07 Sep 2026 03:41:07 ET | 11 pages

Asia Vital Components (3017.TW)

Aug-26 Sales Tracking In Line, with Next-Gen AI GPU the Quarter End Kicker

CITI'S TAKE

AVC reported Aug-26 revenue of NT$19.5bn (+5% MoM/+54% YoY), taking 3Q26 QTD revenue to NT$38.1bn and tracking in line with Citi/cons. The sequential improvement was primarily driven by the mass production ramp up of AI ASIC project, confirming that the GPU platform transition drag that weighed on the previous quarter is now behind the company. With the Vera Rubin generation platform expected to see contribution by quarter end, we currently model 16% QoQ revenue growth for 3Q26E, and expect further acceleration in 4Q26E as GPU and ASIC liquid cooling products ramp simultaneously. With multiple ASIC projects entering mass production in 2H26, we expect revenue momentum to be stronger than 1H26. Maintain Buy.

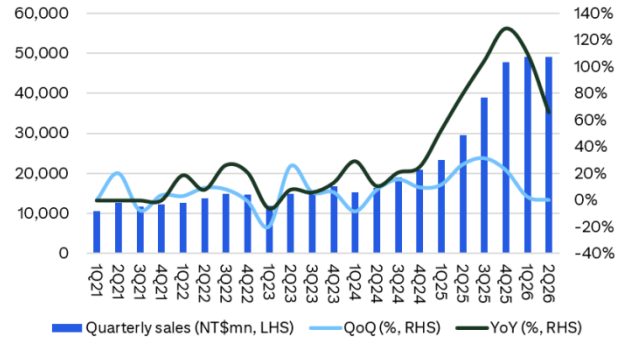
Buy	
Price (07 Sep 26 13:30)	NT$3,420.00
Target price	NT$3,800.00
Expected share price return	11.1%
Expected dividend yield	0.6%
Expected total return	11.7%
Market Cap	NT$1,342,497M US$42,436M

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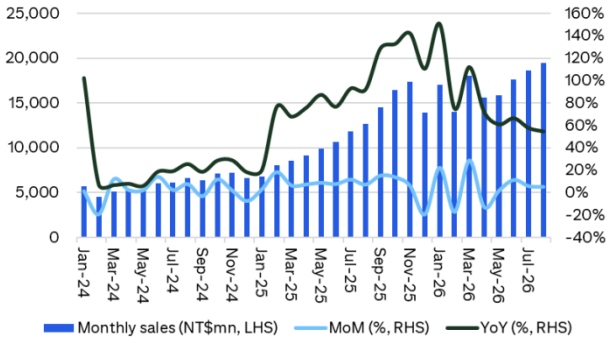
Figure 1. AVC - Quarterly sales trend



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Source: Company Reports, Citi Research

Figure 2. AVC - Monthly sales trend



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Source: Company Reports, Citi Research

Asia Vital Components

Valuation

We value AVC using a PE-based approach that factors in earnings momentum and the expansion of its addressable market. Our TP of NT$3,800 is derived from applying a 25x PE multiple on 2027E EPS, which we believe is justified given the company's entrenched positioned in the server thermal segment, rising contribution from liquid cooling, and the increasing value of thermal content per server as power density continues to climb. With these structural drivers still in place, we expect the multiple to hold at a premium relative to its historical averages.

Risks

This stock is High Risk based upon our quantitative model but assigning a High Risk rating is not supported by other qualitative factors such as cold-plate leadership and deep CSP penetration, and so a High Risk rating has not been applied. Key downside risks to our investment thesis and target price include: 1) slower adoption pace for liquid cooling adoption; 2) heightened price competition; 3) lower-than-expected share in liquid cooling components; and 4) emerging alternative cooling technologies.

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Appendix A-1

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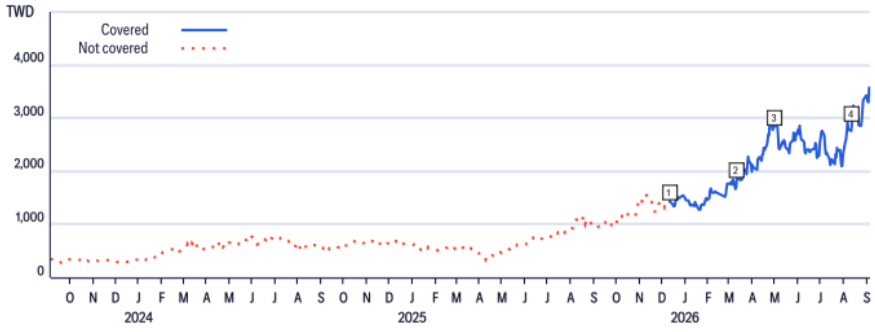
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Asia Vital Components (3017.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Michael Hung



	Date	Rating	Target Price	Closing Price
1	11-Dec-25 07:34:19	*1	*2,055.00	1,430.00
2	11-Mar-26 12:50:47	1	*2,400.00	1,860.00
3	30-Apr-26 11:37:17	1	*3,450.00	2,835.00
4	12-Aug-26 08:14:33	1	*3,800.00	2,910.00

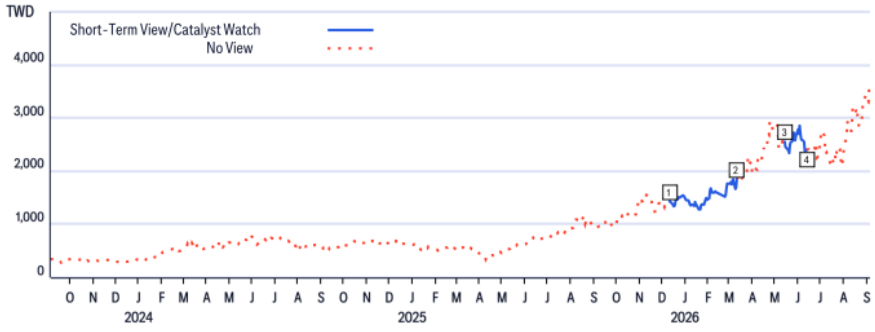
*Indicates Change

Rating/target price changes above reflect Eastern Time

Asia Vital Components (3017.TW)

Short-Term View/Catalyst Watch Research

Analyst: Michael Hung



	Date	Action	Expected Direction	Duration	Closing Price
1	11-Dec-25 02:34:19	Add STV	Upside	90 Days	1,430.00
2	11-Mar-26 21:46:27	Remove STV	Upside	90 Days	1,860.00
3	14-May-26 07:40:28	Add STV	Upside	30 Days	2,555.00
4	12-Jun-26 14:22:58	Remove STV	Upside	30 Days	2,405.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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% of companies in each rating category that are investment banking clients	38%	42%	27%	42%	37%	36%

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