IT Hardware

Robust training & agentic AI demand to drive power, thermal, & optical spec upgrades

Key message

1. The AI server industry has moved beyond the pure pursuit of isolated GPU compute power and entered the era of agentic AI, where the focus has pivoted toward full-scale AI infrastructure and multi-rack pod integration.
2. The supply chain has indicated that key upgrades of AI servers should be to power, thermal, and optical components, with significant valuation rerating particularly for vendors capable of delivering comprehensive liquid cooling, 800V HVDC power, and co-packaged optics (CPO) solutions, as hardware requirements escalate to meet the demands of sophisticated AI agents.
3. AI server demand will continue to be robust in 2026-27F, with 2027F capex to be revised up for CSPs. Nvidia (US), AMD's (US) VR and MI455 GPU, and CSPs' ASIC AI chips will boost supply chain sales and earnings growth.
4. Key AI supply chain beneficiaries include rack assembly, liquid cooling, power supply, PCB/CCL/substrate, and chassis/rail kit plays, while general server demand growth will boost CPU-related component makers' momentum. Our top picks are Asia Vital Components (AVC; 3017 TT, NT$2,620, OP), Jentech Precision Industrial (3653 TT, NT$3,400, OP), Kaori (8996 TT, NT$1,555, OP), Delta Electronics (2308 TT, NT$1,990, OP), Fositek (6805 TT, NT$1,700, OP), Elite Material (2383 TT, NT$5,535, OP), Unimicron Technology (3037 TT, NT$1,040, OP), Zhen Ding Technology (4958 TT, NT$603, OP), Chenbro Micom (8210 TT, NT$1,295, OP), King Slide Works (2059 TT, NT$7,655, OP), Accton Technology (2345 TT, NT$2,660, OP), Lotes (3533 TT, NT$2,160, OP), Quanta Computer (2382 TT, NT$372, OP), Wiwynn (6669 TT, NT$5,035, OP), Wistron (3231 TT, NT$159.5, OP), and Hon Hai Precision (2317 TT, NT$248, OP) in Taiwan's supply chain, while our top US picks are Dell and Vertiv.

Event

With a positive CSP capex growth outlook and strong growth of AI training and inference applications, the AI supply chain outlook is bright in 2H26-2027.

Impact

Launch of several AI models to boost 2H26-2027F sales for AI supply chain. Nvidia's (US) product roadmap remains intact and clearly indicates GPU migration in 2026-28. While the Blackwell (GB300) platform will be the leading GPU for AI servers in 2026, Vera Rubin (VR) NVL72 systems will begin mid-volume production in 4Q26, targeting initial shipment of 5-10k racks. We estimate total GB and VR rack shipments will scale massively, reaching 65-70k racks in 2026, a substantial leap from the 25k racks in 2025, and 2027F VR rack shipments will also rise to 60-70k racks. Dell (US), Oracle (US) and Microsoft (US) are major customers, and Hon Hai Precision (2317 TT, NT$248, OP), Quanta Computer (2382 TT, NT$372, OP), and Wistron (3231 TT, NT$159.5, OP) are key system assemblers that account for 80-90% of total demand. In addition, AMD (US) is cementing its position as a formidable alternative in the AI GPU market. Its next-generation MI455X-based Helios double-wide racks that utilize liquid cooling will commence shipment in 4Q26F, with more significant volume ramp-up in 2027F. We estimate Helios AI rack deployment could total 6-10k racks in 2027, and Wiwynn (6669 TT, NT$5,035, OP) is the key system assembler, mainly for Meta (US). ASICs, mainly from Google (US) and AWS (US), will also aggressively ramp-up custom AI chip production, optimized for specific internal workloads. Google's TPU v8 and Amazon Web Services' (AWS) Trainium3 (T3) are driving a rising wave of liquid-cooled ASIC rack deployment. We project AWS T3 shipments will total 40-50k racks in 2026, and will grow over 30% YoY in 2027, up from 30-35k in 2025, while TPU v8 shipments will rise to over 70k racks, based on chip supply growth of 70-80% YoY in 2026-27. We expect Wiwynn (AWS ASIC), as well as Hon Hai and Quanta (Google ASIC) to benefit from rising sales contribution and margin expansion. We anticipate AI rack deployment for the various chip platforms will trigger supply chain sales growth on solid AI token demand and strong capex investment from CSPs (Figures 1-4).

Capex growth at top five US CSPs to rise 83% YoY in 2026F & 22% YoY in 2027F, with upside on strong AI demand & rising component costs. During the latest earnings calls from major US hyperscalers, the top five US CSPs said they expect a positive capex trend in 2026. Most CSPs reported better-than-expected 1Q26 capex, lifting the top five CSPs' capex growth to 91% YoY and 14% QoQ to US$148.4bn, above the previous consensus estimate by 12%. After Oracle's (US) recent earnings call, 2026 capex growth guidance from the top five CSPs was revised up to US$753bn, up 83% YoY, versus 77% YoY growth in 2025, on accelerating AI infrastructure demand, and 2027F capex was revised up to US$922bn, up 22% YoY. We believe the upward revision to capex is largely due to rising component costs, particularly for memory. The top US CSPs continue to emphasize aggressive AI infrastructure investment, supported by stronger-than-expected AI demand, cloud backlog growth, and persistent capacity constraints. We expect further upside to 2027F capex on rising AI rack pricing, while the market expects five major hyperscalers' 2027F capex to grow to over US$1.0tn. The capex-to-operating cash flow ratio deteriorated to 75% in 1Q26, but most CSPs continue to see solid operating cash flow to support heavy AI investment over the next 1-2 years (Figures 5-12).

Liquid cooling – Rising demand for AI servers across all rack designs; heat spreaders to undergo size & design upgrades. As rack thermal design power (TDP) breaches new thresholds, liquid cooling is no longer optional, but rather mandatory for most AI server racks. We thus expect liquid-cooling penetration to climb rapidly, driving immense value across both in-rack and out-of-rack infrastructures. Nvidia's upcoming VR NVL72 compute and switch trays embrace a 100% modular, fanless, direct-to-chip liquid-cooling design. This architectural leap drastically increases component value. We estimate that the cold plate and inner manifold value within a VR200 rack will be over 30% higher than in the previous GB300 generation. To support these high-density racks, 2-4MW in-row coolant distribution units (CDU) and 100-350kW sidecars are designed with spec upgrades. With individual chip TDP approaching 2-3kW, traditional thermal interface materials (TIM2) are creating thermal resistance bottlenecks. The industry has considered adopting a better thermal-conductivity metal TIM for TIM2 materials, such as indium–gallium composite materials. Furthermore, the supply chain has continued to develop microchannel lid (MCL) designs to integrate heat spreaders, TIM2, and cold plates, with microscopic water channels designed directly into the chip packaging lid to effectively dissipate 2-3kW of heat. Although MCL remains in the POC stage, we expect rising ASP for GPU heat spreaders due to larger size and more complicated designs for next-generation GPUs, not only for Nvidia's VR200, but also AMD's MI455 and CSPs' ASICs. We expect liquid-cooling content value (i.e. cold plate, QD, and inner manifold) for each AI compute tray, switch tray, and rack to rise, while heat spreader value for next-generation GPUs will expand, benefiting Asia Vital Components (AVC; 3017 TT, NT$2,620, OP), Delta Electronics (2308 TT, NT$1,990, OP), Auras Technology (3324 TT, NT$1,010, OP), Fositek (6805 TT, NT$1,700, OP), Kaori (8996 TT, NT$1,555, OP) , and Jentech Precision Industrial (3653 TT, NT$3,400, OP) (Figure 13-15).

Power supplies – High-voltage direct current (HVDC) power racks to commence shipment by 4Q26F, with penetration to rise in the coming years. The exponential increase in power consumption per rack has rendered legacy AC/DC power distribution highly inefficient. The power upgrade trajectory highlighted at Computex 2026 points definitively toward HVDC solutions, starting in 2H26F. With the TDP of VR200 standing at 220kW, it is widely believed that the adoption of HVDC is not a must, but rather optional, and we believe the industry is expecting a HVDC penetration rate of 10-20% for VR200. Furthermore, the HVDC adoption timeline for ASIC server platforms, specifically AWS Trainium and Google TPU in their respective upcoming generations, remains intact. We expect initial shipments of HVDC power racks to commence in 2H26, starting from ±400V, before 800V gains traction in 2027. We project power supply vendors will see content value increase from US$66k in GB300 to US$103k in VR200, for an incremental 50-60% gain. We think recent rumors regarding potential mass adoption delays for 800V DC power architecture have been overdone. Near-term, power supply vendors generally hold a positive 2H26 outlook, boosted by the ramp-up of server power shipments for VR200 and ASIC server racks, as both Delta Electronics and Lite-On Technology (2301 TT, NT$219.5, OP) expect revenue to grow sequentially in 3Q-4Q26. Delta guides 3Q26 revenue will rise 20% QoQ. We believe Delta will continue its dominance in the server power market as power architecture of AI server racks gradually migrates to HVDC, while Lite-On, Vertiv (US), and Flex (US) will also be key tier-two players. The introduction of power racks will help raise the penetration of BBU, benefitting suppliers, such as Advanced Energy Solution Holding (AES; 6781 TT, NT$1,180, OP), Dynapack International Technology (3211 TT, NT$408, NR), and STL Technology (4931 TT, NT$236, NR) (Figure 16).

PCB/CCL/substrate – Next-generation GPU & ASIC AI to drive product price hikes. We expect demand for high-end ABF substrates to be driven by the launch of Nvidia's new VR server platform and AWS T3, as well as an upgrade to PCIe6 for general servers in 2H26. We estimate that substrate ASP growth will accelerate from a quarterly rate of 3-5% in 1H26 to 7-8% in 2H26, prompting the industry into an upcycle. We believe

leading ABF substrate supplier Unimicron Technology (3037 TT, NT$1,040, OP) will be a major beneficiary, and note that Elite Material (2383 TT, NT$5,535, OP) will also reap the benefits, with ASP to rise 15-20% on CCL material upgrades for T3 and VR. Demand for 800GbE and 1.6TbE optic modules has been growing rapidly since late-2Q26, and we predict that shipment volumes will surge by a respective 146% and 1,200% YoY to 52.8mn and 28.6mn units, fueling operating growth for Unimicron and Zeng Ding Technology (4958 TT, NT$603, OP) (Figure 17).

Mechanical & Rails – To ride rising demand wave for new types of racks. With new CPU rack memory racks, networking racks, LPX racks, and power racks for multi-rack AI pod architecture, in addition to the previous IT rack designs (GB/VR), we expect chassis, rack, and rail kit manufacturers to ride this growing demand wave. Furthermore, chassis designs have become highly complex to route liquid cooling tubes, and the weight of racks has increased from 30-35kg (GB300) to 40-41kg (VR200), which has also caused mechanical constraints to be tightened. Therefore, we expect Chenbro Micom (8210 TT, NT$1,295, OP) and King Slide Works (2059 TT, NT$7,655, OP) to be major beneficiaries due to their superior load-bearing rail solutions and precision mechanical integration abilities (Figure 18).

General servers – Strong demand to be revitalized by agentic AI. The resurgence of the CPU market in 2026 has been driven entirely by the advent of agentic AI. While generative AI historically marginalized CPUs in favor of GPUs, agentic AI requires complex system orchestration, reasoning, tool activation, and memory shuffling, which are tasks where CPUs excel. Nvidia explicitly declared the arrival of the agentic AI era, predicting that this shift will propel the total addressable market (TAM) for CPUs to US$200bn. The newly introduced Vera CPU tray is custom built for these reinforcement learning and agentic workflows, delivering 1.8x higher efficiency and 50% better compute performance compared to traditional x86 CPUs. Furthermore, agentic AI is pushing computational demand to the edge. In addition, Nvidia's introduction of the RTX Spark chip (superchip combining Blackwell RTX GPU and MediaTek-built 20-core Grace CPU) aims to enable localized agentic AI execution on Windows PCs. This holistic requirement for "LLM + harnessing" means general-purpose servers and edge devices will see revitalized demand as they coordinate with GPU clusters to execute sophisticated, multi-step autonomous tasks. We recently learned that average CSP general server demand will grow 40-50% YoY, while average enterprise demand will rise 10-20% YoY, which will result in total general server shipment growth of 20-30% in 2026F. However, recent CPU and memory supply tightness may be a drag on overall shipments in 2H26, although we expect server CPU and memory to be prioritized by vendors. We thus forecast 20% YoY demand growth for general servers in 2026, evidenced by strong 1Q26 YoY sales growth for Lotes (21%; 3533 TT, NT$2,160, OP), Wiwynn (62%), Aspeed Technology (29%; 5274 TT, NT$17,145, OP), and Nan Juen International (74%; 6584 TT, NT$698, OP). Along with expected AI server shipment growth of 61% YoY in 2026F, our total server shipment growth forecast is 24% YoY, and we also expect double-digit general server demand growth to remain intact in 2027, according to supply chain information (Figure 20).

Stocks for Action

A positive capex trend in 2026 will continue in 2027F, with 2027F capex growth to be revised up further to over US$1.0tn. The investment thesis for the AI hardware sector should be focused on product value expansion amid build-out of "power-thermal-optical" infrastructure. The ASP of AI racks is skyrocketing. For context, a GB300 rack is valued at approximately US$4.0mn, while a Vera Rubin NVL72 rack will command ASP exceeding US$7.0mn. This massive value redistribution will highly benefit component suppliers and top-tier ODMs. We recommend investors focus on suppliers that possess strong market share in both Nvidia (GB/VR) and hyperscaler ASIC supply chains, supported by a diverse client base. We are positive on AI focused leading plays in each sector (Figure 19). Our top picks are Asia Vital Components, Jentech Precision Industrial, Kaori, Delta Electronics,

Fositek, Elite Material, Unimicron Technology, Zhen Ding Technology, Chenbro Micom, King Slide Works, Accton Technology (2345 TT, NT$2,660, OP), Lotes, Quanta Computer (2382 TT, NT$372, OP), Wiwynn, Wistron, and Hon Hai Precision in Taiwan's supply chain, while our top US picks are Dell and Vertiv.

Risks

Sluggish demand; tight component supply; higher production or financing costs.

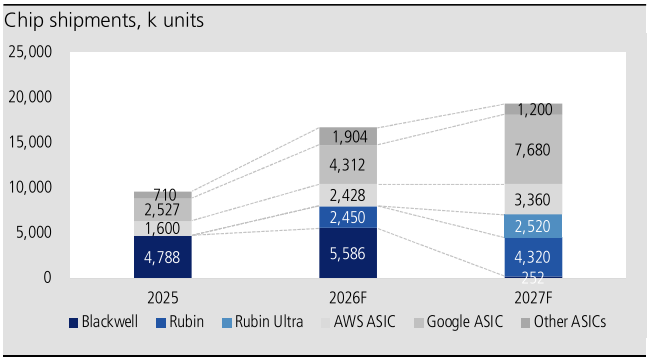
Figure 1: Nvidia's AI chip shipments to ride strong growth wave in 2026F

Chip shipments (k units)		2024	2025F	2026F	2027F
ASIC	Google	2,099	2,527	4,312	7,680
	AWS	1,225	1,600	2,428	3,360
	Meta	300	350	400	650
	Microsoft	60	60	60	200
GPU	NVIDIA	3,838	5,310	8,239	7,092
	AMD	490	927	1,152	1,680

YoY(%)		2024	2025F	2026F	2027F
ASIC	Google		20	71	78
	AWS		31	52	38
	Meta		17	14	63
	Microsoft		0	0	233
GPU	NVIDIA		38	55	(14)
	AMD		89	24	46

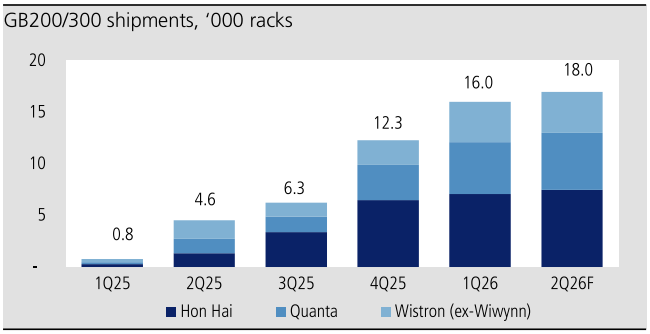
Source: KGI Research estimates

Figure 2: TSMC chip shipments to Nvidia to reach 7-8mn units in 2026-27F; ASIC shipment growth to be even more pronounced



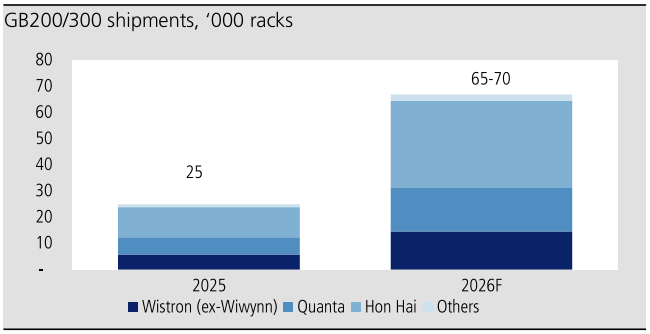
Source: KGI Research estimates

Figure 3: GB300 AI server shipments grew in 1H26F



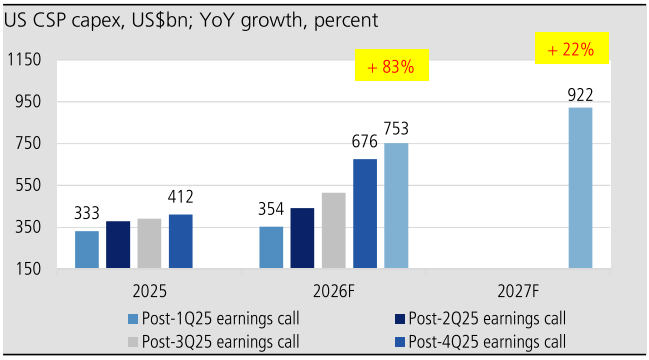
Source: Company data; KGI Research estimates

Figure 4: GB/VR shipments close to 25k racks in 2025; 2026F shipments to rise to 65-70k racks



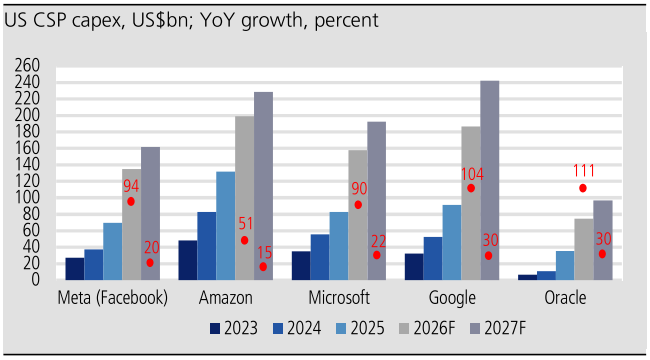
Source: Company data; KGI Research estimates

Figure 5: US CSPs significantly raised 2026 capex growth guidance to 83% YoY



Source: Company data; Bloomberg; KGI Research

Figure 6: Consensus 2026 capex revised up by top five US CSPs; Google & Oracle have particularly strong capex growth



Source: Company data; Bloomberg, KGI Research

Figure 7: US CSPs' 2026 capex guidance growth revised to up 83% YoY

						Actual			Consensus	
Capex (US$mn)	1Q25	2Q25	3Q25	4Q25	1Q26	2023	2024	2025	2026F	2027F
Meta (Facebook)	12,941	16,538	18,829	21,383	18,997	27,266	37,256	69,691	134,816	161,709
Amazon	25,019	32,183	35,095	39,522	44,203	48,133	82,999	131,819	199,113	228,460
Microsoft	16,745	17,079	19,394	29,876	30,876	35,202	55,552	83,094	157,860	192,476
Google	17,197	22,446	23,953	27,851	35,674	32,251	52,535	91,447	186,523	241,996
Oracle	5,862	9,080	8,502	12,033	18,635	6,935	10,745	35,477	74,681	96,962
US hyperscale subtotal	**77,764**	**97,326**	**105,773**	**130,665**	**148,385**	**149,787**	**239,087**	**411,528**	**752,993**	**921,604**
YoY (%)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2023**	**2024**	**2025**	**2026F**	**2027F**
Meta (Facebook)	102.2	102.3	128.0	48.2	46.8	(13.3)	36.6	87.1	93.4	19.9
Amazon	67.6	82.7	55.2	42.0	76.7	(17.5)	72.4	58.8	51.1	14.7
Microsoft	52.9	23.1	30.0	89.0	84.4	42.1	57.8	49.6	90.0	21.9
Google	43.2	70.2	83.4	95.1	107.4	2.4	62.9	74.1	104.0	29.7
Oracle	250.2	224.5	269.2	203.1	217.9	3.8	54.9	230.2	110.5	29.8
US Hyperscale subtotal	**69.2**	**74.9**	**72.9**	**71.2**	**90.8**	**2.6**	**59.6**	**72.1**	**83.0**	**22.4**
QoQ (%)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2023**	**2024**	**2025**	**2026F**	**2027F**
Meta (Facebook)	(10.3)	27.8	13.9	13.6	(11.2)					
Amazon	(10.1)	28.6	9.0	12.6	11.8					
Microsoft	6.0	2.0	13.6	54.0	3.3					
Google	20.5	30.5	6.7	16.3	28.1					
Oracle	47.7	54.9	(6.4)	41.5	54.9					
US Hyperscale subtotal	**1.9**	**25.2**	**8.7**	**23.5**	**13.6**					

Note: Capex excluding finance leases

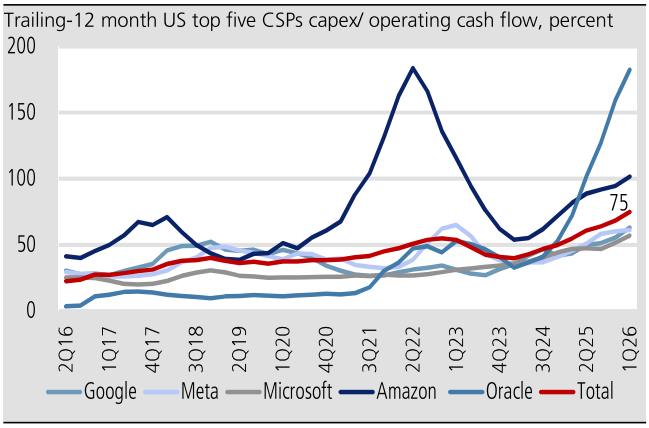
Source: Company data; Bloomberg; KGI Research

Figure 8: Top five US CSP 2026F capex to surpass total net income

Year	Capex(US$mn)	Net income (US$mn)	Capex / Net income (%)
2014	23,704	59,620	39.8
2015	26,018	62,396	41.7
2016	32,686	74,829	43.7
2017	42,605	93,795	45.4
2018	68,172	120,823	56.4
2019	70,648	129,835	54.4
2020	97,009	167,330	58.0
2021	130,717	255,670	51.1
2022	158,007	221,215	71.4
2023	154,383	297,758	51.8
2024	239,087	388,100	61.6
2025	411,528	466,838	88.2
2026F	752,993	541,206	139.1
2027F	921,604	601,838	153.1

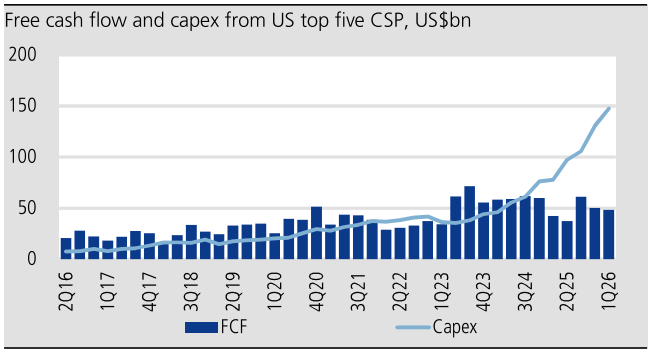
Source: Company data; Bloomberg; KGI Research

Figure 9: Top five US CSPs' capex-to-operating cash flow ratio rose to 75% in 1Q26



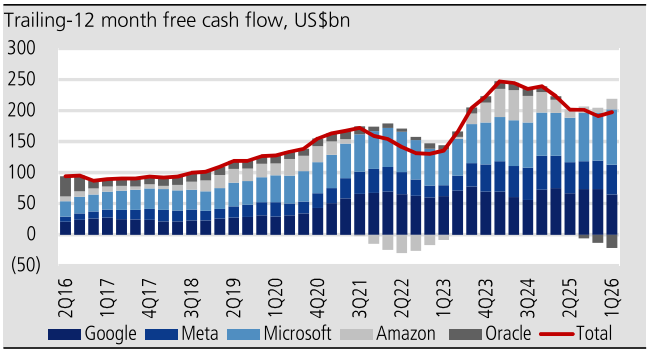
Source: Company data; Bloomberg, KGI Research

Figure 10: Top five CSPs saw 1Q26 FCF fall QoQ on higher capex



Source: Company data; Bloomberg; KGI Research

Figure 11: Top five US CSPs' capex keeps rising, with 1Q26 trailing FCF up QoQ



Source: Company data; Bloomberg, KGI Research

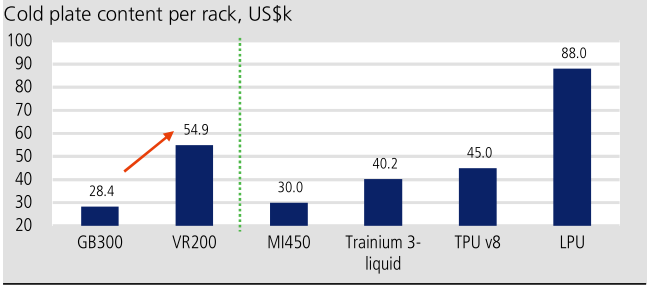
Figure 12: Consensus CSP capex growth is 78% YoY in 2026; Nebius was key capex growth enterprise in 2025

Capex, US$mn	2021	2022	2023	2024	2025	2026F	2027F
Meta	18,567	31,431	27,266	37,256	69,691	134,816	161,709
Amazon	55,396	58,321	48,133	82,999	131,819	199,113	228,460
Microsoft	23,216	24,768	35,202	55,552	83,094	157,860	192,476
Google	24,640	31,485	32,251	52,535	91,447	186,523	241,996
Oracle	3,118	6,678	6,935	10,745	35,477	74,681	96,962
Baidu	1,689	1,586	1,580	1,130	1,858	2,276	2,359
Alibaba	8,311	5,014	4,477	10,542	16,856	19,365	21,703
Tencent	4,808	4,611	3,017	9,675	13,193	16,266	16,618
Hyperscale subtotal	**139,745**	**163,894**	**158,861**	**260,433**	**443,435**	**790,901**	**962,283**
Apple	10,388	11,692	9,564	9,995	12,148	12,488	14,414
IBM	2,062	1,346	1,245	1,048	1,617	1,670	1,712
Coreweave	N.A.	72	2,943	8,702	14,770	34,162	38,930
Nebius	606	750	1,073	808	3,920	23,731	28,165
Dell	2,796	3,003	2,756	2,652	2,704	3,657	3,819
Salesforce	717	798	736	658	695	673	753
Netflix	525	408	349	440	688	712	744
Enterprise subtotal	**17,094**	**18,069**	**18,666**	**24,302**	**36,542**	**77,092**	**88,538**
Total	**156,838**	**181,962**	**177,527**	**284,736**	**479,978**	**867,993**	**1,050,821**

YoY growth, percent	2021	2022	2023	2024	2025	2026F	2027F
Meta	22.8	69.3	(13.3)	36.6	87.1	93.4	19.9
Amazon	58.1	5.3	(17.5)	72.4	58.8	51.1	14.7
Microsoft	32.0	6.7	42.1	57.8	49.6	90.0	21.9
Google	10.6	27.8	2.4	62.9	74.1	104.0	29.7
Oracle	70.1	114.2	3.8	54.9	230.2	110.5	29.8
Baidu	129.1	(6.1)	(0.4)	(28.5)	64.5	22.5	3.6
Alibaba	30.3	(39.7)	(10.7)	135.5	59.9	14.9	12.1
Tencent	(15.9)	(4.1)	(34.6)	220.7	36.4	23.3	2.2
Hyperscale subtotal	**33.5**	**17.3**	**(3.1)**	**63.9**	**70.3**	**78.4**	**21.7**
Apple	19.4	12.6	(18.2)	4.5	21.5	2.8	15.4
IBM	(21.2)	(34.7)	(7.5)	(15.8)	54.3	3.3	2.5
Coreweave	N.M.	N.M.	3,964.9	195.7	69.7	131.3	14.0
Nebius	77.7	23.7	43.2	(24.7)	385.4	505.3	18.7
Dell	34.3	7.4	(8.2)	(3.8)	2.0	35.2	4.5
Salesforce	1.0	11.3	(7.8)	(10.6)	5.6	(3.1)	11.9
Netflix	5.4	(22.3)	(14.5)	26.1	56.6	3.5	4.5
Enterprise subtotal	**14.3**	**5.7**	**3.3**	**30.2**	**50.4**	**111.0**	**14.8**
Total	**31.1**	**16.0**	**(2.4)**	**60.4**	**68.6**	**80.8**	**21.1**

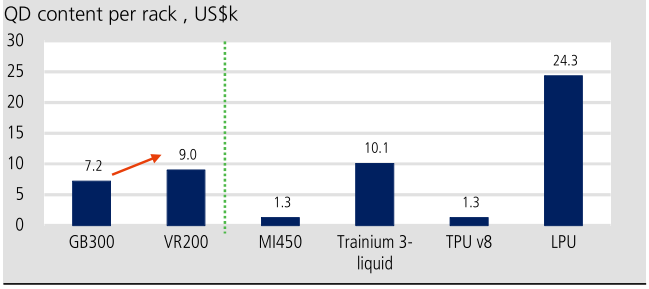
Source: Company data; Bloomberg; KGI Research

Figure 13: Liquid-cooling cold plate content value surged for new AI server generation



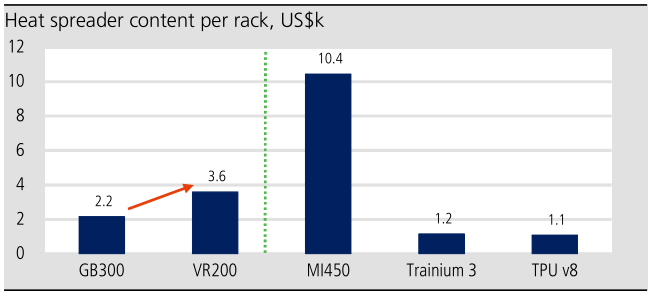
Source: Company data; Bloomberg; KGI Research

Figure 14: Liquid-cooling QD content value surged for new AI server generation



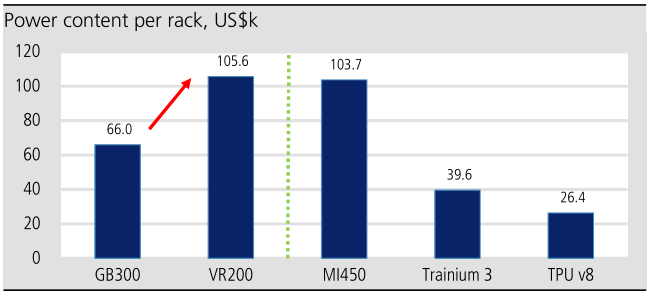
Source: Company data; Bloomberg, KGI Research

Figure 15: Heat spreader content value surged for new AI server generation



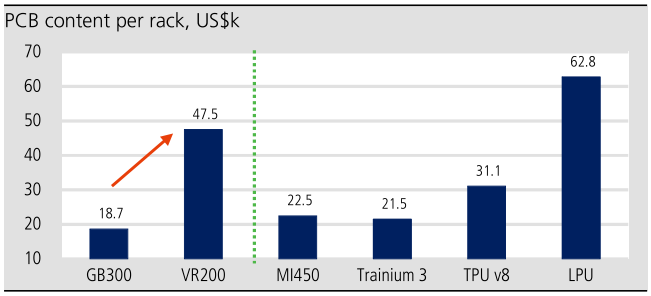
Source: Company data; Bloomberg; KGI Research

Figure 16: Power supply content value surged for new AI server generation



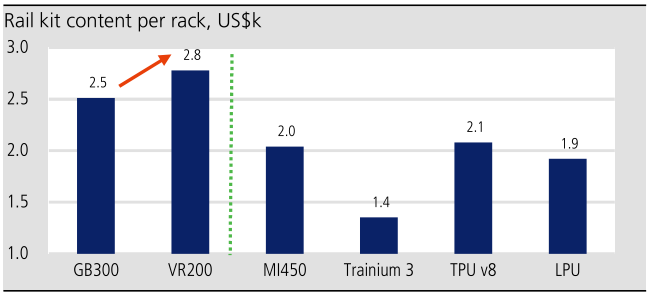
Source: Company data; Bloomberg, KGI Research

Figure 17: PCB content value surged for new AI server generation



Source: Company data; Bloomberg; KGI Research

Figure 18: Rail kit content value surged for new AI server generation



Source: Company data; Bloomberg, KGI Research

Figure 19: Companies offering diverse product portfolios (GB & ASIC) & serving multiple customers are poised to benefit the most, such as Delta, AVC, Fositek, Elite Material, King Slide, Hon Hai, Quanta, Wistron, & Wiwynn

			GPU		ASIC					GPU		ASIC	
Segment	Company	Ticker	NVIDIA GB	AMD Helios	AWS Trainium / Google TPU		Segment	Company	Ticker	NVIDIA GB	AMD Helios	AWS Trainium / Google TPU	
ODM	Hon Hai	2317 TT	✓		✓	✓	Thermal	AVC	3017 TT	✓	✓	✓	✓
	Quanta	2382 TT	✓			✓		Auras	3324 TT	✓		✓	
	Inventec	2356 TT	✓	✓		✓		Fositek	6805 TT	✓		✓	✓
	Wistron	3231 TT	✓					Jentech	3653 TT	✓	✓	✓	✓
	Wiwynn	6669 TT	✓	✓	✓		PCB/CCL	GCE	2368 TT			✓	✓
	Celestica	CLS US			✓	✓		EMC	2383 TT	✓		✓	✓
	Flextronics	FLEX US	✓		✓	✓		TUC	6274 TT			✓	
	Jabil	JBL US	✓		✓		Networking	Accton	2345 TT			✓	
Power	Delta	2308 TT	✓	✓	✓	✓	Mechanical	King Slide	2059 TT	✓	✓	✓	✓
	Lite-On	2301 TT	✓		✓			Chenbro	8210 TT	✓	✓	✓	✓
AEC/power whip /busbar	BizLink	3665 TT	✓		✓			AVC	3017 TT	✓		✓	
	Credo	CRDO US	✓		✓			Nan Juen	6584 TT	✓	✓	✓	
							BBU	AES	6781 TT	✓		✓	
								Dynapack	3211 TT			✓	

Source: KGI Research estimates

Figure 20: 2026F server shipment to grow 24% YoY, but PC & smartphone shipments may fall double-digit YoY decline

Shipments (mn)	2024	2025	2026F	2027F
PC	247.6	270.8	241.3	246.3
Smartphone	1,226.5	1,246.8	1,098.5	1,131.5
iPhone	225.9	236.9	244.9	252.2
Android	1,000.5	1,009.9	853.7	879.3
Server	12.1	12.5	15.5	16.7
General server	11.4	11.3	13.6	14.0
AI server	0.7	1.2	2.0	2.7
YoY (%)	**2024**	**2025**	**2026F**	**2027F**
PC	2.2	9.4	(10.9)	2.1
Smartphone	3.6	1.7	(11.9)	3.0
iPhone	(2.0)	4.9	3.4	3.0
Android	4.9	0.9	(15.5)	3.0
Server	6.5	3.8	23.9	7.6
General server	2.4	(0.4)	20.0	3.0
AI server	186.3	70.3	60.6	40.0

Source: Company data; Bloomberg; KGI Research

Figure 21: Comparison – Cloud peer valuations

Sector	Company	Ticker	Market cap. (US$mn)	Share price (LCY)	Rating	Target Price (LCY)	EPS (LCY)		EPS YoY (%)		PE (x)		PB (x)		ROE (%)		Cash yield (%)	
							2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2025	2026F
ODM	Hon Hai	2317 TT	110,409	248.0	Outperform	315.0	17.94	21.46	31.8	19.6	13.8	11.6	1.8	1.7	13.7	15.3	2.9	3.9
	Inventec	2356 TT	7,616	66.9	Neutral	55.0	3.24	4.05	33.5	25.3	20.7	16.5	3.1	2.9	15.0	18.2	3.0	3.9
	Quanta	2382 TT	45,600	372.0	Outperform	430.0	23.13	27.43	18.9	18.6	16.1	13.6	5.5	5.1	35.3	38.9	4.2	5.0
	Wistron	3231 TT	16,098	159.5	Outperform	225.0	13.96	18.29	54.4	31.0	11.4	8.7	2.4	2.0	22.6	25.1	3.4	5.2
	Wiwynn	6669 TT	29,695	5,035.0	Outperform	6,475.0	325.58	436.17	18.4	34.0	15.5	11.5	6.2	5.0	43.8	47.6	2.9	3.6
	Gigabyte Tech	2376 TT	7,175	337.5	Outperform	495.0	32.00	34.00	75.9	6.3	10.5	9.9	3.4	3.0	34.2	32.4	3.6	6.3
	Asustek Computer	2357 TT	15,486	657.0	Outperform	835.0	53.65	57.64	(10.6)	7.4	12.2	11.4	1.8	1.7	14.6	15.2	6.4	6.5
	Asrock	3515 TT	837	213.5	Outperform	325.0	20.45	26.00	33.8	27.2	10.4	8.2	2.0	1.8	20.2	23.5	5.2	5.7
Socket/ Connector/cable	Lotes	3533 TT	7,714	2,160.0	Outperform	3,100.0	95.08	129.17	35.5	35.9	22.7	16.7	5.6	4.8	25.9	30.6	1.6	2.2
	Bizlink Holding	3665 TT	12,444	2,010.00	Outperform	2,600.00	66.09	106.99	41.9	61.9	30.4	18.8	7.2	5.5	25.5	33.3	0.7	1.1
	Aces	3605 TT	475	85.60	Restricted	N.A.	5.47	N.A.	28.0	N.A.	15.6	N.A.	1.7	N.A.	11.6	N.A.	1.5	1.9
	Argosy*	3217 TT	502	175.5	Not rated	N.A.	13.65	15.70	7.6	15.0	12.9	11.2	3.1	2.7	28.9	31.4	5.7	5.7
	Alltop	3526 TT	681	326.0	Outperform	415.0	23.03	30.35	35.7	31.8	14.2	10.7	5.1	5.0	35.8	47.0	5.2	7.0
Rail kit	King Slide Works	2059 TT	23,151	7,655.0	Outperform	8,850.0	206.36	295.01	99.9	43.0	37.1	25.9	19.1	13.8	59.3	61.8	0.7	1.4
	Nan Juen International	6584 TT	1,565	698.0	Outperform	800.0	17.40	26.65	211.3	53.2	40.1	26.2	13.0	10.4	35.2	44.1	0.4	1.2
Thermal	Sunonwealth	2421 TT	1,329	146.0	Outperform	182.0	11.21	13.10	41.2	16.8	13.0	11.1	4.1	3.7	32.8	34.7	0.0	5.4
	Auras	3324 TT	2,983	1,010.0	Outperform	1,450.0	59.27	81.87	109.7	38.1	17.0	12.3	6.6	5.0	43.5	46.5	1.2	2.5
	AVC	3017 TT	32,638	2,620.0	Outperform	3,450.0	94.49	132.70	92.2	40.4	27.7	19.7	15.9	10.9	67.1	64.6	0.8	1.5
	Fositek	6805 TT	3,698	1,700.0	Outperform	2,800.0	66.17	93.30	113.4	41.0	25.7	18.2	12.0	8.8	53.7	55.9	0.7	1.8
	Kaori	8996 TT	4,608	1,555.0	Outperform	2,270.0	23.08	42.75	154.6	85.2	67.4	36.4	25.0	16.7	43.1	55.1	0.3	0.7
	Microloops*	6831 TT	1,934	903.0	Not rated	N.A.	15.09	29.00	205.5	92.2	59.8	31.1	17.6	12.4	35.0	46.7	0.3	1.0
Heat spreader	Jentech	3653 TT	15,832	3,400.0	Outperform	4,840.0	53.96	112.49	46.8	108.5	63.0	30.2	19.2	15.3	32.4	56.4	0.6	1.0
BBU	Simplo Tech	6121 TT	2,392	407.5	Outperform	450.0	34.30	34.93	12.1	1.8	11.9	11.7	1.9	1.8	16.1	15.7	5.3	6.0
	AES-KY	6781 TT	3,199	1,180.0	Outperform	1,450.0	49.20	66.78	28.8	35.7	24.0	17.7	5.3	4.6	23.5	28.1	1.6	2.1
	Dynapack*	3211 TT	1,998	408.0	Not rated	N.A.	12.84	20.74	41.9	61.5	31.8	19.7	5.3	5.5	18.8	30.1	2.8	2.5
Chassis	Chenbro	8210 TT	5,150	1,295.0	Outperform	1,905.0	49.65	68.00	70.9	37.0	26.1	19.0	11.6	8.9	49.7	52.6	1.1	1.9
BMC	Aspeed Tech	5274 TT	20,568	17,145.0	Outperform	21,130.0	191.62	334.60	84.4	74.6	89.5	51.2	74.0	40.7	88.7	102.5	0.5	0.8
Silcon photonics	Land Mark Opto	3081 TT	5,813	1,980.0	Outperform	1,080.0	13.12	21.43	183.3	63.4	150.9	92.4	51.4	48.9	34.8	54.3	0.2	0.6
CCL	Iteq	6213 TT	4,154	360.0	Outperform	442.0	9.79	14.74	135.3	50.5	36.8	24.4	5.7	5.0	16.0	21.5	0.8	1.8
	Elite Material	2383 TT	62,940	5,535.0	Outperform	6,860.0	92.16	171.51	121.2	86.1	60.1	32.3	29.7	18.3	56.3	70.1	0.5	1.0
ABF	Unimicron Tech	3037 TT	52,440	1,040.0	Outperform	1,000.0	14.31	27.77	226.6	94.1	72.7	37.4	13.1	10.2	20.4	31.8	0.2	0.6
PCB	Gold Circuit	2368 TT	20,018	1,220.0	Outperform	1,550.0	35.31	55.21	81.2	56.4	34.6	22.1	14.1	10.0	47.1	53.6	0.8	1.6
Power	Delta	2308 TT	164,041	1,990.0	Outperform	2,940.0	44.71	73.51	93.2	64.4	44.5	27.1	14.2	10.4	36.7	44.3	0.6	1.1
	Lite-On Tech	2301 TT	16,134	219.5	Outperform	230.0	8.55	12.37	28.7	44.6	25.7	17.7	5.1	4.9	20.6	28.2	2.3	3.0
	Chicony Power	6412 TT	1,204	94.7	Not rated	N.A.	5.41	6.63	4.0	22.6	17.5	14.3	2.2	2.6	12.7	18.4	3.9	4.6
	AcBel Polytech*	6282 TT	1,581	58.2	Not rated	N.A.	N.M.	N.M.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.M.	N.M.	1.4	N.A.
Foundry	TSMC	2330 TT	2,061,521	2,505.0	Outperform	2,600.0	102.74	131.02	55.1	27.5	24.4	19.1	8.7	6.4	41.4	38.8	0.9	1.0
Design service	Alchip Tech	3661 TT	11,514	4,450.0	Outperform	6,185.0	128.95	171.78	86.4	33.2	34.5	25.9	7.5	6.3	23.5	26.4	0.8	1.4
	Global Unichip	3443 TT	21,456	5,045.0	Outperform	5,245.0	48.02	116.55	70.7	142.7	105.1	43.3	40.6	24.4	43.5	70.4	0.4	0.7
Networking	Luxnet	4979 TT	2,035	450.5	Outperform	250.0	9.94	N.A.	84.2	N.A.	45.3	N.A.	11.9	N.A.	28.8	N.A.	0.5	0.9
	Accton Tech	2345 TT	47,367	2,660.0	Outperform	1,850.0	61.74	N.A.	31.0	N.A.	43.1	N.A.	21.2	N.A.	55.6	N.A.	0.6	1.2

** Bloomberg consensus*

Source: Bloomberg; KGI Research estimates

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