Company Update
Household Appliances

2026/08/24
TruePulse Equity Research
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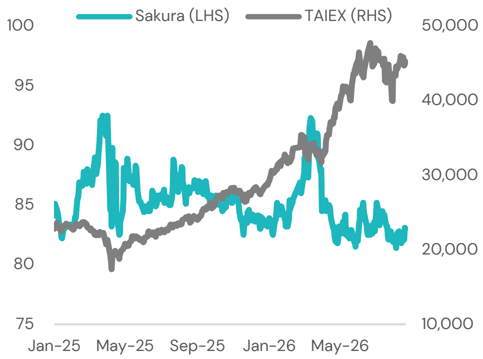
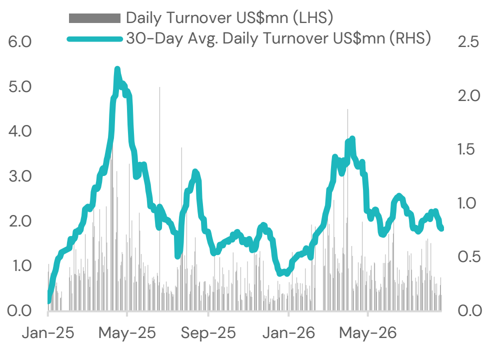
Key Statistics

Ticker:	9911.TW / 9911 TT
Current Price:	TWD 83.1
52-Week Range:	TWD 81.0 – 92.8
Avg. Vol. (30-Day, k share)	311.8
Outstanding Shares (MN)	222.4
FINI Holding (%)	18.74
Market Cap (US$MN)	579.8

Price Performance





Financial Summary

NT$ mn	2025	2026E	2027E	2028E
Revenue	10,275	11,371	12,648	14,206
Revenue YoY (%)	7.0	10.7	11.2	12.3
Gross Margin (%)	35.3	35.7	36.1	36.4
OP Margin(%)	15.3	15.9	16.3	16.9
Net Profit	1,373	1,541	1,744	2,011
Net Profit YoY (%)	5.5	12.2	13.2	15.3
Net Margin(%)	13.4	13.5	13.8	14.2
EPS (NT$)	6.24	7.04	7.97	9.19
BPS (NT$)	31.91	33.09	35.29	38.16
ROE (%)	20.4	21.9	23.6	25.3
Yield (%)	6.0	6.8	7.7	8.8
P/E (x)	13.4	12.0	10.6	9.2
P/B (x)	2.6	2.5	2.4	2.2
P/S (x)	1.8	1.6	1.5	1.3
EV/EBITDA (x)	9.6	8.4	7.4	6.4

Taiwan Sakura

LTV Thesis Gains Traction; Growth Drivers and Medium-Term Visibility Strengthen

Company Overview

Founded in 1978, Sakura (9911.TW) is Taiwan's leading kitchen and bath appliances supplier, with a >50% market share across its three core categories (water heaters, range hoods, and gas stoves). Leveraging its strong brand equity, Sakura has evolved from a manufacturer into a home living integration platform, expanding into integrated kitchens, home interiors, and overseas markets. Backed by 3,500+ retail touchpoints, a robust service ecosystem and a 7mn household base, this model has driven a decade of steady growth, with FY25 revenue exceeding NT$10bn and record-high EPS. Sakura has maintained ROE above 20%, a 70–80% payout ratio, and a net-cash balance sheet.

Key Points

LTV emerges as core strategy, shifting from hardware sales to household lifecycle monetization: At the latest investor briefing, management stated that Sakura's future growth should no longer be viewed solely through kitchen and bath appliance volume expansion. Instead, the company is shifting toward a Customer Lifetime Value (LTV) model, treating each household as a long-term engagement. AI Kitchen drives premium and smart suite upgrades, while HOME in O.N.E extends into integrated kitchens, unit bathrooms, and whole-home renovation. Developer partnerships support new customer acquisition, creating a dual-track flywheel of deepening existing customer value and broadening the customer base. Moreover, moving from standalone appliances to full-home solutions could increase household wallet share by at least 30x.

A resilient replacement base provides downside protection and household value expansion: With ~70% of revenue derived from replacement demand by existing households, Sakura leverages its leading market share, large installed base, extensive distribution network and comprehensive service capabilities to precisely track product lifecycles and replacement timing, providing anti-cyclical resilience against housing market fluctuations. More importantly, this large customer base creates follow-on upgrades, consumable refills, and cross-selling, transforming defensive replacement demand into a powerful engine for long-term top-line growth and higher value per household.

Project market secures mid-term backlog and builds the long-term replacement pool: Management noted that Taiwan's furnished new housing penetration remains below 10%. Driven by developers' pursuit of differentiation and value-add, alongside buyers' preference to reduce renovation costs and oversight burdens, furnished or semi-furnished offerings should continue to gain traction. Backed by brand equity, consumer trust, one-stop planning, supply chain integration, and large-scale delivery capabilities, Sakura is one of the few players in Taiwan able to serve developer demand at scale. With multi-year lags from signing to completion, rising contract wins enhance mid-term revenue visibility while funneling new homeowners into Sakura's aftermarket ecosystem for future maintenance, filters, and replacements.

Multiple growth drivers support re-rating: Double-digit 1H26 growth across AI products (+16% YoY), filters (+19%), and home solution contract wins (+16%) further validates our LTV thesis. We maintain our forecast of an 11.4% revenue CAGR and 13.8% EPS CAGR over 2025–2028E, supported by a visible path toward NT$15bn+ revenue by 2030. We reiterate our Base Case valuation of NT$111–127 (14–16x P/E; see [Initiation Report]). We believe the current valuation still largely reflects a traditional kitchen and bath appliance profile, without fully pricing in Sakura's sticky household customer base and the structural earnings upside from deeper LTV monetization.

1H26 Investor Conference Highlights

Taiwan Sakura reported 1H26 revenue of NT$5.50bn, up 6.4% YoY, while operating profit rose 8.7% YoY to NT$861mn, implying an operating margin of 15.7%. Net income attributed to parent increased 7.1% YoY to NT$713mn, with EPS reaching NT$3.26. Overall, 1H26 performance remained solid, with operating profit growth outpacing the top line. This reflects positive operating leverage alongside an improved product mix and a rising share of premium offerings, which have increasingly supported margin expansion.

In the core kitchen and bath appliances segment, growth is being driven by product premiumization and smart upgrades led by AI Kitchen. AI product sales rose 16% YoY in 1H26, well above the segment's roughly 5% revenue growth, indicating growing adoption of smart kitchen products and a higher premium-product mix. For range hoods, average selling prices have increased from about NT$8,000 for traditional models to ~NT$14,000 for inverter models and roughly NT$25,000 for AI Kitchen models, highlighting the meaningful ASP uplift from smart upgrades. By integrating intelligent features, device connectivity and bundled solutions, AI Kitchen allows Sakura to drive growth through higher price points and a richer product mix, rather than relying solely on market expansion or unit growth.

In the water purification business, the growing installed base of purification systems is driving increasing replacement filter demand. Filter revenue exceeded NT$200mn in 2025 and grew another 19% YoY in 1H26, indicating that the installed base is increasingly converting into recurring consumables revenue. Compared with the 6–7 year replacement cycle of traditional kitchen and bath appliances, filters shorten the purchase cycle to just a few months, while carrying gross margins roughly 10ppts above the company average. As the installed base expands, high-margin filter sales should become a more meaningful recurring revenue stream and further increase per-household contribution.

Integrated home solutions revenue grew 7% YoY in 1H26, supported by project handovers and execution progress. In the developer channel, Sakura delivers roughly 40,000 integrated kitchens annually and serves around 80% of Taiwan's top 20 developers, providing a strong base for cross-selling full-home renovation and unit bathroom solutions. In retail, SAKURA KITCHEN providing consultative services help drive integrated kitchen sales and customer engagement. AI Kitchen penetration in new contracts has exceeded 20% in both developer and retail channels, indicating broader adoption across sales channels and supporting premiumization. New contracts for integrated kitchens and full-home renovation rose 16% YoY in 1H26, reinforcing healthy order momentum. Given the multi-year lag from signing to completion, installation and revenue recognition, the growing backlog enhances mid-term revenue visibility. Longer term, households acquired through developer projects should generate future maintenance, consumables, replacement and upgrade demand, expanding Sakura's customer base and supporting further LTV growth.

Management views overseas expansion as a mid- to long-term endeavor. Vietnam focuses on the channel rollout and business model optimization, while the Company remains positive on local market potential and expects volume growth to follow improving distribution coverage. In North America, Sakura plans to expand beyond its historically single-product "Chinese-style range hoods" by broadening product categories and distribution footprints, creating growth headroom for its proprietary brand. The China market remains weighed down by sluggish overall appliance demand, with 1H26 performance under pressure. Near-term efforts are focused on existing business adjustments, product-mix optimization, and manufacturing efficiency improvement.

Overall, we believe 1H26 results provide further evidence that Sakura's strategic transformation is translating into tangible financial performance. Operating profit grew faster than revenue, suggesting that an enriched product mix and a rising share of premium offerings have begun to positively contribute to profitability. Meanwhile, double-digit growth across AI product sales, filter revenue, and new contracts wins in developer-related business indicates that the shift from traditional appliances toward higher-value smart products, recurring consumables, and full-home solutions is gaining traction. With domestic growth drivers already sufficient to support mid-term expansion, we view overseas markets as additional long-term upside rather than a prerequisite for the investment thesis. While emerging growth engines remain in the scaling-up phase, we believe that as long as these key metrics outpace overall corporate top-line growth, their rising revenue contribution will further accelerate mid- to long-term top-line growth and structurally optimize overall profitability.

Exhibit 1.1: Sakura's Financial Summary and Forecast

Revenue Breakdown (%)	2024	2025	2026E	2027E	2028E
Kitchen & Bath Appliance	57.6%	54.9%	54.1%	53.2%	51.3%
Integrated Kitchen	28.3%	32.2%	32.8%	33.4%	34.5%
Home Interior	3.1%	1.9%	2.5%	3.2%	4.6%
International Brand Agency	3.0%	3.1%	3.0%	2.8%	2.6%
Overseas Market	5.4%	4.2%	3.9%	3.7%	3.5%
Others	2.5%	3.7%	3.7%	3.6%	3.5%
(NT$mn)					
Revenue	9,601	10,275	11,371	12,648	14,206
Gross Profit	3,399	3,629	4,058	4,562	5,165
Operating Profit	1,464	1,573	1,808	2,060	2,395
Non-op Profit	163	134	112	107	109
Pretax Profit	1,627	1,708	1,920	2,167	2,504
Net Profit	1,301	1,373	1,541	1,744	2,011
EPS (NT$)	5.94	6.24	7.04	7.97	9.19
Margins					
Gross Margin	35.4%	35.3%	35.7%	36.1%	36.4%
OPEX Ratio	20.2%	20.0%	19.8%	19.8%	19.5%
Operating Margin	15.2%	15.3%	15.9%	16.3%	16.9%
Pretax Margin	16.9%	16.6%	16.9%	17.1%	17.6%
Net Margin	13.5%	13.4%	13.5%	13.8%	14.2%
YoY					
Revenue	16.1%	7.0%	10.7%	11.2%	12.3%
Gross Profit	17.9%	6.8%	11.8%	12.4%	13.2%
Operating Profit	19.0%	7.5%	14.9%	13.9%	16.3%
Net Profit	21.3%	5.5%	12.2%	13.2%	15.3%
EPS	21.3%	4.9%	12.9%	13.2%	15.3%

Source: Company Data, TruePulse Equity Research

Exhibit 1.2: Sakura's Financial Summary and Forecast (Quarterly)

Revenue Breakdown (%)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Kitchen & Bath Appliance	55.7%	52.7%	52.1%	55.6%	55.4%	53.8%	49.4%	54.3%
Integrated Kitchen	34.9%	35.4%	34.7%	26.5%	34.3%	32.5%	37.1%	29.6%
Home Interior	0.3%	0.7%	3.2%	5.7%	2.4%	3.4%	3.5%	3.6%
International Brand Agency	2.1%	3.4%	2.7%	3.7%	1.9%	3.2%	2.5%	3.6%
Overseas Market	3.0%	4.0%	4.1%	4.7%	2.7%	3.8%	3.9%	4.5%
Others	4.0%	3.8%	3.2%	3.9%	3.3%	3.3%	3.5%	4.3%
(NT$mn)								
Revenue	2,910	2,586	2,903	2,972	3,376	2,850	3,206	3,216
Gross Profit	1,038	910	1,041	1,070	1,218	1,026	1,153	1,165
Operating Profit	483	378	467	481	550	451	521	538
Non-op Profit	19	8	57	28	25	28	27	27
Pretax Profit	502	385	523	509	575	479	548	565
Net Profit	408	305	418	409	463	387	439	454
EPS (NT$)	1.87	1.39	1.91	1.87	2.12	1.77	2.01	2.08
Margins								
Gross Margin	35.7%	35.2%	35.9%	36.0%	36.1%	36.0%	36.0%	36.2%
OPEX Ratio	19.1%	20.6%	19.8%	19.8%	19.8%	20.2%	19.7%	19.5%
Operating Margin	16.6%	14.6%	16.1%	16.2%	16.3%	15.8%	16.3%	16.7%
Pretax Margin	17.2%	14.9%	18.0%	17.1%	17.0%	16.8%	17.1%	17.6%
Net Margin	14.0%	11.8%	14.4%	13.8%	13.7%	13.6%	13.7%	14.1%
YoY								
Revenue	5.5%	7.6%	13.6%	16.3%	16.0%	10.2%	10.4%	8.2%
Gross Profit	8.7%	8.0%	14.3%	16.1%	17.4%	12.7%	10.8%	8.9%
Operating Profit	12.0%	4.5%	22.1%	20.7%	13.9%	19.4%	11.7%	11.8%
Net Profit	7.3%	6.8%	25.6%	9.5%	13.5%	27.0%	4.9%	11.1%
EPS	7.3%	6.8%	25.6%	10.1%	13.5%	27.0%	4.9%	11.1%

Source: Company Data, TruePulse Equity Research

Sakura's Income Statement

NT$mn	2024	2025	2026E	2027E	2028E
Net Sales	9,601	10,275	11,371	12,648	14,206
COGS	6,202	6,646	7,313	8,086	9,041
Realized profit (loss) from sales	0	0	0	0	0
Gross Profit	3,399	3,629	4,058	4,562	5,165
Selling Expenses	1,486	1,573	1,709	1,903	2,111
G&A Expenses	355	376	431	475	521
R&D Expenses	91	104	110	125	139
Other Operating Expenses	4	3	-1	-1	-1
Operating Profit	1,464	1,573	1,808	2,060	2,395
EBITDA	1,675	1,825	2,097	2,376	2,750
Net Interest Income (Expenses)	22	13	2	4	4
Other, Net	101	128	95	101	102
EBT Excl. Unusual Items	1,586	1,714	1,904	2,165	2,501
Gain (Loss) on Sales of Investments	0	0	0	0	0
Gain (Loss) on Sale of Assets	-4	-6	0	0	0
Gain (Loss) on FX	42	-2	13	0	0
Other Unusual Items, Total	2	2	3	2	2
EBT Incl. Unusual Items	1,627	1,708	1,920	2,167	2,504
Income Tax Expense	335	334	382	426	496
Earnings from Cont. Ops.	1,292	1,374	1,538	1,741	2,008
Discontinued Operations	0	0	0	0	0
Net Income to Company	1,292	1,374	1,538	1,741	2,008
Minority Interest	-9	1	-3	-3	-3
Preferred stock dividends	0	0	0	0	0
Net Income to Parent	1,301	1,373	1,541	1,744	2,011
EPS (NT$)	5.94	6.24	7.04	7.97	9.19

Source: Company Data, Bloomberg, TruePulse Equity Research

Sakura's Cashflow Statement

NT$mn	2024	2025	2026E	2027E	2028E
Net Income	1,301	1,373	1,541	1,744	2,011
Minority Interest	-9	1	-3	-3	-3
D & A, Total	212	252	288	316	355
Amortization of Deferred Charges	0	0	0	0	0
Change in Net Operating Assets	-174	-229	-311	-232	-227
Other Non-Cash Items, Total	-54	-24	48	0	0
Other Non-Cash Items, Total (incl. minority profit)	-63	-23	103	0	0
Cash Flow-Operating	1,276	1,372	1,564	1,825	2,136
Capital Expenditure	-265	-395	-413	-588	-588
Sales of PP&E	0	0	0	0	0
Other Investing Activities	-335	-71	-39	0	0
Cash Flow-Investment	-600	-466	-452	-588	-588
Issue/(Retire) of Debt	126	-127	-70	0	0
Bank Revolver Draw/(Paydown)	15	-5	-11	0	0
LT Debt (Paydown)	111	-122	-59	0	0
Issue/(Retire) of Common Equity	0	0	0	0	0
Issue/(Retire) of Preferred Equity	0	0	0	0	0
Cash dividends paid	-849	-1,028	-1,100	-1,228	-1,390
Other Financing Activities	1	1	-0	0	0
Increase (decrease) in Minority	0	0	0	0	0
Cash Flow-Financing	-722	-1,155	-1,170	-1,228	-1,390
Foreign Exchange Effects	6	-3	4	4	4
Change in Cash Flow	-40	-252	-55	12	161
Beginning Cash	2,449	2,409	2,157	2,102	2,115
Ending Cash	2,409	2,157	2,102	2,115	2,276

Source: Company Data, Bloomberg, TruePulse Equity Research

Sakura's Balance Sheet

NT$mn	2024	2025	2026E	2027E	2028E
Cash & Equivalent	2,409	2,157	2,102	2,115	2,276
Trading Asset Securities	0	0	0	0	0
Short-Term Investment	289	313	381	381	381
AR & NR	1,284	1,389	1,596	1,750	1,956
Inventories	1,646	1,769	1,814	2,057	2,275
Prepaid Expenses	277	356	336	336	336
Other Current Assets	149	155	137	137	137
Total Current Assets	6,054	6,139	6,366	6,777	7,362
Long-term Investment	423	442	460	460	460
Total property plant and equipment	2,686	3,066	3,243	3,515	3,748
Goodwill	0	35	35	35	35
Other intangibles	150	220	225	225	225
Other Non-Current Assets	1,316	1,311	1,398	1,398	1,398
Total Assets	10,629	11,213	11,728	12,410	13,229
AP & NP	1,654	1,655	1,917	2,082	2,279
Accrued Expenses	1,271	1,301	1,429	1,464	1,458
Other Current Liabilities	264	317	341	341	341
Total Current Liabilities (excl. ST Debt)	3,189	3,273	3,687	3,887	4,079
Working Capital Revolver (ST Debt)	157	180	80	80	80
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	565	613	589	589	589
Other Liabilities	135	125	132	132	132
Total Liabilities	4,046	4,190	4,488	4,687	4,879
Total Common Equity	6,540	6,919	7,139	7,624	8,255
Common Stock	2,211	2,224	2,224	2,224	2,224
Capital Reserve	48	48	48	48	48
Retained Earnings	4,093	4,435	4,619	5,101	5,728
Other Adjusted Items	188	212	248	251	255
Total Preferred Equity	0	0	0	0	0
Minority Interest	44	104	101	98	95
Total Equity	6,584	7,023	7,240	7,723	8,350

Source: Company Data, Bloomberg, TruePulse Equity Research

Sakura's Financial Ratios

NT$mn / % / Days	2024	2025	2026E	2027E	2028E
Margins					
Gross margin	35.4%	35.3%	35.7%	36.1%	36.4%
Op expense ratio	20.2%	20.0%	19.8%	19.8%	19.5%
Operating margin	15.2%	15.3%	15.9%	16.3%	16.9%
EBITDA margin	17.5%	17.8%	18.4%	18.8%	19.4%
Pretax margin	16.9%	16.6%	16.9%	17.1%	17.6%
Net margin	13.5%	13.4%	13.5%	13.8%	14.2%
Balance sheet ratios					
Receivables	1,284	1,389	1,596	1,750	1,956
Inventory	1,646	1,769	1,814	2,057	2,275
Payables	1,654	1,655	1,917	2,082	2,279
Net working capital	1,275	1,503	1,492	1,725	1,952
Receivable days	48.0	47.5	47.9	48.3	47.6
Inventory days	86.6	93.8	89.4	87.4	87.5
Payable days	95.2	90.9	89.1	90.3	88.0
Cash conversion cycle	39.4	50.4	48.2	45.4	47.0
Liquidity ratios					
Operating cash flow	1,276	1,372	1,564	1,825	2,136
Capex	-265	-395	-413	-588	-588
Free cash flow	1,011	977	1,151	1,237	1,548
Cash & Cash equivalent	2,409	2,157	2,102	2,115	2,276
Gross debt	722	792	669	669	669
Net debt	-1,977	-1,678	-1,814	-1,827	-1,988
Gross debt/equity	11%	11%	9%	9%	8%
Net Debt/Equity	-30%	-24%	-25%	-24%	-24%
Liabilities/Equity	61%	60%	62%	61%	58%
Liabilities/Assets	38%	37%	38%	38%	37%
Return ratios					
ROAE	20.8%	20.4%	21.9%	23.6%	25.3%
ROAA	12.9%	12.6%	13.4%	14.4%	15.7%

Source: Company Data, Bloomberg, TruePulse Equity Research

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