Company update | Thermal · Taiwan

Asia Vital Components

(3017.TW/3017 TT)

2Q26 EPS beat; liquid cooling sales to boost 2H26-2027F EPS

Outperform · Maintained

Price as of August 12 (NT$)	2,910
12M target price (NT$)	4,000
Previous target price (NT$)	4,000
Unchanged (%)	0.0
Upside (%)	37.5

Key message

1. 2Q26 EPS of NT$24.37 beat our estimate and consensus with margins growing QoQ and YoY.
2. 3Q26F sales may grow by single digit QoQ, while 4Q26F sales will grow more significantly on Trainium3, TPU v.8, Vera Rubin and MI455 launches.
3. Management guides sales to grow HoH in 2H26F on new projects and ASIC AI server to surpass GPU AI sales in 2027F. We expect higher margins in 2H26-2027F.

Trading data

Mkt cap (NT$bn/US$mn)	1,148 / 35,608
Outstanding shares (mn)	394.4
Foreign ownership (mn)	215
3M avg. daily trading (mn)	2.98
52-week trading range (NT$)	935–2,945

Performance	3M	6M	12M
Absolute (%)	15.5	81.3	167
Relative (%)	6.9	45.9	78.6

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2024	4.08A	5.08A	6.02A	6.03A
2025	8.28A	10.30A	13.67A	17.01A
2026	20.17A	24.37A	26.66F	31.51F

Share price chart

Source: TEJ

Event

Asia Vital Components (AVC) announced solid 2Q26 earnings and positive 2H26-2027F guidance at its investor meeting.

Impact

2Q26 EPS beat. 2Q26 EPS was NT$24.37 (up 21% QoQ and 137% YoY), ahead of our estimate and consensus, driven by margin expansion and better non-operating income. Gross margin of 32.6% was slightly below our estimate but better than consensus, with QoQ and YoY expansion due to a better sales mix (higher server applications), while operating margin rose QoQ and YoY to 27.4%, in line with our estimate. In 1H26, EPS arrived at NT$44.54, up 26% YoY, with thermal and chassis sales growth of 96% and 134% YoY, respectively, as the main catalysts. By application, the server and networking sales weighting in 1H26 expanded to 66%, vs. 48% in 1H25, while sales rose 153% YoY, fueling overall sales growth and margin expansion.

AI server-related sales growth in 2H26F. Management is positive on 2H26F sales outlook as several products enter mass production. We thus estimate 2H26F sales will grow HoH, with monthly sales in uptrend in 3Q26F and gross margin growing QoQ. We maintain 3Q26F sales growth of 8% QoQ and 4Q26F of 18% QoQ, on Amazon Web Services' (AWS; US) Trainium3 (T3) ramp-up, Vera Rubin (VR) liquid cooling shipments mass production in late-3Q26F, new Google (US) TPU liquid cooling projects and AMD's (US) MI455 Helios liquid-cooling demand, coupled with new iPhone VC sales expansion on new model rollouts. We fine-tune our 2026F EPS forecast to NT$103.17, up 110%.

Capacity expansion & capex growth in 2026-27F on strong AI server-related demand. AVC is the leading air- and liquid- cooling solutions provider to CSPs and enterprises for GPU and ASIC AI server projects. With liquid-cooling adoption increasing for all AI server models, along with the firm's dominant market position in switch tray for AI server rack, we expect liquid-cooling solutions will account for over 50% of sales in 2027F, and that ASIC sales will grow significantly, surpassing those of GPU on project wins and shipments growth. On strong demand from clients, AVC will continue expanding capacity in Vietnam, and guides 2026F capex of around NT$15bn and NT$15-20bn in 2027F. We estimate strong 2027F sales growth of 46% YoY, including rising LPU, CPU rack, CPO and 1.6T switch demand in 2027-28F. We expect AVC's server sales weighting to increase to 69% in 2026F and 76% in 2027F, with improving gross and operating margins given a better product mix and opex ratio down to below 5%. On these developments, we forecast 2027F EPS at NT$160.03, up 55% YoY.

Valuation & Action

We maintain our Outperform rating, and maintain our target price at NT$4,000 (25x 2027F EPS), on a wave of AI server liquid-cooling solutions demand growth.

Risks

AI server generation schedule delay; NT dollar appreciation; rising raw material costs.

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT$mn)	59,194	71,761	139,639	213,809	311,893
Gross profit (NT$mn)	12,388	16,870	36,034	69,286	105,470
Operating profit (NT$mn)	7,421	10,823	27,556	58,245	90,773
Net profit (NT$mn)	5,305	8,172	19,186	40,419	62,755
EPS (NT$)	14.11	21.21	49.17	103.17	160.03
Cash DPS (NT$)	7.00	10.00	21.00	43.56	67.64
EPS growth (%)	19.7	50.4	131.8	109.8	55.1
PE (x)	206.3	137.2	59.2	28.2	18.2
PB (x)	50.6	39.1	26.0	17.1	11.2
EV/EBITDA (x)	132.0	92.7	39.9	19.6	12.6
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.2	0.3	0.7	1.5	2.3
Return on average equity (%)	28.3	32.1	52.2	72.0	73.3

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2Q26 results & 3Q26 forecast revisions vs. consensus

	2Q26							3Q26F						
NT$mn	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	49,121	49,121	0.0	0.2	66.0	50,258	(2.3)	53,051	53,051	0.0	8.0	36.2	57,096	(7.1)
Gross profits	15,999	16,293	(1.8)	9.6	121.5	15,587	2.6	17,719	17,719	0.0	10.8	74.2	17,977	(1.4)
Operating income	13,478	13,690	(1.6)	12.1	164.5	12,646	6.6	14,907	14,907	0.0	10.6	84.4	14,825	0.6
Pretax Income	13,935	13,874	0.4	16.3	136.3	12,948	7.6	15,055	14,932	0.8	8.0	83.2	14,998	0.4
Net income	9,567	9,030	5.9	20.9	139.3	8,656	10.5	10,465	10,373	0.9	9.4	96.0	10,083	3.8
EPS (NT$)	24.37	23.01	5.9	20.8	136.6	22.05	10.5	26.66	26.43	0.9	9.4	95.0	25.68	3.8
Gross margin (%)	32.6	33.2	(0.6)ppts	2.8 ppts	8.2 ppts	31.0	1.6 ppts	33.4	33.4	0.0 ppts	0.8 ppts	7.3 ppts	31.5	1.9 ppts
OP margin (%)	27.4	27.9	(0.4)ppts	2.9 ppts	10.2 ppts	25.2	2.3 ppts	28.1	28.1	0.0 ppts	0.7 ppts	7.3 ppts	26.0	2.1 ppts
Net margin (%)	19.5	18.4	1.1 ppts	3.3 ppts	6.0 ppts	17.2	2.3 ppts	19.7	19.6	0.2 ppts	0.2 ppts	6.0 ppts	17.7	2.1 ppts

Source: KGI Research estimates; Bloomberg

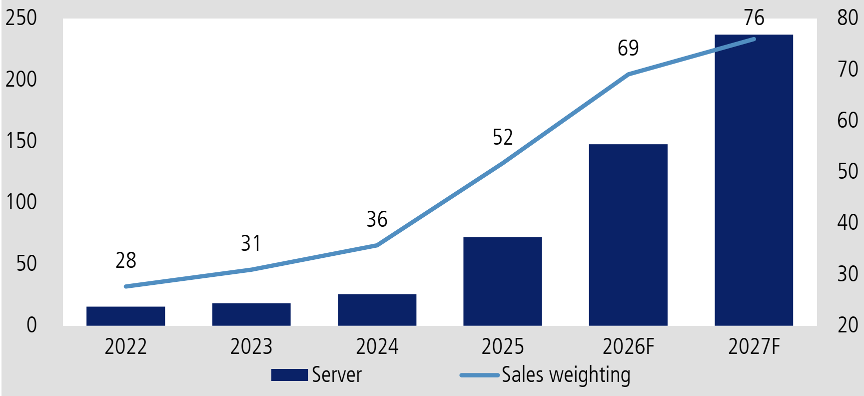
Figure 2: Breakdown of 2026-27F forecast revisions vs. consensus

	2026F						2027F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	213,809	213,809	0.0	53.1	220,641	(3.1)	311,893	311,893	0.0	45.9	301,388	3.5
Gross profit	69,286	69,894	(0.9)	92.3	68,224	1.6	105,470	106,771	(1.2)	52.2	96,571	9.2
Operating income	58,245	58,645	(0.7)	111.4	56,177	3.7	90,773	91,112	(0.4)	55.8	81,486	11.4
Pretax Income	59,101	59,008	0.2	105.3	56,556	4.5	91,653	91,611	0.0	55.1	81,946	11.8
Net income	40,419	40,350	0.2	110.7	37,994	6.4	62,755	62,723	0.1	55.3	55,883	12.3
EPS (NT$)	103.17	103.02	0.2	109.8	96.98	6.4	160.03	159.99	0.1	55.1	142.51	12.3
Gross margin (%)	32.4	32.7	(0.3)ppts	6.6 ppts	30.9	1.5 ppts	33.8	34.2	(0.4)ppts	1.4 ppts	32.0	1.8 ppts
OP margin (%)	27.2	27.4	(0.2)ppts	7.5 ppts	25.5	1.8 ppts	29.1	29.2	(0.1)ppts	1.9 ppts	27.0	2.1 ppts
Net margin (%)	18.9	18.9	0.0 ppts	5.2 ppts	17.2	1.7 ppts	20.1	20.1	0.0 ppts	1.2 ppts	18.5	1.6 ppts

Source: KGI Research estimates; Bloomberg

Figure 3: Server sales growth to continue in 2026-27F

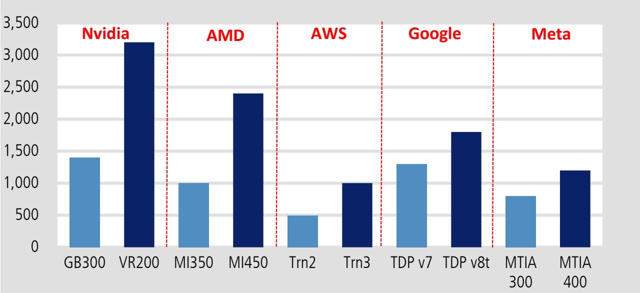
Server sales, NT$bn (LHS); sales weighting, percent (RHS)



Source: Company data; KGI Research

Figure 4: AI chip TDP rises with each generation; GPU TDP consistently higher than ASIC TDP

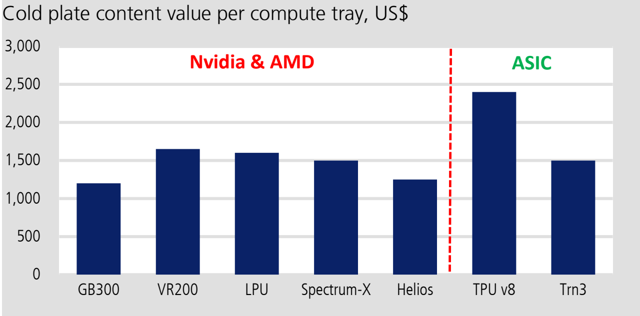
TDP, W



Source: Company data; KGI Research estimates

Figure 5: Rising chip TDP is boosting cold plate content value per tray

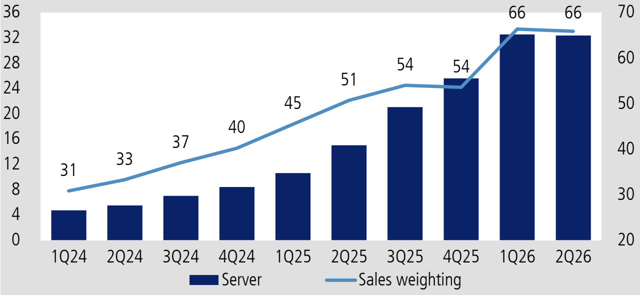
Cold plate content value per compute tray, US$



Source: Company data; KGI Research estimates

Figure 6: Server sales weighting up QoQ to 66% in 2Q26

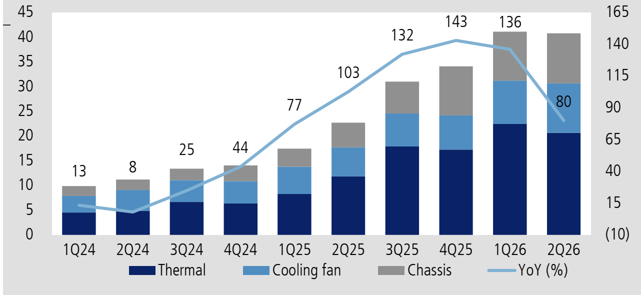
Server sales, NT$bn (LHS); server sales weighting, percent (RHS)



Source: Company data; KGI Research estimates

Figure 7: Thermal & mechanical group (TMG) sales rose by 136% YoY in 1Q26

TMG sales, NT$bn (LHS); sales growth YoY, percent (RHS)



Source: Company data; KGI Research estimates

Figure 8: Peer comparison – 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 (%)	
							2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F	2027F	2025	2026F
Cooling fan	Sunonwealth	2421 TT	1,370.5	150.5	Outperform	190.0	7.94	10.68	13.75	45.5	34.5	28.8	19.0	14.1	10.9	4.6	4.2	3.8	25.8	32.4	38.0	0.0	5.2
	Nidec Corp*	6594 JP	20,645.1	2734.0	Not rated	N.A.	143.06	112.39	161.44	(2.0)	(21.4)	43.6	19.1	24.3	16.9	1.8	1.7	1.6	7.2	7.5	9.7	1.5	0.0
	Minebea Mitsumi*	6479 JP	10,149.0	3753.0	Not rated	N.A.	246.60	174.38	218.84	67.1	(29.3)	25.5	15.2	21.5	17.1	1.6	1.9	1.6	13.1	9.0	9.6	1.3	1.3
Thermal module/ Cooling fan	AVC	3017 TT	36,250.8	2910.0	Outperform	4000.0	49.17	103.17	160.03	131.8	109.8	55.1	59.2	28.2	18.2	26.0	17.1	11.2	52.2	72.0	73.3	1.5	2.3
	Delta Elec	2308 TT	147,554.9	1790.0	Outperform	2505.0	23.14	40.57	66.29	70.6	75.3	63.4	77.4	44.1	27.0	17.3	13.2	9.8	24.1	33.9	41.7	0.6	1.1
Thermal module	Taiwan Microloops	6831 TT	1,452.3	678.0	Not rated	N.A.	4.94	15.29	37.52	174.4	209.5	145.4	137.2	44.3	18.1	16.2	13.1	8.5	13.7	32.2	57.2	0.4	1.3
	Auras	3324 TT	3,101.5	1050.0	Outperform	1410.0	28.26	55.69	81.55	33.1	97.1	46.4	37.2	18.9	12.9	8.8	6.9	5.3	25.7	41.2	46.9	1.1	2.3
	Foxconn Tech*	2354 TT	2,828.0	63.0	Not rated	N.A.	2.32	N.M.	N.M.	(8.3)	N.A.	N.A.	27.2	N.A.	N.A.	0.8	N.A.	N.A.	3.2	N.M.	N.M.	2.4	N.A.
	Fujikura Ltd*	5803 JP	65,193.7	5800.0	Not rated	N.A.	94.93	92.44	157.11	(71.3)	(2.6)	70.0	61.1	62.7	36.9	15.8	18.4	13.5	40.2	32.7	39.2	0.6	0.6
	Furukawa Elect*	5801 JP	18,891.6	4222.0	Not rated	N.A.	103.02	74.85	129.36	(78.2)	(27.3)	72.8	41.0	56.4	32.6	6.8	7.7	6.0	23.1	14.8	20.7	0.5	0.4
Graphite	Jones Tech Plc-A*	300684 CH	2,289.2	51.9	Not rated	N.A.	1.14	1.53	2.20	68.1	34.6	43.8	45.6	33.9	23.6	7.0	6.4	5.5	15.8	20.0	25.3	1.4	1.8
	Shenzhen Frd Sci*	300602 CH	3,234.3	37.4	Not rated	N.A.	0.63	1.10	2.09	90.9	74.6	90.0	59.4	34.0	17.9	5.2	N.A.	N.A.	9.7	13.9	21.4	0.2	N.A.

*Bloomberg consensus

Source: KGI Research estimates

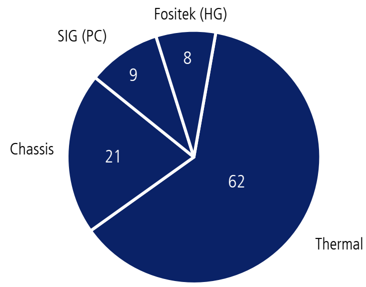
Figure 9: Company profile

Established in 1991, Asia Vital Components (AVC) is primarily a thermal solutions provider for 3C (14% of 2025 sales), servers (52%), networking (7%), and others (2%). Thermal products include thermal modules, cooling fans, and VC. Thermal (module and cooling fan) business contributed 57% of 2025 revenue. AVC also provides chassis and cabinets (18% of 2025 sales), system assemblies and manufacturer interface peripherals (16%), and hinges (9%) from subsidiary Fositek (6805 TT, NT$1,835, OP).

Source: KGI Research

Figure 10: Combined thermal module & chassis sales weighting rose to 83% in 2Q26

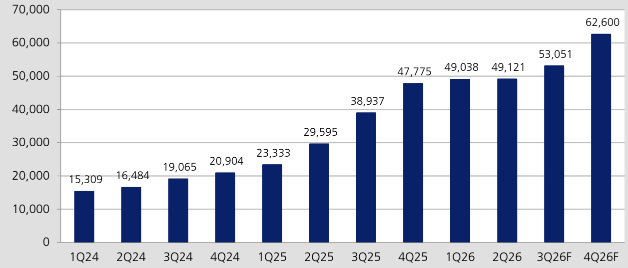
1Q26 sales weighting, percent



Source: Company data; KGI Research

Figure 11: Sales

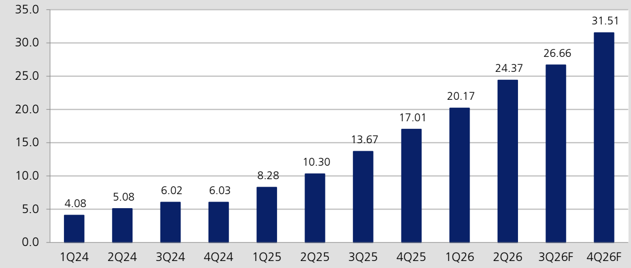
Sales, NT$mn



Source: KGI Research

Figure 12: EPS

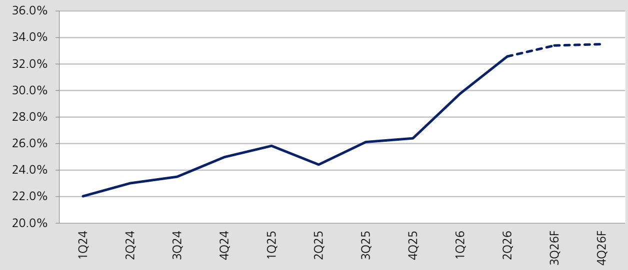
EPS, NT$



Source: KGI Research

Figure 13: Gross Margin

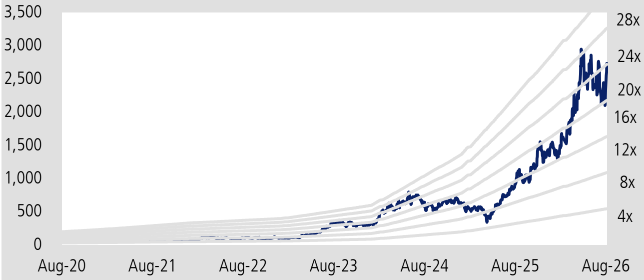
Gross margin, percent



Source: KGI Research

Figure 14: Rolling PE

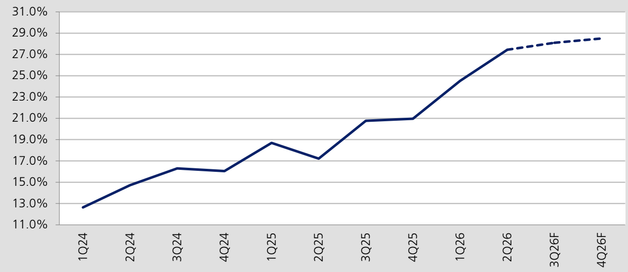
Rolling PE, times



Source: KGI Research

Figure 15: Operating Margin

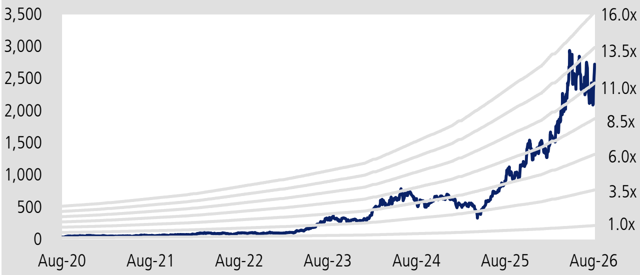
Operating margin, percent



Source: KGI Research

Figure 16: Rolling PB

Rolling PB, times



Source: KGI Research

Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25A	Sep-25A	Dec-25A	Mar-26A	Jun-26A	Sep-26F	Dec-26F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**23,333**	**29,595**	**38,937**	**47,775**	**49,038**	**49,121**	**53,051**	**62,600**	**139,639**	**213,809**	**311,893**
Cost of goods sold	(17,305)	(22,370)	(28,765)	(35,165)	(34,441)	(33,122)	(35,332)	(41,629)	(103,605)	(144,523)	(206,423)
Gross profit	**6,028**	**7,224**	**10,172**	**12,610**	**14,597**	**15,999**	**17,719**	**20,971**	**36,034**	**69,286**	**105,470**
Operating expenses	(1,667)	(2,130)	(2,086)	(2,595)	(2,578)	(2,521)	(2,812)	(3,130)	(8,478)	(11,041)	(14,697)
Operating profit	**4,361**	**5,095**	**8,085**	**10,015**	**12,019**	**13,478**	**14,907**	**17,841**	**27,556**	**58,245**	**90,773**
Depreciation of fixed assets	(748)	(727)	(815)	(896)	(996)	(1,120)	(1,048)	(1,027)	(3,186)	(4,190)	(4,792)
Amortisation of intangible assets	(13)	(13)	(16)	(18)	(19)	(23)	(17)	(10)	(60)	(69)	(69)
EBITDA	**5,122**	**5,835**	**8,916**	**10,929**	**13,034**	**14,620**	**15,972**	**18,878**	**30,802**	**62,504**	**95,634**
Interest income	107	178	136	276	187	471	314	284	697	1,256	1,130
Investment income	-	-	-	-	-	20	8	3	-	30	30
Other non-op income	335	810	178	351	324	201	50	125	1,022	700	800
Non-operating income	**442**	**988**	**315**	**627**	**511**	**692**	**372**	**412**	**1,719**	**1,986**	**1,960**
Interest expense	(138)	(144)	(151)	(172)	(197)	(216)	(195)	(172)	(606)	(779)	(811)
Investment loss	(44)	(42)	(18)	11	(6)	(19)	(19)	(31)	(94)	(75)	(68)
Other non-op expenses	-	0	(13)	(427)	(348)	(0)	(10)	(20)	212	(275)	(200)
Non-operating expenses	**(182)**	**(187)**	**(183)**	**(589)**	**(551)**	**(234)**	**(224)**	**(223)**	**(489)**	**(1,130)**	**(1,079)**
Pre-tax profit	**4,620**	**5,896**	**8,217**	**10,053**	**11,979**	**13,935**	**15,055**	**18,029**	**28,786**	**59,101**	**91,653**
Current taxation	(1,110)	(1,624)	(2,307)	(2,794)	(3,304)	(3,657)	(3,764)	(4,671)	(7,836)	(15,396)	(23,848)
Minorities	(296)	(274)	(570)	(623)	(759)	(711)	(826)	(990)	(1,764)	(3,286)	(5,051)
Normalised net profit	**3,214**	**3,997**	**5,339**	**6,636**	**7,916**	**9,567**	**10,465**	**12,368**	**19,186**	**40,419**	**62,755**
Extraordinary items	0	(0)	0	0	(0)	0	-	0	-	-	-
Net profit	**3,214**	**3,997**	**5,339**	**6,636**	**7,916**	**9,567**	**10,465**	**12,368**	**19,186**	**40,419**	**62,755**
EPS (NT$)	8.28	10.30	13.67	17.01	20.17	24.37	26.66	31.51	49.17	103.17	160.03
Margins (%)											
Gross profit margin	25.8	24.4	26.1	26.4	29.8	32.6	33.4	33.5	25.8	32.4	33.8
Operating margin	18.7	17.2	20.8	21.0	24.5	27.4	28.1	28.5	19.7	27.2	29.1
EBITDA margin	22.0	19.7	22.9	22.9	26.6	29.8	30.1	30.2	22.1	29.2	30.7
Pretax profit margin	19.8	19.9	21.1	21.0	24.4	28.4	28.4	28.8	20.6	27.6	29.4
Net profit margin	13.8	13.5	13.7	13.9	16.1	19.5	19.7	19.8	13.7	18.9	20.1
Sequential growth (%)											
Revenue growth	11.6	26.8	31.6	22.7	2.6	0.2	8.0	18.0			
Gross profit growth	15.4	19.8	40.8	24.0	15.8	9.6	10.8	18.4			
Operating profit growth	30.1	16.8	58.7	23.9	20.0	12.1	10.6	19.7			
EBITDA growth	26.9	13.9	52.8	22.6	19.3	12.2	9.2	18.2			
Pretax profit growth	26.3	27.6	39.4	22.3	19.2	16.3	8.0	19.8			
Net profit growth	37.5	24.4	33.6	24.3	19.3	20.9	9.4	18.2			
YoY growth (%)											
Revenue growth	52.4	79.5	104.2	128.5	110.2	66.0	36.2	31.0	94.6	53.1	45.9
Gross profit growth	78.7	90.4	127.0	141.4	142.2	121.5	74.2	66.3	113.6	92.3	52.2
Operating profit growth	125.4	109.9	160.2	198.7	175.6	164.5	84.4	78.1	154.6	111.4	55.8
EBITDA growth	105.5	93.2	138.6	170.8	154.5	150.6	79.1	72.7	131.8	102.9	53.0
Pretax profit growth	98.3	100.9	139.7	174.7	159.3	136.3	83.2	79.3	133.1	105.3	55.1
Net profit growth	105.5	105.3	129.8	183.9	146.3	139.3	96.0	86.4	134.8	110.7	55.3

Source: Company data; KGI Research estimates

Balance sheet

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	**71,667**	**99,906**	**160,137**	**215,605**	**295,941**
Current assets	**54,892**	**76,092**	**126,176**	**170,876**	**239,149**
Cash & ST securities	29,091	31,999	60,442	79,119	109,253
Inventory	17,235	33,397	49,572	69,150	98,767
Accounts receivable	6,533	7,767	12,133	18,577	27,099
Other current assets	2,033	2,929	4,029	4,029	4,029
Non-current assets	**16,775**	**23,813**	**33,960**	**44,729**	**56,792**
LT investments	664	1,432	986	945	800
Net fixed assets	11,350	13,805	17,849	28,659	40,866
Other assets	4,760	8,576	15,125	15,125	15,125
Total liabilities	**45,820**	**66,433**	**109,572**	**138,685**	**178,153**
Current liabilities	**36,833**	**58,288**	**97,495**	**126,726**	**165,017**
Accounts payable	18,773	28,884	48,109	67,110	95,853
Interest bearing ST liabilities	7,583	13,130	16,311	17,427	17,388
Other current liabilities	10,478	16,275	33,075	42,189	51,777
Non-current liabilities	**8,987**	**8,145**	**12,076**	**11,959**	**13,136**
Long-term debt	5,377	3,349	6,949	6,831	8,008
Other L-T liabilities	2,740	2,835	3,279	3,279	3,279
Total equity	**25,847**	**33,473**	**50,565**	**76,920**	**117,788**
Share capital	3,833	3,883	3,983	3,983	3,983
Retained earnings reserve	12,893	18,300	34,808	57,877	93,695
Minority interests	3,817	4,602	5,964	9,250	14,300
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	5.7%	21.2%	94.6%	53.1%	45.9%
Operating profit growth	17.7%	45.8%	154.6%	111.4%	55.8%
EBITDA growth	16.9%	41.7%	131.8%	102.9%	53.0%
Net profit growth	27.4%	54.1%	134.8%	110.7%	55.3%
EPS growth	19.7%	50.4%	131.8%	109.8%	55.1%
Profitability					
Gross profit margin	20.9%	23.5%	25.8%	32.4%	33.8%
Operating margin	12.5%	15.1%	19.7%	27.2%	29.1%
EBITDA margin	15.8%	18.5%	22.1%	29.2%	30.7%
Net profit margin	9.0%	11.4%	13.7%	18.9%	20.1%
Return on average assets	8.0%	9.5%	14.8%	21.5%	24.5%
Return on average equity	28.3%	32.1%	52.2%	72.0%	73.3%
Stability					
Gross debt to equity	50.1%	49.2%	46.0%	31.5%	21.6%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	19.5	29.1	48.5	76.8	114.0
Interest & ST debt coverage (x)	0.5	0.5	0.6	0.8	0.8
Cash flow interest coverage(x)	23.8	21.9	65.0	48.4	71.8
Cash flow/int. & ST debt (x)	1.3	0.7	2.3	2.1	3.2
Current ratio (x)	1.5	1.3	1.3	1.3	1.4
Quick ratio (x)	1.0	0.7	0.8	0.8	0.9
Net debt (NT$mn)	(13,997)	(13,445)	(35,270)	(52,949)	(81,945)
Per share data					
EPS (NT$)	14.11	21.21	49.17	103.17	160.03
CFPS (NT$)	27.45	25.00	101.01	96.23	148.57
BVPS (NT$)	57.47	74.36	111.99	169.91	259.84
Adj BVPS (NT$)	58.58	74.93	114.30	172.73	263.91
SPS (NT$)	157.41	186.24	357.86	545.76	795.37
EBITDA/share (NT$)	24.93	34.48	78.94	159.54	243.88
Cash DPS (NT$)	7.00	10.00	21.00	43.56	67.64
Activity					
Sales / avg assets	0.90	0.84	1.07	1.14	1.22
Days receivable	40.3	39.6	31.7	31.7	31.7
Days inventory	134.4	222.7	174.6	174.6	174.6
Days payable	146.4	192.6	169.5	169.5	169.5
Cash cycle	28.3	69.7	36.9	36.9	36.9

Source: Company data; KGI Research estimates

Profit & loss

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	**59,194**	**71,761**	**139,639**	**213,809**	**311,893**
Cost of goods sold	(46,806)	(54,891)	(103,605)	(144,523)	(206,423)
Gross profit	**12,388**	**16,870**	**36,034**	**69,286**	**105,470**
Operating expenses	(4,967)	(6,048)	(8,478)	(11,041)	(14,697)
Operating profit	**7,421**	**10,823**	**27,556**	**58,245**	**90,773**
Non-operating income	**1,416**	**2,248**	**1,719**	**1,986**	**1,960**
Interest income	388	553	697	1,256	1,130
Investment income	55	54	-	30	30
Other non-op income	974	1,641	1,022	700	800
Non-operating expenses	**(812)**	**(720)**	**(489)**	**(1,130)**	**(1,079)**
Interest expense	(434)	(439)	(606)	(779)	(811)
Investment loss	(26)	(46)	(94)	(75)	(68)
Other non-op expenses	(353)	(234)	212	(275)	(200)
Pre-tax profit	**8,025**	**12,352**	**28,786**	**59,101**	**91,653**
Current taxation	(2,211)	(3,159)	(7,836)	(15,396)	(23,848)
Minorities	(510)	(1,020)	(1,764)	(3,286)	(5,051)
Extraordinary items	-	(0)	0	-	-
Net profit	**5,305**	**8,172**	**19,186**	**40,419**	**62,755**
EBITDA	**9,375**	**13,285**	**30,802**	**62,504**	**95,634**
EPS (NT$)	14.11	21.21	49.17	103.17	160.03

Cash flow

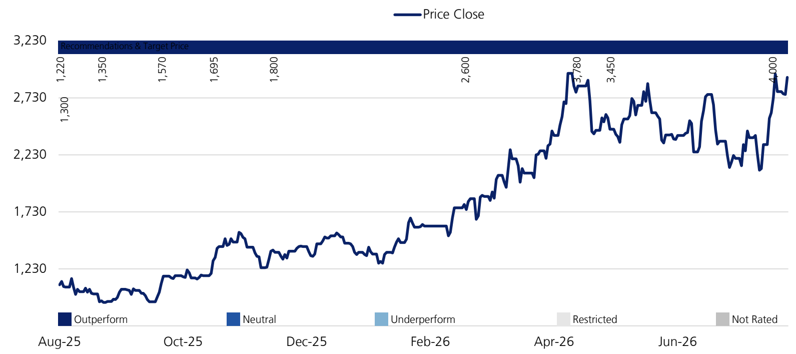
NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	**10,324**	**9,632**	**39,415**	**37,702**	**58,258**
Net profit	5,305	8,172	19,186	40,419	62,755
Depreciation & amortisation	1,954	2,463	3,246	4,259	4,861
Decrease in working capital	2,231	(8,951)	(4,761)	(7,022)	(9,396)
Other operating cash flow	834	7,948	21,744	45	38
Investing cash flow	**(3,907)**	**(7,669)**	**(13,336)**	**(15,073)**	**(16,962)**
Sale of ST investment	(27)	(72)	-	-	-
New investments	(50)	(226)	217	(4)	107
Capital expenditure	(3,657)	(4,540)	(7,267)	(15,000)	(17,000)
Others investing cashflow	(173)	(2,832)	(6,286)	(69)	(69)
Free cash flow	**5,840**	**(3,052)**	**11,213**	**25,240**	**45,550**
Financing cash flow	**872**	**200**	**2,620**	**(3,951)**	**(11,162)**
Increase in short term debt	573	2,619	5,777		
Increase in long term loans	(2,078)	720	1,277	999	1,138
New ordinary shares issued	2,850	-	-		
Ordinary dividends paid	(1,915)	(2,683)	(3,877)	(8,236)	(17,350)
Other financing cashflow	1,441	(456)	(557)	3,286	5,051
Forex effects	**(381)**	**803**	**(93)**		
Total cash generated	**6,908**	**2,967**	**28,606**	**18,677**	**30,134**

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	8.4%	8.4%	6.1%	5.2%	4.7%
= Operating margin	**12.5%**	**15.1%**	**19.7%**	**27.2%**	**29.1%**
1 / (Working capital/revenue	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)
+ Net PPE/revenue	0.2	0.2	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.1	0.1	0.0	0.0
= Capital turnover	**6.2**	**4.3**	**11.2**	**10.1**	**9.4**
Operating margin	12.5%	15.1%	19.7%	27.2%	29.1%
x Capital turnover	6.2	4.3	11.2	10.1	9.4
x (1 - tax rate)	72.5%	74.4%	72.8%	74.0%	74.0%
= After-tax ROIC	**56.7%**	**47.9%**	**161.5%**	**203.8%**	**202.5%**

Source: Company data; KGI Research estimates

AVCsia Vital Components – Recommendation & target price history



Date	Rating	Target	Price
2026-08-05	Outperform	4,000	2,730
2026-05-15	Outperform	3,450	2,455
2026-04-28	Outperform	3,780	2,780
2026-03-12	Outperform	2,600	1,875
2026-03-03	Outperform	2,600	1,795
2025-11-27	Outperform	1,800	1,395
2025-10-28	Outperform	1,695	1,300
2025-10-02	Outperform	1,570	1,100
2025-09-02	Outperform	1,350	949
2025-08-14	Outperform	1,300	1,075

Source: TEJ; KGI Research

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