Daiwa Capital Markets Hong Kong Limited

earnings

27 October 2026

MEMO

Ardentec (3264 TT)

Share price (27 Oct): **TWD248.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

3Q26 results in line; fundamentals remain on track

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Summary: Ardentec released its 3Q26 results and held its investor meeting after market hours on 27 October. EPS of TWD3.1 beat our estimate (TWD3.04) and the consensus (TWD2.89) by 2.1% and 7.3%, respectively. Operating profit was broadly in line with our forecast, but beat consensus by 5%, driven by the Longtan plant ramp-up and higher utilisation rates.

We have a Buy (1) rating and 12M TP of TWD395, based on target PER of 25x on our 2027E EPS.

What's the impact:

- **Stronger-than-expected 3Q26 gross margin**: Ardentec's 3Q26 revenue reached TWD5,337m (+17.7% QoQ, +48.5% YoY), broadly in line with both our estimate and the consensus. The strong revenue growth was primarily driven by volume ramp-up at the Longtan facilities and supported by spillover demand. Gross margin came in at 45.4% (+5.2ppt QoQ, +9.7ppt YoY), beating our forecast and consensus expectations by 0.3ppt and 1.7ppt, respectively, mainly due to the Longtan plant ramp-up and higher utilisation rates (approximately 80%). Operating income was TWD1,860m (+35.0% QoQ, +112.8% YoY), largely in line with our estimate, but beating the consensus by 5.1%. Net profit of TWD1,473m, largely in line with both our estimate and the consensus. Although 3Q26 EPS came in at TWD3.1, beating our estimate and the consensus by 2.1% and 7.3%, respectively, the variance was mainly due to share-dilution timing instead of operational issues.

- **4Q26 guidance largely in-line**: Management guided for 4Q26 revenue to be flat or slightly up QoQ on traditional seasonality, which is in line with our forecast (up 3% QoQ). On margins, management guided for a slight QoQ decline in gross margin, mainly due to higher labour cost and depreciation expenses, which is also consistent with our forecast. We estimate 4Q26 gross margin at 44.0%, down 1.4ppt QoQ.

- **Solid demand for 2027**: For 2027, we expect Ardentec to continue benefiting from the AI-driven growth trend, supported by (1) robust wafer sorting outsourcing demand from tier-1 foundry customers and (2) strong AI networking demand from a major U.S. networking customer. The company is currently engaged in several co-packaged optics (CPO) projects with leading U.S. industry players, which could provide it long term opportunities and a larger addressable market.

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Ardentec: 3Q26 results vs. Daiwa and Bloomberg estimates

(TWDm)	Ardentec's 3Q26 results	QoQ	YoY	Daiwa forecast	Difference	Bloomberg consensus	Difference
Revenue	5,337	*17.7%*	*48.5%*	5,337	0.0%	5,278	1.1%
Gross profit	2,425	*33.1%*	*89.1%*	2,407	0.7%	2,308	5.1%
Operating profit	1,860	*35.0%*	*112.8%*	1,892	-1.7%	1,769	5.1%
Profit before tax	1,825	*25.2%*	*74.7%*	1,897	-3.8%	1,777	2.7%
Net profit	1,473	*27.5%*	*78.1%*	1,505	-2.1%	1,458	1.1%
Basic EPS (TWD)	3.10	*27.0%*	*77.1%*	3.04	2.1%	2.89	7.3%
Margin							
Gross margin	45.4%	*5.2pp*	*9.7pp*	45.1%	0.3pp	43.7%	1.7pp
Operating margin	34.8%	*4.4pp*	*10.5pp*	35.5%	-0.6pp	33.5%	1.3pp
Pre tax margin	34.2%	*2.0pp*	*5.1pp*	35.6%	-1.4pp	33.7%	0.5pp
Net margin	27.6%	*2.1pp*	*4.6pp*	28.2%	-0.6pp	27.6%	0.0pp

Source: Company, Bloomberg, Daiwa forecasts

What we recommend:

We have a Buy (1) rating and 12M TP of TWD395, based on target PER of 25x on our 2027E EPS. While our target PER represents a premium over the OSAT/testing peer average, we believe this premium is justified by steady demand for high-speed AI connectivity and the Longtan ramp-up. Key risk: delays in capacity expansion.

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

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