Jentech Precision Industrial (3653 TT)

Target price: **TWD10,000.00** (from TWD9,420.00)

Share price (29 Sep): **TWD6,895.00** | Up/downside: **+45.0%**

5 4 3 2 **1**

Buy (unchanged)

3Q26 preview: impressive rising ASP trend

- We are confident in Jentech's product roadmap to drive its margins
- Likely upward EPS revision trend in the following months
- Reaffirming our Buy (1) call; raising 12-month TP to TWD10,000

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What's new: Jentech released its unaudited August 2026 results today (29 September) after the market close, due to recent share price volatility. We maintain our positive view on its ongoing product-upgrade roadmap and expect the rising ASP trend to continue in the coming years, underpinning its revenue and margin expansion. We reaffirm our Buy (1) call (see our flash, *3Q26 preview: stronger-than-expected spec upgrades*, 18 September).

What's the impact: 3Q26 results preview likely to be a beat. We forecast Jentech to record an all-time high quarterly revenue of TWD9.65bn (+32.7% QoQ; +90.4% YoY) in 3Q26. We now expect its 3Q26 EPS to be TWD22.77 (previously TWD17.67) vs. the Bloomberg consensus forecast of TWD20.37, mainly on a stronger-than-expected gross margin of 51.0% (previously 50.5%), an all-time quarterly high (vs. the Bloomberg consensus of 48.7%). We also expect a 3Q26 operating margin of 42.0% (previously 32.4%), an all-time quarterly high vs. the Bloomberg consensus of 39.0%, on ASP increases, a better product mix and operating efficiency. For 4Q26, we forecast revenue of TWD10.6bn (+10.1% QoQ) vs. the Bloomberg consensus forecast of TWD10.4bn and expect the gross margin to further expand to 52.3% (previously 51.2%). Jentech announced an unaudited August pre-tax income of TWD1.36bn (+100% YoY), net income of TWD1.08bn (+101% YoY) and EPS of TWD7.35 (+95% YoY).

Promising rising ASP trend given higher TDP and warpage concerns. Due to rising thermal design power (TDP) and warpage risk, we expect rising revenue contribution from removable lids in 2027, with these being implemented in Vera Rubin and Rubin Ultra from 1Q27E to prevent warpage and increase thermal efficiency. We expect removable lids to be adopted largely in the next 2-3 years by both GPU and ASIC clients. We raise our 2026-28E EPS by 1-16%, mainly on our more aggressive revenue and gross and operating-margin assumptions.

What we recommend: We reiterate our Buy (1) call and raise the 12M TP to TWD10,000 (from TWD9,420), still based on a target PER of 73x (vs. its past-3-year PER range of 16-53x) applied to our 1-year forward EPS forecast (4Q26E-3Q27E). Downside risks: weaker-than-expected global AI server demand and slower-than-expected thermal spec upgrades.

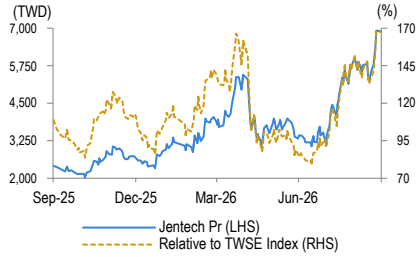
How we differ: Our 2027-28E EPS are 14-21% above the Bloomberg consensus, likely as we are more aggressive in our revenue and gross and operating-margin assumptions.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	-	7.9	13.3
Net profit change	1.2	12.5	15.5
Core EPS (FD) change	1.2	12.5	15.5

Source: Daiwa forecasts

Share price performance



12-month range	2,020.00-6,920.00
Market cap (USDbn)	31.79
3m avg daily turnover (USDm)	200.35
Shares outstanding (m)	147
Major shareholder	Chao family (40.0%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	32,852	65,059	97,916
Operating profit (m)	12,372	32,074	49,839
Net profit (m)	10,145	25,844	40,090
Core EPS (fully-diluted)	69.064	175.953	272.941
EPS change (%)	91.1	154.8	55.1
Daiwa vs Cons. EPS (%)	0.1	20.7	14.0
PER (x)	99.8	39.2	25.3
Dividend yield (%)	0.8	2.0	3.2
DPS	55.3	140.9	218.6
PBR (x)	n.a.	20.9	14.9
EV/EBITDA (x)	75.6	30.3	19.5
ROE (%)	38.0	65.5	69.1

Source: FactSet, Daiwa forecasts

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

Jentech: revenue and earnings forecasts revisions

	2026E			2027E			2028E		
(TWDm)	New	Previous	Change	New	Previous	Change	New	Previous	Change
Sales	**32,852**	**32,852**	0.0%	**65,059**	**60,276**	7.9%	**97,916**	**86,449**	13.3%
Gross profit	**16,098**	**15,933**	1.0%	**35,782**	**31,946**	12.0%	**54,833**	**47,547**	15.3%
Gross margin	*49.0%*	*48.5%*	*0.5pp*	*55.0%*	*53.0%*	*2pp*	*56.0%*	*55.0%*	*1pp*
Operating profit	**12,372**	**12,221**	1.2%	**32,074**	**28,511**	12.5%	**49,839**	**43,138**	15.5%
Operating margin	*37.7%*	*37.2%*	*0.5pp*	*49.3%*	*47.3%*	*2pp*	*50.9%*	*49.9%*	*1pp*
Net profit	**10,145**	**10,023**	1.2%	**25,844**	**22,972**	12.5%	**40,090**	**34,696**	15.5%
Net margin	*30.9%*	*30.5%*	*0.4pp*	*39.7%*	*38.1%*	*1.6pp*	*40.9%*	*40.1%*	*0.8pp*
Fully Diluted EPS (TWD)	**69.06**	**68.24**	1.2%	**175.95**	**156.40**	12.5%	**272.94**	**236.22**	15.5%

Source: Daiwa forecasts

Jentech: 3Q26 results preview

(TWDm)	Daiwa's 3Q26 forecast	Our previous forecast	Differ	Bloomberg consensus	Differ
Revenue	9,650	9,650	0.0%	9,766	-1.2%
Gross profit	4,922	4,873	1.0%	4,756	3.5%
Operating profit	4,050	3,127	29.5%	3,811	6.3%
Profit before tax	4,137	3,214	28.7%	3,826	8.1%
Net profit	3,341	2,593	28.8%	3,047	9.6%
EPS	22.77	17.67	28.8%	20.37	11.8%
Margin					
Gross margin	51.0%	50.5%	0.5pp	48.7%	2.3pp
Operating margin	42.0%	32.4%	9.6pp	39.0%	2.9pp
Pre-tax margin	42.9%	33.3%	9.6pp	39.2%	3.7pp
Net margin	34.6%	26.9%	7.7pp	31.2%	3.4pp

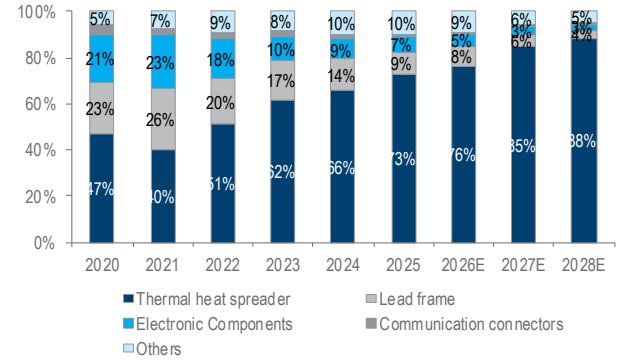
Source: Company, Bloomberg, Daiwa forecasts

Jentech: quarterly and annual P&L

	2026E				2027E				2026E	2027E	2028E
(TWDm)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E			
Revenue	5,305	7,275	9,650	10,623	11,938	14,398	17,457	21,266	32,852	65,059	97,916
Gross profit	2,217	3,405	4,922	5,555	6,327	7,775	9,601	12,079	16,098	35,782	54,833
Operating profit	1,697	2,749	4,050	3,877	5,492	6,882	8,711	10,989	12,372	32,074	49,839
Pre-tax profit	1,776	2,841	4,137	3,914	5,524	6,915	8,744	11,022	12,667	32,204	49,949
Net profit	1,398	2,318	3,341	3,087	4,430	5,548	7,018	8,849	10,145	25,844	40,090
Basic EPS (TWD)*	9.53	15.80	22.77	21.04	30.19	37.81	47.83	60.31	69.14	176.13	273.21
Margin											
Gross margin	41.8%	46.8%	51.0%	52.3%	53.0%	54.0%	55.0%	56.8%	49.0%	55.0%	56.0%
Operating margin	32.0%	37.8%	42.0%	36.5%	46.0%	47.8%	49.9%	51.7%	37.7%	49.3%	50.9%
Pre-tax margin	33.5%	39.1%	42.9%	36.8%	46.3%	48.0%	50.1%	51.8%	38.6%	49.5%	51.0%
Net margin	26.4%	31.9%	34.6%	29.1%	37.1%	38.5%	40.2%	41.6%	30.9%	39.7%	40.9%
YoY											
Revenue	11.6%	40.4%	90.4%	101.5%	125.0%	97.9%	80.9%	100.2%	62.0%	98.0%	50.5%
Gross profit	3.8%	58.4%	149.1%	155.4%	185.4%	128.3%	95.1%	117.5%	90.9%	122.3%	53.2%
Operating profit	1.8%	61.8%	172.8%	135.2%	223.7%	150.3%	115.1%	183.5%	90.4%	159.2%	55.4%
Pre-tax profit	2.0%	114.1%	140.1%	115.4%	211.1%	143.4%	111.4%	181.6%	91.7%	154.2%	55.1%
Net profit	2.0%	106.8%	146.4%	116.0%	216.8%	139.3%	110.0%	186.6%	92.2%	154.8%	55.1%
QoQ											
Revenue	0.6%	37.1%	32.7%	10.1%	12.4%	20.6%	21.3%	21.8%			
Gross profit	1.9%	53.6%	44.5%	12.9%	13.9%	22.9%	23.5%	25.8%			
Operating profit	2.9%	62.0%	47.3%	-4.3%	41.7%	25.3%	26.6%	26.2%			
Pre-tax profit	-2.3%	60.0%	45.6%	-5.4%	41.1%	25.2%	26.5%	26.1%			
Net profit	-2.2%	65.8%	44.1%	-7.6%	43.5%	25.2%	26.5%	26.1%			

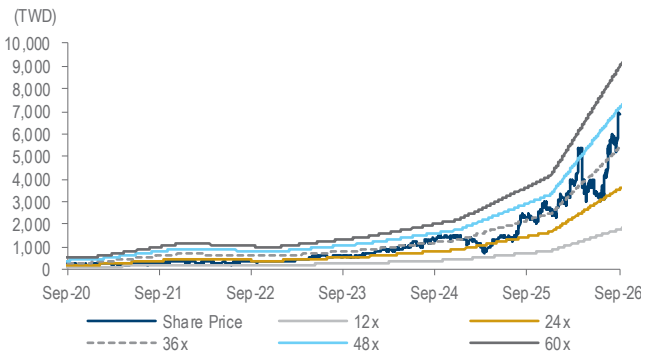
*Source: Company, Daiwa forecasts Note: * slightly differently from fully-diluted core EPS*

Jentech: product mix



Source: Company, Daiwa forecasts

Jentech: 1-year forward PER



Source: Bloomberg, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Thermal heat spreader revenue growth (%)	10.4	73.8	21.2	25.7	58.2	69.6	119.1	57.2
Lead frame revenue growth (%)	51.0	2.3	(13.1)	(5.8)	(4.1)	48.9	30.2	0.0
Electronic Components revenue growth (%)	41.4	4.7	(43.5)	3.5	15.9	17.9	23.2	21.6

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Thermal heat spreader	3,533	6,139	7,444	9,358	14,804	25,106	55,002	86,471
Lead frame	2,326	2,380	2,068	1,948	1,868	2,780	3,620	3,620
Other Revenue	2,942	3,513	2,551	2,972	3,604	4,965	6,438	7,825
Total Revenue	**8,801**	**12,032**	**12,063**	**14,278**	**20,276**	**32,852**	**65,059**	**97,916**
Other income	0	0	0	0	0	0	0	0
COGS	(6,043)	(7,706)	(8,020)	(8,913)	(11,842)	(16,755)	(29,277)	(43,083)
SG&A	(658)	(838)	(838)	(969)	(1,196)	(2,740)	(2,407)	(3,035)
Other op.expenses	(390)	(454)	(527)	(598)	(740)	(986)	(1,301)	(1,958)
Operating profit	**1,710**	**3,034**	**2,677**	**3,799**	**6,498**	**12,372**	**32,074**	**49,839**
Net-interest inc./(exp.)	(25)	(16)	83	83	54	135	70	50
Assoc/forex/extraord./others	(93)	351	25	364	54	160	60	60
Pre-tax profit	**1,592**	**3,369**	**2,786**	**4,245**	**6,607**	**12,667**	**32,204**	**49,949**
Tax	(354)	(712)	(534)	(830)	(1,297)	(2,486)	(6,320)	(9,802)
Min. int./pref. div./others	(42)	(42)	46	13	(33)	(37)	(40)	(57)
Net profit (reported)	**1,196**	**2,614**	**2,298**	**3,428**	**5,277**	**10,145**	**25,844**	**40,090**
Net profit (adjusted)	**1,196**	**2,614**	**2,298**	**3,428**	**5,277**	**10,145**	**25,844**	**40,090**
EPS (reported)(TWD)	**9.884**	**19.536**	**16.594**	**24.149**	**36.753**	**69.138**	**176.129**	**273.215**
EPS (adjusted)(TWD)	**9.884**	**19.536**	**16.594**	**24.149**	**36.753**	**69.138**	**176.129**	**273.215**
EPS (adjusted fully-diluted)(TWD)	**9.407**	**18.643**	**16.280**	**24.074**	**36.140**	**69.064**	**175.953**	**272.941**
DPS (TWD)	**6.000**	**11.660**	**9.850**	**14.500**	**22.000**	**55.310**	**140.904**	**218.572**
EBIT	**1,710**	**3,034**	**2,677**	**3,799**	**6,498**	**12,372**	**32,074**	**49,839**
EBITDA	**2,047**	**3,855**	**3,238**	**4,759**	**7,201**	**13,235**	**32,860**	**50,709**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	1,592	3,369	2,786	4,245	6,607	12,667	32,204	49,949
Depreciation and amortisation	430	469	536	597	648	703	726	810
Tax paid	(230)	(313)	(848)	(563)	(887)	(2,486)	(6,320)	(9,802)
Change in working capital	(952)	(840)	662	(1,211)	(1,348)	(4,464)	(10,550)	(11,441)
Other operational CF items	65	110	(78)	(177)	(246)	(135)	(70)	(50)
Cash flow from operations	**905**	**2,795**	**3,057**	**2,891**	**4,774**	**6,286**	**15,991**	**29,466**
Capex	(684)	(805)	(453)	(613)	(1,173)	(1,200)	(1,200)	(1,500)
Net (acquisitions)/disposals	(653)	(21)	270	179	146	131	131	131
Other investing CF items	(15)	(279)	(103)	(2,129)	13	0	0	0
Cash flow from investing	**(1,352)**	**(1,105)**	**(287)**	**(2,563)**	**(1,014)**	**(1,069)**	**(1,069)**	**(1,369)**
Change in debt	770	(246)	(222)	(744)	5,197	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(733)	(785)	(1,662)	(1,436)	(2,072)	(3,187)	(8,116)	(20,675)
Other financing CF items	(14)	(19)	(33)	(35)	(48)	0	0	0
Cash flow from financing	**22**	**(1,050)**	**(1,917)**	**(2,215)**	**3,077**	**(3,187)**	**(8,116)**	**(20,675)**
Forex effect/others	0	0	0	0	0	0	0	0
Change in cash	**(425)**	**640**	**853**	**(1,887)**	**6,837**	**2,029**	**6,805**	**7,422**
Free cash flow	221	1,897	2,597	2,371	3,791	5,086	14,791	27,966

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	2,648	3,317	4,156	2,267	9,134	11,163	17,969	25,390
Inventory	3,359	3,596	2,481	3,062	3,810	5,619	9,444	14,013
Accounts receivable	2,373	2,730	2,713	4,115	5,538	9,058	17,654	26,783
Other current assets	70	43	62	51	85	85	85	85
Total current assets	**8,450**	**9,686**	**9,411**	**9,495**	**18,567**	**25,925**	**45,151**	**66,270**
Fixed assets	4,436	4,675	4,833	4,852	8,073	8,570	9,044	9,733
Goodwill & intangibles	12	10	13	12	14	14	14	14
Other non-current assets	623	1,407	1,588	4,104	1,315	1,315	1,315	1,315
Total assets	**13,521**	**15,777**	**15,846**	**18,462**	**27,969**	**35,824**	**55,524**	**77,333**
Short-term debt	773	1,743	397	0	0	0	0	0
Accounts payable	1,882	2,176	2,052	2,790	3,521	4,442	6,368	8,680
Other current liabilities	224	619	335	630	932	99	99	99
Total current liabilities	**2,878**	**4,537**	**2,785**	**3,420**	**4,453**	**4,541**	**6,467**	**8,779**
Long-term debt	437	432	348	5	5	5	5	5
Other non-current liabilities	2,194	350	375	379	445	445	445	445
Total liabilities	**5,509**	**5,319**	**3,507**	**3,804**	**4,904**	**4,991**	**6,918**	**9,230**
Share capital	1,223	1,368	1,408	1,429	1,467	1,467	1,467	1,467
Reserves/R.E./others	5,854	8,152	10,070	13,037	21,370	29,101	46,835	66,275
Shareholders' equity	**7,078**	**9,520**	**11,478**	**14,466**	**22,837**	**30,569**	**48,302**	**67,742**
Minority interests	934	938	860	192	227	264	304	361
Total equity & liabilities	**13,521**	**15,777**	**15,846**	**18,462**	**27,969**	**35,824**	**55,524**	**77,333**
EV	1,011,220	1,011,520	1,009,174	1,009,653	1,002,823	1,000,830	994,065	986,700
Net debt/(cash)	**(1,438)**	**(1,143)**	**(3,411)**	**(2,262)**	**(9,129)**	**(11,158)**	**(17,963)**	**(25,385)**
BVPS (TWD)	**58.480**	**71.142**	**82.877**	**101.919**	**159.052**	**208.329**	**329.185**	**461.670**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	28.6	36.7	0.3	18.4	42.0	62.0	98.0	50.5
EBITDA (YoY)	30.6	88.3	(16.0)	47.0	51.3	83.8	148.3	54.3
Operating profit (YoY)	52.8	77.4	(11.8)	41.9	71.1	90.4	159.2	55.4
Net profit (YoY)	19.6	118.6	(12.1)	49.2	54.0	92.2	154.8	55.1
Core EPS (fully-diluted) (YoY)	14.3	98.2	(12.7)	47.9	50.1	91.1	154.8	55.1
Gross-profit margin	31.3	36.0	33.5	37.6	41.6	49.0	55.0	56.0
EBITDA margin	23.3	32.0	26.8	33.3	35.5	40.3	50.5	51.8
Operating-profit margin	19.4	25.2	22.2	26.6	32.0	37.7	49.3	50.9
Net profit margin	13.6	21.7	19.1	24.0	26.0	30.9	39.7	40.9
ROAE	17.7	31.5	21.9	26.4	28.3	38.0	65.5	69.1
ROAA	9.6	17.8	14.5	20.0	22.7	31.8	56.6	60.3
ROCE	20.1	27.8	20.8	27.4	34.4	45.9	80.7	85.4
ROIC	23.6	30.1	23.7	28.7	39.7	59.2	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	22.2	21.1	19.2	19.6	19.6	19.6	19.6	19.6
Accounts receivable (days)	87.2	77.4	82.4	87.3	86.9	81.1	74.9	82.8
Current ratio (x)	2.9	2.1	3.4	2.8	4.2	5.7	7.0	7.5
Net interest cover (x)	67.9	183.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	60.7	59.7	59.4	60.0	59.9	80.0	80.0	80.0
Free cash flow yield	0.0	0.2	0.3	0.2	0.4	0.5	1.5	2.8

Source: FactSet, Daiwa forecasts

Company profile

Established in 1987, Jentech Precision Industrial is a leading global thermal-solutions and precision-metal components maker that serves leading semiconductor and server vendors. As of 2025, its revenue comprised thermal heat spreaders (73%), lead frames (9%), electronic components (7%), communication connectors (1%) and others (10%).

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	1	The CEO and chairperson of Jentech is the same individual, Mr. Zhao Zongxin. We note that Mr. Zhao has extensive long-term experience in senior management within the company and across its subsidiaries, which is a positive sign from an executive perspective.
	Capital management	1	Between 2021-25, Jentech has maintained a dividend payout ratio of around 60%, which we consider reasonable for balancing shareholder returns with reinvestment needs. This consistent approach reflects prudent capital management discipline and a stable financial policy.
	Related party & transaction	1	The company engages in transactions with subsidiaries primarily for normal operational purposes, such as purchase of materials and components. The proportion of these costs to overall COGS remains low, and no irregular or non-transparent transactions were identified.
E	Supply chain management	1	Jentech has a structured procurement process, including supplier evaluation, signature of procurement contracts, and requirements for compliance with environmental and safety regulations. The company also diversifies sourcing channels (major suppliers from Taiwan, Japan, Europe, Korea, USA) and maintains stable supply relationships, with clear communication protocols for prompt response to supplier issues. This reflects strong supply chain transparency and robust quality control measures.
E	Data security	1	The company has established an information security team, conducts annual internal control audits, and implements procedures such as asset inventory, network security monitoring, virus prevention systems, firewall management, and access rights control. Backup systems and disaster recovery mechanisms are in place, allowing the company to restore information system operations and minimize damage during major incidents or equipment failures.

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: 29 May 2026

Source: Daiwa, Company

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Source: Daiwa

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