Pegatron has formed a strategic alliance with Sysgration to jointly expand into the AI server market. Pegatron's NT$1.2 billion participation in Sysgration's private placement is widely viewed as a leapfrogging move in the AI server race.

Pegatron (TWSE: 4938) and Sysgration Ltd. (TPEX:5309) jointly announced today that they have entered into a strategic partnership. Sysgration disclosed on the 5th that its board of directors approved a private placement of common shares at a price of NT$55 per share. In the transaction, Pegatron will subscribe for 22,000 lots, while other institutional investors will subscribe for a combined 3,000 lots, bringing the total to 25,000 lots. The private placement is expected to raise total proceeds of NT$1.375 billion.

Electronics manufacturer Pegatron has joined forces with Sysgration in a strategic alliance to aggressively expand into the AI server market, with 100% of production to be based in the United States. The partnership further extends their AI footprint, with mass production and shipments from their U.S. facilities expected to begin in the second half of 2026. "We both agree that AI servers manufactured in the U.S. must be delivered more quickly. Together, we are jointly targeting CSP customers," the companies said, highlighting a closely aligned strategic roadmap. Through resource integration, the partners aim to foster the development of an industrial cluster in Texas, enable near-site delivery, build a scalable and resilient global operating platform, and reshape the global AI order landscape—positioning "Made in the USA" as a core competitive differentiator in securing AI server orders.

The private placement is expected to generate group-wide synergies across five key areas. Most notably, the partnership will deliver complementary collaboration in AI servers. Second, the two companies will leverage cross-technology cooperation in automotive electronics, building on proven execution capabilities. Third, Pegatron and Sysgration will jointly pursue untapped customers in the industrial PCs market through complementary sales and go-to-market strategies, aiming to capture additional market share. Fourth, the collaboration will reinforce their leading position in the drone market across the manufacturing and supply chain ecosystem. Most importantly, the partnership will enable Sysgration to benefit from joint procurement and cost optimization, enhancing economies of scale in manufacturing. Both parties expect M&A-like synergy effects to emerge meaningfully as these initiatives are executed.

In the AI infrastructure race, power availability is becoming scarcer than compute capacity. Sysgration is currently the only supplier manufacturing BBUs in the United States. Its Plano, Texas facility is scheduled to begin mass production and shipments in the second half of this year. The fully automated production lines will support a comprehensive product portfolio, including 11 kW, 7 kW, 5.5 kW, and 3 kW BBUs, as well as full-specification HVDC solutions. Order visibility from CSP customers extends through 2028, highlighting strong and durable demand. As power architecture upgrades accelerate across the industry, competition is intensifying; however, BBUs remain one of the most critical and hardest-to-substitute components in AI server systems. Shipments to Sysgration's CSP and server OEM customers are expected to ramp sequentially on a quarterly basis, with structurally inelastic power demand driving multi-fold growth momentum.

Pegatron's Texas manufacturing facility in the United States is expected to be completed by March 2026, followed by pilot production. The facility will focus on U.S.-based manufacturing across a broad range of applications, including AI server contract manufacturing, automotive electronics, and industrial PCs. Looking ahead, Pegatron expects its overall AI server revenue to continue benefiting from strong growth in GPU server demand this year, while simultaneously capturing meaningful business opportunities in the ASIC server segment.

About Sysgration Ltd.

Founded in 1977, Sysgration brings over 40 years of expertise in the development, design, and manufacturing of electronic products. The company specializes in automotive Bluetooth Tire Pressure Monitoring Systems (TPMS), industrial PCs, high-power battery modules, drones, and robotic systems, offering comprehensive services from R&D and design to manufacturing and sales. Headquartered in Taipei, Taiwan, Sysgration has established a global manufacturing footprint with facilities in Nantou (Taiwan), Zhenjiang (Jiangsu, China), Huizhou (Guangdong, China), and Dallas, Texas (USA). All production sites are certified to automotive-grade standards and equipped with fully automated production lines to maximize efficiency, reduce labor costs, and ensure consistent product quality. With a global supply chain and stringent quality management, Sysgration delivers diversified and competitive solutions to world-class customers. For more information, please visit our website: https://www.sysgration.com/zh-tw/

Media Contact:

Chih-Ning Tsai, Amazing Creativity Integrated Marketing Co., Ltd. 0952-313-900