Technology Hardware - Taiwan

ABF substrate: stay constructive on favorable supply/demand ahead

Price Objective Change

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Equity
Taiwan
Tech Hardware

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Raise PO on Unimicron/NYPCB/Kinsus; reiterate Buy

We raise our POs on Unimicron/NYPCB/Kinsus to NT$1,300/NT$1,170/NT$695 (from NT$1,100/NT$1,100/NT$590) along with 10-20%/4-11%/14-28% increases in our EPS estimates across 2026-28, which are resulted from 1) the positives we have seen recently (discussed below); and 2) ongoing supply addition by these companies to meet the robust demand growth, via the capacity ramp in new factories or debottlenecking in the existing ones. Our valuation methods applied to the three names remain unchanged (Exhibit 2), and we reiterate Buy on these names in view of the structural benefits from prolonged supply/demand tightness into 2027-28.

Structural demand strength from AI CPU/GPU

Across different generations of CPU/GPU used in AI servers, the consumption of ABF substrate keeps increasing at a rapid pace (Exhibit 4). Further, the content values from these CPU/GPU are all much higher vs that in PC (personal computer) processor. In our view, this supports our estimates that 54%/61%/66% of the industry demand comes from server CPU and accelerators in 2026/27/28, as discussed in our report (see, ABF substrate supply/demand update.)

Positive read from AMD recently

Further on industry S/D (supply/demand), we see positives from the initiative/commentary by AMD's management recently, including 1) its recent visit to Taiwan to reassure the substrate supply; and 2) a reaffirmed 35% CAGR for server CPU TAM (total addressable market) toward 2030. For the names (Unimicron, NYPCB, Kinsus) we discuss in the report, we note all of them are the substrate suppliers to AMD.

Constructive view on S/D shared by peers

For the industry peers globally, we note AT&S guided 30-35% revenue YoY in FY2026/27 (vs EUD1.8bn in FY2025/26), while the growth rate is capped by the upstream glass cloth supply tightness. In our view, such comments are similar to what we learnt from Kinsus previously, and it implies further revenue upside if the substrate makers can secure more T-glass supply. On the demand side, we note a structural increase in package substrate consumption along with bigger reticle size and a more complicated process, as shared by Ibiden (Exhibit 5).

AI – artificial intelligence

CPU/GPU – central/graphic processing unit

S/D – supply/demand

NYPCB – Nan Ya Printed Circuit Board

Exhibit 1: Summary of PO change
We raise PO on three stocks in this report

Company	Ticker	PO (local currency) New	PO (local currency) Old
Unimicron	6415 TT	1300	1100
NYPCB	8046 TT	1170	1100
Kinsus	3189 TT	695	590

Source: BofA Global Research
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Refer to important disclosures on page 10 to 13. Analyst Certification on page 8. Price Objective Basis/Risk on page 7.

Exhibit 2: Summary of changes in PO and valuation method
Our valuation methods on the three names are unchanged

		PO (local currency)		Valuation method	
Company	**Ticker**	New	Old	New	Old
Unimicron	6415 TT	1300	1100		30.5x 2H27-1H28E P/E (unchanged)
NYPCB	8046 TT	1170	1100		28.5x 2H27-1H28E P/E (unchanged)
Kinsus	3189 TT	695	590		28.5x 2H27-1H28E P/E (unchanged)

Source: BofA Global Research

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Exhibit 3: Table of recommendation
Stocks mentioned with ratings in this report

BofA ticker	Ticker	Company name	Price (LC)	Rating
UMCRF	3037 TT	Unimicron	NT$ 970	C-1-7
NANYF	8046 TT	NYPCB	NT$ 934	C-1-7
KNSUF	3189 TT	Kinsus	NT$ 609	C-1-7

Source: BofA Global Research, Bloomberg

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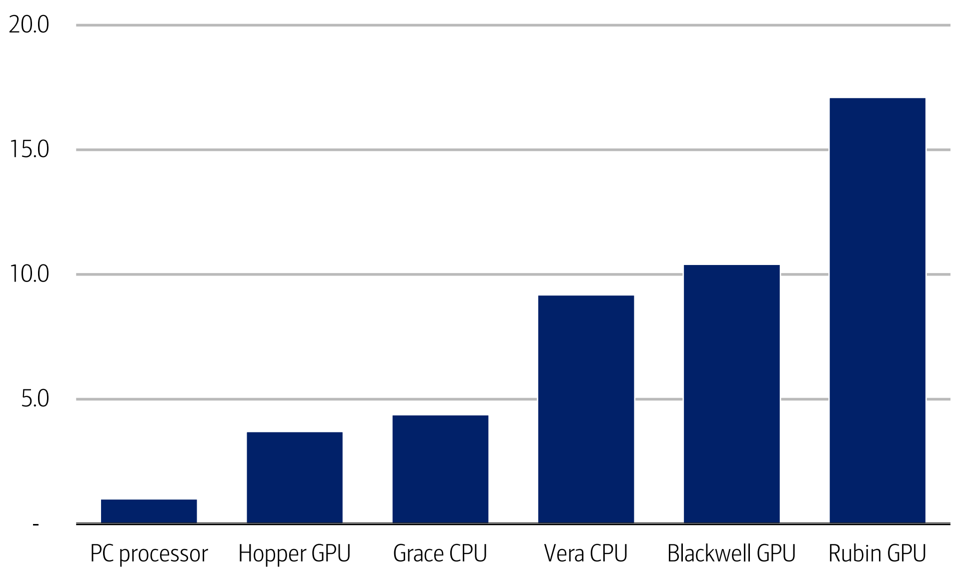
Exhibit 4: ABF substrate consumption by applications (by indexing PC processor to 1.0)
There is a structural growth of ABF substrate demand across generations of AI CPU/GPU



Source: BofA Global Research estimates

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Exhibit 5: Technology development of package substrate
There is a structural spec migration in substrate size along with reticle size

Year	2025	2026	2028	2030 and beyond
Reticle size	3.5x	5x	7.5x	>9x
Substrate body size per layer (mmsq)	80x80	90x90	110x110	Bigger than 130x130
SAP (semi additive)	9+N+9	10+N+10	12+N+12	14+N+14

Source: BofA Global Research estimates, company data

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Exhibit 6: Earnings estimate change - Unimicron

We raise 2026-28E EPS by 10-20% after baking in the assumption of stronger revenue growth and gross margin

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	180,483	171,744	5.1	254,662	224,766	13.3	320,976	281,008	14.2
Gross profit	41,956	38,660	8.5	79,487	66,490	19.5	117,590	98,032	20.0
Gross margin	*23.2%*	*22.5%*	0.7 ppt	*31.2%*	*29.6%*	1.6 ppt	*36.6%*	*34.9%*	1.7 ppt
Operating profit	26,795	23,782	12.7	63,237	50,747	24.6	99,479	80,997	22.8
Operating margin	*14.8%*	*13.8%*	1.0 ppt	*24.8%*	*22.6%*	2.3 ppt	*31.0%*	*28.8%*	2.2 ppt
Pretax income	32,712	29,699	10.1	68,604	57,214	19.9	104,846	87,164	20.3
Pretax margin	*18.1%*	*17.3%*	0.8 ppt	*26.9%*	*25.5%*	1.5 ppt	*32.7%*	*31.0%*	1.6 ppt
Net income	23,622	21,484	10.0	48,070	40,103	19.9	74,059	61,593	20.2
Net margin	*13.1%*	*12.5%*	0.6 ppt	*18.9%*	*17.8%*	1.0 ppt	*23.1%*	*21.9%*	1.2 ppt
EPS (NT$)	15.51	14.10	10.0	31.56	26.33	19.9	48.62	40.43	20.2

Source: BofA Global Research estimates

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Exhibit 7: BofAe vs consensus - Unimicron

We are 7% ahead of consensus for 2026-27E EPS, given the assumption of stronger revenue growth and operating leverage

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	180,483	177,977	1.4	254,662	244,564	4.1	320,976	318,614	0.7
Gross profit	41,956	40,223	4.3	79,487	73,369	8.3	117,590	114,701	2.5
Gross margin	*23.2%*	*22.6%*	0.6 ppt	*31.2%*	*30.0%*	1.2 ppt	*36.6%*	*36.0%*	0.6 ppt
Operating profit	26,795	24,936	7.5	63,237	54,793	15.4	99,479	86,597	14.9
Operating margin	*14.8%*	*14.0%*	0.8 ppt	*24.8%*	*22.4%*	2.4 ppt	*31.0%*	*27.2%*	3.8 ppt
Pretax income	32,712	28,865	13.3	68,604	57,197	19.9	104,846	91,982	14.0
Pretax margin	*18.1%*	*16.2%*	1.9 ppt	*26.9%*	*23.4%*	3.6 ppt	*32.7%*	*28.9%*	3.8 ppt
Net income	23,622	22,110	6.8	48,070	44,744	7.4	74,059	74,240	-0.2
Net margin	*13.1%*	*12.4%*	0.7 ppt	*18.9%*	*18.3%*	0.6 ppt	*23.1%*	*23.3%*	-0.2 ppt
EPS (NT$)	15.51	14.51	6.8	31.56	29.37	7.4	48.62	48.74	-0.2

Source: BofA Global Research estimates, Bloomberg

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Exhibit 8: Income statement – Unimicron
We expect the company's gross margin to reach 30+%/35+% in 2027/28

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	37,446	40,997	47,437	54,602	56,916	59,519	66,214	72,014	131,241	180,483	254,662	320,976
COGS	-30,721	-32,243	-35,847	-39,717	-41,202	-42,062	-44,900	-47,011	-112,949	-138,527	-175,175	-203,385
Gross Profit	6,726	8,755	11,590	14,885	15,714	17,457	21,313	25,003	18,292	41,956	79,487	117,590
Operating expenses	-3,969	-3,615	-3,736	-3,842	-3,781	-3,980	-4,116	-4,372	-11,618	-15,161	-16,250	-18,111
SG&A	-2,547	-2,127	-2,194	-2,266	-2,252	-2,380	-2,459	-2,599	-6,619	-9,133	-9,690	-10,642
R&D	-1,422	-1,488	-1,542	-1,576	-1,529	-1,600	-1,657	-1,773	-4,999	-6,028	-6,559	-7,469
Operating income	2,757	5,140	7,855	11,044	11,933	13,477	17,197	20,631	6,674	26,795	63,237	99,479
Non-operating income	3,542	792	792	792	1,342	1,342	1,342	1,342	2,153	5,917	5,367	5,367
Interest income	-327	-327	-327	-327	-327	-327	-327	-327	-1,287	-1,309	-1,309	-1,309
Investment income	600	150	150	150	150	150	150	150	-50	1,050	600	600
Others	3,269	969	969	969	1,519	1,519	1,519	1,519	3,489	6,176	6,076	6,076
Pre-tax profit	6,299	5,932	8,646	11,835	13,275	14,818	18,539	21,972	8,827	32,712	68,604	104,846
Tax	-881	-1,542	-1,729	-2,367	-2,920	-3,556	-3,708	-4,394	-1,277	-6,519	-14,579	-21,732
Net income	5,042	4,035	6,164	8,381	9,257	10,037	13,218	15,559	6,673	23,622	48,070	74,059
EPS (NT$)	3.31	2.65	4.05	5.50	6.08	6.59	8.68	10.21	4.38	15.51	31.56	48.62
Margin												
Gross margin	18.0%	21.4%	24.4%	27.3%	27.6%	29.3%	32.2%	34.7%	13.9%	23.2%	31.2%	36.6%
Operating margin	7.4%	12.5%	16.6%	20.2%	21.0%	22.6%	26.0%	28.6%	5.1%	14.8%	24.8%	31.0%
Pre-tax margin	16.8%	14.5%	18.2%	21.7%	23.3%	24.9%	28.0%	30.5%	6.7%	18.1%	26.9%	32.7%
Net margin	13.5%	9.8%	13.0%	15.3%	16.3%	16.9%	20.0%	21.6%	5.1%	13.1%	18.9%	23.1%
QoQ growth												
Revenue	7.9%	9.5%	15.7%	15.1%	4.2%	4.6%	11.2%	8.8%				
Gross profit	22.9%	30.2%	32.4%	28.4%	5.6%	11.1%	22.1%	17.3%				
Operating profit	16.5%	86.4%	52.8%	40.6%	8.1%	12.9%	27.6%	20.0%				
Pre-tax profit	51.8%	-5.8%	45.8%	36.9%	12.2%	11.6%	25.1%	18.5%				
Net profit	42.7%	-20.0%	52.8%	36.0%	10.5%	8.4%	31.7%	17.7%				
YoY growth												
Revenue	24.4%	26.3%	39.5%	57.4%	52.0%	45.2%	39.6%	31.9%	13.8%	37.5%	41.1%	26.0%
Gross profit	67.1%	106.2%	154.8%	172.0%	133.6%	99.4%	83.9%	68.0%	12.1%	129.4%	89.5%	47.9%
Operating profit	117.6%	240.5%	412.5%	366.8%	332.8%	162.2%	118.9%	86.8%	30.4%	301.5%	136.0%	57.3%
Pre-tax profit	358.6%	1562.7%	193.4%	185.2%	110.8%	149.8%	114.4%	85.6%	20.6%	270.6%	109.7%	52.8%
Net profit	451.3%	13528.9%	180.9%	137.1%	83.6%	148.7%	114.4%	85.6%	31.3%	254.0%	103.5%	54.1%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Exhibit 9: Earnings estimate change – NYPCB
We raise 2027-28E EPS by 4-11% after baking in the assumptions of stronger revenue growth and gross margin

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	59,380	59,359	0.0	84,861	82,410	3.0	113,729	104,010	9.3
Gross profit	12,628	12,623	0.0	24,732	23,880	3.6	38,113	34,250	11.3
Gross margin	*21.3%*	*21.3%*	0.0 ppt	*29.1%*	*29.0%*	0.2 ppt	*33.5%*	*32.9%*	0.6 ppt
Operating profit	10,879	10,874	0.0	22,859	22,027	3.8	36,125	32,315	11.8
Operating margin	*18.3%*	*18.3%*	0.0 ppt	*26.9%*	*26.7%*	0.2 ppt	*31.8%*	*31.1%*	0.7 ppt
Pretax income	11,813	11,809	0.0	24,829	23,997	3.5	38,082	34,271	11.1
Pretax margin	*19.9%*	*19.9%*	0.0 ppt	*29.3%*	*29.1%*	0.1 ppt	*33.5%*	*32.9%*	0.5 ppt
Net income	9,707	9,704	0.0	21,133	20,425	3.5	31,967	28,775	11.1
Net margin	*16.3%*	*16.3%*	0.0 ppt	*24.9%*	*24.8%*	0.1 ppt	*28.1%*	*27.7%*	0.4 ppt
EPS (NT$)	15.02	15.02	0.0	32.71	31.61	3.5	49.47	44.53	11.1

Source: BofA Global Research estimates

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Exhibit 10: BofAe vs consensus - NYPCB

We are 6-23% ahead of consensus for 2026-28E EPS, due partly to the assumptions of stronger revenue growth and gross margin

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	59,380	55,779	6.5	84,861	77,958	8.9	113,729	113,814	-0.1
Gross profit	12,628	10,821	16.7	24,732	20,971	17.9	38,113	34,713	9.8
Gross margin	*21.3%*	*19.4%*	1.9 ppt	*29.1%*	*26.9%*	2.2 ppt	*33.5%*	*30.5%*	3.0 ppt
Operating profit	10,879	8,980	21.1	22,859	19,874	15.0	36,125	35,609	1.4
Operating margin	*18.3%*	*16.1%*	2.2 ppt	*26.9%*	*25.5%*	1.4 ppt	*31.8%*	*31.3%*	0.5 ppt
Pretax income	11,813	9,670	22.2	24,829	20,656	20.2	38,082	37,009	2.9
Pretax margin	*19.9%*	*17.3%*	2.6 ppt	*29.3%*	*26.5%*	2.8 ppt	*33.5%*	*32.5%*	1.0 ppt
Net income	9,707	8,300	17.0	21,133	17,220	22.7	31,967	30,164	6.0
Net margin	*16.3%*	*14.9%*	1.5 ppt	*24.9%*	*22.1%*	2.8 ppt	*28.1%*	*26.5%*	1.6 ppt
EPS (NT$)	15.02	12.84	17.0	32.71	26.65	22.7	49.47	46.68	6.0

Source: BofA Global Research estimates, Bloomberg

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Exhibit 11: Income statement - NYPCB

We expect the company to record 35-40% revenue CAGR during 2026-28

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	**11,177**	**14,087**	**16,296**	**17,820**	**18,055**	**20,300**	**22,403**	**24,104**	**40,173**	**59,380**	**84,861**	**113,729**
COGS	-9,406	-11,292	-12,572	-13,482	-13,377	-14,626	-15,695	-16,432	-36,526	-46,752	-60,130	-75,616
Gross Profit	**1,771**	**2,795**	**3,724**	**4,338**	**4,677**	**5,674**	**6,707**	**7,673**	**3,647**	**12,628**	**24,732**	**38,113**
Operating expenses	**-419**	**-424**	**-442**	**-465**	**-448**	**-463**	**-472**	**-489**	**-1,665**	**-1,749**	**-1,873**	**-1,988**
SG&A	-419	-424	-442	-465	-448	-463	-472	-489	-1,665	-1,749	-1,873	-1,988
R&D	0	0	0	0	0	0	0	0	0	0	0	0
Operating income	**1,352**	**2,371**	**3,282**	**3,874**	**4,229**	**5,211**	**6,235**	**7,184**	**1,982**	**10,879**	**22,859**	**36,125**
Non-operating income	**246**	**296**	**196**	**196**	**343**	**542**	**542**	**542**	**363**	**934**	**1,970**	**1,956**
Interest income	33	32	32	32	29	28	29	29	158	130	115	101
Investment income	12	12	12	12	12	12	12	12	18	48	48	48
Others	201	252	152	152	302	502	502	502	187	756	1,807	1,807
Pre-tax profit	**1,598**	**2,667**	**3,479**	**4,070**	**4,572**	**5,753**	**6,777**	**7,726**	**2,346**	**11,813**	**24,829**	**38,082**
Tax	-289	-533	-591	-692	-686	-834	-1,017	-1,159	-399	-2,106	-3,696	-6,115
Net income	**1,309**	**2,133**	**2,887**	**3,378**	**3,887**	**4,919**	**5,761**	**6,567**	**1,947**	**9,707**	**21,133**	**31,967**
EPS (NT$)	**2.03**	**3.30**	**4.47**	**5.23**	**6.01**	**7.61**	**8.92**	**10.16**	**3.01**	**15.02**	**32.71**	**49.47**
Margin												
Gross margin	15.8%	19.8%	22.9%	24.3%	25.9%	28.0%	29.9%	31.8%	9.1%	21.3%	29.1%	33.5%
Operating margin	12.1%	16.8%	20.1%	21.7%	23.4%	25.7%	27.8%	29.8%	4.9%	18.3%	26.9%	31.8%
Pre-tax margin	14.3%	18.9%	21.3%	22.8%	25.3%	28.3%	30.3%	32.1%	5.8%	19.9%	29.3%	33.5%
Net margin	11.7%	15.1%	17.7%	19.0%	21.5%	24.2%	25.7%	27.2%	4.8%	16.3%	24.9%	28.1%
QoQ growth												
Revenue	0.1%	26.0%	15.7%	9.4%	1.3%	12.4%	10.4%	7.6%				
Gross profit	26.7%	57.8%	33.3%	16.5%	7.8%	21.3%	18.2%	14.4%				
Operating profit	40.4%	75.3%	38.4%	18.0%	9.2%	23.2%	19.7%	15.2%				
Pre-tax profit	13.4%	66.9%	30.4%	17.0%	12.3%	25.8%	17.8%	14.0%				
Net profit	8.9%	63.0%	35.3%	17.0%	15.1%	26.6%	17.1%	14.0%				
YoY growth												
Revenue	32.1%	47.0%	48.6%	59.6%	61.5%	44.1%	37.5%	35.3%	24.4%	47.8%	42.9%	34.0%
Gross profit	311.5%	263.5%	254.7%	210.3%	164.1%	103.0%	80.1%	76.9%	919.6%	246.2%	95.9%	54.1%
Operating profit	3986.4%	547.6%	429.2%	302.3%	212.8%	119.8%	90.0%	85.4%	n.a.	448.8%	110.1%	58.0%
Pre-tax profit	523.9%	n.a.	283.5%	188.9%	186.1%	115.7%	94.8%	89.8%	1338.4%	403.7%	110.2%	53.4%
Net profit	530.9%	n.a.	298.3%	181.1%	196.9%	130.6%	99.5%	94.4%	855.6%	398.6%	117.7%	51.3%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Exhibit 12: Earnings estimate change - Kinsus

We raise 2026-28E EPS by 14-28% after baking in the assumption of stronger gross margin and operating leverage

(NT$mn)	BofA 26 (E)			BofA 27 (E)			BofA 28 (E)		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Total sales	53,150	53,135	0.0	69,514	69,488	0.0	82,841	78,994	4.9
Gross profit	12,926	12,245	5.6	20,881	18,203	14.7	26,986	22,196	21.6
Gross margin	*24.3%*	*23.0%*	1.3 ppt	*30.0%*	*26.2%*	3.8 ppt	*32.6%*	*28.1%*	4.5 ppt
Operating profit	6,621	5,941	11.4	13,702	11,060	23.9	19,093	14,689	30.0
Operating margin	*12.5%*	*11.2%*	1.3 ppt	*19.7%*	*15.9%*	3.8 ppt	*23.0%*	*18.6%*	4.5 ppt
Pretax income	7,095	6,415	10.6	13,890	11,628	19.4	19,281	15,256	26.4
Pretax margin	*13.3%*	*12.1%*	1.3 ppt	*20.0%*	*16.7%*	3.2 ppt	*23.3%*	*19.3%*	4.0 ppt
Net income	4,619	4,048	14.1	10,930	8,968	21.9	15,302	11,918	28.4
Net margin	*8.7%*	*7.6%*	1.1 ppt	*15.7%*	*12.9%*	2.8 ppt	*18.5%*	*15.1%*	3.4 ppt
EPS (NT$)	8.79	7.71	14.1	20.81	17.07	21.9	29.13	22.69	28.4

Source: BofA Global Research estimates

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Exhibit 13: BofAe vs consensus - Kinsus

We are 16% ahead of consensus for 2027E EPS, due mainly to the assumption of stronger operating leverage

(NT$mn)	2026E			2027E			2028E		
	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)	BofAe	Consensus	Diff (%)
Total sales	53,150	51,431	3.3	69,514	68,459	1.5	82,841	82,790	0.1
Gross profit	12,926	13,423	-3.7	20,881	20,743	0.7	26,986	28,397	-5.0
Gross margin	*24.3%*	*26.1%*	-1.8 ppt	*30.0%*	*30.3%*	-0.3 ppt	*32.6%*	*34.3%*	-1.7 ppt
Operating profit	6,621	6,621	0.0	13,702	12,352	10.9	19,093	19,928	-4.2
Operating margin	*12.5%*	*12.9%*	-0.4 ppt	*19.7%*	*18.0%*	1.7 ppt	*23.0%*	*24.1%*	-1.0 ppt
Pretax income	7,095	6,903	2.8	13,890	12,668	9.6	19,281	20,344	-5.2
Pretax margin	*13.3%*	*13.4%*	-0.1 ppt	*20.0%*	*18.5%*	1.5 ppt	*23.3%*	*24.6%*	-1.3 ppt
Net income	4,619	4,679	-1.3	10,930	9,449	15.7	15,302	16,581	-7.7
Net margin	*8.7%*	*9.1%*	-0.4 ppt	*15.7%*	*13.8%*	1.9 ppt	*18.5%*	*20.0%*	-1.6 ppt
EPS (NT$)	8.79	8.91	-1.3	20.81	17.99	15.7	29.13	31.57	-7.7

Source: BofA Global Research estimates, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 14: Income statement - Kinsus
We expect the company to record ~25% revenue CAGR during 2026-28

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	11,105	12,436	14,053	15,556	15,698	16,994	18,290	18,532	39,351	53,150	69,514	82,841
COGS	-8,756	-9,639	-10,526	-11,304	-11,279	-11,880	-12,704	-12,769	-31,037	-40,225	-48,633	-55,855
Gross Profit	2,349	2,797	3,527	4,252	4,419	5,114	5,586	5,763	8,314	12,926	20,881	26,986
Operating expenses	-1,459	-1,542	-1,618	-1,686	-1,705	-1,763	-1,825	-1,887	-5,645	-6,304	-7,180	-7,893
SG&A	-831	-893	-944	-991	-1,014	-1,066	-1,084	-1,089	-3,035	-3,660	-4,252	-4,658
R&D	-628	-649	-674	-694	-690	-697	-741	-798	-2,610	-2,645	-2,928	-3,235
Operating income	891	1,256	1,909	2,566	2,714	3,351	3,761	3,876	2,670	6,621	13,702	19,093
Non-operating income	73	47	177	177	87	87	7	7	417	474	188	188
Interest income	-7	-7	-7	-7	-7	-7	-7	-7	-4	-26	-26	-26
Investment income	5	5	5	5	5	5	5	5	18	18	18	18
Others	75	49	179	179	89	89	9	9	404	482	196	196
Pre-tax profit	964	1,303	2,086	2,743	2,801	3,438	3,768	3,883	3,087	7,095	13,890	19,281
Tax	-142	-234	-334	-439	-308	-413	-452	-466	-370	-1,149	-1,639	-2,556
Net income	1,118	2,190	2,025	2,636	2,844	3,398	4,643	3,721	1,596	4,619	10,930	15,302
EPS (NT$)	1.05	1.40	2.67	3.68	4.17	5.14	5.66	5.84	3.51	8.79	20.81	29.13
Margin												
Gross margin	21.2%	22.5%	25.1%	27.3%	28.1%	30.1%	30.5%	31.1%	21.1%	24.3%	30.0%	32.6%
Operating margin	8.0%	10.1%	13.6%	16.5%	17.3%	19.7%	20.6%	20.9%	6.8%	12.5%	19.7%	23.0%
Pre-tax margin	8.7%	10.5%	14.8%	17.6%	17.8%	20.2%	20.6%	21.0%	7.8%	13.3%	20.0%	23.3%
Net margin	10.1%	17.6%	14.4%	16.9%	18.1%	20.0%	25.4%	20.1%	4.1%	8.7%	15.7%	18.5%
QoQ growth												
Revenue	2.7%	12.0%	13.0%	10.7%	0.9%	8.3%	7.6%	1.3%				
Gross profit	-1.8%	19.1%	26.1%	20.6%	3.9%	15.7%	9.2%	3.2%				
Operating profit	-3.3%	41.0%	52.0%	34.5%	5.8%	23.5%	12.2%	3.1%				
Pre-tax profit	-8.7%	35.2%	60.1%	31.5%	2.1%	22.7%	9.6%	3.0%				
Net profit	-7.7%	95.9%	-7.5%	30.2%	7.9%	19.5%	36.7%	-19.9%				
YoY growth												
Revenue	28.8%	30.0%	35.7%	43.9%	41.4%	36.7%	30.2%	19.1%	28.9%	35.1%	30.8%	19.2%
Gross profit	21.0%	38.8%	79.6%	77.7%	88.1%	82.8%	58.4%	35.5%	-4.1%	55.5%	61.6%	29.2%
Operating profit	77.7%	102.5%	203.9%	178.7%	204.7%	166.9%	97.0%	51.0%	143.7%	148.0%	106.9%	39.3%
Pre-tax profit	37.7%	110.3%	192.6%	159.9%	190.7%	163.9%	80.7%	41.5%	92.6%	129.8%	95.8%	38.8%
Net profit	-41.0%	145.8%	144.2%	117.6%	154.5%	55.2%	129.3%	41.2%	3164.4%	189.4%	136.6%	40.0%

Source: BofA Global Research estimates, company data

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Price objective basis & risk

Kinsus (KNSUF)

We set our PO at NT$695 based on 28.5x 2H27-1H28E P/E, which is at mid-high-end level in its historical trading range since 2013. In our view, the multiple is backed by ROE and operating margin recovery to 32% and 28% in 2027-28E.

Upside risks to our PO are (1) tighter ABF supply, (2) increasing adoption of SiP and AiP, (3) lower competition pressure and (4) slow development of alternative technology.

Downside risks are (1) greater ABF expansion from peers, (2) muted SiP/AiP adoption, (3) more severe competition, and (4) unfavorable technology development.

NYPCB (NANYF)

Our PO of NT$1,170 is based on 28.5x 2H27-1H28E P/E, which in our view, the multiple backed by ROE and operating margin expansion to 33-34% and 29% in 2027-28E, as well as a net cash (to equity) position of 20%.

Upside risks to our PO are (1) tighter ABF supply, (2) higher SiP/AiP adoption, and (3) less intensified competition pressure in PCB business.

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AAC Technologies	AACAF	2018 HK	Katherine Zhu
	Asia Vital Components	AVMPF	3017 TT	Doris Kao
	BizLink	BIZLF	3665 TT	Doris Kao
	BOE Technology Group Co., Ltd	XCJQF	000725 CH	Brad Lin
	Chenbro	CEOMF	8210 TT	Cindy Lo
	Cowell	CWLLF	1415 HK	Katherine Zhu
	Crystal-Optech	XMKAF	002273 CH	Katherine Zhu
	Delta Electronics Inc.	DLTEF	2308 TT	Robert Cheng
	Duksan Neolux	XDSXF	213420 KS	Simon Woo, CFA
	Dynamic Holding	XLHCF	3715 TT	Mike Yang
	E Ink Holdings	PVWIF	8069 TT	Doris Kao
	Elite Material	ETMCF	2383 TT	Mike Yang
	Foxconn Industrial Internet	XDAZF	601138 CH	Robert Cheng
	Goertek	XGKCF	002241 CH	Katherine Zhu
	Gold Circuit	GOCCF	2368 TT	Doris Kao
	Hana Microelectronics	XHNNF	HANA TB	Suppapong Iemkongaek, CFA, CMT
	Hon Hai Precision Industry	HNHAF	2317 TT	Robert Cheng
	ISU Petasys	IPTYF	007660 KS	Matt Shin
	Jentech	XVFSF	3653 TT	Doris Kao
	King Slide	KGSLF	2059 TT	Doris Kao
	Kinsus	KNSUF	3189 TT	Mike Yang
	Lens Tech	XLTVF	6613 HK	Katherine Zhu
	LG CNS	XLGLF	064400 KS	Simon Woo, CFA
	LG Electronics	LGEAF	066570 KS	Simon Woo, CFA
	LG Innotek	XLGQF	011070 KS	Simon Woo, CFA
	Lotes	ZYZTF	3533 TT	Doris Kao
	Luxshare	XNJQF	002475 CH	Robert Cheng
	NYPCB	NANYF	8046 TT	Mike Yang
	Quanta Computer	QUCPF	2382 TT	Robert Cheng
	Samsung Electro-Mechanics	SMSGF	009150 KS	Simon Woo, CFA
	Samsung SDI	SSDIF	006400 KS	Simon Woo, CFA
	Samsung SDS	XWPBF	018260 KS	Simon Woo, CFA
	Shennan Circuits	XAMKF	002916 CH	Katherine Zhu
	Taiwan Union Technology Corporation	TWUNF	6274 TT	Mike Yang
	Unimicron	UMCRF	3037 TT	Mike Yang
	Universal Display	OLED	OLED US	Simon Woo, CFA
	Victory Giant	XENEF	300476 CH	Katherine Zhu
	Wistron	WICOF	3231 TT	Doris Kao
	Wiwynn	XWIQF	6669 TT	Robert Cheng
	Xiaomi Corporation	XIACF	1810 HK	Robert Cheng
	Yageo	YGEQF	2327 TT	Robert Cheng
	Zhen Ding Tech	XFAGF	4958 TT	Doris Kao
	Zhongji Innolight	XZICF	300308 CH	Katherine Zhu
	ZTE Corporation	SHZZF	000063 CH	Katherine Zhu
	ZTE Corporation	ZTCOF	763 HK	Katherine Zhu
NEUTRAL				
	Advantech	ADTEF	2395 TT	Robert Cheng
	Asustek	AKCPF	2357 TT	Robert Cheng
	AU Optronics	AUOTF	2409 TT	Brad Lin
	AU Optronics	AUOTY	AUOTY US	Brad Lin
	Auras Technology	AUTCF	3324 TT	Doris Kao
	BYD Electronic	BYDIF	285 HK	Katherine Zhu
	DS Precision	XBASF	002384 CH	Katherine Zhu
	Innolux Corporation	CMLXY	3481 TT	Brad Lin
	Largan Precision	LGANF	3008 TT	Robert Cheng
	Lenovo Group	LNVGF	992 HK	Robert Cheng
	Lenovo Group	LNVGY	LNVGY US	Robert Cheng
	Lite-On Tech	LOTZF	2301 TT	Doris Kao
	Sunny Optical	SNPTF	2382 HK	Katherine Zhu
	TCL Technology Group Corp	XTOOF	000100 CH	Brad Lin
UNDERPERFORM				
	Acer	ASIYF	2353 TT	Robert Cheng
	Catcher Tech	CHERF	2474 TT	Robert Cheng

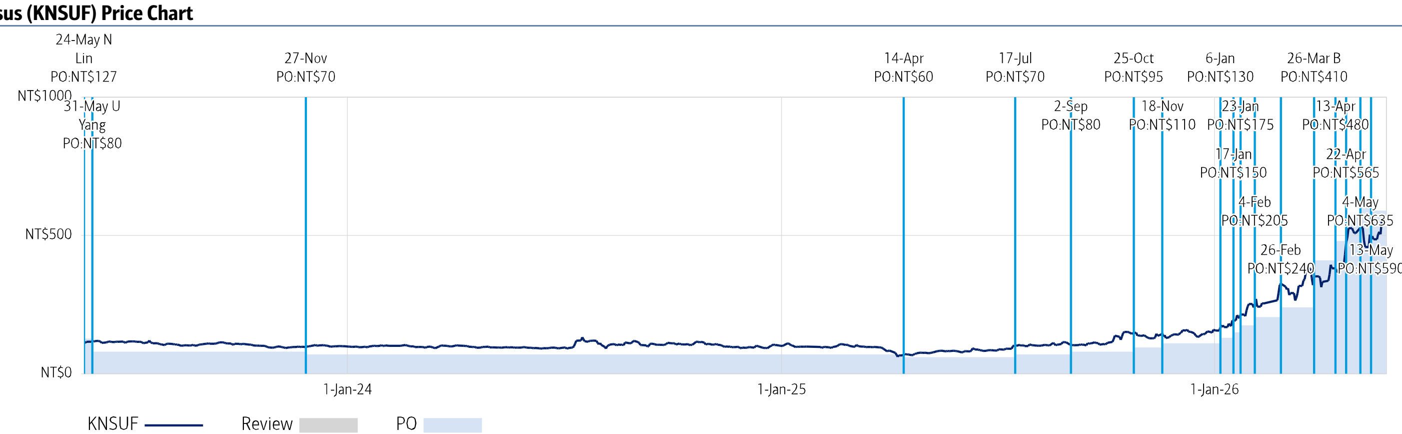
APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Compal Electron	XLCPF	2324 TT	Doris Kao
	Delta Electronics (Thailand)	XLETF	DELTA TB	Suppapong Iemkongaek, CFA, CMT
	Everwin Precision	XSHZF	300115 CH	Katherine Zhu
	Genius Electronic Optical	GNSEF	3406 TT	Robert Cheng
	Lens Tech	XLTGF	300433 CH	Katherine Zhu
	LG Display	LPHLF	034220 KS	Simon Woo, CFA
	LG Display-ADR	LPL	LPL US	Simon Woo, CFA
	Lianchuang Electronic	XWOFF	002036 CH	Katherine Zhu
	Pegatron	PGTRF	4938 TT	Robert Cheng
	Sanan Opto	XEQYF	600703 CH	Katherine Zhu
	Seoul Semiconductor	SLSOF	046890 KS	Simon Woo, CFA
	Shengyi	DGUNF	600183 CH	Mike Yang
	Sunway Communications	XWSVF	300136 CH	Katherine Zhu
	Tianma	XVZLF	000050 CH	Brad Lin
	Transsion	XCINF	688036 CH	Robert Cheng

Disclosures

Important Disclosures

Kinsus (KNSUF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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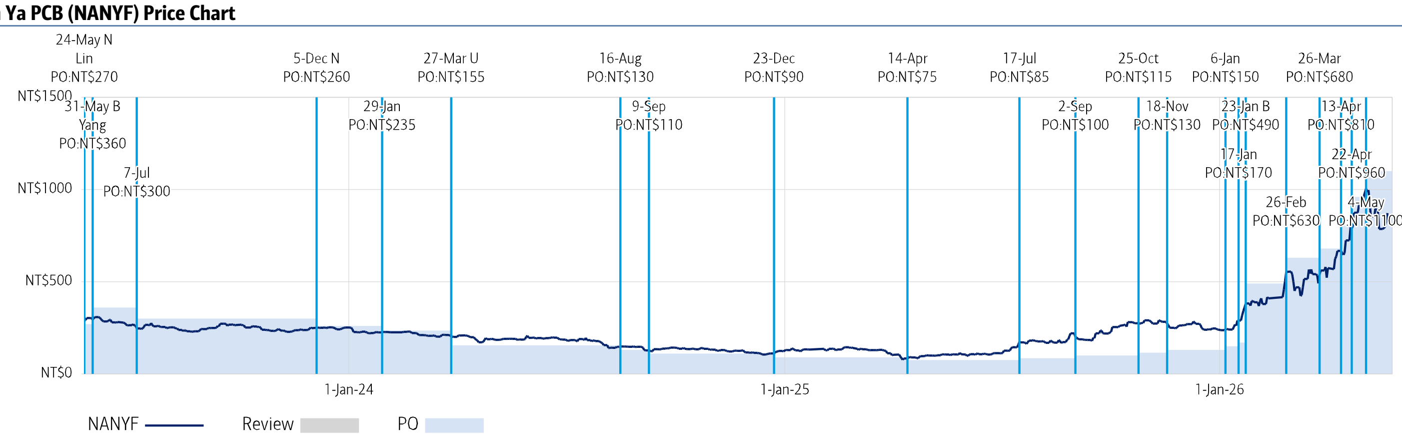
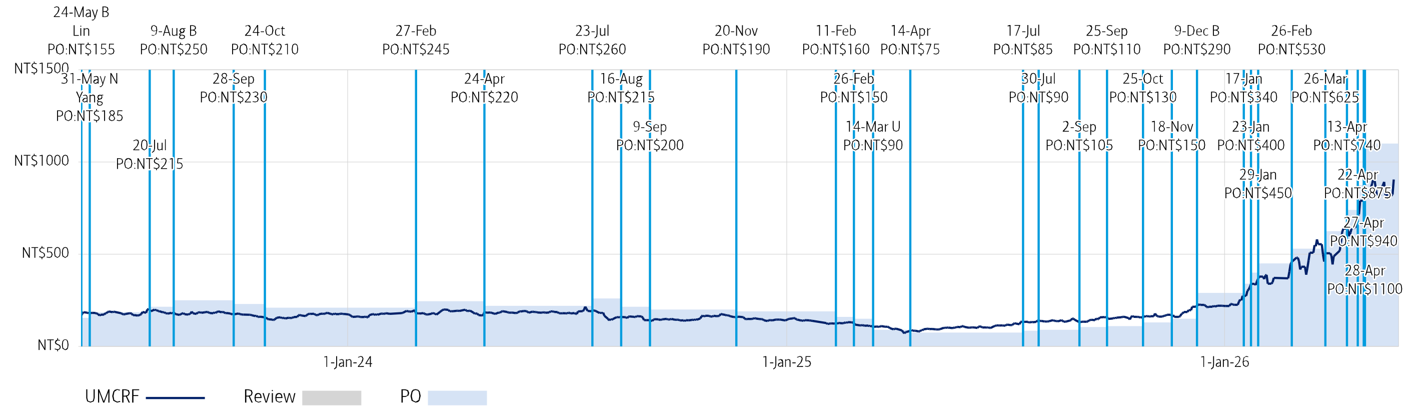
Nan Ya PCB (NANYF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Unimicron (UMCRF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Electronics Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	34	56.67%	Buy	17	50.00%
Hold	10	16.67%	Hold	3	30.00%
Sell	16	26.67%	Sell	6	37.50%

Equity Investment Rating Distribution: Technology Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	234	58.50%	Buy	123	52.56%
Hold	90	22.50%	Hold	43	47.78%
Sell	76	19.00%	Sell	23	30.26%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1993	55.76%	Buy	1186	59.51%
Hold	821	22.97%	Hold	509	62.00%
Sell	760	21.26%	Sell	400	52.63%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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