

Power supply sector

Powering the AI beast – 800V HVDC roadmap

Key message

1. Nvidia (US) has announced the transition in 2027F to 800V HVDC power architecture, which features a dedicated power rack, when it rolls out the Kyber rack design.
2. To enlarge their TAM, power supply vendors are looking to deepen exposure within the data center white space, while bolstering their presence in the grey space long term.
3. We expect AC-DC power supply content to rise from US\$35-40k in GB200 to US\$60-70k in GB300 on potential 12kW adoption by US CSPs, as well as increasing penetration of BBU and supercapacitor.

Event

We expect power supply plays to be the key beneficiaries of AI server iterative changes as power architecture upgrades will be the foundation for substantial content growth in the coming years.

Impact

Transition to 800V HVDC power racks. The thermal design power (TDP) of Nvidia's (US) DGX GB300 NVL72 rack is 136kW, up from 120kW for the GB200 NVL72. That number will rise substantially to 250kW in the Rubin GPU platform and further to 600kW in Rubin Ultra, which will see the rollout of the cutting-edge Kyber rack design. Hence, current power architecture that has AC-DC power shelves installed inside IT racks will likely be replaced by in-row power racks to: (1) free up more IT rack space; (2) better integrate battery backup units (BBU) and supercapacitors for enhancing power supply stability; and (3) prevent copper overload in the IT rack. Furthermore, an 800V HVDC power rack can improve system energy efficiency by 4-5pts to 92%+. Delta Electronics (2308 TT, NT\$428, OP), Lite-On Technology (2301 TT, NT\$111.5, OP), and Vertiv (US) all displayed their respective HVDC power rack designs at Computex, with each capable of supporting 0.8-1MW of IT rack power consumption. Considering the degree of supply chain readiness and the power consumption uptrend, we think in-row power racks will gain traction in 2026, and Nvidia has announced the transition to the 800V HVDC architecture in 2027.

Venturing into the data center infrastructure market. Beyond its well-established dominance as the world's top power supply vendor, Delta has long commanded a substantial share of the DC-DC power module, power choke, and thermal fan markets. The firm seeks to deepen its offerings within the white space, while bolstering its presence in the grey space, which houses the critical power and cooling infrastructure to run data centers. Delta showcased its comprehensive grid-to-chip solutions at Computex, featuring: (1) micro grid equipment, such as solid oxide fuel cells (SOFC), solid state transformers (SST), and energy storage systems (ESS); (2) containerized AI data center solutions; (3) power offerings, including power racks, busbars, e-fuses, DC-DC converters, and power chokes; and (4) thermal management solutions, including CDUs (in-row and in-rack), manifolds, and cold plates. Delta has already made progress, as liquid cooling systems could contribute 6-7% of its 2025 revenue, up from 1-2% in 2024, thanks to its substantial market share in liquid-to-air sidecars. Lite-On Technology is also venturing into the liquid cooling business via its liquid-to-air sidecar and in-row CDU being on Nvidia's reference vendor list.

Strong 2025F growth on AC-DC PSU spec upgrades. Both Delta and Lite-On guide 2025 server power revenue growth will outpace that of 2024, as 5.5kW PSUs become the mainstream for both GB200 and ASIC server racks, versus 3.0-3.3kW PSUs utilized by Hopper GPU servers last year. Our channel checks with ODMs suggest that a DGX GB300 NVL72 rack employs six 33kW power shelves, each with six 5.5kW PSUs, the same as the GB200, while CSPs could opt for four 72kW AC-DC power shelves under MGX designs, each with six 12kW PSUs. Power supply vendors expect substantial content increase in GB300 racks due to rising BBU adoption rate and the integration of a power capacitance feature in PSUs. Further power shelf spec upgrades will be seen in VR200, with 55kW (three-phase) and 66-72kW (single-phase) under discussion, possibly inside dedicated power racks. We estimate AC-DC power supply content in GB200 and GB300 of a respective US\$35-40k and US\$60-70k under MGX designs, which could rise to over US\$150k per VR200 rack. Delta dominates the AI server PSU market with estimated market share of 70% in the Blackwell GPU platform, while Lite-On claims to be a major supplier for a key US CSP that has a more aggressive ASIC server deployment timeline. We also believe Flex (US) is an emerging supplier with vertical integration.

Stocks for Action

We maintain Outperform on both Delta Electronics and Lite-On Technology, and raise their respective 12M target prices to NT\$520 and NT\$134. We also like Bizlink (3665 TT, NT\$848, OP), a qualified power whip and busbar supplier for both GPU and ASIC servers.

Risks

Supply chain readiness; geopolitical tension.

Transition from current power architecture to 800V HVDC

Nvidia announced at Computex that it is transitioning to the 800V HVDC architecture to power AI data centers in 2027, when the Kyber rack design is scheduled to roll out. The most notable differences of the 800V HVDC architecture compared to current power systems is standalone in-row power racks as power shelves are moved off the IT rack, and the substantially higher system voltage versus the current 54V. This transition comes as Nvidia believes the legacy in-rack power system will not be capable of supporting the power consumption of MW-level IT racks that will emerge in the future. Whether 800V will become the industry standard in the long run remains to be seen as the Open Compute Project (OCP) and Google (US) are promoting $\pm 400V$ DC systems rather than 800V, but all agree that a transition to HVDC is on the horizon.

Constraints of the current power architecture

The incumbent GB200 NVL72 rack employs the 54V architecture that has six (DGX) or eight (MGX) in-rack AC-DC power shelves rated at 33kW, with each at 1U height and consisting of six 5.5kW PSUs. Power shelves are responsible for converting low-voltage AC (typically 415V in US) received from a UPS to 48-54V DC, and then distributing the power to compute trays via a rack busbar. This marks a structural change as centralized power shelves becomes mainstream for AI servers, compared to in-server PSUs under previous generations (i.e. H100/200 & A100). Nonetheless, despite the upcoming GB300 likely retaining this setup, the industry will eventually run into limitations when it enters the Rubin generation, which we have listed below.

Rack space constraint. A GB200 NVL72 rack has 18 compute trays (18U combined), nine switch trays (9U), a TOR switch (3U), and 6-8 AC-DC power shelves (6-8U), indicating that more than 75% space of a standard 48U IT rack is occupied, or could be even more if the rack is equipped with an in-rack CDU (optional; 4U). That leaves limited room for BBU trays (2U each) and supercapacitor trays (1U each), both of which are gaining traction, driven by the growing emphasis on power reliability for mission-critical AI workloads. Furthermore, the Kyber rack design will have compute trays filling most of the space, hence power shelves have to be moved off to a standalone rack.

Power conversion inefficiency. The incumbent data center power architecture has multiple power conversion stages that inevitably lead to losses, implying total system power efficiency tops out at 87%, which Nvidia believes would be insufficient once the TDP of an IT rack exceeds 200kW due to the inherent limitations of AC-DC power conversion. Moreover, more conversions means a higher likelihood of failure points. While the TDP of GB200 and GB300 racks is a respective 120kW and 136kW (NVL72), it will rise substantially to 250kW in Rubin and further to 600kW in Rubin Ultra, far above the 200kW threshold.

Copper overload. A 54V IT rack rated at 1MW requires 200kg of copper for a rack busbar alone, and that could rise to 200 metric tons (mt) of copper if an AI data center reaches 1GW, clearly indicating that the current power distribution system would be unsustainable by that time.

Safety concerns. The busbar of a GB200 NVL72 rack could operate on a current above 2,000A when a rack is fully loaded, which is already very dangerous for maintenance engineers, let alone 10,000A+, which could take place if a Kyber rack continues to use a 54V system.

800V HVDC architecture roadmap

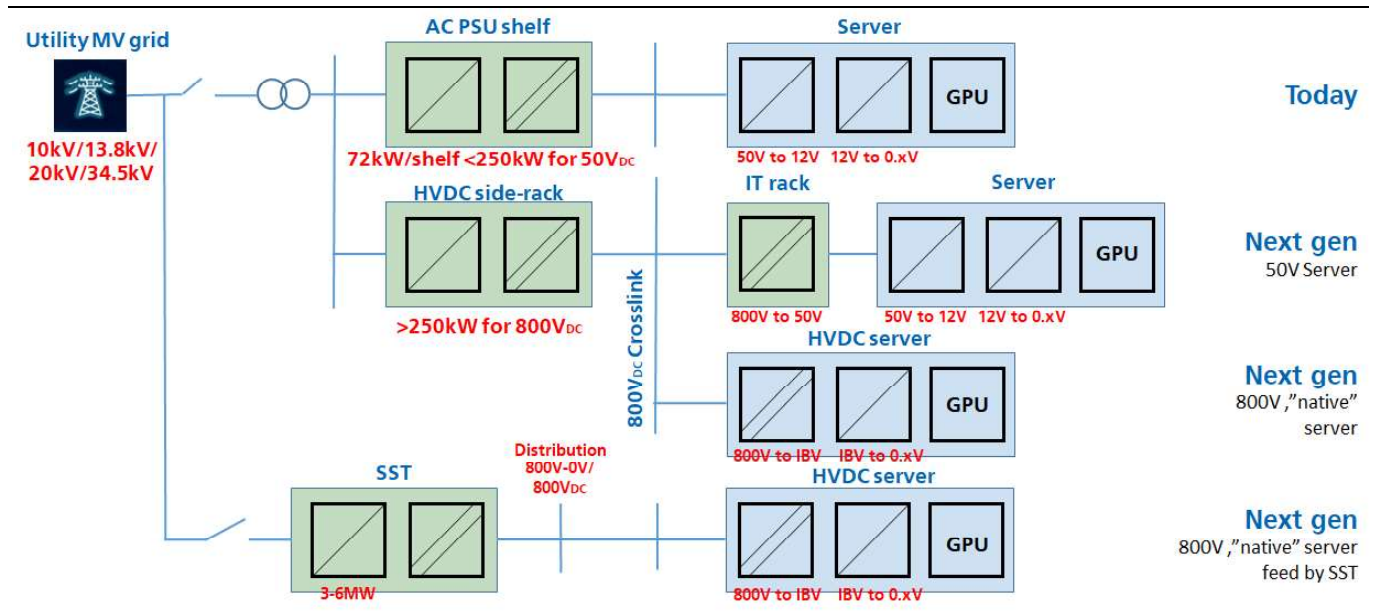
The transition to 800V architecture will likely occur over multiple stages before reaching its final form.

The interim solution. This solution is based on an in-row power rack design. Dedicated power shelves inside the power rack convert LVAC to 800V DC, which is then transferred to the IT rack via a cross-link cable, where the voltage is subsequently lowered to the 50V required by AI servers using DC-DC power shelves. From this point, the remaining process mirrors the existing architecture, which is that the intermediate bus converters (IBC) and voltage regulator modules (VRM) make the last conversions within the compute tray, with respective conversions of 50V to 12V and 12V to the CPU/GPU input voltage at less than 1V.

The late-stage solution. This solution also features power shelves to perform AC-DC conversion to 800V DC, but they will directly transmit the power to 800V native servers, which means all remaining conversions, including from 800V to intermediate bus voltage (IBV) and from IBV to less than 1V, will be done inside the compute tray by IBCs and VRMs.

Long-term solution. The power rack could be removed as the AC-DC power conversion will be performed at the data center infra-level, likely by SST, which directly convert 10kV+ AC power from the utility grid to 800V DC, before distributing the power to 800V native server racks.

Figure 1: HVDC transition plan of Delta Electronics



Source: Delta Electronics; KGI Research

At Computex, Delta, Lite-On, and Vertiv all showcased their respective HVDC in-row power rack designs capable of supporting 0.8-1MW of IT rack power consumption. Each has integrated power shelves, BBU shelves, power capacitance shelves (PCS), and a power distribution unit (PDU). By adopting the 800V HVDC architecture, Delta expects data center system power efficiency will rise 4-5ppts to 92%+. Nvidia envisions other key advantages, such as better scalability, 45% less copper usage, 70% lower maintenance costs, and lower cooling expenses.

Figure 2: Comparison – HVDC rack specs

	Delta	Lite-On	Vertiv
Power consumption	800kW	1MW	800kW
Voltage	800V	±400V	800V
Power shelf	30kW*6*5	25W*4*10	30kW*3*10
PSU Height	20U	10U	Unknown
BBU	25kW	25kW*4*10	Unknown
BBU Height	40U	20U	Unknown
PCS	25kW*6*5	18kW per PCS	Unknown
PCS Height	40U	20U	Unknown

Source: KGI Research

With that said, the widespread penetration of 800V HVDC architecture will probably take time. Supply chain readiness has been a key bottleneck, especially on the semiconductor side. The emergence of EV-related applications has been a major catalyst for 400/800V ecosystem development, but more technological breakthroughs are essential for the proliferation, including, but not limited to, compound materials such as SiC and GaN. We think HVDC power racks will be adopted by 2026, with deliveries in 2027. As for SST, its commercialization in data centers is still in the very early stage, meaning power shelves will probably remain in the data center power system at least over the next several years.

In order to nourish the 800V ecosystem, Nvidia has been collaborating with its key industry partners, including: (1) silicon providers Infineon (DE), Monolithic Power Systems (MPS; US), Navitas (US), Rohm (JP), STMicroelectronics (CH), and Texas Instruments (US); (2) power supply vendors Delta Electronics, Flex, Lead Wealth (CN), Lite-On Technology, and Megmeet (CN); and (3) data center power system integrators Eaton (US), Schneider Electric (FR), and Vertiv.

Figure 3: Nvidia's 800V ecosystem partners

Silicon providers



Power supply vendors



LEAD WEALTH



MEGMEET

Data center power system integrators



VERTIV™



Source: KGI Research

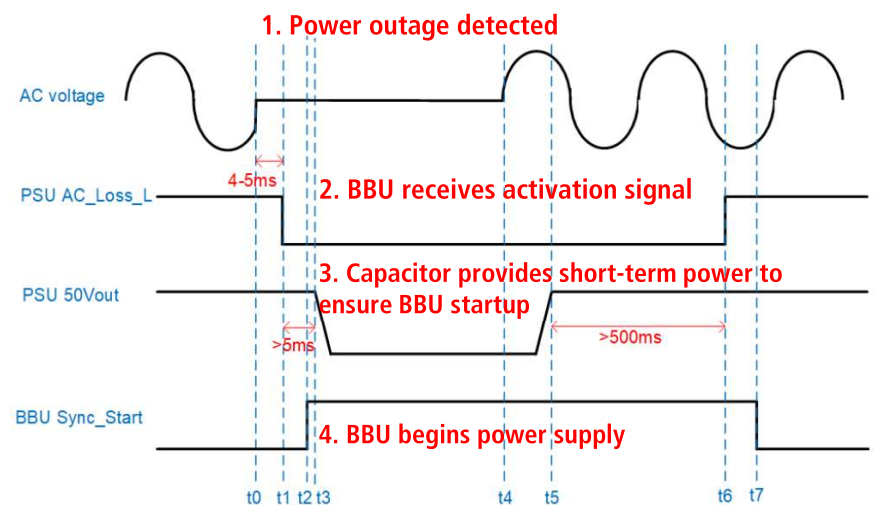
Rising BBU & supercapacitor adoption to ensure power stability

The emergence of AI data centers not only causes surging power demand, but also places immense strain on power grids across the world, many of which are operating with aging infrastructure that could be a century old. This is mainly due to the extremely volatile workload of GPU clusters that may either spike or plunge by tens or even hundreds of MW in milliseconds, presenting a significant challenge for grid operators trying to maintain the supply-demand balance. In order to ensure power stability, BBUs and supercapacitors are both seeing rising adoption in AI data centers. While both remain optional in GB200/300 generations, we expect their penetration to continue to rise over the long-term.

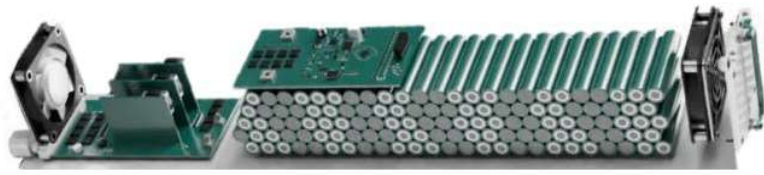
BBU. This is a lithium-ion battery solution that provides backup power to keep servers running briefly, typically for 1-4 minutes, when external power fails or fluctuates, allowing servers to either be safely shut down or continue to operate until emergency generators take over, so that critical data is secured and high-frequency computations are not abruptly suspended. A BBU is essentially a rack-level UPS, but offers even better energy efficiency at 96%+ as it provides backup power directly on the DC rail, thereby avoiding energy losses inherent in the AC-DC-AC double conversion required by traditional UPS. Its lithium-ion chemistry also provides much higher energy density than lead-acid-battery-based UPS, significantly reducing necessary facility space. In addition to these key advantages, data center operators are exploring the BBU route as the existence of a centralized UPS represents a critical single-point failure risk that they are keen to eliminate. However, to replace UPS at the data center level would require a major overhaul to infrastructure, hence BBU are more likely to be seen in newly built data centers.

In AI server racks, a BBU shelf typically consumes 2U of rack space, but customers could opt for a 1:1, 2:1, 3:1, or 4:1 setup, which signifies the ratio of the PSU power output to BBU backup capacity. Among major CSPs, Amazon (US) has been a leading adopter of BBU designs and utilizes the technology in its Trainium2 server racks, while others have their respective BBU deployment roadmaps. Panasonic (JP) is identified as the global BBU market leader with its vertical integration in BBU and upstream battery cells. Domestically, Advanced Energy Solution Holding (6781 TT, NT\$1,100, OP) is a key BBU supplier for Amazon, with deep collaboration with Lite-On Technology, while other battery pack plays, such as Dynapack (3211 TT, NT\$224.5, NR) and STL Technology (4931 TT, NT\$105.5, NR), are also eyeing the market.

Figure 4: BBU mechanism



Source: OCP; KGI Research

Figure 5: Infineon's BBU module


Source: Infineon; KGI Research

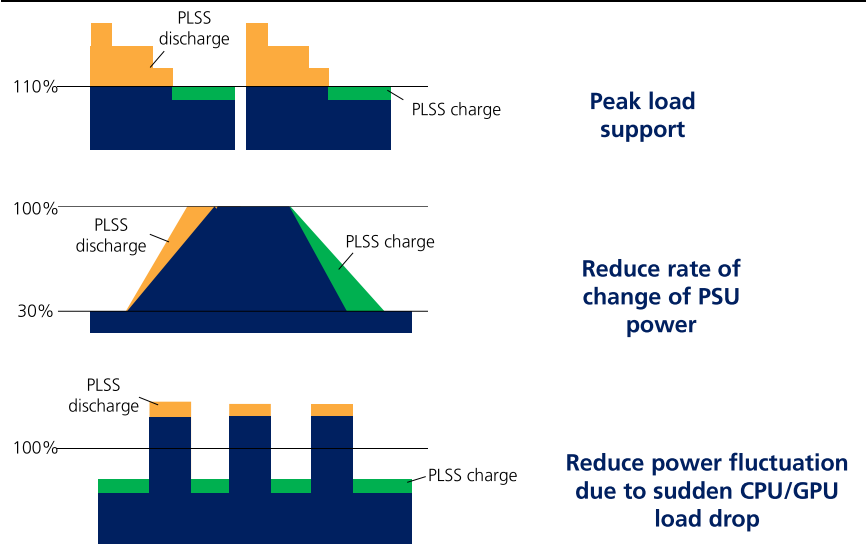
Figure 6: Comparison – BBU vs. UPS

	BBU	UPS
Battery type	Lithium battery	Lead-acid battery
Flexibility	High; installed in server/ rack in small modules	Low
Conversion efficiency	Superior (DC to DC)	Inferior (AC to DC/ DC to AC)
Thermal requirement	Lower (lithium battery can work in higher temperatures)	Higher
Standardization	Customization required	Standardized products available
Efficiency	Superior (4x or above faster charge speed)	Inferior
Lifespan	Longer (lifespan of data center BBU is 10-15 years)	Shorter (provides 700 recharge cycles, which usually run out in 3-6 years)
Memory effect	No	Yes
Size	More compact (reduce required space by 50-80%)	Larger
Weight	Lighter (only a third of a lead-acid battery of the same capacity)	Heavier
Energy density	Higher energy density (Wh/kg) and power output density (W/kg)	Lower; limited battery capacity
Pollution during production	Modern production process is less likely to create heavy metal pollution	Yes
Maintenance of power quality	No	Yes
Recycling	Almost zero recycling value	Over 40% recycling value, of which 70% comes from the lead
Price	Higher initial implementation costs (higher equipment, labor and production costs), about 3x that of a lead-acid battery	Lower (labor accounts for 10-20% of total cost)

Source: KGI Research

Supercapacitor. This is an energy storage device that smooths out erratic CPU/GPU pulse load to help enhance grid power quality, serving as a peak shaver and voltage regulator by supplying extra power during sudden demand spikes and absorbing energy when demand drops. Supercapacitors excel at instantaneous response with minimal degradation over countless cycles, making them ideal for first-line defense to avoid server malfunctions and to alleviate stress on the grid. The limitation of supercapacitors is that its power output lasts for only 5-10 seconds, which implies it is more of a complementary component rather than a replacement for lithium-ion batteries, especially BBU, preserving BBU for longer power outages.

A supercapacitor shelf (SCS) is also known as a PCS, peak load shaving shelf (PLSS), or capacitor bank shelf (CBS), normally taking up 4U of rack space per shelf. Nvidia has requested power supply vendors integrate power capacitance functions into PSUs, which could be first seen in PSU offerings for the GB300. However, we believe that over the long-term a dedicated capacitor tray will be necessary to offer better performance. Musashi (JP) is the global leading supercapacitor supplier and is a key partner of both Delta and Flex.

Figure 7: PLSS mechanism


Source: OCP, KGI Research

HVDC implications for power supply plays

Power supply vendors have been key beneficiaries of incremental AC-DC PSU spec upgrades and surging AI power consumption. AC-DC power supply content value rose from US\$100-200 per general server to US\$1,500-2,000 per HGX H100/200 server. In 2025, all major power supply plays guide server power revenue growth will outpace that of 2024, as 5.5kW PSUs become the mainstream for both GB200 and ASIC server racks, versus 3.0-3.3kW PSUs utilized in Hopper GPU servers last year. Moreover, the increasing adoption of centralized power shelves, due to AI hardware scaling up to a rack-level basis, indicates that their roles within the server supply chain are evolving from component suppliers to power system integrators.

We expect the growing adoption of BBU and supercapacitors, as well as the subsequent transformation towards dedicated power racks, to continue to catalyze power supply-oriented content value growth in the coming years, whereas power supply plays will look to broaden their TAM over the long-term by venturing into data center infrastructure applications, such as micro grid and thermal management solutions.

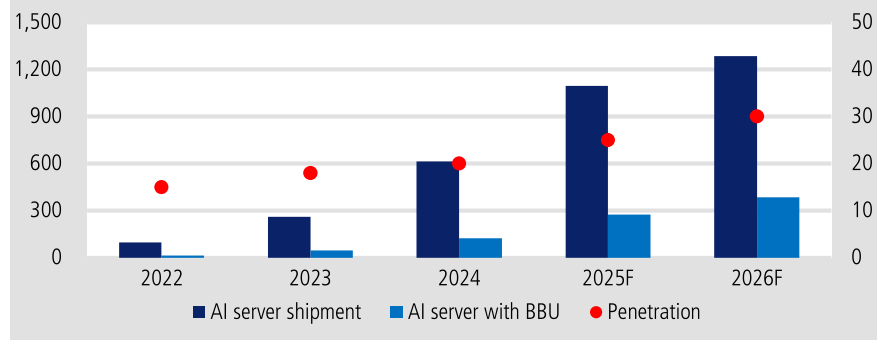
Rising BBU & supercapacitor adoption in GB300; power racks likely in 2026F

Our channel checks with ODMs suggest GB300 racks will likely employ six (DGX) or eight (MGX) 33kW AC-DC power shelves, each with six 5.5kW PSUs, the same as their GB200 counterparts, but we note CSPs could switch to a new setup featuring four 72kW AC-DC power shelves, each with six 12kW PSUs, for MGX designs in order to free up valuable rack space for BBU. PSU spec upgrade to 12kW could lead to higher ASP per watt, and should benefit market front-runner Delta the most in terms of market share given high technological barriers. Power supply vendors believe 5.5kW PSU will be the mainstream for GPU and ASIC servers in 2025-26, and foresee more power supply content value growth in GB300 on rising adoption of BBU and supercapacitors, which are both optional, but are capable of strengthening power stability and system reliability.

As IT racks could lack adequate space required to accommodate all the aforementioned devices, the 50V side power rack design could gain traction in 2026, possibly for GB300, but more likely for VR200. As for PSU specs for VR200, Lite-On showcased its 55kW (three-phase) and 66-72kW (single-phase) AC-DC power shelf solutions at Computex, but the final designs have yet to be finalized. We estimate respective power supply content value in GB200 and GB300 of US\$35-40k and US\$60-70k under MGX designs, and that could rise to over US\$150k per VR200 rack. Delta dominates the AI server PSU market with an estimated 70% share of the Blackwell GPU platform market, while Lite-On claims to be a major supplier for a key US CSP that has more ASIC server deployment. We also believe Flex is an emerging supplier with vertical integration.

Figure 8: AI server driving BBU penetration to reach 30% by 2026F

Server shipment, 000'units (LHS); BBU penetration, percent (RHS)



Source: Digitimes; KGI Research

Venturing into data center infrastructure market over long-term

Beyond its well-established dominance as the world's top power supply vendor, Delta Electronics has long commanded a substantial share of the DC-DC power module, power choke, and thermal fan markets. Building on its core competency in IT rack-level power management, the firm seeks to deepen its offerings within the white space, while bolstering its presence in the grey space, which houses the critical power and cooling infrastructure to run data centers.

Delta showcased its comprehensive grid-to-chip solutions at Computex, featuring: (1) micro grid equipment, such as SOFC, SST, and ESS; (2) containerized AI data center solutions; (3) power offerings, including power racks, busbars, e-fuses, DC-DC converters, and power chokes; and (4) thermal management solutions, including CDU (in-row and in-rack), manifolds, and cold plates. The firm has already made inroads into the liquid cooling business, driven by its integrated solution that consists of a cold plate, manifold, and liquid-to-air sidecar, with estimated revenue contribution of 6-7% in 2025 (system and components combined). We project Delta could account for over 50% of the sidecar market this year, largely thanks to adoption by multiple tier-1 US CSPs. Lite-On is expanding into the thermal management business as well, as its liquid-to-air sidecar and in-row CDU have been certified for Nvidia's reference vendor list, targeting initial shipment in 2H25.

Figure 9: Delta's grid infrastructure offering


Source: Delta; KGI Research

Stocks for action – Delta Electronics & Lite-On Technology

Delta Electronics – Maintain Outperform & raise 12M target price to NT\$520

Earnings revisions. We raise 2025-26F EPS by a respective 1% and 3%, as we revise up our estimates for the firm's AI offerings. We project AI server revenue contribution will rise from 6% in 2024 to 18% in 2025, including 9% from server power (AC-DC and DC-DC combined), 6% from liquid cooling, 2% from BBU, and 1% from other components (i.e. cold plates & power chokes). Management guides AI server PSU demand strength will sustain in 2H25, with smooth production ramp-up for GB200 rack assemblies by ODMs, while 3Q25 liquid cooling revenue will surpass that of 1Q25 after a QoQ decline in 2Q25. For non-AI business, the firm has received rush orders for smartphone applications, but it is conservative on the automation business due to uncertain US tariff policy.

Near-term, we largely maintain 2Q25F revenue at NT\$124.3bn, up 5% QoQ and 20% YoY, but note ongoing NT-dollar appreciation could weigh on bottom-line performance. We forecast 5% QoQ revenue growth in the 3Q25 peak season.

Valuation. We maintain Outperform on Delta Electronics and raise our 12M target price to NT\$520, based on 25x 2026F EPS, versus the historical PE band of 14-28x.

Figure 10: Breakdown of 2Q25 & 3Q25 forecast revisions vs. consensus

NT\$m	2Q25F							3Q25F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	124,280	124,473	(0.2)	4.5	20.1	126,597	(1.8)	130,720	128,704	1.6	5.2	16.5	129,153	1.2
Gross profit	40,767	40,819	(0.1)	7.9	15.5	41,235	(1.1)	43,611	42,641	2.3	7.0	11.3	42,502	2.6
Operating profit	15,662	15,675	(0.1)	11.6	19.3	16,029	(2.3)	17,793	17,222	3.3	13.6	8.3	17,051	4.4
Net income	10,548	10,926	(3.5)	3.1	6.0	11,484	(8.2)	12,459	12,102	2.9	18.1	1.0	12,608	(1.2)
EPS (NT\$)	4.06	4.21	(3.5)	3.1	6.0	4.39	(7.6)	4.80	4.66	2.9	18.1	1.0	4.78	0.3
Gross margin (%)	32.8	32.8	0.0 ppts	1.0 ppts	(1.3) ppts	32.6	0.2 ppts	33.4	33.1	0.2 ppts	0.6 ppts	(1.6) ppts	32.9	0.5 ppts
Op. margin (%)	12.6	12.6	0.0 ppts	0.8 ppts	(0.1) ppts	12.7	(0.1) ppts	13.6	13.4	0.2 ppts	1.0 ppts	(1.0) ppts	13.2	0.4 ppts
Net margin (%)	8.5	8.8	(0.3) ppts	(0.1) ppts	(1.1) ppts	9.1	(0.6) ppts	9.5	9.4	0.1 ppts	1.0 ppts	(1.5) ppts	9.8	(0.2) ppts

Source: Bloomberg; KGI Research

Figure 11: Breakdown of 2025 & 2026 forecast revisions vs. consensus

NT\$m	2025F						2026F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	503,599	498,866	0.9	19.6	499,846	0.8	570,318	558,281	2.2	13.2	554,184	2.9
Gross profit	164,521	162,245	1.4	20.5	162,090	1.5	187,414	183,848	1.9	13.9	181,152	3.5
Operating profit	64,041	62,576	2.3	34.4	64,003	0.1	76,726	74,334	3.2	19.8	73,982	3.7
Net income	44,820	44,234	1.3	27.2	46,215	(3.0)	53,991	52,476	2.9	20.5	53,349	1.2
EPS (NT\$)	17.25	17.03	1.3	27.2	17.67	(2.3)	20.79	20.20	2.9	20.5	20.56	1.1
Gross margin (%)	32.7	32.5	0.1 ppts	0.2 ppts	32.4	0.2 ppts	32.9	32.9	(0.1) ppts	0.2 ppts	32.7	0.2 ppts
Op. margin (%)	12.7	12.5	0.2 ppts	1.4 ppts	12.8	(0.1) ppts	13.5	13.3	0.1 ppts	0.7 ppts	13.3	0.1 ppts
Net margin (%)	8.9	8.9	0.0 ppts	0.5 ppts	9.2	(0.3) ppts	9.5	9.4	0.1 ppts	0.6 ppts	9.6	(0.2) ppts

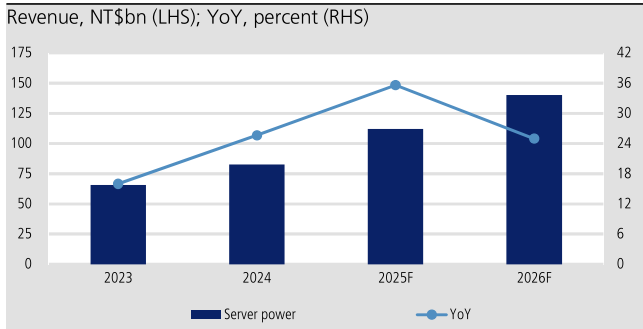
Source: Bloomberg; KGI Research

Figure 12: Delta Electronics – Business structure

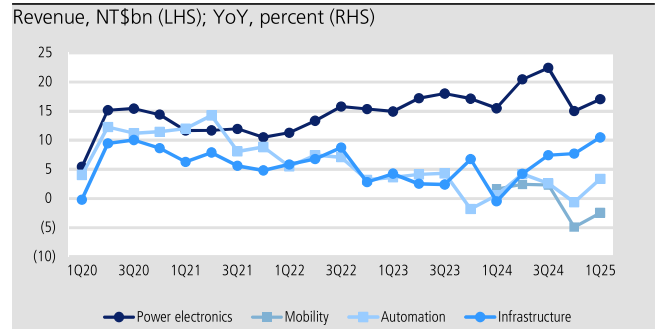
Segment	1Q25 revenue weighting (%)	Business group	2024 revenue growth (%)	2025F revenue growth (%)	2025F revenue weighting (%)	Products
Power electronics	50	Power supply (PSBG)	6	23	34	DT power, NB power, server power, home appliance power, game console power, offline UPS, printer power, and other; medical device power, industrial power module
		Component (CPBG)	29	9	10	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	6	12	9	Cooling fan, thermal module
Mobility	9	Electric vehicle solution (EVSBG)	-1	-1	9	On-board charger, DC/DC converter, traction motor, traction inverter
Automation	12	Industrial automation (IABG)	0	4	7	Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)
		Building automation (BABG)	-11	2	3	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	29	Information & communication technology (ICTBG)	9	58	25	Telecom power, data center solutions, networking
		Energy infrastructure system (EISBG)	-21	-29	3	Off-board EV-charger, renewable energy (solar inverter & wind power converter), energy storage system, display, power-conditioning system

Note: Industrial and medical power supplies (2% of revenue combined) were moved from EISBG to PSBG, effective 1Q21

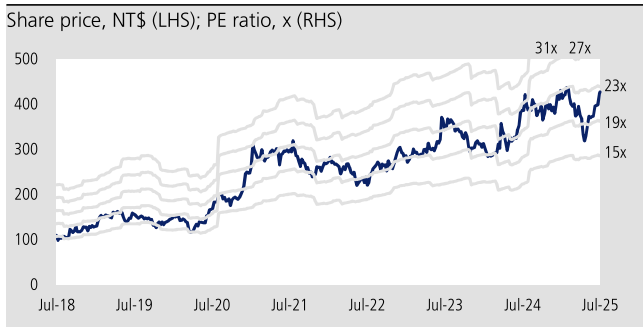
Source: Company data; KGI Research

Figure 13: We project a server power supply revenue CAGR of 30% in 2024-26F, thanks to AI proliferation


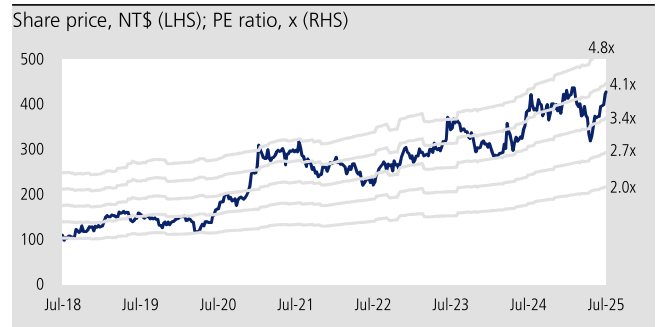
Source: Company data; KGI Research

Figure 14: Strength in AI server power supply demand creating a more desirable product mix


Source: Company data; KGI Research

Figure 15: 12M forward PE band


Source: Bloomberg; KGI Research

Figure 16: 12M forward PB band


Source: Bloomberg; KGI Research

Lite-On Technology – Maintain Outperform & raise 12M target price to NT\$134

Earnings revisions. We raise 2025-26F EPS by a respective 2% and 3%. We trim our expectations for its liquid cooling business due to long qualification time, and now expect initial shipments to take place in 4Q25. Meanwhile, 2Q25 revenue will likely exceed our estimates despite NT-dollar appreciation. Recovering demand for the optoelectronics business has been a strong positive surprise, while robust pull-in demand for AI server PSU and BBU from a major US CSP is boosting revenue growth. BBU accounted for around 3% of 1Q25 revenue, and management aims for 2025 contribution to exceed 5%. We forecast cloud revenue growth of 45% YoY in 2025, up from 17% YoY in 2024, for a sales weighting of 30%, up from 24% in 2024.

The company guides NT-dollar appreciation will be a negative for operating margin in 2Q25, but believes its proactive hedging strategy will shield the firm from incurring non-op forex loss. Excluding forex impact, management guides revenue will rise sequentially in both 3Q25 and 4Q25 on shipment ramp-up for AI server PSU.

Valuation. We maintain Outperform on Lite-On Technology and raise our 12M target price to NT\$134, based on 17x 2026F EPS, versus the historical PE band of 9-24x.

Figure 17: Breakdown of 2Q25 & 3Q25 forecast revisions vs. consensus

NT\$m	2Q25F								3Q25F							
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)		Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	
Revenue	40,180	38,361	4.7	10.3	20.7	39,183	2.5		42,428	41,539	2.1	5.6	15.4	41,350	2.6	
Gross profit	9,244	8,771	5.4	12.4	25.1	8,941	3.4		9,907	9,663	2.5	7.2	20.1	9,517	4.1	
Operating profit	4,301	4,091	5.2	17.0	31.1	4,233	1.6		4,859	4,824	0.7	13.0	23.8	4,668	4.1	
Net income	3,786	3,642	4.0	9.6	21.6	3,767	0.5		4,176	4,159	0.4	10.3	23.2	4,094	2.0	
EPS (NT\$)	1.66	1.60	4.2	10.4	22.4	1.61	3.5		1.84	1.83	0.8	10.7	24.5	1.74	6.0	
Gross margin (%)	23.0	22.9	0.1 ppts	0.4 ppts	0.8 ppts	22.8	0.2 ppts		23.4	23.3	0.1 ppts	0.3 ppts	0.9 ppts	23.0	0.3 ppts	
Op. margin (%)	10.7	10.7	0.0 ppts	0.6 ppts	0.8 ppts	10.8	(0.1) ppts		11.5	11.6	(0.2) ppts	0.7 ppts	0.8 ppts	11.3	0.2 ppts	
Net margin (%)	9.4	9.5	(0.1) ppts	(0.1) ppts	0.1 ppts	9.6	(0.2) ppts		9.8	10.0	(0.2) ppts	0.4 ppts	0.6 ppts	9.9	(0.1) ppts	

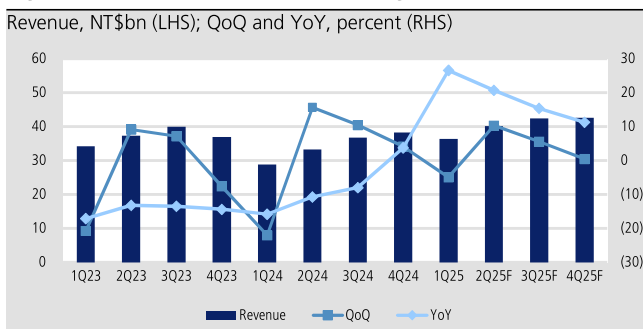
Source: Bloomberg; KGI Research

Figure 18: Breakdown of 2025 & 2026 forecast revisions vs. consensus

NT\$m	2025F							2026F						
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)		Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	
Revenue	161,649	157,807	2.4	17.9	156,937	3.0		179,488	174,844	2.7	11.0	173,143	3.7	
Gross profit	37,359	36,342	2.8	26.1	35,785	4.4		42,245	41,169	2.6	13.1	40,169	5.2	
Operating profit	17,749	17,443	1.8	37.2	17,046	4.1		21,160	20,628	2.6	19.2	20,461	3.4	
Net income	15,642	15,443	1.3	31.0	15,098	3.6		17,919	17,535	2.2	14.6	17,480	2.5	
EPS (NT\$)	6.87	6.77	1.5	31.9	6.50	5.8		7.90	7.70	2.6	15.0	7.54	4.8	
Gross margin (%)	23.1	23.0	0.1 ppts	1.5 ppts	22.8	0.3 ppts		23.5	23.5	(0.0) ppts	0.4 ppts	23.2	0.3 ppts	
Op. margin (%)	11.0	11.1	(0.1) ppts	1.5 ppts	10.9	0.1 ppts		11.8	11.8	(0.0) ppts	0.8 ppts	11.8	(0.0) ppts	
Net margin (%)	9.7	9.8	(0.1) ppts	1.0 ppts	9.6	0.1 ppts		10.0	10.0	(0.0) ppts	0.3 ppts	10.1	(0.1) ppts	

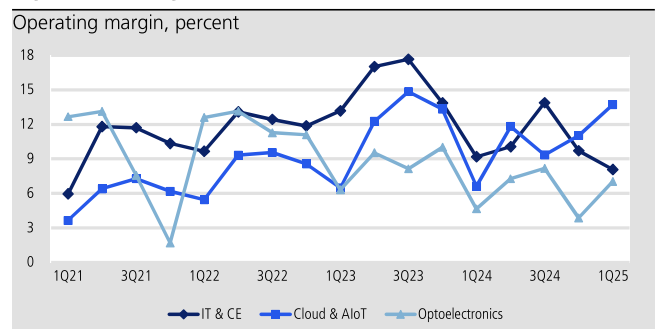
Source: Bloomberg; KGI Research

Figure 19: Revenue returned to YoY growth from 4Q24



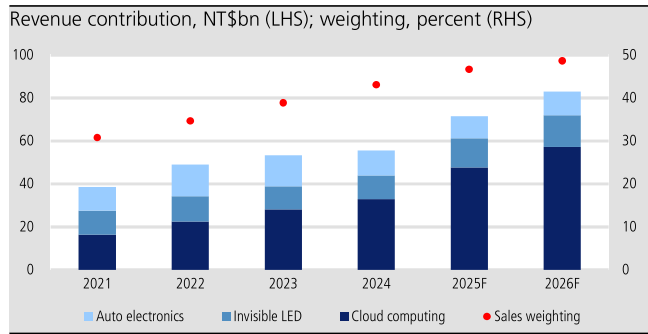
Source: Company data; KGI Research

Figure 20: Margins increased QoQ in 1Q25



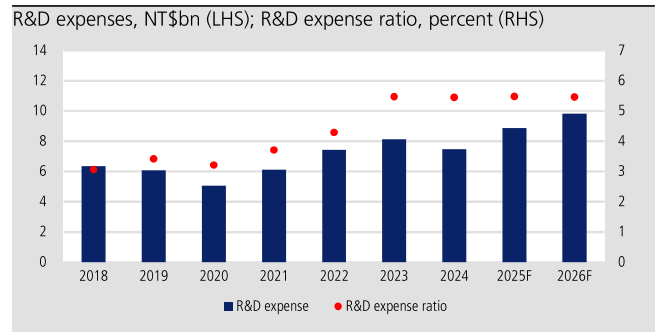
Source: Company data; KGI Research

Figure 21: We project secular driver contributions for Lite-On will rise in 2024-26F



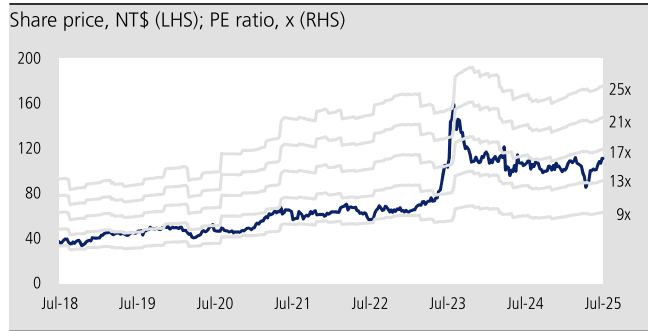
Source: Company data; KGI Research

Figure 22: R&D expense ratio close to 5.5% in 2025F



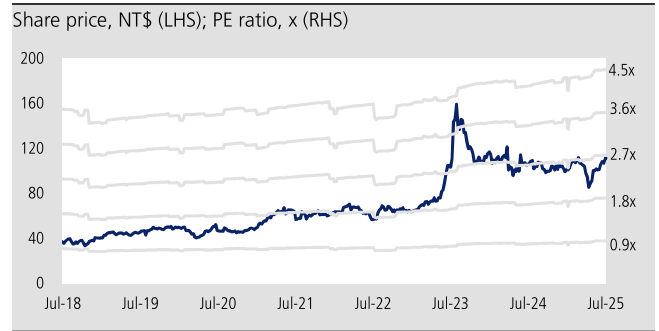
Source: Company data; KGI Research

Figure 23: 12M forward PE band



Source: Bloomberg; KGI Research

Figure 24: 12M forward PB band



Source: Bloomberg; KGI Research

Delta (2308 TT)

Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Mar-26F	Jun-26F	Sep-26F	Dec-26F	Dec-25F	Dec-26F	Dec-27F
Income statement (NT\$mnn)											
Revenue	118,919	124,280	130,720	129,679	127,145	140,113	152,008	151,051	503,599	570,318	642,758
Cost of goods sold	(81,131)	(83,514)	(87,110)	(87,323)	(86,105)	(93,839)	(101,266)	(101,695)	(339,078)	(382,904)	(430,781)
Gross profit	37,788	40,767	43,611	42,356	41,041	46,274	50,742	49,356	164,521	187,414	211,978
Operating expenses	(23,752)	(25,105)	(25,817)	(25,806)	(25,493)	(27,462)	(28,958)	(28,775)	(100,480)	(110,688)	(123,390)
Operating profit	14,036	15,662	17,793	16,549	15,548	18,812	21,785	20,581	64,041	76,726	88,588
Depreciation of fixed assets	(5,820)	(5,937)	(6,055)	(6,177)	(6,300)	(6,426)	(6,555)	(6,686)	(23,989)	(25,967)	(28,107)
Amortisation of intangible assets	(1,013)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(4,013)	(4,000)	(4,000)
EBITDA	20,869	22,599	24,849	23,726	22,848	26,238	29,339	28,267	92,043	106,693	120,695
Interest income	824	902	842	825	917	961	945	972	3,393	3,795	4,442
Investment income	93	110	230	30	35	120	260	35	463	450	490
Other non-op income	1,106	850	850	850	900	900	900	900	3,656	3,600	3,600
Non-operating income	2,022	1,862	1,922	1,705	1,852	1,981	2,105	1,907	7,512	7,845	8,532
Interest expense	(511)	(511)	(485)	(461)	(461)	(461)	(461)	(461)	(1,967)	(1,843)	(1,843)
Investment loss	-	(10)	(10)	(10)	-	-	-	-	(30)	-	-
Other non-op expenses	115	(900)	(200)	(100)	(100)	(100)	(50)	(50)	(1,085)	(300)	-
Non-operating expenses	(395)	(1,421)	(695)	(571)	(561)	(561)	(511)	(511)	(3,082)	(2,143)	(1,843)
Pre-tax profit	15,663	16,103	19,021	17,684	16,840	20,232	23,379	21,978	68,471	82,428	95,276
Current taxation	(3,620)	(3,623)	(4,280)	(3,979)	(3,789)	(4,552)	(5,260)	(4,945)	(15,501)	(18,546)	(21,437)
Minorities	(1,812)	(1,932)	(2,283)	(2,122)	(2,021)	(2,428)	(2,805)	(2,637)	(8,149)	(9,891)	(11,910)
Normalised net profit	10,231	10,548	12,459	11,583	11,030	13,252	15,313	14,395	44,820	53,991	61,930
Extraordinary items	(0)	-	-	-	-	-	-	-	-	-	-
Net profit	10,231	10,548	12,459	11,583	11,030	13,252	15,313	14,395	44,820	53,991	61,930
EPS (NT\$)	3.94	4.06	4.80	4.46	4.25	5.10	5.90	5.54	17.25	20.79	23.84
Margins (%)											
Gross profit margin	31.8	32.8	33.4	32.7	32.3	33.0	33.4	32.7	32.7	32.9	33.0
Operating margin	11.8	12.6	13.6	12.8	12.2	13.4	14.3	13.6	12.7	13.5	13.8
EBITDA margin	17.5	18.2	19.0	18.3	18.0	18.7	19.3	18.7	18.3	18.7	18.8
Pretax profit margin	13.2	13.0	14.6	13.6	13.2	14.4	15.4	14.5	13.6	14.5	14.8
Net profit margin	8.6	8.5	9.5	8.9	8.7	9.5	10.1	9.5	8.9	9.5	9.6
Sequential growth (%)											
Revenue growth	4.1	4.5	5.2	(0.8)	(2.0)	10.2	8.5	(0.6)			
Gross profit growth	7.5	7.9	7.0	(2.9)	(3.1)	12.8	9.7	(2.7)			
Operating profit growth	31.2	11.6	13.6	(7.0)	(6.1)	21.0	15.8	(5.5)			
EBITDA growth	19.9	8.3	10.0	(4.5)	(3.7)	14.8	11.8	(3.7)			
Pretax profit growth	59.2	2.8	18.1	(7.0)	(4.8)	20.1	15.6	(6.0)			
Net profit growth	42.5	3.1	18.1	(7.0)	(4.8)	20.1	15.6	(6.0)			
YoY growth (%)											
Revenue growth	30.3	20.1	16.5	13.6	6.9	12.7	16.3	16.5	19.6	13.2	12.7
Gross profit growth	40.2	15.5	11.3	20.5	8.6	13.5	16.4	16.5	20.5	13.9	13.1
Operating profit growth	89.8	19.3	8.3	54.6	10.8	20.1	22.4	24.4	34.4	19.8	15.5
EBITDA growth	57.7	16.7	9.7	36.3	9.5	16.1	18.1	19.1	26.7	15.9	13.1
Pretax profit growth	78.7	7.1	7.6	79.7	7.5	25.6	22.9	24.3	33.4	20.4	15.6
Net profit growth	77.5	6.0	1.0	61.4	7.8	25.6	22.9	24.3	27.2	20.5	14.7

Source: Company data, KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Total assets	457,747	531,898	593,845	642,034	697,781
Current assets	259,958	310,925	362,159	407,864	463,228
Cash & ST securities	92,620	121,793	159,227	184,387	213,064
Inventory	76,227	83,856	87,581	95,095	105,368
Accounts receivable	79,380	89,921	100,405	113,436	129,851
Other current assets	11,732	15,355	14,946	14,946	14,946
Non-current assets	197,788	220,973	231,686	234,170	234,553
LT investments	3,505	8,503	5,058	5,508	5,998
Net fixed assets	98,002	115,710	125,636	131,669	135,562
Other assets	96,282	96,760	100,993	96,993	92,993
Total liabilities	215,011	252,332	271,632	279,317	288,499
Current liabilities	126,085	152,283	162,460	170,145	179,327
Accounts payable	53,539	69,223	72,342	80,027	89,209
Interest bearing ST liabilities	5,875	8,121	12,734	12,734	12,734
Other current liabilities	66,671	74,939	77,383	77,383	77,383
Non-current liabilities	88,927	100,049	109,172	109,172	109,172
Long-term debt	51,420	56,309	64,282	64,282	64,282
Other L-T liabilities	34,951	41,523	42,310	42,310	42,310
Total equity	242,735	279,565	322,213	362,717	409,282
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	83,904	98,433	116,251	145,721	179,410
Minority interests	43,572	49,478	60,837	70,728	82,638
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Growth					
Revenue growth	4.4%	5.0%	19.6%	13.2%	12.7%
Operating profit growth	(1.2%)	16.4%	34.4%	19.8%	15.5%
EBITDA growth	3.6%	16.2%	26.7%	15.9%	13.1%
Net profit growth	2.2%	5.5%	27.2%	20.5%	14.7%
EPS growth	2.2%	5.5%	27.2%	20.5%	14.7%
Profitability					
Gross profit margin	29.2%	32.4%	32.7%	32.9%	33.0%
Operating margin	10.2%	11.3%	12.7%	13.5%	13.8%
EBITDA margin	15.6%	17.3%	18.3%	18.7%	18.8%
Net profit margin	8.3%	8.4%	8.9%	9.5%	9.6%
Return on average assets	7.6%	7.1%	8.0%	8.7%	9.2%
Return on average equity	17.3%	16.4%	18.2%	19.5%	20.0%
Stability					
Gross debt to equity	23.6%	23.0%	23.9%	21.2%	18.8%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	42.5	34.2	35.8	45.7	52.7
Interest & ST debt coverage (x)	0.9	0.8	0.8	0.8	0.9
Cash flow interest coverage(x)	60.7	47.1	37.3	43.7	47.7
Cash flow/int. & ST debt (x)	10.1	7.5	5.0	5.5	6.0
Current ratio (x)	2.1	2.0	2.2	2.4	2.6
Quick ratio (x)	1.5	1.5	1.7	1.8	2.0
Net debt (NT\$m)	(30,161)	(53,029)	(78,109)	(103,270)	(131,946)
Per share data					
EPS (NT\$)	12.86	13.56	17.25	20.79	23.84
CFPS (NT\$)	27.37	28.06	28.21	31.01	33.86
BVPS (NT\$)	76.67	88.58	100.62	112.41	125.75
Adj BVPS (NT\$)	76.67	88.58	100.62	112.41	125.75
SPS (NT\$)	154.46	162.13	193.88	219.56	247.45
EBITDA/share (NT\$)	24.08	27.98	35.43	41.07	46.46
Cash DPS (NT\$)	6.43	7.00	9.00	10.50	12.00
Activity					
Sales / avg assets	0.91	0.85	0.89	0.92	0.96
Days receivable	72.2	78.1	72.8	72.6	73.7
Days inventory	98.0	107.9	94.3	90.6	89.3
Days payable	68.8	89.0	77.9	76.3	75.6
Cash cycle	101.4	97.0	89.2	87.0	87.4

Source: Company data, KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue	401,227	421,148	503,599	570,318	642,758
Cost of goods sold	(284,013)	(284,567)	(339,078)	(382,904)	(430,781)
Gross profit	117,213	136,580	164,521	187,414	211,978
Operating expenses	(76,263)	(88,928)	(100,480)	(110,688)	(123,390)
Operating profit	40,950	47,652	64,041	76,726	88,588
Non-operating income	6,519	8,163	7,512	7,845	8,532
Interest income	2,070	3,407	3,393	3,795	4,442
Investment income	222	438	463	450	490
Other non-op income	4,227	4,319	3,656	3,600	3,600
Non-operating expenses	1,173	(4,499)	(3,082)	(2,143)	(1,843)
Interest expense	(1,171)	(1,547)	(1,967)	(1,843)	(1,843)
Investment loss	-	(73)	(30)	-	-
Other non-op expenses	2,344	(2,879)	(1,085)	(300)	-
Pre-tax profit	48,642	51,316	68,471	82,428	95,276
Current taxation	(9,762)	(10,925)	(15,501)	(18,546)	(21,437)
Minorities	(5,488)	(5,163)	(8,149)	(9,891)	(11,910)
Extraordinary items	-	0	-	-	-
Net profit	33,393	35,229	44,820	53,991	61,930
EBITDA	62,540	72,668	92,043	106,693	120,695
EPS (NT\$)	12.86	13.56	17.25	20.79	23.84

Cash flow

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Operations cash flow	71,086	72,895	73,284	80,539	87,950
Net profit	33,393	35,229	44,820	53,991	61,930
Depreciation & amortisation	21,590	25,016	28,002	29,967	32,107
Decrease in working capital	2,466	(2,538)	(11,150)	(12,860)	(17,506)
Other operating cash flow	13,638	15,188	11,612	9,441	11,420
Investing cash flow	(33,502)	(40,360)	(35,843)	(32,000)	(32,000)
Sale of ST investment	213	(334)	-	-	-
New investments	89	(213)	-	-	-
Capital expenditure	(27,830)	(33,430)	(32,252)	(32,000)	(32,000)
Others investing cashflow	(5,974)	(6,383)	(3,592)	-	-
Free cash flow	24,945	22,634	30,130	40,569	47,257
Financing cash flow	(10,478)	(11,118)	(3,544)	(23,378)	(27,274)
Increase in short term debt	874	(1,417)	(400)	-	-
Increase in long term loans	9,452	8,552	12,987	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(27,455)	(16,702)	(18,183)	(23,378)	(27,274)
Other financing cashflow	6,651	(1,550)	2,052	-	-
Forex effects	(1,198)	8,586	3,770	-	-
Total cash generated	25,909	30,003	37,666	25,161	28,676

ROIC

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	19.0%	21.1%	20.0%	19.4%	19.2%
= Operating margin	10.2%	11.3%	12.7%	13.5%	13.8%
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.2	0.3	0.2	0.2	0.2
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	2.7	2.6	2.7	2.8	2.8
Operating margin	10.2%	11.3%	12.7%	13.5%	13.8%
x Capital turnover	2.7	2.6	2.7	2.8	2.8
x (1 - tax rate)	79.9%	78.7%	77.4%	77.5%	77.5%
= After-tax ROIC	21.9%	22.7%	26.4%	28.8%	30.1%

Source: Company data, KGI Research estimates

Lite-On Technology (2301 TT)

Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Mar-26F	Jun-26F	Sep-26F	Dec-26F	Dec-25F	Dec-26F	Dec-27F
Income statement (NT\$m)											
Revenue	36,417	40,180	42,428	42,625	39,999	44,676	47,221	47,592	161,649	179,488	198,229
Cost of goods sold	(28,195)	(30,936)	(32,520)	(32,638)	(30,864)	(34,155)	(35,997)	(36,227)	(124,290)	(137,242)	(150,500)
Gross profit	8,222	9,244	9,907	9,986	9,134	10,522	11,224	11,365	37,359	42,245	47,729
Operating expenses	(4,546)	(4,942)	(5,049)	(5,072)	(4,840)	(5,294)	(5,454)	(5,497)	(19,610)	(21,085)	(22,925)
Operating profit	3,675	4,301	4,859	4,914	4,294	5,228	5,770	5,869	17,749	21,160	24,804
Depreciation of fixed assets	(873)	(883)	(893)	(903)	(913)	(923)	(933)	(943)	(3,550)	(3,710)	(3,870)
Amortisation of intangible assets	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(200)	(200)	(200)
EBITDA	4,598	5,234	5,801	5,866	5,257	6,200	6,752	6,861	21,499	25,071	28,874
Interest income	751	694	667	659	672	651	628	664	2,771	2,615	2,696
Investment income	8	6	6	6	6	6	6	6	26	24	24
Other non-op income	78	200	200	200	200	200	200	200	678	800	800
Non-operating income	837	900	873	865	878	857	834	870	3,476	3,439	3,520
Interest expense	(336)	(333)	(335)	(318)	(318)	(318)	(318)	(318)	(1,322)	(1,273)	(1,273)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	492	250	250	250	225	225	225	225	1,242	900	900
Non-operating expenses	156	(83)	(85)	(68)	(93)	(93)	(93)	(93)	(80)	(373)	(373)
Pre-tax profit	4,669	5,119	5,646	5,711	5,079	5,992	6,511	6,646	21,145	24,227	27,951
Current taxation	(1,214)	(1,331)	(1,468)	(1,485)	(1,321)	(1,558)	(1,693)	(1,728)	(5,498)	(6,299)	(7,267)
Minorities	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(6)	(9)	(10)
Normalised net profit	3,456	3,786	4,176	4,224	3,757	4,432	4,815	4,915	15,642	17,919	20,674
Extraordinary items	0	-	-	-	-	-	-	-	-	0	0
Net profit	3,456	3,786	4,176	4,224	3,757	4,432	4,815	4,915	15,642	17,919	20,674
EPS (NT\$)	1.51	1.66	1.84	1.86	1.66	1.95	2.12	2.17	6.87	7.90	9.12
Margins (%)											
Gross profit margin	22.6	23.0	23.4	23.4	22.8	23.6	23.8	23.9	23.1	23.5	24.1
Operating margin	10.1	10.7	11.5	11.5	10.7	11.7	12.2	12.3	11.0	11.8	12.5
EBITDA margin	12.6	13.0	13.7	13.8	13.1	13.9	14.3	14.4	13.3	14.0	14.6
Pretax profit margin	12.8	12.7	13.3	13.4	12.7	13.4	13.8	14.0	13.1	13.5	14.1
Net profit margin	9.5	9.4	9.8	9.9	9.4	9.9	10.2	10.3	9.7	10.0	10.4
Sequential growth (%)											
Revenue growth	(4.9)	10.3	5.6	0.5	(6.2)	11.7	5.7	0.8			
Gross profit growth	1.0	12.4	7.2	0.8	(8.5)	15.2	6.7	1.3			
Operating profit growth	5.1	17.0	13.0	1.1	(12.6)	21.7	10.4	1.7			
EBITDA growth	2.7	13.8	10.8	1.1	(10.4)	17.9	8.9	1.6			
Pretax profit growth	17.1	9.6	10.3	1.1	(11.1)	18.0	8.7	2.1			
Net profit growth	13.3	9.6	10.3	1.1	(11.1)	18.0	8.7	2.1			
YoY growth (%)											
Revenue growth	26.6	20.7	15.4	11.3	9.8	11.2	11.3	11.7	17.9	11.0	10.4
Gross profit growth	40.6	25.1	20.1	22.6	11.1	13.8	13.3	13.8	26.1	13.1	13.0
Operating profit growth	64.8	31.1	23.8	40.5	16.8	21.5	18.8	19.4	37.2	19.2	17.2
EBITDA growth	40.6	21.8	17.5	31.0	14.3	18.5	16.4	17.0	26.6	16.6	15.2
Pretax profit growth	49.2	25.4	27.3	43.2	8.8	17.0	15.3	16.4	35.2	14.6	15.4
Net profit growth	44.7	21.6	23.2	38.5	8.7	17.0	15.3	16.4	31.0	14.6	15.4

Source: Company data, KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Total assets	188,972	204,683	214,991	222,920	231,215
Current assets	155,618	169,117	176,974	183,789	191,130
Cash & ST securities	93,341	101,616	104,580	105,327	109,546
Inventory	25,808	26,817	30,704	33,253	34,161
Accounts receivable	32,099	37,182	38,205	41,722	43,936
Other current assets	4,371	3,501	3,486	3,486	3,486
Non-current assets	33,354	35,566	38,017	39,131	40,085
LT investments	6,377	8,195	7,296	7,320	7,344
Net fixed assets	18,392	18,776	21,610	22,900	24,030
Other assets	8,585	8,595	9,111	8,911	8,711
Total liabilities	103,905	113,772	119,868	122,340	117,888
Current liabilities	98,001	107,869	113,528	116,000	111,548
Accounts payable	40,918	43,126	45,408	47,880	49,097
Interest bearing ST liabilities	22,493	30,187	32,966	32,966	32,966
Other current liabilities	34,590	34,556	35,155	35,155	29,486
Non-current liabilities	5,903	5,903	6,340	6,340	6,340
Long-term debt	3,000	3,000	3,000	3,000	3,000
Other L-T liabilities	1,962	2,196	2,506	2,506	2,506
Total equity	85,067	90,911	95,123	100,580	113,327
Share capital	23,531	23,473	23,412	23,412	23,412
Retained earnings reserve	23,507	26,671	30,390	33,647	46,384
Minority interests	687	138	145	154	164
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Growth					
Revenue growth	(14.5%)	(7.6%)	17.9%	11.0%	10.4%
Operating profit growth	(3.7%)	(10.9%)	37.2%	19.2%	17.2%
EBITDA growth	(3.7%)	(10.0%)	26.6%	16.6%	15.2%
Net profit growth	3.0%	(18.0%)	31.0%	14.6%	15.4%
EPS growth	2.8%	(18.1%)	31.9%	15.0%	15.4%
Profitability					
Gross profit margin	22.0%	21.6%	23.1%	23.5%	24.1%
Operating margin	9.8%	9.4%	11.0%	11.8%	12.5%
EBITDA margin	12.7%	12.4%	13.3%	14.0%	14.6%
Net profit margin	9.8%	8.7%	9.7%	10.0%	10.4%
Return on average assets	7.5%	6.1%	7.5%	8.2%	9.1%
Return on average equity	17.6%	13.6%	16.8%	18.3%	19.4%
Stability					
Gross debt to equity	30.0%	36.5%	37.8%	35.8%	31.7%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	13.2	11.3	17.0	20.0	23.0
Interest & ST debt coverage (x)	0.4	0.3	0.4	0.4	0.4
Cash flow interest coverage(x)	18.2	8.2	12.7	14.3	17.9
Cash flow/int. & ST debt (x)	1.1	0.4	0.5	0.5	0.7
Current ratio (x)	1.6	1.6	1.6	1.6	1.7
Quick ratio (x)	1.3	1.3	1.3	1.3	1.4
Net debt (NT\$m)	(67,249)	(67,496)	(67,719)	(68,467)	(72,686)
Per share data					
EPS (NT\$)	6.36	5.21	6.87	7.90	9.12
CFPS (NT\$)	11.91	5.42	7.37	8.03	10.07
BVPS (NT\$)	35.86	38.67	41.74	44.29	49.91
Adj BVPS (NT\$)	36.86	39.61	41.74	44.29	49.91
SPS (NT\$)	64.80	59.84	71.04	79.16	87.42
EBITDA/share (NT\$)	8.24	7.41	9.45	11.06	12.73
Cash DPS (NT\$)	4.50	4.51	5.00	5.50	6.50
Activity					
Sales / avg assets	0.76	0.70	0.77	0.82	0.87
Days receivable	79.0	99.2	86.3	84.8	80.9
Days inventory	81.4	91.3	90.2	88.4	82.9
Days payable	129.1	146.8	133.3	127.3	119.1
Cash cycle	31.3	43.7	43.1	45.9	44.7

Source: Company data, KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue	148,333	137,134	161,649	179,488	198,229
Cost of goods sold	(115,665)	(107,504)	(124,290)	(137,242)	(150,500)
Gross profit	32,668	29,630	37,359	42,245	47,729
Operating expenses	(18,152)	(16,696)	(19,610)	(21,085)	(22,925)
Operating profit	14,516	12,934	17,749	21,160	24,804
Non-operating income	4,897	3,851	3,476	3,439	3,520
Interest income	2,854	2,970	2,771	2,615	2,696
Investment income	7	20	26	24	24
Other non-op income	2,036	861	678	800	800
Non-operating expenses	(1,047)	(1,150)	(80)	(373)	(373)
Interest expense	(1,501)	(1,516)	(1,322)	(1,273)	(1,273)
Investment loss	-	-	-	-	-
Other non-op expenses	454	366	1,242	900	900
Pre-tax profit	18,366	15,635	21,145	24,227	27,951
Current taxation	(3,767)	(3,674)	(5,498)	(6,299)	(7,267)
Minorities	(28)	(19)	(6)	(9)	(10)
Extraordinary items	-	(0)	0	0	0
Net profit	14,571	11,942	15,642	17,919	20,674
EBITDA	18,872	16,980	21,499	25,071	28,874
EPS (NT\$)	6.36	5.21	6.87	7.90	9.12

Cash flow

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Operations cash flow	27,266	12,411	16,770	18,219	22,824
Net profit	14,571	11,942	15,642	17,919	20,674
Depreciation & amortisation	4,356	4,047	3,750	3,910	4,070
Decrease in working capital	4,980	(3,683)	(3,167)	(3,595)	(8,708)
Other operating cash flow	3,359	105	545	(15)	6,789
Investing cash flow	(3,340)	(4,843)	(5,292)	(5,000)	(5,000)
Sale of ST investment	1,037	1,796	-	-	-
New investments	-	(2,245)	(134)	-	-
Capital expenditure	(3,703)	(3,548)	(4,965)	(5,000)	(5,000)
Others investing cashflow	(674)	(846)	(193)	-	-
Free cash flow	17,003	6,505	8,553	10,774	8,517
Financing cash flow	(22,045)	(3,363)	(9,847)	(12,471)	(13,605)
Increase in short term debt	(10,120)	7,584	2,749	-	-
Increase in long term loans	-	-	-	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(11,520)	(10,372)	(10,224)	(12,471)	(13,605)
Other financing cashflow	(406)	(574)	(2,372)	(0)	0
Forex effects	(204)	3,736	1,371	-	-
Total cash generated	1,677	7,942	3,001	748	4,219

ROIC

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	12.2%	12.2%	12.1%	11.7%	11.6%
= Operating margin	9.8%	9.4%	11.0%	11.8%	12.5%
1 / (Working capital/revenue	(0.1)	(0.1)	(0.1)	(0.0)	0.0
+ Net PPE/revenue	0.1	0.1	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	23.2	12.9	10.1	8.6	6.7
Operating margin	9.8%	9.4%	11.0%	11.8%	12.5%
x Capital turnover	23.2	12.9	10.1	8.6	6.7
x (1 - tax rate)	79.5%	76.5%	74.0%	74.0%	74.0%
= After-tax ROIC	180.6%	92.9%	82.0%	74.9%	62.0%

Source: Company data, KGI Research estimates

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