

Silergy (6415.TW/6415 TT)

2024F earnings revised up; long-term catalysts intact

Outperform · Maintained

| | |
|------------------------------|-------|
| Price as of August 30 (NT\$) | 471.5 |
| 12M target price (NT\$) | 540 |
| Previous target price (NT\$) | 480.0 |
| Revised up (%) | 12.5 |
| Upside (%) | 14.5 |

Key message

- 2Q24 gross margin rose 1.9ppts QoQ to 53.8%, on easing price competition and an optimized product mix, pushing earnings meaningfully above consensus and our forecast
- 2024F earnings forecast revised up on new product ramp-ups & market share gains.
- Long-term growth catalysts intact, as past R&D investments are paying off, and the firm will benefit from localization of the Chinese semiconductor sector.

Trading data

| | |
|------------------------------|---------------|
| Mkt cap (NT\$bn/US\$m) | 181.9 / 5,582 |
| Outstanding shares (mn) | 385.8 |
| Foreign ownership (mn) | 338.9 |
| 3M avg. daily trading (mn) | 2.30 |
| 52-week trading range (NT\$) | 271.0 –526 |

| Performance | 3M | 6M | 12M |
|--------------|------|------|------|
| Absolute (%) | 0.7 | 13.1 | 65.4 |
| Relative (%) | -3.5 | -4.3 | 32.2 |

Quarterly EPS

| NT\$ | 1Q | 2Q | 3Q | 4Q |
|------|--------|---------|-------|-------|
| 2022 | 16.74A | 5.53A | 3.87A | 2.38A |
| 2023 | 0.57A | (0.27)A | 1.29A | 0.36A |
| 2024 | 0.20A | 1.46F | 1.82F | 2.89F |

Share price chart



Source: TEJ

Event

Silergy held an analyst meeting. Management guides positive 2H24F business prospects and long-term growth catalysts.

Impact

2Q24 earnings beat by wide margin; 3Q24F to see continuous growth. In 2Q24, sales were NT\$4.62bn, up 20.1% QoQ, thanks to market share gains and a demand recovery for consumer and computing products. Gross margin widened 1.9ppts QoQ to 53.8%, on easing price competition and a product mix improvement, boosting earnings to NT\$561mn, for EPS of NT\$1.46, beating consensus and our forecast. In 3Q24F, management guides that sales growth for computing products will be partially offset by sluggish demand for consumer products, while gross margin will slightly slip on the higher sales weighting of computing products. However, improvement in overall price competition has been better than expected. We therefore maintain our 3Q24 sales growth forecast of 6% QoQ, revise up gross margin to 52.9% by 1.2ppts, and earnings to NT\$748mn, up 12.4%, for EPS of NT\$1.94.

2024F earnings forecast revised up. Management is optimistic about 2H24F operations, due to: (1) seasonality, as computing and consumer products will enter their peak seasons in 3Q24F & 4Q24F, respectively; (2) new product ramp ups boosting ASP and gross margin, and; (3) market share gains. Based on better-than-expected 2Q24 operations and a positive 2H24F outlook, we revise up 2024F sales to NT\$18.89bn, up 22.5% YoY, gross margin to 53.1%, up 1.4ppts, and earnings to NT\$2.45bn, for EPS of NT\$6.38.

Long-term growth catalysts intact. We believe Silergy's long-term growth catalysts are intact, due to: (1) past R&D investment bearing fruit. ASP and gross margin growth will be boosted by new product ramp-ups and process platforms upgrades; (2) business opportunities triggered by semiconductor localization in China. Silergy will register market share gains from a leading position in the Chinese PMIC industry; and (3) the firm's in-house process technology allows the firm to leverage all foundries around the world, lowering geopolitical risk. These growth drivers will underpin solid improvement for Silergy's market share and margins over the long term.

Valuation & Action

We are positive on Silergy's business prospects in 2024F, due to a recovery of end-market demand and better-than-expected gross margin improvement. Moreover, we believe the firm's long-term growth catalysts are intact. We maintain Outperform on Silergy and a target price of NT\$540, based on 50x average 2024-25F EPS.

Risks

Slow recovery of end-market demand; intensifying competition from Chinese peers.

Key financials and valuations

| | Dec-21A | Dec-22A | Dec-23A | Dec-24F | Dec-25F |
|------------------------------|----------|----------|----------|----------|----------|
| Revenue (NT\$m) | 21,506 | 23,511 | 15,427 | 18,891 | 24,970 |
| Gross profit (NT\$m) | 11,456 | 12,359 | 6,579 | 10,034 | 13,410 |
| Operating profit (NT\$m) | 6,603 | 5,912 | (552) | 2,323 | 5,681 |
| Net profit (NT\$m) | 5,734 | 6,039 | 746 | 2,452 | 5,865 |
| EPS (NT\$) | 61.51 | 15.95 | 1.96 | 6.38 | 15.26 |
| Cash DPS (NT\$) | 17.98 | 4.49 | 1.96 | 2.80 | 6.70 |
| EPS growth (%) | 72.2 | (74.1) | (87.7) | 226.4 | 139.1 |
| PE (x) | 7.7 | 29.6 | 241.1 | 73.9 | 30.9 |
| PB (x) | 1.9 | 1.5 | 1.5 | 1.4 | 1.2 |
| EV/EBITDA (x) | 3.5 | 14.3 | 588.8 | 26.0 | 10.9 |
| Net debt to equity (%) | Net cash |
| Dividend yield (%) | 3.8 | 1.0 | 0.4 | 0.6 | 1.4 |
| Return on average equity (%) | 27.5 | 22.2 | 2.4 | 7.7 | 16.3 |

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2Q24 financial results & 3Q24 KGI forecasts vs. consensus

| NT\$m | 2Q24 | | | | | | | 3Q24F | | | | | | |
|------------------|--------|--------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|-----------|
| | Actual | KGI forecast | Diff. (%) | QoQ (%) | YoY (%) | Consensus | Diff. (%) | Revision | Previous | Chg. (%) | QoQ (%) | YoY (%) | Consensus | Diff. (%) |
| Sales | 4,615 | 4,235 | 9.0 | 20.1 | 28.3 | 4,419 | 4.4 | 4,893 | 4,850 | 0.9 | 6.0 | 19.0 | 5,097 | (4.0) |
| Gross profits | 2,481 | 2,192 | 13.2 | 24.6 | 69.5 | 2,266 | 9.5 | 2,587 | 2,508 | 3.2 | 4.3 | 45.9 | 2,626 | (1.5) |
| Operating income | 556 | 267 | 108.1 | 706.4 | - | 355 | 56.8 | 655 | 573 | 14.3 | 17.8 | - | 691 | (5.3) |
| Net income | 561 | 379 | 48 | 619 | - | 460 | 22 | 702 | 665 | 5 | 25 | 42 | 796 | (11.9) |
| EPS (NT\$) | 1.46 | 0.99 | 47.9 | 615.8 | - | 1.19 | 22.0 | 1.82 | 1.73 | 5.5 | 25.2 | 41.3 | 2.07 | (11.9) |
| Gross margin (%) | 53.8 | 51.7 | 2.0 ppts | 1.9 ppts | 13.1 ppts | 51.3 | 2.5 ppts | 52.9 | 51.7 | 1.2 ppts | (0.9)ppts | 9.7 ppts | 51.5 | 1.4 ppts |
| OP margin (%) | 12.0 | 6.3 | 5.7 ppts | 10.3 ppts | 20.8 ppts | 8.0 | 4.0 ppts | 13.4 | 11.8 | 1.6 ppts | 1.3 ppts | 14.1 ppts | 13.6 | (0.2)ppts |
| Net margin (%) | 12.1 | 8.9 | 3.2 ppts | 10.1 ppts | 15.0 ppts | 10.4 | 1.7 ppts | 14.3 | 13.7 | 0.6 ppts | 2.2 ppts | 2.3 ppts | 15.6 | (1.3)ppts |

Source: Company data; Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2024-25 KGI forecasts vs. consensus

| NT\$m | 2024F | | | | | | 2025F | | | | | |
|------------------|----------|----------|----------|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|
| | Revision | Previous | Chg. (%) | YoY (%) | Consensus | Diff. (%) | Revision | Previous | Chg. (%) | YoY (%) | Consensus | Diff. (%) |
| Sales | 18,891 | 18,397 | 2.7 | 22.5 | 18,915 | (0.1) | 24,970 | 24,886 | 0.3 | 32.2 | 24,526 | 1.8 |
| Gross profit | 10,034 | 9,514 | 5.5 | 52.5 | 9,690 | 3.6 | 13,410 | 12,952 | 3.5 | 33.6 | 12,679 | 5.8 |
| Operating income | 2,323 | 1,835 | 26.6 | - | 2,031 | 14.4 | 5,681 | 5,097 | 11.4 | 144.6 | 4,755 | 19.5 |
| Net income | 2,452 | 2,106 | 16.5 | 228.7 | 2,407 | 1.9 | 5,865 | 5,228 | 12.2 | 139.1 | 5,189 | 13.0 |
| EPS (NT\$) | 6.38 | 5.48 | 16.5 | 226.4 | 6.26 | 1.9 | 15.26 | 13.61 | 12.2 | 139.1 | 13.51 | 13.0 |
| Gross margin (%) | 53.1 | 51.7 | 1.4 ppts | 10.5 ppts | 51.2 | 1.9 ppts | 53.7 | 52.0 | 1.7 ppts | 0.6 ppts | 51.7 | 2.0 ppts |
| OP margin (%) | 12.3 | 10.0 | 2.3 ppts | 15.9 ppts | 10.7 | 1.6 ppts | 22.8 | 20.5 | 2.3 ppts | 10.5 ppts | 19.4 | 3.4 ppts |
| Net margin (%) | 13.0 | 11.4 | 1.5 ppts | 8.1 ppts | 12.7 | 0.3 ppts | 23.5 | 21.0 | 2.5 ppts | 10.5 ppts | 21.2 | 2.3 ppts |

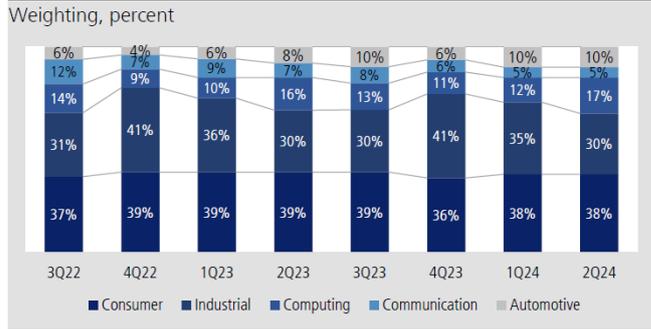
Source: Bloomberg; KGI Research estimates

Figure 3: Company profile

Silergy, founded in the Cayman Islands in 2008, is a dedicated analog IC firm, mainly managed by a team from Silicon Valley, USA, and with Hangzhou as its major operation base. Engaged in the R&D, design and sale of PMIC, Silergy is the leader in the Chinese PMIC market with a technological edge in high-performance products. The majority of product applications is the consumer field, followed by industrial, telecom, computing and automobile, with respective sales weightings of 38%, 34%, 13%, 7% and 8% in 2023.

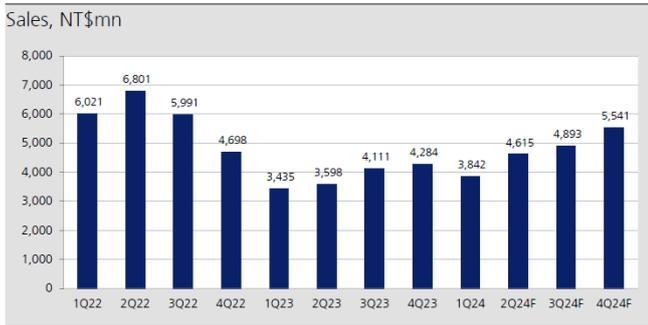
Source: KGI Research

Figure 4: Quarterly sales mix by application



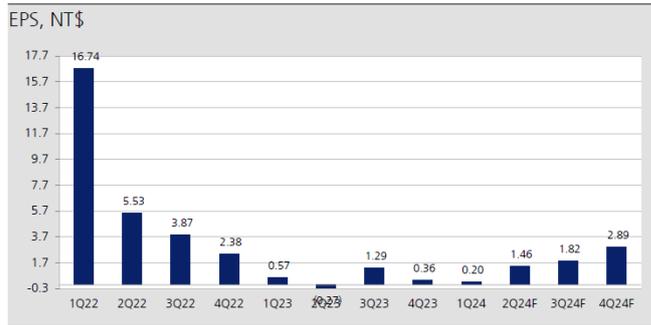
Source: KGI Research

Figure 5: Sales



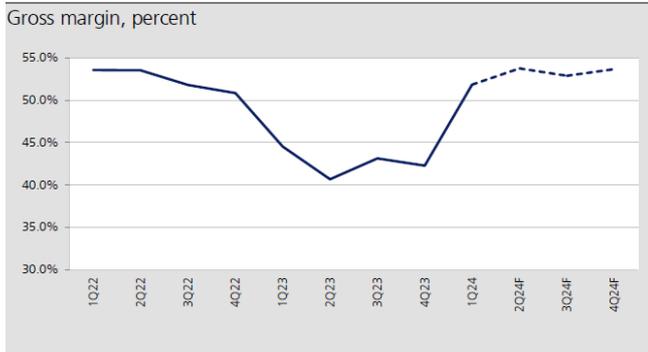
Source: KGI Research

Figure 6: EPS



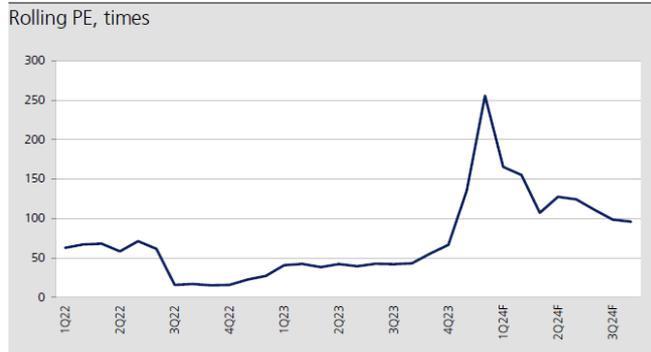
Source: KGI Research

Figure 7: Gross Margin



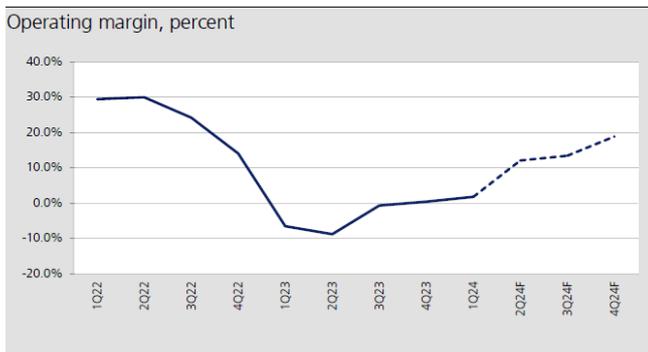
Source: KGI Research

Figure 8: Rolling PE



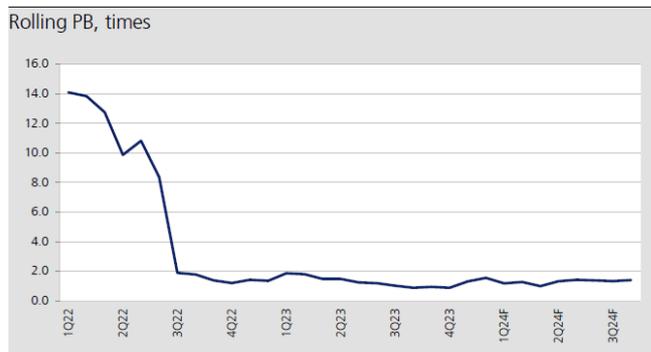
Source: KGI Research

Figure 9: Operating Margin



Source: KGI Research

Figure 10: Rolling PB



Source: KGI Research

Income statement

| | Quarterly | | | | | | | | Annually | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | Mar-23A | Jun-23A | Sep-23A | Dec-23A | Mar-24A | Jun-24F | Sep-24F | Dec-24F | Dec-23A | Dec-24F | Dec-25F |
| Income statement (NT\$m) | | | | | | | | | | | |
| Revenue | 3,435 | 3,598 | 4,111 | 4,284 | 3,842 | 4,615 | 4,893 | 5,541 | 15,427 | 18,891 | 24,970 |
| Cost of goods sold | (1,905) | (2,134) | (2,338) | (2,472) | (1,850) | (2,134) | (2,305) | (2,568) | (8,848) | (8,857) | (11,561) |
| Gross profit | 1,530 | 1,464 | 1,774 | 1,812 | 1,991 | 2,481 | 2,587 | 2,974 | 6,579 | 10,034 | 13,410 |
| Operating expenses | (1,754) | (1,780) | (1,802) | (1,796) | (1,923) | (1,925) | (1,933) | (1,931) | (7,132) | (7,711) | (7,729) |
| Operating profit | (224) | (316) | (28) | 16 | 69 | 556 | 655 | 1,043 | (552) | 2,323 | 5,681 |
| Depreciation of fixed assets | (121) | (123) | (130) | (137) | (129) | (199) | (199) | (270) | (511) | (797) | (1,044) |
| Amortisation of intangible assets | (53) | (52) | (54) | (54) | (47) | (49) | (49) | (51) | (213) | (197) | (199) |
| EBITDA | (51) | (141) | 156 | 207 | 245 | 804 | 903 | 1,364 | 172 | 3,316 | 6,924 |
| Interest income | 151 | 149 | - | 173 | 154 | 94 | 101 | 109 | 639 | 458 | 526 |
| Investment income | 110 | 1 | - | 107 | 82 | - | - | - | 361 | 82 | - |
| Other non-op income | 46 | 26 | 375 | 74 | 44 | - | - | - | 213 | 44 | - |
| Non-operating income | 306 | 177 | 375 | 354 | 279 | 94 | 101 | 109 | 1,212 | 583 | 526 |
| Interest expense | (0) | (1) | (1) | (1) | (1) | (3) | (3) | (3) | (3) | (10) | (13) |
| Investment loss | (58) | (31) | (39) | (35) | (43) | - | - | - | (163) | (43) | - |
| Other non-op expenses | 116 | 5 | 134 | (193) | (80) | (11) | 10 | 60 | 62 | (21) | 180 |
| Non-operating expenses | 57 | (26) | 94 | (228) | (124) | (14) | 7 | 57 | (104) | (74) | 167 |
| Pre-tax profit | 139 | (165) | 441 | 142 | 225 | 636 | 763 | 1,209 | 556 | 2,832 | 6,375 |
| Current taxation | 27 | 23 | (8) | (28) | (159) | (76) | (61) | (97) | 15 | (392) | (510) |
| Minorities | 44 | 32 | 35 | (1) | 4 | - | - | - | 109 | 4 | - |
| Normalised net profit | 210 | (111) | 468 | 114 | 70 | 561 | 702 | 1,112 | 680 | 2,444 | 5,865 |
| Extraordinary items | 9 | 8 | 27 | 23 | 8 | - | - | - | 66 | 8 | - |
| Net profit | 218 | (103) | 494 | 136 | 78 | 561 | 702 | 1,112 | 746 | 2,452 | 5,865 |
| EPS (NT\$) | 0.57 | (0.27) | 1.29 | 0.36 | 0.20 | 1.46 | 1.82 | 2.89 | 1.96 | 6.38 | 15.26 |
| Margins (%) | | | | | | | | | | | |
| Gross profit margin | 44.5 | 40.7 | 43.1 | 42.3 | 51.8 | 53.8 | 52.9 | 53.7 | 42.6 | 53.1 | 53.7 |
| Operating margin | (6.5) | (8.8) | (0.7) | 0.4 | 1.8 | 12.0 | 13.4 | 18.8 | (3.6) | 12.3 | 22.8 |
| EBITDA margin | (1.5) | (3.9) | 3.8 | 4.8 | 6.4 | 17.4 | 18.5 | 24.6 | 1.1 | 17.6 | 27.7 |
| Pretax profit margin | 4.0 | (4.6) | 10.7 | 3.3 | 5.8 | 13.8 | 15.6 | 21.8 | 3.6 | 15.0 | 25.5 |
| Net profit margin | 6.4 | (2.9) | 12.0 | 3.2 | 2.0 | 12.1 | 14.3 | 20.1 | 4.8 | 13.0 | 23.5 |
| Sequential growth (%) | | | | | | | | | | | |
| Revenue growth | (26.9) | 4.7 | 14.3 | 4.2 | (10.3) | 20.1 | 6.0 | 13.3 | | | |
| Gross profit growth | (36.0) | (4.3) | 21.2 | 2.2 | 9.9 | 24.6 | 4.3 | 14.9 | | | |
| Operating profit growth | (134.1) | 40.9 | (91.1) | | 320.0 | 706.4 | 17.8 | 59.3 | | | |
| EBITDA growth | (106.2) | 175.7 | | 33.1 | 18.2 | 228.2 | 12.3 | 51.0 | | | |
| Pretax profit growth | (84.0) | (219.0) | | (67.8) | 58.2 | 183.3 | 19.9 | 58.5 | | | |
| Net profit growth | (75.8) | (147.2) | | (72.4) | (42.8) | 618.7 | 25.2 | 58.5 | | | |
| YoY growth (%) | | | | | | | | | | | |
| Revenue growth | (43.0) | (47.1) | (31.4) | (8.8) | 11.8 | 28.3 | 19.0 | 29.4 | (34.4) | 22.5 | 32.2 |
| Gross profit growth | (52.6) | (59.8) | (42.9) | (24.2) | 30.2 | 69.5 | 45.9 | 64.1 | (46.8) | 52.5 | 33.6 |
| Operating profit growth | (112.7) | (115.5) | (102.0) | (97.5) | | | | 6252.3 | (109.3) | | 144.6 |
| EBITDA growth | (102.7) | (106.4) | (90.3) | (74.9) | | | 479.5 | 557.5 | (97.4) | 1832.2 | 108.8 |
| Pretax profit growth | (92.3) | (107.0) | (72.5) | (83.6) | 61.6 | | 73.0 | 751.6 | (91.6) | 409.1 | 125.1 |
| Net profit growth | (86.2) | (104.9) | (66.3) | (84.9) | (64.3) | | 41.9 | 715.7 | (87.6) | 228.7 | 139.1 |

Source: Company data; KGI Research estimates

Balance sheet

| NTSmm | Dec-21A | Dec-22A | Dec-23A | Dec-24F | Dec-25F |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total assets | 26,643 | 35,274 | 34,422 | 38,759 | 43,788 |
| Current assets | 18,066 | 24,539 | 22,853 | 26,729 | 31,810 |
| Cash & ST securities | 12,861 | 17,369 | 18,423 | 21,183 | 24,913 |
| Inventory | 2,784 | 5,111 | 1,817 | 2,974 | 3,801 |
| Accounts receivable | 1,920 | 1,618 | 1,785 | 1,844 | 2,367 |
| Other current assets | 501 | 441 | 828 | 728 | 728 |
| Non-current assets | 8,577 | 10,735 | 11,569 | 12,030 | 11,978 |
| LT investments | 4,492 | 5,275 | 5,602 | 5,643 | 5,643 |
| Net fixed assets | 1,471 | 1,863 | 2,350 | 2,734 | 2,682 |
| Other assets | 2,614 | 3,597 | 3,617 | 3,653 | 3,653 |
| Total liabilities | 2,465 | 3,782 | 2,881 | 5,133 | 4,297 |
| Current liabilities | 2,343 | 2,415 | 1,950 | 4,171 | 3,335 |
| Accounts payable | 741 | 606 | 492 | 713 | 946 |
| Interest bearing ST liabilities | - | - | 160 | 253 | 253 |
| Other current liabilities | 1,601 | 1,809 | 1,298 | 3,205 | 2,137 |
| Non-current liabilities | 122 | 1,367 | 931 | 962 | 962 |
| Long-term debt | - | - | - | - | - |
| Other L-T liabilities | 89 | 1,315 | 726 | 766 | 766 |
| Total equity | 24,178 | 31,492 | 31,541 | 33,626 | 39,491 |
| Share capital | 944 | 954 | 960 | 962 | 962 |
| Retained earnings reserve | 13,184 | 17,103 | 17,386 | 18,019 | 23,883 |
| Minority interests | 445 | 729 | 613 | 639 | 639 |
| Preferred shareholders funds | - | - | - | - | - |

Key ratios

| | Dec-21A | Dec-22A | Dec-23A | Dec-24F | Dec-25F |
|---------------------------------|----------|----------|----------|----------|----------|
| Growth | | | | | |
| Revenue growth | 55.0% | 9.3% | (34.4%) | 22.5% | 32.2% |
| Operating profit growth | 119.5% | (10.5%) | (109.3%) | | 144.6% |
| EBITDA growth | 108.6% | (7.9%) | (97.4%) | 1832.2% | 108.8% |
| Net profit growth | 74.9% | 5.3% | (87.6%) | 228.7% | 139.1% |
| EPS growth | 72.2% | (74.1%) | (87.7%) | 226.4% | 139.1% |
| Profitability | | | | | |
| Gross profit margin | 53.3% | 52.6% | 42.6% | 53.1% | 53.7% |
| Operating margin | 30.7% | 25.1% | (3.6%) | 12.3% | 22.8% |
| EBITDA margin | 32.9% | 27.7% | 1.1% | 17.6% | 27.7% |
| Net profit margin | 26.7% | 25.7% | 4.8% | 13.0% | 23.5% |
| Return on average assets | 24.7% | 19.5% | 2.1% | 6.7% | 14.2% |
| Return on average equity | 27.5% | 22.2% | 2.4% | 7.7% | 16.3% |
| Stability | | | | | |
| Gross debt to equity | 0.0% | 0.0% | 0.5% | 0.8% | 0.6% |
| Net debt to equity | Net cash |
| Interest coverage (x) | 5,821.6 | 5,035.6 | 220.0 | 276.9 | 507.4 |
| Interest & ST debt coverage (x) | 1.0 | 1.0 | 0.8 | 0.9 | 1.0 |
| Cash flow interest coverage(x) | 5,867.3 | 5,306.9 | 1,524.9 | 266.4 | 475.9 |
| Cash flow/int. & ST debt (x) | 5,867.3 | 5,306.9 | 23.8 | 10.4 | 22.6 |
| Current ratio (x) | 7.7 | 10.2 | 11.7 | 6.4 | 9.5 |
| Quick ratio (x) | 6.5 | 8.0 | 10.8 | 5.7 | 8.4 |
| Net debt (NT\$m) | (11,614) | (14,944) | (12,534) | (16,869) | (20,600) |
| Per share data | | | | | |
| EPS (NT\$) | 61.51 | 15.95 | 1.96 | 6.38 | 15.26 |
| CFPS (NT\$) | 68.99 | 18.49 | 10.15 | 7.12 | 15.59 |
| BVPS (NT\$) | 251.53 | 322.50 | 322.00 | 343.44 | 404.50 |
| Adj BVPS (NT\$) | 254.60 | 81.27 | 81.08 | 85.86 | 101.12 |
| SPS (NT\$) | 230.71 | 62.11 | 40.44 | 49.17 | 64.99 |
| EBITDA/share (NT\$) | 75.81 | 17.19 | 0.45 | 8.63 | 18.02 |
| Cash DPS (NT\$) | 17.98 | 4.49 | 1.96 | 2.80 | 6.70 |
| Activity | | | | | |
| Sales / avg assets | 0.92 | 0.76 | 0.44 | 0.52 | 0.61 |
| Days receivable | 32.6 | 25.1 | 42.2 | 35.7 | 34.6 |
| Days inventory | 101.1 | 167.3 | 75.0 | 122.9 | 120.0 |
| Days payable | 26.9 | 19.8 | 20.3 | 29.5 | 29.9 |
| Cash cycle | 106.8 | 172.6 | 96.9 | 129.2 | 124.7 |

Source: Company data; KGI Research estimates

Profit & loss

| NTSmm | Dec-21A | Dec-22A | Dec-23A | Dec-24F | Dec-25F |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 21,506 | 23,511 | 15,427 | 18,891 | 24,970 |
| Cost of goods sold | (10,050) | (11,152) | (8,848) | (8,857) | (11,561) |
| Gross profit | 11,456 | 12,359 | 6,579 | 10,034 | 13,410 |
| Operating expenses | (4,853) | (6,447) | (7,132) | (7,711) | (7,729) |
| Operating profit | 6,603 | 5,912 | (552) | 2,323 | 5,681 |
| Non-operating income | 283 | 736 | 1,212 | 583 | 526 |
| Interest income | 70 | 333 | 639 | 458 | 526 |
| Investment income | 66 | 111 | 361 | 82 | - |
| Other non-op income | 147 | 291 | 213 | 44 | - |
| Non-operating expenses | (506) | (7) | (104) | (74) | 167 |
| Interest expense | (1) | (1) | (3) | (10) | (13) |
| Investment loss | (26) | (131) | (163) | (43) | - |
| Other non-op expenses | (480) | 126 | 62 | (21) | 180 |
| Pre-tax profit | 6,379 | 6,641 | 556 | 2,832 | 6,375 |
| Current taxation | (615) | (529) | 15 | (392) | (510) |
| Minorities | (64) | (106) | 109 | 4 | - |
| Extraordinary items | 33 | 33 | 66 | 8 | - |
| Net profit | 5,734 | 6,039 | 746 | 2,452 | 5,865 |
| EBITDA | 7,067 | 6,505 | 172 | 3,316 | 6,924 |
| EPS (NT\$) | 61.51 | 15.95 | 1.96 | 6.38 | 15.26 |

Cash flow

| NTSmm | Dec-21A | Dec-22A | Dec-23A | Dec-24F | Dec-25F |
|-----------------------------|----------------|----------------|----------------|--------------|----------------|
| Operations cash flow | 6,431 | 7,000 | 3,873 | 2,734 | 5,990 |
| Net profit | 5,734 | 6,039 | 746 | 2,452 | 5,865 |
| Depreciation & amortisation | 465 | 593 | 724 | 994 | 1,243 |
| Decrease in working capital | (1,341) | (2,520) | 1,708 | (994) | (1,117) |
| Other operating cash flow | 1,574 | 2,888 | 696 | 282 | - |
| Investing cash flow | (3,344) | (3,244) | (4,573) | 682 | (1,191) |
| Sale of ST investment | (2,327) | (1,871) | (3,640) | 1,818 | - |
| New investments | (387) | (239) | (132) | - | - |
| Capital expenditure | (547) | (590) | (1,156) | (1,005) | (992) |
| Others investing cashflow | (83) | (544) | 356 | (132) | (199) |
| Free cash flow | 4,358 | 2,720 | 496 | 799 | 4,161 |
| Financing cash flow | (464) | (1,423) | (1,259) | 247 | (1,069) |
| Increase in short term debt | - | - | 160 | - | - |
| Increase in long term loans | - | - | - | - | - |
| New ordinary shares issued | - | - | - | - | - |
| Ordinary dividends paid | (971) | (1,692) | (1,722) | 60 | (1,069) |
| Other financing cashflow | 507 | 269 | 303 | 187 | - |
| Forex effects | (256) | 997 | (291) | 764 | - |
| Total cash generated | 2,366 | 3,329 | (2,249) | 4,427 | 3,731 |

ROIC

| | Dec-21A | Dec-22A | Dec-23A | Dec-24F | Dec-25F |
|------------------------------|---------------|--------------|----------------|--------------|--------------|
| 1 - COGS/revenue | | | | | |
| - Operating exp./revenue | 22.6% | 27.4% | 46.2% | 40.8% | 31.0% |
| = Operating margin | 30.7% | 25.1% | (3.6%) | 12.3% | 22.8% |
| 1 / (Working capital/revenue | 0.1 | 0.2 | 0.2 | 0.1 | 0.2 |
| + Net PPE/revenue | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| + Other assets/revenue) | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| = Capital turnover | 4.6 | 3.2 | 2.8 | 3.2 | 3.1 |
| Operating margin | 30.7% | 25.1% | (3.6%) | 12.3% | 22.8% |
| x Capital turnover | 4.6 | 3.2 | 2.8 | 3.2 | 3.1 |
| x (1 - tax rate) | 90.4% | 92.0% | 102.7% | 86.1% | 92.0% |
| = After-tax ROIC | 127.3% | 75.0% | (10.3%) | 33.5% | 64.4% |

Source: Company data; KGI Research estimates

Silergy – Recommendation & target price history



| Date | Rating | Target | Price |
|------------|------------|--------|-------|
| 2024-05-15 | Outperform | 480 | 410 |
| 2024-03-13 | Outperform | 430 | 352 |
| 2024-01-25 | Outperform | 544 | 401 |

Source: TEJ; KGI Research

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