Morgan Stanley | RESEARCH

UPDATE

June 8, 2026 11:30 PM GMT

Elan Microelectronics Corp | Asia Pacific

Better than feared PC and new business to fuel future growth; OW

Reaction to earnings

Strengthens our thesis	Modest upside	Largely unchanged
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Solid 2Q26 guidance: Elan guided for 2Q revenue of NT$3.2-3.4bn, with the mid-point implying a 2% Q/Q increase and 9% Y/Y growth. 2Q gross margin mid-point guidance of 48.0% implies 0.4ppt Q/Q expansion as AI business ramps up. 2Q operating margin mid-point guidance is 23.7%, slightly lower than 24.1% in 1Q26, mainly due to more expense on photo mask and R&D.

AI drones and optics to add growth: Besides strong shipments of haptics touchpads and 4-in-1 copilot key, Elan is expanding its business in the AI drone market, and shipment started in June, targeting non-China market, As for optics, Elan cooperated with PETA Optronics and will provide EIC, including TIA and drivers. Management expects a sample to be ready in 1H27 and products for shipment in 2H27 for scale out NPO modules.

Stay OW given better-than-expected results, increasing haptic adoption and emerging opportunities in drones and optics showcased in Computex (link).

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Elan Microelectronics Corp (2458.TW, 2458 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$160.00
Up/downside to price target (%)	2
Shr price, close (Jun 8, 2026)	NT$156.50
52-Week Range	NT$170.00-115.50
Sh out, dil, curr (mn)	306
Mkt cap, curr (mn)	NT$47,949
EV, curr (mn)	NT$44,576
Avg daily trading value (mn)	NT$337

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	8.53	9.04	9.80	10.00
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	8.31	9.62	10.77	10.00
Revenue, net (NT$ mn)	12,326	13,906	15,066	16,149
EBITDA (NT$ mn)	3,282	3,366	3,669	3,748

ModelWare net inc (NT $ mn)	2,442	2,587	2,807	2,863
P/E	14.0	17.3	16.0	15.7
P/BV	3.5	4.2	3.9	3.6
RNOA (%)	47.0	34.7	34.2	32.1
ROE (%)	25.0	25.1	24.9	23.2
EV/EBITDA	10.0	13.2	12.0	11.7
Div yld (%)	4.8	3.7	3.7	3.7
FCF yld ratio (%)**	1.3	4.1	4.8	4.7

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Valuation Methodology and Risks

Elan Microelectronics Corp (2458.TW)

Residual income. We assume a cost of equity of 9.6%, an intermediate growth rate of 7.0%, payout ratio of 80% and terminal growth rate of 4.5%.

Risks to Upside

- Notebook shipments stronger than expected.
- AI PCs help content growth in notebook peripheral ICs.
- e-book controller IC ramps up faster then expected.

Risks to Downside

- Notebook replacement cycle extents, shipments lower than expected.
- No spec upgrade in notebook peripheral ICs in AI PC era.
- No progress in e-book controller IC.

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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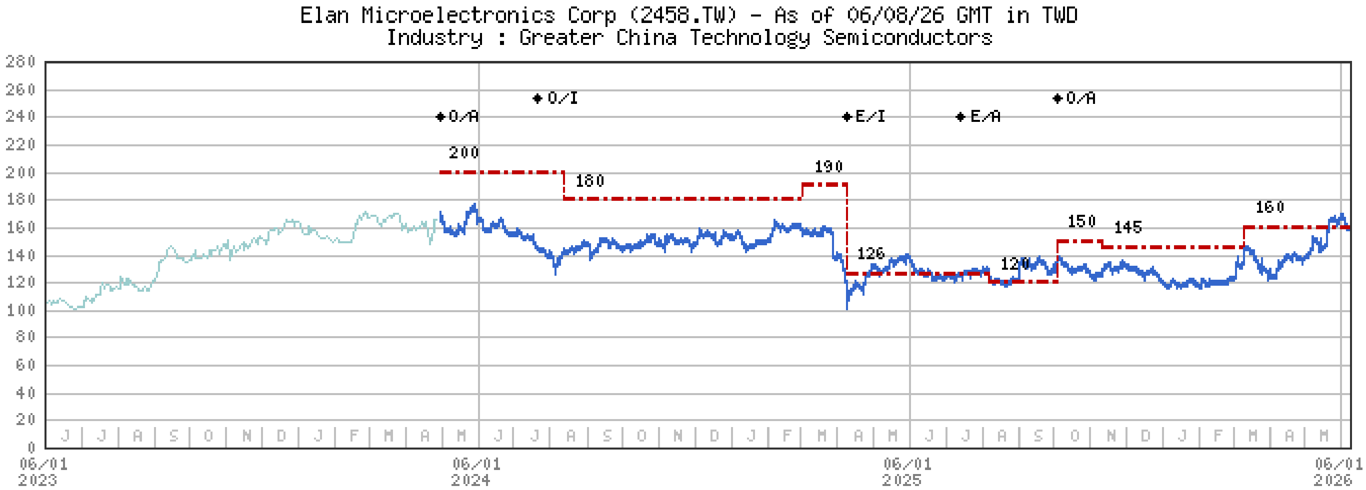
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 4/29/24 : O/A; 7/21/24 : O/I; 4/8/25 : E/I; 7/14/25 : E/A; 10/3/25 : O/A

Price Target History: 4/29/24 : 200; 8/12/24 : 180; 3/2/25 : 190; 4/8/25 : 126; 8/7/25 : 120; 10/3/25 : 150; 11/10/25 : 145; 3/11/26 : 160

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/08/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$80.57
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb265.47
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$144.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,170.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$540.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,250.36
Global Unichip Corp (3443.TW)	E (05/28/2026)	NT$4,255.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$768.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$501.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$137.10
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$462.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$288.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb93.87
MediaTek (2454.TW)	O (11/28/2025)	NT$4,070.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb703.00
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$339.50
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb585.74
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb92.02
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,250.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb103.17
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$524.00
SMIC (0981.HK)	O (10/21/2025)	HK$72.55
TSMC (2330.TW)	O (02/07/2022)	NT$2,295.00
UMC (2303.TW)	O (05/19/2026)	NT$121.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$156.50
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$451.50
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$169.90

China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb62.58
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$156.50
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb95.15
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb32.13
Innoscience (2577.HK)	E (10/13/2025)	HK$67.80
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb70.30
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$26.84
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb121.70
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb106.40
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb69.98
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb38.78
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb94.46
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$909.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,400.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$17,525.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$109.50
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb115.01
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb474.01
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$143.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$347.40
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb224.31
Novatek (3034.TW)	U (02/04/2026)	NT$473.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$160.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$663.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$67.50
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$596.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb52.42
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$154.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$108.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$250.00
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb118.50
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb485.06
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,080.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$829.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$20.33
Hon Precision (7769.TW)	O (04/17/2026)	NT$7,035.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,515.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$263.21
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$8,380.00

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.