Taiwan | Information Technology | 10 August 2026

Chenbro Micom (8210 TT)

Target price: **TWD1,235.00** (from TWD1,888.00)

Share price (10 Aug): **TWD1,075.00** | Up/downside: **+14.9%**

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Outperform
(from Buy)

Downgrading: short-term hiccups

- Short-term demand negatively impacted by component shortage
- Will enjoy less spec upgrade than its AI component peers long-term
- Downgrading to Outperform (2); lowering 12M TP to TWD1,235

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What's new: We provide updates after Chenbro's 2Q26 results and downgrade our rating of its stock to Outperform (2) from Buy (1).

What's the impact: **Business outlook.** While we do not expect a major change in AI server shipment forecasts in the near term, Chenbro will face short-term hiccups from 3Q26 as one of its key clients is suffering from a memory shortage. This might, in our view, trigger weaker-than-our-originally-expected revenue momentum from 3Q26. In the long term, Chenbro highlights its new business strategy to proliferate its product offering from chassis-level to rack-level, which is why it is expanding to a new factory (leasing with total equipment capex of TWD600m) to support future growth. Although we believe some of the customised racks will keep a c.30% gross margin in the short term, we expect that to decline to c.25% when Chenbro grows its rack revenue to a certain size. Overall, we believe Chenbro might not only have to face short-term headwinds from its key client, but also encounter gross-margin dilution with its rising addressable market in the long term. Though we appreciate Chenbro's effort to expand its total addressable market, it does not involve meaningful spec upgrades compared with its AI peers, which might lead to a de-rating of Chenbro's PER multiple. Nonetheless, we believe its fundamentals are largely on track in our forecast period despite some short-term slowdown.

2Q26 results review: Chenbro's 2Q26 earnings came in at TWD1.38bn (EPS: TWD11.03), which was 10% below our expectation but largely on track with the Bloomberg consensus. Chenbro's 2Q26 revenue came in at TWD7.8bn (+10% QoQ and +44% YoY). Although the number was largely on track with the consensus, we believe our overestimation of the HGX and ASIC AI server chassis contributions in 2Q26 was the key reason for the 7% gap between our estimate and the actual number. Gross and operating margins came in largely on track vs. consensus, with strength due to ongoing NRE recognition. Lastly, net income was impacted by a higher tax rate in 2Q26 (26.3% vs. 23.8% in 1Q26).

What we recommend: We cut our 2026-28E EPS by 3-10% to factor in a weaker revenue momentum in the short term. We downgrade our rating of Chenbro to Outperform (2) from Buy (1) and cut the 12M TP to TWD1,235, based on a lower target PER multiple of 23x (from 34x), applied to our 1-year-forward EPS forecast, due to short-term hiccups and less spec upgrade vs. peers. Key downside risk: worse-than-expected AI server demand.

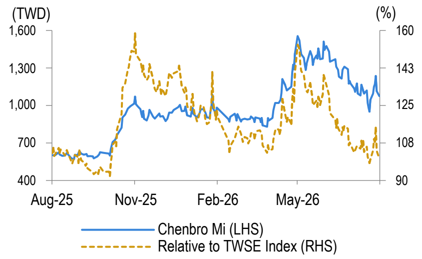
How we differ: Our 2026-28E EPS are lower than the Bloomberg consensus by 5-12% due mainly to our more bearish view on profitability.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	(8.5)	(5.6)	(1.4)
Net profit change	(10.2)	(8.0)	(2.7)
Core EPS (FD) change	(10.2)	(8.0)	(2.7)

Source: Daiwa forecasts

Share price performance



12-month range	569.00-1,555.00
Market cap (USDbn)	4.17
3m avg daily turnover (USDm)	61.70
Shares outstanding (m)	125
Major shareholder	Feng-ming Chen (10.9%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	32,732	44,373	54,319
Operating profit (m)	7,801	9,979	11,872
Net profit (m)	5,794	7,511	8,954
Core EPS (fully-diluted)	46.237	59.938	71.450
EPS change (%)	62.8	29.6	19.2
Daiwa vs Cons. EPS (%)	(5.2)	(9.3)	(12.1)
PER (x)	23.2	17.9	15.0
Dividend yield (%)	1.3	2.3	3.1
DPS	14.0	25.0	33.0
PBR (x)	9.0	7.0	5.6
EV/EBITDA (x)	15.3	11.7	9.7
ROE (%)	44.9	43.9	41.2

Source: FactSet, Daiwa forecasts

Flash

Chenbro: Daiwa revenue and earnings forecasts revisions vs. Bloomberg consensus

	2026E			2027E			2028E		
(TWDm)	**Previous**	**New**	**Consensus**	**Previous**	**New**	**Consensus**	**Previous**	**New**	**Consensus**
Revenue	35,785	32,732	34,241	46,981	44,373	46,100	55,107	54,319	57,890
Diff (%)		-8.5%	-4.4%		-5.6%	-3.7%		-1.4%	-6.2%
Gross Margin (%)	31.3%	31.6%	31.7%	29.7%	29.3%	30.9%	29.2%	28.6%	29.1%
Operating profit	8,586	7,801	8,163	10,851	9,979	11,086	12,215	11,872	13,947
Op Margin (%)	24.0%	23.8%	23.8%	23.1%	22.5%	24.0%	22.2%	21.9%	24.1%
Net profit	6,449	5,794	6,111	8,168	7,511	8,280	9,204	8,954	10,192
EPS (TWD)	51.46	46.24	48.77	65.17	59.94	66.07	73.45	71.45	81.32
Diff (%)		-10.2%	-5.2%		-8.0%	-9.3%		-2.7%	-12.1%

Source: Bloomberg, Daiwa forecasts

Chenbro: quarterly and annual P&L statement

	2026E				2027E							
(TWDm)	**1Q**	**2Q**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**2025**	**2026E**	**2027E**	**2028E**
Net revenue	**7,107**	**7,821**	**8,528**	**9,276**	**8,447**	**10,611**	**12,313**	**13,002**	**22,001**	**32,732**	**44,373**	**54,319**
COGS	-4,774	-5,268	-5,868	-6,479	-5,964	-7,484	-8,708	-9,215	-15,407	-22,389	-31,371	-38,759
Gross profit	**2,333**	**2,553**	**2,660**	**2,797**	**2,483**	**3,126**	**3,605**	**3,788**	**6,594**	**10,343**	**13,002**	**15,560**
Operating expenses	-554	-627	-657	-705	-659	-732	-800	-832	-1,827	-2,543	-3,024	-3,688
Operating profit	**1,779**	**1,926**	**2,004**	**2,092**	**1,824**	**2,394**	**2,805**	**2,955**	**4,767**	**7,801**	**9,979**	**11,872**
Non-operating profit	13	-22	-29	-29	-30	-29	-29	-29	65	-68	-118	-118
Pre-tax profit	**1,792**	**1,904**	**1,975**	**2,063**	**1,794**	**2,365**	**2,776**	**2,926**	**4,832**	**7,733**	**9,860**	**11,754**
Income taxes	-427	-500	-470	-491	-427	-563	-661	-697	-1,171	-1,888	-2,349	-2,800
Net profit	**1,336**	**1,383**	**1,504**	**1,571**	**1,366**	**1,802**	**2,114**	**2,229**	**3,558**	**5,794**	**7,511**	**8,954**
Net EPS (TWD)	**10.66**	**11.03**	**12.00**	**12.54**	**10.90**	**14.38**	**16.87**	**17.79**	**29.07**	**46.24**	**59.94**	**71.45**
Operating Ratios												
Gross margin	32.8%	32.6%	31.2%	30.1%	29.4%	29.5%	29.3%	29.1%	30.0%	31.6%	29.3%	28.6%
Operating margin	25.0%	24.6%	23.5%	22.5%	21.6%	22.6%	22.8%	22.7%	21.7%	23.8%	22.5%	21.9%
Pre-tax margin	25.2%	24.3%	23.2%	22.2%	21.2%	22.3%	22.5%	22.5%	22.0%	23.6%	22.2%	21.6%
Net margin	18.8%	17.7%	17.6%	16.9%	16.2%	17.0%	17.2%	17.1%	16.2%	17.7%	16.9%	16.5%
YoY (%)												
Net revenue	71%	44%	51%	38%	19%	36%	44%	40%	52%	49%	36%	22%
Gross profit	95%	57%	50%	40%	6%	22%	36%	35%	74%	57%	26%	20%
Operating profit	101%	55%	55%	55%	3%	24%	40%	41%	90%	64%	28%	19%
Pre-tax profit	98%	67%	47%	43%	0%	24%	41%	42%	85%	60%	28%	19%
Net profit	100%	67%	51%	47%	2%	30%	41%	42%	84%	63%	30%	19%
QoQ (%)												
Net revenue	5%	10%	9%	9%	-9%	26%	16%	6%				
Gross profit	17%	9%	4%	5%	-11%	26%	15%	5%				
Operating profit	32%	8%	4%	4%	-13%	31%	17%	5%				
Pre-tax profit	24%	6%	4%	4%	-13%	32%	17%	5%				
Net profit	25%	4%	9%	4%	-13%	32%	17%	5%				

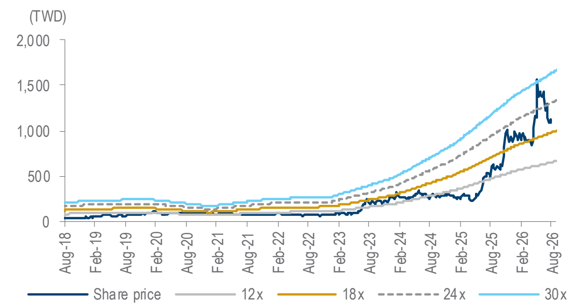
Source: Company, Daiwa forecasts

Chenbro: 2Q26 comparison table

(TWDm)	Actual	QoQ%	YoY%	Daiwa	Diff %	Consensus	Diff %
Revenue	7,821	10%	44%	8,374	-7%	7,734	1%
Gross profit	2,553	9%	57%	2,663	-4%	2,441	5%
Gross margin (%)	32.6%			31.8%		31.6%	
Operating profit	1,926	8%	55%	2,043	-6%	1,831	5%
Operating margin (%)	24.6%			24.4%		23.7%	
Pre-tax profit	1,904	6%	67%	2,017	-6%	1,832	4%
Net profit	1,383	4%	67%	1,533	-10%	1,374	1%
EPS (TWD)	11.03	4%	67%	12.23	-10%	10.96	1%

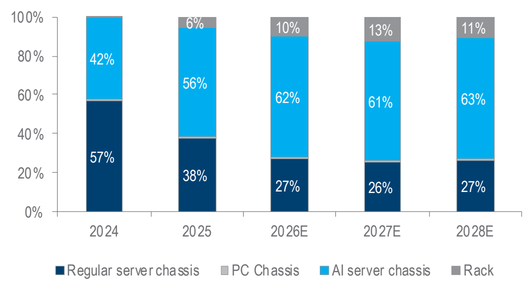
Source: Company data, Daiwa forecasts, Bloomberg

Chenbro: 1-year forward PER bands



Source: TEJ, Daiwa forecasts

Chenbro: revenue breakdown



Source: Company, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
AI server chassis shipment (k)	0.0	0.0	30.1	73.7	215.3	432.3	529.6	645.3
Regular server chassis shipment (k)	2,089.7	2,078.7	1,670.0	1,620.0	1,697.1	1,972.3	2,382.2	3,031.3
Total server shipment (K)	2,089.7	2,078.7	1,700.1	1,693.7	1,912.4	2,404.7	2,911.8	3,676.5

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
AI server chassis	0	0	2,290	6,116	13,597	23,541	32,886	39,746
Regular server chassis	8,896	10,316	8,501	8,245	8,261	8,854	11,327	14,414
Other Revenue	527	241	457	156	144	338	160	160
Total Revenue	**9,423**	**10,558**	**11,247**	**14,517**	**22,001**	**32,732**	**44,373**	**54,319**
Other income	0	0	0	0	0	0	0	0
COGS	(7,579)	(8,427)	(8,673)	(10,727)	(15,407)	(22,389)	(31,371)	(38,759)
SG&A	(757)	(792)	(937)	(1,059)	(1,479)	(2,000)	(2,272)	(2,757)
Other op.expenses	(204)	(197)	(176)	(224)	(347)	(543)	(752)	(931)
Operating profit	**882**	**1,142**	**1,462**	**2,506**	**4,767**	**7,801**	**9,979**	**11,872**
Net-interest inc./(exp.)	4	(28)	(46)	(19)	(6)	(21)	(18)	(18)
Assoc/forex/extraord./others	(1)	229	14	124	71	(46)	(100)	(100)
Pre-tax profit	**886**	**1,343**	**1,430**	**2,611**	**4,832**	**7,733**	**9,860**	**11,754**
Tax	(214)	(334)	(323)	(639)	(1,171)	(1,888)	(2,349)	(2,800)
Min. int./pref. div./others	1	(10)	(22)	(38)	(102)	(50)	0	0
Net profit (reported)	**673**	**999**	**1,085**	**1,934**	**3,558**	**5,794**	**7,511**	**8,954**
Net profit (adjusted)	**673**	**999**	**1,085**	**1,934**	**3,558**	**5,794**	**7,511**	**8,954**
EPS (reported)(TWD)	**5.571**	**8.279**	**9.001**	**15.981**	**28.394**	**46.237**	**59.938**	**71.450**
EPS (adjusted)(TWD)	**5.571**	**8.279**	**9.001**	**15.981**	**28.394**	**46.237**	**59.938**	**71.450**
EPS (adjusted fully-diluted)(TWD)	**5.571**	**8.279**	**9.001**	**15.981**	**28.394**	**46.237**	**59.938**	**71.450**
DPS (TWD)	**4.000**	**3.000**	**4.000**	**5.000**	**7.500**	**14.000**	**25.000**	**33.000**
EBIT	**882**	**1,142**	**1,462**	**2,506**	**4,767**	**7,801**	**9,979**	**11,872**
EBITDA	**1,221**	**1,518**	**1,760**	**2,852**	**5,155**	**8,462**	**10,836**	**12,872**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	886	1,343	1,430	2,611	4,832	7,733	9,860	11,754
Depreciation and amortisation	338	377	298	346	387	661	858	1,000
Tax paid	(214)	(334)	(323)	(639)	(1,171)	(1,888)	(2,349)	(2,800)
Change in working capital	(492)	(1,106)	369	281	(2,059)	113	(1,535)	(1,298)
Other operational CF items	(76)	216	749	98	1,099	0	0	(0)
Cash flow from operations	**443**	**495**	**2,524**	**2,697**	**3,087**	**6,619**	**6,835**	**8,656**
Capex	(1,997)	(848)	(215)	(789)	(984)	(2,455)	(1,775)	(2,173)
Net (acquisitions)/disposals	210	(19)	(0)	(688)	495	0	0	0
Other investing CF items	(10)	(44)	(18)	(112)	(4)	0	0	0
Cash flow from investing	**(1,797)**	**(912)**	**(234)**	**(1,589)**	**(493)**	**(2,455)**	**(1,775)**	**(2,173)**
Change in debt	2,088	1,112	(682)	263	210	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(484)	(362)	(483)	(603)	(907)	(1,754)	(3,133)	(4,136)
Other financing CF items	(11)	(10)	(10)	(9)	(8)	0	0	0
Cash flow from financing	**1,594**	**740**	**(1,175)**	**(348)**	**(705)**	**(1,754)**	**(3,133)**	**(4,136)**
Forex effect/others	(19)	92	(21)	93	(1)	0	0	0
Change in cash	**221**	**416**	**1,094**	**853**	**1,888**	**2,410**	**1,927**	**2,348**
Free cash flow	(1,553)	(353)	2,309	1,907	2,103	4,164	5,060	6,483

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	1,447	1,868	2,979	4,540	5,912	8,321	10,248	12,596
Inventory	2,399	2,400	1,843	2,187	3,925	4,907	6,876	8,495
Accounts receivable	2,468	2,418	3,667	3,736	6,566	3,139	4,255	5,209
Other current assets	181	270	99	121	181	181	181	181
Total current assets	**6,495**	**6,955**	**8,588**	**10,585**	**16,583**	**16,548**	**21,559**	**26,480**
Fixed assets	4,491	5,130	5,013	5,450	5,737	7,530	8,447	9,620
Goodwill & intangibles	21	52	73	65	57	57	57	57
Other non-current assets	247	206	313	544	1,079	1,079	1,079	1,079
Total assets	**11,253**	**12,343**	**13,987**	**16,644**	**23,456**	**25,215**	**31,143**	**37,237**
Short-term debt	1,076	1,545	376	641	1,222	1,222	1,222	1,222
Accounts payable	3,075	1,979	3,038	3,721	6,196	3,864	5,415	6,690
Other current liabilities	895	1,196	2,270	2,271	3,495	3,495	3,495	3,495
Total current liabilities	**5,047**	**4,720**	**5,683**	**6,632**	**10,914**	**8,582**	**10,132**	**11,407**
Long-term debt	1,963	2,652	2,701	2,671	1,332	1,332	1,332	1,332
Other non-current liabilities	67	34	26	76	134	134	134	134
Total liabilities	**7,076**	**7,407**	**8,409**	**9,380**	**12,380**	**10,048**	**11,598**	**12,873**
Share capital	1,208	1,206	1,206	1,210	1,253	1,253	1,253	1,253
Reserves/R.E./others	2,949	3,701	4,321	5,964	9,632	13,672	18,050	22,869
Shareholders' equity	**4,157**	**4,907**	**5,527**	**7,174**	**10,885**	**14,925**	**19,303**	**24,122**
Minority interests	20	30	51	90	192	242	242	242
Total equity & liabilities	**11,253**	**12,343**	**13,987**	**16,644**	**23,456**	**25,215**	**31,143**	**37,237**
EV	136,330	137,077	134,867	133,579	131,552	129,193	127,266	124,918
Net debt/(cash)	**1,592**	**2,330**	**97**	**(1,229)**	**(3,358)**	**(5,767)**	**(7,694)**	**(10,042)**
BVPS (TWD)	**34.414**	**40.679**	**45.828**	**59.298**	**86.857**	**119.094**	**154.032**	**192.482**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	24.9	12.0	6.5	29.1	51.6	48.8	35.6	22.4
EBITDA (YoY)	3.0	24.4	15.9	62.0	80.7	64.2	28.1	18.8
Operating profit (YoY)	(8.4)	29.4	28.0	71.5	90.2	63.6	27.9	19.0
Net profit (YoY)	(31.1)	48.4	8.7	78.1	84.0	62.8	29.6	19.2
Core EPS (fully-diluted) (YoY)	(31.0)	48.6	8.7	77.6	77.7	62.8	29.6	19.2
Gross-profit margin	19.6	20.2	22.9	26.1	30.0	31.6	29.3	28.6
EBITDA margin	13.0	14.4	15.6	19.6	23.4	25.9	24.4	23.7
Operating-profit margin	9.4	10.8	13.0	17.3	21.7	23.8	22.5	21.9
Net profit margin	7.1	9.5	9.7	13.3	16.2	17.7	16.9	16.5
ROAE	16.6	22.0	20.8	30.4	39.4	44.9	43.9	41.2
ROAA	7.0	8.5	8.2	12.6	17.7	23.8	26.7	26.2
ROCE	14.6	14.0	16.4	26.1	39.4	49.8	50.1	48.4
ROIC	14.2	13.2	17.5	32.3	52.5	68.9	71.5	69.1
Net debt to equity	38.3	47.5	1.8	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	24.1	24.9	22.6	24.5	24.2	24.4	23.8	23.8
Accounts receivable (days)	82.9	84.4	98.7	93.1	85.5	54.1	30.4	31.8
Current ratio (x)	1.3	1.5	1.5	1.6	1.5	1.9	2.1	2.3
Net interest cover (x)	n.a.	40.4	31.5	132.8	764.7	369.4	550.4	670.5
Net dividend payout	49.5	53.8	48.3	55.5	46.9	49.3	54.1	55.1
Free cash flow yield	n.a.	n.a.	1.7	1.4	1.6	3.1	3.8	4.8

Source: FactSet, Daiwa forecasts

Company profile

Founded in 1983 and listed on the Taiwan stock exchange in 2011, Chenbro started as the first computer chassis manufacturer in Asia with its own-brand rackmount systems, tower servers and PC chassis. In 3Q25, server-related products accounted for 99% of revenue and PC chassis 1%. The company is headquartered in New Taipei City and owns production sites in Shulin, Chiayi, Kunshan and Dongguan. Meanwhile, Chenbro also owns service centres in the US, Germany, and China.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	Chenbro's board consists of 9 directors, including 4 independent directors – the total number of directors is slightly lower than that of other listed companies in our coverage. Chenbro held 5 board meetings in 2024 and the actual attendee rate was 91%. The majority of its board are co-founders of Chenbro, which is likely positive for the company. In addition, 4 out of 9 board members are female and the independent directors have diversified backgrounds with expertise in accounting and management. We see this as positive for overall board quality.
G	Capital management	2	Chenbro declared a DPS of TWD7.5 in 2024, representing a payout ratio of 45%. The payout ratio in 2024 was lower than the payout ratio range of 50-90% over 2010-24 due to the sharp inventory digestion. As a leading server and PC chassis manufacturer, Chenbro should deliver solid revenue growth and FCF along with industry-leading growth rate in the regular server and AI server market. The higher R&D expenses and increased inventory requirements resulting from the revenue growth led to the slightly lower payout ratio in 2024 compared to the previous decade. That said, we think higher revenue growth for Chenbro in 2024 should partially offset the lower payout ratio.
G	Related party & transaction	1	There were no reported related-party transactions in both sales and purchases, in 2024. We see limited downside associated with related party transactions.
S	Supply chain management	2	Chenbro has committed to the "Code of Conduct for Responsible Business Alliance" issued by the Responsible Business Alliance (RBA), which requires its suppliers to meet the standards of no child labour, no forced labour, zero discharge of untreated toxic or hazardous substance/materials, and zero behaviour that causes immediate physical harm to employees. In order to achieve better supply chain management, Chenbro imposes rules for its supply chain and will conduct quarterly evaluation reviews based on the purchase amount and compliance with sustainability standards. Chenbro hosted a supplier conference annually on sustainability, net zero and the disclosure of ESG performance in CSR reports.
S	Data security	2	Chenbro has established a team to implement data security management. Moreover, it conducts data security training and education regularly for all employees annually.

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: 23 Dec 2025
Source: Daiwa, Company

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