

Quanta Computer (2382.TW/2382 TT)

2Q25 EPS a beat; significant AI server ramp after 4Q25F

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of August 12 (NT\$)	283.0
12M target price (NT\$)	350.0
Previous target price (NT\$)	325.0
Revised up (%)	7.7
Upside (%)	23.7

Key message

- 2Q25 EPS of NT\$4.37 was a beat on better-than-expected gross and operating margins and forex gains
- Management expects 3Q25F NB shipments to grow by low single digits QoQ, while AI server sales will be flat QoQ on model transition; 4Q25F AI server sales to see stronger growth
- We estimate AI server will comprise 70% of total server sales in 2025F, up from 50% in 2024; we see the sales uptrend as intact in 2026F on new clients and rising ASIC AI server demand

Trading data

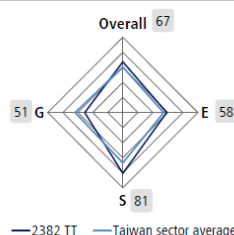
Mkt cap (NT\$/US\$mn)	1,093 / 36,590
Outstanding shares (mn)	3,863
Foreign ownership (mn)	873
3M avg. daily trading (mn)	16.54
52-week trading range (NT\$)	178.5 –328.0

Performance	3M	6M	12M
Absolute (%)	9.5	9.7	6
Relative (%)	-4.8	6	-5

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	1.68A	2.63A	3.32A	2.67A
2024	3.13A	3.92A	4.32A	4.12A
2025	5.06A	4.37A	3.87F	3.43F

ESG score card



Source: Refinitiv; KGI

Event

2Q25 EPS reached NT\$4.37, better than we expected on a higher-than-expected gross margin and non-operating income. However, 3Q25F sales guidance is flattish QoQ, lower than expected, on AI server model transition.

Impact

2Q25 EPS beats. 2Q25 EPS of NT\$4.37 was up 11% YoY and down 14% QoQ and was better than we expected. Gross margin was 7%, down 0.9ppts QoQ with around 0.6ppts related to NT dollar appreciation and 0.3ppts to a product mix impact. Quanta said NB accounted for 20-25% of sales in 2Q25, with a higher Chromebook weighting, positive for gross margin. But server comprised 65-70% of sales, with AI server at over 60%, diluting gross margin. On increased operating expenses (R&D personnel), operating margin of 4% was down 1ppt QoQ but better than we expected. With forex gains of NT\$668mn, EPS beat consensus and our forecast. 1H25 EPS was NT\$9.43, up 34% YoY.

Weaker-than-expected 3Q25F sales guidance on AI model transition. Management expects 3Q25 NB shipments to grow by low single digits QoQ from 12.1mn units in 2Q25. AI server sales look to be flattish QoQ due to GB200/ 300 model transition for most CSP clients. July sales were NT\$158.3bn, down 17% MoM but up 27% YoY, with NB shipments down 20% MoM but up 18% YoY, implying server sales rose only moderately MoM. Quanta believes AI server will see accelerating sales growth at end-3Q25F on a decent assembly yield rate for GB300. But product transition prompts us to lower 3Q25F sales to growth of 3% QoQ, and we forecast 25% QoQ sales growth in 4Q25F. We expect a stable gross margin in 3Q25F given a reduced AI server sales weighting, while 4Q25F margin dilution QoQ will be more significant due to a higher AI server sales weighting. The firm maintains guidance that AI server sales will grow by triple digits this year, with the sales weighting up to 70% from over 60% in 1H25. It also maintains 2025F NB shipments growth of low single digits YoY, versus 3% growth in 1H25, and EV sales up by single digits YoY, versus a YoY decline in 1H25. To incorporate a delayed AI server sales ramp up, we lower 2025F sales but raise EPS to NT\$16.73, up 8% YoY. We forecast GB200/ 300 AI server shipments to be 5-7,000 racks in 2025F, which will double next year on new client Oracle (US). In addition to GB AI server, Quanta's ASIC project looks to kick off in 2H26F, contributing to sales. We thus expect the AI server weighting to rise further to over 80% of server sales in 2026F. We forecast 2026F EPS of NT\$19.43, up 16% YoY. It will increase 2H25F capex (maintained at NT\$20bn in 2025F) and expand assembly capacity in Mexico, aside from the US, to meet growing demand.

Valuation & Action

We raise our target price from NT\$325 to NT\$350, based on 18x 2026F EPS, and maintain our Outperform rating on growing AI server sales and EPS in 2025-26F.

Risks

Weak NB demand; low AI server margin; weak EV and auto sales.

Key financials and valuations

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Revenue (NT\$mn)	1,280,429	1,085,611	1,410,756	2,158,096	3,021,852
Gross profit (NT\$mn)	70,915	84,883	110,760	143,076	160,784
Operating profit (NT\$mn)	31,189	43,550	61,622	82,259	96,017
Net profit (NT\$mn)	28,957	39,676	59,702	64,502	74,889
EPS (NT\$)	7.51	10.29	15.49	16.73	19.43
Cash DPS (NT\$)	6.00	9.00	13.00	13.36	15.51
EPS growth (%)	(14.0)	37.0	50.5	8.0	16.1
PE (x)	37.7	27.5	18.3	16.9	14.6
PB (x)	6.5	5.9	4.9	4.6	4.4
EV/EBITDA (x)	28.1	19.9	15.8	12.0	11.1
Net debt to equity (%)	28.0	Net cash	28.9	27.4	70.1
Dividend yield (%)	2.1	3.2	4.6	4.7	5.5
Return on average equity (%)	17.5	22.3	29.2	28.2	30.9

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2Q25 results & 3Q25 forecast revisions vs. consensus

NT\$m	2Q25							3Q25F						
	KGI													
	Actual	forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	504,122	504,122	(0.0)	3.8	62.6	520,837	(3.2)	519,245	579,740	(10.4)	3.0	22.3	599,975	(13.5)
Gross profits	35,533	33,776	5.2	(7.7)	33.5	35,854	(0.9)	35,309	33,045	6.8	(0.6)	13.4	37,888	(6.8)
Operating income	20,403	19,157	6.5	(17.1)	34.2	20,817	(2.0)	19,731	18,552	6.4	(3.3)	0.9	22,321	(11.6)
Pretax Income	21,617	18,229	18.6	(14.5)	10.3	21,524	0.4	19,376	18,319	5.8	(10.4)	(8.9)	23,484	(17.5)
Net income	16,861	14,029	20.2	(13.5)	11.5	15,896	6.1	14,926	14,102	5.8	(11.5)	(10.3)	18,216	(18.1)
EPS (NT\$)	4.37	3.64	20.2	(13.5)	11.5	4.12	6.1	3.87	3.66	5.8	(11.5)	(10.3)	4.73	(18.1)
Gross margin (%)	7.0	6.7	0.3 ppts	(0.9)ppts	(1.5)ppts	6.9	0.1 ppts	6.8	5.7	1.1 ppts	(0.2)ppts	(0.5)ppts	6.3	0.5 ppts
OP margin (%)	4.0	3.8	0.2 ppts	(1.0)ppts	(0.9)ppts	4.0	0.0 ppts	3.8	3.2	0.6 ppts	(0.2)ppts	(0.8)ppts	3.7	0.1 ppts
Net margin (%)	3.3	2.8	0.6 ppts	(0.7)ppts	(1.5)ppts	3.1	0.2 ppts	2.9	2.4	0.4 ppts	(0.5)ppts	(1.0)ppts	3.0	(0.1)ppts

Source: Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2025-26 forecast revisions vs. consensus

NT\$m	2025F						2026F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	2,158,096	2,265,221	(4.7)	53.0	2,251,208	(4.1)	3,021,852	3,051,259	(1.0)	40.0	2,904,142	4.1
Gross profit	143,076	141,480	1.1	29.2	150,831	(5.1)	160,784	162,562	(1.1)	12.4	174,249	(7.7)
Operating income	82,259	82,832	(0.7)	33.5	90,118	(8.7)	96,017	96,437	(0.4)	16.7	106,242	(9.6)
Pretax Income	83,657	82,623	1.3	14.3	92,154	(9.2)	96,789	97,619	(0.9)	15.7	108,086	(10.5)
Net income	64,502	63,696	1.3	8.0	70,739	(8.8)	74,889	75,636	(1.0)	16.1	84,253	(11.1)
EPS (NT\$)	16.73	16.52	1.3	8.0	18.35	(8.8)	19.43	19.62	(1.0)	16.1	21.86	(11.1)
Gross margin (%)	6.6	6.2	0.4 ppts	(1.2)ppts	6.7	(0.1)ppts	5.3	5.3	(0.0)ppts	(1.3)ppts	6.0	(0.7)ppts
OP margin (%)	3.8	3.7	0.2 ppts	(0.6)ppts	4.0	(0.2)ppts	3.2	3.2	0.0 ppts	(0.6)ppts	3.7	(0.5)ppts
Net margin (%)	3.0	2.8	0.2 ppts	(1.2)ppts	3.1	(0.1)ppts	2.5	2.5	(0.0)ppts	(0.5)ppts	2.9	(0.4)ppts

Source: Bloomberg; KGI Research estimates

Figure 3: Server sales weighting growing in 2025F

Sales weighting (%)	2019	2020	2021	2022	2023	2024	2025F
NB / Chromebook	43	53	54	48	41	29	19
Cloud server	23	24	26	27	35	52	70
EV	1	2	3	6	8	8	4
Wearable / IoT / Others	32	21	18	19	16	11	7

Source: KGI Research estimates

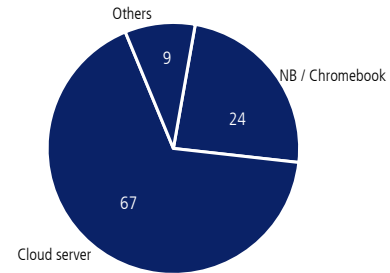
Figure 4: Company profile

Established in 1988, Quanta Computer is the world's second largest NB ODM, with shipment volume of 45.9mn units and global market share of 24-25% in 2024. Its major clients include the top six global NB brands, such as Apple (US) and HP (US). The company has over 30k employees worldwide. It is currently expanding into other businesses, including servers, all-in-one (AIO) PCs, wearables, and AI. Cloud business is expected to be a long-term sales growth driver. In 2024, non-NB business accounted for 71% of sales, vs. 59-60% in 2023.

Source: KGI Research

Figure 5: 2Q25 NB sales weighting fell below 25%; server rose to 65-70%

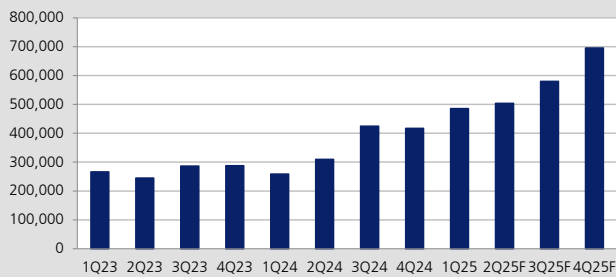
2Q25 sales weighting, percent



Source: Company data; KGI Research

Figure 6: Sales

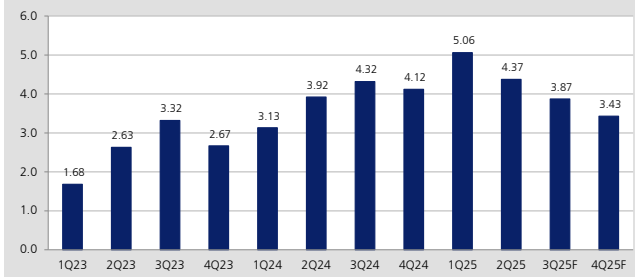
Sales, NT\$m



Source: KGI Research

Figure 7: EPS

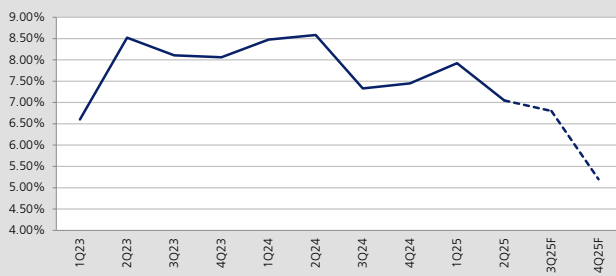
EPS, NT\$



Source: KGI Research

Figure 8: Gross Margin

Gross margin, percent



Source: KGI Research

Figure 9: 12M forward PE band

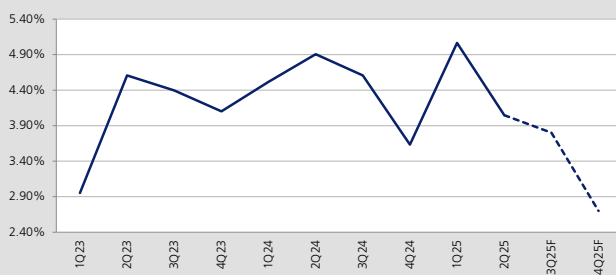
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 10: Operating Margin

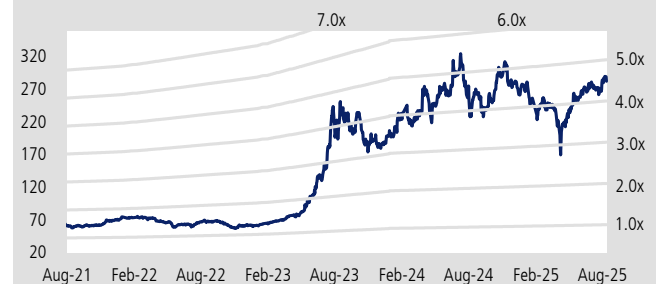
Operating margin, percent



Source: KGI Research

Figure 11: 12M forward PB band

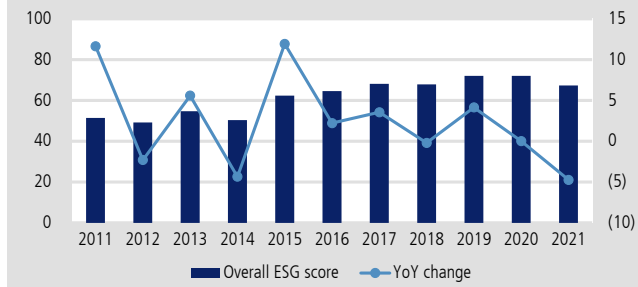
Share price, NT\$ (LHS); PB ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 12: Overall ESG score

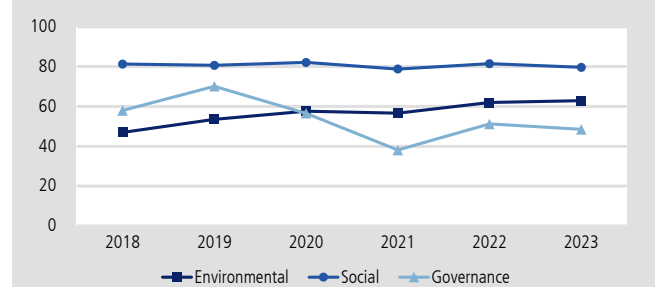
ESG score (LHS); YoY change, point (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 13: ESG scores

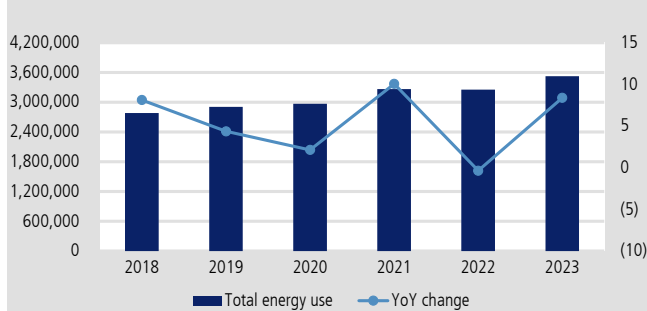
ESG score



Source: Refinitiv; KGI Research; Company data

Figure 14: Energy Use

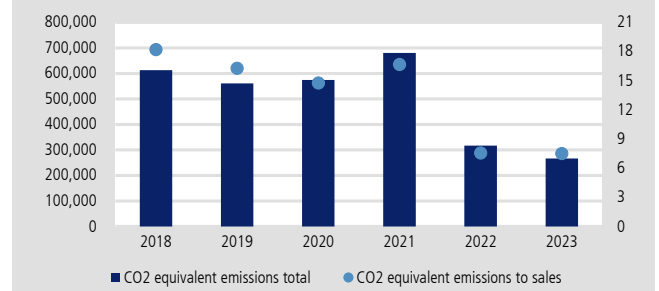
Energy use, gigajoules; YoY growth, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 15: CO2 equivalent emissions

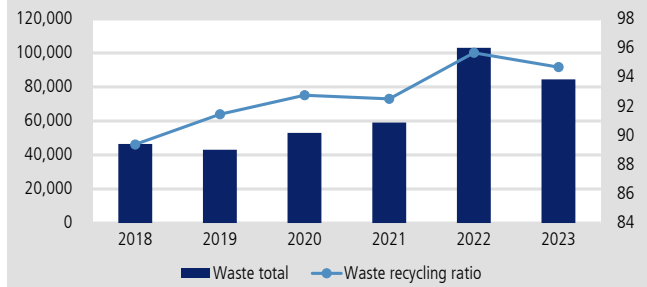
CO2 equivalent emissions, mt (LHS); emissions to revenue, mt per US\$m (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 16: Waste total

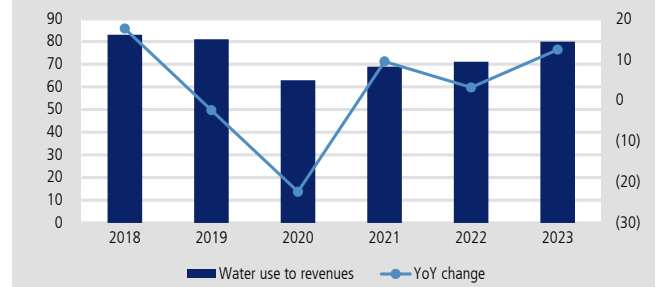
Waste total, metric tons; waste recycling ratio, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 17: Water use to revenue

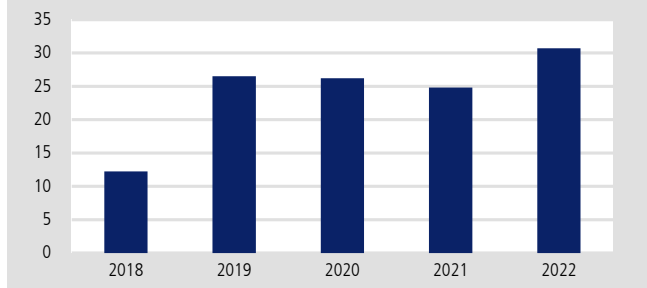
Water use to revenue, cubic meters/ US\$m; YoY growth (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 18: Employee training

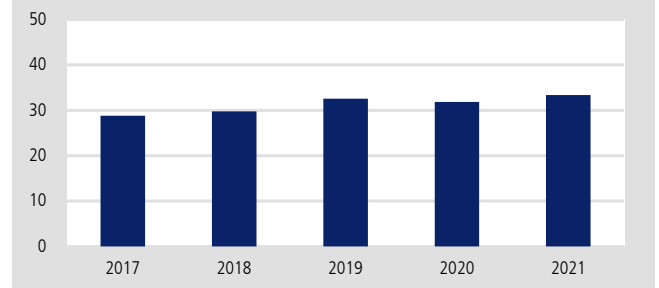
Average annual training hours per employee



Source: Refinitiv; KGI Research; Company data

Figure 19: Gender diversification

Weighting of female employees, percent



Source: Refinitiv; KGI Research; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	<p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use' 	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased 	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	<p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$mn)</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered 	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste 	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered 	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures 	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving 	
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100 	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100 	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked 	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv; KGI Research

Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24A	Sep-24A	Dec-24A	Mar-25A	Jun-25A	Sep-25F	Dec-25F	Dec-24A	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	258,939	309,954	424,549	417,313	485,672	504,122	519,245	649,057	1,410,756	2,158,096	3,021,852
Cost of goods sold	(236,990)	(283,345)	(393,424)	(386,236)	(447,189)	(468,588)	(483,937)	(615,306)	(1,299,996)	(2,015,020)	(2,861,068)
Gross profit	21,950	26,609	31,125	31,077	38,483	35,533	35,309	33,751	110,760	143,076	160,784
Operating expenses	(10,252)	(11,401)	(11,567)	(15,918)	(13,882)	(15,130)	(15,577)	(16,226)	(49,138)	(60,816)	(64,767)
Operating profit	11,698	15,208	19,557	15,159	24,600	20,403	19,731	17,525	61,622	82,259	96,017
Depreciation of fixed assets	(2,461)	(2,535)	(2,551)	(2,563)	(2,670)	(2,630)	(3,273)	(4,520)	(10,111)	(13,094)	(17,928)
Amortisation of intangible assets	(399)	(399)	(352)	(417)	(363)	(335)	(431)	(596)	(1,567)	(1,725)	(1,725)
EBITDA	14,558	18,142	22,461	18,139	27,634	23,368	23,436	22,640	73,301	97,078	115,671
Interest income	2,534	3,047	1,740	2,422	1,411	2,038	1,754	1,814	9,743	7,018	6,920
Investment income	-	-	111	99	20	-	20	60	210	100	100
Other non-op income	1,832	375	1,862	2,215	1,664	1,432	500	1,404	6,283	5,000	5,000
Non-operating income	4,365	3,422	3,713	4,736	3,095	3,470	2,274	3,278	16,236	12,118	12,020
Interest expense	(1,526)	(1,651)	(1,980)	(2,132)	(2,413)	(2,251)	(2,418)	(2,589)	(7,288)	(9,670)	(10,749)
Investment loss	(7)	(14)	(13)	(6)	(14)	(5)	(13)	(18)	(39)	(50)	(50)
Other non-op expenses	0	2,637	(0)	0	(0)	(0)	(200)	(800)	2,637	(1,000)	(450)
Non-operating expenses	(1,532)	972	(1,994)	(2,138)	(2,426)	(2,256)	(2,630)	(3,407)	(4,691)	(10,720)	(11,249)
Pre-tax profit	14,531	19,602	21,276	17,757	25,269	21,617	19,376	17,395	73,167	83,657	96,789
Current taxation	(2,301)	(4,320)	(4,552)	(1,711)	(5,572)	(4,541)	(4,263)	(4,028)	(12,884)	(18,405)	(21,100)
Minorities	(162)	(155)	(91)	(173)	(199)	(215)	(188)	(149)	(581)	(750)	(800)
Normalised net profit	12,068	15,128	16,633	15,873	19,498	16,861	14,926	13,218	59,702	64,502	74,889
Extraordinary items	(0)	0	0	0	0	0	-	(0)	-	-	-
Net profit	12,068	15,128	16,633	15,873	19,498	16,861	14,926	13,218	59,702	64,502	74,889
EPS (NT\$)	3.13	3.92	4.32	4.12	5.06	4.37	3.87	3.43	15.49	16.73	19.43
Margins (%)											
Gross profit margin	8.5	8.6	7.3	7.4	7.9	7.0	6.8	5.2	7.9	6.6	5.3
Operating margin	4.5	4.9	4.6	3.6	5.1	4.0	3.8	2.7	4.4	3.8	3.2
EBITDA margin	5.6	5.9	5.3	4.3	5.7	4.6	4.5	3.5	5.2	4.5	3.8
Pretax profit margin	5.6	6.3	5.0	4.3	5.2	4.3	3.7	2.7	5.2	3.9	3.2
Net profit margin	4.7	4.9	3.9	3.8	4.0	3.3	2.9	2.0	4.2	3.0	2.5
Sequential growth (%)											
Revenue growth	(10.1)	19.7	37.0	(1.7)	16.4	3.8	3.0	25.0			
Gross profit growth	(5.4)	21.2	17.0	(0.2)	23.8	(7.7)	(0.6)	(4.4)			
Operating profit growth	(0.9)	30.0	28.6	(22.5)	62.3	(17.1)	(3.3)	(11.2)			
EBITDA growth	(1.4)	24.6	23.8	(19.2)	52.3	(15.4)	0.3	(3.4)			
Pretax profit growth	14.6	34.9	8.5	(16.5)	42.3	(14.5)	(10.4)	(10.2)			
Net profit growth	17.4	25.4	9.9	(4.6)	22.8	(13.5)	(11.5)	(11.4)			
YoY growth (%)											
Revenue growth	(2.7)	26.5	48.2	45.0	87.6	62.6	22.3	55.5	30.0	53.0	40.0
Gross profit growth	25.0	27.4	34.0	33.9	75.3	33.5	13.4	8.6	30.5	29.2	12.4
Operating profit growth	48.9	34.7	55.2	28.4	110.3	34.2	0.9	15.6	41.5	33.5	16.7
EBITDA growth	36.8	28.6	45.1	22.9	89.8	28.8	4.3	24.8	33.3	32.4	19.2
Pretax profit growth	62.5	35.9	35.6	40.0	73.9	10.3	(8.9)	(2.0)	41.4	14.3	15.7
Net profit growth	86.4	49.4	29.9	54.4	61.6	11.5	(10.3)	(16.7)	50.5	8.0	16.1

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Total assets	816,134	690,120	932,446	1,105,542	1,362,295
Current assets	733,270	610,448	840,694	1,006,864	1,266,556
Cash & ST securities	214,499	218,726	201,099	282,886	249,440
Inventory	225,856	123,764	261,886	303,633	431,120
Accounts receivable	283,992	259,907	371,246	413,881	579,533
Other current assets	8,923	8,051	6,463	6,463	6,463
Non-current assets	82,864	79,672	91,753	98,678	95,739
LT investments	4,353	5,449	7,903	7,922	7,912
Net fixed assets	63,225	60,820	67,061	73,967	71,039
Other assets	15,286	13,404	16,789	16,789	16,789
Total liabilities	639,610	496,228	702,141	861,586	1,102,561
Current liabilities	628,591	483,013	638,699	790,665	1,032,133
Accounts payable	213,514	168,322	282,782	358,839	509,505
Interest bearing ST liabilities	249,525	158,797	179,540	254,061	336,554
Other current liabilities	165,552	155,893	176,377	177,764	186,074
Non-current liabilities	11,019	13,215	63,442	70,921	70,428
Long-term debt	4,525	5,931	50,983	58,461	57,969
Other L-T liabilities	3,732	5,413	9,192	9,192	9,192
Total equity	176,523	193,892	230,306	243,956	259,734
Share capital	38,626	38,626	38,626	38,626	38,626
Retained earnings reserve	71,674	76,586	111,059	123,959	138,937
Minority interests	7,365	7,685	8,020	8,770	9,570
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Growth					
Revenue growth	13.4%	(15.2%)	30.0%	53.0%	40.0%
Operating profit growth	(16.3%)	39.6%	41.5%	33.5%	16.7%
EBITDA growth	(9.5%)	33.2%	33.3%	32.4%	19.2%
Net profit growth	(14.0%)	37.0%	50.5%	8.0%	16.1%
EPS growth	(14.0%)	37.0%	50.5%	8.0%	16.1%
Profitability					
Gross profit margin	5.5%	7.8%	7.9%	6.6%	5.3%
Operating margin	2.4%	4.0%	4.4%	3.8%	3.2%
EBITDA margin	3.2%	5.1%	5.2%	4.5%	3.8%
Net profit margin	2.3%	3.7%	4.2%	3.0%	2.5%
Return on average assets	3.8%	5.3%	7.4%	6.3%	6.1%
Return on average equity	17.5%	22.3%	29.2%	28.2%	30.9%
Stability					
Gross debt to equity	143.9%	85.0%	100.1%	128.1%	151.9%
Net debt to equity	28.0%	Net cash	28.9%	27.4%	70.1%
Interest coverage (x)	10.3	6.8	11.0	9.7	10.0
Interest & ST debt coverage (x)	0.1	0.2	0.3	0.2	0.2
Cash flow interest coverage(x)	2.6	13.9	(4.8)	7.3	(4.5)
Cash flow/int. & ST debt (x)	0.0	0.7	(0.2)	0.3	(0.1)
Current ratio (x)	1.2	1.3	1.3	1.3	1.2
Quick ratio (x)	0.8	1.0	0.9	0.9	0.8
Net debt (NT\$m)	49,412	(12,506)	66,531	66,743	182,190
Per share data					
EPS (NT\$)	7.51	10.29	15.49	16.73	19.43
CFPS (NT\$)	2.96	32.25	(9.17)	18.41	(12.45)
BVPS (NT\$)	43.79	48.21	57.55	60.89	64.77
Adj BVPS (NT\$)	43.89	48.29	57.67	61.02	64.90
SPS (NT\$)	332.19	281.55	366.00	559.89	783.98
EBITDA/share (NT\$)	10.71	14.26	19.02	25.19	30.01
Cash DPS (NT\$)	6.00	9.00	13.00	13.36	15.51
Activity					
Sales / avg assets	1.67	1.44	1.74	2.12	2.45
Days receivable	81.0	87.4	96.3	70.0	70.0
Days inventory	68.2	45.1	73.7	55.0	55.0
Days payable	64.4	61.4	79.6	65.0	65.0
Cash cycle	84.7	71.1	90.4	60.0	60.0

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Revenue	1,280,429	1,085,611	1,410,756	2,158,096	3,021,852
Cost of goods sold	(1,209,514)	(1,000,728)	(1,299,996)	(2,015,020)	(2,861,068)
Gross profit	70,915	84,883	110,760	143,076	160,784
Operating expenses	(39,725)	(41,339)	(49,138)	(60,816)	(64,767)
Operating profit	31,189	43,550	61,622	82,259	96,017
Non-operating income	13,977	16,785	16,236	12,118	12,020
Interest income	5,018	10,620	9,743	7,018	6,920
Investment income	496	33	210	100	100
Other non-op income	8,462	6,131	6,283	5,000	5,000
Non-operating expenses	(4,385)	(8,603)	(4,691)	(10,720)	(11,249)
Interest expense	(4,370)	(8,915)	(7,288)	(9,670)	(10,749)
Investment loss	(15)	(45)	(39)	(50)	(50)
Other non-op expenses	-	356	2,637	(1,000)	(450)
Pre-tax profit	40,781	51,731	73,167	83,657	96,789
Current taxation	(11,058)	(11,243)	(12,884)	(18,405)	(21,100)
Minorities	(765)	(812)	(581)	(750)	(800)
Extraordinary items	-	0	0	-	-
Net profit	28,957	39,676	59,702	64,502	74,889
EBITDA	41,292	54,986	73,301	97,078	115,671
EPS (NT\$)	7.51	10.29	15.49	16.73	19.43

Cash flow

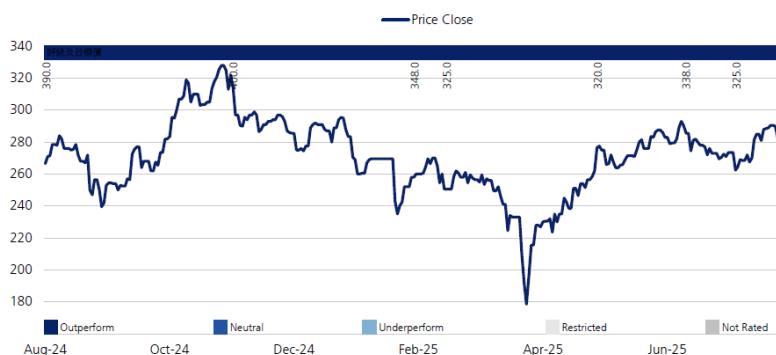
NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Operations cash flow	11,415	124,333	(35,330)	70,946	(47,980)
Net profit	28,957	39,676	59,702	64,502	74,889
Depreciation & amortisation	10,103	11,437	11,678	14,819	19,653
Decrease in working capital	(63,213)	80,499	(130,646)	(8,325)	(142,473)
Other operating cash flow	35,567	(7,279)	23,935	(50)	(50)
Investing cash flow	(14,143)	(37,612)	(12,290)	(21,695)	(16,664)
Sale of ST investment	1,560	(29,080)	681	-	-
New investments	(19)	(30)	91	31	61
Capital expenditure	(16,892)	(8,832)	(13,132)	(20,000)	(15,000)
Others investing cashflow	1,208	330	70	(1,725)	(1,725)
Free cash flow	(48,850)	115,553	(82,896)	48,930	(64,459)
Financing cash flow	31,295	(114,205)	28,917	32,536	31,198
Increase in short term debt	34,188	(47,522)	(3,117)	80,000	80,000
Increase in long term loans	24,293	(41,138)	68,806	2,000	2,000
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(26,009)	(23,765)	(34,691)	(50,214)	(51,602)
Other financing cashflow	(1,177)	(1,780)	(2,081)	750	800
Forex effects	13,813	81	5,462		
Total cash generated	42,380	(27,403)	(13,242)	81,787	(33,446)

ROIC

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	3.1%	3.8%	3.5%	2.8%	2.1%
= Operating margin	2.4%	4.0%	4.4%	3.8%	3.2%
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.0	0.1	0.0	0.0	0.0
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	6.2	8.3	5.6	8.2	7.6
Operating margin	2.4%	4.0%	4.4%	3.8%	3.2%
x Capital turnover	6.2	8.3	5.6	8.2	7.6
x (1 - tax rate)	72.9%	78.3%	82.4%	78.0%	78.2%
= After-tax ROIC	11.1%	26.0%	20.3%	24.3%	19.0%

Source: Company data; KGI Research estimates

Quanta Computer – Recommendation & target price history



Date	Rating	Target	Price
2025-07-22	Outperform	325.0	262.5
2025-06-27	Outperform	338.0	285.5
2025-05-14	Outperform	320.0	276.5
2025-02-28	Outperform	325.0	250.5
2025-02-12	Outperform	348.0	258.0
2024-11-14	Outperform	400.0	314.5
2024-08-10	Outperform	390.0	250.0
2024-07-08	Outperform	390.0	319.5
2024-05-15	Outperform	320.0	287.0
2024-03-17	Outperform	310.0	257.5

Source: TEJ; KGI Research

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