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Greater China Technology Hardware | Asia Pacific

# Automation – Read-across from Preliminary JMTBA May 2026 Orders

MORGAN STANLEY TAIWAN LIMITED+

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| GREATER CHINA TECHNOLOGY HARDWARE | |
|---|---|
| Asia Pacific | |
| Industry View | In-Line |

In this report, we focus on preliminary JMTBA orders, which we believe could be a catalyst for Airtac's and Hiwin's share prices.

**According to the Japan Machine Tool Builders' Association (JMTBA), headline orders dropped 6% MoM but grew 37% YoY in May 2026 (vs. -2% MoM/+45% YoY in April 2026), to ¥177bn.**

- Domestic orders were -9% MoM/+36% YoY (vs. -2% MoM/+43% YoY in April), at ¥45bn.
- Overseas orders were -6% MoM/+38% YoY (vs. -2% MoM/+46% YoY in April), at ¥132bn.

**Our view:**

- Order growth remained solid on a YoY basis, and we believe growth for all three major regions should stay strong as their manufacturing PMIs all held above the 50 threshold – China/Europe/North America at 50.0/51.6/54.0 in May, vs. 50.3/52.2/52.7 in April.
- Against the backdrop of industry recovery, we remain OW on both Airtac (1590.TW) and Hiwin (2049.TW):
  - Airtac should continue to gain market share, and valuation appears undemanding at 20x 2027e P/E (vs. 25x average since 2020).
  - Hiwin should see margin expansions in the coming quarters, driven by higher utilization and price hikes. The stock is now trading at 30x 2027e P/E (vs. peak cycle valuation of 35-40x), so we see potential share price upside.

## Catalyst Event Reaction

| Company / Catalyst | Date | Impact to thesis | Catalyst versus expectation |
|---|---|---|---|
| **AirTAC International** 1590.TW | | | |
| Preliminary May 2026 JMTBA orders | 10 Jun 2026 | Unchanged | \| In-line |
| **Hiwin Technologies Corp.** 2049.TW | | | |
| Preliminary May 2026 JMTBA orders | 09 Jun 2026 | Unchanged | \| In-line |

Source:Company data, Morgan Stanley Research

# Valuation Methodology and Risks

### AirTAC International (1590.TW)

Base case, 30x 2027e P/E. We believe this methodology better captures earnings growth momentum for industrial automation component plays (market sentiment moves along with business cycles). As the industry enters an upcycle, we think applying a peak cycle valuation of 30x P/E is reasonable given the stronger business outlook.

**Risks to Upside**

- Stronger macroeconomic climate in China
- Stronger-than-expected demand from industrial automation

**Risks to Downside**

- Sharper economic downturn in China
- Miniature linear guideway business development taking more time
- Larger-than-expected investment in new products but weaker-than-expected demand

### Hiwin Technologies Corp. (2049.TW)

Base case, P/E. We think this valuation methodology better captures Hiwin's earnings growth momentum, as its valuation tends to move with the business cycle. We apply a target multiple of 37x to our 2027 EPS estimate. We view this multiple as justified by the 44% operating profit CAGR we project for 2025-28.

**Risks to Upside**

- Stronger industrial automation demand pickup.
- Market share gains.
- Earlier-than-expected revenue contribution from humanoids.

**Risks to Downside**

- Weaker industrial automation demand.
- More pricing pressure.
- Market share loss.
- More broad-based impact on the global economy from geopolitical risks.

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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 | |

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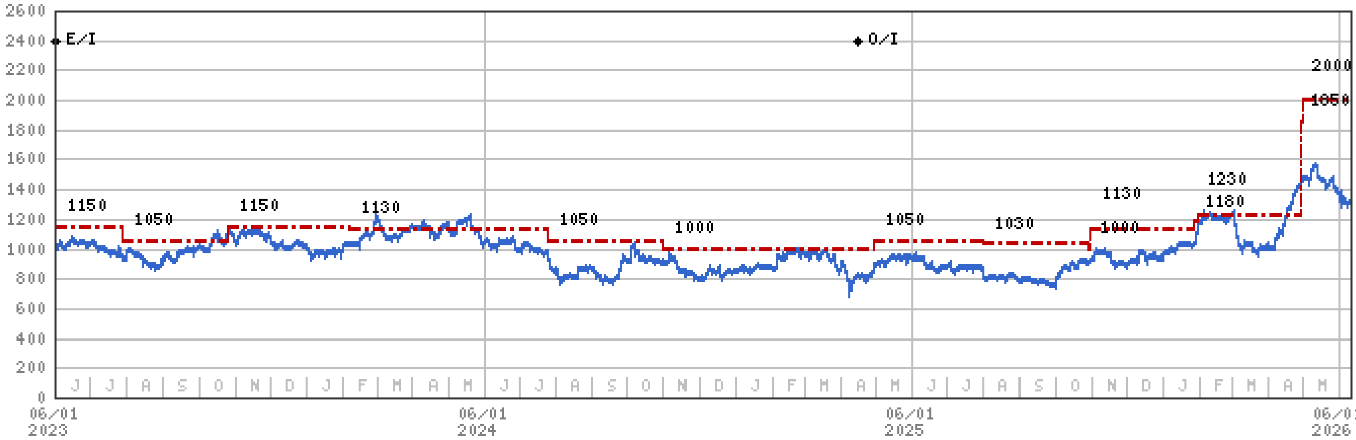
## Stock Price, Price Target and Rating History (See Rating Definitions)

AirTAC International (1590.TW) - As of 06/10/26 GMT in TWD
Industry : Greater China Technology Hardware




Stock Rating History: 6/1/21 : O/I; 11/8/21 : E/I; 1/11/22 : O/I; 8/4/22 : E/I; 4/16/25 : O/I

Price Target History: 4/29/21 : 1567.27; 8/5/21 : 1379.98; 10/4/21 : 1300; 11/8/21 : 870; 1/11/22 : 1250; 3/24/22 : 1150; 8/4/22 : 850; 10/27/22 : 600; 1/16/23 : 1050; 2/8/23 : 1100; 4/26/23 : 1150; 7/28/23 : 1050; 10/26/23 : 1150; 2/7/24 : 1130; 7/25/24 : 1050; 11/1/24 : 1000; 4/30/25 : 1050; 8/1/25 : 1030; 10/30/25 : 1000; 10/31/25 : 1130; 1/27/26 : 1180; 1/30/26 : 1230; 4/28/26 : 1850; 4/30/26 : 2000

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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Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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Hiwin Technologies Corp. (2049.TW) - As of 06/10/26 GMT in TWD
Industry : Greater China Technology Hardware


Stock Rating History: 6/1/21 : O/I; 8/11/22 : E/I; 2/21/23 : O/I; 8/11/23 : E/I; 5/12/25 : U/I; 2/27/26 : E/I; 3/30/26 : O/I

Price Target History: 1/20/21 : 556.84; 8/5/21 : 480.04; 10/5/21 : 479.6; 2/28/22 : 341.16; 3/24/22 : 301.61; 7/20/22 : 295; 8/11/22 : 230; 11/21/22 : 200; 2/21/23 : 295; 2/27/23 : 283; 5/10/23 : 280; 8/11/23 : 205; 11/13/23 : 220; 2/27/24 : 210; 8/13/24 : 205; 11/12/24 : 225; 2/27/25 : 310; 5/12/25 : 160; 2/27/26 : 210; 3/30/26 : 300; 4/28/26 : 380; 5/11/26 : 400

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) —
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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## INDUSTRY COVERAGE: Greater China Technology Hardware

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (06/10/2026) |
|---|---|---|

| | | |
|---|---|---|
| **Andy Meng, CFA** | | |
| AAC Technologies Holdings (2018.HK) | O (01/29/2024) | HK$44.44 |
| Accelink Technologies Co. Ltd. (002281.SZ) | U (05/12/2022) | Rmb202.60 |
| BYD Electronics (0285.HK) | O (04/28/2023) | HK$25.72 |
| China TransInfo Technology Co Ltd (002373.SZ) | E (07/18/2023) | Rmb7.48 |
| Dahua Technology Co. Ltd. (002236.SZ) | E (12/12/2024) | Rmb16.24 |
| Eoptolink Technology Inc Ltd (300502.SZ) | O (02/27/2026) | Rmb772.50 |
| Genius Electronic Optical Co. Ltd. (3406.TW) | E (04/23/2025) | NT$677.00 |
| Gosuncn Technology Group Co Ltd (300098.SZ) | U (11/07/2022) | Rmb5.10 |
| HIKVision Digital Technology (002415.SZ) | E (12/12/2024) | Rmb30.38 |
| Largan Precision (3008.TW) | E (10/17/2025) | NT$4,130.00 |
| LianChuang Electronic Technology Co Ltd (002036.SZ) | U (06/12/2024) | Rmb8.37 |
| OFILM Group Co Ltd (002456.SZ) | U (06/12/2024) | Rmb8.96 |
| Q Technology (Group) Company Ltd (1478.HK) | U (03/23/2026) | HK$8.05 |
| Quectel Wireless Solutions Co Ltd (603236.SS) | E (10/09/2024) | Rmb55.82 |
| 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) | Rmb53.40 |
| Sunny Optical (2382.HK) | E (03/23/2026) | HK$73.85 |
| Suzhou TFC Optical Communication Co Ltd. (300394.SZ) | E (11/06/2025) | Rmb411.08 |
| Wingtech Technology Co Ltd (600745.SS) | U (05/18/2026) | Rmb18.88 |
| Xiaomi Corp (1810.HK) | O (04/14/2021) | HK$26.32 |
| Yangtze Optical Fibre and Cable JSC Ltd (601869.SS) | U (10/13/2021) | Rmb452.69 |
| Yangtze Optical Fibre and Cable JSC Ltd (6869.HK) | E (04/20/2023) | HK$231.40 |
| Yongxin Optics Co Ltd (603297.SS) | E (11/15/2022) | Rmb117.67 |
| Zhejiang Crystal-Optech Co Ltd (002273.SZ) | O (11/15/2022) | Rmb34.09 |
| Zhongji Innolight Co Ltd (300308.SZ) | ++ | Rmb1,147.00 |
| ZTE Corporation (0763.HK) | O (06/04/2026) | HK$26.82 |
| ZTE Corporation (000063.SZ) | E (06/04/2026) | Rmb38.42 |
| **Derrick Yang** | | |
| Accton Technology Corporation (2345.TW) | O (06/06/2024) | NT$2,365.00 |
| Advantech (2395.TW) | O (01/20/2021) | NT$465.50 |
| AirTAC International (1590.TW) | O (04/16/2025) | NT$1,285.00 |
| AU Optronics (2409.TW) | E (02/10/2026) | NT$22.95 |
| Bizlink (3665.TW) | O (03/10/2025) | NT$2,155.00 |
| BOE Technology (000725.SZ) | O (09/06/2019) | Rmb6.03 |
| Chenbro (8210.TW) | O (07/23/2025) | NT$1,445.00 |
| Chroma Ate Inc. (2360.TW) | O (10/05/2021) | NT$2,210.00 |
| E Ink Holdings Inc. (8069.TWO) | O (05/11/2026) | NT$191.00 |
| Ennostar Inc (3714.TW) | U (09/23/2022) | NT$62.70 |
| Hiwin Technologies Corp. (2049.TW) | O (03/30/2026) | NT$326.00 |
| Innolux (3481.TW) | E (04/07/2025) | NT$44.30 |
| King Slide Works Co. Ltd. (2059.TW) | O (11/08/2023) | NT$6,370.00 |
| Lens Technology (300433.SZ) | E (07/22/2020) | Rmb42.11 |
| Radiant Opto-Electronics Corporation (6176.TW) | E (03/01/2024) | NT$89.10 |
| Sanan Optoelectronics (600703.SS) | U (08/21/2023) | Rmb15.57 |
| TCL Corp. (000100.SZ) | E (04/07/2025) | Rmb4.67 |
| Tianma Microelectronics (000050.SZ) | U (01/24/2018) | Rmb8.00 |
| Wuhan Jingce Electronic Group Co Ltd (300567.SZ) | E (11/26/2021) | Rmb188.79 |
| **Howard Kao** | | |
| Acer Inc. (2353.TW) | U (04/23/2025) | NT$36.20 |
| Asustek Computer Inc. (2357.TW) | U (11/16/2025) | NT$796.00 |
| Compal Electronics (2324.TW) | U (04/23/2025) | NT$37.10 |
| FIT Hon Teng Ltd (6088.HK) | O (11/03/2025) | HK$7.23 |
| Giga-Byte Technology Co. Ltd. (2376.TW) | E (11/16/2025) | NT$344.50 |
| Gold Circuit Electronics Ltd. (2368.TW) | O (10/06/2022) | NT$1,420.00 |

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|---|---|---|
| Inspur Electronic Information (000977.SZ) | E (08/28/2023) | Rmb59.39 |
| Lenovo (0992.HK) | E (11/16/2025) | HK$23.00 |
| Lotes Co. Ltd. (3533.TW) | E (05/12/2025) | NT$2,175.00 |
| Nan Ya PCB (8046.TW) | O (02/23/2026) | NT$847.00 |
| Pegatron Corporation (4938.TW) | E (03/25/2026) | NT$94.80 |
| Quanta Computer Inc. (2382.TW) | O (05/01/2023) | NT$380.50 |
| Shengyi Technology Co Ltd. (600183.SS) | E (05/26/2022) | Rmb146.90 |
| Shennan Circuits Co Ltd (002916.SZ) | E (08/24/2023) | Rmb383.06 |
| Unimicron (3037.TW) | O (02/23/2026) | NT$884.00 |
| Wistron Corporation (3231.TW) | O (07/12/2023) | NT$158.00 |
| Wiwynn Corp (6669.TW) | O (11/10/2025) | NT$5,065.00 |
| Yageo Corp. (2327.TW) | O (10/28/2025) | NT$819.00 |
| Zhen Ding (4958.TW) | O (05/18/2026) | NT$502.00 |
| **Sharon Shih** | | |
| Asia Vital Components Co. Ltd. (3017.TW) | O (07/30/2024) | NT$2,360.00 |
| Auras Technology Co Ltd (3324.TWO) | E (05/04/2023) | NT$1,010.00 |
| Catcher Technology (2474.TW) | U (11/17/2025) | NT$204.50 |
| Delta Electronics Inc. (2308.TW) | O (07/13/2017) | NT$2,200.00 |
| Fositek Corp (6805.TW) | O (06/25/2025) | NT$1,755.00 |
| Foxconn Industrial Internet Co. Ltd. (601138.SS) | O (07/10/2019) | Rmb71.13 |
| Foxconn Technology (2354.TW) | U (04/23/2025) | NT$56.30 |
| GoerTek Inc (002241.SZ) | U (04/23/2025) | Rmb22.76 |
| Hon Hai Precision (2317.TW) | O (03/15/2024) | NT$263.00 |
| LandMark Optoelectronics Corporation (3081.TWO) | E (03/26/2026) | NT$2,245.00 |
| Lingyi Itech Guangdong Co (002600.SZ) | U (04/23/2025) | Rmb13.90 |
| Lite-On Technology (2301.TW) | E (01/15/2025) | NT$213.00 |
| Luxshare Precision Industry Co., Ltd. (002475.SZ) | O (10/24/2016) | Rmb65.51 |
| Sunonwealth Electric Machine Industry Co (2421.TW) | E (02/23/2024) | NT$145.00 |
| Tong Hsing (6271.TW) | E (03/18/2019) | NT$225.00 |
| Visual Photonics Epitaxy Co Ltd (2455.TW) | E (09/11/2023) | NT$355.50 |

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