Daiwa Capital Markets Hong Kong Limited

earnings

30 October 2026

MEMO

Kinsus Interconnect Technology (3189 TT)

Share price (30 Oct): **TWD932.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

3Q26 results review: operating beat on better-than-expected product mix

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Summary: Kinsus reported 3Q26 results on 30 October. Net income came in at TWD2.39bn (EPS: TWD4.68), 8% below our estimate (TWD2.59bn) but 13% above the Bloomberg consensus (TWD2.12bn). Operating results were stronger than expected, driven mainly by an improving product mix, including a rising contribution from Nvidia CPU-related products. While 3Q26 revenue of TWD14.54bn (up 16% QoQ and 40% YoY) was largely in line with expectations, gross margin reached 33.9%, 0.7ppt/0.9ppt above our estimate/the Bloomberg consensus. Operating margin reached 22.1%, versus our 20.5% estimate and the street's 19.4%, on gross-margin expansion and higher operating leverage. However, weaker-than-expected non-operating profit and a higher minority interest (TWD373m) versus our estimate (TWD311m) resulted in the 8% net-profit miss (vs. our expectations).

Looking ahead, we expect 4Q26 revenue to increase 10% QoQ, driven mainly by ongoing price increases and product-mix optimisation, with further gross-margin expansion. We believe AMD's new CPU platform (i.e., Venice) and BT substrates for optical transceivers could be the next growth drivers for Kinsus in 2027. Separately, Kinsus's board approved an additional c.TWD60bn project budget for capacity expansion on 30 October, which we view as further evidence of tight supply conditions and improving demand visibility. We have a Buy (1) rating on Kinsus with a 12M TP of TWD1,580, based on 36x our 1-year-forward EPS forecast. Key downside risks: weaker-than-expected demand for memory, PCs, gaming GPUs or AI servers.

Kinsus's 3Q26 results highlights

(TWDm)	Actual	QoQ%	YoY%	Daiwa	Diff %	Consensus	Diff %
Revenue	14,540	16%	40%	14,539	0%	14,468	0%
Gross profit	4,935	51%	151%	4,824	2%	4,779	3%
Gross margin (%)	33.9%			33.2%		33.0%	
Operating profit	3,216	92%	412%	2,983	8%	2,812	14%
Operating margin (%)	22.1%			20.5%		19.4%	
Pre-tax profit	3,252	82%	356%	3,071	6%	2,938	11%
Net profit	2,388	82%	604%	2,586	-8%	2,115	13%
EPS (TWD)	4.68	82%	604%	5.07	-8%	4.15	13%

Source: Company data, Daiwa forecasts, Bloomberg

What's the impact:

Below is our first take on Kinsus's 3Q26 results, released on 30 October.

- **3Q26 operating results beat expectations; net profit missed our estimate.** Net income came in at TWD2.39bn (EPS: TWD4.68), 8% below our estimate (TWD2.59bn) but 13% above the Bloomberg consensus (TWD2.12bn). Operating results were stronger than expected, driven mainly by an improving product mix, including a rising contribution from Nvidia CPU-related products. While 3Q26 revenue of TWD14.54bn (up 16% QoQ and 40% YoY) was largely in line with expectations, gross margin reached 33.9%, 0.7ppt/0.9ppt above our estimate/the Bloomberg consensus. Operating margin reached 22.1%, versus our 20.5% estimate and the street's 19.4%, on gross-margin expansion and higher operating leverage. However, non-operating profit of TWD36m was 59%/72% below our/Bloomberg consensus forecasts, while higher-than-expected minority interest of TWD373m (vs. our TWD311m estimate) resulted in the 8% net-profit miss (vs. our expectations).

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- **Business outlook.** Looking ahead, we expect 4Q26 revenue to increase 10% QoQ, driven mainly by ongoing price increases and product-mix optimisation. We expect gross margin to expand further on continued product-mix improvement. We believe AMD's new CPU platform (i.e., Venice) and BT substrates for optical transceivers could be the next growth drivers for Kinsus in 2027. Separately, Kinsus's board approved an additional c.TWD59.8bn project budget for capacity expansion on 30 October. This follows two project budgets of TWD23.5bn and TWD19.6bn announced in January and July 2026, respectively. The three projects would represent an aggregate approved budget of c.TWD102.9bn. We view the latest expansion plan as further evidence of tight supply conditions and stronger demand visibility.

What we recommend:

We have a Buy (1) rating on Kinsus with a 12M TP of TWD1,580, based on a target PER of 36x applied to our 1-year-forward EPS forecast. Key downside risk: weaker-than-expected demand for memory, PCs, gaming GPUs or AI servers.

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

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

Source: Daiwa

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