05 Jun 2026 12:11:48 ET | 13 pages

Sinbon (3023.TW)

What's New at Citi Taiwan Tech Conference 2026 – Solid Fundamentals Remain Intact

CITI'S TAKE

Sinbon attended Citi TW 2026 Tech Conference on 5th June. Overall, mgmt. is positive on the solid growth outlook into 2026-2028E, supported by broad-based demand across industrial, medical, auto and emerging businesses such as humanoids, drones, and LEO. In the near-term, strong semi-related orders boost stronger sales outlook; we therefore raise our FY26 sales growth estimate to +16% y/y. We hike our TP to NT$370 based on higher earnings estimates and a higher NTM PE of 23x. Maintain Buy rating as we like the company's solid outlook, robust capacity expansion plan, and multiple mid/long-term growth drivers fueling future growth.

2026E growth outlook appears broad-based, with semi the strongest — By segment, mgmt. expects green energy to rise 8-10% y/y, medical up 15% y/y, automotive up 40% y/y, industrial up >15% y/y (with semi-related sales growing 30% y/y to NT$3-3.5bn), while consumer flat to -5% y/y in 2026E. Strong growth in auto is mainly driven by strong demand for hybrid vehicles. For Enphase, Sinbon expects 2026E sales contribution of NT$2.9-3bn vs. NT$2.5bn in 2025. We raise our 26E sales forecast to grow 16% y/y, up from prior 11% y/y.

Emerging businesses gradually bearing fruits — 1) Humanoid robots – Sinbon works with major humanoid robot operators including Figure AI, Amazon and Apptronik. Sales contribution is estimated to be c.NT$0.5bn in 2026 (mostly Figure AI), potentially rising to NT$1bn in 2027E. **2) Drone and battery swap station –** Sinbon will start supplying a small volume of battery swap cabinets and drones this year, yet the more meaningful contributions are expected to be in 2027-28E. **3) LEO –** mgmt. believes it has a chance to win AWS LEO orders given their strong relationship and the large number of base stations and potential cable content demand across launch systems and in-space applications.

Implications — We raise our earnings ests 5%/6%/6% for 2026/27/28 to factor in a stronger order outlook. We increase our TP to NT$370 reflecting a higher target multiple of 23x 2Q26-1Q27E EPS (up from prior 21.5x in view of improving outlook and multiple emerging businesses gradually bearing fruit), and higher earnings estimates. We retain our Buy rating in view of a solid 26E outlook, robust capacity expansion, and multiple mid/long-term growth drivers fueling future growth.

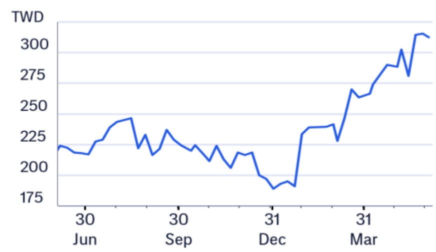
Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	3,529	14.70	7.1	22.4	5.2	24.3	3.1
2025A	3,125	13.02	-11.5	25.3	4.9	19.8	3.0
2026E	3,720	15.50	19.1	21.2	4.0	20.6	3.3
2027E	4,153	17.30	11.6	19.0	3.7	20.1	3.7
2028E	4,598	19.15	10.7	17.2	3.2	19.8	4.1

Source: Powered by dataCentral

Buy	
Price (05 Jun 26 13:30)	NT$329.00
Target price	NT$370.00↑
from NT$310.00	
Expected share price return	12.5%
Expected dividend yield	3.1%
Expected total return	15.6%
Market Cap	NT$78,983M
	US$2,510M

Price Performance
(RIC: 3023.TW, BB: 3023 TT)



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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

3023.TW: Fiscal year end 31-Dec — Price: NT$329.00; TP: NT$370.00; Market Cap: NT$78,983m; Recomm: Buy

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	33,088	31,024	35,920	40,155	44,046
Cost of sales	-24,847	-23,582	-27,109	-30,140	-32,918
Gross profit	8,241	7,441	8,810	10,015	11,129
Gross Margin (%)	24.9	24.0	24.5	24.9	25.3
EBITDA (Adj)	**4,203**	**3,799**	**4,594**	**5,329**	**5,933**
EBITDA Margin (Adj) (%)	12.7	12.2	12.8	13.3	13.5
Depreciation	-645	-541	-578	-578	-578
Amortisation	0	0	0	0	0
EBIT (Adj)	**3,558**	**3,257**	**4,016**	**4,751**	**5,355**
EBIT Margin (Adj) (%)	10.8	10.5	11.2	11.8	12.2
Net interest	34	14	-36	-38	-32
Associates	290	257	228	228	228
Non-Op/Except/Other Adj	664	434	628	612	573
Pre-tax profit	**4,546**	**3,963**	**4,835**	**5,553**	**6,123**
Tax	-1,022	-866	-1,022	-1,220	-1,345
Extraord./Min.Int./Pref.div.	6	28	-93	-180	-180
Reported net profit	**3,529**	**3,125**	**3,720**	**4,153**	**4,598**
Net Margin (%)	10.7	10.1	10.4	10.3	10.4
Core NPAT	3,529	3,125	3,720	4,153	4,598
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	14.70	13.02	15.50	17.30	19.15
Core EPS ($)	14.70	13.02	15.50	17.30	19.15
DPS ($)	10.25	10.00	10.80	12.06	13.35
CFPS ($)	10.83	15.23	9.46	15.50	17.60
FCFPS ($)	7.98	11.60	5.59	11.75	13.85
BVPS ($)	63.65	67.51	82.88	89.37	104.29
Wtd avg ord shares (m)	240	240	240	240	240
Wtd avg diluted shares (m)	240	240	240	240	240
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	1.0	-6.2	15.8	11.8	9.7
EBIT (Adj) (%)	4.7	-8.4	23.3	18.3	12.7
Core NPAT (%)	7.5	-11.4	19.1	11.6	10.7
Core EPS (%)	7.1	-11.5	19.1	11.6	10.7
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	6,526	7,233	8,057	7,877	9,778
Accounts receivables	9,997	9,344	10,296	11,559	12,764
Inventory	7,435	7,956	8,521	9,563	10,547
Net fixed & other tangibles	3,481	3,809	4,159	4,482	4,804
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	3,197	3,647	4,002	4,389	4,768
Total assets	**30,635**	**31,989**	**35,034**	**37,869**	**42,660**
Accounts payable	5,867	6,958	6,467	7,258	8,004
Short-term debt	3,543	3,641	3,454	3,454	3,454
Long-term debt	0	0	0	0	0
Provisions & other liab	5,777	4,902	4,945	5,430	5,893
Total liabilities	**15,187**	**15,502**	**14,866**	**16,142**	**17,351**
Shareholders' equity	15,281	16,207	19,896	21,455	25,037
Minority interests	167	280	272	272	272
Total equity	**15,448**	**16,487**	**20,169**	**21,727**	**25,309**
Net debt (Adj)	**-2,983**	**-3,591**	**-4,603**	**-4,423**	**-6,324**
Net debt to equity (Adj) (%)	-19.3	-21.8	-22.8	-20.4	-25.0

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	22.4	25.3	21.2	19.0	17.2
PB (x)	5.2	4.9	4.0	3.7	3.2
EV/EBITDA (x)	17.6	19.4	15.8	13.5	11.9
FCF yield (%)	2.4	3.5	1.7	3.6	4.2
Dividend yield (%)	3.1	3.0	3.3	3.7	4.1
Payout ratio (%)	70	77	70	70	70
ROE (%)	24.3	19.8	20.6	20.1	19.8
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	4,203	3,799	4,594	5,329	5,933
Working capital	-1,163	17	-2,120	-1,189	-1,131
Other	-440	-161	-203	-419	-577
Operating cashflow	**2,599**	**3,655**	**2,270**	**3,721**	**4,224**
Capex	-684	-870	-928	-900	-900
Net acq/disposals	24	-153	-325	-228	-228
Other	0	0	0	0	0
Investing cashflow	**-660**	**-1,024**	**-1,253**	**-1,128**	**-1,128**
Dividends paid	-2,304	-2,461	-2,401	-2,594	-1,016
Financing cashflow	**-2,235**	**-1,926**	**-193**	**-2,774**	**-1,196**
Net change in cash	**64**	**706**	**824**	**-180**	**1,901**
Free cashflow to s/holders	**1,915**	**2,785**	**1,342**	**2,821**	**3,324**

For definitions of the items in this table, please click here.

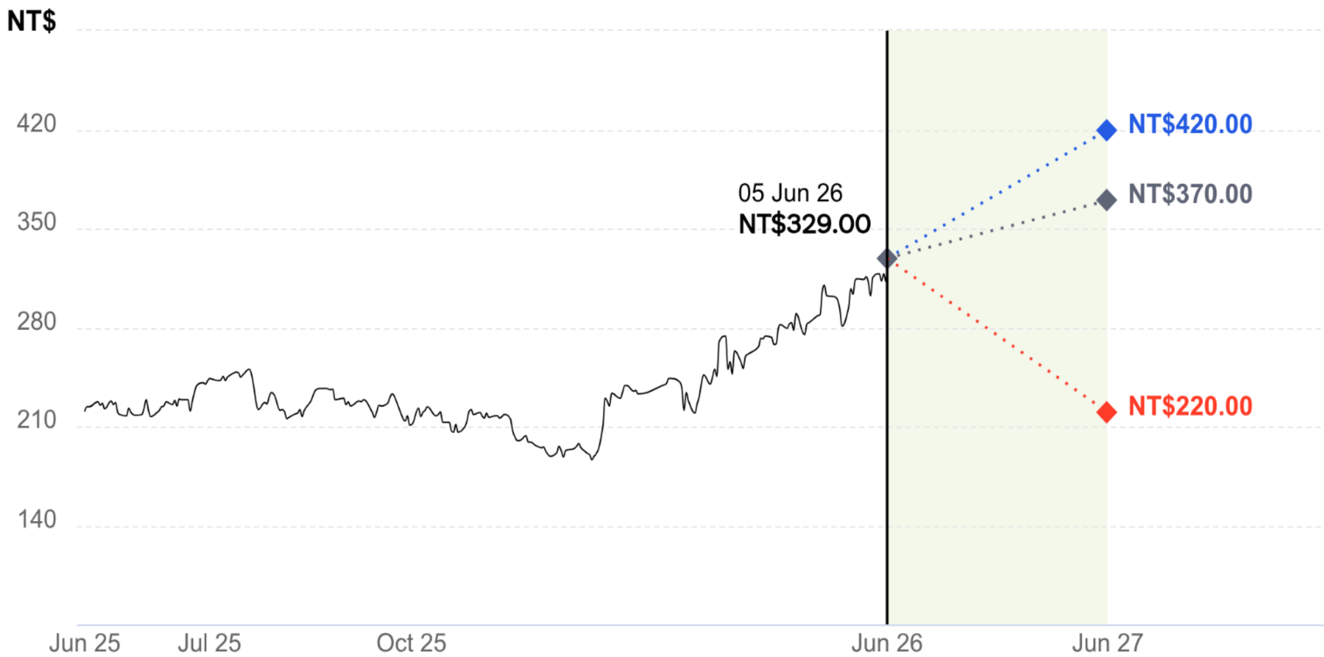
Figure 1. Sinbon: Earning Estimates Revisions

NT$mn	FY26E			FY27E			FY28E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Net Sales	35,920	34,288	5%	40,155	37,533	7%	44,046	41,037	7%
Gross profit	8,810	8,440	4%	10,015	9,466	6%	11,129	10,519	6%
OPEX	4,795	4,640	3%	5,264	4,989	6%	5,774	5,453	6%
Operating profit	4,016	3,800	6%	4,751	4,477	6%	5,355	5,066	6%
Pre-tax profit	4,835	4,598	5%	5,553	5,248	6%	6,123	5,805	5%
Net profit	3,720	3,532	5%	4,153	3,909	6%	4,598	4,341	6%
EPS	15.50	14.71	5%	17.30	16.28	6%	19.15	18.08	6%
Ratio	**New**	**Old**	**diff**	**New**	**Old**	**diff**	**New**	**Old**	**diff**
Gross margin (%)	24.5	24.6	-0.1ppt	24.9	25.2	-0.3ppt	25.3	25.6	-0.4ppt
OPEX to Sales ratio(%)	13.3	13.5	-0.2ppt	13.1	13.3	-0.2ppt	13.1	13.3	-0.2ppt
Operating margin (%)	11.2	11.1	0.1ppt	11.8	11.9	-0.1ppt	12.2	12.3	-0.2ppt
Net margin (%)	10.4	10.3	0.1ppt	10.3	10.4	-0.1ppt	10.4	10.6	-0.1ppt

Source: Citi Research, Citi Research Estimates

Bull/Bear: Sinbon (3023.TW)

NT$ 420.00	NT$ 370.00	NT$ 220.00
▲28% Upside	▲12% Upside	▼33% Downside



Spread 61pp
Current Price and expected returns (upside/downside) as of 05 Jun 2026

BULL Assumptions

- Sales to grow by 20% y/y in 2026E with OPM estimated at 12%
- Target PE at 28x

BASE Assumptions

- Sales to grow by 16% y/y in 2026E with OPM estimated at 11-11.5%
- Target PE at 23x

BEAR Assumptions

- Sales to rise by 5-10% y/y in 2026E with OPM at 10-10.5%
- Target PE at 15x

Sinbon

Company description

Sinbon, established in 1989, is a maker of connectors and cable assemblies based in Taiwan. The company offers an extensive range of value-added cable assembly services in the areas of green energy, industrial applications, medical health, autos and communications. Sinbon has multiple manufacturing sites spanning Taiwan, China, EU, and the US. It has a large and diverse customer portfolio, with more than 4,500 customers and the largest one accounting for less than 6% of total sales.

Investment strategy

We rate Sinbon as Buy. We expect Sinbon's diversified product portfolio along with positive mix shift would help drive stable sales growth and margin expansion. ROE will also remain on an upward trend, on our analysis, while a solid cash yield could help cushion share price volatility.

Valuation

Our TP for Sinbon is NT$370. We value Sinbon on PE to capture the company's earnings growth prospects. We set our target PE at 23x, which we set at a 20% premium to the historical average of 19x since 2018. We believe 23x is justified in view of improving fundamentals with strong momentum of industrials segment, driving a clear margin expansion and solid earnings growth in 2026E. Applying this to our 2Q26-1Q27E EPS forecast, we arrive at our target price of NT$370.

Risks

Key downside risks that could cause Sinbon's share to deviate from our target price include 1) slower-than-expected growth in non-IT/non-consumer applications; 2) Intensified competition; 3) Raw material price hike and labor cost increases; 4) FX volatility; 5) Greater-than-expected impact from the geopolitical conflict.

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Appendix A-1

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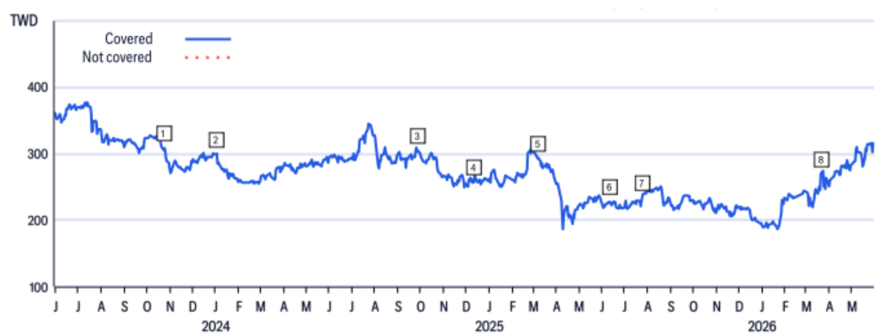
IMPORTANT DISCLOSURES

Sinbon (3023.TW)
Ratings and Target Price History
Fundamental Research

Analyst: Angela Hsu



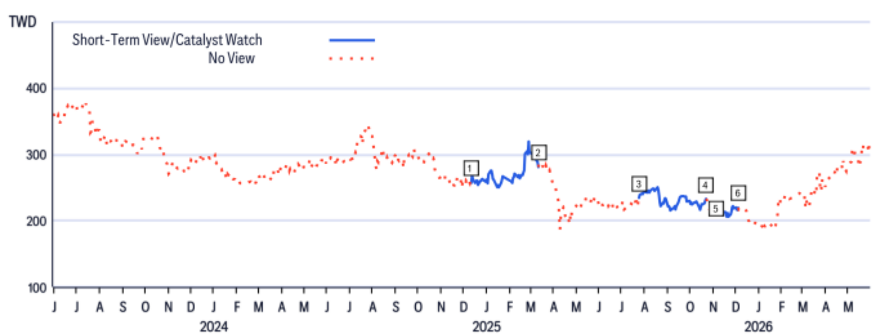
	Date	Rating	Target Price	Closing Price
1	24-Oct-23 08:17:23	1	*390.00	308.50
2	02-Jan-24 04:31:51	1	*375.00	300.00
3	29-Sep-24 23:38:47	1	*360.00	304.50
4	11-Dec-24 07:09:03	1	*330.00	257.00
5	06-Mar-25 09:28:31	1	*335.00	293.00
6	10-Jun-25 03:24:28	1	*273.00	227.50
7	24-Jul-25 07:51:51	1	*270.00	234.50
8	20-Mar-26 09:14:23	1	*310.00	270.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

Sinbon (3023.TW)
Short-Term View/Catalyst Watch Research

Analyst: Angela Hsu



	Date	Action	Expected Direction	Duration	Closing Price
1	11-Dec-24 02:09:03	Add STV	Upside	90 Days	257.00
2	11-Mar-25 21:44:15	Remove STV	Upside	90 Days	281.00
3	24-Jul-25 03:51:51	Add STV	Downside	90 Days	234.50
4	22-Oct-25 21:33:55	Remove STV	Downside	90 Days	233.00
5	04-Nov-25 03:25:41	Add STV	Upside	30 Days	217.00
6	04-Dec-25 19:34:46	Remove STV	Upside	30 Days	219.50

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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	12 Month Rating			Catalyst Watch		
Data current as of 01 Apr 2026	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Research Global Fundamental Coverage (Neutral=Hold)	61%	32%	8%	37%	47%	16%
% of companies in each rating category that are investment banking clients	38%	41%	28%	42%	37%	36%

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