

# Innolux Corp (3481 TT)

Innolux's Next Chapter: Scaling FOPLP for AI and HPC Growth

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## COMPANY OVERVIEW

Founded in 2003, Innolux is a leading global panel manufacturer expanding into Fan-Out Panel-Level Packaging (FOPLP) for AI and semiconductor applications. To enhance profitability and shareholder returns, it is shifting toward high-margin businesses, including semiconductor packaging, system integration, and commercial displays, aiming for a 30:70 revenue mix by 2030. With strong financial discipline and the lowest debt ratio among peers, Innolux prioritizes ROIC and sustainable growth through strategic capital allocation and innovation, strengthening its competitive edge and long-term value creation.

## KEY POINTS

**Transitioning from Traditional Panel Manufacturing to AI and HPC-Focused Semiconductor Advanced Packaging:** Innolux is transforming its business model by leveraging its fully depreciated Gen 3.5 plant to scale Fan-Out Panel-Level Packaging (FOPLP) production, offering a cost-effective alternative to CoWoS. The company aims to generate 20% of total revenue from semiconductor-related businesses by 2030, capitalizing on the increasing demand for advanced packaging solutions. As part of Taiwan's semiconductor supply chain, Innolux is collaborating with foundries, OSATs, and panel makers to establish a robust FOPLP ecosystem. This strategic shift positions the company as a critical enabler of next-generation AI and high-performance computing (HPC) chips.

**Accelerating FOPLP Development to Capture the Advanced Packaging Market:** Recognizing FOPLP's ability to enable cost-efficient advanced packaging, Innolux has been investing in semiconductor packaging since 2017. By leveraging its panel production expertise, the company has developed the industry's largest FOPLP technology. With plans to begin mass production in the first half of this year—outpacing semiconductor giants like TSMC (2330 TT) and ASE (3711 TT)—Innolux is well-positioned to capitalize on the growing demand for large-size advanced packaging solutions. This strategic initiative strengthens its role in the evolving semiconductor landscape, providing a competitive edge in AI and HPC applications.

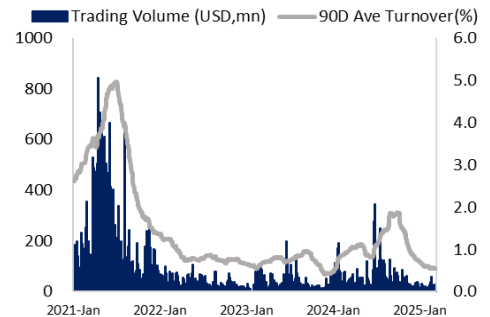
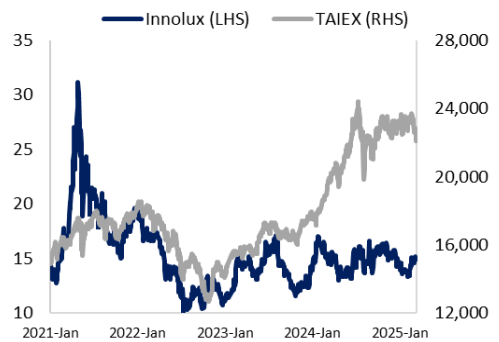
**Semiconductor Fast-Track Plan to Propel FOPLP Commercialization:** Innolux's Semiconductor Fast-Track Plan highlights its commitment to rapid expansion, aiming to recruit top talent and accelerate FOPLP commercialization. By deepening industry-wide technical expertise and driving innovation, the company seeks to establish a first-mover advantage in packaging technologies. If successful, this initiative will enable Innolux to lead large-size packaging applications, significantly shaping future semiconductor and electronics development. Through aggressive R&D and ecosystem collaboration, the company is strengthening its foothold in the semiconductor packaging sector while addressing the increasing demand for high-performance AI and HPC solutions.

**Commitment to an Asset-Light Strategy and Disciplined Capital Allocation:** Innolux maintains a disciplined financial strategy, successfully keeping the lowest average debt ratio among panel peers (11.5% vs. 30.4%) from 2019 to 2023, with a net cash position of US\$590 million as of 2023. By reducing capex intensity while sustaining R&D investments, the company ensures stable free cash flow generation. Since Jim Hung assumed the Chairman role in mid-2018, Innolux has delivered the highest annualized total shareholder return (TSR) of 6.5% among peers through 2024. With a focus on high-margin businesses and a strong cash position, management targets a 15% annualized TSR by 2030, driven by dividends and capital reductions.

## KEY STATISTICS

<b>Ticker:</b>	3481 TT
<b>Current Price:</b>	NT\$ 14.9
<b>52-Week Range:</b>	NT\$ 13 - 16.65
<b>Average Volume (30-Day, k shares):</b>	46,401.6
<b>Outstanding Shares (MN):</b>	7,989
<b>FINI Holding (%):</b>	24.37
<b>Market Cap (MN):</b>	US\$ 3,620

## PRICE PERFORMANCE



## FINANCIAL SUMMARY

mn,NTD	FY21	FY22	FY23	LTM*
Revenue	350,077	223,716	211,741	216,230
Revenue YoY (%)	29.7	-36.1	-5.4	4.8
Gross Margin (%)	26.1	-3.1	1.5	6.8
Op. Margin (%)	17.9	-14.2	-8.8	-3.1
Net Income	57,534	-27,990	-18,643	-5,789
Net Income YoY (%)	3,416.5	-	-	-
Net Margin (%)	16.4	-12.5	-8.8	-2.7
EPS (NTD)	7.32	-3.30	-2.28	-0.72
ROA (%)	13.6	-6.6	-5.2	-2.9
ROE (%)	21.2	-10.1	-8.2	-2.5
ROIC (%)	16.6	-12.1	-6.6	-2.0
P/E (x)	3.6	-	-	-
P/B (x)	0.7	0.4	0.6	0.5
P/S (x)	0.6	0.5	0.6	0.6
EV/EBITDA (x)	1.9	166.0	9.4	5.0

\* 4Q23-3Q24

Source: TEJ

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