Chunghwa Precision Test Tech (6510 TT)

Target price: **TWD3,815.00** (from TWD4,000.00)

Share price (28 Oct): **TWD3,200.00** | Up/downside: **+19.2%**

5 4 3 2 **1**

Buy (unchanged)

3Q26 review: slight miss; eyes on probe card

- Robust 4Q26 outlook driven by AI demand
- Solid AI/HPC project pipeline through 2027
- Reiterating our Buy (1) call; trimming 12M TP to TWD 3,815

Leon Chen
(886) 2 8758 6247
leon.chen@daiwacm-cathay.com.tw

Mike Liu
(886) 2 8758 6252
mike.liu@daiwacm-cathay.com.tw



What's new: CHPT released its 3Q26 results on 27 October. 3Q26 revenue reached TWD1,905m (+16.2% QoQ, +53.4% YoY), in line with our forecast, but slightly below the consensus by 3.2%. Gross margin came in at 57.3% (-0.3ppt QoQ, +1ppt YoY), beating our forecast and the consensus by 2.6ppt and 1.8ppt, respectively, mainly driven by a better product mix. Operating profit reached TWD671m (+17.7% QoQ, +118.4% YoY), beating our estimate by 4.8% and largely in line with the consensus. Net profit was TWD551m (+11.6% QoQ, +100% YoY). EPS was TWD16.75, beating our estimate by 4.2% but missing consensus by 4%.

What's the impact: Robust 4Q26 outlook driven by AI demand. Management guided for 4Q26 revenue to grow by double digits QoQ, implying 2026 revenue growth of 50% YoY, above our previous forecast (+48% YoY) and broadly in line with the consensus estimate, driven by mass shipments of AI ASIC-related SLT boards and burn-in boards. As the product mix shifts towards IC testing board, we expect the 4Q26 gross margin to be diluted to 53.8% (vs. consensus of 55%).

Solid AI/HPC project pipeline. Management expects that probe cards can contribute at most 30% of revenue in 2027, supported by full-stack solution of US automotive customers and the ASIC CPU project. The probe card is undergoing qualification through year-end; volume production will only ramp next year, after verification. For load board, demand from existing US tier-1 AI/HPC IC design customers remains solid, while for the next-gen AI ASIC project, CHPT remains the major supplier of the final test, easing market concerns about losing share to competitors. Management is continuing discussions with customers on SLT and burn-in board opportunities. Radio frequency (RF) projects for US space-related customers in collaboration with a Japanese partner offer additional growth opportunities.

What we recommend: We lower our 2027-28E EPS by 8-10% to reflect gross margin dilution and a higher opex ratio. We lower our 12M TP to TWD3,815 based on a 35x PER on our 4-quarter forward EPS (2027E) and reaffirm our Buy (1) rating. We lower our target PER from 45x to reflect year-end qualification risks; re-rating will need clear validation milestones and better visibility on a volume ramp-up. Key downside risks: delay of AI/HPC projects and unsuccessful qualification of its probe card.

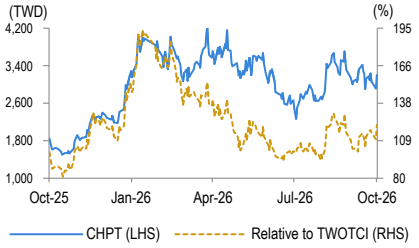
How we differ: Our 2026-28E EPS are 5-16% below the consensus forecasts, likely reflecting our more conservative opex assumptions.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	0.3	(6.0)	(1.5)
Net profit change	(2.0)	(9.9)	(8.2)
Core EPS (FD) change	(2.1)	(10.0)	(8.3)

Source: Daiwa forecasts

Share price performance



12-month range	1,465.00-4,200.00
Market cap (USDbn)	3.24
3m avg daily turnover (USDm)	82.41
Shares outstanding (m)	33
Major shareholder	NG HUA INVESTMENT CO LT (33.7%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	7,116	11,397	14,458
Operating profit (m)	2,374	4,363	5,603
Net profit (m)	1,993	3,584	4,586
Core EPS (fully-diluted)	60.623	108.884	139.344
EPS change (%)	99.4	79.6	28.0
Daiwa vs Cons. EPS (%)	(5.2)	(5.3)	(15.8)
PER (x)	52.8	29.4	23.0
Dividend yield (%)	0.9	1.7	2.2
DPS	30.3	54.4	69.7
PBR (x)	9.4	7.6	6.3
EV/EBITDA (x)	36.2	20.8	16.0
ROE (%)	19.9	28.5	30.1

Source: FactSet, Daiwa forecasts

See important disclosures, including any required research certifications, beginning on page 6

Flash

CHPT: 3Q26 results vs. Daiwa and Bloomberg estimates

(TWDm)	CHPT's 3Q26 results	QoQ	YoY	Daiwa forecast	Difference	Bloomberg consensus	Difference
Revenue	1,905	*16.2%*	*53.4%*	1,892	0.7%	1,968	-3.2%
Gross profit	1,091	*15.6%*	*55.9%*	1,033	5.5%	1,091	0.0%
Operating profit	671	*17.7%*	*118.4%*	640	4.8%	688	-2.5%
Profit before tax	682	*14.4%*	*100.6%*	652	4.5%	707	-3.6%
Net profit	551	*11.6%*	*100.0%*	529	4.3%	578	-4.7%
Basic EPS (TWD)	16.75	*11.5%*	*99.2%*	16.08	4.2%	17.47	-4.1%
Margin							
Gross margin	57.3%	*-0.3pp*	*1.0pp*	54.6%	2.6pp	55.4%	1.8pp
Operating margin	35.2%	*0.5pp*	*10.5pp*	33.8%	1.4pp	35.0%	0.2pp
Pre tax margin	35.8%	*-0.6pp*	*8.4pp*	34.5%	1.3pp	35.9%	-0.2pp
Net margin	28.9%	*-1.2pp*	*6.8pp*	27.9%	1.0pp	29.4%	-0.5pp

Source: Company, Bloomberg, Daiwa forecasts

CHPT: quarterly and annual P&L statements

(TWDm)	2026E				2027E				2026E	2027E	2028E
	1Q	2Q	3Q	4QE	1QE	2QE	3QE	4QE			
Net sales	1,357	1,640	1,905	2,214	2,138	2,770	3,176	3,312	7,116	11,397	14,458
Gross profit	771	943	1,091	1,192	1,183	1,572	1,816	1,879	3,996	6,450	8,157
Operating costs	373	373	420	456	413	512	572	590	1,623	2,086	2,554
Operating profit	397	570	671	736	771	1,060	1,244	1,289	2,374	4,363	5,603
Pre-tax profit	418	596	682	749	784	1,074	1,257	1,303	2,445	4,418	5,658
Net profit	342	494	551	606	634	869	1,021	1,059	1,993	3,584	4,586
EPS (TWD)	10.43	15.02	16.75	18.42	19.26	26.42	31.03	32.17	60.62	108.88	139.34
Operating Ratios											
Gross margin	56.8%	57.5%	57.3%	53.8%	55.4%	56.8%	57.2%	56.7%	56.2%	56.6%	56.4%
Operating margin	29.3%	34.7%	35.2%	33.2%	36.1%	38.3%	39.2%	38.9%	33.4%	38.3%	38.8%
Pre-tax margin	30.8%	36.3%	35.8%	33.8%	36.7%	38.8%	39.6%	39.3%	34.4%	38.8%	39.1%
Net margin	25.2%	30.1%	28.9%	27.4%	29.7%	31.4%	32.2%	32.0%	28.0%	31.4%	31.7%
YoY (%)											
Net revenue	18%	35%	53%	85%	57%	69%	67%	50%	48%	60%	27%
Gross profit	24%	39%	56%	78%	54%	67%	66%	58%	50%	61%	26%
Operating income	59%	81%	118%	130%	94%	86%	85%	75%	99%	84%	28%
Net income	55%	129%	100%	113%	85%	76%	85%	75%	100%	80%	28%
QoQ (%)											
Net revenue	14%	21%	16%	16%	-3%	30%	15%	4%			
Gross profit	15%	22%	16%	9%	-1%	33%	15%	3%			
Operating income	24%	43%	18%	10%	5%	37%	17%	4%			
Net income	20%	44%	12%	10%	5%	37%	17%	4%			

Source: Company, Daiwa forecasts

CHPT: revenue and earnings forecast revisions

	2026E			2027E			2028E		
(TWDm)	Previous	New	Consensus	Previous	New	Consensus	Previous	New	Consensus
Revenue	7,096	7,116	7,227	12,119	11,397	11,643	14,676	14,458	16,354
Diff (%)		0.3%	-1.5%		-6.0%	-2.1%		-1.5%	-11.6%
Gross margin (%)	55.8%	56.2%	56.0%	55.0%	56.6%	55.3%	55.6%	56.4%	54.0%
Operating Profit	2,422	2,374	2,488	4,847	4,363	4,573	6,105	5,603	6,589
Operating margin	34.1%	33.4%	34.4%	40.0%	38.3%	39.3%	41.6%	38.8%	40.3%
Net Profit	2,035	1,993	2,104	3,979	3,584	3,786	4,998	4,586	5,460
EPS	61.91	60.62	63.92	121.00	108.88	115.00	152.00	139.34	165.49
Diff (%)		-2.1%	-5.2%		-10.0%	-5.3%		-8.3%	-15.8%

Source: Daiwa estimates and forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server CPU Shipment (mn)	38	36	23	22	28	36	49	58
AI GPU/ASIC Shipment (mn)	0	0	4	9	12	18	29	33
Smartphone Shipment (mn)	1,655	1,437	1,381	1,439	1,429	1,249	1,235	1,303

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Wafer testing	3,202	3,287	1,956	2,413	3,123	5,025	7,848	9,811
IC testing	657	678	596	786	1,203	1,579	3,085	4,186
Other Revenue	382	423	333	406	481	512	463	461
Total Revenue	**4,241**	**4,389**	**2,884**	**3,605**	**4,806**	**7,116**	**11,397**	**14,458**
Other income	0	0	0	0	0	0	0	0
COGS	(1,950)	(2,101)	(1,493)	(1,678)	(2,138)	(3,120)	(4,947)	(6,301)
SG&A	(430)	(467)	(479)	(564)	(610)	(749)	(897)	(1,088)
Other op.expenses	(781)	(954)	(965)	(873)	(868)	(874)	(1,189)	(1,466)
Operating profit	**1,080**	**866**	**(53)**	**490**	**1,190**	**2,374**	**4,363**	**5,603**
Net-interest inc./(exp.)	(1)	(2)	(1)	(1)	(1)	(28)	(17)	(20)
Assoc/forex/extraord./others	3	46	33	65	35	99	72	75
Pre-tax profit	**1,083**	**910**	**(21)**	**554**	**1,225**	**2,445**	**4,418**	**5,658**
Tax	(192)	(154)	24	(68)	(238)	(456)	(834)	(1,071)
Min. int./pref. div./others	0	14	30	25	11	5	0	0
Net profit (reported)	**891**	**771**	**33**	**510**	**997**	**1,993**	**3,584**	**4,586**
Net profit (adjusted)	**891**	**771**	**33**	**510**	**997**	**1,993**	**3,584**	**4,586**
EPS (reported)(TWD)	**27.184**	**23.500**	**0.990**	**15.572**	**30.410**	**60.623**	**108.884**	**139.344**
EPS (adjusted)(TWD)	**27.184**	**23.500**	**0.990**	**15.572**	**30.410**	**60.623**	**108.884**	**139.344**
EPS (adjusted fully-diluted)(TWD)	**27.184**	**23.500**	**0.990**	**15.572**	**30.410**	**60.623**	**108.884**	**139.344**
DPS (TWD)	**13.600**	**11.750**	**0.500**	**7.800**	**15.235**	**30.284**	**54.442**	**69.672**
EBIT	**1,080**	**866**	**(53)**	**490**	**1,190**	**2,374**	**4,363**	**5,603**
EBITDA	**1,464**	**1,304**	**405**	**942**	**1,606**	**2,792**	**4,780**	**6,042**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	1,083	910	(21)	554	1,225	2,445	4,418	5,658
Depreciation and amortisation	384	437	458	453	416	418	416	439
Tax paid	(192)	(154)	24	(68)	(238)	(456)	(834)	(1,071)
Change in working capital	(177)	254	172	(535)	36	(768)	(631)	(268)
Other operational CF items	(9)	(47)	(307)	213	136	233	0	0
Cash flow from operations	**1,089**	**1,401**	**325**	**616**	**1,574**	**1,872**	**3,369**	**4,757**
Capex	(477)	(926)	(322)	(146)	(153)	(528)	(600)	(385)
Net (acquisitions)/disposals	0	0	0	0	0	0	0	0
Other investing CF items	(42)	(85)	78	(42)	(219)	(1,592)	61	80
Cash flow from investing	**(519)**	**(1,011)**	**(244)**	**(188)**	**(372)**	**(2,121)**	**(539)**	**(305)**
Change in debt	0	0	0	0	0	2,563	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(393)	(446)	(385)	(16)	(256)	(502)	(997)	(1,792)
Other financing CF items	(20)	58	(23)	(26)	(29)	(14)	0	0
Cash flow from financing	**(414)**	**(388)**	**(409)**	**(43)**	**(285)**	**2,048**	**(997)**	**(1,792)**
Forex effect/others	(2)	7	(2)	15	(6)	10	6	7
Change in cash	**155**	**10**	**(330)**	**400**	**911**	**1,809**	**1,840**	**2,667**
Free cash flow	612	475	3	470	1,421	1,343	2,769	4,372

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	3,013	3,023	2,693	3,093	4,004	5,813	7,653	10,319
Inventory	453	440	326	571	787	1,508	2,391	2,733
Accounts receivable	1,069	774	600	1,048	688	1,406	2,035	2,402
Other current assets	122	169	153	225	451	2,068	2,068	2,068
Total current assets	**4,657**	**4,406**	**3,773**	**4,936**	**5,930**	**10,794**	**14,146**	**17,523**
Fixed assets	4,064	4,631	4,499	4,222	3,998	4,278	4,462	4,408
Goodwill & intangibles	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	23	99	38	(42)
Total assets	**8,721**	**9,037**	**8,272**	**9,158**	**9,951**	**15,171**	**18,645**	**21,888**
Short-term debt	0	0	0	0	0	5	5	5
Accounts payable	890	827	519	847	841	1,806	2,687	3,129
Other current liabilities	254	225	157	232	317	403	403	403
Total current liabilities	**1,143**	**1,052**	**675**	**1,079**	**1,158**	**2,215**	**3,095**	**3,537**
Long-term debt	0	0	0	0	0	1,645	1,645	1,645
Other non-current liabilities	32	26	24	21	13	50	50	50
Total liabilities	**1,175**	**1,078**	**699**	**1,101**	**1,170**	**3,910**	**4,790**	**5,232**
Share capital	328	328	328	328	328	329	329	329
Reserves/R.E./others	7,217	7,631	7,246	7,730	8,453	10,933	13,526	16,327
Shareholders' equity	**7,545**	**7,959**	**7,574**	**8,058**	**8,780**	**11,262**	**13,855**	**16,656**
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	**8,721**	**9,037**	**8,272**	**9,158**	**9,951**	**15,171**	**18,645**	**21,888**
EV	102,210	102,200	102,529	102,130	101,219	101,060	99,220	96,553
Net debt/(cash)	**(3,013)**	**(3,023)**	**(2,693)**	**(3,093)**	**(4,004)**	**(4,163)**	**(6,003)**	**(8,669)**
BVPS (TWD)	**230.114**	**240.436**	**229.586**	**245.112**	**267.481**	**341.840**	**420.597**	**505.657**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	0.8	3.5	(34.3)	25.0	33.3	48.1	60.2	26.9
EBITDA (YoY)	(6.1)	(10.9)	(68.9)	132.7	70.5	73.8	71.2	26.4
Operating profit (YoY)	(9.5)	(19.8)	n.a.	n.a.	143.2	99.4	83.8	28.4
Net profit (YoY)	(5.3)	(13.5)	(95.8)	1,465.7	95.4	99.9	79.8	28.0
Core EPS (fully-diluted) (YoY)	(5.3)	(13.6)	(95.8)	1,472.9	95.3	99.4	79.6	28.0
Gross-profit margin	54.0	52.1	48.2	53.5	55.5	56.2	56.6	56.4
EBITDA margin	34.5	29.7	14.0	26.1	33.4	39.2	41.9	41.8
Operating-profit margin	25.5	19.7	n.a.	13.6	24.8	33.4	38.3	38.8
Net profit margin	21.0	17.6	1.1	14.2	20.7	28.0	31.4	31.7
ROAE	12.2	9.9	0.4	6.5	11.8	19.9	28.5	30.1
ROAA	10.6	8.7	0.4	5.9	10.4	15.9	21.2	22.6
ROCE	14.8	11.2	n.a.	6.3	14.1	21.9	30.7	33.1
ROIC	20.4	15.2	n.a.	8.7	19.7	32.5	47.3	57.3
Net debt to equity	net cash	net cash	net cash	net cash	net cash	net cash	net cash	net cash
Effective tax rate	17.7	16.9	0.0	12.3	19.5	18.7	18.9	18.9
Accounts receivable (days)	80.4	76.7	86.9	83.4	65.9	53.7	55.1	56.0
Current ratio (x)	4.1	4.2	5.6	4.6	5.1	4.9	4.6	5.0
Net interest cover (x)	1,124.2	563.9	(14.8)	484.4	1,460.9	88.2	258.2	278.5
Net dividend payout	50.0	50.0	50.5	50.2	50.1	50.0	50.0	50.0
Free cash flow yield	0.6	0.5	0.0	0.4	1.4	1.3	2.6	4.2

Source: FactSet, Daiwa forecasts

Company profile

Founded in 2005, CHPT originated from the high-speed PCB team at Chunghwa Telecom Laboratories. The company provides semiconductor test interfaces for wafer-level and final testing stages, including MEMS probe cards, high-layer-count probe card PCBs, interposers, and IC load boards, with growing exposure to AI and HPC applications.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	1	The board demonstrates strong governance quality through independent oversight, ESG integration, transparent disclosure practices, and consistent top-5% governance rankings, supporting effective strategic execution and long-term stakeholder value creation.
	Capital management	2	The company maintains a prudent capital structure, strong profitability, and disciplined investment approach, balancing growth, R&D spending, sustainability investments, and risk management to support long-term financial resilience.
	Related party & transaction	2	No significant concerns were identified regarding related-party transactions. Clear conflict-of-interest policies, director recusal procedures, and strong audit committee oversight help safeguard transparency and protect shareholder interests.
S	Supply chain management	1	The company exhibits robust supply chain management through comprehensive supplier evaluations, sustainability assessments, on-site audits, ethical compliance requirements, and supply continuity planning, strengthening operational resilience and responsible sourcing.
E	Water & wastewater management	1	Water stewardship is well managed through wastewater recycling, source reduction initiatives, and continuous monitoring, achieving a 60.55% wastewater reuse rate while reducing environmental impacts and improving resource efficiency.

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: 7 Aug 2026

Source: Daiwa, Company

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Disclosure of investment ratings

Rating	Percentage of total
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Hold**	19.58%
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Source: Daiwa

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- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

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