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Eclat (1476.TW)

3Q26 Margin Rebound and Sustained Order Momentum Reinforces Our Buy

CITI'S TAKE

Eclat's 3Q26 EPS of NT$6.58 rose 16% qoq and 9% yoy, beating our/BBG estimates by 2%/7% each. GPM recovery to 31.2% was the key positive, supported by earlier price increases and better mix. We expect a positive share price reaction as the results reinforce our constructive view on Eclat's differentiated product capabilities, growing exposure to emerging brands and higher value vertical orders. We also believe Democrats' US midterm victory could further support sentiment towards apparel exporters through expectations of a more favorable tariff environment and lower oil prices. Eclat will host its 3Q26 briefing on November 9th.

Buy	
Price (05 Nov 26 13:30)	NT$339.50
Target price	NT$460.00
Expected share price return	35.5%
Expected dividend yield	5.3%
Expected total return	40.8%
Market Cap	NT$93,148M
	US$2,834M

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3Q26 EPS of NT$6.58 topped our/BBG estimates by 2%/7% — 3Q26 sales reached NT$10.6bn +10% y/y, broadly in-line with our/BBG estimates, helped mostly by stronger garment sales +16% y/y thanks to persisting strong strength for new products/vertical orders from emerging brands. GPM expanded 1.2ppt q/q to 31.2%, beating our/BBG forecast by 30bps and 70bps, which is attributable to price hikes in 2Q to reflect cost inflation, alongside a richer mix of vertical orders, and a lower contribution from carry-over styles. The opex ratio declined to 9.9% from 10.8% in 2Q, helping OPM to reach 21.3%, which beat BBG's 20.1%.

Oct-26 sales boosted by sustained vertical order strength — Oct-26 sales rose 11% y/y to NT$3.4bn, driven by garment +16% y/y while fabrics sales were broadly flat y/y. Growth continued to benefit from high-margin vertical orders from emerging brands. Mgmt expects 4Q26E sales to rise sequentially, supported by sustained demand for new products, while positive FX, product mix upgrade and price increases should help maintain GPM from 3Q's level. Order visibility extends into early 2Q27E, with mgmt remaining optimistic about 1Q27E orders.

Implications — The margin recovery supports our view that earlier cost pressures are easing, while Eclat's product differentiation and growing exposure to emerging brands continue to drive higher value vertical orders. Order visibility extending into early 2Q27E and an optimistic 1Q27E outlook provide further support for earnings

Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	6,641	24.20	28.3	14.0	3.2	24.3	5.0
2025A	5,515	20.10	-17.0	16.9	3.1	18.8	4.4
2026E	7,009	25.55	27.1	13.3	3.4	24.6	5.6
2027E	7,778	28.35	11.0	12.0	3.2	27.4	6.2
2028E	8,876	32.35	14.1	10.5	2.9	29.1	7.1

Source: Powered by dataCentral

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momentum. Potential tariff relief and lower oil prices following the Democrats' US midterm victory could provide additional support through reduced cost pressure and stronger consumer purchase power. Reiterate Buy and expect a positive stock reaction with next Tuesday's briefing being a near-term catalyst.

Figure 1. Eclat: 3Q26 Results Comp

NT$mn	2Q26	3Q25	3Q26	QoQ	YoY	Citi Estimate	Diff.	BBG Consensus	Diff.
Sales	10,086	9,633	10,572	5%	10%	10,896	-3%	10,435	1%
COGS	-7,059	-6,872	-7,275			-7,532			
Gross profits	3,027	2,761	3,296	9%	19%	3,365	-2%	3,179	4%
OPEX	-1,092	-921	-1,047			-1,080		-1,080	
Operating profits	1,935	1,840	2,249	16%	22%	2,285	-2%	2,099	7%
Total non-op income	74	248	43			50		91	
Pre-tax profits	2,009	2,089	2,292	14%	10%	2,335	-2%	2,190	5%
Tax Exp	-456	-436	-487			-558		-462	
Net Income	1,553	1,652	1,806	16%	9%	1,777	2%	1,728	5%
EPS (NT$)	5.66	6.02	6.58	16%	9%	6.48	2%	6.15	7%
Margins									
GPM	30.0%	28.7%	31.2%	1.2ppt	2.5ppt	30.9%	0.3ppt	30.5%	0.7ppt
OPM	19.2%	19.1%	21.3%	2.1ppt	2.2ppt	21.0%	0.3ppt	20.1%	1.2ppt
OPEX Ratio	10.8%	9.6%	9.9%	-0.9ppt	0.3ppt	9.9%	0.0ppt	10.3%	-0.4ppt
Net Margin	15.4%	17.2%	17.1%	1.7ppt	-0.1ppt	16.3%	0.8ppt	16.6%	0.5ppt

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Source: Bloomberg, Company Reports, Citi Research, Citi Research Estimates

Eclat

Valuation

Our target price for Eclat of NT$460 is based on 17x 2H26H-1H27E EPS, 15% below its historical average in view of persisting uncertainties on consumption trend and oil price fluctuations.

Risks

Key downside risks that could prevent the shares from reaching our target price include: rising tariff tensions, conservative consumer spending, slower capacity ramp-up in Indonesia, softer order outlooks by brand customers, and a lukewarm macro environment.

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Appendix A-1

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Eclat (1476.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Angela Hsu



	Date	Rating	Target Price	Closing Price
1	09-Nov-23 16:33:07	1	*690.00	593.00
2	09-Jan-24 16:00:38	1	*655.00	541.00
3	23-May-24 08:10:49	1	*650.00	476.50
4	24-Sep-24 09:21:02	1	*700.00	560.00
5	21-Feb-25 08:43:00	1	*680.00	556.00
6	19-May-25 10:54:22	1	*515.00	448.50
7	14-Aug-25 07:09:31	1	*465.00	407.00
8	18-Sep-25 11:48:40	*2	465.00	450.00
9	14-Jan-26 04:17:08	*1	*550.00	407.00
10	19-May-26 10:26:52	1	*460.00	320.00

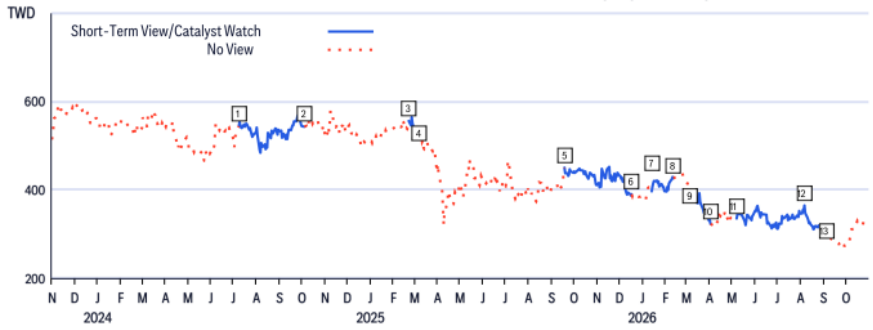
*Indicates Change

Rating/target price changes above reflect Eastern Time

Eclat (1476.TW)

Short-Term View/Catalyst Watch Research

Analyst: Angela Hsu



	Date	Action	Expected Direction	Duration	Closing Price
1	08-Jul-24 00:42:17	Add STV	Upside	90 Days	544.00
2	06-Oct-24 21:56:15	Remove STV	Upside	90 Days	543.00
3	21-Feb-25 03:43:00	Add CW	Downside	30 Days	556.00
4	07-Mar-25 01:50:11	Remove CW	Downside	30 Days	535.00
5	18-Sep-25 07:48:40	Add STV	Downside	90 Days	450.00
6	17-Dec-25 19:37:13	Remove STV	Downside	90 Days	390.00
7	13-Jan-26 23:17:08	Add CW	Upside	30 Days	396.50
8	13-Feb-26 12:13:20	Remove CW	Upside	30 Days	426.00
9	05-Mar-26 03:34:35	Add STV	Upside	30 Days	395.00
10	03-Apr-26 14:02:13	Remove STV	Upside	30 Days	322.50
11	07-May-26 07:02:38	Add STV	Upside	30 Days	335.00
12	06-Aug-26 07:33:39	Add STV	Upside	30 Days	364.50
13	04-Sep-26 14:06:23	Remove STV	Upside	30 Days	313.00

CW - Catalyst Watch , STV - Short-Term View

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Data current as of 01 Oct 2026	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
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% of companies in each rating category that are investment banking clients	39%	43%	30%	42%	38%	36%

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