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China (PRC) | Technology

Equity Research
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PCB/CCL Update: Continued Trend of Divergent Earnings by AI/Non-AI Players

We expect AI PCB players to continue outperforming non-AI players, which are facing surging materials costs (7628/FR-4 price already more than double since end-3Q25) and sluggish demand, while high-end materials' price hikes have been disciplined (+10-40% YTD on >=M4 CCL). Some preliminary Q2 result supporting this trend is stronger profit growth by Founder/Delton. Price pass-through likely continues to be smooth for AI PCB despite potential further cost hikes.

Earnings performance gap likely to widen between AI/non-AI PCB players... While the demand for high-end PCB driven by AI infrastructure buildout remains robust, we observe persistent pressures on conventional (i.e., non-AI) PCB makers from 1) surging cost for upstream materials due to capacity displacement (vendors keep switching their capacity to high-end products which generally consume more capacity, leading to supply shortage for conventional materials); 2) sluggish end-market demand to constrain price pass-through. For example, 7628 series as a typical E-glass cloth has already seen ~1.2x price hike since end-3Q25. According to Kingboard, it has already lifted its price quote of FR-4 as the most commonly used CCL by ~1.3x within the same period. While other CCL vendors may not have raised the price as fast as this, we can see the price pass-through for conventional materials is proceeding smoothly, likely due to greater bargaining power from higher industry concentration vs downstream PCB customers and pulling in of orders amidst lean downstream inventory levels. Some PCB manufacturers have attempted to transfer the incremental costs to end customers; however, due to relatively low industry concentration, this practice typically has a considerable impact on their sales volume. Conversely, the price hikes for high-end materials have been relatively disciplined, as we observe just 10-40% price increase YTD on high-speed CCL (>=M4) by major vendors, with very limited price hikes on certain large customers. Therefore, we believe the gap in financial performance between AI/non-AI PCB players will continue to widen over the coming quarters.

...And to be clearer in upcoming Q2 results. Analyzing 1Q26's data from listed Chinese PCB companies (Table 2 on next page) and excluding long-tail players (market cap <Rmb10bn) and DSBJ (distorted earnings from asset consolidation) to avoid randomness, we already see signs of most AI players (highlighted in red for those names with exposure to AI server, high-speed switch/optical transceiver and IC substrate) outperforming other names in net profit growth, despite some outliers (e.g., Avary, Kinwong and Dynamic, with limited AI exposure currently). The companies that have already released Q2 preliminary earnings further confirm this trend, as we see accelerated profit growth from both Founder (entering US/China AI server supply chain) and Delton (high exposure to server market), implying robust demand and limited cost impact, while the earnings of other players (Sunshine/Olympic/Bomin) keep deteriorating. Therefore, these preliminary announcements could offer forward-looking insights into the upcoming performance of the remaining names. Looking ahead, we expect the price hikes for conventional materials to continue, primarily at the expense of non-AI PCB makers' profitability, though we cannot currently determine their duration. There could also be price hikes for certain high-end materials (e.g., low-Dk/CTE glass), due to severe supply shortages, but we expect the cost transfer to end customers will likely remain smooth. Therefore, we assess that major AI PCB players face a relatively low risk of earnings losses due to rising costs in the foreseeable future.

Chart 1 - 7628 and FR-4 Price Trend

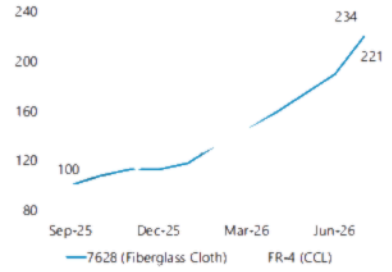


Table 1 - China PCB Earnings Summary (Condensed)

Company	Mkt Cap (Rmb bn)	Net Profit (YoY) 1Q26	2Q26
Founder	55	195%	260%
SYE	103	122%	
Fastprint	70	100%	
Jove	31	89%	
Shennan	290	73%	
Delton	83	63%	108%
WUS	249	63%	
Victory Giant	267	40%	
Sunshine	11	22%	-14%
Redboard	69	14%	
Avary	228	-5%	
CEE	11	-17%	
Goworld	11	-21%	
Kinwong	69	-28%	
Kingshine	37	-56%	
Ellington	11	-68%	
Welgao	10	-70%	
Suntak	22	-72%	
Olympic	30	-80%	-77%
Aoshikang	17	-84%	
Bomin	13	-140%	-461%
Dynamic	35	-234%	

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Table 2 - China PCB Earnings Summary

Company	Ticker	Mkt Cap (Rmb bn)	Net Profit (Rmb m) 1Q25	2Q25	1Q26	2Q26	Net Profit (YoY) 1Q26	2Q26
Major PCB Maker								
Founder	600601 CH	55	78	94	232	338	195%	260%
SYE	688183 CH	103	200	330	445		122%	
Fastprint	002436 CH	70	9	19	19		100%	
Jove	300814 CH	31	10	7	19		89%	
Shennan	002916 CH	290	491	869	850		73%	
Delton	001389 CH	83	240	251	393	522	63%	108%
WUS	002463 CH	249	762	920	1,242		63%	
Victory Giant	300476 CH	267	921	1,222	1,288		40%	
Sunshine	300739 CH	11	12	29	15	25	22%	-14%
Redboard	603459 CH	69	108	N/A	124		14%	
Avary	002938 CH	228	488	745	463		-5%	
CEE	002579 CH	11	7	12	6		-17%	
Goworld	000823 CH	11	42	73	33		-21%	
Kinwong	603228 CH	69	325	325	233		-28%	
Kingshine	300903 CH	37	(33)	(29)	(52)		-56%	
Ellington	603328 CH	11	116	144	38		-68%	
Welgao	301251 CH	10	22	23	7		-70%	
Suntak	002815 CH	22	115	106	32		-72%	
Olympic	603920 CH	30	180	204	37	47	-80%	-77%
Aoshikang	002913 CH	17	112	84	17		-84%	
Bomin	603936 CH	13	27	11	(11)	(38)	-140%	-461%
Dynamic	603175 CH	35	72	87	(96)		-234%	
Other PCB Maker								
Printronics	002134 CH	7	1	6	12	32	2187%	422%
Edadoc	301366 CH	9	(7)	11	12		273%	
DSBJ	002384 CH	444	456	302	1,110		143%	
King Brother	301041 CH	3	(2)	6	(0)		93%	
Allfavor	300964 CH	7	10	11	12		15%	
Sihui Fuji	300852 CH	9	29	47	29		3%	
Aohong	605058 CH	4	37	44	33		-10%	
Xunjiexing	688655 CH	5	(5)	2	(5)		-10%	
Q&D	301628 CH	7	26	32	23		-15%	
Mankun	301132 CH	4	28	35	18		-36%	
Camelot	301282 CH	6	16	37	9		-43%	
Xiehe	605258 CH	2	12	17	5		-57%	
Champion	603386 CH	5	15	23	(20)	11	-235%	-50%