18 Oct 2026 16:16:07 ET | 13 pages

Dynapack International (3211.TWO)

Looking Through Shipment Delays to Strong 2027E BBU Demand

CITI'S TAKE

We believe that Dynapack's 3Q26 EPS miss was well anticipated following the reported sales shortfall, but component shortages at its PSU vendor could prolong shipment volatility, weighing on near-term sentiment. We expect Oct-26 BBU sales to decrease slightly m/m due to the postponed pull-ins of BBU, although improving PC sales should support modest group sales growth m/m. Accelerating 12kW shipments from Nov-26 should drive a stronger BBU sales rebound. We remain bullish on the sector, viewing these disruptions primarily as timing issues. Strong expected demand in 2027E and ample opportunity for Dynapack to gain share from Panasonic, particularly as power architectures migrate toward HVDC, underpin our positive medium-term outlook.

Buy	
Catalyst Watch: Upside, expires 26-NOV-26	
Price (16 Oct 26 15:00)	NT$346.00
Target price	NT$800.00
Expected share price return	131.2%
Expected dividend yield	3.5%
Expected total return	134.7%
Market Cap	NT$53,785M
	US$1,658M

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Improving 3Q GPM helped by better mix — Dynapack's preliminary 3Q26 results showed margin recovery yet weak PC sales remained the key drag on the earnings. 3Q26 EPS of NT$2.33 (+72% q/q and +49% y/y) missed our/BBG est by 45%/27%, although we believe the earnings shortfall was well anticipated given the 3Q sales miss owing to the delayed shipment of one of the BBU products and weaker PC demand. GPM improved q/q on a richer product mix, with higher-margin BBU making up c.50% of 3Q sales on our estimate, while OPM recovered to 10.7%, +4.2ppt q/q and +1.3ppt y/y. Nevertheless, the sales shortfall constrained op leverage, leaving margin improvement insufficient to offset weaker sales.

PSU vendor shortages weigh on Oct; 12kW ramp to drive Nov sales rebound — Our industry checks suggest that Dynapack's major PSU vendor has encountered component supply shortages (related to power management IC) and therefore delayed BBU pull-ins, weighing on shipments of Dynapack's existing 3kW and 5kW BBU products in Oct. We therefore expect Oct-26 BBU sales to decline slightly m/m. Meanwhile, PC sales should recover sequentially and more than to offset the BBU softness, supporting a slight m/m increase in group sales. Looking beyond Oct-26, we expect accelerating shipments of the new 12kW BBU series from Nov-26 to drive a strong rebound in BBU sales.

Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	2,673	17.59	236.1	19.7	4.9	28.0	3.6
2025A	1,382	9.05	-48.5	38.2	5.3	13.4	3.3
2026E	2,178	14.25	57.4	24.3	6.0	23.2	3.3
2027E	3,821	25.00	75.5	13.8	5.5	41.5	5.8
2028E	5,709	37.35	49.4	9.3	4.9	56.2	8.6

Source: Powered by dataCentral

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

Implications — We reiterate our bullish stance on the BBU sector despite near-term volatility from external supply-chain constraints, which is likely to put pressure on near-term sentiment. We view the component-driven delays in product pull-ins primarily as a shipment-timing issue, with underlying demand remaining strong into 2027E. We also see ample opportunity for Dynapack to gain market share from Panasonic, its major Japanese peer, particularly as power architectures migrate toward HVDC. This share-gain potential remains intact, reinforcing our confidence in Dynapack's medium term BBU growth outlook.

Figure 1. Dynapack: 3Q Preliminary Results Comp

NT$mn	2Q26	3Q25	3Q26A	QoQ	YoY	Citi Estimate	Diff.	BBG Consensus	Diff.
Sales	3,491	3,622	3,682	5%	2%	4,639	-21%	4,215	-13%
Operating profits	227	341	395	74%	16%	718	-45%	583	-32%
Pre-tax profits	242	262	430	78%	64%	758	-43%	601	-28%
Net Income	207	239	336	62%	41%	651	-48%	496	-32%
EPS (NT$)	**1.36**	**1.56**	**2.33**	**72%**	**49%**	**4.26**	**-45%**	**3.20**	**-27%**
Margins									
OPM	6.5%	9.4%	10.7%	4.2ppt	1.3ppt	15.5%	-4.7ppt	13.8%	-3.1ppt
Net Margin	5.9%	6.6%	9.1%	3.2ppt	2.5ppt	14.0%	-4.9ppt	11.8%	-2.6ppt

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

Dynapack International

Valuation

We assign a 32x target P/E to our 2027E EPS of NT$25 to derive a target price of NT$800. We value Dynapack based on 2027E target P/E as we believe 2027E better reflects its earnings power after BBU capacity expansion. Our target P/E of 32x is based on our forecast EPS CAGR of 66% in 2025-2027E and a PEG of 0.5x, which we benchmark against its major PSU partner, as we expect Dynapack to grow alongside its partner.

Risks

Our quantitative model assigns a High Risk rating to Dynapack. However, we believe such a rating is not warranted for Dynapack due to: 1) the company is generating solid revenue and earnings growth over next 3 years; the underlying industry, BBU for AIDC, also enjoys secular growth; 2) the business model that involves with product customization and strict safety/reliability requirements would imply relatively benign competition and therefore stable pricing and margins; and 3) the company has a strong balance sheet and has been in net cash position since 2019.

Key downside risks to our price target/rating are: 1) Slower-than-expected BBU adoption in AIDC, 2) Delay in PSU customer qualifications, 3) Competition from larger battery or power solution vendors, 4) Safety, certification and reliability issues.

Panasonic Holdings

(6752.T; ¥3957.0; 1; 16 Oct 26; 15:30)

Valuation

To derive our target price, we use a global sum-of-the-parts (SoTP) approach. In the case of Panasonic Holdings, we reference 52 other companies in the Citi coverage universe to set a fair value PER for each business division, which we sum to derive our overall target price.
Panasonic fair-value PERs for individual business segments range from 8x to 31x, and have a weighted average of 26.2x (excluding subsidies in the battery business), taking minority interest and equity in earnings into account. We estimate business-derived equity value of ¥5,000/share. We calculate the present value of the amount we expect Panasonic to receive in battery subsidies over five years at ¥400/share. Combining these two values, we derive a target price of ¥5,400.

Risks

Risks to our target price include 1) unsuccessful management policies or strategies resulting in weaker-than-expected business investment returns or sales growth, or conversely producing greater-than-expected results at a relatively early stage, 2) stagnation in the global economy or an upturn in it, and rises or declines in demand in the electrical industry, and 3) forex trends. If these factors manifest themselves differently than we have anticipated, the share price may vary from our target price.

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Appendix A-1

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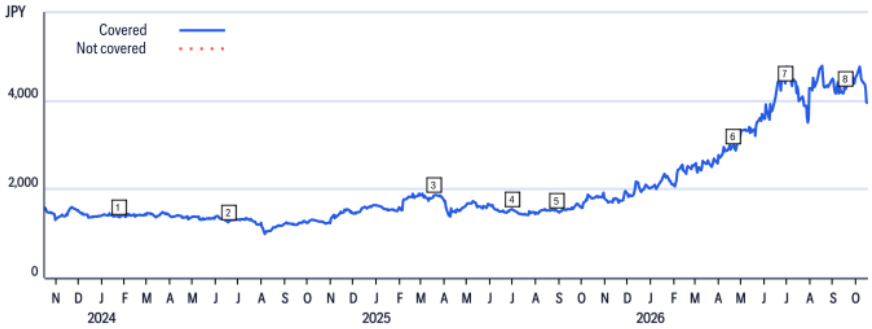
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Panasonic Holdings (6752)

Ratings and Target Price History
Fundamental Research

Analyst: Masahiro Shibano



	Date	Rating	Target Price	Closing Price
1	23-Jan-24 13:38:06	1	*2,000	1,380
2	18-Jun-24 08:36:01	1	*1,900	1,272
3	19-Mar-25 02:38:23	1	*2,300	1,869
4	01-Jul-25 12:04:01	1	*2,200	1,545
5	29-Aug-25 02:35:06	1	*2,100	1,515
6	20-Apr-26 02:35:28	1	*3,500	2,983
7	29-Jun-26 09:26:26	1	*5,100	4,393
8	18-Sep-26 07:24:22	1	*5,400	4,287

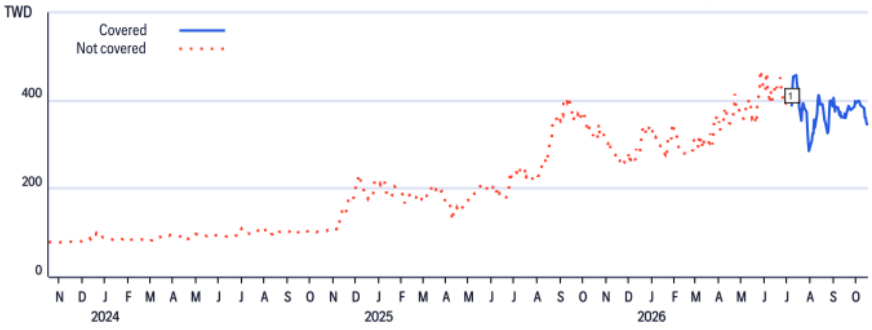
*Indicates Change

Rating/target price changes above reflect Eastern Time

Dynapack International (3211.TWO)

Ratings and Target Price History
Fundamental Research

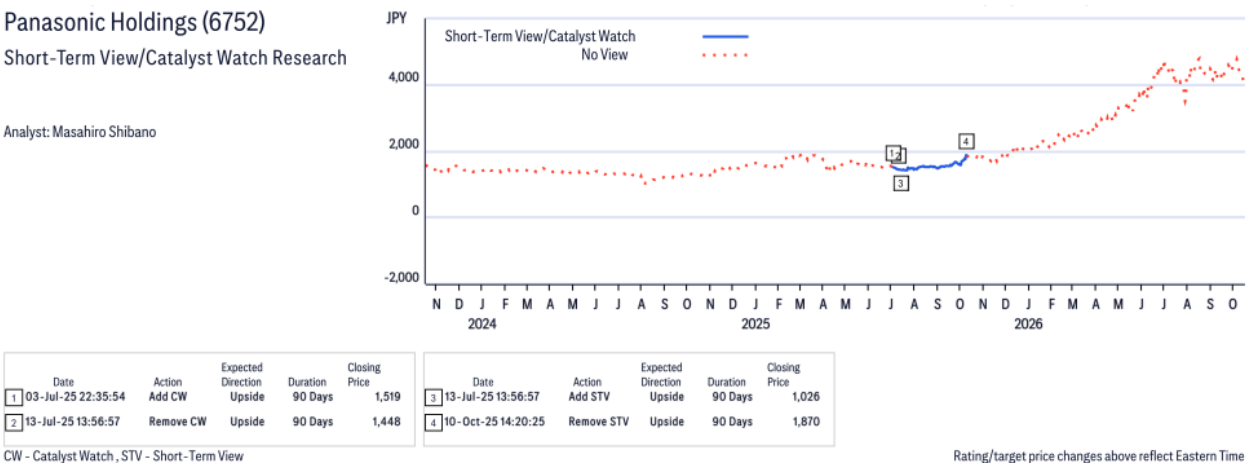
Analyst: Angela Hsu



	Date	Rating	Target Price	Closing Price
1	07-Jul-26 04:00:10	*1	*800.00	389.00

*Indicates Change

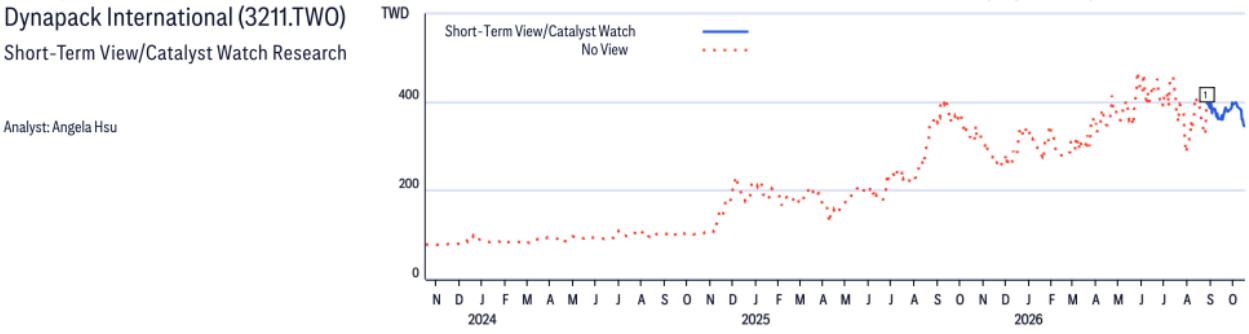
Rating/target price changes above reflect Eastern Time



	Date	Action	Expected Direction	Duration	Closing Price
1	03-Jul-25 22:35:54	Add CW	Upside	90 Days	1,519
2	13-Jul-25 13:56:57	Remove CW	Upside	90 Days	1,448
3	13-Jul-25 13:56:57	Add STV	Upside	90 Days	1,026
4	10-Oct-25 14:20:25	Remove STV	Upside	90 Days	1,870

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time



	Date	Action	Expected Direction	Duration	Closing Price
1	27-Aug-26 05:37:14	Add CW	Upside	90 Days	397.50

CW - Catalyst Watch , STV - Short-Term View

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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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