Company Update
Electrical Components

TruePulse Capital Advisory

2026/08/03
TruePulse Equity Research
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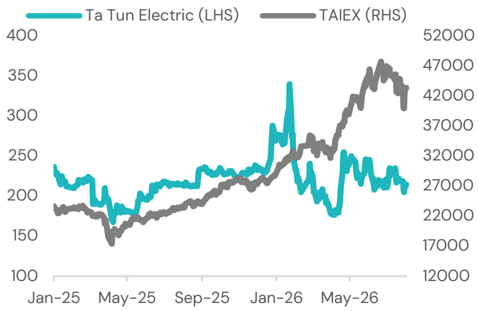
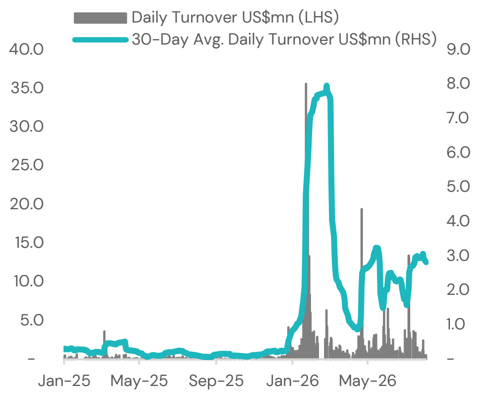
Key Statistics

Ticker:	1623.TW / 1623 TT
Current Price:	TWD 214.0
52-Week Range:	TWD 174.5 – 340.0
Avg. Vol. (30-Day, k share)	400.1
Outstanding Shares (MN)	66.0
FINI Holding (%)	1.79
Market Cap (US$MN)	435.1

Price Performance





Financial Summary

NT$ mn	2022	2023	2024	2025
Revenue	3,896	4,216	5,483	6,607
Revenue YoY (%)	74.4%	8.2%	30.0%	20.5%
Gross Margin (%)	9.8%	15.3%	18.1%	18.7%
OP Margin(%)	6.5%	11.6%	15.4%	15.1%
Net Profit	90	407	733	817
Net Profit YoY (%)	65.6%	353.1%	80.3%	11.4%
Net Margin(%)	2.3%	9.7%	13.4%	12.4%
EPS (NT$)	2.99	12.17	12.58	13.61
BPS (NT$)	40.7	27.8	42.1	49.0
ROE (%)	7.5%	30.2%	36.5%	29.9%
Yield (%)	-	-	-	2.4
P/E (x)	-	-	-	19.8
P/B (x)	-	-	-	5.5
P/S (x)	-	-	-	2.5
EV/EBITDA (x)	-	-	-	17.0

Ta Tun Electric Wire & Cable

EHV Mix Drives Earnings; North America and AI DCs Unlock Re-rating Potential

Company Overview

Established in 1962, Ta Tun Electric Wire & Cable (TEWC) has over 60 years of industry experience. The company provides services covering cable supply, installation, testing and maintenance. Its portfolio includes 345kV, 161kV and 69kV power cables, and is one of five Taipower-qualified suppliers of 345kV extra-high-voltage cables. Taipower-related projects account for around half of revenue and form its core business. TEWC is also expanding into high-tech facilities, energy storage and renewable energy projects. The company completed its second 345kV production line in 2025 and is advancing North American product certifications and cable solutions for AI data centers.

Key Points

Rising EHV product mix drove earnings growth well ahead of revenue: TEWC reported 1Q26 revenue of NT$1.86bn, up 12.4% YoY. Supported by a higher shipment mix of 345kV and other extra-high-voltage (EHV) cables, gross margin increased from 17.71% a year earlier to 21.93%, while operating margin reached 19.75%. EHV products accounted for 54.9% of revenue, rising to 67.8% when medium- and high-voltage products were included, supporting better pricing and a more profitable sales mix. Net profit increased 52.2% YoY to NT$280mn, indicating that growth is shifting from revenue expansion toward earnings quality driven by higher-specification products. A sustained EHV mix would support a structurally higher earnings base.

NT$10bn Backlog Supports Medium-Term Visibility; 2H26 Deliveries Key: TEWC's backlog remains above NT$10bn, with over half comprising 69kV, 161kV and 345kV products. From 2023 to February 2026, it secured 16 Taipower cable contracts worth NT$15.85bn, including five 345kV contracts totaling NT$5.91bn, providing two to three years of revenue visibility. However, project timing remains a source of quarterly volatility. Its self-reported 2Q26 revenue fell 22.9% QoQ, making deferred deliveries and the 161kV/345kV product mix key to full-year revenue and margins.

Second 345kV Line Strengthens Execution: The 345kV cable market has high entry barriers due to lengthy certification, demanding manufacturing standards and substantial capital requirements. Only five suppliers in Taiwan are qualified by Taipower. TEWC's advantage lies in its established production, installation and contract execution record. The company completed its second 345kV line in 2025, with core CDCC equipment costing approximately NT$300mn. As equipment installation and certification take around three years, new supply cannot enter quickly. Management expects the two lines to support demand for the next five years, with future growth dependent on utilization, production efficiency and backlog conversion.

North America and AI DCs offer long-term upside; CB adds flexibility: TEWC has established an Arizona presence for business development, technical services and warehousing. Initial efforts will target medium- and low-voltage products and Taiwanese customers expanding in the US, with certifications and first shipments targeted by year-end. Longer term, the company plans to develop cables for AI data centers, energy storage and HVDC transmission. As these initiatives remain at an early stage, they are excluded from near-term base case. Commercial success could reposition TEWC as a higher-specification power infrastructure and AI energy supplier, supporting a potential re-rating. Full conversion of its NT$2.0bn convertible bond (CB) would result in estimated static EPS dilution of 11.6%.

Ta Tun Electric 1Q26 Earnings Takeaways

NT$10bn Backlog Supports Visibility; EHV Mix Drives Earnings Upgrade

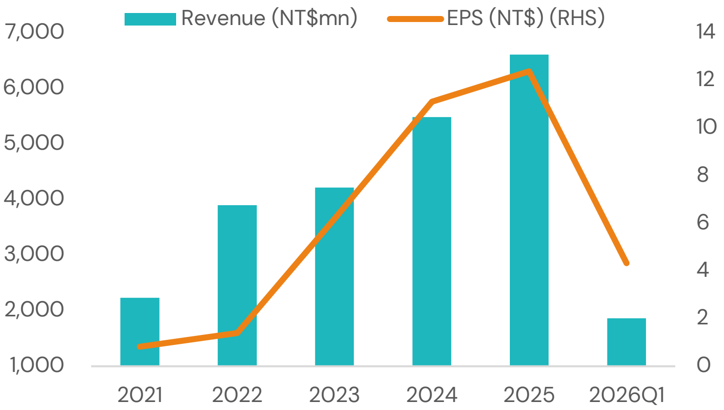
TEWC's backlog has remained around NT$10bn in recent years, with more than half comprising 69kV, 161kV and 345kV EHV products. Supported by Taipower's Grid Resilience Enhancement Program, high-tech facility construction and transmission infrastructure upgrades, revenue grew steadily from 2021 to 2025, reflecting solid order momentum and medium-term visibility. However, revenue recognition depends on project progress, acceptance and delivery schedules. The backlog therefore indicates medium-term demand but does not imply smooth quarterly growth.

1. Improving Product Mix Drives Earnings Upgrade

TEWC's 2025 revenue reached a record NT$6.61bn, up 20.5% YoY, supported by Taipower grid resilience projects, high-tech facility construction and increased shipments of medium-, high- and extra-high-voltage cables. Gross margin improved from 18.06% in 2024 to 18.66%, while net profit reached NT$817mn. This indicates that growth is shifting from pure revenue expansion toward higher-quality earnings driven by higher-specification products.

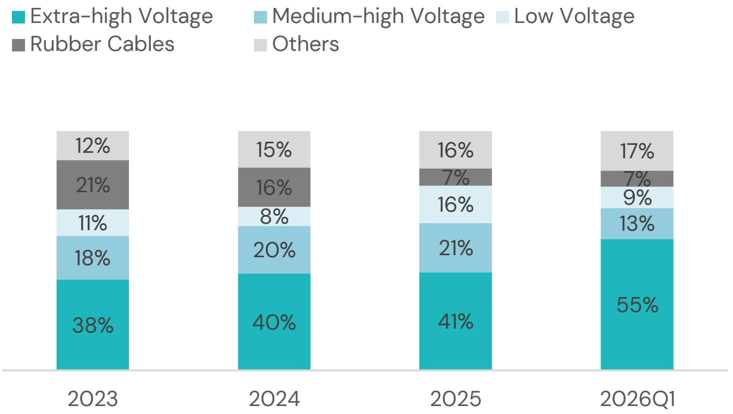
In 1Q26, revenue increased 12.4% YoY to NT$1.86bn. Gross margin rose 4.22ppts YoY to 21.93%, mainly due to a higher shipment mix of 345kV and other EHV cables. Operating expenses declined 12.8% YoY to approximately NT$40.58mn despite revenue growth, lifting operating profit to NT$368mn and operating margin from 14.9% to 19.75%. Net profit increased 52.2% YoY to NT$280mn, significantly outpacing revenue growth. Reported basic EPS rose 41% YoY to NT$4.33, with the slower increase relative to net profit reflecting a higher weighted-average share count.

Exhibit 1.1: TEWC's Revenue and EPS Trend



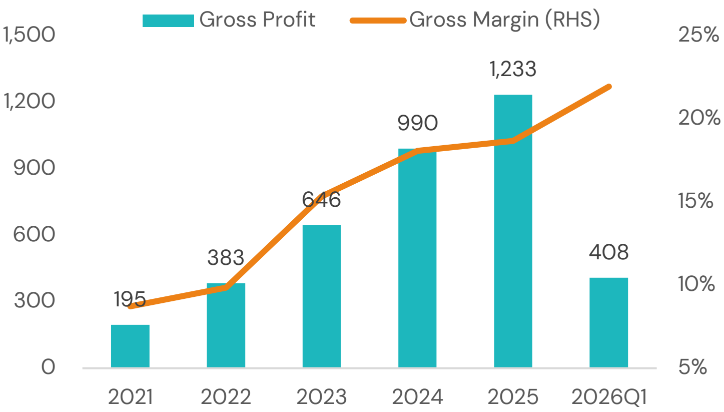
Source: Company Data, TruePulse Equity Research
Note: 2021–2025 EPS recalculated based on NT$660mn in share capital.

Exhibit 1.2: TEWC's Product Mix



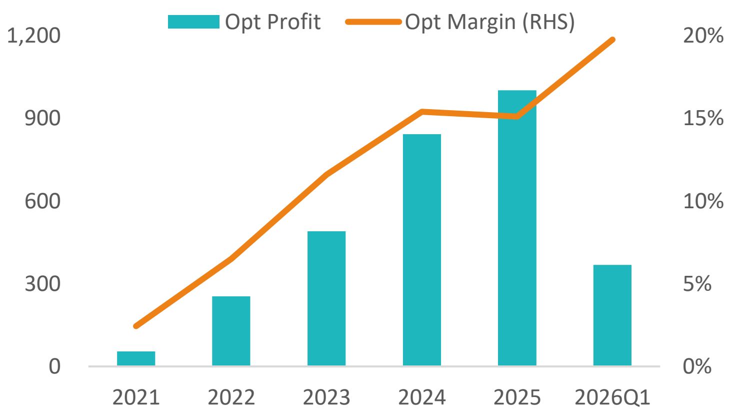
Source: Company Data, TruePulse Equity Research

Exhibit 1.3: TEWC's Historical Gross Profit (NT$mn)



Source: Company Data, TruePulse Equity Research

Exhibit 1.4: TEWC's Operating Profit (NT$mn)



Source: Company Data, TruePulse Equity Research

We believe rising power demand from AI data centers, semiconductor capacity expansion, electric vehicles and energy storage will drive continued investment in power generation, transmission and distribution infrastructure. As large power users and grid operators require greater transmission capacity and reliability, demand for 69kV, 161kV and 345kV cables should increase. However, these voltage classes serve different parts of the power system and do not represent a simple substitution from 25kV to 69kV or from 69kV to 161kV. For TEWC, the key implication is that rising demand for higher-specification cables should support a greater EHV product mix, improving margins and the overall earnings profile.

2. Taipower Contracts Anchor Growth; Private Projects a Second Driver
From 2023 to February 2026, TEWC secured 16 Taipower cable contracts totaling NT$15.85bn, including five 345kV contracts worth NT$5.91bn and six 161kV contracts worth NT$7.35bn. This demonstrates that high- and extra-high-voltage products are the core of the company's order intake. Taipower accounts for roughly half of revenue, with grid resilience investments, transmission infrastructure upgrades and high-voltage cable replacement providing a highly visible business base for the next several years.

The company's backlog remains above NT$10bn, with more than half comprising 69kV, 161kV and 345kV products, providing two to three years of operating visibility. However, revenue recognition depends on project progress, acceptance and customer delivery schedules, resulting in potential quarterly volatility. Preliminary 2Q26 revenue was NT$1.44bn, down 22.9% QoQ and 9.2% YoY, primarily due to delivery timing rather than a clear weakening in end demand or backlog. Management expects some shipments to be deferred to 2H26 and maintains its full-year double-digit revenue growth outlook.

Beyond Taipower, TEWC is expanding into private-sector projects across semiconductor and high-tech facilities, energy storage, solar power, large-scale EPC, thermal power and petrochemical markets. Its rubber cables offer heat resistance, flexibility, weather resistance and durability, making them suitable for demanding industrial environments. Although rubber cables accounted for only 6.6% of 1Q26 revenue, specialized products combined with installation, testing and maintenance services support TEWC's transition from a cable supplier to an integrated solutions provider and strengthen its competitiveness in high-end engineering projects.

We expect Taipower's continued grid upgrades to support a higher mix of specification-intensive products. However, different voltage classes serve distinct transmission and distribution functions, meaning that 345kV cables will not simply replace 69kV or 161kV products. The key implication for TEWC is that new contracts are increasingly concentrated in higher-value-added 161kV and 345kV products, supporting a stronger product mix and margin profile.

3. 345kV Entry Barriers Extend Beyond Certification
Compared with conventional cables, 345kV products require significantly greater insulation uniformity, manufacturing cleanliness and quality consistency. As these cables are typically deployed in underground transmission systems and critical grid projects, failures carry substantial repair costs and power supply risks. Suppliers must therefore invest in precision manufacturing equipment and complete lengthy cyclic-aging tests and Taipower qualification reviews, creating significant time and capital barriers.

Only five suppliers in Taiwan are currently qualified by Taipower to supply 345kV cables: TEWC, Hold-Key, Hua Eng, Ta Ya and Pacific Electric Wire & Cable. New entrants must invest in dedicated equipment, develop manufacturing expertise and complete long-duration testing, limiting the likelihood of a significant increase in competition over the near term.

TEWC's advantage over other qualified suppliers lies not in exclusive access to the technology, but in its established production, installation and project acceptance record, together with strong contract conversion. From 2023 to February 2026, the company secured five Taipower 345kV contracts totaling NT$5.91bn, leading existing peers in both contract value and number of awards. This demonstrates its ability to convert manufacturing qualifications and engineering capabilities into commercial orders.

TEWC completed its second 345kV production line in 2025. Core Completely Dry Curing and Cooling (CDCC) equipment requires approximately NT$300mn of investment, while equipment ordering, delivery and final certification take around three years. Management expects the two existing lines to support demand for the next five years. The second line should enhance the company's capacity to undertake large contracts while improving production scheduling, delivery flexibility and maintenance resilience.

We believe near-term growth now depends less on further capacity expansion and more on utilization and efficiency improvements at the second 345kV line, as well as the timely conversion of backlog into revenue. Key indicators include the 345kV shipment mix, second-line utilization and gross margin trends, which will show whether the new capacity is translating into earnings growth.

4. Data Center Power Upgrades Drive Specialty Cable Demand
As AI computing performance and rack power density continue to increase, data centers require greater power efficiency, system reliability and space utilization, driving upgrades to existing power distribution architectures. Some global infrastructure providers are developing higher-voltage DC distribution solutions to reduce conversion losses, lower transmission current and improve energy efficiency. While technical standards, adoption timelines and market penetration remain uncertain, the shift toward higher-voltage DC power distribution could create demand for high-voltage, low-loss and specialized cables.

For TEWC, data center power upgrades could broaden the applications of its medium-, high-voltage and specialty cable technologies. The company is developing DC cables rated at 800V and above, in-facility power cables for AI data centers, cables for PDU and CDU equipment, energy storage cables and EV charging cables. Its commercialization roadmap consists of three stages:

- **Near term: North American medium- and low-voltage products**
  TEWC has established an office in Arizona focused on business development, technical services and warehousing. The company targets obtaining new product certifications in 3Q26 and commencing commercial exports by year-end. Initial customers will primarily be Taiwanese semiconductor and high-tech companies expanding in the US.

- **Medium term: AI data center power distribution and energy storage**
  As higher-voltage DC architectures gain adoption, TEWC may capture opportunities in data center power cables, backup energy storage systems and high-current equipment cables. However, these products remain under development and customer qualification and are therefore excluded from near-term base-case forecasts.

- **Long term: 500kV land-based HVDC transmission cables**
  Building on its existing 345kV manufacturing capabilities, TEWC plans to develop 500kV land-based HVDC cables for large-scale grids, renewable energy and long-distance transmission. As this market requires different voltage specifications, certification processes and customer qualifications from data center applications, it should be viewed as a long-term R&D initiative rather than an established revenue source.

Overall, TEWC's North American and AI data center initiatives could broaden its customer base and applications beyond Taipower. However, these businesses remain at the certification, product development and initial customer qualification stages. Key milestones include new product certifications, initial overseas orders and commercial shipment value, which will determine whether these opportunities translate into meaningful revenue.

5. NT$2.0bn CB Improves Financial Flexibility with Potential Dilution
In July 2026, TEWC issued its first domestic unsecured convertible bond (CB) with a face value of NT$2.0bn. The bonds were issued at 100.5% of par, generating gross proceeds of approximately NT$2.01bn, with a three-year maturity and a zero coupon rate. Management stated that the proceeds will primarily be used to repay existing borrowings and optimize the capital structure, reducing financing costs and improving financial flexibility.

The convertible bond should strengthen TEWC's debt profile and preserve financial flexibility while its backlog remains elevated. However, conversion into common shares would expand the share base and dilute EPS. Based on the initial conversion price of NT$232, full conversion of the NT$2.0bn CB would create approximately 8.62mn new shares, equivalent to 13.1% of the current 66mn shares outstanding. Assuming unchanged earnings, fully diluted EPS would decline by approximately 11.6%. This represents an upper-bound scenario before considering conversion price adjustments, partial or non-conversion, and potential early redemption.

We believe TEWC's investment narrative has evolved from a beneficiary of grid infrastructure demand into an earnings upgrade story driven by an improving high-voltage product mix. Taipower contracts and an order backlog exceeding NT$10bn provide a solid medium-term operating base, while the second 345kV production strengthens delivery capacity and supports a higher mix of premium products. Expansion into North America, AI data centers and land-based HVDC cables provides new applications and long-term growth optionality.

Further re-rating potential will depend on the recovery of deferred shipments in 2H26, utilization of the second 345kV production line, the sustainability of the high-margin product mix and elevated gross margins, and whether new products in North America progress from certification to customer adoption and meaningful revenue contribution. The balance-sheet benefits of the convertible bond issuance and its potential EPS dilution also remain key factors to monitor.

Income Statement

NT$mn	2022	2023	2024	2025
Net Sales	**3,896**	**4,216**	**5,483**	**6,607**
COGS	3,513	3,570	4,493	5,374
Realized profit (loss) from sales	0	0	0	0
Gross Profit	**383**	**646**	**990**	**1,233**
Selling Expenses	34	49	49	49
G&A Expenses	79	140	86	121
R&D Expenses	15	17	15	52
Other Operating Expenses	0	-50	-2	10
Operating Profit	**254**	**490**	**842**	**1,001**
EBITDA	316	536	887	1,093
Net Interest Income (Expenses)	-14	-31	-50	-50
Other, Net	23	29	49	43
EBT Excl. Unusual Items	264	488	841	994
Gain (Loss) on Sales of Investments	-19	12	20	-4
Gain (Loss) on Sale of Assets	0	1	43	-1
Gain (Loss) on FX	21	10	7	2
Other Unusual Items, Total	0	0	1	0
EBT Incl. Unusual Items	**199**	**501**	**906**	**1,010**
Income Tax Expense	109	92	173	193
Earnings from Cont. Ops.	89	409	733	817
Discontinued Operations	0	0	0	0
Net Income to Company	90	407	733	817
Minority Interest	0	-3	0	0
Net Income to Parent	**89**	**409**	**733**	**817**
EPS (NT$)	2.99	12.17	12.58	13.61

Source: Company Data, TruePulse Equity Research

Statement of Cashflow

NT$mn	2022	2023	2024	2025
Net Income	90	406	733	817
Minority Interest	0	-3	0	0
D & A, Total	68	51	52	108
Amortization of Deferred Charges	0	0	0	0
Change in Net Operating Assets	-532	-759	-605	-984
Other Non-Cash Items, Total	144	7	-25	-20
Other Non-Cash Items, Total (incl. minority profit)	144	5	-25	-20
Cash Flow-Operating	**-230**	**-296**	**155**	**-80**
Capital Expenditure	-62	-130	-69	-140
Sales of PP&E	0	1	0	0
Other Investing Activities	-85	177	-59	-12
Cash Flow-Investment	**-147**	**49**	**-128**	**-152**
Issue/(Retire) of Debt	735	-28	-261	91
Bank Revolver Draw/(Paydown)	1,063	250	664	851
LT Debt (Paydown)	-1,102	-83	-169	-528
Issue/(Retire) of Common Equity	0	588.9	412.1	0
Issue/(Retire) of Preferred Equity	0	0	0	0
Cash dividends paid	0	-800	-161	-390
Other Financing Activities	-31	-7	-3	-2
Increase (decrease) in Minority	0	0	0	0
Cash Flow-Financing	**666**	**-79**	**482**	**22**
Foreign Exchange Effects	0	0	0	0
Change in Cash Flow	289	-326	509	-209
Beginning Cash	248	536	210	719
Ending Cash	536	210	719	510

Source: Company Data, TruePulse Equity Research

Balance Sheet

NT$mn	2022	2023	2024	2025
Cash & Equivalent	536	210	719	510
Trading Asset Securities	0	0	0	0
Short-Term Investment	160	181	180	176
AR & NR	720	953	719	634
Inventories	1,435	1,509	1,539	1,758
Prepaid Expenses	54	130	75	132
Other Current Assets	645	1,059	1,637	2,310
Total Current Assets	**3,552**	**4,042**	**4,870**	**5,521**
Long-term Investment	487	520	429	432
Total property plant and equipment	596	679	771	1,058
Goodwill	0	0	0	0
Other intangibles	13	12	13	14
Other Non-Current Assets	132	119	319	94
Total Assets	**4,779**	**5,371**	**6,402**	**7,119**
AP & NP	545	508	716	972
Accrued Expenses	514	416	583	107
Other Current Liabilities	-65	276	-257	80
Total Current Liabilities (excl. ST Debt)	993	1,200	1,041	1,159
Working Capital Revolver (ST Debt)	2,067	2,038	1,778	1,869
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	420	591	1,090	1,425
Other Liabilities	77	51	-35	-276
Total Liabilities	**3,557**	**3,881**	**3,874**	**4,177**
Total Common Equity	1,256	1,500	2,541	2,954
Common Stock	300	537	600	600
Capital Reserve	0	362	713	713
Retained Earnings	941	549	1,154	1,576
Other Adjusted Items	15	52	73	64
Total Preferred Equity	0	0	0	0
Minority Interest	-34	0	0	0
Total Equity	**1,222**	**1,490**	**2,528**	**2,942**

Source: Company Data, TruePulse Equity Research

Financial Ratios

NT$mn / % / Days	2022	2023	2024	2025
Margins				
Gross margin	9.8%	15.3%	18.1%	18.7%
Op expense ratio	3.3%	3.7%	2.7%	3.5%
Operating margin	6.5%	11.6%	15.4%	15.1%
EBITDA margin	8.3%	12.8%	16.3%	16.8%
Pretax margin	5.1%	11.9%	16.5%	15.3%
Net margin	2.3%	9.7%	13.4%	12.4%
Balance sheet ratios				
Receivables	720	953	719	634
Inventory	1,435	1,509	1,539	1,758
Payables	545	508	716	972
Net working capital	1,611	1,954	1,542	1,419
Receivable days	63	72	56	37
Inventory days	145	151	124	112
Payable days	49	54	50	57
Cash conversion cycle	159	169	130	92
Liquidity ratios				
Operating cash flow	-230	-296	155	-80
Capex	-62	-130	-69	-140
Free cash flow	-280	-424	91.528	-213
Cash & Cash equivalent	536	210	719	510
Gross debt	2,486	2,630	2,868	3,294
Net debt	1,790	2,238	1,968	2,607
Gross debt/equity	203%	176%	113%	112%
Net Debt/Equity	146%	150%	78%	89%
Liabilities/Equity	291%	260%	153%	142%
Liabilities/Assets	74%	72%	61%	59%
Return ratios				
ROAE	7.5%	30.2%	36.5%	29.9%
ROAA	2.0%	8.1%	12.5%	12.1%

Source: Company Data, TruePulse Equity Research

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