

Elite Material (2383.TW/2383 TT)

Expanding capacity aggressively despite speculation about emerging PTFE adoption

Outperform · Maintained

Price as of June 15 (NT\$)	5,030
12M target price (NT\$)	6,860
Previous target price (NT\$)	5,485
Revised up (%)	25.1
Upside (%)	36.4

Key message

1. We believe PTFE is unlikely to replace M9/ M10 as the mainstream high-end material for Rubin Ultra AI server platform.
2. We revise up 2Q26F revenue on price increases.
3. Capacity expansion to accelerate in 2028F.

Trading data

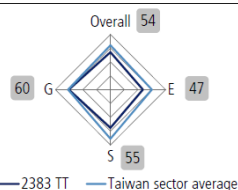
Mkt cap (NT\$/US\$mn)	1,802 / 56,978
Outstanding shares (mn)	358.3
Foreign ownership (mn)	155
3M avg. daily trading (mn)	2.03
52-week trading range (NT\$)	834 -5,505

Performance	3M	6M	12M
Absolute (%)	86	213.4	484.9
Relative (%)	50.1	150.5	379.2

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2025	10.01A	10.02A	11.19A	10.63A
2026	14.90A	23.99F	26.32F	26.94F
2027	31.61F	39.70F	49.57F	50.63F

ESG score card



Source: Refinitiv; KGI Research

Event

There is market speculation surrounding Nvidia's (US) adoption of polytetrafluoroethylene (PTFE) for use in next-generation Rubin Ultra AI server platform instead of M9/ M10 materials, which Elite Material Corp. (EMC) manufactures.

Impact

Speculation about emerging PTFE adoption unlikely to challenge dominance of M9/ M10 as mainstream high-end materials for Rubin Ultra AI server platform. EMC said it is still too early to draw conclusions about PTFE adoption, and that PTFE material suppliers worldwide are limited in number. We believe that high-volume mainstream demand from Rubin Ultra AI server platform will continue to focus on M9/ M10 laminate. EMC was the first CCL maker to obtain certification and begin shipments of M9 materials. Going forward, management expects more AI server customers to adopt M9 in 2027F, driving up the M9 revenue weighting to a single-digit percentage in 2H26F and to double digits next year. EMC's M10 materials are also undergoing certification.

We revise up 2Q26F revenue on price increases & product mix optimization. The company has reached agreements with customers on price increases, which officially took effect in 2Q26, with double-digit price hikes implemented progressively from April to June depending on the customer. Starting July 1, all customers will fully adopt the new prices. We raise our 2Q26 revenue forecast by 17% to NT\$45.35bn, implying QoQ growth of 37% (vs. previous guidance of 15-20%).

Tight supply of high-end CCL to persist; capacity expansion to accelerate in 2028F. Other key points are: (1) EMC will undertake land acquisitions in Kunshan and Zhongshan, China, with an expected addition of 1.8mn sheets of CCL capacity per month by 1H28F. We estimate capex of NT\$15-23bn this year and NT\$32bn in 2027F. Management projects monthly capacity to reach 6.15mn sheets by end-2026F, 9.3mn in 2027F and 11.1mn in 2028F, representing YoY growth of 5%, 54% and 19.4%, respectively. Incremental monthly capacity additions are scheduled at 300k sheets in 4Q26F, 1.2mn in 1Q27F, 1.2mn in 3Q27F, 750k in 4Q27F, 1.2mn in 1Q28F, and 600k in 2Q28F; and (2) by infrastructure end application, AI and general server account for 45-50% and 25-30%, respectively, while low-Earth orbit (LEO) satellite contributes 10-15%. For LEO applications, we also believe EMC is well-positioned to gain significant market share as next-generation V3 satellite replaces competitors in space infrastructure.

Valuation & Action

Driven by price increases and the sustained dominance of M9/ M10 as mainstream high-end materials for AI server PCB, we raise 2027F earnings by 25% and revise up our target price to NT\$6860, based on a 2027F PE of 40x.

Risks

Weaker-than-expected client demand; competitors gain development lead.

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT\$mn)	41,296	64,377	94,261	175,081	280,495
Gross profit (NT\$mn)	11,333	17,970	28,120	55,616	97,569
Operating profit (NT\$mn)	7,346	12,152	19,108	42,322	79,068
Net profit (NT\$mn)	5,488	9,578	14,649	33,023	61,455
EPS (NT\$)	16.35	27.81	41.67	92.16	171.51
Cash DPS (NT\$)	10.00	17.00	25.00	55.30	102.90
EPS growth (%)	7.3	70.1	49.8	121.2	86.1
PE (x)	307.7	180.9	120.7	54.6	29.3
PB (x)	64.4	49.7	35.7	26.9	16.6
EV/EBITDA (x)	195.3	124.4	84.3	40.2	22.0
Net debt to equity (%)	2.7	4.5	Net cash	22.0	15.9
Dividend yield (%)	0.2	0.3	0.5	1.1	2.0
Return on average equity (%)	22.5	30.9	34.2	56.3	70.1

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2Q26 & 3Q26 forecast revisions vs. consensus

NT\$mnn	2Q26F					3Q26F				
	Revision	Previous	Chg. (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	Consensus	Diff. (%)
Sales	45,356	38,700	17.2	40,640	11.6	48,388	39,532	22.4	45,388	6.6
Gross profits	14,454	12,168	18.8	12,983	11.3	15,839	12,699	24.7	15,066	5.1
Operating profit	11,003	9,067	21.4	11,403	(3.5)	12,154	9,323	30.4	13,484	(9.9)
Net income	8,597	7,099	21.1	7,617	12.9	9,432	7,252	30.1	9,077	3.9
EPS (NT\$)	23.99	19.81	21.1	21.41	12.1	26.32	20.24	30.1	25.58	2.9
Gross margin (%)	31.9	31.4	0.4 ppts	32.0	(0.1)ppts	32.7	32.1	0.6 ppts	33.2	(0.5)ppts
OP margin (%)	24.3	23.4	0.8 ppts	28.1	(3.8)ppts	25.1	23.6	1.5 ppts	29.7	(4.6)ppts
Net margin (%)	19.0	18.3	0.6 ppts	18.7	0.3 ppts	19.5	18.3	1.1 ppts	20.0	(0.5)ppts

Source: Bloomberg; KGI Research

Figure 2: Breakdown of 2026-27 forecast revisions vs. consensus

NT\$mnn	2026F					2027F				
	Revision	Previous	Chg. (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	Consensus	Diff. (%)
Sales	175,081	152,359	14.9	168,654	3.8	280,495	227,861	23.1	278,609	0.7
Gross profit	55,616	47,989	15.9	54,462	2.1	97,569	78,326	24.6	98,491	(0.9)
Operating profit	42,322	35,704	18.5	42,187	0.3	79,068	63,090	25.3	81,998	(3.6)
Net profit	33,023	27,875	18.5	32,603	1.3	61,455	49,136	25.1	62,617	(1.9)
EPS (NT\$)	92.16	77.79	18.5	91.56	0.7	171.51	137.13	25.1	176.72	(2.9)
Gross margin (%)	31.8	31.5	0.3 ppts	32.3	(0.5)ppts	34.8	34.4	0.4 ppts	35.4	(0.6)ppts
OP margin (%)	24.2	23.4	0.7 ppts	25.0	(0.8)ppts	28.2	27.7	0.5 ppts	29.4	(1.2)ppts
Net margin (%)	18.9	18.3	0.6 ppts	19.3	(0.4)ppts	21.9	21.6	0.3 ppts	22.5	(0.6)ppts

Source: Bloomberg; KGI Research

Figure 3: Peer comparison – Valuations

Company	Ticker	Mkt Cap (US\$mnn)	Price (LCY)	EPS (LCY)			PE (x)			PB (x)			ROE (%)			Dividend yield (%)		
				2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F
EMC	2383 TT	57,120	5,030.0	41.67	92.16	171.51	120.7	54.6	29.3	35.72	26.95	16.63	34.2	56.3	70.1	0.5	1.1	2.0
TUC	6274 TT	14,368	1,570.0	11.81	30.91	51.35	133.0	50.8	30.6	24.35	19.32	13.70	20.7	42.4	52.5	0.5	1.2	2.0
ITEQ	6213 TT	3,036	263.5	4.16	7.26	11.52	63.3	36.3	22.9	4.53	4.40	3.99	7.2	12.3	18.3	1.1	1.8	2.8
Kingboard	1888 HK	32,258	80.2	0.43	0.73	2.0	188.7	109.9	39.9	16.31	15.53	N.A.	8.8	14.0	31.2	0.5	1.7	0.4

Source: Bloomberg; KGI Research

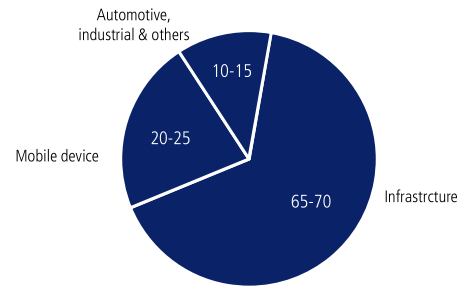
Figure 4: Company profile

Established in 1992, Elite Material Corp. (EMC) is one of the four largest producers of CCL in Taiwan and is the world's largest halogen-free substrate supplier. The firm specializes in production of CCL, PP, and multi-stacked PCB (M/L). In 2025, EMC derived 15-20% of sales from mobile device, 65-70% from infrastructure, and 10-15% from automotive, industrial & others. Monthly capacity is currently 5.85mn sheets of CCL.

Source: KGI Research

Figure 5: 2025 product mix

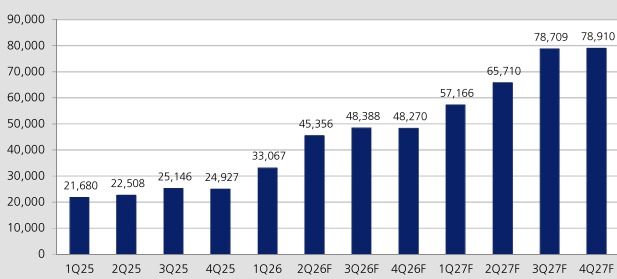
Sales weighting, percent



Source: Company data; KGI Research

Figure 6: Sales

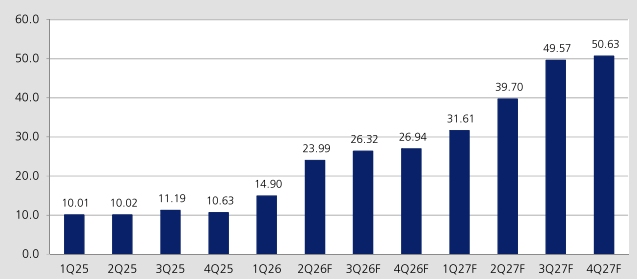
Sales, NT\$m



Source: KGI Research

Figure 7: EPS

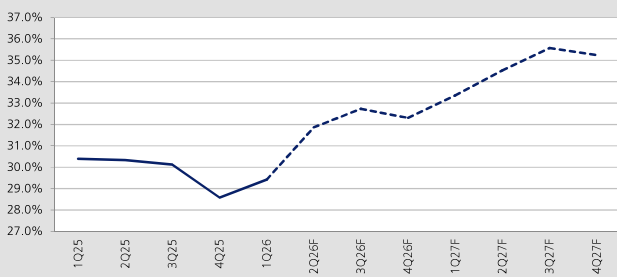
EPS, NT\$



Source: KGI Research

Figure 8: Gross Margin

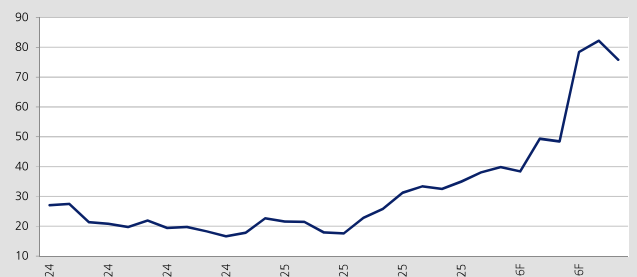
Gross margin, percent



Source: KGI Research

Figure 9: Rolling PE

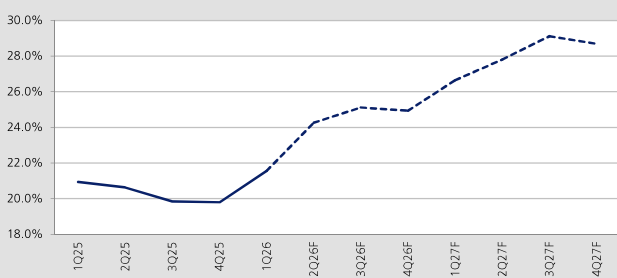
Rolling PE, times



Source: KGI Research

Figure 10: Operating Margin

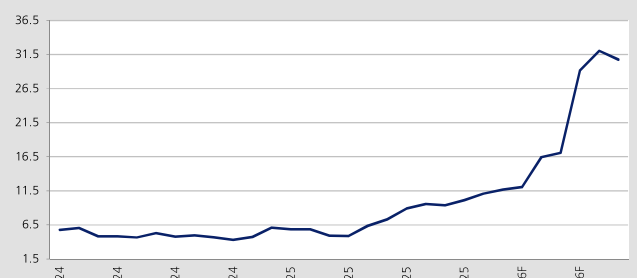
Operating margin, percent



Source: KGI Research

Figure 11: Rolling PB

Rolling PB, times



Source: KGI Research

Figure 12: Overall ESG score

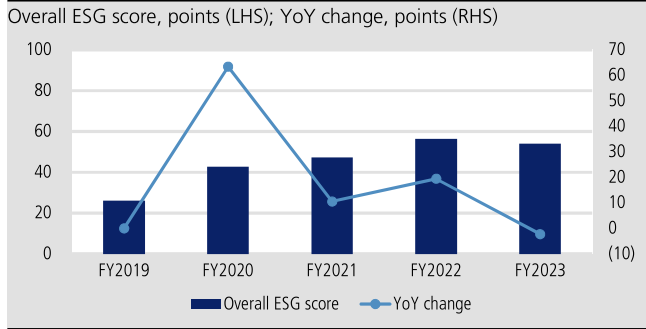


Figure 13: ESG score by category

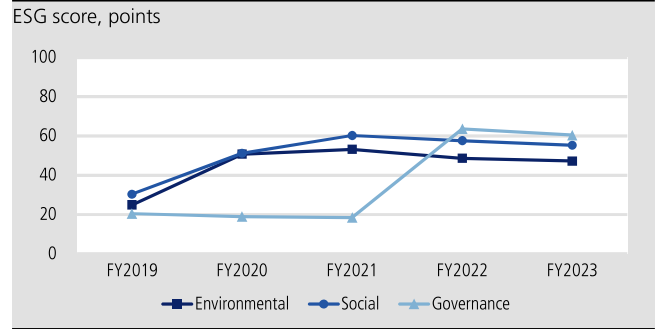


Figure 14: Energy use

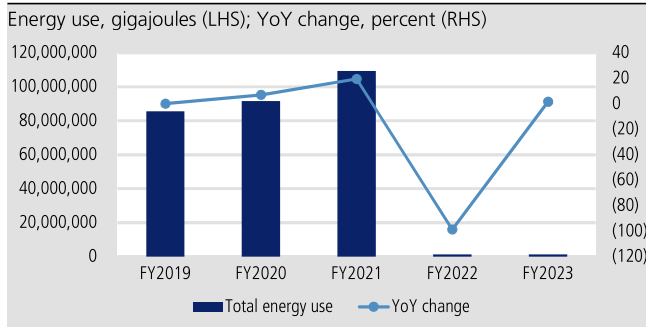


Figure 15: Waste total

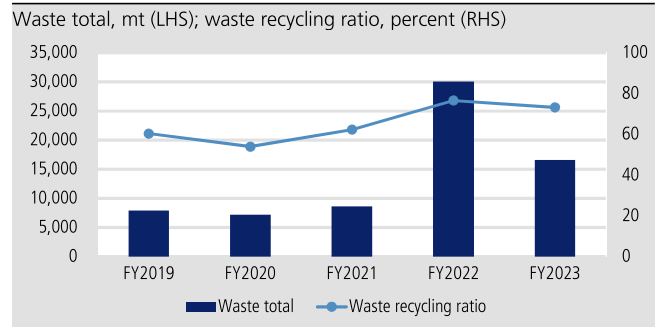


Figure 16: Water use to revenue

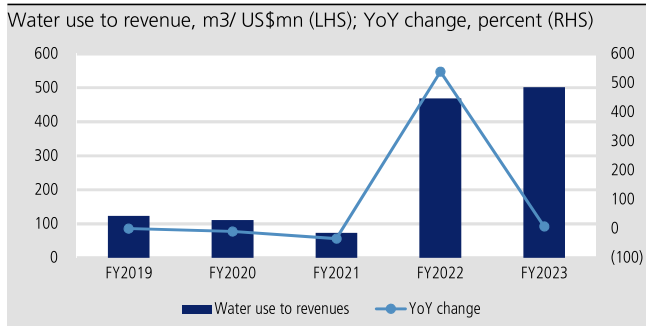


Figure 17: Environmental expenditures

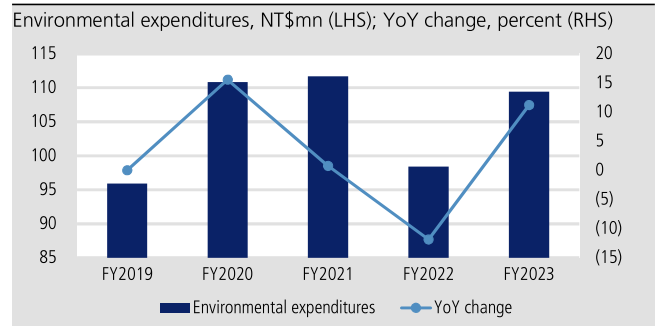


Figure 18: Employee turnover

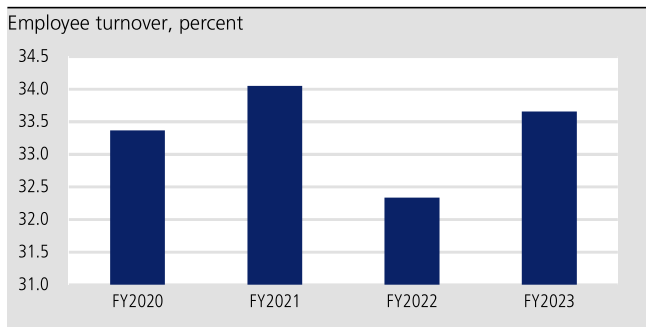
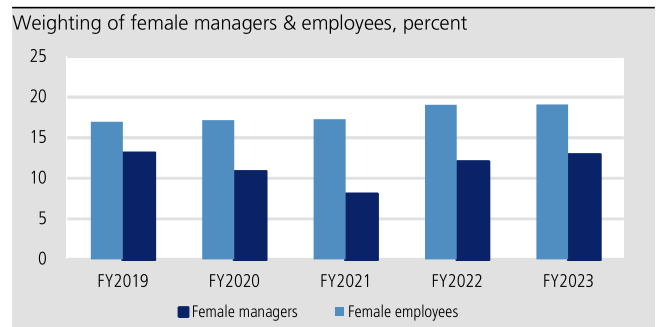


Figure 19: Gender diversification



ESG chart definition

Item	Definition	Remarks
Energy use	<p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use' 	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased 	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	<p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m)</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered 	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste 	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered 	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures 	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving 	
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100 	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100 	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked 	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv; KGI Research

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26F	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT\$m)											
Revenue	33,067	45,356	48,388	48,270	57,166	65,710	78,709	78,910	94,261	175,081	280,495
Cost of goods sold	(23,338)	(30,902)	(32,549)	(32,676)	(38,094)	(43,018)	(50,708)	(51,106)	(66,141)	(119,465)	(182,927)
Gross profit	9,729	14,454	15,839	15,594	19,071	22,692	28,001	27,804	28,120	55,616	97,569
Operating expenses	(2,601)	(3,451)	(3,684)	(3,559)	(3,839)	(4,417)	(5,084)	(5,161)	(9,012)	(13,295)	(18,501)
Operating profit	7,128	11,003	12,154	12,035	15,233	18,276	22,916	22,644	19,108	42,322	79,068
Depreciation of fixed assets	(571)	(701)	(701)	(830)	(897)	(897)	(897)	(897)	(1,795)	(2,802)	(3,589)
Amortisation of intangible assets	(12)	(15)	(15)	(18)	(16)	(16)	(16)	(16)	(55)	(59)	(65)
EBITDA	7,712	11,719	12,869	12,883	16,146	19,189	23,830	23,557	20,958	45,183	82,722
Interest income	70	70	70	70	70	70	70	70	259	280	280
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	-	90	90	90	90	90	90	90	-	270	360
Non-operating income	70	160	160	160	160	160	160	160	259	550	640
Interest expense	(135)	(129)	(129)	(129)	(129)	(129)	(129)	(129)	(476)	(522)	(516)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	131	-	-	-	-	-	-	-	(16)	131	-
Non-operating expenses	(4)	(129)	(129)	(129)	(129)	(129)	(129)	(129)	(492)	(391)	(516)
Pre-tax profit	7,194	11,034	12,185	12,066	15,264	18,307	22,947	22,675	18,876	42,480	79,192
Current taxation	(1,855)	(2,439)	(2,754)	(2,413)	(3,938)	(4,082)	(5,186)	(4,535)	(4,231)	(9,461)	(17,741)
Minorities	1	1	1	1	1	1	1	1	4	4	4
Normalised net profit	5,340	8,597	9,432	9,654	11,327	14,225	17,762	18,141	14,649	33,023	61,455
Extraordinary items	0	-	-	-	-	-	-	-	-	0	-
Net profit	5,340	8,597	9,432	9,654	11,327	14,225	17,762	18,141	14,649	33,023	61,455
EPS (NT\$)	14.90	23.99	26.32	26.94	31.61	39.70	49.57	50.63	41.67	92.16	171.51
Margins (%)											
Gross profit margin	29.4	31.9	32.7	32.3	33.4	34.5	35.6	35.2	29.8	31.8	34.8
Operating margin	21.6	24.3	25.1	24.9	26.6	27.8	29.1	28.7	20.3	24.2	28.2
EBITDA margin	23.3	25.8	26.6	26.7	28.2	29.2	30.3	29.9	22.2	25.8	29.5
Pretax profit margin	21.8	24.3	25.2	25.0	26.7	27.9	29.2	28.7	20.0	24.3	28.2
Net profit margin	16.1	19.0	19.5	20.0	19.8	21.6	22.6	23.0	15.5	18.9	21.9
Sequential growth (%)											
Revenue growth	32.7	37.2	6.7	(0.2)	18.4	14.9	19.8	0.3			
Gross profit growth	36.6	48.6	9.6	(1.5)	22.3	19.0	23.4	(0.7)			
Operating profit growth	44.4	54.4	10.5	(1.0)	26.6	20.0	25.4	(1.2)			
EBITDA growth	42.0	52.0	9.8	0.1	25.3	18.8	24.2	(1.1)			
Pretax profit growth	55.7	53.4	10.4	(1.0)	26.5	19.9	25.3	(1.2)			
Net profit growth	42.9	61.0	9.7	2.4	17.3	25.6	24.9	2.1			
YoY growth (%)											
Revenue growth	52.5	101.5	92.4	93.6	72.9	44.9	62.7	63.5	46.4	85.7	60.2
Gross profit growth	47.6	111.6	109.1	118.9	96.0	57.0	76.8	78.3	56.5	97.8	75.4
Operating profit growth	57.0	137.0	143.6	143.9	113.7	66.1	88.5	88.1	57.2	121.5	86.8
EBITDA growth	54.0	130.2	137.1	137.2	109.4	63.7	85.2	82.9	50.5	115.6	83.1
Pretax profit growth	54.1	147.0	137.9	161.1	112.2	65.9	88.3	87.9	55.6	125.0	86.4
Net profit growth	53.9	147.2	137.9	158.3	112.1	65.5	88.3	87.9	52.9	125.4	86.1

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	53,427	76,080	107,913	162,304	250,966
Current assets	33,675	51,494	73,980	110,171	170,422
Cash & ST securities	9,259	14,989	20,008	11,728	15,518
Inventory	6,135	9,437	16,752	30,257	46,330
Accounts receivable	17,327	25,897	36,115	67,080	107,468
Other current assets	955	1,171	1,106	1,106	1,106
Non-current assets	19,752	24,586	33,933	52,133	80,544
LT investments	6	18	-	-	-
Net fixed assets	16,655	21,387	30,864	49,064	77,475
Other assets	3,092	3,181	3,069	3,069	3,069
Total liabilities	26,617	40,986	57,477	95,445	142,609
Current liabilities	23,073	30,182	46,231	77,989	120,970
Accounts payable	10,489	15,963	24,518	44,284	67,809
Interest bearing ST liabilities	7,866	7,781	11,264	12,019	14,089
Other current liabilities	4,718	6,438	10,450	21,686	39,072
Non-current liabilities	3,544	10,804	11,247	17,456	21,640
Long-term debt	2,109	8,772	8,219	14,428	18,613
Other L-T liabilities	1,137	1,397	2,440	2,440	2,440
Total equity	26,809	35,094	50,435	66,859	108,357
Share capital	3,432	3,466	3,583	3,583	3,583
Retained earnings reserve	15,864	21,128	29,734	42,563	66,437
Minority interests	-	(17)	(20)	(24)	(28)
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	6.8%	55.9%	46.4%	85.7%	60.2%
Operating profit growth	18.0%	65.4%	57.2%	121.5%	86.8%
EBITDA growth	23.6%	61.0%	50.5%	115.6%	83.1%
Net profit growth	8.2%	74.5%	52.9%	125.4%	86.1%
EPS growth	7.3%	70.1%	49.8%	121.2%	86.1%
Profitability					
Gross profit margin	27.4%	27.9%	29.8%	31.8%	34.8%
Operating margin	17.8%	18.9%	20.3%	24.2%	28.2%
EBITDA margin	20.9%	21.6%	22.2%	25.8%	29.5%
Net profit margin	13.3%	14.9%	15.5%	18.9%	21.9%
Return on average assets	11.3%	14.8%	15.9%	24.4%	29.7%
Return on average equity	22.5%	30.9%	34.2%	56.3%	70.1%
Stability					
Gross debt to equity	37.2%	47.2%	38.6%	39.6%	30.2%
Net debt to equity	2.7%	4.5%	Net cash	22.0%	15.9%
Interest coverage (x)	24.3	27.4	40.7	82.3	154.5
Interest & ST debt coverage (x)	0.5	0.6	0.6	0.8	0.8
Cash flow/interest coverage(x)	9.1	15.8	25.1	21.4	62.3
Cash flow/int. & ST debt (x)	0.4	0.9	1.0	0.9	2.2
Current ratio (x)	1.5	1.7	1.6	1.4	1.4
Quick ratio (x)	1.2	1.4	1.2	1.0	1.0
Net debt (NT\$m)	716	1,565	(525)	14,719	17,183
Per share data					
EPS (NT\$)	16.35	27.81	41.67	92.16	171.51
CFPS (NT\$)	8.61	21.09	34.04	31.20	89.79
BVPS (NT\$)	78.12	101.29	140.81	186.66	302.48
Adj BVPS (NT\$)	79.86	101.93	143.52	186.66	302.48
SPS (NT\$)	123.01	186.89	268.11	488.61	782.80
EBITDA/share (NT\$)	25.76	40.41	59.61	126.10	230.86
Cash DPS (NT\$)	10.00	17.00	25.00	55.30	102.90
Activity					
Sales / avg assets	0.85	0.99	1.02	1.30	1.36
Days receivable	153.1	147.2	139.8	139.8	139.8
Days inventory	74.7	74.4	92.4	92.4	92.4
Days payable	127.8	125.9	135.3	135.3	135.3
Cash cycle	100.1	95.8	97.0	97.0	97.0

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	41,296	64,377	94,261	175,081	280,495
Cost of goods sold	(29,964)	(46,407)	(66,141)	(119,465)	(182,927)
Gross profit	11,333	17,970	28,120	55,616	97,569
Operating expenses	(3,987)	(5,818)	(9,012)	(13,295)	(18,501)
Operating profit	7,346	12,152	19,108	42,322	79,068
Non-operating income	121	144	259	280	280
Interest income	121	144	259	280	280
Investment income	-	-	-	-	-
Other non-op income	-	-	-	270	360
Non-operating expenses	(47)	(162)	(492)	(391)	(516)
Interest expense	(319)	(459)	(476)	(522)	(516)
Investment loss	-	-	-	-	-
Other non-op expenses	271	297	(16)	131	-
Pre-tax profit	7,420	12,133	18,876	42,480	79,192
Current taxation	(1,931)	(2,564)	(4,231)	(9,461)	(17,741)
Minorities	-	9	4	4	4
Extraordinary items	-	0	(0)	0	-
Net profit	5,488	9,578	14,649	33,023	61,455
EBITDA	8,648	13,921	20,958	45,183	82,722
EPS (NT\$)	16.35	27.81	41.67	92.16	171.51

Cash flow

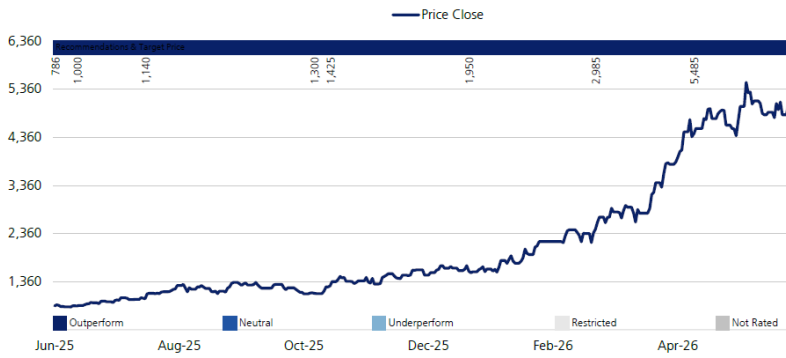
NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	2,890	7,263	11,968	11,180	32,172
Net profit	5,488	9,578	14,649	33,023	61,455
Depreciation & amortisation	1,302	1,769	1,849	2,861	3,654
Decrease in working capital	(4,019)	(5,974)	(8,696)	(24,704)	(32,937)
Other operating cash flow	118	1,890	4,166	-	-
Investing cash flow	(4,057)	(5,901)	(9,888)	(21,061)	(32,065)
Sale of ST investment	-	-	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(3,281)	(5,867)	(9,490)	(21,002)	(32,000)
Others investing cashflow	(776)	(34)	(398)	(59)	(65)
Free cash flow	(612)	(543)	(1,566)	(10,008)	7
Financing cash flow	109	4,116	2,776	1,602	3,683
Increase in short term debt	1,441	(820)	3,175	-	-
Increase in long term loans	1,512	8,386	5,543	6,965	6,254
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(2,830)	(3,439)	(5,894)	(8,958)	(20,194)
Other financing cashflow	(15)	(11)	(48)	3,595	17,623
Forex effects	(126)	251	163		
Total cash generated	(1,185)	5,729	5,020	(8,279)	3,790

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	9.7%	9.0%	9.6%	7.6%	6.6%
= Operating margin	17.8%	18.9%	20.3%	24.2%	28.2%
1 / (Working capital/revenue	0.2	0.2	0.2	0.2	0.2
+ Net PPE/revenue	0.4	0.3	0.3	0.3	0.3
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	1.6	1.8	1.9	2.1	2.2
Operating margin	17.8%	18.9%	20.3%	24.2%	28.2%
x Capital turnover	1.6	1.8	1.9	2.1	2.2
x (1 - tax rate)	74.0%	78.9%	77.6%	77.7%	77.6%
= After-tax ROIC	20.6%	26.8%	29.6%	40.2%	48.8%

Source: Company data; KGI Research estimates

Elite Material – Recommendation & target price history



Date	Rating	Target	Price
2026-04-29	Outperform	5,485	4,440
2026-03-11	Outperform	2,985	2,450
2026-01-07	Outperform	1,950	1,580
2025-10-30	Outperform	1,425	1,275
2025-10-22	Outperform	1,300	1,120
2025-07-30	Outperform	1,140	1,005
2025-06-26	Outperform	1,000	855
2025-04-30	Outperform	786	556
2025-02-25	Outperform	720	576
2025-01-02	Outperform	640	596

Source: TEJ; KGI Research

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