

Media Release:

Wiwynn Corp. Assigned 'twA/twA-1' Issuer Credit Ratings; Outlook Positive

October 21, 2026

Rating Action Overview

- We anticipate server manufacturer Wiwynn Corp. will benefit from strong global investments in AI infrastructure, supporting strong growth in the company's revenue and EBITDA over the next two years. Wiwynn generated EBITDA of about new Taiwan dollar (NT\$) 66.6 billion in 2025.
- We believe Wiwynn can sustain its close relationship with leading global CSPs with stable market shares in its key product segments, given the company's good server design and system integration capability. However, Wiwynn's narrow customer base, product mix and pricing power against its clients constrain its competitive position.
- We also forecast rapid EBITDA expansion could cap Wiwynn's ratio of debt to EBITDA below 2x over the next one to two years, despite significant working capital and capex needs over the same period.
- Taiwan Ratings today assigned its 'twA' long-term and 'twA-1' short-term issuer credit ratings to Wiwynn Corp.
- The positive rating outlook reflects our view that Wiwynn's significantly expanding revenue and EBITDA scale should provide a stronger cushion against business risks associated with its high customer and product concentration.

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Rating Action Rationale

Wiwynn is well positioned as a key beneficiary of broadening AI investments and adoption. We see several factors supporting Wiwynn to maintain its position as one of the top three major suppliers by market share for customized hyperscale data center servers over the next few years. These include Wiwynn's hardware design and system integration capacity, efficient R&D process, and close cooperation with major U.S. cloud service providers (CSPs). These in turn should enable the company to benefit from the global AI infrastructure build-out, as hyperscalers accelerate deployment of AI servers and applications continue to expand.

Wiyynn is one of the first movers adopting the original design manufacturer (ODM) direct service model. Under this model, end-users such as hyperscale CSPs directly procure bespoke servers from suppliers such as Wiyynn without involving branded server vendors such as Hewlett Packard Enterprises Co. and Dell Technologies Inc. Wiyynn has built its position as one of the main suppliers to the largest social media platform and the second largest CSP by leveraging its hardware design and system integration capability. At the same time, Wiyynn has maintained more than a 20% market share in the tailormade cloud and AI server ODM market.

The company's effective R&D process could continue to optimize specific task performance or workload efficiency of these highly customized servers. This would help to lower their total operating costs through servers providing better energy efficiency, scalability, and reliability. In turn, this could help Wiyynn to better retain customers, attract new ones, and benefit from rapid demand growth in the global cloud and AI computing market.

Robust global investments in AI infrastructure to support significant EBITDA expansion. We anticipate AI server demand will remain robust in 2026-2027, particularly from top U.S. cloud service providers. This should significantly increase Wiyynn's revenue over the same period. We therefore forecast revenue expanding by 40%–50% in 2026 and 25%–30% in 2027.

Wiyynn's EBITDA margin is likely to experience some downward pressure over 2026-2027 due to rising contributions from AI server shipments that could carry a lower margin. In our view, the very high price tag of AI servers will lead to such margin dilution despite higher manufacturing value added per server than traditional servers. We base this view on our assumption that Wiyynn will continue to follow a buy-and-sell model for most of its transactions with CSP clients over the next one to two years.

However, strong demand and global industry capacity constraints should enable the company to better sustain its margin over the next one to two years. This, together with surging revenue should push up Wiyynn's adjusted EBITDA to NT\$80 billion–NT\$100 billion in 2026 and NT\$100 billion–NT\$120 billion in 2027, up from about NT\$67 billion in 2025.

High customer and end product concentration expose the company to cyclicity in AI infrastructure investments and competition risk. Wiyynn's top three clients have consistently accounted for more than 90% of its total revenue over the past two years. The company has been expanding its customer base; however, we do not expect its concentration risk to improve significantly over the next two years. That's because of Wiyynn's increasing concentration in the global cloud service market among a few large players. Under such high customer concentration, the loss of one key client could have a material negative effect on Wiyynn's profitability and cash flow generation.

Furthermore, Wiyynn's revenue almost entirely comes from data center servers, bundled with system integration and services. This business concentration heightens the company's exposure to long-term cyclicity in data server capital expenditure (capex). A slowdown in hyperscalers' AI and cloud spending, possibly driven by lagging AI monetization or intensifying geopolitical and tariff uncertainties, could pose a significant risk to Wiyynn. Consequently, Wiyynn's high customer and end-product concentration could subject it to stronger buyer pricing power and a larger cash flow impact from the loss of key clients than its more diversified peers with similar business and financial risk profiles. This leads to our negative comparable rating assessment for the company.

Nevertheless, rapid technology evolution, short product cycles, and the resultant demand for the rapid delivery of very costly AI servers keep the cost of failed delivery very high. This makes it difficult for latecomers to gain significant shares in the server market without first spending heavily on building a sufficient track record in design capability, product yields, and timely delivery.

In addition, rising market concentration could alleviate potential competitive risk. We expect CSPs will continue to spend aggressively on AI infrastructure over the next two to three years, given the still-positive long-term growth prospects for AI adoption. These factors should help reduce the structural risks associated with Wiyynn's high customer and end-product concentration, in our opinion.

Low impairment risk associated with Wiyynn's working capital partly offsets the negative credit effect of rising debt. The higher working capital needs associated with Wiyynn's business expansion could materially elevate the company's debt leverage over the next few quarters. AI server sales to major CSPs are largely based on a buy-and-sell model, requiring Wiyynn to finance the full value of raw materials and finished goods before delivery, including expensive AI and memory chips. Nonetheless, we expect Wiyynn's working capital outflows to ease once sales growth begins to moderate. The growing consignments of key components by its CSP clients could also reduce inventory, if implemented widely.

We also believe Wiyynn will take measures to manage its debt leverage, including the potential issuance of a global depository receipt (GDR) and the flexibility to adjust shareholder payouts based on its capex requirements. Meanwhile, we forecast Wiyynn's robust EBITDA growth could offset the company's growing debt and support the ratio of debt to EBITDA below 2x through 2026-2027, even in the absence of the planned GDR issuance.

Furthermore, we assess Wiyynn's financial risk is lower than the leverage ratio indicates because of low impairment risk for its receivables and inventory. The company's receivables are mostly owed by highly creditworthy CSPs. In addition, we believe Wiyynn's solid banking relationships and access to low-cost funding should support its liquidity over the next two years.

The long-term rating on Wiyynn is not capped by Wistron's group credit profile. We view Wiyynn as an insulated subsidiary of Wistron Corp. group, which owns a 40.14% share in Wiyynn as of March 31, 2026. Wistron's group credit profile, based on S&P Global Ratings' global rating scale, does not cap our issuer credit rating on Wiyynn. Our assessment of an insulated group status reflects our belief in Wistron's strategic need to maintain certain separation from Wiyynn to avoid direct competition with its major branded server clients in the server market.

In addition, we believe that as a listed company with five independent directors out of nine, Wiyynn is independent in its business operation and financial performance, and does not commingle its funds, other assets or cash flow with those of Wistron. Wiyynn is also subject to additional external oversight of listed companies by regulators and investors.

In our view, Wiyynn's business profile is likely to strengthen over the next one to two years. We forecast Wistron will benefit from robust global investments in AI infrastructure over the next two years, which should drive significant expansion in both revenue and EBITDA scale. Wistron along with Wiyynn, have established sustainable competitiveness in the AI infrastructure supply chain from upstream module assembly to cloud and AI server assembly with good hardware design and manufacturing capability, significant scale economies, and geographical diversity.

However, high capex and working capital associated with rapidly rising AI server shipments could keep Wistron's debt leverage elevated over the next one to two years. Nonetheless, we forecast the company's strong EBITDA growth and GDR issuance will cap Wistron's debt-to-EBITDA ratio at around 4.4x in 2026, before lowering to around 4x in 2027. This compares with 4.2x in 2025 and 2.7x in 2024. The company's higher leverage together with intensive industry competition and weaker bargaining power against powerful clients continue to constrain the group credit profile, in our view.

Outlook

The positive rating outlook reflects our view that robust AI server demand will drive significant revenue and EBITDA growth for Wiwynn while supporting adequate profitability over the next one to two years. We expect Wiwynn to remain a key beneficiary of the global AI investment cycle, underpinned by the company's high customer stickiness under its ODM direct model.

The outlook also reflects our view that Wiwynn will maintain the ratio of debt to EBITDA below 2.0x over the next one to two years. This view is supported by Wiwynn's likely strong EBITDA growth, which should more than offset considerable working capital outflow and high capex needs to support significant expansion in the AI server segment.

Meanwhile, we believe Wistron could deleverage after its leverage peaks in 2026-2027, based on the company's expanding EBITDA and equity funding, including the planned GDR issuance.

Upward scenario.

We may raise the rating on Wiwynn if:

- The company materially expands its revenue and EBITDA with better business resilience through a sustained or stronger market share in the hyper-scale data center server ODM segment, strengthened product offerings, or a material expansion in its customer base. At the same time, Wiwynn would need to maintain the ratio of debt to EBITDA at close to 1.5x; and
- Wistron maintains its credit quality without a material deterioration in its market position in the electronics manufacturing services and ODM industries or in its profitability. At the same time, Wistron would need to lower and sustain its ratio of debt to EBITDA below 4x.

Downward scenario

We could revise the outlook to stable if:

- Wiwynn's debt-to-EBITDA ratio deteriorates to around 2.0x without prospects of improvement. This could happen if Wiwynn becomes more aggressive on capex or investments than our base case suggests, or if the company's cash conversion cycle lengthens or profitability weakens materially, which leads to significant debt growth to fund working capital and capex needs;
- Wiwynn faces strong competition, deteriorating cost and technology advantages, loss of key customers particularly in its key AI server, or if AI infrastructure investments slow sharply and structurally, leading to materially weaker revenue or EBITDA growth and profitability than our forecast suggests. This would in turn be demonstrated by Wiwynn's return on capital falling close to 12%; or
- Wistron's capex, investments, or working capital needs rise significantly higher than our expectation, such that its ratio of debt to EBITDA does not show a clear pace of improvement to below 4.0x.

Company Description

Taiwan-based Wiyynn is a major global supplier of customized data center servers, related systems and solutions. The company mainly provides services for hyperscale CSPs through the ODM-direct business model. Most of Wiyynn's revenue comes from data center servers and is highly concentrated in three clients, which accounted for over 95% of revenue in 2025.

In 2025, Wiyynn generated around NT\$950 billion in revenue, posting a 164% year-on-year growth amid major clients' ongoing capex investments. Meanwhile, the company generated NT\$66.6 billion EBITDA in 2025. Most of its revenue comes from the Americas, followed by Europe and Asia.

Wistron holds a controlling position in Wiyynn, and along with other subsidiaries owns a combined 40.14% shareholding as of March 31, 2026. Wistron also holds two out of nine seats on Wiyynn's board of directors. The remaining shareholdings are quite diversified, including pension funds, financial institutions and the chairwoman of Wiyynn.

Our Base Case Scenario

- S&P Global's projected growth in global GDP of 3.2% in 2026 and 2027, down from 3.4% in 2025.
- S&P Global Ratings forecasts 9% growth in global IT spending in 2026, far ahead of global GDP growth despite IT demand moderating from record growth of 12% in 2025. S&P also forecasts capex spending by the six largest hyperscalers will exceed US\$ 1.3 trillion in 2027, versus US\$ 0.87 trillion in 2026 and US\$ 0.47 trillion in 2025.
- Wiyynn's revenue to increase by 40%-50% in 2026 and 25%-30% in 2027. This will mainly be underpinned by robust AI infrastructure investments among major U.S.-based CSPs, for which the average selling price (ASP) of AI servers is materially higher than that of general servers.
- Gross margin could moderately decline to 7.5%-8.5% in 2026. We expect the rapid expansion in AI server revenue to significantly dilute Wiyynn's blended gross margin.
- Strong operating leverage, good yield performance, disciplined cost management, and significantly expanding revenue scale should support the lower operating expense ratio to 1.1%-1.4% in 2026-2027.
- The rising ASP for AI servers will mainly drive up Wiyynn's working capital needs, while the consignment adoption rate will increase only moderately through 2027 and 2028. As such, working capital outflow could reach NT\$100 billion-NT\$110 billion in 2026 and NT\$60 billion-NT\$70 billion annually in 2027-2028.
- Capex could rise to NT\$40 billion-NT\$45 billion in 2026 and NT\$8 billion-NT\$30 billion annually in 2027-2028, compared to NT\$13.6 billion in 2025. This mainly reflects Wiyynn's planned global capacity expansion and the construction of its headquarters in Taipei.
- Annual dividend payout ratio to remain at around 60% in 2026-2028.
- We net 95% of Wiyynn's cash and liquid investments with debt.

Key metrics**Wiwynn Corp.--Taiwan Ratings Corp. forecast summary**

Industry sector: Technology Hardware & Semiconductors

(Mil. NT\$)	2023a	2024a	2025a	2026e	2027f	2028f
Revenue	241,901	360,541	950,663	1,378,598	1,783,858	2,158,632
EBITDA	16,873	30,103	66,608	98,217	125,233	149,030
Less: Cash interest paid	(926)	(1,133)	(2,774)	(3,735)	(4,904)	(5,103)
Less: Cash taxes paid	(5,166)	(3,271)	(9,170)	(20,920)	(26,413)	(31,407)
Funds from operations (FFO)	10,780	25,700	54,664	73,562	93,917	112,520
Cash flow from operations (CFO)	24,551	(13,951)	(39,692)	(27,061)	33,355	50,732
Capital expenditure (capex)	4,886	4,891	13,674	40,231	29,430	8,336
Free operating cash flow (FOCF)	19,665	(18,841)	(53,366)	(67,292)	3,925	42,396
Debt (reported)	11,327	28,226	100,182	212,635	212,635	220,316
Plus: Lease liabilities debt	1,521	4,008	3,887	4,198	4,198	4,198
Plus: Pension and other postretirement debt	7	--	--	--	--	--
Less: Accessible cash and liquid Investments	(33,895)	(43,689)	(85,437)	(107,545)	(70,459)	(66,500)
Plus/(less): Other	24,320	18,266	57,357	59,264	59,264	59,264
Debt	3,279	6,812	75,989	168,553	205,639	217,279
Adjusted ratios						
Debt/EBITDA (x)	0.2	0.2	1.1	1.7	1.6	1.5
FFO/debt (%)	328.7	377.3	71.9	43.6	45.7	51.8
Annual revenue growth (%)	(17.4)	49.0	163.7	45.0	29.4	21.0
EBITDA margin (%)	7.0	8.3	7.0	7.1	7.0	6.9
Return on capital (%)	34.6	42.8	46.9	35.8	32.0	31.7

All figures are adjusted by Taiwan Ratings Corp., unless stated as reported. Figures for the forecast period are based on Taiwan Ratings Corp.'s base-case scenario. a--Actual. e--Estimate. f--Forecast. NT\$--new Taiwan dollar. N.M.--Not meaningful.

Liquidity: Adequate

The short-term rating on Wiwynn is 'twA-1'. We believe Wiwynn has adequate liquidity to meet its needs over the six months ending Dec. 31, 2026, where the company's ratio of liquidity sources to liquidity uses will be 1.2x-1.3x. Wiwynn's liquidity sources will still exceed liquidity uses even if its EBITDA was to drop by 15%.

We also believe Wiwynn has strong banking relationships, as demonstrated by its multiple funding channels and abundant bank credit facilities. Wiwynn's debt carries no financial covenants.

Principal liquidity sources:

- Cash and short-term investments of around NT\$85 billion as of the end of June 2026.
- Funds from operations of NT\$40 billion-NT\$45 billion up to Dec. 31, 2026.
- Potential issuance of syndicated loan of NT\$45 billion-NT\$50 billion beyond the six months ending Dec. 31, 2026.

Principal liquidity uses:

- Long-term debt maturity plus short-term debt repayment of NT\$75 billion-NT\$80 billion up to Dec. 31, 2026.
- Working capital outflow of NT\$40 billion-NT\$45 billion up to Dec. 31, 2026.
- Maintenance capex of about NT\$0.5 billion up to Dec. 31, 2026.
- Cash dividend payout of around NT\$27 billion up to Dec. 31, 2026.

Ratings Score Snapshot

Issuer Credit Rating: twA/Positive/twA-1

Note: All scores below are in comparison with global obligors.

Business risk: Fair

- Country risk: Moderately high
- Industry risk: Moderately high
- Competitive position: Fair

Financial risk: Modest

- Cash flow/Leverage: Modest

Anchor: twa+

Modifiers:

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Neutral (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: twa

- Entity status within group: Highly strategic
- We assess Wiwynn as an insulated and highly strategic subsidiary of Wistron group. The issuer credit rating on Wiwynn can be one notch above the parent group credit profile on S&P Global Ratings' global rating scale if Wiwynn's stand-alone credit profile is one or more notches higher than the group credit profile.

Related Criteria

- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- Criteria | Corporates | General: Sector-Specific Corporate Methodology - July 07, 2025
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

New Ratings

Wiwynn Corp.

Issuer Credit Rating	twA/Positive/twA-1
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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