# AWSC (8086.TWO)

## Earnings Review: Rising material cost will continue to weight on profitability; Neutral

| 8086.TWO | 12m Price Target: **NT$147.00** | Price: **NT$123.50** | Upside: **19.0%** |
|---|---|---|---|

AWSC's 2Q26 core business OP was NT$290mn, which was lower than both GSe/BBG consensus of NT$350mn/327mn, mainly due to the hike in raw material cost, leading to a 30.0% GM (lower than GSe/BBG consensus GM of 34.8%/32.6%), despite UTR in 2Q26 remaining stable at 65-70%. Moreover, AWSC reported NI of NT$278mn, which was in line with GSe but 7% lower than BBG consensus while tax rate is lower (9% vs. 17% in 1Q26) due to tax credit from R&D.

Going into 3Q26, we believe the company's revenue will decrease by 3% and the solid pull in demand from Korean smartphone suppliers will be offset by the weaker demand from lower-end smartphone. Moreover, we expect the company's utilization rate to remain stable at 65-70% in 3Q26 and its GM to go down to 25.6% (down 4.4ppt QoQ) driven by higher raw material costs.

We expect the rise in material costs will continue to have a negative impact on AWSC's profitability, as the company is securing raw materials at higher cost as low-cost inventory has been depleted following the strong demand pull-in during 1H26. Despite the company continuing to negotiate a pricing increase with clients, we remain cautious on the low-end segment within the cellular business as customers are more price-sensitive.

For AI-related business, the company will continue to ship VCSEL products for 400G/800G optical transceiver this year, and we expect revenue contribution to be <2% in 2026E. The company continues to make progress on the new PD (Photodiode) product and is currently undergoing verification with a major customer, while the company is also engaging with several potential customers. The company expects PD products to make more contribution starting in 2H27 given its long verification process (typically 6-12+ months).

**Investment view**

## NEUTRAL

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### Key Data

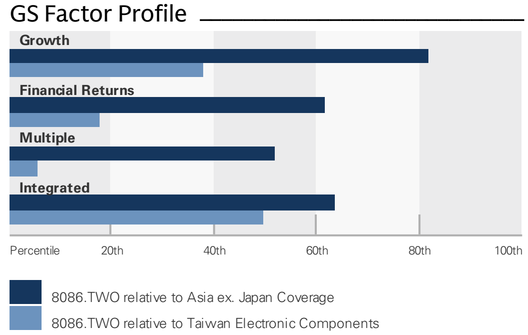
Market cap: NT$24.3bn / $751.3mn
Enterprise value: NT$20.4bn / $631.8mn
3m ADTV: NT$770.9mn / $24.4mn
Taiwan
Taiwan Electronic Components
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

### GS Forecast

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| **Revenue (NT$ mn) New** | **4,116.5** | **4,997.6** | **6,327.4** | **7,933.9** |
| Revenue (NT$ mn) Old | 4,116.5 | 5,261.9 | 6,602.3 | 7,883.1 |
| EBITDA (NT$ mn) | 1,434.9 | 1,810.4 | 2,282.4 | 2,820.7 |
| **EPS (NT$) New** | **3.36** | **4.78** | **6.26** | **8.51** |
| EPS (NT$) Old | 3.36 | 5.32 | 6.53 | 8.44 |
| P/E (X) | 28.6 | 25.8 | 19.7 | 14.5 |
| P/B (X) | 2.3 | 2.8 | 2.7 | 2.5 |
| Dividend yield (%) | 1.8 | 2.5 | 3.3 | 4.5 |
| CROCI (%) | 13.1 | 14.5 | 16.6 | 18.9 |

| | 6/26 | 9/26E | 12/26E | 3/27E |
|---|---|---|---|---|
| EPS (NT$) | 1.42 | 0.94 | 0.91 | 1.08 |

### GS Factor Profile




Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

NEUTRAL

# AWSC (8086.TWO)

Rating since Dec 2, 2024

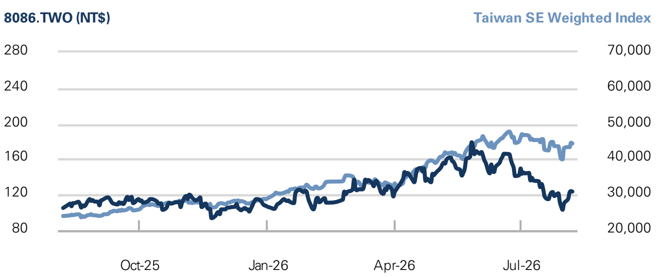
## Ratios & Valuation

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| P/E (X) | 28.6 | 25.8 | 19.7 | 14.5 |
| P/B (X) | 2.3 | 2.8 | 2.7 | 2.5 |
| FCF yield (%) | 5.7 | 6.5 | 3.3 | 4.2 |
| EV/EBITDAR (X) | 11.3 | 11.3 | 8.9 | 7.1 |
| EV/EBITDA (excl. leases) (X) | 11.3 | 11.3 | 8.9 | 7.1 |
| CROCI (%) | 13.1 | 14.5 | 16.6 | 18.9 |
| ROE (%) | 8.2 | 11.2 | 14.0 | 18.0 |
| Net debt/equity (%) | (31.6) | (45.1) | (44.9) | (44.4) |
| Net debt/equity (excl. leases) (%) | (31.6) | (45.1) | (44.9) | (44.4) |
| Interest cover (X) | 46.8 | – | – | – |
| Days inventory outst, sales | 76.9 | 58.4 | 43.2 | 42.2 |
| Receivable days | 55.7 | 43.7 | 32.2 | 32.4 |
| Days payable outstanding | 34.7 | 37.5 | 36.5 | 36.2 |
| DuPont ROE (%) | 8.0 | 11.0 | 13.7 | 17.5 |
| Turnover (X) | 0.4 | 0.4 | 0.5 | 0.6 |
| Leverage (X) | 1.3 | 1.3 | 1.3 | 1.3 |
| Gross cash invested (ex cash) (NT$) | 11,148.4 | 10,940.9 | 11,943.9 | 13,096.3 |
| Average capital employed (NT$) | 5,751.4 | 5,166.2 | 4,827.5 | 5,138.9 |
| BVPS (NT$) | 41.89 | 43.57 | 45.76 | 48.74 |

## Growth & Margins (%)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue growth | (7.6) | 21.4 | 26.6 | 25.4 |
| EBITDA growth | 21.3 | 26.2 | 26.1 | 23.6 |
| EPS growth | 26.7 | 42.4 | 31.0 | 35.8 |
| DPS growth | 41.2 | 85.1 | 31.0 | 35.8 |
| EBIT margin | 17.9 | 21.8 | 24.2 | 25.7 |
| EBITDA margin | 34.9 | 36.2 | 36.1 | 35.6 |
| Net income margin | 16.0 | 18.8 | 19.5 | 21.1 |

## Price Performance




| | 3m | 6m | 12m |
|---|---|---|---|
| Absolute | (20.8)% | 10.8% | 23.6% |
| Rel. to the Taiwan SE Weighted Index | (26.6)% | (20.7)% | (34.7)% |

Source: FactSet. Price as of 6 Aug 2026 close.

## Income Statement (NT$ mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue | 4,116.5 | 4,997.6 | 6,327.4 | 7,933.9 |
| Cost of goods sold | (3,026.6) | (3,525.9) | (4,281.2) | (5,274.4) |
| SG&A | (157.0) | (153.2) | (188.3) | (239.8) |
| R&D | (195.0) | (229.9) | (326.4) | (380.4) |
| Other operating inc./(exp.) | – | – | – | – |
| **EBITDA** | **1,434.9** | **1,810.4** | **2,282.4** | **2,820.7** |
| Depreciation & amortization | (697.0) | (721.7) | (751.0) | (781.5) |
| **EBIT** | **737.9** | **1,088.6** | **1,531.3** | **2,039.2** |
| Net interest inc./(exp.) | 42.6 | 71.3 | 97.3 | 101.0 |
| Income/(loss) from associates | – | – | – | – |
| **Pre-tax profit** | **780.5** | **1,110.3** | **1,501.3** | **2,039.2** |
| Provision for taxes | (120.3) | (170.4) | (270.2) | (367.1) |
| Minority interest | – | – | – | – |
| Preferred dividends | – | – | – | – |
| **Net inc. (pre-exceptionals)** | **660.1** | **939.9** | **1,231.1** | **1,672.1** |
| Post-tax exceptionals | – | – | – | – |
| **Net inc. (post-exceptionals)** | **660.1** | **939.9** | **1,231.1** | **1,672.1** |
| **EPS (basic, pre-except) (NT$)** | **3.36** | **4.78** | **6.26** | **8.51** |
| **EPS (diluted, pre-except) (NT$)** | **3.36** | **4.78** | **6.26** | **8.51** |
| **EPS (basic, post-except) (NT$)** | **3.36** | **4.78** | **6.26** | **8.51** |
| **EPS (diluted, post-except) (NT$)** | **3.36** | **4.78** | **6.26** | **8.51** |
| DPS (NT$) | 1.68 | 3.11 | 4.07 | 5.53 |
| Div. payout ratio (%) | 50.0 | 65.0 | 65.0 | 65.0 |

## Balance Sheet (NT$ mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Cash & cash equivalents | 3,450.3 | 4,708.6 | 4,887.5 | 5,101.9 |
| Accounts receivable | 704.4 | 492.9 | 624.1 | 782.5 |
| Inventory | 922.7 | 676.2 | 821.1 | 1,011.5 |
| Other current assets | 491.8 | 491.8 | 491.8 | 491.8 |
| **Total current assets** | **5,569.3** | **6,369.5** | **6,824.4** | **7,387.7** |
| Net PP&E | 4,792.9 | 4,651.2 | 4,900.1 | 5,318.6 |
| Net intangibles | 24.4 | 24.4 | 24.4 | 24.4 |
| Total investments | 0.0 | 0.0 | (1.0) | (2.0) |
| Other long-term assets | 138.8 | 138.8 | 138.8 | 138.8 |
| **Total assets** | **10,525.5** | **11,183.9** | **11,886.9** | **12,867.6** |
| Accounts payable | 337.7 | 386.4 | 469.2 | 578.0 |
| Short-term debt | 150.0 | 150.0 | 150.0 | 150.0 |
| Short-term lease liabilities | – | – | – | – |
| Other current liabilities | 1,021.4 | 1,302.2 | 1,491.5 | 1,778.2 |
| **Total current liabilities** | **1,509.1** | **1,838.6** | **2,110.7** | **2,506.2** |
| Long-term debt | 698.3 | 698.3 | 698.3 | 698.3 |
| Long-term lease liabilities | – | – | – | – |
| Other long-term liabilities | 85.2 | 85.2 | 85.2 | 85.2 |
| **Total long-term liabilities** | **783.5** | **783.5** | **783.5** | **783.5** |
| **Total liabilities** | **2,292.6** | **2,622.1** | **2,894.2** | **3,289.7** |
| Preferred shares | – | – | – | – |
| Total common equity | 8,232.8 | 8,561.8 | 8,992.7 | 9,577.9 |
| **Minority interest** | **--** | **--** | **--** | **--** |
| **Total liabilities & equity** | **10,525.5** | **11,183.9** | **11,886.9** | **12,867.6** |
| Net debt, adjusted | (2,602.0) | (3,860.2) | (4,039.2) | (4,253.5) |

## Cash Flow (NT$ mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Net income | 660.1 | 939.9 | 1,231.1 | 1,672.1 |
| D&A add-back | 697.0 | 721.7 | 751.0 | 781.5 |
| Minority interest add-back | – | – | – | – |
| Net (inc)/dec working capital | (153.3) | 506.7 | (193.2) | (240.1) |
| Other operating cash flow | 104.2 | – | – | – |
| **Cash flow from operations** | **1,308.0** | **2,168.4** | **1,789.9** | **2,214.6** |
| Capital expenditures | (225.0) | (580.0) | (1,000.0) | (1,200.0) |
| Acquisitions | – | – | – | – |
| Divestitures | (1.1) | – | – | – |
| Others | (481.4) | – | – | – |
| **Cash flow from investing** | **(707.5)** | **(580.0)** | **(1,000.0)** | **(1,200.0)** |
| Repayment of lease liabilities | – | – | – | – |
| Dividends paid (common & pref) | (330.1) | (330.1) | (610.9) | (800.2) |
| Inc/(dec) in debt | 465.0 | – | – | – |
| Other financing cash flows | (111.1) | 0.0 | 0.0 | 0.0 |
| **Cash flow from financing** | **23.8** | **(330.1)** | **(610.9)** | **(800.2)** |
| **Total cash flow** | **624.2** | **1,258.2** | **178.9** | **214.4** |
| Free cash flow | 1,082.9 | 1,588.4 | 789.9 | 1,014.6 |

Source: Company data, Goldman Sachs Research estimates.

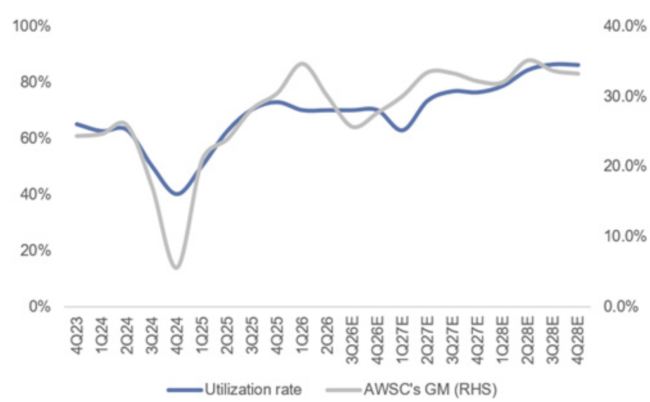
We reiterate our conservative view on the cellular/WiFi PA industry (see here) as we continue to see weaker smartphone shipment (-10%/+3%/+1% in 2026/27/28, see here) as end demand continues to be impacted by the elevated memory price (see here).

For AWSC, we believe the company's superior cost control capability and higher production yield relative to peers should continue to support market share gains among China PA design houses as Chinese clients increasingly shift toward higher-end PA products. In addition, AWSC has continued to expand its market share with the Korean smartphone brand, which we believe will continue to drive in its cellular business over the coming quarters/years. Overall, we expect AWSC to continue gaining share from its key competitors due to (1) its strategic focus on China and US PA design houses, and (2) its competitive pricing strategy, supported by a more favorable cost structure comparing to its key competitor, Win Semi (AWSC/Win Semi's fixed cost accounts for 30%/40% of the total, while Win Semi's COGS per wafer ~130% higher than AWSC's).

We continue to see recovery in 2026 CAPEX plans among Taiwan PA foundry players, but we do not view this as an indication of a meaningfully stronger demand outlook as the capital spending is more related to new AI businesses. AWSC reiterated its 2026 CAPEX at NT$500-600mn and further expect CAPEX to increase in 2027/28. Management continue to expect UTR to reach at most ~70% in 2026, implying no need for capacity expansion in the near term.

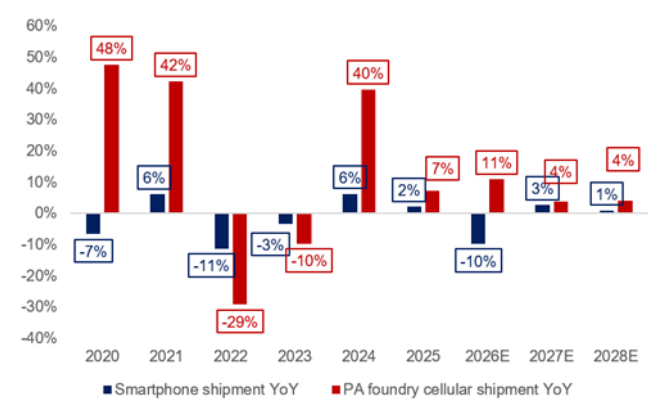
Overall, we maintain our Neutral rating on AWSC with a new 12-m TP of NT$147 (from NT$143) as we roll over our valuation period by one quarter.

**Exhibit 1: AWSC's GM to be driven by utilization rate and product mix**



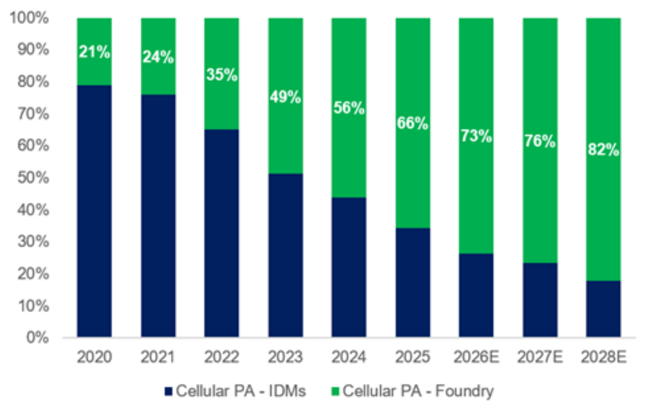

Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 2: We expect cellular PA foundry shipments to increase 11%/4%/4% in 2026/27/28E**



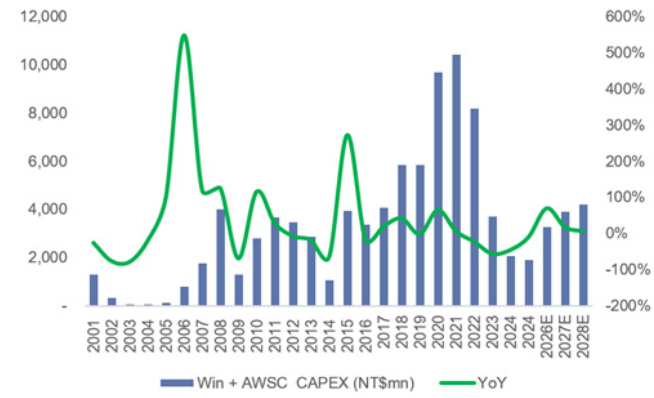

Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 3: China cellular PA market share - Foundry continues to outgrow IDM**



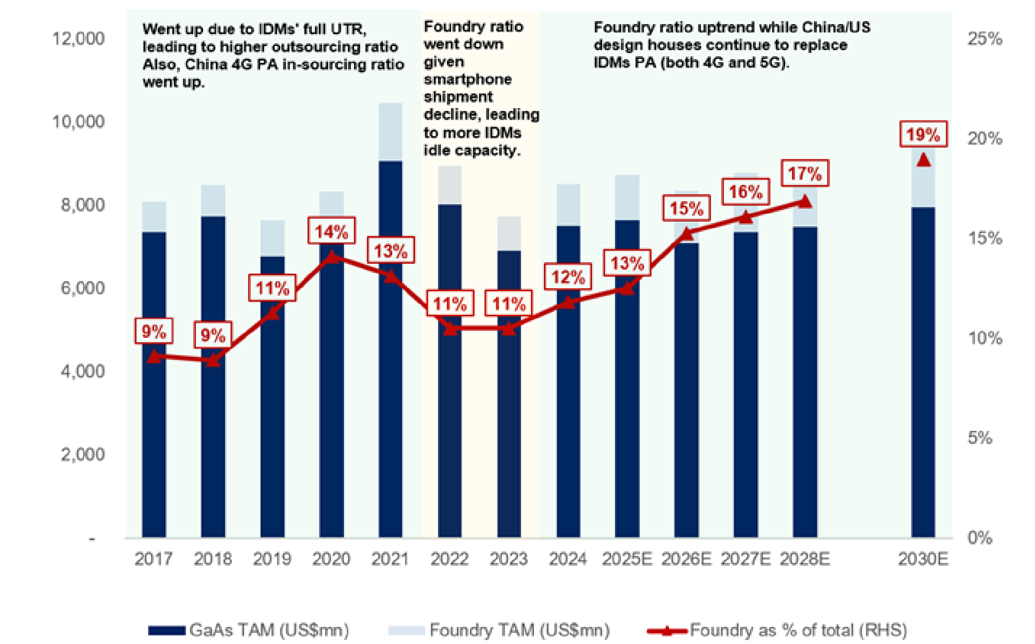

Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 4: We believe Taiwan PA foundries' CAPEX will gradually improve starting from 2026**




Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 5: We believe the foundry penetration rate will grow to 15%/16%/17% in 2026/27/28E**




Source: Company data, Goldman Sachs Global Investment Research

**Exhibit 6: AWSC 2Q26 result vs. GSe/consensus**

| AWSC (8086.TWO) | 2Q26 | | | QoQ | | YoY | | Bloomberg consensus | |
|---|---|---|---|---|---|---|---|---|---|
| P&L (NT$mn) | Actual | GS est. | Diff (%) | 1Q26 | QoQ | 2Q25 | YoY | Consensus | % |
| Revenue | 1,298 | 1,352 | -4% | 1,222 | 6% | 974 | 33% | 1,319 | -2% |
| Gross profits | 389 | 470 | -17% | 423 | -8% | 232 | 68% | 430 | -10% |
| Operating profits | 290 | 350 | -17% | 334 | -13% | 158 | 83% | 327 | -11% |
| Pre-tax income | 307 | 350 | -12% | 359 | -14% | 116 | 164% | 334 | -8% |
| Net profit | 278 | 280 | -1% | 297 | -6% | 99 | 181% | 274 | 2% |
| EPS, NT$ | 1.42 | 1.42 | 0% | 1.51 | -6% | 0.50 | 182% | 1.53 | -7% |
| Gross margin (%) | 30.0% | 34.8% | -4.8ppt | 34.6% | -4.7ppt | 23.8% | 6.1ppt | 32.6% | -2.6ppt |
| EBIT margin (%) | 22.3% | 25.9% | -3.6ppt | 27.4% | -5.1ppt | 16.3% | 6.0ppt | 24.8% | -2.5ppt |
| Net margin (%) | 21.4% | 20.7% | 0.7ppt | 24.3% | -2.8ppt | 10.2% | 11.3ppt | 20.7% | 0.7ppt |

Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

## Earnings revisions

We revise down our 2026/27 revenue by 5/4% to factor in a more conservative outlook for the low-end segment within the cellular business but revise up our 2028 revenue by 1% with more AI-related revenue; we revise down 2026/27/28E GM estimates by 0.9/0.4/0.3ppt to reflect the negative impact from rising material cost. Overall, we revise down 2026/27E earnings by 10/4% and revise up 2028E earnings by 1%.

**Exhibit 7: Earnings revision table**

| AWSC P&L (NT$ mn) | 2026E New | 2026E Old | Diff. | 2027E New | 2027E Old | Diff. | 2028E New | 2028E Old | Diff. |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 4,998 | 5,262 | -5% | 6,327 | 6,602 | -4% | 7,934 | 7,883 | 1% |
| Gross Profit | 1,472 | 1,724 | -15% | 2,046 | 2,189 | -7% | 2,659 | 2,710 | -2% |
| EBIT | 1,089 | 1,271 | -14% | 1,531 | 1,605 | -5% | 2,039 | 2,074 | -2% |
| Net Income | 940 | 1,046 | -10% | 1,231 | 1,284 | -4% | 1,672 | 1,659 | 1% |
| **EPS (NT$)** | **4.78** | **5.32** | **-10%** | **6.26** | **6.53** | **-4%** | **8.51** | **8.44** | **1%** |
| **Ratio analysis** | | | | | | | | | |
| Gross margin | 29.4% | 32.8% | -3.3pp | 32.3% | 33.2% | -0.8pp | 33.5% | 34.4% | -0.9pp |
| EBIT margin | 21.8% | 24.1% | -2.4pp | 24.2% | 24.3% | -0.1pp | 25.7% | 26.3% | -0.6pp |
| Net margin | 18.8% | 19.9% | -1.1pp | 19.5% | 19.4% | 0.0pp | 21.1% | 21.1% | 0.0pp |

Source: Goldman Sachs Global Investment Research

## Valuation

We maintain our Neutral rating and revise up our TP from NT$143 to NT$147, based on a 27x target PE (in line with the company's past 10-year forward P/E multiple, and in line with the inventory build-up period average P/E), factoring in our earnings revisions and, consistent with our group coverage practices, rolling over our valuation period from 2H26-1H27E to 4Q26-3Q27E.

**Exhibit 8: P&L**

| NT$mn | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26 | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 772 | 974 | 1,117 | 1,253 | 1,222 | 1,298 | 1,262 | 1,215 | 1,287 | 1,580 | 1,734 | 1,726 | 4,456 | 4,117 | 4,998 | 6,327 | 7,934 |
| Gross profit | 161 | 232 | 315 | 381 | 423 | 389 | 323 | 336 | 386 | 528 | 577 | 555 | 885 | 1,090 | 1,472 | 2,046 | 2,659 |
| Operating expense | (82) | (74) | (93) | (103) | (89) | (100) | (97) | (97) | (108) | (126) | (139) | (142) | (360) | (352) | (383) | (515) | (620) |
| Operating income | 79 | 158 | 222 | 278 | 334 | 290 | 226 | 239 | 278 | 402 | 438 | 413 | 525 | 738 | 1,089 | 1,531 | 2,039 |
| Pretax income | 97 | 116 | 261 | 306 | 359 | 307 | 226 | 219 | 258 | 392 | 438 | 413 | 597 | 780 | 1,110 | 1,501 | 2,039 |
| Taxes expense | (15) | (17) | (43) | (45) | (62) | (29) | (41) | (39) | (46) | (70) | (79) | (74) | (76) | (120) | (170) | (270) | (367) |
| Net income | 83 | 99 | 218 | 261 | 297 | 278 | 185 | 179 | 212 | 321 | 359 | 339 | 521 | 660 | 940 | 1,231 | 1,672 |
| **EPS, NT$** | **0.42** | **0.50** | **1.11** | **1.33** | **1.51** | **1.42** | **0.94** | **0.91** | **1.08** | **1.63** | **1.83** | **1.72** | **2.65** | **3.36** | **4.78** | **6.26** | **8.51** |
| **As % of sales** | | | | | | | | | | | | | | | | | |
| Gross margin | 20.9% | 23.8% | 28.2% | 30.4% | 34.6% | 30.0% | 25.6% | 27.6% | 30.0% | 33.4% | 33.3% | 32.1% | 19.9% | 26.5% | 29.4% | 32.3% | 33.5% |
| Operating expense ratio | 10.7% | 7.6% | 8.3% | 8.2% | 7.3% | 7.7% | 7.7% | 8.0% | 8.4% | 8.0% | 8.0% | 8.2% | 8.1% | 8.6% | 7.7% | 8.1% | 7.8% |
| Operating margin | 10.2% | 16.3% | 19.9% | 22.2% | 27.4% | 22.3% | 17.9% | 19.6% | 21.6% | 25.4% | 25.3% | 23.9% | 11.8% | 17.9% | 21.8% | 24.2% | 25.7% |
| Net margin | 10.7% | 10.2% | 19.5% | 20.8% | 24.3% | 21.4% | 14.7% | 14.8% | 16.5% | 20.3% | 20.7% | 19.6% | 11.7% | 16.0% | 18.8% | 19.5% | 21.1% |
| **QoQ growth (%)** | | | | | | | | | | | | | | | | | |
| Revenue | 1.6% | 26.3% | 14.7% | 12.2% | -2.5% | 6.2% | -2.8% | -3.7% | 5.9% | 22.8% | 9.7% | -0.5% | - | - | - | - | - |
| Gross profit | 285.1% | 43.9% | 35.6% | 21.1% | 11.0% | -8.0% | -17.0% | 3.9% | 15.1% | 36.6% | 9.3% | -3.9% | - | - | - | - | - |
| Operating income | -334.7% | 100.2% | 40.2% | 25.5% | 20.1% | -13.4% | -21.9% | 5.6% | 16.6% | 44.3% | 9.1% | -5.8% | - | - | - | - | - |
| Net income | 408.7% | 19.9% | 120.3% | 19.6% | 13.9% | -6.2% | -33.4% | -3.3% | 18.1% | 51.6% | 11.9% | -5.8% | - | - | - | - | - |
| **YoY growth (%)** | | | | | | | | | | | | | | | | | |
| Revenue | -40.0% | -25.5% | 1.4% | 64.9% | 58.4% | 33.3% | 12.9% | -3.0% | 5.3% | 21.7% | 37.4% | 42.0% | 64% | -8% | 21% | 27% | 25% |
| Gross profit | -49.0% | -31.3% | 66.9% | 810.2% | 162.3% | 67.6% | 2.6% | -11.9% | -8.7% | 35.7% | 78.5% | 65.1% | 113% | 23% | 35% | 39% | 30% |
| Operating income | -64.3% | -34.1% | 128.8% | -926.5% | 322.8% | 82.9% | 1.9% | -14.3% | -16.8% | 38.7% | 93.9% | 73.1% | 675% | 41% | 48% | 41% | 33% |
| Net income | -61.4% | -52.7% | 166.8% | 1507.0% | 259.7% | 181.3% | -14.9% | -31.2% | -28.6% | 15.4% | 93.9% | 88.9% | 530% | 27% | 42% | 31% | 36% |

Source: Company data, Goldman Sachs Global Investment Research

## Investment Thesis and TP & risks

AWSC is one of the largest GaAS foundries globally, with 10-15% market share in the GaAS foundry industry in 2025. We expect the company to enjoy solid share gain opportunity in the long term, considering its much lower than peers' production cost and better production efficiency. However, given the high inventory level in the supply chain, and the slower-than-expected Android smartphone PA demand in coming quarters, we expect relatively slow profit growth in the near term.

We are Neutral rated given the company's relatively slow profit growth in coming quarters. We think the stock is priced fairly, trading at its historical upcycle average P/E multiple, despite the long-term market share growth opportunity. We forecast AWSC's net income to grow at a 34% 2026-28E CAGR. The key up/downside risks are (1) easing/rising competition in the China PA foundry market, (2) faster/slower-than-expected progress on 5G/WiFi 7 upgrade trends, and (3) faster/slower-than expected progress with new businesses, including LEO satellite, drones and datacom.

**Valuation methodology:** Our 12-month target price of NT$147 is based on a target 27x 4Q26-3Q27 P/E, which is in line with the company's past 10-year forward P/E multiple and the inventory build-up period average P/E. We consider this multiple appropriate given the soft demand outlook and our positive view on the company's longer-term share gain opportunity.

The key up/downside risks are 1) easing/rising competition in the China PA foundry market, (2) faster/slower-than-expected progress on 5G/WiFi 7 upgrade trends, and (3) faster/slower-than expected progress with new businesses, including LEO satellite, drones and datacom.

# Disclosure Appendix

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**Growth** is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

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| | Rating Distribution | | | Investment Banking Relationships | | |
|---|---|---|---|---|---|---|
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| Global | 50% | 34% | 16% | 65% | 59% | 43% |

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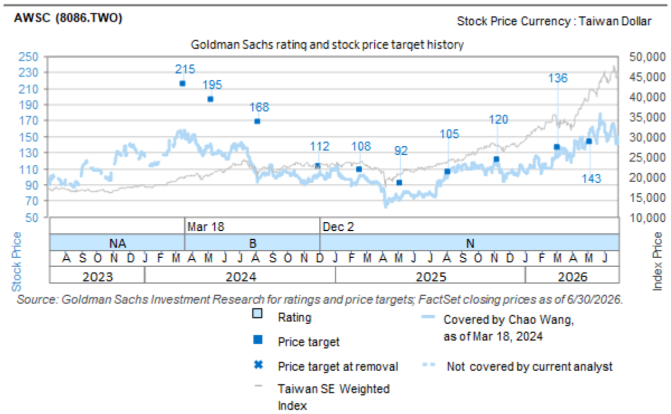
## Price target and rating history chart(s)

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## Target price history table(s)

### AWSC (8086.TWO)

| Date of report | Target price (NT$) | Closing price (NT$) |
|---|---|---|
| 08-May-26 | 143.00 | 159.50 |
| 05-Mar-26 | 136.00 | 125.00 |
| 11-Nov-25 | 120.00 | 114.50 |
| 07-Aug-25 | 105.00 | 105.00 |
| 08-May-25 | 92.00 | 72.40 |
| 20-Feb-25 | 108.00 | 100.50 |
| 02-Dec-24 | 112.00 | 103.50 |
| 08-Aug-24 | 168.00 | 97.40 |
| 09-May-24 | 195.00 | 136.00 |
| 18-Mar-24 | 215.00 | 158.00 |

Price targets shown in table(s) are unadjusted for corporate actions.

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