

# Asustek (2357.TW/2357 TT)

## Bright 2Q25F sales outlook; limited impact from forex

FTSE4Good TIP Taiwan ESG Index stock

### Outperform · Maintained

Price as of May 13 (NT\$)	608
12M target price (NT\$)	800
Previous target price (NT\$)	800
Unchanged (%)	0.0
Upside (%)	31.6

#### Key message

- 1Q25 EPS was NT\$17.22, well above our forecast on reversal of bad debts.
- New gaming NB and AI server to drive better-than-expected 2Q25F sales.
- Earnings growth in 2025F on gaming PC replacement cycle & solid server sales.

#### Trading data

Mkt cap (NT\$bn/US\$m)	451.6 / 14,870
Outstanding shares (mn)	743
Foreign ownership (mn)	354.5
3M avg. daily trading (mn)	3.27
52-week trading range (NT\$)	433.0 –709

Performance	3M	6M	12M
Absolute (%)	-10.5	-0.5	30.5
Relative (%)	-1.6	6.2	28.2

#### Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	(2.26)A	3.48A	14.94A	5.29A
2024	7.33A	15.90A	16.83A	2.21A
2025	17.22A	10.58F	16.54F	8.94F

#### ESG score card



Source: Refinitiv; KGI Securities

#### Event

1Q25 EPS was NT\$17.22, well above expectation on reversal of bad debts. Asustek guides better-than-expected sales growth in 2Q25F, and is positive on 2025F server outlook.

#### Impact

**1Q25 EPS a big beat.** 1Q25 EPS of NT\$17.22 strongly beat our forecast and consensus due to reversal of bad debts. Brand gross margin grew YoY to 15.5%, driven by RTX-50 launch, which boosted the graphics card margin. Thanks to the reversal of bad debt recognition NT\$5,351mn (contributing 4ppts to operating margin, or EPS of around NT\$5.8), brand operating margin of 8.5% was far above our forecast and consensus. Excluding the bad debt impact, operating margin was flat QoQ at 4.5%, also better than our forecast.

**Solid sales outlook in 2Q25F.** The firm guides system sales to rise 25-30% QoQ in 2Q25F on gaming PC. Even with a high comparison base in 1Q25 (beat guidance by 23%), component & server sales will grow 10% QoQ in 2Q25F on improving GPU supply and GB200 rack ramp up. Sales guidance for both are better than we expected, and we revise up our brand sales growth forecast to 20% QoQ in 2Q25F, and expect an increasing RTX-50 penetration rate will improve the product mix, offsetting the margins impact of forex. Management said steep forex jumps may impact gross margin over the next 3-6 months, but the impact will be limited in the long term as Asustek's US dollar sales weighting is below 50% and over 90% of costs are paid in US dollars. The recognition of forex gains and losses will also be limited due to diversified currencies received globally and to hedging. To reflect better sales guidance, we revise up 2Q25F EPS to NT\$10.58.

**Server sales intact in 2025F.** Asustek maintains a server sales weighting guidance of mid-teens in 2025F, with GB200 ramping up in 2Q25F, and B200/ B300 HGX server in 2H25F. It said it now has more AI server clients from the US. In addition, the firm has built up 3-6 months of PC and graphics card and motherboard channel inventory for the US market, and will increase non-China capacity. The firm has revised down its view on 2025F global PC shipments growth from mid-single digits to 0-3% due to uncertainty in 2H25F demand given likely tariff and forex impacts. Asustek targets to outgrow the overall PC industry on the gaming replacement cycle. To reflect the 1Q25 earnings beat and a stronger 2Q25F outlook, we revise up 2025F EPS to NT\$53.29, up 26% YoY.

#### Valuation & Action

On macro uncertainties in 2H25F, we cut our target PE to 15x. But to reflect upward-revised 2025F earnings, we maintain our target price at NT\$800 (15x 2025F EPS). Maintain Outperform.

#### Risks

Weak NB demand; currency fluctuations.

#### Key financials and valuations

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Revenue (NT\$m)	537,192	482,314	587,087	696,013	766,520
Gross profit (NT\$m)	74,141	72,394	103,470	115,012	127,329
Operating profit (NT\$m)	12,982	11,164	29,595	41,988	43,475
Net profit (NT\$m)	14,691	15,928	31,394	39,578	40,448
EPS (NT\$)	19.78	21.44	42.27	53.29	54.46
Cash DPS (NT\$)	15.00	17.00	34.00	42.63	43.57
EPS growth (%)	(67.0)	8.4	97.1	26.1	2.2
PE (x)	30.7	28.4	14.4	11.4	11.2
PB (x)	2.1	1.9	1.7	1.6	1.6
EV/EBITDA (x)	15.4	13.3	6.4	4.6	4.7
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.5	2.8	5.6	7.0	7.2
Return on average equity (%)	6.6	7.0	12.3	14.4	14.3

Source: Company data; KGI Research estimates

**Figure 1: Asustek's 1Q25 brand sales beat our forecast on stronger PC & server sales. 2Q25F sales guidance is above our forecast**

Brand sales (NT\$bn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F	3Q25F	4Q25F	2022	2023	2024	2025F
System	64	76	100	85	72	91	100	84	337	285	325	347
Open platform	48	56	53	54	59	66	76	75	155	162	211	277
AIOT	2	4	3	3	4	4	4	4	1	1	12	17
Total	114	136	157	141	135	162	180	164	493	448	549	640
Product mix (%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F	3Q25F	4Q25F	2022	2023	2024	2025F
System	56	56	64	60	53	56	55	51	68	64	59	54
Open platform	42	41	34	38	44	41	42	46	31	36	38	43
AIOT	2	3	2	2	3	3	2	3	0	0	2	3
Total	100	100	100	100	100	100	100	100	100	100	100	100
YoY growth (%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F	3Q25F	4Q25F	2022	2023	2024	2025F
System					12	20	(1)	(1)		(16)	14	7
Open platform					24	19	43	40		4	30	32
AIOT					71	6	25	59		2	1,118	35
Total					18	19	15	16		(9)	22	17
QoQ growth (%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F	3Q25F	4Q25F	2022	2023	2024	2025F
System		20	32	(15)	(16)	28	9	(16)				
Open platform		17	(5)	1	11	12	15	(1)				
AIOT		68	(25)	(13)	55	4	(11)	11				
Total		19	15	(10)	(4)	20	11	(9)				

Source: Company data; KGI Research estimates

**Figure 2: Breakdown of 1Q25 results & 2Q25 forecast revisions vs. consensus (consolidated)**

NT\$m	1Q25								2Q25F					
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	147,693	131,296	12.5	(4.0)	21.4	132,398	11.6	177,232	157,555	12.5	20.0	22.3	159,681	11.0
Gross profits	24,600	21,139	16.4	(5.5)	25.9	21,850	12.6	28,534	25,682	11.1	16.0	1.8	26,767	6.6
Operating income	12,580	5,252	139.5	698.7	159.5	6,155	104.4	8,507	7,248	17.4	(32.4)	(26.0)	9,024	(5.7)
Pretax Income	16,344	7,278	124.6	386.2	124.6	7,942	105.8	10,820	9,473	14.2	(33.8)	(30.9)	11,640	(7.0)
Net income	12,791	5,122	149.7	680.8	134.8	5,738	122.9	7,856	6,809	15.4	(38.6)	(33.4)	8,461	(7.1)
EPS (NT\$)	17.22	6.90	149.7	680.8	134.8	7.72	122.9	10.58	9.17	15.4	(38.6)	(33.4)	11.39	(7.1)
Gross margin (%)	16.7	16.1	0.6 ppts	(0.3)ppts	0.6 ppts	16.5	0.2 ppts	16.1	16.3	(0.2)ppts	(0.6)ppts	(3.2)ppts	16.8	(0.7)ppts
OP margin (%)	8.5	4.0	4.5 ppts	7.5 ppts	4.5 ppts	4.6	3.9 ppts	4.8	4.6	0.2 ppts	(3.7)ppts	(3.1)ppts	5.7	(0.9)ppts
Net margin (%)	8.7	3.9	4.8 ppts	7.6 ppts	4.2 ppts	4.3	4.3 ppts	4.4	4.3	0.1 ppts	(4.2)ppts	(3.7)ppts	5.3	(0.9)ppts

Source: Bloomberg; KGI Research estimates

**Figure 3: Breakdown of 2025-26 forecast revisions vs. consensus (consolidated)**

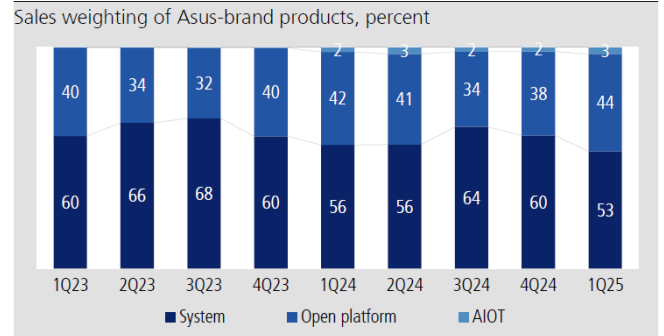
NT\$m	2025F						2026F			
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	KGI forecast	YoY (%)	Consensus	Diff. (%)
Sales	696,013	660,084	5.4	18.6	661,783	5.2	766,520	10.1	733,504	4.5
Gross profit	115,012	109,011	5.5	11.2	110,842	3.8	127,329	10.7	122,833	3.7
Operating income	41,988	33,671	24.7	41.9	37,800	11.1	43,475	3.5	43,536	(0.1)
Pretax Income	53,340	45,074	18.3	26.4	47,708	11.8	54,703	2.6	53,284	2.7
Net income	39,578	33,015	19.9	26.1	35,553	11.3	40,448	2.2	40,566	(0.3)
EPS (NT\$)	53.29	44.45	19.9	26.1	47.87	11.3	54.46	2.2	54.61	(0.3)
Gross margin (%)	16.5	16.5	0.0 ppts	(1.1)ppts	16.7	(0.2)ppts	16.6	0.1 ppts	16.7	(0.1)ppts
OP margin (%)	6.0	5.1	0.9 ppts	1.0 ppts	5.7	0.3 ppts	5.7	(0.4)ppts	5.9	(0.3)ppts
Net margin (%)	5.7	5.0	0.7 ppts	0.3 ppts	5.4	0.3 ppts	5.3	(0.4)ppts	5.5	(0.3)ppts

Source: Bloomberg; KGI Research estimates

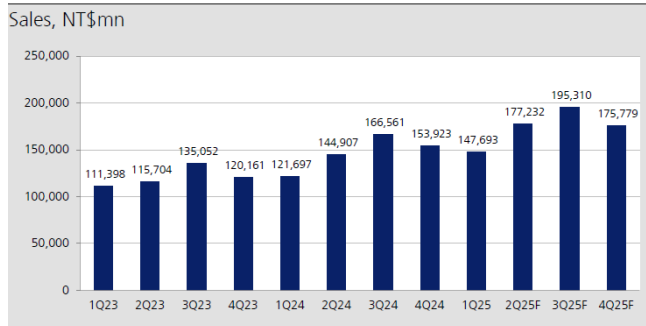
**Figure 4: Company profile**

In 2024, Asustek was the world's fifth largest PC maker, with shipments of 17.4mn units (up 1% YoY), and global market share of 7.1%. The company launched the first ZenFone model in 2013, with shipments growth of 135% YoY to 20mn units for the series in 2015. Asustek's smartphone shipments shrank further in 2023 from 0.8mn units in 2021 and 0.6mn units in 2022. In 2024, system sales (NB, desktop and smartphone) were 60% of brand sales, open platform (motherboard, graphics card and server) 38%, and AIoT 2%.

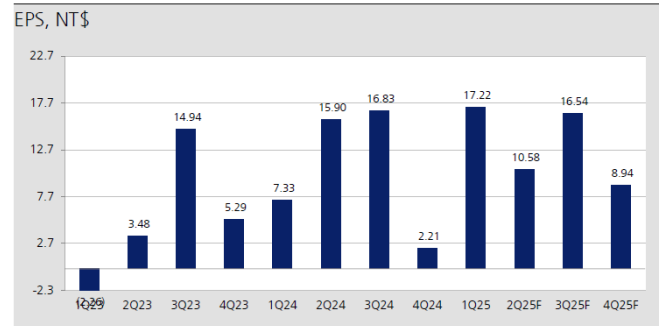
Source: KGI Research

**Figure 5: Open platform sales weighting up QoQ to 44% in 1Q25**


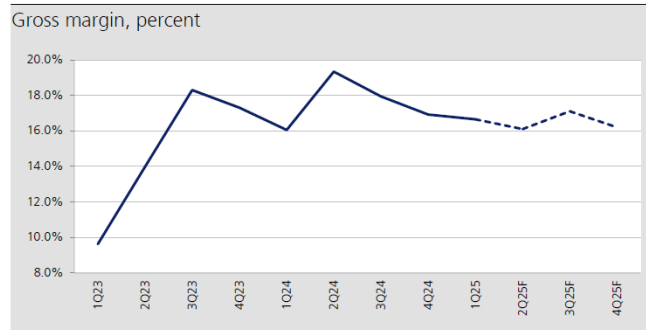
Source: Company data; KGI Research

**Figure 6: Sales**


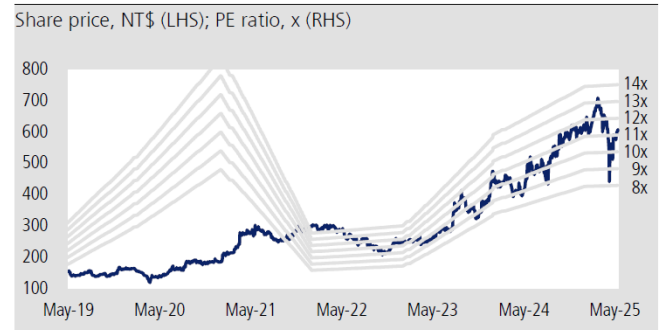
Source: KGI Research

**Figure 7: EPS**


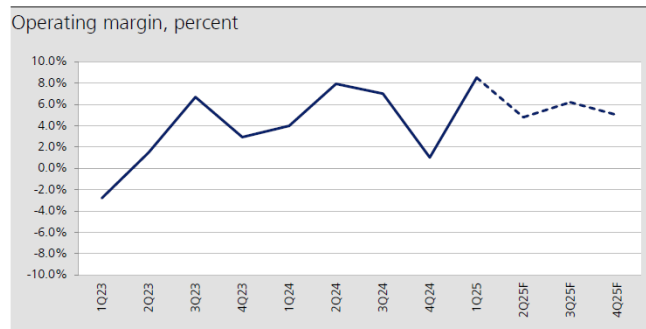
Source: KGI Research

**Figure 8: Gross Margin**


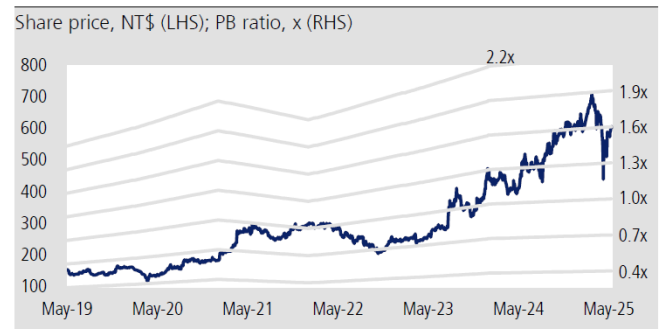
Source: KGI Research

**Figure 9: 12M forward PE band**


Source: TEJ; KGI Research estimates

**Figure 10: Operating Margin**


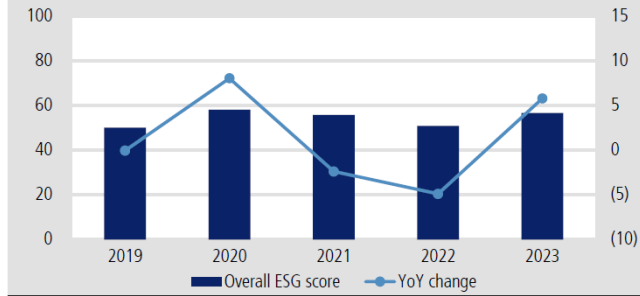
Source: KGI Research

**Figure 11: 12M forward PB band**


Source: TEJ; KGI Research estimates

**Figure 12: Overall ESG score**

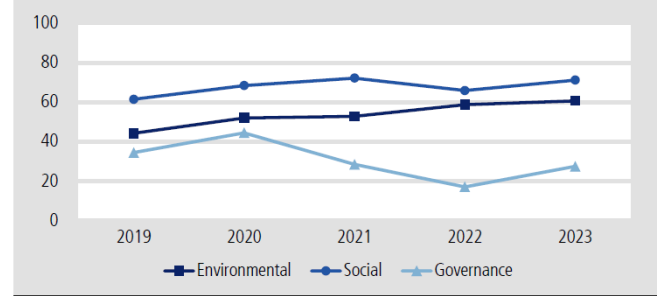
ESG score, points (LHS); YoY change, percent (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 13: ESG scores**

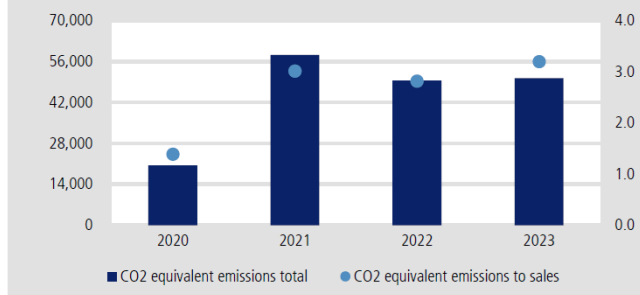
ESG score, points



Source: Refinitiv; KGI Research; Company data

**Figure 14: CO2 equivalent emissions**

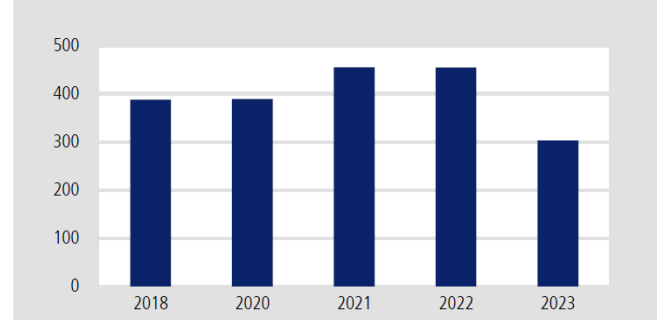
CO2 equivalent emissions, mt (LHS); emissions to revenue, mt/ US\$m (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 15: Waste total**

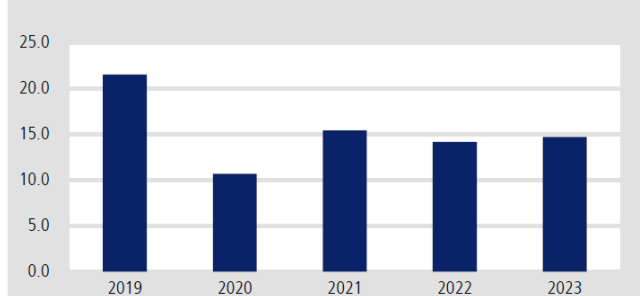
Waste total, mt



Source: Refinitiv; KGI Research; Company data

**Figure 16: Employee turnover**

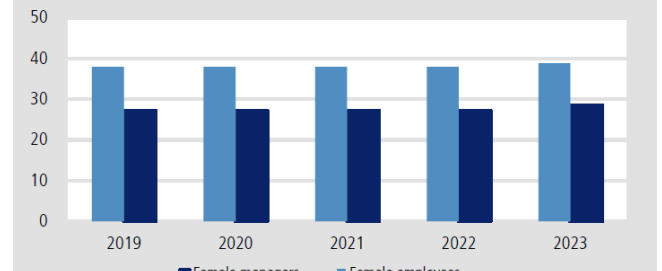
Employee turnover, percent



Source: Refinitiv; KGI Research; Company data

**Figure 17: Gender diversification**

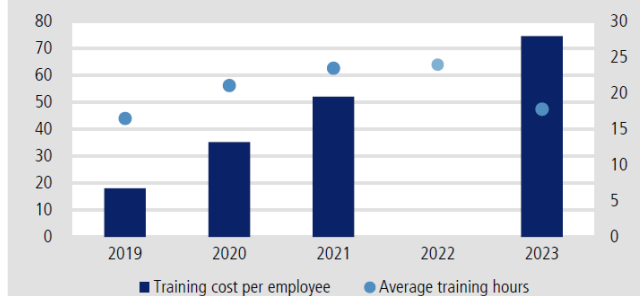
Weighting of female managers, percent (LHS); weighting of female employees, percent (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 18: Employee training**

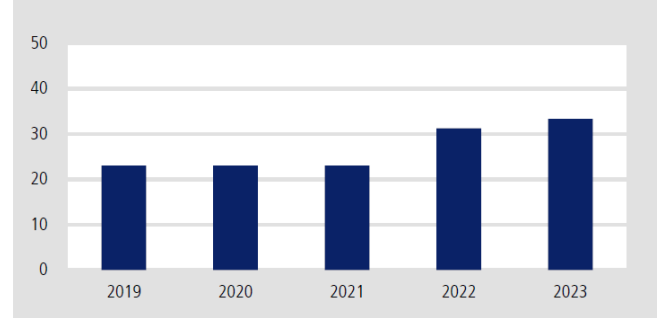
Training cost per employee, US\$ (LHS); average annual training hours per employee (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 19: Independent board members**

Weighting of independent board members, percent



Source: Refinitiv; KGI Research; Company data

## ESG chart definition

Item	Definition	Remarks
Energy use	<p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> <li>- the total amount of energy that has been consumed within the boundaries of the company's operations</li> <li>- total energy use = total direct energy consumption + indirect energy consumption</li> <li>- purchased energy and produced energy are included in total energy use</li> <li>- 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)</li> <li>- for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use'</li> </ul>	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased</li> </ul>	
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"> <li>- direct emissions from sources that are owned or controlled by the company (scope 1 emissions)</li> <li>- following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCs), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)</li> </ul>	
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$mn)</p> <ul style="list-style-type: none"> <li>- direct emissions from sources that are owned or controlled by the company (scope 1 emissions)</li> <li>- following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCs), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)</li> </ul>	
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> <li>- total waste = non-hazardous waste + hazardous waste</li> <li>- 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</li> <li>- for sectors like mining, oil &amp; gas, waste generation like tailings, waste rock, coal and fly ash are also considered</li> </ul>	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> <li>- waste recycling ratio = waste recycled/total waste*100</li> <li>- waste to energy or waste incinerated with energy recovery are considered as waste recycled</li> <li>- waste recovered via composting is considered as recycled waste</li> </ul>	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- different sources of water like wells, town/utility/municipal water, river water, and surface water are considered</li> </ul>	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> <li>- all environmental investment &amp; expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures</li> </ul>	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- employees turnover rate = (employees leaving/average number of employees)*100</li> <li>- where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2</li> <li>- employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving</li> </ul>	
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> <li>- percentage of women managers among total managers of the company</li> <li>- 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</li> <li>- percentage of women managers = number of women managers/total number of managers*100</li> </ul>	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> <li>- percentage of women employees to the total number of employees of the company</li> <li>- percentage of women employees = number of women/total number of employees*100</li> </ul>	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> <li>- consider only employee training hours</li> <li>- includes all types of training given to general employees (such as health &amp; safety, environmental, emergency response, skills &amp; career development training)</li> <li>- if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked</li> </ul>	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv; KGI Research



## Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24A	Sep-24A	Dec-24A	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Dec-24A	Dec-25F	Dec-26F
<b>Income statement (NT\$m)</b>											
Revenue	121,697	144,907	166,561	153,923	147,693	177,232	195,310	175,779	587,087	696,013	766,520
Cost of goods sold	(102,165)	(116,888)	(136,677)	(127,886)	(123,090)	(148,698)	(161,912)	(147,302)	(483,617)	(581,002)	(639,190)
<b>Gross profit</b>	<b>19,532</b>	<b>28,018</b>	<b>29,884</b>	<b>26,036</b>	<b>24,603</b>	<b>28,534</b>	<b>33,398</b>	<b>28,476</b>	<b>103,470</b>	<b>115,012</b>	<b>127,329</b>
Operating expenses	(14,684)	(16,524)	(18,208)	(24,463)	(12,020)	(20,027)	(21,289)	(19,687)	(73,879)	(73,023)	(83,855)
<b>Operating profit</b>	<b>4,848</b>	<b>11,498</b>	<b>11,675</b>	<b>1,575</b>	<b>12,580</b>	<b>8,507</b>	<b>12,109</b>	<b>8,789</b>	<b>29,595</b>	<b>41,988</b>	<b>43,475</b>
Depreciation of fixed assets	(568)	(585)	(533)	(590)	(583)	(592)	(592)	(600)	(2,276)	(2,366)	(2,576)
Amortisation of intangible assets	(147)	(154)	(156)	(161)	(182)	(153)	(153)	(123)	(618)	(612)	(612)
<b>EBITDA</b>	<b>5,563</b>	<b>12,237</b>	<b>12,364</b>	<b>2,326</b>	<b>13,345</b>	<b>9,252</b>	<b>12,854</b>	<b>9,512</b>	<b>32,489</b>	<b>44,966</b>	<b>46,663</b>
Interest income	822	871	832	936	1,009	932	932	855	3,461	3,729	3,606
Investment income	383	546	692	853	1,098	500	600	102	2,474	2,300	2,300
Other non-op income	1,342	2,863	3,075	119	1,876	1,100	3,000	224	7,399	6,200	6,200
<b>Non-operating income</b>	<b>2,547</b>	<b>4,280</b>	<b>4,599</b>	<b>1,908</b>	<b>3,984</b>	<b>2,532</b>	<b>4,532</b>	<b>1,181</b>	<b>13,334</b>	<b>12,229</b>	<b>12,106</b>
Interest expense	(119)	(130)	(369)	(122)	(219)	(219)	(219)	(220)	(739)	(878)	(878)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	-	-	-	-	-	-	-	-	-
<b>Non-operating expenses</b>	<b>(119)</b>	<b>(130)</b>	<b>(369)</b>	<b>(122)</b>	<b>(219)</b>	<b>(219)</b>	<b>(219)</b>	<b>(220)</b>	<b>(739)</b>	<b>(878)</b>	<b>(878)</b>
<b>Pre-tax profit</b>	<b>7,276</b>	<b>15,649</b>	<b>15,904</b>	<b>3,362</b>	<b>16,344</b>	<b>10,820</b>	<b>16,422</b>	<b>9,750</b>	<b>42,190</b>	<b>53,340</b>	<b>54,703</b>
Current taxation	(1,059)	(3,127)	(2,837)	(927)	(2,686)	(2,164)	(3,284)	(2,427)	(7,951)	(10,561)	(10,831)
Minorities	(769)	(717)	(562)	(796)	(868)	(800)	(850)	(682)	(2,845)	(3,200)	(3,424)
<b>Normalised net profit</b>	<b>5,447</b>	<b>11,804</b>	<b>12,504</b>	<b>1,638</b>	<b>12,791</b>	<b>7,856</b>	<b>12,288</b>	<b>6,641</b>	<b>31,394</b>	<b>39,578</b>	<b>40,448</b>
Extraordinary items	0	(0)	0	(0)	(0)	-	-	0	(0)	-	-
<b>Net profit</b>	<b>5,447</b>	<b>11,804</b>	<b>12,504</b>	<b>1,638</b>	<b>12,791</b>	<b>7,856</b>	<b>12,288</b>	<b>6,641</b>	<b>31,394</b>	<b>39,578</b>	<b>40,448</b>
EPS (NT\$)	7.33	15.90	16.83	2.21	17.22	10.58	16.54	8.94	42.27	53.29	54.46
<b>Margins (%)</b>											
Gross profit margin	16.0	19.3	17.9	16.9	16.7	16.1	17.1	16.2	17.6	16.5	16.6
Operating margin	4.0	7.9	7.0	1.0	8.5	4.8	6.2	5.0	5.0	6.0	5.7
EBITDA margin	4.6	8.4	7.4	1.5	9.0	5.2	6.6	5.4	5.5	6.5	6.1
Pretax profit margin	6.0	10.8	9.5	2.2	11.1	6.1	8.4	5.5	7.2	7.7	7.1
Net profit margin	4.5	8.1	7.5	1.1	8.7	4.4	6.3	3.8	5.3	5.7	5.3
<b>Sequential growth (%)</b>											
Revenue growth	1.3	19.1	14.9	(7.6)	(4.0)	20.0	10.2	(10.0)			
Gross profit growth	(6.1)	43.5	6.6	(12.9)	(5.5)	16.0	17.0	(14.7)			
Operating profit growth	37.5	137.2	1.5	(86.5)	698.7	(32.4)	42.3	(27.4)			
EBITDA growth	31.0	120.0	1.0	(81.2)	473.7	(30.7)	38.9	(26.0)			
Pretax profit growth	16.3	115.1	1.6	(78.9)	386.2	(33.8)	51.8	(40.6)			
Net profit growth	38.7	116.7	5.9	(86.9)	680.8	(38.6)	56.4	(46.0)			
<b>YoY growth (%)</b>											
Revenue growth	9.2	25.2	23.3	28.1	21.4	22.3	17.3	14.2	21.7	18.6	10.1
Gross profit growth	82.3	73.2	20.9	25.2	26.0	1.8	11.8	9.4	42.9	11.2	10.7
Operating profit growth		570.7	29.1	(55.3)	159.5	(26.0)	3.7	458.0	165.1	41.9	3.5
EBITDA growth		409.4	26.8	(45.2)	139.9	(24.4)	4.0	308.9	133.1	38.4	3.8
Pretax profit growth		399.2	12.5	(46.3)	124.6	(30.9)	3.3	190.1	91.0	26.4	2.6
Net profit growth		356.4	12.7	(58.3)	134.8	(33.4)	(1.7)	305.4	97.1	26.1	2.2

Source: Company data; KGI Research estimates

## Balance sheet

NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Total assets</b>	<b>471,165</b>	<b>480,082</b>	<b>556,524</b>	<b>588,872</b>	<b>611,134</b>
<b>Current assets</b>	<b>322,198</b>	<b>307,177</b>	<b>379,243</b>	<b>406,927</b>	<b>424,615</b>
Cash & ST securities	74,897	82,299	103,224	107,479	96,669
Inventory	142,472	122,790	152,620	159,179	175,121
Accounts receivable	91,311	86,817	107,078	123,948	136,504
Other current assets	13,518	15,270	16,321	16,321	16,321
<b>Non-current assets</b>	<b>148,967</b>	<b>172,905</b>	<b>177,281</b>	<b>181,945</b>	<b>186,519</b>
LT investments	104,045	126,932	132,237	137,168	142,218
Net fixed assets	19,495	20,082	20,838	20,572	20,096
Other assets	25,426	25,891	24,205	24,205	24,205
<b>Total liabilities</b>	<b>244,276</b>	<b>221,100</b>	<b>259,326</b>	<b>279,286</b>	<b>288,750</b>
<b>Current liabilities</b>	<b>222,677</b>	<b>197,552</b>	<b>231,867</b>	<b>251,854</b>	<b>261,309</b>
Accounts payable	51,368	56,967	73,997	87,548	96,316
Interest bearing ST liabilities	48,908	16,273	25,296	25,323	25,314
Other current liabilities	122,401	124,312	132,574	138,983	139,678
<b>Non-current liabilities</b>	<b>21,599</b>	<b>23,547</b>	<b>27,459</b>	<b>27,432</b>	<b>27,441</b>
Long-term debt	145	162	366	340	348
Other L-T liabilities	20,545	22,401	25,800	25,800	25,800
<b>Total equity</b>	<b>226,889</b>	<b>258,982</b>	<b>297,198</b>	<b>309,585</b>	<b>322,384</b>
Share capital	7,428	7,428	7,428	7,428	7,428
Retained earnings reserve	113,873	117,271	134,889	142,804	150,894
Minority interests	14,508	19,166	27,658	30,858	34,282
Preferred shareholders funds	-	-	-	-	-

## Key ratios

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Growth</b>					
Revenue growth	0.4%	(10.2%)	21.7%	18.6%	10.1%
Operating profit growth	(73.7%)	(14.0%)	165.1%	41.9%	3.5%
EBITDA growth	(70.5%)	(10.7%)	133.1%	38.4%	3.8%
Net profit growth	(67.0%)	8.4%	97.1%	26.1%	2.2%
EPS growth	(67.0%)	8.4%	97.1%	26.1%	2.2%
<b>Profitability</b>					
Gross profit margin	13.8%	15.0%	17.6%	16.5%	16.6%
Operating margin	2.4%	2.3%	5.0%	6.0%	5.7%
EBITDA margin	2.9%	2.9%	5.5%	6.5%	6.1%
Net profit margin	2.7%	3.3%	5.3%	5.7%	5.3%
Return on average assets	3.0%	3.3%	6.1%	6.9%	6.7%
Return on average equity	6.6%	7.0%	12.3%	14.4%	14.3%
<b>Stability</b>					
Gross debt to equity	21.6%	6.3%	8.6%	8.3%	8.0%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	29.3	32.9	58.1	61.8	63.3
Interest & ST debt coverage (x)	0.3	0.6	0.6	0.7	0.7
Cash flow interest coverage(x)	(20.6)	75.2	10.9	31.7	21.6
Cash flow/int. & ST debt (x)	(0.3)	3.1	0.3	1.1	0.7
Current ratio (x)	1.4	1.6	1.6	1.6	1.6
Quick ratio (x)	0.8	0.9	1.0	1.0	1.0
Net debt (NT\$m)	(20,270)	(62,792)	(68,375)	(72,631)	(61,821)
<b>Per share data</b>					
EPS (NT\$)	19.78	21.44	42.27	53.29	54.46
CFPS (NT\$)	(21.17)	70.13	10.81	37.45	25.51
BVPS (NT\$)	285.93	322.87	362.89	375.26	387.88
Adj BVPS (NT\$)	285.93	322.87	362.89	375.26	387.88
SPS (NT\$)	723.24	649.35	790.41	937.06	1,031.98
EBITDA/share (NT\$)	21.01	18.76	43.74	60.54	62.82
Cash DPS (NT\$)	15.00	17.00	34.00	42.63	43.57
<b>Activity</b>					
Sales / avg assets	1.10	1.01	1.13	1.22	1.28
Days receivable	62.0	65.7	66.8	65.0	65.0
Days inventory	112.3	109.3	115.5	100.0	100.0
Days payable	40.5	50.7	56.0	55.0	55.0
Cash cycle	133.9	124.3	126.3	110.0	110.0

Source: Company data; KGI Research estimates

## Profit & loss

NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Revenue</b>	<b>537,192</b>	<b>482,314</b>	<b>587,087</b>	<b>696,013</b>	<b>766,520</b>
Cost of goods sold	(463,051)	(409,920)	(483,617)	(581,002)	(639,190)
<b>Gross profit</b>	<b>74,141</b>	<b>72,394</b>	<b>103,470</b>	<b>115,012</b>	<b>127,329</b>
Operating expenses	(61,162)	(61,241)	(73,879)	(73,023)	(83,855)
<b>Operating profit</b>	<b>12,982</b>	<b>11,164</b>	<b>29,595</b>	<b>41,988</b>	<b>43,475</b>
<b>Non-operating income</b>	<b>9,699</b>	<b>11,623</b>	<b>13,334</b>	<b>12,229</b>	<b>12,106</b>
Interest income	920	2,855	3,461	3,729	3,606
Investment income	5,478	3,979	2,474	2,300	2,300
Other non-op income	3,300	4,788	7,399	6,200	6,200
<b>Non-operating expenses</b>	<b>(1,065)</b>	<b>(693)</b>	<b>(739)</b>	<b>(878)</b>	<b>(878)</b>
Interest expense	(763)	(693)	(739)	(878)	(878)
Investment loss	-	-	-	-	-
Other non-op expenses	(303)	-	-	-	-
<b>Pre-tax profit</b>	<b>21,616</b>	<b>22,094</b>	<b>42,190</b>	<b>53,340</b>	<b>54,703</b>
Current taxation	(4,784)	(4,204)	(7,951)	(10,561)	(10,831)
Minorities	(2,141)	(1,962)	(2,845)	(3,200)	(3,424)
Extraordinary items	-	0	(0)	-	-
<b>Net profit</b>	<b>14,691</b>	<b>15,928</b>	<b>31,394</b>	<b>39,578</b>	<b>40,448</b>
<b>EBITDA</b>	<b>15,603</b>	<b>13,935</b>	<b>32,489</b>	<b>44,966</b>	<b>46,663</b>
EPS (NT\$)	19.78	21.44	42.27	53.29	54.46

## Cash flow

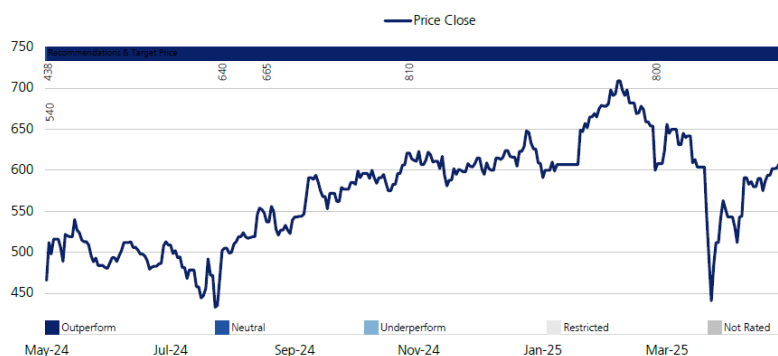
NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Operations cash flow</b>	<b>(15,721)</b>	<b>52,087</b>	<b>8,030</b>	<b>27,814</b>	<b>18,946</b>
Net profit	14,691	15,928	31,394	39,578	40,448
Depreciation & amortisation	2,621	2,771	2,894	2,978	3,188
Decrease in working capital	(19,145)	29,523	(38,333)	(9,877)	(19,730)
Other operating cash flow	(13,888)	3,865	12,076	(4,865)	(4,960)
<b>Investing cash flow</b>	<b>1,445</b>	<b>2,206</b>	<b>(3,190)</b>	<b>(2,777)</b>	<b>(2,803)</b>
Sale of ST investment	(370)	(940)	(2,889)	-	-
New investments	(460)	(14)	(117)	(65)	(91)
Capital expenditure	(1,524)	(1,688)	(2,068)	(2,100)	(2,100)
Others investing cashflow	3,798	4,849	1,883	(612)	(612)
<b>Free cash flow</b>	<b>(8,417)</b>	<b>39,125</b>	<b>(14,107)</b>	<b>24,064</b>	<b>15,613</b>
<b>Financing cash flow</b>	<b>6,816</b>	<b>(45,240)</b>	<b>4,806</b>	<b>(20,782)</b>	<b>(26,954)</b>
Increase in short term debt	39,480	(32,649)	8,802	-	-
Increase in long term loans	(11)	40	267	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(31,196)	(11,141)	(12,627)	(25,254)	(31,663)
Other financing cashflow	(1,458)	(1,490)	8,364	4,472	4,709
<b>Forex effects</b>	<b>8,971</b>	<b>851</b>	<b>5,166</b>		
<b>Total cash generated</b>	<b>1,510</b>	<b>9,904</b>	<b>14,811</b>	<b>4,256</b>	<b>(10,810)</b>

## ROIC

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	11.4%	12.7%	12.6%	10.5%	10.9%
<b>= Operating margin</b>	<b>2.4%</b>	<b>2.3%</b>	<b>5.0%</b>	<b>6.0%</b>	<b>5.7%</b>
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.0	0.0	0.0	0.0	0.0
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
<b>= Capital turnover</b>	<b>5.6</b>	<b>7.1</b>	<b>6.3</b>	<b>7.2</b>	<b>6.7</b>
Operating margin	2.4%	2.3%	5.0%	6.0%	5.7%
x Capital turnover	5.6	7.1	6.3	7.2	6.7
x (1 - tax rate)	77.9%	81.0%	81.2%	80.2%	80.2%
<b>= After-tax ROIC</b>	<b>10.5%</b>	<b>13.3%</b>	<b>25.8%</b>	<b>35.0%</b>	<b>30.3%</b>

Source: Company data; KGI Research estimates

## Asustek – Recommendation & target price history



Date	Rating	Target	Price
2025-03-12	Outperform	800	600
2024-11-09	Outperform	810	621
2024-08-30	Outperform	665	537
2024-08-08	Outperform	640	502
2024-05-14	Outperform	540	512
2024-03-17	Neutral	438	429
2024-01-10	Outperform	540	461
2023-11-14	Outperform	454	396
2023-08-13	Outperform	435	368
2023-08-01	Outperform	425	372

Source: TEJ; KGI Research

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