

Quanta Computer (2382.TW/2382 TT)

1Q26 EPS beat but margins missed; sales model under negotiation

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of May 14 (NT\$)	334.5
12M target price (NT\$)	430.0
Previous target price (NT\$)	405.0
Revised up (%)	6.2
Upside (%)	28.6

Key message

- 1Q26 EPS of NT\$5.5 beat our forecast but margin missed on the AI server sales weighting rising above 60%.
- 2Q26F QoQ sales growth to continue on the back of general and AI server sales, while NB shipments may be flat or slightly up QoQ.
- The firm is negotiating a GPU AI server pricing model shift with clients to alleviate working capital and margins pressure. ASIC and general server sales growth will be accretive to margins.

Trading data

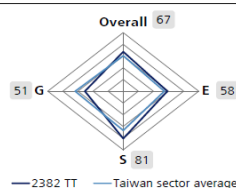
Mkt cap (NT\$bn/US\$m)	1,292 / 40,974
Outstanding shares (mn)	3,863
Foreign ownership (mn)	936
3M avg. daily trading (mn)	12.21
52-week trading range (NT\$)	253.5 -346.5

Performance	3M	6M	12M
Absolute (%)	17	19.7	21
Relative (%)	-7.2	-32.7	-70.7

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2024	3.13A	3.92A	4.32A	4.12A
2025	5.06A	4.37A	4.26A	5.76A
2026	5.50A	5.44F	6.03F	6.16F

ESG score card



Source: Refinitiv; KGI Research

Event

1Q26 EPS of NT\$5.5 beat our forecast, but gross and operating margin missed due to AI server sales growth. Management maintained triple-digit YoY AI server sales growth guidance, and revised up guidance to double-digit growth for general server sales in 2026F.

Impact

1Q26 EPS beat our forecast despite margin pressure. Quanta Computer reported 1Q26 EPS of NT\$5.5, down 5% QoQ but up 9% YoY, beating our forecast and consensus on higher-than-expected revenue, despite lower margins. 1Q26 revenue grew by 27% QoQ, better than we had expected, thanks to strong server and notebook (NB) shipments, as GB AI shipments up over double QoQ and clients built NB inventory ahead of new model launches. However, gross margin fell 1.5ppts QoQ to 4.8%, missing our estimates. Management attributed two-thirds of the gross margin decline to the server product mix, as AI servers accounted for more than 75% of total server revenue, with the server sales weighting rising over 80% in 1Q26, and thus diluting gross margin. The remaining one-third of the gross margin decline was due to a higher sales weighting of high-ASP NB models, and one-off AI server pilot-run expenses. As revenue scaled up, the operating expense ratio decreased to a record low 1.9%, but operating margin of 2.8% (down 0.9ppts QoQ) also missed. Compensated by forex gains of NT\$3.25bn and a lower tax rate (13.2%), 1Q26 EPS was a beat.

Stronger general sever & robust AI server sales growth in 2Q26 & 2026F. We expect 2Q26F sales to grow by 20% QoQ, driven by server sales growth. Management guides double-digit AI server sales growth to continue QoQ in 2Q26F, after more than 30% QoQ growth in 1Q26. General server sales will increase QoQ in 2Q26 after double-digit QoQ growth in 1Q26. 2Q26 NB shipments will be flat or up by a single digit QoQ, from 10mn units in 1Q26. We thus expect the server sales weighting to rise above 85% in 2Q26. Management revised up 2026F general server sales guidance from flat to double-digit YoY growth, and expects accelerating sales growth in the next several quarters, while maintaining triple-digit YoY AI server sales growth guidance for 2026. Due to diluted gross margin and the heavy working capital demands resulting from AI server sales growth, the firm is re-negotiating the GPU AI server pricing model with several clients, targeting to shift from a buy-and-sell to a consignment model, which will alleviate working capital and gross margin pressure. More consignment projects, combined with general, ASIC AI server and AMD (US) Helios rack shipment ramp-ups in 2H26F, as well as greater operating leverage, may lift operating margins in 2Q26-2027F. On better general server sales guidance, but lower margins on AI servers, we adjust our 2026F EPS to NT\$23.13, up 19% YoY, and forecast 2027 EPS of NT\$27.43, up 19% YoY.

Valuation & Action

We adjust our target price from NT\$405 to NT\$430, based on 17x average 2026-27F EPS, and maintain our Outperform rating on growing AI server sales and EPS in 2026F.

Risks

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

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT\$m)	1,085,611	1,410,756	2,123,689	3,921,485	4,722,229
Gross profit (NT\$m)	84,883	110,760	148,332	184,488	223,353
Operating profit (NT\$m)	43,550	61,622	87,396	114,935	140,749
Net profit (NT\$m)	39,676	59,702	74,988	89,149	105,713
EPS (NT\$)	10.29	15.49	19.45	23.13	27.43
Cash DPS (NT\$)	9.00	13.00	15.60	18.46	21.89
EPS growth (%)	37.0	50.5	25.6	18.9	18.6
PE (x)	32.5	21.6	17.2	14.5	12.2
PB (x)	6.9	5.8	5.3	4.9	4.6
EV/EBITDA (x)	23.5	18.5	14.1	11.7	10.3
Net debt to equity (%)	Net cash	28.9	53.4	108.0	132.7
Dividend yield (%)	2.7	3.9	4.7	5.5	6.5
Return on average equity (%)	22.3	29.2	32.2	35.3	38.9

Source: Company data; KGI Research estimates

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

NT\$m	1Q26								2Q26F					
	KGI		Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Actual	forecast													
Sales	809,221	651,410	24.2	26.7	66.6	706,898	14.5	971,065	716,551	35.5	20.0	92.6	759,156	27.9
Gross profits	38,697	39,085	(1.0)	(4.2)	0.6	41,997	(7.9)	45,155	41,560	8.6	16.7	27.1	45,117	0.1
Operating income	23,024	22,148	4.0	(4.1)	(6.4)	24,138	(4.6)	27,675	24,363	13.6	20.2	35.6	26,288	5.3
Pretax Income	24,537	22,130	10.9	(10.7)	(2.9)	25,276	(2.9)	27,148	24,345	11.5	10.6	25.6	27,584	(1.6)
Net income	21,192	17,061	24.2	(4.5)	8.7	19,753	7.3	20,975	18,789	11.6	(1.0)	24.4	21,249	(1.3)
EPS (NT\$)	5.50	4.43	24.2	(4.5)	8.7	5.12	7.3	5.44	4.87	11.6	(1.0)	24.4	5.51	(1.3)
Gross margin (%)	4.8	6.0	(1.2)ppts	(1.5)ppts	(3.1)ppts	5.9	(1.2)ppts	4.7	5.8	(1.2)ppts	(0.1)ppts	(2.4)ppts	5.9	(1.3)ppts
OP margin (%)	2.8	3.4	(0.6)ppts	(0.9)ppts	(2.2)ppts	3.4	(0.6)ppts	2.9	3.4	(0.6)ppts	0.0 ppts	(1.2)ppts	3.5	(0.6)ppts
Net margin (%)	2.6	2.6	(0.0)ppts	(0.9)ppts	(1.4)ppts	2.8	(0.2)ppts	2.2	2.6	(0.5)ppts	(0.5)ppts	(1.2)ppts	2.8	(0.6)ppts

Source: Bloomberg; KGI Research estimates

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

NT\$m	2026F					2027F				
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	KGI forecast	YoY (%)	Consensus	Diff. (%)
Sales	3,921,485	3,228,128	21.5	84.7	3,178,814	23.4	4,722,229	20.4	3,908,784	20.8
Gross profit	184,488	184,983	(0.3)	24.4	185,802	(0.7)	223,353	21.1	212,951	4.9
Operating income	114,935	111,955	2.7	31.5	110,887	3.7	140,749	22.5	129,518	8.7
Pretax Income	115,024	111,882	2.8	20.7	115,001	0.0	136,270	18.5	133,685	1.9
Net income	89,149	86,692	2.8	18.9	90,336	(1.3)	105,713	18.6	105,173	0.5
EPS (NT\$)	23.13	22.49	2.8	18.9	23.44	(1.3)	27.43	18.6	27.29	0.5
Gross margin (%)	4.7	5.7	(1.0)ppts	(2.3)ppts	5.8	(1.1)ppts	4.7	0.0 ppts	5.4	(0.7)ppts
OP margin (%)	2.9	3.5	(0.5)ppts	(1.2)ppts	3.5	(0.6)ppts	3.0	0.0 ppts	3.3	(0.3)ppts
Net margin (%)	2.3	2.7	(0.4)ppts	(1.3)ppts	2.8	(0.6)ppts	2.2	(0.0)ppts	2.7	(0.5)ppts

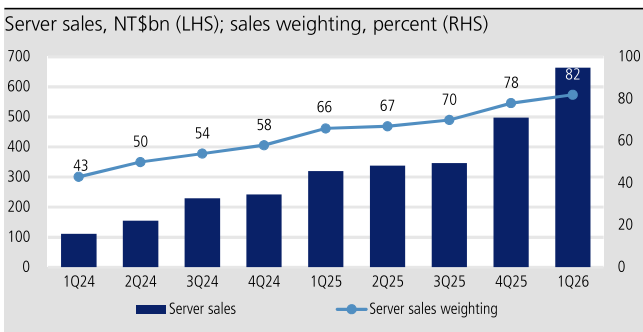
Source: Bloomberg; KGI Research estimates

Figure 3: Server sales weighting rising in 2026F

Sales weighting (%)	2019	2020	2021	2022	2023	2024	2025	2026F
NB / Chromebook	43	53	54	48	41	29	22	11
Cloud server	23	24	26	27	35	52	71	84
EV	1	2	3	6	8	8	3	2
Wearable / IoT / Others	32	21	18	19	16	11	3	3

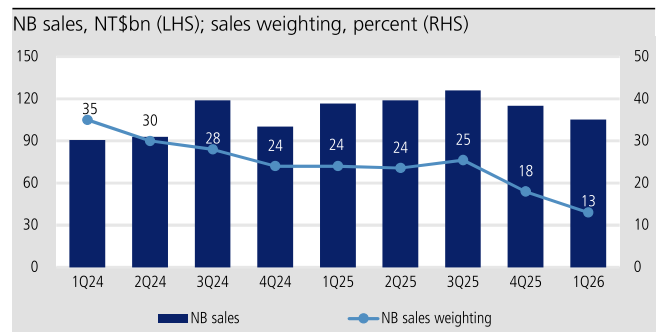
Source: KGI Research estimates

Figure 4: 1Q26 server sales weighting grew to over 80%



Source: Company data; KGI Research

Figure 5: The NB sales weighting fell to below 15% in 1Q26



Source: Company data; KGI Research

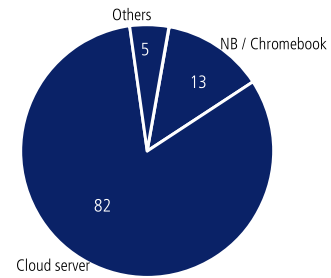
Figure 6: Company profile

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 2025, server accounted for 70% of sales, while NB sales fell to 20-25% and EV to 0-5%.

Source: KGI Research

Figure 7: 1Q26 NB sales weighting down to below 15%; the server weighting rose above 80%

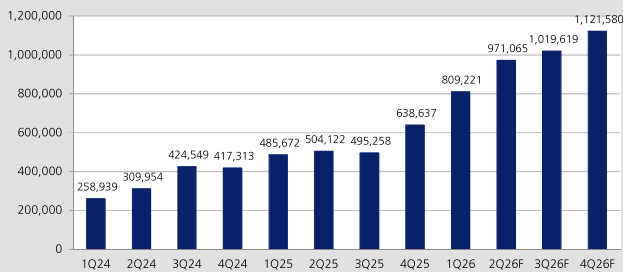
1Q26 sales weighting, percent



Source: Company data; KGI Research

Figure 8: Sales

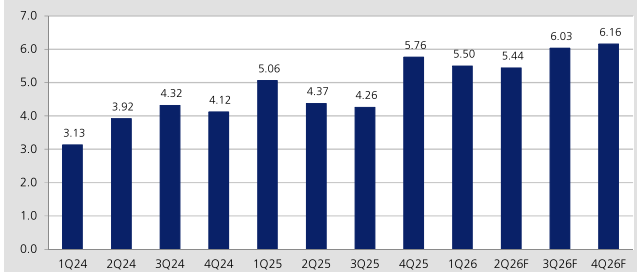
Sales, NT\$m



Source: KGI Research

Figure 9: EPS

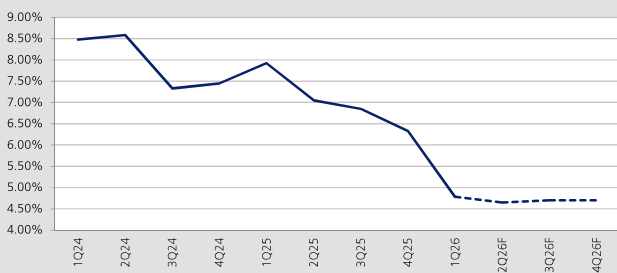
EPS, NT\$



Source: KGI Research

Figure 10: Gross Margin

Gross margin, percent



Source: KGI Research

Figure 11: 12M forward PE band

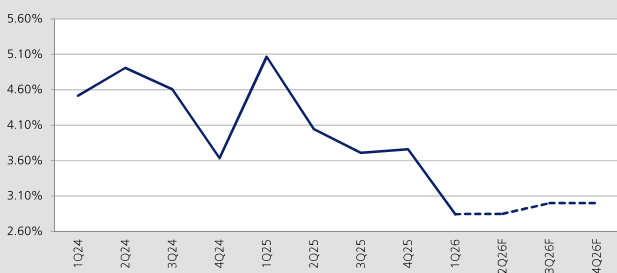
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 12: Operating Margin

Operating margin, percent



Source: KGI Research

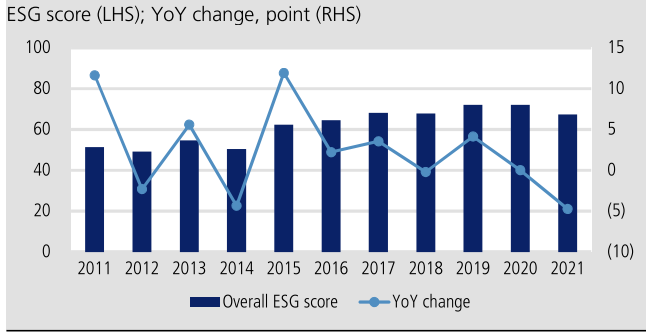
Figure 13: 12M forward PB band

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



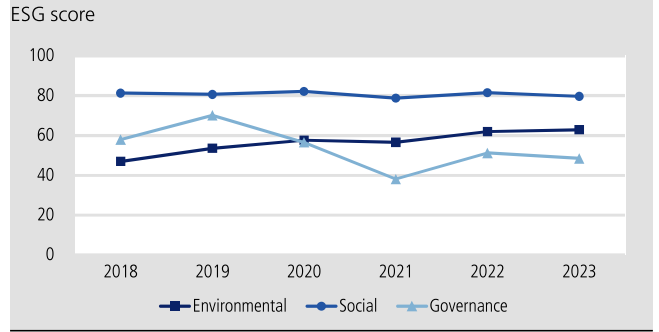
Source: TEJ; KGI Research estimates

Figure 14: Overall ESG score



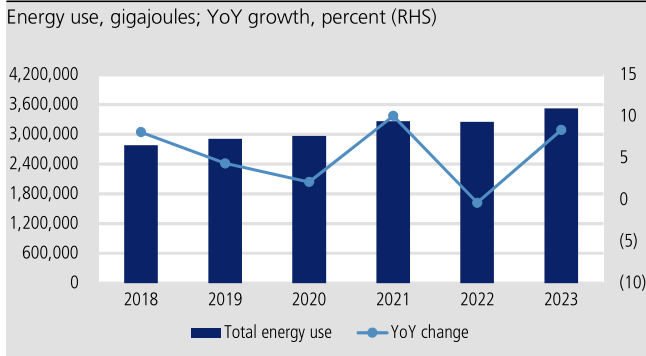
Source: Refinitiv; KGI Research; Company data

Figure 15: ESG scores



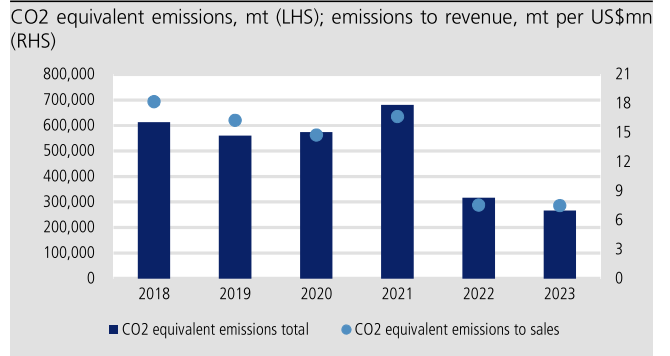
Source: Refinitiv; KGI Research; Company data

Figure 16: Energy Use



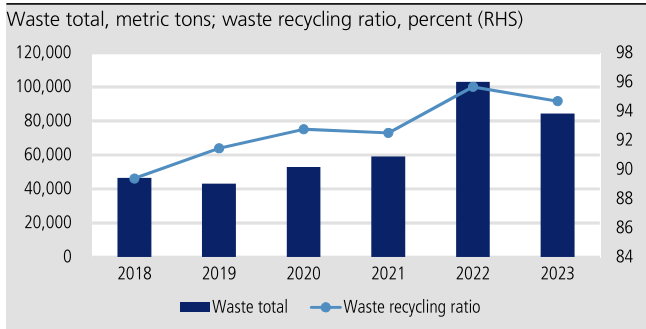
Source: Refinitiv; KGI Research; Company data

Figure 17: CO2 equivalent emissions



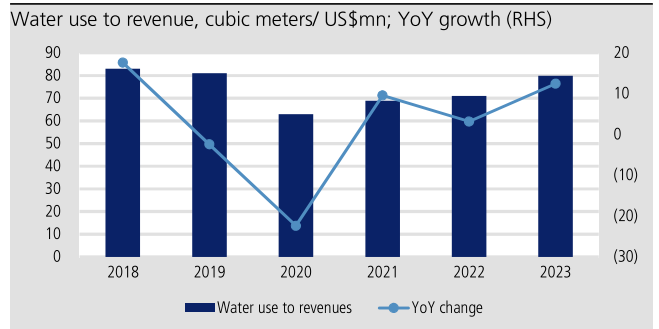
Source: Refinitiv; KGI Research; Company data

Figure 18: Waste total



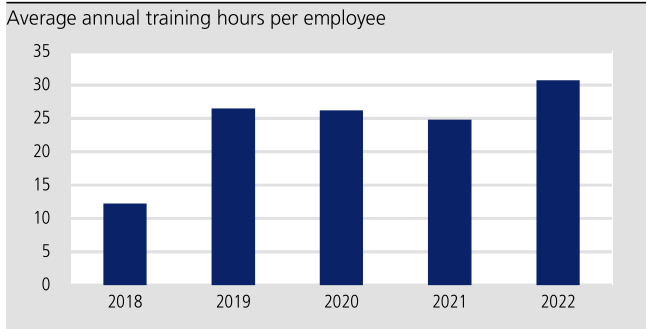
Source: Refinitiv; KGI Research; Company data

Figure 19: Water use to revenue



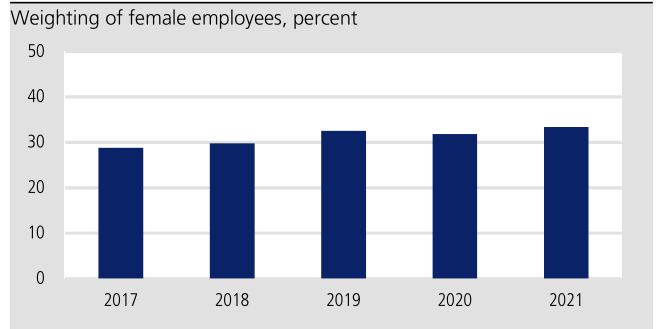
Source: Refinitiv; KGI Research; Company data

Figure 20: Employee training



Source: Refinitiv; KGI Research; Company data

Figure 21: Gender diversification



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\$m)</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-25A	Jun-25A	Sep-25A	Dec-25A	Mar-26A	Jun-26F	Sep-26F	Dec-26F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT\$m)											
Revenue	485,672	504,122	495,258	638,637	809,221	971,065	1,019,619	1,121,580	2,123,689	3,921,485	4,722,229
Cost of goods sold	(447,189)	(468,588)	(461,340)	(598,239)	(770,524)	(925,911)	(971,696)	(1,068,866)	(1,975,357)	(3,736,997)	(4,498,876)
Gross profit	38,483	35,533	33,918	40,398	38,697	45,155	47,922	52,714	148,332	184,488	223,353
Operating expenses	(13,882)	(15,130)	(15,544)	(16,380)	(15,673)	(17,479)	(17,334)	(19,067)	(60,936)	(69,553)	(82,605)
Operating profit	24,600	20,403	18,374	24,019	23,024	27,675	30,589	33,647	87,396	114,935	140,749
Depreciation of fixed assets	(2,670)	(2,630)	(2,766)	(3,025)	(3,256)	(4,391)	(4,391)	(5,526)	(11,091)	(17,564)	(20,314)
Amortisation of intangible assets	(363)	(335)	(303)	(349)	(380)	(388)	(388)	(395)	(1,351)	(1,550)	(1,550)
EBITDA	27,634	23,368	21,443	27,392	26,660	32,454	35,367	39,568	99,837	134,049	162,613
Interest income	1,411	2,038	1,361	2,097	1,496	1,474	1,474	1,453	6,907	5,898	4,936
Investment income	20	-	-	14	-	13	13	25	33	50	60
Other non-op income	1,664	1,432	3,214	3,480	3,593	1,200	1,200	1,007	9,790	7,000	3,500
Non-operating income	3,095	3,470	4,574	5,591	5,089	2,687	2,687	2,485	16,731	12,948	8,496
Interest expense	(2,413)	(2,251)	(2,035)	(2,128)	(3,570)	(3,090)	(3,090)	(2,609)	(8,827)	(12,359)	(12,474)
Investment loss	(14)	(5)	(5)	(3)	(6)	(13)	(13)	(19)	(27)	(50)	(50)
Other non-op expenses	(0)	(0)	(0)	(0)	(0)	(113)	(113)	(225)	-	(450)	(450)
Non-operating expenses	(2,426)	(2,256)	(2,040)	(2,132)	(3,576)	(3,215)	(3,215)	(2,853)	(8,854)	(12,859)	(12,974)
Pre-tax profit	25,269	21,617	20,909	27,478	24,537	27,148	30,061	33,279	95,273	115,024	136,270
Current taxation	(5,572)	(4,541)	(4,279)	(5,094)	(3,231)	(5,972)	(6,613)	(9,259)	(19,487)	(25,075)	(29,707)
Minorities	(199)	(215)	(198)	(187)	(114)	(200)	(200)	(286)	(799)	(800)	(850)
Normalised net profit	19,498	16,861	16,431	22,197	21,192	20,975	23,247	23,734	74,988	89,149	105,713
Extraordinary items	0	0	0	0	(0)	-	-	0	-	-	-
Net profit	19,498	16,861	16,431	22,197	21,192	20,975	23,247	23,734	74,988	89,149	105,713
EPS (NT\$)	5.06	4.37	4.26	5.76	5.50	5.44	6.03	6.16	19.45	23.13	27.43
Margins (%)											
Gross profit margin	7.9	7.0	6.8	6.3	4.8	4.7	4.7	4.7	7.0	4.7	4.7
Operating margin	5.1	4.0	3.7	3.8	2.8	2.9	3.0	3.0	4.1	2.9	3.0
EBITDA margin	5.7	4.6	4.3	4.3	3.3	3.3	3.5	3.5	4.7	3.4	3.4
Pretax profit margin	5.2	4.3	4.2	4.3	3.0	2.8	2.9	3.0	4.5	2.9	2.9
Net profit margin	4.0	3.3	3.3	3.5	2.6	2.2	2.3	2.1	3.5	2.3	2.2
Sequential growth (%)											
Revenue growth	16.4	3.8	(1.8)	29.0	26.7	20.0	5.0	10.0			
Gross profit growth	23.8	(7.7)	(4.5)	19.1	(4.2)	16.7	6.1	10.0			
Operating profit growth	62.3	(17.1)	(9.9)	30.7	(4.1)	20.2	10.5	10.0			
EBITDA growth	52.3	(15.4)	(8.2)	27.7	(2.7)	21.7	9.0	11.9			
Pretax profit growth	42.3	(14.5)	(3.3)	31.4	(10.7)	10.6	10.7	10.7			
Net profit growth	22.8	(13.5)	(2.5)	35.1	(4.5)	(1.0)	10.8	2.1			
YoY growth (%)											
Revenue growth	87.6	62.6	16.7	53.0	66.6	92.6	105.9	75.6	50.5	84.7	20.4
Gross profit growth	75.3	33.5	9.0	30.0	0.6	27.1	41.3	30.5	33.9	24.4	21.1
Operating profit growth	110.3	34.2	(6.0)	58.4	(6.4)	35.6	66.5	40.1	41.8	31.5	22.5
EBITDA growth	89.8	28.8	(4.5)	51.0	(3.5)	38.9	64.9	44.4	36.2	34.3	21.3
Pretax profit growth	73.9	10.3	(1.7)	54.7	(2.9)	25.6	43.8	21.1	30.2	20.7	18.5
Net profit growth	61.6	11.5	(1.2)	39.8	8.7	24.4	41.5	6.9	25.6	18.9	18.6

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	690,120	932,446	1,343,112	1,585,064	1,837,985
Current assets	610,448	840,694	1,232,064	1,461,709	1,715,082
Cash & ST securities	218,726	201,099	202,628	125,012	110,014
Inventory	123,764	261,886	512,946	563,109	677,913
Accounts receivable	259,907	371,246	494,969	752,066	905,633
Other current assets	8,051	6,463	21,522	21,522	21,522
Non-current assets	79,672	91,753	111,047	123,355	122,904
LT investments	5,449	7,903	15,194	15,065	14,928
Net fixed assets	60,820	67,061	72,970	85,406	85,092
Other assets	13,404	16,789	22,883	22,883	22,883
Total liabilities	496,228	702,141	1,087,367	1,310,690	1,541,618
Current liabilities	483,013	638,699	1,014,155	1,237,734	1,466,577
Accounts payable	168,322	282,782	535,232	665,493	801,170
Interest bearing ST liabilities	158,797	179,540	258,327	340,584	420,498
Other current liabilities	155,893	176,377	220,596	231,658	244,910
Non-current liabilities	13,215	63,442	73,212	72,956	75,041
Long-term debt	5,931	50,983	56,579	56,323	58,408
Other L-T liabilities	5,413	9,192	10,826	10,826	10,826
Total equity	193,892	230,306	255,745	274,374	296,367
Share capital	38,626	38,626	38,626	38,626	38,626
Retained earnings reserve	76,586	111,059	131,738	149,568	170,711
Minority interests	7,685	8,020	12,167	12,967	13,817
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	(15.2%)	30.0%	50.5%	84.7%	20.4%
Operating profit growth	39.6%	41.5%	41.8%	31.5%	22.5%
EBITDA growth	33.2%	33.3%	36.2%	34.3%	21.3%
Net profit growth	37.0%	50.5%	25.6%	18.9%	18.6%
EPS growth	37.0%	50.5%	25.6%	18.9%	18.6%
Profitability					
Gross profit margin	7.8%	7.9%	7.0%	4.7%	4.7%
Operating margin	4.0%	4.4%	4.1%	2.9%	3.0%
EBITDA margin	5.1%	5.2%	4.7%	3.4%	3.4%
Net profit margin	3.7%	4.2%	3.5%	2.3%	2.2%
Return on average assets	5.3%	7.4%	6.6%	6.1%	6.2%
Return on average equity	22.3%	29.2%	32.2%	35.3%	38.9%
Stability					
Gross debt to equity	85.0%	100.1%	123.1%	144.7%	161.6%
Net debt to equity	Net cash	28.9%	53.4%	108.0%	132.7%
Interest coverage (x)	6.8	11.0	11.8	10.3	11.9
Interest & ST debt coverage (x)	0.2	0.3	0.2	0.2	0.2
Cash flow interest coverage(x)	13.9	(4.8)	(1.2)	(5.6)	(0.4)
Cash flow/int. & ST debt (x)	0.7	(0.2)	(0.0)	(0.2)	(0.0)
Current ratio (x)	1.3	1.3	1.2	1.2	1.2
Quick ratio (x)	1.0	0.9	0.7	0.7	0.7
Net debt (NT\$m)	(12,506)	66,531	136,596	296,212	393,210
Per share data					
EPS (NT\$)	10.29	15.49	19.45	23.13	27.43
CFPS (NT\$)	32.25	(9.17)	(2.69)	(17.83)	(1.33)
BVPS (NT\$)	48.21	57.55	63.06	67.68	73.15
Adj BVPS (NT\$)	48.29	57.67	63.19	67.82	73.30
SPS (NT\$)	281.55	366.00	550.96	1,017.37	1,225.12
EBITDA/share (NT\$)	14.26	19.02	25.90	34.78	42.19
Cash DPS (NT\$)	9.00	13.00	15.60	18.46	21.89
Activity					
Sales / avg assets	1.44	1.74	1.87	2.68	2.76
Days receivable	87.4	96.3	85.1	70.0	70.0
Days inventory	45.1	73.7	94.8	55.0	55.0
Days payable	61.4	79.6	98.9	65.0	65.0
Cash cycle	71.1	90.4	81.0	60.0	60.0

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	1,085,611	1,410,756	2,123,689	3,921,485	4,722,229
Cost of goods sold	(1,000,728)	(1,299,996)	(1,975,357)	(3,736,997)	(4,498,876)
Gross profit	84,883	110,760	148,332	184,488	223,353
Operating expenses	(41,339)	(49,138)	(60,936)	(69,553)	(82,605)
Operating profit	43,550	61,622	87,396	114,935	140,749
Non-operating income	16,785	16,236	16,731	12,948	8,496
Interest income	10,620	9,743	6,907	5,898	4,936
Investment income	33	210	33	50	60
Other non-op income	6,131	6,283	9,790	7,000	3,500
Non-operating expenses	(8,603)	(4,691)	(8,854)	(12,859)	(12,974)
Interest expense	(8,915)	(7,288)	(8,827)	(12,359)	(12,474)
Investment loss	(45)	(39)	(27)	(50)	(50)
Other non-op expenses	356	2,637	(0)	(450)	(450)
Pre-tax profit	51,731	73,167	95,273	115,024	136,270
Current taxation	(11,243)	(12,884)	(19,487)	(25,075)	(29,707)
Minorities	(812)	(581)	(799)	(800)	(850)
Extraordinary items	-	0	(0)	-	-
Net profit	39,676	59,702	74,988	89,149	105,713
EBITDA	54,986	73,301	99,837	134,049	162,613
EPS (NT\$)	10.29	15.49	19.45	23.13	27.43

Cash flow

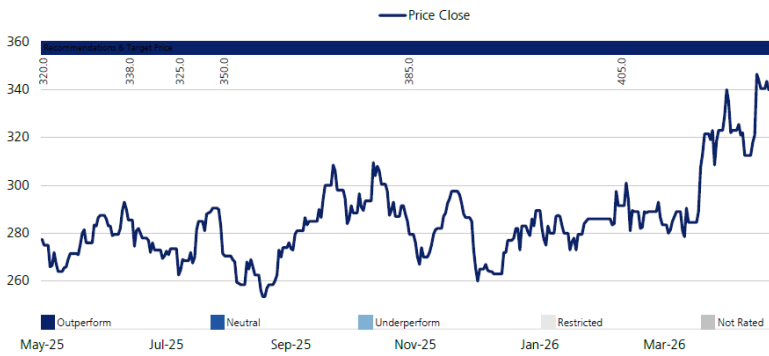
NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	124,333	(35,330)	(10,365)	(68,737)	(5,127)
Net profit	39,676	59,702	74,988	89,149	105,713
Depreciation & amortisation	11,437	11,678	12,441	19,114	21,864
Decrease in working capital	80,499	(130,646)	(122,316)	(177,000)	(132,694)
Other operating cash flow	(7,279)	23,935	24,523	-	(10)
Investing cash flow	(37,612)	(12,290)	(8,338)	(31,422)	(21,403)
Sale of ST investment	(29,080)	681	9,098	-	-
New investments	(30)	91	167	129	148
Capital expenditure	(8,832)	(13,132)	(14,757)	(30,000)	(20,000)
Others investing cashflow	330	70	(2,845)	(1,550)	(1,550)
Free cash flow	115,553	(82,896)	(56,462)	(99,557)	(22,315)
Financing cash flow	(114,205)	28,917	38,764	22,543	11,531
Increase in short term debt	(47,522)	(3,117)	84,166	80,000	80,000
Increase in long term loans	(41,138)	68,806	2,062	2,000	2,000
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(23,765)	(34,691)	(50,214)	(60,257)	(71,319)
Other financing cashflow	(1,780)	(2,081)	2,749	800	850
Forex effects	81	5,462	(5,744)		
Total cash generated	(27,403)	(13,242)	14,318	(77,616)	(14,998)

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	3.8%	3.5%	2.9%	1.8%	1.7%
= Operating margin	4.0%	4.4%	4.1%	2.9%	3.0%
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.1	0.0	0.0	0.0	0.0
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	8.3	5.6	6.1	7.4	7.3
Operating margin	4.0%	4.4%	4.1%	2.9%	3.0%
x Capital turnover	8.3	5.6	6.1	7.4	7.3
x (1 - tax rate)	78.3%	82.4%	79.5%	78.2%	78.2%
= After-tax ROIC	26.0%	20.3%	19.9%	17.0%	17.0%

Source: Company data; KGI Research estimates

Quanta Computer – Recommendation & target price history



Date	Rating	Target	Price
2026-02-27	Outperform	405.0	291.5
2025-11-13	Outperform	385.0	285.0
2025-08-13	Outperform	350.0	271.5
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

Source: TEJ; KGI Research

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