


Nan Juen International (6584 TT)

 Target price: **TWD1,022.00** (from TWD1,000.00)

 Share price (11 May): **TWD687.00** | Up/downside: **+48.8%**
5 4 3 2 **1**

Buy
 (unchanged)

1Q26 results review: demand outlook remains intact

- CSP rail kit slowdown driven by component shortages, not demand
- Nan Juen well-positioned to gain share in AI servers
- Reaffirming our Buy (1) rating with higher 12-month TP of TWD1,022

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What's new: We provide an update on Nan Juen after its 1Q26 results.

What's the impact: 1Q26 results beat on FX gains. Nan Juen's 1Q26 earnings came in at TWD235m (EPS: TWD3.38), which was 9% and 13% higher than our and the street's expectations, respectively, due to higher-than-expected FX gains. While revenue was TWD867m (up 22% QoQ and 74% YoY), gross margin increased by 2.4pp QoQ to 41.6% due to the favourable product mix (server sales mix surpassed 70%). Accordingly, operating margin improved by 4.1pp to 29.5% given the operating leverage. Lastly, net profit was boosted by higher-than expected non-operating gains of TWD39m (mainly from FX gains).

Business outlook. Management is observing a slower-than-expected monthly shipment trend for its CSP regular server rail kit in April, a softness it anticipates will persist through 2Q26. However, as we understand it, this remains within the normal range of fluctuation, considering the shipment levels in 2025, and does not appear to signal any meaningful structural deterioration in demand. While we have made only modest downward adjustments to our model to reflect this near-term softness, we do not view this as a cause for significant concern at this stage. Despite the near-term weakness, we remain confident in the demand outlook for regular server rail kits, as the current slowdown appears to be primarily driven by component shortages (ie, CPUs, memory, and other key parts) rather than any fundamental weakening in end demand. As such, we believe that deferred demand is likely to be pushed out to 2H26 and into 2027, which should provide a meaningful tailwind for shipment recovery in the latter part of the forecast period. For AI servers, the status of GPU and ASIC server shipments has not changed materially from our previous update, and we continue to monitor the space closely for any developments. We maintain a positive view on its share gain story within AI servers by its strong product positioning and customer relationships. At the same time, we continue to see its regular server business as a key and stable demand, reinforcing our overall outlook on the company.

What we recommend: We lower our 2026E EPS by 4.9% but raise our 2027-28E EPS by 0.1-3.8% to factor in 1Q26 results. We therefore raise our 12M TP to TWD1,022, based on an unchanged PER of 36x (vs. its past-3-year range of 11-90x), applied to our 4-quarter forward EPS forecast. We reaffirm Buy (1) on Nan Juen. Key downside risk: worse-than-expected AI server demand.

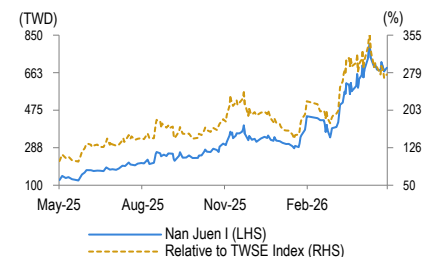
How we differ: Our 2027-28E EPS are 0.1-30% above the Bloomberg consensus, likely as we are more positive on Nan Juen's revenue.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	(4.0)	4.4	0.8
Net profit change	(4.9)	3.8	0.1
Core EPS (FD) change	(4.9)	3.8	0.1

Source: Daiwa forecasts

Share price performance



12-month range	123.50-805.00
Market cap (USDbn)	1.52
3m avg daily turnover (USDm)	20.70
Shares outstanding (m)	70
Major shareholder	Ho-Ying Investment Co., Ltd. (12.6%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	4,327	7,417	8,190
Operating profit (m)	1,442	3,111	3,869
Net profit (m)	1,187	2,492	3,098
Core EPS (fully-diluted)	17.045	35.779	44.477
EPS change (%)	220.9	109.9	24.3
Daiwa vs Cons. EPS (%)	(1.3)	29.8	0.1
PER (x)	40.3	19.2	15.4
Dividend yield (%)	0.4	1.3	2.5
DPS	2.7	9.0	17.0
PBR (x)	11.5	8.0	6.0
EV/EBITDA (x)	27.6	13.4	10.4
ROE (%)	32.6	49.1	44.5

Source: FactSet, Daiwa forecasts

Nan Juen: Daiwa revenue and earnings forecasts revisions vs. the consensus

(TWDm)	2026E			2027E			2028E		
	Previous	New	Consensus	Previous	New	Consensus	Previous	New	Consensus
Revenue	4,506	4,327	4,247	7,105	7,417	5,718	8,128	8,190	8,128
Diff (%)		-4.0%	1.9%		4.4%	29.7%		0.8%	0.8%
Gross Margin (%)	46.6%	45.4%	44.6%	54.0%	53.8%	53.4%	59.2%	58.9%	59.2%
Operating profit	1,556	1,442	1,487	2,995	3,111	2,391	3,864	3,869	3,864
Op Margin (%)	34.5%	33.3%	35.0%	42.2%	41.9%	41.8%	47.5%	47.2%	47.5%
Net profit	1,248	1,187	1,203	2,400	2,492	1,920	3,094	3,098	3,094
EPS (TWD)	17.91	17.04	17.26	34.45	35.78	27.56	44.42	44.48	44.41
Diff (%)		-4.9%	-1.3%		3.8%	29.8%		0.1%	0.1%

Source: Bloomberg, Daiwa forecasts

Nan Juen: quarterly and annual P&L statement

(TWDm)	2026E				2027E				2025	2026E	2027E	2028E
	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE				
Net revenue	867	918	1,163	1,379	1,711	1,943	1,906	1,858	2,433	4,327	7,417	8,190
COGS	-507	-519	-629	-708	-813	-873	-876	-863	-1,582	-2,362	-3,426	-3,363
Gross profit	360	399	534	672	898	1,070	1,029	995	851	1,965	3,991	4,827
Operating expenses	-105	-110	-140	-168	-205	-229	-223	-223	-367	-523	-880	-958
Operating profit	255	289	394	503	692	840	806	772	484	1,442	3,111	3,869
Non-operating profit	39	0	1	2	1	1	1	1	48	42	4	4
Pre-tax profit	294	289	395	505	693	841	807	773	532	1,484	3,115	3,872
Income taxes	-59	-58	-79	-101	-139	-168	-161	-155	-162	-297	-623	-774
Net profit	235	232	316	404	555	673	646	619	370	1,187	2,492	3,098
Net EPS (TWD)	3.38	3.32	4.54	5.80	7.96	9.66	9.27	8.88	5.31	17.04	35.78	44.48
Operating Ratios												
Gross margin	41.6%	43.5%	45.9%	48.7%	52.5%	55.1%	54.0%	53.5%	35.0%	45.4%	53.8%	58.9%
Operating margin	29.5%	31.5%	33.9%	36.5%	40.5%	43.3%	42.3%	41.5%	19.9%	33.3%	41.9%	47.2%
Pre-tax margin	34.0%	31.5%	34.0%	36.6%	40.5%	43.3%	42.4%	41.6%	21.9%	34.3%	42.0%	47.3%
Net margin	27.1%	25.2%	27.2%	29.3%	32.4%	34.6%	33.9%	33.3%	15.2%	27.4%	33.6%	37.8%
YoY (%)												
Net revenue	74%	53%	87%	94%	97%	112%	64%	35%	26%	78%	71%	10%
Gross profit	139%	104%	135%	142%	149%	168%	93%	48%	69%	131%	103%	21%
Operating profit	255%	197%	192%	180%	171%	191%	104%	53%	138%	198%	116%	24%
Pre-tax profit	259%	526%	142%	110%	135%	191%	104%	53%	121%	179%	110%	24%
Net profit	260%	2663%	143%	143%	136%	191%	104%	53%	92%	221%	110%	24%
QoQ (%)												
Net revenue	22%	6%	27%	19%	24%	14%	-2%	-2%				
Gross profit	30%	11%	34%	26%	34%	19%	-4%	-3%				
Operating profit	42%	13%	36%	28%	38%	21%	-4%	-4%				
Pre-tax profit	23%	-2%	37%	28%	37%	21%	-4%	-4%				
Net profit	42%	-2%	37%	28%	37%	21%	-4%	-4%				

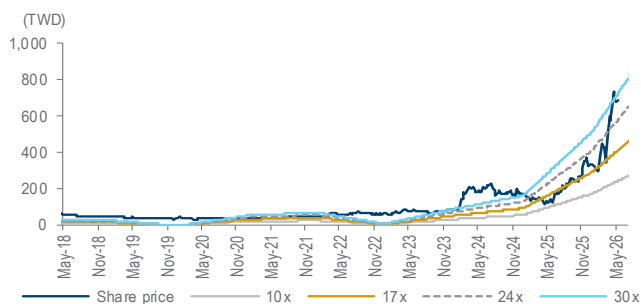
Source: Company, Daiwa forecasts

Nan Juen: 1Q26 comparison table

(TWDm)	Actual	QoQ%	YoY%	Daiwa	Diff %	Consensus	Diff %
Revenue	867	22%	74%	870	0%	850	2%
Gross profit	360	30%	139%	376	-4%	366	-1%
Gross margin (%)	41.6%			43.3%		43.0%	
Operating profit	255	42%	255%	270	-6%	250	2%
Operating margin (%)	29.5%			31.1%		29.4%	
Pre-tax profit	294	23%	259%	270	9%	270	9%
Net profit	235	42%	260%	216	9%	208	13%
EPS (TWD)	3.38	42%	260%	3.11	9%	2.99	13%

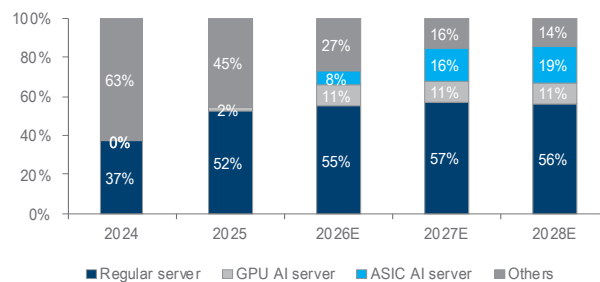
Source: Company data, Daiwa forecasts, Bloomberg

Nan Juen: 1-year forward PER bands



Source: TEJ, Daiwa forecasts

Nan Juen: revenue breakdown



Source: Company, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server rail kit revenue	0.0	479.7	357.6	712.1	1,327.1	3,159.2	6,249.7	7,022.2
Regular server rail kit revenue	0.0	479.7	357.6	712.1	1,270.6	2,369.3	4,244.6	4,609.2
AI server rail kit revenue	0.0	0.0	0.0	0.0	56.6	789.8	2,005.1	2,413.0

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Regular server railkit sales	0	480	358	712	1,271	2,369	4,245	4,609
AI server railkit sales	0	0	0	0	57	790	2,005	2,413
Other Revenue	2,041	1,519	967	1,212	1,106	1,168	1,168	1,168
Total Revenue	2,041	1,999	1,324	1,924	2,433	4,327	7,417	8,190
Other income	0	0	0	0	0	0	0	0
COGS	(1,669)	(1,636)	(1,085)	(1,422)	(1,582)	(2,362)	(3,426)	(3,363)
SG&A	(208)	(230)	(191)	(237)	(301)	(437)	(732)	(795)
Other op. expenses	(31)	(48)	(38)	(62)	(66)	(85)	(148)	(164)
Operating profit	133	85	9	203	484	1,442	3,111	3,869
Net-interest inc./(exp.)	(22)	(22)	(17)	(17)	(12)	(10)	(9)	(9)
Assoc/forex/extraord./others	(6)	110	12	54	60	52	13	12
Pre-tax profit	105	172	5	240	532	1,485	3,115	3,873
Tax	(18)	(42)	4	(48)	(162)	(297)	(623)	(774)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
Net profit (reported)	87	131	8	192	370	1,187	2,492	3,098
Net profit (adjusted)	87	131	8	192	370	1,187	2,492	3,098
EPS (reported)(TWD)	1.653	2.234	0.127	2.914	5.311	17.045	35.779	44.477
EPS (adjusted)(TWD)	1.653	2.234	0.127	2.914	5.311	17.045	35.779	44.477
EPS (adjusted fully-diluted)(TWD)	1.653	2.234	0.127	2.914	5.311	17.045	35.779	44.477
DPS (TWD)	0.000	1.000	1.200	1.005	1.500	2.650	9.000	17.000
EBIT	133	85	9	203	484	1,442	3,111	3,869
EBITDA	267	218	125	322	628	1,695	3,390	4,186

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	105	172	5	240	532	1,485	3,115	3,873
Depreciation and amortisation	134	133	116	119	143	253	279	317
Tax paid	(18)	(42)	4	(48)	(162)	(297)	(623)	(774)
Change in working capital	(238)	64	(10)	(133)	(251)	257	(346)	(71)
Other operational CF items	57	43	(34)	117	78	0	0	0
Cash flow from operations	40	370	80	295	341	1,697	2,425	3,345
Capex	(68)	(70)	(29)	(113)	(122)	(325)	(482)	(246)
Net (acquisitions)/disposals	0	0	0	0	0	0	0	0
Other investing CF items	(7)	(4)	(3)	(21)	(9)	0	0	0
Cash flow from investing	(76)	(74)	(32)	(134)	(131)	(325)	(482)	(246)
Change in debt	226	(383)	(328)	111	84	0	0	0
Net share issues/(repurchases)	45	171	413	0	0	0	0	0
Dividends paid	0	(52)	(70)	(66)	(99)	(185)	(627)	(1,184)
Other financing CF items	(23)	(24)	(21)	(285)	(47)	0	0	0
Cash flow from financing	248	(289)	(7)	(240)	(62)	(185)	(627)	(1,184)
Forex effect/others	(0)	1	0	(3)	(2)	0	0	0
Change in cash	212	9	42	(82)	145	1,188	1,316	1,915
Free cash flow	(29)	300	52	181	219	1,372	1,943	3,099

Source: FactSet, Daiwa forecasts

Financial summary continued ...

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	363	384	414	327	496	1,684	3,000	4,914
Inventory	330	288	262	298	487	518	751	737
Accounts receivable	432	280	297	436	536	415	711	785
Other current assets	40	13	12	23	57	57	57	57
Total current assets	1,164	965	984	1,084	1,577	2,674	4,519	6,494
Fixed assets	2,530	2,492	2,430	2,454	2,464	2,536	2,739	2,668
Goodwill & intangibles	7	7	7	9	11	11	11	11
Other non-current assets	58	50	78	394	334	334	334	334
Total assets	3,759	3,513	3,499	3,941	4,386	5,555	7,604	9,507
Short-term debt	428	253	419	117	0	0	0	0
Accounts payable	305	185	161	204	242	408	591	580
Other current liabilities	319	335	259	301	411	411	411	411
Total current liabilities	1,052	773	839	622	653	819	1,003	992
Long-term debt	1,388	1,166	696	1,027	552	552	552	552
Other non-current liabilities	11	4	39	61	37	37	37	37
Total liabilities	2,451	1,942	1,573	1,710	1,243	1,408	1,592	1,581
Share capital	525	585	656	660	697	697	697	697
Reserves/R.E./others	784	986	1,269	1,571	2,447	3,450	5,315	7,229
Shareholders' equity	1,309	1,571	1,925	2,231	3,144	4,146	6,012	7,926
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	3,759	3,513	3,499	3,941	4,386	5,555	7,604	9,507
EV	49,312	48,895	48,560	48,676	47,916	46,728	45,412	43,498
Net debt/(cash)	1,453	1,035	700	817	56	(1,131)	(2,447)	(4,362)
BVPS (TWD)	24.931	26.864	29.333	33.826	45.126	59.518	86.294	113.769

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	40.2	(2.1)	(33.7)	45.3	26.4	77.8	71.4	10.4
EBITDA (YoY)	137.5	(18.6)	(42.5)	157.3	94.8	170.0	100.0	23.5
Operating profit (YoY)	3,825.2	(36.2)	(88.8)	2,042.9	138.1	197.7	115.7	24.4
Net profit (YoY)	n.a.	50.6	(93.6)	2,208.0	92.5	220.9	109.9	24.3
Core EPS (fully-diluted) (YoY)	n.a.	35.1	(94.3)	2,197.0	82.2	220.9	109.9	24.3
Gross-profit margin	18.2	18.1	18.0	26.1	35.0	45.4	53.8	58.9
EBITDA margin	13.1	10.9	9.5	16.8	25.8	39.2	45.7	51.1
Operating-profit margin	6.5	4.2	0.7	10.6	19.9	33.3	41.9	47.2
Net profit margin	4.3	6.5	0.6	10.0	15.2	27.4	33.6	37.8
ROAE	7.0	9.1	0.5	9.2	13.8	32.6	49.1	44.5
ROAA	2.5	3.6	0.2	5.2	8.9	23.9	37.9	36.2
ROCE	4.5	2.8	0.3	6.3	13.7	34.4	55.2	51.4
ROIC	4.1	2.4	0.4	5.7	10.8	37.1	75.7	86.9
Net debt to equity	111.0	65.9	36.4	36.6	1.8	n.a.	n.a.	n.a.
Effective tax rate	17.0	24.2	0.0	20.0	30.4	20.0	20.0	20.0
Accounts receivable (days)	61.4	65.1	79.5	69.5	72.9	40.1	27.7	33.3
Current ratio (x)	1.1	1.2	1.2	1.7	2.4	3.3	4.5	6.5
Net interest cover (x)	6.0	3.8	0.6	12.1	38.9	150.2	353.9	449.3
Net dividend payout	n.a.	60.5	53.7	792.1	51.5	49.9	52.8	47.5
Free cash flow yield	n.a.	0.6	0.1	0.4	0.5	2.9	4.1	6.5

Source: FactSet, Daiwa forecasts

Company profile

Founded in 1984, Nan Juen International Co., LTD. is a Taiwan-based slide and rail kit manufacturer headquartered in Taoyuan City. The company began its operations as a producer of furniture and kitchen rail kits, leveraging its mechanical engineering expertise to gradually expand its product portfolio. Building on decades of slide mechanism design experience, Nan Juen extended its capabilities into the server rail kit market, which has since become the primary growth driver of the business.

Nan Juen's current product portfolio spans two core categories: server rail kits and others (including kitchen rail kits, office furniture rail kits, etc.). Within the server rail kit segment, the company produces both regular server rail kits and AI server rail kits, serving major CSPs globally. The company has been listed on the Taiwan Stock Exchange under the ticker 6584 TT.

ESG analysis

ESG risks

Risks	Management	Analyst comments
G	Executive/board quality	2 Nan Juen's board consists of 9 directors, including 4 independent directors. The total number of directors is slightly lower than that of other listed companies in our coverage. Nan Juen held 6 board meetings in 2024; the actual attendee rate was 98%. Most of the board members are Nan Juen's founder's family members, which we believe presents downside risks to independent governance. However, the independent directors have diversified backgrounds with expertise in accounting and management, a positive for the board's quality.
	Capital management	2 Nan Juen declared a DPS of TWD1.5 in 2024, representing a payout ratio of 51%. The payout ratio was in line with the level of 50-60% during 2021-24. As a rail kit manufacturer, Nan Juen is set to deliver solid revenue growth and FCF over our forecast horizon amidst strong ASP increase in the server rail kit market.
	Related party & transaction	1 The company did not report any related-party transactions in 2025. We see limited risks from related-party transactions.
S	Product quality & safety	2 Nan Juen has implemented a Project Management Information System (PMIS) to streamline R&D workflows and enhance cross-departmental collaboration. The company is further planning to introduce a Product Lifecycle Management (PLM) system, integrating the full product lifecycle from concept through to manufacturing and after-sales service. Beyond operational efficiency, the PLM adoption reflects Nan Juen's commitment to responsible product stewardship, enabling better oversight of material consumption and environmental impact across its operations. The company continues to advance its green product programme. Based on 2024 shipments, its carbon emissions were 4,490 tonnes of CO ₂ e (vs. 3,794 tonnes in 2023), but with a lower CO ₂ e per TWD1m revenue of 2.33 tonnes (vs. 2.87 tonnes in 2024), underscoring progress in lowering the environmental footprint of its products.
S	Product design & lifecycle management	2 Nan Juen is actively reducing its greenhouse gas emissions under a core commitment to net-zero carbon operations, aligned with Taiwan's 2050 net-zero emission policy. The company has adopted ISO 14064-1 GHG inventory standards and maintains ISO 14001:2015 environmental management system certification, providing a structured framework for monitoring and improving energy use and emissions across its operations. Practical measures include regular audits of high-energy-consuming equipment, employee sustainability training, and collaboration with supply chain partners on green procurement. Progress is tracked through internal audits and external verification, with findings reviewed periodically to refine the company's decarbonisation strategy.
	Supply chain management	

Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.

Update Date: 17 Apr 2026

Source: Daiwa, Company

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Disclosure of investment ratings

Rating	Percentage of total
Buy*	73.51%
Hold**	19.39%
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Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 31 March 2026.

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