NOMURA

Global Markets Research

8 June 2026

# Largan Precision 3008.TW 3008 TT

EQUITY: HANDSETS

## CPO components with full automation potential

### PMLA and FA demo at COMPUTEX was impressive, given the high precision (+/-0.3um) and full automation potential

**Action: Maintain Buy; TP raised to TWD4,310, implying ~22% upside**

Largan's prism/microlens array (PMLA) and fiber array (FA), which are key elements of the CPO fiber array unit (FAU), impressed us at COMPUTEX 2026 (*Fig. 1*), with: **1) their superior alignment technique to achieve +/-0.3um precision level for FA** (despite the +/-0.5um precision level for fiber cores, and +/-0.7um for V-groove part), added with **the potential for full automation in the FA production**, and **2)** its integrated prism plus microlens solution, to reduce efficiency loss and assembly yield loss. We believe the full automation of FA and FAU production/ testing processes has been one of the key hurdles for CPO technology to transform to a mass volume market (i.e. CPO optical engine [OE] to grow to 50mn+ units a year) from currently a niche market (e.g. <50k OE production a year, mostly by semi-automated lines for FAU/FA now). We believe Largan's strong capability in **optical design, manufacturing, and measurement, as well as high-precision assembly and full automation capability**, not to mention its existing **clean room sufficiency** and its **rich cash** positions, **would make the company an ideal partner for customers who plan to deploy CPO.** As we expect likely stronger iPhone shipments in 2026-27F (*see our report*), we raise 2026/27F earnings by 4.9%/2.2%. We maintain Buy and raise our TP to TWD4,310, based on 20x 2027F EPS of TWD215.5 (vs. TWD3,290 earlier, based on 18x 2026F EPS). We raise our target P/E from 18x to 20x to reflect Largan's potential diversification into the AI CPO field, at the higher end of the historical trading band (10-25x) of the company since 2015. Largan trades at 16x 2027F P/E.

**Largan showcased CPO components – PMLA and FA**

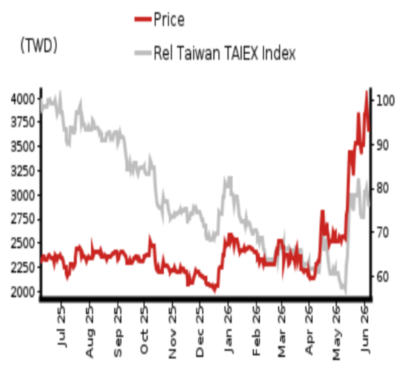
Largan's **PMLA** integrates prisms and collimator lenses (microlens array) by using molding glass technology. Its geometric optics approach theoretically offers less insertion loss than alternatives based on diffractive optics such as metalens. For **FA**, Largan showcased (4x10) 40 channel FA at sub-micron level precision **(+/-0.3um)**. The company's FA design (multiple layers of fiber directly on top of V-groove) could miniaturise the form factor of FA and allow flexibility of designs (e.g. 2x16, 4x10, etc.). We believe Largan's advantages over other V-groove solutions are its full automation potential, and it can stack more layers of fiber vs. current mainstream two layers. Compared to other FA solutions which insert fiber into glass holes, Largan's solution has smaller form factor and lower risks of glass cracking. According to Largan, it will leave the FAU assembly (integrating FA, prism, and microlens together) sourcing decisions to customers' supply chain management, although we believe Largan should have the capability to fully automate the processes upon client requests.

| Year-end 31 Dec | FY25 | FY26F | | FY27F | | FY28F | |
|---|---|---|---|---|---|---|---|
| Currency (TWD) | Actual | Old | New | Old | New | Old | New |
| **Revenue (mn)** | 61,148 | 64,036 | 66,520 | 72,841 | 74,234 | 0 | 79,402 |
| **Reported net profit (mn)** | 21,275 | 24,392 | 25,583 | 28,149 | 28,764 | 0 | 30,690 |
| **Normalised net profit (mn)** | 21,275 | 24,392 | 25,583 | 28,149 | 28,764 | 0 | 30,690 |
| **FD normalised EPS** | 159.40 | 182.76 | 191.68 | 210.90 | 215.51 | | 229.94 |
| **FD norm. EPS growth (%)** | -17.9 | 14.6 | 20.2 | 15.4 | 12.4 | | 6.7 |
| **FD normalised P/E (x)** | 22.2 | – | 18.4 | – | 16.4 | – | 15.4 |
| **EV/EBITDA (x)** | 11.1 | – | 9.9 | – | 8.3 | – | 7.4 |
| **Price/book (x)** | 2.5 | – | 2.5 | – | 2.3 | – | 2.2 |
| **Dividend yield (%)** | 2.4 | – | 2.6 | – | 3.2 | – | 3.6 |
| **ROE (%)** | 11.4 | 12.5 | 13.4 | 13.6 | 14.5 | | 14.5 |
| **Net debt/equity (%)** | net cash | net cash | net cash | net cash | net cash | | net cash |

*Source: Company data, Nomura estimates*

| | |
|---|---|
| Rating<br>Remains | **Buy** |
| Target price<br>Increased from TWD 3,290.00 | **TWD 4,310.00** |
| Closing price<br>8 June 2026 | **TWD 3,535.00** |
| Implied upside | **+21.9%** |
| Market Cap (USD mn) | 14,652.9 |
| ADT (USD mn) | 158.5 |

Relative performance chart




Source: LSEG, Nomura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# Key data on Largan Precision

### Performance

| (%) | 1M | 3M | 12M | | |
|---|---|---|---|---|---|
| Absolute (TWD) | 37.5 | 48.5 | 52.7 | M cap (USDmn) | 14,652.9 |
| Absolute (USD) | 36.8 | 49.7 | 44.8 | Free float (%) | 69.6 |
| Rel to Taiwan TAIEX Index | 29.2 | 14.4 | -55.4 | 3-mth ADT (USDmn) | 158.5 |

### Income statement (TWDmn)

| Year-end 31 Dec | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Revenue | 59,458 | 61,148 | 66,520 | 74,234 | 79,402 |
| Cost of goods sold | -28,248 | -30,311 | -32,907 | -35,869 | -38,247 |
| Gross profit | 31,209 | 30,837 | 33,613 | 38,365 | 41,155 |
| SG&A | -7,177 | -7,279 | -7,921 | -8,476 | -8,856 |
| Employee share expense | 0 | 0 | 0 | 0 | 0 |
| Operating profit | 24,033 | 23,558 | 25,692 | 29,889 | 32,299 |
| EBITDA | 30,262 | 31,290 | 34,634 | 39,898 | 43,375 |
| Depreciation | -6,230 | -7,732 | -8,942 | -10,009 | -11,076 |
| Amortisation | 0 | 0 | 0 | 0 | 0 |
| EBIT | 24,033 | 23,558 | 25,692 | 29,889 | 32,299 |
| Net interest expense | 4,404 | 4,259 | 4,570 | 4,800 | 4,800 |
| Associates & JCEs | 117 | 212 | 89 | 80 | 80 |
| Other income | 3,621 | -2,129 | 1,076 | 800 | 800 |
| Earnings before tax | 32,174 | 25,900 | 31,428 | 35,569 | 37,979 |
| Income tax | -5,963 | -4,340 | -5,792 | -6,805 | -7,289 |
| Net profit after tax | 26,211 | 21,560 | 25,635 | 28,764 | 30,690 |
| Minority interests | -296 | -285 | -53 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Normalised NPAT | 25,915 | 21,275 | 25,583 | 28,764 | 30,690 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Reported NPAT | 25,915 | 21,275 | 25,583 | 28,764 | 30,690 |
| Dividends | -10,811 | -11,412 | -12,446 | -14,966 | -16,827 |
| Transfer to reserves | 15,104 | 9,864 | 13,137 | 13,798 | 13,863 |
| **Valuations and ratios** | | | | | |
| Reported P/E (x) | 18.2 | 22.2 | 18.4 | 16.4 | 15.4 |
| Normalised P/E (x) | 18.2 | 22.2 | 18.4 | 16.4 | 15.4 |
| FD normalised P/E (x) | 18.2 | 22.2 | 18.4 | 16.4 | 15.4 |
| Dividend yield (%) | 2.3 | 2.4 | 2.6 | 3.2 | 3.6 |
| Price/cashflow (x) | 14.9 | 18.1 | 15.6 | 14.3 | 13.5 |
| Price/book (x) | 2.6 | 2.5 | 2.5 | 2.3 | 2.2 |
| EV/EBITDA (x) | 11.5 | 11.1 | 9.9 | 8.3 | 7.4 |
| EV/EBIT (x) | 14.5 | 14.7 | 13.3 | 11.1 | 10.0 |
| Gross margin (%) | 52.5 | 50.4 | 50.5 | 51.7 | 51.8 |
| EBITDA margin (%) | 50.9 | 51.2 | 52.1 | 53.7 | 54.6 |
| EBIT margin (%) | 40.4 | 38.5 | 38.6 | 40.3 | 40.7 |
| Net margin (%) | 43.6 | 34.8 | 38.5 | 38.7 | 38.7 |
| Effective tax rate (%) | 18.5 | 16.8 | 18.4 | 19.1 | 19.2 |
| Dividend payout (%) | 41.7 | 53.6 | 48.7 | 52.0 | 54.8 |
| ROE (%) | 14.8 | 11.4 | 13.4 | 14.5 | 14.5 |
| ROA (pretax %) | 25.4 | 22.9 | 23.4 | 25.5 | 26.6 |
| **Growth (%)** | | | | | |
| Revenue | 21.7 | 2.8 | 8.8 | 11.6 | 7.0 |
| EBITDA | 30.3 | 3.4 | 10.7 | 15.2 | 8.7 |
| Normalised EPS | 44.8 | -17.9 | 20.2 | 12.4 | 6.7 |
| Normalised FDEPS | 44.8 | -17.9 | 20.2 | 12.4 | 6.7 |

Source: Company data, Nomura estimates

### Cashflow statement (TWDmn)

| Year-end 31 Dec | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| EBITDA | 30,262 | 31,290 | 34,634 | 39,898 | 43,375 |
| Change in working capital | -948 | -1,472 | 6,305 | -2,168 | -1,590 |
| Other operating cashflow | 2,264 | -3,738 | -10,606 | -4,654 | -6,739 |
| Cashflow from operations | 31,579 | 26,080 | 30,333 | 33,076 | 35,046 |
| Capital expenditure | -11,126 | -12,338 | -8,341 | -8,000 | -8,000 |
| Free cashflow | 20,453 | 13,743 | 21,993 | 25,076 | 27,046 |
| Reduction in investments | -7,374 | -1,704 | -1,022 | 0 | 0 |
| Net acquisitions | 0 | 0 | 0 | 0 | 0 |
| Dec in other LT assets | 0 | 0 | 0 | 0 | 0 |
| Inc in other LT liabilities | 0 | 0 | 0 | 0 | 0 |
| Adjustments | 2,434 | 4,805 | 951 | 0 | 0 |
| CF after investing acts | 15,512 | 16,845 | 21,922 | 25,076 | 27,046 |
| Cash dividends | -10,811 | -11,412 | -12,446 | -14,966 | -16,827 |
| Equity issue | 0 | 0 | 0 | 0 | 0 |
| Debt issue | 212 | -212 | 0 | 0 | 0 |
| Convertible debt issue | 0 | 0 | 0 | 0 | 0 |
| Others | 1,255 | -2,937 | -3,824 | 0 | 0 |
| CF from financial acts | -9,344 | -14,561 | -16,270 | -14,966 | -16,827 |
| Net cashflow | 6,168 | 2,283 | 5,652 | 10,110 | 10,219 |
| Beginning cash | 107,490 | 113,658 | 115,942 | 121,593 | 131,704 |
| Ending cash | 113,658 | 115,942 | 121,593 | 131,704 | 141,923 |
| Ending net debt | -113,455 | -115,942 | -121,593 | -131,704 | -141,923 |

### Balance sheet (TWDmn)

| As at 31 Dec | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Cash & equivalents | 113,658 | 115,942 | 121,593 | 131,704 | 141,923 |
| Marketable securities | 9,961 | 15,353 | 16,941 | 16,941 | 16,941 |
| Accounts receivable | 11,307 | 11,454 | 14,408 | 16,077 | 17,312 |
| Inventories | 5,733 | 6,713 | 10,541 | 11,651 | 12,440 |
| Other current assets | 5,105 | 4,823 | 5,048 | 5,048 | 5,048 |
| Total current assets | 145,764 | 154,285 | 168,532 | 181,421 | 193,664 |
| LT investments | 12,460 | 8,517 | 9,984 | 10,064 | 10,144 |
| Fixed assets | 46,936 | 51,472 | 50,974 | 48,965 | 45,889 |
| Goodwill | 0 | 0 | 0 | 0 | 0 |
| Other intangible assets | 0 | 0 | 0 | 0 | 0 |
| Other LT assets | 11,367 | 6,512 | 7,434 | 10,885 | 15,936 |
| Total assets | 216,527 | 220,787 | 236,924 | 251,334 | 265,633 |
| Short-term debt | 203 | 0 | 0 | 0 | 0 |
| Accounts payable | 25,100 | 25,243 | 33,258 | 33,258 | 33,258 |
| Other current liabilities | 5,275 | 4,506 | 9,802 | 10,412 | 10,846 |
| Total current liabilities | 30,578 | 29,749 | 43,060 | 43,670 | 44,104 |
| Long-term debt | 0 | 0 | 0 | 0 | 0 |
| Convertible debt | 0 | 0 | 0 | 0 | 0 |
| Other LT liabilities | 561 | 171 | 228 | 230 | 232 |
| Total liabilities | 31,139 | 29,919 | 43,288 | 43,900 | 44,336 |
| Minority interest | 1,869 | 2,001 | 2,058 | 2,058 | 2,058 |
| Preferred stock | 0 | 0 | 0 | 0 | 0 |
| Common stock | 1,335 | 1,335 | 1,335 | 1,335 | 1,335 |
| Retained earnings | 148,623 | 153,570 | 156,317 | 170,115 | 183,977 |
| Proposed dividends | 0 | 0 | 0 | 0 | 0 |
| Other equity and reserves | 33,561 | 33,963 | 33,927 | 33,927 | 33,927 |
| Total shareholders' equity | 183,519 | 188,867 | 191,578 | 205,376 | 219,239 |
| Total equity & liabilities | 216,527 | 220,787 | 236,924 | 251,334 | 265,633 |
| **Liquidity (x)** | | | | | |
| Current ratio | 4.77 | 5.19 | 3.91 | 4.15 | 4.39 |
| Interest cover | – | – | – | – | – |
| **Leverage** | | | | | |
| Net debt/EBITDA (x) | net cash | net cash | net cash | net cash | net cash |
| Net debt/equity (%) | net cash | net cash | net cash | net cash | net cash |
| **Per share** | | | | | |
| Reported EPS (TWD) | 194.17 | 159.40 | 191.68 | 215.51 | 229.94 |
| Norm EPS (TWD) | 194.17 | 159.40 | 191.68 | 215.51 | 229.94 |
| FD norm EPS (TWD) | 194.17 | 159.40 | 191.68 | 215.51 | 229.94 |
| BVPS (TWD) | 1,375.00 | 1,415.07 | 1,435.38 | 1,538.77 | 1,642.63 |
| DPS (TWD) | 81.00 | 85.50 | 93.25 | 112.13 | 126.07 |
| **Activity (days)** | | | | | |
| Days receivable | 68.7 | 67.9 | 71.0 | 74.9 | 77.0 |
| Days inventory | 66.7 | 74.9 | 95.7 | 112.9 | 115.3 |
| Days payable | 313.2 | 303.1 | 324.4 | 338.4 | 318.3 |
| Cash cycle | -177.8 | -160.2 | -157.8 | -150.6 | -126.0 |

Source: Company data, Nomura estimates

## Company profile

Largan is a technology leader in handset camera lenses, and is currently Top 2 plastic lens maker in the world.

## Valuation Methodology

Our TP of TWD4,310 is based on 20x 2027F EPS of TWD215.5. Our target P/E of 20x is at the higher end of the historical trading range of 10-25x since 2015. The benchmark index for the stock is TAIEX.

## Risks that may impede the achievement of the target price

Downside risks: 1) weaker-than-expected sales of iPhones and Android phones; 2) level of inventory correction by Chinese customers; 3) higher-than-expected ASP/margin erosion; 4) slower-than-expected spec upgrades; 5) increased competition, causing market share loss; and 6) worse-than-expected production yields.

## ESG

Largan focuses on resource recycling and voluntarily reported green house gas emission through attending ISO14064 in 2020. Largan has achieved 90%+ water recycling and targets to save 1% electricity every year.

**Fig. 1: Largan's CPO solutions**


Source: Company data, Nomura research

**Fig. 2: Largan – earnings forecast revisions**

| | New forecasts | | | Previous forecasts | | | Change (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| **TWDmn** | **2026F** | **2027F** | **2028F** | **2026F** | **2027F** | **2028F** | **2026F** | **2027F** | **2028F** |
| Revenue | 66,520 | 74,234 | 79,402 | 64,036 | 72,841 | n.a. | 3.9 | 1.9 | n.a. |
| Gross profit | 33,613 | 38,365 | 41,155 | 32,317 | 37,532 | n.a. | 4.0 | 2.2 | n.a. |
| Operating profit | 25,692 | 29,889 | 32,299 | 24,486 | 29,116 | n.a. | 4.9 | 2.7 | n.a. |
| Pretax profit | 31,428 | 35,569 | 37,979 | 30,156 | 34,796 | n.a. | 4.2 | 2.2 | n.a. |
| Net profit | 25,583 | 28,764 | 30,690 | 24,392 | 28,149 | n.a. | 4.9 | 2.2 | n.a. |
| EPS (TWD) | 191.7 | 215.5 | 229.9 | 182.8 | 210.9 | n.a. | 4.9 | 2.2 | n.a. |
| **Margins (%)** | | | | | | | | | |
| Gross margin | 50.5 | 51.7 | 51.8 | 50.5 | 51.5 | n.a. | 0.1 | 0.2 | n.a. |
| Operating margin | 38.6 | 40.3 | 40.7 | 38.2 | 40.0 | n.a. | 0.4 | 0.3 | n.a. |
| Pretax margin | 47.2 | 47.9 | 47.8 | 47.1 | 47.8 | n.a. | 0.2 | 0.1 | n.a. |
| Net margin | 38.5 | 38.7 | 38.7 | 38.1 | 38.6 | n.a. | 0.4 | 0.1 | n.a. |

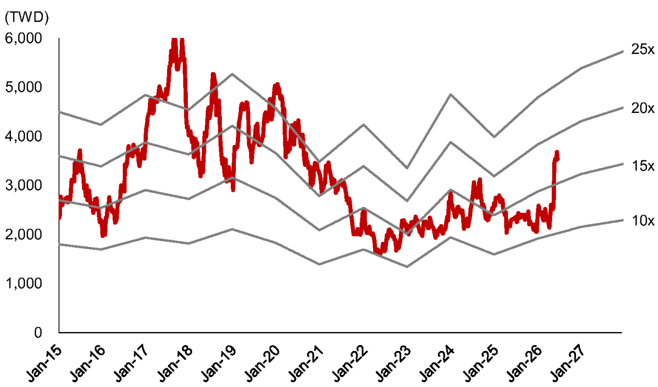
Source: Nomura estimates

## Fig. 3: Largan – quarterly financial forecasts

| (TWDmn) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 2025 | 1Q26 | 2Q26F | 3Q26F | 4Q26F | 2026F | 1Q27F | 2Q27F | 3Q27F | 4Q27F | 2027F | 2028F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenue** | **14,579** | **11,673** | **17,677** | **17,219** | **61,148** | **15,544** | **13,803** | **17,224** | **19,950** | **66,520** | **15,442** | **15,347** | **21,184** | **22,261** | **74,234** | **79,402** |
| COGS | 6,615 | 5,413 | 9,325 | 8,958 | 30,311 | 7,865 | 7,057 | 8,498 | 9,487 | 32,907 | 7,701 | 7,503 | 10,180 | 10,486 | 35,869 | 38,247 |
| **Gross profit** | **7,965** | **6,260** | **8,352** | **8,260** | **30,837** | **7,680** | **6,746** | **8,725** | **10,462** | **33,613** | **7,741** | **7,844** | **11,004** | **11,775** | **38,365** | **41,155** |
| Op expenses | 1,878 | 1,381 | 2,088 | 1,932 | 7,279 | 1,867 | 1,706 | 2,082 | 2,266 | 7,921 | 1,915 | 1,830 | 2,314 | 2,416 | 8,476 | 8,856 |
| **Op profit** | **6,086** | **4,879** | **6,265** | **6,329** | **23,558** | **5,812** | **5,040** | **6,643** | **8,196** | **25,692** | **5,826** | **6,014** | **8,690** | **9,359** | **29,889** | **32,299** |
| Non-op profit | 1,630 | (3,085) | 1,890 | 1,907 | 2,342 | 1,476 | 1,420 | 1,420 | 1,420 | 5,736 | 1,420 | 1,420 | 1,420 | 1,420 | 5,680 | 5,680 |
| Pretax profit | 7,716 | 1,794 | 8,155 | 8,236 | 25,900 | 7,288 | 6,460 | 8,063 | 9,616 | 31,428 | 7,246 | 7,434 | 10,110 | 10,779 | 35,569 | 37,979 |
| **Net profit** | **6,443** | **1,032** | **7,080** | **6,720** | **21,275** | **6,123** | **4,962** | **6,612** | **7,885** | **25,583** | **5,942** | **5,693** | **8,290** | **8,839** | **28,764** | **30,690** |
| **EPS (TWD)** | **48.3** | **7.7** | **53.0** | **50.3** | **159.4** | **45.9** | **37.2** | **49.5** | **59.1** | **191.7** | **44.5** | **42.7** | **62.1** | **66.2** | **215.5** | **229.9** |
| | | | | | | | | | | | | | | | | |
| **Operating ratios (%)** | | | | | | | | | | | | | | | | |
| Gross margin | 54.6% | 53.6% | 47.2% | 48.0% | 50.4% | 49.4% | 48.9% | 50.7% | 52.4% | 50.5% | 50.1% | 51.1% | 51.9% | 52.9% | 51.7% | 51.8% |
| Operating margin | 41.7% | 41.8% | 35.4% | 36.8% | 38.5% | 37.4% | 36.5% | 38.6% | 41.1% | 38.6% | 37.7% | 39.2% | 41.0% | 42.0% | 40.3% | 40.7% |
| Pretax profit margin | 52.9% | 15.4% | 46.1% | 47.8% | 42.4% | 46.9% | 46.8% | 46.8% | 48.2% | 47.2% | 46.9% | 48.4% | 47.7% | 48.4% | 47.9% | 47.8% |
| Net profit margin | 44.2% | 8.8% | 40.1% | 39.0% | 34.8% | 39.4% | 36.0% | 38.4% | 39.5% | 38.5% | 38.5% | 37.1% | 39.1% | 39.7% | 38.7% | 38.7% |
| **Year-to-year (%)** | | | | | | | | | | | | | | | | |
| Net revenue | 29% | 6% | -7% | -5% | 3% | 7% | 18% | -3% | 16% | 9% | -1% | 11% | 23% | 12% | 12% | 7% |
| Gross profit | 43% | 18% | -12% | -24% | -1% | -4% | 8% | 4% | 27% | 9% | 1% | 16% | 26% | 13% | 14% | 7% |
| Operating profit | 54% | 25% | -20% | -24% | -2% | -5% | 3% | 6% | 30% | 9% | 0% | 19% | 31% | 14% | 16% | 8% |
| Pretax profit | 4% | -69% | 4% | -26% | -20% | -6% | 260% | -1% | 17% | 21% | -1% | 15% | 25% | 12% | 13% | 7% |
| Net profit | 5% | -77% | 7% | -23% | -18% | -5% | 381% | -7% | 17% | 20% | -3% | 15% | 25% | 12% | 12% | 7% |
| **Qtr-to-Qtr (%)** | | | | | | | | | | | | | | | | |
| Net revenue | -20% | -20% | 51% | -3% | | -10% | -11% | 25% | 16% | | -23% | -1% | 38% | 5% | | |
| Gross profit | -26% | -21% | 33% | -1% | | -7% | -12% | 29% | 20% | | -26% | 1% | 40% | 7% | | |
| Operating profit | -27% | -20% | 28% | 1% | | -8% | -13% | 32% | 23% | | -29% | 3% | 45% | 8% | | |
| Pretax profit | -30% | -77% | 355% | 1% | | -12% | -11% | 25% | 19% | | -25% | 3% | 36% | 7% | | |
| Net profit | -26% | -84% | 586% | -5% | | -9% | -19% | 33% | 19% | | -25% | -4% | 46% | 7% | | |

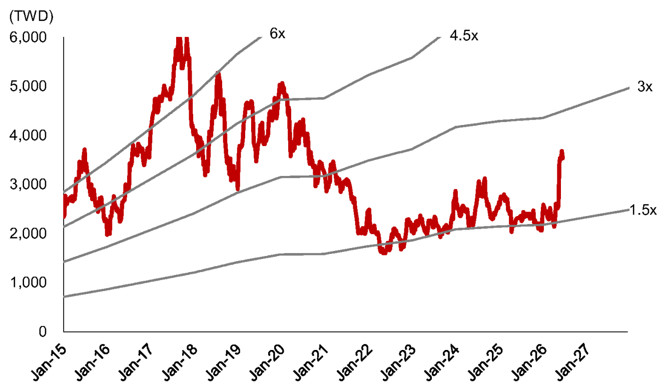
Source: Company data, Nomura estimates

## Fig. 4: Largan – P/E band




Source: TEJ, Nomura estimates

## Fig. 5: Largan – P/B band




Source: TEJ, Nomura estimates

# Appendix A-1

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As at 31 March 2026.
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