Morgan Stanley | RESEARCH

UPDATE

May 28, 2026 03:13 PM GMT

King Yuan Electronics Co Ltd | Asia Pacific

Asia AI Summit 2026 Feedback: More Capacity for Google CPU Demand

Strong Google Arm-based CPU demand: The company mentioned that Google CPU demand has been growing dramatically over the past quarter. The customer (through GUC) is asking for KYEC's Google CPU capacity to increase 3x by the end of 2026, suggesting strong contribution from CPU projects in 2027.

Could see more significant growth for largest customer's XPU business in 3Q26: Management expects to see R-series XPU from the largest customer to ramp quickly in 3Q26. The B-series XPU could also maintain similar momentum from 1H26, leading to potential strong Q/Q growth in 3Q26.

Mixed performance from smartphone segment into 2H26: Management believes revenue from MediaTek could remain flattish in 2H26 given potential longer testing time for new model, while other smartphone customers – e.g.,. OmniVision – remain weak.

No plan to raise 2026 capex further: Management believes current capex is enough for 2026 production while the major customer will consign more testers itself.

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King Yuan Electronics Co Ltd (2449.TW, 2449 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$338.00
Up/downside to price target (%)	6
Shr price, close (May 28, 2026)	NT$320.00
52-Week Range	NT$364.50-92.00
Sh out, dil, curr (mn)	1,230
Mkt cap, curr (mn)	NT$393,492
Avg daily trading value (mn)	NT$6,099

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	8.96	9.84	14.45	18.77
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	8.94	9.80	15.23	20.95
Revenue, net (NT$ mn)	34,934	48,325	67,496	87,196
EBITDA (NT$ mn)	16,516	26,582	40,509	48,848
ModelWare net inc (NT$ mn)	11,016	12,085	17,747	23,055
Div yld (%)	1.8	1.5	2.9	2.9
P/E**	27.6	32.5	22.2	17.1

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

King Yuan Electronics Co Ltd (2449.TW)

Base case, residual income model. Key assumptions: cost of equity of 9.8%, intermediate-term growth rate of 10.5%, terminal growth rate of 3.0%, and cash dividend payout ratio of 65%.

Risks to Upside

- Rise in shipments for core customers such as MediaTek
- Strong AI demand from both GPU and ASIC
- Penetration of wafer sorting business
- Rise in IDM outsourcing to OSAT

Risks to Downside

- Overall non-AI demand remaining weak
- Significant testing market share loss
- Drop in shipments for core customers such as MediaTek

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(as of April 30, 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	1546	42%	467	51%	30%	709	44%
Equal-weight/Hold	1568	43%	358	39%	23%	715	44%
Not-Rated/Hold	4	0%	0	0%	0%	1	0%
Underweight/Sell	555	15%	84	9%	15%	202	12%
Total	3,673		909			1627	

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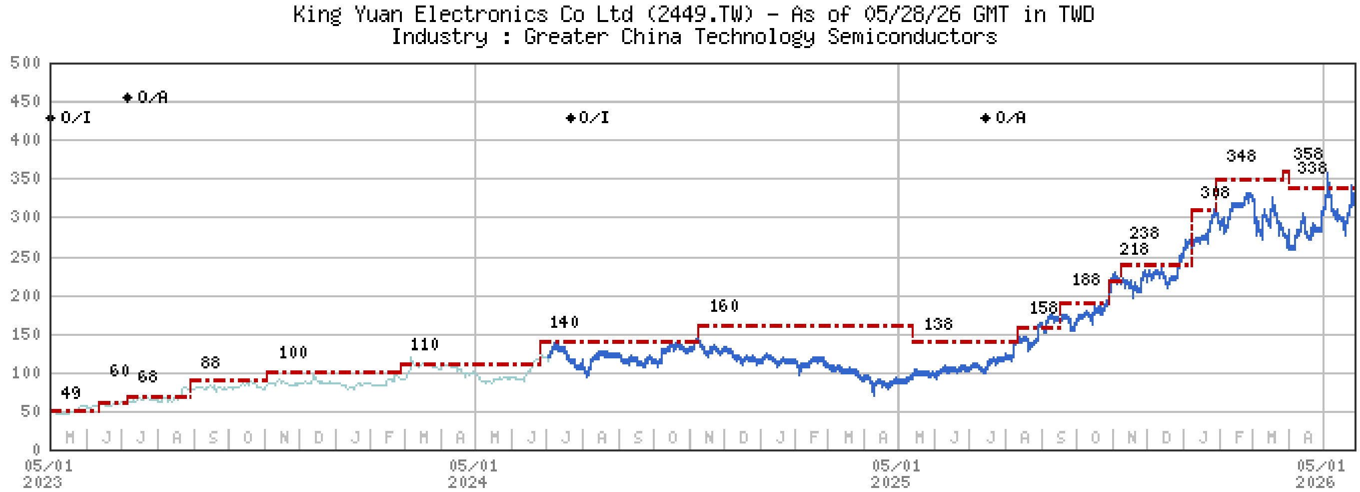
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 5/1/21 : E/I; 6/4/21 : O/I; 10/12/21 : E/C; 10/4/22 : E/A; 2/22/23 : E/I; 3/3/23 : O/I; 7/7/23 : O/A; 7/21/24 : O/I; 7/14/25 : O/A

Price Target History: 4/25/21 : 45; 6/4/21 : 48; 8/3/21 : 52; 10/12/21 : 43; 1/24/22 : 45; 5/6/22 : 48; 7/12/22 : 40; 3/3/23 : 49; 6/12/23 : 60; 7/7/23 : 68; 8/29/23 : 88; 11/4/23 : 100; 2/26/24 : 110; 6/25/24 : 140; 11/9/24 : 160; 5/12/25 : 138; 8/11/25 : 158; 9/17/25 : 188; 10/28/25 : 218; 11/7/25 : 238; 1/7/26 : 308; 1/29/26 : 348; 3/27/26 : 358; 4/1/26 : 338

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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Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb453.12
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$165.50
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,300.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$627.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,391.50
Global Unichip Corp (3443.TW)	E (05/28/2026)	NT$4,590.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$927.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$535.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$170.00
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$546.50
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$320.00
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb117.09
MediaTek (2454.TW)	O (11/28/2025)	NT$4,410.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb699.70
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$324.00
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb659.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb101.90
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,450.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb121.50
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$620.00
SMIC (0981.HK)	O (10/21/2025)	HK$88.25
TSMC (2330.TW)	O (02/07/2022)	NT$2,295.00
UMC (2303.TW)	O (05/19/2026)	NT$142.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$161.50
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$528.00

Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$199.70
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb69.80
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$161.00
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb128.58
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb38.44
Innoscience (2577.HK)	E (10/13/2025)	HK$75.55
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb84.74
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$35.50
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb163.55
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb143.00
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb86.30
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb44.00
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb114.30
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$1,095.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,440.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$17,835.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$125.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb179.13
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb483.00
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$160.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$458.80
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb260.98
Novatek (3034.TW)	U (02/04/2026)	NT$478.50
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$188.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$845.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$80.70
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$594.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb66.09
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$144.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$121.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$289.50
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb147.80
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb548.01
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,240.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$815.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$20.65
Hon Precision (7769.TW)	O (04/17/2026)	NT$7,700.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,915.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$284.98
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$9,120.00

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.