

Sinbon Electronics (3023.TW/3023 TT)

Beneficiary of anticipated interest rate cut cycle

Outperform · Upgraded

Price as of September 12 (NT\$)	293.0
12M target price (NT\$)	340.0
Previous target price (NT\$)	317.0
Revised up (%)	7.3
Upside (%)	16.0

Key message

1. We foresee revenue resuming YoY growth from 3Q24F.
2. Energy transformation-oriented themes should see a demand recovery in the anticipated interest rate cut cycle.
3. We project revenue growth returning to double digits in 2025F, for an EPS CAGR of 14% in 2024-26F.

Trading data

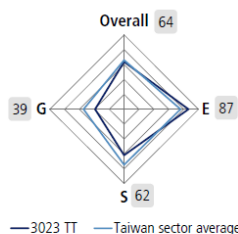
Mkt cap (NT\$bn/US\$m)	70.34 / 2,191
Outstanding shares (mn)	240.1
Foreign ownership (mn)	134.6
3M avg. daily trading (mn)	0.82
52-week trading range (NT\$)	255.0 –345.0

Performance	3M	6M	12M
Absolute (%)	2.1	9.1	-7.3
Relative (%)	3.9	0.4	-38

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	3.75A	3.81A	3.66A	2.51A
2024	3.80A	3.90A	3.42F	3.18F
2025	3.85F	4.53F	4.24F	3.78F

ESG score card



Source: Refinitiv, KGI

Event

We transfer coverage of Sinbon Electronics.

Impact

Revenue to resume YoY growth from 3Q24F. Revenue from several of Sinbon's key business applications has been stagnant or has declined since 2H23, in particular green energy, EV chargers, factory automation, and medical, resulted in a 3% YTD revenue decline. Automotive, green energy, and medical revenue have fallen a respective 11%, 9%, and 7% YoY, while industrial remains solid at 1% YoY growth on semiconductor equipment strength, as well as communication sales in a recovery cycle, up 11% YoY. Revenue has resumed YoY growth in 3Q24F from a low base, with communications revenue being the strongest, driven by PC demand. Management now guides 2024F revenue growth of 0-5% YoY. We project 3Q-4Q24F revenue to grow a respective 3% and 14% YoY, for gross margin of 25.1% and 25.3%, and EPS of NT\$3.42 and NT\$3.18.

Sustainable drivers to shore up double-digit revenue growth in 2025F. Sinbon's 2022-24F revenue CAGR has decelerated to 4%, versus 19% in 2017-22, as a high interest rate environment has halted sales growth for energy transformation-oriented themes, which we believe could recover in the anticipated interest rate cut cycle. In addition, the firm will continue to diversify its growth engines, and will cater to a variety of business opportunities, such as semiconductor equipment, humanoid robots, unmanned stores, EV, ADAS, and diagnostic medical equipment. Management guides 2025F revenue growth to return to a normal range of 10-15%, and we project 10%, assuming growth for industrial (9%), green energy (12%), communications (4%), automotive (15%) and medical (10%), for respective revenue contributions of 28%, 28%, 21%, 15%, and 8%. We are cautious about industrial and medical demand, on macro uncertainties. We expect operating margin expansion from 11.1% in 2024F to 12.2% in 2026F, for an EPS CAGR of 14% in 2024-26F.

Valuation & Action

We upgrade Sinbon from Neutral to Outperform, with a 12M target price of NT\$340, based on 21x 2025F fully-diluted EPS, versus the historical PE band of 12-24x. We think the firm deserves a high valuation due to its multiple long-term growth engines, which will lead to a high degree of earnings certainty.

Risks

Macro uncertainties weigh on growth rate.

Key financials and valuations

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (NT\$m)	30,575	32,762	33,205	36,511	40,402
Gross profit (NT\$m)	7,732	8,406	8,446	9,441	10,527
Operating profit (NT\$m)	3,326	3,397	3,701	4,348	4,912
Net profit (NT\$m)	2,881	3,284	3,432	3,936	4,491
EPS (NT\$)	12.22	13.71	14.30	16.40	18.71
Cash DPS (NT\$)	8.50	9.60	10.00	11.50	13.10
EPS growth (%)	22.2	12.2	4.3	14.7	14.1
PE (x)	24.0	21.4	20.5	17.9	15.7
PB (x)	5.5	5.1	4.6	4.2	3.8
EV/EBITDA (x)	17.4	15.8	14.1	12.1	10.6
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.9	3.3	3.4	3.9	4.5
Return on average equity (%)	25.1	24.9	23.7	24.7	25.6

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 3Q-4Q24 forecast revisions vs. consensus

NT\$m	3Q24F							4Q24F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	8,446	9,044	(6.6)	1.7	2.9	8,923	(5.3)	8,418	9,058	(7.1)	(0.3)	14.3	9,027	(6.7)
Gross profit	2,116	2,327	(9.1)	(0.6)	0.3	2,313	(8.5)	2,128	2,343	(9.2)	0.6	15.4	2,360	(9.8)
Operating profit	950	1,079	(11.9)	(1.1)	(4.1)	1,059	(10.3)	891	1,093	(18.5)	(6.3)	21.0	1,163	(23.4)
Net income	821	931	(11.9)	(12.3)	(6.5)	886	(7.4)	764	907	(15.7)	(6.9)	27.3	1,012	(24.5)
EPS (NT\$)	3.42	3.88	(11.9)	(12.3)	(6.6)	3.69	(7.3)	3.18	3.78	(15.7)	(6.9)	27.0	4.22	(24.5)
Gross margin (%)	25.1	25.7	(0.7) ppts	(0.6) ppts	(0.6) ppts	25.9	(0.9) ppts	25.3	25.9	(0.6) ppts	0.2 ppts	0.2 ppts	26.1	(0.9) ppts
Op. margin (%)	11.3	11.9	(0.7) ppts	(0.3) ppts	(0.8) ppts	9.9	1.3 ppts	10.6	12.1	(1.5) ppts	(0.7) ppts	0.6 ppts	11.2	(0.6) ppts
Net margin (%)	9.7	10.3	(0.6) ppts	(1.5) ppts	(1.0) ppts	9.9	(0.2) ppts	9.1	10.0	(0.9) ppts	(0.6) ppts	0.9 ppts	11.2	(2.1) ppts

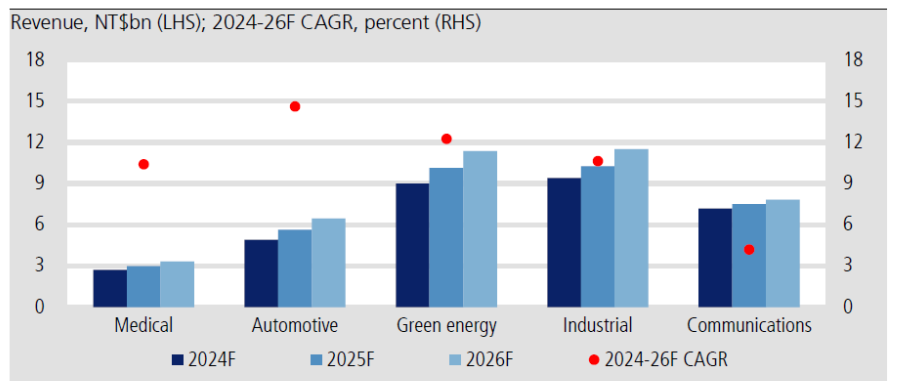
Source: Bloomberg; KGI Research

Figure 2: Breakdown of 2024-25 forecast revisions vs. consensus

NT\$m	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	33,205	34,358	(3.4)	1.4	34,050	(2.5)	36,511	38,063	(4.1)	10.0	38,644	(5.5)
Gross profit	8,446	8,846	(4.5)	0.5	8,804	(4.1)	9,441	9,863	(4.3)	11.8	10,080	(6.3)
Operating profit	3,701	4,064	(8.9)	9.0	4,025	(8.0)	4,348	4,620	(5.9)	17.5	5,766	(24.6)
Net income	3,432	3,455	(0.7)	4.5	3,615	(5.1)	3,936	3,905	0.8	14.7	4,162	(5.4)
EPS (NT\$)	14.30	14.39	(0.7)	4.3	15.06	(5.1)	16.40	16.27	0.8	14.7	16.91	(3.0)
Gross margin (%)	25.4	25.7	(0.3) ppts	(0.2) ppts	25.9	(0.4) ppts	25.9	25.9	(0.1) ppts	0.4 ppts	26.1	(0.2) ppts
Op. margin (%)	11.1	11.8	(0.7) ppts	0.8 ppts	11.8	(0.7) ppts	11.9	12.1	(0.2) ppts	0.8 ppts	14.9	(3.0) ppts
Net margin (%)	10.3	10.1	0.3 ppts	0.3 ppts	10.6	(0.3) ppts	10.8	10.3	0.5 ppts	0.4 ppts	10.8	0.0 ppts

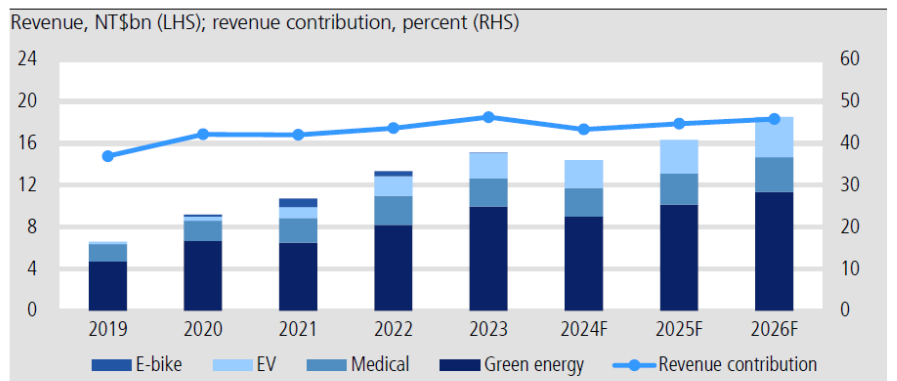
Source: Bloomberg; KGI Research

Figure 3: Revenue breakdown by segment



Source: Company data; KGI Research

Figure 4: Sustainable business revenue the key catalysts



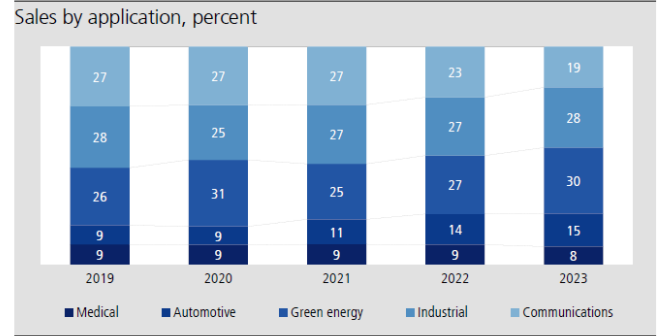
Source: Company data; KGI Research

Figure 5: Company profile

Founded in 1989, Sinbon’s core products are customized cable assemblies and connectors, accounting for a respective 82% and 18% of revenue in 2023. The firm’s diverse product range is used in the green energy, industrial, communications, automotive and medical sectors, accounting for a respective 30%, 28%, 19%, 15%, and 8% of revenue. Products are geared largely toward high-end applications, as the firm serves a highly diversified mix of clients that are mostly large-scale global enterprises. The firm’s top 20 accounts made up 51% of revenue in 2023.

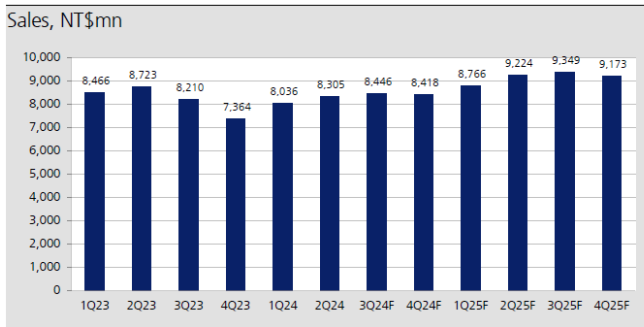
Source: KGI Research

Figure 6: Renewable energy, industrial, automotive, & medical applications to drive sales



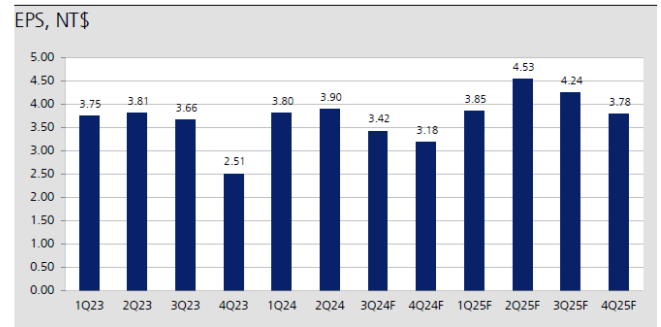
Source: KGI Research

Figure 7: Sales



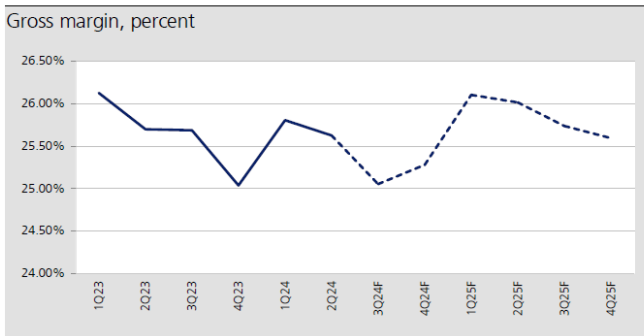
Source: KGI Research

Figure 8: EPS



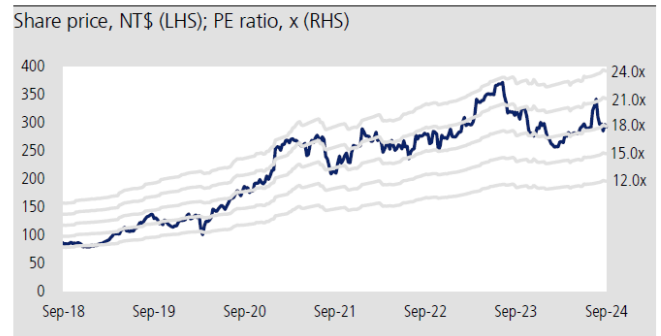
Source: KGI Research

Figure 9: Gross margin



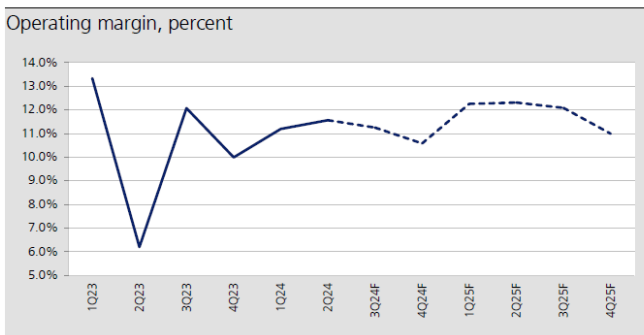
Source: KGI Research

Figure 10: 12-month forward PE band



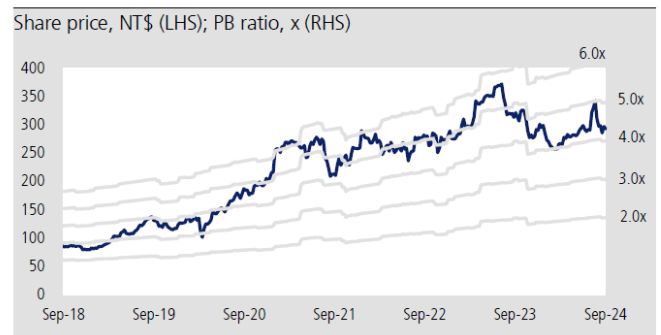
Source: KGI Research

Figure 11: Operating margin



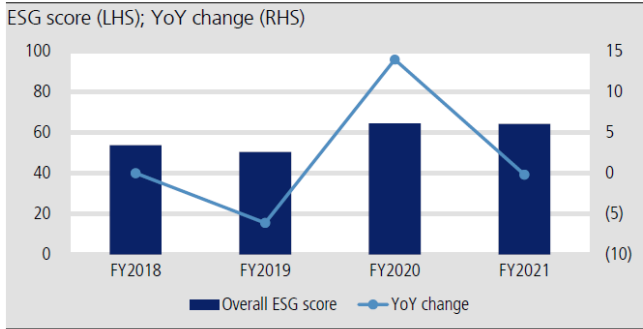
Source: KGI Research

Figure 12: 12-month forward PB band



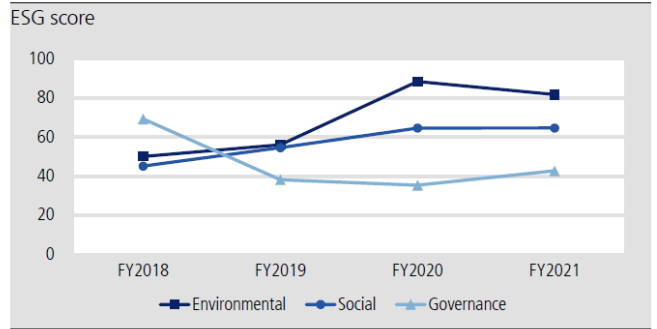
Source: KGI Research

Figure 13: Overall ESG score



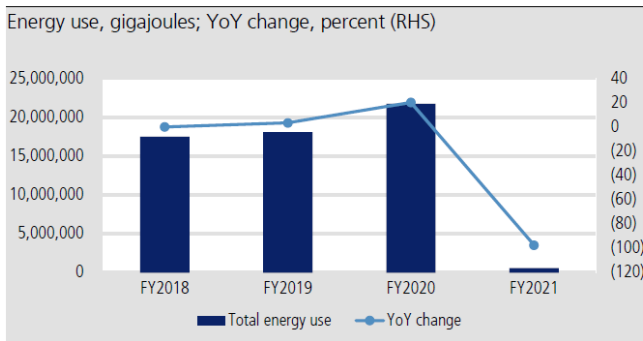
Source: Refinitiv; KGI Research; Company data

Figure 14: ESG scores



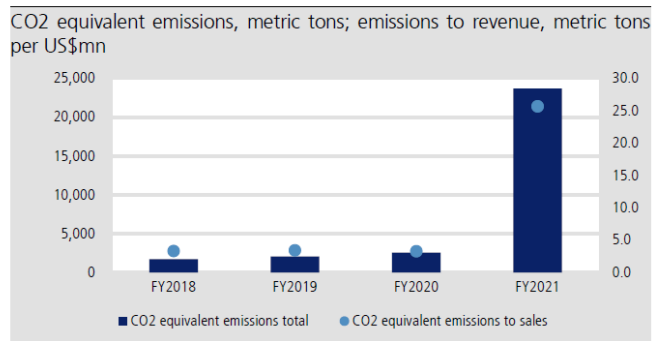
Source: Refinitiv; KGI Research; Company data

Figure 15: Energy Use



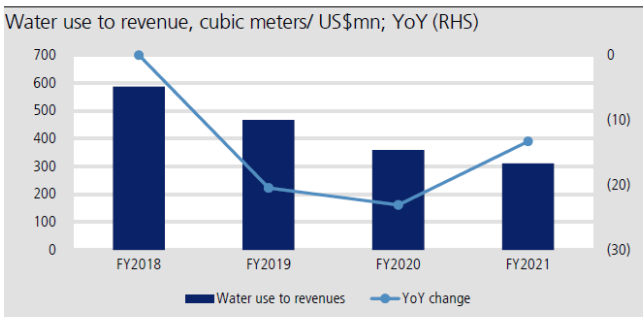
Source: Refinitiv; KGI Research; Company data

Figure 16: CO2 equivalent emissions



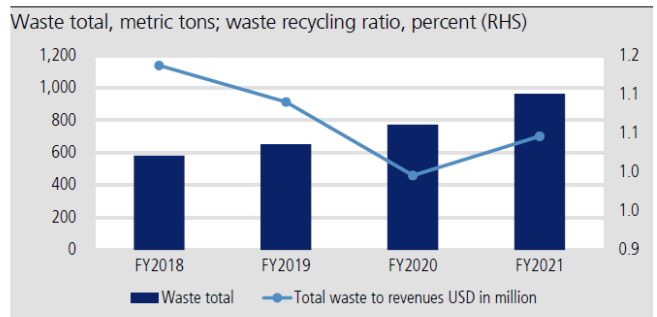
Source: Refinitiv; KGI Research; Company data

Figure 17: Water use to revenue



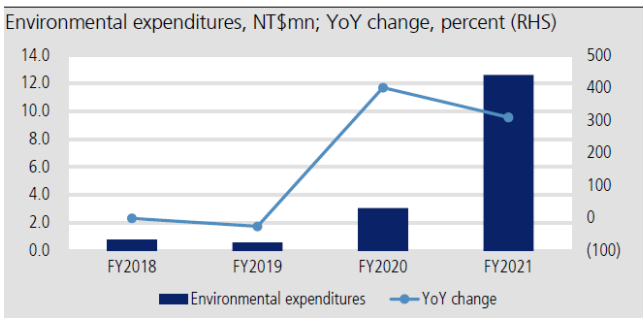
Source: Refinitiv; KGI Research; Company data

Figure 18: Waste total



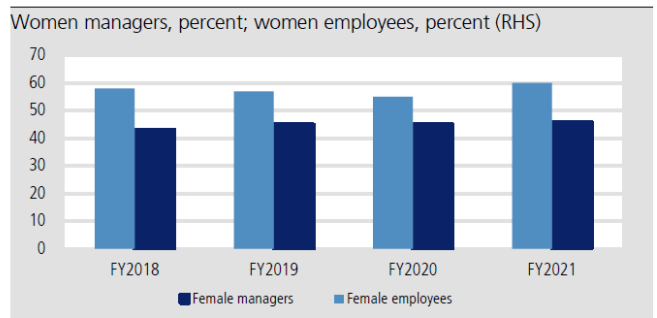
Source: Refinitiv; KGI Research; Company data

Figure 19: Environmental expenditures



Source: Refinitiv; KGI Research; Company data

Figure 20: Gender diversification



Source: Refinitiv; KGI Research; 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) 	
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) 	
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; KGI Research

Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24A	Sep-24F	Dec-24F	Mar-25F	Jun-25F	Sep-25F	Dec-25F	Dec-24F	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	8,036	8,305	8,446	8,418	8,766	9,224	9,349	9,173	33,205	36,511	40,402
Cost of goods sold	(5,962)	(6,177)	(6,330)	(6,290)	(6,478)	(6,824)	(6,943)	(6,825)	(24,759)	(27,070)	(29,875)
Gross profit	2,074	2,128	2,116	2,128	2,288	2,399	2,406	2,348	8,446	9,441	10,527
Operating expenses	(1,174)	(1,168)	(1,166)	(1,237)	(1,214)	(1,264)	(1,276)	(1,339)	(4,745)	(5,093)	(5,616)
Operating profit	900	961	950	891	1,074	1,136	1,130	1,008	3,701	4,348	4,912
Depreciation of fixed assets	(191)	(162)	(163)	(165)	(166)	(168)	(169)	(171)	(680)	(673)	(697)
Amortisation of intangible assets	(15)	(8)	(9)	(9)	(9)	(9)	(9)	(9)	(41)	(36)	(36)
EBITDA	1,105	1,130	1,123	1,064	1,249	1,312	1,308	1,188	4,422	5,057	5,645
Interest income	18	34	25	23	23	22	21	21	100	86	90
Investment income	40	125	66	51	47	148	77	60	281	332	385
Other non-op income	69	92	70	70	70	70	70	70	301	280	300
Non-operating income	126	252	161	144	139	240	168	151	682	698	775
Interest expense	(16)	(14)	(14)	(16)	(15)	(12)	(12)	(14)	(59)	(53)	(48)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	219	(2)	(60)	(50)	(30)	(15)	(5)	-	107	(50)	-
Non-operating expenses	203	(16)	(74)	(66)	(45)	(27)	(17)	(14)	48	(103)	(48)
Pre-tax profit	1,229	1,197	1,038	968	1,168	1,348	1,281	1,145	4,432	4,943	5,639
Current taxation	(318)	(260)	(219)	(206)	(247)	(264)	(265)	(239)	(1,002)	(1,014)	(1,156)
Minorities	0	(2)	2	2	2	2	2	2	2	8	8
Normalised net profit	912	935	821	764	923	1,086	1,018	908	3,432	3,936	4,491
Extraordinary items	(0)	(0)	-	-	-	-	-	-	-	-	-
Net profit	912	935	821	764	923	1,086	1,018	908	3,432	3,936	4,491
EPS (NT\$)	3.80	3.90	3.42	3.18	3.85	4.53	4.24	3.78	14.30	16.40	18.71
Margins (%)											
Gross profit margin	25.8	25.6	25.1	25.3	26.1	26.0	25.7	25.6	25.4	25.9	26.1
Operating margin	11.2	11.6	11.3	10.6	12.3	12.3	12.1	11.0	11.1	11.9	12.2
EBITDA margin	13.8	13.6	13.3	12.6	14.2	14.2	14.0	13.0	13.3	13.9	14.0
Pretax profit margin	15.3	14.4	12.3	11.5	13.3	14.6	13.7	12.5	13.3	13.5	14.0
Net profit margin	11.3	11.3	9.7	9.1	10.5	11.8	10.9	9.9	10.3	10.8	11.1
Sequential growth (%)											
Revenue growth	9.1	3.4	1.7	(0.3)	4.1	5.2	1.4	(1.9)			
Gross profit growth	12.5	2.6	(0.6)	0.6	7.5	4.9	0.3	(2.4)			
Operating profit growth	22.3	6.8	(1.1)	(6.3)	20.6	5.8	(0.5)	(10.8)			
EBITDA growth	25.6	2.3	(0.7)	(5.2)	17.4	5.1	(0.3)	(9.2)			
Pretax profit growth	81.7	(2.6)	(13.3)	(6.7)	20.6	15.4	(5.0)	(10.6)			
Net profit growth	51.9	2.6	(12.3)	(6.9)	20.9	17.6	(6.3)	(10.8)			
YoY growth (%)											
Revenue growth	(5.1)	(4.8)	2.9	14.3	9.1	11.1	10.7	9.0	1.4	10.0	10.7
Gross profit growth	(6.2)	(5.1)	0.3	15.4	10.3	12.7	13.7	10.3	0.5	11.8	11.5
Operating profit growth	(20.3)	77.6	(4.1)	21.0	19.4	18.2	18.9	13.2	9.0	17.5	13.0
EBITDA growth	(12.7)	66.7	(0.7)	21.0	13.0	16.1	16.5	11.6	11.8	14.4	11.6
Pretax profit growth	1.4	35.0	(9.2)	43.1	(5.0)	12.7	23.5	18.2	13.1	11.5	14.1
Net profit growth	2.0	2.6	(6.5)	27.3	1.3	16.1	24.1	18.9	4.5	14.7	14.1

Source: Company data; KGI Research estimates

Balance sheet

NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total assets	32,977	30,583	28,580	30,450	31,937
Current assets	27,655	25,019	23,032	24,679	25,915
Cash & ST securities	5,408	6,145	6,003	6,513	6,163
Inventory	12,256	10,326	7,584	8,151	8,902
Accounts receivable	8,895	7,568	8,448	9,018	9,853
Other current assets	1,096	980	997	997	997
Non-current assets	5,323	5,564	5,548	5,771	6,022
LT investments	1,137	1,286	1,326	1,658	2,043
Net fixed assets	3,043	3,210	3,196	3,123	3,026
Other assets	1,143	1,067	1,026	990	954
Total liabilities	19,504	16,639	13,241	13,582	13,347
Current liabilities	17,785	15,808	12,471	12,813	12,578
Accounts payable	6,850	4,814	4,787	5,128	5,393
Interest bearing ST liabilities	3,639	3,366	2,707	2,707	2,207
Other current liabilities	7,297	7,628	4,978	4,978	4,978
Non-current liabilities	1,719	831	769	769	769
Long-term debt	963	2	1	1	1
Other L-T liabilities	488	630	579	579	579
Total equity	13,473	13,944	15,340	16,868	18,590
Share capital	2,366	2,400	2,400	2,400	2,400
Retained earnings reserve	5,343	6,417	7,086	8,142	9,321
Minority interests	840	176	178	170	162
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Growth					
Revenue growth	19.8%	7.2%	1.4%	10.0%	10.7%
Operating profit growth	19.3%	2.1%	9.0%	17.5%	13.0%
EBITDA growth	17.7%	2.6%	11.8%	14.4%	11.6%
Net profit growth	23.5%	14.0%	4.5%	14.7%	14.1%
EPS growth	22.2%	12.2%	4.3%	14.7%	14.1%
Profitability					
Gross profit margin	25.3%	25.7%	25.4%	25.9%	26.1%
Operating margin	10.9%	10.4%	11.1%	11.9%	12.2%
EBITDA margin	12.6%	12.1%	13.3%	13.9%	14.0%
Net profit margin	9.4%	10.0%	10.3%	10.8%	11.1%
Return on average assets	9.6%	10.3%	11.6%	13.3%	14.4%
Return on average equity	25.1%	24.9%	23.7%	24.7%	25.6%
Stability					
Gross debt to equity	34.2%	24.2%	17.7%	16.1%	11.9%
Net debt to equity					
Interest coverage (x)	46.6	39.4	75.5	93.8	117.9
Interest & ST debt coverage (x)	0.5	0.5	0.6	0.6	0.7
Cash flow interest coverage(x)	29.5	50.9	51.3	65.9	72.7
Cash flow/int. & ST debt (x)	0.7	1.5	1.1	1.3	1.6
Current ratio (x)	1.6	1.6	1.8	1.9	2.1
Quick ratio (x)	0.9	0.9	1.2	1.3	1.4
Net debt (NT\$mn)	(508)	(2,399)	(2,788)	(3,298)	(3,448)
Per share data					
EPS (NT\$)	12.22	13.71	14.30	16.40	18.71
CFPS (NT\$)	10.55	21.69	12.71	14.63	14.62
BVPS (NT\$)	53.40	57.36	63.17	69.56	76.77
Adj BVPS (NT\$)	53.58	57.48	63.17	69.56	76.77
SPS (NT\$)	129.68	136.79	138.33	152.11	168.32
EBITDA/share (NT\$)	16.34	16.51	18.42	21.07	23.52
Cash DPS (NT\$)	8.50	9.60	10.00	11.50	13.10
Activity					
Sales / avg assets	1.02	1.03	1.12	1.24	1.30
Days receivable	106.2	84.3	93.1	90.2	89.0
Days inventory	195.8	154.7	112.1	109.9	108.8
Days payable	109.4	72.1	70.8	69.1	65.9
Cash cycle	192.6	166.9	134.5	130.9	131.9

Source: Company data; KGI Research estimates

Profit & loss

NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue	30,575	32,762	33,205	36,511	40,402
Cost of goods sold	(22,843)	(24,357)	(24,759)	(27,070)	(29,875)
Gross profit	7,732	8,406	8,446	9,441	10,527
Operating expenses	(4,405)	(5,009)	(4,745)	(5,093)	(5,616)
Operating profit	3,326	3,397	3,701	4,348	4,912
Non-operating income	330	518	682	698	775
Interest income	25	55	100	86	90
Investment income	168	190	281	332	385
Other non-op income	136	272	301	280	300
Non-operating expenses	186	3	48	(103)	(48)
Interest expense	(84)	(102)	(59)	(53)	(48)
Investment loss	-	-	-	-	-
Other non-op expenses	271	105	107	(50)	-
Pre-tax profit	3,842	3,918	4,432	4,943	5,639
Current taxation	(819)	(826)	(1,002)	(1,014)	(1,156)
Minorities	(142)	192	2	8	8
Extraordinary items	-	0	-	-	-
Net profit	2,881	3,284	3,432	3,936	4,491
EBITDA	3,853	3,954	4,422	5,057	5,645
EPS (NT\$)	12.22	13.71	14.30	16.40	18.71

Cash flow

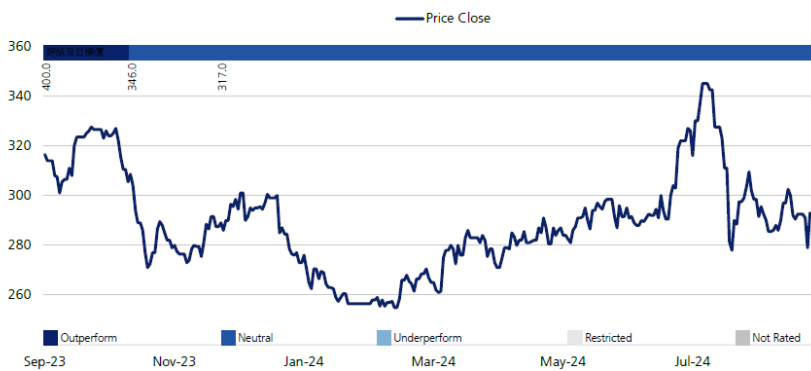
NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Operations cash flow	2,486	5,194	3,051	3,511	3,510
Net profit	2,881	3,284	3,432	3,936	4,491
Depreciation & amortisation	526	558	721	709	733
Decrease in working capital	(3,645)	469	1,800	(795)	(1,322)
Other operating cash flow	2,725	883	(2,902)	(340)	(393)
Investing cash flow	(638)	(502)	(621)	(600)	(600)
Sale of ST investment	(61)	(144)	-	-	-
New investments	23	-	3	-	-
Capital expenditure	(473)	(604)	(31)	-	-
Others investing cashflow	(127)	245	(593)	(600)	(600)
Free cash flow	(1,026)	3,059	5,314	3,334	3,281
Financing cash flow	(964)	(3,839)	(3,020)	(2,400)	(3,260)
Increase in short term debt	100	(905)	(663)	-	(500)
Increase in long term loans	755	(5)	2	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(1,641)	(2,031)	(2,304)	(2,400)	(2,760)
Other financing cashflow	(178)	(897)	(56)	(0)	-
Forex effects	215	(195)	319	-	-
Total cash generated	1,100	658	(271)	511	(351)

ROIC

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	14.4%	15.3%	14.3%	13.9%	13.9%
= Operating margin	10.9%	10.4%	11.1%	11.9%	12.2%
1 / (Working capital/revenue	0.3	0.2	0.2	0.2	0.2
+ Net PPE/revenue	0.1	0.1	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	2.6	3.3	3.0	3.1	3.1
Operating margin	10.9%	10.4%	11.1%	11.9%	12.2%
x Capital turnover	2.6	3.3	3.0	3.1	3.1
x (1 - tax rate)	78.7%	78.9%	77.4%	79.5%	79.5%
= After-tax ROIC	22.4%	26.7%	26.2%	29.7%	30.4%

Source: Company data; KGI Research estimates

Sinbon Electronics – Recommendation & target price history



Date	Rating	Target	Price
2023-12-06	Neutral	317.0	289.0
2023-10-24	Neutral	346.0	308.5
2023-04-21	Outperform	400.0	340.0
2023-03-09	Outperform	342.0	310.0
2022-10-21	Outperform	322.0	280.0
2022-07-22	Outperform	320.0	253.5
2022-04-22	Outperform	320.0	269.0
2022-03-14	Outperform	320.0	259.0
2021-12-13	Outperform	320.0	264.5
2021-10-25	Neutral	240.0	239.0

Source: TEJ; KGI Research

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