

## Wistron (3231.TW/3231 TT)

### Strong server demand to fuel sales & EPS growth

#### Outperform · Maintained

Price as of April 29 (NT\$)	104.0
12M target price (NT\$)	135.0
Previous target price (NT\$)	135.0
Unchanged (%)	0.0
Upside (%)	29.8

#### Key message

1. 1Q25 sales grew 17% QoQ and 45% YoY, beating consensus and guidance due to server sales weighting rising to 62%.
2. The 2Q25 sales outlook is bright, driven by sales of GB200 AI servers to Dell (US).
3. We forecast AI server sales will grow by triple-digits in 2025F, with a sales weighting rising to 50-60%, improving operating margin.

#### Trading data

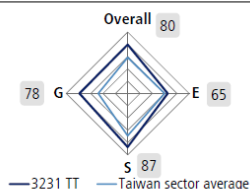
Mkt cap (NT\$/bn/US\$mn)	301.0 / 9,261
Outstanding shares (mn)	2,894
Foreign ownership (mn)	675
3M avg. daily trading (mn)	21.26
52-week trading range (NT\$)	74.70 –124.5

Performance	3M	6M	12M
Absolute (%)	-5.5	-7.6	-8.8
Relative (%)	8.5	4.2	-7.5

#### Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	0.06A	1.16A	1.67A	1.18A
2024	1.24A	1.55A	1.47A	1.86A
2025	1.88F	2.11F	2.20F	2.27F

#### ESG score card



Source: Refinitiv, KGI Research

#### Event

Wistron is positive on its server sales outlook, which will drive 2025F earnings growth.

#### Impact

**1Q25 server sales grew 136% YoY & 42% QoQ.** Wistron 1Q25 sales grew 17% QoQ and 45% YoY, beating consensus and guidance due to stronger-than-expected server sales growth for both Wiwynn (6669 TT, NT\$1,930, OP) and its own business. Wistron's server sales weighting rose to 62% in 1Q25, while total server sales grew 136% YoY and 42% QoQ. Wiwynn's server sales increased 145% YoY and 48% QoQ, and Wistron's server sales grew 107% YoY and 23% QoQ. Wiwynn benefited from general server sales growth and solid ASIC AI server sales to Amazon Web Services (US) in 1Q25. Wistron benefited from GB200 compute board sales expansion and L10 system AI server sales to Dell (US). Given product mix improvement, with Wiwynn's sales weighting rising, we expect 1Q25 gross margin to rise QoQ and YoY. Coupled with forex gains, we revise up 1Q25F EPS to NT\$1.88, up 1% QoQ and 52% YoY.

**2Q25F server demand growth to continue.** Given GB200 AI server ramp-up, Wistron's NVL72 system sales to Dell will continue to rise in 2Q25F from a low level in 1Q25. The firm expects its server sales growth to be stronger than Wiwynn's in 2Q25, with UBB sales stable QoQ (for HGX), GB200 compute tray sales growth, and robust AI server demand from Dell boosted by xAI (US) and Coreweave (US). Dell's overall order size will be no smaller than that from a hyperscaler CSP in 2025F, but higher system level sales will dilute Wistron's gross margin. Despite this, we expect rising server sales to be positive for operating profit. With NB demand uncertainty due to US tariff volatility, the firm guides 2Q25 NB shipment growth of 10% QoQ, and single-digit growth in 2025F on resilient commercial NB demand. To reflect a positive sales outlook for servers, we revise up 2025F sales growth to 65% YoY, and EPS to NT\$8.47, up 39% YoY. On strong server and AI GPU demand from clients, the firm recently announced it is expanding capacity in Dallas, Texas, US, with Nvidia (US), and we expect production of its GPU baseboards and compute boards to start at the new US facility in 2026F. Therefore, its previous NT\$35bn 2025F capex plan may be increased. On tariff uncertainties, the firm will continue overseas factory expansions in Vietnam, Mexico, China, and the US for better production diversification, which will strengthen competitiveness and raise entry barriers for competitors.

#### Valuation & Action

On a solid outlook, we maintain Outperform and our target price of NT\$135, based on 16x 2025F EPS.

#### Risks

Weaker-than-expected demand; competition in the AI server market.

#### Key financials and valuations

	Dec-21A	Dec-22A	Dec-23A	Dec-24A	Dec-25F
Revenue (NT\$mn)	862,083	984,619	867,057	1,049,256	1,685,532
Gross profit (NT\$mn)	51,135	69,729	68,983	84,091	123,637
Operating profit (NT\$mn)	16,375	27,472	27,390	38,979	62,972
Net profit (NT\$mn)	10,468	11,162	11,472	17,446	24,165
EPS (NT\$)	3.76	4.01	4.08	6.11	8.47
Cash DPS (NT\$)	2.20	2.60	2.60	3.80	5.01
EPS growth (%)	21.3	6.6	1.7	49.8	38.5
PE (x)	27.7	25.9	25.5	17.0	12.3
PB (x)	3.9	3.1	2.9	2.3	2.0
EV/EBITDA (x)	15.3	9.8	9.0	8.3	6.1
Net debt to equity (%)	113.1	62.2	40.2	26.6	32.7
Dividend yield (%)	2.1	2.5	2.5	3.7	4.8
Return on average equity (%)	14.0	12.8	11.4	14.7	17.1

Source: Company data; KGI Research estimates

**Figure 1: Breakdown of 1Q25 & 2Q25 forecast revisions vs. consensus**

NT\$m	1Q25F							2Q25F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	346,485	298,638	16.0	16.6	44.8	291,876	18.7	426,177	313,569	35.9	23.0	77.4	325,386	31.0
Gross profits	28,239	24,787	13.9	17.5	63.9	23,359	20.9	31,963	26,653	19.9	13.2	59.2	25,897	23.4
Operating income	14,379	12,244	17.4	21.3	103.7	11,019	30.5	16,195	13,797	17.4	12.6	87.2	13,037	24.2
Pretax income	14,583	11,306	29.0	15.2	82.1	10,489	39.0	15,099	12,859	17.4	3.5	65.5	12,780	18.1
Net income	5,378	4,644	15.8	1.3	52.6	4,563	17.9	6,015	5,212	15.4	11.8	36.3	5,718	5.2
EPS (NT\$)	1.88	1.62	16.5	1.3	52.0	1.60	17.9	2.11	1.82	16.1	11.8	36.2	2.00	5.2
Gross margin (%)	8.2	8.3	(0.1)ppts	0.1 ppts	1.0 ppts	8.0	0.2 ppts	7.5	8.5	(1.0)ppts	(0.7)ppts	(0.9)ppts	8.0	(0.5)ppts
OP margin (%)	4.2	4.1	0.1 ppts	0.2 ppts	1.2 ppts	3.8	0.4 ppts	3.8	4.4	(0.6)ppts	(0.4)ppts	0.2 ppts	4.0	(0.2)ppts
Net margin (%)	1.6	1.6	(0.0)ppts	(0.2)ppts	0.1 ppts	1.6	(0.0)ppts	1.4	1.7	(0.3)ppts	(0.1)ppts	(0.4)ppts	1.8	(0.4)ppts

Source: Bloomberg; KGI Research estimates

**Figure 2: Breakdown of 2025 forecast revisions vs. consensus**

NT\$m	2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	1,685,532	1,367,031	23.3	60.6	1,387,427	21.5
Gross profit	123,637	110,317	12.1	47.0	109,607	12.8
Operating income	62,972	58,129	8.3	61.6	54,383	15.8
Pretax income	60,189	54,375	10.7	50.6	52,516	14.6
Net income	24,165	24,131	0.1	38.5	23,687	2.0
EPS (NT\$)	8.47	8.41	0.7	38.5	8.30	2.0
Gross margin (%)	7.3	8.1	(0.7)ppts	(0.7)ppts	7.9	(0.6)ppts
OP margin (%)	3.7	4.3	(0.5)ppts	0.0 ppts	3.9	(0.2)ppts
Net margin (%)	1.4	1.8	(0.3)ppts	(0.2)ppts	1.7	(0.3)ppts

Source: Bloomberg; KGI Research estimates

**Figure 3: Server sales weighting rising significantly**

Sales (NT\$m)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2021	2022	2023	2024	2025F
NB	63,600	77,389	88,987	89,910	78,977	86,474	95,390	98,070	90,086	370,696	334,771	320,811	358,911	376,755
S/S	84,800	70,542	71,623	79,536	90,944	105,691	128,095	151,563	214,821	241,383	354,463	303,470	476,292	961,481
DT	8,480	12,449	13,022	12,680	11,966	14,412	16,353	14,859	13,859	43,104	49,231	43,353	57,590	59,368
Display	10,600	12,656	11,503	12,564	11,966	12,010	13,627	11,887	10,395	60,346	78,770	52,023	49,491	50,119
Service	6,360	6,224	6,511	7,838	7,180	9,608	8,176	8,915	6,930	25,862	29,539	26,012	33,880	35,574
IPC	6,360	5,394	5,860	6,916	4,787	7,206	8,176	8,915	6,930	34,483	39,385	26,012	29,084	29,375
Others	31,800	22,822	19,534	21,094	33,506	4,804	2,725	2,972	3,465	86,208	98,462	95,376	44,007	172,860
Total	212,000	207,477	217,040	230,540	239,325	240,207	272,542	297,182	346,485	862,083	984,619	867,057	1,049,256	1,685,532

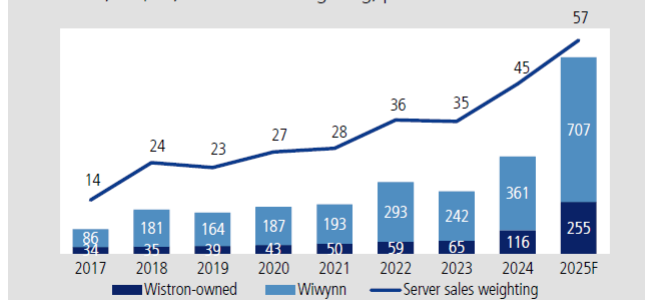
  

Sales weighting (%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2021	2022	2023	2024	2025F
NB	30.0	37.0	41.0	39.0	33.0	37.0	35.0	33.0	26.0	43.0	34.0	37.0	34.0	22.4
S/S	40.0	34.0	33.0	35.0	38.0	44.0	47.0	51.0	62.0	28.0	36.0	35.0	46.0	57.0
DT	4.0	6.0	6.0	6.0	5.0	6.0	6.0	5.0	4.0	5.0	5.0	5.0	5.0	3.5
Display	5.0	6.0	5.3	5.0	5.0	5.0	5.0	4.0	3.0	7.0	8.0	6.0	5.0	3.0
Service	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	3.0	3.0	3.0	3.0	2.1
IPC	3.0	3.0	2.7	3.0	2.0	3.0	3.0	3.0	2.0	4.0	4.0	3.0	3.0	1.7
Others	15.0	11.0	9.0	9.0	14.0	2.0	1.0	1.0	1.0	10.0	10.0	11.0	4.0	10.3

Source: Company data; KGI Research estimates

**Figure 4: Server sales weighting to rise to 57% in 2025F**

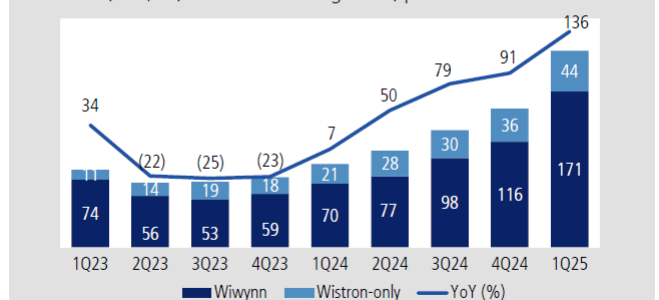
Server sales, NT\$bn; server sales weighting, percent



Source: Company data; KGI Research estimates

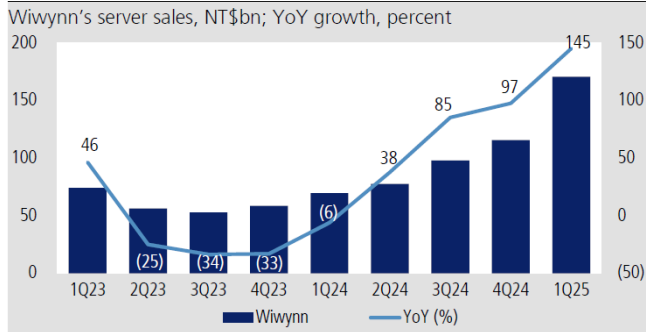
**Figure 5: Total server sales (incl. Wiwynn) up 136% YoY in 1Q25**

Server sales, NT\$bn; server sales YoY growth, percent

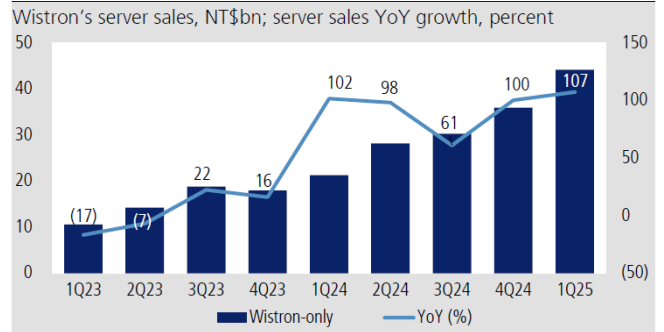


Source: Company data; KGI Research estimates

**Figure 6: Wiywynn's sales increased by 145% in 1Q25, driven by strong general server & AI ASIC server demand**



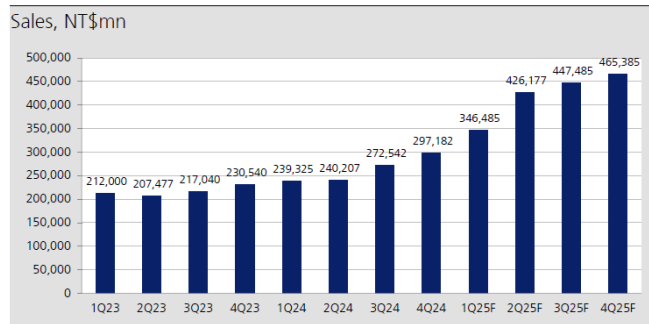
**Figure 7: Wistron's server sales grew by 107% YoY in 1Q25, thanks to GB200 compute board & system revenue**



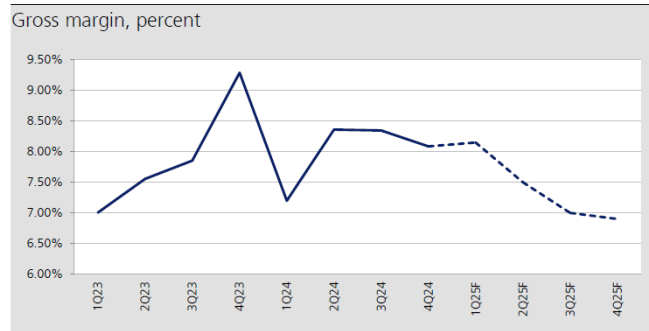
**Figure 8: Company profile**

Spun off from Acer (2353 TT, NT\$34.0, NR) in 2001, Wistron is a design, manufacturing & service (DMS) company. Product development is focused on information and communication technology, notebooks, desktops, servers, storage, industrial automation, networking, and communications. Wistron is the third-largest notebook maker in Taiwan, trailing Quanta Computer (2382 TT, NT\$242.5, OP) and Compal Electronics (2324 TT, NT\$27.6, NR), with NB shipments of 21.2mn units and global market share of 10% in 2022. It is also the most diversified NB ODM in Taiwan.

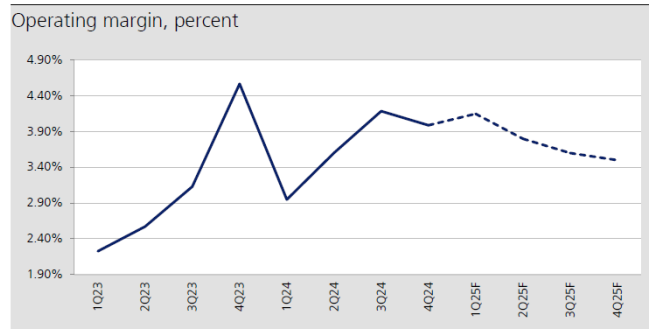
Source: KGI Research

**Figure 10: Sales**


Source: KGI Research

**Figure 12: Gross Margin**


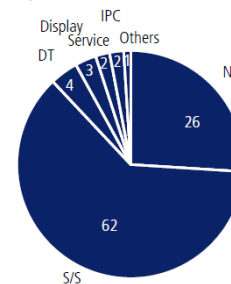
Source: KGI Research

**Figure 14: Operating Margin**


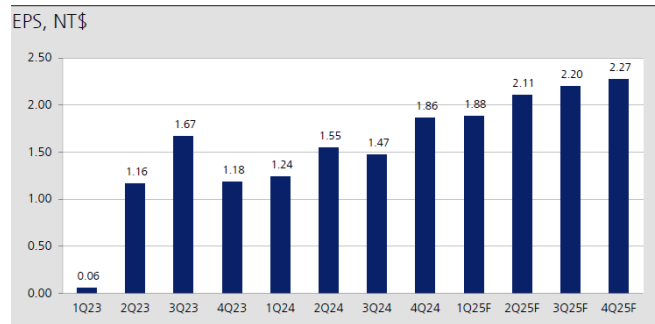
Source: KGI Research

**Figure 9: Sales are broadly diversified**

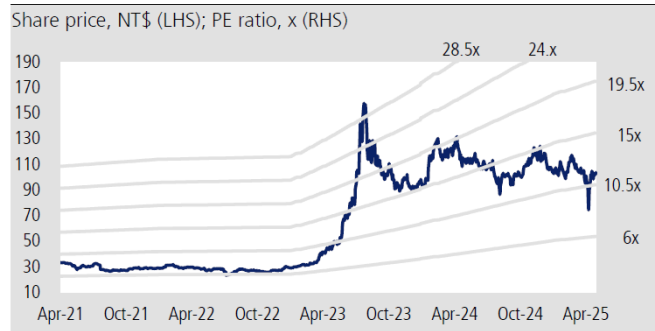
Sales weighting in 1Q25, percent



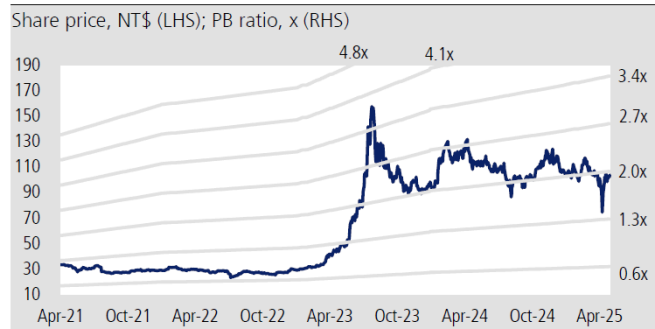
Source: Company data; KGI Research

**Figure 11: EPS**


Source: KGI Research

**Figure 13: 12M forward PE band**


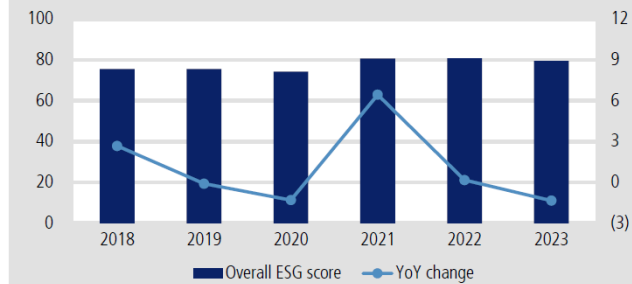
Source: TEJ; KGI Research estimates

**Figure 15: 12M forward PB band**


Source: TEJ; KGI Research estimates

**Figure 16: Overall ESG score**

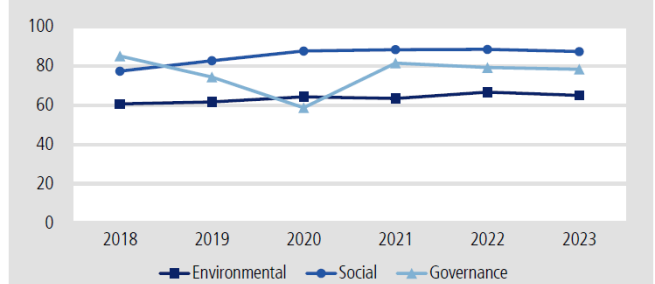
ESG score, points (LHS); YoY change, points (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 17: ESG scores**

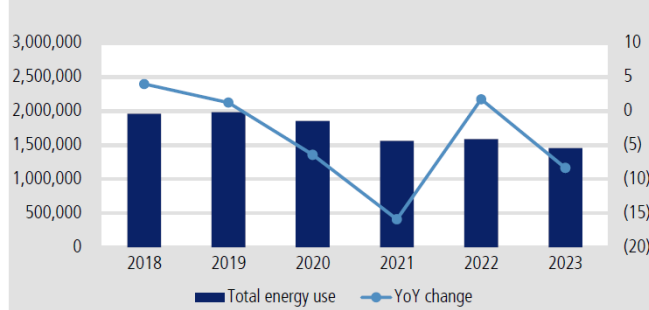
ESG score, points



Source: Refinitiv; KGI Research; Company data

**Figure 18: Energy use**

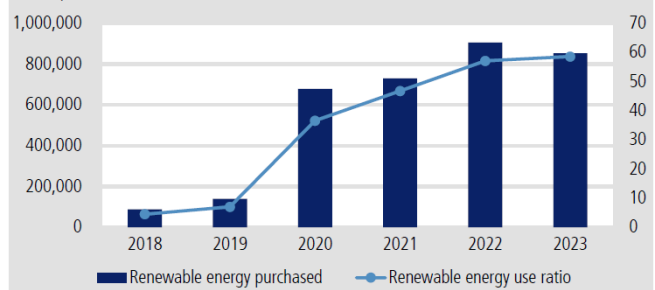
Energy use, gigajoules (LHS); YoY growth, percent (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 19: Renewable energy**

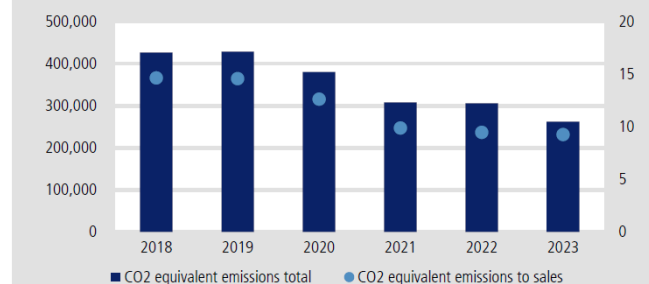
Renewable energy purchased, gigajoules (LHS); renewable energy use ratio, percent (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 20: CO2 equivalent emissions**

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



Source: Refinitiv; KGI Research; Company data

**Figure 21: Waste total**

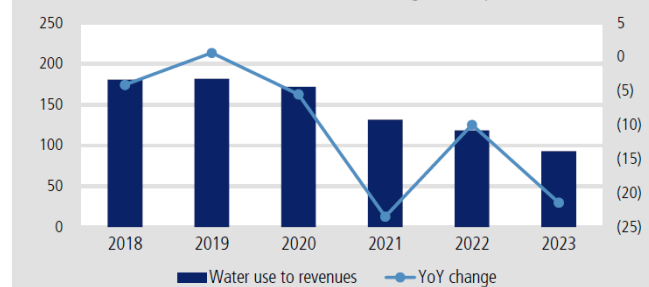
Waste total, mt (LHS); waste recycling ratio, percent (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 22: Water use to revenue**

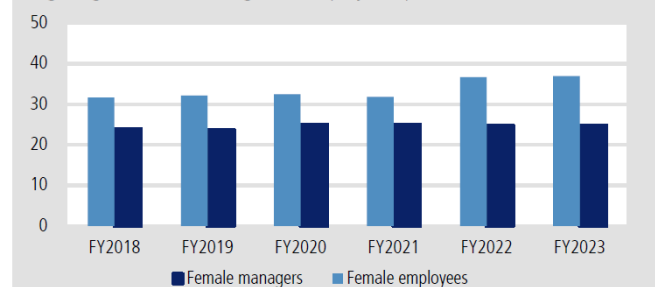
Water use to revenue, m3/ US\$m (LHS); YoY growth, percent (RHS)



Source: Refinitiv; KGI Research; Company data

**Figure 23: Gender diversification**

Weighting of female managers &amp; employees, 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-25F	Jun-25F	Sep-25F	Dec-25F	Dec-23A	Dec-24A	Dec-25F
<b>Income statement (NT\$m)</b>											
Revenue	239,325	240,207	272,542	297,182	346,485	426,177	447,485	465,385	867,057	1,049,256	1,685,532
Cost of goods sold	(222,095)	(220,124)	(249,798)	(273,149)	(318,247)	(394,213)	(416,161)	(433,273)	(798,074)	(965,165)	(1,561,895)
<b>Gross profit</b>	<b>17,230</b>	<b>20,083</b>	<b>22,745</b>	<b>24,033</b>	<b>28,239</b>	<b>31,963</b>	<b>31,324</b>	<b>32,112</b>	<b>68,983</b>	<b>84,091</b>	<b>123,637</b>
Operating expenses	(10,171)	(11,431)	(11,336)	(12,175)	(13,859)	(15,769)	(15,215)	(15,823)	(41,593)	(45,112)	(60,666)
<b>Operating profit</b>	<b>7,059</b>	<b>8,652</b>	<b>11,409</b>	<b>11,858</b>	<b>14,379</b>	<b>16,195</b>	<b>16,109</b>	<b>16,288</b>	<b>27,390</b>	<b>38,979</b>	<b>62,972</b>
Depreciation of fixed assets	(2,659)	(2,676)	(2,671)	(2,765)	(3,646)	(3,646)	(3,646)	(3,646)	(11,879)	(10,770)	(14,583)
Amortisation of intangible assets	(113)	(124)	(118)	(121)	(118)	(118)	(118)	(118)	(466)	(476)	(472)
<b>EBITDA</b>	<b>9,832</b>	<b>11,452</b>	<b>14,198</b>	<b>14,743</b>	<b>18,143</b>	<b>19,958</b>	<b>19,873</b>	<b>20,052</b>	<b>39,735</b>	<b>50,225</b>	<b>78,027</b>
Interest income	905	649	819	850	720	720	720	720	2,520	3,223	2,878
Investment income	88	278	119	133	100	100	100	100	811	617	400
Other non-op income	2,050	1,553	215	1,709	1,800	500	900	400	5,225	5,528	3,600
<b>Non-operating income</b>	<b>3,043</b>	<b>2,479</b>	<b>1,154</b>	<b>2,692</b>	<b>2,620</b>	<b>1,320</b>	<b>1,720</b>	<b>1,220</b>	<b>8,555</b>	<b>9,368</b>	<b>6,878</b>
Interest expense	(2,095)	(2,006)	(2,020)	(1,896)	(1,915)	(1,915)	(1,915)	(1,915)	(8,757)	(8,018)	(7,661)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	(354)	-	(500)	(500)	(500)	(500)	(2,868)	(354)	(2,000)
<b>Non-operating expenses</b>	<b>(2,095)</b>	<b>(2,006)</b>	<b>(2,374)</b>	<b>(1,896)</b>	<b>(2,415)</b>	<b>(2,415)</b>	<b>(2,415)</b>	<b>(2,415)</b>	<b>(11,625)</b>	<b>(8,371)</b>	<b>(9,661)</b>
<b>Pre-tax profit</b>	<b>8,007</b>	<b>9,125</b>	<b>10,189</b>	<b>12,654</b>	<b>14,583</b>	<b>15,099</b>	<b>15,414</b>	<b>15,093</b>	<b>24,321</b>	<b>39,975</b>	<b>60,189</b>
Current taxation	(1,799)	(2,052)	(2,293)	(3,195)	(3,500)	(3,624)	(3,699)	(3,321)	(6,055)	(9,339)	(14,144)
Minorities	(2,684)	(2,661)	(3,697)	(4,148)	(5,705)	(5,460)	(5,431)	(5,284)	(6,794)	(13,191)	(21,880)
<b>Normalised net profit</b>	<b>3,524</b>	<b>4,412</b>	<b>4,199</b>	<b>5,311</b>	<b>5,378</b>	<b>6,015</b>	<b>6,284</b>	<b>6,488</b>	<b>11,472</b>	<b>17,446</b>	<b>24,165</b>
Extraordinary items	0	0	(0)	0	-	-	-	-	-	0	-
<b>Net profit</b>	<b>3,524</b>	<b>4,412</b>	<b>4,199</b>	<b>5,311</b>	<b>5,378</b>	<b>6,015</b>	<b>6,284</b>	<b>6,488</b>	<b>11,472</b>	<b>17,446</b>	<b>24,165</b>
EPS (NT\$)	1.24	1.55	1.47	1.86	1.88	2.11	2.20	2.27	4.08	6.11	8.47
<b>Margins (%)</b>											
Gross profit margin	7.2	8.4	8.3	8.1	8.2	7.5	7.0	6.9	8.0	8.0	7.3
Operating margin	2.9	3.6	4.2	4.0	4.2	3.8	3.6	3.5	3.2	3.7	3.7
EBITDA margin	4.1	4.8	5.2	5.0	5.2	4.7	4.4	4.3	4.6	4.8	4.6
Pretax profit margin	3.3	3.8	3.7	4.3	4.2	3.5	3.4	3.2	2.8	3.8	3.6
Net profit margin	1.5	1.8	1.5	1.8	1.6	1.4	1.4	1.4	1.3	1.7	1.4
<b>Sequential growth (%)</b>											
Revenue growth	3.8	0.4	13.5	9.0	16.6	23.0	5.0	4.0			
Gross profit growth	(19.5)	16.6	13.3	5.7	17.5	13.2	(2.0)	2.5			
Operating profit growth	(33.0)	22.6	31.9	3.9	21.3	12.6	(0.5)	1.1			
EBITDA growth	(27.9)	16.5	24.0	3.8	23.1	10.0	(0.4)	0.9			
Pretax profit growth	12.4	14.0	11.7	24.2	15.2	3.5	2.1	(2.1)			
Net profit growth	5.6	25.2	(4.8)	26.5	1.3	11.8	4.5	3.2			
<b>YoY growth (%)</b>											
Revenue growth	12.9	15.8	25.6	28.9	44.8	77.4	64.2	56.6	(11.9)	21.0	60.6
Gross profit growth	16.0	28.1	33.5	12.2	63.9	59.2	37.7	33.6	(1.1)	21.9	47.0
Operating profit growth	49.5	62.2	67.9	12.6	103.7	87.2	41.2	37.4	(0.3)	42.3	61.6
EBITDA growth	26.9	36.1	42.7	8.2	84.5	74.3	40.0	36.0	2.0	26.4	55.4
Pretax profit growth	204.8	47.7	21.4	77.7	82.1	65.5	51.3	19.3	(1.6)	64.4	50.6
Net profit growth	1927.8	35.4	(10.7)	59.2	52.6	36.3	49.7	22.1	2.8	52.1	38.5

Source: Company data; KGI Research estimates

### Balance sheet

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24A	Dec-25F
<b>Total assets</b>	<b>497,298</b>	<b>432,908</b>	<b>452,391</b>	<b>589,841</b>	<b>686,673</b>
<b>Current assets</b>	<b>421,787</b>	<b>342,986</b>	<b>361,461</b>	<b>480,212</b>	<b>556,699</b>
Cash & ST securities	83,644	75,023	79,577	84,825	40,318
Inventory	161,378	156,889	119,720	190,697	248,191
Accounts receivable	161,166	100,230	121,337	190,483	253,984
Other current assets	15,599	10,843	40,828	14,206	14,206
<b>Non-current assets</b>	<b>75,511</b>	<b>89,922</b>	<b>90,929</b>	<b>109,629</b>	<b>129,974</b>
LT investments	14,306	15,256	18,849	21,109	21,037
Net fixed assets	42,210	51,515	46,598	57,284	77,701
Other assets	18,996	23,151	25,482	31,236	31,236
<b>Total liabilities</b>	<b>404,813</b>	<b>314,255</b>	<b>323,628</b>	<b>403,055</b>	<b>461,611</b>
<b>Current liabilities</b>	<b>365,583</b>	<b>286,725</b>	<b>288,252</b>	<b>349,587</b>	<b>414,383</b>
Accounts payable	168,305	108,802	119,358	177,016	252,471
Interest bearing ST liabilities	142,118	119,807	100,438	87,033	72,872
Other current liabilities	55,161	58,116	68,455	85,538	89,040
<b>Non-current liabilities</b>	<b>39,230</b>	<b>27,530</b>	<b>35,376</b>	<b>53,468</b>	<b>47,229</b>
Long-term debt	32,674	20,389	26,525	42,493	36,154
Other L-T liabilities	4,565	4,079	4,000	3,973	4,072
<b>Total equity</b>	<b>92,485</b>	<b>118,653</b>	<b>128,763</b>	<b>186,785</b>	<b>225,062</b>
Share capital	29,033	29,016	28,998	28,964	28,964
Retained earnings reserve	-	-	-	35,408	45,074
Minority interests	14,568	22,270	24,539	53,998	75,878
Preferred shareholders funds	-	-	-	-	-

### Key ratios

	Dec-21A	Dec-22A	Dec-23A	Dec-24A	Dec-25F
<b>Growth</b>					
Revenue growth	2.0%	14.2%	(11.9%)	21.0%	60.6%
Operating profit growth	13.2%	67.8%	(0.3%)	42.3%	61.6%
EBITDA growth	4.4%	52.1%	2.0%	26.4%	55.4%
Net profit growth	20.6%	6.6%	2.8%	52.1%	38.5%
EPS growth	21.3%	6.6%	1.7%	49.8%	38.5%
<b>Profitability</b>					
Gross profit margin	5.9%	7.1%	8.0%	8.0%	7.3%
Operating margin	1.9%	2.8%	3.2%	3.7%	3.7%
EBITDA margin	3.0%	4.0%	4.6%	4.8%	4.6%
Net profit margin	1.2%	1.1%	1.3%	1.7%	1.4%
Return on average assets	2.3%	2.4%	2.6%	3.3%	3.8%
Return on average equity	14.0%	12.8%	11.4%	14.7%	17.1%
<b>Stability</b>					
Gross debt to equity	189.0%	118.2%	98.6%	69.3%	48.4%
Net debt to equity	113.1%	62.2%	40.2%	26.6%	32.7%
Interest coverage (x)	11.2	5.1	3.8	6.0	8.9
Interest & ST debt coverage (x)	0.1	0.1	0.1	0.3	0.4
Cash flow interest coverage(x)	(11.5)	8.9	5.5	0.7	(0.9)
Cash flow/int. & ST debt (x)	(0.1)	0.4	0.4	0.1	(0.1)
Current ratio (x)	1.2	1.2	1.3	1.4	1.3
Quick ratio (x)	0.7	0.6	0.8	0.8	0.7
Net debt (NT\$m)	104,637	73,858	51,731	49,645	73,653
<b>Per share data</b>					
EPS (NT\$)	3.76	4.01	4.08	6.11	8.47
CFPS (NT\$)	(7.74)	19.20	17.15	2.01	(2.36)
BVPS (NT\$)	26.84	33.22	35.94	45.85	51.51
Adj BVPS (NT\$)	27.99	34.62	37.07	46.53	52.28
SPS (NT\$)	309.65	353.71	308.38	367.69	590.66
EBITDA/share (NT\$)	9.20	13.99	14.13	17.60	27.34
Cash DPS (NT\$)	2.20	2.60	2.60	3.80	5.01
<b>Activity</b>					
Sales / avg assets	1.86	2.12	1.96	2.01	2.64
Days receivable	68.2	37.2	51.1	66.4	55.0
Days inventory	72.6	62.6	54.8	72.3	58.0
Days payable	75.8	43.4	54.6	67.1	59.0
Cash cycle	65.1	56.3	51.2	71.6	54.0

Source: Company data; KGI Research estimates

### Profit & loss

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24A	Dec-25F
<b>Revenue</b>	<b>862,083</b>	<b>984,619</b>	<b>867,057</b>	<b>1,049,256</b>	<b>1,685,532</b>
Cost of goods sold	(810,948)	(914,890)	(798,074)	(965,165)	(1,561,895)
<b>Gross profit</b>	<b>51,135</b>	<b>69,729</b>	<b>68,983</b>	<b>84,091</b>	<b>123,637</b>
Operating expenses	(34,760)	(42,257)	(41,593)	(45,112)	(60,666)
<b>Operating profit</b>	<b>16,375</b>	<b>27,472</b>	<b>27,390</b>	<b>38,979</b>	<b>62,972</b>
<b>Non-operating income</b>	<b>9,627</b>	<b>8,152</b>	<b>8,555</b>	<b>9,368</b>	<b>6,878</b>
Interest income	1,307	1,990	2,520	3,223	2,878
Investment income	172	816	811	617	400
Other non-op income	8,148	5,346	5,225	5,528	3,600
<b>Non-operating expenses</b>	<b>(6,767)</b>	<b>(10,913)</b>	<b>(11,625)</b>	<b>(8,371)</b>	<b>(9,661)</b>
Interest expense	(1,880)	(5,988)	(8,757)	(8,018)	(7,661)
Investment loss	(77)	-	-	-	-
Other non-op expenses	(4,810)	(4,925)	(2,868)	(354)	(2,000)
<b>Pre-tax profit</b>	<b>19,234</b>	<b>24,711</b>	<b>24,321</b>	<b>39,975</b>	<b>60,189</b>
Current taxation	(4,506)	(5,693)	(6,055)	(9,339)	(14,144)
Minorities	(4,260)	(7,855)	(6,794)	(13,191)	(21,880)
Extraordinary items	-	(0)	(0)	0	-
<b>Net profit</b>	<b>10,468</b>	<b>11,162</b>	<b>11,472</b>	<b>17,446</b>	<b>24,165</b>
<b>EBITDA</b>	<b>25,600</b>	<b>38,947</b>	<b>39,735</b>	<b>50,225</b>	<b>78,027</b>
EPS (NT\$)	3.76	4.01	4.08	6.11	8.47

### Cash flow

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24A	Dec-25F
<b>Operations cash flow</b>	<b>(21,536)</b>	<b>53,440</b>	<b>48,219</b>	<b>5,750</b>	<b>(6,721)</b>
Net profit	10,468	11,162	11,472	17,446	24,165
Depreciation & amortisation	9,225	11,475	12,345	11,246	15,055
Decrease in working capital	(47,880)	15,137	12,616	(62,106)	(45,541)
Other operating cash flow	6,651	15,666	11,787	39,164	(400)
<b>Investing cash flow</b>	<b>(16,597)</b>	<b>(16,739)</b>	<b>(14,665)</b>	<b>(20,094)</b>	<b>(35,000)</b>
Sale of ST investment	(1,783)	352	3,499	(1,834)	-
New investments	1,208	(395)	(1,229)	2,173	472
Capital expenditure	(14,556)	(13,609)	(12,961)	(16,593)	(35,000)
Others investing cashflow	(1,466)	(3,087)	(3,974)	(3,840)	(472)
<b>Free cash flow</b>	<b>(41,032)</b>	<b>33,685</b>	<b>32,104</b>	<b>(38,057)</b>	<b>(17,784)</b>
<b>Financing cash flow</b>	<b>44,593</b>	<b>(48,366)</b>	<b>(23,205)</b>	<b>12,855</b>	<b>(2,787)</b>
Increase in short term debt	41,537	(37,371)	(17,834)	(18,995)	(23,000)
Increase in long term loans	9,149	(10,176)	5,145	17,792	2,500
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(6,258)	(6,257)	(7,401)	(7,462)	(10,997)
Other financing cashflow	165	5,325	(3,682)	20,707	28,710
<b>Forex effects</b>	<b>(2,509)</b>	<b>7,849</b>	<b>(646)</b>	<b>5,329</b>	-
<b>Total cash generated</b>	<b>3,950</b>	<b>(3,817)</b>	<b>9,704</b>	<b>3,840</b>	<b>(44,508)</b>

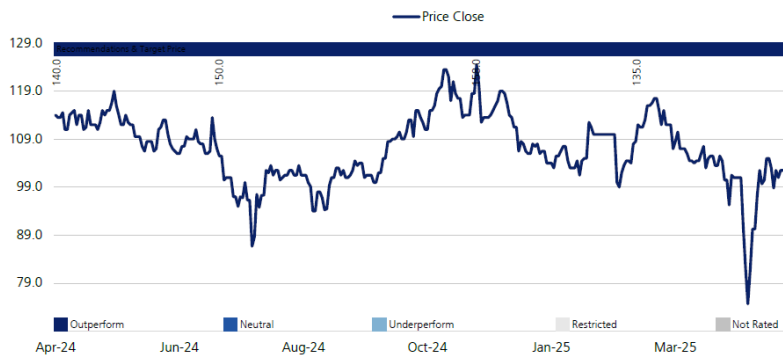
### ROIC

	Dec-21A	Dec-22A	Dec-23A	Dec-24A	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	4.0%	4.3%	4.8%	4.3%	3.6%
<b>= Operating margin</b>	<b>1.9%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>3.7%</b>
1 / (Working capital/revenue					
+ Net PPE/revenue	0.1	0.1	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
<b>= Capital turnover</b>	<b>5.4</b>	<b>6.3</b>	<b>6.0</b>	<b>5.4</b>	<b>6.6</b>
Operating margin	1.9%	2.8%	3.2%	3.7%	3.7%
x Capital turnover	5.4	6.3	6.0	5.4	6.6
x (1 - tax rate)	76.6%	77.0%	75.1%	76.6%	76.5%
<b>= After-tax ROIC</b>	<b>7.8%</b>	<b>13.4%</b>	<b>14.1%</b>	<b>15.4%</b>	<b>18.7%</b>

Source: Company data; KGI Research estimates



## Wistron – Recommendation & target price history



Date	Rating	Target	Price
2025-02-25	Outperform	135.0	112.0
2025-02-12	Outperform	135.0	108.5
2024-11-24	Outperform	158.0	118.5
2024-11-06	Outperform	150.0	119.5
2024-08-12	Outperform	150.0	102.5
2024-07-19	Outperform	150.0	105.5
2024-05-11	Outperform	140.0	114.0
2024-03-14	Outperform	140.0	115.5
2024-01-18	Outperform	140.0	97.7
2023-11-10	Outperform	137.0	98.1

Source: TEJ; KGI Research

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