

Parade Technologies (4966.TWO/4966 TT)

Business heating up

Outperform · Maintained

Price as of February 5 (NT\$)	1,155
12M target price (NT\$)	1,375
Previous target price (NT\$)	1,250
Revised up (%)	10.0
Upside (%)	19.0

Key message

- Thanks to resilient customer/ channel demand, as well as automotive and server-related products boosting sales, Parade forecasts 1Q24F revenue of US\$114-126mn. Gross margin is expected to range between 43-47%.
- Management anticipates that the resilient business will continue into 2Q24F. We reiterate that Parade's spec migration theme remains intact, with potential for auto business to cement the theme.

Trading data

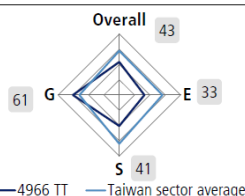
Mkt cap (NT\$/bn/US\$/mn)	93.81 / 2,996
Outstanding shares (mn)	81.22
Foreign ownership (mn)	46.73
3M avg. daily trading (mn)	0.94
52-week trading range (NT\$)	787 -1,235

Performance	3M	6M	12M
Absolute (%)	16.7	28.5	17.6
Relative (%)	7.1	21.1	1.6

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	20.91A	22.51A	12.38A	5.69A
2023	4.51A	5.44A	7.71A	8.05F
2024	7.38F	10.08F	14.62F	16.56F

ESG score card



Source: Refinitiv

Event

Thanks to resilient customer/ channel demand, as well as automotive and server-related products boosting sales, Parade forecasts 1Q24F revenue of US\$114-126mn. This projection indicates a relatively stable performance QoQ at the midpoint, surpassing our estimate. Gross margin is expected to range between 43-47%. Management maintains its outlook on healthy growth in PC/ NB shipments this year. We reaffirm that this positive trend is poised to drive Parade's recovery, benefiting both its display and high-speed interface solution segments.

Impact

Enhanced business visibility for 1H24F. 1Q24F revenue guidance exceeds our estimate by 5.6%, indicating Parade's resilient business momentum. Management anticipates that this momentum will continue into 2Q24F, with sustained demand for the high-speed interface segment, particularly driven by the expected ramp-up of USB4 retimer orders in 2024F. Additionally, the display segment has witnessed order recovery from channels as inventory adjustments near completion, while other segments remain stable. Beyond typical seasonal patterns, we anticipate that sales in 2H24F will surpass those of 1H24F. This is primarily due to the initiation of an upgrade cycle for PC/ NB in the emerging edge AI PC/ NB domain, which is expected to accelerate the transition to USB4 retimer alongside platform upgrades. We believe this upgrade cycle will promote peripherals enhancements in 2024-25F.

Spec migration theme intact, with potential for auto business to cement the theme. We reiterate that Parade is well-positioned to capitalize on the narrative of specification upgrades as demand normalizes. This is expected to support YoY revenue and earnings recovery in 2024-25F, as outlined in our November 21 report. Furthermore, we are optimistic as regards growing adoption of OLED display by standard-plus customers in their products, initially starting with tablet and later extending to PC/ NB. Management has also highlighted a faster OLED display penetration ramp in tablet compared to PC/ NB. As the cost of OLED displays continues to decline, we believe Parade is poised to benefit from this trend, potentially strengthening long-term sales and gross margin through ongoing spec upgrades. On a different note, we observe heightened activity in Parade's automotive business. We believe the company is leveraging its expertise in high-speed interface and display capabilities in the automotive domain, and that this effort is starting to yield positive results. While the contribution of the automotive business is minimal currently, we view it as another potential long-term growth driver for Parade.

Valuation & Action

With more solid-looking 1H24F sales but a slightly conservative margin outlook, we have trimmed our 2024F EPS by 2.5% to NT\$48.64, up 89.0% YoY, surpassing consensus of NT\$45.87. We also forecast 2025F EPS of NT\$61.33, up 26.1% YoY, versus consensus of NT\$56.91. Shares are currently trading at 24x and 19x 2024-25F EPS, versus a five-year range of 11-37x. Consequently, we adjust our target price to NT\$1,375, based on 25x 2024-25F average EPS (previously 25x 2024F EPS). Maintain Outperform.

Risks

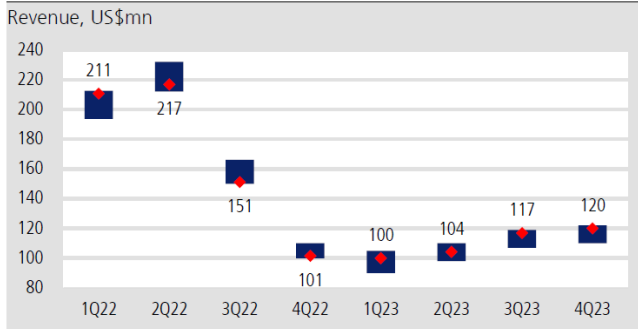
Low PC/ NB demand; intensifying competition in high-speed interface IC.

Key financials and valuations

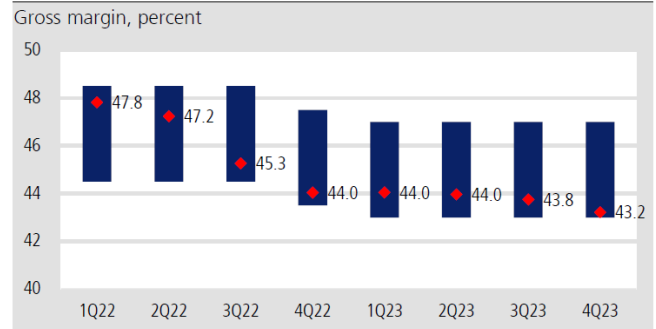
	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (NT\$mn)	19,995	20,055	13,769	18,595	21,122
Gross profit (NT\$mn)	9,531	9,316	6,019	8,206	9,487
Operating profit (NT\$mn)	5,830	5,267	1,967	3,970	5,006
Net profit (NT\$mn)	5,245	4,898	2,033	3,860	4,867
EPS (NT\$)	66.29	61.35	25.73	48.64	61.33
Cash DPS (NT\$)	32.42	30.77	12.83	24.27	30.63
EPS growth (%)	47.8	(7.5)	(58.1)	89.0	26.1
PE (x)	17.4	18.8	44.9	23.7	18.8
PB (x)	6.5	5.3	4.6	4.1	3.5
EV/EBITDA (x)	12.6	14.4	31.3	16.7	13.1
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.8	2.7	1.1	2.1	2.7
Return on average equity (%)	38.6	30.4	10.6	17.8	19.6

Source: Company data, KGI Research estimates

4Q23 EPS largely in line. 4Q23 gross margin came in at 43.2%, respectively 0.7ppts and 1.3ppts lower than our estimate and consensus, mainly attributable to product mix change and some inventory write-offs. EPS was NT\$8.05, slightly exceeding our forecast of NT\$7.73 and generally aligning with consensus, primarily driven by non-operating income.

Figure 1: Quarterly revenue vs. guidance


Source: Company data, KGI Research

Figure 2: Quarterly gross margin vs. guidance


Source: Company data, KGI Research

Figure 3: Breakdown of 4Q23 results vs. KGI & consensus

NT\$m	4Q23										
	Actual	KGI forecast	Diff. (%)	3Q23	QoQ (%)	4Q22	YoY (%)	Guidance* (mid-point)	Diff. (%)	Consensus	Diff. (%)
Revenue	3,825	3,718	2.9	3,705	3.2	3,181	20.2	3,712	3.0	3,782	1.1
Gross profit	1,653	1,634	1.2	1,621	2.0	1,401	18.0	1,670	(1.0)	1,682	(1.7)
Operating profit	609	600	1.5	584	4.3	440	38.6	662	(8.0)	639	(4.7)
Net profit	639	613	4.2	612	4.4	454	40.6			640	(0.3)
EPS (NT\$)	8.05	7.73	4.1	7.71	4.3	5.69	41.5			8.04	0.1
Gross margin (%)	43.2	43.9	(0.7)ppts	43.8	(0.5)ppts	44.0	(0.8)ppts	45.0	(1.8)ppts	44.5	(1.3)ppts
OP margin (%)	15.9	16.1	(0.2)ppts	15.8	0.2 ppts	13.8	2.1 ppts	17.8	(1.9)ppts	16.9	(1.0)ppts
Net margin (%)	16.7	16.5	0.2 ppts	16.5	0.2 ppts	14.3	2.4 ppts			16.9	(0.2)ppts

Source: Company data, Bloomberg, KGI Research

*Based on our assumed FX rate of NT\$32.00

Figure 4: Breakdown of 1Q24 guidance vs. KGI forecast & consensus

NT\$m	1Q24F										
	Guidance*	Revision	Diff. (%)	Previous	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Remarks	
Revenue (NT\$m)	3,744	3,838	(2.4)	3,545	5.6	(2.1)	23.2	3,731	0.4	US\$114-126mn	
Gross margin (%)	45.0	43.7	1.3 ppts	44.1	0.9 ppts	1.8 ppts	1.0 ppts	44.6	0.4 ppts	43-47%	
Opex (NT\$m)	(1,061)	(1,094)	(3.0)	(975)	8.8	1.6	8.5	(989)	7.2	US\$32.5-35.5mn	

Source: Company data, Bloomberg, KGI Research estimates

*Based on our assumed FX rate of NT\$31.20

Figure 5: Breakdown of 1Q24 forecast revisions vs. consensus

NT\$m	1Q24F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	3,838	3,545	8.3	0.3	26.3	3,731	2.9
Gross profit	1,676	1,564	7.1	1.4	25.2	1,664	0.7
Operating profit	582	589	(1.2)	(4.4)	61.3	674	(13.7)
Net profit	586	589	(0.6)	(8.3)	65.7	654	(10.5)
EPS (NT\$)	7.38	7.43	(0.7)	(8.3)	63.7	8.20	(10.0)
Gross margin (%)	43.7	44.1	(0.5)ppts	0.5 ppts	(0.4)ppts	44.6	(0.9)ppts
OP margin (%)	15.2	16.6	(1.5)ppts	(0.8)ppts	3.3 ppts	18.1	(2.9)ppts
Net margin (%)	15.3	16.6	(1.4)ppts	(1.4)ppts	3.6 ppts	17.5	(2.3)ppts

Source: Bloomberg, KGI Research estimates

Figure 6: Breakdown of 2023 results, 2024 forecast revisions & 2025 forecast vs. KGI & consensus

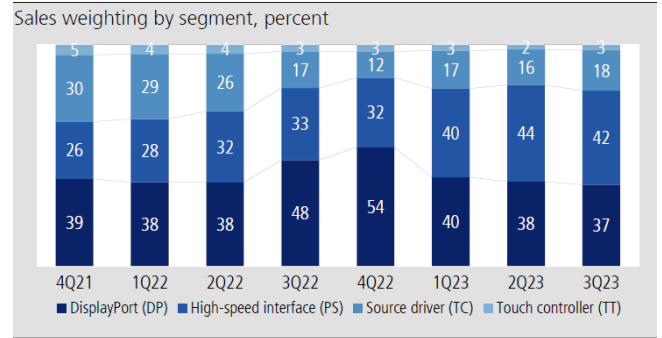
NT\$m	2023						2024F						2025F			
	Actual	KGI forecast	Diff. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	KGI forecast	YoY (%)	Consensus	Diff. (%)
Revenue	13,769	13,662	0.8	(31.3)	13,733	0.3	18,595	18,164	2.4	35.0	17,975	3.4	21,122	13.6	21,291	(0.8)
Gross profit	6,019	6,000	0.3	(35.4)	6,051	(0.5)	8,206	8,125	1.0	36.3	8,146	0.7	9,487	15.6	9,807	(3.3)
Operating profit	1,967	1,957	0.5	(62.7)	2,011	(2.2)	3,970	4,098	(3.1)	101.9	3,845	3.2	5,006	26.1	5,056	(1.0)
Net profit	2,033	2,008	1.3	(58.5)	2,037	(0.2)	3,860	3,956	(2.4)	89.8	3,684	4.8	4,867	26.1	4,788	1.6
EPS (NT\$)	25.73	25.42	1.2	(58.1)	25.42	1.2	48.64	49.87	(2.5)	89.0	45.87	6.0	61.33	26.1	56.91	7.8
Gross margin (%)	43.7	43.9	(0.2)ppts	(2.7)ppts	44.1	(0.3)ppts	44.1	44.7	(0.6)ppts	0.4 ppts	45.3	(1.2)ppts	44.9	0.8 ppts	46.1	(1.1)ppts
OP margin (%)	14.3	14.3	(0.0)ppts	(12.0)ppts	14.6	(0.4)ppts	21.3	22.6	(1.2)ppts	7.1 ppts	21.4	(0.0)ppts	23.7	2.4 ppts	23.7	(0.0)ppts
Net margin (%)	14.8	14.7	0.1 ppts	(9.7)ppts	14.8	(0.1)ppts	20.8	21.8	(1.0)ppts	6.0 ppts	20.5	0.3 ppts	23.0	2.3 ppts	22.5	0.6 ppts

Source: Company data, Bloomberg, KGI Research estimates

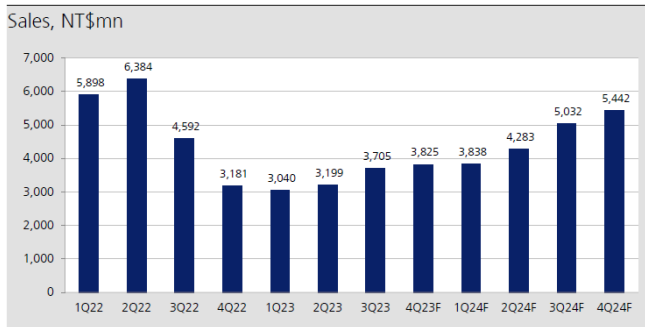
Figure 7: Company profile

Founded in 2005 and listed on the TPEX in 2011, Parade Technologies is a leading fabless design house for mixed-signal IC for a variety of popular displays and high-speed interface standards used in computers, consumer electronics, and panels. With headquarters in Silicon Valley and a design center in Shanghai, China, Parade has subsidiaries in Nanjing, China and Seoul, South Korea, along with branch offices in Hong Kong and Taiwan. As a cofounder and board member of VESA, Parade develops standards for DP and eDP.

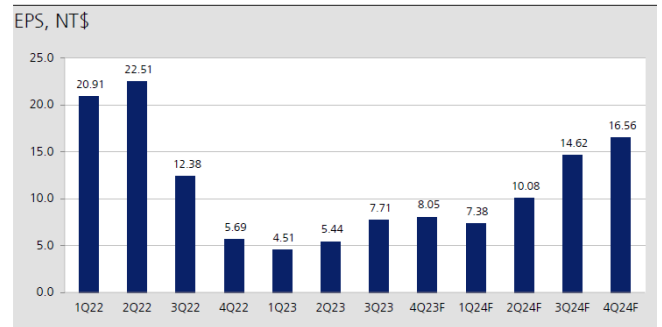
Source: Company data, KGI Research

Figure 8: Sales mix


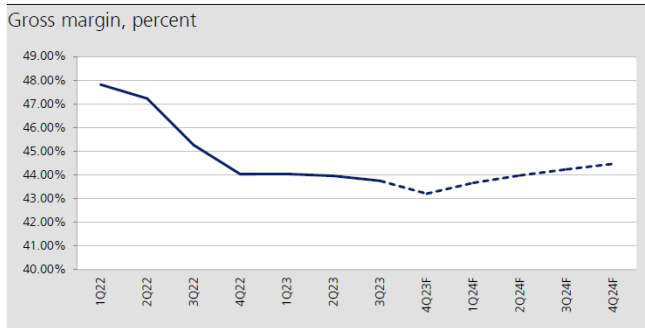
Source: Company data, KGI Research

Figure 9: Sales


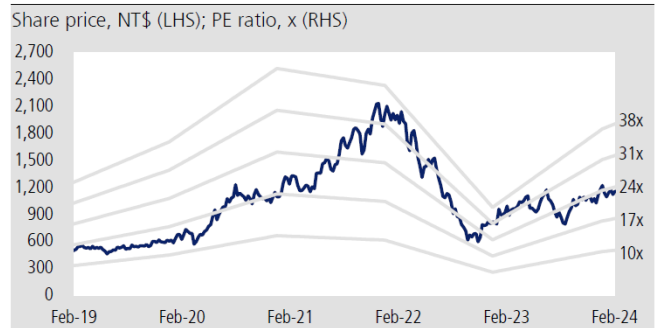
Source: KGI Research

Figure 10: EPS


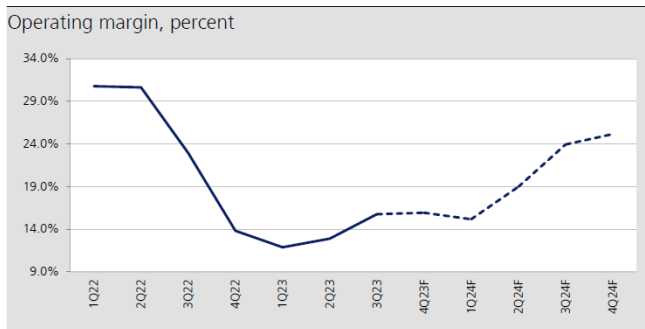
Source: KGI Research

Figure 11: Gross Margin


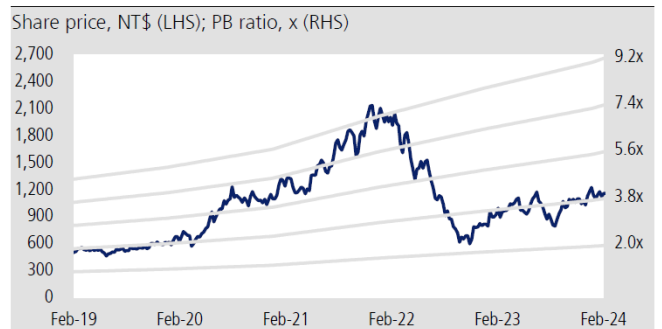
Source: KGI Research

Figure 12: 12M forward PE band


Source: TEJ, KGI Research estimates

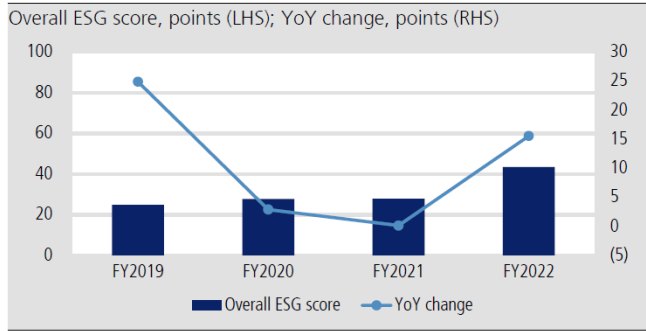
Figure 13: Operating Margin


Source: KGI Research

Figure 14: 12M forward PB band


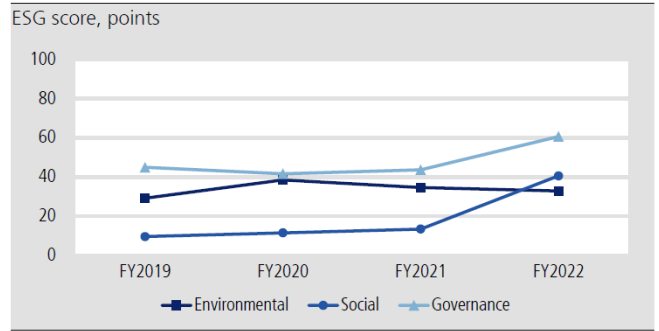
Source: TEJ, KGI Research estimates

Figure 15: Overall ESG score



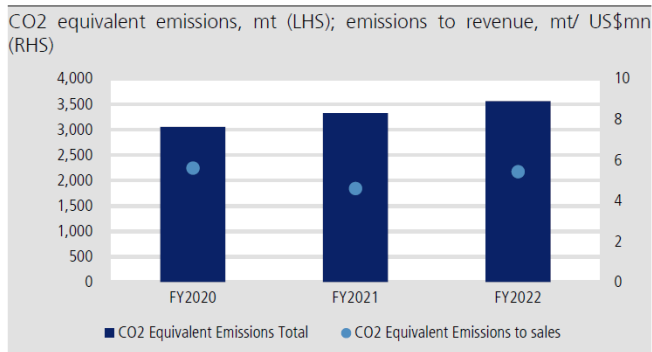
Source: Refinitiv, Company data

Figure 16: ESG score by category



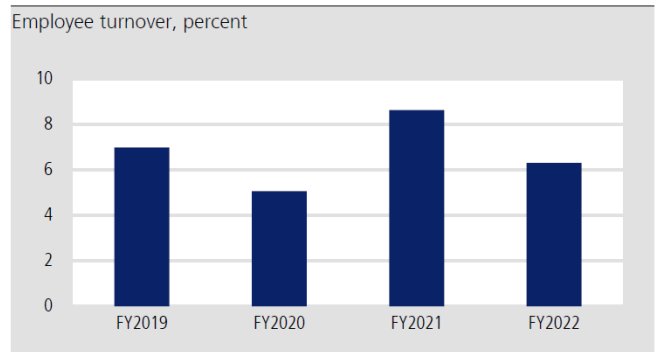
Source: Refinitiv, Company data

Figure 17: CO2 equivalent emissions



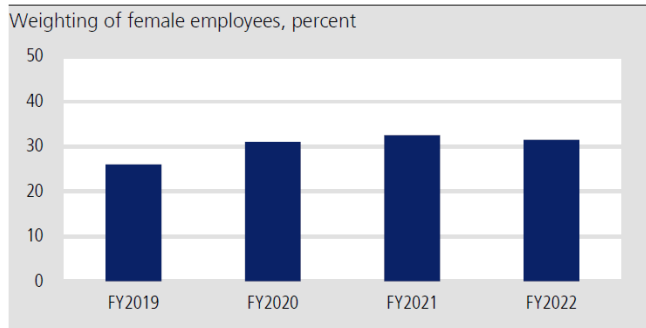
Source: Refinitiv, Company data

Figure 18: Employee turnover



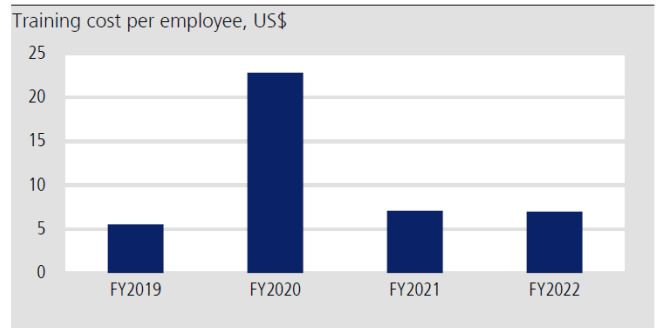
Source: Refinitiv, Company data

Figure 19: Gender diversification



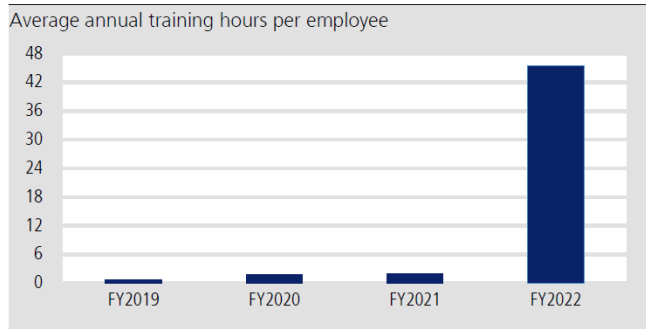
Source: Refinitiv, Company data

Figure 20: Training cost per employee



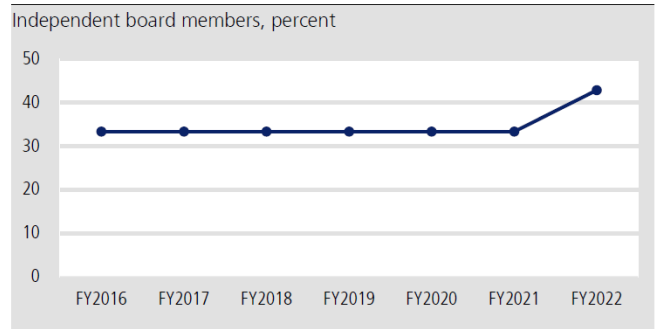
Source: Refinitiv, Company data

Figure 21: Average training hours



Source: Refinitiv, Company data

Figure 22: Independent board members



Source: Refinitiv, Company data

ESG chart definition

Item	Definition	Remarks
Energy use	<p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use' 	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased 	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	<p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	Parade first disclosed this data in its 2020 CSR report.
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m)</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	Parade first disclosed this data in its 2020 CSR report.
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered 	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste 	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered 	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures 	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving 	
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100 	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100 	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked 	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv, Company data, KGI Research

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23A	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
Income statement (NT\$mn)											
Revenue	3,040	3,199	3,705	3,825	3,838	4,283	5,032	5,442	13,769	18,595	21,122
Cost of goods sold	(1,701)	(1,793)	(2,084)	(2,172)	(2,162)	(2,399)	(2,806)	(3,022)	(7,750)	(10,389)	(11,635)
Gross profit	1,339	1,406	1,621	1,653	1,676	1,884	2,226	2,420	6,019	8,206	9,487
Operating expenses	(978)	(994)	(1,037)	(1,044)	(1,094)	(1,071)	(1,021)	(1,050)	(4,053)	(4,236)	(4,481)
Operating profit	361	412	584	609	582	813	1,205	1,370	1,967	3,970	5,006
Depreciation of fixed assets	(80)	(91)	(82)	(78)	(147)	(151)	(155)	15	(331)	(439)	(488)
Amortisation of intangible assets	(82)	(88)	(88)	(92)	(117)	(117)	(117)	(48)	(349)	(400)	(400)
EBITDA	523	591	754	779	847	1,081	1,477	1,403	2,647	4,808	5,894
Interest income	46	43	61	67	51	56	61	64	218	232	302
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	3	1	0	-	-	-	-	-	-	-	-
Non-operating income	49	44	61	67	51	56	61	64	218	232	302
Interest expense	-	-	-	-	-	-	-	-	-	-	-
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(10)	19	14	13	10	10	10	10	40	40	40
Non-operating expenses	(10)	19	14	13	10	10	10	10	40	40	40
Pre-tax profit	400	475	660	689	643	879	1,275	1,444	2,224	4,242	5,348
Current taxation	(46)	(46)	(48)	(51)	(58)	(79)	(115)	(130)	(191)	(382)	(481)
Minorities	-	-	-	-	-	-	-	-	-	-	-
Normalised net profit	353	429	612	639	586	800	1,160	1,314	2,033	3,860	4,867
Extraordinary items	0	(0)	0	-	-	-	-	-	-	-	-
Net profit	353	429	612	639	586	800	1,160	1,314	2,033	3,860	4,867
EPS (NT\$)	4.51	5.44	7.71	8.05	7.38	10.08	14.62	16.56	25.73	48.64	61.33
Margins (%)											
Gross profit margin	44.0	44.0	43.8	43.2	43.7	44.0	44.2	44.5	43.7	44.1	44.9
Operating margin	11.9	12.9	15.8	15.9	15.2	19.0	23.9	25.2	14.3	21.3	23.7
EBITDA margin	17.2	18.5	20.3	20.4	22.1	25.2	29.4	25.8	19.2	25.9	27.9
Pretax profit margin	13.1	14.9	17.8	18.0	16.8	20.5	25.3	26.5	16.2	22.8	25.3
Net profit margin	11.6	13.4	16.5	16.7	15.3	18.7	23.1	24.1	14.8	20.8	23.0
Sequential growth (%)											
Revenue growth	(4.5)	5.3	15.8	3.2	0.3	11.6	17.5	8.1			
Gross profit growth	(4.4)	5.0	15.3	2.0	1.4	12.4	18.2	8.7			
Operating profit growth	(17.9)	14.2	41.6	4.3	(4.4)	39.6	48.2	13.7			
EBITDA growth	(14.2)	13.0	27.6	3.4	8.7	27.7	36.6	(5.0)			
Pretax profit growth	(19.4)	19.0	38.7	4.5	(6.7)	36.7	45.0	13.2			
Net profit growth	(22.2)	21.5	42.6	4.4	(8.3)	36.7	45.0	13.2			
YoY growth (%)											
Revenue growth	(48.5)	(49.9)	(19.3)	20.2	26.3	33.9	35.8	42.3	(31.3)	35.0	13.6
Gross profit growth	(52.5)	(53.4)	(22.0)	18.0	25.2	33.9	37.3	46.4	(35.4)	36.3	15.6
Operating profit growth	(80.1)	(78.9)	(44.6)	38.6	61.3	97.1	106.3	124.9	(62.7)	101.9	26.1
EBITDA growth	(73.4)	(72.2)	(38.2)	27.9	62.0	83.0	95.9	80.0	(55.3)	81.6	22.6
Pretax profit growth	(78.0)	(75.9)	(39.5)	39.0	61.0	84.9	93.3	109.4	(58.6)	90.7	26.1
Net profit growth	(78.7)	(76.1)	(38.3)	40.6	65.7	86.4	89.6	105.7	(58.5)	89.8	26.1

Source: Company data, KGI Research estimates

Balance sheet

NT\$mn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total assets	19,385	22,072	23,924	26,384	29,246
Current assets	13,281	13,131	14,734	17,447	20,585
Cash & ST securities	9,202	6,975	8,546	11,497	14,761
Inventory	2,098	4,468	3,774	3,022	2,931
Accounts receivable	1,395	1,066	1,662	2,177	2,141
Other current assets	587	621	752	752	752
Non-current assets	6,104	8,941	9,190	8,937	8,660
LT investments	-	-	-	-	-
Net fixed assets	488	496	406	153	(124)
Other assets	5,616	8,445	8,784	8,784	8,784
Total liabilities	4,923	4,341	3,440	3,388	2,641
Current liabilities	4,787	4,259	3,390	3,337	2,590
Accounts payable	1,131	399	1,567	1,209	1,173
Interest bearing ST liabilities	-	-	-	-	-
Other current liabilities	3,657	3,860	1,822	2,129	1,417
Non-current liabilities	136	81	51	51	51
Long-term debt	-	-	-	-	-
Other L-T liabilities	-	-	51	51	51
Total equity	14,462	17,731	20,484	22,996	26,605
Share capital	809	812	812	812	812
Retained earnings reserve	10,738	13,538	14,567	17,080	20,689
Minority interests	-	-	-	-	-
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Growth					
Revenue growth	30.9%	0.3%	(31.3%)	35.0%	13.6%
Operating profit growth	58.2%	(9.7%)	(62.7%)	101.9%	26.1%
EBITDA growth	57.2%	(9.5%)	(55.3%)	81.6%	22.6%
Net profit growth	49.6%	(6.6%)	(58.5%)	89.8%	26.1%
EPS growth	47.8%	(7.5%)	(58.1%)	89.0%	26.1%
Profitability					
Gross profit margin	47.7%	46.5%	43.7%	44.1%	44.9%
Operating margin	29.2%	26.3%	14.3%	21.3%	23.7%
EBITDA margin	32.7%	29.5%	19.2%	25.9%	27.9%
Net profit margin	26.2%	24.4%	14.8%	20.8%	23.0%
Return on average assets	29.2%	23.6%	8.8%	15.3%	17.5%
Return on average equity	38.6%	30.4%	10.6%	17.8%	19.6%
Stability					
Gross debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)					
Interest & ST debt coverage (x)	1.0	1.0	1.0	1.0	1.0
Cash flow interest coverage(x)					
Cash flow/int. & ST debt (x)					
Current ratio (x)	2.8	3.1	4.3	5.2	7.9
Quick ratio (x)	2.3	2.0	3.2	4.3	6.8
Net debt (NT\$mn)	(9,202)	(6,975)	(8,546)	(11,497)	(14,761)
Per share data					
EPS (NT\$)	66.29	61.35	25.73	48.64	61.33
CFPS (NT\$)	83.18	31.85	45.00	57.68	73.65
BVPS (NT\$)	178.85	218.39	252.38	283.33	327.79
Adj BVPS (NT\$)	182.80	222.07	259.25	289.80	335.28
SPS (NT\$)	252.73	251.18	174.27	234.33	266.18
EBITDA/share (NT\$)	82.72	74.16	33.50	60.59	74.27
Cash DPS (NT\$)	32.42	30.77	12.83	24.27	30.63
Activity					
Sales / avg assets	1.11	0.97	0.60	0.74	0.76
Days receivable	25.5	19.4	44.1	42.8	37.0
Days inventory	73.2	151.9	177.8	106.5	92.0
Days payable	39.4	13.6	73.8	42.6	36.8
Cash cycle	59.2	157.7	148.0	106.7	92.2

Source: Company data, KGI Research estimates

Profit & loss

NT\$mn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue	19,995	20,055	13,769	18,595	21,122
Cost of goods sold	(10,463)	(10,740)	(7,750)	(10,389)	(11,635)
Gross profit	9,531	9,316	6,019	8,206	9,487
Operating expenses	(3,702)	(4,049)	(4,053)	(4,236)	(4,481)
Operating profit	5,830	5,267	1,967	3,970	5,006
Non-operating income	7	68	218	232	302
Interest income	3	64	218	232	302
Investment income	-	-	-	-	-
Other non-op income	4	4	-	-	-
Non-operating expenses	(28)	40	40	40	40
Interest expense	-	-	-	-	-
Investment loss	-	-	-	-	-
Other non-op expenses	(28)	40	40	40	40
Pre-tax profit	5,809	5,375	2,224	4,242	5,348
Current taxation	(564)	(477)	(191)	(382)	(481)
Minorities	-	-	-	-	-
Extraordinary items	-	0	(0)	-	-
Net profit	5,245	4,898	2,033	3,860	4,867
EBITDA	6,544	5,921	2,647	4,808	5,894
EPS (NT\$)	66.29	61.35	25.73	48.64	61.33

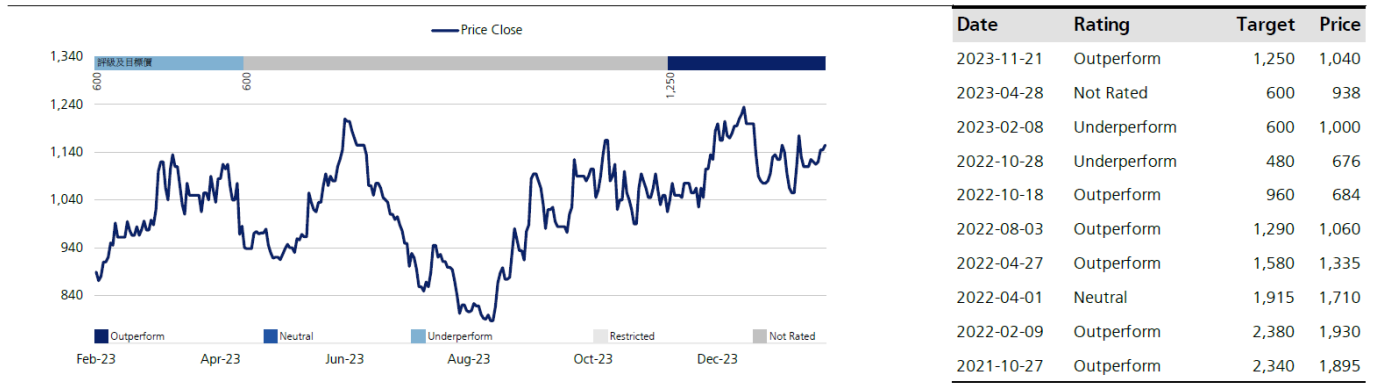
Cash flow

NT\$mn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Operations cash flow	6,581	2,543	3,556	4,577	5,845
Net profit	5,245	4,898	2,033	3,860	4,867
Depreciation & amortisation	715	654	680	838	888
Decrease in working capital	(464)	(2,515)	1,266	(121)	90
Other operating cash flow	1,085	(495)	(423)	0	-
Investing cash flow	(2,365)	(2,758)	(426)	(586)	(611)
Sale of ST investment	-	-	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(296)	(172)	(150)	(186)	(211)
Others investing cashflow	(2,069)	(2,586)	(276)	(400)	(400)
Free cash flow	4,776	2,427	3,244	3,744	4,922
Financing cash flow	(3,250)	(3,244)	(1,752)	(1,041)	(1,969)
Increase in short term debt	-	-	-	-	-
Increase in long term loans	-	-	-	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(1,753)	(2,622)	(2,439)	(1,041)	(1,969)
Other financing cashflow	(100)	(34)	(73)	-	-
Forex effects	(284)	1,233	193	-	-
Total cash generated	682	(2,226)	1,571	2,951	3,264

ROIC

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	18.5%	20.2%	29.4%	22.8%	21.2%
= Operating margin	29.2%	26.3%	14.3%	21.3%	23.7%
1 / (Working capital/revenue	(0.0)	0.1	0.2	0.1	0.2
+ Net PPE/revenue	0.0	0.0	0.0	0.0	(0.0)
+ Other assets/revenue)	0.1	0.2	0.3	0.3	0.2
= Capital turnover	12.1	3.0	1.7	2.5	2.7
Operating margin	29.2%	26.3%	14.3%	21.3%	23.7%
x Capital turnover	12.1	3.0	1.7	2.5	2.7
x (1 - tax rate)	90.3%	91.1%	91.4%	91.0%	91.0%
= After-tax ROIC	319.6%	71.9%	22.5%	47.8%	57.7%

Source: Company data, KGI Research estimates

Parade Technologies – Recommendation & target price history


Source: TEJ, KGI Research

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