Global Unichip (3443 TT)

Target price: **TWD7,800.00** (from TWD5,125.00)

Share price (3 Nov): **TWD6,795.00** | Up/downside: **+14.8%**

5 4 3 2 **1**

Buy (unchanged)

Value returns when jitters rise

- Lifting forecasts on AI strength and a broadened project base
- Margin dilutive at gross level yet accretive at operating level
- Reaffirming our Buy (1) with a higher 12M TP of TWD7,800

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What's new: Following its results release on 30 October, we raise our forecasts and 12M TP for Global Unichip (GUC). The stock more than doubled since our last update (*Upgrading: unleashed capacity adding to growth*, 5 August), yet its recent pullback amid increased market volatility looks to be unlocking value again for investment, so we reaffirm our Buy (1) rating. Fundamentals have unfolded strongly. According to our market research, GUC's key customer in the AI CPU space has pulled forward its order trajectory ahead of the previous schedule amid accelerated demand for internal and external AI datacentre build-out. This comes on top of its initial ramp of another new accelerator project, followed by the next generation AI CPU and accelerator ramps for the same customer, with further upside from another new AI accelerator customer in the auto space. We suggest investors take advantage of the pullback to bargain-hunt.

What's the impact: **Forecast changes.** In light of its key AI CPU customer accelerating its ordering trajectory, together with multiple AI projects ramping in the next 1-2 years to fire on all cylinders for growth, we lift our 2026-28E EPS by 8-50% for GUC. We forecast triple-digit % YoY EPS growth over 2Q26-2Q27, before moderating to 50% or so into 2028. While such strong growth should help sustain its hefty valuation, further rerating may be unlikely as this would depend on GUC's ability to win more AI projects than we expect, and more importantly, whether it is able to secure enough capacity from the supply chain to accommodate any incremental business amid the constrained supply environment.

Margin-accretive at operating level. On top of the AI CPU demand uplift, we expect GUC to have a total of 6 major AI projects in mass-production for 2027, including 4 CPU and 2 accelerators, all for US-based hyperscalers or system vendors mainly focusing on N3 process nodes, helping broaden GUC's AI project base. Although these projects appear margin-dilutive at gross level, they should be accretive at the operating level, thanks to GUC's prudent opex management on enhanced operating leverage.

What we recommend: Given our forecast changes, we lift our 12M TP for GUC to TWD7,800 (previous: TWD5,125), based on a higher 4-quarter forward PER target of 67x (previous: 63x), justified by its 2026-28E EPS CAGR of 66% from a PEG perspective. Although further rerating remains challenging, we are comfortable with our Buy (1) call due to the recent share price pullback unlocking value for investment again. Key downside risks to our call would be supply constraints and margin execution.

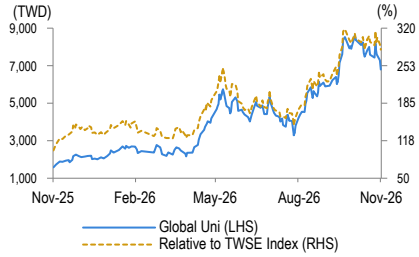
How we differ: Our 2027-28E EPS are 23-37% below the consensus forecasts as we factor in the supply constraints that will moderate growth.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	8.3	39.2	49.4
Net profit change	7.6	32.7	50.2
Core EPS (FD) change	7.6	32.7	50.2

Source: Daiwa forecasts

Share price performance



12-month range	1,605.00-8,600.00
Market cap (USDbn)	27.72
3m avg daily turnover (USDm)	393.27
Shares outstanding (m)	134
Major shareholder	TSMC (34.8%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	68,317	130,974	179,514
Operating profit (m)	9,436	17,803	26,814
Net profit (m)	8,411	15,500	23,185
Core EPS (fully-diluted)	62.760	115.661	173.005
EPS change (%)	123.1	84.3	49.6
Daiwa vs Cons. EPS (%)	11.6	(23.0)	(36.9)
PER (x)	108.3	58.7	39.3
Dividend yield (%)	0.3	0.5	0.8
DPS	20.0	35.0	55.0
PBR (x)	n.a.	n.a.	20.1
EV/EBITDA (x)	87.1	46.8	30.8
ROE (%)	53.3	64.5	62.1

Source: FactSet, Daiwa forecasts

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

Flash

GUC: quarterly P&L forecasts

TWDm	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue*	**11,448**	**13,897**	**18,755**	**24,219**	**24,705**	**29,061**	**35,023**	**42,185**	**34,141**	**68,317**	**130,974**	**179,514**
Turnkey (MP)	9,805	11,586	16,671	20,633	21,993	25,935	31,210	37,959	25,736	58,694	117,097	160,154
NRE & others	1,643	2,310	2,084	3,586	2,713	3,126	3,813	4,226	8,405	9,623	13,877	19,360
COGS	-8,335	-10,903	-14,894	-19,308	-19,992	-23,531	-28,348	-33,999	-25,687	-53,439	-105,870	-143,165
Gross profit	3,113	2,994	3,860	4,911	4,714	5,530	6,675	8,186	8,454	14,878	25,104	36,348
Opex	-1,289	-1,318	-1,309	-1,526	-1,556	-1,744	-1,891	-2,109	-4,104	-5,442	-7,301	-9,534
Operating profit	1,824	1,676	2,551	3,385	3,157	3,786	4,783	6,076	4,350	9,436	17,803	26,814
Non-op. gains/losses	101	80	74	71	78	98	118	138	93	325	432	462
Pretax profit	1,925	1,756	2,626	3,455	3,235	3,884	4,901	6,214	4,443	9,761	18,235	27,276
Income taxes	-278	-201	-354	-518	-485	-583	-735	-932	-673	-1,351	-2,735	-4,091
Net profit	1,646	1,555	2,272	2,937	2,750	3,301	4,166	5,282	3,770	8,410	15,500	23,185
O/S (m, FD)	134	134	134	134	134	134	134	134	134	134	134	134
EPS (TWD, FD)	**12.28**	**11.60**	**16.95**	**21.92**	**20.52**	**24.64**	**31.09**	**39.42**	**28.08**	**62.76**	**115.66**	**173.01**
Margin												
Gross	27.2%	21.5%	20.6%	20.3%	19.1%	19.0%	19.1%	19.4%	24.8%	21.8%	19.2%	20.2%
Opex	-11.3%	-9.5%	-7.0%	-6.3%	-6.3%	-6.0%	-5.4%	-5.0%	-12.0%	-8.0%	-5.6%	-5.3%
Operating	15.9%	12.1%	13.6%	14.0%	12.8%	13.0%	13.7%	14.4%	12.7%	13.8%	13.6%	14.9%
Net	14.4%	11.2%	12.1%	12.1%	11.1%	11.4%	11.9%	12.5%	11.0%	12.3%	11.8%	12.9%
Growth (QoQ)												
Revenue	-8%	21%	35%	29%	2%	18%	21%	20%				
Gross profit	32%	-4%	29%	27%	-4%	17%	21%	23%				
Operating profit	45%	-8%	52%	33%	-7%	20%	26%	27%				
Net profit	42%	-6%	46%	29%	-6%	20%	26%	27%				
EPS (FD)	42%	-6%	46%	29%	-6%	20%	26%	27%				
Growth (YoY)												
Revenue	63%	128%	118%	95%	116%	109%	87%	74%	36%	100%	92%	37%
Gross profit	58%	47%	85%	108%	51%	85%	73%	67%	4%	76%	69%	45%
Operating profit	67%	78%	142%	169%	73%	126%	87%	80%	14%	117%	89%	51%
Net profit	71%	99%	162%	153%	67%	112%	83%	80%	9%	123%	84%	50%
EPS (FD)	72%	100%	162%	153%	67%	112%	83%	80%	10%	123%	84%	50%

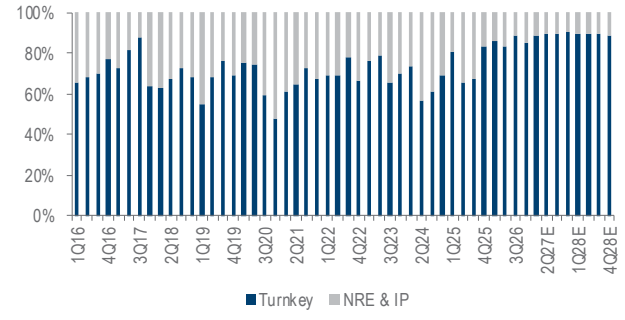
Source: Company, Daiwa estimates and forecasts
*Note: * MP = mass-production, or turnkey revenue; NRE = non-recurring engineering*

GUC: 3Q26 results review

			3Q26	Variance		Growth			4Q26E
TWDm	**Actual**	**Daiwa**	**Consensus**	**Daiwa**	**Consensus**	**QoQ**	**YoY**	**Guidance**	**Daiwa (previous)**
Revenue	18,755	15,748	16,160	19%	16%	35%	118%	na	up 17% QoQ (c.TWD22bn)
Turnkey (MP)	16,671	13,707	na	22%	na	44%	190%		
NRE & other	2,084	2,041	na	2%	na	-10%	-27%		
Gross profit	3,860	3,324	3,345	16%	15%	29%	85%	na	GM = 22%
Opex	1,309	1,339	1,355	-2%	-3%	-1%	27%	na	Opex ratio = 7%
Operating profit	2,551	1,986	1,990	28%	28%	52%	142%		
Pretax profit	2,626	2,015	2,040	30%	29%	50%	159%		
Net profit	2,272	1,713	1,740	33%	31%	46%	162%		
FD EPS (TWD)	16.95	12.78	12.98	33%	31%	46%	162%		
Margin									
Gross	20.6%	21.1%	20.7%	-0.5%	-0.1%				
Operating	13.6%	12.6%	12.3%	1.0%	1.3%				
Net	12.1%	10.9%	10.8%	1.2%	1.3%				
Revenue mix*									
NRE & other	11%	13%							
Turnkey (MP)	89%	87%							

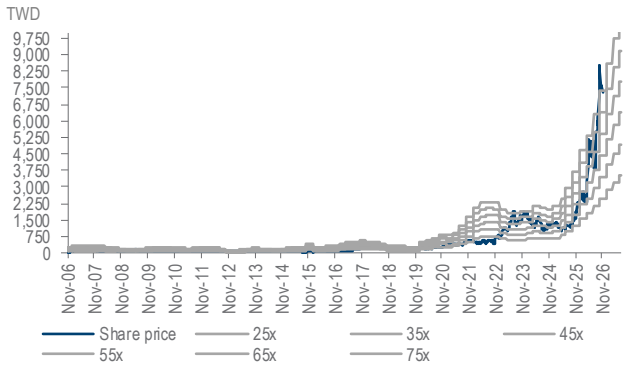
Source: Company, Daiwa estimates
*Note: * NRE = non-recurring engineering; MP = mass-production; others including mainly intellectual property (IP) licensing*

GUC: revenue mix by business type



Source: Company, Daiwa estimates and forecasts

GUC: 4-quarter-forward PER band



Source: Company, TEJ, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
NRE revenue growth (%)	1.2	35.2	7.1	24.7	(4.8)	19.8	44.2	39.5
Turnkey (MP) revenue growth (%)	18.3	67.4	12.4	(14.9)	59.2	128.1	99.5	36.8
Others revenue growth (%)	(17.8)	139.5	(41.4)	(9.9)	(16.6)	0.0	0.0	0.0

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
NRE	4,668	6,313	6,763	8,436	8,033	9,623	13,877	19,360
MP (Turnkey)	10,086	16,880	18,982	16,161	25,736	58,694	117,097	160,154
Other Revenue	353	846	496	447	373	(0)	0	0
Total Revenue	**15,108**	**24,040**	**26,241**	**25,044**	**34,141**	**68,317**	**130,974**	**179,514**
Other income	0	0	0	0	0	0	0	0
COGS	(9,878)	(15,705)	(18,265)	(16,937)	(25,687)	(53,439)	(105,870)	(143,165)
SG&A	(758)	(946)	(891)	(935)	(920)	(1,133)	(1,477)	(1,875)
Other op.expenses	(2,798)	(3,290)	(3,116)	(3,369)	(3,184)	(4,309)	(5,824)	(7,660)
Operating profit	**1,674**	**4,099**	**3,969**	**3,803**	**4,350**	**9,436**	**17,803**	**26,814**
Net-interest inc./(exp.)	9	38	93	150	177	242	432	462
Assoc/forex/extraord./others	58	208	94	110	(84)	83	0	0
Pre-tax profit	**1,741**	**4,345**	**4,155**	**4,062**	**4,443**	**9,762**	**18,235**	**27,276**
Tax	(281)	(634)	(647)	(612)	(673)	(1,351)	(2,735)	(4,091)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
Net profit (reported)	**1,460**	**3,710**	**3,508**	**3,451**	**3,770**	**8,411**	**15,500**	**23,185**
Net profit (adjusted)	**1,460**	**3,710**	**3,508**	**3,451**	**3,770**	**8,411**	**15,500**	**23,185**
EPS (reported)(TWD)	**10.896**	**27.688**	**26.176**	**25.749**	**28.129**	**62.760**	**115.662**	**173.006**
EPS (adjusted)(TWD)	**10.896**	**27.688**	**26.176**	**25.749**	**28.129**	**62.760**	**115.662**	**173.006**
EPS (adjusted fully-diluted)(TWD)	**10.856**	**27.466**	**26.020**	**25.584**	**28.129**	**62.760**	**115.661**	**173.005**
DPS (TWD)	**5.000**	**7.000**	**14.000**	**14.000**	**16.000**	**20.000**	**35.000**	**55.000**
EBIT	**1,674**	**4,099**	**3,969**	**3,803**	**4,350**	**9,436**	**17,803**	**26,814**
EBITDA	**2,345**	**4,751**	**4,584**	**4,426**	**5,027**	**10,354**	**19,391**	**28,962**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	1,741	4,345	4,155	4,062	4,443	9,762	18,235	27,276
Depreciation and amortisation	672	652	615	623	677	918	1,588	2,147
Tax paid	(281)	(634)	(647)	(612)	(673)	(1,351)	(2,735)	(4,091)
Change in working capital	(813)	(4,363)	1,749	1,871	(6,739)	(4,065)	(14,826)	(305)
Other operational CF items	2,912	1,595	(1,363)	298	1,149	(300)	(300)	(300)
Cash flow from operations	**4,231**	**1,595**	**4,508**	**6,242**	**(1,143)**	**4,964**	**1,962**	**24,727**
Capex	(92)	(320)	(102)	(471)	(839)	(1,366)	(2,619)	(1,795)
Net (acquisitions)/disposals	0	0	0	0	0	0	0	0
Other investing CF items	(1,700)	(27)	(641)	(1,051)	441	(400)	(350)	(350)
Cash flow from investing	**(1,792)**	**(347)**	**(743)**	**(1,522)**	**(398)**	**(1,766)**	**(2,969)**	**(2,145)**
Change in debt	0	0	0	0	0	24,832	(34)	(5,000)
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(670)	(938)	(1,876)	(1,876)	(2,144)	(2,680)	(4,690)	(7,371)
Other financing CF items	(64)	(69)	(85)	(86)	(82)	0	0	0
Cash flow from financing	**(734)**	**(1,007)**	**(1,962)**	**(1,962)**	**(2,227)**	**22,152**	**(4,724)**	**(12,371)**
Forex effect/others	(15)	20	(15)	31	(10)	0	0	0
Change in cash	**1,690**	**261**	**1,789**	**2,790**	**(3,778)**	**25,349**	**(5,732)**	**10,211**
Free cash flow	4,139	1,274	4,407	5,772	(1,982)	3,597	(658)	22,932

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	7,717	7,629	9,718	13,407	8,732	34,081	28,349	38,560
Inventory	2,789	6,563	4,851	2,794	10,148	14,742	31,667	31,090
Accounts receivable	1,513	2,982	1,967	2,007	3,417	7,813	13,717	15,792
Other current assets	1,609	2,385	2,900	6,271	3,440	3,440	3,440	3,440
Total current assets	**13,628**	**19,558**	**19,436**	**24,480**	**25,737**	**60,076**	**77,174**	**88,882**
Fixed assets	912	646	559	942	1,347	1,864	3,231	3,415
Goodwill & intangibles	318	541	587	438	578	473	347	267
Other non-current assets	0	442	492	449	781	781	781	0
Total assets	**14,858**	**21,188**	**21,074**	**26,309**	**28,443**	**63,194**	**81,533**	**92,565**
Short-term debt	0	0	0	0	0	34	5,000	3,993
Accounts payable	1,850	2,982	1,967	2,238	4,126	9,051	17,054	18,247
Other current liabilities	7,353	9,617	8,986	12,431	10,907	10,146	9,751	9,751
Total current liabilities	**9,203**	**12,598**	**10,954**	**14,669**	**15,033**	**19,230**	**31,805**	**31,991**
Long-term debt	0	0	0	73	169	25,001	19,967	14,967
Other non-current liabilities	392	528	439	273	328	328	328	328
Total liabilities	**9,594**	**13,126**	**11,392**	**15,015**	**15,530**	**44,559**	**52,100**	**47,285**
Share capital	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340
Reserves/R.E./others	3,923	6,721	8,341	9,954	11,573	17,295	28,092	43,940
Shareholders' equity	**5,263**	**8,061**	**9,682**	**11,294**	**12,913**	**18,635**	**29,432**	**45,280**
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	**14,858**	**21,188**	**21,074**	**26,309**	**28,443**	**63,194**	**81,533**	**92,565**
EV	902,888	902,976	900,887	897,270	902,042	901,558	907,223	891,005
Net debt/(cash)	**(7,717)**	**(7,629)**	**(9,718)**	**(13,334)**	**(8,563)**	**(9,046)**	**(3,382)**	**(19,600)**
BVPS (TWD)	**39.275**	**60.153**	**72.245**	**84.279**	**96.355**	**139.056**	**219.625**	**337.881**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	11.3	59.1	9.2	(4.6)	36.3	100.1	91.7	37.1
EBITDA (YoY)	42.9	102.6	(3.5)	(3.4)	13.6	106.0	87.3	49.4
Operating profit (YoY)	73.7	144.9	(3.2)	(4.2)	14.4	116.9	88.7	50.6
Net profit (YoY)	71.8	154.1	(5.5)	(1.6)	9.2	123.1	84.3	49.6
Core EPS (fully-diluted) (YoY)	71.7	153.0	(5.3)	(1.7)	9.9	123.1	84.3	49.6
Gross-profit margin	34.6	34.7	30.4	32.4	24.8	21.8	19.2	20.2
EBITDA margin	15.5	19.8	17.5	17.7	14.7	15.2	14.8	16.1
Operating-profit margin	11.1	17.1	15.1	15.2	12.7	13.8	13.6	14.9
Net profit margin	9.7	15.4	13.4	13.8	11.0	12.3	11.8	12.9
ROAE	30.0	55.7	39.5	32.9	31.1	53.3	64.5	62.1
ROAA	11.9	20.6	16.6	14.6	13.8	18.4	21.4	26.6
ROCE	34.3	61.5	44.7	36.1	35.6	33.3	36.3	45.2
ROIC	n.a.	n.a.	n.a	n.a.	n.a	n.a	84.9	88.1
Net debt to equity	net cash	net cash	net cash	net cash	net cash	net cash	net cash	net cash
Effective tax rate	16.1	14.6	15.6	15.1	15.2	13.8	15.0	15.0
Accounts receivable (days)	32.5	34.1	34.4	29.0	29.0	30.0	30.0	30.0
Current ratio (x)	1.5	1.6	1.8	1.7	1.7	3.1	2.4	2.8
Net interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	78.8	64.2	50.6	53.5	62.1	71.1	55.8	47.6
Free cash flow yield	0.5	0.1	0.5	0.6	n.a.	0.4	n.a.	2.5

Source: FactSet, Daiwa forecasts

Company profile

Founded in 1998, GUC is an IC design service provider focusing on AI/HPC, networking, consumer and industrial applications.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	1	GUC's Board of Directors (BoD) comprises 8 members, including 4 independent directors (50% of the board), which is significantly higher than the regulatory requirement of at least 20%. The Board demonstrates diverse expertise across legal, finance, technology, and business management. The Chairman and the President are different individuals, ensuring separation of roles and enhancing governance independence.
	Capital management	1	Over the past decade, GUC has maintained a consistently high dividend payout ratio, generally above 60%, and in most years exceeding 80%. In 2025, the company distributed TWD2,144m in cash dividends, reflecting its policy of sustaining or increasing dividend amounts over time. Given GUC's asset-light business model as an IC design service provider, which does not require significant capital expenditure for manufacturing facilities, this high payout ratio is appropriate and aligns with its long-term commitment to shareholder returns.
	Related party & transaction	1	GUC's sole foundry supplier is TSMC, who is also GUC's largest shareholder. As an IC design service company without onsite production, GUC's relationship with the leading foundry of advanced process nodes provides it a key competitive advantage, in our view.
S	Supply chain management	2	GUC is committed to maintaining long-term partnerships with suppliers and establishing a sustainable supply chain through measures such as promoting its green action policy and concept to the entire supply chain, where all its suppliers are required to follow its Responsible Business Alliance (RBA) regulation. It also periodically conducts supplier audits to ensure the quality of suppliers.
E	Water & wastewater management	1	GUC continues its green living project to reduce water consumption. In 2024, the Company maintained water-saving measures such as rainwater collection systems, automatic sensor faucets, dual-flush toilets, and regular inspections of water equipment. These efforts aim to improve water efficiency and promote conservation across operations.
E	Waste & hazardous materials management	1	As an IC design service provider, GUC does not have in-house manufacturing facilities. It requires its suppliers to use recycled materials for on-site operation and transportation, and reduce the amount of expendable resources being used. In order to promote a paperless office, GUC has established a cloud operating system to reduce the use of paper-based documents.
E	GHG emissions	1	GUC adopts energy-saving measures to reduce greenhouse gas emissions and has set annual electricity conservation targets. In 2024, the Company achieved a 1% reduction in electricity use and increased green electricity to 39% of total consumption. It also continues to develop low-power and high-efficiency IP to help minimise environmental impact.

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: 5 May 2026

Source: Daiwa, Company

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