

Quanta Computer (2382.TW/2382 TT)

4Q23 EPS beat; server & auto to boost 2024-25F growth

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of March 15 (NT\$)	257.5
12M target price (NT\$)	310.0
Previous target price (NT\$)	310.0
Unchanged (%)	0.0
Upside (%)	20.4

Key message

- 4Q23 EPS of NT\$2.67 & 2023 EPS of NT\$10.29 beat our forecast and consensus. Cash dividend was NT\$9, for a payout ratio of 87%.
- 1Q24F NB shipments guidance moves higher, to a high single-digit QoQ decline, and 1Q24F will be NB & total sales bottom.
- AI server sales will ramp up after 2Q24F and comprise over 50% of server sales in 2024F; auto sales will also grow in double digits, with servers driving 2024F sales and EPS growth.

Trading data

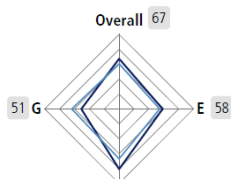
Mkt cap (NT\$bn/US\$m)	995 / 31,478
Outstanding shares (mn)	3,863
Foreign ownership (mn)	1,026
3M avg. daily trading (mn)	27.14
52-week trading range (NT\$)	81.30 -272.5

Performance	3M	6M	12M
Absolute (%)	27.2	10.5	216.7
Relative (%)	15.8	-5.8	188.8

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	1.75A	1.03A	2.40A	2.33A
2023	1.68A	2.63A	3.32A	2.67F
2024	2.39F	2.54F	3.46F	4.93F

ESG score card



Source: Refinitiv, KGI

Event

Quanta announced 4Q24 EPS of NT\$2.67 and 2023 EPS of NT\$10.29, beating consensus and our forecast on better margins and non-operating profit. The firm guides 1Q24F NB shipments to a high-single digit QoQ decline. 1Q24F should be the annual trough. We have a positive view for 2024F, on server and EV sales growth, and improving NB sales.

Impact

4Q23 EPS beat on higher margins and non-operating profit. 4Q23 EPS was NT\$2.67, down 20% QoQ but up 14% YoY, beating our forecast on better gross margin of 8.1% and operating margin of 4.1%. Margins were boosted by the NB sales weighting falling to below 40%, and a rising weighting of server and auto sales, which carry higher gross margin. Despite NB shipments declining by 19% QoQ, to 10.4mn units, in 4Q23, a drag on gross margin from an increase in the high-ASP shipment weighting was offset by higher auto sales, resulting in stable 4Q23 gross margin QoQ. However, higher operating expenses, on employee bonuses, resulted in operating margin declining QoQ, though it did beat our forecast. Coupled with better-than-expected non-operating profit, including a forex gain of NT\$688mn and interest income, 2023 EPS of NT\$10.29, up 37% YoY, beat our forecasts. Cash dividend was NT\$9, with a payout ratio of 87%, the highest level for the past 3 years, and better than consensus.

1Q24 sales to be the trough, server & auto businesses to be sales drivers in 2024F. The firm saw 2023 NB shipments fall by 19% YoY to 46.9mn units, with NB sales accounting for 40-45% of total sales, down from 50% in 2022. Management guides 1Q24 NB shipments to decline 5-10% QoQ, vs. previous guidance of a double digit QoQ fall, on more deliveries in January-February and an expected rebound in March. We expect NB shipments to bottom out in 1Q24F and stay flat YoY in 2024F. AI server sales will pick up from 2Q24F when GPU supply increases, and rally strongly in 2H24F. The firm guides substantial growth in 2024F server sales, after approximately 10% YoY growth in 2023, and our growth forecast is 80-90%. Auto sales are guided grow by double digits YoY in 2024F, and our growth projection is 20-30%. Therefore, the NB sales weighting should fall to 30-35% in 2024F, while non-NB up to 65-70% with cloud sales weighing of 45-50%. AI servers will comprise over 50% of server sales in 2024F, fueling 2024F sales growth, together with auto sales growth. The firm targets stable 1Q24F gross margin of 8%, but operating margin should decline QoQ, given lower sales. Despite the lower gross margin expected in 2H24F, as AI server sales ramp up, we are still positive on 2024F net profit growth. We also expect the AI trend will push total server sales up to NT\$1tn in 2025F, with EV sales topping NT\$150bn on more client and project wins. Our 2024F EPS is fine-tuned to NT\$13.32, up 29% YoY, with 2025F EPS of NT\$17.70, up 33% YoY.

Valuation & Action

We hold our target price at NT\$310, 20x 2024-25F average EPS, and maintain our Outperform rating on a bright outlook for cloud server, AI server and EV sales growth.

Risks

Weak NB demand; low AI server margin; weak EV/ auto sales.

Key financials and valuations

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue (NT\$m)	1,129,453	1,280,429	1,085,611	1,541,837	2,022,929
Gross profit (NT\$m)	72,111	70,915	84,883	106,123	128,917
Operating profit (NT\$m)	37,277	31,189	43,550	61,937	83,624
Net profit (NT\$m)	33,653	28,957	39,676	51,357	68,251
EPS (NT\$)	8.73	7.51	10.29	13.32	17.70
Cash DPS (NT\$)	6.60	6.00	9.00	10.64	14.14
EPS growth (%)	32.9	(14.0)	37.0	29.4	32.9
PE (x)	29.5	34.3	25.0	19.3	14.5
PB (x)	6.2	5.9	5.3	5.1	4.7
EV/EBITDA (x)	22.8	25.7	18.0	14.2	11.3
Net debt to equity (%)	16.1	28.0	Net cash	6.3	29.8
Dividend yield (%)	2.6	2.3	3.5	4.1	5.5
Return on average equity (%)	22.0	17.5	22.3	26.8	33.6

Source: Company data, KGI Research estimates

Figure 1: Breakdown of 4Q23 results & 1Q24 forecast revisions vs. consensus

NT\$m	4Q23							1Q24						
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	287,896	309,425	(7.0)	0.5	(11.7)	300,424	(4.2)	261,985	278,482	(5.9)	(9.0)	(1.6)	276,659	(5.3)
Gross profits	23,212	23,516	(1.3)	(0.1)	9.7	22,946	1.2	20,959	19,494	7.5	(9.7)	19.3	20,144	4.0
Operating income	11,807	12,377	(4.6)	(6.3)	18.8	11,771	0.3	10,741	9,190	16.9	(9.0)	36.7	10,168	5.6
Pretax Income	12,679	13,038	(2.8)	(19.2)	3.4	13,338	(4.9)	12,098	10,354	16.8	(4.6)	35.3	11,869	1.9
Net income	10,278	9,652	6.5	(19.7)	14.4	9,879	4.0	9,224	7,864	17.3	(10.3)	42.5	8,758	5.3
EPS (NT\$)	2.67	2.50	6.5	(19.7)	14.4	2.56	4.0	2.39	2.04	17.3	(10.3)	42.5	2.27	5.3
Gross margin (%)	8.1	7.6	0.5 ppts	(0.0)ppts	1.6 ppts	7.6	0.4 ppts	8.0	7.0	1.0 ppts	(0.1)ppts	1.4 ppts	7.3	0.7 ppts
OP margin (%)	4.1	4.0	0.1 ppts	(0.3)ppts	1.1 ppts	3.9	0.2 ppts	4.1	3.3	0.8 ppts	(0.0)ppts	1.1 ppts	3.7	0.4 ppts
Net margin (%)	3.6	3.1	0.5 ppts	(0.9)ppts	0.8 ppts	3.3	0.3 ppts	3.5	2.8	0.7 ppts	(0.0)ppts	1.1 ppts	3.2	0.4 ppts

Source: Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2023 results and 2024-25 forecast revisions vs. consensus

NT\$m	2023						2024F						2025F					
	Actual	KGI forecast	Diff. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	1,085,611	1,107,140	(1.9)	(15.2)	1,099,189	(1.2)	1,541,837	1,571,031	(1.9)	42.0	1,525,940	1.0	2,022,929	2,075,656	(2.5)	31.2	1,814,044	11.5
Gross profit	84,883	85,193	(0.4)	19.7	84,583	0.4	106,123	108,414	(2.1)	25.0	107,884	(1.6)	128,917	132,266	(2.5)	21.5	125,496	2.7
Operating income	43,550	44,114	(1.3)	39.6	43,527	0.1	61,937	64,141	(3.4)	42.2	60,484	2.4	83,624	85,139	(1.8)	35.0	73,302	14.1
Pretax Income	51,731	52,085	(0.7)	26.9	52,222	(0.9)	67,364	68,798	(2.1)	30.2	66,859	0.8	88,656	89,432	(0.9)	31.6	79,615	11.4
Net income	39,676	39,045	1.6	37.0	39,205	1.2	51,357	51,781	(0.8)	29.4	49,915	2.9	68,251	67,515	1.1	32.9	59,711	14.3
EPS (NT\$)	10.29	10.13	1.6	37.0	10.17	1.2	13.32	13.43	(0.8)	29.4	12.95	2.9	17.70	17.52	1.1	32.9	15.49	14.3
Gross margin (%)	7.8	7.7	0.1 ppts	2.3 ppts	7.7	0.1 ppts	6.9	6.9	(0.0)ppts	(0.9)ppts	7.1	(0.2)ppts	6.4	6.4	0.0 ppts	(0.5)ppts	6.9	(0.5)ppts
OP margin (%)	4.0	4.0	0.0 ppts	1.6 ppts	4.0	0.1 ppts	4.0	4.1	(0.1)ppts	0.0 ppts	4.0	0.1 ppts	4.1	4.1	0.0 ppts	0.1 ppts	4.0	0.1 ppts
Net margin (%)	3.7	3.5	0.1 ppts	1.4 ppts	3.6	0.1 ppts	3.3	3.3	0.0 ppts	(0.3)ppts	3.3	0.1 ppts	3.4	3.3	0.1 ppts	0.0 ppts	3.3	0.1 ppts

Source: Bloomberg; KGI Research estimates

Figure 3: Higher server & EV sales weightings in 2023-24F

Sales weighting (%)	2019	2020	2021	2022	2023	2024F
NB / Chromebook	43	0	54	48	43	31
Cloud server	23	0	26	27	35	46
EV	1	2	3	6	8	8
Wearable / IoT / Others	32	98	18	19	15	16

Source: KGI Research estimates

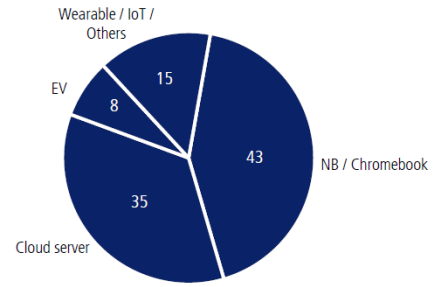
Figure 4: Company profile

Established in 1988, Quanta is the world's second largest NB ODM, with shipment volume of 46.9mn units and a global market share of 31% in 2023. Its major customers include the top-six global NB brands including Apple (US), HP (US), Asustek and Acer. Quanta has over 30k employees worldwide. It is currently expanding into other businesses including server, all-in-one (AIO), wearables and AI. The cloud business is expected to be a long-term sales driver. In 2023, non-NB business was 55-60% of sales, vs 50% in 2022.

Source: KGI Research

Figure 5: Sales mix in 2023

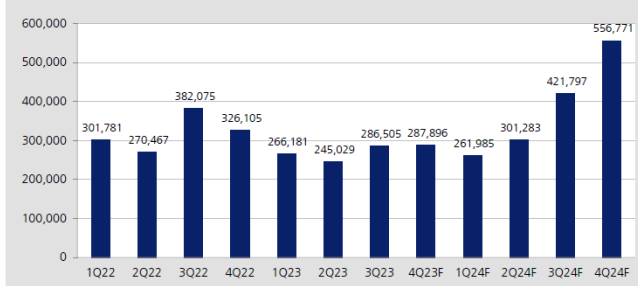
Sales weighting, percent



Source: company data; KGI Research

Figure 6: Sales

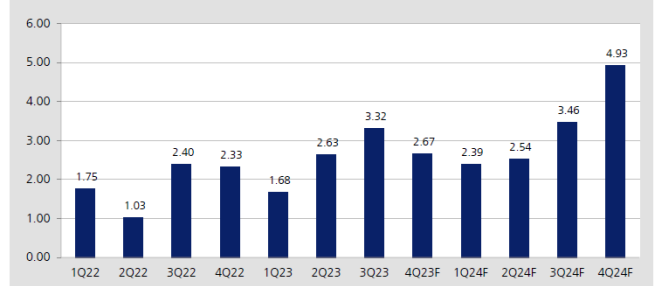
Sales, NT\$m



Source: KGI Research

Figure 7: EPS

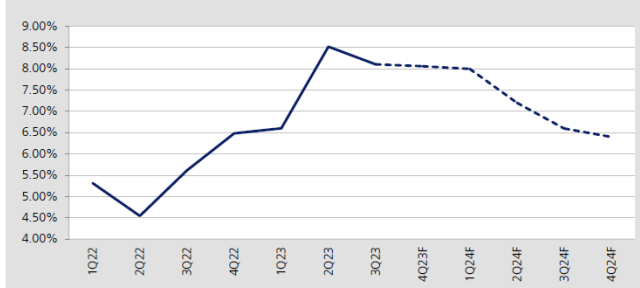
EPS, NT\$



Source: TEJ; KGI Research

Figure 8: Gross Margin

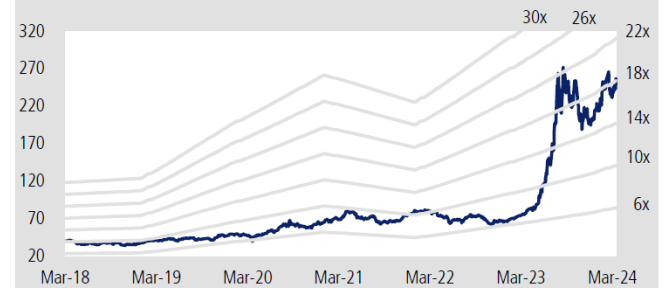
Gross margin, percent



Source: KGI Research

Figure 9: 12M forward PE band

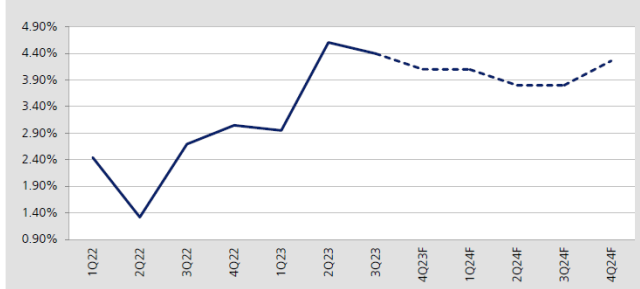
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 10: Operating Margin

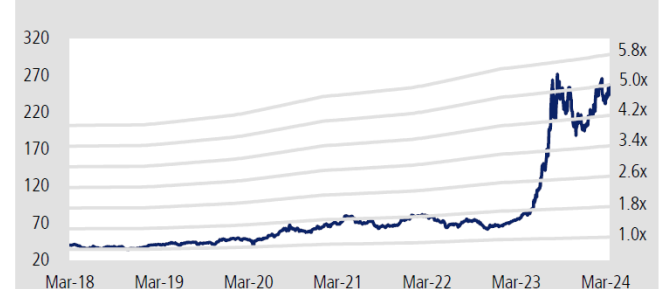
Operating margin, percent



Source: KGI Research

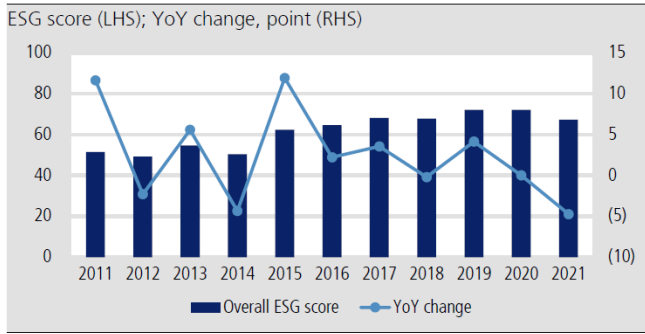
Figure 11: 12M forward PB band

Share price, NT\$ (LHS); PB ratio, x (RHS)



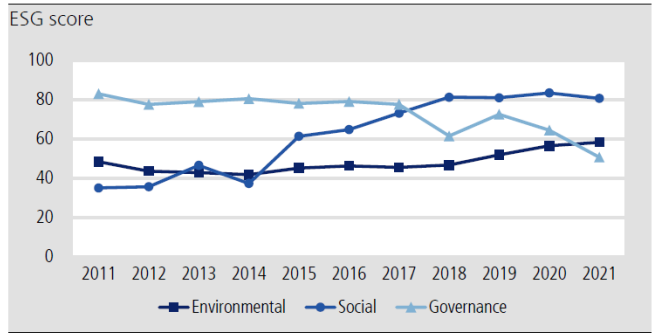
Source: TEJ; KGI Research

Figure 12: Overall ESG score



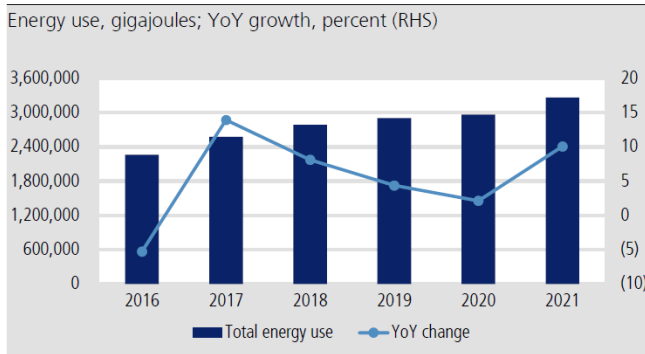
Source: Refinitiv, KGI Research, company

Figure 13: ESG scores



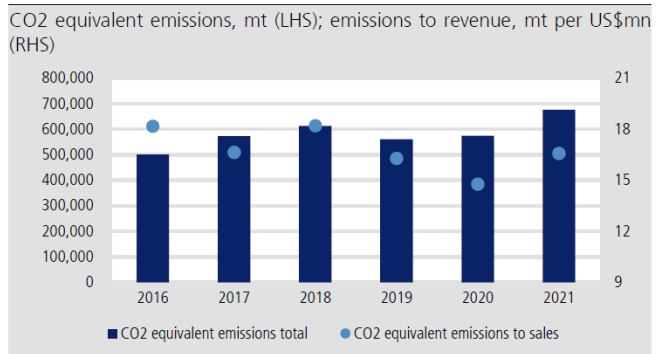
Source: Refinitiv, KGI Research, company

Figure 14: Energy Use



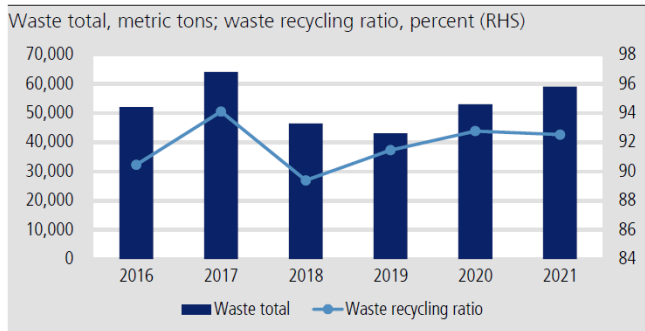
Source: Refinitiv, KGI Research, company

Figure 15: CO2 equivalent emissions



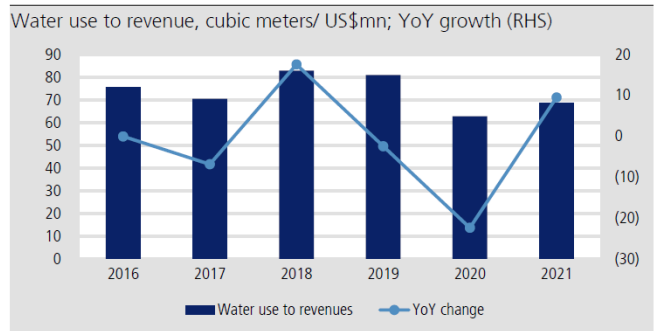
Source: Refinitiv, KGI Research, company

Figure 16: Waste total



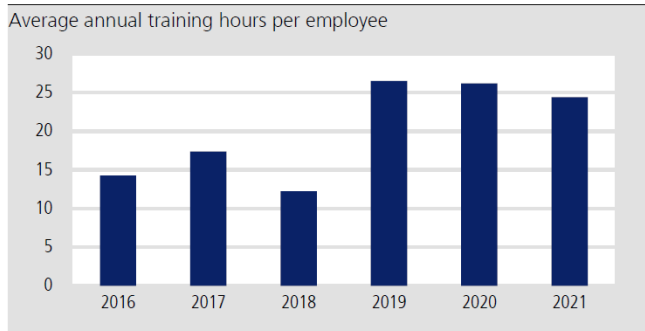
Source: Refinitiv, KGI Research, company

Figure 17: Water use to revenue



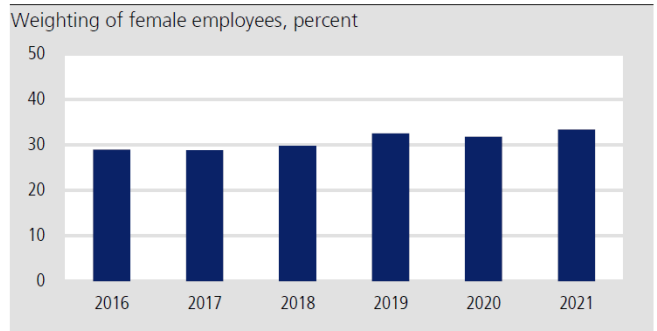
Source: Refinitiv, KGI Research, company

Figure 18: Employee training



Source: Refinitiv, KGI Research, company

Figure 19: Gender diversification



Source: Refinitiv, KGI Research, company

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\$mn)</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-23A	Jun-23A	Sep-23A	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23A	Dec-24F	Dec-25F
Income statement (NT\$mn)											
Revenue	266,181	245,029	286,505	287,896	261,985	301,283	421,797	556,771	1,085,611	1,541,837	2,022,929
Cost of goods sold	(248,615)	(224,147)	(263,276)	(264,684)	(241,027)	(279,591)	(393,958)	(521,138)	(1,000,728)	(1,435,714)	(1,894,012)
Gross profit	17,566	20,882	23,228	23,212	20,959	21,692	27,839	35,633	84,883	106,123	128,917
Operating expenses	(9,713)	(9,595)	(10,631)	(11,405)	(10,217)	(10,244)	(11,810)	(11,915)	(41,339)	(44,186)	(45,293)
Operating profit	7,858	11,287	12,597	11,807	10,741	11,449	16,028	23,718	43,550	61,937	83,624
Depreciation of fixed assets	(2,375)	(2,430)	(2,456)	(2,541)	(2,132)	(2,132)	(2,132)	(2,132)	(9,802)	(8,529)	(9,821)
Amortisation of intangible assets	(405)	(388)	(429)	(413)	(373)	(373)	(373)	(373)	(1,635)	(1,492)	(1,492)
EBITDA	10,639	14,105	15,482	14,761	13,247	13,954	18,534	26,224	54,986	71,958	94,936
Interest income	2,230	3,042	2,453	2,896	2,353	2,353	2,353	2,353	10,620	9,412	8,700
Investment income	-	11	-	-	25	25	25	25	11	100	100
Other non-op income	1,295	2,173	2,663	379	1,000	1,000	1,000	1,000	6,510	4,000	4,000
Non-operating income	3,525	5,226	5,117	3,274	3,378	3,378	3,378	3,378	17,142	13,512	12,800
Interest expense	(2,430)	(2,082)	(2,010)	(2,392)	(1,884)	(1,884)	(1,884)	(1,884)	(8,915)	(7,536)	(7,269)
Investment loss	(13)	(11)	(11)	(9)	(13)	(13)	(13)	(13)	(45)	(50)	(50)
Other non-op expenses	(0)	0	(0)	0	(125)	(125)	(125)	(125)	-	(500)	(450)
Non-operating expenses	(2,443)	(2,094)	(2,022)	(2,402)	(2,021)	(2,021)	(2,021)	(2,021)	(8,960)	(8,086)	(7,769)
Pre-tax profit	8,940	14,419	15,693	12,679	12,098	12,805	17,385	25,075	51,731	67,364	88,656
Current taxation	(2,328)	(4,146)	(2,640)	(2,129)	(2,662)	(2,817)	(3,825)	(5,853)	(11,243)	(15,157)	(19,504)
Minorities	(139)	(149)	(253)	(272)	(213)	(213)	(213)	(213)	(812)	(850)	(900)
Normalised net profit	6,474	10,125	12,800	10,278	9,224	9,776	13,348	19,009	39,676	51,357	68,251
Extraordinary items	0	0	0	-	-	-	-	-	-	-	-
Net profit	6,474	10,125	12,800	10,278	9,224	9,776	13,348	19,009	39,676	51,357	68,251
EPS (NT\$)	1.68	2.63	3.32	2.67	2.39	2.54	3.46	4.93	10.29	13.32	17.70
Margins (%)											
Gross profit margin	6.6	8.5	8.1	8.1	8.0	7.2	6.6	6.4	7.8	6.9	6.4
Operating margin	3.0	4.6	4.4	4.1	4.1	3.8	3.8	4.3	4.0	4.0	4.1
EBITDA margin	4.0	5.8	5.4	5.1	5.1	4.6	4.4	4.7	5.1	4.7	4.7
Pretax profit margin	3.4	5.9	5.5	4.4	4.6	4.3	4.1	4.5	4.8	4.4	4.4
Net profit margin	2.4	4.1	4.5	3.6	3.5	3.2	3.2	3.4	3.7	3.3	3.4
Sequential growth (%)											
Revenue growth	(18.4)	(7.9)	16.9	0.5	(9.0)	15.0	40.0	32.0			
Gross profit growth	(16.9)	18.8	11.2	(0.1)	(9.7)	3.5	28.3	28.0			
Operating profit growth	(20.9)	43.6	11.6	(6.3)	(9.0)	6.6	40.0	48.0			
EBITDA growth	(16.5)	32.6	9.8	(4.7)	(10.3)	5.3	32.8	41.5			
Pretax profit growth	(27.1)	61.3	8.8	(19.2)	(4.6)	5.8	35.8	44.2			
Net profit growth	(28.0)	56.4	26.4	(19.7)	(10.3)	6.0	36.5	42.4			
YoY growth (%)											
Revenue growth	(11.8)	(9.4)	(25.0)	(11.7)	(1.6)	23.0	47.2	93.4	(15.2)	42.0	31.2
Gross profit growth	9.6	70.0	8.4	9.7	19.3	3.9	19.8	53.5	19.7	25.0	21.5
Operating profit growth	6.5	215.6	22.4	18.8	36.7	1.4	27.2	100.9	39.6	42.2	35.0
EBITDA growth	10.9	135.2	19.4	15.8	24.5	(1.1)	19.7	77.7	33.2	30.9	31.9
Pretax profit growth	(3.7)	147.9	16.9	3.4	35.3	(11.2)	10.8	97.8	26.9	30.2	31.6
Net profit growth	(4.1)	155.5	38.3	14.4	42.5	(3.4)	4.3	85.0	37.0	29.4	32.9

Source: Company data, KGI Research estimates

Balance sheet

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Total assets	717,570	816,134	690,120	876,217	1,068,597
Current assets	649,417	733,270	610,448	794,000	986,122
Cash & ST securities	177,375	214,499	218,726	275,313	304,714
Inventory	196,596	225,856	123,764	215,749	285,399
Accounts receivable	265,119	283,992	259,907	294,887	387,959
Other current assets	10,326	8,923	8,051	8,051	8,051
Non-current assets	68,152	82,864	79,672	82,218	82,474
LT investments	3,933	4,353	5,449	5,523	5,600
Net fixed assets	52,223	63,225	60,820	63,290	63,470
Other assets	11,996	15,286	13,404	13,404	13,404
Total liabilities	549,442	639,610	496,228	671,204	849,033
Current liabilities	520,721	628,591	483,013	656,147	832,590
Accounts payable	229,941	213,514	168,322	254,976	337,290
Interest bearing ST liabilities	166,588	249,525	158,797	238,955	319,569
Other current liabilities	124,193	165,552	155,893	162,215	175,731
Non-current liabilities	28,721	11,019	13,215	15,056	16,443
Long-term debt	22,675	4,525	5,931	7,772	9,158
Other L-T liabilities	3,688	3,732	5,413	5,413	5,413
Total equity	168,127	176,523	193,892	205,014	219,564
Share capital	38,626	38,626	38,626	38,626	38,626
Retained earnings reserve	68,181	71,674	76,586	86,858	100,508
Minority interests	6,988	7,365	7,685	8,535	9,435
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Growth					
Revenue growth	3.5%	13.4%	(15.2%)	42.0%	31.2%
Operating profit growth	14.9%	(16.3%)	39.6%	42.2%	35.0%
EBITDA growth	12.4%	(9.5%)	33.2%	30.9%	31.9%
Net profit growth	32.9%	(14.0%)	37.0%	29.4%	32.9%
EPS growth	32.9%	(14.0%)	37.0%	29.4%	32.9%
Profitability					
Gross profit margin	6.4%	5.5%	7.8%	6.9%	6.4%
Operating margin	3.3%	2.4%	4.0%	4.0%	4.1%
EBITDA margin	4.0%	3.2%	5.1%	4.7%	4.7%
Net profit margin	3.0%	2.3%	3.7%	3.3%	3.4%
Return on average assets	4.9%	3.8%	5.3%	6.6%	7.0%
Return on average equity	22.0%	17.5%	22.3%	26.8%	33.6%
Stability					
Gross debt to equity	112.6%	143.9%	85.0%	120.3%	149.7%
Net debt to equity	16.1%	28.0%	Net cash	6.3%	29.8%
Interest coverage (x)	39.9	10.3	6.8	9.9	13.2
Interest & ST debt coverage (x)	0.2	0.1	0.2	0.2	0.2
Cash flow interest coverage(x)	(21.3)	2.6	13.9	2.8	(0.1)
Cash flow/int. & ST debt (x)	(0.1)	0.0	0.7	0.1	(0.0)
Current ratio (x)	1.2	1.2	1.3	1.2	1.2
Quick ratio (x)	0.9	0.8	1.0	0.9	0.8
Net debt (NT\$m)	27,005	49,412	(12,506)	12,906	65,505
Per share data					
EPS (NT\$)	8.73	7.51	10.29	13.32	17.70
CFPS (NT\$)	(6.17)	2.96	32.25	5.45	(0.23)
BVPS (NT\$)	41.72	43.79	48.21	50.87	54.40
Adj BVPS (NT\$)	41.81	43.89	48.29	50.96	54.50
SPS (NT\$)	293.02	332.19	281.55	399.87	524.64
EBITDA/share (NT\$)	11.83	10.71	14.26	18.66	24.62
Cash DPS (NT\$)	6.60	6.00	9.00	10.64	14.14
Activity					
Sales / avg assets	1.64	1.67	1.44	1.97	2.08
Days receivable	85.7	81.0	87.4	70.0	70.0
Days inventory	67.9	68.2	45.1	55.0	55.0
Days payable	79.4	64.4	61.4	65.0	65.0
Cash cycle	74.2	84.7	71.1	60.0	60.0

Source: Company data, KGI Research estimates

Profit & loss

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue	1,129,453	1,280,429	1,085,611	1,541,837	2,022,929
Cost of goods sold	(1,057,342)	(1,209,514)	(1,000,728)	(1,435,714)	(1,894,012)
Gross profit	72,111	70,915	84,883	106,123	128,917
Operating expenses	(34,833)	(39,725)	(41,339)	(44,186)	(45,293)
Operating profit	37,277	31,189	43,550	61,937	83,624
Non-operating income	7,902	13,977	17,142	13,512	12,800
Interest income	2,389	5,018	10,620	9,412	8,700
Investment income	200	496	11	100	100
Other non-op income	5,313	8,462	6,510	4,000	4,000
Non-operating expenses	(1,743)	(4,385)	(8,960)	(8,086)	(7,769)
Interest expense	(1,116)	(4,370)	(8,915)	(7,536)	(7,269)
Investment loss	(61)	(15)	(45)	(50)	(50)
Other non-op expenses	(566)	0	(0)	(500)	(450)
Pre-tax profit	43,436	40,781	51,731	67,364	88,656
Current taxation	(9,077)	(11,058)	(11,243)	(15,157)	(19,504)
Minorities	(707)	(765)	(812)	(850)	(900)
Extraordinary items	-	0	0	-	-
Net profit	33,653	28,957	39,676	51,357	68,251
EBITDA	45,602	41,292	54,986	71,958	94,936
EPS (NT\$)	8.73	7.51	10.29	13.32	17.70

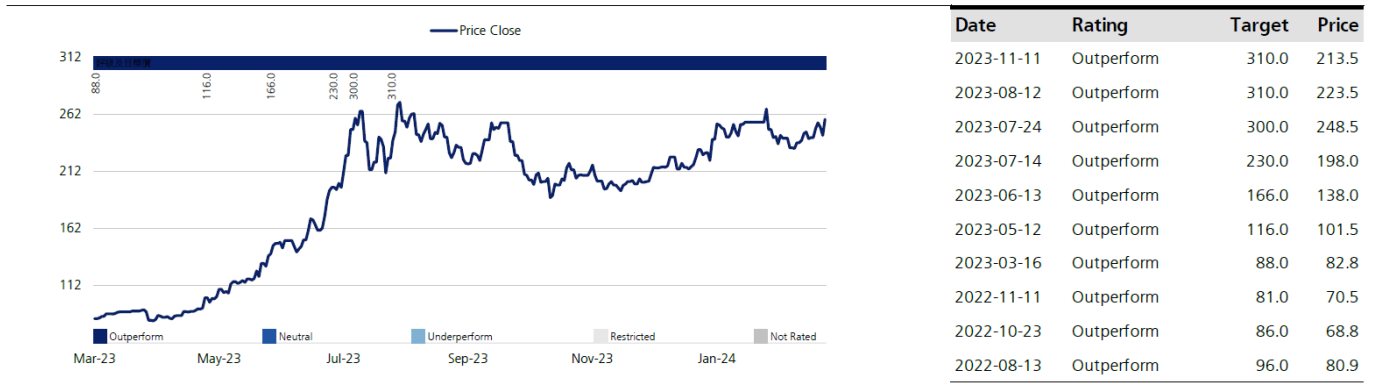
Cash flow

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Operations cash flow	(23,793)	11,415	124,333	21,017	(895)
Net profit	33,653	28,957	39,676	51,357	68,251
Depreciation & amortisation	8,325	10,103	11,437	10,021	11,313
Decrease in working capital	(75,616)	(63,213)	80,499	(40,311)	(80,409)
Other operating cash flow	9,845	35,567	(7,279)	(50)	(50)
Investing cash flow	13,536	(14,143)	(37,612)	(12,516)	(11,519)
Sale of ST investment	19,287	1,560	(29,080)	-	-
New investments	(72)	(19)	(30)	(24)	(27)
Capital expenditure	(11,538)	(16,892)	(8,832)	(11,000)	(10,000)
Others investing cashflow	5,859	1,208	330	(1,492)	(1,492)
Free cash flow	(50,609)	(48,850)	115,553	5,219	(15,361)
Financing cash flow	(33,213)	31,295	(114,205)	48,086	41,814
Increase in short term debt	1,276	34,188	(47,522)	80,000	80,000
Increase in long term loans	(13,809)	24,293	(41,138)	2,000	2,000
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(20,254)	(26,009)	(23,765)	(34,764)	(41,086)
Other financing cashflow	(427)	(1,177)	(1,780)	850	900
Forex effects	(1,644)	13,813	81		
Total cash generated	(45,114)	42,380	(27,403)	56,587	29,401

ROIC

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
1 - COGS/revenue	-	-	-	-	-
- Operating exp./revenue	3.1%	3.1%	3.8%	2.9%	2.2%
= Operating margin	3.3%	2.4%	4.0%	4.0%	4.1%
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.0	0.0	0.1	0.0	0.0
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	6.6	6.2	8.3	9.2	8.6
Operating margin	3.3%	2.4%	4.0%	4.0%	4.1%
x Capital turnover	6.6	6.2	8.3	9.2	8.6
x (1 - tax rate)	79.1%	72.9%	78.3%	77.5%	78.0%
= After-tax ROIC	17.1%	11.1%	26.0%	28.7%	27.8%

Source: Company data, KGI Research estimates

Quanta Computer – Recommendation & target price history


Source: TEJ, KGI Research

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