Company update PCB • Taiwan

Elite Material

(2383.TW/2383 TT)

Seller's market strengthens; 2H26 price rises to continue

Outperform • Maintained

Price as of July 29 (NT$)	4,100
12M target price (NT$)	7,625
Previous target price (NT$)	6,860
Revised up (%)	11.2
Upside (%)	86.0

Key message

1. 2Q26 gross margin and net profit beat on price hikes.
2. Price hikes to continue in 3Q26F.
3. M9 to ramp-up in 2H26F & reach a single digit revenue weighting.

Trading data

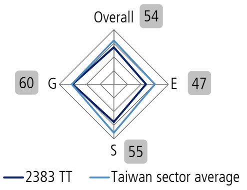
Mkt cap (NT$bn/US$mn)	1,469 / 45,394
Outstanding shares (mn)	358.3
Foreign ownership (mn)	155
3M avg. daily trading (mn)	1.48
52-week trading range (NT$)	1,005 –6,080

Performance	3M	6M	12M
Absolute (%)	-7.7	129.1	303.9
Relative (%)	-9.6	106	231.3

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	10.01A	10.02A	11.19A	10.63A
2026	14.90A	27.55F	33.46F	32.92F
2027	35.66F	44.55F	54.69F	55.74F

ESG score card



Source: Refinitiv; KGI Research

Event

Elite Material announced 2Q26 results, with gross and operating margins arriving at 33.9% and 26.9%, respectively, beating consensus of 32.5% and 25.1%, and driving net profit to NT$9.87bn, for EPS of NT$27.55, beating consensus by 17.6%.

Impact

2Q26 gross margin & net profit beat on price hikes. Thanks to price hikes and an improving product mix, 2Q26 sales amounted to NT$47.3bn, beating consensus by 9.8%, as gross margin climbed 4.4ppts QoQ to 33.9%. The firm also recognized non-op income of NT$52mn, including subsidies of NT$135mn from the Chinese government, and thus 2Q26 net profit arrived ahead of expectations. In terms of product mix by application, infrastructure sales (consisting of 55-60% AI servers, 15-20% general servers, 15-20% switches and 5-10% low-Earth orbit satellites) grew by 46% QoQ and 141% YoY to a sales weighting of 75-80%, while sales of mobile devices increased by 26% QoQ and 42% YoY for a 10-15% weighting, and automotive sales grew by 46% QoQ and 58% YoY for a 5-10% weighting. By product type, M7 materials accounted for 55-60% of 1Q26 and 60-65% of 2Q26 sales.

Price hikes to continue in 3Q26F. Without capacity expansion, we estimate that 3Q26F sales will grow by at least 15% QoQ, driven by product mix optimization. If the firm raises prices again in 3Q-4Q26 to reflect rising raw material costs, we believe there will be sales upside and gross margin will rise by at least 1ppt QoQ. By application, we estimate that 3Q26F infrastructure sales will grow by 25% QoQ, while mobile device sales will be flat and automotive sales could decline by a single-digit rate QoQ.

M9 to ramp up in 2H26F & reach a single-digit revenue weighting. Other key takeaways include: (1) 2026 capex guidance was raised to NT$32bn from the previous range of NT$15–23bn; (2) supply of high-end HVLP4 copper foil and E-glass fiberglass cloth remains tight; (3) the company's IC substrate CCL is expected to complete customer qualification in 3Q26F. Current shipments are running at approximately 40k sheets per month, and shipment volume is expected to more than double in 2027F following qualification approval; (4) M9 materials are set to ramp up in 2H26F, primarily for LPU, UBB, and selected daughterboard applications. Following volume production, M9 is expected to contribute a single digit percentage of total revenue; and (5) the company remains in the R&D stage for PTFE materials, while M9 and M10 (next-generation quartz-cloth-based materials) are expected to be the dominant high-end material solutions.

Valuation & Action

Following stronger-than-expected 2Q26 results, we raise our 2027F earnings by 11.2% and revise our target price to NT$7625, based on based on a 2027F PE of 40x. Maintain Outperform.

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$mn)	41,296	64,377	94,261	191,123	306,405
Gross profit (NT$mn)	11,333	17,970	28,120	63,473	107,885
Operating profit (NT$mn)	7,346	12,152	19,108	50,033	88,052
Net profit (NT$mn)	5,488	9,578	14,649	38,999	68,309
EPS (NT$)	16.35	27.81	41.67	108.84	190.64
Cash DPS (NT$)	10.00	17.00	25.00	65.30	114.38
EPS growth (%)	7.3	70.1	49.8	161.2	75.2
PE (x)	250.8	147.4	98.4	37.7	21.5
PB (x)	52.5	40.5	29.1	20.1	12.4
EV/EBITDA (x)	159.2	101.5	68.7	28.2	16.2
Net debt to equity (%)	2.7	4.5	Net cash	28.7	15.5
Dividend yield (%)	0.2	0.4	0.6	1.6	2.8
Return on average equity (%)	22.5	30.9	34.2	63.1	71.4

Source: Company data; KGI Research estimates

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

	2Q26A					3Q26F				
NT$mn	Actual	KGI	Diff. (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	Consensus	Diff. (%)
Sales	47,275	45,356	4.2	43,045	9.8	55,597	48,388	14.9	49,103	13.2
Gross profits	16,003	14,454	10.7	13,983	14.4	19,269	15,839	21.7	16,496	16.8
Operating profit	12,734	11,003	15.7	10,814	17.7	15,456	12,154	27.2	14,451	7.0
Net income	9,873	8,597	14.8	8,398	17.6	11,988	9,432	27.1	10,107	18.6
EPS (NT$)	27.55	23.99	14.8	23.85	15.5	33.46	26.32	27.1	28.56	17.1
Gross margin (%)	33.9	31.9	2.0 ppts	32.5	1.4 ppts	34.7	32.7	1.9 ppts	33.6	1.1 ppts
OP margin (%)	26.9	24.3	2.7 ppts	25.1	1.8 ppts	27.8	25.1	2.7 ppts	29.4	(1.6)ppts
Net margin (%)	20.9	19.0	1.9 ppts	19.5	1.4 ppts	21.6	19.5	2.1 ppts	20.6	1.0 ppts

Source: Bloomberg; KGI Research

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

	2026F					2027F				
NT$mn	Revision	Previous	Chg. (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	Consensus	Diff. (%)
Sales	191,123	175,081	9.2	178,983	6.8	306,405	280,495	9.2	299,327	2.4
Gross profit	63,473	55,616	14.1	58,619	8.3	107,885	97,569	10.6	107,219	0.6
Operating profit	50,033	42,322	18.2	45,938	8.9	88,052	79,068	11.4	90,132	(2.3)
Net profit	38,999	33,023	18.1	35,554	9.7	68,309	61,455	11.2	69,893	(2.3)
EPS (NT$)	108.84	92.16	18.1	98.72	10.2	190.64	171.51	11.2	193.33	(1.4)
Gross margin (%)	33.2	31.8	1.4 ppts	32.8	0.5 ppts	35.2	34.8	0.4 ppts	35.8	(0.6)ppts
OP margin (%)	26.2	24.2	2.0 ppts	25.7	0.5 ppts	28.7	28.2	0.5 ppts	30.1	(1.4)ppts
Net margin (%)	20.4	18.9	1.5 ppts	19.9	0.5 ppts	22.3	21.9	0.4 ppts	23.3	(1.1)ppts

Source: Bloomberg; KGI Research

Figure 3: Peer comparison – Valuations

Company	Ticker	Mkt Cap	Price	EPS (LCY)			PE (x)			PB (x)			ROE (%)			Dividend yield (%)		
		(US$mn)	(LCY)	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F
EMC	2383 TT	45,378	4,100.0	41.67	108.84	190.64	98.4	37.7	21.5	29.12	20.08	12.43	34.2	63.1	71.4	0.6	1.6	2.8
TUC	6274 TT	9,098	1,020.0	11.81	30.91	51.35	86.4	33.0	19.9	15.82	12.55	8.90	20.7	42.4	52.5	0.7	1.8	3.0
ITEQ	6213 TT	2,796	249.0	4.16	9.79	14.74	59.8	25.4	16.9	4.28	3.92	3.43	7.2	16.0	21.5	1.2	2.6	3.8
Kingboard	1888 HK	12,673	31.5	0.43	0.73	2.04	74.2	43.2	15.5	6.41	6.11	5.18	8.8	14.0	31.9	1.3	4.0	0.4

Source: Bloomberg; KGI Research

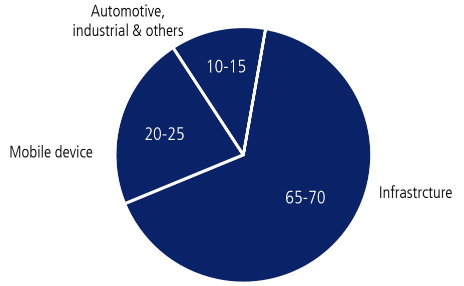
Figure 4: Company profile

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

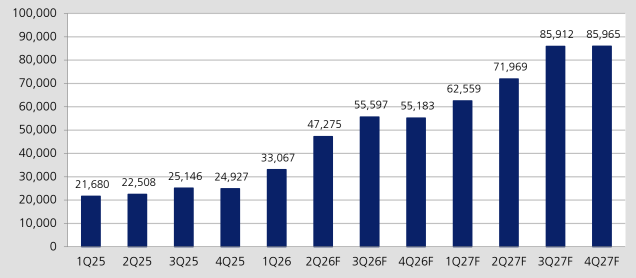
Sales weighting, percent



Source: Company data; KGI Research

Figure 6: Sales

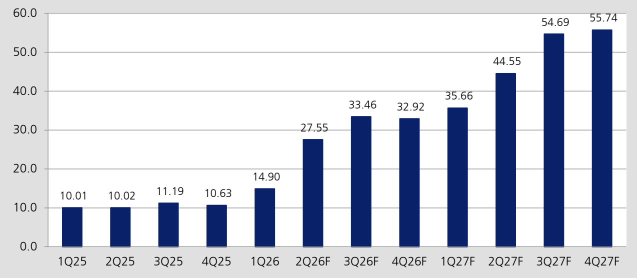
Sales, NT$mn



Source: KGI Research

Figure 7: EPS

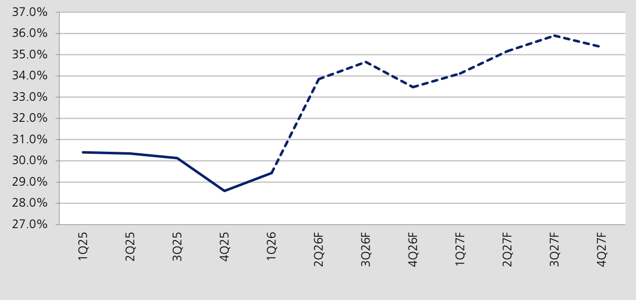
EPS, NT$



Source: KGI Research

Figure 8: Gross Margin

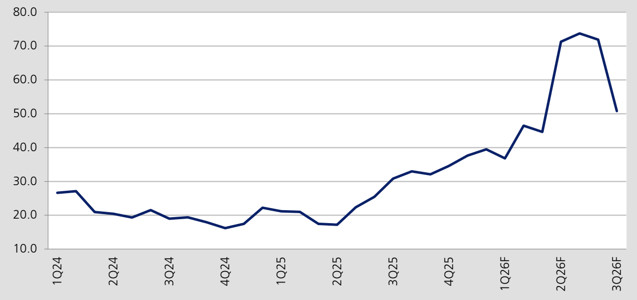
Gross margin, percent



Source: KGI Research

Figure 9: Rolling PE

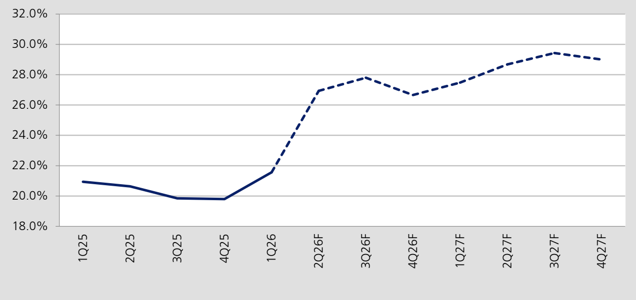
Rolling PE, times



Source: KGI Research

Figure 10: Operating Margin

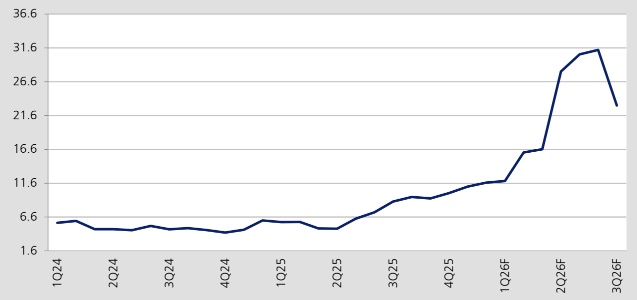
Operating margin, percent



Source: KGI Research

Figure 11: Rolling PB

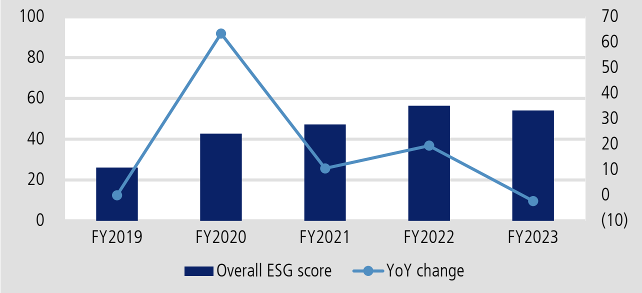
Rolling PB, times



Source: KGI Research

Figure 12: Overall ESG score

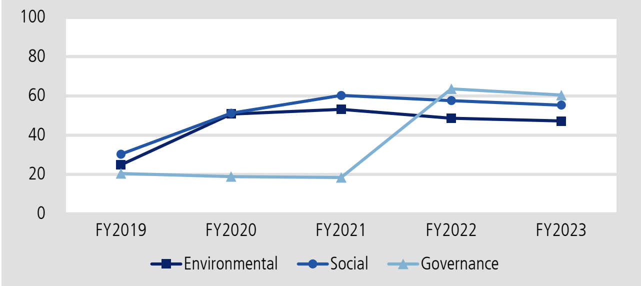
Overall ESG score, points (LHS); YoY change, points (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 13: ESG score by category

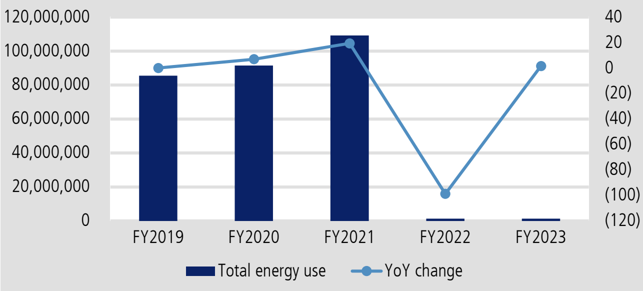
ESG score, points



Source: Refinitiv; KGI Research; Company data

Figure 14: Energy use

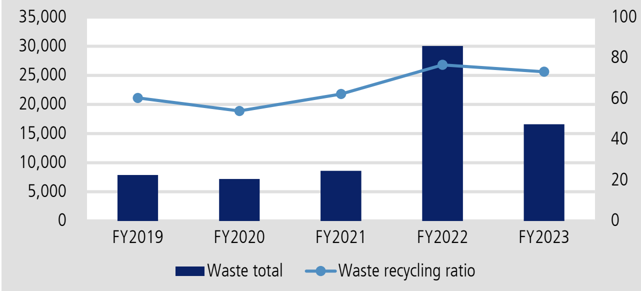
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 15: Waste total

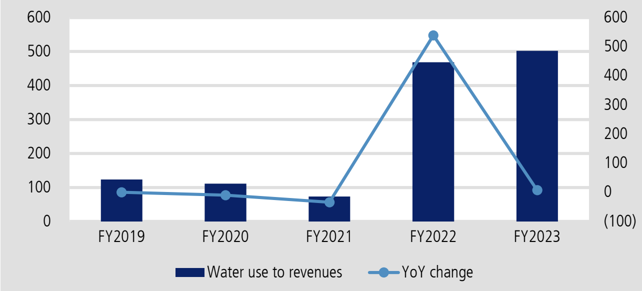
Waste total, mt (LHS); waste recycling ratio, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 16: Water use to revenue

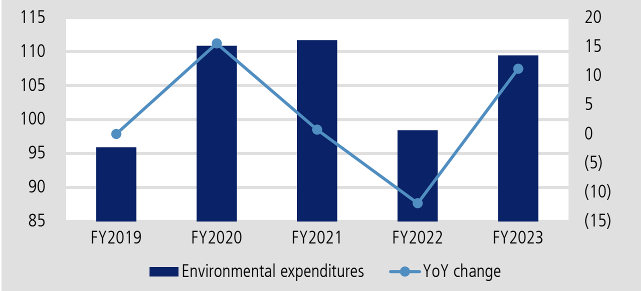
Water use to revenue, m3/ US$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 17: Environmental expenditures

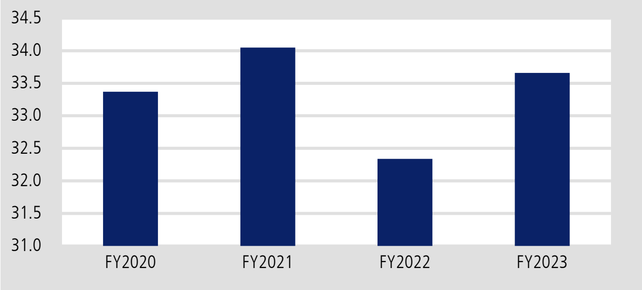
Environmental expenditures, NT$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 18: Employee turnover

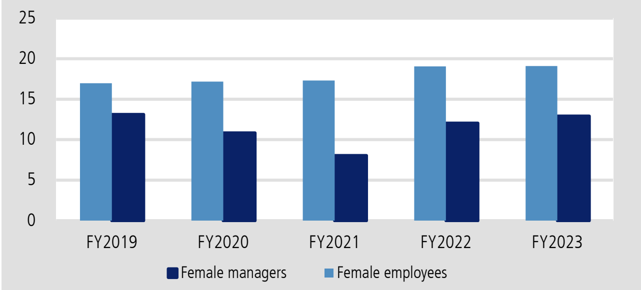
Employee turnover, percent



Source: Refinitiv; KGI Research; Company data

Figure 19: Gender diversification

Weighting of female managers & employees, percent



Source: Refinitiv; KGI Research; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	Total direct and indirect energy consumption in gigajoules. - 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	Total primary renewable energy purchased in gigajoules. - 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	Direct CO2 and CO2 equivalent emissions in metric tons. - 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	Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT$mn) - 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	Total amount of waste produced in metric tons. - 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	The waste recycling ratio as reported by the company. - 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	Total water withdrawal in cubic meters. - 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	Total amount of environmental expenditures. - 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	Percentage of employee turnover. - 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	Percentage of women managers. - 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	Percentage of women employees. - 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	Total training hours performed by all employees. - 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$mn)											
Revenue	**33,067**	**47,275**	**55,597**	**55,183**	**62,559**	**71,969**	**85,912**	**85,965**	**94,261**	**191,123**	**306,405**
Cost of goods sold	(23,338)	(31,272)	(36,328)	(36,712)	(41,219)	(46,661)	(55,073)	(55,566)	(66,141)	(127,650)	(198,519)
Gross profit	**9,729**	**16,003**	**19,269**	**18,471**	**21,339**	**25,308**	**30,839**	**30,399**	**28,120**	**63,473**	**107,885**
Operating expenses	(2,601)	(3,269)	(3,813)	(3,757)	(4,150)	(4,664)	(5,553)	(5,466)	(9,012)	(13,440)	(19,833)
Operating profit	**7,128**	**12,734**	**15,456**	**14,715**	**17,189**	**20,644**	**25,286**	**24,933**	**19,108**	**50,033**	**88,052**
Depreciation of fixed assets	(571)	(701)	(701)	(830)	(901)	(901)	(901)	(901)	(1,795)	(2,802)	(3,602)
Amortisation of intangible assets	(12)	(15)	(15)	(18)	(16)	(16)	(16)	(16)	(55)	(59)	(65)
EBITDA	**7,712**	**13,449**	**16,171**	**15,562**	**18,106**	**21,560**	**26,203**	**25,849**	**20,958**	**52,894**	**91,719**
Interest income	70	63	70	70	70	70	70	70	259	273	280
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	-	140	90	90	90	90	90	90	-	320	360
Non-operating income	**70**	**204**	**160**	**160**	**160**	**160**	**160**	**160**	**259**	**594**	**640**
Interest expense	(135)	(152)	(129)	(129)	(129)	(129)	(129)	(129)	(476)	(546)	(516)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	131	-	-	-	-	-	-	-	(16)	131	-
Non-operating expenses	**(4)**	**(152)**	**(129)**	**(129)**	**(129)**	**(129)**	**(129)**	**(129)**	**(492)**	**(415)**	**(516)**
Pre-tax profit	**7,194**	**12,785**	**15,487**	**14,746**	**17,220**	**20,675**	**25,317**	**24,964**	**18,876**	**50,212**	**88,176**
Current taxation	(1,855)	(2,914)	(3,500)	(2,949)	(4,443)	(4,714)	(5,722)	(4,993)	(4,231)	(11,218)	(19,871)
Minorities	1	2	1	1	1	1	1	1	4	5	4
Normalised net profit	**5,340**	**9,873**	**11,988**	**11,798**	**12,779**	**15,962**	**19,596**	**19,972**	**14,649**	**38,999**	**68,309**
Extraordinary items	0	-	-	-	-	-	-	-	-	0	-
Net profit	**5,340**	**9,873**	**11,988**	**11,798**	**12,779**	**15,962**	**19,596**	**19,972**	**14,649**	**38,999**	**68,309**
EPS (NT$)	14.90	27.55	33.46	32.92	35.66	44.55	54.69	55.74	41.67	108.84	190.64
Margins (%)											
Gross profit margin	29.4	33.9	34.7	33.5	34.1	35.2	35.9	35.4	29.8	33.2	35.2
Operating margin	21.6	26.9	27.8	26.7	27.5	28.7	29.4	29.0	20.3	26.2	28.7
EBITDA margin	23.3	28.4	29.1	28.2	28.9	30.0	30.5	30.1	22.2	27.7	29.9
Pretax profit margin	21.8	27.0	27.9	26.7	27.5	28.7	29.5	29.0	20.0	26.3	28.8
Net profit margin	16.1	20.9	21.6	21.4	20.4	22.2	22.8	23.2	15.5	20.4	22.3
Sequential growth (%)											
Revenue growth	32.7	43.0	17.6	(0.7)	13.4	15.0	19.4	0.1			
Gross profit growth	36.6	64.5	20.4	(4.1)	15.5	18.6	21.9	(1.4)			
Operating profit growth	44.4	78.6	21.4	(4.8)	16.8	20.1	22.5	(1.4)			
EBITDA growth	42.0	74.4	20.2	(3.8)	16.3	19.1	21.5	(1.3)			
Pretax profit growth	55.7	77.7	21.1	(4.8)	16.8	20.1	22.5	(1.4)			
Net profit growth	42.9	84.9	21.4	(1.6)	8.3	24.9	22.8	1.9			
YoY growth (%)											
Revenue growth	52.5	110.0	121.1	121.4	89.2	52.2	54.5	55.8	46.4	102.8	60.3
Gross profit growth	47.6	134.3	154.4	159.3	119.3	58.1	60.0	64.6	56.5	125.7	70.0
Operating profit growth	57.0	174.2	209.7	198.2	141.1	62.1	63.6	69.4	57.2	161.8	76.0
EBITDA growth	54.0	164.2	197.9	186.5	134.8	60.3	62.0	66.1	50.5	152.4	73.4
Pretax profit growth	54.1	186.2	202.4	219.1	139.4	61.7	63.5	69.3	55.6	166.0	75.6
Net profit growth	53.9	183.9	202.3	215.7	139.3	61.7	63.5	69.3	52.9	166.2	75.2

Source: Company data; KGI Research estimates

Balance sheet

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	**53,427**	**76,080**	**107,913**	**175,255**	**270,745**
Current assets	**33,675**	**51,494**	**73,980**	**112,122**	**183,213**
Cash & ST securities	9,259	14,989	20,008	5,460	14,434
Inventory	6,135	9,437	16,752	32,330	50,279
Accounts receivable	17,327	25,897	36,115	73,226	117,395
Other current assets	955	1,171	1,106	1,106	1,106
Non-current assets	**19,752**	**24,586**	**33,933**	**63,133**	**87,532**
LT investments	6	18	-	-	-
Net fixed assets	16,655	21,387	30,864	60,064	84,463
Other assets	3,092	3,181	3,069	3,069	3,069
Total liabilities	**26,617**	**40,986**	**57,477**	**102,133**	**152,581**
Current liabilities	**23,073**	**30,182**	**46,231**	**84,677**	**130,941**
Accounts payable	10,489	15,963	24,518	47,318	73,589
Interest bearing ST liabilities	7,866	7,781	11,264	12,019	14,089
Other current liabilities	4,718	6,438	10,450	25,340	43,264
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**	**73,122**	**118,164**
Share capital	3,432	3,466	3,583	3,583	3,583
Retained earnings reserve	15,864	21,128	29,734	44,884	71,421
Minority interests	-	(17)	(20)	(25)	(29)
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	6.8%	55.9%	46.4%	102.8%	60.3%
Operating profit growth	18.0%	65.4%	57.2%	161.8%	76.0%
EBITDA growth	23.6%	61.0%	50.5%	152.4%	73.4%
Net profit growth	8.2%	74.5%	52.9%	166.2%	75.2%
EPS growth	7.3%	70.1%	49.8%	161.2%	75.2%
Profitability					
Gross profit margin	27.4%	27.9%	29.8%	33.2%	35.2%
Operating margin	17.8%	18.9%	20.3%	26.2%	28.7%
EBITDA margin	20.9%	21.6%	22.2%	27.7%	29.9%
Net profit margin	13.3%	14.9%	15.5%	20.4%	22.3%
Return on average assets	11.3%	14.8%	15.9%	27.5%	30.6%
Return on average equity	22.5%	30.9%	34.2%	63.1%	71.4%
Stability					
Gross debt to equity	37.2%	47.2%	38.6%	36.2%	27.7%
Net debt to equity	2.7%	4.5%	Net cash	28.7%	15.5%
Interest coverage (x)	24.3	27.4	40.7	93.0	171.9
Interest & ST debt coverage (x)	0.5	0.6	0.6	0.8	0.9
Cash flow interest coverage(x)	9.1	15.8	25.1	21.9	70.0
Cash flow/int. & ST debt (x)	0.4	0.9	1.0	1.0	2.5
Current ratio (x)	1.5	1.7	1.6	1.3	1.4
Quick ratio (x)	1.2	1.4	1.2	0.9	1.0
Net debt (NT$mn)	716	1,565	(525)	20,987	18,268
Per share data					
EPS (NT$)	16.35	27.81	41.67	108.84	190.64
CFPS (NT$)	8.61	21.09	34.04	33.41	100.83
BVPS (NT$)	78.12	101.29	140.81	204.14	329.85
Adj BVPS (NT$)	79.86	101.93	143.52	204.14	329.85
SPS (NT$)	123.01	186.89	268.11	533.38	855.11
EBITDA/share (NT$)	25.76	40.41	59.61	147.62	255.97
Cash DPS (NT$)	10.00	17.00	25.00	65.30	114.38
Activity					
Sales / avg assets	0.85	0.99	1.02	1.35	1.37
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$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	**41,296**	**64,377**	**94,261**	**191,123**	**306,405**
Cost of goods sold	(29,964)	(46,407)	(66,141)	(127,650)	(198,519)
Gross profit	**11,333**	**17,970**	**28,120**	**63,473**	**107,885**
Operating expenses	(3,987)	(5,818)	(9,012)	(13,440)	(19,833)
Operating profit	**7,346**	**12,152**	**19,108**	**50,033**	**88,052**
Non-operating income	**121**	**144**	**259**	**594**	**640**
Interest income	121	144	259	273	280
Investment income	-	-	-	-	-
Other non-op income	-	-	-	320	360
Non-operating expenses	**(47)**	**(162)**	**(492)**	**(415)**	**(516)**
Interest expense	(319)	(459)	(476)	(546)	(516)
Investment loss	-	-	-	-	-
Other non-op expenses	271	297	(16)	131	-
Pre-tax profit	**7,420**	**12,133**	**18,876**	**50,212**	**88,176**
Current taxation	(1,931)	(2,564)	(4,231)	(11,218)	(19,871)
Minorities	-	9	4	5	4
Extraordinary items	-	0	(0)	0	-
Net profit	**5,488**	**9,578**	**14,649**	**38,999**	**68,309**
EBITDA	**8,648**	**13,921**	**20,958**	**52,894**	**91,719**
EPS (NT$)	16.35	27.81	41.67	108.84	190.64

Cash flow

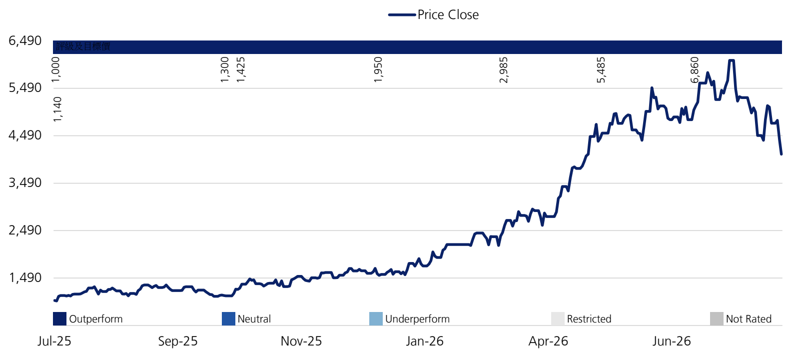
NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	**2,890**	**7,263**	**11,968**	**11,970**	**36,128**
Net profit	5,488	9,578	14,649	38,999	68,309
Depreciation & amortisation	1,302	1,769	1,849	2,861	3,667
Decrease in working capital	(4,019)	(5,974)	(8,696)	(29,889)	(35,848)
Other operating cash flow	118	1,890	4,166	-	-
Investing cash flow	**(4,057)**	**(5,901)**	**(9,888)**	**(32,061)**	**(28,066)**
Sale of ST investment	-	-	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(3,281)	(5,867)	(9,490)	(32,002)	(28,001)
Others investing cashflow	(776)	(34)	(398)	(59)	(65)
Free cash flow	**(612)**	**(543)**	**(1,566)**	**(20,235)**	**7,962**
Financing cash flow	**109**	**4,116**	**2,776**	**5,543**	**911**
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)	(23,848)
Other financing cashflow	(15)	(11)	(48)	7,536	18,506
Forex effects	**(126)**	**251**	**163**		
Total cash generated	**(1,185)**	**5,729**	**5,020**	**(14,548)**	**8,973**

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	9.7%	9.0%	9.6%	7.0%	6.5%
= Operating margin	**17.8%**	**18.9%**	**20.3%**	**26.2%**	**28.7%**
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**	**2.0**	**2.2**
Operating margin	17.8%	18.9%	20.3%	26.2%	28.7%
x Capital turnover	1.6	1.8	1.9	2.0	2.2
x (1 - tax rate)	74.0%	78.9%	77.6%	77.7%	77.5%
= After-tax ROIC	**20.6%**	**26.8%**	**29.6%**	**41.2%**	**49.9%**

Source: Company data; KGI Research estimates

Elite Material – Recommendation & target price history



Date	Rating	Target	Price
2026-06-15	Outperform	6,860	5,030
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

Source: TEJ; KGI Research

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