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Chroma Ate Inc. | Asia Pacific

May Sales -6% MoM/+133% YoY

In this report, we focus on Chroma's monthly sales, which we believe could be a catalyst for share price movement.

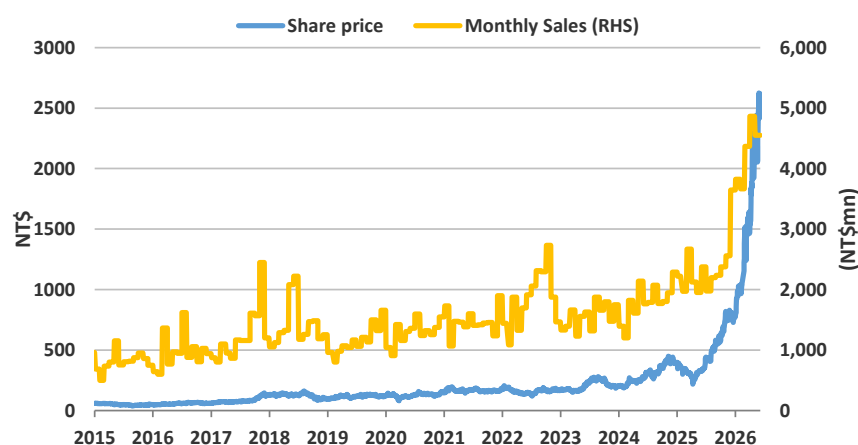
Details:

- May revenue was NT\$4,550mn (-6% MoM/+133% YoY).
- QTD revenue reached 75% of MSe at NT\$12,575mn (+6% QoQ/+95% YoY) and 76% of consensus of NT\$12,359mn (+4% QoQ/+91% YoY).
- Parent company revenue was NT\$3,744mn (-5% QoQ/+135% YoY).

Our view:

- We see 2Q26 tracking ahead of market expectations.
- We expect Chroma to see strong revenue growth in 2026, driven the power testing (AI power product capacity expansions, emerging HVDC migration, and ESS upturn) and semi & photonics (new SLT capex cycle, metrology for advanced packaging and photonics testing for transceivers/CPO) businesses amid AI deployment.
- Moreover, FT handlers and burn-in ovens are under qualification, with revenue contribution expected in the coming years.
- Stay OW.

Exhibit 1: Chroma's monthly sales vs. its share price since 2015



Source: Company data, TEJ, Morgan Stanley Research. Note: Past performance is no guarantee of future results. Results shown do not include transaction costs.

MORGAN STANLEY TAIWAN LIMITED+

Derrick Yang

Equity Analyst

Derrick.Yang@morganstanley.com

+886 2 2730-2862

Vivi Huang

Research Associate

Vivi.Huang@morganstanley.com

+886 2 2730-2860

Sharon Shih

Equity Analyst

Sharon.Shih@morganstanley.com

+886 2 2730-2865



Chroma Ate Inc. (2360.TW, 2360 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	Overweight			
Industry View	In-Line			
Price target	NT\$2,800.00			
Up/downside to price target (%)	9			
Shr price, close (Jun 5, 2026)	NT\$2,565.00			
52-Week Range	NT\$2,795.00-337.50			
Sh out, dil, curr (mn)	425			
Mkt cap, curr (mn)	US\$34,674			
EV, curr (mn)	US\$34,329			
Avg daily trading value (mn)	US\$123			
Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT\$)**	27.49	39.87	55.57	65.07
Prior EPS (NT\$)**	-	-	-	-
EPS (NT\$)§	26.88	40.63	60.76	83.69
Revenue, net (NT\$ mn)	28,311	50,215	66,629	77,450
EBITDA (NT\$ mn)	10,038	21,153	28,956	33,826
ModelWare net inc (NT\$ mn)	11,692	16,957	23,631	27,669
P/E	28.2	64.3	46.2	39.4
P/BV	10.1	26.1	20.1	16.5
RNOA (%)	49.4	75.0	87.8	91.4
ROE (%)	45.9	52.1	56.5	50.9
EV/EBITDA	31.8	50.8	36.8	31.2
Div yld (%)	1.2	0.8	1.1	1.5
FCF yld ratio (%)**	2.4	1.2	1.9	2.4
Leverage (EOP) (%)	(33.4)	(37.6)	(45.8)	(52.2)

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

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Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Chroma Ate Inc. 2360.TW			
May 2026 monthly sales	05 Jun 2026	Unchanged	In-line

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Chroma Ate Inc. (2360.TW)

Base case, 50x 2027e P/E. We use P/E as our valuation methodology because we think it better captures Chroma's earnings growth momentum. The stock traded at an average valuation of ~19x P/E during 2014-25 with an operating profit CAGR of 20%, implying a PEG of 1.0. We think our target multiple of 50x is justified by the 53% operating profit CAGR we project for 2025-28.

Risks to Upside

- Better-than-expected macro conditions
- Stronger semi and photonics and power testing demand
- Margin improvement via better product mix
- Better opex control

Risks to Downside

- Macro slowdown
- Softer-than-expected AI capex
- Slower progress in the advanced packaging capacity expansion
- Weaker consumer electronics and automobile related demand
- Margin contraction arising from lack of revenue scale and increasing opex

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(as of May 31, 2026)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	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	

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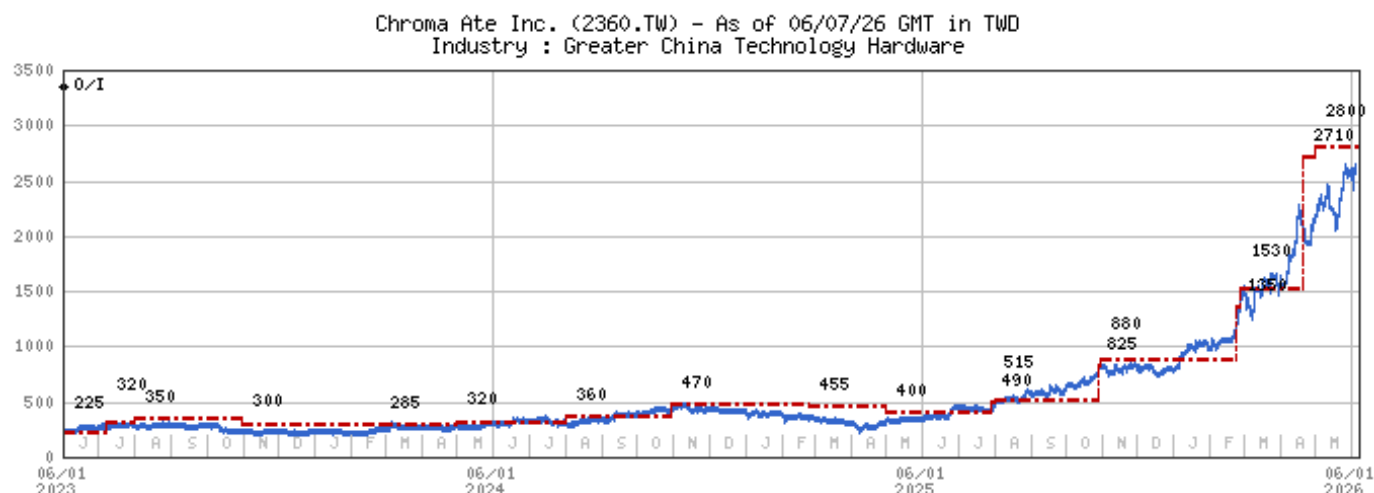
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/05/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK\$45.98
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb227.58
BYD Electronics (0285.HK)	O (04/28/2023)	HK\$28.58
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.64
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.92
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb748.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT\$682.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb5.26
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb31.28
Largan Precision (3008.TW)	E (10/17/2025)	NT\$3,680.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb9.09
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb9.86
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK\$9.25
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb57.33
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK\$41.98
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb60.60
Sunny Optical (2382.HK)	E (03/23/2026)	HK\$82.05
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb457.00
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb21.39
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK\$27.80
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb441.67
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK\$239.20
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb123.83
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb36.22
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,179.99
ZTE Corporation (0763.HK)	O (06/04/2026)	HK\$29.66

ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb39.13
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT\$2,490.00
Advantech (2395.TW)	O (01/20/2021)	NT\$496.00
AirTAC International (1590.TW)	O (04/16/2025)	NT\$1,320.00
AU Optronics (2409.TW)	E (02/10/2026)	NT\$27.10
Bizlink (3665.TW)	O (03/10/2025)	NT\$2,200.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb6.43
Chenbro (8210.TW)	O (07/23/2025)	NT\$1,370.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT\$2,565.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT\$214.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT\$70.20
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT\$345.00
Innolux (3481.TW)	E (04/07/2025)	NT\$53.70
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT\$5,620.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb45.61
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT\$101.00
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb16.91
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.89
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb8.61
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb189.23
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT\$38.40
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT\$900.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT\$41.40
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK\$8.45
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT\$369.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT\$1,315.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb62.14
Lenovo (0992.HK)	E (11/16/2025)	HK\$24.88
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT\$2,365.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT\$845.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT\$96.90
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT\$390.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb137.36
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb373.00
Unimicron (3037.TW)	O (02/23/2026)	NT\$933.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT\$171.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT\$5,660.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT\$769.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT\$504.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT\$2,600.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT\$1,110.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT\$230.50
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT\$2,300.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT\$1,950.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb74.06
Foxconn Technology (2354.TW)	U (04/23/2025)	NT\$60.60
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb24.82
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT\$284.50
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT\$2,655.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb15.08
Lite-On Technology (2301.TW)	E (01/15/2025)	NT\$230.00
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb68.77

Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT\$161.50
Tong Hsing (6271.TW)	E (03/18/2019)	NT\$236.50
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT\$399.00

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