Daiwa Capital Markets Hong Kong Limited

ASPEED Technology (5274 TT)

Target price: **TWD21,800.00** (from TWD26,660.00)

Share price (5 Nov): **TWD12,635.00** | Up/downside: **+72.5%**

5 4 3 2 **1**

Buy (unchanged)

3Q26 results: largely in line with expectations

- Decent outlook ahead given solid regular and AI server demand
- Lowering the PER multiple to factor in the weaker market sentiment
- Reaffirming our Buy (1) rating but lowering 12-month TP to TWD21,800

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What's new: We update our view on Aspeed after its 3Q26 results, released on 5 November.

What's the impact: 3Q26 results slightly miss expectations. Net income was TWD2.0bn (EPS: TWD48.13), which is 3-4% lower than our estimate (TWD2.08bn) and the Bloomberg consensus (TWD2.06bn). Gross margin (GM) decreased by 2.5pp QoQ to 69.5% (vs. 72.0% in 2Q26), as material prices gradually increased after its price hike in 2Q26. Operating margin fell 1.7pp QoQ to 52.2% (vs. 53.9% in 2Q26) on GM contraction but was much lower than our estimate as we underestimated the opex ratio, mainly due to continuity of the employee stock-based bonus since 2Q26.

Business outlook. The near-term demand outlook remains largely on track, but the US election results and slowing ARR growth at key LLM vendors (eg, Anthropic and OpenAI) have weighed on sentiment. Investors fear sharp data centre capex cuts in 2028E if LLM revenue fails to keep pace with the substantial capacity expansion in 2027E. Although most of the top-4 US hyperscalers' FCF turned negative this year, we believe it is too early to assume such cuts. Factoring in 3Q26 shipment strength, we lift our BMC shipment assumptions to 34m/50m (from 32.7m/47.6m) for 2026E/2027E, but retain 53.8m for 2028E amid slowdown concerns. Rising AI and regular server demand, with no order cuts, does not warrant a major forecast reduction yet. Aspeed's October sales came in at TWD2.0bn (+24% MoM and +178% YoY), largely on track with its revenue guidance of TWD6.6-6.8bn for 4Q26, at a run rate of 30%. Given the ongoing price hikes from substrate, we do not rule out the possibility that Aspeed would conduct another hike again in early 2027. We expect it to be another near-term share price catalyst. Separately, we remain confident that Marvell's AI infrastructure management silicon (IMCS) will create a new data centre TAM rather than cannibalise Aspeed's existing BMC TAM. Aspeed recently announced its ideal hierarchical architecture in an AI data centre with IMCS => RMC (rack-level controller) => BMC => SMC.

What we recommend: We lower our 2026-28E EPS by 3-12% to factor in the 3Q26 results. We reaffirm our Buy (1) call with a lower 12M TP of TWD21,800 (from TWD26,660), based on a lower PER of 56x (from 66x; high end of its past-3-year PER range of 20-62x), applied to our 1-year forward EPS forecast, given the weaker-than-expected market sentiment due to potential concerns over an AI data centre capex slowdown in 2028E. Key downside risk: weak AI server demand.

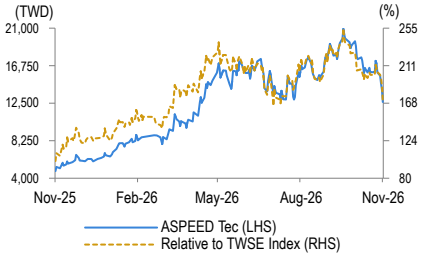
How we differ: Our 2027-28E EPS are 6-13% higher than the consensus, likely due to our bullish view on Aspeed's ASP and shipment story.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	0.8	(1.0)	(11.5)
Net profit change	(3.1)	(4.3)	(12.0)
Core EPS (FD) change	(3.1)	(4.3)	(12.0)

Source: Daiwa forecasts

Share price performance



12-month range	5,113.64-20,905.00
Market cap (USDbn)	15.99
3m avg daily turnover (USDm)	170.72
Shares outstanding (m)	42
Major shareholder	FENG HUA INVEST (13.9%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	18,416	35,495	46,131
Operating profit (m)	9,806	19,763	26,064
Net profit (m)	8,136	16,098	21,131
Core EPS (fully-diluted)	195.557	386.955	507.911
EPS change (%)	107.1	97.9	31.3
Daiwa vs Cons. EPS (%)	(2.3)	12.9	5.9
PER (x)	64.6	32.7	24.9
Dividend yield (%)	0.6	0.6	0.9
DPS	80.0	80.0	120.0
PBR (x)	n.a.	21.3	12.9
EV/EBITDA (x)	51.6	25.2	18.5
ROE (%)	83.6	88.1	64.5

Source: FactSet, Daiwa forecasts

See important disclosures, including any required research certifications, beginning on page 6

Flash

Aspeed: Daiwa's revenue and earnings forecasts vs. consensus

	2026E			2027E			2028E		
(TWDm)	Previous	New	Consensus	Previous	New	Consensus	Previous	New	Consensus
Revenue	18,268	18,416	18,194	35,844	35,495	30,667	52,117	46,131	42,649
Diff (%)		0.8%	1.2%		-1.0%	15.7%		-11.5%	8.2%
Gross Margin (%)	70.6%	69.9%	69.6%	70.9%	69.8%	69.2%	69.7%	69.7%	68.8%
Operating profit	10,096	9,806	9,906	20,645	19,763	17,403	29,623	26,064	24,504
Op Margin (%)	55.3%	53.2%	54.4%	57.6%	55.7%	56.7%	56.8%	56.5%	57.5%
Net profit	8,396	8,136	8,329	16,814	16,098	14,254	24,001	21,131	19,950
EPS (TWD)	201.82	195.56	200.20	404.15	386.96	342.62	576.91	507.91	479.54
Diff (%)		-3.1%	-2.3%		-4.3%	12.9%		-12.0%	5.9%

Source: Bloomberg, Daiwa forecasts

Aspeed: quarterly and annual P&L statement

	2026				2027E				2025	2026E	2027E	2028E
(TWDm)	1Q	2Q	3Q	4QE	1QE	2QE	3QE	4QE				
Net revenue	**3,147**	**3,871**	**4,786**	**6,612**	**6,913**	**7,963**	**9,547**	**11,073**	**9,085**	**18,416**	**35,495**	**46,131**
COGS	-970	-1,084	-1,461	-2,022	-2,081	-2,403	-2,887	-3,356	-2,906	-5,537	-10,727	-13,993
Gross profit	**2,177**	**2,788**	**3,325**	**4,589**	**4,831**	**5,559**	**6,660**	**7,717**	**6,179**	**12,879**	**24,768**	**32,138**
Operating expenses	-518	-702	-829	-1,025	-1,051	-1,155	-1,327	-1,473	-1,518	-3,073	-5,005	-6,073
Operating profit	**1,659**	**2,086**	**2,496**	**3,565**	**3,781**	**4,405**	**5,333**	**6,244**	**4,660**	**9,806**	**19,763**	**26,064**
Non-operating profit	109	180	23	36	135	37	36	36	195	348	243	194
Pre-tax profit	**1,768**	**2,265**	**2,520**	**3,600**	**3,916**	**4,442**	**5,369**	**6,280**	**4,855**	**10,154**	**20,007**	**26,258**
Income taxes	-354	-424	-514	-720	-764	-866	-1,047	-1,225	-928	-2,012	-3,901	-5,120
Net profit	**1,414**	**1,841**	**2,001**	**2,879**	**3,151**	**3,574**	**4,320**	**5,054**	**3,928**	**8,136**	**16,098**	**21,131**
Net EPS (TWD)	**34.01**	**44.27**	**48.13**	**69.24**	**75.77**	**85.94**	**103.90**	**121.54**	**94.41**	**195.56**	**386.96**	**507.91**
Operating Ratios												
Gross margin	69.2%	72.0%	69.5%	69.4%	69.9%	69.8%	69.8%	69.7%	68.0%	69.9%	69.8%	69.7%
Operating margin	52.7%	53.9%	52.2%	53.9%	54.7%	55.3%	55.9%	56.4%	51.3%	53.2%	55.7%	56.5%
Pre-tax margin	56.2%	58.5%	52.6%	54.5%	56.6%	55.8%	56.2%	56.7%	53.4%	55.1%	56.4%	56.9%
Net margin	44.9%	47.6%	41.8%	43.5%	45.6%	44.9%	45.3%	45.6%	43.2%	44.2%	45.4%	45.8%
YoY (%)												
Net revenue	52%	72%	105%	171%	120%	106%	99%	67%	41%	103%	93%	30%
Gross profit	59%	83%	106%	174%	122%	99%	100%	68%	49%	108%	92%	30%
Operating profit	62%	76%	103%	193%	128%	111%	114%	75%	60%	110%	102%	32%
Pre-tax profit	60%	188%	67%	147%	121%	96%	113%	74%	53%	109%	97%	31%
Net profit	59%	193%	65%	140%	123%	94%	116%	76%	53%	107%	98%	31%
QoQ (%)												
Net revenue	29%	23%	24%	38%	5%	15%	20%	16%				
Gross profit	30%	28%	19%	38%	5%	15%	20%	16%				
Operating profit	36%	26%	20%	43%	6%	17%	21%	17%				
Pre-tax profit	21%	28%	11%	43%	9%	13%	21%	17%				
Net profit	18%	30%	9%	44%	9%	13%	21%	17%				

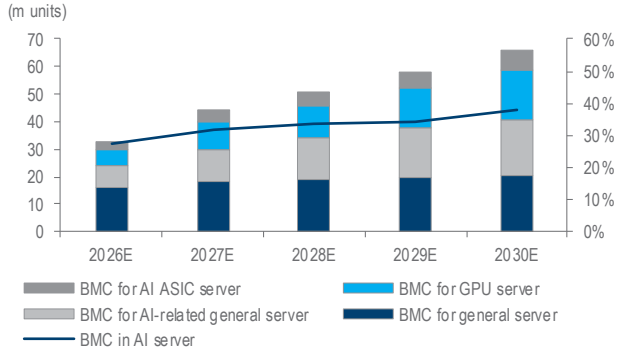
Source: Company, Daiwa forecasts

Aspeed: 3Q26 comparison table

(TWDm)	Actual	QoQ%	YoY%	Daiwa	Diff %	Consensus	Diff %
Revenue	4,786	24%	105%	4,573	5%	4,691	2%
Gross profit	3,325	19%	106%	3,222	3%	3,230	3%
Gross margin (%)	69.5%			70.5%		68.9%	
Operating profit	2,496	20%	103%	2,564	-3%	2,515	-1%
Operating margin (%)	52.2%			56.1%		53.6%	
Pre-tax profit	2,520	11%	67%	2,605	-3%	2,563	-2%
Net profit	2,001	9%	65%	2,083	-4%	2,067	-3%
EPS (TWD)	48.13	9%	65%	50.10	-4%	49.70	-3%

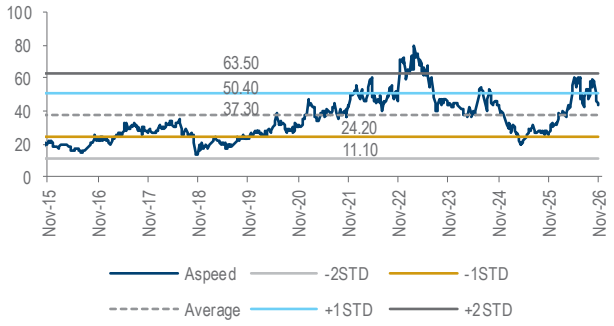
Source: Company, Daiwa forecasts, Bloomberg

Aspeed: BMC TAM forecast



Source: Company, Daiwa forecasts

Aspeed: 1-year-forward PER bands



Source: Daiwa forecasts, Bloomberg

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server BMC shipment (m)	12.8	14.9	6.7	13.0	18.4	34.1	50.1	53.7
Server BMC ASP (USD)	9.3	10.7	12.3	12.6	13.7	15.7	20.4	24.7
PC/AV extension IC ASP (USD)	15.6	14.7	14.1	14.1	12.2	11.2	11.5	11.2

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server BMC	3,392	4,784	2,581	5,261	7,748	16,873	32,687	42,430
PC/AV extension IC	244	344	276	328	351	367	426	464
Other Revenue	2	82	274	871	985	1,176	2,382	3,237
Total Revenue	**3,638**	**5,210**	**3,130**	**6,460**	**9,085**	**18,416**	**35,495**	**46,131**
Other income	0	0	0	0	0	0	0	0
COGS	(1,262)	(1,819)	(1,122)	(2,306)	(2,906)	(5,537)	(10,727)	(13,993)
SG&A	(217)	(314)	(295)	(407)	(476)	(1,045)	(1,527)	(1,808)
Other op.expenses	(506)	(628)	(633)	(829)	(1,042)	(2,029)	(3,478)	(4,265)
Operating profit	**1,652**	**2,449**	**1,080**	**2,918**	**4,660**	**9,806**	**19,763**	**26,064**
Net-interest inc./(exp.)	7	28	73	69	143	139	143	144
Assoc/forex/extraord./others	(49)	138	43	180	52	208	100	50
Pre-tax profit	**1,610**	**2,615**	**1,195**	**3,167**	**4,855**	**10,154**	**20,007**	**26,258**
Tax	(297)	(509)	(188)	(596)	(928)	(2,012)	(3,901)	(5,120)
Min. int./pref. div./others	0	0	0	0	0	(6)	(7)	(7)
Net profit (reported)	**1,313**	**2,106**	**1,007**	**2,571**	**3,928**	**8,136**	**16,098**	**21,131**
Net profit (adjusted)	**1,313**	**2,106**	**1,007**	**2,571**	**3,928**	**8,136**	**16,098**	**21,131**
EPS (reported)(TWD)	**31.572**	**50.612**	**24.201**	**61.806**	**94.412**	**195.557**	**386.955**	**507.911**
EPS (adjusted)(TWD)	**31.572**	**50.612**	**24.201**	**61.806**	**94.412**	**195.557**	**386.955**	**507.911**
EPS (adjusted fully-diluted)(TWD)	**31.572**	**50.612**	**24.201**	**61.806**	**94.412**	**195.557**	**386.955**	**507.911**
DPS (TWD)	**21.486**	**28.915**	**40.909**	**20.000**	**52.000**	**80.000**	**80.000**	**120.000**
EBIT	**1,652**	**2,449**	**1,080**	**2,918**	**4,660**	**9,806**	**19,763**	**26,064**
EBITDA	**1,871**	**2,689**	**1,385**	**3,174**	**4,984**	**9,996**	**20,064**	**26,577**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	1,610	2,615	1,195	3,167	4,855	10,154	20,007	26,258
Depreciation and amortisation	219	240	306	256	324	190	300	513
Tax paid	(297)	(509)	(188)	(596)	(928)	(2,012)	(3,901)	(5,120)
Change in working capital	(148)	(380)	272	(645)	77	(1,480)	(2,579)	(1,604)
Other operational CF items	305	344	(1,066)	962	167	0	0	0
Cash flow from operations	**1,689**	**2,310**	**519**	**3,145**	**4,496**	**6,852**	**13,826**	**20,047**
Capex	(93)	(120)	(83)	(25)	(274)	(368)	(710)	(923)
Net (acquisitions)/disposals	0	0	(46)	(130)	(50)	0	0	0
Other investing CF items	(281)	(55)	128	(191)	(71)	0	0	0
Cash flow from investing	**(374)**	**(175)**	**(0)**	**(345)**	**(395)**	**(368)**	**(710)**	**(923)**
Change in debt	0	0	0	0	0	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(892)	(1,202)	(1,702)	(756)	(1,967)	(3,328)	(3,328)	(4,992)
Other financing CF items	(24)	(151)	(26)	(25)	(25)	0	0	0
Cash flow from financing	**(916)**	**(1,353)**	**(1,728)**	**(781)**	**(1,991)**	**(3,328)**	**(3,328)**	**(4,992)**
Forex effect/others	0	0	0	0	0	0	0	0
Change in cash	**398**	**781**	**(1,210)**	**2,018**	**2,110**	**3,155**	**9,788**	**14,132**
Free cash flow	1,595	2,189	436	3,120	4,222	6,483	13,116	19,124

Source: FactSet, Daiwa forecasts

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	2,510	3,356	1,984	4,011	6,298	9,453	19,242	33,374
Inventory	158	400	306	357	280	607	1,175	1,533
Accounts receivable	831	995	728	1,487	1,642	3,171	6,112	7,943
Other current assets	10	28	405	132	188	188	188	188
Total current assets	**3,509**	**4,779**	**3,423**	**5,987**	**8,408**	**13,419**	**26,717**	**43,038**
Fixed assets	189	218	198	355	409	588	997	1,407
Goodwill & intangibles	650	757	620	705	608	608	608	608
Other non-current assets	209	173	304	679	909	417	417	417
Total assets	**4,557**	**5,927**	**4,544**	**7,726**	**10,334**	**15,032**	**28,739**	**45,470**
Short-term debt	0	0	0	0	0	0	0	0
Accounts payable	264	317	242	426	616	992	1,922	2,508
Other current liabilities	667	1,067	438	1,457	1,828	1,828	1,828	1,828
Total current liabilities	**931**	**1,385**	**680**	**1,883**	**2,444**	**2,820**	**3,750**	**4,336**
Long-term debt	0	0	0	0	0	0	0	0
Other non-current liabilities	79	54	31	204	319	319	319	319
Total liabilities	**1,010**	**1,439**	**710**	**2,087**	**2,763**	**3,139**	**4,069**	**4,655**
Share capital	344	378	378	378	378	416	416	416
Reserves/R.E./others	3,203	4,110	3,456	5,261	7,193	11,476	24,253	40,399
Shareholders' equity	**3,546**	**4,488**	**3,834**	**5,639**	**7,571**	**11,892**	**24,669**	**40,815**
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	**4,557**	**5,927**	**4,544**	**7,726**	**10,334**	**15,032**	**28,739**	**45,470**
EV	523,141	522,295	523,667	521,640	519,353	516,198	506,409	492,277
Net debt/(cash)	**(2,510)**	**(3,356)**	**(1,984)**	**(4,011)**	**(6,298)**	**(9,453)**	**(19,242)**	**(33,374)**
BVPS (TWD)	**85.275**	**107.871**	**92.162**	**135.549**	**181.978**	**285.853**	**592.975**	**981.057**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	18.7	43.2	(39.9)	106.4	40.6	102.7	92.7	30.0
EBITDA (YoY)	26.6	43.7	(48.5)	129.1	57.0	100.5	100.7	32.5
Operating profit (YoY)	30.0	48.2	(55.9)	170.3	59.7	110.4	101.5	31.9
Net profit (YoY)	30.7	60.4	(52.2)	155.4	52.8	107.1	97.9	31.3
Core EPS (fully-diluted) (YoY)	30.5	60.3	(52.2)	155.4	52.8	107.1	97.9	31.3
Gross-profit margin	65.3	65.1	64.1	64.3	68.0	69.9	69.8	69.7
EBITDA margin	51.4	51.6	44.3	49.1	54.9	54.3	56.5	57.6
Operating-profit margin	45.4	47.0	34.5	45.2	51.3	53.2	55.7	56.5
Net profit margin	36.1	40.4	32.2	39.8	43.2	44.2	45.4	45.8
ROAE	40.1	52.4	24.2	54.3	59.5	83.6	88.1	64.5
ROAA	31.8	40.2	19.2	41.9	43.5	64.1	73.6	56.9
ROCE	50.5	61.0	25.9	61.6	70.6	100.8	108.1	79.6
ROIC	n.a	n.a	61.0	n.a	n.a	n.a	n.a	n.a
Net debt to equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	18.5	19.5	15.7	18.8	19.1	19.8	19.5	19.5
Accounts receivable (days)	67.7	64.0	100.4	62.6	62.9	47.7	47.7	55.6
Current ratio (x)	3.8	3.5	5.0	3.2	3.4	4.8	7.1	9.9
Net interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	88.8	91.6	80.8	82.6	84.1	84.7	40.9	31.0
Free cash flow yield	0.3	0.4	0.1	0.6	0.8	1.2	2.5	3.6

Source: FactSet, Daiwa forecasts

Company profile

Established in November 2004, Aspeed is a fabless IC design company specialising in baseboard management controllers (BMCs), which are mostly used for the remote management of servers. Aspeed is a global leader in BMC, with about 70% market share. Its other products include PC/AV extension SoC, which supports the extension of digital signals of PCs or multimedia content to remote terminals; and Cupola360, which is a spherical image processor that supports 360-degree cameras.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	Aspeed's board consists of 9 directors, with 4 independent directors. The directors' backgrounds appear to have a high correlation to semiconductors (either education or work experience), which we see as a positive for executive quality. In 2025, Aspeed held 6 board meetings and the average attendee rate was 100%. Given Aspeed's Chairman is also the CEO, we think it is a negative factor for board/executive management as well as external shareholders.
	Capital management	1	Aspeed declared a DPS of TWD80 in 2025, representing an 77% payout ratio. Being a leading global board management controller (BMC) IC design vendor with c.70% market share globally, the company's leading position and asset-light model (major expenses are from R&D employees) allow it to maintain high ROE/ROA ratios and a high dividend payout policy. BMC IC recently penetrated new applications (such as power supply, storage, edge servers), which can improve its profitability on a higher revenue scale, in our view.
	Related party & transaction	2	In 2025, there were no sales to or purchases from related parties. In previous years, the main purchases from related parties was from Avago. After selling its fully-owned Emulex unit to Aspeed, Avago (Broadcom) became an Aspeed's shareholder with a c.6% stake in 2016. We believe the bargaining power from its 6% shareholding was not sufficient to preload its IC products on Aspeed's products or earn unfair profits. In any case, this relationship ended in February 2021. As such, we see limited risk from related-party transactions.
S	Supply chain management	1	Aspeed ensures that suppliers comply with social responsibility, green environmental protection, occupational safety and health, human rights and RBA, and prefer to work with ISO9001, ISO14001 and ISO45001 certified suppliers. In addition, every Aspeed supplier is required to issue a publicly disclosed sustainability management report.
E	Water & wastewater management	1	Being a fabless IC design company, Aspeed's business doesn't involve a production process. According to the company's data, it produced 4,035 tonnes of wastewater in 2025. As such, we see limited risk from its water and waste water management.
E	Waste & hazardous materials management	1	Being a fabless IC design company, Aspeed's business doesn't involve production processes that may produce hazardous materials. That said, the company indicated it would employ green design concepts and simplified product structures throughout its R&D process in order to reduce pollution. As such, we see limited risk from its waste and hazardous materials management.
E	GHG emissions	1	Due to its fabless business model, Aspeed produces limited emissions of GHG, wastewater, and waste materials each year. According to the company's data, it produced around 273.5 tonnes of CO2 in 2025.

Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.

Update Date: 14 Sep 2026

Source: Daiwa, Company

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