Largan Precision Co Ltd

More concrete progress in CPO market, with potential FA contribution from 2H27; Upgrade to OW

▲Overweight
Previous: Neutral

3008.TW, 3008 TT
Price (09 Jul 26):NT$3,950.00

▲Price Target (Dec-27):NT$5,000.00
Prior (Dec-26):NT$3,600.00

Technology

William Yang AC
(886-2) 2725-9899
william.yang@jpmorgan.com

Megan Hsueh
(886-2) 2725-9249
megan.hsueh@jpmorgan.com
J.P. Morgan Securities (Taiwan) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (NT$)	200.82	190.05	-5.4%

Quarterly Forecasts (FYE Dec)

Adj. EPS (NT$)

	2025A	2026E	2027E
Q1	48.28	46.63A	47.72
Q2	7.73	35.72A	41.46
Q3	53.05	50.61	58.36
Q4	50.35	57.10	58.17
FY	159.41	190.05	205.70

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	16	9	11	19	24
Growth	68	57	79	79	80
Momentum	50	52	31	26	96
Quality	44	29	55	47	53
Low Vol	39	43	50	60	57
ESGQ	23	97	95	24	97

We upgrade Largan to Overweight after the earnings call today, as management highlighted more concrete progress into the CPO market as a FA (Fiber Array) component supplier, instead of directly competing with the existing FAU (Fiber Array Unit) module suppliers in the current/initial stage. We like the company's current strategy of focusing on FA supply (vs what we previously thought as trying to become a FAU module maker), which can leverage its expertise in precision/alignment accuracy, and has recently helped open the door to potential new CPO projects/customers for qualification. With a clearer customer engagement and production line build schedule, we are turning more constructive on Largan's new CPO bsuiness potential, which could start contributing to the company's revenue from 2H27 and more meaningfully in 2028 (JPMe HSD), if all schedules are on track. In terms of its existing smartphone business, Largan sees a continued spec upgrade trend in both main cameras and periscope lens (beyond the variable aperture adoption in 2H26), which supports the company's structural content growth and leading position in both the near and long term. Thus, we believe both the solid smartphone business fundamentals and more concrete FAU business opportunities/earnings realization schedule will support Largan with further valuation re-rating and share price outperformance.

- **More concrete progress into the new CPO market as an FA (component) supplier first.** Management held a more positive view on its CPO progress, as it has finally started engaging with 1 MP customer (as well as some PoC (Proof of Concept) customers after Computex demonstration in June) and will ship some sample products of FA component this month for customer qualification (usually takes a few weeks for qualification). The company's pilot run production line will be completed in late 3Q26, while the MP production lines are expected in mid-2027 at the earliest, so revenue contribution is likely to take place from 2H27 and become more meaningful in 2028. Largan is now focusing on the 1-row (with 10 channels) FA component (which will be shipped to FAU module customer for assembly), and there could be spec upgrade and content increase opportunities in the future (e.g. 2/4 rows). In addition, the company is dedicating to the PMLA (Prism Micro Lens Array) product development, using glass molding technology, which differs from the peers' adoption of metalens or semiconductor level MLA, to achieve lower loss and higher accuracy. FA and PMLA can be sold separately to customers now, but we only factor in FA project opportunities in our model.
- **Structural iPhone lens spec upgrades, but potentially different pull-in seasonality with normalized volume demand in 2H26**. Management guided its July monthly revenue to only grow slightly vs June, after the reported June revenue decline of 19% MoM and 10% YoY. The revenue momentum seems weaker than previous years (typically June and July revenue should grow significantly given the new model order pull-in), as there might be schedule adjustment of the new iPhone models, per management, so the lens shipment would gradually increase in 3Q26 and then peak in 4Q26 (unlike typical peak season in 3Q). Despite the different seasonality, we model flat YoY iPhone build volumes for 2026. In terms of ASP, Largan is a major beneficiary of the upcoming iPhone camera upgrade to the iPhone 18 Pro and Pro Max, as the

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 9 for analyst certification and important disclosures, including non-US analyst disclosures.

William Yang AC
(886-2) 2725-9899
william.yang@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	58.3%	1.7%	73.2%	80.8%
Rel	1.7%	0.2%	43.1%	-20.6%

Company Data

Shares O/S (mn)	131
52-week range (NT$)	5,360.00-2,020.00
Market cap ($ mn)	16,051
Exchange rate	32.19
Free float (%)	58.1%
3M ADV (mn)	2.47
3M ADV ($ mn)	281.6
Volatility (90 Day)	71
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	11|11|1

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	61,148	67,838	72,351	78,573
Adj. EBIT	23,558	25,792	28,212	30,804
Adj. EBITDA	31,290	34,452	37,183	40,083
Adj. net income	21,275	24,874	26,893	29,500
Adj. EPS	159.41	190.05	205.70	225.64
BBG EPS	156.30	186.73	202.25	221.63
Cashflow from operations	27,820	32,826	35,777	39,559
FCFF	12,006	23,102	25,941	29,270
Margins and Growth				
Revenue Growth Y/Y (%)	2.8%	10.9%	6.7%	8.6%
EBIT margin	38.5%	38.0%	39.0%	39.2%
EBIT Growth Y/Y (%)	(2.0%)	9.5%	9.4%	9.2%
EBITDA margin	51.2%	50.8%	51.4%	51.0%
EBITDA Growth Y/Y (%)	3.4%	10.1%	7.9%	7.8%
Net margin	34.8%	36.7%	37.2%	37.5%
Adj. EPS growth	(18.8%)	19.2%	8.2%	9.7%
Ratios				
Adj. tax rate	16.8%	17.4%	17.6%	17.5%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROE	11.3%	12.9%	13.3%	13.6%
Valuation				
FCFF yield	2.3%	4.5%	5.0%	5.7%
Dividend yield	2.0%	2.4%	2.6%	0.0%
EV/Revenue	6.3	5.6	5.0	4.4
EV/EBITDA	12.3	11.0	9.8	8.6
Adj. P/E	24.8	20.8	19.2	17.5

Summary Investment Thesis and Valuation

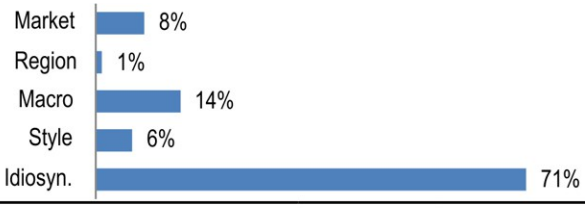
Investment Thesis

We have an OW rating on Largan, given the company's more concrete progress into the new CPO market as a FA (Fiber Array) component supplier, with potential revenue contribution from 2H27 and more meaningful in 2028. Also, the company sees a continued spec upgrade trend in both main cameras and periscope lens (beyond the variable aperture adoption in 2H26), which supports the company's structural content growth and leading position in both the near-term and long-term.

Valuation

Our Dec-27 PT of NT$5,000 is based on a 22x 2028E P/E, in line with the historical average P/E + 1SD, as we think the company deserves a re-rating due to more concrete progress in CPO and structural lens spec upgrade trend in the next few years.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.28	0.29
Region: Taiwan	-0.01	0.06
Macro:		
HSI Volatility Index	-0.22	-0.24
Citi Economic Surprise - EM	-0.32	-0.20
US 10 Year Yield	0.25	0.18
Quant Styles:		
Size	0.31	0.27
Momentum	0.18	0.23
Growth	0.21	0.23

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

variable aperture camera adoption in main camera will meaningfully increase Largan's ASP (given content increase to lens + blade). However, we don't think the foldable iPhone would benefit Largan much, as there will be no periscope camera in it, and the rear camera will still pop up (less precision requirement). Looking forward, management mentioned continued main camera and periscope upgrades in the next few years, in line with our previous expectations of the future trend (link).

- **Implications**. We slightly cut our 2026E and 2027E EPS by 5% and 3% to NT$190 and NT$206 to factor in margin uncertainties during new spec/model launch and slower revenue momentum given normalized iPhone volume growth. However, we introduce our 2028E EPS at NT$226 (10% YoY growth) to factor in more meaningful contribution from new FAU project ramp. Also, we lift our valuation from 17x 2027E P/E to 22x 2028E P/E (in line with its historical average P/E + 1 SD), as we think the company deserves a re-rating due to more concrete progress in CPO and structural lens spec upgrade trend in the next few years. Hence, our new Dec-27 PT is set at NT$5,000 (up from the previous Dec-26 PT at NT$3,600).

William Yang AC
(886-2) 2725-9899
william.yang@jpmorgan.com

J.P.Morgan

Estimate revisions

Table 1: J.P. Morgan estimates: New vs old

NT$mn, NT$, %	Revised				Prior				Change			
	3Q26E	2026E	2027E	2028E	3Q26E	2026E	2027E	2028E	3Q26E	2026E	2027E	2028E
Sales	17,825	67,838	72,351	78,573	20,241	72,082	73,872		-12%	-6%	-2%	
Gross profit	8,895	33,604	36,489	39,659	10,088	35,745	37,614		-12%	-6%	-3%	
Gross margin	49.9%	49.5%	50.4%	50.5%	49.8%	49.6%	50.9%		7 bps	-5 bps	-48 bps	
OP profit	6,863	25,792	28,212	30,804	7,861	27,482	29,174		-13%	-6%	-3%	
OP margin	38.5%	38.0%	39.0%	39.2%	38.8%	38.1%	39.5%		-33 bps	-11 bps	-50 bps	
Net income	6,616	24,874	26,893	29,500	7,464	26,371	27,772		-11%	-6%	-3%	
EPS (NT$)	**50.6**	**190.0**	**205.7**	**225.6**	**56.8**	**200.8**	**211.5**		**-11%**	**-5%**	**-3%**	

Source: J.P. Morgan estimates.

Table 2: J.P. Morgan estimates vs. Bloomberg consensus

NT$mn, NT$, %	JPMe				Bloomberg				Differences			
	3Q26E	2026E	2027E	2028E	3Q26E	2026E	2027E	2028E	3Q26E	2026E	2027E	2028E
Sales	17,825	67,838	72,351	78,573	18,566	66,294	71,246	78,752	-4%	2%	2%	0%
Gross profit	8,895	33,604	36,489	39,659	9,263	33,438	36,982	41,838	-4%	0%	-1%	-5%
Gross margin	49.9%	49.5%	50.4%	50.5%	49.9%	50.4%	51.9%	53.1%	1 bps	-90 bps	-147 bps	-265 bps
OP profit	6,863	25,792	28,212	30,804	7,094	25,733	28,573	32,149	-3%	0%	-1%	-4%
OP margin	38.5%	38.0%	39.0%	39.2%	38.2%	38.8%	40.1%	40.8%	29 bps	-80 bps	-111 bps	-162 bps
Net income	6,616	24,874	26,893	29,500	6,856	24,825	26,856	29,866	-3%	0%	0%	-1%
EPS (NT$)	**50.6**	**190.0**	**205.7**	**225.6**	**51.4**	**186.7**	**202.3**	**225.8**	**-2%**	**2%**	**2%**	**0%**

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

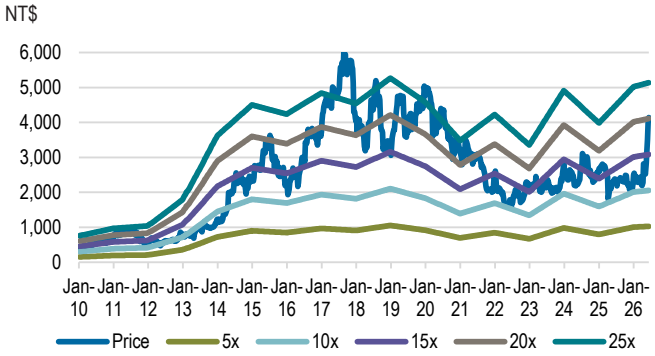
William Yang AC
(886-2) 2725-9899
william.yang@jpmorgan.com

J.P.Morgan

Valuation

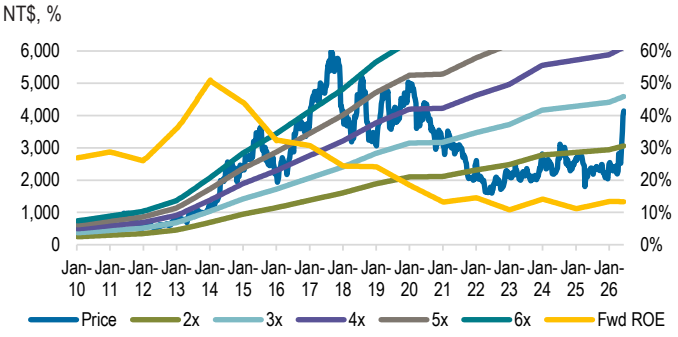
Our Dec-27 PT of NT$5,000 is based on a 22x 2028E P/E, in line with the historical average P/E + 1 SD.

Figure 1: Largan's share price vs 1yr forward P/E



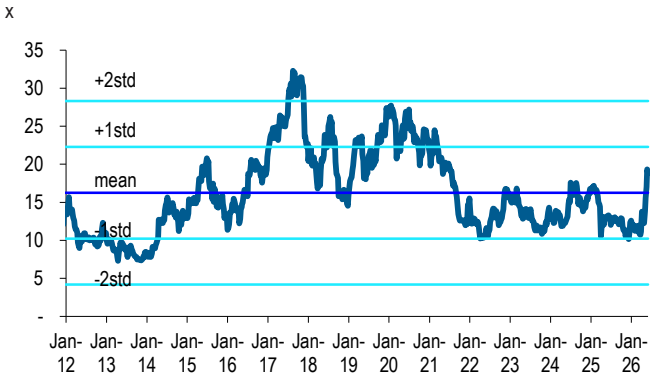
Source: Bloomberg Finance L.P.

Figure 2: Largan's share price vs 1yr forward P/B and 1yr forward ROE



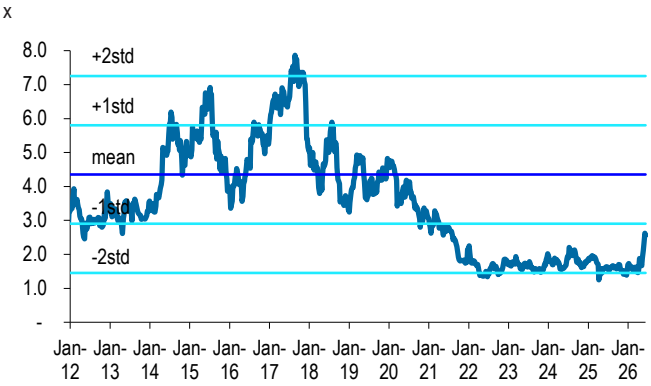
Source: Bloomberg Finance L.P.

Figure 3: Largan's share price vs historical mean 1yr forward P/E



Source: Bloomberg Finance L.P.

Figure 4: Largan's share price vs historical mean 1yr forward P/B



Source: Bloomberg Finance L.P.



William Yang AC
(886-2) 2725-9899
william.yang@jpmorgan.com

J.P.Morgan

Table 3: Earnings table

	2024				2025				2026E				2027E				2028E				2023	2024	2025	2026E	2027E	2028E
NT$mn, NT$, %	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE						
Revenue	11,313	10,985	18,949	18,210	14,579	11,673	17,677	17,219	15,544	13,665	17,825	20,805	16,581	14,880	20,443	20,448	17,546	15,567	22,603	22,857	48,842	59,458	61,148	67,838	72,351	78,573
Depreciation	1,452	1,475	1,533	1,770	1,772	1,847	1,971	2,142	2,136	2,156	2,175	2,194	2,214	2,233	2,252	2,272	2,291	2,310	2,329	2,349	5,422	6,230	7,732	8,661	8,971	9,279
COGS	5,750	5,669	9,433	7,396	6,615	5,413	9,325	8,958	7,865	6,913	8,930	10,527	8,203	7,212	10,230	10,217	8,719	7,603	11,222	11,371	25,049	28,248	30,311	34,234	35,862	38,915
Gross Profit	5,563	5,316	9,516	10,814	7,965	6,260	8,352	8,260	7,680	6,752	8,895	10,278	8,378	7,668	10,213	10,231	8,827	7,964	11,381	11,486	23,794	31,209	30,837	33,604	36,489	39,659
Operating Expense	1,602	1,426	1,715	2,433	1,878	1,381	2,088	1,932	1,867	1,604	2,032	2,309	1,973	1,786	2,290	2,229	2,070	1,852	2,509	2,423	5,991	7,177	7,279	7,813	8,277	8,855
EBIT	3,961	3,890	7,801	8,381	6,086	4,879	6,265	6,329	5,812	5,148	6,863	7,968	6,405	5,882	7,923	8,002	6,757	6,112	8,872	9,063	17,802	24,033	23,558	25,792	28,212	30,804
Net Interest Income	1,098	1,101	1,072	1,133	1,137	1,061	1,031	1,029	970	986	1,013	940	1,022	1,157	1,160	1,073	1,150	1,297	1,298	1,212	3,934	4,404	4,259	3,909	4,411	4,957
Net Other Income	2,371	815	-1,024	1,575	493	-4,146	859	878	505	-35	0	0	0	0	0	0	0	0	0	0	361	3,738	-1,917	471	0	0
Pre Tax Profit	7,430	5,806	7,849	11,089	7,716	1,794	8,155	8,236	7,288	6,099	7,876	8,908	7,427	7,039	9,083	9,075	7,907	7,408	10,171	10,275	22,097	32,174	25,900	30,172	32,624	35,761
Tax	1,319	1,308	1,219	2,117	1,173	738	996	1,434	1,112	1,429	1,260	1,443	1,188	1,619	1,453	1,470	1,265	1,704	1,627	1,665	4,200	5,963	4,340	5,245	5,731	6,261
Net Profit (reported)	6,111	4,498	6,630	8,972	6,443	1,032	7,080	6,720	6,123	4,670	6,616	7,465	6,238	5,420	7,630	7,605	6,642	5,704	8,543	8,610	17,897	26,211	21,275	24,874	26,893	29,500
EPS (NT$)	**45.8**	**33.7**	**49.7**	**67.2**	**48.28**	**7.73**	**53.05**	**50.35**	**46.6**	**35.7**	**50.6**	**57.1**	**47.7**	**41.5**	**58.4**	**58.2**	**50.8**	**43.6**	**65.3**	**65.9**	**134.1**	**196.4**	**159.4**	**190.0**	**205.7**	**225.6**
Margins (%)																										
Gross Margin	49.2	48.4	50.2	59.4	54.6	53.6	47.2	48.0	49.4	49.4	49.9	49.4	50.5	51.5	50.0	50.0	50.3	51.2	50.4	50.3	48.7	52.5	50.4	49.5	50.4	50.5
Opex ratio	14.2	13.0	9.1	13.4	12.9	11.8	11.8	11.2	12.0	11.7	11.4	11.1	11.9	12.0	11.2	10.9	11.8	11.9	11.1	10.6	12.3	12.1	11.9	11.5	11.4	11.3
Operating Margin	35.0	35.4	41.2	46.0	41.7	41.8	35.4	36.8	37.4	37.7	38.5	38.3	38.6	39.5	38.8	39.1	38.5	39.3	39.3	39.7	36.4	40.4	38.5	38.0	39.0	39.2
Net Margin	54.0	40.9	35.0	49.3	44.2	8.8	40.1	39.0	39.4	34.2	37.1	35.9	37.6	36.4	37.3	37.2	37.9	36.6	37.8	37.7	36.6	44.1	34.8	36.7	37.2	37.5
Sequential Growth (%)																										
Revenue	-37	-3	72	-4	-20	-20	51	-3	-10	-12	30	17	-20	-10	37	0	-14	-11	45	1						
Gross Profit	-41	-4	79	14	-26	-21	33	-1	-7	-12	32	16	-18	-8	33	0	-14	-10	43	1						
EBIT	-50	-2	101	7	-27	-20	28	1	-8	-11	33	16	-20	-8	35	1	-16	-10	45	2						
EPS (reported)	23	-26	47	35	-28	-84	586	-5	-7	-23	42	13	-16	-13	41	0	-13	-14	50	1						
YoY Growth (%)																										
Revenue	24	34	39	2	29	6	-7	-5	7	17	1	21	7	9	15	-2	6	5	11	12	2	22	3	11	7	9
Gross Profit	23	32	64	15	43	18	-12	-24	-4	8	6	24	9	14	15	0	5	4	11	12	-9	31	-1	9	9	9
EBIT	21	41	101	6	54	25	-20	-24	-5	6	10	26	10	14	15	0	5	4	12	13	-13	35	-2	9	9	9
EPS (reported)	86	22	11	81	5	-77	7	-25	-3	362	-5	13	2	16	15	2	6	5	12	13	-21	46	-19	19	8	10
Sales mix (%)																										
iPhone camera lens	40	37	42	40	43	41	46	44	46	44	49	52	50	46	46	46	47	42	43	43	46	40	44	48	47	44
Android camera lens	40	42	29	28	34	38	26	27	30	33	26	19	28	32	26	24	27	31	24	22	35	33	31	26	27	26
iPad camera lens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
iPhone VCM	3	3	2	2	2	1	1	3	2	2	1	3	2	2	2	2	2	2	2	2	4	2	2	2	2	2
iPhone periscope assembly	14	14	23	28	19	17	22	23	20	20	20	24	17	17	22	23	18	18	20	21	9	21	21	21	20	19
FA (CPO FAU)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	3	4	8	9					1	7
Others	3	4	4	2	2	2	4	3	2	2	4	2	4	3	4	2	3	3	4	2	5	3	3	3	3	3
GP mix (%)																										
iPhone camera lens	43	38	49	44	49	45	53	51	50	47	54	61	53	49	53	54	52	46	49	50	47	44	50	54	53	49
Android camera lens	48	52	38	31	41	47	35	35	39	42	33	26	36	40	33	32	35	40	31	29	41	40	39	34	35	33
iPad camera lens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
iPhone VCM	2	2	1	2	1	1	1	2	1	2	1	2	1	1	2	2	1	1	1	1	3	2	1	2	1	1
iPhone periscope assembly	4	4	9	21	7	6	7	9	8	8	8	10	7	7	9	9	7	7	8	8	3	12	8	8	8	8
FA (CPO FAU)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3	4	8	9					0	6
Others	2	3	3	2	2	2	4	2	2	2	3	2	3	3	3	2	3	3	3	2	4	2	2	2	3	2

Source: Company data, J.P. Morgan estimates.

William Yang [AC]
(886-2) 2725-9899
william.yang@jpmorgan.com

J.P.Morgan

Investment Thesis, Valuation and Risks

Largan Precision Co Ltd *(Overweight; Price Target: NT$5,000.00)*

Investment Thesis
We have an OW rating on Largan, given the company's more concrete progress into the new CPO market as a FA (Fiber Array) component supplier, with potential revenue contribution from 2H27 and more meaningful in 2028. Also, the company sees a continued spec upgrade trend in both main cameras and periscope lens (beyond the variable aperture adoption in 2H26), which supports the company's structural content growth and leading position in both the near-term and long-term.

Valuation
Our Dec-27 PT of NT$5,000 is based on a 22x 2028E P/E, in line with the historical average P/E + 1SD, as we think the company deserves a re-rating due to more concrete progress in CPO and structural lens spec upgrade trend in the next few years.

Risks to Rating and Price Target
Key downside risks to our rating and price target include: 1) a much-faster-than-expected loss of market share to rivals, especially in the high-end lens market; 2) weaker smartphone sell-through; and 3) slower camera lens spec migration.

William Yang [AC]
(886-2) 2725-9899
william.yang@jpmorgan.com

J.P.Morgan

Largan Precision Co Ltd: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**59,458**	**61,148**	**67,838**	**72,351**	**78,573**
COGS	(28,248)	(30,311)	(34,234)	(35,862)	(38,915)
Gross profit	**31,209**	**30,837**	**33,604**	**36,489**	**39,659**
SG&A	(1,930)	(1,985)	(1,929)	(2,011)	(2,180)
Adj. EBITDA	**30,262**	**31,290**	**34,452**	**37,183**	**40,083**
D&A	(6,230)	(7,732)	(8,661)	(8,971)	(9,279)
Adj. EBIT	**24,033**	**23,558**	**25,792**	**28,212**	**30,804**
Net Interest	4,404	4,259	3,909	4,411	4,957
Adj. PBT	**32,174**	**25,900**	**30,172**	**32,624**	**35,761**
Tax	(5,963)	(4,340)	(5,245)	(5,731)	(6,261)
Minority Interest	0	(285)	(53)	0	0
Adj. Net Income	**26,211**	**21,275**	**24,874**	**26,893**	**29,500**
Reported EPS	196.38	159.41	190.05	205.70	225.64
Adj. EPS	**196.38**	**159.41**	**190.05**	**205.70**	**225.64**
DPS	**98.85**	**79.14**	**95.38**	**103.23**	**0.00**
Payout ratio	50.3%	49.6%	50.2%	50.2%	0.0%
Shares outstanding	133	133	131	131	131

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	123,620	131,295	136,243	153,351	173,214
Accounts receivable	10,360	10,462	12,540	12,325	13,777
Inventories	5,733	6,713	7,889	7,656	8,521
Other current assets	6,051	5,816	8,322	8,179	9,143
Current assets	**145,764**	**154,285**	**164,994**	**181,511**	**204,654**
PP&E	46,936	51,472	49,306	46,535	43,456
LT investments	12,460	8,517	9,924	9,924	9,924
Other non current assets	11,367	6,512	5,586	5,586	5,586
Total assets	**216,527**	**220,787**	**229,809**	**243,555**	**263,619**
Short term borrowings	203	0	0	0	0
Payables	1,855	1,728	2,740	2,612	2,966
Other short term liabilities	28,520	28,021	32,007	31,458	35,164
Current liabilities	**30,578**	**29,749**	**34,747**	**34,071**	**38,130**
Long-term debt	0	0	0	0	0
Other long term liabilities	561	171	226	226	226
Total liabilities	**31,139**	**29,919**	**34,973**	**34,297**	**38,357**
Shareholders' equity	185,388	190,868	194,835	209,258	225,262
Minority interests	-	-	-	-	-
Total liabilities & equity	**216,527**	**220,787**	**229,809**	**243,555**	**263,619**
BVPS	**1,389.00**	**1,430.06**	**1,459.79**	**1,600.59**	**1,723.00**
y/y Growth	*12.0%*	*3.0%*	*2.1%*	*9.6%*	*7.6%*
Net debt/(cash)	(123,416)	(131,295)	(136,243)	(153,351)	(173,214)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**28,678**	**27,820**	**32,826**	**35,777**	**39,559**
o/w Depreciation & amortization	6,230	7,732	8,661	8,971	9,279
o/w Changes in working capital	(3,763)	(1,540)	(68)	694	780
Cash flow from investing activities	**(16,176)**	**(3,471)**	**(6,974)**	**(6,200)**	**(6,200)**
o/w Capital expenditure	(12,031)	(12,269)	(6,494)	(6,200)	(6,200)
as % of sales	*20.2%*	*20.1%*	*9.6%*	*8.6%*	*7.9%*
Cash flow from financing activities	**(5,679)**	**(16,674)**	**(20,904)**	**(12,470)**	**(13,497)**
o/w Dividends paid	(9,009)	(12,728)	(10,486)	(12,470)	(13,497)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	203	(203)	0	(0)	(0)
Net change in cash	**6,823**	**7,675**	**4,948**	**17,108**	**19,863**
Adj. Free cash flow to firm	**13,060**	**12,006**	**23,102**	**25,941**	**29,270**
y/y Growth	*51.4%*	*(8.1%)*	*92.4%*	*12.3%*	*12.8%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	52.5%	50.4%	49.5%	50.4%	50.5%
EBITDA margin	50.9%	51.2%	50.8%	51.4%	51.0%
EBIT margin	40.4%	38.5%	38.0%	39.0%	39.2%
Net profit margin	44.1%	34.8%	36.7%	37.2%	37.5%
ROE	14.9%	11.3%	12.9%	13.3%	13.6%
ROA	12.7%	9.7%	11.0%	11.4%	11.6%
ROCE	11.2%	10.4%	11.0%	11.5%	11.7%
SG&A/Sales	3.2%	3.2%	2.8%	2.8%	2.8%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.3	0.3	0.3	0.3	0.3
Assets/Equity (x)	1.2	1.2	1.2	1.2	1.2
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	161.0%	(69.4%)	86.6%	141.1%	106.8%
Tax rate	18.5%	16.8%	17.4%	17.6%	17.5%
Revenue y/y Growth	21.7%	2.8%	10.9%	6.7%	8.6%
EBITDA y/y Growth	30.3%	3.4%	10.1%	7.9%	7.8%
EPS y/y Growth	46.5%	(18.8%)	19.2%	8.2%	9.7%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	20.1	24.8	20.8	19.2	17.5
P/BV (x)	2.8	2.8	2.7	2.5	2.3
EV/EBITDA (x)	13.0	12.3	11.0	9.8	8.6
Dividend Yield	2.5%	2.0%	2.4%	2.6%	0.0%

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which