Wiwynn Corporation (6669 TT)

Buy: Better growth visibility into 2027

Equities
Computers & Peripherals
Taiwan

- 2Q26 preview: we expect margin to improve thanks to a more favorable mix and procurement agency measures
- 2H26 momentum accelerating with multiple new AI projects in the pipeline in 2027 driving earnings
- TP to TWD8,400 from TWD6,400 implies c68% upside; Buy

2Q26 results preview: Wiwynn's 2Q26 reported revenue was TWD278bn, +1% q-o-q and +26% y-o-y, in line with HSBCe and consensus. In 2Q26, we observed a favorable product mix toward both general servers as well as the procurement agency (also dedicated for general server projects) adopted since April (highlighted in our previous note, *AI and general server growth outlook still intact*, 8 May 2026). Hence, we now expect margins to see an improvement q-o-q. We estimate its 2Q26 OPM to be c6.5% (q-o-q+22bps), vs. Bloomberg estimates of c6.8%.

Stronger momentum in 2H26-2027 driven by AI revenue: Amazon remains the key driver in 2H26-2027e. We see the Amazon Web Services (AWS) Trainium 3 volume start a meaningful increase in 3Q26 followed by an initial volume of liquid cooling racks in late 2026. We think the AWS liquid-cooled rack shipment will pick up in 2027. There is also next generation Trainium 4 server architecture currently being developed, which we expect to adopt a more complex liquid-cooling and higher chip density architecture vs. current 72-chip/rack design. Nonetheless, we expect limited margin dilution from the high-density rack projects given the increasing design complexity. Beyond AWS, AMD's Helios platform provides another growth pillar beginning 4Q26 with increasing contribution from two major customers in 2027. We now forecast Wiwynn's ASIC/GPU server revenue to account for c54%/c25% in 2027, respectively, driving total sales to grow by c102% y-o-y.

General server softness in 3Q26 but stronger growth visibility in 2027: We expect a temporary deceleration in general server shipment due to CPU migration to AMD Venice in 3Q26; this should be offset by the strength of AWS ramp up. Thus, we still expect 3Q26 revenue to increase by 21% q-o-q. We reiterate our view that general server demand will pick up significantly (see *Agentic AI is reshaping the server market*, 5 Mar 2026), and we continue to observe longer growth visibility for both Intel and AMD x86 servers. We estimate general server shipment to grow by c48%/c20% in 2026/2027, respectively.

Maintain Buy and raise TP to TWD8,400: We raise 2027e EPS by c23% to reflect the strong demand outlook. Our 2027e EPS is c28% above Bloomberg consensus. We roll over the valuation base to 2027e given that we are in July. We apply a target PE multiple of 14x, based on 0.5SD above 2019-2025 average PE, to our 2027e EPS of TWD600.08 (from 2026e of TWD353.17), deriving a rounded TP of TWD8,400 (from TWD6,400). We think the target PE multiple is justified as we estimate a 2026-28 EPS CAGR of 48%, higher than the 2019-25 EPS CAGR of 41%. Our TP implies c68% upside, and therefore we maintain our Buy rating.

MAINTAIN BUY

TARGET PRICE (TWD)	PREVIOUS TARGET (TWD)
8400.00	**6400.00**
SHARE PRICE (TWD)	UPSIDE/DOWNSIDE
5000.00	**+68.0%**

(as of 21 Jul 2026)

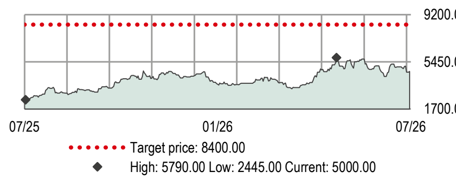
MARKET DATA

Market cap (TWDm)	929,204	Free float	40%
Market cap (USDm)	28,772	BBG	6669 TT
3m ADTV (USDm)	346	RIC	6669.TW

FINANCIALS AND RATIOS (TWD)

Year to	12/2025a	12/2026e	12/2027e	12/2028e
HSBC EPS	275.06	348.39	600.08	763.97
HSBC EPS (prev)	275.06	353.17	488.41	648.01
Change (%)	0.0	-1.4	22.9	17.9
Consensus EPS	273.61	345.76	469.63	563.82
PE (x)	18.2	14.4	8.3	6.5
Dividend yield (%)	2.9	3.7	6.3	8.1
EV/EBITDA (x)	14.1	10.4	6.5	5.2
ROE (%)	48.0	45.1	55.4	50.4

52-WEEK PRICE (TWD)



Source: LSEG IBES, HSBC estimates

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Financials & valuation: Wiwynn Corporation

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (TWDm)				
Revenue	950,663	1,305,949	2,633,098	3,402,845
EBITDA	66,610	88,995	153,259	194,374
Depreciation & amortisation	-2,692	-3,957	-5,894	-7,453
Operating profit/EBIT	63,918	85,038	147,365	186,921
Net interest	-2,113	-2,883	-2,635	-2,635
PBT	66,052	83,688	144,831	184,386
HSBC PBT	66,052	83,688	144,831	184,386
Taxation	-14,934	-18,943	-33,311	-42,409
Net profit	51,118	64,744	111,520	141,977
HSBC net profit	51,118	64,744	111,520	141,977
Cash flow summary (TWDm)				
Cash flow from operations	-624	48,816	-29,042	52,160
Capex	-13,674	-10,000	-10,000	-10,000
Cash flow from investment	-13,766	-10,038	-10,038	-10,038
Dividends	-13,752	-26,947	-34,130	-58,788
Change in net debt	30,448	-11,869	73,172	16,628
FCF equity	-14,299	38,816	-39,042	42,160
Balance sheet summary (TWDm)				
Intangible fixed assets	174	229	229	229
Tangible fixed assets	20,848	26,893	31,002	33,551
Current assets	306,977	373,881	543,117	700,609
Cash & others	89,934	101,803	28,631	12,003
Total assets	337,467	411,138	584,483	744,525
Operating liabilities	113,355	148,506	244,462	321,313
Gross debt	100,182	100,182	100,182	100,182
Net debt	10,248	-1,621	71,551	88,179
Shareholders' funds	124,653	162,450	239,840	323,030
Invested capital	124,711	150,694	301,256	401,074

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	163.7	37.4	101.6	29.2
EBITDA	121.3	33.6	72.2	26.8
Operating profit	127.5	33.0	73.3	26.8
PBT	129.1	26.7	73.1	27.3
HSBC EPS	117.3	26.7	72.2	27.3
Ratios (%)				
Revenue/IC (x)	10.3	9.5	11.7	9.7
ROIC	53.5	47.8	50.2	41.0
ROE	48.0	45.1	55.4	50.4
ROA	20.3	18.1	23.0	21.8
EBITDA margin	7.0	6.8	5.8	5.7
Operating profit margin	6.7	6.5	5.6	5.5
EBITDA/net interest (x)	31.5	30.9	58.2	73.8
Net debt/equity	8.2	-1.0	29.8	27.3
Net debt/EBITDA (x)	0.2	-0.0	0.5	0.5
Per share data (TWD)				
EPS Rep (diluted)	275.06	348.39	600.08	763.97
HSBC EPS (diluted)	275.06	348.39	600.08	763.97
DPS	145.00	183.65	316.33	402.73
Book value	670.75	874.14	1290.56	1738.20

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.0	0.7	0.4	0.3
EV/EBITDA	14.1	10.4	6.5	5.2
EV/IC	7.5	6.1	3.3	2.5
PE*	18.2	14.4	8.3	6.5
PB	7.5	5.7	3.9	2.9
FCF yield (%)	-1.5	4.2	-4.2	4.5
Dividend yield (%)	2.9	3.7	6.3	8.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	1.1
Energy intensity*	2.2
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	n/a
Employee turnover (%)	n/a
Diversity policy	No

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	n/a
Female board members (%)	22.2
Board members independence (%)	44.4

Source: Company data, HSBC

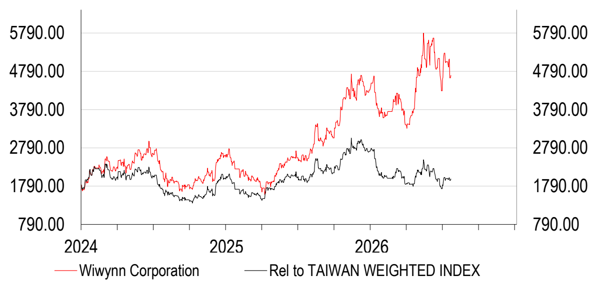
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (TWD)	5000.00
Target price (TWD)	8400.00
RIC (Equity)	6669.TW
Bloomberg (Equity)	6669 TT
Market cap (USDm)	28,772

Free float	40%
Sector	Computers & Peripherals
Country/Region	Taiwan
Analyst	Carol Juan
Contact	+886 2 6631 2862

Price relative



Source: HSBC

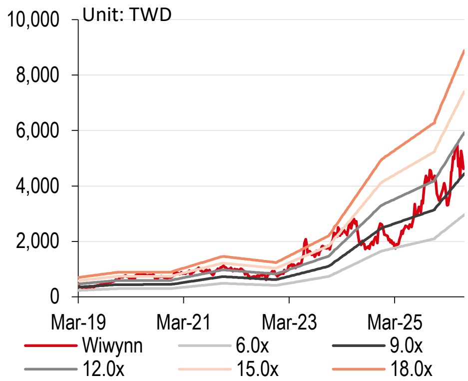
Note: Priced at close of 21 Jul 2026

Exhibit 1. Wiwynn – Estimate changes

	New			Old			Change			HSBC vs Consensus			Bloomberg		
(TWDm)	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**
Sales	1,305,949	2,633,098	3,402,845	1,265,342	1,933,177	2,723,538	3%	36%	25%	2%	31%	42%	1,285,113	2,015,632	2,398,760
– y-o-y chg.	37.4%	101.6%	29.2%	33.1%	52.8%	40.9%							35.2%	56.8%	19.0%
Gross profits	102,637	176,942	225,544	103,311	149,560	200,357	-1%	18%	13%	0%	26%	35%	102,655	140,852	167,457
– GM	7.9%	6.7%	6.6%	8.2%	7.7%	7.4%							8.0%	7.0%	7.0%
Operating profits	85,038	147,365	186,921	86,219	120,449	158,970	-1%	22%	18%	1%	27%	35%	84,043	116,064	138,336
– OPM	6.5%	5.6%	5.5%	6.8%	6.2%	5.8%							6.5%	5.8%	5.8%
Net income	64,744	111,520	141,977	65,634	90,767	120,428	-1%	23%	18%	-2%	25%	31%	66,064	89,512	108,345
EPS (TWD)	348.39	600.08	763.97	353.17	488.41	648.01	-1%	23%	18%	0%	28%	35%	349.72	469.02	567.96
– y-o-y chg.	26.7%	72.2%	27.3%	28.4%	38.3%	32.7%							27.1%	34.1%	21.1%

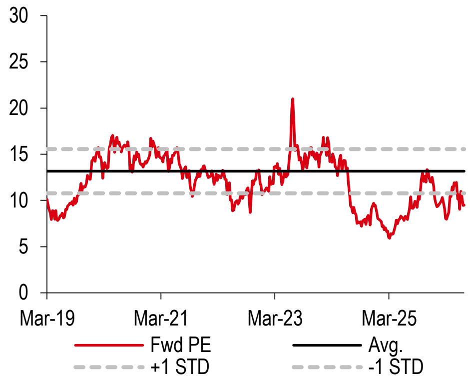
Source: Bloomberg, HSBC estimates

Exhibit 2. Wiwynn – Forward PE band



Source: TEJ, HSBC estimates

Exhibit 3. Wiwynn – Forward PE trend



Source: TEJ, HSBC estimates

Exhibit 4. Wiwynn – Quarterly earnings estimates

TWDm	2025	1Q26	2Q26e	3Q26e	4Q26e	2026e	1Q27e	2Q27e	3Q27e	4Q27e	2027e	2028e
Revenue	950,663	276,508	278,152	336,501	414,789	1,305,949	447,364	625,426	737,414	822,893	2,633,098	3,402,845
Gross profits	78,454	20,881	22,766	27,714	31,275	102,637	31,860	40,839	48,648	55,596	176,942	225,544
Operating profits	63,918	17,458	18,177	23,104	26,298	85,038	26,514	33,771	40,536	46,544	147,365	186,921
Non-op income	2,135	476	-559	-609	-659	-1,350	-659	-659	-559	-659	-2,535	-2,535
Pre-tax income	66,052	17,934	17,618	22,496	25,639	83,688	25,855	33,113	39,978	45,885	144,831	184,386
Net income	51,118	14,114	13,566	17,322	19,742	64,744	19,908	25,497	30,783	35,332	111,520	141,977
EPS (TWD)	275.06	75.95	73.00	93.21	106.23	348.39	107.13	137.20	165.64	190.12	600.08	763.97
Ratios												
GPM	8.3%	7.6%	8.2%	8.2%	7.5%	7.9%	7.1%	6.5%	6.6%	6.8%	6.7%	6.6%
OPM	6.7%	6.3%	6.5%	6.9%	6.3%	6.5%	5.9%	5.4%	5.5%	5.7%	5.6%	5.5%
NM	5.4%	5.1%	4.9%	5.1%	4.8%	5.0%	4.5%	4.1%	4.2%	4.3%	4.2%	4.2%
QoQ												
Revenue		-5%	1%	21%	23%		8%	40%	18%	12%		
Gross profits		-1%	9%	22%	13%		2%	-60%	53%	36%		
Operating profits		6%	4%	27%	14%		1%	-60%	53%	38%		
Net income		2%	-4%	28%	14%		1%	-61%	55%	39%		
YoY												
Revenue	164%	62%	26%	26%	42%	37%	62%	125%	119%	98%	102%	29%
Gross profits	110%	41%	20%	18%	48%	31%	53%	79%	76%	78%	72%	27%
Operating profits	127%	46%	14%	18%	60%	33%	52%	86%	75%	77%	73%	27%
Net income	124%	44%	12%	12%	43%	27%	41%	88%	78%	79%	72%	27%

Source: Company data. HSBC estimates

Exhibit 5. US cloud service provider (CSP) capex outlook

CSP	Capex and datacentre expansion plan highlights
Microsoft	- CY26 capex guidance is USD190bn, implying 61% y-o-y, including an additional spending of USD25bn from component price hikes to get the capacity ready as soon as possible.
Amazon	- 2026 capex guidance was largely unchanged. The expected spending is USD200bn, up 52% y-o-y. - The company expects to invest a significant amount of money over the next few years.
Alphabet	- 2026 capex guidance raised to USD180-190bn, from USD175-185bn previously. - The company expects 2027 capex to significantly increase.
Meta Platforms	- 2026 capex guidance was raised to USD125-145bn, from USD115-135bn previously. - The increase is primarily attributed to expectation for higher component pricing, particularly memory pricing, and to a lesser extent, additional data centre costs to support future year capacity.

Source: Company data, HSBC. Share prices below are at close on 7 May 2026

1 Microsoft (MSFT US, USD402.29, Buy) is covered by Stephen Bersey | HSBC Securities (USA) Inc | Analyst | Stephen.bersey@us.hsbc.com | +1 212 525 4153

2 Amazon (AMZN US, USD249.99, Buy) is covered by Paul Rossington*| HSBC Bank plc | Analyst | paul.rossington@hsbcib.com| +44 20 7991 6734

3 Alphabet (GOOGL US, USD351.99, Buy) is covered by Paul Rossington*| HSBC Bank plc | Analyst | paul.rossington@hsbcib.com| +44 20 7991 6734

4 Meta Platforms (META US, USD645.85, Buy) is covered by Nicolas Cote-Colisson* | HSBC Bank plc | Analyst | nicolas.cote-colisson@hsbcib.com | +44 20 7991 6826

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Exhibit 6. US CSP capex guidance revision

Capex USD bn	CY2023 Actual	CY2024 Actual	CY2025 Actual	CY2026 Guidance	Change* %
Google	15.66	52.54	91.45	185.00	0%
YoY		235.5%	74.1%	102.3%	
Microsoft	41.20	75.60	118.00	190.00	0%
YoY		83.5%	56.1%	61.0%	
Amazon	52.73	83.00	131.82	200.00	0%
YoY		57.4%	58.8%	51.7%	
Meta	27.27	37.26	69.69	135.00	0%
YoY		36.6%	87.1%	93.7%	
Total	**136.85**	**248.39**	**410.96**	**710.00**	**0%**
YoY		81.5%	65.4%	72.8%	

Source: Bloomberg, HSBC; *Note: percentage of guidance revision vs. last quarter Capex guidance range

Valuation and risks

Wiwynn
6669 TT

Buy

Current price: **TWD5,000.00**
Target price: **TWD8,400.00**
Up/downside: **+68.0%**

Priced at 21 Jul 2026
Source: HSBC estimates

Valuation

We raise 2027e EPS by c23% to reflect the strong demand outlook. Our 2027e EPS is c28% above Bloomberg consensus. We roll over the valuation base to 2027e (from 2026e) given that we are now halfway through 2026. We apply a target PE multiple of 14x, based on 0.5SD above 2019-2025 average PE (previously 18x (based on the 1SD above 2019-23 average)), to our 2027e EPS of TWD600.08 (from 2026e of TWD353.17), deriving a rounded TP of TWD8,400 (from TWD6,400). We apply a 0.5SD premium to the seven-year average during 2019-2025 as we believe Wiwynn is benefiting from a multi-year growth opportunity, and we estimate a 2026-28 EPS CAGR of 48%, higher than the 2019-25 EPS CAGR of 41%. Our TP implies c68% upside, and therefore we maintain our Buy rating.

Risks to our view

Downside risks: (1) Weaker-than-expected demand for global servers; (2) lower NRE contribution from fewer design wins for new server projects; and (3) longer transition period of ASIC servers.

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Carol Juan and Lorraine Ou

Important disclosures

Equities: Stock ratings and basis for financial analysis

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From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 30 June 2026, the distribution of all independent ratings published by HSBC is as follows:

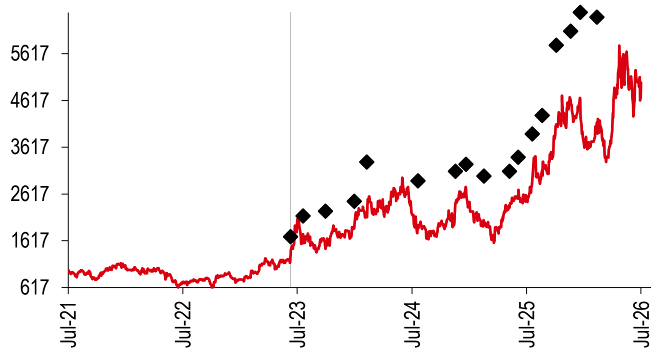
Buy	61%	(13% of these provided with Investment Banking Services in the past 12 months)
Hold	34%	(10% of these provided with Investment Banking Services in the past 12 months)
Sell	5%	(8% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at *http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures*.

Share price and rating changes for long-term investment opportunities

Wiwynn Corporation (6669.TW) share price performance TWD Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Buy	29 Jun 2023	Carol Juan
Target price	**Value**	**Date**	**Analyst**
Price 1	1700	29 Jun 2023	Carol Juan
Price 2	2150	08 Aug 2023	Carol Juan
Price 3	2250	18 Oct 2023	Carol Juan
Price 4	2460	18 Jan 2024	Carol Juan
Price 5	3300	27 Feb 2024	Carol Juan
Price 6	2900	08 Aug 2024	Carol Juan
Price 7	3100	06 Dec 2024	Carol Juan
Price 8	3250	08 Jan 2025	Carol Juan
Price 9	3000	07 Mar 2025	Carol Juan
Price 10	3100	27 May 2025	Carol Juan
Price 11	3400	24 Jun 2025	Carol Juan
Price 12	3900	08 Aug 2025	Carol Juan
Price 13	4300	08 Sep 2025	Carol Juan
Price 14	5800	23 Oct 2025	Carol Juan
Price 15	6100	08 Dec 2025	Carol Juan
Price 16	6500	08 Jan 2026	Carol Juan
Price 17	6400	02 Mar 2026	Carol Juan

Source: HSBC

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

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HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
WIWYNN CORPORATION	6669.TW	5000.00	21 Jul 2026	7

Source: HSBC

1. HSBC has managed or co-managed a public offering of securities for this company within the past 12 months.
2. HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
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