Daiwa Capital Markets
Hong Kong Limited

earnings

14 July 2026

MEMO

Tong Yang Industry (1319 TT)

Share price (14 Jul): **TWD75.40** 12-mth rating: **Hold (3)** **Consumer Discretionary: Taiwan**

2Q26 unaudited results missed due to weaker-than-expected OEM segment

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Summary: Tong Yang released its unaudited June operating results on 14 July 2026 after market hours. Its 2Q26 operating profit accounted for 92.2% and 88.1% of our and the Bloomberg consensus forecasts, respectively, while its 2Q26 pre-tax profit accounted for 93.9% and 90.7% of our and the consensus forecasts, respectively. We attribute the miss to the weaker-than-expected OEM segment.

We have a Hold (3) rating on Tong Yang with a 12-month TP of TWD81, based on a target PER of 14x applied to our 1-year-forward EPS. For more information on the company, please refer to our latest flash, *Downgrading: waiting for better order visibility*, on 1 July.

What's the impact

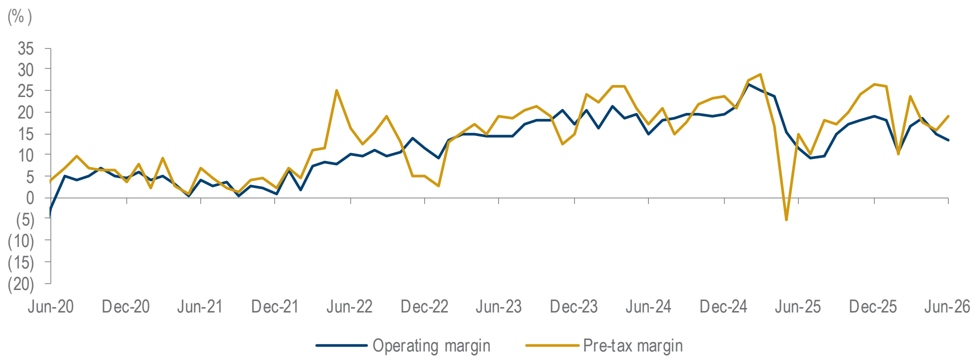
- **2Q26 unaudited results missed due to weaker-than-expected OEM segment.** Tong Yang's 2Q26 operating margin was 15.8%, missing our forecast and the Bloomberg consensus by 1.4pp and 1.5pp, respectively. As a result, its operating profit of TWD892m (+0.6% QoQ and -13.7% YoY) missed our and consensus forecasts by 7.8% and 11.9%, respectively. Including an FX loss of TWD20m, its pre-tax profit of TWD989m (-16.7% QoQ and +79.3% YoY) also missed our and consensus estimates by 6.1% and 9.3%, respectively. We attribute the miss to the weaker-than-expected OEM segment.

Tong Yang: unaudited 2Q26 results vs. Daiwa and the Bloomberg forecasts

(TWDm)	Tong Yang's unaudited 2Q26 results	Daiwa forecast	Difference	Bloomberg consensus	Difference
Revenue	5,663	5,627	0.6%	5,875	-3.6%
Operating profit	892	968	-7.8%	1,013	-11.9%
Pre-tax profit	989	1,053	-6.1%	1,091	-9.3%
Margin					
Operating margin	15.8%	17.2%	-1.4pp	17.2%	-1.5pp
Pre-tax margin	17.5%	18.7%	-1.2pp	18.6%	-1.1pp

Source: Company, Bloomberg, Daiwa forecasts

Tong Yang: monthly margin trend



Source: Company

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- **Lack of share price catalysts in the near term; however, an attractive dividend yield should support the stock.** We expect Tong Yang's revenue momentum to pick up in September, ahead of its peak season in 4Q26, supported by lean inventory at its US clients and improved US tariff conditions. In addition, its dividend yield is estimated at 6.1-7.1% over 2026-28E, based on Daiwa forecasts, which we believe should support its current share price level.

What we recommend

We have a Hold (3) rating on Tong Yang with a 12-month TP of TWD81, based on a target PER of 14x applied to our 1-year-forward EPS. Based on our 2026/27E EPS, the stock is currently trading at PERs of 12.3x/11.7x, vs. its past-3-year trading range of 7-20x. Key upside/downside risks: stronger-/weaker-than-expected gross margin expansion and AM revenue.

In the interests of timeliness, this document has not been edited.

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Hold**	20.53%
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Source: Daiwa

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