Goldman Sachs Research

Equity Research

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Asus (2357.TW): PC enjoying product mix upgrade; AI server client base expansion; July & 2Q26 beat; Neutral

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ASUS's Jul revenue was up 53% YoY / down 21% QoQ to NT$84bn, or 16% higher than our estimate, reflecting strong AI servers demand, along with PC product mix upgrade. Looking forward, we expect sequential revenue growth in Aug-Sep, considering the low base in Jul, followed by sequential revenue declines in Oct-Nov, as the rising memory cost would weigh PC end demand and AI servers model transition. Overall, our estimate shows double-digit YoY revenue growth for 3Q / 4Q26E, supported by PC product mix upgrade and rack-level AI server ramp up. Management is positive on ASUS's AI server business growth ahead and expects client base expansion in 2027, and the company is expanding its global capacity to better capture the growing demand. ASUS aims a stronger 2026E AI server revenue growth and announced the plan of raising US$2.5bn by issuing bonds, supporting the company's AI server capacity expansion. For PC business, ASUS will continue to launch new models, including AI, gaming, and commercial PC to support the product mix upgrade, offsetting the impact of memory price hike, per management. We remain positive on ASUS's expansion toward AI, while the rising memory cost could weigh on PC end demand. Maintain Neutral.

Exhibit 1: We expect ASUS Aug revenue to grow +41% YoY/+5% MoM to NT$88bn

	Jul-26	Aug-26E	Sep-26E	Oct-26E	Nov-26E	Dec-26E	3Q26E	3426E
Rev (NT$m)	84,131	88,338	96,272	81,831	72,011	75,459	268,741	229,302
Rev YoY	53%	41%	17%	23%	8%	8%	34%	13%
Rev MoM / QoQ	-21%	5%	9%	-15%	-12%	5%	4%	-15%
GS estimates (NT$m)	72,325							
Act vs. GS	16%							

Source: Company data, Goldman Sachs Global Investment Research

2Q26 beat: ASUS's 2Q26 revenue was up 37% YoY / 24% QoQ, or 9% / 7% higher than our estimate / Bloomberg consensus, which we attribute to the PC pull-in and AI server shipments growth. GM improved QoQ, higher than our estimate and Bloomberg consensus, which management attribute to ASUS's strong supply chain management and AI server shipments ramp up driving manufacturing efficiency. 2Q26 opex ratio is better than our estimate, reflecting the operational efficiency improvement as revenue scales up and leading 2Q26 net income 88% / 75% higher than our estimate.

Exhibit 2: 2Q26 result snapshot

NT m	2Q25	1Q26	2Q26	QoQ	YoY	GS	Act / GS	Cons.	Act/Cons.
Revenue	188,006	208,370	257,732	24%	37%	236,098	9%	240,393	7%
GP	25,963	30,969	44,243	43%	70%	33,886	31%	32,787	35%
OP	7,835	11,896	20,974	76%	168%	10,748	95%	11,246	87%
Net income	9,806	9,797	19,048	94%	94%	10,120	88%	10,854	75%
Margins									
GM	13.8%	14.9%	17.2%	2.3ppts	3.4ppts	14.4%	2.8ppts	13.6%	3.5ppts
OPM	4.2%	5.7%	8.1%	2.4ppts	4ppts	4.6%	3.6ppts	4.7%	3.5ppts
NM	5.2%	4.7%	7.4%	2.7ppts	2.2ppts	4.3%	3.1ppts	4.5%	2.9ppts

Source: Company data, Goldman Sachs Global Investment Research

Earnings revision: We factor in ASUS's 2Q26 result and raise our 2026-28E net incomes by 30% / 2% / 4%, mainly on higher revenues and lower opex ratios. 2026-28E revenues are raised by 12% / 8% / 8%, mainly on higher contribution from rack-level AI server business as global capacity ramps up. We revise up 2026E GM to reflect the 2Q26 GM beat, while revise down 2027-28E GM, as the rising rack-level AI server shipments would weigh on the GM. 2026-28E opex ratios are revised down to reflect the operational efficiency improvement as revenue scales up.

Exhibit 3: Earnings revision

	2026E			2027E			2028E		
NT m	Old	New	Chg	Old	New	Chg	Old	New	Chg
Revenue	859,450	964,144	12%	967,080	1,048,547	8%	1,062,418	1,146,944	8%
GP	125,096	149,175	19%	149,602	157,827	5%	165,684	175,983	6%
OP	44,968	60,175	34%	57,633	61,256	6%	67,413	73,332	9%
Net income	41,798	54,397	30%	51,802	52,647	2%	59,314	61,817	4%
Margins									
GM	14.6%	15.5%		15.5%	15.1%		15.6%	15.3%	
OPM	5.2%	6.2%		6.0%	5.8%		6.3%	6.4%	
NM	4.9%	5.6%		5.4%	5.0%		5.6%	5.4%	

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: ASUS P&L Summary

(NT$ m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	147,693	188,006	200,281	202,924	208,370	257,732	268,741	229,302	537,192	482,314	587,087	738,905	964,144	1,048,547	1,146,944
Gross profit	24,600	25,963	28,706	32,346	30,969	44,243	40,103	33,860	74,145	72,405	103,474	111,614	149,175	157,827	175,983
Operating income	12,580	7,835	9,839	9,403	11,896	20,974	15,916	11,389	12,982	11,164	29,595	39,656	60,175	61,256	73,332
Net income	12,791	9,806	10,556	11,405	9,797	19,048	14,663	10,889	14,691	15,928	31,394	44,558	54,397	52,647	61,817
EPS (NT$)	17.22	13.20	14.21	15.36	13.19	25.64	19.74	14.66	19.78	21.44	42.27	59.99	73.24	70.88	82.98
Margins / ratio															
Gross margin	16.7%	13.8%	14.3%	15.9%	14.9%	17.2%	14.9%	14.8%	13.8%	15.0%	17.6%	15.1%	15.5%	15.1%	15.3%
Operating margin	8.5%	4.2%	4.9%	4.6%	5.7%	8.1%	5.9%	5.0%	2.4%	2.3%	5.0%	5.4%	6.2%	5.8%	6.4%
Net margin	8.7%	5.2%	5.3%	5.6%	4.7%	7.4%	5.5%	4.7%	2.7%	3.3%	5.3%	6.0%	5.6%	5.0%	5.4%
QoQ															
Revenue	-4%	27%	7%	1%	3%	24%	4%	-15%							
Gross profit	-6%	6%	11%	13%	-4%	43%	-9%	-16%							
Operating income	699%	-38%	26%	-4%	27%	76%	-24%	-28%							
Net income	681%	-23%	8%	8%	-14%	94%	-23%	-26%							
EPS	681%	-23%	8%	8%	-14%	94%	-23%	-26%							
YoY															
Revenue	21%	30%	20%	32%	41%	37%	34%	13%	0%	-10%	22%	26%	30%	9%	9%
Gross profit	26%	-7%	-4%	24%	26%	70%	40%	5%	-33%	-2%	43%	8%	34%	6%	12%
Operating income	160%	-32%	-16%	497%	-5%	168%	62%	21%	-74%	-14%	165%	34%	52%	2%	20%
Net income	135%	-17%	-16%	596%	-23%	94%	39%	-5%	-67%	8%	97%	42%	22%	-3%	17%
EPS	135%	-17%	-16%	596%	-23%	94%	39%	-5%	-67%	8%	97%	42%	22%	-3%	17%

Source: Company data, Goldman Sachs Global Investment Research

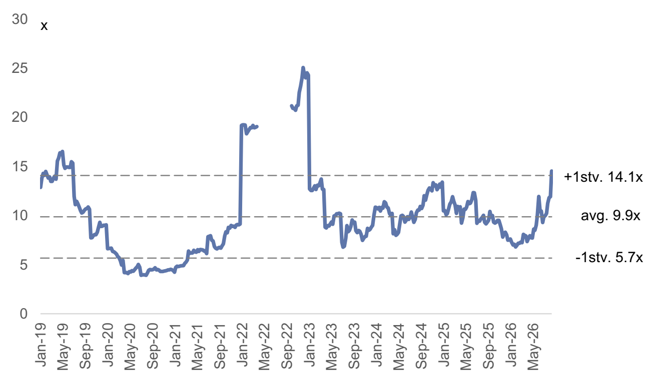
Valuation: We continue to use near term P/E to derive our 12M TP. Our target P/E is updated to 15.7x 2027E EPS, (vs. 15.8x previously), still derived from peers' avg. ratio of 2027E PE to 2028E NI YoY and OPM. With the updated earnings estimates and target P/E, our 12M TP is raised to NT$1,109 (vs. NT$1,082 previously). **Maintain Neutral.**

Exhibit 5: Target P/E is derived from peers' avg. ratio of 2027E PE to 2028E NI YoY and OPM

Company Ticker Rating	ASUS 2357.TW Neutral	Lenovo 0992.HK Buy	Gigabyte 2376.TW Neutral	Dell DELL Buy	Quanta 2382.TW Neutral	HP HPQ Sell	Apple AAPL Buy
2027E PE	15.7	16.8	9.6	21.4	11.5	9.8	32.8
2028E NI YoY	17%	50%	17%	12%	9%	13%	8%
2028E OPM	6.4%	7.0%	4.7%	9.7%	3.5%	6.9%	30.8%
Ratio	0.7	0.3	0.4	1.0	0.9	0.5	0.9
Avg.							**0.7**

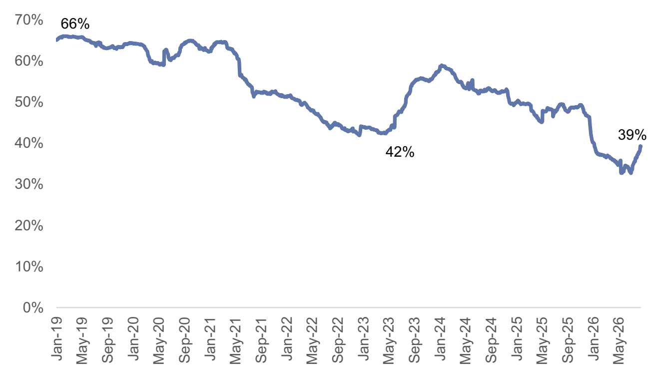
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: ASUS 12M forward PE ratio



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: ASUS QFII



Source: TEJ

Price Target Risks and Methodology - Asus

We are Neutral-rated on ASUS with a 12-month target price of **NT$1,109**. Our target price is based on **15.7x 2027E P/E**, which is derived from brand makers' average ratio of 2027E P/E to 2028E NI YoY and OPM. We see EPS growth and OPM as major factors for the stock's share performance.

Key upside/downside risks include: 1) stronger / weaker-than-expected PC market growth; 2) faster / slower-than-expected AI and gaming PC growth; and 3) faster / slower-than-expected AI server ramp-up.

2357.TW	12m Price Target: **NT$1,109.00**	Price: **NT$925.00**	Upside: **19.9%**

Neutral

Market cap: NT$687.1bn / $21.5bn
Enterprise value: NT$758.9bn / $23.8bn
3m ADTV: NT$4.4bn / $137.3mn
Taiwan
Greater China Technology
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	**738,904.8**	**964,144.2**	**1,048,546.6**	**1,146,944.3**
Revenue (NT$ mn) Old	738,904.8	859,449.5	967,079.9	1,062,417.7
EBITDA (NT$ mn)	42,773.2	65,908.8	66,436.1	78,082.5
EPS (NT$) New	**59.99**	**73.24**	**70.88**	**82.98**
EPS (NT$) Old	59.99	56.27	69.74	79.13
P/E (X)	10.6	12.6	13.1	11.1
P/B (X)	1.8	2.4	2.3	2.2
Dividend yield (%)	6.5	5.5	5.3	6.3
CROCI (%)	26.9	23.7	22.5	23.8

	6/26	9/26E	12/26E	3/27E
EPS (NT$)	25.64	19.74	14.66	15.70

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 19 Aug 2026 close.

Disclosure Appendix

Reg AC

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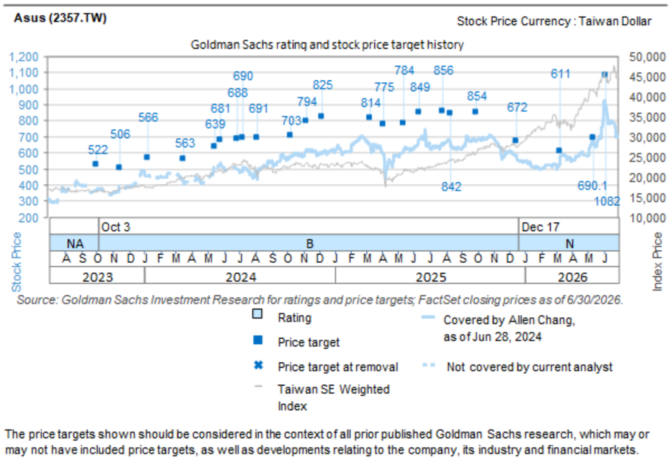
Price target and rating history chart(s)



Target price history table(s)

Asus (2357.TW)

Date of report	Target price (NT$)	Closing price (NT$)
06-Jun-26	1,082.00	900.00
13-May-26	690.10	663.00
10-Mar-26	611.00	531.00
17-Dec-25	672.00	577.00
01-Oct-25	854.00	676.00
13-Aug-25	842.00	640.00
28-Jul-25	856.00	662.00
14-Jun-25	849.00	684.00
13-May-25	784.00	608.00
06-Apr-25	775.00	604.00
11-Mar-25	814.00	654.00
09-Dec-24	825.00	608.00
09-Nov-24	794.00	621.00
10-Oct-24	703.00	577.00
08-Aug-24	691.00	502.00
10-Jul-24	690.00	508.00
28-Jun-24	688.00	498.00
28-May-24	681.00	527.00
16-May-24	639.00	516.00
18-Mar-24	563.00	408.50
09-Jan-24	566.00	455.00
16-Nov-23	506.00	380.50
03-Oct-23	522.00	366.50

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

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