Taiwan | Information Technology | 6 August 2026

King Slide Works (2059 TT)

Target price: **TWD15,000.00** (from TWD5,888.00)

Share price (6 Aug): **TWD10,100.00** | Up/downside: **+48.5%**

5 4 3 2 1

Buy
(unchanged)

2Q26 results: strong beat and an improving outlook

- Share gains in regular servers were the key growth driver in 2Q26
- Increasing ASP trend is key to gross margin expansion
- Reaffirming our Buy (1) rating; lifting 12M TP to TWD15,000

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What's new: We provide updates after 2Q26 results released on 6 August.

What's the impact: **2Q26 results beat on revenue and gross margin.** King Slide's 2Q26 earnings came in at TWD7.1bn (EPS: TWD74.4), 72% and 45% above our and street expectations, respectively, driven by the higher-than-expected revenue and gross margin. Revenue was TWD10.8bn (up 99% QoQ and 156% YoY), beating expectations by 23-51% on increasing market share in the regular server segment and higher-than-expected ASPs per rail kit due to spec upgrades. The gross margin increased by 9.7pp QoQ on an improved ASP trend. The operating margin improved 15.0pp to 82.1% on the gross margin increase and opex control. Lastly, net profit was slightly impacted by the FX loss and higher tax rate.

Business outlook. After a strong beat in 2Q26, we believe King Slide is proving its dominance in the server market, even though we believe hyperscalers and key AI OEMs will likely introduce new suppliers in the rail kit market. We expect King Slide to still control a c.75% market share in Nvidia's supply chain and other ASIC-based AI servers, although we expect its share in Nvidia to decline from c.100% to c.75% from 2027. However, we lift our assumption for King Slide's market share for regular servers from c.60% to c.80%, especially from one particular CSP client, from 2Q26. We also lift the regular server rail kit ASP from USD30-40 to USD60-70, given the new CPU platform launch and an improving product mix, which raises our gross margin assumptions to 85-90% from 70% for 2026-28E. Given the upward revisions to ASP and market share assumptions in the regular server market, we lift our earnings forecasts by 73-149%. We see some new AI server and relevant racks as key growth drivers, and include c.10,000 CPU racks for Nvidia and c.8,000 Helios racks for AMD in our 2027 forecasts. We also believe that within the current trend, we will see switch rack, power rack and BBU rack volumes gradually picking up, but quantifying the volumes is difficult so we have not factored them into our model; therefore, these items (i.e. switch rack, power rack, BBU rack) would offer upside to our current forecasts.

What we recommend: We raise our 2026-27E EPS by 73-149% to factor in the 2Q26 results. We raise our 12M TP to TWD15,000, based on a PER of 36x (prior: 30x; higher than its past-3-year range of 9-23x) on our 4-quarter forward EPS forecast, to reflect a higher earnings trajectory. Thus, we reaffirm our Buy (1) rating. Key downside risk: weaker-than-expected AI server demand.

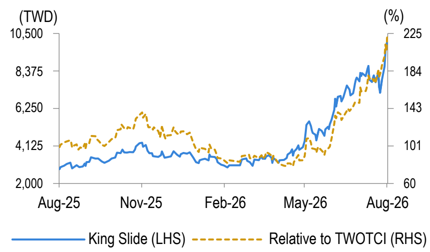
How we differ: Our 2026-28E EPS are 47-65% above the Bloomberg consensus as we are more positive on its revenue and profitability.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	55.4	86.1	107.4
Net profit change	73.1	118.9	149.3
Core EPS (FD) change	73.1	118.9	149.3

Source: Daiwa forecasts

Share price performance



12-month range	2,855.00-10,100.00
Market cap (USDbn)	29.80
3m avg daily turnover (USDm)	135.53
Shares outstanding (m)	95
Major shareholder	Ming Wei Global Co., Ltd. (6.7%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	42,873	62,370	79,189
Operating profit (m)	34,463	51,755	65,974
Net profit (m)	28,452	42,096	53,480
Core EPS (fully-diluted)	298.566	441.735	561.190
EPS change (%)	189.2	48.0	27.0
Daiwa vs Cons. EPS (%)	46.7	65.0	47.2
PER (x)	33.8	22.9	18.0
Dividend yield (%)	0.5	0.6	0.7
DPS	51.0	60.0	66.0
PBR (x)	18.6	10.9	7.1
EV/EBITDA (x)	26.3	16.9	12.6
ROE (%)	71.4	60.3	47.9

Source: FactSet, Daiwa forecasts

King Slide: Daiwa revenue and earnings forecasts revisions vs. consensus

	2026E			2027E			2028E		
(TWDm)	Previous	New	Consensus	Previous	New	Consensus	Previous	New	Consensus
Revenue	27,589	42,873	33,604	33,514	62,370	44,861	38,185	79,189	62,715
Diff (%)		55.4%	27.6%		86.1%	39.0%		107.4%	26.3%
Gross Margin (%)	76.1%	86.2%	77.5%	75.1%	87.6%	77.3%	75.1%	87.7%	76.4%
Operating profit	18,855	34,463	23,105	22,841	51,755	31,242	26,018	65,974	43,325
Op Margin (%)	68.3%	80.4%	68.8%	68.2%	83.0%	69.6%	68.1%	83.3%	69.1%
Net profit	16,442	28,452	19,391	19,227	42,096	25,518	21,453	53,480	36,332
EPS (TWD)	172.53	298.57	203.48	201.76	441.73	267.77	225.11	561.19	381.25
Diff (%)		73.1%	46.7%		118.9%	65.0%		149.3%	47.2%

Source: Bloomberg, Daiwa forecasts

King Slide: quarterly and annual P&L statement

	2026E				2027E				2025	2026E	2027E	2028E
(TWDm)	1Q	2Q	3QE	4QE	1QE	2QE	3QE	4QE				
Net revenue	**5,450**	**10,830**	**12,991**	**13,602**	**13,899**	**14,673**	**16,563**	**17,236**	**17,501**	**42,873**	**62,370**	**79,189**
COGS	-1,213	-1,362	-1,571	-1,773	-1,739	-1,772	-2,050	-2,143	-4,192	-5,919	-7,704	-9,777
Gross profit	**4,237**	**9,468**	**11,420**	**11,829**	**12,160**	**12,901**	**14,512**	**15,093**	**13,309**	**36,953**	**54,666**	**69,412**
Operating expenses	-582	-578	-650	-680	-667	-697	-754	-793	-1,220	-2,490	-2,911	-3,438
Operating profit	**3,654**	**8,890**	**10,770**	**11,149**	**11,492**	**12,204**	**13,759**	**14,300**	**12,089**	**34,463**	**51,755**	**65,974**
Non-operating profit	697	229	212	215	214	213	215	216	335	1,353	858	868
Pre-tax profit	**4,352**	**9,118**	**10,982**	**11,364**	**11,707**	**12,418**	**13,974**	**14,516**	**12,423**	**35,816**	**52,614**	**66,842**
Income taxes	-866	-2,030	-2,195	-2,272	-2,340	-2,482	-2,793	-2,902	-2,586	-7,363	-10,518	-13,362
Net profit	**3,486**	**7,088**	**8,787**	**9,092**	**9,367**	**9,935**	**11,180**	**11,614**	**9,837**	**28,452**	**42,096**	**53,480**
Net EPS (TWD)	**36.58**	**74.38**	**92.20**	**95.41**	**98.29**	**104.26**	**117.32**	**121.87**	**103.23**	**298.57**	**441.73**	**561.19**
Operating Ratios												
Gross margin	77.7%	87.4%	87.9%	87.0%	87.5%	87.9%	87.6%	87.6%	76.0%	86.2%	87.6%	87.7%
Operating margin	67.1%	82.1%	82.9%	82.0%	82.7%	83.2%	83.1%	83.0%	69.1%	80.4%	83.0%	83.3%
Pre-tax margin	79.9%	84.2%	84.5%	83.5%	84.2%	84.6%	84.4%	84.2%	71.0%	83.5%	84.4%	84.4%
Net margin	64.0%	65.4%	67.6%	66.8%	67.4%	67.7%	67.5%	67.4%	56.2%	66.4%	67.5%	67.5%
YoY (%)												
Net revenue	38%	156%	197%	175%	155%	35%	27%	27%	73%	145%	45%	27%
Gross profit	41%	189%	251%	214%	187%	36%	27%	28%	90%	178%	48%	27%
Operating profit	34%	200%	262%	226%	214%	37%	28%	28%	98%	185%	50%	27%
Pre-tax profit	39%	916%	175%	159%	169%	36%	27%	28%	59%	188%	47%	27%
Net profit	39%	1054%	175%	159%	169%	40%	27%	28%	60%	189%	48%	27%
QoQ (%)												
Net revenue	10%	99%	20%	5%	2%	6%	13%	4%				
Gross profit	12%	123%	21%	4%	3%	6%	12%	4%				
Operating profit	7%	143%	21%	4%	3%	6%	13%	4%				
Pre-tax profit	-1%	110%	20%	3%	3%	6%	13%	4%				
Net profit	-1%	103%	24%	3%	3%	6%	13%	4%				

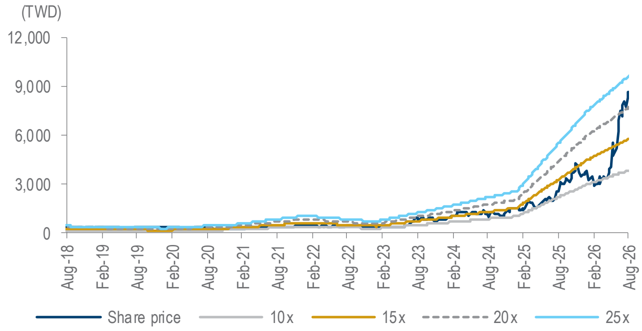
Source: Company, Daiwa forecasts

King Slide: 2Q26 comparison table

(TWDm)	Actual	QoQ%	YoY%	Daiwa	Diff %	Consensus	Diff %
Revenue	10,830	99%	156%	7,195	51%	8,772	23%
Gross profit	9,468	123%	189%	5,449	74%	6,795	39%
Gross margin (%)	87.4%			75.7%		77.5%	
Operating profit	8,890	143%	200%	4,945	80%	5,974	49%
Operating margin (%)	82.1%			68.7%		68.1%	
Pre-tax profit	9,118	110%	916%	5,139	77%	6,192	47%
Net profit	7,088	103%	1054%	4,112	72%	4,884	45%
EPS (TWD)	74.38	103%	1054%	43.15	72%	51.25	45%

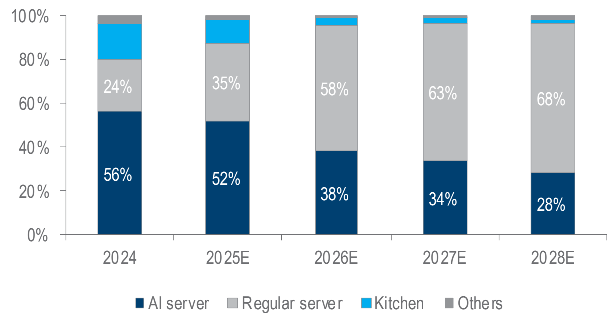
Source: Company data, Daiwa forecasts, Bloomberg

King Slide: 1-year forward PER bands



Source: TEJ, Daiwa forecasts

King Slide: revenue breakdown



Source: Company, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server railkit shipment (k)	3,938.0	4,477.0	3,556.9	2,711.9	6,021.2	13,568.7	19,055.5	23,782.4
HGX railkit shipment (k)	0.0	0.0	90.0	360.0	270.0	248.5	180.0	85.0
NVL railkit shipment (k)	0.0	0.0	0.0	0.0	636.7	1,572.8	1,736.3	1,522.5

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Regular server railkit sales	4,489	5,081	2,678	2,451	6,126	24,738	39,145	53,753
AI server railkit sales	0	0	982	5,668	9,122	16,303	20,954	22,497
Other Revenue	1,853	2,717	2,103	2,011	2,252	1,832	2,271	2,939
Total Revenue	**6,342**	**7,799**	**5,763**	**10,129**	**17,501**	**42,873**	**62,370**	**79,189**
Other income	0	0	0	0	0	0	0	0
COGS	(2,987)	(3,333)	(2,231)	(3,128)	(4,192)	(5,919)	(7,704)	(9,777)
SG&A	(386)	(474)	(408)	(550)	(743)	(1,650)	(1,884)	(2,293)
Other op.expenses	(250)	(239)	(235)	(351)	(477)	(840)	(1,027)	(1,145)
Operating profit	**2,720**	**3,753**	**2,888**	**6,101**	**12,089**	**34,463**	**51,755**	**65,974**
Net-interest inc./(exp.)	10	159	495	653	692	758	755	755
Assoc/forex/extraord./others	(134)	1,162	43	1,035	(358)	595	103	113
Pre-tax profit	**2,596**	**5,073**	**3,426**	**7,789**	**12,423**	**35,816**	**52,614**	**66,842**
Tax	(523)	(1,017)	(721)	(1,633)	(2,586)	(7,363)	(10,518)	(13,362)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
Net profit (reported)	**2,073**	**4,056**	**2,704**	**6,156**	**9,837**	**28,452**	**42,096**	**53,480**
Net profit (adjusted)	**2,073**	**4,056**	**2,704**	**6,156**	**9,837**	**28,452**	**42,096**	**53,480**
EPS (reported)(TWD)	**21.748**	**42.563**	**28.378**	**64.594**	**103.225**	**298.566**	**441.735**	**561.190**
EPS (adjusted)(TWD)	**21.748**	**42.563**	**28.378**	**64.594**	**103.225**	**298.566**	**441.735**	**561.190**
EPS (adjusted fully-diluted)(TWD)	**21.748**	**42.563**	**28.378**	**64.594**	**103.225**	**298.566**	**441.735**	**561.190**
DPS (TWD)	**6.120**	**10.880**	**20.000**	**14.190**	**32.200**	**51.000**	**60.000**	**66.000**
EBIT	**2,720**	**3,753**	**2,888**	**6,101**	**12,089**	**34,463**	**51,755**	**65,974**
EBITDA	**2,934**	**3,977**	**3,157**	**6,429**	**12,449**	**34,966**	**52,601**	**67,169**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	2,596	5,073	3,426	7,789	12,423	35,816	52,614	66,842
Depreciation and amortisation	214	224	269	328	360	502	845	1,195
Tax paid	(523)	(1,017)	(721)	(1,633)	(2,586)	(7,363)	(10,518)	(13,362)
Change in working capital	(997)	(209)	52	(1,598)	(1,230)	811	(1,953)	(1,709)
Other operational CF items	228	(133)	252	301	2,366	0	0	(0)
Cash flow from operations	**1,518**	**3,938**	**3,278**	**5,187**	**11,334**	**29,766**	**40,989**	**52,965**
Capex	(768)	(824)	(375)	(354)	(922)	(4,287)	(4,366)	(5,543)
Net (acquisitions)/disposals	(1,495)	389	215	884	2	0	0	0
Other investing CF items	1	(1)	(0)	(0)	(8)	0	0	0
Cash flow from investing	**(2,261)**	**(436)**	**(161)**	**530**	**(927)**	**(4,287)**	**(4,366)**	**(5,543)**
Change in debt	257	448	(32)	(130)	(268)	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(583)	(1,037)	(1,906)	(1,352)	(3,069)	(4,860)	(5,718)	(6,290)
Other financing CF items	(33)	(35)	(28)	(26)	(26)	0	0	0
Cash flow from financing	**(359)**	**(624)**	**(1,966)**	**(1,508)**	**(3,363)**	**(4,860)**	**(5,718)**	**(6,290)**
Forex effect/others	(22)	788	(141)	676	(452)	0	0	0
Change in cash	**(1,124)**	**3,666**	**1,010**	**4,886**	**6,591**	**20,619**	**30,905**	**41,132**
Free cash flow	751	3,114	2,903	4,833	10,412	25,479	36,623	47,422

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	9,421	12,698	13,494	17,495	24,084	44,703	75,608	116,740
Inventory	926	920	1,012	1,231	1,165	1,297	1,689	2,143
Accounts receivable	1,774	1,866	1,656	3,180	4,687	4,111	5,981	7,593
Other current assets	31	36	40	43	54	54	54	54
Total current assets	**12,151**	**15,520**	**16,202**	**21,949**	**29,990**	**50,165**	**83,331**	**126,530**
Fixed assets	2,446	2,955	3,192	3,287	3,882	7,666	11,187	15,535
Goodwill & intangibles	3	2	3	2	6	6	6	6
Other non-current assets	832	759	1,184	1,234	1,206	1,206	1,206	1,206
Total assets	**15,433**	**19,236**	**20,581**	**26,472**	**35,083**	**59,043**	**95,729**	**143,277**
Short-term debt	0	0	0	0	0	0	0	0
Accounts payable	469	374	309	441	654	1,022	1,330	1,688
Other current liabilities	1,211	1,599	1,866	2,708	4,713	4,713	4,713	4,713
Total current liabilities	**1,680**	**1,973**	**2,174**	**3,149**	**5,367**	**5,734**	**6,042**	**6,400**
Long-term debt	452	895	741	615	377	377	377	377
Other non-current liabilities	698	730	1,229	1,416	1,313	1,313	1,313	1,313
Total liabilities	**2,830**	**3,598**	**4,145**	**5,180**	**7,057**	**7,425**	**7,733**	**8,091**
Share capital	953	953	953	953	953	953	953	953
Reserves/R.E./others	11,650	14,685	15,483	20,339	27,073	50,665	87,043	134,234
Shareholders' equity	**12,603**	**15,638**	**16,436**	**21,292**	**28,026**	**51,618**	**87,996**	**135,187**
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	**15,433**	**19,236**	**20,581**	**26,472**	**35,083**	**59,043**	**95,729**	**143,277**
EV	953,532	950,697	949,748	945,620	938,794	918,175	887,270	846,138
Net debt/(cash)	**(8,969)**	**(11,804)**	**(12,753)**	**(16,880)**	**(23,707)**	**(44,326)**	**(75,230)**	**(116,363)**
BVPS (TWD)	**132.253**	**164.101**	**172.473**	**223.431**	**294.090**	**541.656**	**923.391**	**1,418.581**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	32.1	23.0	(26.1)	75.8	72.8	145.0	45.5	27.0
EBITDA (YoY)	36.0	35.5	(20.6)	103.6	93.6	180.9	50.4	27.7
Operating profit (YoY)	38.6	38.0	(23.0)	111.2	98.2	185.1	50.2	27.5
Net profit (YoY)	78.0	95.7	(33.3)	127.6	59.8	189.2	48.0	27.0
Core EPS (fully-diluted) (YoY)	78.0	95.7	(33.3)	127.6	59.8	189.2	48.0	27.0
Gross-profit margin	52.9	57.3	61.3	69.1	76.0	86.2	87.6	87.7
EBITDA margin	46.3	51.0	54.8	63.5	71.1	81.6	84.3	84.8
Operating-profit margin	42.9	48.1	50.1	60.2	69.1	80.4	83.0	83.3
Net profit margin	32.7	52.0	46.9	60.8	56.2	66.4	67.5	67.5
ROAE	17.5	28.7	16.9	32.6	39.9	71.4	60.3	47.9
ROAA	14.4	23.4	13.6	26.2	32.0	60.5	54.4	44.8
ROCE	22.3	25.4	17.1	31.2	48.1	85.7	73.7	58.9
ROIC	73.5	80.3	60.7	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	20.2	20.0	21.1	21.0	20.8	20.6	20.0	20.0
Accounts receivable (days)	83.0	85.2	111.6	87.1	82.0	37.5	29.5	31.3
Current ratio (x)	7.2	7.9	7.5	7.0	5.6	8.7	13.8	19.8
Net interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	50.1	50.0	47.0	50.0	49.9	49.4	20.1	14.9
Free cash flow yield	0.1	0.3	0.3	0.5	1.1	2.6	3.8	4.9

Source: FactSet, Daiwa forecasts

Company profile

Founded in 1986, King Slide Works started as a rail kit manufacturer. Leveraging its years of mechanism design experience, the company soon started manufacturing server rail kit in 2000. With 40 years of development, King Slide's product portfolio now comprises server rail kit, kitchen rail kit and hinge. The company is headquartered in Kaohsiung city with two production sites including King Slide Works Co., LTD (ball bearing slide and hinge) and King Slide Technology Co., LTD (server rail kit and functional kitchen rail kit). King Slide also owns sales offices in the US and China. It was listed on the Taiwan Stock Exchange in 2008.

Daiwa Capital Markets Hong Kong Limited

ESG analysis

ESG risks

	Risks	Management	Analyst comments
G	Executive/board quality	2	King Slide's board consists of 7 directors, including 4 independent directors. The total number of directors is lower than that of other listed companies in our coverage. King Slide held 6 board meetings in 2024; the actual attendee rate was 100%. Most of the board members are King Slide's founder's family members, which we believe presents downside risks to independent governance. However, the independent directors have diversified backgrounds with expertise in accounting and management, a positive for the board's quality.
G	Capital management	2	King Slide declared a DPS of TWD32.2 in 2024, representing a payout ratio of 50%. The payout ratio was in line with the level of 46-53% during 2012-22. As a rail kit manufacturer, King Slide is set to deliver solid revenue growth and FCF over our forecast horizon amidst strong ASP increase in the AI server market.
G	Related party & transaction	1	The company did not report any related-party transactions in 2024. We see limited risks from related party transactions.
S	Product design & lifecycle management	2	King Slide applies life cycle thinking and the 3R principle (Reduce/Reuse/Recycle) across its product design to minimise environmental impact. Its green designs focus on controlling environmentally sensitive substances, using non toxic materials, and enabling easy assembly/disassembly to extend product lifespans. The company continues to advance its green product program. Based on 2024 shipments, carbon reductions amounted to 68,067 metric tons of CO2e versus 2023, underscoring progress in lowering the environmental footprint of its products.
S	GHG emissions	2	King Slide is cutting greenhouse-gas emissions through targeted energy-efficient upgrades and process improvements. Across its Works and Technology sites, the company is replacing older motors and lighting with more efficient alternatives, introducing a formal GHG-reducing inventory, and refining equipment controls to eliminate unnecessary idling. These practical measures reduce electricity use, improve operational efficiency and lower the company's carbon footprint in a cost-effective, scalable way.

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: 3 Feb 2026

Source: Daiwa, Company

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