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Greater China Technology Hardware | Asia Pacific

CCL – Implications from Rogers' Investor Day

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GREATER CHINA TECHNOLOGY HARDWARE
Asia Pacific
Industry View **In-Line**

Key Takeaways

- M6/7/8 CCLs that meet today's requirements – particularly midplanes/backplanes – are no longer adequate for the most advanced data center applications, .
- Some customers are trying M9/10 and beyond to improve signal integrity.
- Rogers, building on its decades of experience with low-loss PTFE-based CCLs, has developed a solution that exceeds M9 performance with a clear path to M10+.
- For this PTFE-based CCL product, Rogers has completed internal testing and began active sampling to the industry leaders and their PCB partners.
- We see ability to manufacrue as key to commercial adoption.

Key CCL takeaways from the Rogers (ROG.N, NC) Investor Day on September 30:

- **Midplanes/backplanes**: Rogers highlighted these high-end PCBs as a more compact and efficient alternative to cabling for connecting servers and GPUs. Boards can reach one meter in length and may require 24-72 layers.
- **Material upgrades:** Each material generation can reduce insertion loss 10-20%. Customers are evaluating M9/M10 and beyond to improve signal integrity.
- **PTFE positioning:** Rogers estimates that only two or three of roughly a dozen global CCL suppliers have comparable PTFE experience. Management cited its long track record and mature supply chain as competitive advantages.

Our view: As discussed in our industry report, PTFE offers strong signal performance, but its mechanical softness and processing challenges, particularly in lamination and drilling, remain hurdles to commercial adoption. A shift toward PTFE would favor Shengyi relative to EMC in Greater China, although we expect limited near-term impact. We estimate Nvidia's switch-board and midplane CCL demand will make up just 2-3% of global CCL TAM in 2030. EMC's risk-reward remains attractive: <13x CY28e P/E vs. its three-year average of 14x.

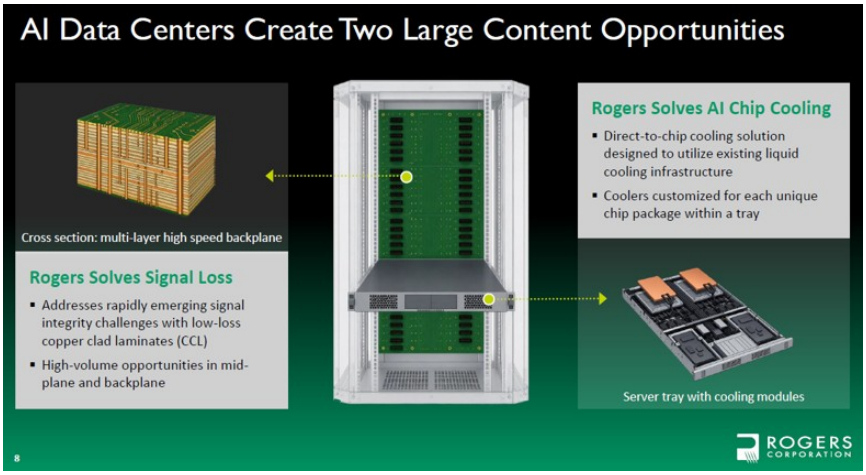
investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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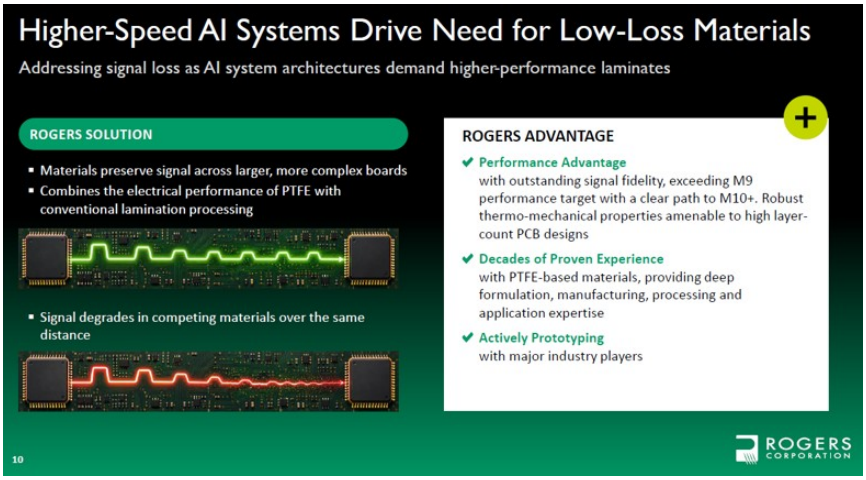
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Exhibit 1: Rogers 2026 Investor Day: Advanced Electronics Solutions Presentation



Source: Rogers.

Exhibit 2: Rogers 2026 Investor Day: Advanced Electronics Solutions Presentation



Source: Rogers.

Valuation Methodology and Risks

Elite Material Co. (2383.TW)

Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.3% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 12%, and terminal growth rate of 3%.

Risks to Upside

- Stronger AI demand
- Share gains
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

Risks to Downside

- Weaker AI demand
- Share loss
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

