Daiwa Capital Markets Hong Kong Limited

earnings

5 November 2026

MEMO

SDI Corp (2351 TT)

Share price (5 Nov): **TWD148.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

3Q26 results: beat our estimate but missed the consensus

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Summary: SDI reported its 3Q26 results after market hours on 5 November. Its 3Q26 EPS was TWD1.94, beating our EPS estimate (TWD1.79) but missing the Bloomberg consensus (TWD2.07).

We have a Buy (1) rating on SDI with a 12-month TP of TWD265, based on a PER of 35x on our 1-year-forward EPS. For more information on the company, please refer to our latest flash, *2Q26 review: net profit beat expectations*, on 7 August 2026.

What's the impact

- **3Q26 results beat our estimate but missed the Bloomberg consensus**. SDI's 3Q26 revenue of TWD4,020m (+12.9% QoQ, +58.1% YoY) beat our and the consensus estimates by 12.4% and 2.4%, mainly due to the better-than-expected auto segment and rush orders for the consumer segment. Its gross margin came in at 20.5% in 3Q26 (vs. 20.7% in 2Q26 and 12.4% in 3Q25), missing both our (20.7%) and the consensus (21.5%) estimates, which we attribute to a lower-than-expected yield rate and OT expense despite positive factors such as price hikes, a higher copper price and FX. Its operating profit of TWD517m (+24.0% QoQ, +399.0% YoY) beat our estimate by 13.4%, but was in line with the consensus estimate. Its net profit came in at TWD383m, which also beat our estimate (TWD339m) but missed the Bloomberg consensus (TWD400m). Its 3Q26 EPS was TWD1.94. For 3Q26 revenue, electronics accounted for 91% (+14.2% QoQ, +67.3% YoY) and stationery accounted for 9% (+1.6% QoQ, +1.6% YoY). Within electronics, the product mix was: auto 47% (+14.2% QoQ, +63.8% YoY), industrial 15% (+14.2% QoQ, +19.5% YoY), consumer 28% (+6.6% QoQ, +67.3% YoY), AI lead frame 7% (+33.2% QoQ) and others 3% (+71.3% QoQ, +67.3% YoY).

SDI: 3Q26 results vs. Daiwa and the Bloomberg forecasts

(TWDm)	SDI's 3Q26 results	Daiwa forecast	Differ	Bloomberg consensus	Differ
Revenue	4,020	3,577	12.4%	3,926	2.4%
Gross profit	824	742	11.2%	844	-2.3%
Operating profit	517	456	13.4%	522	-1.0%
Profit before tax	508	453	12.1%	532	-4.6%
Net profit	383	339	13.0%	400	-4.3%
Basic EPS (TWD)	1.94	1.79	8.6%	2.07	-5.8%
Margin					
Gross margin	20.5%	20.7%	-0.2pp	21.5%	-1pp
Operating margin	12.9%	12.7%	0.1pp	13.3%	-0.4pp
Pre-tax margin	12.6%	12.7%	0pp	13.6%	-0.9pp
Net margin	9.5%	9.5%	0.1pp	10.2%	-0.7pp

Source: Company, Bloomberg, Daiwa forecasts

- **Bright lead frame outlook with rising AI lead frame.** SDI expects 4Q26 revenue to be flat to slightly up QoQ and 20%+ revenue YoY growth for its 2027 lead frame business, due to an intact order outlook from auto, industrial and AI. It also expects its AI lead frame revenue is to reach 10%+ of 2027 revenue.

What we recommend

We have a Buy (1) rating on SDI with a 12-month TP of TWD265, based on a PER of 35x on our 1-year-forward EPS. The stock is currently trading at PERs of 25.2x/19.1x, based on our 2026/27E EPS, vs. its past-3-year one-year forward PER trading range of 12-72x

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(average PER: 31x). Key downside risks: worse-than-expected end demand, new product contribution and gross-margin 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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