Kaori (8996.TWO, NC): Computex 2026: Liquid cooling expansion to Sidecar and in-row CDU

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We visited Kaori's (8996.TWO, Not Covered) booth on June 2 during our Computex tour in Taipei. The company showcased their liquid cooling solution, including CDU, Sidecar, rack manifold, RDHx (Rear Door Heat Exchanger) etc. Overall, management is positive on the rising liquid cooling penetration with higher TDP (Thermal Design Power) of the AI infrastructure, driving dollar content increase. The company continues to expand capacity to fulfill the rising demand. Mgmt. also highlights growing contribution from system-level solution, which drives the growth of Sidecar, RDHx, and in-row CDU.

Read across to AVC/Auras: Kaori's positive comment on the rising liquid cooling adoption rate echoes our positive view on AVC and Auras, in which we expect liquid cooling to ride on demands for more energy-efficient solutions for data center computing. We expect AVC and Auras to benefit from the specification migrations and growing liquid cooling solution for AI servers, carrying higher ASP and GM. Maintain Buy on AVC and Auras.

Company profile: Kaori has expanded from heat exchangers and fuel cells to liquid cooling components, starting from manifolds, then expanding to CDUs (coolant distribution unit) and Sidecar on the back of customer expansion (from enterprises / brand makers to ODM / CSPs). Its cooling solution began with immersion cooling for cloud companies a couple of years ago, and now Kaori has exposure to the AI servers trend to provide liquid cooling direct-to-chips solutions.

Exhibit 1: Kaori rack manifold

Source: Company data

Exhibit 2: Kaori Sidecar cooling product

Source: Company data

Exhibit 3: Kaori two-phase cooling system

Source: Company data

Exhibit 4: Kaori cooling solution

Source: Company data

Key takeaways: Kaori showcased the 300kW in-rack CDU, supporting the demand from Vera Rubin NVL 72 rack, and 4U 5kW two-phase CDU for the cooling system with primary and secondary loop. The company continues to expand the liquid cooling product offering from manifold to capture the rising cooling demand from AI server growth. Management highlights the company's advantages of developing key CDU component PHE (Plate Heat Exchanger) in-house to support its CDU capacity ramp up.

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