

WIN Semiconductors Corp. (3105 TT)

Unlocking New Growth in Optical, AI, and Next-Generation Wireless

2025/3/10

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COMPANY OVERVIEW

Founded in 1999, WIN Semi is the world's largest gallium arsenide (GaAs) foundry, serving fabless and IDM customers in communication and infrastructure applications. The company offers a diverse technology portfolio, including HBT, pHEMT, and BiHEMT processes, supporting cutting-edge products. With strong technological leadership, WIN Semi holds a competitive edge among GaAs foundries. Committed to continuous R&D investment, the company aims to raise industry entry barriers and pioneer new applications, reinforcing its position as a leader in compound semiconductor innovation.

KEY POINTS

Moved past the downturn in 2024: WIN Semi, the world's largest GaAs foundry, holds ~70% market share in the global RF GaAs foundry market. Smartphone-related applications, including cellular PA, Wi-Fi PA, and 3D sensing, have historically accounted for over 70% of its revenue. However, prolonged inventory adjustments in China's smartphone market and market share shifts in 3D sensing created headwinds in 2022-2023. In 2024, WIN Semi recovered, with revenue rising 10.2% YoY to NT\$17.46bn and EPS reaching NT\$1.81. This rebound was driven by stable iOS smartphone demand, Wi-Fi 7 upgrades, and a recovery in the infrastructure business, positioning WIN Semi for continued momentum.

Quarterly Growth Outlook for 2025: WIN Semi anticipates 1Q25 revenue to decline mid-single digits QoQ due to seasonality, fab maintenance, and fewer working days, with gross margin guidance in the high teens. However, management expects 1Q25 to be the lowest point of the year, with sequential growth beginning in 2Q25. This recovery is supported by stabilizing demand in China's smartphone market and increased Wi-Fi 7 adoption in smartphones and router. With a stronger 2H25 outlook, WIN Semi is well-positioned for gradual earnings improvement throughout the year, driven by broadening applications for its GaAs technology.

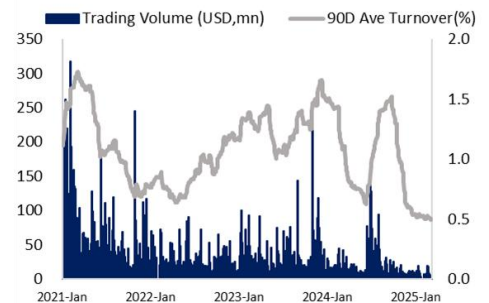
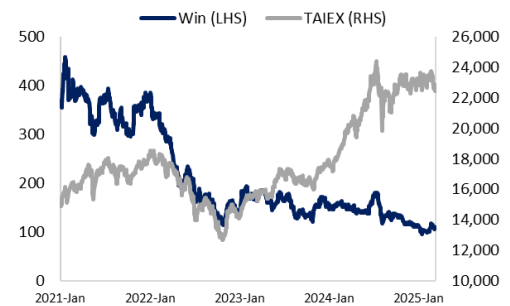
Expanding Growth in Optics and AI-Powered Applications: WIN Semi is well-positioned to capitalize on AI-driven optical communication growth, particularly in data centers and optical transceivers. III-V compound semiconductors are critical for photodiodes (PDs) and laser light sources, making WIN Semi a key player in silicon photonics manufacturing. Additionally, time-of-flight (TOF) laser technology is expanding beyond smartphones and automated guided vehicles (AGVs) to humanoid robots and automotive LiDAR. As one of the few global foundries with mass production capabilities in both optical communications and optical sensing, WIN Semi is seeing strong demand from optics customers for outsourced manufacturing, reinforcing its leadership in next-generation semiconductor applications.

Growth Potential in Wi-Fi and Infrastructure Markets: WIN Semi is optimistic about Wi-Fi 7 adoption, driven by all new iOS models in 2H24 upgrading to Wi-Fi 7. This shift is expected to accelerate adoption among Android devices and drive Wi-Fi router upgrades, fueling higher demand for Wi-Fi PAs. In Infrastructure, the company sees strong growth opportunities in Optics Electronics for data centers, satellite communications, and military and commercial radar applications. As the post-5G era unfolds, WIN Semi's advanced solutions position it as a critical supplier for high-frequency, high-efficiency communications technology, supporting long-term revenue expansion across multiple end markets.

KEY STATISTICS

Ticker:	3105 TT
Current Price:	NT\$ 109
52-Week Range:	NT\$ 96 - 181
Average Volume (30-Day, k shares)	2,047.7
Outstanding Shares (MN)	424
FINI Holding (%)	17.36
Market Cap (\$MN)	US\$ 1,407

PRICE PERFORMANCE



FINANCIAL SUMMARY

mn,NTD	FY21	FY22	FY23	FY24
Revenue	26,182	18,334	15,836	17,458
Revenue YoY (%)	2.5	-30.0	-13.6	10.2
Gross Margin (%)	37.3	25.9	21.5	23.2
Op. Margin (%)	24.5	8.3	-0.8	4.4
Net Income	5,455	1,802	-80	768
Net Income YoY (%)	-16.4	-67.0	-104.4	-
Net Margin (%)	20.8	9.8	-0.5	2.0
EPS (NTD)	12.90	4.25	-0.19	1.81
ROA (%)	8.4	2.5	-0.1	8.7
ROE (%)	15.8	5.3	-0.2	10.2
ROIC (%)	2.1	-2.4	-1.8	0.6
P/E (x)	29.1	32.1	-	30.7
P/B (x)	4.5	1.7	2.0	1.2
P/S (x)	6.1	3.2	4.3	2.5
EV/EBITDA (x)	16.9	14.1	20.1	10.6

Source : TEJ

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