27 May 2026 13:13:17 ET | 12 pages

Taiwan PCB & Laminates

ABF/BT sector: audited April EPS seemingly suggests late contribution from price hike

CITI'S TAKE

Unimicron and NYPCB both reported audited April earnings: Unimicron's April EPS beat Citi/consensus forecasts easily, while NYPCB's April EPS is in line with Citi/consensus forecasts. For NYPCB, April pre-tax margin is roughly stable (vs March), which is likely impacted by FX volatility in non-op and seemingly suggests late price hike contribution, in our view. For Unimicron, given strong TWSE Index performance, we think Unimicron's April non-op supposedly would recognize meaningful gain on financial assets (from Unimicron's indirectly holdings in Unimicron, UMC or other tech names, as per the mgmt.). Thus, Unimicron's April pre-tax margin seemingly suggests some S-T headwinds (likely ramp-up of new HDI capacity, FX impact, etc.). However, monthly numbers might be misleading to the real quarterly profitability given the timing of 1) initial new capacity ramp; 2) price hike benefits; or 3) accounting recognition of financial gain, in our view. Overall, we still view ABF upcycle story unchanged.

Jack Chen[AC]
+886-2-8726-9091
jack1.chen@citi.com

Laura (Chia Yi) Chen
+886-2-8726-9090
laura.cy.chen@citi.com

Nicholas Lai
+886-2-8726-9093
nicholas.lai@citi.com

Figure 1. Unimicron's and NYPCB's unaudited monthly profitability

Unimicron

(NT$mn)	1Q26	Jan	Implied Feb	March	April
Sales	37,446	12,767	11,600	13,079	13,933
Pre-tax earnings	6,299	2,382	2,290	1,627	3,460
Pre-tax margin %	*16.8%*	*18.7%*	*19.7%*	*12.4%*	*24.8%*
EPS (NT$)	3.28	1.23	1.31	0.74	1.85
Gains on financial assets (liabilities) at fair value	2,507				
% of total sales	6.7%				
Share price performance of Unimicron's financial assets (%)					
Unimicron	92%	72%	27%	-8%	99%
UMC	18%	27%	5%	-14%	37%
TWSE Index	11%	11%	10%	-10%	23%
Share price diff. of Unimicron's financial assets (NT$/share, except Index)					
Unimicron	225	159	103	(37)	439
UMC	7	13	3	(9)	21
TWSE Index	2,759	3,100	3,351	(3,692)	7,204

NYPCB

(NT$mn)	1Q26	Jan	Feb	Implied March	April
Sales	11,177	3,720	3,166	4,291	4,451
Pre-tax earnings	1,598	450	369	779	746
Pre-tax margin %	*14.3%*	*12.1%*	*11.7%*	*18.2%*	*16.8%*
EPS (NT$)	2.03	0.56	0.46	1.01	0.92

Source: Citi Research, Company Reports

NYPCB

(8046.TW; NT$905.0; 1; 27 May 26; 13:30)

Valuation

Our DCF-based TP for NYPCB is NT$1,100. With a risk-free rate of 4.30% (10-year government bond rate), a market risk premium of 7% and an equity beta of 1.22 (YTD weekly share price), we calculate NYPCB's WACC as 12.8%. Our TP is equivalent to 78x/30x 2026E EPS/BVPS, which reflects its high P/E multiple during upcycles. NYPCB traded at 15-20x P/E during its 2003-2008 upcycle driven by PC/NB demand strength. In 2010-11 when the market was recovering from the global financial crisis, NYPCB traded at 25-35x P/E. In the last 2019-22 upcycle when ABF was in shortage, NYPCB traded at 30-40x P/E.

Risks

Key downside risks that could prevent the NYPCB shares from reaching our target price include: 1) weaker-than-expected ABF demand from key customers; 2) BT business seasonality weakness and fewer-than-expected price hikes; and 3) severe T glass shortages that cause a bottleneck to its production.

Unimicron

(3037.TW; NT$1080.0; 1; 27 May 26; 13:30)

Valuation

Our target price for Unimicron is NT$1,080. We use a 1-year forward-looking DCF-based valuation (ie, end-2027) to reflect Unimicron's ability to generate stable cash. With a risk-free rate of 4.3% (10-year government bond rate), a market risk premium of 7%, and an equity beta of 1.43 (2-year weekly share price), we calculate Unimicron's WACC as 13.7%. Our target price is equivalent to 61x/30x 2026/27E EPS, which is higher than the +1std level of consensus PE multiple of the past five years. However, as the market focuses on 2027 upcycle, we believe valuation on 2027E EPS is still in line with historical peak valuations of 25–30x during the last upcycles.

Risks

Key downside risks that could mean Unimicron shares trade below our target price include: 1) weaker-than-expected HDI business; 2) significant increase in ABF supply in the industry; and 3) stronger-than-expected margin pressure from depreciation due to higher capex investments.

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Appendix A-1

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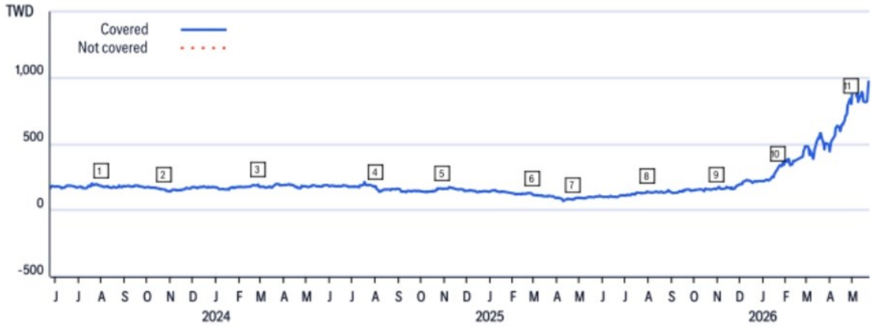
Unimicron (3037.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



#	Date	Rating	Target Price	Closing Price
1	31-Jul-23 15:55:12	1	*217.75	182.61
2	23-Oct-23 14:57:39	1	*207.85	156.88
3	26-Feb-24 10:21:09	1	*247.44	194.00
4	31-Jul-24 10:50:03	1	*237.55	177.67
5	29-Oct-24 13:16:03	1	*217.75	161.83
6	26-Feb-25 11:29:28	1	*173.21	124.22
7	22-Apr-25 12:10:54	1	*98.98	80.17
8	30-Jul-25 10:26:52	1	*163.31	140.55
9	30-Oct-25 03:44:03	1	*217.75	158.36
10	20-Jan-26 10:55:31	1	*400.00	308.00
11	28-Apr-26 12:07:06	1	*1,080.00	825.00

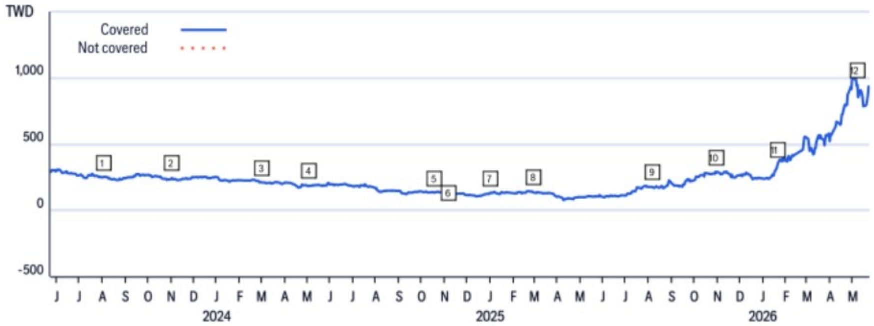
*Indicates Change

Rating/target price changes above reflect Eastern Time

NYPCB (8046.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Jack Chen



#	Date	Rating	Target Price	Closing Price
1	03-Aug-23 11:47:20	2	*250.00	251.50
2	02-Nov-23 15:26:11	2	*241.00	243.00
3	29-Feb-24 14:01:07	2	*210.00	211.50
4	05-May-24 18:46:33	2	*200.00	184.50
5	20-Oct-24 21:10:34	2	*140.00	133.50
6	05-Nov-24 09:06:51	*3	*93.00	127.50
7	31-Dec-24 04:46:50	3	*85.00	130.50
8	28-Feb-25 11:17:59	3	*83.00	136.00
9	06-Aug-25 09:00:30	*2	*175.00	174.00
10	30-Oct-25 03:44:03	*1	*360.00	282.00
11	20-Jan-26 10:55:31	1	*450.00	341.50
12	07-May-26 19:18:42	1	*1,100.00	947.00

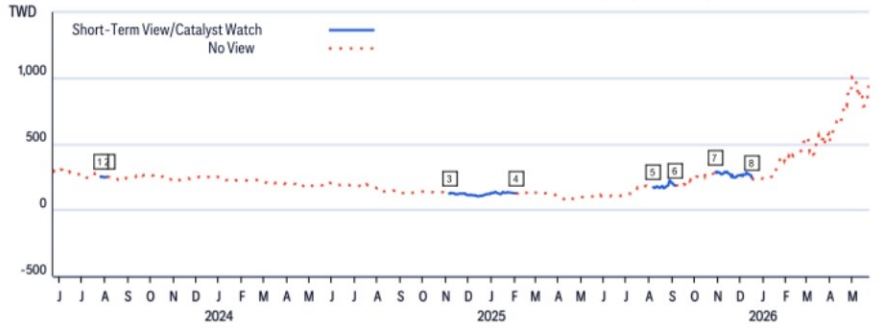
*Indicates Change

Rating/target price changes above reflect Eastern Time

NYPCB (8046.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	26-Jul-23 22:12:57	Add CW	Downside	30 Days	254.50
2	06-Aug-23 10:33:00	Remove CW	Downside	30 Days	252.50
3	05-Nov-24 04:06:51	Add CW	Downside	90 Days	127.50
4	03-Feb-25 19:44:35	Remove CW	Downside	90 Days	127.50
5	06-Aug-25 05:00:30	Add STV	Upside	30 Days	174.00
6	05-Sep-25 14:02:30	Remove STV	Upside	30 Days	187.50
7	29-Oct-25 23:44:03	Add CW	Upside	90 Days	290.50
8	17-Dec-25 23:32:09	Remove CW	Upside	90 Days	243.50

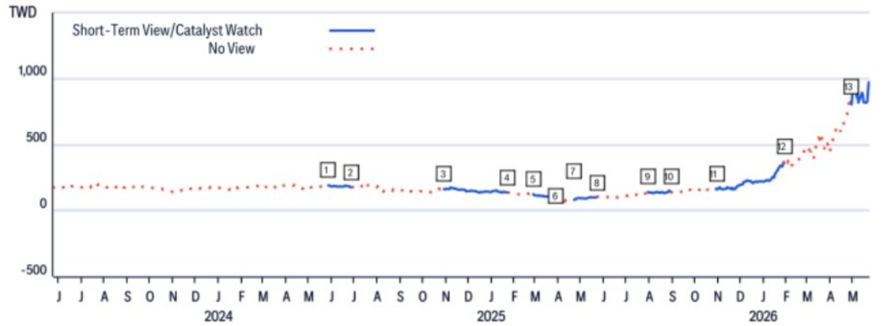
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Unimicron (3037.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	27-May-24 20:58:42	Add CW	Upside	30 Days	190.04
2	27-Jun-24 11:34:52	Remove CW	Upside	30 Days	176.68
3	29-Oct-24 09:16:03	Add STV	Upside	90 Days	161.83
4	27-Jan-25 19:44:16	Remove STV	Upside	90 Days	137.58
5	26-Feb-25 06:29:28	Add STV	Downside	30 Days	124.22
6	28-Mar-25 14:14:28	Remove STV	Downside	30 Days	97.99
7	22-Apr-25 08:10:54	Add STV	Upside	30 Days	80.17
8	22-May-25 21:41:10	Remove STV	Upside	30 Days	100.96
9	30-Jul-25 06:26:52	Add STV	Upside	30 Days	140.55
10	29-Aug-25 14:17:02	Remove STV	Upside	30 Days	143.02
11	29-Oct-25 23:44:03	Add CW	Upside	90 Days	164.30
12	28-Jan-26 19:41:51	Remove CW	Upside	90 Days	367.50
13	28-Apr-26 08:07:06	Add CW	Upside	90 Days	825.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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