Goldman Sachs Research

Equity Research

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Compal (2324.TW): Ongoing revenue mix diversification; global capacity ramping up to support AI servers; Neutral

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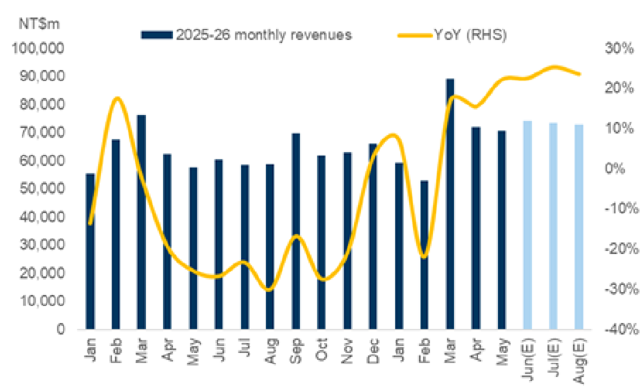
Compal's May revenue was flat MoM, or 9% higher than our estimate. Compal's PC shipments in May increased 11% MoM to 2mn units, and management expects QoQ growth in 2Q-3Q26. We expect MoM revenue growth in Jun, driven by customers' pull-in by quarter end, followed by slight MoM declines in Jul-Aug, considering the high base in Jun. Overall, we expect 2Q / 3Q26E revenues to grow at 20% / 32% YoY, supported by Compal's ongoing revenue mix diversification, and its new US plant, expected to start production by the end of 2Q26 (link). Compal's non-PC revenue mix increased to 35% in 1Q26 (vs. 30% in 1Q25 and 29% in 4Q25), which management attributes to the strong performance of wireless communication products and AI servers, reflecting the company's business diversification. We remain positive on Compal's business diversification, supported by global capacity expansion in the US, Taiwan, and Vietnam, while consumer electronics still accounts for the majority of the company's total revenue, which could be capped by rising raw material costs (e.g., memory, CPU). Maintain Neutral on fair valuation.

Exhibit 1: Compal's monthly revenues and YoY trend (RHS)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Compal's 3-month revenue preview

	Apr-26	May-26	Jun-26(E)	Jul-26(E)	Aug-26(E)	Sep-26(E)	2Q26E	3Q26E
Rev (NT$m)	71,979	70,462	74,209	73,467	72,732	100,533	216,650	246,733
Rev YoY	16%	22%	23%	25%	24%	44%	20%	32%
Rev Mom / QoQ	-19%	-2%	5%	-1%	-1%	38%	8%	14%
GS estimates(NT$m)	64,222	64,543						
Act vs. GS	12%	9%						

Source: Company data, Goldman Sachs Global Investment Research

Earnings revisions: Compal's 1Q26 revenue was higher than our estimate, while the GM was lower than our estimate, which we attribute to the rising contribution from the AI server business. We factor in Compal's 1Q26 results and raise our 2026-28E net income by 2% / 5% / 1%, mainly on higher revenues and lower opex ratios. Our 2026-28E revenues are revised up by 9% / 13% / 9%, mainly on higher contribution from the AI server business, supported by Compal's global capacity expansion and product mix upgrade towards high-end models with higher ASP, while 2026-28E GMs are revised down, considering that the AI server business carries a lower GM than consumer electronics. Our 2026-28E opex ratios are revised down to reflect the lower-than-expected opex ratio in 1Q26, mainly on a larger revenue scale and operational efficiency improvement as AI server shipments ramp up.

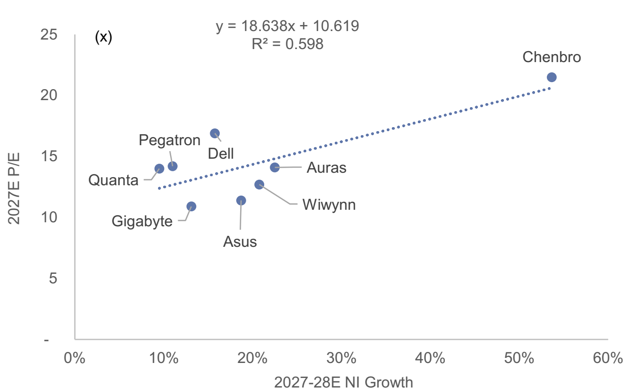
Exhibit 3: Earnings revisions

	2026E			2027E			2028E		
NT m	Old	New	Chg	Old	New	Chg	Old	New	Chg
Revenue	841,100	919,496	9%	921,284	1,038,485	13%	1,018,606	1,113,070	9%
GP	46,990	48,513	3%	49,623	53,916	9%	53,222	55,645	5%
OP	14,194	14,575	3%	15,443	16,938	10%	16,373	17,879	9%
Net income	10,407	10,570	2%	12,188	12,738	5%	14,005	14,189	1%
Margins									
GM	5.6%	5.3%		5.4%	5.2%		5.2%	5.0%	
Opex ratio	3.9%	3.7%		3.7%	3.6%		3.6%	3.4%	
OPM	1.7%	1.6%		1.7%	1.6%		1.6%	1.6%	
NM	1.2%	1.1%		1.3%	1.2%		1.4%	1.3%	

Source: Company data, Goldman Sachs Global Investment Research

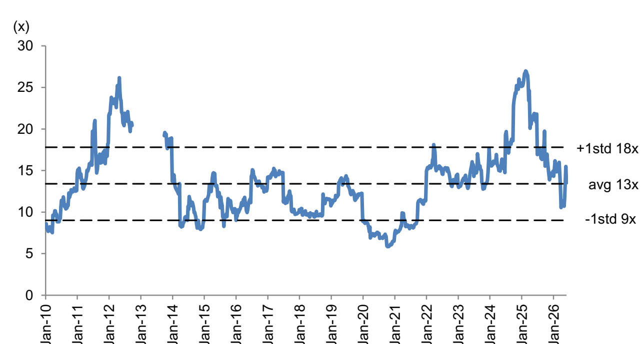
Valuation: We roll over our base year to 2027E and continue to derive our 12-month TP based on near-term P/E. Our 2027E target P/E is updated to 13.6x (vs. old TP implying 2027E P/E of 12.4x), which is derived from the refreshed peers' correlation of forward trading P/E and EPS growth, mainly on Compal's higher forward-year earnings growth. With our updated earnings estimates and target multiple, our 12-month TP is raised to NT$39.5 (vs. NT$34.7 previously). Our target P/E is still around the company's historical avg. forward trading P/E, considering the rising memory cost weighing on consumer electronics end demand, which still accounts for the majority of Compal's total revenue. Maintain Neutral.

Exhibit 4: Compal: Correlation of earnings growth and P/E of its peers



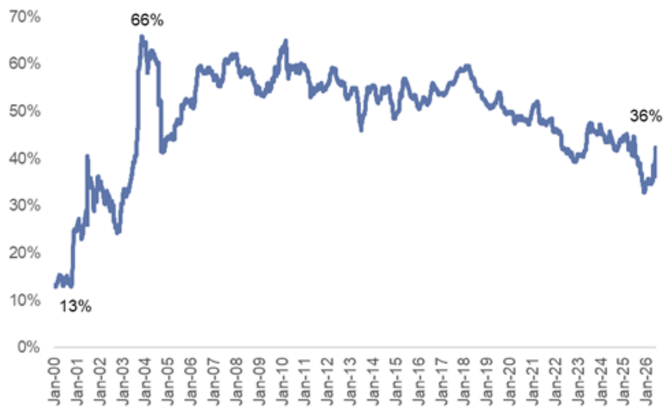
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: Compal's 12M forward P/E



Source: Company data, Goldman Sachs Global Investment Research, Refinitiv Eikon

Exhibit 6: Compal's QFII



Source: TEJ

Exhibit 7: Compal P&L summary

(NT$ m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E	2028E
Revenue	199,098	180,443	187,120	190,852	201,304	216,650	246,733	254,810	910,253	757,513	919,496	1,038,485	1,113,070
Gross profit	10,443	10,585	10,610	11,108	10,597	11,300	13,088	13,528	45,371	42,747	48,513	53,916	55,645
Operating expense	(7,737)	(7,962)	(7,938)	(8,473)	(7,953)	(8,672)	(8,544)	(8,770)	(30,529)	(32,110)	(33,939)	(36,978)	(37,766)
Operating income	2,706	2,624	2,672	2,634	2,644	2,627	4,544	4,759	14,842	10,636	14,575	16,938	17,879
Pre tax profit	3,427	1,290	3,217	2,515	3,091	2,733	4,650	4,087	15,348	10,448	14,561	16,985	18,918
Net income	2,191	482	1,947	1,409	1,967	2,050	3,488	3,066	10,042	6,030	10,570	12,738	14,189
EPS, diluted (NT$)	0.50	0.11	0.45	0.32	0.45	0.47	0.80	0.70	2.28	1.37	2.41	2.91	3.24
Margins / ratio													
Gross margin	5.2%	5.9%	5.7%	5.8%	5.3%	5.2%	5.3%	5.3%	5.0%	5.6%	5.3%	5.2%	5.0%
Opex ratio	-3.9%	-4.4%	-4.2%	-4.4%	-4.0%	-4.0%	-3.5%	-3.4%	-3.4%	-4.2%	-3.7%	-3.6%	-3.4%
Operating margin	1.4%	1.5%	1.4%	1.4%	1.3%	1.2%	1.8%	1.9%	1.6%	1.4%	1.6%	1.6%	1.6%
Net margin	1.1%	0.3%	1.0%	0.7%	1.0%	0.9%	1.4%	1.2%	1.1%	0.8%	1.1%	1.2%	1.3%
QoQ													
Revenue	-13%	-9%	4%	2%	5%	8%	14%	3%					
Gross profit	-10%	1%	0%	5%	-5%	7%	16%	3%					
Operating income	-17%	-3%	2%	-1%	0%	-1%	73%	5%					
Net income	13%	-78%	304%	-28%	40%	4%	70%	-12%					
YoY													
Revenue	0%	-24%	-23%	-17%	1%	20%	32%	34%	-4%	-17%	21%	13%	7%
Gross profit	7%	-10%	-13%	-4%	1%	7%	23%	22%	7%	-6%	13%	11%	3%
Operating income	-5%	-35%	-43%	-19%	-2%	0%	70%	81%	23%	-28%	37%	16%	6%
Net income	16%	-83%	-42%	-27%	-10%	325%	79%	118%	31%	-40%	75%	21%	11%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Compal

We are Neutral-rated on Compal with a 12-month target price of NT$39.5. Our TP is based on 13.6x 2027E P/E, which is derived from PC/server peers' EPS growth vs. P/E multiple correlation. We see EPS growth and market re-rating for ODM companies as major factors for the stock's performance.

Key upside/downside risks: 1) stronger-/weaker-than-expected PC market recovery, 2) faster-/slower-than-expected AI server ramp-up, and 3) stronger/weaker-than-expected demand for tablets.

2324.TW	12m Price Target: **NT$39.50**	Price: **NT$36.15**	Upside: **9.3%**

Neutral

Market cap: NT$158.5bn / $5.0bn
Enterprise value: NT$177.1bn / $5.6bn
3m ADTV: NT$3.2bn / $100.0mn
Taiwan
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (NT$ mn) New	**757,513.0**	**919,496.1**	**1,038,485.2**	**1,113,070.0**
Revenue (NT$ mn) Old	757,512.8	841,100.0	921,284.3	1,018,606.0
EBITDA (NT$ mn)	17,782.1	21,652.9	24,574.3	25,561.1
EPS (NT$) New	**1.38**	**2.43**	**2.92**	**3.26**
EPS (NT$) Old	1.38	2.39	2.80	3.21
P/E (X)	22.6	14.9	12.4	11.1
P/B (X)	1.1	1.2	1.1	1.1
Dividend yield (%)	3.5	4.1	4.9	5.5
CROCI (%)	9.2	14.7	13.4	10.8

	3/26	6/26E	9/26E	12/26E
EPS (NT$)	0.45	0.47	0.80	0.70

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11 Jun 2026 close.

Disclosure Appendix

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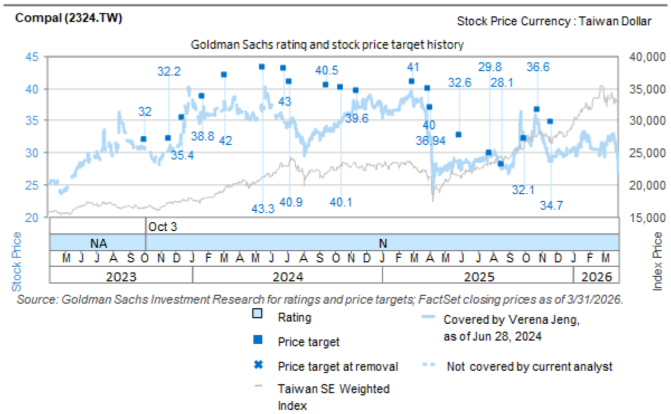

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Target price history table(s)
Compal (2324.TW)

Date of report	Target price (NT$)	Closing price (NT$)
24-Nov-25	34.70	28.70
28-Oct-25	36.60	34.50
01-Oct-25	32.10	31.75
20-Aug-25	28.10	27.50
28-Jul-25	29.80	30.10
30-May-25	32.60	28.80
30-Apr-25	36.94	27.35
06-Apr-25	36.94	32.40
01-Apr-25	40.00	33.10
01-Mar-25	41.00	38.80
13-Nov-24	39.60	37.85
15-Oct-24	40.10	35.10
17-Sep-24	40.50	34.15
10-Jul-24	40.90	34.90
28-Jun-24	43.00	34.70
18-May-24	43.30	37.10
05-Mar-24	42.00	37.80
23-Jan-24	38.80	37.55
15-Dec-23	35.40	33.05
19-Nov-23	32.20	30.35
03-Oct-23	32.00	30.90

Price targets shown in table(s) are unadjusted for corporate actions.

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