

Eyes on earnings

A Q1 2026 corporate earnings review from BlackRock Fundamental Equities

The power of AI in Asia. Emerging market (EM) equities have outshone many other regions over recent quarters. Earnings forecasts for 2026 suggest this trend could continue – with companies in parts of Asia especially benefitting from the vast amounts of money being spent on artificial intelligence (AI) development.

EM earnings are set for a strong 2026 – especially in Asia

Global AI spending is boosting companies in Korea and Taiwan

Power demand and memory demand are key AI bottlenecks



Helen Jewell

Chief Investment Officer, BlackRock Fundamental Equities, International

Emerging market equities are on a strong run, up around 45% over the past year.* This has been driven by earnings. Emerging market earnings grew around 8% in 2025, according to our analysis, and are forecast to grow more than 30% this year – more than any other region. See the chart.

Much of this strength comes from the northern part of Asia, with earnings in Taiwan forecast to grow 34% in 2026, and Korean earnings 220%.**

In the case of Korea, some of the earnings drivers are particular to the country. The government is pushing a program of corporate reform – similar to that seen in Japan – that has the ultimate aim of increasing shareholder value. And many Korean companies – such as the shipbuilders – have benefitted from increased geopolitical fragmentation and the desire of some western countries to reduce reliance on China.

Yet the main Asian earnings driver can be summed up with two letters: AI. Much of the enormous AI investment from the big U.S. tech companies – we estimate \$6 trillion by 2030 – is flowing to the large Asian makers of the semiconductors essential for AI expansion, as well as the supply chains that have developed around these giants. A group of investors from BlackRock Fundamental Equities recently visited more than 40 companies across the region, and on the next page we dive more deeply into how AI is boosting Asia.

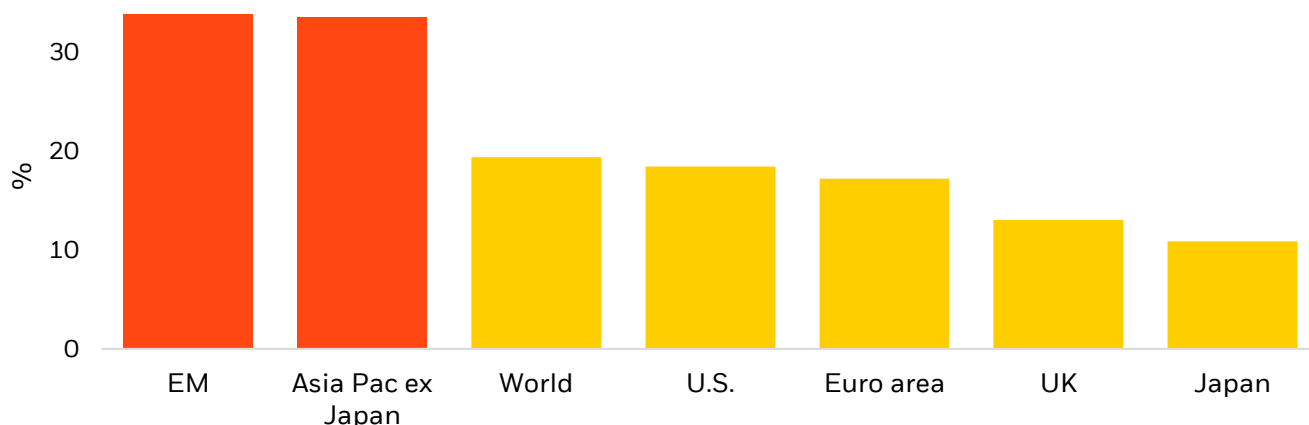


Egon Vavrek

Head of EM & Asia Core, BlackRock Fundamental Equities

EM momentum to continue?

Regional analyst earnings estimates for following 12 months



Source: BlackRock Investment Institute, April 27, 2026. MSCI indices used for each region. The bars show the aggregate analyst 12-month forward earnings growth estimate.

* Bloomberg, April 24, 2026 ** Goldman Sachs, April 2026

How Asia is building and powering AI

Advanced AI processes require vast amounts of memory – for data storage and access – and vast amounts of power. And there is a shortage of both, leading to long-term earnings growth for the companies that operate in these areas.

Memory demand

Memory shortages are expected to persist for at least two years, with demand around 20-30% above supply, according to our analysis. Semiconductor demand is driven by AI training needs and the increasingly complex workloads of AI agents. And it is difficult to quickly expand supply due to the many years it takes to build the new fabrication plants and clean rooms needed to manufacture semiconductors. Asia is home to some of the world’s leading memory providers, and the top companies are seeking to move up the value chain from simply supplying standardized semiconductors to designing memory to customer specifications. One risk to watch: over-supply could be a problem in 2027-2028 if demand wanes just as new production facilities come online.

Company profile: SK Hynix*

Q1 2026 earnings highlight: Revenue nearly tripled to Won52.6tn (US\$36bn), and SK Hynix now has **the 4th highest operating profit of any company in the world.****

Key quote: “The current cycle seems different from the past as memory price upswings are driven by structural changes rather than temporary demand and supply.” – Joon Deok Park, head of DRAM marketing at SK Hynix.

Power demand

AI data center power demand is forecast to quadruple globally over the next decade, as the chart below shows. This is a large reason why the International Energy Agency expects global electricity demand to increase by around 4% every year over the next few years, which is like adding the electricity consumption of Japan every year.

The investment implication? Power delivery and cooling infrastructure are emerging as the next major AI bottlenecks. Several Asian companies are key to the expansion of global power infrastructure, benefitting from surging U.S. gas turbine demand, increasing use of nuclear power and the need for nuclear reactor components, and the need for extra high-voltage transformers which are essential parts of the power systems that can transfer large amounts of energy to data centres from far-away production sources. Battery technology in China is also providing leading energy storage solutions.

Cooling is also critical for energy-intensive data centres, and greater chip power means an increasing shift from air to liquid cooling. Asia is home to leading-edge companies that are adopting next-gen cooling systems that enable greater computing power in the same space.

Company profile: Hyundai Electric

Q1 2026 earnings highlight: Net profit up 35%, and North American revenue up 27%.

Key quote: “Orders are steadily increasing thanks to the spread of AI data centers and demand to replace aging grids.” – Hyundai Electric official.***

We focus on owning businesses that can grow steadily over time, despite short-term movements. We believe that global AI spending has put several Asian companies firmly in this category.

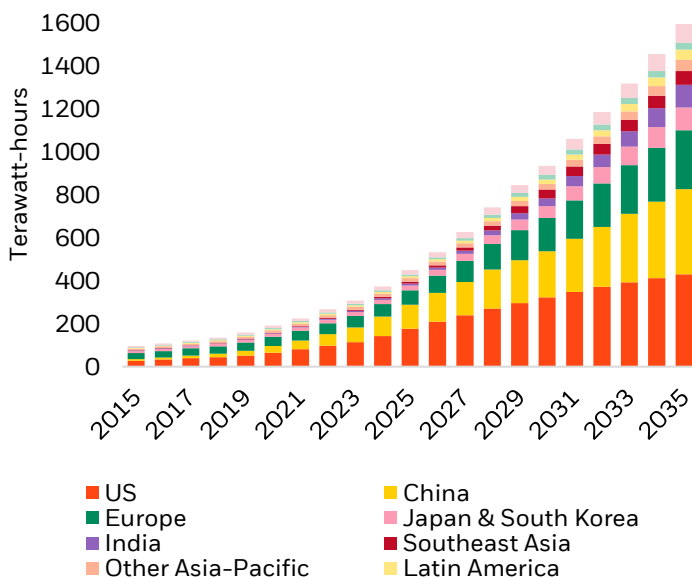
* Companies mentioned for illustrative purposes only.

** Bloomberg consensus, KB Securities estimates.

*** biz.chosun.com, April 28, 2028.

AI power demand expected to surge

Global data centre power demand outlook by market



Source: Bloomberg NEF, global data centre power demand outlook by market, as of 19 September 2025.

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