IT Hardware

Better-than-expected margins of motherboard & graphics card makers near term; server to drive up 2027F earnings

Key message

1. Global PC shipments fell 14% QoQ in 3Q26, below our expectations. We forecast shipments to decline 12% QoQ in 4Q26F and 14% YoY in 2026F. Amid rising component costs, we expect PC brands to continue raising prices in 2027F. We also note that ODMs' new NB projects for 2027F have declined by at least 10-20%. Thus, we forecast global PC shipments to fall 12% next year.
2. Motherboard and graphics card shipments recovered QoQ in 3Q26. We expect motherboard shipments to be flat to slightly down QoQ in 4Q26F, while graphics card shipments will decline QoQ due to tight GPU supply. Motherboard shipments may grow by single digits next year on a new desktop CPU launch (higher pin count). However, graphics card shipments may fall by single digits YoY due to limited new products.
3. With better-than-expected consumer product gross margins in 3Q-4Q26F, we revise up motherboard and graphics card plays' 2026F earnings. As all related firms are seeing strong AI server demand, we revise up 2027F earnings.

Event

Global PC demand fell 14% QoQ in 3Q26, weaker than our expectation. But motherboard and graphics card shipments rose QoQ, despite falling YoY. We expect price hikes and an increased proportion of high-end models in the mix to drive up the gross margins of motherboard and graphics card brands in 3Q26F, likely surpassing our estimates. These brands are also seeing stronger AI server demand, which will be a key earnings driver in 2027F.

Impact

Weak PC demand in 4Q26-2027F. According to Gartner, 3Q26 global PC shipments fell by 24% YoY and 14% QoQ to 55.4mn units, shy of our forecast by 8%. Asustek's (2357 TT, NT$975, OP) shipments grew by 7% QoQ, in line with guidance, outperforming peers given the firm's higher gaming PC exposure, where consumers are less price sensitive. However, other brands' PC shipments fell sharply QoQ, including Apple (US; down 23% QoQ), HPQ (US; down 20% QoQ) and Dell (US; down 19% QoQ). In 1Q-3Q26, global PC shipments declined by 8% YoY, and only Apple's shipments grew by 12% YoY, surpassing peers due to strong 1H26 consumer pull-in demand. With memory and CPU component costs likely to continue rising, we expect PC retail prices to rise by 5-10% QoQ in 3Q-4Q26F, and we note that PC brands have cut PC component orders (such as IC) in 2H26F. We forecast 4Q26F global PC shipments to decline 12% QoQ, while Asustek may keep outperforming peers given higher gaming exposure. We forecast 2026F PC shipments to fall by 14% YoY, to 232.1mn units. As memory prices may rise by a single-digit percentage QoQ in 1Q-4Q27F, PC brands may keep increasing prices or de-spec new models to secure profitability. Meanwhile, we believe ODMs' new NB model shipments will keep declining in 2027F, by an estimated 10-20% at least, and PC brands may extend lifecycles for older models. We expect 1Q-2Q27F PC shipments to be at a similar level as 4Q26F, implying a 28% YoY decline, and global demand may not see a QoQ recovery until 3Q-4Q27F. We forecast 2027F PC shipments to fall by 12% YoY, to 204.9mn units. However, brands' sales and margins may be impacted less given ASP hikes.

Motherboard shipments recovery in 3Q-4Q26F; graphics card under GPU supply constraints. Based on our supply chain checks, global motherboard sales declined 20-30% YoY in 1H26, as components shortages hindered motherboard replacement demand and channels cleared inventories. However, despite limited new product launches, motherboard brands still benefited from peak seasonality in 3Q26, with shipments up by double digits QoQ. We expect shipments to grow QoQ in 4Q26F. Meanwhile, brands have increased prices by 10% since October, benefiting gross margins in 4Q26F. Thanks to Intel's (US) new desktop CPU (Nova Lake) launch in 2027F, which boasts a pin count upgrade from 1,851 pins to 1,954 pins, we expect motherboard shipments to recover next year, after a 20-30% decline in 2026F. For graphics card, according to JPR Research, global shipments grew 17% YoY in 1H26, as customers bought in advance to avoid continuing price hikes. However, brand shipments fell by double digits YoY in 1H26, implying that channels were selling inventories. While we note that graphics card demand recovered QoQ in 3Q26, given limited GPU supply we forecast shipments will be flat/ down QoQ in 4Q26F. Brands increased prices by 20-30% in 3Q26, and we see prices continuing up on rising costs and tight GPU supply. For new GPU products, Nvidia (US) will launch a RTX 5080 24GB version in 1Q27F, though the RTX-60 series may postpone to late-2027F or 2028F. In addition, AMD (US) will launch a new GPU in 3Q27F. With limited new product launches, we forecast global graphics card shipments to fall in the single digits next year, after a 10-20% shipments decline this year. But with a bigger share of high-end models and rising ASPs, brands' graphics card sales may still grow YoY in 2027F.

We revise up 3Q-4Q26F earnings on better consumer product margins; a brighter server sales outlook to drive upward revisions of 2027F sales & earnings. In 3Q26, Gigabyte's (2376 TT, NT$347, OP) sales rose 7% QoQ, ahead of our forecast by 3%, while Asrock's (3515 TT, NT$221.5, OP) sales grew 68% QoQ, beating our forecast by 12%, both driven by stronger AI server pull-in demand. MSI's (2377 TT, NT$158, N) sales were up 14% QoQ, beating our forecast by 6% on better-than-expected motherboard shipments. However, Asustek's sales rose only 7% QoQ, below our forecast by 5% due to AI server project delays to October (Figure 12). We note PC, motherboard and graphics card price hikes in 3Q26, and we now think this will drive up the gross margins of most brands QoQ, likely beating market consensus and our previous expectations. We have raised our 3Q26F gross margin and EPS forecasts for the above-mentioned four firms (Figure 13). In 4Q26F, we expect motherboard, graphics card and PC shipments to fall QoQ, though related revenue may decline less than shipments QoQ thanks to higher ASPs. Server sales look to keep growing QoQ on strong demand, and we forecast that suppliers with a higher server sales weighting, such as Gigabyte and Asrock, will see sales growth QoQ in 4Q26F. We expect all branded suppliers will benefit from strong server demand from tier-2 and CSP, neocloud and enterprise plays, with server order visibility extending to 1H27F. These firms all plan capacity expansion in 2027F. To reflect higher server sales forecasts, we have revised up brands' 2026-27F EPS forecasts (see pages 6-10).

Stocks for Action

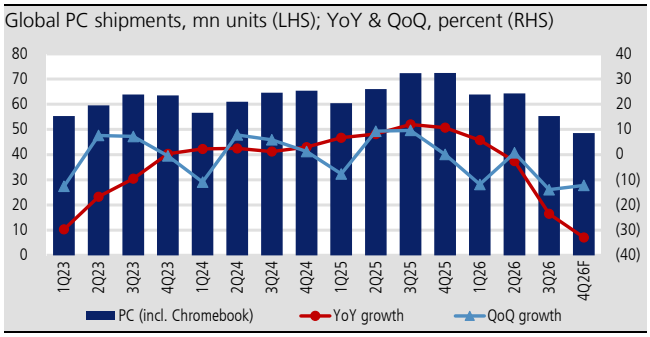
We believe better-than-expected motherboard, graphics card and PC gross margins will support a share re-rating in the near term. For the long term, we prefer firms with a higher server sales weighting, namely Gigabyte (82-83% in 2027F), Asrock (74%) and Asustek (45%), with target prices of NT$535, NT$290 and NT$1,130, respectively, and Outperform ratings. We maintain a Neutral rating on MSI with target price of NT$175 given its higher consumer product sales weighting of over 80%, and we don't expect buoyant gross margins for consumer products to last into 2027F.

Risks

Weak consumer product demand; rising components prices; tariff issues.

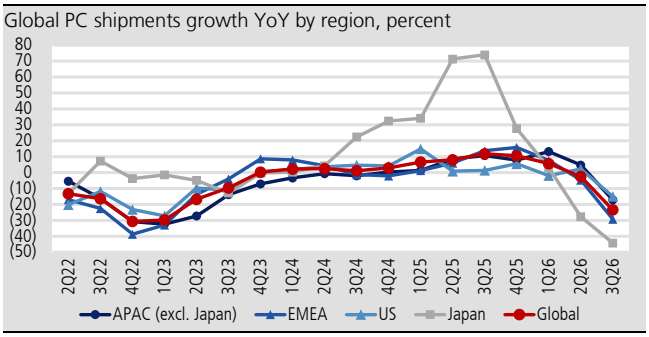
PC market data

Figure 1: Global PC (incl. Chromebook) shipments fell by 24% YoY & 14% QoQ in 3Q26, shy of our forecast



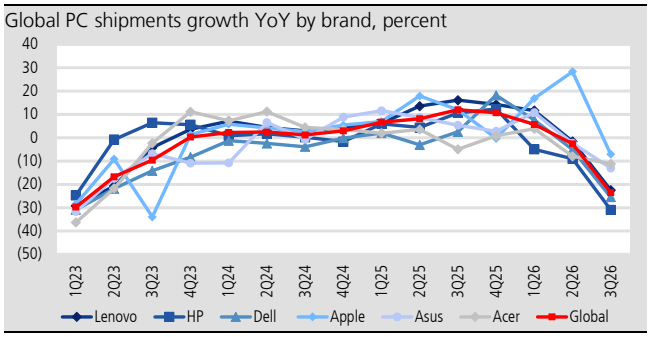
Source: Gartner; KGI Research

Figure 2: US & APAC demand fell by 15-17% YoY in 3Q26, outperforming other regions



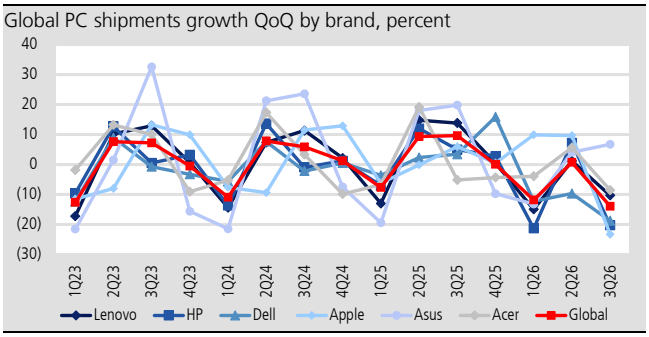
Source: Gartner; KGI Research

Figure 3: Apple, Asustek & Acer shipments fell less YoY than other brands in 3Q26



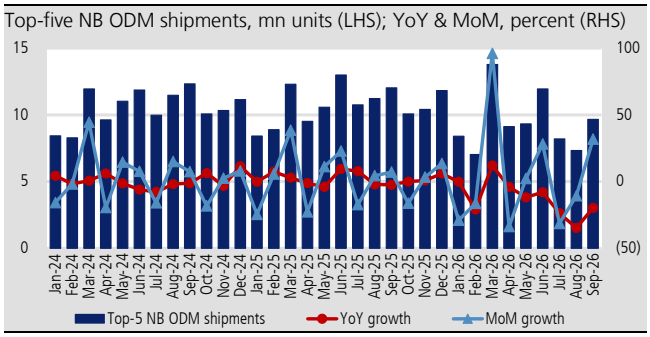
Source: Gartner; KGI Research

Figure 4: Only Asustek's PC shipments grew QoQ in 3Q26, while other brand shipments shrank by double digits QoQ



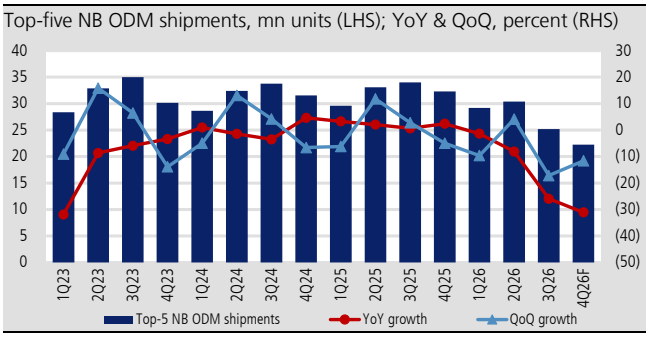
Source: Gartner; KGI Research

Figure 5: Taiwan top-five NB ODM shipments declined by 20% YoY but rose 32% MoM in September



Source: Gartner; KGI Research

Figure 6: NB ODM shipments fell by 26% YoY & 17% QoQ in 3Q26 due to early pull-in demand in 1H26



Source: Company data; KGI Research

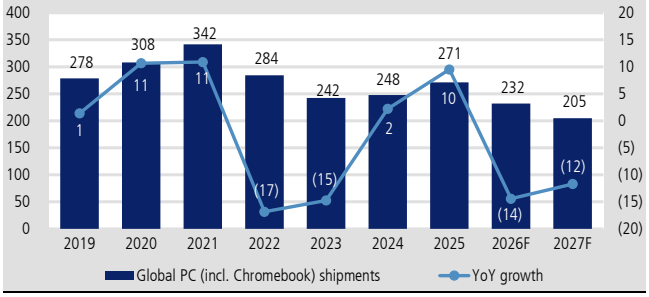
Figure 7: 3Q26 NB shipments of top-five ODMs fell 26% YoY & 17% QoQ, below our forecast; we forecast 4Q26F ODM shipments to drop by 12% QoQ

NB shipment (mn units)																
Ticker	Company	Jul-26	Aug-26	Sep-26	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26F	2024	2025	1-3Q26	2026F	2027F
2382 TT	Compal	1.8	1.4	1.7	7.0	7.1	7.1	6.8	5.9	6.2	4.9	4.6	32.3	24.1	17.0	21.6	17.9
2324 TT	Inventec	1.6	1.5	1.8	5.0	5.6	5.4	5.3	5.4	5.4	4.9	4.5	20.0	21.3	15.7	20.2	18.1
3231 TT	Quanta	2.8	2.6	4.2	10.8	12.1	12.7	10.9	10.0	11.5	9.6	8.2	45.9	46.5	31.1	39.3	34.5
2356 TT	Wistron	1.6	1.4	1.5	4.9	5.9	6.4	6.9	6.1	5.5	4.5	3.9	20.2	24.1	16.1	20.0	16.2
4938 TT	Pegatron	0.4	0.4	0.5	1.9	2.4	2.4	2.4	1.8	1.8	1.3	1.1	8.0	9.1	4.9	6.0	5.1
	Top-5 NB ODM	**8.2**	**7.3**	**9.7**	**29.6**	**33.1**	**34.0**	**32.3**	**29.2**	**30.4**	**25.2**	**22.3**	**126.4**	**129.0**	**84.8**	**107.1**	**91.9**
YoY (%)																	
2382 TT	Compal	(21.7)	(39.1)	(32.0)	(6.7)	(18.4)	(14.5)	(12.8)	(15.7)	(12.7)	(31.0)	(32.4)	(4.7)	(13.3)	(19.8)	(10.4)	(17.0)
2324 TT	Inventec	(5.9)	(16.7)	(5.3)	11.1	14.3	3.8	(1.9)	8.0	(3.6)	(9.3)	(16.0)	7.0	6.5	(1.9)	(5.4)	(10.0)
3231 TT	Quanta	(30.0)	(36.6)	(8.7)	2.9	3.4	0.8	(1.8)	(7.4)	(5.0)	(24.4)	(24.8)	(2.1)	1.3	(12.6)	(15.5)	(12.2)
2356 TT	Wistron	(20.0)	(36.4)	(31.8)	6.5	15.7	23.1	30.2	24.5	(6.8)	(29.7)	(43.5)	5.8	19.3	(6.4)	(17.0)	(19.0)
4938 TT	Pegatron	(46.7)	(48.5)	(44.2)	22.3	18.5	(3.0)	23.6	(5.0)	(24.2)	(46.5)	(53.7)	(0.3)	13.8	(26.8)	(33.9)	(15.0)
	Top-5 NB ODM	**(23.7)**	**(34.7)**	**(19.7)**	**3.3**	**2.1**	**0.7**	**2.4**	**(1.3)**	**(8.1)**	**(25.9)**	**(31.1)**	**(0.2)**	**2.1**	**(12.3)**	**(17.0)**	**(14.2)**
QoQ (%)																	
2382 TT	Compal				(10.3)	1.4	0.0	(4.2)	(13.2)	5.1	(21.0)	(6.1)					
2324 TT	Inventec				(7.4)	12.0	(3.6)	(1.9)	1.9	0.0	(9.3)	(9.2)					
3231 TT	Quanta				(2.7)	12.0	5.0	(14.2)	(8.3)	15.0	(16.5)	(14.6)					
2356 TT	Wistron				(7.5)	20.4	8.5	7.8	(11.6)	(9.8)	(18.2)	(13.3)					
4938 TT	Pegatron				(2.8)	25.3	1.1	0.4	(25.3)	0.0	(28.6)	(13.2)					
	Top-5 NB ODM				**(6.2)**	**11.8**	**2.8**	**(5.0)**	**(9.6)**	**4.1**	**(17.2)**	**(11.6)**					
MoM (%)																	
2324 TT	Compal	(25.0)	(22.2)	21.4													
2356 TT	Inventec	(33.3)	(6.3)	20.0													
2382 TT	Quanta	(37.8)	(7.1)	61.5													
3231 TT	Wistron	(20.0)	(12.5)	7.1													
4938 TT	Pegatron	(38.5)	6.3	8.2													
	Top-5 NB ODM	**(31.4)**	**(10.7)**	**31.9**													

Source: Company data; KGI Research estimates

Figure 8: We forecast 2026F PC shipments to decline by 14% YoY, and expect 2027F shipments to decline by 12% YoY

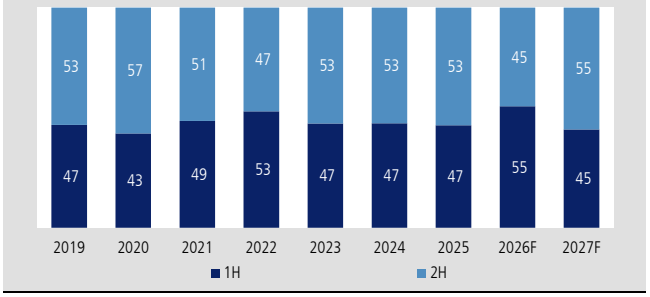
Global PC (incl. Chromebook) shipments, mn units (LHS); YoY growth, percent (RHS)



Source: Gartner; KGI Research estimates

Figure 9: 2H26F PC shipments to decline HoH on earlier pull-in consumption; seasonality to return to normal in 2027F

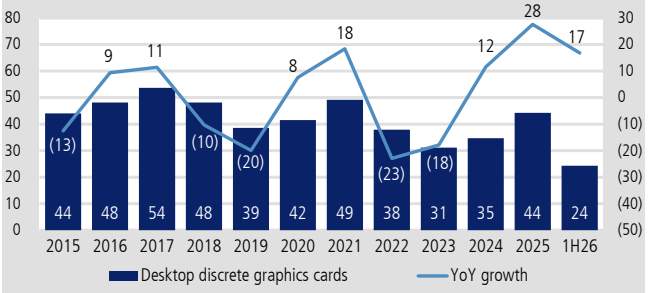
Global PC (incl. Chromebook) shipments weighting by half year, percent



Source: Gartner; KGI Research estimates

Figure 10: Global graphics card shipments grew 17% YoY in 1H26 due to early pull-forward demand

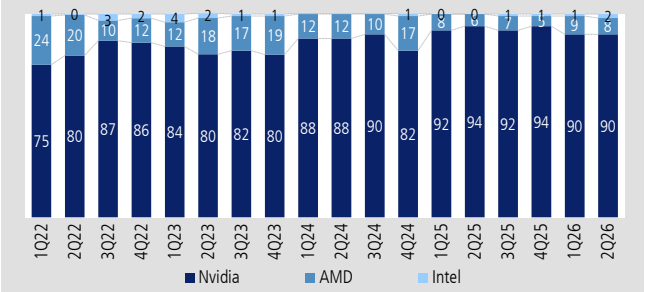
Global graphics card shipments, mn units (LHS); YoY growth, percent (RHS)



Source: JPR Research; KGI Research

Figure 11: Nvidia maintains graphics card market leadership with over 90% market share

Market share, percent



Source: JPR Research; KGI Research

Company update

Figure 12: Gigabyte's & Asrock's 3Q26 sales were above our forecast thanks to strong AI server demand; better-than-expected motherboard shipments drove MSI's sales to beat expectation

Ticker	Company	July	August	September	MoM (%)	YoY (%)	3Q26 sales	QoQ (%)	YoY (%)	KGIe diff (%)	Consensus diff (%)	1Q-3Q26 sales	YoY (%)
2357 TT	Asustek	84,131	94,956	97,243	2	18	276,330	7	38	(5)	(2)	742,432	39
2376 TT	Gigabyte	44,213	47,401	63,099	33	125	154,713	7	94	3	10	403,985	63
2377 TT	MSI	19,342	17,694	19,910	13	2	56,946	14	(1)	6	3	163,116	(5)
3515 TT	Asrock	6,610	3,819	6,518	71	27	16,948	68	46	16	12	40,423	18

Source: Company data; Bloomberg; KGI Research estimates

Figure 13: We raise 3Q26F gross margin & EPS forecasts

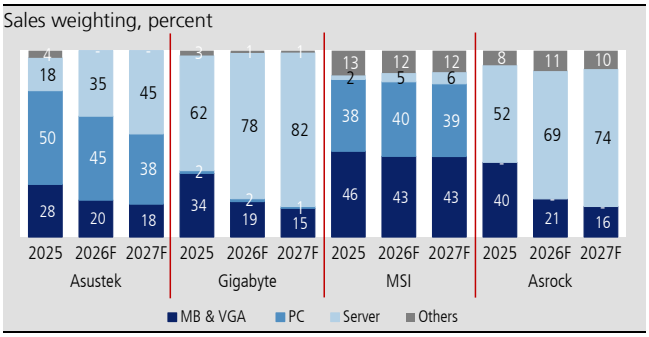
Percent

Ticker	Company	GM (%)	Chg. (ppts)	QoQ (ppts)	Consensus	Diff (ppts)	OPM (%)	Chg. (ppts)	QoQ (ppts)	Consensus	Diff (ppts)
2357 TT	Asustek	15.0	0.8 ppts	(2.2)ppts	15.3	(0.3)ppts	6.1	0.9 ppts	(2.0)ppts	6.3	(0.2)ppts
2376 TT	Gigabyte	11.2	1.7 ppts	1.6 ppts	9.8	1.4 ppts	7.2	1.7 ppts	1.6 ppts	5.4	1.8 ppts
2377 TT	MSI	16.4	4.9 ppts	0.4 ppts	13.5	2.9 ppts	7.5	4.1 ppts	0.9 ppts	4.8	2.7 ppts
3515 TT	Asrock	20.0	3.0 ppts	0.0 ppts	17.0	3.0 ppts	11.8	2.8 ppts	2.7 ppts	9.4	2.4 ppts

Ticker	Company	EPS (NT$)	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff (%)
2357 TT	Asustek	20.31	10.1	(20.8)	42.9	21.55	(5.8)
2376 TT	Gigabyte	10.79	38.1	9.4	136.6	8.08	33.5
2377 TT	MSI	4.17	122.7	17.4	107.6	2.63	58.8
3515 TT	Asrock	7.17	58.2	142.2	64.5	5.13	39.9

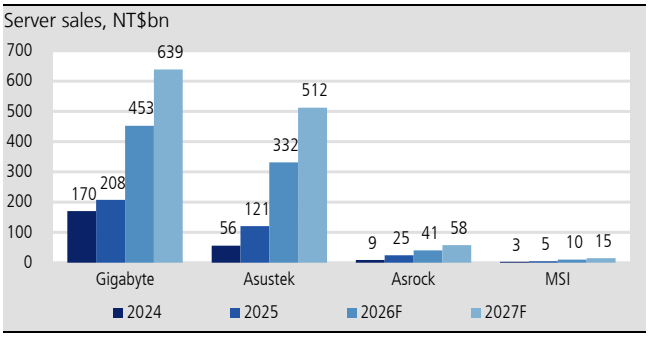
Source: Company data; Bloomberg; KGI Research estimates

Figure 14: All firms' server sales weightings keep expanding in 2026-27F



Source: Company data; KGI Research estimates

Figure 15: Gigabyte's & Asustek's server sales higher than peers



Source: Company data; KGI Research estimates

Figure 16: Peer comparison – Key financials

Ticker	Company	Sales YoY (%)			GM (%)			OPM (%)			OP YoY (%)			EPS (NT$)			EPS YoY (%)		
		2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F
2357 TT	Asustek	25.9	36.6	20.6	15.1	15.4	14.5	5.4	6.4	5.6	34.0	62.4	5.6	59.99	78.70	82.62	41.9	31.2	5.0
2376 TT	Gigabyte	27.1	71.8	33.7	10.4	10.6	9.5	5.0	6.4	5.5	31.3	120.4	15.1	18.20	37.36	39.07	21.1	105.3	4.6
2377 TT	MSI	16.3	(5.6)	10.8	11.0	15.7	14.6	2.8	6.8	5.9	(10.2)	132.2	(4.8)	6.80	15.03	14.18	(15.4)	120.9	(5.6)
3515 TT	Asrock	86.5	25.2	31.2	13.5	17.9	16.1	5.7	9.4	8.6	64.1	105.5	20.0	15.28	19.44	22.01	45.0	27.2	13.3

Source: Company data; Bloomberg; KGI Research estimates

Figure 17: Peer comparison – Valuations

Company	Ticker	Market cap. (US$mn)	Share price (LCY)	Rating	Target Price (LCY)	EPS (LCY)		EPS YoY (%)		PE (x)		PB (x)		ROE (%)		Cash yield (%)	
						2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2025	2026F
Asustek	2357 TT	22,982	975.0	Outperform	1,130.0	78.70	82.62	31.2	5.0	12.4	11.8	2.6	2.5	21.3	21.3	4.3	6.5
Gigabyte	2376 TT	7,377	347.0	Outperform	535.0	37.36	39.07	105.3	4.6	9.3	8.9	3.4	3.0	39.5	36.3	3.5	7.1
MSI	2377 TT	4,236	158.0	Neutral	175.0	15.03	14.18	120.9	(5.6)	10.5	11.1	2.2	2.1	22.3	19.4	2.7	5.9
Asrock	3515 TT	868	221.5	Outperform	290.0	19.44	22.01	27.2	13.3	11.4	10.1	2.1	2.0	19.2	20.1	5.0	5.3

Source: Company data; Bloomberg; KGI Research estimates

Asustek (2357 TT, NT$975, OP)

- September sales grew 18% YoY and 2% MoM to NT$97.24bn, while brand sales rose 15% YoY and 2% MoM to NT$90.8bn, below our forecasts due to server projects delays as clients postponed data center construction; but related sales will come in October.

- **3Q26 sales below our forecast & consensus, but margins higher.** 3Q26 sales grew 7% QoQ to NT$276.3bn, below our forecast by 5% and consensus by 2% due to AI server project delays. However, PC sales were on track with 15-20% QoQ sales growth thanks to both shipments and ASP hikes. We estimate server sales grew only 7% QoQ in 3Q26, with the sales weighting down from 36% in 2Q26 to 35%, resulting in a better product mix. PC, motherboard and graphics card prices rose in 3Q26. We thus revise up our 3Q26F brand operating margin to 6.1% and EPS to NT$20.31, down 21% QoQ.

- **We revise up 4Q26F earnings.** Although server sales postponed to October, the firm maintains its full-year server sales guidance of over 150% YoY growth. It will start to ship VR200 rack in 4Q26F, and due to postponed sales and a bright server sales outlook, we revise up server sales to growth of 9-10% QoQ, being the key sales driver in 4Q26F. However, we forecast PC sales to fall 8% QoQ in 4Q26F due to seasonality and early customer procurement in past quarters. To reflect a higher server sales forecast, we revise up brand sales to a 3% QoQ decline. We revise up 4Q26F EPS to NT$19.56 and 2026F EPS to NT$78.7, up 31% YoY.

- **Solid AI server demand to boost 2027F earnings growth.** Asustek has several new AI server projects in testing and may gain new clients in 2027F. The firm seess solid AI server demand from tier-2 and -3 CSP, neocloud and enterprise plays, and to meet surging demand Asustek plans to expand AI server capacity. We raise server sales to 54% YoY growth to NT$512.1bn in 2027F, with a sales weighting of 45%, up from NT$332bn in 2026F (up 174% YoY; sales weighting of 35%). To reflect our higher sales forecast, we revise up 2027F EPS to NT$82.62, up 5% YoY.

- To reflect our higher earnings forecasts, we revise up our target price to NT$1,130, based on 14x 2026-27F average EPS. Maintain Outperform rating.

Figure 18: Asustek - Breakdown of 3Q-4Q26 forecast revisions vs. consensus

	3Q26F							4Q26F						
NT$mn	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	276,330	291,237	(5.1)	7.2	38.0	283,237	(2.4)	266,659	262,113	1.7	(3.5)	31.4	270,208	(1.3)
Gross profits	41,450	41,356	0.2	(6.3)	44.4	43,313	(4.3)	38,666	36,434	6.1	(6.7)	19.5	39,205	(1.4)
Operating income	16,856	15,144	11.3	(19.6)	71.3	17,943	(6.1)	14,666	12,319	19.1	(13.0)	56.0	14,466	1.4
Pretax Income	20,164	18,452	9.3	(23.2)	48.4	20,565	(2.0)	18,842	14,796	27.3	(6.6)	44.5	16,977	11.0
Net income	15,083	13,696	10.1	(20.8)	42.9	16,005	(5.8)	14,528	11,884	22.2	(3.7)	27.4	13,061	11.2
EPS (NT$)	20.31	18.44	10.1	(20.8)	42.9	21.55	(5.8)	19.56	16.00	22.2	(3.7)	27.4	17.58	11.2
Gross margin (%)	15.0	14.2	0.8 ppts	(2.2)ppts	0.7 ppts	15.3	(0.3)ppts	14.5	13.9	0.6 ppts	(0.5)ppts	(1.4)ppts	14.5	(0.0)ppts
OP margin (%)	6.1	5.2	0.9 ppts	(2.0)ppts	1.2 ppts	6.3	(0.2)ppts	5.5	4.7	0.8 ppts	(0.6)ppts	0.9 ppts	5.4	0.1 ppts
Net margin (%)	5.5	4.7	0.8 ppts	(1.9)ppts	0.2 ppts	5.7	(0.2)ppts	5.4	4.5	0.9 ppts	(0.0)ppts	(0.2)ppts	4.8	0.6 ppts

Source: Bloomberg; KGI Research estimates

Figure 19: Asustek - Breakdown of 2026-27 forecast revisions vs. consensus

	2026F						2027F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	1,009,091	1,019,452	(1.0)	36.6	1,015,846	(0.7)	1,217,099	1,207,468	0.8	20.6	1,217,302	(0.0)
Gross profit	155,329	153,004	1.5	39.2	156,257	(0.6)	176,770	169,667	4.2	13.8	167,842	5.3
Operating income	64,394	60,335	6.7	62.4	64,891	(0.8)	68,004	60,268	12.8	5.6	65,613	3.6
Pretax Income	79,124	73,368	7.8	43.8	77,290	2.4	82,180	73,527	11.8	3.9	76,375	7.6
Net income	58,458	54,428	7.4	31.2	58,476	(0.0)	61,366	54,457	12.7	5.0	58,573	4.8
EPS (NT$)	78.70	73.28	7.4	31.2	78.73	(0.0)	82.62	73.31	12.7	5.0	78.86	4.8
Gross margin (%)	15.4	15.0	0.4 ppts	0.3 ppts	15.4	0.0 ppts	14.5	14.1	0.5 ppts	(0.9)ppts	13.8	0.7 ppts
OP margin (%)	6.4	5.9	0.5 ppts	1.0 ppts	6.4	(0.0)ppts	5.6	5.0	0.6 ppts	(0.8)ppts	5.4	0.2 ppts
Net margin (%)	5.8	5.3	0.5 ppts	(0.2)ppts	5.8	0.0 ppts	5.0	4.5	0.5 ppts	(0.8)ppts	4.8	0.2 ppts

Source: Bloomberg; KGI Research estimates

Gigabyte (2376 TT, NT$347, OP)

- September sales grew 125% YoY and 33% MoM to NT$63.1bn, driven by AI server pull-in. 3Q26 sales grew 7% QoQ to NT$154.7bn, ahead of our forecast by 3% and consensus by 10% thanks to strong AI server demand.
- **We raise 3Q26F earnings.** The firm witnessed a consumer demand rebound in 3Q26, while graphics card and motherboard sales rose over 20% QoQ, boosting the sales weighting QoQ. The server sales weighting fell from 81-82% in 2Q26 to 77-78%, despite server sales rising 2% QoQ. Thanks to a favorable product mix, rising server prices and lower inventory write-down loss (which accounted for 0.8% of 2Q26 sales), we revise up 3Q26F gross margin to 11.2%, and raise EPS to NT$10.79, up 9% QoQ.
- **We revise up 4Q26F sales.** The firm will start to ship VR200 rack in 4Q26F, and server sales QoQ growth will accelerate in 4Q26F on neocloud demand, boosting server sales growth to 15% QoQ. As management expects consumer sales to keep growing QoQ, we revise up 4Q26F overall sales to 13% QoQ growth, and raise 4Q26F EPS to NT$8.84, as well as 2026F EPS to NT$37.36, up 105% YoY.
- **Bright 2027F outlook, driven by AI server.** To fulfill demand, Gigabyte will double AI server capacity by end-2026F from last year. In addition, the firm's AI server order visibility has extended to 1H27F, and it has started to procure components and plans capacity expansion for 2027F demand. With solid neocloud demand on accelerating AI infrastructure deployment and Gigabyte's broader client expansion, we revise up 2027F server sales growth to 41% YoY to NT$638.5bn (sales weighting of 82-83%), up from NT$452.5bn (up 118% YoY; sales weighting of 78%) in 2026F. We thus raise 2027F EPS to NT$39.07, up 5% YoY.
- To reflect our higher earnings forecasts, we revise up our target price to NT$535, based on 14x 2026-27F average EPS. Maintain Outperform rating.

Figure 20: Gigabyte - Breakdown of 3Q-4Q26 forecast revisions vs. consensus

	3Q26							4Q26F						
NT$mn	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	154,713	149,983	3.2	7.3	94.4	141,236	9.5	174,826	158,982	10.0	13.0	95.7	149,484	17.0
Gross profits	17,328	14,248	21.6	24.9	119.8	13,780	25.7	17,483	14,944	17.0	0.9	90.3	14,498	20.6
Operating income	11,139	8,249	35.0	37.2	224.1	7,613	46.3	10,289	8,402	22.5	(7.6)	170.6	7,184	43.2
Pretax income	10,610	7,921	34.0	12.4	161.8	7,660	38.5	9,364	7,821	19.7	(11.7)	131.3	7,555	23.9
Net income	7,229	5,234	38.1	9.4	136.6	5,415	33.5	5,925	4,997	18.6	(18.0)	99.6	5,359	10.6
EPS (NT$)	10.79	7.81	38.1	9.4	136.6	8.08	33.5	8.84	7.46	18.6	(18.0)	99.5	8.00	10.6
Gross margin (%)	11.2	9.5	1.7 ppts	1.6 ppts	1.3 ppts	9.8	1.4 ppts	10.0	9.4	0.6 ppts	(1.2)ppts	(0.3)ppts	9.7	0.3 ppts
OP margin (%)	7.2	5.5	1.7 ppts	1.6 ppts	2.9 ppts	5.4	1.8 ppts	5.9	5.3	0.6 ppts	(1.3)ppts	1.6 ppts	4.8	1.1 ppts
Net margin (%)	4.7	3.5	1.2 ppts	0.1 ppts	0.8 ppts	3.8	0.8 ppts	3.4	3.1	0.2 ppts	(1.3)ppts	0.1 ppts	3.6	(0.2)ppts

Source: Bloomberg; KGI Research estimates

Figure 21: Gigabyte - Breakdown of 2026-27 forecast revisions vs. consensus

	2026F						2027F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	578,811	558,237	3.7	71.8	537,888	7.6	774,100	707,336	9.4	33.7	671,487	15.3
Gross profit	61,298	55,680	10.1	74.2	55,123	11.2	73,270	66,338	10.4	19.5	63,670	15.1
Operating income	36,962	32,185	14.8	120.4	30,736	20.3	42,532	37,636	13.0	15.1	35,078	21.2
Pretax income	36,469	32,237	13.1	114.8	31,011	17.6	39,215	35,440	10.7	7.5	34,780	12.7
Net income	25,028	22,106	13.2	105.3	22,430	11.6	26,176	23,916	9.4	4.6	25,348	3.3
EPS (NT$)	37.36	33.00	13.2	105.3	33.48	11.6	39.07	35.70	9.4	4.6	37.84	3.3
Gross margin (%)	10.6	10.0	0.6 ppts	0.1 ppts	10.2	0.3 ppts	9.5	9.4	0.1 ppts	(1.1)ppts	9.5	(0.0)ppts
OP margin (%)	6.4	5.8	0.6 ppts	1.4 ppts	5.7	0.7 ppts	5.5	5.3	0.2 ppts	(0.9)ppts	5.2	0.3 ppts
Net margin (%)	4.3	4.0	0.4 ppts	0.7 ppts	4.2	0.2 ppts	3.4	3.4	0.0 ppts	(0.9)ppts	3.8	(0.4)ppts

Source: Bloomberg; KGI Research estimates

MSI (2377 TT, NT$158, N)

- September sales grew 2% YoY and 13% MoM to NT$19.9bn. Motherboard shipments were flat MoM at 700-800k, while graphics card shipments were up 16% MoM to 300-400k units, both ahead of guidance.
- **We raise 3Q26F earnings.** 3Q26 sales grew 14% QoQ to NT$56.95bn, beating our forecast and consensus by 6%. We have seen motherboard demand recovery, with shipments QoQ growth of 16% to 2.1-2.2mn units in 3Q26, though graphics card shipments fell 5% QoQ to 1mn units. However, thanks to price hikes for both products and a favorable PC product mix (more high-end models), we revise up gross margin to grow QoQ to 16.4%, and thus raise 3Q26F EPS to NT$4.17, up 17% QoQ.
- **Slow season in 4Q26F, but gross margin solid.** Management guides motherboard shipments to drop by single digits MoM in October, while graphics card shipments may come off 20-30% MoM given supply constraints. We forecast shipments to fall by 5% QoQ and 30% QoQ, respectively. However, to reflect higher costs, prices of both motherboard and graphics card will increase. We expect sales will drop less than the shipments shortfall, and revise up 4Q26F sales to a 5% QoQ decline. We expect gross margin to stay at high levels thanks to price hikes and a favorable product mix (more high-end models), and revise up 4Q26F gross margin to 15.3%. We raise 4Q26F EPS to NT$3.27 and 2026F EPS to NT$15.03, up 121% YoY.
- **Gross margin to fall in 2027F.** We forecast consumer product shipments to remain weak in 2027F, but with increasing ASP, MSI's sales may still grow YoY. In addition, the firm may start to ship HGX server in 1Q27F and keep expanding new clients. Thus, we forecast sales to grow 11% YoY. As price hikes drive gross margin to surpass our expectation, we revise up 2027F margin to 14.6%, albeit

still down YoY as deteriorating shipments growth cannot sustain price hikes. To reflect our higher margin forecast, we revise up 2027F EPS to NT$14.18, down 6%.

- We expect a better-than-expected gross margin in 3Q26F to boost MSI's shares near term. However, the firm has the highest consumer sales exposure (80-90%) among peers, and we expect brand gross margin to decline next year given sluggish demand. As a result, we maintain a Neutral rating. But to reflect our higher earnings forecasts, we revise up our target price to NT$175, based on 12x 2026-27F average EPS.

Figure 22: MSI - Breakdown of 3Q-4Q26 forecast revisions vs. consensus

	3Q26F							4Q26F						
NT$mn	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	56,946	53,888	5.7	14.1	(1.4)	55,296	3.0	54,099	51,733	4.6	(5.0)	(6.1)	55,898	(3.2)
Gross profits	9,339	6,197	50.7	17.2	43.7	7,454	25.3	8,277	5,742	44.2	(11.4)	29.3	7,192	15.1
Operating income	4,271	1,832	133.1	30.2	137.6	2,671	59.9	3,408	1,500	127.2	(20.2)	124.9	2,332	46.2
Pretax Income	4,401	1,976	122.7	21.1	123.3	2,753	59.9	3,510	1,531	129.3	(20.2)	88.5	2,483	41.4
Net income	3,521	1,581	122.7	17.4	107.6	2,218	58.8	2,762	1,115	147.8	(21.5)	69.3	2,006	37.7
EPS (NT$)	4.17	1.87	122.7	17.4	107.6	2.63	58.8	3.27	1.32	147.8	(21.5)	69.3	2.37	37.7
Gross margin (%)	16.4	11.5	4.9 ppts	0.4 ppts	5.1 ppts	13.5	2.9 ppts	15.3	11.1	4.2 ppts	(1.1)ppts	4.2 ppts	12.9	2.4 ppts
OP margin (%)	7.5	3.4	4.1 ppts	0.9 ppts	4.4 ppts	4.8	2.7 ppts	6.3	2.9	3.4 ppts	(1.2)ppts	3.7 ppts	4.2	2.1 ppts
Net margin (%)	6.2	2.9	3.2 ppts	0.2 ppts	3.2 ppts	4.0	2.2 ppts	5.1	0.0	5.1 ppts	(1.1)ppts	2.3 ppts	3.6	1.5 ppts

Source: Bloomberg; KGI Research estimates

Figure 23: MSI - Breakdown of 2026-27 forecast revisions vs. consensus

	2026F						2027F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	217,214	214,197	1.4	(5.6)	221,601	(2.0)	240,661	237,489	1.3	10.8	240,151	0.2
Gross profits	34,026	27,548	23.5	35.0	31,478	8.1	35,157	29,329	19.9	3.3	31,621	11.2
Operating income	14,836	9,982	48.6	132.2	11,609	27.8	14,119	10,421	35.5	(4.8)	11,255	25.4
Pretax Income	15,678	10,558	48.5	123.2	12,552	24.9	14,979	11,070	35.3	(4.5)	12,072	24.1
Net income	12,699	8,446	50.4	120.9	10,231	24.1	11,983	8,867	35.1	(5.6)	9,701	23.5
EPS (NT$)	15.03	10.00	50.4	120.9	12.11	24.1	14.18	10.50	35.1	(5.6)	11.48	23.5
Gross margin (%)	15.7	12.9	2.8 ppts	4.7 ppts	14.2	1.5 ppts	14.6	12.3	2.3 ppts	(1.1)ppts	13.2	1.4 ppts
OP margin (%)	6.8	4.7	2.2 ppts	4.1 ppts	5.2	1.6 ppts	5.9	4.4	1.5 ppts	(1.0)ppts	4.7	1.2 ppts
Net margin (%)	5.8	3.9	1.9 ppts	3.3 ppts	4.6	1.2 ppts	5.0	3.7	1.2 ppts	(0.9)ppts	4.0	0.9 ppts

Source: Bloomberg; KGI Research estimates

Asrock (3515 TT, NT$221.5, OP)

- September sales grew 27% YoY and 71% MoM to NT$6.52bn, beating our forecast thanks to stronger AI server pull-in demand as subsidiary Asrock Rack's (7711 TT, NT$568, NR) sales rose 110% MoM to NT$4.52bn, accounting for 69% of total sales.

- **3Q26F earnings revised up on better sales & gross margin.** 3Q26 sales grew 68% QoQ to NT$16.95bnm, ahead of our forecast and consensus by 12%, driven by AI server which boosted server sales to grow 73% QoQ to account for 69-70% of total sales. Management guides server gross margin to be flat QoQ in 3Q26F thanks to price hikes and low-cost inventory, better than our expectation. Price hikes for motherboard and graphics card will also benefit margin recovery. Despite the server sales weighting rising QoQ in 3Q26, but with better-than-expected gross margin, we revise up our overall gross margin estimate to flat QoQ at 20%, and revise up 3Q26F EPS to NT$7.17, up 142% QoQ.

- **Better-than-expected 4Q26F outlook.** Even considering component shortage issues, management still expects server sales to grow QoQ in 4Q26F on strong demand. Meanwhile, the firm will start to ship GB300 rack to clients in 4Q26F. For consumer sales (motherboard and graphics card), Asrock sees continuing demand

recovery, and guides growth QoQ. Gross margin may decline slightly QoQ given a higher AI server sales weighting and ramp up of GB300 rack shipments, though it may still beat our forecast. To reflect our higher sales and margin forecasts, we revise up 4Q26F EPS to NT$5.17 and 2026F EPS to NT$19.44, up 27% YoY.

- **Server to boost 2027F earnings.** Asrock is seeing solid demand and order visibility lasts through 1H27F. Components shortages may be a sales overhang, but the firm will continue to procure components in advance to meet demand. We forecast GB300/ VR200 rack shipments to reach hundreds of units in 2027F. We expect server to see the strongest sales growth next year compared to other segments, and we revise up server sales to NT$57.9bn, up 41% YoY, to account for 74% of total sales, up from NT$32.3bn (up 65% YoY; sales weighting of 69%) in 2026F. IPC sales will grow 30% YoY in 2027F thanks to shipments of next-gen ODM projects from 1H27F, with ASP rising significantly as L10 products ship. We revise up 2027F sales growth to 31% YoY; but due to higher minority interest, we revise down EPS to NT$22.01, up 13% YoY.

- To reflect our higher earnings forecasts, we maintain our target price at NT$290, based on 14x 2026-27F average EPS. Maintain Outperform rating.

Figure 24: Asrock - Breakdown of 3Q-4Q26 forecast revisions vs. consensus

	3Q26F							4Q26F						
NT$mn	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	16,948	14,658	15.6	67.7	45.5	15,145	11.9	19,490	18,762	3.9	15.0	42.1	18,545	5.1
Gross profits	3,390	2,492	36.0	68.0	122.9	2,575	31.7	3,313	3,077	7.7	(2.2)	89.1	2,986	11.0
Operating income	2,000	1,319	51.6	116.8	219.6	1,425	40.4	1,754	1,745	0.5	(12.3)	128.0	1,718	2.1
Pretax Income	2,026	1,355	49.5	107.0	214.7	1,461	38.7	1,783	1,783	0.0	(12.0)	131.4	1,755	1.6
Net income	883	558	58.2	142.2	64.1	632	39.9	636	813	(21.8)	(28.0)	27.9	789	(19.3)
EPS (NT$)	7.17	4.53	58.2	142.2	64.5	5.13	39.9	5.17	6.60	(21.8)	(28.0)	28.2	6.40	(19.3)
Gross margin (%)	20.0	17.0	3.0 ppts	0.0 ppts	6.9 ppts	17.0	3.0 ppts	17.0	16.4	0.6 ppts	(3.0)ppts	4.2 ppts	16.1	0.9 ppts
OP margin (%)	11.8	9.0	2.8 ppts	2.7 ppts	6.4 ppts	9.4	2.4 ppts	9.0	9.3	(0.3)ppts	(2.8)ppts	3.4 ppts	9.3	(0.3)ppts
Net margin (%)	5.2	3.8	1.4 ppts	1.6 ppts	0.6 ppts	4.2	1.0 ppts	3.3	4.3	(1.1)ppts	(1.9)ppts	(0.4)ppts	4.3	(1.0)ppts

Source: Bloomberg; KGI Research estimates

Figure 25: Asrock - Breakdown of 2026-27 forecast revisions vs. consensus

	2026F						2027F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	59,913	56,895	5.3	25.2	57,165	4.8	78,591	75,657	3.9	31.2	74,955	4.9
Gross profits	10,720	9,586	11.8	65.4	9,575	12.0	12,628	11,780	7.2	17.8	11,655	8.3
Operating income	5,642	4,952	13.9	105.5	5,031	12.1	6,768	6,434	5.2	20.0	6,315	7.2
Pretax Income	5,782	5,111	13.1	104.6	5,189	11.4	6,925	6,569	5.4	19.8	6,460	7.2
Net income	2,396	2,248	6.6	26.9	2,297	4.3	2,712	2,856	(5.0)	13.2	2,903	(6.6)
EPS (NT$)	19.44	18.24	6.6	27.2	18.63	4.3	22.01	23.18	(5.0)	13.3	23.57	(6.6)
Gross margin (%)	17.9	16.8	1.0 ppts	4.3 ppts	16.8	1.1 ppts	16.1	15.6	0.5 ppts	(1.8)ppts	15.6	0.5 ppts
OP margin (%)	9.4	8.7	0.7 ppts	3.7 ppts	8.8	0.6 ppts	8.6	8.5	0.1 ppts	(0.8)ppts	8.4	0.2 ppts
Net margin (%)	4.0	4.0	0.0 ppts	0.1 ppts	4.0	(0.0)ppts	3.5	3.8	(0.3)ppts	(0.5)ppts	3.9	(0.4)ppts

Source: Bloomberg; KGI Research estimates

Asustek (2357 TT)

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**208,370**	**257,732**	**276,330**	**266,659**	**253,326**	**286,258**	**349,235**	**328,281**	**738,905**	**########**	**1,217,099**
Cost of goods sold	(177,399)	(213,488)	(234,881)	(227,993)	(217,607)	(246,754)	(295,453)	(280,516)	(627,289)	(853,762)	(1,040,330)
Gross profit	**30,971**	**44,244**	**41,450**	**38,666**	**35,719**	**39,504**	**53,782**	**47,765**	**111,616**	**155,329**	**176,770**
Operating expenses	(19,073)	(23,269)	(24,593)	(23,999)	(23,053)	(25,763)	(30,733)	(29,217)	(71,958)	(90,935)	(108,766)
Operating profit	**11,896**	**20,974**	**16,856**	**14,666**	**12,666**	**13,740**	**23,050**	**18,548**	**39,656**	**64,394**	**68,004**
Depreciation of fixed assets	(598)	(599)	(606)	(620)	(663)	(663)	(663)	(663)	(2,312)	(2,423)	(2,653)
Amortisation of intangible assets	(257)	(324)	(264)	(212)	(264)	(264)	(264)	(264)	(806)	(1,057)	(1,057)
EBITDA	**12,751**	**21,897**	**17,726**	**15,498**	**13,594**	**14,668**	**23,977**	**19,475**	**42,773**	**67,874**	**71,714**
Interest income	752	908	976	1,268	961	961	961	961	3,872	3,904	3,845
Investment income	1,276	1,661	800	463	1,050	1,050	1,050	1,050	3,859	4,200	4,200
Other non-op income	218	3,188	2,000	3,094	2,125	2,125	2,125	2,125	8,610	8,500	8,500
Non-operating income	**2,246**	**5,757**	**3,776**	**4,825**	**4,136**	**4,136**	**4,136**	**4,136**	**16,341**	**16,604**	**16,545**
Interest expense	(282)	(474)	(468)	(649)	(592)	(592)	(592)	(592)	(989)	(1,873)	(2,368)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	-	-	-	-	-	-	0	-	-
Non-operating expenses	**(282)**	**(474)**	**(468)**	**(649)**	**(592)**	**(592)**	**(592)**	**(592)**	**(989)**	**(1,873)**	**(2,368)**
Pre-tax profit	**13,860**	**26,257**	**20,164**	**18,842**	**16,210**	**17,284**	**26,594**	**22,092**	**55,008**	**79,124**	**82,180**
Current taxation	(2,703)	(5,920)	(3,831)	(3,213)	(3,080)	(3,284)	(5,053)	(4,197)	(6,791)	(15,667)	(15,614)
Minorities	(1,360)	(1,290)	(1,250)	(1,101)	(1,200)	(1,300)	(1,300)	(1,400)	(3,659)	(5,000)	(5,200)
Normalised net profit	**9,797**	**19,048**	**15,083**	**14,528**	**11,930**	**12,700**	**20,241**	**16,494**	**44,558**	**58,458**	**61,366**
Extraordinary items	(0)	0	-	(0)	-	-	-	-	-	-	-
Net profit	**9,797**	**19,048**	**15,083**	**14,528**	**11,930**	**12,700**	**20,241**	**16,494**	**44,558**	**58,458**	**61,366**
EPS (NT$)	13.19	25.64	20.31	19.56	16.06	17.10	27.25	22.21	59.99	78.70	82.62
Margins (%)											
Gross profit margin	14.9	17.2	15.0	14.5	14.1	13.8	15.4	14.6	15.1	15.4	14.5
Operating margin	5.7	8.1	6.1	5.5	5.0	4.8	6.6	5.7	5.4	6.4	5.6
EBITDA margin	6.1	8.5	6.4	5.8	5.4	5.1	6.9	5.9	5.8	6.7	5.9
Pretax profit margin	6.7	10.2	7.3	7.1	6.4	6.0	7.6	6.7	7.4	7.8	6.8
Net profit margin	4.7	7.4	5.5	5.4	4.7	4.4	5.8	5.0	6.0	5.8	5.0
Sequential growth (%)											
Revenue growth	2.7	23.7	7.2	(3.5)	(5.0)	13.0	22.0	(6.0)			
Gross profit growth	(4.3)	42.9	(6.3)	(6.7)	(7.6)	10.6	36.1	(11.2)			
Operating profit growth	26.5	76.3	(19.6)	(13.0)	(13.6)	8.5	67.8	(19.5)			
EBITDA growth	24.4	71.7	(19.0)	(12.6)	(12.3)	7.9	63.5	(18.8)			
Pretax profit growth	6.3	89.5	(23.2)	(6.6)	(14.0)	6.6	53.9	(16.9)			
Net profit growth	(14.1)	94.4	(20.8)	(3.7)	(17.9)	6.5	59.4	(18.5)			
YoY growth (%)											
Revenue growth	41.1	37.1	38.0	31.4	21.6	11.1	26.4	23.1	25.9	36.6	20.6
Gross profit growth	25.9	70.4	44.4	19.6	15.3	(10.7)	29.8	23.5	7.9	39.2	13.8
Operating profit growth	(5.4)	167.7	71.3	56.0	6.5	(34.5)	36.7	26.5	34.0	62.4	5.6
EBITDA growth	(4.5)	155.0	67.4	51.2	6.6	(33.0)	35.3	25.7	31.7	58.7	5.7
Pretax profit growth	(15.2)	118.2	48.4	44.5	17.0	(34.2)	31.9	17.2	30.4	43.8	3.9
Net profit growth	(23.4)	94.3	42.9	27.4	21.8	(33.3)	34.2	13.5	41.9	31.2	5.0

Source: Company data, KGI Research estimates

Gigabyte (2376 TT)

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**105,057**	**144,214**	**154,713**	**174,826**	**178,322**	**181,889**	**201,897**	**211,992**	**336,937**	**578,811**	**774,100**
Cost of goods sold	(92,443)	(130,341)	(137,385)	(157,343)	(161,025)	(164,609)	(182,918)	(192,276)	(301,752)	(517,513)	(700,829)
Gross profit	**12,615**	**13,873**	**17,328**	**17,483**	**17,297**	**17,279**	**18,978**	**19,715**	**35,185**	**61,298**	**73,270**
Operating expenses	(5,201)	(5,753)	(6,189)	(7,194)	(7,311)	(7,276)	(7,672)	(8,480)	(18,413)	(24,336)	(30,739)
Operating profit	**7,414**	**8,120**	**11,139**	**10,289**	**9,986**	**10,004**	**11,306**	**11,236**	**16,772**	**36,962**	**42,532**
Depreciation of fixed assets	(196)	(213)	(348)	(636)	(414)	(414)	(414)	(414)	(718)	(1,393)	(1,655)
Amortisation of intangible assets	(51)	(55)	(48)	(39)	(48)	(48)	(48)	(48)	(183)	(193)	(193)
EBITDA	**7,660**	**8,388**	**11,536**	**10,964**	**10,448**	**10,466**	**11,768**	**11,697**	**17,674**	**38,548**	**44,379**
Interest income	272	376	337	365	390	390	390	390	926	1,350	1,562
Investment income	15	(9)	-	11	4	4	4	4	52	16	15
Other non-op income	182	1,983	120	115	275	275	275	275	1,389	2,400	1,100
Non-operating income	**469**	**2,349**	**457**	**491**	**669**	**669**	**669**	**669**	**2,366**	**3,766**	**2,677**
Interest expense	(407)	(1,019)	(887)	(1,235)	(1,323)	(1,323)	(1,323)	(1,323)	(1,013)	(3,548)	(5,294)
Investment loss	-	(9)	-	(1)	-	-	-	-	(19)	(10)	-
Other non-op expenses	(420)	0	(100)	(180)	(175)	(175)	(175)	(175)	(1,127)	(700)	(700)
Non-operating expenses	**(828)**	**(1,028)**	**(987)**	**(1,415)**	**(1,498)**	**(1,498)**	**(1,498)**	**(1,498)**	**(2,158)**	**(4,258)**	**(5,994)**
Pre-tax profit	**7,055**	**9,441**	**10,610**	**9,364**	**9,157**	**9,175**	**10,477**	**10,406**	**16,980**	**36,469**	**39,215**
Current taxation	(1,410)	(1,986)	(2,334)	(2,110)	(2,014)	(2,018)	(2,305)	(2,093)	(3,695)	(7,841)	(8,431)
Minorities	(376)	(858)	(1,047)	(1,319)	(900)	(950)	(1,000)	(1,758)	(1,095)	(3,600)	(4,608)
Normalised net profit	**5,268**	**6,597**	**7,229**	**5,934**	**6,242**	**6,206**	**7,172**	**6,555**	**12,190**	**25,028**	**26,176**
Extraordinary items	(0)	9	-	(9)	-	-	-	-	-	-	-
Net profit	**5,268**	**6,606**	**7,229**	**5,925**	**6,242**	**6,206**	**7,172**	**6,555**	**12,190**	**25,028**	**26,176**
EPS (NT$)	7.86	9.86	10.79	8.84	9.32	9.26	10.70	9.78	18.20	37.36	39.07
Margins (%)											
Gross profit margin	12.0	9.6	11.2	10.0	9.7	9.5	9.4	9.3	10.4	10.6	9.5
Operating margin	7.1	5.6	7.2	5.9	5.6	5.5	5.6	5.3	5.0	6.4	5.5
EBITDA margin	7.3	5.8	7.5	6.3	5.9	5.8	5.8	5.5	5.2	6.7	5.7
Pretax profit margin	6.7	6.5	6.9	5.4	5.1	5.0	5.2	4.9	5.0	6.3	5.1
Net profit margin	5.0	4.6	4.7	3.4	3.5	3.4	3.6	3.1	3.6	4.3	3.4
Sequential growth (%)											
Revenue growth	17.6	37.3	7.3	13.0	2.0	2.0	11.0	5.0			
Gross profit growth	37.3	10.0	24.9	0.9	(1.1)	(0.1)	9.8	3.9			
Operating profit growth	95.0	9.5	37.2	(7.6)	(2.9)	0.2	13.0	(0.6)			
EBITDA growth	89.6	9.5	37.5	(5.0)	(4.7)	0.2	12.4	(0.6)			
Pretax profit growth	74.3	33.8	12.4	(11.7)	(2.2)	0.2	14.2	(0.7)			
Net profit growth	77.5	25.4	9.4	(18.0)	5.4	(0.6)	15.6	(8.6)			
YoY growth (%)											
Revenue growth	59.8	41.0	94.4	95.7	69.7	26.1	30.5	21.3	27.1	71.8	33.7
Gross profit growth	48.8	44.0	119.8	90.3	37.1	24.6	9.5	12.8	25.2	74.2	19.5
Operating profit growth	74.9	53.4	224.1	170.6	34.7	23.2	1.5	9.2	31.3	120.4	15.1
EBITDA growth	72.1	52.1	214.5	171.3	36.4	24.8	2.0	6.7	30.2	118.1	15.1
Pretax profit growth	57.6	114.5	161.8	131.3	29.8	(2.8)	(1.3)	11.1	24.9	114.8	7.5
Net profit growth	69.1	116.6	136.6	99.6	18.5	(6.1)	(0.8)	10.6	24.5	105.3	4.6

Source: Company data, KGI Research estimates

MSI (2377 TT)

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**56,257**	**49,913**	**56,946**	**54,099**	**57,345**	**56,198**	**65,189**	**61,930**	**230,196**	**217,214**	**240,661**
Cost of goods sold	(47,816)	(41,944)	(47,607)	(45,822)	(48,858)	(48,218)	(55,541)	(52,888)	(204,984)	(183,189)	(205,505)
Gross profit	**8,441**	**7,969**	**9,339**	**8,277**	**8,487**	**7,980**	**9,648**	**9,042**	**25,213**	**34,026**	**35,157**
Operating expenses	(4,564)	(4,688)	(5,068)	(4,869)	(5,104)	(5,002)	(5,606)	(5,326)	(18,824)	(19,189)	(21,038)
Operating profit	**3,876**	**3,281**	**4,271**	**3,408**	**3,383**	**2,978**	**4,042**	**3,716**	**6,388**	**14,836**	**14,119**
Depreciation of fixed assets	(348)	(333)	(547)	(958)	(706)	(706)	(706)	(706)	(1,391)	(2,186)	(2,824)
Amortisation of intangible assets	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)
EBITDA	**4,225**	**3,614**	**4,818**	**4,367**	**4,089**	**3,685**	**4,748**	**4,422**	**7,780**	**17,023**	**16,944**
Interest income	125	192	163	172	170	170	170	170	525	653	681
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	175	201	80	44	125	125	125	125	632	500	500
Non-operating income	**300**	**393**	**243**	**216**	**295**	**295**	**295**	**295**	**1,157**	**1,153**	**1,181**
Interest expense	(43)	(41)	(53)	(74)	(56)	(56)	(56)	(56)	(135)	(211)	(222)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	(60)	(40)	(25)	(25)	(25)	(25)	(386)	(100)	(100)
Non-operating expenses	**(43)**	**(41)**	**(113)**	**(114)**	**(81)**	**(81)**	**(81)**	**(81)**	**(521)**	**(311)**	**(322)**
Pre-tax profit	**4,133**	**3,633**	**4,401**	**3,510**	**3,598**	**3,193**	**4,256**	**3,930**	**7,024**	**15,678**	**14,978**
Current taxation	(717)	(634)	(880)	(748)	(720)	(639)	(851)	(786)	(1,276)	(2,979)	(2,996)
Minorities	-	-	-	-	-	-	-	-	-	-	-
Normalised net profit	**3,417**	**2,999**	**3,521**	**2,762**	**2,878**	**2,555**	**3,405**	**3,144**	**5,748**	**12,700**	**11,982**
Extraordinary items	(0)	(0)	-	0	-	-	-	-	-	-	-
Net profit	**3,417**	**2,999**	**3,521**	**2,762**	**2,878**	**2,555**	**3,405**	**3,144**	**5,748**	**12,700**	**11,982**
EPS (NT$)	4.04	3.55	4.17	3.27	3.41	3.02	4.03	3.72	6.80	15.03	14.18
Margins (%)											
Gross profit margin	15.0	16.0	16.4	15.3	14.8	14.2	14.8	14.6	11.0	15.7	14.6
Operating margin	6.9	6.6	7.5	6.3	5.9	5.3	6.2	6.0	2.8	6.8	5.9
EBITDA margin	7.5	7.2	8.5	8.1	7.1	6.6	7.3	7.1	3.4	7.8	7.0
Pretax profit margin	7.3	7.3	7.7	6.5	6.3	5.7	6.5	6.3	3.1	7.2	6.2
Net profit margin	6.1	6.0	6.2	5.1	5.0	4.5	5.2	5.1	2.5	5.8	5.0
Sequential growth (%)											
Revenue growth	(2.3)	(11.3)	14.1	(5.0)	6.0	(2.0)	16.0	(5.0)			
Gross profit growth	31.8	(5.6)	17.2	(11.4)	2.5	(6.0)	20.9	(6.3)			
Operating profit growth	155.8	(15.4)	30.2	(20.2)	(0.7)	(12.0)	35.7	(8.1)			
EBITDA growth	125.6	(14.5)	33.3	(9.4)	(6.3)	(9.9)	28.9	(6.9)			
Pretax profit growth	122.0	(12.1)	21.1	(20.2)	2.5	(11.3)	33.3	(7.7)			
Net profit growth	109.4	(12.2)	17.4	(21.5)	4.2	(11.3)	33.3	(7.7)			
YoY growth (%)											
Revenue growth	5.1	(18.6)	(1.4)	(6.1)	1.9	12.6	14.5	14.5	16.3	(5.6)	10.8
Gross profit growth	53.6	16.9	43.7	29.3	0.6	0.1	3.3	9.2	4.2	35.0	3.3
Operating profit growth	283.1	59.0	137.6	124.9	(12.7)	(9.2)	(5.4)	9.0	(10.2)	132.2	(4.8)
EBITDA growth	210.1	50.4	124.9	133.1	(3.2)	1.9	(1.4)	1.3	(8.0)	118.8	(0.5)
Pretax profit growth	222.7	90.2	123.3	88.5	(13.0)	(12.1)	(3.3)	12.0	(17.4)	123.2	(4.5)
Net profit growth	217.2	123.3	107.6	69.3	(15.8)	(14.8)	(3.3)	13.8	(15.4)	120.9	(5.6)

Source: Company data, KGI Research estimates

Asrock (3515 TT)

Income statement

	Quarterly								Annually		
	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**13,367**	**10,109**	**16,948**	**19,490**	**17,930**	**18,827**	**20,710**	**21,124**	**47,839**	**59,913**	**78,591**
Cost of goods sold	(11,367)	(8,091)	(13,558)	(16,176)	(14,972)	(15,871)	(17,334)	(17,786)	(41,357)	(49,193)	(65,963)
Gross profit	**2,000**	**2,017**	**3,390**	**3,313**	**2,959**	**2,956**	**3,376**	**3,338**	**6,481**	**10,720**	**12,628**
Operating expenses	(1,034)	(1,095)	(1,390)	(1,559)	(1,417)	(1,431)	(1,491)	(1,521)	(3,736)	(5,078)	(5,859)
Operating profit	**965**	**922**	**2,000**	**1,754**	**1,542**	**1,525**	**1,885**	**1,817**	**2,745**	**5,642**	**6,768**
Depreciation of fixed assets	(38)	(38)	(46)	(63)	(47)	(47)	(47)	(47)	(184)	(185)	(188)
Amortisation of intangible assets	(7)	(7)	(6)	(6)	(6)	(6)	(6)	(6)	(21)	(25)	(25)
EBITDA	**1,010**	**967**	**2,052**	**1,823**	**1,595**	**1,578**	**1,938**	**1,870**	**2,949**	**5,852**	**6,982**
Interest income	42	25	36	41	44	44	44	44	136	143	174
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	7	47	5	6	10	10	10	10	39	65	40
Non-operating income	**49**	**72**	**41**	**47**	**54**	**54**	**54**	**54**	**174**	**208**	**214**
Interest expense	(0)	(7)	(4)	(6)	(7)	(7)	(7)	(7)	(14)	(18)	(27)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(20)	(9)	(10)	(12)	(8)	(8)	(8)	(8)	(78)	(50)	(30)
Non-operating expenses	**(20)**	**(16)**	**(14)**	**(18)**	**(14)**	**(14)**	**(14)**	**(14)**	**(92)**	**(68)**	**(57)**
Pre-tax profit	**994**	**979**	**2,026**	**1,783**	**1,581**	**1,564**	**1,924**	**1,856**	**2,827**	**5,782**	**6,925**
Current taxation	(142)	(183)	(385)	(360)	(300)	(297)	(366)	(318)	(464)	(1,070)	(1,281)
Minorities	(340)	(431)	(758)	(787)	(728)	(732)	(728)	(745)	(475)	(2,316)	(2,932)
Normalised net profit	**512**	**365**	**883**	**636**	**553**	**535**	**830**	**793**	**1,888**	**2,396**	**2,712**
Extraordinary items	(0)	(0)	-	0	-	-	-	-	-	-	-
Net profit	**512**	**365**	**883**	**636**	**553**	**535**	**830**	**793**	**1,888**	**2,396**	**2,712**
EPS (NT$)	4.14	2.96	7.17	5.17	4.49	4.34	6.74	6.44	15.28	19.44	22.01
Margins (%)											
Gross profit margin	15.0	20.0	20.0	17.0	16.5	15.7	16.3	15.8	13.5	17.9	16.1
Operating margin	7.2	9.1	11.8	9.0	8.6	8.1	9.1	8.6	5.7	9.4	8.6
EBITDA margin	7.6	9.6	12.1	9.4	8.9	8.4	9.4	8.9	6.2	9.8	8.9
Pretax profit margin	7.4	9.7	12.0	9.1	8.8	8.3	9.3	8.8	5.9	9.7	8.8
Net profit margin	3.8	3.6	5.2	3.3	3.1	2.8	4.0	3.8	3.9	4.0	3.5
Sequential growth (%)											
Revenue growth	(2.5)	(24.4)	67.7	15.0	(8.0)	5.0	10.0	2.0			
Gross profit growth	14.1	0.9	68.0	(2.2)	(10.7)	(0.1)	14.2	(1.1)			
Operating profit growth	25.5	(4.4)	116.8	(12.3)	(12.1)	(1.1)	23.6	(3.6)			
EBITDA growth	23.6	(4.2)	112.2	(11.2)	(12.5)	(1.1)	22.8	(3.5)			
Pretax profit growth	29.0	(1.5)	107.0	(12.0)	(11.3)	(1.1)	23.0	(3.5)			
Net profit growth	2.8	(28.8)	142.2	(28.0)	(13.1)	(3.3)	55.2	(4.5)			
YoY growth (%)											
Revenue growth	27.8	(15.9)	45.5	42.1	34.1	86.2	22.2	8.4	86.5	25.2	31.2
Gross profit growth	29.4	21.3	122.9	89.1	48.0	46.5	(0.4)	0.7	33.0	65.4	17.8
Operating profit growth	47.0	33.1	219.6	128.0	59.7	65.3	(5.8)	3.6	64.1	105.5	20.0
EBITDA growth	43.2	29.9	200.8	123.1	58.0	63.2	(5.6)	2.6	58.0	98.5	19.3
Pretax profit growth	37.9	41.6	214.7	131.4	59.1	59.8	(5.1)	4.1	45.9	104.6	19.8
Net profit growth	15.8	(11.0)	64.1	27.9	8.1	46.7	(6.0)	24.7	46.5	26.9	13.2

Source: Company data, KGI Research estimates

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