Flash | Citi Research

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ASMedia (5269.TW)

PC headwinds continues in 2H26

CITI'S TAKE

Due to weakness in PC industry, ASMedia's 2Q26 sales (-22% QoQ) was dragged by decline in AMD chipset products. Given higher memory costs, AMD slowed down its product migration, focusing more on existing AM4 platform rather than new AM5 platform. Thus, 2Q26 GM faced product mix headwinds (i.e., more legacy products) and rising packaging costs, resulting in GM miss vs Citi/consensus forecasts by 1.4ppt/1.0ppt. Overall, OP levels missed Citi/consensus forecasts by 8%/4%. Non-op gain was mainly due to its investment income. Looking forward, the company expects PC headwinds to continues, resulting in QoQ decline in 3Q/4Q26 sales. For GM, given unfavorable product mix, price hike for passing through costs only and rising packaging costs, GM is guided to be >50%+ levels in 2H26. For new pipelines like PCIe packet switch and new chipset customers, we don't think the contribution would be meaningful till 2027.

Neutral	
Price (10 Aug 26 13:30)	NT$1,400.00
Target price	NT$1,650.00
Expected share price return	17.9%
Expected dividend yield	3.2%
Expected total return	21.1%
Market Cap	NT$103,819M
	US$3,219M

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Figure 1. ASMedia's 2Q26 results comparison

(NT$mn)	2Q26 Actual	2Q25 Actual	1Q26 Actual	YoY	QoQ	2Q26 Citi	diff	2Q26 Consensus	diff
Revenue	2,723	3,393	3,498	-20%	-22%	2,896	-6%	2,942	-7%
Gross profit	1,369	1,778	1,777	-23%	-23%	1,497	-9%	1,509	-9%
OP profit	649	1,237	808	-48%	-20%	704	-8%	676	-4%
Non-op	1,536	117	1,129			1,490		1,238	
PBT	2,185	1,354	1,936	61%	13%	2,193	0%	1,914	14%
Tax	(168)	(233)	(82)			(373)		na	
Minority	-	-	-			-		na	
Net Income	2,017	1,121	1,854	80%	9%	1,821	11%	1,674	21%
EPS (NT$)	26.98	14.99	24.79	80%	9%	24.35	11%	22.38	21%
GM	50.3%	52.4%	50.8%	-2.1 ppt	-0.5 ppt	51.7%	-1.4 ppt	51.3%	-1.0 ppt
OPEX ratio	-26.5%	-15.9%	-27.7%	-10.5 ppt	1.2 ppt	-27.4%	0.9 ppt	-28.3%	1.9 ppt
OPM	23.8%	36.5%	23.1%	-12.6 ppt	0.7 ppt	24.3%	-0.5 ppt	23.0%	0.9 ppt
Tax rate	7.7%	17.2%	4.3%			17.0%		na	
NM	74.1%	33.0%	53.0%	41.1 ppt	21.1 ppt	62.9%	11.2 ppt	56.9%	17.2 ppt

Source: Citi Research Estimates, Bloomberg

ASMedia

Valuation

Our target price for ASMedia of NT$1,650 is based on SOTP, with 22x 2026E EPS for ASMedia's core business plus 13x 2026E EPS for WT Micro contribution. Our TP implies blended 16x/13x 2026E EPS, which is lower than -1std of the past 5-year PE range. We think this PE is justified by PC weakness likely continuing into 1H27E, GM pressure from inflation in 2H26E and potential competition from a new peer in 2027E.

Risks

Key upside risks that could cause the shares to trade above our target price include a stronger-than-expected recovery in PC demand, successfully passing on material price hikes to customers, better-than-anticipated momentum from USB4 products, and rapid progress in the packet switch business. Conversely, key downside risks that could cause the shares to trade below our target price include a slower-than-expected recovery in PC demand, failure to pass on material price hikes to customers, weaker-than-expected momentum from USB4 products, and slow progress in the packet switch business.

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Appendix A-1

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Fundamental Research

Analyst: Jack Chen

	Date	Rating	Target Price	Closing Price
1	28-Mar-24 09:29:57	1	*2,800.00	2,310.00
2	07-Aug-24 12:15:52	1	*2,400.00	1,500.00
3	16-Jan-25 19:32:32	*--	-	2,060.00
4	06-Jun-25 06:40:20	*1	*2,450.00	1,980.00
5	07-Aug-25 14:06:28	1	*2,500.00	1,950.00
6	05-Mar-26 12:39:40	1	*1,600.00	1,280.00
7	12-May-26 22:55:35	*2	*1,650.00	1,525.00

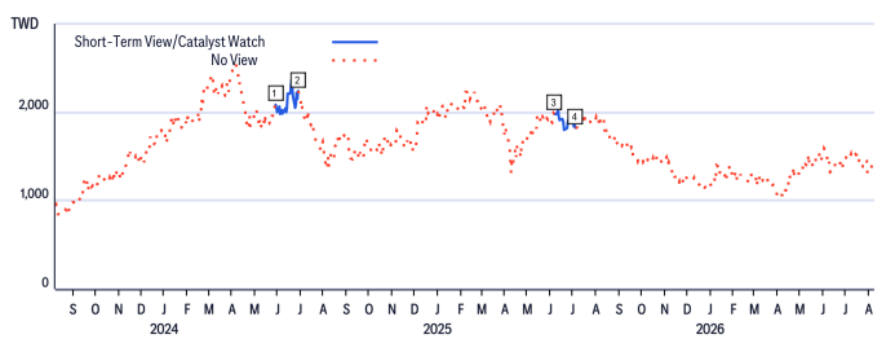
*Indicates Change

Rating/target price changes above reflect Eastern Time

ASMedia (5269.TW)

Short-Term View/Catalyst Watch Research

Analyst: Jack Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	29-May-24 05:11:29	Add CW	Upside	30 Days	2,085.00
2	28-Jun-24 11:36:03	Remove CW	Upside	30 Days	2,240.00
3	06-Jun-25 02:40:20	Add STV	Upside	30 Days	1,980.00
4	06-Jul-25 21:50:52	Remove STV	Upside	30 Days	1,825.00

CW - Catalyst Watch , STV - Short-Term View

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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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