13 Oct 2026 07:30:25 ET | 36 pages

Voltronic Power (6409.TW)

Recharging Growth: UPS Recovery and HVDC Potential; Initiate at Buy

CITI'S TAKE

We initiate coverage on Voltronic with a Buy rating and NT$1,050 target price. Voltronic is a Taiwan-based UPS ODM, supplying to western power vendors including Schneider, Riello, Vertiv and Eaton. We view 2026E as the earnings trough, with improving online UPS mix and operating leverage driving 28% earnings rebound in 2027E. Structural outsourcing by western power vendors should support sustained share gains, while expansion into HVDC power racks offers a new stream for AIDC growth, supporting a potential re-rating. Our TP applies 25x 2027E EPS against earnings CAGR of 20% in 2026-2028E, broadly consistent with its L-T historical average.

Outsourcing and mix upgrade underpin the recovery — Western vendors' increasing focus on integrated AIDC infrastructure strengthens the rationale for outsourcing select UPS platforms. Voltronic's customization capabilities and flexible manufacturing position it to capture additional opportunities. A rising contribution from online and higher power UPS should support margins, driving EPS CAGR of 20% in 2026-2028E.

Power racks could materially broaden its growth opportunity — Voltronic's high voltage EV-charger experience and longstanding relationships with western power vendors support its entry into HVDC power solutions. It has progressed into customer sampling, with management indicating that HVDC power rack mass production could begin in 2H27E at the earliest. Successful commercialization could broaden its addressable market and support a valuation re-rating.

Earnings recovery and strong cash returns — We view 2026E as the earnings trough, followed by a recovery in 2027-2028E. A richer online UPS mix and operating leverage should lift GPM from 27.1% in 2026E to 28.1% and 29.0% in 2027E and 2028E, respectively. Its relatively asset-light business model, net cash position and high dividend payout should provide additional support for shareholder returns.

Initiate Buy with TP NT$1,050 on 25x 2027E EPS — Our target multiple is broadly consistent with Voltronic's average forward P/E since 2013, supported by its competitive position in UPS outsourcing and durable customer relationships. Clearer evidence of power-rack commercialization could offer further re-rating.

Buy	
Price (13 Oct 26 13:30)	NT$854.00
Target price	NT$1,050.00
Expected share price return	23.0%
Expected dividend yield	3.5%
Expected total return	26.5%
Market Cap	NT$75,369M
	US$2,359M

Price Performance
(RIC: 6409.TW, BB: 6409 TT)



Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	4,204	48.13	15.9	17.7	7.5	46.0	4.8
2025A	3,521	40.23	-16.4	21.2	7.8	36.1	4.1
2026E	2,894	33.00	-18.0	25.9	10.4	34.5	3.4
2027E	3,710	42.30	28.2	20.2	9.7	49.7	4.3
2028E	4,144	47.25	11.7	18.1	9.1	51.9	4.8

Source: Powered by dataCentral

Angela Hsu [AC]
+886-2-8726-9083
angela.hc.hsu@citi.com

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

6409.TW: Fiscal year end 31-Dec

Price: NT$854.00; TP: NT$1,050.00; Market Cap: NT$75,369m; Recomm: Buy

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	22,813	20,521	20,374	21,913	23,378
Cost of sales	-15,790	-14,561	-14,860	-15,758	-16,609
Gross profit	7,023	5,960	5,514	6,155	6,768
Gross Margin (%)	30.8	29.0	27.1	28.1	29.0
EBITDA (Adj)	**5,274**	**4,491**	**3,730**	**4,704**	**5,208**
EBITDA Margin (Adj) (%)	23.1	21.9	18.3	21.5	22.3
Depreciation	-349	-313	-295	-262	-225
Amortisation	0	0	0	0	0
EBIT (Adj)	**5,115**	**4,329**	**4,015**	**4,569**	**5,093**
EBIT Margin (Adj) (%)	22.4	21.1	19.7	20.9	21.8
Net interest	164	139	130	127	127
Associates	0	0	0	0	0
Non-Op/Except/Other Adj	-189	-151	-579	-127	-110
Pre-tax profit	**5,090**	**4,317**	**3,566**	**4,569**	**5,110**
Tax	-886	-796	-672	-859	-967
Extraord./Min.Int./Pref.div.	0	0	0	0	0
Reported net profit	**4,204**	**3,521**	**2,894**	**3,710**	**4,144**
Net Margin (%)	18.4	17.2	14.2	16.9	17.7
Core NPAT	4,204	3,521	2,894	3,710	4,144

Per share data	2024	2025	2026E	2027E	2028E
Reported EPS ($)	48.13	40.23	33.00	42.30	47.25
Core EPS ($)	48.13	40.23	33.00	42.30	47.25
DPS ($)	41.00	35.00	28.71	36.80	41.10
CFPS ($)	50.41	52.75	23.72	43.92	48.63
FCFPS ($)	49.41	52.07	22.65	43.01	47.72
BVPS ($)	113.66	109.16	82.39	87.89	94.04
Wtd avg ord shares (m)	87.4	87.5	87.7	87.7	87.7
Wtd avg diluted shares (m)	87.4	87.5	87.7	87.7	87.7

Growth rates	2024	2025	2026E	2027E	2028E
Sales revenue (%)	20.4	-10.0	-0.7	7.6	6.7
EBIT (Adj) (%)	23.6	-15.4	-7.3	13.8	11.5
Core NPAT (%)	16.1	-16.3	-17.8	28.2	11.7
Core EPS (%)	15.9	-16.4	-18.0	28.2	11.7

Balance Sheet (NT$m)	2024	2025	2026E	2027E	2028E
Cash & cash equiv.	6,556	6,738	6,685	7,230	7,918
Accounts receivables	3,450	3,387	2,896	3,125	3,348
Inventory	2,093	1,796	1,723	1,830	1,947
Net fixed & other tangibles	4,390	4,172	4,083	3,901	3,757
Goodwill & intangibles	446	535	701	701	593
Financial & other assets	386	456	422	422	422
Total assets	**17,321**	**17,084**	**16,511**	**17,209**	**17,986**
Accounts payable	4,350	4,796	3,485	3,701	3,939
Short-term debt	0	0	0	0	0
Long-term debt	636	538	489	489	489
Provisions & other liab	2,406	2,197	5,310	5,310	5,310
Total liabilities	**7,392**	**7,531**	**9,285**	**9,501**	**9,739**
Shareholders' equity	9,929	9,553	7,226	7,708	8,247
Minority interests	0	0	0	0	0
Total equity	**9,929**	**9,553**	**7,226**	**7,708**	**8,247**
Net debt (Adj)	**-5,920**	**-6,200**	**-6,196**	**-6,741**	**-7,429**
Net debt to equity (Adj) (%)	-59.6	-64.9	-85.7	-87.4	-90.1

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	17.7	21.2	25.9	20.2	18.1
PB (x)	7.5	7.8	10.4	9.7	9.1
EV/EBITDA (x)	13.3	15.4	18.5	14.6	13.1
FCF yield (%)	5.8	6.1	2.7	5.0	5.6
Dividend yield (%)	4.8	4.1	3.4	4.3	4.8
Payout ratio (%)	85	87	87	87	87
ROE (%)	46.0	36.1	34.5	49.7	51.9

Cashflow (NT$m)	2024	2025	2026E	2027E	2028E
EBITDA	5,464	4,641	4,309	4,830	5,318
Working capital	-413	786	-773	-119	-103
Other	-647	-811	-1,456	-859	-950
Operating cashflow	**4,404**	**4,617**	**2,080**	**3,852**	**4,265**
Capex	-87	-60	-93	-80	-80
Net acq/disposals	-17	-333	-113	0	0
Other	0	-2	-7	0	108
Investing cashflow	**-104**	**-395**	**-214**	**na**	**28**
Dividends paid	-3,290	-3,772	-2,518	-3,227	-3,605
Financing cashflow	**-3,488**	**-3,944**	**-2,610**	**-3,227**	**-3,605**
Net change in cash	**1,512**	**-141**	**-185**	**545**	**688**
Free cashflow to s/holders	**4,317**	**4,556**	**1,987**	**3,772**	**4,185**

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

Contents

Executive Summary 4
Valuation Comparison 7
Investment Thesis 8
- Positive #1 – AIDC creates a new growth runway, with power-rack expansion potentially lifting Voltronic into broader power solutions 8
- Positive #2 – UPS outsourcing provides a structural share-gain opportunity 10
- Positive #3 – Online and high-power UPS mix upgrade should support structurally better growth 14

Financial Analysis 17
Valuation Methodology and Risks 22
Company Overview 24
Bull/Bear: Voltronic Power (6409.TW) 27
Voltronic Power 28
- Company description 28
- Investment strategy 28
- Valuation 28
- Risks 28

Appendix A-1 28

Executive Summary

We initiate coverage of Voltronic with a Buy rating and target price of NT$1,050 (25x 2027E EPS), supported by structural UPS outsourcing, improving product mix and emerging opportunities in AI datacenter power infrastructure. Voltronic is a Taiwan-based ODM of uninterrupted power supplies ("UPS") and power conversion products for global brands. UPS system provides backup electricity and protection against power disturbances, helping critical equipment maintain operation during supply disruptions. UPS accounted for 63% of Voltronic's 2025 group sales. Its pure-play ODM model, customization capabilities and longstanding customer relationships underpin its competitive positioning.

Our positive stance on the shares is based on three major reasons:

1. We see expansion into HVDC power racks as a potentially significant new growth opportunity. Its experience in high-voltage EV chargers provides relevant engineering capabilities, while its established relationships with western power vendors support access to customer development programs. Voltronic has progressed into customer sampling, with management indicating that HVDC power rack mass production could begin in 2H27E at the earliest. Successful commercialization could broaden its addressable market and support a valuation re-rating, although meaningful earnings contribution remains subject to qualification, design wins and production schedules.

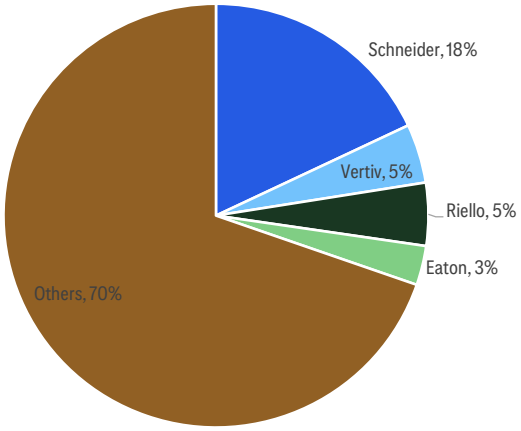
2. Structural UPS outsourcing should support sustained market share gains. Western power vendors are allocating more resources to integrated AIDC infrastructure and energy management, strengthening the rationale for outsourcing selected products. Voltronic's engineering expertise, flexible manufacturing and ability to handle a broad range of customized products in small batches make it well positioned to capture these opportunities.

3. The shift toward online and higher power UPS should improve revenue quality and profitability. We expect online UPS to be the principal driver of the earnings recovery, with online UPS sales growing 12% CAGR in 2026-2028E as outsourcing opportunities and demand for higher power systems expand.

We view 2026E as the earnings trough, followed by a recovery in 2027-2028E. We forecast EPS of NT$33.00/NT$42.30/NT$47.25 in 2026E/2027E/2028E, implying earnings growth of 28% and 12% in 2027E and 2028E. A richer online UPS mix and operating leverage should lift GPM from 27.1% in 2026E to 28.1% and 29.0% in 2027E and 2028E, respectively. Its relatively asset-light business model, net cash position and high dividend payout should provide additional support for shareholder returns.

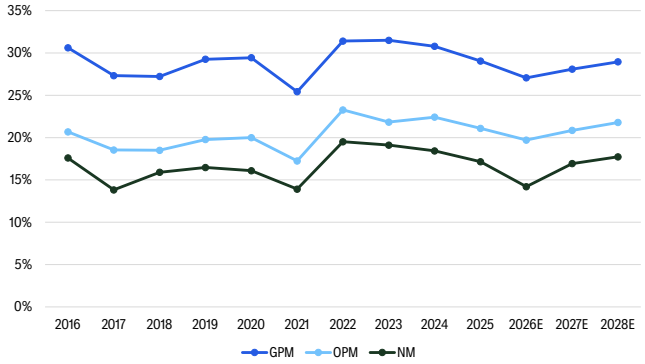
Our target price applies 25x forward P/E to 2027E EPS, broadly consistent with Voltronic's long tern average forward P/E since 2013. We believe its competitive position in UPS outsourcing, durable customer relationships and manufacturing capabilities justify this multiple, with clearer evidence of power rack commercialization offering potential for further re-rating.

Figure 1. Voltronic: Sales Mix



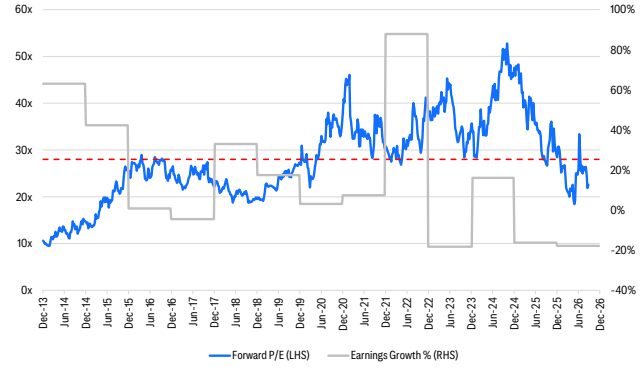
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Source: Company Reports, Citi Research, Citi Research Estimates

Figure 2. Voltronic: Margins Trend



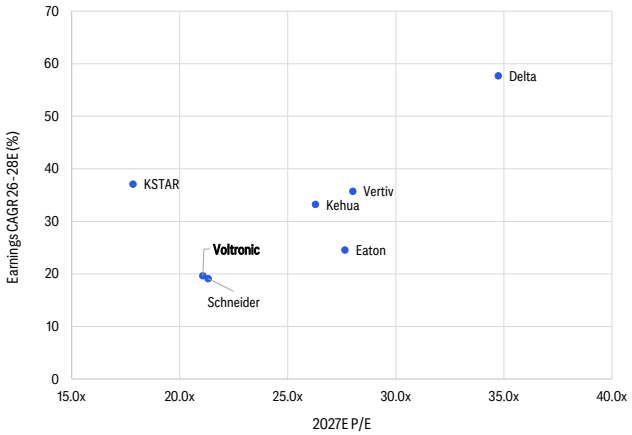
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Figure 3. Voltronic: Forward P/E vs. Earnings Growth



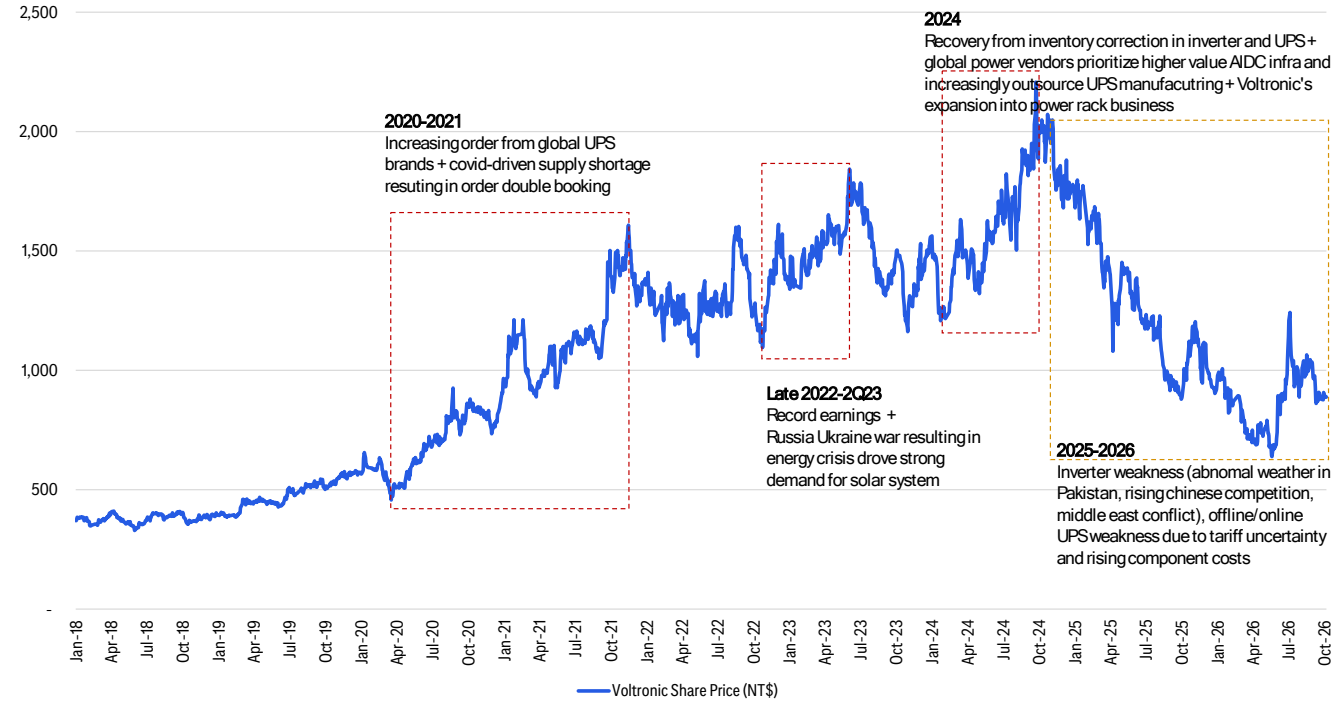
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Figure 4. Peers Comp: Forward P/E vs. Earnings CAGR



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Figure 5. Voltronic: Historical Share Price Trend and Key Drivers



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Source: TEJ , Citi Research

Valuation Comparison

Figure 6. UPS Valuation Comp

Company	RIC	Rating*	Curr	Target Price	Price 12-Oct	Mkt-Cap US$M	3M ADT US$M	P/E (x) FY26E	P/E (x) FY27E	P/E (x) FY28E	EV/EBITDA (x) FY26E	EV/EBITDA (x) FY27E	EV/EBITDA (x) FY28E	P/B (x) FY26E	P/B (x) FY27E	P/B (x) FY28E	Dividend yield (%) FY25E	Dividend yield (%) FY26E	Dividend yield (%) FY27E	Dividend yield (%) FY28E	26-28E 2yr EPS CAGR (%)	ROE FY26E	ROE FY27E	ROE FY28E
Taiwan																								
Voltronic	6409.TW	1	TWD	1,050.0	875.0	2,418.3	14.7	26.5	20.7	18.5	16.5	14.6	13.2	10.6	10.0	9.3	4.0	3.3	4.2	4.7	19.7	34%	50%	52%
Delta	2308.TW	1	TWD	2,280.0	1,900.0	154,557.6	686.7	49.9	32.9	20.1	27.0	17.7	11.0	11.1	8.6	6.2	0.6	1.0	1.6	2.6	57.7	25%	29%	36%
Lite-On	2301.TW	NR	TWD	na	288.0	20,889.4	218.6	26.4	18.9	13.7	17.7	12.1	9.3	6.4	5.7	5.1	1.7	2.6	3.6	5.6	38.7	25%	31%	40%
CyberPower	3617.TW	NR	TWD	na	258.5	767.1	4.2	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Sub-Average								**34.3**	**24.2**	**17.4**	**20.4**	**14.8**	**11.2**	**9.4**	**8.1**	**6.9**	**2.1**	**2.3**	**3.1**	**4.3**	**38.7**	**28%**	**37%**	**42%**
Global																								
Kehua	002335.SZ	NR	CNY	na	28.2	3,184.0	98.9	33.0	24.7	18.7	17.4	13.7	11.5	2.8	2.6	2.3	1.2	1.7	2.4	4.0	32.9	10%	13%	16%
KSTAR	002518.SZ	NR	CNY	na	31.4	2,727.5	78.5	23.8	16.4	12.7	16.3	11.4	8.4	3.4	2.9	2.5	1.4	1.9	2.9	3.7	37.1	14%	18%	20%
Fuji Electric	6504.T	1	JPY	18,000.0	15,015.0	13,844.5	72.3	22.6	17.8	16.7	10.7	9.0	8.1	2.8	2.6	2.4	1.1	1.3	1.6	1.7	16.0	13%	15%	15%
Mitsubishi Electric	6503.T	1	JPY	7,200.0	5,143.0	66,486.3	205.1	25.9	18.8	17.3	14.5	10.1	9.4	2.4	2.1	1.9	1.0	1.1	1.2	1.3	20.9	10%	12%	11%
Vertiv	VRT.N	1	USD	358.0	242.8	93,467.4	307.4	36.3	26.8	20.9	27.3	18.7	14.2	14.9	9.9	6.9	na	na	na	na	35.9	45%	42%	38%
ABB	ABBN.S	2	CHF	85.0	79.8	175,233.6	211.8	28.6	25.6	22.7	22.0	17.7	15.7	8.4	7.2	6.0	1.2	1.3	1.3	1.3	(3.1)	43%	29%	28%
Siemens Energy	ENRtn.DE	2	EUR	185.0	146.8	141,559.8	325.6	30.6	21.6	16.6	18.4	13.1	10.3	11.2	9.7	7.1	0.5	1.5	2.0	2.7	38.0	35%	47%	49%
Schneider Electric	SCHN.PA	1	EUR	370.0	268.5	174,021.5	288.7	24.9	21.0	18.6	17.6	14.8	12.9	5.6	4.9	4.2	1.6	1.6	1.7	2.0	19.1	21%	23%	23%
Eaton	ETN.N	1	USD	485.0	429.7	166,876.1	232.2	31.7	26.8	23.3	23.0	19.7	17.6	7.6	7.1	6.4	0.9	1.0	1.0	1.1	24.5	20%	24%	26%
Emerson Electric	EMR.N	1	USD	182.0	161.8	90,268.8	121.9	24.7	22.5	20.3	18.7	16.8	15.4	25.6	17.2	14.6	1.3	1.4	1.4	1.4	11.2	23%	70%	60%
Sub-Average								**28.9**	**22.5**	**18.6**	**18.7**	**14.6**	**12.2**	**8.5**	**6.6**	**5.4**	**1.0**	**1.3**	**1.5**	**1.9**	**25.3**	**0.2**	**0.3**	**0.3**
Average								**31.6**	**23.3**	**18.0**	**19.6**	**14.7**	**11.7**	**8.9**	**7.4**	**6.1**	**1.6**	**1.8**	**2.3**	**3.1**	**32.0**	**26%**	**33%**	**36%**

*Note: 1=Buy, 2=Neutral, 3=Sell, H=High Risk

Source: Powered by DataCentral, Citi Research estimates and I/B/E/S estimates for Not-Rated (NR) Companies

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Source: Thomson Reuters, Citi Research, Citi Research Estimates

Investment Thesis

Positive #1 – AIDC creates a new growth runway, with power-rack expansion potentially lifting Voltronic into broader power solutions

We see Voltronic's expansion into power racks as a potentially significant extension of its AIDC opportunity in the medium to long term, enabling the company to capture the broader share of datacenter power spending. We believe Voltronic's existing high-voltage engineering capabilities, established relationships with western power vendors and customer collaboration provide a credible foundation for winning business in HVDC power rack.

Rapid growth in AI workloads and rising rack density increase the power capacity required, alongside more demanding requirements for efficiency, reliability and load management. Nvidia's roadmap targets 800VDC infrastructure supporting racks of 1MW and beyond, while its latest architecture includes power racks that supply 800VDC to compute racks within existing AC-powered facilities. We believe this creates scope for greater power-infrastructure, even as the architecture consolidates conversion stages to improve efficiency.

EV-charger experience provides a relevant technical foundation for HVDC development

Voltronic already offers DC fast chargers ranging 30-240kW, with modular designs delivering constant power across a 300-100VDC range and charging controls developed internally. These products demonstrate existing experience with high-voltage conversion, protection, thermal management and modular power-system design. We believe these capabilities should support its development of 800VDC PSUs and reduce the engineering learning curve.

Established westerns customer relationships strengthen its route to market

Voltronic's UPS ODM business provides existing engineering relationships and familiarity with customers' quality, customization and manufacturing requirements. Its pure ODM business model also emphasizes avoiding competition with customers. We believe this positioning makes it a suitable partner for western vendors who are expanding their AI infrastructure offerings. Existing relationships should help Voltronic secure development opportunities and understand product roadmaps early, although each new platform still requires qualification.

Voltronic has already taken concrete steps toward this opportunity. The company has publicly introduced an HVDC PSU for power racks, while its broader development plan extends into solutions combining battery backup unit (BBUs). battery management systems (BMS), and DCDC converters through collaboration with power-system companies.

Management indicated discussions with two Tier 1 vendors with the intended solution ultimately servicing the service providers. This creates a potential path from supplying individual power products to participating in a larger, integrated power-rack offering.

Development has progressed into customer sampling, although specifications continue to evolve with customers' requirements. Management pointed out that shipment of 800VDC products possible from 2H27E at the earliest.

We view its existing relationships with global power-solution vendors as a key advantage, while its commitment to operating as a pure ODM without competing against customers under its own brand supports this partnership model.

That said, customer qualification, confirmed design wins and mass-production timing remain key milestones before we can confidently evaluate a material contribution. Sales potential also depends on Voltronic's scope of supply, which determines content per rack and the share of system value it captures. Progress toward commercial shipments could strengthen earnings visibility and support a re-rating as Voltronic establishes its position in AIDC power infrastructure.

Figure 7. Western Power Vendors' Positioning in 800VDC Power Racks

Company	Schneider Electric	Eaton	ABB	Vertiv
Power Rack Product	NetShelter Power Rack - 800VDC	800VDC/+-400VDC sidecar platform	800VDC power architecture under development.	PowerDirect 5000, a dedicated 800VDC power sidecar/standalone power center.
Power Capacity	>660kW; broader sidecar architecture can support AI racks of up to 1.2MW	900kW max	na	400-900kW per PowerDirect 500 sidecar.
Expected Timeline	Sidecar intended to be available ahead of Rubin Ultra/Kyber deployments beginning in 2027E.	2027 production readiness target	na	800VDC sidecars are under customer validation in 2026 with deployment planned in 2027E.
Work with Nvidia?	Yes. Working directly with Nvidia on 800VDC sidecar	Yes, working with Nvidia on design, reference architectures, and 800VDC power mgmt solutions	Yes, ABB and Nvidia are jointly developing power solutions for 800VDC and gigawatt scale AIDC.	Yes, working closely with Nvidia. Vertiv has aligned the product roadmap with Nvidia's next-gen platforms.
External Partners?	Yes. The mgmt said it will leverage some partners when needed.	Yes. The mgmt said it is actively seeking industry collaboration to refine an d deploy the prototype.	Yes at the ecosystem level.	Yes at the ecosystem level, but less explicit on outsourcing.
Relevant Mgmt Commentary	On 1Q26 call, Schneider said it is investing heavily in 800VDC; the sidecar is the solution that can be deployed quickly. Importantly, mgmt explicitly said Schneider doesn't need to do everything itself and would leverage partners where necessary.	Eaton describes 800VDC as a major part of its "grid-to-chip" strategy. The detailed sidecar roadmap and explicit request for industry collaboration suggest Eaton is actively building an ecosystem around the product rather than developing every element entirely internally.	The mgmt noted ABB was an early investor in UPS, DC and solid-state electronics, which they describe as a future potential demand driver, with its Nvidia collaboration putting these technologies at the center of next-gen datacenter architecture.	Vertiv said 800VDC should become an important portion of the market from 2027E onward. Its programs were on schedule for launches, while mgmt was pleased with feedback from ongoing prototypes and validation activities.

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Source: Company Reports, Citi Research

Figure 8. Voltronic: Prototype of Power Racks



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Source: Voltronic, Citi Research

Figure 9. Voltronic: Prototype of Power Racks



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Source: Voltronic, Citi Research

Positive #2 – UPS outsourcing provides a structural share-gain opportunity

We see structural outsourcing as a durable growth driver for Voltronic, allowing its UPS business to outgrow underlying industry demand. Rising investment in digital infrastructure, commercial applications and industrial automation supports continued demand for power protection, while established brands have incentives to outsource selected hardware platforms.

Voltronic's dedicated ODM model, engineering capabilities and manufacturing efficiency position it to capture this opportunity. In our view, growth can come from both an expanding market and the transfer of existing production from customers' factories to qualified manufacturing partners.

UPS remains a structurally growing power-protection market

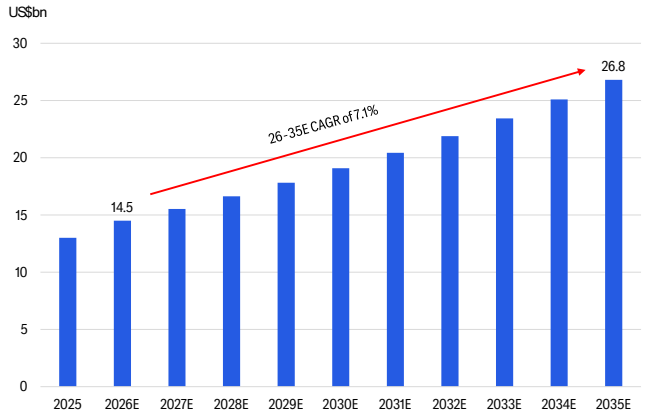
Global Market Insights estimates the worldwide UPS market at US$13bn in 2025, rising to US$14.5bn in 2026E and US$26.8bn by 2035E, implying a 7.1% CAGR over 2026-2035E. Although estimates vary by research provider and market definition, the underlying drivers include increasing dependency on electronic systems, growth in industrial automation and smart manufacturing, increasing power outages and grad instability, rising costs of downtime and greater requirements for reliable electricity.

Datacenters provide an important source of incremental demand, while commercial and industrial applications broaden the market beyond the AI investment cycle. Datacenters expansion supports demand for online, double conversion UPS systems, which continuously condition incoming power and protect critical equipment against supply disturbance. Commercial applications – including offices, retail networks and healthcare facilities – require protection for servers, communications equipment and other essential systems. Industrial demand comes from protecting sensitive control, automation equipment and critical processes where power interruptions can disrupt production.

The competitive landscape is led by established international suppliers. Per Global Market Insights 2025 analysis, Schneider Electric, Eaton, Vertiv are the three leading suppliers, with the top 5 collectively controlling approximately 60-65% of the global UPS market. Other peers include Huawei, KSTAR, Kehua, Delta and Riello.

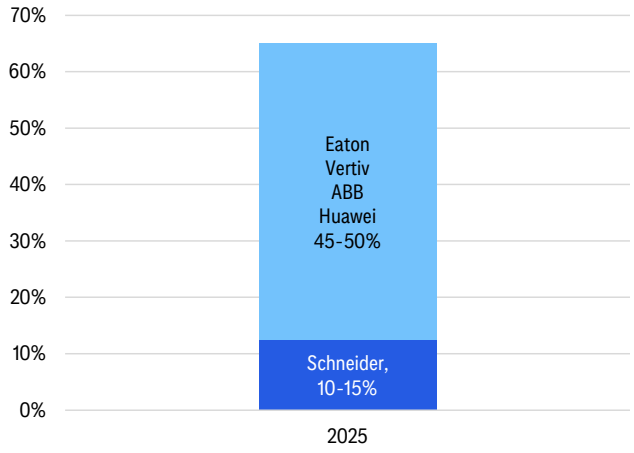
This concentration matters for the outsourcing thesis – securing additional projects from a relatively small number of large brands can open substantial manufacturing opportunities.

Figure 10. Global UPS Market Size 2025-2035E



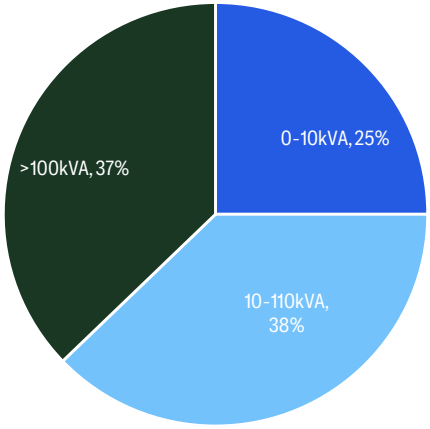
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Source: Global Market Insights, Citi Research

Figure 11. Global UPS Market Share by Brand (2025)



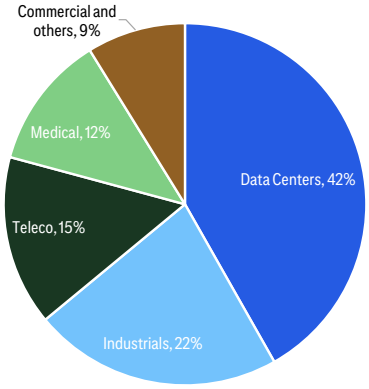
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Source: Global Market Insights, Citi Research

Figure 12. Global Online UPS by Power Rating



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Source: PW Consulting Group, Citi Research

Figure 13. Global Online UPS by End Use



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Source: PW Consulting Group, Citi Research

Western brands' strategic priorities support further selective outsourcing

Per our industry checks, major UPS brands still manufacture a substantial portion of their UPS products internally, while increasingly moving toward energy management and committing resources to broader AIDC infrastructure. This could result in small and medium UPS products to be gradually outsourced as this transition develops. We view this as a multi-year opportunity, particularly where established platforms can be transferred to qualified ODMs while customers retain control over product specifications, branding and distribution.

We identify three economic reasons for this shift –

1. **Outsourcing can improve manufacturing and capital efficiency**: A specialist ODM can aggregate demand across customers, consolidate component purchases and spread manufacturing overhead across a larger production base. For brands, this can reduce incremental factory investment and simplify capacity planning.

2. **Outsourcing can accelerate product development**: access to ODMs' established platforms, component knowledge and manufacturing processes allows brands to adapt existing designs for additional markets and applications. Engineering resources can then concentrate on product differentiation.

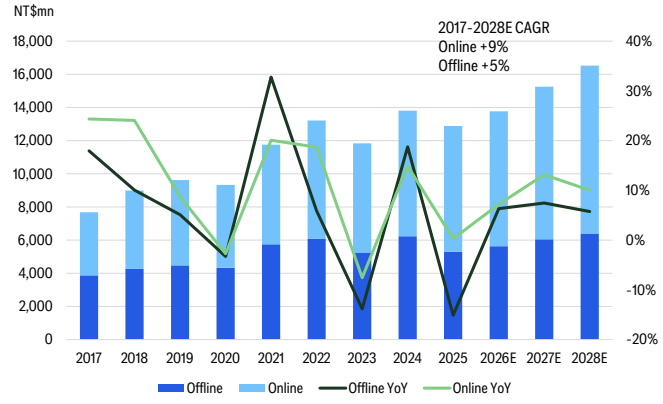
3. **Broader system offerings create competing demands on vendors' resources**. Leading UPS brands emphasize on monitoring, operational management and integrated solutions, strengthening the rationale for outsourcing selected hardware while allocating more resources to system integration, and software.

Voltronic's dedicated ODM model, engineering capabilities and manufacturing efficiency should position it to capture further UPS outsourcing

Voltronic's ODM focus is evident from its commitment to operate without having a brand of its own to compete with its customers. This aligns its interests with customers and differentiates it from suppliers that combine branded sales with contract manufacturing. Long-standing relationships with leading vendors, including Schneider, Riello, Vertiv and Eaton, provide a foundation for securing additional projects. Its engineering capabilities enable it to meet diverse product specifications, while flexible manufacturing supports the small production batches and broad model range characteristic of the UPS industry.

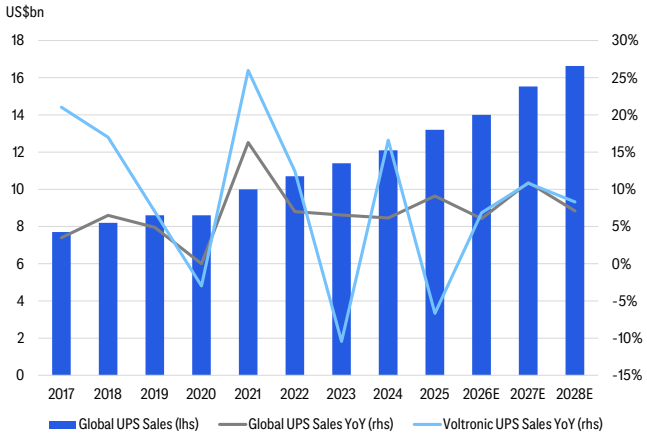
Its track record in product qualification and certification also creates barriers, as moving established programs to other suppliers requires additional validation, audits and testing. We believe this combination of customer trust, execution and cost competitiveness positions Voltronic to secure more outsourcing orders, including higher-power online UPS, as western brands allocate greater resources to AIDC infrastructure and integrated power solutions.

Figure 14. Voltronic: Online UPS and Offline UPS Sales and Y/Y



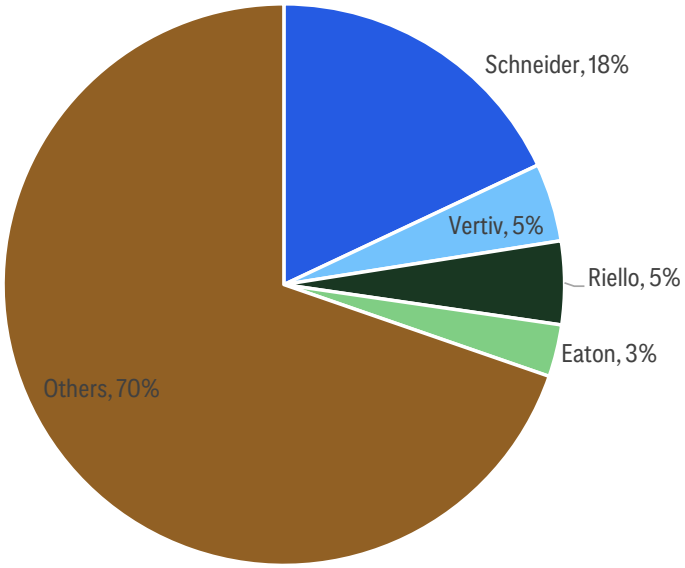
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Figure 15. Voltronic UPS Sales vs. Global UPS Sales Growth



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Figure 16. Voltronic: Customer Mix in 1H26



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Source: Company Reports, Citi Research

Positive #3 – Online and high-power UPS mix upgrade should support structurally better growth

We expect Voltronic's shift toward online and higher-power UPS to become an increasingly important driver of revenue growth and profitability. Moving up the product range increases power capacity and engineering content per system, supporting higher ASPs and greater differentiation. We forecast online UPS sales to rise at a 12% CAGR in 2026-2028E, ahead of offline UPS at 6%, with online UPS gross profit growing faster at 16% as product mix improves.

Offline UPS remains a stable revenue base, yet offers more limited differentiation. Offline UPS typically serves home offices, small businesses and basic power applications. These products feature relatively simple designs and lower costs.

We view this segment as increasingly mature and commoditized, with lower technical barriers exposing suppliers to greater pricing pressure, including competition from Chinese manufacturers. Scale, procurement efficiency and cost control hence are the key competitive factors, while opportunities for sustained ASP and margin expansion are more constrained, in our view. Our model assumes offline UPS gross margin to be at 24-26% in 2025-2028E.

Online UPS offers greater technical differentiation and stronger margin potential. Its double-conversion architecture continuously converts AC power into DC and back into AC, providing stable voltage and frequency, avoiding power disturbances and enabling zero transfer time to battery operation.

It is particularly suited to complex, power-sensitive applications such as datacenters, industrial automation and precision control systems, where even brief interruptions or power quality disturbances can disrupt operations. The business also exhibits high-mix, low-volume characteristics, particularly in customized

commercial and industrial applications, where customers require different power ratings, redundancy configuration and battery interfaces etc. Our model assumes online UPS gross margin to be at 31-34% in 2025-2028E.

We believe this creates opportunities for an experienced ODM partner such as Voltronic to differentiate through customization and reliable delivery, while sharing development and procurement resources across customers and product platforms. Together with demanding certification, customer qualification and reliability testing, these capabilities raise entry barriers and switching costs, supporting higher ASPs, strong customer retention and better margin potential as Voltronic expands into higher power systems.

We project online UPS sales to increase 12% CAGR in 2026-2028E, lifting its contribution to group sales from 37% in 2025 to c.44% in 2028E. The underlying driver comes from a stronger outsourcing opportunity thanks to the AIDC boom. Western vendors, including Schneider, Vertiv are expanding their focus on integrated AIDC infrastructure, power distribution, and infrastructure management. Meanwhile, rising power requirements within conventional AC-based datacenters support demand for higher power UPS systems, prompting vendors to expand UPS production capacity. We believe the combination of stronger demand and competing resource requirements can strain available engineering and manufacturing capabilities, increasing the appeal of qualified ODM partners to supplement internal production. Voltronic's customization capabilities and flexible manufacturing position it to capture this opportunity.

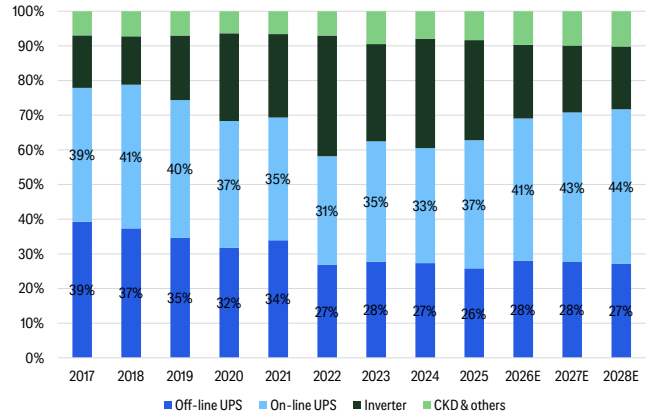
Figure 17. Online UPS vs Offline UPS

	Offline UPS	Online UPS
Voltronic Sales Mix (2025)	26%	37%
Voltronic GPM (2025)	25-26%	31-32%
Operating Principle	Utility power normally feeds the load directly; battery/inverter activates when input power fails or moves our of range	Input AC is continuously converted AC-DC-AC, with inverter continuously supplying the load
Transfer Time	Short transfer time, a few milliseconds	Near-zero transfer time
Typical Power Range	More concentrated in lower-power applications	More prevalent in medium and high power applications
Product Characteristics	More standardized, high volume products	More customized and project based products
Technical Complexity	Lower	Higher
Typical Applications	PCs, home office, POS systems, small networking equipment	Datacenters, server rooms, telecom, industrial equipment, medical and critical infra
Cost	Lower	Higher
Maintenance Needs	Lower	Higher
Main Advantage	Cost effective and efficient for non-critical loads	Best power quality and highest protection for mission-critical loads

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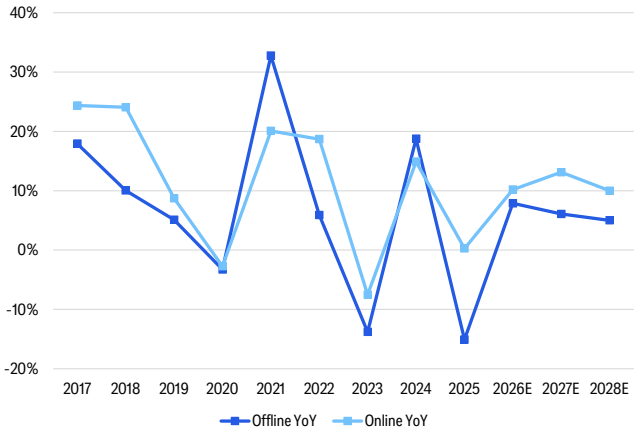
Source: Citi Research

Figure 18. Voltronic: Sales Mix



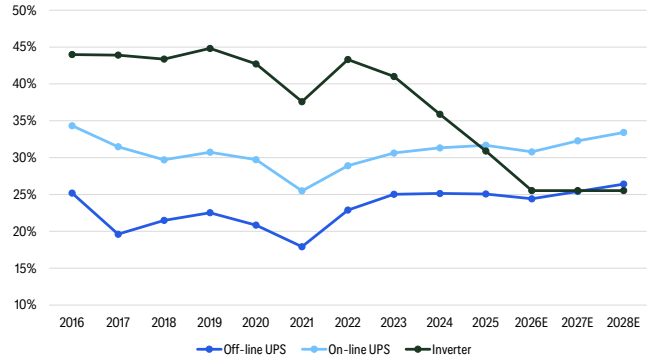
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Figure 19. Voltronic: Online UPS vs. Offline UPS Sales Growth



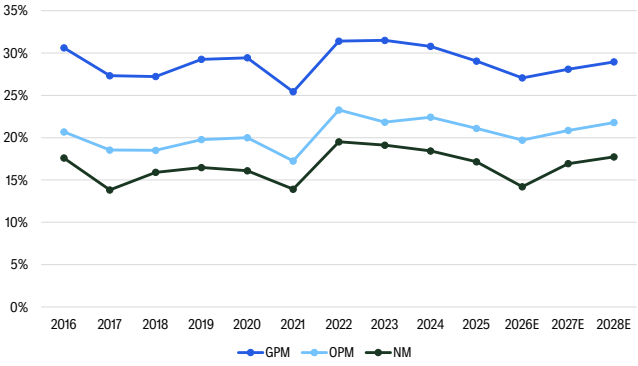
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Figure 20. Voltronic: GPM by Product



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Figure 21. Voltronic: Margins Trend



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Financial Analysis

Income statement – 2026E marks the earnings trough; online UPS drives the recovery from 2027E

Voltronic delivered an 8.7% sales CAGR and 9.9% net profit CAGR over 2018-2025, although earnings have become more volatile in recent years due largely to swings in the inverter business. We forecast sales to decrease 1% y/y to NT$20.4bn in 2026E, before recovering 8% y/y and 7% y/y to NT$21.9bn and NT$23.4bn in 2027E and 2028E respectively. The key driver is the higher value online UPS.

We forecast online UPS sales to grow 10%/13%/10% y/y in 2026E/2027E/2028E, lifting its sales contribution from 37% in 2025 to 44% by 2028E. Together with offline UPS, we estimate UPS products to make up 72% of group sales in 2028E vs 2025's 63%. Conversely, we forecast inverter sales to decline 27% y/y in 2026E and remain broadly flat thereafter, reducing their sales contribution from 29% in 2025 to 18% in 2028E.

We expect gross margin to bottom at 27.1% in 2026E vs. 29.0% in 2025, reflecting negative impact from material cost inflation and weaker inverter profitability. Thereafter, we forecast gross margin to recover to 28.1% and 29.0% in 2027E and 2028E, supported by a richer online UPS mix and improving segment margins. We estimate online UPS gross margin to increase from 30.8% in 2026E to 33.4% in 2028E driven rising contribution from high power online UPS, while its rising sales mix could provide increasing contribution to group gross profits.

Operating leverage should further support profitability. Opex fell from 8.0% of sales in 2025 to 7.4% in 2026E and could remain at 7.2% thereafter, while R&D investment is maintained at 4.2% of sales. We therefore forecast OPM to recover from 19.7% in 2026E to 20.9% and 21.8% in 2027E and 2028E.

We estimate net profit to decrease 18% y/y in 2026E, partly hampered by a larger FX loss, before rebounding 28% y/y and 12% y/y in 2027E and 2028E. We forecast EPS to register NT$33.00/NT$42.30/NT$47.25 in 2026E/2027E/2028E.

We attribute Voltronic's earnings decline in 2025 and our forecast for a further decline in 2026E to persistent inverter weakness and additional cost and supply pressures. In 2025, adverse weather in Pakistan shortened the inverter peak season and weakened demand, while intensifying Chinese competition pressured pricing and profitability. The weakness extended into 2026E as the Middle East conflict disrupted logistics and delayed shipments, alongside continued customers destocking in Pakistan. In 1H26, RMB appreciation further weighed on margins. Meanwhile, raw material shortages constrained shipments and higher metal and key component prices eroded gross margins. We therefore forecast earnings to decline 18% y/y in 2026E before improving 28% y/y in 2027E.

Figure 22. Voltronic: Income Statement

Income Statement (NT$m)	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net Sales	**11,408**	**12,936**	**13,653**	**16,957**	**22,725**	**18,951**	**22,813**	**20,521**	**20,374**	**21,913**	**23,378**
COGS	-8,303	-9,151	-9,634	-12,646	-15,588	-12,982	-15,790	-14,561	-14,860	-15,758	-16,609
Gross Profit	**3,105**	**3,785**	**4,018**	**4,311**	**7,137**	**5,968**	**7,023**	**5,960**	**5,514**	**6,155**	**6,768**
Operating Exp.	-994	-1,228	-1,288	-1,386	-1,849	-1,831	-1,908	-1,632	-1,499	-1,586	-1,675
Operating Exp. - Promotion	-269	-322	-351	-387	-434	-372	-385	-305	-262	-282	-301
Operating Exp. - ADM	-308	-339	-362	-398	-509	-525	-561	-482	-386	-382	-384
Operating Exp. - R&D	-418	-567	-574	-601	-906	-933	-962	-845	-851	-922	-990
Operating income	**2,111**	**2,557**	**2,730**	**2,925**	**5,288**	**4,138**	**5,115**	**4,329**	**4,015**	**4,569**	**5,093**
Total non-operating Inc.	**145**	**59**	**-81**	**-34**	**115**	**245**	**-25**	**-12**	**-449**	**0**	**17**
Net Interest Inc.	26	5	19	31	-7	83	164	139	130	127	127
Disposal of Fixed Asset	-1	-5	0	-1	0	-2	-1	-7	0	0	0
Exchange Gain (Loss)	53	18	-154	-92	88	101	-204	-171	-702	0	0
Others Income (Loss)	67	41	54	28	34	63	15	27	123	-127	-110
Pre-tax Income	**2,256**	**2,616**	**2,650**	**2,890**	**5,403**	**4,382**	**5,090**	**4,317**	**3,566**	**4,569**	**5,110**
Income Tax	-443	-485	-452	-531	-970	-760	-886	-796	-672	-859	-967
Net Income	**1,814**	**2,131**	**2,197**	**2,359**	**4,433**	**3,623**	**4,204**	**3,521**	**2,894**	**3,710**	**4,144**
Extraordinary gain (losses), minority interest	0	0	0	0	0	0	0	0	0	0	0
Net profit after extraordinary items	**1,814**	**2,131**	**2,197**	**2,359**	**4,433**	**3,623**	**4,204**	**3,521**	**2,894**	**3,710**	**4,144**
Adj.wtd.avg.shrs (m)	78	82	87	87	87	87	87	88	88	88	88
EPS (NT$)	**23.18**	**25.87**	**25.31**	**27.13**	**50.90**	**41.52**	**48.13**	**40.23**	**33.00**	**42.30**	**47.25**
Effective tax rate	-20%	-19%	-17%	-18%	-18%	-17%	-17%	-18%	-19%	-19%	-19%
Depreciation & Amortization	537	346	238	299	327	362	349	313	295	262	225
EBITDA	**2,767**	**2,957**	**2,869**	**3,159**	**5,736**	**4,661**	**5,274**	**4,491**	**3,730**	**4,704**	**5,208**
Margins											
Gross Margin	27.2%	29.3%	29.4%	25.4%	31.4%	31.5%	30.8%	29.0%	27.1%	28.1%	29.0%
Operating Margin	18.5%	19.8%	20.0%	17.2%	23.3%	21.8%	22.4%	21.1%	19.7%	20.9%	21.8%
Pretax Margin	19.8%	20.2%	19.4%	17.0%	23.8%	23.1%	22.3%	21.0%	17.5%	20.9%	21.9%
Net Margin	15.9%	16.5%	16.1%	13.9%	19.5%	19.1%	18.4%	17.2%	14.2%	16.9%	17.7%
EBITDA margin	24.3%	22.9%	21.0%	18.6%	25.2%	24.6%	23.1%	21.9%	18.3%	21.5%	22.3%
OPEX	-8.7%	-9.5%	-9.4%	-8.2%	8.1%	9.7%	8.4%	8.0%	7.4%	7.2%	7.2%
YoY %											
Turnover	15.7%	13.4%	5.5%	24.2%	34.0%	-16.6%	20.4%	-10.0%	-0.7%	7.6%	6.7%
Operating Profits	15.4%	21.1%	6.8%	7.1%	80.8%	-21.8%	23.6%	-15.4%	-7.3%	13.8%	11.5%
Pretax Profits	36.3%	15.9%	1.3%	9.1%	86.9%	-18.9%	16.1%	-15.2%	-17.4%	28.1%	11.8%
Net Profits	33.0%	17.5%	3.1%	7.4%	87.9%	-18.3%	16.1%	-16.3%	-17.8%	28.2%	11.7%
EPS	32.8%	11.6%	-2.2%	7.2%	87.6%	-18.4%	15.9%	-16.4%	-18.0%	28.2%	11.7%
OPEX	14.8%	23.5%	4.9%	7.7%	33.4%	-1.0%	4.2%	-14.5%	-8.1%	5.8%	5.6%

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Figure 23. Voltronic: Our Sales and GPM Assumptions

Revenue Assumptions	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
FX (USD/TWD)	30.1	30.9	29.5	27.8	29.8	31.8	32.3	31.0	31.6	31.6	31.6
Sales											
Off-line UPS	4,261	4,479	4,332	5,751	6,090	5,249	6,233	5,293	5,710	6,058	6,361
On-line UPS	4,726	5,138	4,998	6,002	7,124	6,586	7,567	7,587	8,359	9,456	10,402
Inverter	1,592	2,409	3,453	4,080	7,920	5,320	7,202	5,928	4,336	4,233	4,233
CKD & others	828	910	869	1,124	1,591	1,796	1,811	1,713	1,969	2,166	2,383
Total	**11,408**	**12,936**	**13,653**	**16,957**	**22,725**	**18,951**	**22,813**	**20,521**	**20,374**	**21,913**	**23,378**
YoY%											
Off-line UPS	10%	5%	-3%	33%	6%	-14%	19%	-15%	8%	6%	5%
On-line UPS	24%	9%	-3%	20%	19%	-8%	15%	0%	10%	13%	10%
Inverter	7%	51%	43%	18%	94%	-33%	35%	-18%	-27%	-2%	0%
CKD & others	20%	10%	-4%	29%	42%	13%	1%	-5%	15%	10%	10%
Total	**16%**	**13%**	**6%**	**24%**	**34%**	**-17%**	**20%**	**-10%**	**-1%**	**8%**	**7%**
GPM											
Off-line UPS	21.5%	22.5%	20.8%	17.9%	22.9%	25.0%	25.1%	25.1%	24.4%	25.4%	26.4%
On-line UPS	29.7%	30.7%	29.7%	25.5%	28.9%	30.6%	31.3%	31.7%	30.8%	32.3%	33.4%
Inverter	43.4%	44.8%	42.7%	37.6%	43.3%	41.0%	35.9%	30.9%	25.5%	25.5%	25.5%
CKD & others	11.5%	12.8%	17.8%	19.3%	16.0%	25.4%	27.7%	23.3%	22.3%	22.3%	22.3%
Total GM%	**27.2%**	**29.3%**	**29.4%**	**25.4%**	**31.4%**	**31.5%**	**30.8%**	**29.0%**	**27.1%**	**28.1%**	**29.0%**

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Source: Company Reports, Citi Research, Citi Research Estimates

Balance Sheet – Asset light model and net cash suggest high returns

Voltronic maintains a relatively asset-light balance sheet with fixed assets making up 24% of total assets in 2025 despite its sizable sales scale. We estimate the company to remain in a net cash position throughout 2026-2028E. We forecast cash and cash equivalent assets to account for 36-39% of total assets in 2026-2028E while there are no meaningful short-term borrowings and long-term debt.

We forecast ROE to rise from 37% in 2025 to 40% in 2026E and 48% in 2027E. The high ROE is not driven by financial leverage, but primarily by its asset-light business model, strong operating margins and high capital distribution.

Voltronic also maintains high shareholder-return policy. We assume an 87% cash dividend payout ratio through 2026-2028E, implying cash dividends of NT$29/NT$37/NT$41 per share.

Figure 24. Voltronic: Balance Sheet

Balance Sheet (NT$mn)	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash	2,629	4,003	4,886	5,155	5,353	5,045	6,556	6,415	6,230	6,775	7,463
Bank Deposit (over 3 mths)	-	-	-	-	-	-	-	323	455	455	455
AR/NR (reported)	2,198	2,278	2,346	2,838	3,117	2,949	3,450	3,387	2,896	3,125	3,348
Inventories	973	1,030	1,294	1,787	2,019	1,412	2,093	1,796	1,723	1,830	1,947
Others	246	251	272	262	328	252	324	354	324	324	324
Current Assets	**6,047**	**7,562**	**8,798**	**10,042**	**10,816**	**9,657**	**12,423**	**12,276**	**11,629**	**12,509**	**13,538**
Long-term Investments	-	-	-	-	-	42	61	101	98	98	98
Fixed Assets	1,964	2,168	2,428	2,730	4,474	4,420	4,390	4,172	4,083	3,901	3,757
Right of Use Assets	-	397	489	390	463	368	301	286	316	316	316
Other Assets	275	213	206	222	332	269	145	249	385	385	277
Total Assets	**8,286**	**10,340**	**11,921**	**13,384**	**16,085**	**14,756**	**17,321**	**17,084**	**16,511**	**17,209**	**17,986**
S-t Borrowings	397	1,091	1,768	2,380	-	-	-	-	-	-	-
AP/NP	2,370	3,003	3,322	3,615	4,173	3,687	4,350	4,796	3,485	3,701	3,939
Other ST liabilities	1,068	1,173	1,234	1,500	2,454	1,798	2,276	2,086	5,078	5,078	5,078
Total Current Liabilities	**3,835**	**5,267**	**6,324**	**7,495**	**6,627**	**5,485**	**6,626**	**6,881**	**8,563**	**8,780**	**9,017**
L-t Debt	-	-	-	-	832	734	636	538	489	489	489
Other Liabilities	1	193	259	181	283	180	130	111	232	232	232
Total Liabilities	**3,836**	**5,460**	**6,583**	**7,676**	**7,742**	**6,398**	**7,392**	**7,531**	**9,285**	**9,501**	**9,739**
Common Shares	787	833	874	874	878	877	877	877	883	883	883
Other Shareholders' Equity	3,663	4,047	4,464	4,833	7,466	7,480	9,052	8,676	6,343	6,826	7,365
Total Equity	**4,450**	**4,880**	**5,339**	**5,708**	**8,343**	**8,358**	**9,929**	**9,553**	**7,226**	**7,708**	**8,247**
Total Liab./Shrhldr's Equity	**8,286**	**10,340**	**11,921**	**13,384**	**16,085**	**14,756**	**17,321**	**17,084**	**16,511**	**17,209**	**17,986**

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Source: Company Reports, Citi Research, Citi Research Estimates

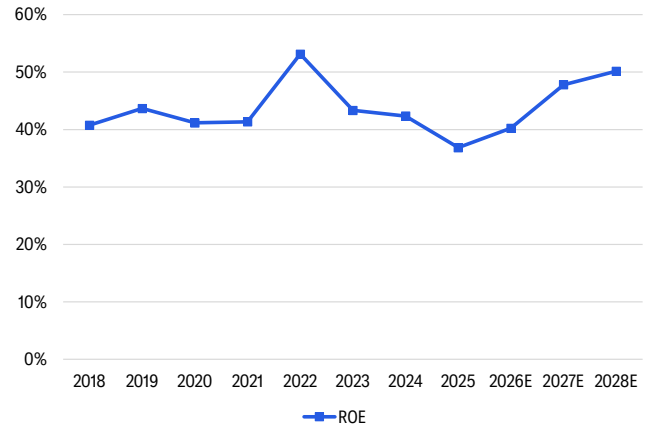
Figure 25. Voltronic: Cash Flow Statement

Cash Flow (NT$ mn)	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cashflow from Operations	**1,865**	**2,997**	**2,626**	**2,299**	**5,619**	**4,083**	**4,404**	**4,617**	**2,080**	**3,852**	**4,265**
Net profits	1,814	2,131	2,197	2,359	4,433	3,623	4,204	3,521	2,894	3,710	4,144
Depreciation & Amortization	79	178	238	299	327	362	349	313	295	262	225
Inv. Gain/Loss (Equity)	81	110	182	26	164	359	212	85	28	0	0
Disposal of Investment	0	0	0	0	0	0	0	0	0	0	0
Working Capital Change	-468	454	-26	-715	5	173	-413	786	-773	-119	-103
Dec(Inc)-A/R	-402	-111	-81	-512	-313	72	-371	63	480	-229	-223
Dec(Inc)-Inventory	-75	-68	-264	-496	-240	587	-705	278	58	-107	-118
Inc(Dec)-A/P	9	633	319	293	558	-486	663	446	-1,311	216	238
Other adjustments	359	124	35	329	690	-434	52	-88	(364)	-	-
Cashflow from Investing	**-702**	**-438**	**-411**	**-532**	**-1,975**	**-232**	**-104**	**-395**	**-214**	**-80**	**28**
(Purchases) Sale of fixed asset / (capex)	-700	-431	-387	-520	-1,974	-182	-87	-60	(93)	(80)	(80)
(Purchases) Sale of LT investment	0	0	0	0	0	0	0	0	-	-	-
(Purchases) Sale of ST investment	0	0	0	0	0	-45	-17	-333	(113)	-	-
Other adjustments	-3	-7	-24	-12	0	-6	0	-2	(7)	-	108
Cashflow from financing	**-1,175**	**-998**	**-1,301**	**-1,524**	**-3,791**	**-4,009**	**-3,488**	**-3,944**	**-2,610**	**-3,227**	**-3,605**
Increase in L-T debt	0	0	0	0	930	-98	-98	-98	-49	0	0
Increase in S-T debt	398	707	705	622	-2,569	0	0	0	0	0	0
Cash Dividend Paid	-1,574	-1,652	-1,933	-2,055	-2,054	-3,818	-3,290	-3,772	-2,518	-3,227	-3,605
Issuance of stock	0	0	0	0	0	0	0	0	0	0	0
Other adjustments	0	-52	-73	-91	-98	-93	-101	-74	-43	0	0
Exchange rate adjustment	-53	-188	-31	26	345	-151	700	-419	559	0	0
Net change in cash	**-66**	**1,374**	**883**	**269**	**198**	**-308**	**1,512**	**-141**	**-185**	**545**	**688**

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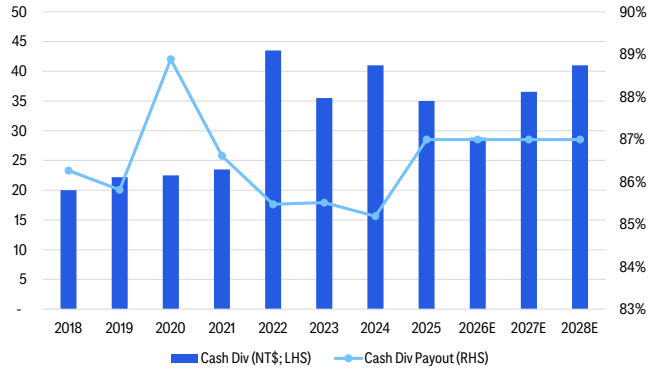
Source: Company Reports, Citi Research, Citi Research Estimates

Figure 26. Voltronic: ROE Trend



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Figure 27. Voltronic: Cash Dividend Payout



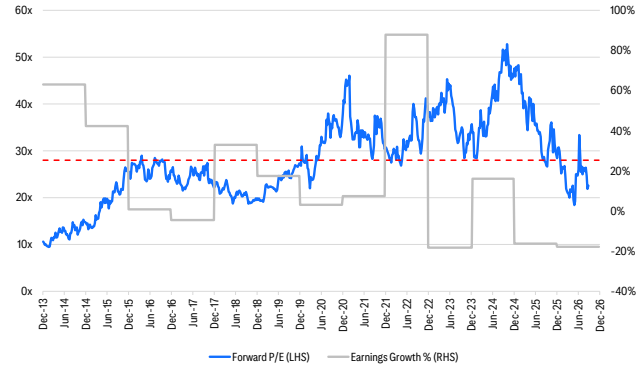
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Valuation Methodology and Risks

We value Voltronic using a forward target P/E of 25x our 2027E EPS to derive a target price of NT$1,050, broadly in line with its long-term average forward P/E since 2013. We believe forward P/E is appropriate given the company's established earnings base and the importance of product mix and operating leverage to its profitability. Using 2027E EPS captures a fuller year of anticipated earnings recovery following the softer 2026E base, alongside the ongoing transition toward online and higher power UPS. This also aligns our valuation with the earnings outlook investors are likely to focus on as the recovery progresses.

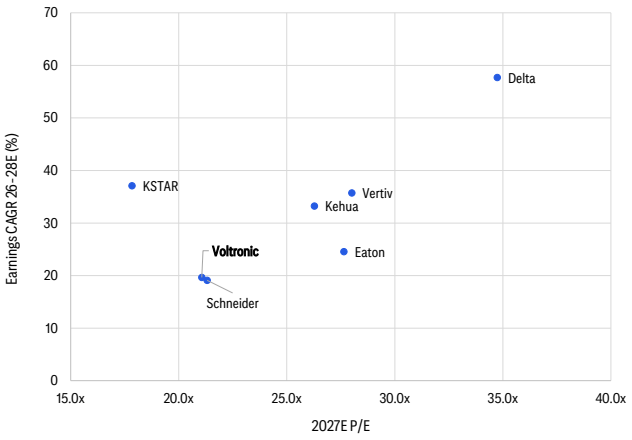
Our target multiple of 25x is supported by Voltronic's competitive position in UPS outsourcing. Its established relationship with western power vendors and ability to accommodate high mix, low volume production creates a solid foundation for the intact share gains, supporting the durability of its earnings and hence justify a valuation broadly consistent with its historical average. Stronger evidence of power rack commercialization and sustained UPS mix improvement could support a further re-rating.

Figure 28. Voltronic: Forward P/E vs. Earnings Growth



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Source: Citi Research, Citi Research Estimates

Figure 29. Peers Comp: Forward P/E vs. Earnings CAGR



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Figure 30. Valuation Comp Table for UPS

Company	RIC	Rating*	Curr	Target Price	Price 12-Oct	Mkt Cap US$M	3M ADT US$M	P/E (x) FY26E	P/E (x) FY27E	P/E (x) FY28E	EV/EBITDA (x) FY26E	EV/EBITDA (x) FY27E	EV/EBITDA (x) FY28E	P/B (x) FY26E	P/B (x) FY27E	P/B (x) FY28E	Dividend yield (%) FY25E	Dividend yield (%) FY26E	Dividend yield (%) FY27E	Dividend yield (%) FY28E	26 - 28E 2yr EPS CAGR (%)	ROE FY26E	ROE FY27E	ROE FY28E
Taiwan																								
Voltronic	6409.TW	1	TWD	1,050.0	875.0	2,498.3	14.7	26.5	20.7	18.5	16.5	14.6	13.2	10.6	10.0	9.3	4.0	3.3	4.2	4.7	19.7	34%	50%	52%
Delta	2308.TW	1	TWD	2,280.0	1,900.0	154,557.6	686.7	49.9	32.9	20.1	27.0	17.7	11.0	11.1	8.6	6.2	0.6	1.0	1.6	2.6	57.7	25%	29%	36%
Lite-On	2301.TW	NR	TWD	na	288.0	20,889.4	218.6	26.4	18.9	13.7	17.7	12.1	9.3	6.4	5.7	5.1	1.7	2.6	3.6	5.6	38.7	25%	31%	40%
CyberPower	3617.TW	NR	TWD	na	258.5	707.1	4.2	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Sub-Average								**34.3**	**24.2**	**17.4**	**20.4**	**14.8**	**11.2**	**9.4**	**8.1**	**6.9**	**2.1**	**2.3**	**3.1**	**4.3**	**38.7**	**28%**	**37%**	**42%**
Global																								
Kehua	002335.SZ	NR	CNY	na	28.2	3,184.0	98.9	33.0	24.7	18.7	17.4	13.7	11.5	2.8	2.6	2.3	1.2	1.7	2.4	4.0	32.9	10%	13%	16%
KSTAR	002518.SZ	NR	CNY	na	34.4	2,727.5	78.5	23.8	16.4	12.7	16.3	11.4	8.4	3.4	2.9	2.5	1.4	1.9	2.9	3.7	37.1	14%	18%	20%
Fuji Electric	6504.T	1	JPY	18,000.0	15,015.0	13,844.5	72.3	22.6	17.8	16.7	10.7	9.0	8.1	2.8	2.6	2.4	1.1	1.3	1.6	1.7	16.0	13%	15%	15%
Mitsubishi Electric	6503.T	1	JPY	7,200.0	5,143.0	66,486.3	205.1	25.9	18.8	17.3	14.5	10.1	9.4	2.4	2.1	1.9	1.0	1.1	1.2	1.3	20.9	10%	12%	11%
Vertiv	VRT.N	1	USD	358.0	242.8	93,467.4	307.4	36.3	26.8	20.9	27.3	18.7	14.2	14.9	9.9	6.9	na	na	na	na	35.9	45%	42%	38%
ABB	ABBN.S	2	CHF	85.0	79.8	175,233.6	211.8	28.6	25.6	22.7	22.0	17.7	15.7	8.4	7.2	6.0	1.2	1.3	1.3	1.3	(3.1)	43%	29%	28%
Siemens Energy	ENPH.DE	2	EUR	185.0	146.8	145,559.8	325.6	30.6	21.6	16.6	18.4	13.1	10.3	11.2	9.7	7.1	0.5	1.5	2.0	2.7	38.0	35%	47%	49%
Schneider Electric	SCHN.PA	1	EUR	370.0	268.5	174,021.5	288.7	24.9	21.0	18.6	17.6	14.8	12.9	5.6	4.9	4.2	1.6	1.6	1.7	2.0	19.1	21%	23%	23%
Eaton	ETN.N	1	USD	485.0	429.7	166,876.1	232.2	31.7	26.8	23.3	23.0	19.7	17.6	7.6	7.1	6.4	0.9	1.0	1.0	1.1	24.5	20%	24%	26%
Emerson Electric	EMR.N	1	USD	182.0	161.8	90,268.8	121.9	24.7	22.5	20.3	18.7	16.8	15.4	25.6	17.2	14.6	1.3	1.4	1.4	1.4	11.2	23%	70%	60%
Sub-Average								**28.9**	**22.5**	**18.6**	**18.7**	**14.6**	**12.2**	**8.5**	**6.6**	**5.4**	**1.0**	**1.3**	**1.5**	**1.9**	**25.3**	**0.2**	**0.3**	**0.3**
Average								**31.6**	**23.3**	**18.0**	**19.6**	**14.7**	**11.7**	**8.9**	**7.4**	**6.1**	**1.6**	**1.8**	**2.3**	**3.1**	**32.0**	**26%**	**33%**	**36%**

*Note: 1=Buy, 2=Neutral, 3=Sell, H=High Risk
Source: Powered by DataCentral, Citi Research estimates and I/B/E/S estimates for Not-Rated (NR) Companies

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Source: Bloomberg, Citi Research, Citi Research Estimates

Key downside risks to our Buy rating and target price include:

1. **Slower UPS demand or outsourcing gain.** Weaker commercial and industrial spending, delayed datacenter projects or customer inventory adjustments could weigh on orders.

2. **Less favorable product mix and margin pressure.** A slower transition toward online and high-power UPS, more aggressive pricing or higher component costs could limit margin improvement.

3. **Persistent PV inverter competition.** Aggressive pricing by Chinese suppliers, weaker residential solar demand or unfavorable subsidy changes could pressure inverter sales and profitability.

Our quantitative model assigns a High Risk rating to Voltronic. However, we believe such a rating is not warranted due to: 1) its established franchise and longstanding relationships with leading power vendors, with demanding qualification requirements and high customization supporting customer retention and repeat business; 2) its track record of profitability and positive operating cash flow enables internally funded investment and reduces reliance on external financing; and 3) the company has a strong balance sheet and has been in net cash position.

Company Overview

Established in 2008 and listed on the Taiwan Stock Exchange in 2014, Voltronic Power is a Taiwan-based design and manufacturing service (DMS) provider specializing in uninterrupted power supplies (UPS) and power-conversion products. The company is headquartered in Taipei and operates manufacturing facilities in Taiwan, China and Vietnam, with approximately 5,000 employees.

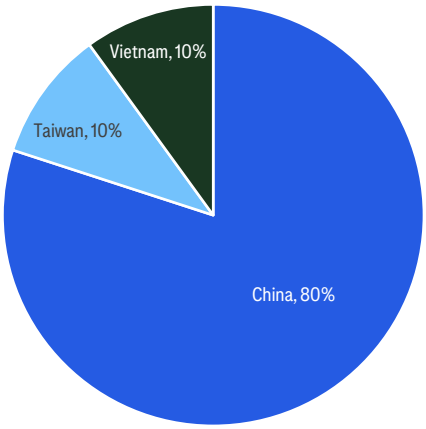
Voltronic adopts a pure-play ODM business model and does not market products under its own brand. This avoids direct competition with customers and has helped the company establish long-term relationships with most global Tier-1 UPS brands, as well as numerous regional brand owners.

The company provides customers with product design, R&D, sourcing, manufacturing and system integration services, with a focus on high-mix, relatively low-volume and customized products.

Voltronic's core products include offline UPS systems ranging from 400VA to 3kVA and on-line UPS systems ranging from 1kVA to 3MVA. The company has progressively expanded from conventional single phase UPS products into three-phase, high-power and modular UPS systems. It has also diversified into off-grid and hybrid solar inverters, energy storage systems, and EV chargers.

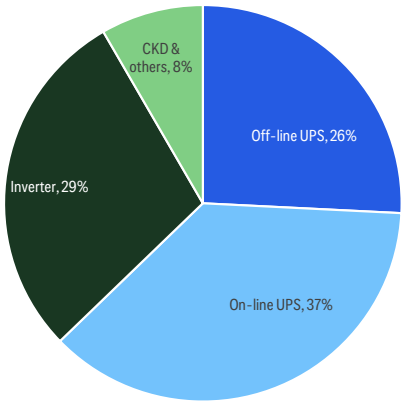
In 2025, online UPS contributed 37% of group sales, offline UPS 26%, inverters 29% and others 8%. By geo, Asia accounted for 60% of group sales, followed by Americas 22%, EU 16% and others 2%.

Figure 31. Voltronic: Capacity Mix



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Source: Company Reports, Citi Research

Figure 32. Voltronic: Sales by Product (2025)



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Source: Company Reports, Citi Research

Figure 33. Voltronic: Photo of Offline UPS



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Source: Voltronic, Citi Research

Figure 34. Voltronic: Photo of Online Power Modular UPS



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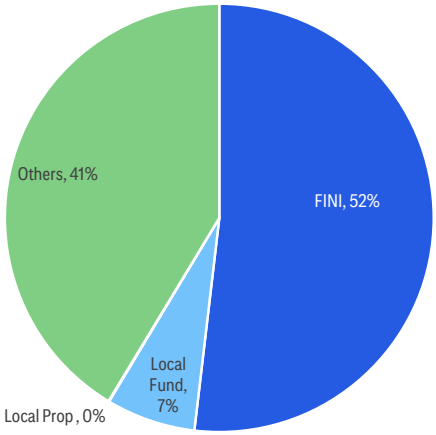
Shareholder Structure

As of March 2026, founder, chairman and general manager Alex Hsieh was the largest individual shareholder, holding 9.6% of outstanding shares. Based on disclosed direct, family-related and investment company holdings, we estimate the founder and related parties collectively controlled c.30% of outstanding shares.

Key Management Team

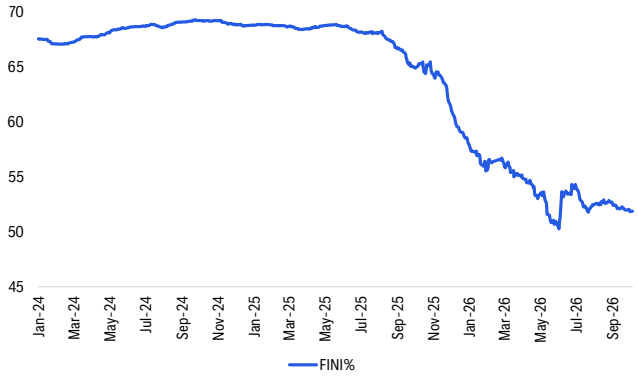
- **Alex Hsieh – Founder, Chairman and General Manager:** Mr. Hsieh has led Voltronic since its establishment in 2008. He holds a bachelor's degree in business management from Tatung University and previously served as Chairman and General Manager of Centralion Industrial and as a director of Phoenixtec Power. His extensive experience in the UPS industry underpins Voltronic's pure-play ODM strategy.
- **Monica Wang – Vice General Manager:** Ms. Wang joined Voltronic at its establishment in 2008. She previously worked as a manager at Centralion Industrial.
- **Chih-Hsin Chin – Vice General Manager:** Mr. Chin joined Voltronic in 2008. Before joining the company, he worked as a manager at Phoenixtec Power.

Figure 35. Voltronic: Shareholder Mix



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Source: TEJ, Citi Research

Figure 36. Voltronic: FINI Holding %



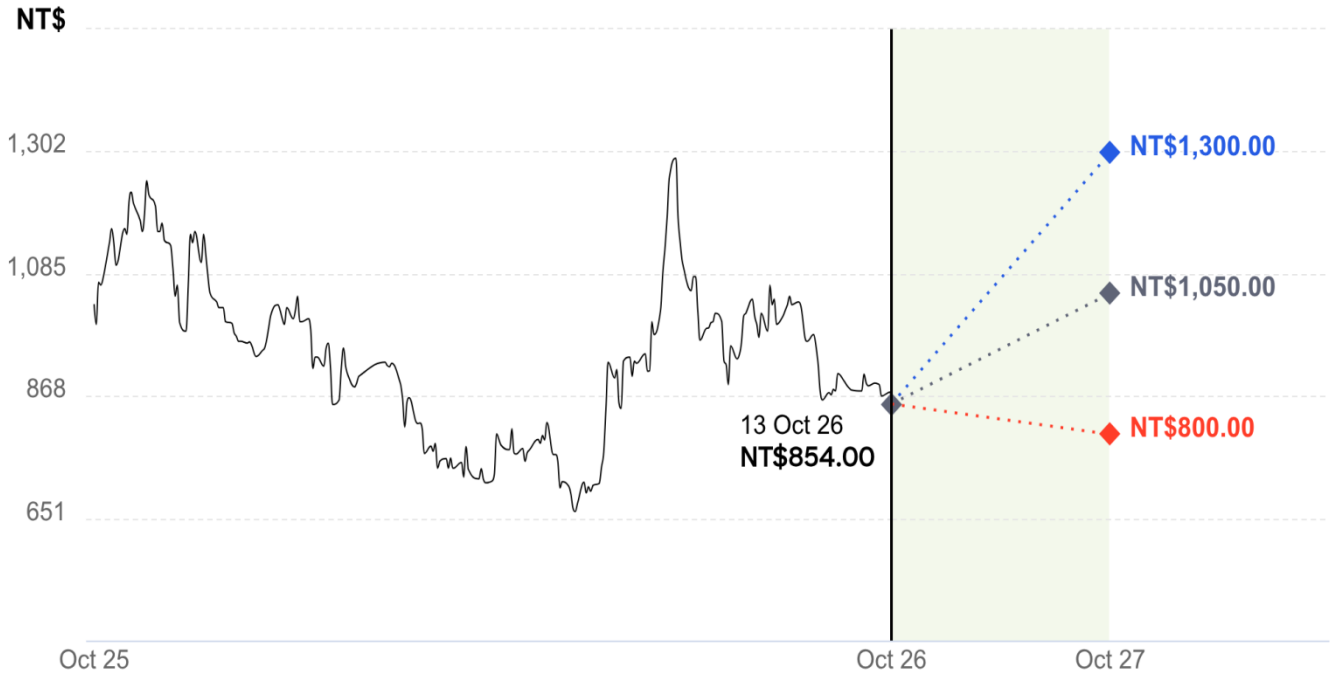
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Companies Mentioned:

ABB (ABBN.S; SFr80.02; 2; 12 Oct 26; 17:30) | Delta Electronics (2308.TW; NT$1775.0; 1; 13 Oct 26; 13:30) | Eaton Corp (ETN.N; US$426.69; 1; 12 Oct 26; 16:00) | Emerson Electric Co. (EMR.N; US$162.46; 1; 12 Oct 26; 16:00) | Fuji Electric (6504.T; ¥14610.0; 1; 13 Oct 26; 15:30) | Mitsubishi Electric (6503.T; ¥5177.0; 1; 13 Oct 26; 15:30) | Schneider Electric (SCHN.PA; €265.35; 1; 12 Oct 26; 17:30) | Siemens Energy AG (ENR1n.DE; €146.78; 2; 12 Oct 26; 17:30) | Vertiv Holdings Co (VRT.N; US$239.36; 1; 12 Oct 26; 16:00)

Bull/Bear: Voltronic Power (6409.TW)

NT$1,300.00 ▲52% Upside | NT$1,050.00 ▲23% Upside | NT$800.00 ▼6.3% Downside



Spread 59pp
Current Price and expected returns (upside/downside) as of 13 Oct 2026

BULL Assumptions

- Target P/E of 30x

BASE Assumptions

- Sales growth of 5-10% y/y in 2027E
- GPM of 28-28.5% in 2027E
- Target P/E of 25x

BEAR Assumptions

- Target P/E of 19x

Voltronic Power

Company description

Established in 2008 and listed on the Taiwan Stock Exchange in 2014, Voltronic is a Taiwan-based design and manufacturing service (DMS) provider specializing in uninterrupted power supplies (UPS) and power-conversion products. Voltronic adopts a pure-play ODM business model, which avoids direct competition with customers and has helped the company establish long-term relationships with most global Tier-1 UPS brands. The company is headquartered in Taipei and operates manufacturing facilities in Taiwan, China and Vietnam.

Investment strategy

We have a Buy rating on Voltronic, supported by an earnings recovery, structural UPS outsourcing and emerging opportunities in AIDC power infrastructure. Its customization capabilities and longstanding relationships with western power vendors position it to capture additional outsourcing orders and expand into higher power products. HVDC power racks offer a L-T growth opportunity and potential re-rating catalyst. We view 2026E as earnings trough, with a richer online UPS mix and operating leverage driving a 28% earnings rebound in 2027E.

Valuation

We value Voltronic using a forward target P/E of 25x our 2027E EPS to derive a target price of NT$1050, broadly in line with its long term average forward P/E since 2013. We believe forward P/E is appropriate given the company's established earnings base and the importance of product mix and operating leverage to its profitability.

Risks

Key downside risks to our Buy rating and target price include: 1) Slower UPS demand or outsourcing gain. 2) Less favorable product mix and margin pressure. 3) Persistent PV inverter competition. 4) Weaker macro economy

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Appendix A-1

ANALYST CERTIFICATION

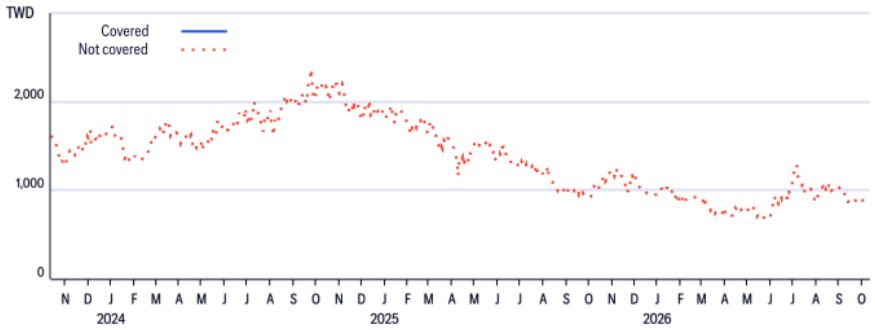
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IMPORTANT DISCLOSURES

Voltronic Power (6409.TW)

Ratings and Target Price History
Fundamental Research



*Indicates Change

Rating/target price changes above reflect Eastern Time

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