Taiwan | Industrials | 30 June 2026

Daiwa Capital Markets Hong Kong Limited

Nan Juen International (6584 TT)

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

Share price (29 Jun): **TWD685.00** | Up/downside: **+49.2%**

5 4 3 2 **1**

Buy
(unchanged)

Growth story intact after the break

- ASIC second vendor verification reinforces conviction in share gains
- Vietnam ramp-up offsets 2Q26 margin pressure from regular server mix
- Reaffirming our Buy (1) rating and 12-month TP of TWD1,022

Allan Wang
(886) 2 8758 6249
allan.wang@daiwacm-cathay.com.tw

Sheng Cheng
(886) 2 8758 6253
sheng.cheng@daiwacm-cathay.com.tw

What's new: We provide an update on Nan Juen following the quiet period for its convertible bond issuance.

What's the impact: Nan Juen emerged from its quiet period in June following its convertible bond issuance, which was priced on 24 June. We highlight that Nan Juen has been verified as the second source vendor for ASIC by its second CSP client, a critical milestone that reinforces our confidence in its ASIC share-gain story. On the regular server front, while the second CSP regular server client saw shipment weakness in April-May and is expected to remain at prior-year levels throughout 2Q26, the primary CSP regular server client delivered stronger-than-expected results, maintaining its nearly two-fold YoY shipment volume growth guidance for 2026E, in line with prior expectations. The lower-than-expected contribution from the second CSP regular server, which typically carries high margins, creates headwinds for 2Q26 gross margin. However, this is partially offset by the ramp-up in Vietnam production, where costs are c.20% lower, providing margin accretion. We slightly trim our 2Q26E gross margin to reflect this mix shift, but we still expect a QoQ improvement.

Business outlook. According to our supply chain checks, GB300 demand improved in 2Q26, partly due to delays in VR generation. Nonetheless, Nan Juen's own VR shipment schedule remains on track, targeting late-3Q26 shipments to its primary CSP customer. We view the current rail kit dynamics as a timing adjustment rather than a share loss story. On ASIC, the verified second vendor status by the CSP further solidifies our conviction; we maintain our 20-30% supply share assumption for this generation of ASIC in 2H26E and 2027E. While regular server shipments face near-term headwinds from material constraints, monthly shipment levels have remained resilient. We are closely monitoring a potential demand recovery in 2H26, which could serve as an earnings catalyst for Nan Juen. Combined with the structural margin improvement from Vietnam, a regular server rebound could push gross margins above our current estimates, reinforcing our positive view on the stock.

What we recommend: We lower our 2026E EPS by 0.2% but raise our 2027-28E EPS by c.1% to factor in the latest positive updates in ASIC. We reaffirm our Buy (1) rating and 12M TP of TWD1,022, based on a PER of 36x (vs. its past-3-year range of 11-90x), applied to our 4-quarter forward EPS forecast. Key downside risk: worse-than-expected AI server demand.

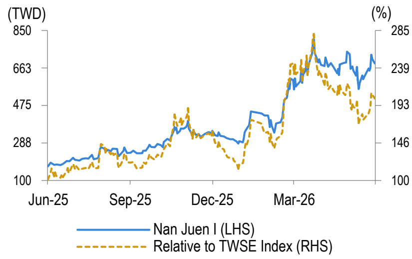
How we differ: Our 2027-28E EPS are 1-20% above Bloomberg consensus, likely as we are more positive on Nan Juen's revenue outlook.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	(2.5)	(0.6)	0.7
Net profit change	(0.2)	0.6	0.9
Core EPS (FD) change	(0.2)	0.6	0.9

Source: Daiwa forecasts

Share price performance



12-month range	170.50-805.00
Market cap (USDbn)	1.50
3m avg daily turnover (USDm)	25.45
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)	4,220	7,376	8,245
Operating profit (m)	1,439	3,129	3,904
Net profit (m)	1,185	2,507	3,127
Core EPS (fully-diluted)	17.006	35.983	44.880
EPS change (%)	220.2	111.6	24.7
Daiwa vs Cons. EPS (%)	0.8	20.1	0.9
PER (x)	40.3	19.0	15.3
Dividend yield (%)	0.4	1.3	2.5
DPS	2.7	9.0	17.0
PBR (x)	11.5	7.9	6.0
EV/EBITDA (x)	27.5	13.3	10.3
ROE (%)	32.5	49.3	44.7

Source: FactSet, Daiwa forecasts

Flash

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

	2026E			2027E			2028E		
(TWDm)	Previous	New	Consensus	Previous	New	Consensus	Previous	New	Consensus
Revenue	4,327	4,220	4,076	7,417	7,376	6,271	8,190	8,245	8,190
Diff (%)		-2.5%	3.5%		-0.6%	17.6%		0.7%	0.7%
Gross Margin (%)	45.4%	46.1%	44.6%	53.8%	54.3%	52.7%	58.9%	59.1%	58.9%
Operating profit	1,442	1,439	1,414	3,111	3,129	2,576	3,869	3,904	3,869
Op Margin (%)	33.3%	34.1%	34.7%	41.9%	42.4%	41.1%	47.2%	47.3%	47.2%
Net profit	1,187	1,185	1,175	2,492	2,507	2,087	3,098	3,126	3,098
EPS (TWD)	17.04	17.00	16.87	35.78	35.98	29.96	44.48	44.88	44.47
Diff (%)		-0.2%	0.8%		0.6%	20.1%		0.9%	0.9%

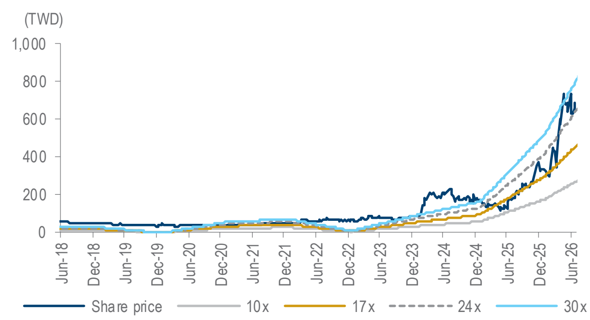
Source: Bloomberg, Daiwa forecasts

Nan Juen: quarterly and annual P&L statement

	2026E				2027E				2025	2026E	2027E	2028E
(TWDm)	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE				
Net revenue	**867**	**856**	**1,132**	**1,365**	**1,673**	**1,914**	**1,916**	**1,873**	**2,433**	**4,220**	**7,376**	**8,245**
COGS	-507	-492	-599	-676	-793	-855	-868	-856	-1,582	-2,274	-3,372	-3,376
Gross profit	**360**	**364**	**532**	**689**	**881**	**1,059**	**1,048**	**1,017**	**851**	**1,946**	**4,004**	**4,869**
Operating expenses	-105	-103	-136	-164	-201	-226	-224	-225	-367	-507	-875	-965
Operating profit	**255**	**261**	**397**	**525**	**680**	**833**	**824**	**792**	**484**	**1,439**	**3,129**	**3,904**
Non-operating profit	39	0	1	2	1	1	1	1	48	42	4	4
Pre-tax profit	**294**	**262**	**398**	**527**	**681**	**834**	**825**	**793**	**532**	**1,481**	**3,133**	**3,908**
Income taxes	-59	-52	-80	-105	-136	-167	-165	-159	-162	-296	-626	-781
Net profit	**235**	**209**	**318**	**422**	**545**	**667**	**660**	**635**	**370**	**1,185**	**2,507**	**3,126**
Net EPS (TWD)	**3.38**	**3.01**	**4.57**	**6.05**	**7.82**	**9.58**	**9.47**	**9.11**	**5.31**	**17.00**	**35.98**	**44.88**
Operating Ratios												
Gross margin	41.6%	42.5%	47.0%	50.5%	52.6%	55.3%	54.7%	54.3%	35.0%	46.1%	54.3%	59.1%
Operating margin	29.5%	30.5%	35.0%	38.5%	40.6%	43.5%	43.0%	42.3%	19.9%	34.1%	42.4%	47.3%
Pre-tax margin	34.0%	30.6%	35.1%	38.6%	40.7%	43.6%	43.0%	42.4%	21.9%	35.1%	42.5%	47.4%
Net margin	27.1%	24.5%	28.1%	30.9%	32.6%	34.9%	34.4%	33.9%	15.2%	28.1%	34.0%	37.9%
YoY (%)												
Net revenue	74%	42%	82%	92%	93%	124%	69%	37%	26%	73%	75%	12%
Gross profit	139%	86%	134%	148%	145%	191%	97%	47%	69%	129%	106%	22%
Operating profit	255%	169%	194%	192%	166%	219%	108%	51%	138%	197%	117%	25%
Pre-tax profit	259%	466%	143%	120%	131%	219%	107%	50%	121%	178%	112%	25%
Net profit	260%	2399%	144%	154%	132%	219%	107%	50%	92%	220%	112%	25%
QoQ (%)												
Net revenue	22%	-1%	32%	21%	23%	14%	0%	-2%				
Gross profit	30%	1%	46%	29%	28%	20%	-1%	-3%				
Operating profit	42%	2%	52%	32%	29%	23%	-1%	-4%				
Pre-tax profit	23%	-11%	52%	33%	29%	23%	-1%	-4%				
Net profit	42%	-11%	52%	33%	29%	23%	-1%	-4%				

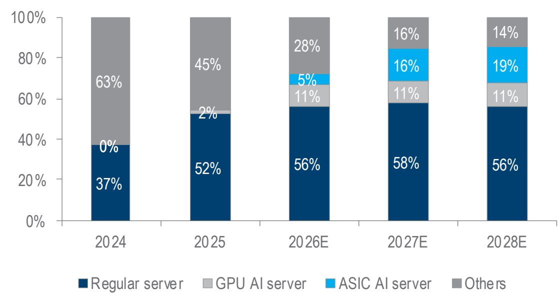
Source: Company, Daiwa forecasts

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	3,052.2	6,208.5	7,077.6
Regular server rail kit revenue	0.0	479.7	357.6	712.1	1,270.6	2,374.9	4,244.6	4,609.2
AI server rail kit revenue	0.0	0.0	0.0	0.0	56.6	677.3	1,963.9	2,468.4

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	2,375	4,245	4,609
AI server railkit sales	0	0	0	0	57	677	1,964	2,468
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**	**4,220**	**7,376**	**8,245**
Other income	0	0	0	0	0	0	0	0
COGS	(1,669)	(1,636)	(1,085)	(1,422)	(1,582)	(2,274)	(3,372)	(3,376)
SG&A	(208)	(230)	(191)	(237)	(301)	(424)	(728)	(800)
Other op.expenses	(31)	(48)	(38)	(62)	(66)	(83)	(147)	(165)
Operating profit	**133**	**85**	**9**	**203**	**484**	**1,439**	**3,129**	**3,904**
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**	**1,481**	**3,133**	**3,908**
Tax	(18)	(42)	4	(48)	(162)	(296)	(626)	(781)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
Net profit (reported)	**87**	**131**	**8**	**192**	**370**	**1,185**	**2,507**	**3,127**
Net profit (adjusted)	**87**	**131**	**8**	**192**	**370**	**1,185**	**2,507**	**3,127**
EPS (reported)(TWD)	**1.653**	**2.234**	**0.127**	**2.914**	**5.311**	**17.006**	**35.983**	**44.880**
EPS (adjusted)(TWD)	**1.653**	**2.234**	**0.127**	**2.914**	**5.311**	**17.006**	**35.983**	**44.880**
EPS (adjusted fully-diluted)(TWD)	**1.653**	**2.234**	**0.127**	**2.914**	**5.311**	**17.006**	**35.983**	**44.880**
DPS (TWD)	**0.000**	**1.000**	**1.200**	**1.005**	**1.500**	**2.650**	**9.000**	**17.000**
EBIT	**133**	**85**	**9**	**203**	**484**	**1,439**	**3,129**	**3,904**
EBITDA	**267**	**218**	**125**	**322**	**628**	**1,692**	**3,407**	**4,220**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	105	172	5	240	532	1,481	3,133	3,908
Depreciation and amortisation	134	133	116	119	143	253	278	316
Tax paid	(18)	(42)	4	(48)	(162)	(296)	(626)	(781)
Change in working capital	(238)	64	(10)	(133)	(251)	271	(354)	(84)
Other operational CF items	57	43	(34)	117	78	0	0	0
Cash flow from operations	**40**	**370**	**80**	**295**	**341**	**1,709**	**2,431**	**3,359**
Capex	(68)	(70)	(29)	(113)	(122)	(316)	(479)	(247)
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)**	**(316)**	**(479)**	**(247)**
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**	**1,207**	**1,325**	**1,928**
Free cash flow	(29)	300	52	181	219	1,392	1,952	3,112

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	1,703	3,028	4,955
Inventory	330	288	262	298	487	498	739	740
Accounts receivable	432	280	297	436	536	405	707	791
Other current assets	40	13	12	23	57	57	57	57
Total current assets	**1,164**	**965**	**984**	**1,084**	**1,577**	**2,664**	**4,531**	**6,543**
Fixed assets	2,530	2,492	2,430	2,454	2,464	2,528	2,729	2,660
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**	**5,537**	**7,606**	**9,549**
Short-term debt	428	253	419	117	0	0	0	0
Accounts payable	305	185	161	204	242	392	582	583
Other current liabilities	319	335	259	301	411	411	411	411
Total current liabilities	**1,052**	**773**	**839**	**622**	**653**	**804**	**993**	**994**
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**	**1,393**	**1,583**	**1,584**
Share capital	525	585	656	660	697	697	697	697
Reserves/R.E./others	784	986	1,269	1,571	2,447	3,447	5,327	7,269
Shareholders' equity	**1,309**	**1,571**	**1,925**	**2,231**	**3,144**	**4,144**	**6,023**	**7,965**
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	**3,759**	**3,513**	**3,499**	**3,941**	**4,386**	**5,537**	**7,606**	**9,549**
EV	49,173	48,755	48,420	48,537	47,777	46,569	45,245	43,317
Net debt/(cash)	**1,453**	**1,035**	**700**	**817**	**56**	**(1,151)**	**(2,475)**	**(4,403)**
BVPS (TWD)	**24.931**	**26.864**	**29.333**	**33.826**	**45.126**	**59.480**	**86.460**	**114.338**

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	73.4	74.8	11.8
EBITDA (YoY)	137.5	(18.6)	(42.5)	157.3	94.8	169.4	101.4	23.9
Operating profit (YoY)	3,825.2	(36.2)	(88.8)	2,042.9	138.1	197.0	117.5	24.8
Net profit (YoY)	n.a.	50.6	(93.6)	2,208.0	92.5	220.2	111.6	24.7
Core EPS (fully-diluted) (YoY)	n.a.	35.1	(94.3)	2,197.0	82.2	220.2	111.6	24.7
Gross-profit margin	18.2	18.1	18.0	26.1	35.0	46.1	54.3	59.1
EBITDA margin	13.1	10.9	9.5	16.8	25.8	40.1	46.2	51.2
Operating-profit margin	6.5	4.2	0.7	10.6	19.9	34.1	42.4	47.3
Net profit margin	4.3	6.5	0.6	10.0	15.2	28.1	34.0	37.9
ROAE	7.0	9.1	0.5	9.2	13.8	32.5	49.3	44.7
ROAA	2.5	3.6	0.2	5.2	8.9	23.9	38.1	36.5
ROCE	4.5	2.8	0.3	6.3	13.7	34.3	55.5	51.7
ROIC	4.1	2.4	0.4	5.7	10.8	37.2	76.5	87.9
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	40.7	27.5	33.2
Current ratio (x)	1.1	1.2	1.2	1.7	2.4	3.3	4.6	6.6
Net interest cover (x)	6.0	3.8	0.6	12.1	38.9	149.8	355.9	453.4
Net dividend payout	n.a.	60.5	53.7	792.1	51.5	49.9	52.9	47.2
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.
G	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.
G	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 CO2e (vs. 3,794 tonnes in 2023), but with a lower CO2e 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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Rating	Percentage of total
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