Quanta (2382.TW): AI server racks ramping up; Model transition and PC pull in may weigh on 3Q26; Neutral

Allen Chang
+852-2978-2930 |
allen.k.chang@gs.com
Goldman Sachs (Asia) L.L.C.

Verena Jeng
+852-2978-1681 | verena.jeng@gs.com
Goldman Sachs (Asia) L.L.C.

Yifan Hu
+852-2978-0996 | yifan.hu@gs.com
Goldman Sachs (Asia) L.L.C.

Quanta's May revenue was down 8% MoM, or 11% below our estimate, which we attribute to the customers pulling forward PC orders amid rising memory cost in Jan-Apr, weighing on the end demand in May. The company's PC shipment in May declined by 8% YoY, or flat MoM. We expect 21% MoM revenue growth for Jun, considering the low base in May, solid rack-level AI server demand and improved PC consumption by the quarter end. However, the growth momentum would slow down in Jul-Aug, mainly on the rack-level AI server model transition in 3Q26E weighing on Quanta's rack-level AI server shipments. Overall, we remain positive on Quanta's AI server racks ramp up, while we continue to prefer global leader, Hon Hai (report link), given the continuous specification migration would raise R&D requirement, consume more capacity (space and electricity), and customers would need more supports on AI data center deployment given the rising complexity. **Maintain Neutral rating on Quanta.**

Exhibit 1: We model Quanta's Jun 2026E revenue +98% YoY, or +21% MoM

	Apr-26	May-26	Jun-26(E)	Jul-26(E)	Aug-26(E)	Sep-26(E)	2Q26E	3Q26E
Rev (NT$m)	339,921	311,481	376,830	301,464	256,244	266,276	1,028,232	823,985
YoY	121%	94%	98%	90%	68%	45%	104%	66%
MoM/QoQ	-6%	-8%	21%	-20%	-15%	4%	27%	-20%
GS (NT$m)	257,590	350,119						
Actual vs. GS	32%	-11%						

Source: Company data, Goldman Sachs Global Investment Research

Earnings revision: We factor in Quanta's May revenue and raise our 2026-28E net incomes by 5% / 2% / 8%, mainly on higher revenues. Our 2026-28E revenues are raised to 8% / 10% / 21%, driven by (1) AI server racks ramping up along with growing AI infrastructure investments from global leading CSPs, and (2) general servers ASP increase on product mix upgrade and higher raw material costs. Our 2027-28E GMs are slightly revised up due to a higher revenue contribution from general servers, which carry a higher margin than AI server racks. We raise our 2027-28E opex ratios, mainly on higher R&D on AI servers.

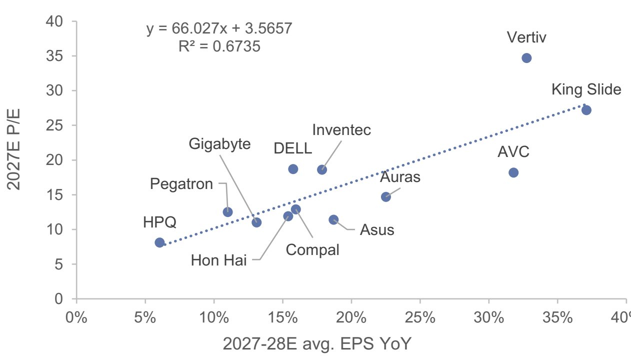
Exhibit 2: Earnings revision

NT m	2026E Old	2026E New	2026E Chg	2027E Old	2027E New	2027E Chg	2028E Old	2028E New	2028E Chg
Revenue	3,305,340	3,565,401	8%	3,680,856	4,046,374	10%	3,823,237	4,640,012	21%
GP	175,730	185,247	5%	200,371	225,105	12%	208,041	259,587	25%
OP	111,784	118,926	6%	133,792	138,074	3%	139,064	156,935	13%
Net income	90,882	95,856	5%	104,627	106,421	2%	111,464	120,324	8%
Margins									
GM	5.3%	5.2%		5.4%	5.6%		5.4%	5.6%	
OPM	3.4%	3.3%		3.6%	3.4%		3.6%	3.4%	
NM	2.7%	2.7%		2.8%	2.6%		2.9%	2.6%	

Source: Goldman Sachs Global Investment Research

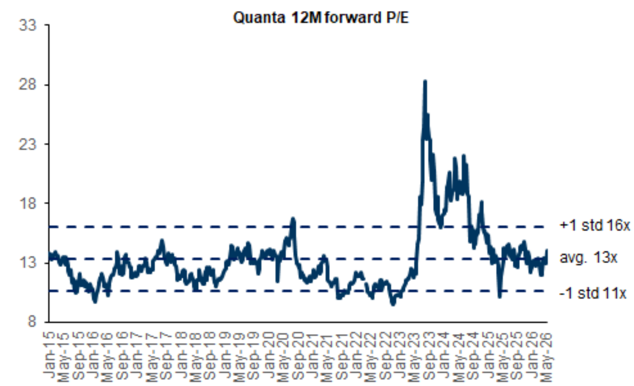
Valuation: We continue to use near-term P/E to derive our 12M TP. Our target multiple is updated to 11.4x 2027E EPS (vs. 11.3x previously), which is derived from the refreshed peers' correlation between forward trading P/E and earnings growth. With our updated earnings estimates and target multiple, our 12M TP is unchanged at NT$299. Our target P/E is still between the company's historical avg. and avg.-1stv. trading P/E, reflecting lower GM level. **Maintain Neutral.**

Exhibit 3: Quanta peers' 2027E P/E vs. 2027E-28E EPS YoY



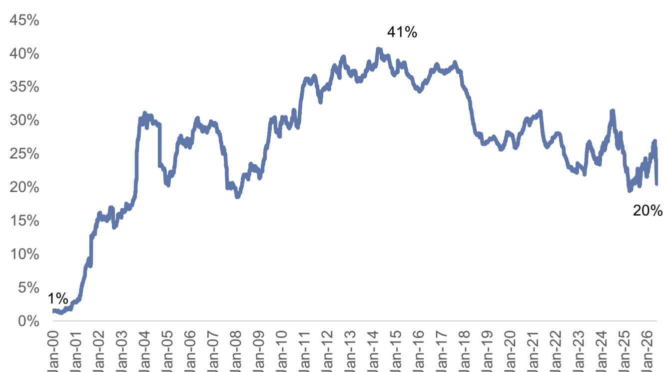
Source: Company data, Goldman Sachs Global Investment Research, Refinitiv Eikon

Exhibit 4: Quanta 12M forward P/E



Source: Refinitiv Eikon

Exhibit 5: Quanta's QFII



Source: TEJ

Exhibit 6: Quanta P&L summary

(NT$ m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E	2028E
Revenue	485,672	504,122	495,258	638,637	809,221	1,028,232	823,985	903,964	1,410,756	2,123,689	3,565,401	4,046,374	4,640,012
Gross profit	38,483	35,533	33,918	40,398	38,697	47,639	47,402	51,510	110,760	148,332	185,247	225,105	259,587
Operating expense	(5,560)	(5,695)	(5,855)	(6,658)	(6,213)	(8,226)	(7,086)	(7,774)	(49,138)	(60,936)	(66,321)	(87,030)	(102,652)
Operating income	24,600	20,403	18,374	24,019	23,024	29,130	32,076	34,696	61,622	87,396	118,926	138,074	156,935
Pre tax profit	25,269	21,617	20,909	27,478	24,537	27,756	30,501	36,494	73,167	95,273	119,288	138,298	157,209
Net income	19,498	16,861	16,431	22,197	21,192	21,872	24,035	28,757	59,702	74,988	95,856	106,421	120,324
EPS (Diluted, NT$)	4.91	4.26	4.14	5.44	5.24	5.40	5.94	7.10	15.29	18.75	23.68	26.29	29.66
Margins / ratio													
Gross margin	7.9%	7.0%	6.8%	6.3%	4.8%	4.6%	5.8%	5.7%	7.9%	7.0%	5.2%	5.6%	5.6%
Opex ratio	-2.9%	-3.0%	-3.1%	-2.6%	-1.9%	-1.8%	-1.9%	-1.9%	-3.5%	-2.9%	-1.9%	-2.2%	-2.2%
Operating margin	5.1%	4.0%	3.7%	3.8%	2.8%	2.8%	3.9%	3.8%	4.4%	4.1%	3.3%	3.4%	3.4%
Net margin	4.0%	3.3%	3.3%	3.5%	2.6%	2.1%	2.9%	3.2%	4.2%	3.5%	2.7%	2.6%	2.6%
QoQ													
Revenue	16%	4%	-2%	29%	27%	27%	-20%	10%					
Gross profit	24%	-8%	-5%	19%	-4%	23%	0%	9%					
Operating income	62%	-17%	-10%	31%	-4%	27%	10%	8%					
Pre tax profit	42%	-14%	-3%	31%	-11%	13%	10%	20%					
Net income	23%	-14%	-3%	35%	-5%	3%	10%	20%					
EPS	24%	-13%	-3%	31%	-4%	3%	10%	20%					
YoY													
Revenue	88%	63%	17%	53%	67%	104%	66%	42%	30%	51%	68%	13%	15%
Gross profit	75%	34%	9%	30%	1%	34%	40%	28%	30%	34%	25%	22%	15%
Operating income	110%	34%	-6%	58%	-6%	43%	75%	44%	41%	42%	36%	16%	14%
Pre tax profit	74%	10%	-2%	55%	-3%	28%	46%	33%	41%	30%	25%	16%	14%
Net income	62%	11%	-1%	40%	9%	30%	46%	30%	50%	26%	28%	11%	13%
EPS	58%	9%	-3%	37%	7%	27%	43%	31%	50%	23%	26%	11%	13%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Quanta

Our 12-month target price of **NT$299** is based on an 11.4x 2027E P/E, which references PC/server peers' EPS growth vs. P/E multiple correlation. We see EPS growth as a major factor for the stock's performance.

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

2382.TW	12m Price Target: **NT$299.00**	Price: **NT$362.50**	Downside: **17.5%**

Neutral

Market cap: NT$1.4tr / $44.3bn
Enterprise value: NT$1.4tr / $44.1bn
3m ADTV: NT$11.2bn / $353.9mn
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	**2,123,689.4**	**3,565,401.4**	**4,046,373.8**	**4,640,011.7**
Revenue (NT$ mn) Old	2,123,689.4	3,305,339.8	3,680,855.8	3,823,236.7
EBITDA (NT$ mn)	99,837.3	130,915.3	150,926.7	172,679.0
EPS (NT$) New	**19.45**	**24.87**	**27.61**	**31.15**
EPS (NT$) Old	19.45	23.58	27.14	28.20
P/E (X)	13.8	14.6	13.1	11.6
P/B (X)	4.4	5.4	4.9	4.6
Dividend yield (%)	5.7	5.5	6.1	6.9
CROCI (%)	28.6	28.3	33.2	37.9

	3/26	6/26E	9/26E	12/26E
EPS (NT$)	5.50	5.67	6.24	7.46

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jun 2026 close.

Disclosure Appendix

Reg AC

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Contributing Authors: Allen Chang Goldman Sachs (Asia) L.L.C., Verena Jeng Goldman Sachs (Asia) L.L.C., Yifan Hu Goldman Sachs (Asia) L.L.C..

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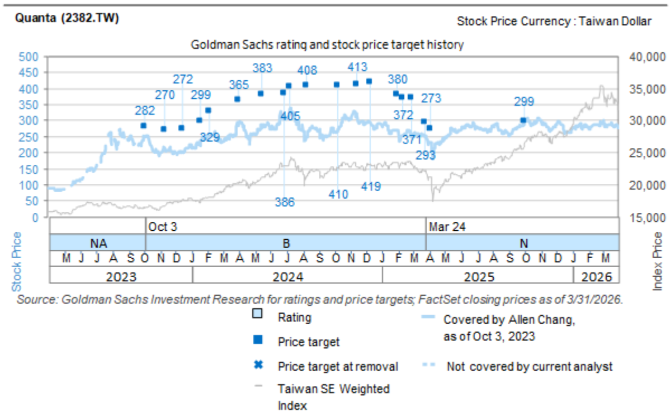

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Target price history table(s)

Quanta (2382.TW)

Date of report	Target price (NT$)	Closing price (NT$)
01-Oct-25	299.00	286.50
06-Apr-25	273.00	233.00
24-Mar-25	293.00	249.50
27-Feb-25	371.00	250.50
09-Feb-25	372.00	252.00
31-Jan-25	380.00	-
09-Dec-24	419.00	296.00
14-Nov-24	413.00	314.50
08-Oct-24	410.00	265.50
09-Aug-24	408.00	250.00
09-Jul-24	405.00	336.00
28-Jun-24	386.00	312.00
15-May-24	383.00	287.00
01-Apr-24	365.00	282.50
04-Feb-24	329.00	253.00
20-Jan-24	299.00	240.00
15-Dec-23	272.00	202.50
11-Nov-23	270.00	213.50
03-Oct-23	282.00	248.50

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

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