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Compal Electronics | Asia Pacific

May sales down 2% m/m, but up 22% Y/Y

MORGAN STANLEY TAIWAN LIMITED+

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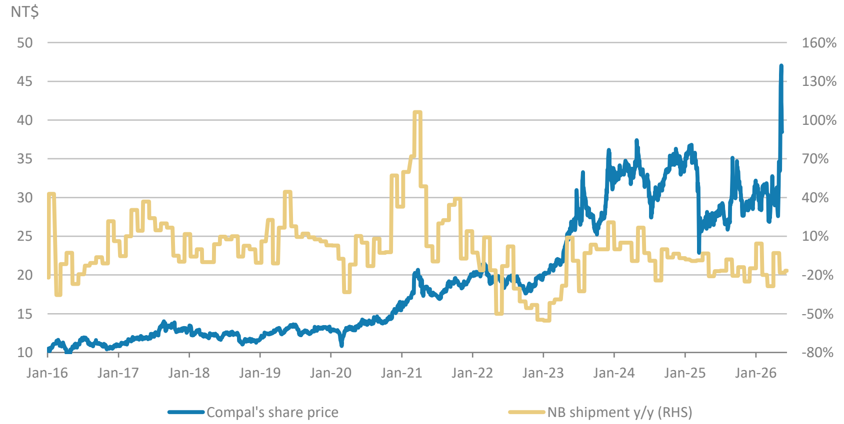
Key Takeaways

- May sales were NT$70B (-2% m/m, +22% y/y).
- April + May sales were 64% of our 2Q26 estimate of NT$221B (+10% q/q, +23% y/y) and 64% of consensus' NT$221B (+10% q/q, +23% y/y).
- May notebook shipments were 2.0M units (+11% m/m, -17% y/y), 5% below our estimate.

Our view:

- Unaudited April + May sales are tracking slightly behind our and consensus estimates for 2Q26, primarily due to slower PC and consumer electronics shipments.
- May notebook shipments came in 5% below our estimate at 2.0M units (+11% m/m, -17% y/y).
- Compal's guidance continues to be that its notebook shipments will grow in the low-single-digits q/q and revenue will grow in the double-digits q/q in 2Q26.
- We believe the continued pull-in of consumer electronic devices in 1H26 will lead to a more sub-seasonal 2H26.
- On our estimates, Compal is trading at ~17x 2027e P/E, above its past five-year P/E average of ~14x.
- We stay UW on Compal.

Exhibit 1: Compal's NB shipments vs. its share price



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

Compal Electronics (2324.TW, 2324 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Underweight**
Industry View	**In-Line**
Price target	NT$23.00
Up/downside to price target (%)	(40)
Shr price, close (Jun 9, 2026)	NT$38.45
52-Week Range	NT$47.75-26.70
Sh out, dil, curr (mn)	4,471
Mkt cap, curr (mn)	NT$171,895
EV, curr (mn)	NT$143,104
Avg daily trading value (mn)	NT$1,523

Fiscal Year Ending	**12/25**	**12/26e**	**12/27e**	**12/28e**
EPS (NT$)**	1.38	1.98	2.23	2.63
EPS (NT$)§	1.49	2.08	2.45	2.90
Revenue, net (NT$ mn)	757,513	892,173	976,621	1,025,983
EBITDA (NT$ mn)	17,782	19,752	20,466	22,175
ModelWare net inc (NT $ mn)	6,030	8,644	9,722	11,492
P/E	22.0	19.4	17.3	14.6
RNOA (%)	7.7	8.8	9.6	10.9
ROE (%)	3.9	5.9	6.4	7.3
EV/EBITDA	5.9	7.2	6.9	6.2
Div yld (%)	4.6	2.2	3.2	3.6
FCF yld ratio (%)**	11.5	2.1	4.1	5.9
Leverage (EOP) (%)	(19.5)	(18.9)	(19.5)	(21.5)

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

Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Compal Electronics 2324.TW			
May 2026 notebook shipments	09 Jun 2026	Unchanged	⬇ Modest downside surprise

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

Compal Electronics (2324.TW)

Base case, residual income model. Our key assumptions include a cost of equity of 9.1% (beta 1.3, equity risk premium 6.0%, and risk-free rate 1.5%), a medium-term growth rate of 5.0%, and a long-term earnings growth rate of 3.0%.

Risks to Upside

- Stronger-than-expected NB and smartphone demand
- Further share gains in iPad
- Margin expansion thanks to better scale

Risks to Downside

- Weaker-than-expected NB demand
- Margin contraction from sales shortfall and fierce price competition
- Weaker-than-expected iPad shipments

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
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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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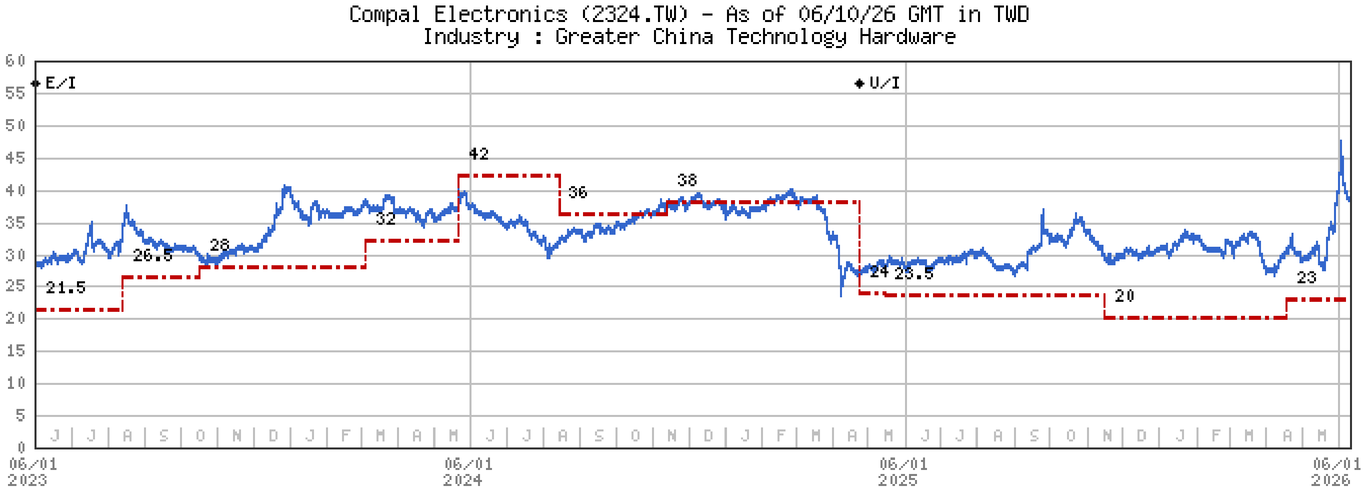
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : U/I; 5/1/23 : E/I; 4/23/25 : U/I

Price Target History: 3/26/21 : 20; 7/28/21 : 18; 11/12/21 : 19; 3/7/22 : 21; 5/12/22 : 19.5; 7/26/22 : 19; 8/14/22 : 18; 5/1/23 : 21.5; 8/14/23 : 26.5; 10/17/23 : 28; 3/4/24 : 32; 5/22/24 : 42; 8/14/24 : 36; 11/13/24 : 38; 4/23/25 : 24; 5/15/25 : 23.5; 11/16/25 : 20; 4/17/26 : 23

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/09/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$46.06
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb210.22
BYD Electronics (0285.HK)	O (04/28/2023)	HK$26.92
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.58
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.59
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb785.73
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$719.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb5.24
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb30.49
Largan Precision (3008.TW)	E (10/17/2025)	NT$3,885.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb8.90
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb9.54
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$8.61
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb58.15
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)	Rmb56.35
Sunny Optical (2382.HK)	E (03/23/2026)	HK$76.75
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb443.92
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb19.87
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$27.20
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb484.33
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$255.40
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb119.23
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb35.76
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,180.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$27.98

ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb39.14
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,475.00
Advantech (2395.TW)	O (01/20/2021)	NT$489.50
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,305.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$24.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,155.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb6.52
Chenbro (8210.TW)	O (07/23/2025)	NT$1,510.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,390.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$201.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$66.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$345.00
Innolux (3481.TW)	E (04/07/2025)	NT$49.10
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$6,795.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb44.78
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$91.80
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb17.30
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.86
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb8.32
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb188.88
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$36.95
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$850.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$38.45
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$7.80
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$359.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,495.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb59.46
Lenovo (0992.HK)	E (11/16/2025)	HK$25.38
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,335.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$914.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$95.10
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$375.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb147.47
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb395.96
Unimicron (3037.TW)	O (02/23/2026)	NT$969.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$165.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,300.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$826.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$545.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,545.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,110.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$220.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$2,415.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,950.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb74.74
Foxconn Technology (2354.TW)	U (04/23/2025)	NT$58.80
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.83
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$277.50
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,490.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb14.86
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$224.00
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb69.34

Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT$160.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT$240.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$395.00

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