Daiwa Capital Markets Hong Kong Limited

news

7 October 2026

MEMO

Asia Vital Components (3017 TT)

Share price (6 Oct): **TWD3,685.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

Record-high 3Q26 revenue beat expectations

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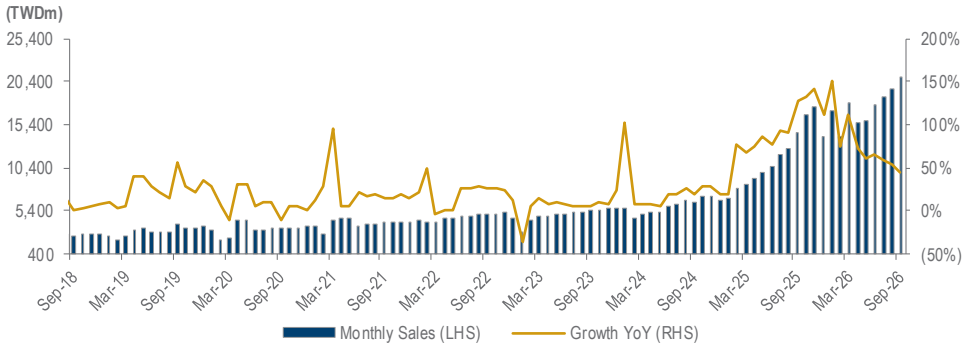
Summary: Before the market open on 7 October, AVC reported record-high monthly revenue of TWD21,018m for September 2026 (+7.9% MoM and +44.9% YoY; +71.2% YoY for 9M26). Its 3Q26 revenue, also a record-high, accounted for 102.3% and 103.0% of our and consensus forecasts, respectively.

We have a Buy (1) rating and 12-month TP of TWD4,465, based on a target PER of 30x applied to our one-year-forward EPS estimate. For more information on the company, please refer to our latest flash note, *Revenue momentum heats up*, published on 9 September.

What's the impact

- **Record-high 3Q26 revenue slightly beat expectations.** Before market open of 7 October, AVC reported record-high monthly revenue of TWD21,018m for September 2026 (+7.9% MoM and +44.9% YoY; +71.2% YoY for 9M26). Its 3Q26 revenue of TWD59,089m (+20.3% QoQ and +51.8% YoY), also a record-high, accounted for 102.3% of our forecast (TWD57,771m, +17.6% QoQ and +48.4% YoY) and 103.0% of the Bloomberg consensus forecast.

AVC: consolidated monthly sales



Source: Company

- **2027 capacity set to expand by 50%+ YoY to support revenue growth.** AVC plans to expand its cold plate module capacity (mainly in Vietnam) by 50%+ and double its capacity for racks and inner manifolds by 2027. AVC said most of the equipment will be ready in 2Q27, with production starting in 3Q27. In 2027, we expect higher revenue contributions from ASICs and servers, as well as an increase in ASIC liquid-cooling penetration rate (ie, 50%+ for one of ASIC client's project in 2027 vs. 10% in 2026) to support gross margin expansion. For 4Q26, we expect revenue momentum to strengthen QoQ and continue into 2027.

What we recommend

We have a Buy (1) rating and 12-month TP of TWD4,465, based on a target PER of 30x applied to our one-year-forward EPS estimate. Based on our 2026/27E EPS, the stock is currently trading at PERs of 34.8x/23.0x, vs. its past-3-year trading range of 5-25x. Key downside risks: slower-than-expected progress in high gross-margin orders; slower AI server adoption; an economic downturn weighing on end demand.

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	73.96%
Hold**	19.58%
Sell***	6.46%

Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 30 September 2026.
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