tactical idea

Daiwa Capital Markets Hong Kong Limited

1 July 2026

Asia Vital Components (3017 TT)

Share price (30 Jun): **TWD2,525.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

Tactical idea: short-term upside risk

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Event: Based on our recent supply chain checks, we expect a stronger-than-expected revenue outlook for one of AVC's ASIC projects in 2027 due to a higher-than-expected YoY liquid cooling penetration rate, with delivery expected from 4Q26. In addition, we see stronger revenue momentum in 2H26 vs. 1H26, on top of more AI server projects such as VR and ASICs. We also expect its June 2026 revenue to increase MoM, in line with AVC's revenue guidance of flat to 5% QoQ growth for 2Q26, and expect some upside risk to 2Q26 gross margin on a better product mix.

Impact: We believe the above offers more earnings upside risk for 2H26 and 2027.

Conclusion: We foresee positive sentiment toward AVC's share price in the short-term.

Fundamental investment case and basis for 12-month target price. We have a Buy (1) rating and 12-month TP of TWD3,155, based on a target PER of 29x applied to our 1-year forward EPS forecast (vs. its past-3-year trading range of 6-29x). Key downside risks: slower-than-expected progress in high gross-margin orders; slower AI server adoption; an economic downturn weighing on end demand.

Key data

Target price: **TWD3,155.00**

Up/downside: **+25.0%**

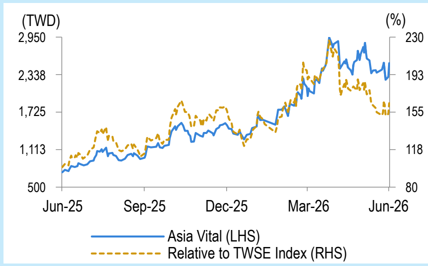
PER: 27.1x

PBR: 12.2x

Yield: 1.5%

12-month range	755.00-2,945.00
Market cap (USDbn)	31.11
3m avg daily turnover (USDm)	398.47
Shares outstanding (m)	393
Major shareholder	Furukawa Electric (13.8%)

Share price performance



Source: FactSet, Daiwa forecasts

Daiwa's analysts in Asia ex Japan provide investment recommendations and target prices on a 12-month horizon. Analysts are required to take into consideration risks and potential catalysts when formulating their recommendations and calculating their target prices. In Tactical idea: short-term upside/downside risk notes, we highlight stocks in Daiwa's Asia ex Japan universe of coverage where, in the view of our analysts, risks are materialising or are set to assume greater importance in the short term.

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	73.51%
Hold**	19.39%
Sell***	7.10%

Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 31 March 2026.
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