Morgan Stanley | RESEARCH

UPDATE

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Gold Circuit Electronics Ltd. | Asia Pacific

May sales up 20% m/m and 87% y/y

MORGAN STANLEY TAIWAN LIMITED+

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Key Takeaways

- GCE reported May monthly sales of NT$8.8bn (+20% m/m, +87% y/y), 14% above MSe.
- GCE's unaudited April + May monthly revenues already accounted for 69% of MSe and consensus estimates of 2Q26 revenues.
- This implies upside to both our and the Street's numbers.

Upside to May numbers implies upside to 2Q: May revenue continues to reflect adjusted pricing passed through to end customers in recent months. GCE's execution remains strong, and we like its exposure to high-end networking and ASIC server PCBs. We expect continued mix improvement, and with additional capacity coming online, the company should sustain growth in both top line and bottom line. With Apr–May revenue now accounting for close to 70% of our and consensus estimates, June revenue needs to be only ~NT$7.1bn (-19% MoM), which should be readily achievable.

Tranium 3 UBB PCB ramping from late 2Q: This schedule remains unchanged, and we expect monthly revenue to start to reflect this from next month, with profit improvement in 3Q.

Stay OW: The stock is currently trading at ~16.5x/12.5x 2027/28 P/E, which we view as attractive vs. its three-year forward P/E range of 7-25x and its Chinese peers at 30x+. Stay OW.

Gold Circuit Electronics Ltd. (2368.TW, 2368 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$1,660.00
Up/downside to price target (%)	22
Shr price, close (Jun 8, 2026)	NT$1,360.00
52-Week Range	NT$1,520.00-257.50
Sh out, dil, curr (mn)	517
Mkt cap, curr (mn)	NT$702,594
EV, curr (mn)	NT$693,493
Avg daily trading value (mn)	NT$6,715

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	19.47	47.19	82.32	109.07
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	19.10	38.63	64.06	90.77
Revenue, net (NT$ mn)	60,004	107,946	161,969	204,164
EBITDA (NT$ mn)	15,359	35,260	61,114	80,717
P/E	35.3	28.8	16.5	12.5
P/BV	10.1	13.0	8.3	5.9
RNOA (%)	74.6	111.4	130.3	134.1
ROE (%)	45.1	69.5	78.5	67.0
EV/EBITDA	21.5	19.5	10.9	8.0
Div yld (%)	0.9	0.7	1.8	3.1
FCF yld ratio (%)**	(1.4)	1.7	4.5	6.8
Leverage (EOP) (%)	(27.2)	(29.6)	(41.6)	(51.0)

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

Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Gold Circuit Electronics Ltd. 2368.TW			
May 2026 monthly sales	08 Jun 2026	Strengthens	↑ Meaningful upside surprise

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Gold Circuit Electronics Ltd. (2368.TW)

Base case, residual income model. Key assumptions include a cost of equity of 9.2% (beta of 1.0, equity risk premium of 8.7% and risk-free rate of 1.0%), a medium-term growth rate of 12%, and a terminal growth rate of 3%.

Risks to Upside

- Faster-than-expected server and switch demand
- Stronger-than-expected NB demand
- Higher-than-expected pricing supported by strong product capability and market competitiveness
- Faster-than-expected AI server penetration

Risks to Downside

- Slower-than-expected server demand
- Weaker-than-expected NB demand
- More severe pricing erosion driven by competition
- Slower-than-expected AI server penetration

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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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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
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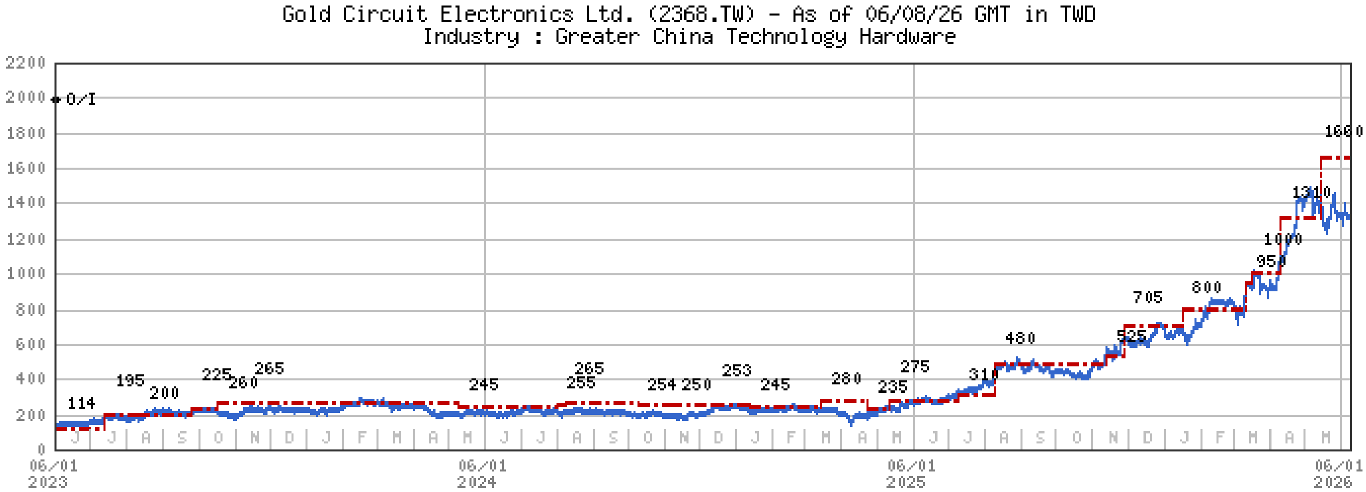
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/6/22 : O/I

Price Target History: 10/6/22 : 115; 10/21/22 : 110; 1/2/23 : 108; 2/7/23 : 102; 5/12/23 : 114; 7/12/23 : 195; 8/11/23 : 200; 9/25/23 : 225; 10/17/23 : 260; 11/9/23 : 265; 5/9/24 : 245; 8/1/24 : 255; 8/8/24 : 265; 10/9/24 : 254; 11/7/24 : 250; 12/12/24 : 253; 1/13/25 : 245; 3/14/25 : 280; 4/23/25 : 235; 5/12/25 : 275; 7/9/25 : 310; 8/9/25 : 480; 11/12/25 : 525; 11/27/25 : 705; 1/16/26 : 800; 3/11/26 : 950; 3/16/26 : 1000; 4/10/26 : 1310; 5/14/26 : 1660

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 Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/08/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$45.18
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb206.99
BYD Electronics (0285.HK)	O (04/28/2023)	HK$27.26
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.47
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.46
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb725.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$654.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb5.17
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb30.30
Largan Precision (3008.TW)	E (10/17/2025)	NT$3,535.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb8.62
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb9.24
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$8.72
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb58.30
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$39.00
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb56.77
Sunny Optical (2382.HK)	E (03/23/2026)	HK$77.10
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb425.11
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb20.91
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$27.38
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb440.30
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$234.20
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb115.68
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb34.23
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,154.99
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$27.54

ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb36.81
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,420.00
Advantech (2395.TW)	O (01/20/2021)	NT$471.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,280.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$24.40
Bizlink (3665.TW)	O (03/10/2025)	NT$2,095.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb6.29
Chenbro (8210.TW)	O (07/23/2025)	NT$1,375.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,450.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$198.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$64.80
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$329.50
Innolux (3481.TW)	E (04/07/2025)	NT$48.35
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$6,180.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb42.64
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$94.10
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb16.45
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.65
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb8.22
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb177.80
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$35.30
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$844.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$38.60
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$8.02
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$345.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,360.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb57.89
Lenovo (0992.HK)	E (11/16/2025)	HK$24.56
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,290.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$831.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$92.10
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$376.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb134.06
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb369.64
Unimicron (3037.TW)	O (02/23/2026)	NT$911.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$163.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,275.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$751.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$512.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,570.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,095.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$220.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$2,255.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,895.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb70.48
Foxconn Technology (2354.TW)	U (04/23/2025)	NT$56.40
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.10
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$269.50
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,495.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb14.34
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$218.50
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb66.14

Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT$157.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT$218.50
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$359.50

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* Historical prices are not split adjusted.