCB maker, WUS has high global market share (>=50%) of high-speed switch PCB, and benefits from rising penetration of 800G/1.6T switches. The competitive landscape is relatively healthy, in our view. AI server PCB is another key growth curve driven by continued design wins. We forecast AI PCB profit contribution to rise from ~60% in 2025 to ~80% in 2027E. Initiate at BUY with Rmb130.00 PT, implying 41x/26x 2026E/27E P/E and 33% upside.

**A leading switch PCB vendor with stable competition; AI server is a second key growth driver.** Founded in Kunshan in 1993, with a Taiwanese family background, WUS focuses on the manufacturing of PCB that is mainly adopted in communication and automotive sectors. WUS is now the No.1 switch/router PCB maker with ~13% global market share, and we estimate its share in high-speed switch PCB (800G/1.6T) is over 50% thanks to its leading edge in >30L HLC. We estimate the ASP for 800G PCB is >2x that of 400G, and for 1.6T could be up to 4-7x. We view the competitive landscape as relatively healthy, given the already-mature ecosystem. In addition to the switch market, WUS has been deepening its engagement with a wide range of AI players' server products (NVIDIA, Google, Meta, etc.). We believe WUS would further leverage its tech edge and benefit from strong growth in both the AI switch and server markets.

**Rapidly expanding local/overseas capacity; we forecast AI PCB to contribute ~80% of net profit in 2 years.** YTD, WUS has announced a series of new capex programs totaling ~Rmb18bn over the next few years, and we expect its production value to rise from Rmb19-20bn in 2025 to Rmb25-30bn in 2026E. We forecast net profit contribution from AI PCB to increase from ~60% in 2025 to ~80% in 2027E, and increase to >90% in 2029E-30E, driven by rising shipments from capacity expansion and ASP growth from larger mix of high-value (especially 800G/1.6T switch) products. While high-speed switch (both scale-up/out) is likely to remain the major growth pillar in the near term, we believe AI server PCB (HDI/HLC design) could become a key driver in the longer term.

**Initiate at BUY; PT suggests 33% upside.** We forecast WUS revenue/NP CAGRs of 44%/43% in 2026E-2028E and 38%/35% in 2027E-2029E. WUS currently trades at 31x/20x 2026E/27E P/E, vs our 2026E-28E/2027E-29E net profit CAGR forecasts of 43%/35%. Our valuation for WUS is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 6.5% (2030E). Our price target of Rmb130.00 implies 41x/26x 2026E/27E P/E or 0.9x/0.7x PEG, suggesting 33% potential upside. Our 2026E/27E EPS is 7%/9% above consensus. Key positive catalysts are: 1) better-than-expected AI server/switch demand, 2) further market share gain in AI servers/switch, 3) ongoing spec upgrade of PCB driving higher dollar content, 4) accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities; and 5) easing supply tightness in critical materials for high-end PCB.

| FY (Dec) | 2024A | 2025A | 2026E | 2027E |
|---|---|---|---|---|
| **Rev. (MM)** | 13,342.0 | 18,945.0 | 27,289.0 | 41,016.0 |
| **EBIT (MM)** | 3,030.0 | 4,517.0 | 6,962.0 | 10,300.0 |
| **Net Profit** | 2,587.0 | 3,822.0 | 6,133.0 | 9,476.0 |
| **EPS** | 1.35 | 1.97 | 3.19 | 4.92 |

**INITIATING COVERAGE**

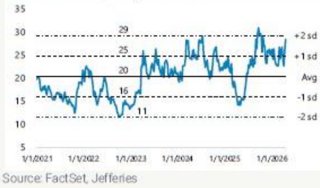
| RATING | BUY |
|---|---|
| PRICE | Rmb97.66^ |
| PRICE TARGET \| % TO PT | Rmb130.00 \| +33% |
| 52W HIGH-LOW | Rmb99.38 - Rmb26.30 |
| FLOAT (%) \| ADV MM (USD) | 66.9% \| 8,500.98 |
| MARKET CAP | RMB187.9B \| RMB187.9B |
| TICKER | 002463 CH |

^Prior trading day's closing price unless otherwise noted.

| FY (Dec) | CHANGE TO JEFe | | JEF vs CONS | |
|---|---|---|---|---|
| | 2026 | 2027 | 2026 | 2027 |
| REV | NA | NA | NA | NA |
| EPS | NA | NA | NA | NA |

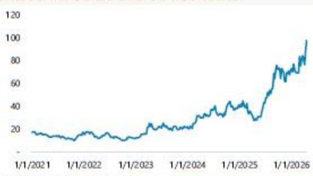
| 2026 (RMB) | Q1A | Q2A | Q3A | Q4A | FY |
|---|---|---|---|---|---|
| EPS | 0.63 | 0.73 | 0.89 | 0.93 | 3.19 |
| PREV | | | | | |

**Chart 1 - WUS LT 1-yr Fwd PE**




Source: FactSet, Jefferies

**Chart 2 - WUS LT Share Price Trend**




Source: FactSet, Jefferies

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## Company Overview

WUS Printed Circuit was founded in 1993 in Kunshan, China by Mr. Li-Gann Wu, a renowned Taiwanese electronics entrepreneur, and focuses on the manufacturing of PCBs that are mainly adopted in communication, automotive, and other downstream markets. The stock was listed on the Shenzhen Stock Exchange in 2010. Currently, WUS operates multiple factories around the world, including in Kunshan, Huangshi, Changzhou, and Thailand.

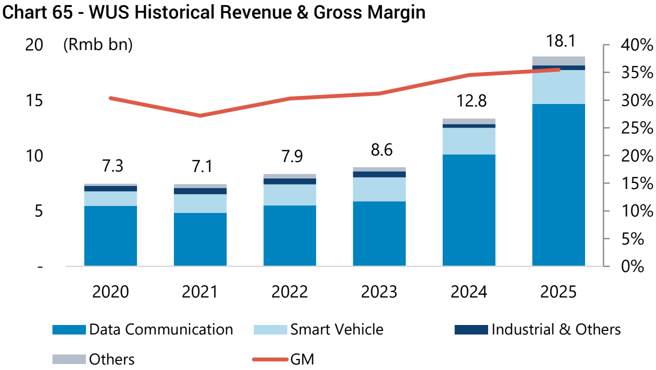
**Table 11 - WUS Historical Milestones**

| Date | Milestone |
|---|---|
| 1992 | Founded in 1992, served Taiwan WUS on handling overflow and Mainland orders |
| 1997 | Began taking orders independently |
| 2010 | Listed on Shenzhen Stock Exchange |
| 2011 | Huangshi fab was established, gradually building out capacity for mid/high-end PCB |
| 2017 | The Huangshi fab passed automotive industry system certification |
| 2019 | Huangshi Plant started manufaturing |
| 2022 | Thailand fab was established |
| 2023 | Planned to expand capacity of high-end PCB |

Source: Company data, Jefferies

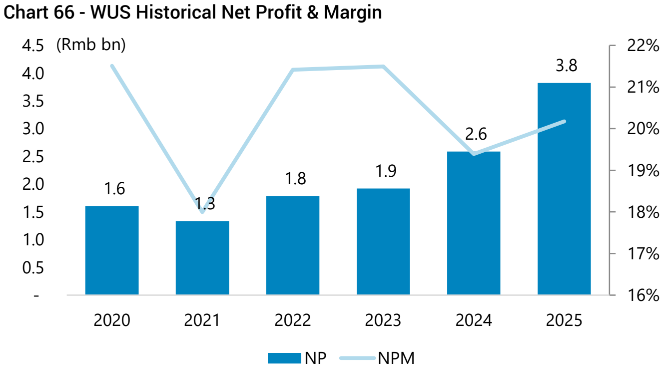
In 2025, WUS' revenue breakdown is as follows: data communication (77%), smart vehicle (16%), and industrial & others (7%). Gross profit breakdown is as follows: data communication (87%), smart vehicle (10%), and industrial & others (3%). We forecast WUS' revenue to rise by CAGRs of 44% in 2026E-28E and 38% in 2027E-29E, mainly driven by: 1) step up in AI capex of the industry; 2) proliferation of 800G/1.6T high-speed switches, with WUS' leading market share; 3) continued PCB spec upgrade in AI server with WUS' expanding customer base and extending engagement; and 4) capacity expansion for high-end PCB products in both local/overseas facilities.

**Chart 65 - WUS Historical Revenue & Gross Margin**



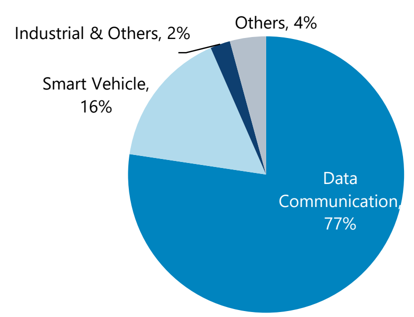

Source: Company data, Jefferies

**Chart 66 - WUS Historical Net Profit & Margin**



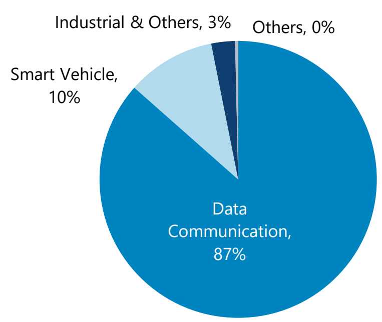

Source: Company data, Jefferies

**Chart 67 - WUS 2025 Revenue Breakdown by Segment**




Source: Company data, Jefferies

**Chart 68 - WUS 2025 Gross Profit Breakdown by Segment**




Source: Company data, Jefferies

## Senior Management and Shareholding Structure

**Ms. Mei-Fang Chen, Chairman,** has a bachelor's degree from National Taiwan University. Ms. Chen currently serves as the Chairman of the Board of Directors of this company, a director of the company's controlling shareholder Biggering (BVI) Holdings Co., Ltd., and a director of companies such as WUS International.

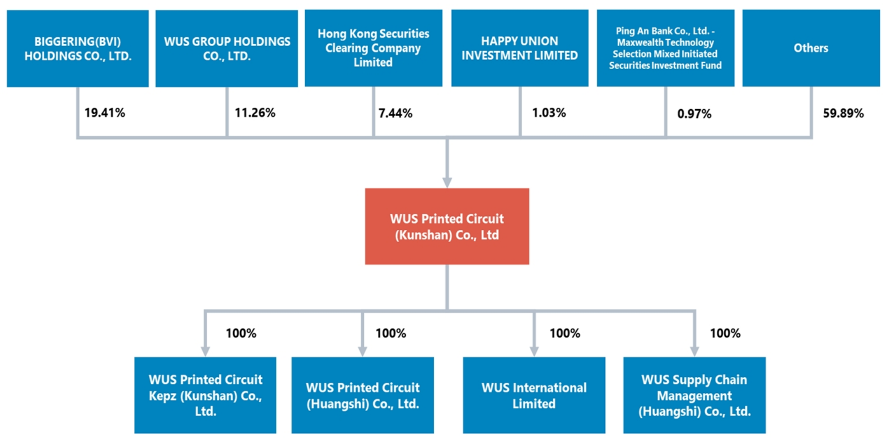
**Mr. Chuan-Pin Wu, Director,** obtained a bachelor's degree from University of California, Berkeley and holds an EMBA from Shanghai Jiao Tong University. Mr. Wu joined the company in 1995 and has served as the company's Information, Business, and Manufacturing Manager, and Plant Manufacturing Assistant Manager.

**Mr. Wen-Hsien Kao, Director/General Manager of the business Depart,** graduated from the Department of Industrial Management at National Tsing Hua University in Taiwan. Mr. Kao has over 30 years of experience in the PCB industry and previously worked as an assembly efficiency manager at Nan Tzu Electronics Co., Ltd. He has been with the company since 1996, serving as a supervisor in assembly efficiency, purchasing, materials control, and production.

**Mr. Jyh-Jong Shyr, Director/Business Unit General Manager,** graduated from the Department of Chemical Engineering at Chinese Culture University in Taiwan. With over 30 years of experience in the PCB industry, Mr. Shih has worked for companies such as Compal Electronics Co., Ltd. in Taiwan. He has been with this company since 2009, serving successively as Special Assistant to the General Manager, Assistant General Manager and Deputy General Manager of Kunshan Huli Microelectronics Co., Ltd.

**Ms. Pi-Hsia Chu, Chief Financial Officer,** obtained a master's degree from National Central University in Taiwan. Ms. Zhu previously worked at Huapu Aircraft Engine Technology Co., Ltd., Watsons ParknShop Co., Ltd., and China Motor Corporation, among others. She has been with this company since 2007, serving successively as Head of Internal Audit and Director of Materials Department. She is currently the Chief Financial Officer of this company.

**Chart 69 - WUS Shareholding Structure**

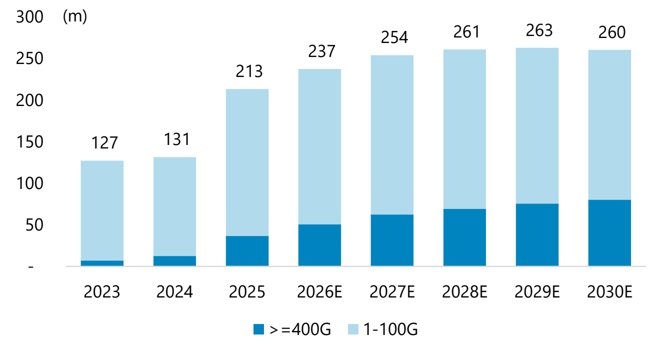



Source: Company data, Jefferies
Note: As of 4Q25

## Leading Veteran of High-layer/High-speed Switch PCB

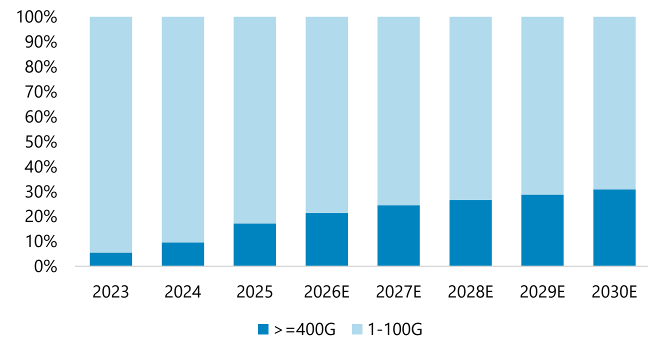
**Leading switch PCB vendor with stabilized competition landscape; AI server is also a key growth curve.** The exponential growth in computing power build has created huge demand in the network equipment market, especially for high-speed interconnection. Gartner estimates >=400G switch port shipment mix rose from <5% before 2023 to 15-20% in 2025, and forecast this to approach 30% in the next few years (we think this is too conservative though). As we mentioned in the industry section above, based on 400G switch, ASP for 800G PCB is >2x, and 1.6T could rise to 4-7x depending on materials solution. Focusing on the communication PCB market especially high-end switch for long, WUS is currently the No.1 switch/router PCB maker with ~13% market share according to its H-share prospectus, and we estimate it to have much higher share (possibly **>=50%**) on **high-speed switch PCB** including 800G (112Gbps SerDes) and 1.6T (224Gbps) thanks to its leading edge in >30L HLC (high-layer count) technique. The competitive landscape is relatively healthy here, as most peers are non-China Mainland players with no notable changes for many years given the already-mature ecosystem. In addition to the switch market, we see WUS has deepening engagement in a wide range of AI players' server products, such as the potential extension from NVIDIA's switch tray to midplane/backplane and even CoWo,P as the company has disclosed it is preparing related technique/capacity. WUS is also major supplier to multiple ASIC players, including UBB (universal baseboard) to Google, Meta etc. with expanding customer base. We believe WUS could continue to leverage its edge in technique and keep benefiting from the boom in both AI switch/server markets going forward.

**Chart 70 - Data Center Switch Port Shipment Forecast**



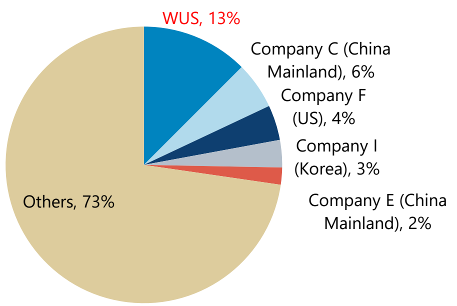

Source: Garter, Jefferies

**Chart 71 - Data Center Switch Port Shipment Mix Forecast**



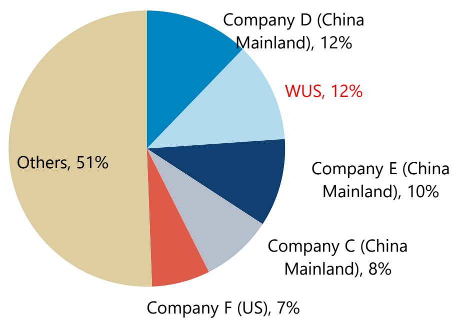

Source: Gartner, Jefferies

**Chart 72 - Switch/Router PCB Market Share (2024-1H25)**




Source: Company data, Jefferies

**Chart 73 - AI Server PCB Market Share (2024-1H25)**




Source: Company data, Jefferies

**Table 12 - Major High-Speed Switch PCB/CCL Suppliers**

| Role | Major Player |
|---|---|
| OEM | NVIDIA (Mellanox), Nokia (Alcatel), Arista, Cisco, Dell, Extreme, HPE, Juniper |
| ODM | Accton, Alpha Networks, Celestica, Hon Hai, Quanta, Sanmina, Wistron |
| CCL | Panasonic, Doosan, EMC, TUC |
| PCB | WUS, TTM, ISU, GCE, GBM |

Source: Company data, Jefferies

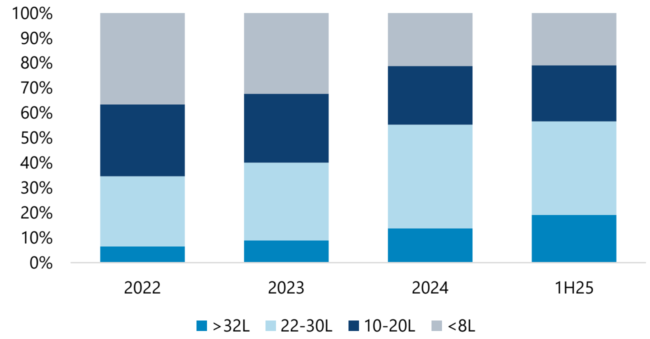
**Rapidly expanding both local/overseas capacity; AI PCB to comprise ~80% of net profit in 2 years.** Compared with most peers, WUS used to be conservative in making big investments, unless it sees a certain degree of commitment from customers. However, contrary to norm, WUS has YTD actively announced a series of new capex totaling ~Rmb18bn over the next few years. We expect its production value to rise from Rmb19-20bn last year to Rmb25-30bn this year, with Kunshan, Huangshi, and Thailand bases all undergoing capacity expansion either through new production ramp or technology upgrade. We forecast WUS' **AI PCB** mix to increase from **~60% of net profit in 2025** to **~80% in 2027E**, and rise to **>90% in 2029E-30E** driven by increasing shipments from capacity expansion and rising ASP from larger mix of high-value (especially 800G/1.6T switch) products. While high-speed switch (both scale-up/out) is still likely to be the major growth pillar in the near term, we believe AI server PCB (HDI/HLC design) would become a key driver in the longer term.

Table 13 - WUS Production Base Summary

| Base | Product | Annual Capacity (2025) (Rmb bn) | Annual Capacity (2026E) (Rmb bn) | Progress |
|---|---|---|---|---|
| Kunshan | | 13-14 | 14-17 | |
| Kunshan Base 1 | Server, telecom | | | Expanding through tech upgrade |
| Kunshan Base 2 | Server, telecom | | | Ramping from 2H26 |
| Kunshan KEPZ Base | Automotive | | | Expanding capacity |
| Huangshi | | ~5 | 6-8 | |
| Huangshi Base 1 | Server, telecom | | | Expanding capacity |
| Huangshi Base 2 | Automotive | | | Expanding capacity |
| Jintan | Automotive | ~1 | ~1 | Expanding through tech upgrade |
| Thailand | Server, automotive | >0 | 2-4 | Ramping from 2H25 |

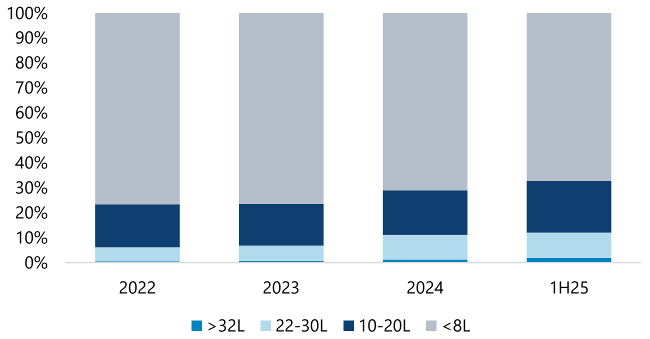
Source: Company data, Jeffeires estimates

Chart 74 - WUS PCB Revenue by Spec



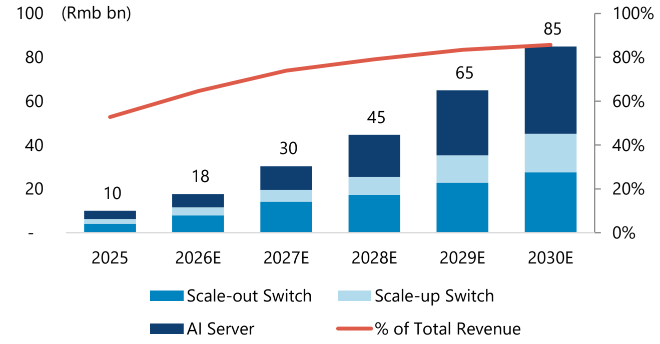

Source: Company data, Jefferies

Chart 75 - WUS PCB Shipment by Spec



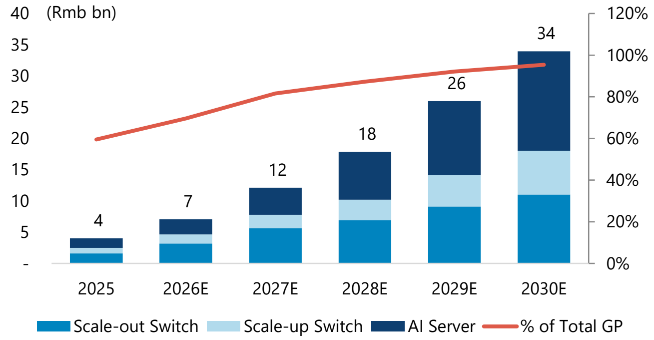

Source: Company data, Jefferies

Chart 76 - WUS AI PCB Revenue Forecast




Source: Company data, Jefferies estimates

Chart 77 - WUS AI PCB Gross Profit Forecast




Source: Company data, Jefferies estimates

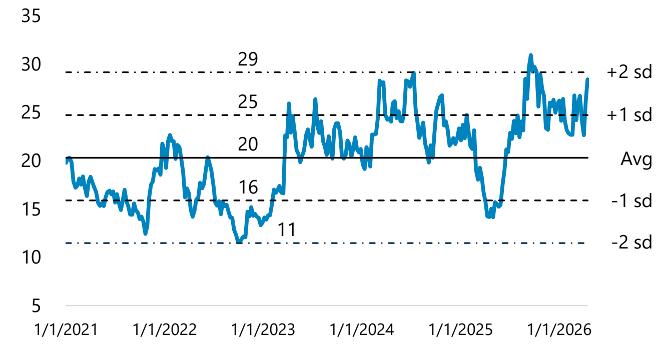
## Financial Forecasts and Valuation

We forecast WUS' revenue/NP to rise by CAGRs of 44%/43% in 2026E-2028E and 38%/35% in 2027E-2029E. We also expect EBIT margin to gradually increase, driven by more favorable product mix in the next few years. Our key operating assumptions are as follows:

- AI server switch market share rises from 40% in 2025 to 50%/45% in 2027E/2030E.
- NVIDIA switch tray market share drops from 45% in 2025 to 40%/30% in 2027E/2030E.
- Non-NVIDIA switch tray market share rises from 30% in 2025 to 35%/30% in 2027E/2030E.
- NVIDIA AI PCB market share rises from 3% in 2025 to 7%/9% in 2027E/2030E.
- Non-NVIDIA AI PCB market share drops from 20% in 2025 to 14%/14% in 2027E/2030E.
- Blended GM rises from 35.5% in 2025 to 36.3%/35.9% in 2027E/2030E.
- EBIT margin rises from 23.8% in 2025 to 25.1%/25.5% in 2027E/2030E.

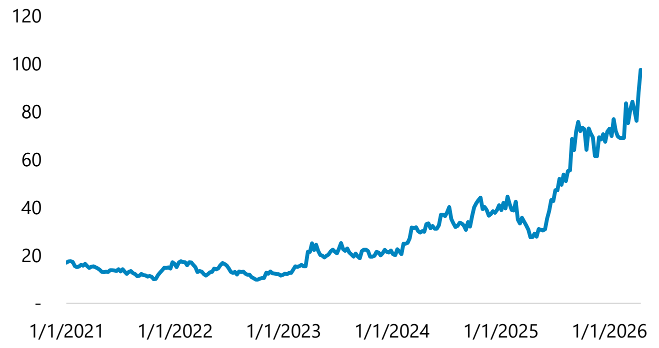
**Initiate with BUY and a PT of Rmb130.00.** WUS currently trades at 31x/20x 2026E/27E P/E, vs our 2026E-28E/2027E-29E net profit CAGR forecasts of 43%/35%. Our valuation for WUS is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 6.5% (2030E). Our price target of Rmb130.00 implies 41x/26x 2026E/27E P/E or 0.9x/0.7x PEG, and suggests 33% potential upside.

**Chart 78 - WUS LT 1-yr Fwd PE**




Source: FactSet, Jefferies

**Chart 79 - WUS LT Share Price Trend**

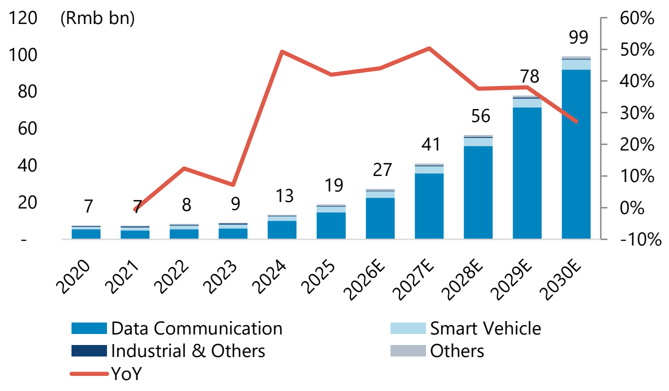



Source: FactSet, Jefferies

**What are the potential positive catalysts for WUS?** 1) Better-than-expected AI server/switch demand; 2) Further market share gain and expansion to new customers in AI server/switch market; 3) Ongoing spec upgrade of PCB with dollar content going up; 4) Accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities; and 5) Easing of supply tightness in critical materials for high-end PCB.

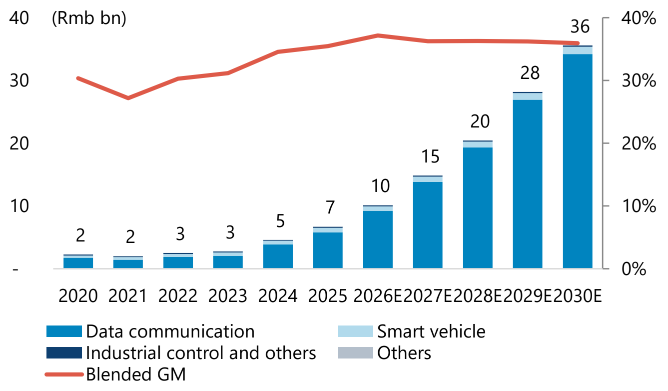
**What are the risks for WUS?** 1) Deceleration in global AI capex growth; 2) Market share loss from escalating competition; 3) Slower-than-expected adoption of advanced PCB solutions due to technical barriers; 4) Technology replacement threat from other interconnection solutions such as copper cable and optical; and 5) Supply chain uncertainties or additional costs due to supply bottlenecks of upstream materials/tools or escalating geopolitical risks.

**Chart 80 - WUS Revenue Forecast by Segment**



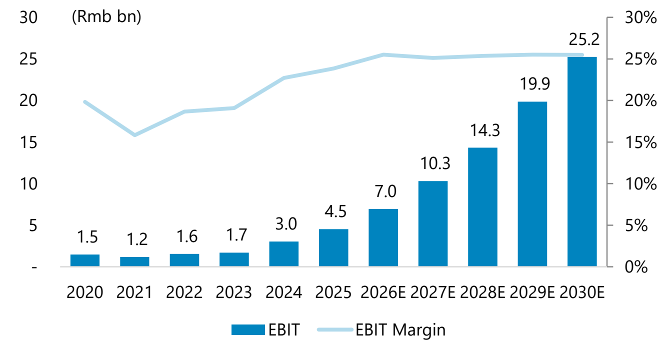

Source: Company data, Jefferies estimates

**Chart 81 - WUS Gross Margin & Profit Forecast by Segment**



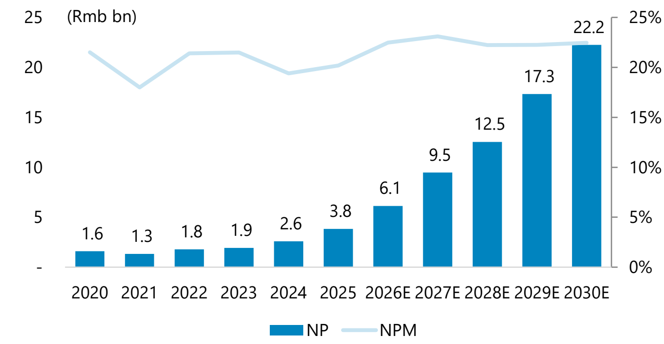

Source: Company data, Jefferies estimates

**Chart 82 - WUS EBIT Forecast**




Source: Company data, Jefferies estimates

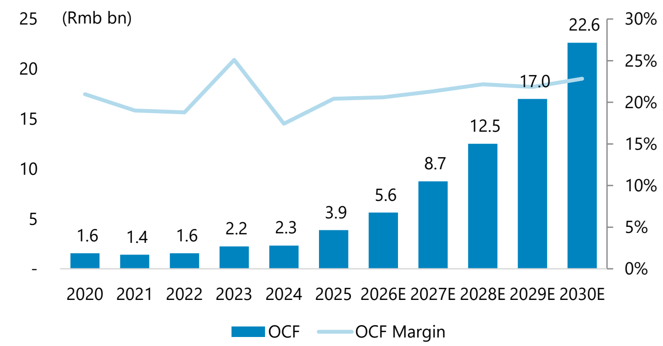
**Chart 83 - WUS Net Profit Forecast**




Source: Company data, Jefferies estimates

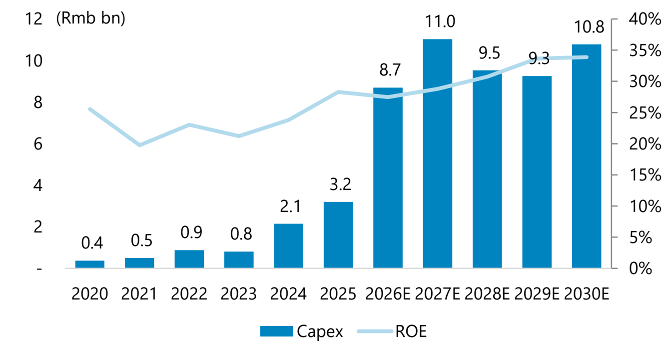
Chart: WUS Net Profit Forecast

**Chart 84 - WUS Operating Cash Flow Forecast**




Source: Company data, Jefferies estimates

**Chart 85 - WUS Capex & ROE Forecast**




Source: Company date, Jefferies estimates

Table 14 - WUS Valuation Summary

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **7,460** | **7,419** | **8,336** | **8,938** | **13,342** | **18,945** | **27,289** | **41,016** | **56,438** | **77,883** | **99,078** |
| *YoY* | | *-1%* | *12%* | *7%* | *49%* | *42%* | *44%* | *50%* | *38%* | *38%* | *27%* |
| *vs consensus* | | | | | | | *4%* | *9%* | *10%* | | |
| **EBIT** | **1,479** | **1,174** | **1,556** | **1,706** | **3,030** | **4,517** | **6,962** | **10,300** | **14,312** | **19,868** | **25,241** |
| *YoY* | | *-21%* | *33%* | *10%* | *78%* | *49%* | *54%* | *48%* | *39%* | *39%* | *27%* |
| *vs consensus* | | | | | | | *6%* | *3%* | *1%* | | |
| **Net profit** | **1,605** | **1,335** | **1,785** | **1,921** | **2,587** | **3,822** | **6,133** | **9,476** | **12,545** | **17,330** | **22,244** |
| *YoY* | | *-17%* | *34%* | *8%* | *35%* | *48%* | *60%* | *55%* | *32%* | *38%* | *28%* |
| *vs consensus* | | | | | | | *8%* | *12%* | *1%* | | |
| **EPS (Rmb)** | **0.78** | **0.56** | **0.72** | **0.79** | **1.35** | **1.97** | **3.19** | **4.92** | **6.52** | **9.01** | **11.56** |
| *YoY* | | *-28%* | *27%* | *10%* | *70%* | *46%* | *62%* | *55%* | *32%* | *38%* | *28%* |
| *vs consensus* | | | | | | | *7%* | *9%* | *1%* | | |
| **Multiples** | | | | | | | | | | | |
| EV/Adj. EBITDA | 103.7 | 124.1 | 99.9 | 88.6 | 53.8 | 37.0 | 24.1 | 15.9 | 11.2 | 8.0 | 6.2 |
| PB x | 20.9 | 19.9 | 19.4 | 14.8 | 8.9 | 6.7 | 4.1 | 3.3 | 2.6 | 2.1 | 1.6 |
| PE x | 124.7 | 173.3 | 136.0 | 123.2 | 72.5 | 49.6 | 30.6 | 19.8 | 15.0 | 10.8 | 8.4 |
| EV/IC | 30.2 | 26.9 | 23.1 | 20.3 | 16.2 | 12.7 | 8.7 | 6.0 | 4.5 | 3.6 | 2.9 |
| PS x | 25.2 | 25.3 | 22.5 | 21.0 | 14.1 | 9.9 | 6.9 | 4.6 | 3.3 | 2.4 | 1.9 |
| EV/Sales | 25.2 | 25.4 | 22.6 | 21.0 | 14.2 | 10.0 | 6.8 | 4.6 | 3.4 | 2.4 | 1.8 |
| **Financials** | | | | | | | | | | | |
| Net debt (cash) | (68) | 583 | 212 | 194 | 1,423 | 1,477 | (3,706) | 1,266 | 1,846 | (984) | (6,512) |
| EBITDA | 1,811 | 1,519 | 1,883 | 2,123 | 3,519 | 5,119 | 7,659 | 11,901 | 16,960 | 23,258 | 29,245 |
| EV | 187,865 | 188,516 | 188,145 | 188,127 | 189,356 | 189,410 | 184,227 | 189,200 | 189,780 | 186,950 | 181,422 |
| BVPS (Rmb) | 4.67 | 4.92 | 5.03 | 6.62 | 11.02 | 14.56 | 23.55 | 29.61 | 37.04 | 47.36 | 59.52 |
| FCF | 1,191 | 907 | 689 | 1,433 | 177 | 673 | (3,077) | (2,284) | 2,979 | 7,746 | 11,839 |
| ROAE | 25.5% | 19.8% | 23.0% | 21.2% | 23.8% | 28.3% | 27.5% | 28.8% | 30.8% | 33.7% | 33.9% |
| ROIC | 26.2% | 18.6% | 21.7% | 20.8% | 22.6% | 26.2% | 28.6% | 28.3% | 29.4% | 33.3% | 35.5% |
| Net debt (cash)/equity | (0.0) | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | (0.2) | 0.0 | 0.0 | (0.0) | (0.1) |
| Net debt (cash)/adj. EBITDA | (0.0) | 0.4 | 0.1 | 0.1 | 0.4 | 0.3 | (0.5) | 0.1 | 0.1 | (0.0) | (0.2) |
| Adj. EBITDA/net interest | (121.7) | 79.6 | 51.4 | 24.2 | 29.2 | 41.4 | 53.6 | 83.3 | 118.7 | 162.8 | 204.7 |
| FCF yield | 0.6% | 0.5% | 0.4% | 0.8% | 0.1% | 0.4% | -1.6% | -1.2% | 1.6% | 4.1% | 6.3% |
| DPS (Rmb) | 0.18 | 0.15 | 0.13 | 0.15 | 0.57 | 0.56 | 0.90 | 1.40 | 1.85 | 2.55 | 3.28 |
| Dividend yield | 0.2% | 0.2% | 0.1% | 0.2% | 0.6% | 0.6% | 0.9% | 1.4% | 1.9% | 2.6% | 3.4% |

Source: Company data, FactSet, Jefferies estimates

Table 15 - WUS DCF Summary

| (Rmb m) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | 1,605 | 1,335 | 1,785 | 1,921 | 2,587 | 3,822 | 6,133 | 9,476 | 12,545 | 17,330 | 22,244 |
| **Plus** | | | | | | | | | | | |
| After-tax interest expense | (67) | (86) | (113) | (96) | (75) | (67) | (94) | (533) | (112) | (63) | (303) |
| D&A | 332 | 345 | 326 | 417 | 489 | 601 | 697 | 1,601 | 2,649 | 3,390 | 4,004 |
| **Less** | | | | | | | | | | | |
| Change in working capital | (660) | 92 | 207 | (298) | 852 | 901 | 1,203 | 2,332 | 2,683 | 3,715 | 3,623 |
| Capex | 375 | 504 | 877 | 810 | 2,148 | 3,198 | 8,700 | 11,026 | 9,528 | 9,255 | 10,782 |
| **Unlevered free cash flow** | 2,155 | 999 | 916 | 1,730 | 1 | 257 | (3,168) | (2,814) | 2,870 | 7,687 | 11,540 |
| **Terminal value** | | | | | | | | | | | |
| **Total UFCF** | 2,155 | 999 | 916 | 1,730 | 1 | 257 | (3,168) | (2,814) | 2,870 | 7,687 | 388,971 |
| **Discount period** | | | | | | | | | | | |
| **Discount factor** | | | | | | | | | | | |
| **PV** | | | | | | | | | | | |
| **NPV** | 246,460 | | | | | | | | | | |
| **Less: net debt (cash)** | (3,706) | | | | | | | | | | |
| **Equity value** | 250,167 | | | | | | | | | | |
| **Equity value per share (Rmb)** | **130.00** | | | | | | | | | | |
| | | | | | | | | | | | |
| **WACC** | 9.8% | | | | | | | | | | |
| **Terminal growth** | 6.5% | | | | | | | | | | |
| **Terminal FCFx** | 33 | | | | | | | | | | |
| **Terminal value (Rmb m)** | 377,431 | | | | | | | | | | |
| **Implied 2030 EV/EBITDA** | 12.9 | | | | | | | | | | |
| **Implied 2030 P/E** | 17.3 | | | | | | | | | | |
| **No. of shares O/S (m)** | 1,924 | | | | | | | | | | |

Source: Company data, Jefferies estimates

Table 16 - WUS Annual Profit & Loss

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 7,460 | 7,419 | 8,336 | 8,938 | 13,342 | 18,945 | 27,289 | 41,016 | 56,438 | 77,883 | 99,078 |
| COGS | (5,195) | (5,403) | (5,812) | (6,152) | (8,733) | (12,224) | (17,149) | (26,144) | (35,965) | (49,692) | (63,476) |
| **Gross profit** | 2,265 | 2,016 | 2,524 | 2,786 | 4,608 | 6,721 | 10,140 | 14,872 | 20,473 | 28,191 | 35,602 |
| Total opex | (786) | (842) | (968) | (1,080) | (1,578) | (2,204) | (3,178) | (4,572) | (6,161) | (8,323) | (10,361) |
| R&D expenses | (357) | (411) | (468) | (539) | (790) | (1,141) | (1,665) | (2,420) | (3,273) | (4,439) | (5,548) |
| G&A expenses | (144) | (152) | (163) | (196) | (323) | (420) | (605) | (869) | (1,167) | (1,571) | (1,950) |
| S&M expenses | (284) | (279) | (337) | (346) | (465) | (642) | (909) | (1,284) | (1,721) | (2,313) | (2,863) |
| **EBITDA** | 1,811 | 1,519 | 1,883 | 2,123 | 3,519 | 5,119 | 7,659 | 11,901 | 16,960 | 23,258 | 29,245 |
| D&A | 332 | 345 | 326 | 417 | 489 | 601 | 697 | 1,601 | 2,649 | 3,390 | 4,004 |
| **EBIT** | 1,479 | 1,174 | 1,556 | 1,706 | 3,030 | 4,517 | 6,962 | 10,300 | 14,312 | 19,868 | 25,241 |
| Other income (expense) | (22) | 25 | 17 | (0) | (80) | (119) | 83 | 588 | 104 | 47 | 323 |
| **Profit before tax** | 1,457 | 1,199 | 1,573 | 1,705 | 2,950 | 4,398 | 7,045 | 10,888 | 14,415 | 19,915 | 25,564 |
| Income taxes | 147 | 136 | 212 | 216 | (383) | (580) | (916) | (1,415) | (1,874) | (2,589) | (3,323) |
| Minority interest | - | - | - | - | 21 | 4 | 4 | 4 | 4 | 4 | 4 |
| **Net income (loss)** | 1,605 | 1,335 | 1,785 | 1,921 | 2,587 | 3,822 | 6,133 | 9,476 | 12,545 | 17,330 | 22,244 |
| EPS basic (Rmb) | 0.79 | 0.56 | 0.72 | 0.79 | 1.35 | 1.99 | 3.19 | 4.92 | 6.52 | 9.01 | 11.56 |
| EPS diluted (Rmb) | 0.78 | 0.56 | 0.72 | 0.79 | 1.35 | 1.97 | 3.19 | 4.92 | 6.52 | 9.01 | 11.56 |
| Wgt. avg. ordinary shares (basic) | 2,034 | 2,369 | 2,486 | 2,418 | 1,914 | 1,923 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 |
| Wgt. avg. ordinary shares (diluted) | 2,048 | 2,369 | 2,486 | 2,424 | 1,921 | 1,941 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 |
| DPS (Rmb) | (0.18) | (0.15) | (0.13) | (0.15) | 0.57 | 0.56 | 0.90 | 1.40 | 1.85 | 2.55 | 3.28 |
| Payout ratio | -22% | -27% | -18% | -19% | 42% | 28% | 28% | 28% | 28% | 28% | 28% |

Source: Company data, Jefferies estimates

Table 17 - WUS Quarterly Profit & Loss

| (Rmb m) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 2,584 | 2,840 | 3,587 | 4,331 | 4,038 | 4,456 | 5,019 | 5,433 | 5,458 | 6,004 | 7,641 | 8,187 |
| COGS | (1,709) | (1,737) | (2,334) | (2,954) | (2,715) | (2,794) | (3,220) | (3,496) | (3,497) | (3,705) | (4,793) | (5,155) |
| **Gross profit** | 875 | 1,103 | 1,253 | 1,377 | 1,323 | 1,663 | 1,799 | 1,937 | 1,961 | 2,299 | 2,848 | 3,032 |
| Total opex | (353) | (345) | (412) | (469) | (437) | (524) | (588) | (655) | (590) | (705) | (896) | (987) |
| R&D expenses | (185) | (182) | (211) | (212) | (213) | (269) | (311) | (349) | (304) | (362) | (473) | (525) |
| G&A expenses | (57) | (67) | (78) | (122) | (85) | (104) | (113) | (119) | (114) | (140) | (171) | (180) |
| S&M expenses | (111) | (96) | (124) | (135) | (139) | (151) | (165) | (187) | (172) | (204) | (251) | (282) |
| **EBITDA** | 645 | 873 | 967 | 1,034 | 1,036 | 1,259 | 1,376 | 1,448 | 1,545 | 1,768 | 2,127 | 2,219 |
| D&A | 122 | 115 | 126 | 126 | 150 | 120 | 166 | 166 | 174 | 174 | 174 | 174 |
| **EBIT** | 522 | 758 | 841 | 908 | 886 | 1,139 | 1,210 | 1,282 | 1,371 | 1,593 | 1,952 | 2,045 |
| Other gains or losses | 71 | (67) | (34) | (50) | 6 | (117) | (15) | 6 | 21 | 21 | 21 | 21 |
| **Profit before tax** | 593 | 691 | 808 | 858 | 892 | 1,022 | 1,196 | 1,288 | 1,392 | 1,614 | 1,973 | 2,066 |
| Income taxes | (85) | (71) | (106) | (122) | (132) | (104) | (161) | (183) | (181) | (210) | (257) | (269) |
| Minority interest | 7 | 6 | 6 | 3 | 2 | 2 | (0) | (1) | 2 | 2 | (0) | (1) |
| **Net income (loss)** | 515 | 626 | 708 | 739 | 762 | 920 | 1,035 | 1,105 | 1,213 | 1,406 | 1,717 | 1,797 |
| EPS basic (Rmb) | 0.27 | 0.33 | 0.37 | 0.39 | 0.40 | 0.48 | 0.54 | 0.57 | 0.63 | 0.73 | 0.89 | 0.93 |
| EPS diluted (Rmb) | 0.27 | 0.33 | 0.37 | 0.39 | 0.40 | 0.48 | 0.54 | 0.57 | 0.63 | 0.73 | 0.89 | 0.93 |
| Wgt. avg. ordinary shares (basic) | 1,911 | 1,913 | 1,915 | 1,917 | 1,921 | 1,923 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 |
| Wgt. avg. ordinary shares (diluted) | 1,911 | 1,913 | 1,915 | 1,917 | 1,921 | 1,923 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 |

Source: Company data, Jefferies estimates

Table 18 - WUS Balance Sheet

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalent | 934 | 1,191 | 1,292 | 2,098 | 1,543 | 2,579 | 7,762 | 2,789 | 2,209 | 5,039 | 10,567 |
| Receivables | 1,775 | 2,050 | 2,280 | 2,717 | 4,494 | 5,979 | 8,612 | 12,944 | 17,811 | 24,579 | 31,267 |
| Inventories | 1,425 | 1,841 | 1,786 | 1,749 | 2,436 | 4,246 | 5,487 | 8,365 | 11,507 | 15,898 | 20,308 |
| Other current assets | 863 | 695 | 1,368 | 1,277 | 1,204 | 3,171 | 3,171 | 3,171 | 3,171 | 3,171 | 3,171 |
| Total current assets | 4,997 | 5,777 | 6,726 | 7,841 | 9,678 | 15,975 | 25,032 | 27,269 | 34,698 | 48,688 | 65,315 |
| | | | | | | | | | | | |
| Property, plant and equipment | 2,628 | 2,572 | 2,720 | 3,690 | 4,033 | 5,726 | 13,313 | 22,225 | 28,691 | 34,172 | 40,507 |
| Construction in process | 138 | 368 | 711 | 570 | 2,048 | 2,460 | 2,460 | 2,460 | 2,460 | 2,460 | 2,460 |
| Intangible assets | 105 | 104 | 102 | 375 | 365 | 389 | 805 | 1,317 | 1,732 | 2,115 | 2,558 |
| Other assets | 1,688 | 2,827 | 2,243 | 3,560 | 5,056 | 3,705 | 3,705 | 3,705 | 3,705 | 3,705 | 3,705 |
| Total non-current assets | 4,559 | 5,871 | 5,775 | 8,195 | 11,502 | 12,279 | 20,283 | 29,707 | 36,587 | 42,452 | 49,230 |
| **Total assets** | **9,556** | **11,649** | **12,501** | **16,035** | **21,180** | **28,254** | **45,314** | **56,977** | **71,285** | **91,139** | **114,544** |
| | | | | | | | | | | | |
| Accounts payable | 1,359 | 1,957 | 1,926 | 2,624 | 4,237 | 6,630 | 9,300 | 14,179 | 19,505 | 26,950 | 34,425 |
| Borrowings & bonds | 857 | 1,577 | 1,406 | 1,434 | 1,655 | 2,170 | 2,170 | 2,170 | 2,170 | 2,170 | 2,170 |
| Other current liabilities | 653 | 482 | 498 | 965 | 1,685 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 | 1,924 |
| Total current liabilities | 2,869 | 4,016 | 3,829 | 5,023 | 7,577 | 10,724 | 13,395 | 18,273 | 23,599 | 31,044 | 38,520 |
| | | | | | | | | | | | |
| Long-term liabilities | - | - | 78 | 846 | 1,310 | 1,886 | 1,886 | 1,886 | 1,886 | 1,886 | 1,886 |
| Other liabilities | 404 | 398 | 327 | 329 | 392 | 516 | 516 | 516 | 516 | 516 | 516 |
| Total non-current liabilities | 404 | 398 | 405 | 1,175 | 1,702 | 2,402 | 2,402 | 2,402 | 2,402 | 2,402 | 2,402 |
| **Total liabilities** | **3,273** | **4,414** | **4,234** | **6,198** | **9,279** | **13,126** | **15,797** | **20,675** | **26,001** | **33,446** | **40,922** |
| | | | | | | | | | | | |
| Common stock | 2,089 | 2,197 | 2,253 | 2,465 | 2,681 | 2,995 | 12,995 | 12,995 | 12,995 | 12,995 | 12,995 |
| Retained earnings | 3,589 | 4,233 | 5,201 | 6,310 | 7,685 | 10,545 | 14,938 | 21,725 | 30,711 | 43,124 | 59,058 |
| Minority interest | - | - | - | 53 | 61 | 15 | 12 | 8 | 4 | 1 | (3) |
| Other equity | 604 | 805 | 813 | 1,009 | 1,475 | 1,573 | 1,573 | 1,573 | 1,573 | 1,573 | 1,573 |
| **Total equity** | **6,283** | **7,234** | **8,267** | **9,837** | **11,901** | **15,128** | **29,517** | **36,301** | **45,283** | **57,693** | **73,623** |
| **Total liabilities and equity** | **9,556** | **11,649** | **12,501** | **16,035** | **21,180** | **28,254** | **45,314** | **56,977** | **71,285** | **91,139** | **114,544** |

Source: Company data, Jefferies estimates

Table 19 - WUS Cash Flow Statement

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net profit (loss) | 1,605 | 1,335 | 1,785 | 1,921 | 2,587 | 3,822 | 6,133 | 9,476 | 12,545 | 17,330 | 22,244 |
| Minority Interest add back | - | - | - | - | (21) | (4) | (4) | (4) | (4) | (4) | (4) |
| Depreciation & amortization | 332 | 345 | 326 | 417 | 489 | 601 | 697 | 1,601 | 2,649 | 3,390 | 4,004 |
| (Increase) decrease in working capital and others | 660 | (92) | (207) | 298 | (852) | (901) | (1,203) | (2,332) | (2,683) | (3,715) | (3,623) |
| Others | (1,031) | (177) | (339) | (392) | 122 | 353 | - | - | - | - | - |
| **Net cash from operating activities** | **1,565** | **1,410** | **1,566** | **2,243** | **2,325** | **3,872** | **5,623** | **8,742** | **12,507** | **17,001** | **22,621** |
| | | | | | | | | | | | |
| Capex | (375) | (504) | (877) | (810) | (2,148) | (3,198) | (8,700) | (11,026) | (9,528) | (9,255) | (10,782) |
| Other investment | (1,067) | (1,018) | 74 | (1,060) | (887) | 543 | - | - | - | - | - |
| **Net cash used in investing activities** | **(1,442)** | **(1,521)** | **(802)** | **(1,870)** | **(3,035)** | **(2,655)** | **(8,700)** | **(11,026)** | **(9,528)** | **(9,255)** | **(10,782)** |
| | | | | | | | | | | | |
| Issuance of debt/borrowing | 478 | 550 | (198) | 609 | 1,006 | 948 | - | - | - | - | - |
| Issuance of equity | - | - | 0 | 184 | 154 | 84 | 10,000 | - | - | - | - |
| Dividends and interests | 360 | 364 | 317 | 363 | (1,088) | (1,084) | (1,740) | (2,688) | (3,559) | (4,916) | (6,311) |
| Change in minority interest | - | - | - | - | 21 | (17) | - | - | - | - | - |
| Others | (721) | (729) | (635) | (728) | (22) | (140) | - | - | - | - | - |
| **Net cash from financing activities** | **118** | **185** | **(515)** | **428** | **71** | **(210)** | **8,260** | **(2,688)** | **(3,559)** | **(4,916)** | **(6,311)** |
| | | | | | | | | | | | |
| Effects of exchange rate changes | (10) | (6) | 30 | 14 | 93 | 30 | - | - | - | - | - |
| | | | | | | | | | | | |
| Net (decrease) increase in cash and cash equivalent | 231 | 68 | 278 | 816 | (546) | 1,037 | 5,183 | (4,972) | (580) | 2,830 | 5,528 |
| Cash and cash equivalent, beginning of period | 694 | 925 | 994 | 1,272 | 2,087 | 1,542 | 2,579 | 7,762 | 2,789 | 2,209 | 5,039 |
| **Cash and cash equivalent, end of period** | **925** | **994** | **1,272** | **2,087** | **1,542** | **2,579** | **7,762** | **2,789** | **2,209** | **5,039** | **10,567** |
| Restricted cash | 8 | 197 | 21 | 10 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Cash and cash equ., end of period (incl. restricted cash)** | **934** | **1,191** | **1,292** | **2,098** | **1,543** | **2,579** | **7,762** | **2,789** | **2,209** | **5,039** | **10,567** |

Source: Company data, Jefferies estimates

## Table 20 - WUS Peer Comparison Table - Valuation

| Country | Company | Ticker | Ccy | PT | % Upside | Current Price | S/O (m) | Mkt Cap (US$m) | EV (US$m) | 30-Day Avg Vol (m) | Price Change (%) 3-Mon | 6-Mon | 12-Mon | P/E 2025 | 2026 | 2027 | P/B 2025 | 2026 | 2027 | P/S 2025 | 2026 | 2027 | EV/ EBITDA 2025 | 2026 | 2027 | EV/ Sales 2025 | 2026 | 2027 | ROE (%) 2025 | 2026 | 2027 | FCF (US$m) 2025 | 2026 | 2027 | FCF Cagr 2025-2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| China | WUS | 002463-CN | RMB | 130.00 | 33% | 97.66 | 1,924 | 27,529 | 27,724 | 84.0 | 27% | 52% | 270% | 49.1 | 30.6 | 19.8 | 6.6 | 4.1 | 3.3 | 9.9 | 6.9 | 4.6 | 37.0 | 24.7 | 15.9 | 10.0 | 6.9 | 4.6 | 28% | 27% | 29% | 99 | (451) | (335) | NA |
| China | Delton-A | 001389-CN | RMB | 190.00 | 27% | 149.22 | 472 | 9,801 | 8,664 | 10.6 | 75% | 115% | 224% | 62.2 | 35.1 | 21.1 | 8.4 | 5.2 | 3.5 | 12.9 | 7.8 | 5.0 | 40.2 | 23.0 | 13.2 | 10.8 | 6.6 | 4.2 | 29% | 33% | 31% | (41) | (350) | (115) | 68% |
| China | Delton-H | 1989-HK | HKD | 200.00 | 26% | 158.30 | 472 | 9,552 | 8,664 | 5.0 | #N/A | #N/A | #N/A | 57.5 | 32.4 | 19.5 | 7.7 | 4.8 | 3.2 | 11.9 | 7.2 | 4.6 | 40.2 | 23.0 | 13.2 | 10.8 | 6.6 | 4.2 | 29% | 33% | 31% | (41) | (350) | (115) | 68% |
| China | Avary | 002938-CN | RMB | 65.00 | 5% | 62.12 | 2,318 | 21,093 | 20,034 | 31.5 | 12% | 33% | 124% | 38.6 | 29.3 | 20.9 | 3.0 | 2.8 | 2.6 | 3.7 | 3.2 | 2.5 | 18.7 | 15.4 | 11.7 | 3.5 | 3.1 | 2.4 | 11% | 14% | 18% | 97 | 268 | 522 | 132% |
| China | DSBJ | 002384-CN | RMB | NC | NA | 162.10 | 1,826 | 43,492 | 44,753 | 79.3 | 102% | 172% | 603% | 182.3 | 41.9 | 21.9 | 14.3 | 10.7 | 7.5 | 7.1 | 4.5 | 3.2 | 60.7 | 26.2 | 14.2 | 4.0 | 4.7 | 3.3 | 8% | 29% | 40% | #N/A | #N/A | #N/A | NA |
| China | Victory Giant | 300476-CN | RMB | NC | NA | 326.42 | 870 | 41,616 | 42,156 | 35.3 | 16% | 26% | 344% | 63.1 | 30.7 | 17.7 | 17.8 | 12.4 | 8.5 | 14.6 | 8.4 | 4.9 | 45.8 | 23.6 | 13.8 | 13.1 | 8.5 | 4.9 | 36% | 48% | 57% | (458) | (595) | 240 | NA |
| China | Shennan | 002916-CN | RMB | NC | NA | 283.06 | 667 | 28,244 | 28,258 | 11.2 | 22% | 44% | 249% | 57.6 | 40.3 | 31.5 | 10.3 | 8.5 | 6.8 | 8.2 | 6.4 | 5.2 | 39.5 | 27.6 | 21.3 | 6.7 | 6.4 | 5.2 | 20% | 24% | 26% | 379 | 507 | 871 | 52% |
| China | SYE | 688183-CN | RMB | NC | NA | 110.38 | 832 | 13,450 | 14,177 | 19.6 | 13% | 61% | 366% | 53.3 | 37.9 | 29.7 | 15.7 | 11.3 | 8.2 | 9.6 | 6.9 | 5.4 | 46.4 | 33.4 | 26.3 | 8.8 | 7.3 | 5.7 | 28% | 29% | 27% | 35 | 379 | 265 | 177% |
| China | Kinwong | 603228-CN | RMB | NC | NA | 66.20 | 976 | 9,550 | 9,583 | 23.7 | -8% | 22% | 143% | 47.6 | 30.2 | 22.6 | 4.9 | 4.4 | 3.9 | 4.4 | 3.6 | 3.0 | 23.6 | 16.0 | 12.4 | 4.9 | 3.6 | 3.0 | 11% | 16% | 19% | #N/A | #N/A | #N/A | NA |
| China | Fastprint | 002436-CN | RMB | NC | NA | 26.15 | 1,687 | 6,511 | 7,178 | 80.8 | 12% | 34% | 139% | 325.2 | 58.2 | 46.3 | 8.2 | 7.2 | 6.5 | 5.9 | 3.9 | 3.1 | 79.3 | 33.2 | 25.8 | 5.4 | 4.3 | 3.4 | 3% | 13% | 15% | #N/A | #N/A | #N/A | NA |
| China | Kingboard | 1888-HK | RMB | NC | NA | 28.26 | 3,135 | 11,316 | 11,531 | 34.5 | 110% | 129% | 275% | 35.4 | 20.3 | 16.1 | 5.4 | 4.8 | 4.1 | 4.3 | 3.2 | 2.7 | 23.1 | 13.5 | 10.6 | 2.1 | 3.2 | 2.7 | 16% | 25% | 28% | 320 | 373 | 816 | 60% |
| Global | Unimicron | 3037-TW | TWD | NC | NA | 643.00 | 1,529 | 32,084 | 31,702 | 19.9 | 135% | 304% | 665% | 147.8 | 53.9 | 28.2 | 9.9 | 8.7 | 7.2 | 7.7 | 6.0 | 4.7 | 38.9 | 23.0 | 15.3 | 2.7 | 5.9 | 4.7 | 7% | 17% | 27% | (203) | 19 | 836 | NA |
| Global | GCE | 2368-TW | TWD | NC | NA | 1,175.00 | 500 | 18,998 | 18,898 | 8.7 | 74% | 191% | 540% | 61.8 | 33.1 | 23.4 | 18.2 | 13.2 | 9.4 | 10.0 | 6.4 | 4.7 | 39.1 | 20.3 | 13.9 | 5.8 | 6.4 | 4.7 | 36% | 44% | 47% | (81) | (26) | 306 | NA |
| Global | NYPCB | 8046-TW | TWD | NC | NA | 724.00 | 646 | 14,816 | 14,579 | 22.4 | 150% | 158% | 715% | 257.9 | 68.9 | 35.5 | 10.1 | 9.3 | 7.9 | 11.6 | 8.3 | 6.2 | 52.7 | 29.4 | 18.6 | 3.7 | 8.2 | 6.1 | 4% | 14% | 28% | 61 | 295 | 490 | 183% |
| Global | Compeq | 2313-TW | TWD | NC | NA | 261.50 | 1,192 | 9,870 | 9,704 | 96.0 | 84% | 204% | 392% | 48.1 | 34.1 | 23.3 | 6.6 | 5.8 | 5.0 | 4.1 | 3.5 | 2.8 | 21.7 | 17.2 | 12.6 | 1.4 | 3.4 | 2.7 | 14% | 18% | 23% | 149 | (102) | 128 | -7% |
| Global | ZDT | 4958-TW | TWD | NC | NA | 282.00 | 1,070 | 9,561 | 10,627 | 33.5 | 62% | 91% | 207% | 42.1 | 23.9 | 16.0 | 2.3 | 2.0 | 1.9 | 1.7 | 1.4 | 1.2 | 10.9 | 8.4 | 6.6 | 1.0 | 1.6 | 1.3 | 5% | 9% | 12% | (174) | (565) | (352) | 42% |
| Global | Tripod | 3044-TW | TWD | NC | NA | 411.50 | 526 | 6,850 | 6,193 | 4.0 | 30% | 30% | 139% | 20.9 | 15.9 | 12.2 | 3.9 | 3.5 | 2.9 | 2.9 | 2.5 | 2.2 | 11.2 | 9.0 | 7.5 | 2.0 | 2.3 | 1.9 | 19% | 23% | 25% | 229 | 298 | 404 | 33% |
| Global | Kinsus | 3189-TW | TWD | NC | NA | 391.50 | 472 | 6,533 | 6,210 | 22.1 | 110% | 168% | 477% | 111.7 | 44.7 | 28.2 | 5.3 | 4.9 | 4.3 | 5.2 | 4.1 | 3.2 | 23.3 | 15.5 | 11.6 | 2.1 | 3.9 | 3.1 | 5% | 11% | 18% | 55 | 64 | 210 | 96% |
| Global | Flexium | 6269-TW | TWD | NC | NA | 64.70 | 319 | 664 | 538 | 3.0 | 10% | 4% | 30% | (9.8) | (55.5) | (25.2) | 1.0 | 0.9 | 1.1 | 0.9 | 0.8 | 0.8 | (26.9) | 19.6 | 12.1 | 0.7 | 0.6 | 0.7 | -10% | -2% | -4% | (105) | (40) | 37 | NA |
| Global | TTM | TTMI-US | USD | NC | NA | 126.24 | 103 | 13,109 | 13,841 | 1.8 | 25% | 121% | 577% | 51.3 | 39.3 | 28.5 | 7.6 | 6.6 | 5.5 | 4.5 | 3.9 | 3.3 | 30.5 | 25.1 | 19.5 | 2.7 | 4.1 | 3.5 | 16% | 18% | 21% | 47 | 81 | 205 | 108% |
| Global | AT&S | ATS-AT | EUR | NC | NA | 84.70 | 39 | 3,888 | 5,879 | 0.2 | 131% | 200% | 570% | #N/A | 34.3 | 22.1 | 3.4 | 3.1 | 2.8 | 1.8 | 1.4 | 1.2 | 11.6 | 7.5 | 6.2 | 2.1 | 2.2 | 1.9 | -5% | 10% | 13% | 206 | 136 | 190 | -4% |
| Global | ISU | 007660-KR | KRW | NC | NA | 120,300 | 73 | 5,957 | 5,650 | 1.0 | 0% | 42% | 266% | 50.9 | 30.7 | 21.0 | 11.7 | 9.4 | 6.8 | 8.1 | 5.7 | 4.3 | 36.5 | 21.9 | 15.8 | 7.6 | 5.4 | 4.1 | 30% | 32% | 34% | 28 | 67 | 135 | 118% |
| Global | Ibiden | 4062-JP | JPY | NC | NA | 9,235 | 279 | 16,481 | 16,139 | 5.6 | 18% | 84% | 409% | 58.3 | 42.8 | 31.1 | 4.6 | 4.2 | 3.7 | 6.2 | 5.2 | 4.4 | 19.9 | 14.9 | 11.3 | 4.8 | 5.1 | 4.3 | 8% | 10% | 13% | 285 | 186 | 9 | -83% |
| Global | NOK | 7240-JP | JPY | NC | NA | 2,872 | 163 | 2,927 | 2,857 | 0.3 | -6% | 11% | 53% | 11.6 | 13.4 | 12.0 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 5.4 | 5.2 | 4.9 | 0.6 | 0.6 | 0.6 | 7% | 6% | 6% | 268 | 216 | 223 | -9% |

Source: Company data, FactSet, Jefferies estimates

## Table 21 - WUS Peer Comparison Table - Operation

| Country | Company | Ticker | Rev (US$m) 2025 | 2026 | 2027 | Rev Cagr 2025-2027 | Gross Profit (US$m) 2025 | 2026 | 2027 | Gross Margin (%) 2025 | 2026 | 2027 | EBITDA (US$m) 2025 | 2026 | 2027 | EBITDA Cagr 2025-2027 | EBITDA Margin 2025 | 2026 | 2027 | EPS (US$) 2025 | 2026 | 2027 | EPS Cagr 2025-2027 | Capex (US$m) 2025 | 2026 | 2027 | Capex/Rev 2025 | 2026 | 2027 | # of Emp | Rev/Emp (US$m) 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| China | WUS | 002463-CN | 2,775 | 3,997 | 6,008 | 47% | 985 | 1,485 | 2,178 | 35% | 37% | 36% | 750 | 1,122 | 1,743 | 52% | 27% | 28% | 29% | 0.29 | 0.47 | 0.72 | 57% | 469 | 1,274 | 1,615 | 17% | 32% | 27% | 15,243 | 0.2 |
| China | Delton-A | 001389-CN | 804 | 1,319 | 2,074 | 61% | 277 | 465 | 746 | 34% | 35% | 36% | 216 | 377 | 656 | 74% | 27% | 29% | 32% | 0.35 | 0.62 | 1.04 | 72% | 192 | 711 | 703 | 24% | 54% | 34% | 4,998 | 0.2 |
| China | Delton-H | 1989-HK | 804 | 1,319 | 2,074 | 61% | 277 | 465 | 746 | 34% | 35% | 36% | 216 | 377 | 656 | 74% | 27% | 29% | 32% | 0.35 | 0.62 | 1.04 | 72% | 192 | 711 | 703 | 24% | 54% | 34% | 4,998 | 0.2 |
| China | Avary | 002938-CN | 5,734 | 6,515 | 8,274 | 20% | 1,233 | 1,481 | 2,033 | 21% | 23% | 25% | 1,069 | 1,299 | 1,709 | 26% | 19% | 20% | 21% | 0.24 | 0.31 | 0.44 | 36% | 971 | 875 | 863 | 17% | 13% | 10% | 47,573 | 0.1 |
| China | DSBJ | 002384-CN | 6,109 | 9,630 | 13,497 | 49% | 953 | 2,287 | 4,256 | 16% | 24% | 32% | 737 | 1,710 | 3,143 | 106% | 12% | 18% | 23% | 0.13 | 0.57 | 1.09 | 189% | 436 | 849 | 1,066 | 7% | 9% | 8% | #N/A | NA |
| China | Victory Giant | 300476-CN | 2,843 | 4,933 | 8,537 | 73% | 1,020 | 1,741 | 2,660 | 36% | 35% | 31% | 920 | 1,787 | 3,054 | 82% | 32% | 36% | 36% | 0.76 | 1.56 | 2.70 | 89% | 924 | 1,239 | 732 | 32% | 25% | 9% | 17,989 | 0.2 |
| China | Shennan | 002916-CN | 3,426 | 4,388 | 5,423 | 26% | 970 | 1,281 | 1,679 | 28% | 29% | 31% | 716 | 1,023 | 1,327 | 36% | 21% | 23% | 24% | 0.71 | 1.06 | 1.45 | 43% | 541 | 537 | 571 | 16% | 12% | 11% | 21,211 | 0.2 |
| China | SYE | 688183-CN | 1,400 | 1,941 | 2,497 | 34% | 479 | 670 | 848 | 34% | 35% | 34% | 305 | 425 | 540 | 33% | 22% | 22% | 22% | 0.25 | 0.36 | 0.46 | 37% | 58 | 51 | 48 | 4% | 3% | 2% | #N/A | NA |
| China | Kinwong | 603228-CN | 2,149 | 2,656 | 3,155 | 21% | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | 406 | 600 | 771 | 38% | 19% | 23% | 24% | 0.21 | 0.32 | 0.43 | 45% | 347 | 366 | 322 | 16% | 14% | 10% | 20,680 | 0.1 |
| China | Fastprint | 002436-CN | 1,103 | 1,689 | 2,109 | 38% | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | 90 | 216 | 278 | 75% | 8% | 13% | 13% | 0.01 | 0.07 | 0.08 | 165% | 128 | 101 | 84 | 12% | 6% | 4% | 7,920 | 0.1 |
| China | Kingboard | 1888-HK | 2,605 | 3,574 | 4,212 | 27% | 510 | 1,054 | 1,263 | 20% | 29% | 30% | 500 | 853 | 1,087 | 47% | 19% | 24% | 26% | 0.10 | 0.18 | 0.22 | 48% | 89 | 102 | 94 | 3% | 3% | 2% | 10,800 | 0.2 |
| Global | Unimicron | 3037-TW | 4,175 | 5,354 | 6,811 | 28% | 582 | 1,162 | 1,888 | 14% | 22% | 28% | 815 | 1,381 | 2,075 | 60% | 20% | 26% | 30% | 0.14 | 0.38 | 0.71 | 125% | 741 | 993 | 844 | 18% | 19% | 12% | 31,448 | 0.1 |
| Global | GCE | 2368-TW | 1,884 | 2,957 | 4,044 | 47% | 618 | 1,045 | 1,454 | 33% | 35% | 36% | 483 | 930 | 1,355 | 67% | 26% | 31% | 33% | 0.60 | 1.08 | 1.59 | 63% | 212 | 462 | 259 | 11% | 16% | 6% | #N/A | NA |
| Global | NYPCB | 8046-TW | 1,278 | 1,781 | 2,379 | 36% | 116 | 326 | 629 | 9% | 18% | 26% | 277 | 497 | 784 | 68% | 22% | 28% | 33% | 0.09 | 0.34 | 0.74 | 181% | 76 | 93 | 99 | 6% | 5% | 4% | #N/A | NA |
| Global | Compeq | 2313-TW | 2,396 | 2,855 | 3,554 | 22% | 445 | 568 | 774 | 19% | 20% | 22% | 446 | 565 | 769 | 31% | 19% | 20% | 22% | 0.17 | 0.24 | 0.36 | 44% | 211 | 539 | 426 | 9% | 19% | 12% | #N/A | NA |
| Global | ZDT | 4958-TW | 5,712 | 6,681 | 7,884 | 17% | 1,130 | 1,373 | 1,729 | 20% | 21% | 22% | 973 | 1,265 | 1,612 | 29% | 17% | 19% | 20% | 0.21 | 0.37 | 0.56 | 62% | 1,007 | 1,516 | 1,584 | 18% | 23% | 20% | #N/A | NA |
| Global | Tripod | 3044-TW | 2,305 | 2,731 | 3,182 | 17% | 596 | 749 | 929 | 26% | 27% | 29% | 554 | 684 | 830 | 22% | 24% | 25% | 26% | 0.61 | 0.82 | 1.03 | 30% | 152 | 150 | 137 | 7% | 5% | 4% | #N/A | NA |
| Global | Kinsus | 3189-TW | 1,251 | 1,595 | 2,024 | 27% | 264 | 398 | 563 | 21% | 25% | 28% | 266 | 402 | 537 | 42% | 21% | 25% | 27% | 0.11 | 0.27 | 0.49 | 111% | 177 | 251 | 291 | 14% | 16% | 14% | #N/A | NA |
| Global | Flexium | 6269-TW | 702 | 852 | 826 | 9% | 9 | 97 | 87 | 1% | 11% | 11% | (20) | 27 | 45 | NA | -3% | 3% | 5% | (0.21) | (0.04) | (0.08) | -37% | 19 | 17 | 16 | 3% | 2% | 2% | #N/A | NA |
| Global | TTM | TTMI-US | 2,906 | 3,404 | 3,984 | 17% | 615 | 748 | 932 | 21% | 22% | 23% | 454 | 551 | 708 | 25% | 16% | 16% | 18% | 2.46 | 3.21 | 4.42 | 34% | 280 | 286 | 316 | 10% | 8% | 8% | 18,200 | 0.2 |
| Global | AT&S | ATS-AT | 2,109 | 2,738 | 3,165 | 23% | 253 | 561 | 704 | 12% | 20% | 22% | 506 | 782 | 943 | 36% | 24% | 29% | 30% | (1.59) | 2.92 | 4.54 | NA | 226 | 293 | 389 | 11% | 11% | 12% | #N/A | NA |
| Global | ISU | 007660-KR | 718 | 1,052 | 1,395 | 39% | 186 | 273 | 372 | 26% | 26% | 27% | 155 | 258 | 357 | 52% | 22% | 25% | 26% | 1.52 | 2.51 | 3.50 | 52% | 84 | 95 | 97 | 12% | 9% | 7% | 1,368 | 0.5 |
| Global | Ibiden | 4062-JP | 2,655 | 3,160 | 3,730 | 19% | 938 | 1,220 | 1,515 | 35% | 39% | 41% | 812 | 1,087 | 1,426 | 32% | 31% | 34% | 38% | 0.95 | 1.38 | 1.88 | 41% | 495 | 905 | 1,110 | 19% | 29% | 30% | 11,168 | 0.2 |
| Global | NOK | 7240-JP | 4,624 | 4,662 | 4,796 | 2% | 837 | 868 | 917 | 18% | 19% | 19% | 524 | 551 | 580 | 5% | 11% | 12% | 12% | 1.54 | 1.34 | 1.50 | -1% | 352 | 317 | 298 | 8% | 7% | 6% | 37,958 | 0.1 |

Source: Company data, FactSet, Jefferies estimates

# Delton (001389 CH / 1989 HK) – Initiate with BUY

China (PRC) | Electronic Components

## Delton

Equity Research
April 20, 2026

## A Proxy of Server CPU Revival, Followed by Progress in AI; Initiate at BUY

As a major server CPU PCB maker, Delton could be a key beneficiary of: 1) rising CPU demand driven by agentic AI, 2) higher content value from PCIe 5.0 to 6.0 migration, 3) potential design wins in the AI server PCB market. We forecast CPU/AI PCB contribution to rise from ~66% of net profit in 2025 to ~70% in 2027E. Initiate on Delton-A/H at BUY with PTs of Rmb190.00/HK$200.00, implying 45x/41x 2026E P/E, 27x/25x 27E P/E, and 27%/26% upside.

**A server CPU PCB veteran that could benefit from rising demand and PCIe migration.** Founded in Guangzhou in 2002, Delton manufactures PCB focusing on server-related products, especially CPU mainboard. The demand for CPU is likely to step up significantly, driven by growth in agentic AI. The migration from PCIe 5.0 to 6.0 could start in 2H26, requiring new PCB designs with material/technique upgrades, thus leading to considerable value increase. We forecast server CPU PCB TAM to rise from ~US$3bn in 2025 to >US$10bn in 3-4 years. Delton now has 10-15% CPU PCB market share, generating >50% of revenue/profit in 2025. Since the competitive landscape for server CPU PCB has been relatively stable, we expect Delton to be a key beneficiary of the the surge in TAM, with limited risk of escalating price competition.

**Smoother-than-peers' capacity/profitability ramp in Thailand; CPU/AI PCB to approach ~70% of net profit in 2 years.** We expect Delton's production value to rise from ~Rmb5bn in 2025 to Rmb8-9bn in 2026. Its production ramp in Thailand appears to be smoother than that of most peers, allowing it to reach profitability faster. Delton also demonstrates strong competitiveness in AI PCB, with potential design wins in AI server customers going forward. We forecast net profit contribution from CPU/AI PCB to rise from ~66% in 2025 to ~70% in 2027E. While CPU is likely to remain the major growth pillar near term, we believe AI server PCB could be a key longer-term growth driver.

**Initiate at BUY; PT suggests 27%/26% upside for A/H-shares.** We forecast Delton revenue/NP CAGRs to be 48%/54% in 2026E-2028E and 36%/39% in 2027E-2029E. Delton-A/H currently trade at 35x/32x 2026E P/E and 21x/19x 2027E P/E, vs our 2026E-28E/2027E-29E net profit CAGR forecasts of 54%/39%. Our valuation for Delton-A is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 6.5% (2030E). Our PT of Rmb190.00 implies 45x/27x 2026E/27E P/E or 0.8x/0.7x PEG, suggesting 27% potential upside. Our valuation for Delton-H is based on 2026E/27E P/E of 41x/25x, and our price target of HK$200.00 implies 0.8x/0.6x PEG and suggests 26% potential upside. Our 2026E/27E EPS forecasts are 17%/29% above cons. Key potential catalysts are: 1) better-than-expected server CPU demand, 2) further market share gain in AI server, 3) ongoing spec upgrade of PCB raising dollar content, 4) accelerated capacity and profitability ramp for CPU/AI-related products in both local/overseas facilities; and 5) easing supply tightness in critical materials for high-end PCB.

| *FY (Dec)* | 2024A | 2025A | 2026E | 2027E |
|---|---|---|---|---|
| **Rev. (MM)** | 3,734.0 | 5,485.0 | 9,006.0 | 14,159.0 |
| **EBIT (MM)** | 805.0 | 1,243.0 | 2,289.0 | 3,808.0 |
| **Net Profit** | 676.0 | 1,016.0 | 2,009.0 | 3,346.0 |
| **EPS** | 1.65 | 2.39 | 4.25 | 7.08 |

**INITIATING COVERAGE**

| | |
|---|---|
| RATING | BUY |
| PRICE | Rmb149.22^ |
| PRICE TARGET \| % TO PT | Rmb190.00 \| +27% |
| 52W HIGH-LOW | Rmb149.22 - Rmb45.96 |
| FLOAT (%) \| ADV MM (USD) | 22.1% \| 1,519.10 |
| MARKET CAP | RMB70.4B \| CNY70.4B |
| TICKER | 001389 CH |

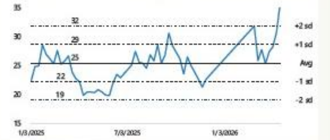
^Prior trading day's closing price unless otherwise noted.

| | |
|---|---|
| RATING | BUY |
| TICKER | 1989 HK |
| PRICE | HK$158.30^ |
| PRICE TARGET \| % TO PT | HK$200.00 \| +26% |

| FY (Dec) | CHANGE TO JEFe | | JEF vs CONS | |
|---|---|---|---|---|
| | 2026 | 2027 | 2026 | 2027 |
| REV | NA | NA | NA | NA |
| EPS | NA | NA | NA | NA |

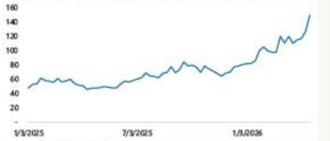
| 2026 (RMB) | Q1A | Q2A | Q3A | Q4A | FY |
|---|---|---|---|---|---|
| EPS | 0.88 | 1.09 | 1.07 | 1.26 | 4.25 |
| PREV | | | | | |

**Chart 1 - Delton-A LT 1-yr Fwd PE**



Source: FactSet, Jefferies

**Chart 2 - Delton-A LT Share Price Trend**



Source: FactSet, Jefferies

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## Company Overview

Delton Technology was founded in 2002 in Guangzhou, China by 3CEMS Group under First International Computer as a Taiwanese OEM/ODM) for PCB manufacturing mainly adopted in PC markets. It was later acquired by Mr. Hongxin Xiao in 2013 with business restructuring and transformation, and now focuses on server-related PCB. The stock was listed on the Shenzhen Stock Exchange in 2024, and then dual-listed on the Hong Kong Stock Exchange in 2026. Currently, Delton operates multiple factories around the world, including in Guangzhou, Dongguan, Huangshi, and Thailand.

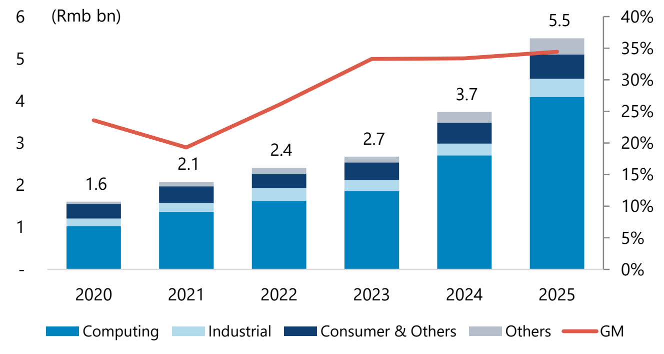
**Table 22 - Delton Historical Milestones**

| Date | Milestone |
|---|---|
| 2002 | Established by 3CEMS Group |
| 2013 | Hongxing Xiao acquired 92.5% of the equity of Delton |
| 2019 | Establish a wholly-owned subsidiary, Delton Technology (Huangshi) Inc. |
| 2020 | Renamed Delton Technology (Guangzhou) Inc. |
| 2021 | Started production of first phase of Huangshi Guanghe Multi-Layer PCB Project |
| 2024 | Listed on the Shenzhen Stock Exchange Main Board |
| 2024 | Finished construction of MLPCB project of Delton Technology (Thailand) Co., Ltd. |
| 2026 | Listed on the Hong Kong Stock Exchange Main Board |

Source: Company data, Jefferies

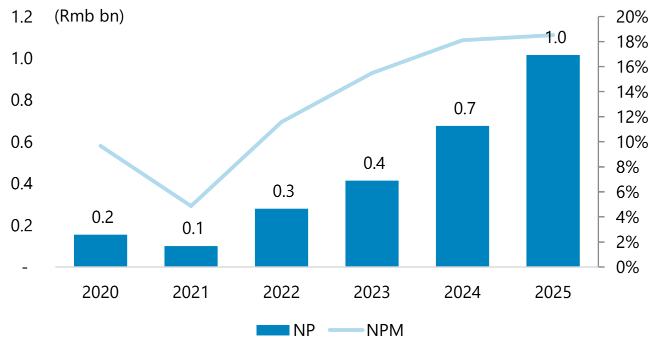
In 2025, Delton's revenue breakdown is as follows: computing (75%), industrial (8%), and consumer & others (18%). Gross profit breakdown is as follows: computing (76%), industrial (2%), and consumer & others (22%). We forecast Delton's revenue to rise by CAGRs of 48% in 2026E-28E and 36% in 2027E-29E, mainly driven by: 1) step up in AI capex for the industry; 2) rising demand on server CPU driven by the proliferation of agentic AI with Delton's leading market share; 3) continued PCB spec upgrade in AI server with Delton's expanding customer base and extending engagement; and 4) capacity expansion for high-end PCB products in both local/overseas facilities.

**Chart 86 - Delton Historical Revenue & Gross Margin**



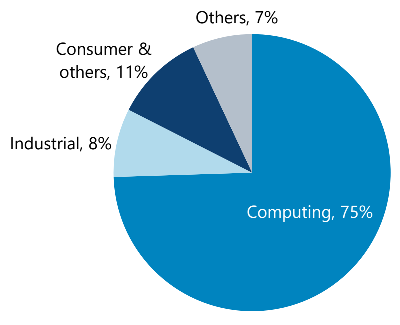

Source: Company data, Jefferies

**Chart 87 - Delton Historical Net Profit & Margin**



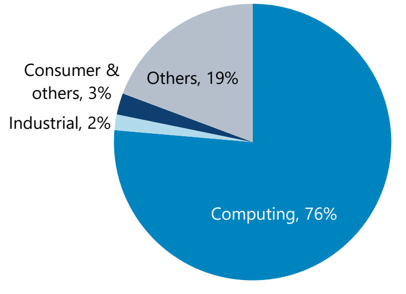

Source: Company data, Jefferies

**Chart 88 - Delton 2025 Revenue Breakdown by Segment**




Source: Company data, Jefferies

**Chart 89 - Delton 2025 Gross Profit Breakdown by Segment**




Source: Company data, Jefferies

## Senior Management and Shareholding Structure

**Mr. Hongxing Xiao, Chairman,** obtained a bachelor's degree in Chemistry from South China University of Technology. From July 1988 to Mar 1992, Mr. Xiao served as Production Manager of Dongguan Shengyi Electronics Co., Ltd. In Mar 2010, he established Hubei Unico Optoelectronic Technology Co., Ltd., engaged in LCD panel thinning and polishing processing services.

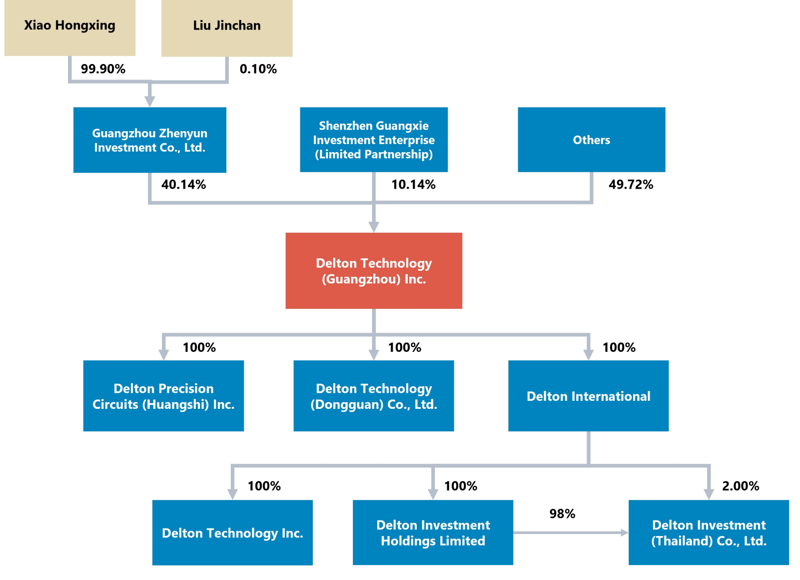
**Ms. Hong Zeng, Director/General Manager,** obtained a bachelor's degree in Applied Chemistry from South China University of Technology. Ms. Zeng holds the title of Senior Electronic Engineer. From Jul 1988 to Feb 2013, she served successively as Quality Manager, Deputy Factory Director, and Deputy General Manager of Dongguan Shengyi Electronics Co., Ltd. From Feb 2013 to present, she has served as Director and General Manager of the company.

**Mr. Jun Wang, Deputy General Manager,** obtained a bachelor's degree in Business Administration from Beijing Xinghua University. Mr. Wang previously served as Quality Technician, Assistant Engineer, Engineer, Supervisor, Manager, and Quality Director at Dongguan Shengyi Electronics Co., Ltd. He joined the company in Feb 2013 and currently serves as Deputy General Manager.

**Mr. Qinyuan Li, Deputy General Manager/Chief Engineer,** graduated from South China University of Technology with a bachelor's degree in Chemical Engineering. Mr. Li previously served as Assistant Process Engineer, Engineer, Chief Engineer, Manager, and Senior Manager at Dongguan Shengyi Electronics Co., Ltd., and as Technical Director at Guangzhou Jiesai Technology Co., Ltd. He joined the company in Jan 2013 and currently serves as Deputy General Manager and Chief Engineer.

**Mr. Yangqing Zeng, Vice General Manager/Board Secretary,** graduated from China Jiliang University with a Bachelor's degree in Automatic Detection Technology and Instrumentation. Mr. Zeng previously served as Engineer at Guangdong Fudi Technology Co., Ltd., General Manager's Secretary, Securities Affairs Representative, Vice General Manager and Board Secretary at Guangdong Boxin Investment Holding Co., Ltd.

**Chart 90 - Delton Shareholding Structure**




Source: Company data, Jefferies
Note: As of 4Q25

## A Key Beneficiary of Server CPU Revival

**A server CPU PCB veteran that would benefit from both rising demand and PCIe migration to 6.0.** While GPU/ASIC have been in the spotlight for years as core drivers of expanding computing power, the requirements for CPU, as the brain of the server, are now being stimulated by the proliferation of agentic AI, which is designed to interact dynamically with the environment and thus, would create an

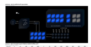
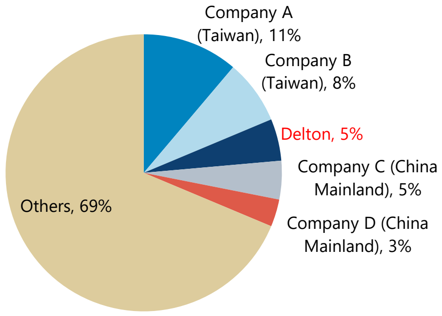
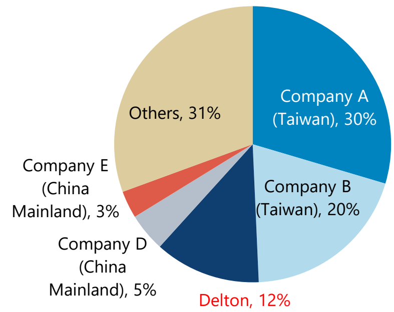


**Chart 94 - High Performance Server PCB Market Share (2022-2024)**




Source: Company data, Jefferies

**Chart 95 - High Performance Server CPU PCB Market Share (2022-2024)**




Source: Company data, Jefferies

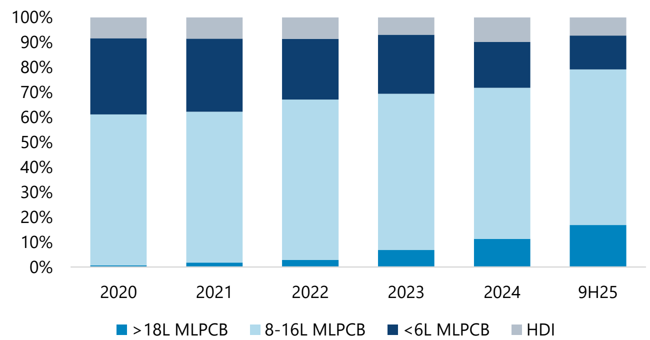
**Smoother capacity/profitability ramp vs most peers in Thailand; CPU/AI PCB to approach ~70% profit in 2 years.** Similar to many peers, Delton has been expanding capacity in both China and Thailand, and we expect its production value to rise from ~Rmb5bn last year to Rmb8-9bn in this year, with Guangzhou, Huangshi, and Thailand bases all undergoing capacity expansion either through new production ramp or technology upgrade. There are two things we would like to highlight: 1) Thanks to its decent management capabilities, Delton's production ramp in Thailand appears to be smoother than most of its peers, with a faster return to profitability; and 2) In addition to CPU PCB, Delton demonstrates strong competitiveness in AI PCB and has the potential to continue penetrating the AI server projects of multiple AI customers in the coming years. We forecast Delton's **CPU/AI PCB** mix to increase from **~66% of net profit in 2025** to **~70% in 2027E**, and gradually approach **80%** going forward, driven by increasing shipments from capacity expansion and rising ASP from larger mix of high-value (especially PCIe 6.0 CPU) products. While CPU is likely to remain the major growth pillar in the near term, we believe AI server PCB could become a key driver in the longer term.

**Table 24 - Delton Production Base Summary**

| Base | Product | Annual Capacity (2025) (Rmb bn) | Annual Capacity (2026E) (Rmb bn) | Progress |
|---|---|---|---|---|
| Guangzhou | | | | |
| Guangzhou Base 1 | Server, industrial | ~4 (1+2) | >6 (1+2) | Expanding through tech upgrade |
| Guangzhou Base 2 | Ancillary production for Base 1 | | | Expanding through tech upgrade |
| Guangzhou Base 3 | Server, industrial | 0 | >0 | Ramping from 2H26 |
| Huangshi | Industrial, consumer | ~1 | 1-2 | Expanding capacity |
| Thailand Phase 1 | | | | |
| Thailand Base 1 | Server | >0 | ~1 | Reaching design capacity in 1H26 |
| Thailand Base 2 | Server | 0 | >0 | Ramping from 2H26 |

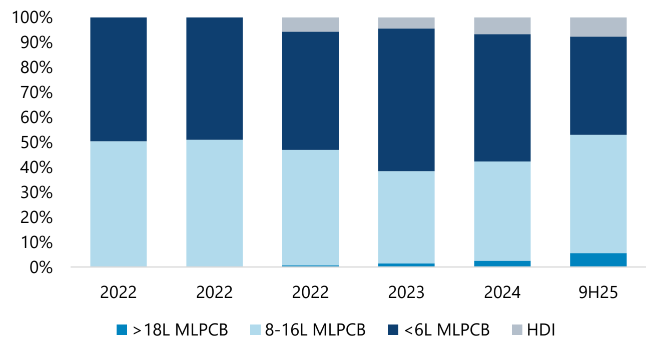
Source: Company data, Jefferies estimates

**Chart 96 - Delton PCB Revenue by Spec**



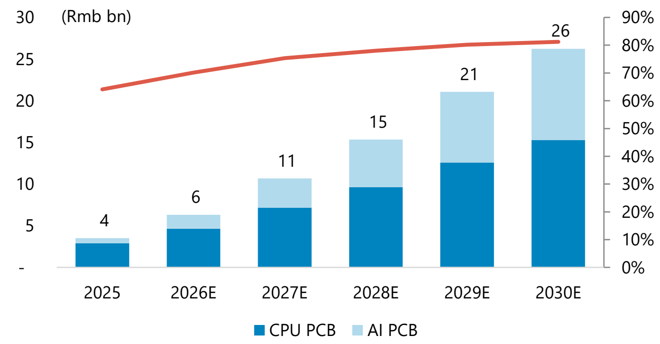

Source: Company data, Jefferies

**Chart 97 - Delton PCB Shipment by Spec**



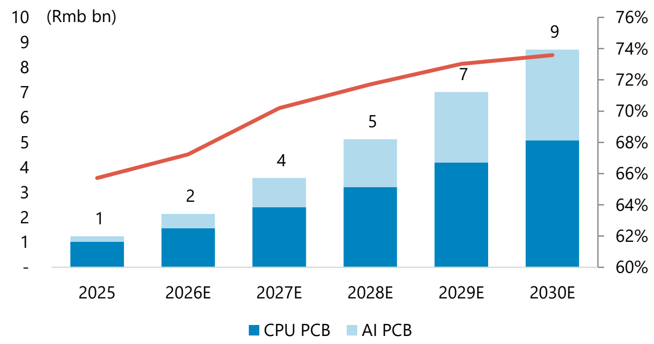

Source: Company data, Jefferies estimates

Chart 98 - Delton CPU/AI PCB Revenue Forecast




Source: Company data, Jefferies

Chart 99 - Delton CPU/AI PCB Gross Profit Forecast




Source: Company data, Jefferies

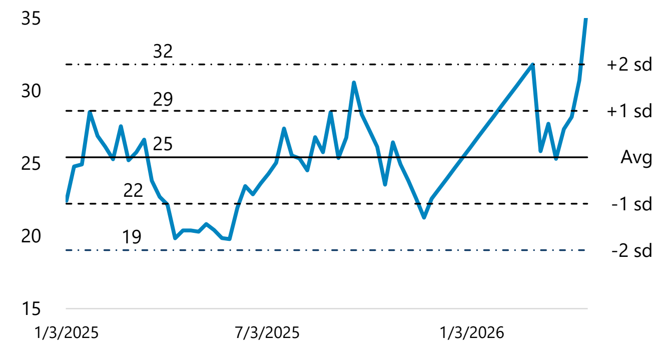
## Financial Forecasts and Valuation

We forecast Delton's revenue/NP to rise by CAGRs of 48%/54% in 2026E-2028E and 36%/39% in 2027E-2029E. We also expect EBIT margin to gradually increase, driven by more favorable product mix in the next few years. Our key operating assumptions are as follows:

- General server CPU market share rises from 12% in 2025 to 13%/14% in 2027E/2030E.
- General server non-CPU market share rises from 1% in 2025 to 2%/4% in 2027E/2030E.
- AI server CPU market share rises from 10% in 2025 to 15%/13% in 2027E/2030E.
- AI server non-CPU market share rises from 2% in 2025 to 3%/3% in 2027E/2030E.
- Blended GM rises from 34.4% in 2025 to 36.0%/36.6% in 2027E/2030E.
- EBIT margin rises from 22.7% in 2025 to 26.9%/28.2% in 2027E/2030E.

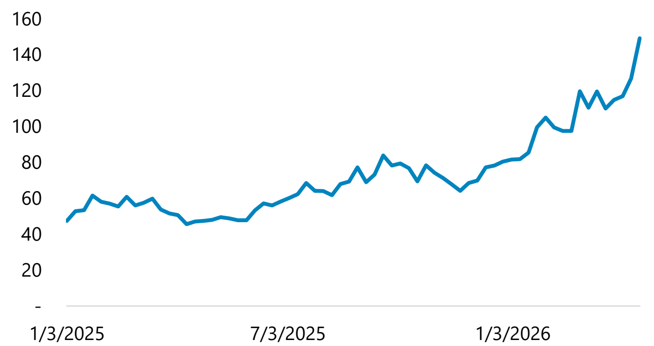
**Initiate with BUY and a PT of Rmb190.00/HK$200.00 for A/H-share.** Delton-A/H currently trade at 35x/32x 2026E P/E and 21x/19x 2027E P/E, vs our 2026E-28E/2027E-29E net profit CAGR forecasts of 54%/39%. Our valuation for Delton-A is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 6.5% (2030E); our price target of Rmb190.00 implies 45x/27x 2026E/27E P/E or 0.8x/0.7x PEG, and suggests 27% potential upside. Our valuation for Delton-H is based on 2026E/27E P/E of 41x/25x; our price target of HK$200.00 implies 0.8x/0.6x PEG, and suggests 26% potential upside.

Chart 100 - Delton-A LT 1-yr Fwd PE




Source: FactSet, Jefferies

Chart 101 - Delton-A LT Share Price Trend

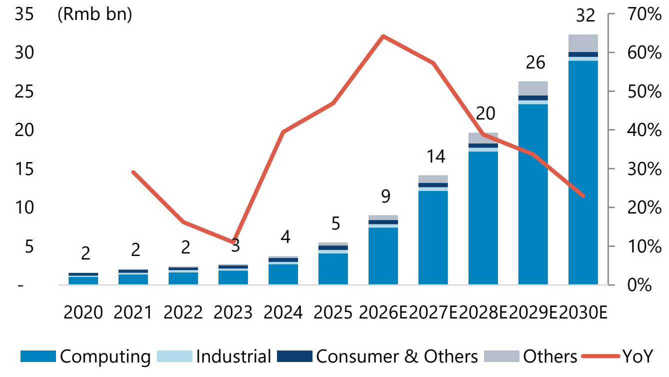



Source: FactSet, Jefferies

**What are the potential positive catalysts for Delton?** 1) Better-than-expected server CPU demand; 2) Further market share gain and expansion to new customers in AI server market; 3) Ongoing spec upgrade of PCB with dollar content going up; 4) Accelerated capacity and profitability ramp for CPU/AI-related products in both local/overseas facilities; and 5) Easing of supply tightness in critical materials for high-end PCB.

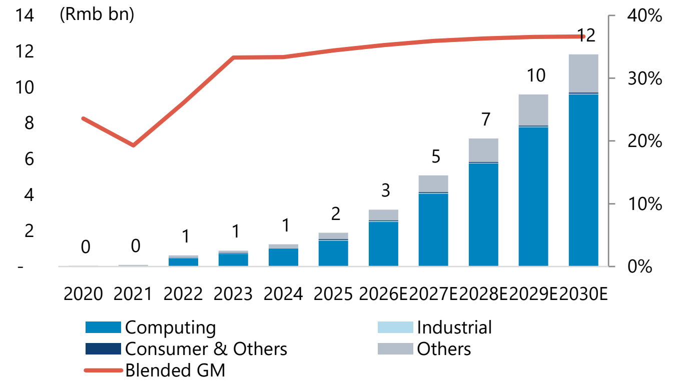
**What are the risks for Delton?** 1) Deceleration in global AI capex growth; 2) Market share loss from escalating competition; 3) Slower-than-expected adoption of advanced PCB solutions due to technical barriers; 4) Technology replacement threat from other interconnection solutions such as copper cable and optical; and 5) Supply chain uncertainties or additional costs due to supply bottlenecks of upstream materials/tools or escalating geopolitical risks.

**Chart 102 - Delton Revenue Forecast by Segment**



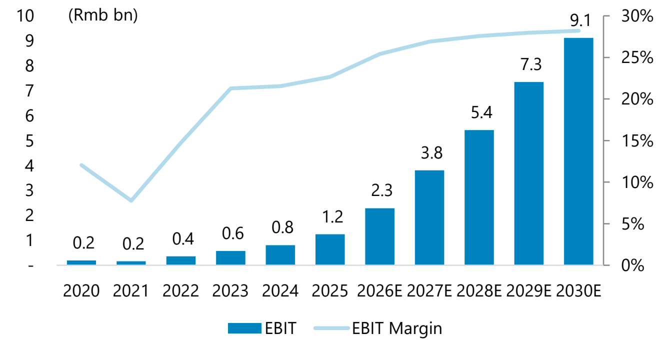

Source: Company data, Jefferies estimates

**Chart 103 - Delton Gross Margin & Profit Forecast by Segment**



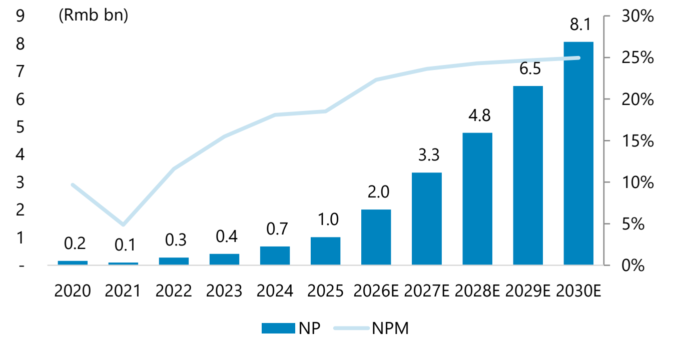

Source: Company data, Jefferies estimates

**Chart 104 - Delton EBIT Forecast**



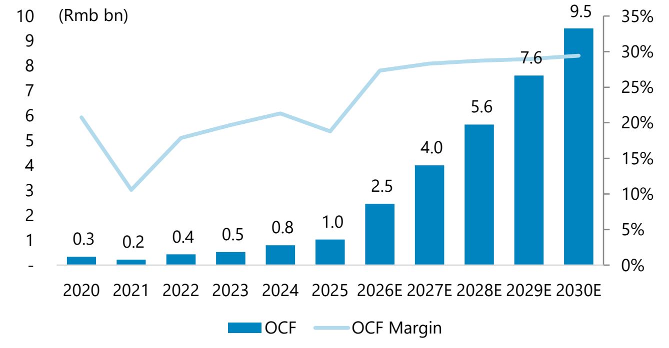

Source: Company date, Jefferies estimates

**Chart 105 - Delton Net Profit Forecast**



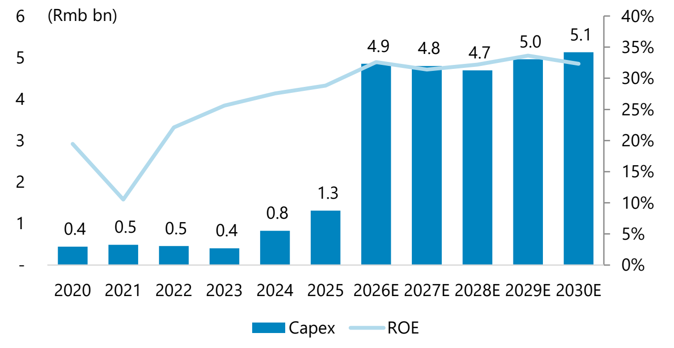

Source: Company date, Jefferies estimates

**Chart 106 - Delton Operating Cash Flow Forecast**




Source: Company data, Jefferies estimates

**Chart 107 - Delton Capex & ROE Forecast**




Source: Company date, Jefferies estimates

Table 25 - Delton Valuation Summary

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **1,607** | **2,076** | **2,412** | **2,678** | **3,734** | **5,485** | **9,006** | **14,159** | **19,653** | **26,268** | **32,308** |
| *YoY* | | *29%* | *16%* | *11%* | *39%* | *47%* | *64%* | *57%* | *39%* | *34%* | *23%* |
| *vs consensus* | | | | | | | *10%* | *22%* | *17%* | | |
| **EBIT** | **194** | **161** | **356** | **570** | **805** | **1,243** | **2,289** | **3,808** | **5,419** | **7,345** | **9,113** |
| *YoY* | | *-17%* | *121%* | *60%* | *41%* | *55%* | *84%* | *66%* | *42%* | *36%* | *24%* |
| *vs consensus* | | | | | | | *20%* | *33%* | *22%* | | |
| **Net profit** | **156** | **101** | **280** | **415** | **676** | **1,016** | **2,009** | **3,346** | **4,777** | **6,470** | **8,061** |
| *YoY* | | *-35%* | *177%* | *48%* | *63%* | *50%* | *98%* | *66%* | *43%* | *35%* | *25%* |
| *vs consensus* | | | | | | | *21%* | *32%* | *23%* | | |
| **EPS (Rmb)** | **0.45** | **0.28** | **0.74** | **1.09** | **1.65** | **2.39** | **4.25** | **7.08** | **10.11** | **13.70** | **17.06** |
| *YoY* | | *-38%* | *164%* | *47%* | *51%* | *45%* | *78%* | *66%* | *43%* | *35%* | *25%* |
| *vs consensus* | | | | | | | *17%* | *29%* | *23%* | | |
| **Multiples** | | | | | | | | | | | |
| EV/Adj. EBITDA | 288.9 | 278.1 | 141.6 | 95.7 | 71.7 | 48.0 | 27.5 | 15.7 | 10.9 | 8.0 | 6.2 |
| PB x | 27.2 | 17.5 | 17.4 | 14.9 | 10.8 | 8.4 | 5.2 | 3.5 | 2.7 | 2.1 | 1.6 |
| PE x | 331.6 | 532.9 | 201.6 | 136.9 | 90.4 | 62.4 | 35.1 | 21.1 | 14.8 | 10.9 | 8.7 |
| EV/IC | 96.7 | 75.3 | 54.5 | 43.7 | 31.1 | 20.5 | 11.1 | 6.6 | 4.8 | 3.7 | 3.0 |
| PS x | 43.9 | 34.0 | 29.2 | 26.3 | 18.9 | 12.9 | 7.8 | 5.0 | 3.6 | 2.7 | 2.2 |
| EV/Sales | 43.8 | 34.0 | 29.2 | 26.3 | 18.8 | 12.9 | 7.9 | 5.0 | 3.6 | 2.6 | 2.1 |
| | | | | | | | | | | | |
| **Financials** | | | | | | | | | | | |
| Net debt (cash) | (71) | 23 | 34 | (48) | (343) | 176 | 203 | (282) | (197) | (1,441) | (4,067) |
| EBITDA | 244 | 254 | 498 | 736 | 979 | 1,472 | 2,570 | 4,479 | 6,432 | 8,655 | 10,709 |
| EV | 70,428 | 70,522 | 70,533 | 70,450 | 70,155 | 70,674 | 70,702 | 70,217 | 70,301 | 69,058 | 66,431 |
| BVPS (Rmb) | 5.48 | 8.53 | 8.59 | 10.02 | 13.88 | 17.75 | 28.51 | 42.92 | 55.76 | 72.41 | 91.20 |
| FCF | (111) | (269) | (25) | 123 | (31) | (278) | (2,390) | (787) | 954 | 2,651 | 4,380 |
| ROAE | 19.5% | 10.5% | 22.1% | 25.6% | 27.6% | 28.8% | 32.6% | 31.4% | 32.2% | 33.6% | 32.3% |
| ROIC | 23.7% | 18.1% | 24.8% | 29.5% | 31.6% | 32.3% | 31.7% | 31.6% | 32.7% | 35.1% | 36.2% |
| Net debt (cash)/equity | (0.1) | 0.0 | 0.0 | (0.0) | (0.1) | 0.0 | 0.0 | (0.0) | (0.0) | (0.1) | (0.2) |
| Net debt (cash)/adj. EBITDA | (0.3) | 0.1 | 0.1 | (0.1) | (0.4) | 0.1 | 0.1 | (0.1) | (0.0) | (0.2) | (0.4) |
| Adj. EBITDA/net interest | 39.3 | 43.9 | 42.7 | 52.8 | 61.7 | 88.8 | 116.2 | 202.4 | 290.7 | 391.2 | 484.0 |
| FCF yield | -0.2% | -0.4% | 0.0% | 0.2% | 0.0% | -0.4% | -3.4% | -1.1% | 1.4% | 3.8% | 6.2% |
| DPS (Rmb) | 0.01 | 0.01 | 0.03 | 0.04 | 0.29 | 0.52 | 0.93 | 1.54 | 2.20 | 2.98 | 3.71 |
| Dividend yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.3% | 0.6% | 1.0% | 1.5% | 2.0% | 2.5% |

Source: Company data, FactSet, Jefferies estimates

Table 26 - Delton DCF Model

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | 156 | 101 | 280 | 415 | 676 | 1,016 | 2,009 | 3,346 | 4,777 | 6,470 | 8,061 |
| **Plus** | | | | | | | | | | | |
| After-tax interest expense | 4 | 5 | 9 | 8 | (1) | (3) | 4 | 5 | (9) | (6) | (42) |
| D&A | 50 | 93 | 142 | 167 | 174 | 228 | 282 | 671 | 1,013 | 1,310 | 1,596 |
| **Less** | | | | | | | | | | | |
| Change in working capital | - | (137) | 202 | 132 | 42 | 323 | (170) | 8 | 145 | 172 | 150 |
| Capex | 444 | 488 | 456 | 404 | 828 | 1,309 | 4,851 | 4,796 | 4,692 | 4,957 | 5,128 |
| **Unlevered free cash flow** | (234) | (153) | (227) | 53 | (21) | (392) | (2,386) | (782) | 946 | 2,644 | 4,338 |
| **Terminal value** | | | | | | | | | | | |
| **Total UFCF** | (234) | (153) | (227) | 53 | (21) | (392) | (2,386) | (782) | 946 | 2,644 | 143,980 |
| **Discount period** | | | | | | | 1 | 2 | 3 | 4 | 5 |
| **Discount factor** | | | | | | | 0.9108 | 0.8296 | 0.7556 | 0.6882 | 0.6268 |
| **PV** | | | | | | | (2,173) | (649) | 715 | 1,820 | 90,253 |
| **NPV** | 89,966 | | | | | | | | | | |
| **Less: net debt (cash)** | 203 | | | | | | | | | | |
| **Equity value** | 89,763 | | | | | | | | | | |
| **Equity value per share (Rmb)** | **190.00** | | | | | | | | | | |
| | | | | | | | | | | | |
| **WACC** | 9.8% | | | | | | | | | | |
| **Terminal growth** | 6.5% | | | | | | | | | | |
| **Terminal FCFx** | 32 | | | | | | | | | | |
| **Terminal value (Rmb m)** | 139,643 | | | | | | | | | | |
| **Implied 2030 EV/EBITDA** | 13.0 | | | | | | | | | | |
| **Implied 2030 P/E** | 17.8 | | | | | | | | | | |
| **No. of shares O/S (m)** | 472 | | | | | | | | | | |

Source: Company data, Jefferies estimates

Table 27 - Delton Annual Profit & Loss

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 1,607 | 2,076 | 2,412 | 2,678 | 3,734 | 5,485 | 9,006 | 14,159 | 19,653 | 26,268 | 32,308 |
| COGS | (1,228) | (1,675) | (1,784) | (1,786) | (2,488) | (3,597) | (5,829) | (9,068) | (12,513) | (16,664) | (20,468) |
| **Gross profit** | 379 | 400 | 629 | 892 | 1,246 | 1,889 | 3,176 | 5,090 | 7,140 | 9,604 | 11,839 |
| Total opex | (186) | (239) | (273) | (322) | (442) | (645) | (888) | (1,283) | (1,721) | (2,259) | (2,727) |
| R&D expenses | (75) | (93) | (115) | (121) | (179) | (280) | (433) | (638) | (866) | (1,136) | (1,372) |
| G&A expenses | (64) | (86) | (89) | (96) | (132) | (212) | (293) | (404) | (541) | (710) | (857) |
| S&M expenses | (47) | (60) | (69) | (106) | (131) | (154) | (162) | (241) | (315) | (413) | (498) |
| **EBITDA** | 244 | 254 | 498 | 736 | 979 | 1,472 | 2,570 | 4,479 | 6,432 | 8,655 | 10,709 |
| D&A | 50 | 93 | 142 | 167 | 174 | 228 | 282 | 671 | 1,013 | 1,310 | 1,596 |
| **EBIT** | 194 | 161 | 356 | 570 | 805 | 1,243 | 2,289 | 3,808 | 5,419 | 7,345 | 9,113 |
| Other income (expense) | (20) | (65) | (45) | (73) | (42) | (107) | (5) | (6) | 10 | 7 | 48 |
| **Profit before tax** | 174 | 96 | 311 | 497 | 762 | 1,137 | 2,283 | 3,802 | 5,429 | 7,353 | 9,161 |
| Income taxes | (19) | 5 | (31) | (82) | (86) | (121) | (274) | (456) | (651) | (882) | (1,099) |
| Minority interest | - | - | - | - | - | - | - | - | - | - | - |
| **Net income (loss)** | 156 | 101 | 280 | 415 | 676 | 1,016 | 2,009 | 3,346 | 4,777 | 6,470 | 8,061 |
| EPS basic (Rmb) | 0.45 | 0.28 | 0.74 | 1.09 | 1.66 | 2.40 | 4.25 | 7.08 | 10.11 | 13.70 | 17.06 |
| EPS diluted (Rmb) | 0.45 | 0.28 | 0.74 | 1.09 | 1.65 | 2.39 | 4.25 | 7.08 | 10.11 | 13.70 | 17.06 |
| Wgt. avg. ordinary shares (basic) | 346 | 361 | 378 | 380 | 407 | 423 | 472 | 472 | 472 | 472 | 472 |
| Wgt. avg. ordinary shares (diluted) | 346 | 361 | 378 | 380 | 410 | 425 | 472 | 472 | 472 | 472 | 472 |
| DPS (Rmb) | 0.01 | 0.01 | 0.03 | 0.04 | 0.29 | 0.52 | 0.93 | 1.54 | 2.20 | 2.98 | 3.71 |
| Payout ratio | 3% | 4% | 4% | 3% | 18% | 22% | 22% | 22% | 22% | 22% | 22% |

Source: Company data, Jefferies estimates

Table 28 - Delton Quarterly Profit & Loss

| (Rmb m) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 784 | 921 | 975 | 1,054 | 1,117 | 1,308 | 1,410 | 1,650 | 1,801 | 2,071 | 2,341 | 2,792 |
| COGS | (514) | (606) | (668) | (700) | (724) | (818) | (957) | (1,098) | (1,169) | (1,283) | (1,529) | (1,848) |
| **Gross profit** | 270 | 315 | 307 | 354 | 393 | 490 | 454 | 552 | 633 | 788 | 812 | 943 |
| Total opex | (89) | (101) | (109) | (143) | (140) | (151) | (167) | (187) | (184) | (202) | (235) | (267) |
| R&D expenses | (32) | (48) | (50) | (49) | (53) | (64) | (77) | (86) | (80) | (95) | (121) | (137) |
| G&A expenses | (30) | (18) | (25) | (60) | (51) | (49) | (51) | (60) | (64) | (68) | (74) | (88) |
| S&M expenses | (27) | (34) | (34) | (35) | (36) | (38) | (39) | (41) | (40) | (39) | (41) | (42) |
| **EBITDA** | 225 | 259 | 241 | 254 | 310 | 378 | 352 | 431 | 519 | 657 | 647 | 747 |
| D&A | 44 | 45 | 43 | 43 | 57 | 39 | 66 | 66 | 70 | 70 | 70 | 70 |
| **EBIT** | 182 | 214 | 198 | 211 | 253 | 339 | 287 | 365 | 449 | 586 | 577 | 677 |
| Other gains or losses | (1) | (22) | (15) | (4) | 24 | (52) | (27) | (51) | (1) | (1) | (1) | (1) |
| **Profit before tax** | 180 | 193 | 183 | 206 | 277 | 286 | 260 | 313 | 447 | 585 | 575 | 676 |
| Income taxes | (35) | (19) | (10) | (23) | (37) | (35) | (28) | (21) | (54) | (70) | (69) | (81) |
| Minority interest | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net income (loss)** | 145 | 174 | 173 | 184 | 240 | 251 | 232 | 292 | 394 | 515 | 506 | 594 |
| EPS basic (Rmb) | 0.34 | 0.41 | 0.41 | 0.43 | 0.57 | 0.59 | 0.55 | 0.69 | 0.88 | 1.09 | 1.07 | 1.26 |
| EPS diluted (Rmb) | 0.34 | 0.41 | 0.41 | 0.43 | 0.57 | 0.59 | 0.55 | 0.69 | 0.88 | 1.09 | 1.07 | 1.26 |
| Wgt. avg. ordinary shares (basic) | 422 | 422 | 422 | 424 | 425 | 425 | 425 | 425 | 449 | 472 | 472 | 472 |
| Wgt. avg. ordinary shares (diluted) | 422 | 422 | 422 | 424 | 425 | 425 | 425 | 425 | 449 | 472 | 472 | 472 |

Source: Company data, Jefferies estimates

Table 29 - Delton Balance Sheet

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalent | 192 | 178 | 281 | 431 | 721 | 520 | 492 | 977 | 893 | 2,136 | 4,762 |
| Receivables | 470 | 783 | 716 | 899 | 1,305 | 2,056 | 3,128 | 4,724 | 6,557 | 8,764 | 10,780 |
| Inventories | 191 | 446 | 356 | 397 | 459 | 764 | 1,079 | 1,679 | 2,317 | 3,085 | 3,790 |
| Other current assets | 35 | 46 | 44 | 75 | 364 | 354 | 354 | 354 | 354 | 354 | 354 |
| Total current assets | 887 | 1,454 | 1,397 | 1,803 | 2,849 | 3,694 | 5,054 | 7,734 | 10,121 | 14,339 | 19,686 |
| | | | | | | | | | | | |
| Property, plant and equipment | 605 | 1,374 | 1,574 | 1,534 | 1,782 | 3,032 | 7,379 | 11,305 | 14,808 | 18,283 | 21,649 |
| Construction in process | 232 | 73 | 77 | 255 | 740 | 255 | 255 | 255 | 255 | 255 | 255 |
| Intangible assets | 89 | 133 | 134 | 157 | 163 | 205 | 427 | 626 | 802 | 974 | 1,140 |
| Other assets | 82 | 47 | 62 | 64 | 152 | 357 | 357 | 357 | 357 | 357 | 357 |
| Total non-current assets | 1,008 | 1,628 | 1,848 | 2,010 | 2,837 | 3,848 | 8,418 | 12,543 | 16,221 | 19,869 | 23,401 |
| **Total assets** | **1,895** | **3,081** | **3,245** | **3,812** | **5,686** | **7,542** | **13,472** | **20,277** | **26,342** | **34,209** | **43,086** |
| | | | | | | | | | | | |
| Accounts payable | 783 | 1,489 | 1,129 | 1,222 | 1,647 | 2,380 | 3,937 | 6,125 | 8,451 | 11,255 | 13,825 |
| Borrowings & bonds | 46 | 130 | 132 | 79 | 100 | 268 | 268 | 268 | 268 | 268 | 268 |
| Other current liabilities | 80 | 217 | 239 | 255 | 436 | 365 | 365 | 365 | 365 | 365 | 365 |
| Total current liabilities | 909 | 1,835 | 1,500 | 1,555 | 2,183 | 3,013 | 4,570 | 6,758 | 9,084 | 11,888 | 14,458 |
| | | | | | | | | | | | |
| Long-term liabilities | 13 | - | 102 | 222 | 192 | 318 | 318 | 318 | 318 | 318 | 318 |
| Other liabilities | 174 | 124 | 233 | 205 | 237 | 233 | 233 | 233 | 233 | 233 | 233 |
| Total non-current liabilities | 187 | 124 | 336 | 427 | 429 | 551 | 551 | 551 | 551 | 551 | 551 |
| **Total liabilities** | **1,096** | **1,959** | **1,836** | **1,982** | **2,612** | **3,564** | **5,121** | **7,309** | **9,635** | **12,439** | **15,009** |
| | | | | | | | | | | | |
| Common stock | 790 | 1,012 | 1,019 | 1,026 | 1,695 | 1,793 | 4,593 | 6,593 | 6,593 | 6,593 | 6,593 |
| Retained earnings | 4 | 91 | 341 | 711 | 1,211 | 1,974 | 3,546 | 6,164 | 9,903 | 14,965 | 21,273 |
| Minority interest | - | - | - | - | - | - | - | - | - | - | - |
| Other equity | 5 | 20 | 48 | 93 | 168 | 211 | 211 | 211 | 211 | 211 | 211 |
| **Total equity** | **799** | **1,122** | **1,409** | **1,830** | **3,074** | **3,978** | **8,350** | **12,968** | **16,707** | **21,770** | **28,078** |
| **Total liabilities and equity** | **1,895** | **3,081** | **3,245** | **3,812** | **5,686** | **7,542** | **13,472** | **20,277** | **26,342** | **34,209** | **43,086** |

Source: Company data, Jefferies

Table 30 - Delton Cash Flow Statement

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net profit (loss) | 156 | 101 | 280 | 415 | 676 | 1,016 | 2,009 | 3,346 | 4,777 | 6,470 | 8,061 |
| Minority Interest add back | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & amortization | 50 | 93 | 142 | 167 | 174 | 228 | 282 | 671 | 1,013 | 1,310 | 1,596 |
| (Increase) decrease in working capital and others | - | 137 | (202) | (132) | (42) | (323) | 170 | (8) | (145) | (172) | (150) |
| Others | 128 | (111) | 211 | 79 | (12) | 111 | - | - | - | - | - |
| **Net cash from operating activities** | **334** | **219** | **431** | **528** | **796** | **1,032** | **2,461** | **4,008** | **5,646** | **7,608** | **9,508** |
| | | | | | | | | | | | |
| Capex | (444) | (488) | (456) | (404) | (828) | (1,309) | (4,851) | (4,796) | (4,692) | (4,957) | (5,128) |
| Other investment | 13 | 9 | 1 | (21) | (296) | 98 | - | - | - | - | - |
| **Net cash used in investing activities** | **(432)** | **(480)** | **(456)** | **(425)** | **(1,124)** | **(1,212)** | **(4,851)** | **(4,796)** | **(4,692)** | **(4,957)** | **(5,128)** |
| | | | | | | | | | | | |
| Issuance of debt/borrowing | 127 | 53 | 152 | 74 | 55 | 171 | - | - | - | - | - |
| Issuance of equity | 31 | 215 | - | - | 733 | 11 | 2,800 | 2,000 | - | - | - |
| Dividends and interests | (5) | (4) | (12) | (14) | (120) | (221) | (437) | (728) | (1,039) | (1,407) | (1,753) |
| Change in minority interest | - | - | - | - | - | - | - | - | - | - | - |
| Others | (32) | (19) | (33) | (16) | (59) | (30) | - | - | - | - | - |
| **Net cash from financing activities** | **121** | **244** | **106** | **43** | **609** | **(69)** | **2,363** | **1,272** | **(1,039)** | **(1,407)** | **(1,753)** |
| | | | | | | | | | | | |
| Effects of exchange rate changes | (8) | (6) | 12 | 3 | 4 | 25 | - | - | - | - | - |
| | | | | | | | | | | | |
| Net (decrease) increase in cash and cash equivalent | 15 | (23) | 93 | 149 | 286 | (225) | (28) | 485 | (85) | 1,243 | 2,627 |
| Cash and cash equivalent, beginning of period | 114 | 129 | 107 | 200 | 349 | 635 | 410 | 383 | 868 | 783 | 2,026 |
| **Cash and cash equivalent, end of period** | **129** | **107** | **200** | **349** | **635** | **410** | **383** | **868** | **783** | **2,026** | **4,653** |
| Restricted cash | 62 | 71 | 81 | 82 | 86 | 109 | 109 | 109 | 109 | 109 | 109 |
| **Cash and cash equ., end of period (incl. restricted cash)** | **192** | **178** | **281** | **431** | **721** | **520** | **492** | **977** | **893** | **2,136** | **4,762** |

Source: Company data, Jefferies

### Table 31 - Delton Peer Comparison Table - Valuation

| Country | Company | Ticker | Ccy | PT | % Upside | Current Price | S/O (m) | Mkt Cap (US$m) | EV (US$m) | 30-Day Avg Vol (m) | Price Change (%) 3-Mon | Price Change (%) 6-Mon | Price Change (%) 12-Mon | P/E 2025 | P/E 2026 | P/E 2027 | P/B 2025 | P/B 2026 | P/B 2027 | P/S 2025 | P/S 2026 | P/S 2027 | EV/EBITDA 2025 | EV/EBITDA 2026 | EV/EBITDA 2027 | EV/Sales 2025 | EV/Sales 2026 | EV/Sales 2027 | ROE (%) 2025 | ROE (%) 2026 | ROE (%) 2027 | FCF (US$m) 2025 | FCF (US$m) 2026 | FCF (US$m) 2027 | FCF Cagr 2025-2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| China | Delton-A | 001389-CN | RMB | 190.00 | 27% | 149.22 | 472 | 9,801 | 8,664 | 10.6 | 75% | 115% | 224% | 62.2 | 35.1 | 21.1 | 8.4 | 5.2 | 3.5 | 12.9 | 7.8 | 5.0 | 40.2 | 23.0 | 13.2 | 10.8 | 6.6 | 4.2 | 29% | 33% | 31% | (41) | (350) | (115) | 68% |
| China | Delton-H | 1989-HK | HKD | 200.00 | 26% | 158.30 | 472 | 9,552 | 8,664 | 5.0 | #N/A | #N/A | #N/A | 57.5 | 32.4 | 19.5 | 7.7 | 4.8 | 3.2 | 11.9 | 7.2 | 4.6 | 40.2 | 23.0 | 13.2 | 10.8 | 6.6 | 4.2 | 29% | 33% | 31% | (41) | (350) | (115) | 68% |
| China | WUS | 002463-CN | RMB | 130.00 | 33% | 97.66 | 1,924 | 27,529 | 27,724 | 84.0 | 27% | 52% | 270% | 49.1 | 30.6 | 19.8 | 6.6 | 4.1 | 3.3 | 9.9 | 6.9 | 4.6 | 37.0 | 24.7 | 15.9 | 10.0 | 6.9 | 4.6 | 28% | 27% | 29% | 99 | (451) | (335) | NA |
| China | Avary | 002938-CN | RMB | 65.00 | 5% | 62.12 | 2,318 | 21,093 | 20,034 | 31.5 | 12% | 33% | 124% | 38.6 | 29.3 | 20.9 | 3.0 | 2.8 | 2.6 | 3.7 | 3.2 | 2.5 | 18.7 | 15.4 | 11.7 | 3.5 | 3.1 | 2.4 | 11% | 14% | 18% | 97 | 268 | 522 | 132% |
| China | DSBJ | 002384-CN | RMB | NC | NA | 162.10 | 1,826 | 43,492 | 44,753 | 79.3 | 102% | 172% | 603% | 182.3 | 41.9 | 21.9 | 14.3 | 10.7 | 7.5 | 7.1 | 4.5 | 3.2 | 60.7 | 26.2 | 14.2 | 4.0 | 4.7 | 3.3 | 8% | 29% | 40% | #N/A | #N/A | #N/A | NA |
| China | Victory Giant | 300476-CN | RMB | NC | NA | 326.42 | 870 | 41,616 | 42,156 | 35.3 | 16% | 26% | 344% | 63.1 | 30.7 | 17.7 | 17.8 | 12.4 | 8.5 | 14.6 | 8.4 | 4.9 | 45.8 | 23.6 | 13.8 | 13.1 | 8.5 | 4.9 | 36% | 48% | 57% | (458) | (595) | 240 | NA |
| China | Shennan | 002916-CN | RMB | NC | NA | 283.06 | 667 | 28,244 | 28,258 | 11.2 | 22% | 44% | 249% | 57.6 | 40.3 | 31.5 | 10.3 | 8.5 | 6.8 | 8.2 | 6.4 | 5.2 | 39.5 | 27.6 | 21.3 | 6.7 | 6.4 | 5.2 | 20% | 24% | 26% | 379 | 507 | 871 | 52% |
| China | SYE | 688183-CN | RMB | NC | NA | 110.38 | 832 | 13,450 | 14,177 | 19.6 | 13% | 61% | 366% | 53.3 | 37.9 | 29.7 | 15.7 | 11.3 | 8.2 | 9.6 | 6.9 | 5.4 | 46.4 | 33.4 | 26.3 | 8.8 | 7.3 | 5.7 | 28% | 29% | 27% | 35 | 379 | 265 | 177% |
| China | Kinwong | 603228-CN | RMB | NC | NA | 66.20 | 976 | 9,550 | 9,583 | 23.7 | -8% | 22% | 143% | 47.6 | 30.2 | 22.6 | 4.9 | 4.4 | 3.9 | 4.4 | 3.6 | 3.0 | 23.6 | 16.0 | 12.4 | 4.9 | 3.6 | 3.0 | 11% | 16% | 19% | #N/A | #N/A | #N/A | NA |
| China | Fastprint | 002436-CN | RMB | NC | NA | 26.15 | 1,687 | 6,511 | 7,178 | 80.8 | 12% | 34% | 139% | 325.2 | 58.2 | 46.3 | 8.2 | 7.2 | 6.5 | 5.9 | 3.9 | 3.1 | 79.3 | 33.2 | 25.8 | 5.4 | 4.3 | 3.4 | 3% | 13% | 15% | #N/A | #N/A | #N/A | NA |
| China | Kingboard | 1888-HK | RMB | NC | NA | 28.26 | 3,135 | 11,316 | 11,531 | 34.5 | 110% | 129% | 275% | 35.4 | 20.3 | 16.1 | 5.4 | 4.8 | 4.1 | 4.3 | 3.2 | 2.7 | 23.1 | 13.5 | 10.6 | 2.1 | 3.2 | 2.7 | 16% | 25% | 28% | 320 | 373 | 816 | 60% |
| Global | Unimicron | 3037-TW | TWD | NC | NA | 643.00 | 1,529 | 32,084 | 31,702 | 19.9 | 135% | 304% | 665% | 147.8 | 53.9 | 28.2 | 9.9 | 8.7 | 7.2 | 7.7 | 6.0 | 4.7 | 38.9 | 23.0 | 15.3 | 2.7 | 5.9 | 4.7 | 7% | 17% | 27% | (203) | 19 | 836 | NA |
| Global | GCE | 2368-TW | TWD | NC | NA | 1,175.00 | 500 | 18,998 | 18,898 | 8.7 | 74% | 191% | 540% | 61.8 | 33.1 | 23.4 | 18.2 | 13.2 | 9.4 | 10.0 | 6.4 | 4.7 | 39.1 | 20.3 | 13.9 | 5.8 | 6.4 | 4.7 | 36% | 44% | 47% | (81) | (26) | 306 | NA |
| Global | NYPCB | 8046-TW | TWD | NC | NA | 724.00 | 646 | 14,816 | 14,579 | 22.4 | 150% | 158% | 715% | 257.9 | 68.9 | 35.5 | 10.1 | 9.3 | 7.9 | 11.6 | 8.3 | 6.2 | 52.7 | 29.4 | 18.6 | 3.7 | 8.2 | 6.1 | 4% | 14% | 28% | 61 | 295 | 490 | 183% |
| Global | Compeq | 2313-TW | TWD | NC | NA | 261.50 | 1,192 | 9,870 | 9,704 | 96.0 | 84% | 204% | 392% | 48.1 | 34.1 | 23.3 | 6.6 | 5.8 | 5.0 | 4.1 | 3.5 | 2.8 | 21.7 | 17.2 | 12.6 | 1.4 | 3.4 | 2.7 | 14% | 18% | 23% | 149 | (102) | 128 | -7% |
| Global | ZDT | 4958-TW | TWD | NC | NA | 282.00 | 1,070 | 9,561 | 10,627 | 33.5 | 62% | 91% | 207% | 42.1 | 23.9 | 16.0 | 2.3 | 2.0 | 1.9 | 1.7 | 1.4 | 1.2 | 10.9 | 8.4 | 6.6 | 1.0 | 1.6 | 1.3 | 5% | 9% | 12% | (174) | (565) | (352) | 42% |
| Global | Tripod | 3044-TW | TWD | NC | NA | 411.50 | 526 | 6,850 | 6,193 | 4.0 | 30% | 30% | 139% | 20.9 | 15.9 | 12.2 | 3.9 | 3.5 | 2.9 | 2.9 | 2.5 | 2.2 | 11.2 | 9.0 | 7.5 | 2.0 | 2.3 | 1.9 | 19% | 23% | 25% | 229 | 298 | 404 | 33% |
| Global | Kinsus | 3189-TW | TWD | NC | NA | 391.50 | 472 | 6,533 | 6,210 | 22.1 | 110% | 168% | 477% | 111.7 | 44.7 | 28.2 | 5.3 | 4.9 | 4.3 | 5.2 | 4.1 | 3.2 | 23.3 | 15.5 | 11.6 | 2.1 | 3.9 | 3.1 | 5% | 11% | 18% | 55 | 64 | 210 | 96% |
| Global | Flexium | 6269-TW | TWD | NC | NA | 64.70 | 319 | 664 | 538 | 3.0 | 10% | 4% | 30% | (9.8) | (55.5) | (25.2) | 1.0 | 0.9 | 1.1 | 0.9 | 0.8 | 0.8 | (26.9) | 19.6 | 12.1 | 0.7 | 0.6 | 0.7 | -10% | -2% | -4% | (105) | (40) | 37 | NA |
| Global | TTM | TTMI-US | USD | NC | NA | 126.24 | 103 | 13,109 | 13,841 | 1.8 | 25% | 121% | 577% | 51.3 | 39.3 | 28.5 | 7.6 | 6.6 | 5.5 | 4.5 | 3.9 | 3.3 | 30.5 | 25.1 | 19.5 | 2.7 | 4.1 | 3.5 | 16% | 18% | 21% | 47 | 81 | 205 | 108% |
| Global | AT&S | ATS-AT | EUR | NC | NA | 84.70 | 39 | 3,888 | 5,879 | 0.2 | 131% | 200% | 570% | #N/A | 34.3 | 22.1 | 3.4 | 3.1 | 2.8 | 1.8 | 1.4 | 1.2 | 11.6 | 7.5 | 6.2 | 2.1 | 2.2 | 1.9 | -5% | 10% | 13% | 206 | 136 | 190 | -4% |
| Global | ISU | 007660-KR | KRW | NC | NA | 120,300 | 73 | 5,957 | 5,650 | 1.0 | 0% | 42% | 266% | 50.9 | 30.7 | 21.0 | 11.7 | 9.4 | 6.8 | 8.1 | 5.7 | 4.3 | 36.5 | 21.9 | 15.8 | 7.6 | 5.4 | 4.1 | 30% | 32% | 34% | 28 | 67 | 135 | 118% |
| Global | Ibiden | 4062-JP | JPY | NC | NA | 9,235 | 279 | 16,481 | 16,139 | 5.6 | 18% | 84% | 409% | 58.3 | 42.8 | 31.1 | 4.6 | 4.2 | 3.7 | 6.2 | 5.2 | 4.4 | 19.9 | 14.9 | 11.3 | 4.8 | 5.1 | 4.3 | 8% | 10% | 13% | 285 | 186 | 9 | -83% |
| Global | NOK | 7240-JP | JPY | NC | NA | 2,872 | 163 | 2,927 | 2,857 | 0.3 | -6% | 11% | 53% | 11.6 | 13.4 | 12.0 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 5.4 | 5.2 | 4.9 | 0.6 | 0.6 | 0.6 | 7% | 6% | 6% | 268 | 216 | 223 | -9% |

Source: Company data, FactSet, Jefferies estimates

### Table 32 - Delton Peer Comparison Table - Operation

| Country | Company | Ticker | Rev (US$m) 2025 | Rev (US$m) 2026 | Rev (US$m) 2027 | Rev Cagr 2025-2027 | Gross Profit (US$m) 2025 | Gross Profit (US$m) 2026 | Gross Profit (US$m) 2027 | Gross Margin (%) 2025 | Gross Margin (%) 2026 | Gross Margin (%) 2027 | EBITDA (US$m) 2025 | EBITDA (US$m) 2026 | EBITDA (US$m) 2027 | EBITDA Cagr 2025-2027 | EBITDA Margin 2025 | EBITDA Margin 2026 | EBITDA Margin 2027 | EPS (US$) 2025 | EPS (US$) 2026 | EPS (US$) 2027 | EPS Cagr 2025-2027 | Capex (US$m) 2025 | Capex (US$m) 2026 | Capex (US$m) 2027 | Capex/Rev 2025 | Capex/Rev 2026 | Capex/Rev 2027 | # of Emp | Rev/Emp (US$m) 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| China | Delton-A | 001389-CN | 804 | 1,319 | 2,074 | 61% | 277 | 465 | 746 | 34% | 35% | 36% | 216 | 377 | 656 | 74% | 27% | 29% | 32% | 0.35 | 0.62 | 1.04 | 72% | 192 | 711 | 703 | 24% | 54% | 34% | 4,998 | 0.2 |
| China | Delton-H | 1989-HK | 804 | 1,319 | 2,074 | 61% | 277 | 465 | 746 | 34% | 35% | 36% | 216 | 377 | 656 | 74% | 27% | 29% | 32% | 0.35 | 0.62 | 1.04 | 72% | 192 | 711 | 703 | 24% | 54% | 34% | 4,998 | 0.2 |
| China | WUS | 002463-CN | 2,775 | 3,997 | 6,008 | 47% | 985 | 1,485 | 2,178 | 35% | 37% | 36% | 750 | 1,122 | 1,743 | 52% | 27% | 28% | 29% | 0.29 | 0.47 | 0.72 | 57% | 469 | 1,274 | 1,615 | 17% | 32% | 27% | 15,243 | 0.2 |
| China | Avary | 002938-CN | 5,734 | 6,515 | 8,274 | 20% | 1,233 | 1,481 | 2,033 | 21% | 23% | 25% | 1,069 | 1,299 | 1,709 | 26% | 19% | 20% | 21% | 0.24 | 0.31 | 0.44 | 36% | 971 | 875 | 863 | 17% | 13% | 10% | 47,573 | 0.1 |
| China | DSBJ | 002384-CN | 6,109 | 9,630 | 13,497 | 49% | 953 | 2,287 | 4,256 | 16% | 24% | 32% | 737 | 1,710 | 3,143 | 106% | 12% | 18% | 23% | 0.13 | 0.57 | 1.09 | 189% | 436 | 849 | 1,066 | 7% | 9% | 8% | #N/A | NA |
| China | Victory Giant | 300476-CN | 2,843 | 4,933 | 8,537 | 73% | 1,020 | 1,741 | 2,660 | 36% | 35% | 31% | 920 | 1,787 | 3,054 | 82% | 32% | 36% | 36% | 0.76 | 1.56 | 2.70 | 89% | 924 | 1,239 | 732 | 32% | 25% | 9% | 17,989 | 0.2 |
| China | Shennan | 002916-CN | 3,426 | 4,388 | 5,423 | 26% | 970 | 1,281 | 1,679 | 28% | 29% | 31% | 716 | 1,023 | 1,327 | 36% | 21% | 23% | 24% | 0.71 | 1.06 | 1.45 | 43% | 541 | 537 | 571 | 16% | 12% | 11% | 21,211 | 0.2 |
| China | SYE | 688183-CN | 1,400 | 1,941 | 2,497 | 34% | 479 | 670 | 848 | 34% | 35% | 34% | 305 | 425 | 540 | 33% | 22% | 22% | 22% | 0.25 | 0.36 | 0.46 | 37% | 58 | 51 | 48 | 4% | 3% | 2% | #N/A | NA |
| China | Kinwong | 603228-CN | 2,149 | 2,656 | 3,155 | 21% | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | 406 | 600 | 771 | 38% | 19% | 23% | 24% | 0.21 | 0.32 | 0.43 | 45% | 347 | 366 | 322 | 16% | 14% | 10% | 20,680 | 0.1 |
| China | Fastprint | 002436-CN | 1,103 | 1,689 | 2,109 | 38% | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | 90 | 216 | 278 | 75% | 8% | 13% | 13% | 0.01 | 0.07 | 0.08 | 165% | 128 | 101 | 84 | 12% | 6% | 4% | 7,920 | 0.1 |
| China | Kingboard | 1888-HK | 2,605 | 3,574 | 4,212 | 27% | 510 | 1,054 | 1,263 | 20% | 29% | 30% | 500 | 853 | 1,087 | 47% | 19% | 24% | 26% | 0.10 | 0.18 | 0.22 | 48% | 89 | 102 | 94 | 3% | 3% | 2% | 10,800 | 0.2 |
| Global | Unimicron | 3037-TW | 4,175 | 5,354 | 6,811 | 28% | 582 | 1,162 | 1,888 | 14% | 22% | 28% | 815 | 1,381 | 2,075 | 60% | 20% | 26% | 30% | 0.14 | 0.38 | 0.71 | 125% | 741 | 993 | 844 | 18% | 19% | 12% | 31,448 | 0.1 |
| Global | GCE | 2368-TW | 1,884 | 2,957 | 4,044 | 47% | 618 | 1,045 | 1,454 | 33% | 35% | 36% | 483 | 930 | 1,355 | 67% | 26% | 31% | 33% | 0.60 | 1.08 | 1.59 | 63% | 212 | 462 | 259 | 11% | 16% | 6% | #N/A | NA |
| Global | NYPCB | 8046-TW | 1,278 | 1,781 | 2,379 | 36% | 116 | 326 | 629 | 9% | 18% | 26% | 277 | 497 | 784 | 68% | 22% | 28% | 33% | 0.09 | 0.34 | 0.74 | 181% | 76 | 93 | 99 | 6% | 5% | 4% | #N/A | NA |
| Global | Compeq | 2313-TW | 2,396 | 2,855 | 3,554 | 22% | 445 | 568 | 774 | 19% | 20% | 22% | 446 | 565 | 769 | 31% | 19% | 20% | 22% | 0.17 | 0.24 | 0.36 | 44% | 211 | 539 | 426 | 9% | 19% | 12% | #N/A | NA |
| Global | ZDT | 4958-TW | 5,712 | 6,681 | 7,884 | 17% | 1,130 | 1,373 | 1,729 | 20% | 21% | 22% | 973 | 1,265 | 1,612 | 29% | 17% | 19% | 20% | 0.21 | 0.37 | 0.56 | 62% | 1,007 | 1,516 | 1,584 | 18% | 23% | 20% | #N/A | NA |
| Global | Tripod | 3044-TW | 2,305 | 2,731 | 3,182 | 17% | 596 | 749 | 929 | 26% | 27% | 29% | 554 | 684 | 830 | 22% | 24% | 25% | 26% | 0.61 | 0.82 | 1.03 | 30% | 152 | 150 | 137 | 7% | 5% | 4% | #N/A | NA |
| Global | Kinsus | 3189-TW | 1,251 | 1,595 | 2,024 | 27% | 264 | 398 | 563 | 21% | 25% | 28% | 266 | 402 | 537 | 42% | 21% | 25% | 27% | 0.11 | 0.27 | 0.49 | 111% | 177 | 251 | 291 | 14% | 16% | 14% | #N/A | NA |
| Global | Flexium | 6269-TW | 702 | 852 | 826 | 9% | 9 | 97 | 87 | 1% | 11% | 11% | (20) | 27 | 45 | NA | -3% | 3% | 5% | (0.21) | (0.04) | (0.08) | -37% | 19 | 17 | 16 | 3% | 2% | 2% | #N/A | NA |
| Global | TTM | TTMI-US | 2,906 | 3,404 | 3,984 | 17% | 615 | 748 | 932 | 21% | 22% | 23% | 454 | 551 | 708 | 25% | 16% | 16% | 18% | 2.46 | 3.21 | 4.42 | 34% | 280 | 286 | 316 | 10% | 8% | 8% | 18,200 | 0.2 |
| Global | AT&S | ATS-AT | 2,109 | 2,738 | 3,165 | 23% | 253 | 561 | 704 | 12% | 20% | 22% | 506 | 782 | 943 | 36% | 24% | 29% | 30% | (1.59) | 2.92 | 4.54 | NA | 226 | 293 | 389 | 11% | 11% | 12% | #N/A | NA |
| Global | ISU | 007660-KR | 718 | 1,052 | 1,395 | 39% | 186 | 273 | 372 | 26% | 26% | 27% | 155 | 258 | 357 | 52% | 22% | 25% | 26% | 1.52 | 2.51 | 3.50 | 52% | 84 | 95 | 97 | 12% | 9% | 7% | 1,368 | 0.5 |
| Global | Ibiden | 4062-JP | 2,655 | 3,160 | 3,730 | 19% | 938 | 1,220 | 1,515 | 35% | 39% | 41% | 812 | 1,087 | 1,426 | 32% | 31% | 34% | 38% | 0.95 | 1.38 | 1.88 | 41% | 495 | 905 | 1,110 | 19% | 29% | 30% | 11,168 | 0.2 |
| Global | NOK | 7240-JP | 4,624 | 4,662 | 4,796 | 2% | 837 | 868 | 917 | 18% | 19% | 19% | 524 | 551 | 580 | 5% | 11% | 12% | 12% | 1.54 | 1.34 | 1.50 | -1% | 352 | 317 | 298 | 8% | 7% | 6% | 37,958 | 0.1 |

Source: Company data, FactSet, Jefferies estimate

# Shengyi Technology (600183 CH) – Initiate with BUY

China (PRC) | Electronic Components

## Shengyi Technology

Equity Research
April 20, 2026

## A Globally-Competitive Chinese CCL Player; Initiate at BUY

As a global top 2 CCL maker, Sytech is now transforming into an AI CCL player, with continued breakthroughs in high-end products. AI CCL TAM could grow faster than PCB, and Sytech is making positive progress with multiple AI customers. Recent CCL price hikes could also drive up ASP. We forecast net profit contribution from AI PCB/CCL to rise from <20% in 2025 to >50% in 2027E. Initiate at BUY with Rmb95.00 PT, implying 44x/28x 2026E/27E P/E and 37% upside.

**Rare China Mainland player that leads in both high-end CCL/PCB manufacturing.** Founded in Dongguan in 1985, Sytech mainly produces CCL, PP and PCB and has long been a top 2 CCL vendor in both global/China markets. High-end/high-frequency CCL have been dominated by overseas manufacturers for a long time due to high technical barriers, but Sytech has gradually made breakthroughs in high-end products through both organic development and external acquisitions. Sytech is No.1 China Mainland vendor for halogen-free high speed CCL with 6% market share in 2024;. We estimate it had ~5% global overall high speed CCL market share in 2025. In addition to CCL, its acquisition of SYE in 2013 has armed Sytech with high-end PCB production capabilities. Currently, SYE is a major PCB supplier for Amazon's AI server, which contributed significant revenue/net profit growth in 2025 thanks to the volume ramp of Trainium as Amazon's AI ASIC.

**Poised to benefit from faster AI CCL TAM growth than PCB; AI PCB/CCL to contribute ~50% of net profit in 2 years.** We forecast AI CCL TAM to expand faster than PCB due to: 1) larger value mix of CCL in BOM with material upgrade, and 2) more CCL needed for the same PCB output driven by lower yield at PCB makers because of more complex processing from material/technique upgrade. We see positive progress in Sytech's deepening engagement with multiple AI customers, and recent CCL price hikes could drive up ASP going forward. We forecast net profit contribution of Sytech's AI PCB/CCL to rise from <20% in 2025 to >50% in 2027E, driven by continued market share gain from overseas peers and ongoing spec upgrade for AI server PCB/CCL.

**Initiate at BUY; PT suggests 37% upside.** We forecast Sytech revenue/NP CAGRs of 32%/48% in 2026E-2028E and 28%/34% in 2027E-2029E. Sytech currently trades at 32x/20x 2026E/27E P/E, vs our 2026E-28E/2027E-29E net profit CAGR forecasts of 48%/34%. Our valuation of Sytech is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 7.0% (2030E). Our PT of Rmb95.00 implies 44x/28x 2026E/27E P/E or 0.9x/0.8x 2026E PEG, suggesting 37% potential upside. Key positive catalysts for Sytech are: 1) better-than-expected AI server/switch demand; 2) further AI server market share gain; 3) ongoing spec upgrade of PCB/CCL driving higher dollar content; 4) accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities; and 5) smooth transfer of upstream materials' price hikes to downstream customers.

| FY (Dec) | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| **Rev. (MM)** | 20,388.0 | 28,431.0 | 38,854.0 | 52,497.0 |
| **EBIT (MM)** | 1,998.0 | 4,405.0 | 6,987.0 | 10,925.0 |
| **Net Profit** | 1,739.0 | 3,334.0 | 5,209.0 | 8,307.0 |
| **EPS** | 0.73 | 1.37 | 2.14 | 3.42 |

**INITIATING COVERAGE**

| RATING | BUY |
|---|---|
| PRICE | Rmb69.25^ |
| PRICE TARGET \| % TO PT | Rmb95.00 \| +37% |
| 52W HIGH-LOW | Rmb75.80 - Rmb22.49 |
| FLOAT (%) \| ADV MM (USD) | 46.1% \| 3,495.61 |
| MARKET CAP | RMB168.2B \| CNY168.2B |
| TICKER | 600183 CH |

^Prior trading day's closing price unless otherwise noted.

| FY (Dec) | CHANGE TO JEFe | | JEF vs CONS | |
|---|---|---|---|---|
| | 2025 | 2026 | 2025 | 2026 |
| REV | NA | NA | NA | NA |
| EPS | NA | NA | NA | NA |

| 2025 (RMB) | Q1 | Q2 | Q3 | Q4 | FY |
|---|---|---|---|---|---|
| EPS | – | – | – | – | 1.37 |
| PREV | | | | | |

Chart 1 - Sytech LT 1-yr Fwd PE


Source: FactSet, Jefferies

Chart 2 - Sytech LT Share Price Trend


Source: Company data, Jefferies

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## Company Overview

Shengyi Technology (Sytech) was founded in 1985 in Dongguan, China by Mr. Hsiang-Chien Tang and other investor groups, and mainly produces CCL, prepreg (PP) and PCB with a wide range of downstream applications. It was listed on the Shanghai Stock Exchange in 1998. In 2013, Sytech fully acquired Shengyi Electronics (SYE, which was a joint stock company) as a subsidiary focusing on manufacturing high-end PCB. SYE (688183 CH, NC) was listed on the Shanghai Stock Exchange in 2021. Currently, Sytech operates multiple factories around the world, including in Dongguan, Suzhou, Xianyang, Jiujiang, and Thailand.

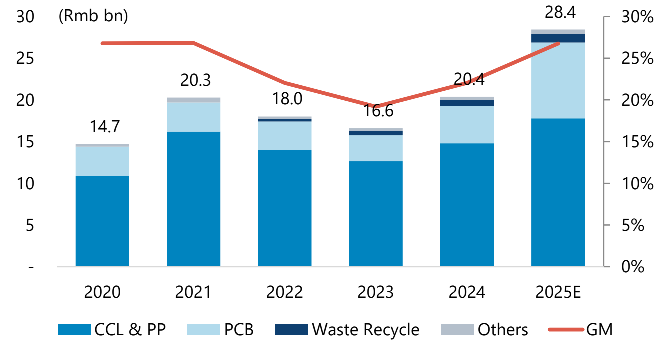
**Table 33 - Sytech Historical Milestones**

| Date | Milestone |
|---|---|
| 1985 | Founded in Dongguan, Guangdong, focus on CCL and PCB |
| 1996 | Successfully developed fiberglass cloth-based CCL |
| 1998 | List on SSE, becoming the first listed company in its industry in China |
| 2004 | Built China's first RCC precision coating production line |
| 2006 | Mass production of FCCL flexible copper clad laminates |
| 2015 | Acquired Dongguan Shengyi Electronics Co., Ltd. remaining stocks (was a JV) |
| 2021 | Shengyi Electronics listed on the SSE's Science and Technology Innovation Board |
| 2022 | Songshan Lake Plant 5 (Packaging Substrate Project) commenced production |
| 2023 | Started investing in and building a production base in Thailand |

Source: Company data, Jefferies

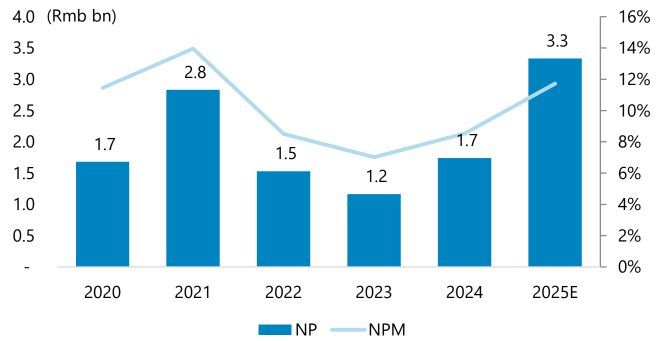
In 2025, Sytech's revenue breakdown is as follows: CCL & PP (63%), PCB (32%), and waste recycle & others (5%). Gross profit breakdown is as follows: CCL & PP (57%), PCB (34%), and waste recycle & others (9%). We forecast Sytech's revenue to rise by CAGRs of 32% in 2026E-28E and 28% in 2027E-29E, mainly driven by: 1) step up in AI capex of the industry; 2) continued PCB/CCL spec upgrade in AI server; 3) market share gain in existing customers and further expansion in customer base for AI PCB/CCL; and 4) capacity expansion for high-end PCB/CCL products in both local/ overseas facilities.

**Chart 108 - Sytech Historical Revenue & Gross Margin**



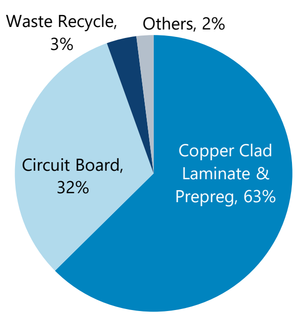

Source: Company data, Jefferies

**Chart 109 - Sytech Historical Net Profit & Margin**



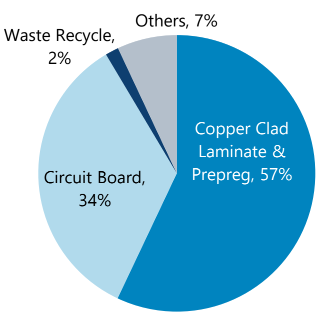

Source: Company data, Jefferies

**Chart 110 - Sytech 2025E Revenue Breakdown by Segment**




Source: Company data, Jefferies

**Chart 111 - Sytech 2025E Gross Profit Breakdown by Segment**




Source: Company data, Jefferies

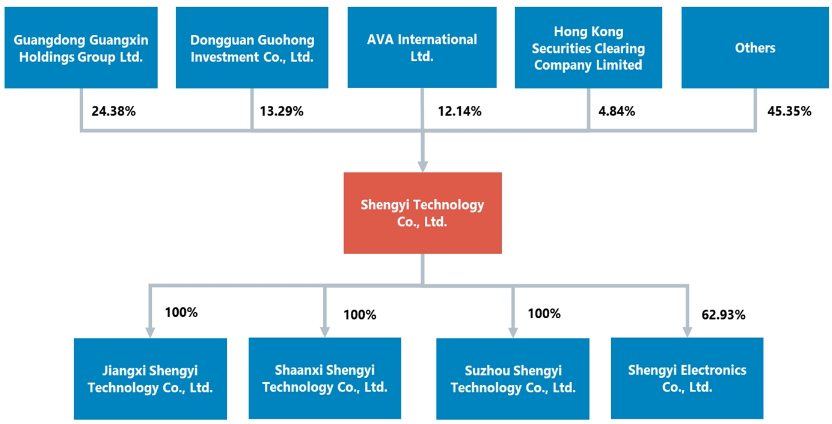
## Senior Management and Shareholding Structure

**Mr. Renxi Chen, Chairman,** obtained a bachelor's degree in Industrial Enterprise Management from South China University of Technology in 1991. From Jul 1991 to Oct 2014, he successively served as a staff member, deputy manager, manager, deputy general manager, general manager, and chairman of Dongguan Electronics Industry Corporation. Mr. Chen also served as a director of Suzhou Shengyi Technology Co., Ltd. from May 2015 to Apr 2022.

**Mr. Chunhua Deng, Director/General Manager,** obtained a bachelor's degree in Organic Chemistry from South China University of Technology in Jun 1989. From Mar 1997 to Mar 2016, he successively served as the General Manager of Production and Operations, Deputy General Manager, and Director of Guangdong Shengyi Technology Co., Ltd. Mr. Deng has also served as Chairman of Suzhou Shengyi Technology Co., Ltd., and Director of Shengyi Technology (Thailand) Co., Ltd.

**Ms. Fuyun Tang, Secretary of the Board,** Ms. Tang joined Guangdong Shengyi Technology Co., Ltd. after graduating in Jul 2001, and has served as Securities Affairs Representative, Deputy Manager of the Board Office, Manager of the Legal Department, and Manager of the Board Office at Guangdong Shengyi Technology Co., Ltd.

**Chart 112 - Sytech Shareholding Structure**

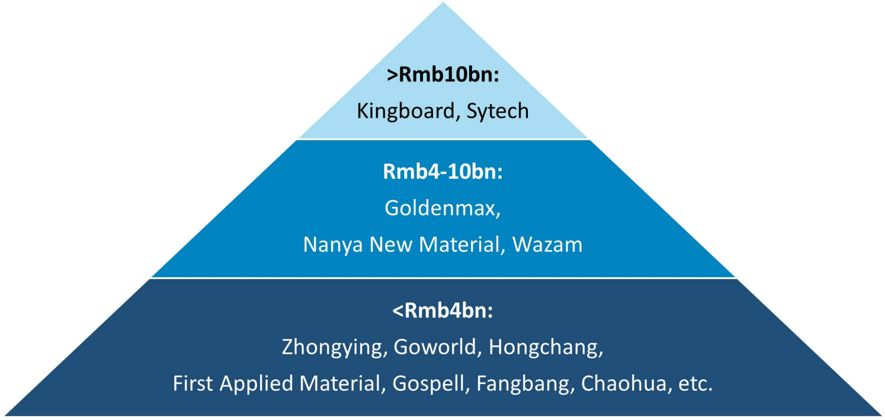



Source: Company data, Jefferies
Note: As of 3Q25

## Evolving from Leading Local CCL Vendor to Competitive Global Player

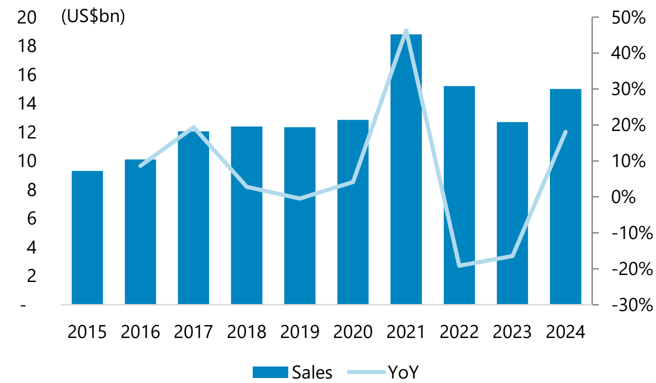
**A rare China Mainland player that has mastered both high-end CCL/PCB manufacturing.** Sytech has long been a top 2 CCL vendor by revenue size in both global/China markets. China Mainland players primarily manufacture commodity-like conventional CCL, while high-end/high-frequency CCL have long been dominated by overseas manufacturers due to high technical barriers. Over the past few decades, Sytech has gradually made breakthroughs in high-end CCL through both organic development and external acquisitions (such as purchasing production lines and technique/IP of high-frequency PTFE CCL from Chukoh Chemical and FCCL from LG Chem). According to Prismark, while the market is highly concentrated in a few overseas players, Sytech is the No.1 China Mainland vendor for halogen-free high-speed CLL with 6% market share in 2024, and we estimate Sytech had **~5%** market share of global overall **high-speed CCL** in 2025. In terms of profitability, Sytech is also the top domestic player and could benchmark against leading international CCL vendors, including EMC and TUC, thanks to its scale and technological advantages with relatively strong bargaining power in the supply chain. In addition to CCL, the acquisition of SYE has armed Sytech with high-end PCB production capabilities. Currently, SYE is a major PCB supplier for Amazon's AI server, leading to significant revenue/profit growth in 2025 thanks to Trainium's volume ramp.

Chart 113 - China CCL Player by Tier (by 2025 Revenue)



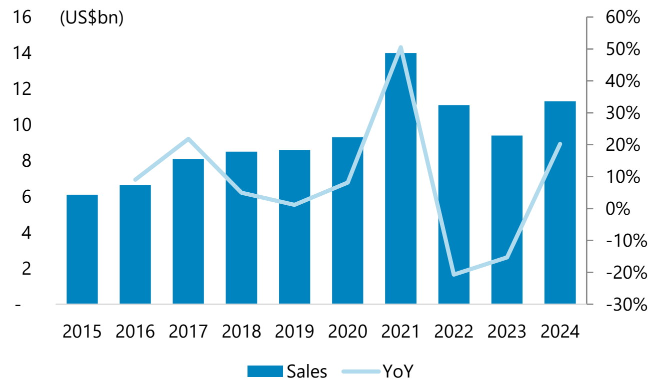

Source: Company data, Jefferies

Chart 114 - Global Rigid CCL Market Size




Source: Prismark, Jefferies

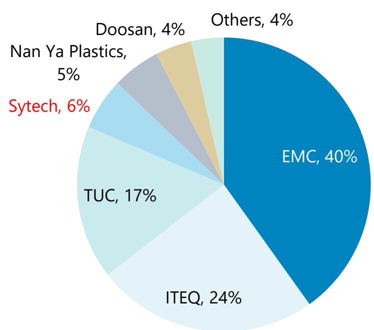
Chart 115 - China Rigid CCL Market Size




Source: Company data, Jefferies

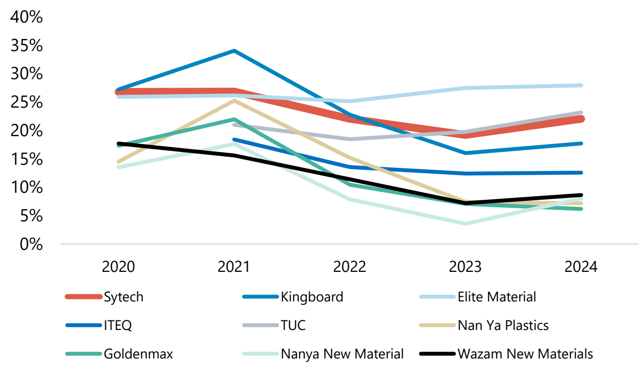
in

Chart 116 - Halogen-free High-speed Market Share by Vendor (2024)




Source: Prismark, Jefferies

Chart 117 - Major CCL Player Gross Margin Comparison

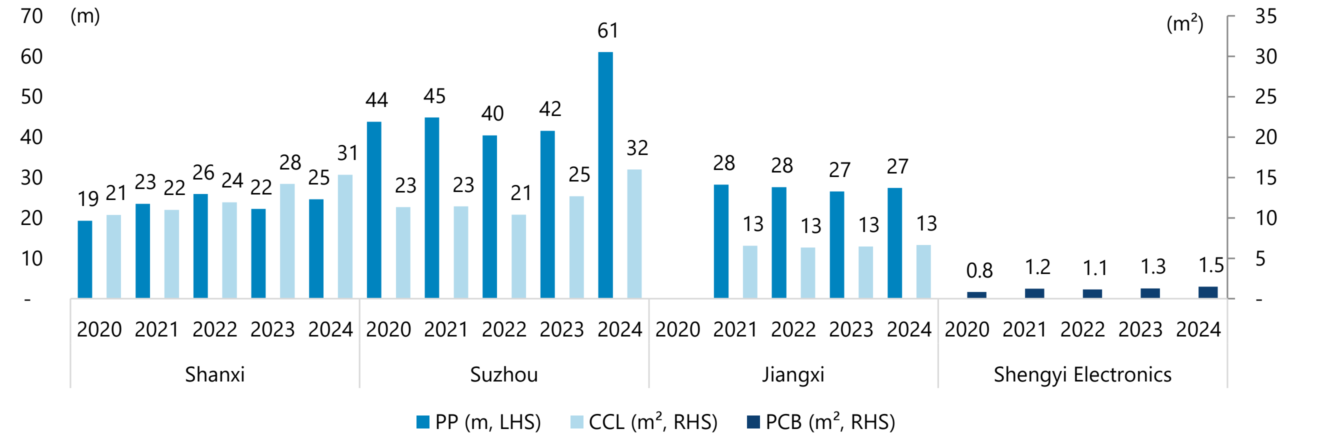



Source: Company data, Jefferies

**Poised to benefit from faster AI CCL TAM growth vs PCB; AI PCB/CCL to comprise ~50% profit in 2 years.** As mentioned in the industry section above, we forecast AI CCL TAM to expand by ~70% CAGR in 2025-30, faster than the ~60% of AI PCB, as a result of: 1) higher value mix of CCL in BOM cost thanks to materials upgrade; and 2) more CCL needed for the same PCB output quantity driven by the declining yield rate of PCB makers due to the greater processing difficulties. Thus, CCL vendors as a whole could benefit from faster expansion in TAM, and we believe Sytech's leading edge places it in a favorable position going forward. Although Sytech's AI exposure is limited now, we expect this to rise rapidly as our industry checks suggest positive progress in its deepening engagement with multiple AI customers. We also believe the recent CCL price hike could benefit Sytech's ASP going forward. We forecast Sytech's **AI PCB/CCL** mix to increase from **<20% of net profit in 2025** to **>50% in 2027E**, and rise to **~70% in 2029E-30E** (PCB net profit adjusted for 37%

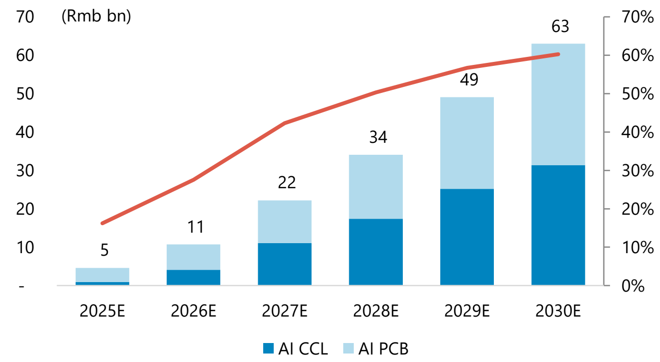
minority interest) driven by its continued market share gain from overseas peers and ongoing spec upgrade in AI server PCB. While AI PCB may contribute more profit in the near term, we believe AI CCL will be the main battlefield, and could have raise the growth ceiling for Sytech in the long term.

**Chart 118 - Sytech Production Volume by Base**



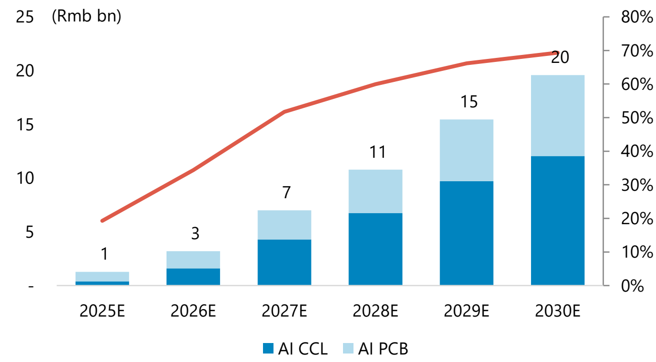

Source: Company data, Jefferies

**Chart 119 - Sytech AI PCB/CCL Revenue Forecast**




Source: Company data, Jefferies estimate

**Chart 120 - Sytech AI PCB/CCL Gross Profit Forecast**




Source: Company data, Jefferies estimate

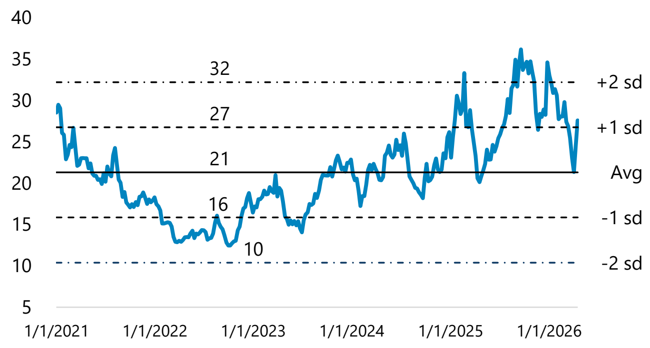
## Financial Forecasts and Valuation

We forecast Sytech's revenue/NP to rise by CAGRs of 32%/48% in 2026E-2028E and 28%/34% in 2027E-2029E. We also expect EBIT margin to gradually increase, driven by more favorable product mix in the next few years. Our key operating assumptions are as follows:

- NVIDIA AI CCL market share rises from 5% in 2025 to 20%/17% in 2027E/2030E.
- Non-NVIDIA AI CCL market share rises from 5% in 2025 to 13%/10% in 2027E/2030E.
- Amazon AI PCB CCL market share drops from 50% in 2025 to 40%/30% in 2027E/2030E.
- Non-Amazon/NVIDIA AI PCB CCL market share rises from 4% in 2025 to 5%/5% in 2027E/2030E.
- Blended GM rises from 26.8% in 2025 to 29.8%/31.9% in 2027E/2030E.
- EBIT margin rises from 15.5% in 2025 to 20.8%/23.0% in 2027E/2030E.

**Initiate with BUY and a PT of Rmb95.00.** Sytech currently trades at 32x/20x 2026E/27E P/E, vs our 2026E-28E/2027E-29E net profit CAGR forecasts of 48%/34%. Our valuation for Sytech is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 7.0% (2030E). Our price target of Rmb95.00 implies 44x/28x 2026E/27E P/E or 0.9x/0.8x PEG, and suggests 37% potential upside.

Chart 121 - Sytech LT 1-yr Fwd PE




Source: FactSet, Jefferies

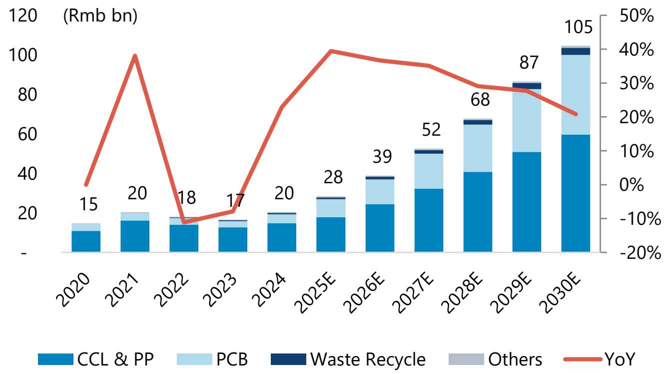
Chart 122 - Sytech LT Share Price Trend


Source: Company data, Jefferies

**What are the potential positive catalysts for Sytech?** 1) Better-than-expected AI server/switch demand; 2) Further market share gain and expansion to new customers in AI server market; 3) Ongoing spec upgrade of PCB/CCL with dollar content going up; 4) Accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities; and 5) Smooth transfer of upstream materials' price hike to downstream customers.

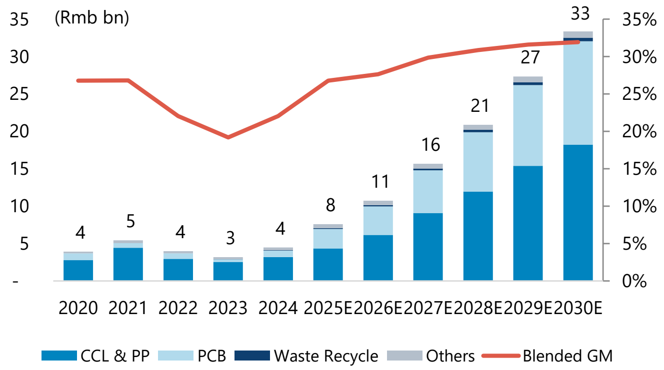
**What are the risks for Sytech?** 1) Deceleration in global AI capex growth; 2) Market share loss from escalating competition; 3) Slower-than-expected adoption of advanced PCB/CCL solutions due to technical barriers; 4) Technology replacement threat from other interconnection solutions such as copper cable and optical; and 5) Supply chain uncertainties or additional costs due to supply bottlenecks of upstream materials/tools or escalating geopolitical risks.

Chart 123 - Sytech Revenue Forecast by Segment



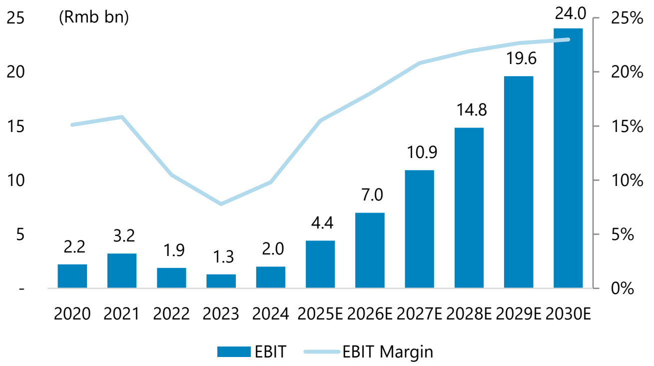

Source: Company data, Jefferies

Chart 124 - Sytech Gross Margin & Profit Forecast by Segment



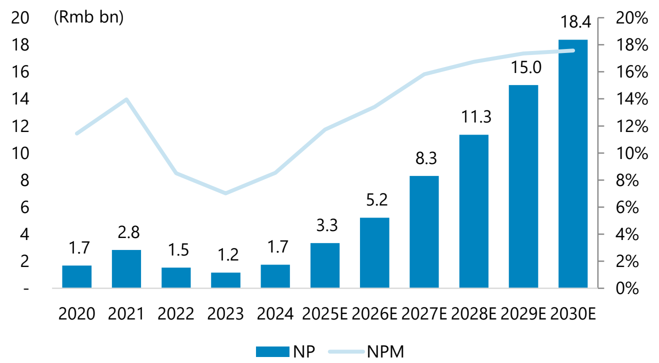

Source: Company data, Jefferies estimate

Chart 125 - Sytech EBIT Forecast



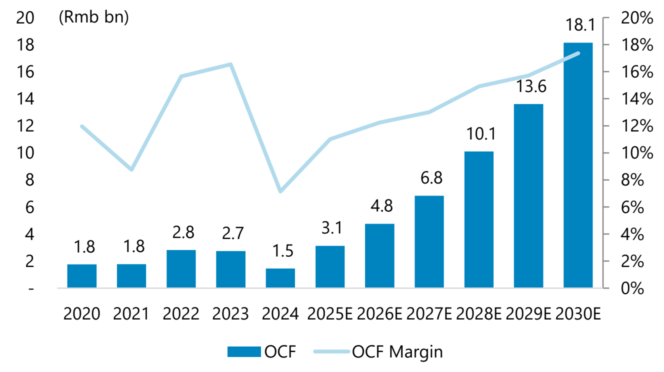

Source: Company data, Jefferies estimate

Chart 126 - Sytech Net Profit Forecast



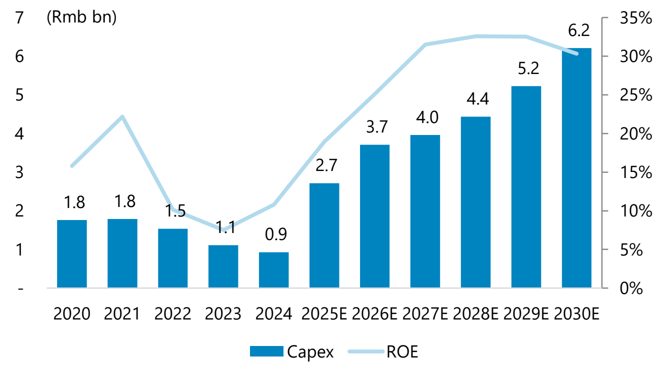

Source: Company data, Jefferies estimates

Chart 127 - Sytech Operating Cash Flow Forecast




Source: Company data, Jefferies estimate

Chart 128 - Sytech Capex & ROE Forecast




Source: Company data, Jefferies estimate

Table 34 - Sytech Valuation Summary

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **14,687** | **20,274** | **18,014** | **16,586** | **20,388** | **28,431** | **38,854** | **52,497** | **67,763** | **86,532** | **104,513** |
| *YoY* | | *38%* | *-11%* | *-8%* | *23%* | *39%* | *37%* | *35%* | *29%* | *28%* | *21%* |
| *vs consensus* | | | | | | *-1%* | *0%* | *3%* | | | |
| **EBIT** | **2,219** | **3,211** | **1,888** | **1,291** | **1,998** | **4,405** | **6,987** | **10,925** | **14,845** | **19,610** | **24,028** |
| *YoY* | | *45%* | *-41%* | *-32%* | *55%* | *120%* | *59%* | *56%* | *36%* | *32%* | *23%* |
| *vs consensus* | | | | | | *-2%* | *0%* | *13%* | | | |
| **Net profit** | **1,681** | **2,830** | **1,531** | **1,164** | **1,739** | **3,334** | **5,209** | **8,307** | **11,344** | **15,021** | **18,365** |
| *YoY* | | *68%* | *-46%* | *-24%* | *49%* | *92%* | *56%* | *59%* | *37%* | *32%* | *22%* |
| *vs consensus* | | | | | | *-6%* | *-8%* | *5%* | | | |
| **EPS (Rmb)** | **0.72** | **1.21** | **0.65** | **0.49** | **0.73** | **1.37** | **2.14** | **3.42** | **4.67** | **6.18** | **7.56** |
| *YoY* | | *68%* | *-46%* | *-25%* | *49%* | *88%* | *56%* | *59%* | *37%* | *32%* | *22%* |
| *vs consensus* | | | | | | *-4%* | *-5%* | *10%* | | | |
| **Multiples** | | | | | | | | | | | |
| EV/Adj. EBITDA | 61.9 | 43.6 | 64.2 | 78.9 | 58.8 | 32.3 | 21.3 | 14.0 | 10.3 | 7.7 | 6.0 |
| PB x | 8.8 | 6.6 | 6.5 | 6.6 | 6.0 | 5.2 | 4.2 | 3.4 | 2.7 | 2.1 | 1.7 |
| PE x | 96.2 | 57.2 | 106.5 | 141.3 | 94.9 | 50.5 | 32.3 | 20.3 | 14.8 | 11.2 | 9.2 |
| EV/IC | 13.5 | 11.8 | 10.8 | 11.1 | 10.5 | 9.1 | 7.5 | 5.9 | 4.7 | 3.7 | 3.0 |
| PS x | 11.5 | 8.3 | 9.3 | 10.1 | 8.3 | 5.9 | 4.3 | 3.2 | 2.5 | 1.9 | 1.6 |
| EV/Sales | 11.6 | 8.4 | 9.3 | 10.1 | 8.3 | 6.0 | 4.4 | 3.2 | 2.5 | 1.9 | 1.5 |
| | | | | | | | | | | | |
| **Financials** | | | | | | | | | | | |
| Net debt (cash) | 1,944 | 1,178 | (362) | (485) | 391 | 1,638 | 2,674 | 2,295 | 27 | (3,839) | (10,267) |
| EBITDA | 2,750 | 3,884 | 2,614 | 2,126 | 2,868 | 5,263 | 8,018 | 12,203 | 16,372 | 21,406 | 26,142 |
| EV | 170,170 | 169,404 | 167,865 | 167,741 | 168,617 | 169,865 | 170,901 | 170,522 | 168,254 | 164,387 | 157,959 |
| BVPS (Rmb) | 7.87 | 10.45 | 10.70 | 10.51 | 11.61 | 13.34 | 16.38 | 20.45 | 25.77 | 32.69 | 40.79 |
| FCF | (3) | (11) | 1,286 | 1,634 | 530 | 419 | 1,047 | 2,871 | 5,671 | 8,373 | 11,938 |
| ROAE | 15.8% | 22.2% | 10.2% | 7.5% | 10.8% | 18.9% | 25.1% | 31.5% | 32.6% | 32.5% | 30.3% |
| ROIC | 15.2% | 19.8% | 11.2% | 7.7% | 11.2% | 20.9% | 27.1% | 33.7% | 36.7% | 39.4% | 40.0% |
| Net debt (cash)/equity | 0.2 | 0.1 | (0.0) | (0.0) | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | (0.1) | (0.2) |
| Net debt (cash)/adj. EBITDA | 0.7 | 0.3 | (0.1) | (0.2) | 0.1 | 0.3 | 0.3 | 0.2 | 0.0 | (0.2) | (0.4) |
| Adj. EBITDA/net interest | 22.6 | 27.9 | 15.2 | 13.1 | 24.2 | 35.9 | 40.6 | 54.8 | 73.5 | 96.1 | 117.3 |
| FCF yield | 0.0% | 0.0% | 0.8% | 1.0% | 0.3% | 0.2% | 0.6% | 1.7% | 3.4% | 5.0% | 7.1% |
| DPS (Rmb) | 0.48 | 0.50 | 0.70 | 0.55 | 0.51 | 0.69 | 0.86 | 1.03 | 1.40 | 1.85 | 2.27 |
| Dividend yield | 0.7% | 0.7% | 1.0% | 0.8% | 0.7% | 1.0% | 1.2% | 1.5% | 2.0% | 2.7% | 3.3% |

Source: Company data, Jefferies estimates, Factset

Table 35 - Sytech DCF Model

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | 1,681 | 2,830 | 1,531 | 1,164 | 1,739 | 3,334 | 5,209 | 8,307 | 11,344 | 15,021 | 18,365 |
| **Plus** | | | | | | | | | | | |
| After-tax interest expense | 96 | 82 | 106 | 103 | 80 | 108 | 156 | 179 | 175 | 151 | 108 |
| D&A | 531 | 673 | 726 | 835 | 870 | 858 | 1,030 | 1,278 | 1,527 | 1,796 | 2,114 |
| **Less** | | | | | | | | | | | |
| Change in working capital | 4,411 | 2,506 | (758) | (101) | 1,458 | 1,606 | 2,433 | 4,097 | 4,575 | 5,625 | 5,384 |
| Capex | 1,761 | 1,787 | 1,534 | 1,109 | 926 | 2,713 | 3,707 | 3,959 | 4,433 | 5,228 | 6,210 |
| **Unlevered free cash flow** | (3,865) | (708) | 1,586 | 1,094 | 305 | (19) | 255 | 1,708 | 4,039 | 6,115 | 8,995 |
| **Terminal value** | | | | | | | | | | | |
| **Total UFCF** | (3,865) | (708) | 1,586 | 1,094 | 305 | (19) | 255 | 1,708 | 4,039 | 6,115 | 357,683 |
| **Discount period** | | | | | | - | 1 | 2 | 3 | 4 | 5 |
| **Discount factor** | | | | | | 1.0000 | 0.9111 | 0.8301 | 0.7563 | 0.6890 | 0.6277 |
| **PV** | | | | | | (19) | 232 | 1,418 | 3,054 | 4,213 | 224,530 |
| **NPV** | 233,448 | | | | | | | | | | |
| **Less: net debt (cash)** | 2,674 | | | | | | | | | | |
| **Equity value** | 230,773 | | | | | | | | | | |
| **Equity value per share (Rmb)** | **95.00** | | | | | | | | | | |
| | | | | | | | | | | | |
| **WACC** | 9.8% | | | | | | | | | | |
| **Terminal growth** | 7.0% | | | | | | | | | | |
| **Terminal FCFx** | 39 | | | | | | | | | | |
| **Terminal value (Rmb m)** | 348,688 | | | | | | | | | | |
| **Implied 2030 EV/EBITDA** | 13.3 | | | | | | | | | | |
| **Implied 2030 P/E** | 19.5 | | | | | | | | | | |
| **No. of shares O/S (m)** | 2,429 | | | | | | | | | | |

Source: Company data, Jefferies estimates

Table 36 - Sytech Annual Profit & Loss

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 14,687 | 20,274 | 18,014 | 16,586 | 20,388 | 28,431 | 38,854 | 52,497 | 67,763 | 86,532 | 104,513 |
| COGS | (10,754) | (14,837) | (14,045) | (13,404) | (15,895) | (20,822) | (28,122) | (36,828) | (46,863) | (59,189) | (71,145) |
| **Gross profit** | 3,933 | 5,437 | 3,969 | 3,182 | 4,493 | 7,609 | 10,732 | 15,669 | 20,900 | 27,342 | 33,368 |
| Total opex | (1,714) | (2,226) | (2,081) | (1,891) | (2,495) | (3,204) | (3,744) | (4,744) | (6,055) | (7,733) | (9,340) |
| R&D expenses | (711) | (964) | (943) | (841) | (1,157) | (1,422) | (1,668) | (2,096) | (2,638) | (3,369) | (4,069) |
| G&A expenses | (720) | (910) | (797) | (701) | (843) | (1,095) | (1,279) | (1,623) | (2,094) | (2,675) | (3,230) |
| S&M expenses | (284) | (351) | (341) | (349) | (495) | (686) | (797) | (1,025) | (1,323) | (1,689) | (2,040) |
| **EBITDA** | 2,750 | 3,884 | 2,614 | 2,126 | 2,868 | 5,263 | 8,018 | 12,203 | 16,372 | 21,406 | 26,142 |
| D&A | 531 | 673 | 726 | 835 | 870 | 858 | 1,030 | 1,278 | 1,527 | 1,796 | 2,114 |
| **EBIT** | 2,219 | 3,211 | 1,888 | 1,291 | 1,998 | 4,405 | 6,987 | 10,925 | 14,845 | 19,610 | 24,028 |
| Other income (expense) | (136) | 99 | (115) | (20) | 70 | (25) | (69) | (84) | (67) | (26) | 35 |
| **Profit before tax** | 2,083 | 3,310 | 1,773 | 1,271 | 2,068 | 4,380 | 6,919 | 10,841 | 14,778 | 19,583 | 24,064 |
| Income taxes | (283) | (385) | (141) | (123) | (200) | (501) | (761) | (1,193) | (1,626) | (2,154) | (2,647) |
| Minority interest | (120) | (95) | (101) | 15 | (129) | (546) | (949) | (1,342) | (1,808) | (2,408) | (3,051) |
| **Net income (loss)** | 1,681 | 2,830 | 1,531 | 1,164 | 1,739 | 3,334 | 5,209 | 8,307 | 11,344 | 15,021 | 18,365 |
| EPS basic (Rmb) | 0.74 | 1.23 | 0.66 | 0.50 | 0.74 | 1.37 | 2.14 | 3.42 | 4.67 | 6.18 | 7.56 |
| EPS diluted (Rmb) | 0.72 | 1.21 | 0.65 | 0.49 | 0.73 | 1.37 | 2.14 | 3.42 | 4.67 | 6.18 | 7.56 |
| Wgt. avg. ordinary shares (basic) | 2,271 | 2,301 | 2,319 | 2,328 | 2,350 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 |
| Wgt. avg. ordinary shares (diluted) | 2,334 | 2,339 | 2,355 | 2,376 | 2,382 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 |
| DPS (Rmb) | 0.48 | 0.50 | 0.70 | 0.55 | 0.51 | 0.69 | 0.86 | 1.03 | 1.40 | 1.85 | 2.27 |
| Payout ratio | 65% | 41% | 106% | 111% | 69% | 50% | 40% | 30% | 30% | 30% | 30% |

Source: Company data, Jefferies estimates

Table 37 - Sytech Quarterly Profit & Loss

| (Rmb m) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25E | 1Q26E | 2Q26E | 3Q26E | 4Q26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 4,423 | 5,206 | 5,115 | 5,644 | 5,611 | 7,069 | 7,934 | 7,817 | 7,771 | 8,936 | 10,879 | 11,268 |
| COGS | (3,482) | (4,075) | (3,948) | (4,390) | (4,231) | (5,170) | (5,701) | (5,720) | (5,966) | (6,519) | (7,770) | (7,867) |
| **Gross profit** | 941 | 1,132 | 1,167 | 1,253 | 1,380 | 1,898 | 2,233 | 2,097 | 1,804 | 2,417 | 3,109 | 3,401 |
| Total opex | (497) | (553) | (678) | (767) | (682) | (819) | (817) | (885) | (835) | (910) | (925) | (1,073) |
| R&D expenses | (217) | (253) | (324) | (362) | (295) | (348) | (372) | (408) | (361) | (386) | (423) | (497) |
| G&A expenses | (176) | (184) | (233) | (250) | (244) | (288) | (272) | (291) | (298) | (320) | (308) | (352) |
| S&M expenses | (104) | (115) | (121) | (155) | (144) | (183) | (173) | (186) | (176) | (204) | (194) | (224) |
| **EBITDA** | 661 | 793 | 708 | 706 | 913 | 1,309 | 1,622 | 1,418 | 1,226 | 1,765 | 2,441 | 2,585 |
| D&A | 217 | 214 | 219 | 219 | 214 | 230 | 207 | 207 | 258 | 258 | 258 | 258 |
| **EBIT** | 443 | 579 | 489 | 487 | 699 | 1,079 | 1,416 | 1,212 | 969 | 1,507 | 2,184 | 2,328 |
| Other gains or losses | 11 | 57 | 37 | (35) | 20 | 43 | (24) | (10) | (26) | (21) | (21) | (1) |
| **Profit before tax** | 454 | 636 | 527 | 451 | 719 | 1,122 | 1,391 | 1,201 | 943 | 1,486 | 2,163 | 2,327 |
| Income taxes | (51) | (62) | (54) | (34) | (84) | (134) | (150) | (132) | (104) | (163) | (238) | (256) |
| Minority interest | (12) | (34) | (33) | (51) | (71) | (125) | (224) | (126) | (157) | (188) | (314) | (291) |
| **Net income (loss)** | 392 | 540 | 440 | 366 | 564 | 863 | 1,017 | 944 | 683 | 1,135 | 1,611 | 1,779 |
| EPS basic (Rmb) | 0.17 | 0.23 | 0.18 | 0.15 | 0.23 | 0.36 | 0.42 | 0.39 | 0.28 | 0.47 | 0.66 | 0.73 |
| EPS diluted (Rmb) | 0.17 | 0.23 | 0.18 | 0.15 | 0.23 | 0.36 | 0.42 | 0.39 | 0.28 | 0.47 | 0.66 | 0.73 |
| Wgt. avg. ordinary shares (basic) | 2,356 | 2,364 | 2,400 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 |
| Wgt. avg. ordinary shares (diluted) | 2,356 | 2,364 | 2,400 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 | 2,429 |

Source: Company data, Jefferies estimates

Table 38 - Sytech Balance Sheet

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalent | 850 | 2,287 | 3,106 | 2,775 | 2,016 | 1,768 | 1,732 | 2,111 | 4,379 | 8,246 | 14,674 |
| Receivables | 4,932 | 6,504 | 5,751 | 5,666 | 7,408 | 9,551 | 12,521 | 16,917 | 21,837 | 27,885 | 33,680 |
| Inventories | 2,519 | 4,520 | 4,084 | 4,271 | 5,119 | 6,136 | 7,902 | 10,348 | 13,167 | 16,631 | 19,990 |
| Other current assets | 1,415 | 1,409 | 1,292 | 1,287 | 2,069 | 2,069 | 2,069 | 2,069 | 2,069 | 2,069 | 2,069 |
| Total current assets | 9,716 | 14,720 | 14,232 | 13,999 | 16,613 | 19,525 | 24,224 | 31,445 | 41,453 | 54,831 | 70,413 |
| | | | | | | | | | | | |
| Property, plant and equipment | 6,374 | 7,144 | 7,910 | 9,086 | 8,670 | 10,430 | 12,969 | 15,508 | 18,258 | 21,504 | 25,376 |
| Construction in process | 1,243 | 1,032 | 1,729 | 283 | 470 | 470 | 470 | 470 | 470 | 470 | 470 |
| Intangible assets | 435 | 399 | 399 | 383 | 626 | 720 | 859 | 1,000 | 1,156 | 1,342 | 1,564 |
| Other assets | 589 | 1,136 | 926 | 1,206 | 1,265 | 1,265 | 1,265 | 1,265 | 1,265 | 1,265 | 1,265 |
| Total non-current assets | 8,642 | 9,711 | 10,963 | 10,958 | 11,031 | 12,885 | 15,562 | 18,243 | 21,149 | 24,580 | 28,676 |
| **Total assets** | **18,357** | **24,431** | **25,196** | **24,957** | **27,643** | **32,410** | **39,786** | **49,688** | **62,602** | **79,412** | **99,089** |
| | | | | | | | | | | | |
| Accounts payable | 3,040 | 4,107 | 3,676 | 3,880 | 5,012 | 6,566 | 8,868 | 11,613 | 14,778 | 18,665 | 22,435 |
| Borrowings & bonds | 2,157 | 1,693 | 1,558 | 1,465 | 1,837 | 2,837 | 3,837 | 3,837 | 3,837 | 3,837 | 3,837 |
| Other current liabilities | 1,607 | 1,453 | 2,144 | 1,953 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total current liabilities | 6,804 | 7,253 | 7,377 | 7,297 | 9,849 | 12,403 | 15,705 | 18,450 | 21,615 | 25,502 | 29,272 |
| | | | | | | | | | | | |
| Long-term liabilities | 605 | 1,590 | 1,175 | 806 | 558 | 558 | 558 | 558 | 558 | 558 | 558 |
| Other liabilities | 305 | 722 | 1,347 | 1,153 | 731 | 731 | 731 | 731 | 731 | 731 | 731 |
| Total non-current liabilities | 910 | 2,312 | 2,522 | 1,959 | 1,289 | 1,289 | 1,289 | 1,289 | 1,289 | 1,289 | 1,289 |
| **Total liabilities** | **7,714** | **9,565** | **9,899** | **9,256** | **11,138** | **13,692** | **16,994** | **19,739** | **22,904** | **26,791** | **30,561** |
| | | | | | | | | | | | |
| Common stock | 5,086 | 6,389 | 6,622 | 6,985 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 | 7,220 |
| Retained earnings | 3,690 | 5,386 | 5,355 | 5,334 | 5,867 | 7,534 | 10,659 | 16,474 | 24,415 | 34,930 | 47,786 |
| Minority interest | 754 | 1,770 | 1,798 | 1,717 | 1,600 | 2,146 | 3,096 | 4,438 | 6,245 | 8,654 | 11,705 |
| Other equity | 1,113 | 1,322 | 1,522 | 1,664 | 1,817 | 1,817 | 1,817 | 1,817 | 1,817 | 1,817 | 1,817 |
| **Total equity** | **10,643** | **14,866** | **15,296** | **15,700** | **16,505** | **18,718** | **22,792** | **29,949** | **39,698** | **52,621** | **68,528** |
| **Total liabilities and equity** | **18,357** | **24,431** | **25,196** | **24,957** | **27,643** | **32,410** | **39,786** | **49,688** | **62,602** | **79,412** | **99,089** |

Source: Company data, Jefferies estimates

Table 39 - Sytech Cash Flow Statement

| (Rmb m) | 2020A | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net profit (loss) | 1,681 | 2,830 | 1,531 | 1,164 | 1,739 | 3,334 | 5,209 | 8,307 | 11,344 | 15,021 | 18,365 |
| Minority Interest add back | 120 | 95 | 101 | (15) | 129 | 546 | 949 | 1,342 | 1,808 | 2,408 | 3,051 |
| Depreciation & amortization | 531 | 673 | 726 | 835 | 870 | 858 | 1,030 | 1,278 | 1,527 | 1,796 | 2,114 |
| (Increase) decrease in working capital and others | (4,411) | (2,506) | 758 | 101 | (1,458) | (1,606) | (2,433) | (4,097) | (4,575) | (5,625) | (5,384) |
| Others | 3,838 | 685 | (296) | 659 | 176 | - | - | - | - | - | - |
| **Net cash from operating activities** | **1,758** | **1,776** | **2,820** | **2,743** | **1,456** | **3,132** | **4,755** | **6,830** | **10,104** | **13,601** | **18,147** |
| | | | | | | | | | | | |
| Capex | (1,761) | (1,787) | (1,534) | (1,109) | (926) | (2,713) | (3,707) | (3,959) | (4,433) | (5,228) | (6,210) |
| Other investment | (72) | (93) | 341 | (54) | (8) | - | - | - | - | - | - |
| **Net cash used in investing activities** | **(1,833)** | **(1,880)** | **(1,193)** | **(1,162)** | **(934)** | **(2,713)** | **(3,707)** | **(3,959)** | **(4,433)** | **(5,228)** | **(6,210)** |
| | | | | | | | | | | | |
| Issuance of debt/borrowing | 697 | 104 | 300 | (935) | (281) | 1,000 | 1,000 | - | - | - | - |
| Issuance of equity | 189 | 2,254 | 192 | 318 | 773 | - | - | - | - | - | - |
| Dividends and interests | (1,101) | (1,161) | (1,619) | (1,287) | (1,192) | (1,667) | (2,083) | (2,492) | (3,403) | (4,506) | (5,510) |
| Change in minority interest | (120) | 25 | (6) | 116 | (144) | - | - | - | - | - | - |
| Others | 119 | 176 | 485 | (131) | (432) | - | - | - | - | - | - |
| **Net cash from financing activities** | **(215)** | **1,398** | **(648)** | **(1,919)** | **(1,276)** | **(667)** | **(1,083)** | **(2,492)** | **(3,403)** | **(4,506)** | **(5,510)** |
| | | | | | | | | | | | |
| Effects of exchange rate changes | 58 | (6) | 11 | (1) | 3 | - | - | - | - | - | - |
| | | | | | | | | | | | |
| Net (decrease) increase in cash and cash equivalent | (232) | 1,287 | 989 | (339) | (752) | (248) | (36) | 379 | 2,268 | 3,867 | 6,428 |
| Cash and cash equivalent, beginning of period | 1,051 | 818 | 2,105 | 3,095 | 2,756 | 2,004 | 1,756 | 1,720 | 2,099 | 4,367 | 8,234 |
| **Cash and cash equivalent, end of period** | **818** | **2,105** | **3,095** | **2,756** | **2,004** | **1,756** | **1,720** | **2,099** | **4,367** | **8,234** | **14,662** |
| Restricted cash | 32 | 181 | 11 | 19 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **Cash and cash equ., end of period (incl. restricted cash)** | **850** | **2,287** | **3,106** | **2,775** | **2,016** | **1,768** | **1,732** | **2,111** | **4,379** | **8,246** | **14,674** |

Source: Company data, Jefferies estimates

### Table 40 - Sytech Peer Comparison Table - Valuation

| | | | | | | | | | | 30-Day | Price Change (%) | | | P/E | | | P/B | | | P/S | | | EV/ EBITDA | | | EV/ Sales | | | ROE (%) | | | FCF (US$m) | | | FCF Cagr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | Company | Ticker | Ccy | PT | % Upside | Current Price | S/O (m) | Mkt Cap (US$m) | EV (US$m) | Avg Vol (m) | 3-Mon | 6-Mon | 12-Mon | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025-2027 |
| China | Sytech | 600183-CN | RMB | 95.00 | 37% | 69.25 | 2,429 | 24,641 | 25,613 | 52.1 | 0% | 28% | 209% | 50.5 | 32.3 | 20.3 | 5.2 | 4.2 | 3.4 | 5.9 | 4.3 | 3.2 | 33.2 | 21.8 | 14.3 | 6.2 | 4.5 | 3.3 | 19% | 25% | 32% | 61 | 153 | 421 | 162% |
| Taiwan | EMC | 2383-TW | TWD | NC | NA | 3,800.00 | 358 | 43,123 | 43,171 | 3.5 | 134% | 244% | 638% | 91.6 | 48.9 | 30.8 | 27.9 | 20.9 | 15.9 | 14.4 | 9.2 | 6.1 | 65.9 | 36.6 | 22.4 | 6.3 | 9.3 | 6.2 | 35% | 48% | 59% | 77 | 4 | 381 | 122% |
| Taiwan | TUC | 6274-TW | TWD | NC | NA | 946.00 | 289 | 8,652 | 8,757 | 14.4 | 92% | 196% | 619% | 78.5 | 39.4 | 26.0 | 15.2 | 13.0 | 11.1 | 9.0 | 5.9 | 4.1 | 56.8 | 28.9 | 17.9 | 4.7 | 6.0 | 4.1 | 21% | 35% | 48% | (73) | (98) | (91) | 11% |
| Taiwan | ITEQ | 6213-TW | TWD | NC | NA | 270.50 | 363 | 3,113 | 3,145 | 31.2 | 134% | 176% | 362% | 64.5 | 41.2 | 28.3 | 4.7 | 4.4 | 4.2 | 3.0 | 2.3 | 2.0 | 25.1 | 18.0 | 13.9 | 1.3 | 2.3 | 2.0 | 7% | 11% | 16% | 23 | 5 | 36 | 25% |
| Taiwan | Nan Ya Plastics | 1303-TW | TWD | NC | NA | 87.70 | 7,931 | 22,028 | 26,013 | 89.4 | 19% | 109% | 185% | 153.9 | 14.0 | 10.8 | 2.0 | 1.9 | 1.8 | 2.7 | 2.5 | 2.3 | 35.1 | 16.2 | 13.6 | 2.3 | 2.9 | 2.7 | 1% | 12% | 13% | (54) | 705 | 1,930 | NA |

Source: Company data, FactSet, Jefferies

### Table 41 - Sytech Peer Comparison Table - Operation

| | | | Rev (US$m) | | | Rev Cagr | Gross Profit (US$m) | | | Gross Margin (%) | | | EBITDA (US$m) | | | EBITDA Cagr | EBITDA Margin | | | EPS (US$) | | | EPS Cagr | Capex (US$m) | | | Capex/Rev | | | | Rev/Emp (US$m) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | Company | Ticker | 2025 | 2026 | 2027 | 2025-2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025-2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025-2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | # of Emp | 2025 |
| China | Sytech | 600183-CN | 4,165 | 5,691 | 7,690 | 36% | 1,115 | 1,572 | 2,295 | 27% | 28% | 30% | 771 | 1,174 | 1,788 | 52% | 19% | 21% | 23% | 0.20 | 0.31 | 0.50 | 58% | 397 | 543 | 580 | 10% | 10% | 8% | #N/A | NA |
| Taiwan | EMC | 2383-TW | 2,974 | 4,667 | 7,013 | 54% | 893 | 1,467 | 2,226 | 30% | 31% | 32% | 656 | 1,181 | 1,924 | 71% | 22% | 25% | 27% | 1.29 | 2.39 | 3.96 | 75% | 303 | 471 | 502 | 10% | 10% | 7% | #N/A | NA |
| Taiwan | TUC | 6274-TW | 957 | 1,469 | 2,115 | 49% | 220 | 373 | 556 | 23% | 25% | 26% | 154 | 304 | 489 | 78% | 16% | 21% | 23% | 0.38 | 0.74 | 1.19 | 77% | 40 | 125 | 123 | 4% | 9% | 6% | #N/A | NA |
| Taiwan | ITEQ | 6213-TW | 1,044 | 1,342 | 1,559 | 22% | 163 | 223 | 274 | 16% | 17% | 18% | 125 | 175 | 226 | 34% | 12% | 13% | 15% | 0.13 | 0.21 | 0.31 | 54% | 41 | 53 | 61 | 4% | 4% | 4% | #N/A | NA |
| Taiwan | Nan Ya Plastics | 1303-TW | 8,200 | 8,913 | 9,738 | 9% | 681 | 1,065 | 1,465 | 8% | 12% | 15% | 741 | 1,603 | 1,908 | 60% | 9% | 18% | 20% | 0.02 | 0.17 | 0.20 | 228% | 357 | 340 | 305 | 4% | 4% | 3% | #N/A | NA |

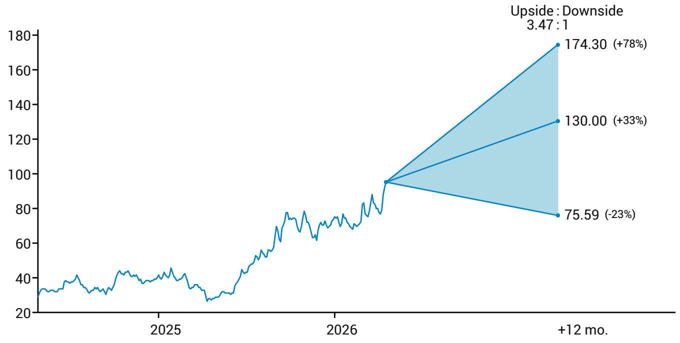
Source: Company data, Factset, Jefferies

# The Long View: WUS

## Investment Thesis

- We expect robust PCB TAM growth to be driven by rapidly expanding AI PCB TAM.
- Focusing on high-speed switch market, WUS could be a key beneficiary of the rising penetration of 800G/1.6T switches with higher ASP.
- Continued customer expansion for AI PCB.
- Active capex plan in both local/overseas markets to meet rising demand for high-end PCB.

## Risk/Reward - 12 Month View




## Base Case,
## CNY130, +33%

- AI server switch market share rises from 40% in 2025 to 50%/45% in 2027E/2030E.
- NVIDIA AI PCB market share rises from 3% in 2025 to 7%/9% in 2027E/2030E.
- Non-NVIDIA AI PCB market share drops from 20% in 2025 to 14%/14% in 2027E/2030E.
- PT of Rmb130.00 based on end-2026E DCF with 9.8% WACC and 6.5% terminal growth rate (2030E).

## Upside Scenario,
## CNY174.3, +78%

- AI server switch market share rises from 40% in 2025 to 60%/55% in 2027E/2030E.
- NVIDIA AI PCB market share rises from 3% in 2025 to 9%/11% in 2027E/2030E.
- Non-NVIDIA AI PCB market share drops from 20% in 2025 to 17%/17% in 2027E/2030E.
- PT of Rmb174.30 based on end-2026E DCF with 9.8% WACC and 7.0% terminal growth rate (2030E).

## Downside Scenario,
## CNY75.59, -23%

- AI server switch market share drops from 40% in 2025 to 40%/35% in 2027E/2030E.
- NVIDIA AI PCB market share rises from 3% in 2025 to 5%/6% in 2027E/2030E.
- Non-NVIDIA AI PCB market share drops from 20% in 2025 to 10%/10% in 2027E/2030E.
- PT of Rmb75.59 based on end-2026E DCF with 9.8% WACC and 5.0% terminal growth rate (2030E).

## Sustainability Matters

**Top Material Issues:**

- **Lifecycle monitoring & customer protection:** WUS monitors and manages R&D, design, manufacturing, storage to protect the rights and interests of customers and suppliers.
- **Sustainable supply chain:** WUS has integrated CSR into the entire procurement process to facilitate performance verification.

**Company Achievements:**

- Reduction in fresh water use by approx. 150,000 tons in 2024.
- Increased recovery of electrolytic copper by approx. 35% in 2024.

**Questions to Management:**

- What specific operational levers drove the variance between the latest results vs target?
- What measures has Delton taken to encourage suppliers to conduct scientific carbon emission reduction targets?

ESG Report: link

## Catalysts

- Better-than-expected AI server/switch demand.
- Further market share gain and expansion to new customers in AI server/switch.
- Ongoing spec upgrade of PCB with dollar content going up.
- Accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities.
- Easing supply tightness in critical materials for high-end PCB.

# Financials:WUS

## Estimate changes

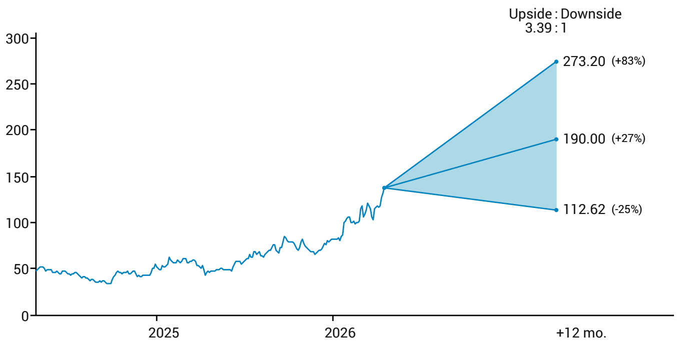
| RMB | 2024A | 2025A | 2026E | 2027E |
|---|---|---|---|---|
| Rev. (MM) | 13,342.0 | 18,945.0 | 27,289.0 | 41,016.0 |
| EBIT (MM) | 3,030.0 | 4,517.0 | 6,962.0 | 10,300.0 |
| Net Profit | 2,587.0 | 3,822.0 | 6,133.0 | 9,476.0 |
| EPS | 1.35 | 1.97 | 3.19 | 4.92 |
| Cons. Rev. | - | - | 26,341.0 | 37,643.0 |
| Cons. EPS | - | - | 2.97 | 4.51 |

# The Long View: Delton

## Investment Thesis

- We expect robust PCB TAM growth to be driven by rapidly expanding AI PCB TAM.
- Focusing on the server CPU mainboard PCB market, Delton could be a key beneficiary of rising demand for CPU driven by the proliferation of agentic AI.
- Continued customer expansion for AI PCB.
- Active capex plan in both local/overseas markets to meet rising demand for high-end PCB.

## Risk/Reward - 12 Month View




## Base Case, CNY190, +27%

- General server CPU market share rises from 12% in 2025 to 13%/14% in 2027E/2030E.
- AI server CPU market share rises from 10% in 2025 to 15%/13% in 2027E/2030E.
- AI server non-CPU market share rises from 2% in 2025 to 3%/3% in 2027E/2030E.
- PT of Rmb190.00 for Delton-A based on end-2026E DCF with 9.8% WACC and 6.5% terminal growth rate (2030E).
- PT of HK$200.00 for Delton-H based on 41x/25 2026E/27E P/E.

## Upside Scenario, CNY273.2, +83%

- General server CPU market share rises from 12% in 2025 to 16%/17% in 2027E/2030E.
- AI server CPU market share rises from 10% in 2025 to 18%/16% in 2027E/2030E.
- AI server non-CPU market share rises from 2% in 2025 to 4%/4% in 2027E/2030E.
- PT of Rmb273.2 for Delton-A based on end-2026E DCF with 9.8% WACC and 7.0% terminal growth rate (2030E).
- PT of HK$284.73 for Delton-H based on 48x/29 2026E/27E P/E.

## Downside Scenario, CNY112.62, -25%

- General server CPU market share drops from 12% in 2025 to 10%/111% in 2027E/2030E.
- AI server CPU market share rises from 10% in 2025 to 12%/10% in 2027E/2030E.
- AI server non-CPU market share remains at 2% from 2025 to 2027E/2030E.
- PT of Rmb112.62 for Delton-A based on end-2026E DCF with 9.7% WACC and 5.5% terminal growth rate (2030E).
- PT of HK$117.24 for Delton-H based on 31x/19 2026E/27E P/E.

## Sustainability Matters

**Top Material Issues:**

- **Product and service quality:** Delton rigorously enforces standardized operations through regular compliance inspections.
- **Exploration and accessibility of technology:** Delton Technology is committed to building a safe workplace through tech innovation and digitalized management.
- **Sustainable supply chain:** Delton strictly reviews supplier qualifications and encourages suppliers to conduct carbon emission reduction initiatives.

**Company Targets:**

- Achieve 50% carbon reduction by 2036.
- Achieve 60% of renewable electricity in total energy use by 2030.
- Reduce water intensity by 60% in 2050.

**Questions to Management:**

- What specific operational levers drove the variance between the latest results vs target?
- What measures has Delton taken to encourage suppliers to conduct scientific carbon emission reduction targets?

ESG Report: link

## Catalysts

- Better-than-expected server CPU demand.
- Further market share gain and expansion to new customers in the AI server.
- Ongoing spec upgrade of PCB with dollar content going up.
- Accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities.
- Easing supply tightness in critical materials for high-end PCB.

# Financials:Delton

## Estimate changes

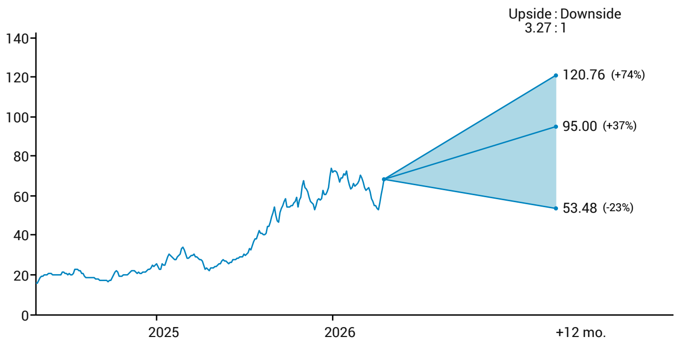
| RMB | 2024A | 2025A | 2026E | 2027E |
|---|---|---|---|---|
| Rev. (MM) | 3,734.0 | 5,485.0 | 9,006.0 | 14,159.0 |
| EBIT (MM) | 805.0 | 1,243.0 | 2,289.0 | 3,808.0 |
| Net Profit | 676.0 | 1,016.0 | 2,009.0 | 3,346.0 |
| EPS | 1.66 | 2.39 | 4.25 | 7.08 |
| Cons. Rev. | - | - | 8,209.0 | 11,568.0 |
| Cons. EPS | - | - | 3.62 | 5.47 |

# The Long View: Shengyi Technology

## Investment Thesis

- We expect robust PCB/CCL TAM growth to be driven by rapidly expanding AI PCB/CCL TAM.
- With continued breakthroughs in high-end CCL, Sytech could become a major international player and benefit from ongoing CCL spec upgrade with rising ASP.
- Continued customer expansion for AI PCB/CCL.
- Active capex plan in both local/overseas markets to meet rising demand for high-end PCB/CCL.

## Risk/Reward - 12 Month View




## Base Case,
## CNY95, +37%

- NVIDIA AI CCL market share rises from 5% in 2025 to 20%/17% in 2027E/2030E.
- Non-NVIDIA AI CCL market share rises from 5% in 2025 to 13%/10% in 2027E/2030E.
- Amazon AI PCB CCL market share drops from 50% in 2025 to 40%/30% in 2027E/2030E.
- PT of Rmb95.00 based on end-2026E DCF with 9.8% WACC and 7.0% terminal growth rate (2030E).

## Upside Scenario,
## CNY120.76, +74%

- NVIDIA AI CCL market share rises from 5% in 2025 to 23%/20% in 2027E/2030E.
- Non-NVIDIA AI CCL market share rises from 5% in 2025 to 18%/15% in 2027E/2030E.
- Amazon AI PCB CCL market share drops from 50% in 2025 to 43%/33% in 2027E/2030E.
- PT of Rmb120.76 based on end-2026E DCF with 9.8% WACC and 7.3% terminal growth rate (2030E).

## Downside Scenario,
## CNY53.48, -23%

- NVIDIA AI CCL market share rises from 5% in 2025 to 16%/13% in 2027E/2030E.
- Non-NVIDIA AI CCL market share rises from 5% in 2025 to 8%/5% in 2027E/2030E.
- Amazon AI PCB CCL market share drops from 50% in 2025 to 35%/25% in 2027E/2030E.
- PT of Rmb53.48 based on end-2026E DCF with 9.8% WACC and 5.5% terminal growth rate (2030E).

## Sustainability Matters

**Top Material Issues:**

- **Product and service quality:** Sytech implements phased project reviews and quality control measures to meet predefined standards.
- **Exploration and accessibility of technology:** Sytech closely aligns with market demands, implements rapid-response product innovation mechanisms, and achieves continued product iteration and optimization.
- **Sustainable supply chain:** Sytech utilizes a Supplier Relationship Management (SRM) system to centralize supplier information, standardize procurement workflows, and objectively and fairly evaluate supplier performance.

**Company Targets:**

- Reduce 30% of energy consumption intensity/unit by 2040.
- Replace 80% of equipment with electrified by 2040.
- Increase the use of green electricity by 4%/year to 100% by 2040.

**Questions to Management:**

- What is Sytech’s decarbonization roadmap?
- What measures has Sytech taken to encourage suppliers to conduct scientific carbon emission reduction targets?

ESG Report: link

## Catalysts

- Better-than-expected AI server demand.
- Further market share gain and expansion to new customers in AI server PCB/CCL.
- Ongoing spec upgrade of PCB /CCL with dollar content going up.
- Accelerated capacity and profitability ramp for AI-related products in both local/overseas facilities.
- Easing supply tightness in critical materials for high-end PCB/CCL.
- Smooth transfer of upstream materials' price hikes to downstream customers.

# Financials:Shengyi Technology

## Estimate changes

| RMB | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| Rev. (MM) | 20,388.0 | 28,431.0 | 38,854.0 | 52,497.0 |
| EBIT (MM) | 1,998.0 | 4,405.0 | 6,987.0 | 10,925.0 |
| Net Profit | 1,739.0 | 3,334.0 | 5,209.0 | 8,307.0 |
| EPS | 0.73 | 1.37 | 2.14 | 3.42 |
| Cons. Rev. | - | 28,626.0 | 38,831.0 | 51,023.0 |
| Cons. EPS | - | 1.37 | 2.14 | 3.42 |

## Company Description

**Delton**

Delton Technology (Guangzhou) Inc. manufactures multi-layer printed circuit board. Its core printed circuit board products include high-end server, 5G communication, high-speed storage and automotive electronic PCB. The company was founded on June 17, 2002, and is headquartered in Guangzhou, China.

**WUS**

WUS Printed Circuit (Kunshan) Co., Ltd. engages in the research, development, manufacturing and sale of printed circuit boards. Its products include backplanes, line cards, server products, high density interconnect, hybrid products, heat sinks, heavy copper and antennas. The company was founded by Li Gan Wu and Mei Fang Chen on April 14, 1992, and is headquartered in Kunshan, China.

**Shengyi Technology**

Shengyi Technology Co., Ltd. engages in the design, manufacturing and sale of copper-clad laminates, adhesive sheets, and printed circuit boards. Its products include copper-clad laminates, insulation laminates, metal-based copper-clad laminates, resin-coated copper foils, and cover films. The company was founded on June 27, 1985, and is headquartered in Dongguan, China.

## Company Valuation/Risks

**Delton**

Our price target of Rmb190.00 for Delton-A is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 6.5% (2030E). Our price target of HK$200.00 for Delton-H is based on 2026E/27E P/E of 41x/25x. Key risks include: 1) Deceleration in global AI capex growth; 2) Market share loss from escalating competition; 3) Slower-than-expected adoption of advanced PCB solutions due to technical barriers; 4) Technology replacement threat from other interconnection solutions such as copper cable and optical; and 5) Supply chain uncertainties or additional costs due to supply bottlenecks of upstream materials/tools or escalating geopolitical risks.

**WUS**

Our price target of Rmb130.00 is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 6.5% (2030E). Key risks include: 1) Deceleration in global AI capex growth; 2) Market share loss from escalating competition; 3) Slower-than-expected adoption of advanced PCB solutions due to technical barriers; 4) Technology replacement threat from other interconnection solutions such as copper cable and optical; and 5) Supply chain uncertainties or additional costs due to supply bottlenecks of upstream materials/tools or escalating geopolitical risks.

**Shengyi Technology**

Our price target of Rmb95.00 is based on end-2026E DCF, with a WACC of 9.8% and a terminal growth rate of 7.0% (2030E). Key risks include: 1) Deceleration in global AI capex growth; 2) Market share loss from escalating competition; 3) Slower-than-expected adoption of advanced PCB/CCL solutions due to technical barriers; 4) Technology replacement threat from other interconnection solutions such as copper cable and optical; and 5) Supply chain uncertainties or additional costs due to supply bottlenecks of upstream materials/tools or escalating geopolitical risks.

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**(Article 3(1)e and Article 7 of MAR)**

| | |
|---|---|
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| Recommendation Distributed | April 20, 2026 6:46 A.M. |

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Rayyan Matraji owns shares of Amazon.com common stock.
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- Avary Holding (Shenzhen) Co., Ltd. (002938 CH: CNY62.12, BUY)
- Hangzhou First Applied Material Co Ltd (603806 CH: CNY17.19, BUY)
- Intel Corporation (INTC: $68.50, HOLD)
- Meta Platforms, Inc. (META: $688.55, BUY)
- NVIDIA Corporation (NVDA: $201.68, BUY)
- Nokia (NOKIA FH: €8.65, BUY)

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| | | | IB Serv./Past12 Mos. | | JIL Mkt Serv./Past12 Mos. | |
|---|---|---|---|---|---|---|
| | Count | Percent | Count | Percent | Count | Percent |
| BUY | 2176 | 61.98% | 365 | 16.77% | 110 | 5.06% |
| HOLD | 1176 | 33.49% | 101 | 8.59% | 15 | 1.28% |
| UNDERPERFORM | 159 | 4.53% | 1 | 0.63% | 1 | 0.63% |

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