Super Micro

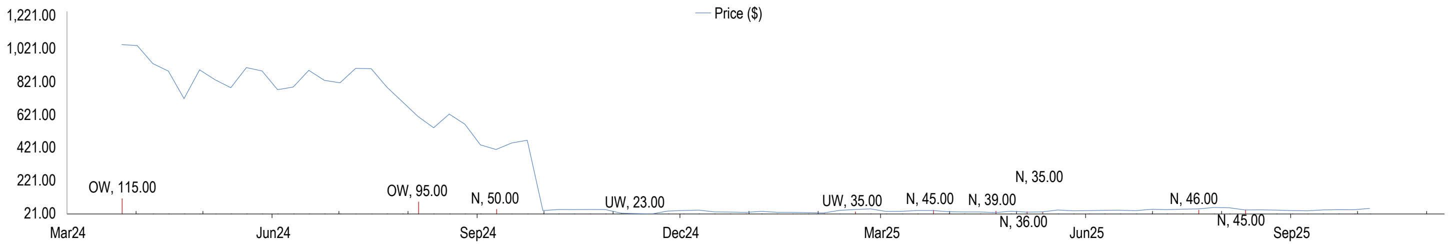
10 October 2025

WORLD TRADE SECURITIES

Equity Research

Recommendation	Price Target	PT End Date	Price	Upside/Downside to PT
Neutral	$45.00	31-Dec-26	$52.86	-14.9%

Super Micro Computer, Inc. designs, develops, manufactures and sells server solutions based on modular and open-standard architecture. The Company offers servers, motherboards, chassis, and accessories. Super Micro Computer markets its products worldwide.



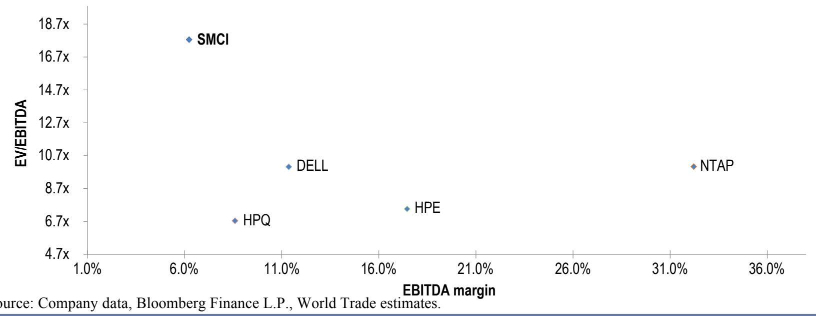
Note: All analysts forecasts are as of last note published on 06-Aug-2025
The Upside/Downside to PT is calculated based on the previous day's closing price which is quoted above.

Source: Bloomberg Finance L.P., World Trade estimates.

Key Financials ($mn, year end Jun)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	14,989	21,972	33,029	41,414	48,276
EBITDA	1,483	1,618	2,059	2,644	3,156
EBIT	1,442	1,567	1,943	2,499	2,987
Pretax Income	1,446	1,557	1,847	2,387	2,863
Net Profit	1,293	1,317	1,561	2,012	2,405
Total Assets	9,826	14,018	16,572	18,855	21,635
Shareholder Equity	5,417	6,302	7,863	9,875	12,280
Adjusted Net Debt/(Cash)	(1,193)	(5,057)	(3,112)	(3,757)	(4,718)
Capex	(124)	(127)	(280)	(306)	(357)
Free Cash Flow to firm	(2,610)	1,532	(1,949)	645	962
EPS ($)	2.11	2.05	2.40	3.05	3.60
DPS	n/a	n/a	n/a	n/a	n/a
Key Ratios	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
EBITDA Margin	9.9%	7.4%	6.2%	6.4%	6.5%
EBIT Margin	9.6%	7.1%	5.9%	6.0%	6.2%
Net Margin	8.6%	6.0%	4.7%	4.9%	5.0%
Payout Ratio	n/a	n/a	n/a	n/a	n/a
Net Debt/Equity (excl MI)	NM	NM	NM	NM	NM
FCF Yield	(8.1%)	4.5%	(5.7%)	1.8%	2.7%
P/E	25.0x	25.8x	22.0x	17.3x	14.7x
EV/EBITDA	24.6x	22.6x	17.8x	13.8x	11.6x
ROE	35.0%	22.5%	22.0%	22.7%	21.7%

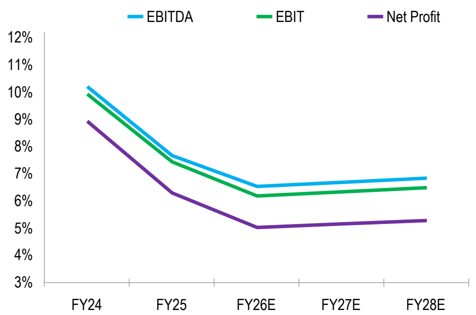
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Chart FY26



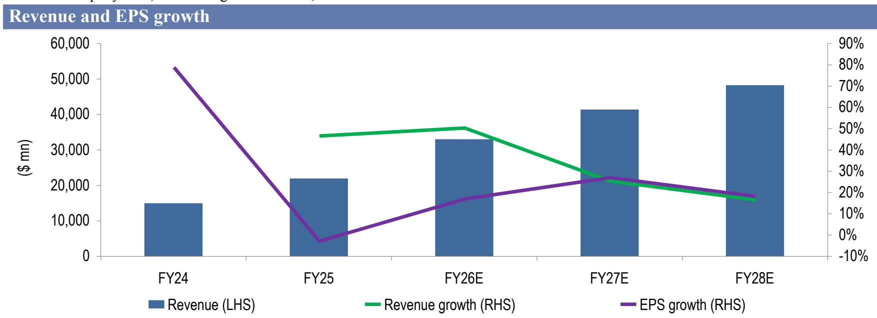
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Margin Analysis (SMCI)



Source: Company data, World Trade estimates.

Revenue and EPS growth



Source: Company data, World Trade estimates.

Company Data

Market Cap (USDmn)	33,742
Shares O/S (mn)	638
Float	85.7%
Dividend Yield	n/a
EPS ($)	2.40
3M - Avg daily volume (mn)	33.51
52 wk High/Low ($)	66.44-17.25

WTS EPS Estimate		BBG EPS Estimate	
FY26E	FY27E	FY26E	FY27E
2.40	3.05	2.58	3.44

Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Analysis	Ticker	Fiscal Year End	Last Note Published	Rating	Price Target	Mkt Cap ($mn)	EV/EBITDA		P/BV		P/E		ROE	
Local peers							**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
NetApp, Inc.	NTAP	2025/4	28-Aug-25	OW	$130.00	23,130	10.0x	9.3x	18.9x	14.4x	14.5x	12.9x	142.4%	128.3%
Dell Technologies	DELL	2025/1	08-Oct-25	OW	$165.00	103,291	10.0x	8.8x	NM	NM	15.8x	13.4x	NM	NM
HP Inc	HPQ	2024/10	28-Aug-25	OW	$30.00	24,375	6.7x	6.8x	n/a	n/a	7.7x	7.3x	NM	NM
Hewlett Packard Enterprise	HPE	2024/10	29-Sep-25	OW	$30.00	32,940	7.5x	6.9x	n/a	n/a	10.2x	8.9x	13.3%	13.8%
Global peers														
Super Micro	**SMCI**	**2025/6**	**06-Aug-25**	**N**	**$45.00**	**33,742**	**17.8x**	**13.8x**	**4.4x**	**3.5x**	**22.0x**	**17.3x**	**22.0%**	**22.7%**
Median							10.0x	8.8x	11.7x	9.0x	14.5x	12.9x	22.0%	22.7%
Mean							10.4x	9.1x	11.7x	9.0x	14.0x	12.0x	59.2%	54.9%
High							17.8x	13.8x	18.9x	14.4x	22.0x	17.3x	142.4%	128.3%
Low							6.7x	6.8x	18.9x	14.4x	7.7x	7.3x	13.3%	13.8%

Source: Company data, World Trade estimates.

Investment Thesis

We rate shares of Super Micro Neutral as the company is on the cusp of benefitting from the ramp in Blackwell-based server shipments, which are experiencing significantly higher demand than previous generations. Super Micro continues to be one of the leading players in the AI server market with next-generation GPUs and broader technical capabilities encompassing areas like liquid cooling. However, our positive view is balanced by 1) an increasingly competitive AI Servers landscape driving aggressive pricing and gross margin pressures, 2) elevated expenses to implement better internal controls, 3) higher interest expense from future potential capital raises.

Valuation

We are lowering our December 2026 price target to $45 (vs. $46 prior) based on valuing our CY27 EPS estimate at a target P/E multiple of 13x. We believe that the multiple is justified as exposure to strong AI-led compute demand is offset by margin pressures across the industry, company-specific history of delay in filings, as well as weak internal controls.

SMCI P/E-Based Price Target

$ in mns, except per share amounts

	NTM Qtrs 1-4	CY27E
JPM Net Income	**1,561**	**2,198**
JPM EPS	$2.40	$3.31
P/E Multiple	24x	
JPM P/E Multiple		13x
Implied Equity Value	**36,551**	**29,654**
Average Diluted Share Count	638	664
Implied Share Price	**$57.3**	**$45.0**
Current Value per Share	$57.3	$57.3
Upside vs. Current		-21%
Memo:		
(-) Net Cash/(Debt)	412	(426)
Enterprise Value	36,139	30,080
JPM EBITDA	2,059	2,887
Implied EV/EBITDA	*17.6x*	*10.4x*

World Trade estimates.

Risks to Rating and Price Target

Industry Upside Risks

AI-led compute demand cycle continues for longer than expected

Current compute investments are driven by the training phase, which is compute intensive. Although the next phase, inferencing, may not be so compute intensive, the scale of compute deployments may be much larger than the current phase as it will be driven by enterprises. This may drive the AI-led compute investment cycle to continue for longer than currently anticipated.

Company-Specific Upside Risks

Differentiated positioning may lead to better than expected margins

Super Micro has a differentiated positioning in terms of being the leader in terms of bringing the latest technologies into servers. Given the industry environment of quick product refreshes, e.g., Nvidia has already highlighted a new product roadmap until 2027, Super Micro's moat relative to speed of introducing new products might help in the company commanding better than expected margins.

Industry Downside Risks

Enterprises may delay investments if initial returns on AI use cases are low

Enterprises will begin to leverage their data to explore and derive insights to improve returns for their businesses, while leveraging AI infrastructure built by the Cloud companies. The pace of investment is expected to be robust for the medium term, but at the same time there remains a risk of optimization of spend toward AI, likely driven by limited returns on leveraging early AI use cases leading to evaluation of investments – which could lead to slower demand for AI servers.

Company-Specific Downside Risks

Competition in the industry intensifies with companies willing to operate at low margins

The Hardware product category specific to Servers has been competitive with branded companies including Dell, HP Enterprise, and Lenovo on one side and the ODM companies including Quanta and Inventec on the other side. The industry could become increasingly competitive with competitors willing to operate at lower margins to drive volume share.