ASEH Technology

(3711.TW/3711 TT)

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of October 29 (NT$)	683
12M target price (NT$)	1,050
Previous target price (NT$)	700
Revised up (%)	50.0
Upside (%)	53.7

Key message

1. Strong 3Q26 & a promising 4Q26F outlook.
2. Robust LEAP outlook in 2027F.
3. Structural ATM margin range lifted.

Trading data

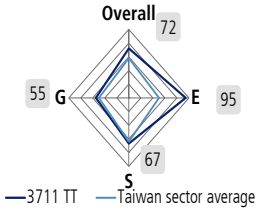
Mkt cap (NT$bn/US$mn)	3,065 / 94,139
Outstanding shares (mn)	4,488
Foreign ownership (mn)	3,460
3M avg. daily trading (mn)	11.43
52-week trading range (NT$)	209.0 –762

Performance	3M	6M	12M
Absolute (%)	36.9	39.8	209
Relative (%)	21.1	21.8	145.1

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	1.71A	1.71A	2.46A	3.30A
2026	3.15A	4.67A	5.84F	6.53F
2027	6.46F	7.51F	9.23F	11.66F

ESG score card



Source: Refinitiv

Historical ATM margin ceiling now the new baseline

Event

ASE Technology Holding (ASEH) reported strong 3Q26 results and again raised 2026F capex.

Impact

Strong 3Q26 & a promising 4Q26F outlook. 3Q26 revenue was up 28% QoQ, ahead of guidance and beating our forecast by 4%, driven by faster-than-expected ramp up of leading edge advanced packaging (LEAP). Gross and operating margin rose to 22.1% and 13.6%, both exceeding company guidance, consensus and our forecasts due to a higher LEAP revenue mix, and because we underestimated opex controls and operating leverage. Net profit reached NT$27.0bn (for diluted EPS of NT$5.84), 21% above our estimate. For 4Q26F, management guides for revenue growth of 6-8% QoQ, with assembly, testing & materials (ATM) and electronic manufacturing services (EMS) up by 11-13% and flat QoQ, respectively, while gross and operating margins will improve to 23-24% and 14.5-15.5%.

Robust LEAP outlook in 2027F. ASEH raised 2026F LEAP revenue guidance from US$3.7bn to US$4bn-plus and expects LEAP revenue to double in 2027F. To reflect the strong growth, the firm again raised 2026F capex guidance from US$10.5bn to US$11.5bn and expects further increases next year. In 2027F, it estimates full-process CoWoS revenue to top the US$1bn mark and CPO-related sales of US$0.5bn, the remainder coming from advanced testing and substrate packaging business with its foundry partner. Given limited plant floor space, packaging capacity expansion is more space-efficient than testing capacity expansion. Together with slower delivery of testing equipment, ASEH expects advanced packaging revenue growth will outpace that of testing in 2027F. Capacity expansion will prioritize wafer sorting over final testing. Given that ASEH's full-process CoWoS revenue is expected to reach US$300m in 4Q26F, we believe the US$1bn guidance for next year is conservative. Also, as most of the advanced packaging business of next-generation CPUs will go to ASEH, we estimate potential demand worth up to US$3bn next year, though delivery of equipment and the yield rate of production ramp up are swing factors. We forecast LEAP revenue will be US$10-11bn next year (up 162% YoY).

Structural ATM margin range lifted. The faster-than-expected ramp up of LEAP has structurally improved ASEH's gross margin, pushing its 3Q26 ATM gross margin above the company's previously guided structural margin range of 24-30%. Despite issuing no new ATM margin range guidance, ASEH believes the historical ATM margin ceiling (i.e. 30%) will be the new baseline case, and it expects QoQ improvement in 2027F as the product mix skews toward LEAP business.

Valuation & Action

We have raised our target price significantly to NT$1,050 due to upward earnings revisions. We roll over our forecast model to 2028F, still based on a cycle peak PE ratio of 23x. Our 2028F EPS forecast is based on fully-diluted shares.

Risks

Global economic downturn; disappointing tech industry recovery.

Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT$mn)	595,410	645,388	873,958	1,188,854	1,439,456
Gross profit (NT$mn)	96,932	114,193	191,096	315,676	398,840
Operating profit (NT$mn)	39,166	50,756	111,398	206,916	268,606
Net profit (NT$mn)	32,482	40,658	92,387	161,144	211,723
EPS (NT$)	7.40	9.26	20.26	34.86	45.80
Cash DPS (NT$)	5.30	6.60	5.52	14.65	25.56
EPS growth (%)	1.3	25.2	118.8	72.0	31.4
PE (x)	92.3	73.7	33.7	19.6	14.9
PB (x)	9.3	8.8	7.3	6.0	5.0
EV/EBITDA (x)	28.2	24.2	14.0	9.2	7.4
Net debt to equity (%)	33.9	43.5	85.2	102.5	90.6
Dividend yield (%)	0.8	1.0	0.8	2.1	3.7
Return on average equity (%)	10.5	12.1	24.3	34.8	37.9

Source: Company data; KGI Research estimates

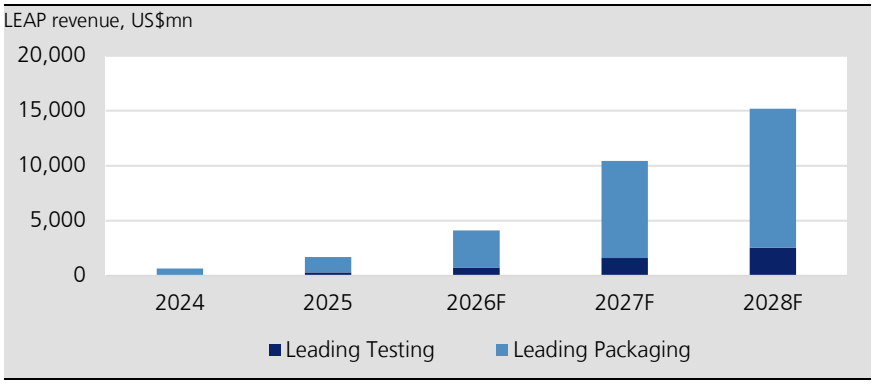
4Q26F guidance

- Sales to grow by 6–8% QoQ; ATM sales by 11–13% QoQ; EMS sales flat QoQ.
- Gross margin of 23-24%; operating margin of 14.5–15.5%.
- ATM gross margin of 31.6–32.6%, up 1-2ppts QoQ.
- EMS operating margin around 2%.

2026-27F guidance

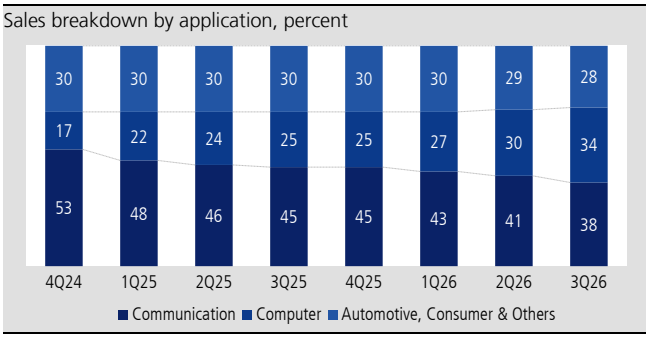
- 2026F LEAP revenue guidance raised from US$3.7bn to over US$4.0bn; management maintains its expectation for LEAP revenue to double in 2027F.
- 2026F full-process CoWoS revenue on track at approximately US$300mn, with revenue expected to exceed US$1bn in 2027F.
- 2026F mainstream revenue growth now expected to exceed 20% (vs. previous guidance of 20%).
- 2026F capex guidance raised from US$10.5bn to US$11.5bn. Of the incremental US$1.0bn, US$500mn will be allocated to facility renovations and US$500mn to equipment, with 60% of equipment spending allocated to LEAP and 40% to mainstream operations.

Figure 1: LEAP revenue & forecasts for 2024-28F



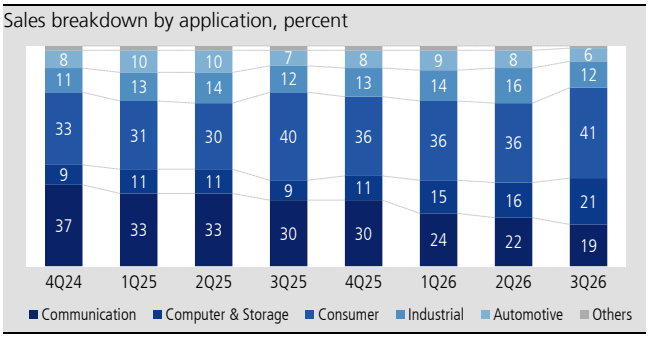
Source: Company data; KGI Research estimates

Figure 2: IC-ATM sales breakdown by application



Source: Company data; KGI Research

Figure 3: EMS sales breakdown by application



Source: Company data; KGI Research

Figure 4: Breakdown of 3Q26 results & 4Q26 forecasts vs. consensus

	3Q26							4Q26F						
NT$mn	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	244,161	234,543	4.1	27.8	44.8	234,420	4.2	265,071	250,798	5.7	8.6	49.0	243,725	8.8
Gross profit	53,967	50,389	7.1	34.5	86.9	49,955	8.0	62,161	56,615	9.8	15.2	79.0	54,321	14.4
Operating profit	33,142	29,280	13.2	57.1	151.1	28,792	15.1	39,630	34,294	15.6	19.6	124.0	32,559	21.7
Net profit	26,996	22,242	21.4	28.2	148.4	23,806	13.4	30,192	26,303	14.8	11.8	105.2	26,608	13.5
EPS (NT$)	5.84	5.07	15.2	21.7	133.3	5.35	9.3	6.53	6.00	8.9	11.8	92.7	5.97	9.4
Gross margin (%)	22.1	21.5	0.6 ppts	1.1 ppts	5.0 ppts	21.3	0.8 ppts	23.5	22.6	0.9 ppts	1.3 ppts	3.9 ppts	22.3	1.2 ppts
OP margin (%)	13.6	12.5	1.1 ppts	2.5 ppts	5.7 ppts	12.3	1.3 ppts	15.0	13.7	1.3 ppts	1.4 ppts	5.0 ppts	13.4	1.6 ppts
Net margin (%)	11.1	9.5	1.6 ppts	0.0 ppts	4.6 ppts	10.2	0.9 ppts	11.4	10.5	0.9 ppts	0.3 ppts	3.1 ppts	10.9	0.5 ppts

Source: Bloomberg; KGI Research estimates

Figure 5: Breakdown of 2026-28 forecast revisions vs. consensus

	2026F						2027F						2028F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	873,958	850,067	2.8	35.4	843,105	3.7	1,188,854	1,075,640	10.5	36.0	1,061,000	12.1	1,439,456	1,276,753	12.7	21.1	1,250,000	15.2
Gross profit	191,096	182,003	5.0	67.3	179,522	6.4	315,676	268,310	17.7	65.2	254,682	23.9	398,840	333,030	19.8	26.3	323,275	23.4
Operating profit	111,398	102,239	9.0	119.5	100,195	11.2	206,916	169,809	21.9	85.7	162,677	27.2	268,606	217,466	23.5	29.8	220,607	21.8
Net profit	92,387	83,760	10.3	127.2	85,289	8.3	161,144	132,708	21.4	74.4	131,286	22.7	211,723	171,676	23.3	31.4	172,856	22.5
EPS (NT$)	20.26	19.11	6.0	118.8	19.30	5.0	34.86	30.25	15.2	72.0	29.70	17.4	45.80	39.14	17.0	31.4	39.06	17.3
Gross margin (%)	21.9	21.4	0.5 ppts	4.2 ppts	21.3	0.6 ppts	26.6	24.9	1.6 ppts	4.7 ppts	24.0	2.5 ppts	27.7	26.1	1.6 ppts	1.2 ppts	25.9	1.8 ppts
OP margin (%)	12.7	12.0	0.7 ppts	4.9 ppts	11.9	0.9 ppts	17.4	15.8	1.6 ppts	4.7 ppts	15.3	2.1 ppts	18.7	17.0	1.6 ppts	1.3 ppts	17.6	1.0 ppts
Net margin (%)	10.6	9.9	0.7 ppts	4.3 ppts	10.1	0.5 ppts	13.6	12.3	1.2 ppts	3.0 ppts	12.4	1.2 ppts	14.7	13.4	1.3 ppts	1.2 ppts	13.8	0.9 ppts

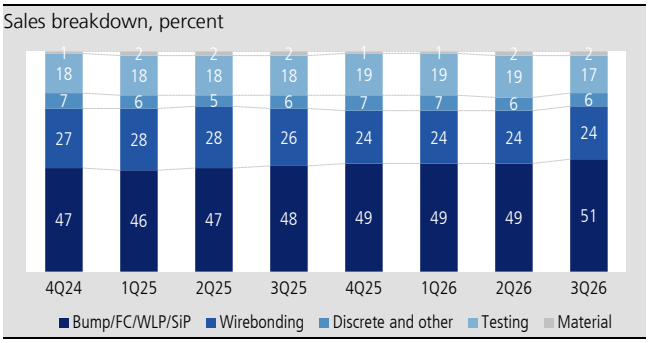
Source: Bloomberg; KGI Research estimates

Figure 6: Company profile

Established in 1984, ASE Technology Holding (ASEH) is the world's leading back-end packaging and testing (P&T) service provider. The firm has branches in Taiwan, China, Korea, Malaysia, Singapore, Japan, the US and Europe. ASEH was the first P&T firm to adopt copper wire-bonding technology. Clients include Broadcom (US), MediaTek (2454 TT, NT$4,045, OP), Marvell (US), Qualcomm (US) and STMicroelectronics (CH).

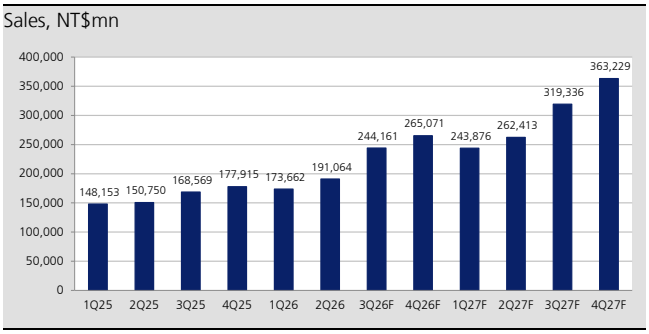
Source: Company data; KGI Research

Figure 7: IC-ATM sales by service type



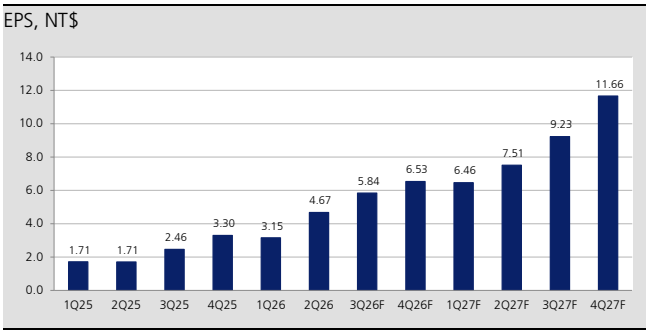
Source: Company data; KGI Research

Figure 8: Sales



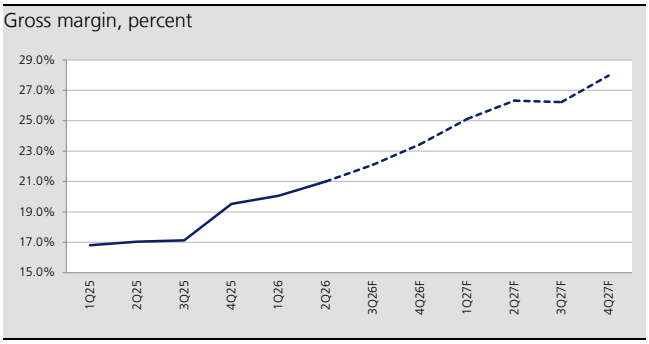
Source: KGI Research

Figure 9: EPS



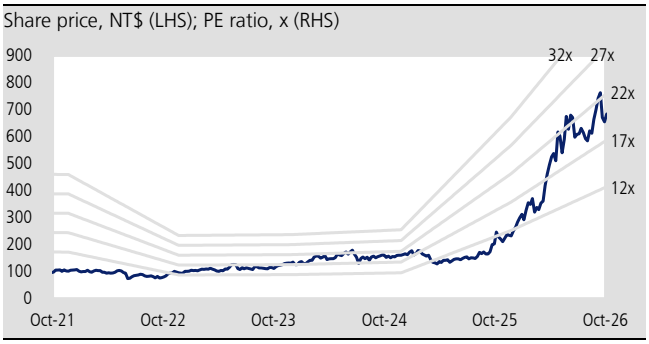
Source: KGI Research

Figure 10: Gross Margin



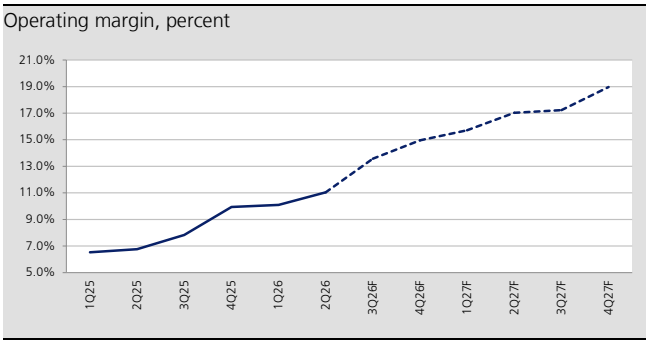
Source: KGI Research

Figure 11: 12M forward PE band



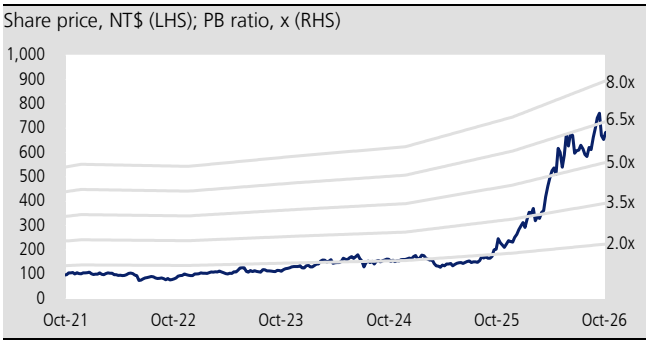
Source: TEJ; KGI Research estimates

Figure 12: Operating Margin



Source: KGI Research

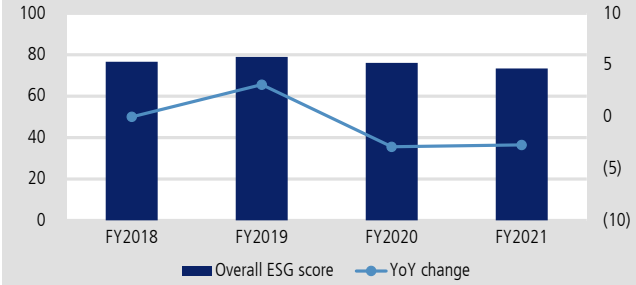
Figure 13: 12M forward PB band



Source: TEJ; KGI Research estimates

Figure 14: Overall ESG score

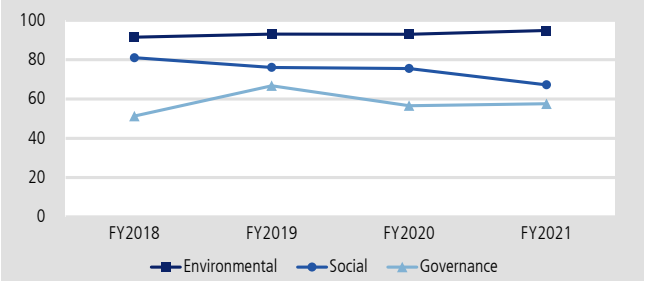
Overall ESG score, points (LHS); YoY change, points (RHS)



Source: Refinitiv; Company data

Figure 15: ESG score by category

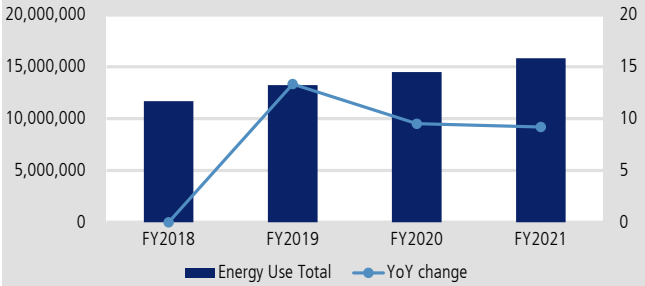
ESG score, points



Source: Refinitiv; Company data

Figure 16: Energy use

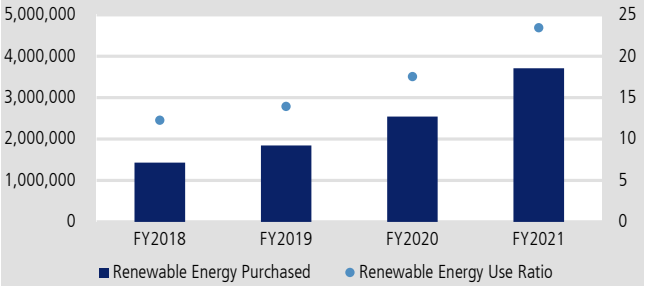
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 17: Renewable energy

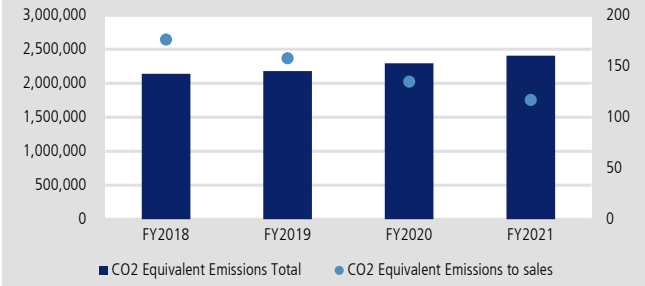
Renewable energy purchased, gigajoules (LHS); renewable energy use ratio, percent (RHS)



Source: Refinitiv; Company data

Figure 18: CO2 equivalent emissions

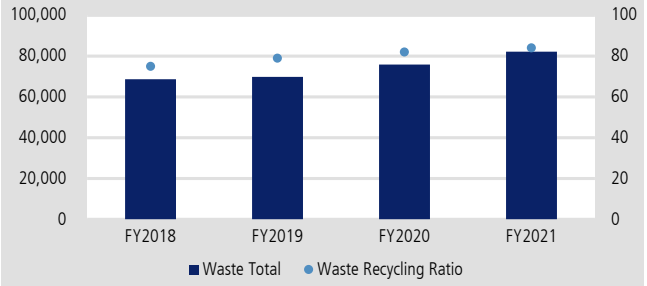
CO2 equivalent emissions, mt (LHS); emissions to revenue, mt/ US$mn (RHS)



Source: Refinitiv; Company data

Figure 19: Waste total

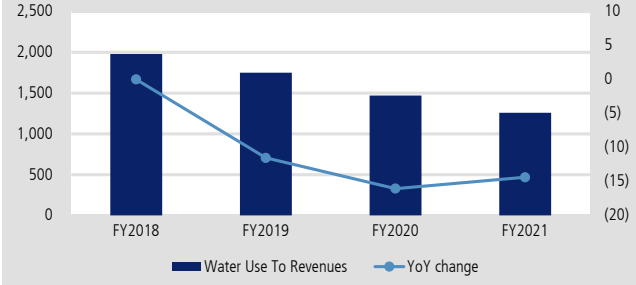
Waste total, mt (LHS); waste recycling ratio, percent (RHS)



Source: Refinitiv; Company data

Figure 20: Water use to revenue

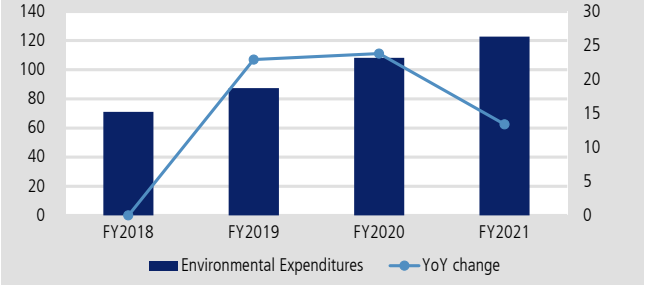
Water use to revenue, m3/ US$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

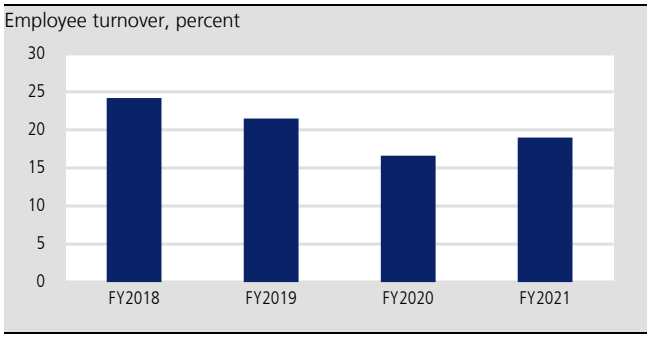
Figure 21: Environmental expenditures

Environmental expenditures, NT$mn (LHS); YoY change, percent (RHS)



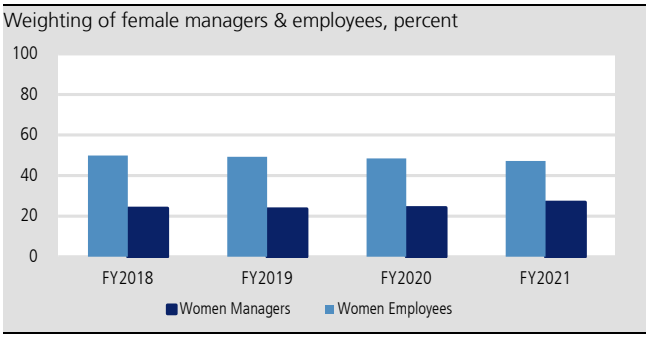
Source: Refinitiv; Company data

Figure 22: Employee turnover



Source: Refinitiv; Company data

Figure 23: Gender diversification



Source: Refinitiv; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	Total direct and indirect energy consumption in gigajoules. - 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	Total primary renewable energy purchased in gigajoules. - 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	Direct CO2 and CO2 equivalent emissions in metric tons. - 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	Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT$mn) - 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	Total amount of waste produced in metric tons. - 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	The waste recycling ratio as reported by the company. - 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	Total water withdrawal in cubic meters. - 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	Total amount of environmental expenditures. - 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	Percentage of employee turnover. - 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	Percentage of women managers. - 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	Percentage of women employees. - 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	Total training hours performed by all employees. - 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; Company data

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-26F	Dec-27F	Dec-28F
Income statement (NT$mn)											
Revenue	**173,662**	**191,064**	**244,161**	**265,071**	**243,876**	**262,413**	**319,336**	**363,229**	**873,958**	**1,188,854**	**1,439,456**
Cost of goods sold	(138,812)	(150,945)	(190,194)	(202,910)	(182,634)	(193,326)	(235,590)	(261,629)	(682,862)	(873,178)	(1,040,616)
Gross profit	**34,850**	**40,118**	**53,967**	**62,161**	**61,242**	**69,087**	**83,746**	**101,600**	**191,096**	**315,676**	**398,840**
Operating expenses	(17,318)	(19,024)	(20,825)	(22,531)	(22,924)	(24,404)	(28,740)	(32,691)	(79,698)	(108,760)	(130,234)
Operating profit	**17,532**	**21,095**	**33,142**	**39,630**	**38,318**	**44,683**	**55,006**	**68,910**	**111,398**	**206,916**	**268,606**
Depreciation of fixed assets	(17,686)	(19,030)	(29,524)	(51,855)	(43,211)	(43,211)	(43,211)	(43,211)	(118,096)	(172,842)	(210,330)
Amortisation of intangible assets	(962)	(990)	-	1,952	-	-	-	-	-	-	-
EBITDA	**36,180**	**41,115**	**62,665**	**89,533**	**81,528**	**87,894**	**98,216**	**112,120**	**229,494**	**379,758**	**478,937**
Interest income	467	478	478	478	478	478	478	478	1,899	1,910	1,910
Investment income	752	2,325	600	600	600	600	600	600	4,276	2,400	2,400
Other non-op income	177	403	834	-	-	-	-	-	1,414	-	-
Non-operating income	**1,396**	**3,205**	**1,912**	**1,078**	**1,078**	**1,078**	**1,078**	**1,078**	**7,590**	**4,310**	**4,310**
Interest expense	(2,047)	(2,343)	(2,343)	(2,343)	(2,343)	(2,343)	(2,343)	(2,343)	(9,077)	(9,374)	(9,374)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	1,319	3,705	-	-	-	-	-	-	5,024	-	-
Non-operating expenses	**(727)**	**1,362**	**(2,343)**	**(2,343)**	**(2,343)**	**(2,343)**	**(2,343)**	**(2,343)**	**(4,053)**	**(9,374)**	**(9,374)**
Pre-tax profit	**18,200**	**25,661**	**32,710**	**38,364**	**37,052**	**43,417**	**53,740**	**67,644**	**114,935**	**201,852**	**263,543**
Current taxation	(3,635)	(4,167)	(4,831)	(7,289)	(6,299)	(7,815)	(10,211)	(12,852)	(19,922)	(37,177)	(48,288)
Minorities	(417)	(442)	(883)	(883)	(883)	(883)	(883)	(883)	(2,626)	(3,532)	(3,532)
Normalised net profit	**14,148**	**21,052**	**26,996**	**30,192**	**29,870**	**34,719**	**42,646**	**53,908**	**92,387**	**161,144**	**211,723**
Extraordinary items	(0)	0	0	0	0	0	0	0	-	0	0
Net profit	**14,148**	**21,052**	**26,996**	**30,192**	**29,870**	**34,719**	**42,646**	**53,908**	**92,387**	**161,144**	**211,723**
EPS (NT$)	3.15	4.67	5.84	6.53	6.46	7.51	9.23	11.66	20.26	34.86	45.80
Margins (%)											
Gross profit margin	20.1	21.0	22.1	23.5	25.1	26.3	26.2	28.0	21.9	26.6	27.7
Operating margin	10.1	11.0	13.6	15.0	15.7	17.0	17.2	19.0	12.7	17.4	18.7
EBITDA margin	20.8	21.5	25.7	33.8	33.4	33.5	30.8	30.9	26.3	31.9	33.3
Pretax profit margin	10.5	13.4	13.4	14.5	15.2	16.5	16.8	18.6	13.2	17.0	18.3
Net profit margin	8.1	11.0	11.1	11.4	12.2	13.2	13.4	14.8	10.6	13.6	14.7
Sequential growth (%)											
Revenue growth	(2.4)	10.0	27.8	8.6	(8.0)	7.6	21.7	13.7			
Gross profit growth	0.3	15.1	34.5	15.2	(1.5)	12.8	21.2	21.3			
Operating profit growth	(0.9)	20.3	57.1	19.6	(3.3)	16.6	23.1	25.3			
EBITDA growth	1.9	13.6	52.4	42.9	(8.9)	7.8	11.7	14.2			
Pretax profit growth	(0.3)	41.0	27.5	17.3	(3.4)	17.2	23.8	25.9			
Net profit growth	(3.8)	48.8	28.2	11.8	(1.1)	16.2	22.8	26.4			
YoY growth (%)											
Revenue growth	17.2	26.7	44.8	49.0	40.4	37.3	30.8	37.0	35.4	36.0	21.1
Gross profit growth	40.0	56.2	86.9	79.0	75.7	72.2	55.2	63.4	67.3	65.2	26.3
Operating profit growth	81.3	107.0	151.1	124.0	118.6	111.8	66.0	73.9	119.5	85.7	29.8
EBITDA growth	40.4	53.8	107.6	152.1	125.3	113.8	56.7	25.2	94.2	65.5	26.1
Pretax profit growth	85.5	177.3	134.0	110.1	103.6	69.2	64.3	76.3	124.0	75.6	30.6
Net profit growth	87.3	179.9	148.4	105.2	111.1	64.9	58.0	78.6	127.2	74.4	31.4

Source: Company data; KGI Research estimates

Balance sheet

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total assets	**740,698**	**889,333**	**1,122,599**	**1,427,219**	**1,670,177**
Current assets	**275,285**	**313,795**	**292,753**	**376,534**	**536,140**
Cash & ST securities	84,883	100,223	36,399	42,346	137,820
Inventory	61,181	69,383	93,543	119,613	142,550
Accounts receivable	113,420	125,042	143,664	195,428	236,623
Other current assets	15,801	19,147	19,147	19,147	19,147
Non-current assets	**465,413**	**575,538**	**829,846**	**1,050,685**	**1,134,037**
LT investments	57,173	60,306	64,582	66,982	69,382
Net fixed assets	312,531	421,115	671,146	889,586	970,537
Other assets	95,708	94,118	94,118	94,118	94,118
Total liabilities	**394,911**	**515,966**	**681,231**	**890,222**	**1,035,727**
Current liabilities	**230,940**	**244,349**	**259,614**	**288,605**	**314,110**
Accounts payable	78,221	88,754	104,020	133,010	158,516
Interest bearing ST liabilities	53,872	40,734	40,734	40,734	40,734
Other current liabilities	98,847	114,861	114,861	114,861	114,861
Non-current liabilities	**163,972**	**271,617**	**421,617**	**601,617**	**721,617**
Long-term debt	139,728	214,081	364,081	544,081	664,081
Other L-T liabilities	17,418	49,658	57,536	57,536	57,536
Total equity	**345,787**	**373,368**	**441,367**	**536,997**	**634,450**
Share capital	44,153	44,480	44,480	44,480	44,480
Retained earnings reserve	99,337	112,303	215,922	311,552	409,004
Minority interests	22,264	26,468	26,468	26,468	26,468
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	2.3%	8.4%	35.4%	36.0%	21.1%
Operating profit growth	(2.9%)	29.6%	119.5%	85.7%	29.8%
EBITDA growth	0.6%	19.4%	94.2%	65.5%	26.1%
Net profit growth	2.4%	25.2%	127.2%	74.4%	31.4%
EPS growth	1.3%	25.2%	118.8%	72.0%	31.4%
Profitability					
Gross profit margin	16.3%	17.7%	21.9%	26.6%	27.7%
Operating margin	6.6%	7.9%	12.7%	17.4%	18.7%
EBITDA margin	16.6%	18.3%	26.3%	31.9%	33.3%
Net profit margin	5.5%	6.3%	10.6%	13.6%	14.7%
Return on average assets	4.6%	5.0%	9.2%	12.6%	13.7%
Return on average equity	10.5%	12.1%	24.3%	34.8%	37.9%
Stability					
Gross debt to equity	56.0%	68.2%	91.7%	108.9%	111.1%
Net debt to equity	33.9%	43.5%	85.2%	102.5%	90.6%
Interest coverage (x)	7.2	7.8	13.7	22.5	29.1
Interest & ST debt coverage (x)	0.4	0.5	0.7	0.8	0.8
Cash flow interest coverage(x)	13.4	19.0	19.7	30.2	40.6
Cash flow/int. & ST debt (x)	1.5	2.9	3.6	5.6	7.6
Current ratio (x)	1.2	1.3	1.1	1.3	1.7
Quick ratio (x)	0.9	1.0	0.8	0.9	1.3
Net debt (NT$mn)	117,107	162,346	376,169	550,223	574,748
Per share data					
EPS (NT$)	7.40	9.26	20.26	34.86	45.80
CFPS (NT$)	20.68	32.40	39.19	61.17	82.43
BVPS (NT$)	73.27	77.99	93.28	114.78	136.69
Adj BVPS (NT$)	73.70	79.02	91.01	110.44	131.52
SPS (NT$)	135.63	147.01	191.70	257.18	311.40
EBITDA/share (NT$)	22.55	26.92	50.34	82.15	103.61
Cash DPS (NT$)	5.30	6.60	5.52	14.65	25.56
Activity					
Sales / avg assets	0.85	0.79	0.87	0.93	0.93
Days receivable	69.7	70.7	60.0	60.0	60.2
Days inventory	44.9	47.7	50.0	50.0	50.1
Days payable	57.4	61.0	55.6	55.6	55.8
Cash cycle	57.2	57.4	54.4	54.4	54.5

Source: Company data; KGI Research estimates

Profit & loss

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**595,410**	**645,388**	**873,958**	**1,188,854**	**1,439,456**
Cost of goods sold	(498,478)	(531,195)	(682,862)	(873,178)	(1,040,616)
Gross profit	**96,932**	**114,193**	**191,096**	**315,676**	**398,840**
Operating expenses	(57,765)	(63,437)	(79,698)	(108,760)	(130,234)
Operating profit	**39,166**	**50,756**	**111,398**	**206,916**	**268,606**
Non-operating income	**4,847**	**4,079**	**7,590**	**4,310**	**4,310**
Interest income	1,884	1,880	1,899	1,910	1,910
Investment income	1,063	933	4,276	2,400	2,400
Other non-op income	1,901	1,266	1,414	-	-
Non-operating expenses	**(2,330)**	**(3,534)**	**(4,053)**	**(9,374)**	**(9,374)**
Interest expense	(6,777)	(7,503)	(9,077)	(9,374)	(9,374)
Investment loss	-	-	-	-	-
Other non-op expenses	4,447	3,969	5,024	-	-
Pre-tax profit	**41,683**	**51,301**	**114,935**	**201,852**	**263,543**
Current taxation	(7,758)	(9,460)	(19,922)	(37,177)	(48,288)
Minorities	(1,443)	(1,182)	(2,626)	(3,532)	(3,532)
Extraordinary items	-	0	0	0	0
Net profit	**32,482**	**40,658**	**92,387**	**161,144**	**211,723**
EBITDA	**98,982**	**118,195**	**229,494**	**379,758**	**478,937**
EPS (NT$)	7.40	9.26	20.26	34.86	45.80

Cash flow

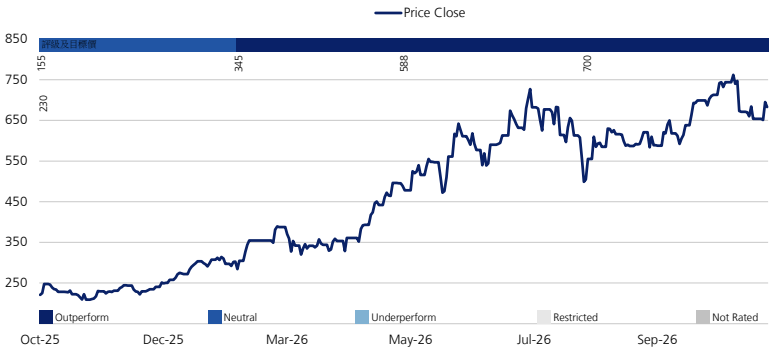
NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	**90,788**	**142,249**	**178,690**	**282,742**	**381,027**
Net profit	32,482	40,658	92,387	161,144	211,723
Depreciation & amortisation	59,815	67,440	118,096	172,842	210,330
Decrease in working capital	(4,856)	(9,916)	(27,516)	(48,844)	(38,626)
Other operating cash flow	3,346	44,067	(4,276)	(2,400)	(2,400)
Investing cash flow	**(83,909)**	**(165,644)**	**(368,127)**	**(391,282)**	**(291,282)**
Sale of ST investment	171	(446)	-	-	-
New investments	(15)	-	-	-	-
Capital expenditure	(79,522)	(164,643)	(368,127)	(391,282)	(291,282)
Others investing cashflow	(4,543)	(556)	-	-	-
Free cash flow	**3,494**	**(69,556)**	**(185,458)**	**(98,477)**	**99,813**
Financing cash flow	**(7,271)**	**45,269**	**125,613**	**114,486**	**5,730**
Increase in short term debt	(4,515)	(5,839)	-	-	-
Increase in long term loans	23,789	70,684	150,000	180,000	120,000
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(22,459)	(23,034)	(24,387)	(65,514)	(114,270)
Other financing cashflow	(4,086)	3,459	-	-	-
Forex effects	**9,600**	**(5,898)**	**-**	**-**	**-**
Total cash generated	**9,208**	**15,976**	**(63,824)**	**5,947**	**95,475**

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	9.7%	9.8%	9.1%	9.1%	9.0%
= Operating margin	**6.6%**	**7.9%**	**12.7%**	**17.4%**	**18.7%**
1 / (Working capital/revenue	0.0	0.0	0.0	0.1	0.1
+ Net PPE/revenue	0.5	0.7	0.8	0.7	0.7
+ Other assets/revenue)	0.0	0.0	0.1	0.1	0.1
= Capital turnover	**1.8**	**1.5**	**1.1**	**1.1**	**1.2**
Operating margin	6.6%	7.9%	12.7%	17.4%	18.7%
x Capital turnover	1.8	1.5	1.1	1.1	1.2
x (1 - tax rate)	81.4%	81.6%	82.7%	81.6%	81.7%
= After-tax ROIC	**9.5%**	**9.4%**	**11.5%**	**15.8%**	**18.4%**

Source: Company data; KGI Research estimates

ASE Technology – Recommendation & target price history



Date	Rating	Target	Price
2026-07-30	Outperform	700	505
2026-04-29	Outperform	588	489
2026-02-05	Outperform	345	284
2025-10-30	Neutral	230	225
2025-07-31	Neutral	155	153
2025-04-30	Outperform	168	136
2025-02-13	Neutral	172	171
2024-10-31	Neutral	157	157
2024-02-01	Neutral	130	133

Source: TEJ; KGI Research

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