KGI

Company update | Thermal · Taiwan

Asia Vital Components

(3017.TW/3017 TT)

Outperform · Maintained

Price as of August 5 (NT$)	2,730
12M target price (NT$)	4,000
Previous target price (NT$)	3,450
Revised up (%)	15.9
Upside (%)	46.5

Key message

1. We expect Asia Vital Components' 2Q26 EPS to beat consensus on higher margins.
2. 3Q26F sales may grow by single digit QoQ, while 4Q26F sales will grow more significantly on Trainium3, TPU v.8, Vera Rubin and MI455 launches.
3. Management guides sales to grow HoH in 2H26F on new projects. We expect higher margins in 2H26-2027F on a rising ASIC sales weighting.

Trading data

Mkt cap (NT$bn/US$mn)	1,077 / 33,220		
Outstanding shares (mn)	394.4		
Foreign ownership (mn)	215		
3M avg. daily trading (mn)	3.14		
52-week trading range (NT$)	935–2,945		
Performance	**3M**	**6M**	**12M**
Absolute (%)	0.9	67.5	179.4
Relative (%)	-8.5	27.2	90.9

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	8.28A	10.30A	13.67A	17.01A
2026	20.17A	23.01F	26.43F	32.82F
2027	31.04F	34.44F	41.83F	52.53F

Share price chart

Source: TEJ

ASIC AI servers in the spotlight for 2H26-2027F

Event

Asia Vital Components (AVC) will report 2Q26 earnings at an investor meeting on August 12. We expect the firm's margins will see impressive QoQ expansion. The firm's 2H26F outlook is positive on several new AI server model rollouts, boosting liquid cooling sales.

Impact

2Q26 EPS revised up on better margins. Despite flat QoQ sales for 2Q26, we expect gross and operating margin to expand by more than 3ppts QoQ thanks to an improved product mix. Based on preliminary EPS of NT$8.03 for May, with pretax margin rising to 28.3% from 24.4% in 1Q26, we expect AVC's 2Q26 gross and operating margin to expand to 33.2% and 27.9%, respectively, given rising production yield rates. With growing NRE income for new designs, we expect 2Q26 EPS of NT$23.01, up 14% QoQ and 126% YoY.

AI server sales growth expected in 2H26F. Management has not offered concrete 3Q26F sales guidance, but expects ASIC AI server sales to be the main sales growth catalyst. On Amazon Web Services' (AWS; US) Trainium3 (T3) ramp-up, AVC will see sales volume and ASP growth, despite the current air-cooled 2.5D VC design. Vera Rubin (VR) liquid cooling shipments may also enter mass production in late-3Q26F. Coupled with new Google's (US) TPU liquid cooling project and AMD's (US) MI455 Helios liquid cooling sales, we expect sales growth of 8% QoQ sales growth in 3Q26F and 18% QoQ in 4Q26F. We also expect 2H26F gross margin to rise from the 2Q26 level, enhancing EPS growth. As such, we revise up 2026F EPS to NT$103.02, up 110% YoY.

ASIC sales to surpass GPU sales in 2027F. AVC is the leading air- and liquid- cooling provider to CSPs and enterprises for GPU and ASIC AI server projects. With liquid cooling adoption increasing for all AI server models, along with the firm's dominant market position for switch trays in AI server racks, we expect strong 2027 sales growth, at 46% YoY. Most T3 racks will utilize air-cooled designs in 2H26F, but T3 liquid cooling sales will grow in 2027F, and liquid-cooling product ASP per chip and per rack is several times that of their air-cooled counterparts. Google's strong TPU demand growth in 2027F, with higher liquid-cooling content value (12 cold plate modules per tray) will be another sales growth driver. Therefore, ASIC liquid cooling demand will increase significantly in 2027F, fueling a gross margin uptrend on more bespoke designs. The firm intends to expand capacity in Vietnam to support strong ASIC AI demand growth. Coupled with rising LPU, CPU racks, CPO and 1.6T switch demand growth in 2027-28F, we expect AVC's server sales weighting to increase to 70-80% in that period. On these developments, we revise up 2027F EPS to NT$159.99, up 55% YoY, reflecting higher margins.

Valuation & Action

We maintain our Outperform rating, and adjust our target price from NT$3,450 to NT$4,000 (25x 2027F EPS), on a wave of AI server liquid cooling demand growth.

Risks

AI server generation schedule delay; NT dollar appreciation; rising raw material costs.

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT$mn)	59,194	71,761	139,639	213,809	311,893
Gross profit (NT$mn)	12,388	16,870	36,034	69,894	106,771
Operating profit (NT$mn)	7,421	10,823	27,556	58,645	91,112
Net profit (NT$mn)	5,305	8,172	19,186	40,350	62,723
EPS (NT$)	14.11	21.21	49.17	103.02	159.99
Cash DPS (NT$)	7.00	10.00	21.00	43.49	67.60
EPS growth (%)	19.7	50.4	131.8	109.5	55.3
PE (x)	193.5	128.7	55.5	26.5	17.1
PB (x)	47.5	36.7	24.4	16.1	10.5
EV/EBITDA (x)	123.7	86.9	37.3	18.5	11.7
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.3	0.4	0.8	1.6	2.5
Return on average equity (%)	28.3	32.1	52.2	71.9	73.3

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2Q26 & 3Q26 forecast revisions vs. consensus

	2Q26F							3Q26F						
NT$mn	Revision	Previous	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	49,121	50,019	(1.8)	0.2	66.0	50,311	(2.4)	53,051	55,021	(3.6)	8.0	36.2	57,219	(7.3)
Gross profits	16,293	15,106	7.9	11.6	125.5	15,422	5.7	17,719	16,946	4.6	8.7	74.2	17,826	(0.6)
Operating income	13,690	12,455	9.9	13.9	168.7	12,524	9.3	14,907	14,030	6.3	8.9	84.4	14,715	1.3
Pretax Income	13,874	12,597	10.1	15.8	135.3	12,828	8.2	14,932	14,173	5.4	7.6	81.7	14,889	0.3
Net income	9,030	8,046	12.2	14.1	125.9	8,572	5.3	10,373	9,653	7.5	14.9	94.3	10,004	3.7
EPS (NT$)	23.01	20.50	12.2	14.1	123.4	21.84	5.3	26.43	24.60	7.5	14.9	93.4	25.49	3.7
Gross margin (%)	33.2	30.2	3.0 ppts	3.4 ppts	8.8 ppts	30.7	2.5 ppts	33.4	30.8	2.6 ppts	0.2 ppts	7.3 ppts	31.2	2.2 ppts
OP margin (%)	27.9	24.9	3.0 ppts	3.4 ppts	10.7 ppts	24.9	3.0 ppts	28.1	25.5	2.6 ppts	0.2 ppts	7.3 ppts	25.7	2.4 ppts
Net margin (%)	18.4	16.1	2.3 ppts	2.2 ppts	4.9 ppts	17.0	1.3 ppts	19.6	17.5	2.0 ppts	1.2 ppts	5.8 ppts	17.5	2.1 ppts

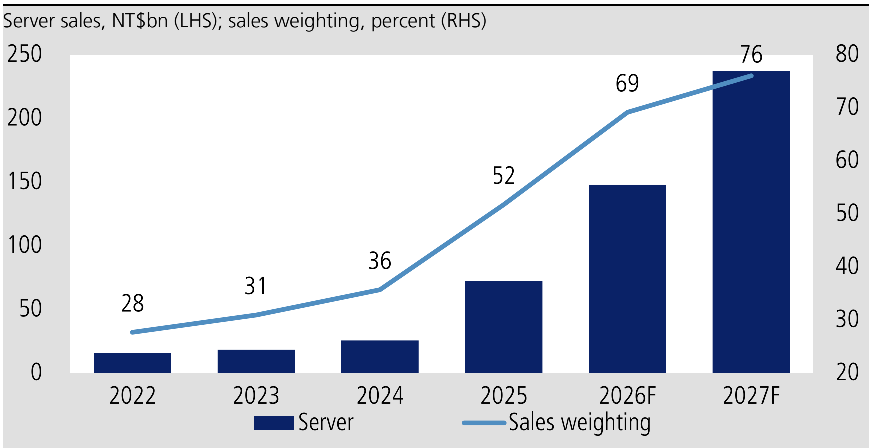
Source: KGI Research estimates; Bloomberg

Figure 2: Breakdown of 2026-27F forecast revisions vs. consensus

	2026F						2027F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	213,809	215,700	(0.9)	53.1	220,747	(3.1)	311,893	300,638	3.7	45.9	300,861	3.7
Gross profit	69,894	65,753	6.3	94.0	67,712	3.2	106,771	92,237	15.8	52.8	95,433	11.9
Operating income	58,645	54,403	7.8	112.8	55,787	5.1	91,112	76,865	18.5	55.4	80,550	13.1
Pretax Income	59,008	54,973	7.3	105.0	56,212	5.0	91,611	77,294	18.5	55.3	81,050	13.0
Net income	40,350	37,010	9.0	110.3	38,063	6.0	62,723	52,023	20.6	55.4	55,242	13.5
EPS (NT$)	103.02	94.49	9.0	109.5	97.18	6.0	159.99	132.70	20.6	55.3	140.91	13.5
Gross margin (%)	32.7	30.5	2.2 ppts	6.9 ppts	30.7	2.0 ppts	34.2	30.7	3.6 ppts	1.5 ppts	31.7	2.5 ppts
OP margin (%)	27.4	25.2	2.2 ppts	7.7 ppts	25.3	2.2 ppts	29.2	25.6	3.6 ppts	1.8 ppts	26.8	2.4 ppts
Net margin (%)	18.9	17.2	1.7 ppts	5.1 ppts	17.2	1.6 ppts	20.1	17.3	2.8 ppts	1.2 ppts	18.4	1.7 ppts

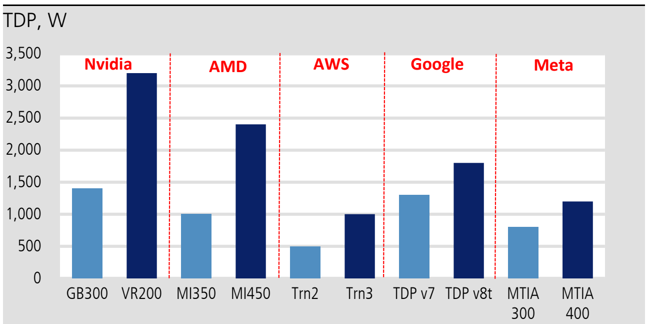
Source: KGI Research estimates; Bloomberg

Figure 3: Server sales growth to continue in 2026-27F



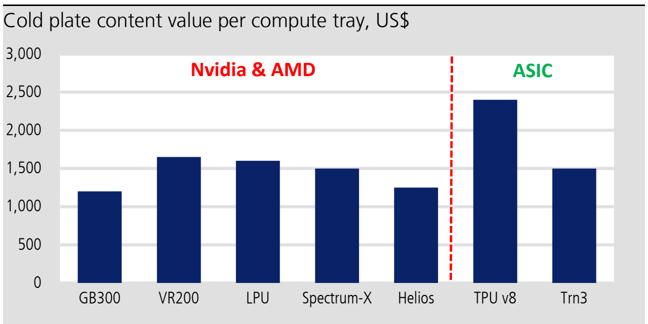
Source: Company data; KGI Research

Figure 4: AI chip TDP rises with each generation; GPU TDP consistently higher than ASIC TDP



Source: Company data; KGI Research estimates

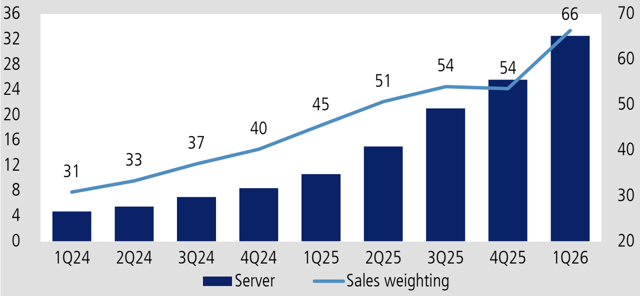
Figure 5: Rising chip TDP is boosting cold plate content value per tray



Source: Company data; KGI Research estimates

Figure 6: AVC's server sales weighting grew QoQ to 66% in 1Q26

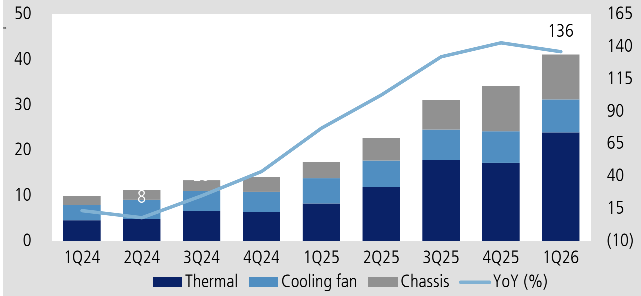
Server sales, NT$bn (LHS); server sales weighting, percent (RHS)



Source: Company data; KGI Research estimates

Figure 7: Thermal & mechanical group (TMG) sales rose by 136% YoY in 1Q26

TMG sales, NT$bn (LHS); sales growth YoY, percent (RHS)



Source: Company data; KGI Research estimates

Figure 8: Peer comparison – Valuations

Sector	Company	Ticker	Market cap. (US$mn)	Share price (LCY)	Rating	Target Price (LCY)	EPS (LCY)			EPS YoY (%)			PE (x)			PB (x)			ROE (%)			Cash yield (%)	
							2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F
Cooling fan	Sunonwealth	2421 TT	1,279.4	140.5	Outperform	182.0	7.94	11.21	13.10	45.4	41.2	16.9	17.7	12.5	10.7	4.3	3.9	3.6	25.8	32.8	34.7	0.0	5.7
	Nidec Corp*	6594 JP	21,030.2	2785.0	Not rated	N.A.	143.06	112.39	161.44	(2.0)	(21.4)	43.6	19.5	24.8	17.3	1.8	1.8	1.6	7.2	7.5	9.7	1.4	0.0
	Minebea Mitsumi*	6479 JP	11,076.6	4096.0	Not rated	N.A.	246.60	174.38	219.94	67.1	(29.3)	26.1	16.6	23.5	18.6	1.8	2.1	1.7	13.1	9.0	9.6	1.2	1.2
Thermal module/ Cooling fan	AVC	3017 TT	34,008.5	2730.0	Outperform	4000.0	49.17	103.02	159.99	131.8	109.5	55.3	55.5	26.5	17.1	24.4	16.1	10.5	52.2	71.9	73.3	0.8	1.6
	Delta Elec	2308 TT	136,014.3	1650.0	Outperform	2505.0	23.14	40.57	66.29	70.6	75.3	63.4	71.3	40.7	24.9	16.0	12.1	9.1	24.1	33.9	41.7	0.7	1.2
Thermal module	Taiwan Microloops	6831 TT	1,278.8	597.0	Not rated	N.A.	4.94	15.29	37.52	174.4	209.5	145.4	120.9	39.0	15.9	14.3	11.5	7.5	13.7	32.2	57.2	0.5	1.5
	Auras	3324 TT	2,850.4	965.0	Outperform	1450.0	28.26	59.27	81.87	33.1	109.7	38.1	34.1	16.3	11.8	8.1	6.3	4.8	25.7	43.5	46.5	1.2	2.6
	Foxconn Tech*	2354 TT	2,491.3	55.5	Not rated	N.A.	2.32	N.M.	N.M.	(8.3)	N.A.	N.A.	23.9	N.A.	N.A.	0.7	N.A.	N.A.	2.7	N.M.	N.M.	2.7	N.A.
	Fujikura Ltd*	5803 JP	57,022.0	5073.0	Not rated	N.A.	94.93	92.44	145.85	(71.3)	(2.6)	57.8	53.4	54.9	34.8	15.0	16.1	11.9	32.5	32.7	38.1	0.7	0.7
	Furukawa Elect*	5801 JP	17,535.8	3919.0	Not rated	N.A.	103.02	74.85	125.84	(78.2)	(27.3)	68.1	38.0	52.4	31.1	6.6	7.1	5.6	19.1	14.8	19.9	0.5	0.4
Graphite	Jones Tech Plc-A*	300684 CH	2,083.5	47.2	Not rated	N.A.	1.14	1.53	2.20	68.1	34.6	43.8	41.5	30.8	21.5	6.3	5.8	5.0	15.8	20.0	25.3	1.6	1.9
	Shenzhen Frd Sci*	300602 CH	3,136.6	36.3	Not rated	N.A.	0.63	1.10	2.09	90.9	74.6	90.0	57.6	33.0	17.4	5.1	N.A.	N.A.	9.7	13.9	21.4	0.2	N.A.

**Bloomberg consensus*

Source: KGI Research estimates

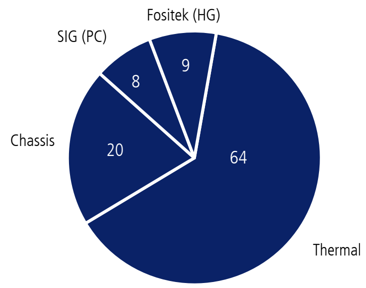
Figure 9: Company profile

Established in 1991, Asia Vital Components (AVC) is primarily a thermal solutions provider for 3C (14% of 2025 sales), servers (52%), networking (7%), and others (2%). Thermal products include thermal modules, cooling fans, and VC. Thermal (module and cooling fan) business contributed 57% of 2025 revenue. AVC also provides chassis and cabinets (18% of 2025 sales), system assemblies and manufacturer interface peripherals (16%), and hinges (9%) from subsidiary Fositek (6805 TT, NT$1,780, OP).

Source: KGI Research

Figure 10: The combined thermal module & chassis sales weighting rose to 84% in 1Q26

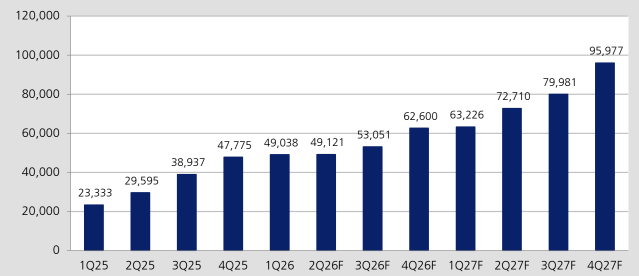
1Q26 sales weighting, percent



Source: Company data; KGI Research

Figure 11: Sales

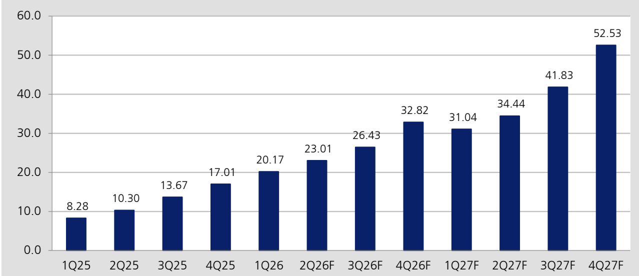
Sales, NT$mn



Source: KGI Research

Figure 12: EPS

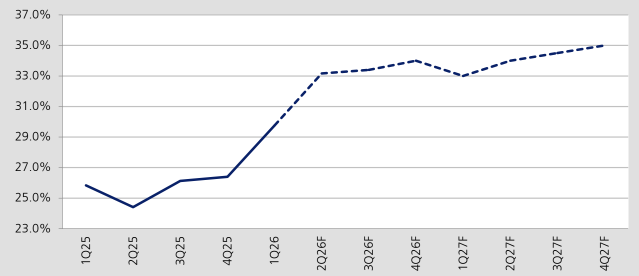
EPS, NT$



Source: KGI Research

Figure 13: Gross Margin

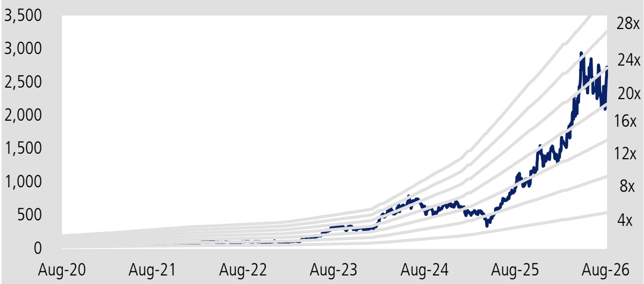
Gross margin, percent



Source: KGI Research

Figure 14: Rolling PE

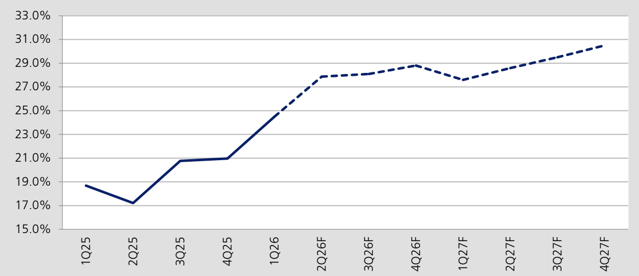
Rolling PE, times



Source: KGI Research

Figure 15: Operating Margin

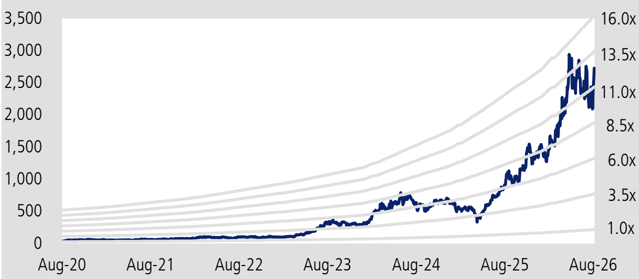
Operating margin, percent



Source: KGI Research

Figure 16: Rolling PB

Rolling PB, times



Source: KGI Research

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26F	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**49,038**	**49,121**	**53,051**	**62,600**	**63,226**	**72,710**	**79,981**	**95,977**	**139,639**	**213,809**	**311,893**
Cost of goods sold	(34,441)	(32,828)	(35,332)	(41,316)	(42,361)	(47,988)	(52,387)	(62,385)	(103,605)	(143,916)	(205,122)
Gross profit	**14,597**	**16,293**	**17,719**	**21,284**	**20,864**	**24,721**	**27,593**	**33,592**	**36,034**	**69,894**	**106,771**
Operating expenses	(2,578)	(2,603)	(2,812)	(3,255)	(3,414)	(3,926)	(3,999)	(4,319)	(8,478)	(11,249)	(15,658)
Operating profit	**12,019**	**13,690**	**14,907**	**18,029**	**17,450**	**20,795**	**23,594**	**29,273**	**27,556**	**58,645**	**91,112**
Depreciation of fixed assets	(996)	(827)	(827)	(658)	(1,307)	(1,307)	(1,307)	(1,307)	(3,186)	(3,308)	(5,228)
Amortisation of intangible assets	(19)	(17)	(17)	(15)	(17)	(17)	(17)	(17)	(60)	(69)	(69)
EBITDA	**13,034**	**14,534**	**15,751**	**18,702**	**18,775**	**22,119**	**24,918**	**30,597**	**30,802**	**62,022**	**96,409**
Interest income	187	191	191	194	187	187	187	187	697	762	748
Investment income	-	8	8	15	8	8	8	8	-	30	30
Other non-op income	324	250	50	76	200	200	200	200	1,022	700	800
Non-operating income	**511**	**448**	**248**	**285**	**394**	**394**	**394**	**394**	**1,719**	**1,492**	**1,578**
Interest expense	(197)	(195)	(195)	(193)	(203)	(203)	(203)	(203)	(606)	(779)	(811)
Investment loss	(6)	(19)	(19)	(31)	(17)	(17)	(17)	(17)	(94)	(75)	(68)
Other non-op expenses	(348)	(50)	(10)	(20)	(50)	(50)	(50)	(50)	212	(275)	(200)
Non-operating expenses	**(551)**	**(264)**	**(224)**	**(244)**	**(270)**	**(270)**	**(270)**	**(270)**	**(489)**	**(1,130)**	**(1,079)**
Pre-tax profit	**11,979**	**13,874**	**14,932**	**18,070**	**17,575**	**20,920**	**23,719**	**29,397**	**28,786**	**59,008**	**91,611**
Current taxation	(3,304)	(4,162)	(3,733)	(4,172)	(4,394)	(6,276)	(5,930)	(7,238)	(7,836)	(15,372)	(23,837)
Minorities	(759)	(682)	(826)	(1,019)	(1,001)	(1,128)	(1,375)	(1,546)	(1,764)	(3,286)	(5,051)
Normalised net profit	**7,916**	**9,030**	**10,373**	**12,879**	**12,180**	**13,516**	**16,414**	**20,613**	**19,186**	**40,350**	**62,723**
Extraordinary items	(0)	-	-	0	-	-	-	-	-	-	-
Net profit	**7,916**	**9,030**	**10,373**	**12,879**	**12,180**	**13,516**	**16,414**	**20,613**	**19,186**	**40,350**	**62,723**
EPS (NT$)	20.17	23.01	26.43	32.82	31.04	34.44	41.83	52.53	49.17	103.02	159.99
Margins (%)											
Gross profit margin	29.8	33.2	33.4	34.0	33.0	34.0	34.5	35.0	25.8	32.7	34.2
Operating margin	24.5	27.9	28.1	28.8	27.6	28.6	29.5	30.5	19.7	27.4	29.2
EBITDA margin	26.6	29.6	29.7	29.9	29.7	30.4	31.2	31.9	22.1	29.0	30.9
Pretax profit margin	24.4	28.2	28.1	28.9	27.8	28.8	29.7	30.6	20.6	27.6	29.4
Net profit margin	16.1	18.4	19.6	20.6	19.3	18.6	20.5	21.5	13.7	18.9	20.1
Sequential growth (%)											
Revenue growth	2.6	0.2	8.0	18.0	1.0	15.0	10.0	20.0			
Gross profit growth	15.8	11.6	8.7	20.1	(2.0)	18.5	11.6	21.7			
Operating profit growth	20.0	13.9	8.9	20.9	(3.2)	19.2	13.5	24.1			
EBITDA growth	19.3	11.5	8.4	18.7	0.4	17.8	12.7	22.8			
Pretax profit growth	19.2	15.8	7.6	21.0	(2.7)	19.0	13.4	23.9			
Net profit growth	19.3	14.1	14.9	24.2	(5.4)	11.0	21.4	25.6			
YoY growth (%)											
Revenue growth	110.2	66.0	36.2	31.0	28.9	48.0	50.8	53.3	94.6	53.1	45.9
Gross profit growth	142.2	125.5	74.2	68.8	42.9	51.7	55.7	57.8	113.6	94.0	52.8
Operating profit growth	175.6	168.7	84.4	80.0	45.2	51.9	58.3	62.4	154.6	112.8	55.4
EBITDA growth	154.5	149.1	76.7	71.1	44.0	52.2	58.2	63.6	131.8	101.4	55.4
Pretax profit growth	159.3	135.3	81.7	79.8	46.7	50.8	58.8	62.7	133.1	105.0	55.3
Net profit growth	146.3	125.9	94.3	94.1	53.9	49.7	58.2	60.1	134.8	110.3	55.4

Source: Company data; KGI Research estimates

Balance sheet

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	**71,667**	**99,906**	**160,137**	**215,254**	**295,266**
Current assets	**54,892**	**76,092**	**126,176**	**169,643**	**238,027**
Cash & ST securities	29,091	31,999	60,442	78,177	108,754
Inventory	17,235	33,397	49,572	68,860	98,145
Accounts receivable	6,533	7,767	12,133	18,577	27,099
Other current assets	2,033	2,929	4,029	4,029	4,029
Non-current assets	**16,775**	**23,813**	**33,960**	**45,611**	**57,238**
LT investments	664	1,432	986	945	800
Net fixed assets	11,350	13,805	17,849	29,541	41,313
Other assets	4,760	8,576	15,125	15,125	15,125
Total liabilities	**45,820**	**66,433**	**109,572**	**138,373**	**177,535**
Current liabilities	**36,833**	**58,288**	**97,495**	**126,414**	**164,400**
Accounts payable	18,773	28,884	48,109	66,827	95,249
Interest bearing ST liabilities	7,583	13,130	16,311	17,427	17,388
Other current liabilities	10,478	16,275	33,075	42,160	51,763
Non-current liabilities	**8,987**	**8,145**	**12,076**	**11,959**	**13,136**
Long-term debt	5,377	3,349	6,949	6,831	8,008
Other L-T liabilities	2,740	2,835	3,279	3,279	3,279
Total equity	**25,847**	**33,473**	**50,565**	**76,881**	**117,730**
Share capital	3,833	3,883	3,983	3,983	3,983
Retained earnings reserve	12,893	18,300	34,808	57,838	93,637
Minority interests	3,817	4,602	5,964	9,250	14,300
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	5.7%	21.2%	94.6%	53.1%	45.9%
Operating profit growth	17.7%	45.8%	154.6%	112.8%	55.4%
EBITDA growth	16.9%	41.7%	131.8%	101.4%	55.4%
Net profit growth	27.4%	54.1%	134.8%	110.3%	55.4%
EPS growth	19.7%	50.4%	131.8%	109.5%	55.3%
Profitability					
Gross profit margin	20.9%	23.5%	25.8%	32.7%	34.2%
Operating margin	12.5%	15.1%	19.7%	27.4%	29.2%
EBITDA margin	15.8%	18.5%	22.1%	29.0%	30.9%
Net profit margin	9.0%	11.4%	13.7%	18.9%	20.1%
Return on average assets	8.0%	9.5%	14.8%	21.5%	24.6%
Return on average equity	28.3%	32.1%	52.2%	71.9%	73.3%
Stability					
Gross debt to equity	50.1%	49.2%	46.0%	31.6%	21.6%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	19.5	29.1	48.5	76.7	113.9
Interest & ST debt coverage (x)	0.5	0.5	0.6	0.8	0.8
Cash flow interest coverage(x)	23.8	21.9	65.0	47.2	72.3
Cash flow/int. & ST debt (x)	1.3	0.7	2.3	2.0	3.2
Current ratio (x)	1.5	1.3	1.3	1.3	1.4
Quick ratio (x)	1.0	0.7	0.8	0.8	0.9
Net debt (NT$mn)	(13,997)	(13,445)	(35,270)	(52,006)	(81,446)
Per share data					
EPS (NT$)	14.11	21.21	49.17	103.02	159.99
CFPS (NT$)	27.45	25.00	101.01	93.85	149.66
BVPS (NT$)	57.47	74.36	111.99	169.81	259.70
Adj BVPS (NT$)	58.58	74.93	114.30	172.67	263.83
SPS (NT$)	157.41	186.24	357.86	545.88	795.57
EBITDA/share (NT$)	24.93	34.48	78.94	158.35	245.92
Cash DPS (NT$)	7.00	10.00	21.00	43.49	67.60
Activity					
Sales / avg assets	0.90	0.84	1.07	1.14	1.22
Days receivable	40.3	39.6	31.7	31.7	31.7
Days inventory	134.4	222.7	174.6	174.6	174.6
Days payable	146.4	192.6	169.5	169.5	169.5
Cash cycle	28.3	69.7	36.9	36.9	36.9

Source: Company data; KGI Research estimates

Profit & loss

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	**59,194**	**71,761**	**139,639**	**213,809**	**311,893**
Cost of goods sold	(46,806)	(54,891)	(103,605)	(143,916)	(205,122)
Gross profit	**12,388**	**16,870**	**36,034**	**69,894**	**106,771**
Operating expenses	(4,967)	(6,048)	(8,478)	(11,249)	(15,658)
Operating profit	**7,421**	**10,823**	**27,556**	**58,645**	**91,112**
Non-operating income	**1,416**	**2,248**	**1,719**	**1,492**	**1,578**
Interest income	388	553	697	762	748
Investment income	55	54	-	30	30
Other non-op income	974	1,641	1,022	700	800
Non-operating expenses	**(812)**	**(720)**	**(489)**	**(1,130)**	**(1,079)**
Interest expense	(434)	(439)	(606)	(779)	(811)
Investment loss	(26)	(46)	(94)	(75)	(68)
Other non-op expenses	(353)	(234)	212	(275)	(200)
Pre-tax profit	**8,025**	**12,352**	**28,786**	**59,008**	**91,611**
Current taxation	(2,211)	(3,159)	(7,836)	(15,372)	(23,837)
Minorities	(510)	(1,020)	(1,764)	(3,286)	(5,051)
Extraordinary items	-	(0)	0	-	-
Net profit	**5,305**	**8,172**	**19,186**	**40,350**	**62,723**
EBITDA	**9,375**	**13,285**	**30,802**	**62,022**	**96,409**
EPS (NT$)	14.11	21.21	49.17	103.02	159.99

Cash flow

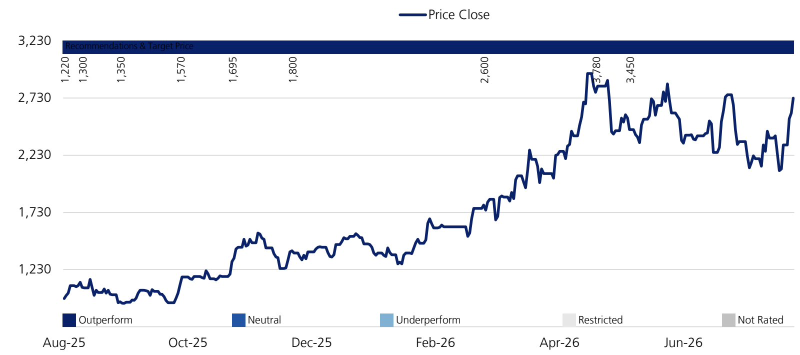
NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	**10,324**	**9,632**	**39,415**	**36,759**	**58,672**
Net profit	5,305	8,172	19,186	40,350	62,723
Depreciation & amortisation	1,954	2,463	3,246	3,377	5,297
Decrease in working capital	2,231	(8,951)	(4,761)	(7,014)	(9,386)
Other operating cash flow	834	7,948	21,744	45	38
Investing cash flow	**(3,907)**	**(7,669)**	**(13,336)**	**(15,073)**	**(16,962)**
Sale of ST investment	(27)	(72)	-	-	-
New investments	(50)	(226)	217	(4)	107
Capital expenditure	(3,657)	(4,540)	(7,267)	(15,000)	(17,000)
Others investing cashflow	(173)	(2,832)	(6,286)	(69)	(69)
Free cash flow	**5,840**	**(3,052)**	**11,213**	**24,662**	**46,247**
Financing cash flow	**872**	**200**	**2,620**	**(3,951)**	**(11,132)**
Increase in short term debt	573	2,619	5,777		
Increase in long term loans	(2,078)	720	1,277	999	1,138
New ordinary shares issued	2,850	-	-		
Ordinary dividends paid	(1,915)	(2,683)	(3,877)	(8,236)	(17,320)
Other financing cashflow	1,441	(456)	(557)	3,286	5,051
Forex effects	**(381)**	**803**	**(93)**		
Total cash generated	**6,908**	**2,967**	**28,606**	**17,735**	**30,577**

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	8.4%	8.4%	6.1%	5.3%	5.0%
= Operating margin	**12.5%**	**15.1%**	**19.7%**	**27.4%**	**29.2%**
1 / (Working capital/revenue	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)
+ Net PPE/revenue	0.2	0.2	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.1	0.1	0.0	0.0
= Capital turnover	**6.2**	**4.3**	**11.2**	**9.7**	**9.3**
Operating margin	12.5%	15.1%	19.7%	27.4%	29.2%
x Capital turnover	6.2	4.3	11.2	9.7	9.3
x (1 - tax rate)	72.5%	74.4%	72.8%	74.0%	74.0%
= After-tax ROIC	**56.7%**	**47.9%**	**161.5%**	**196.8%**	**200.6%**

Source: Company data; KGI Research estimates

AVCsia Vital Components – Recommendation & target price history



Date	Rating	Target	Price
2026-05-15	Outperform	3,450	2,455
2026-04-28	Outperform	3,780	2,780
2026-03-12	Outperform	2,600	1,875
2026-03-03	Outperform	2,600	1,795
2025-11-27	Outperform	1,800	1,395
2025-10-28	Outperform	1,695	1,300
2025-10-02	Outperform	1,570	1,100
2025-09-02	Outperform	1,350	949
2025-08-14	Outperform	1,300	1,075
2025-08-05	Outperform	1,220	977

Source: TEJ; KGI Research

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