

Media Release:

E Ink Holdings Inc. Upgraded To 'twA/twA-1' On Improving EBITDA; Outlook Stable

May 7, 2026

Rating Action Overview

- Rising shipments of **E Ink Holdings Inc.'s** large color e-paper display materials and an improved product mix could boost the company's revenue while sustaining strong EBITDA margins over the next one to two years.
- Faster expansion in E Ink's EBITDA could support high capex and stable cash dividend payouts while sustaining a slightly stronger capital structure than we had previously forecast.
- We have therefore raised our long-term rating on the company to 'twA' from 'twA-' and the short-term rating to 'twA-1' from 'twA-2'.
- The rating outlook is stable to reflect our view that E Ink could increase revenue and EBITDA over the next two years while sustaining a net cash position backed by improving sales and product diversification.

Rating Action Rationale

The upgrade action reflects our view that E Ink could demonstrate stronger EBITDA and cash flow than we previously forecast for 2026-2027. The company's persistent investments in R&D and advanced capacity largely support this view. Such investments and the launch of color e-paper products in 2023 have broadened E Ink's product range and helped the company to broaden the applications for its e-paper displays. We anticipate further enhancement in E Ink's product mix in 2026-2028 with higher contributions from more advanced e-papers for both consumer and commercial applications. This should in turn underpin growth in annual EBITDA to new Taiwan dollar (NT\$) 14 billion-NT\$15 billion in 2026 and NT\$17 billion-NT\$19 billion in 2027-2028, while at the same time sustaining E Ink's EBITDA margin at 36%-38% during this period, which is slightly faster than under our previous assumption.

Revenue growth from large-sized e-papers for commercial applications remains somewhat uncertain. This is because E Ink still needs to perfect its technology to meet the strict requirements particularly for outdoor e-paper signage, such as color saturation and performance under extreme temperatures. Competition from alternative display technologies that can provide better display quality could also hinder the adoption of E Ink's new technology by potential clients. That's despite the energy saving advantage of e-paper.

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Furthermore, expansion in capacity for signage applications at the company's new large color e-paper factory will only begin in the second half of 2027. Any delay or difficulty in enhancing production yields or output capacity could negatively affect E Ink's ambition to quickly expand sales of its e-papers for use in large signage. Accordingly, we expect the revenue contribution from e-paper signage to remain below 10% in 2026-2027, which is similar to that in 2025.

Faster EBITDA growth could sustain a slightly stronger capital structure despite elevated capex. E Ink's stronger EBITDA and operating cash flow over the next two to three years could enable the generation of sustainable discretionary cash flow over the period. We forecast E Ink's annual operating cash flow reaching NT\$12 billion-NT\$15 billion in 2026-2027 and NT\$15 billion-NT\$17 billion in 2028. This could meet the company's elevated capital expenditure (capex) needs of NT\$6 billion-NT\$8 billion annually and prudent cash dividend payouts, which we estimate will remain stable at about 65% of the previous year's net income over the same period. These factors, together with a conservative mergers and acquisitions strategy could enable E Ink to maintain a net cash position in 2026-2028.

Enhanced operating cash flow generation has strengthened the liquidity buffer. We forecast E Ink's stronger funds from operations and rising cash balance will continue to enrich its liquidity buffer in 2026-2027, despite rising capex and cash dividends during the period. We forecast E Ink's ratio of liquidity sources to uses will stay at 2.2x in the 12 months ending December 2026, and in the subsequent 12 months. We have therefore revised our liquidity assessment for E Ink to exceptional from strong.

Outlook

The stable rating outlook reflects our view that E Ink could increase its revenue and EBITDA scale over the next two years. Several factors underpin this view, including the expanding applications for its color e-paper products for electronic shelf labels (ESL) and signage, and the company's investments in large color e-papers which are delivering improved performance. We also expect robust operating cash flow to help E Ink sustain a net cash position in 2026-2028, despite its elevated capex needs over the period.

Downside scenario

We could lower the long-term issuer credit rating if:

- E Ink's revenue and EBITDA show sustained deterioration without prospects for recovery. Likely scenarios include: (1) slower adoption of e-paper by E Ink's targeted market segments, and (2) E Ink faces stronger competition in its key consumer and commercial applications from existing or new competitors using current or new technologies; or
- The ratio of debt to EBITDA rises persistently above 1.5x, likely due to sharply weaker profitability, more aggressive capex or acquisitions than we assume without generating appropriate returns, or the company takes on a more aggressive shareholder return policy such as materially raising the dividend payout ratio.

Upside scenario

We may raise the long-term issuer credit rating if:

- E Ink could materially enhance the scale and diversity of its revenue and EBITDA through successful developments in commercial applications for e-paper while maintaining its technological and cost advantage against competing e-paper technologies that lead us to believe E Ink has materially improved its business stability, and at the same time;
- The ratio of debt to EBITDA remains materially below 1x.

Our Base Case Scenario

- S&P Global's projection for world GDP growth of 3.2% in 2026, 3.3% in 2027, and 3.2% in 2028.
- Revenue to grow by 5%-10% in 2026 and 10%-15% annually in 2027-2028, underpinned by growing installation of ESL and increasing penetration of large size e-paper signage.
- E Ink's gross margin to moderately improve to and sustain at 61%-62% in 2026-2028, compared to 59.8% in 2025. Improved product mix, yield rate, and manufacturing efficiency support this view.
- Expense ratio to remain at 24%-25% in 2026-2028, similar to 25.4% in 2025.
- Annual capex to remain elevated at NT\$6 billion-NT\$7 billion in 2026 and NT\$7 billion-NT\$8 billion in 2027-2028, reflecting capacity investments in large e-paper materials.
- Cash dividend payout of around 65% in 2026-2028, which is similar to the level in 2025.
- Potential acquisitions and strategic investments of NT\$1 billion annually in 2026-2028.
- We net 93.2% of E Ink's cash and liquid investments with debt.

E Ink Holdings Inc.--Taiwan Ratings' Corp. Forecast summary

Industry sector: Technology hardware and semiconductors

(Mil. NT\$)	2024a	2025a	2026e	2027f	2028f
Revenue	32,163	36,116	39,025	44,345	49,423
EBITDA (reported)	9,097	12,435	14,330	16,516	18,408
Plus/(less): Other	60	413	413	413	413
EBITDA	9,156	12,848	14,743	16,929	18,821
Less: Cash interest paid	(360)	(408)	(388)	(323)	(284)
Less: Cash taxes paid	(1,781)	(2,763)	(2,257)	(2,395)	(2,595)
Funds from operations (FFO)	7,015	9,677	12,098	14,210	15,942
Cash flow from operations (CFO)	9,000	11,530	12,509	14,867	16,650
Capital expenditure (capex)	2,857	4,229	6,540	7,098	9,481
Free operating cash flow (FOCF)	6,144	7,301	6,799	7,216	7,818
Dividends	5,141	5,741	(259)	(117)	1,663
Discretionary cash flow (DCF)	1,003	1,560	17,333	14,333	12,994
Debt (reported)	20,248	21,607	1,313	1,313	1,313
Plus: Lease liabilities debt	1,041	1,313	39	39	39
Plus: Pension and other postretirement debt	29	39	(22,470)	(18,631)	(18,001)
Less: Accessible cash and liquid investments	(21,746)	(25,633)	--	--	--
Debt	--	--	24,101	19,983	19,308
Cash and short-term investments (reported)	25,140	29,634	39,025	44,345	49,423
Adjusted ratios					
Debt/EBITDA (x)	--	--	--	--	--
FFO/debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Annual revenue growth (%)	18.6	12.3	8.1	13.6	11.5
EBITDA margin (%)	28.5	35.6	37.8	38.2	38.1
Return on capital (%)	20.9	20.6	19.2	19.4	19.4

All figures are adjusted by Taiwan Ratings Corp., unless stated as reported. Figures for the forecast period are based on Taiwan Ratings Corp.'s base-case scenario. a--Actual. e--Estimate. f--Forecast. NT\$--new Taiwan dollar. N.M.--Not meaningful.

Liquidity

The short-term issuer credit rating is 'twA-1'. We view E Ink has exceptional liquidity, with an estimated ratio of liquidity sources to liquidity uses at around 2.2x in the 12 months ending December 2026 and for the subsequent 12 months. We estimate E Ink's liquidity sources will still exceed liquidity uses even if its EBITDA declined by 50%.

In our view, E Ink can absorb high-impact, low-probability events without refinancing, given the company's net cash position as of Dec. 31, 2025. We also believe E Ink has sound relationship with local banks, as demonstrated by its good access to bank credit facilities. Meanwhile, we believe the company has sufficient headroom on its financial covenants over the next two years.

Principal liquidity sources

- Cash and short-term investments of about NT\$29.6 billion at the end of 2025.
- Funds from operations of NT\$10 billion-NT\$15 billion in 2026 and 2027.
- Undrawn credit facilities maturing after December 2026 of close to NT\$6.3 billion and NT\$6 billion over the subsequent 12 months.

Principal liquidity uses

- Debt maturities of about NT\$8 billion over the 12 months ending December 2026 and NT\$3 billion over the subsequent 12 months.
- Capex of NT\$6 billion-NT\$7 billion in 2026 and around NT\$8 billion in 2027.
- Potential acquisition or strategic investment of NT\$1 billion annually in 2026 and 2027.
- Annual cash dividend payout of NT\$6 billion-NT\$7 billion in 2026 and 2027.

Rating Component Scores

E Ink Holdings Inc.		
	To	From
Issuer Credit Rating	twA/Stable/twA-1	twA-/Stable/twA-2
Business risk	Fair	Fair
Country risk	Low	Low
Industry risk	Moderately high	Moderately high
Competitive position	Fair	Fair
Financial risk	Modest	Modest
Cash flow/Leverage	Modest	Modest
Anchor	twA+	twA
Modifiers		
Diversification/Portfolio effect	Neutral (no impact)	Neutral (no impact)
Capital structure	Neutral (no impact)	Neutral (no impact)
Financial policy	Neutral (no impact)	Neutral (no impact)
Liquidity	Exceptional (no impact)	Strong (no impact)
Management and governance	Neutral (no impact)	Neutral (no impact)
Comparable ratings analysis	Negative (-1 notch)	Negative (-1 notch)
Stand-alone credit profile (SACP)	twA	twA-
Note: The above descriptors are in comparison with global obligors.		

Related Criteria & Research

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - July 07, 2025
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Upgraded; Outlook

	To	From
E Ink Holdings Inc.		
Issuer Credit Rating	twA/Stable/twA-1	twA-/Stable/twA-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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