Morgan Stanley | RESEARCH

UPDATE

July 2, 2026 03:43 PM GMT

AirTAC International | Asia Pacific

June Sales Flat MoM, Up 45% YoY

Here we focus on AirTAC's monthly sales, which we believe could be a catalyst for its share price.

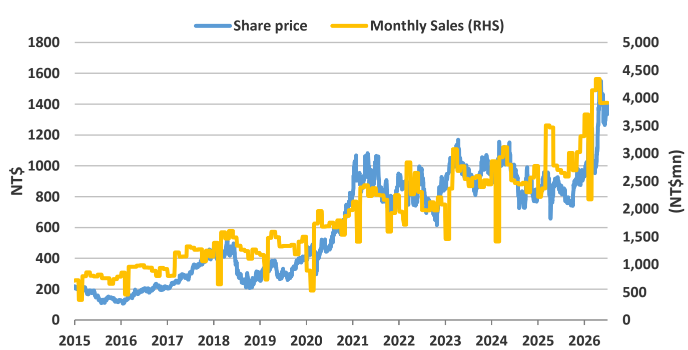
What's new:

- June sales were NT$3,913mn (flat MoM/+45% YoY).
- Overall 2Q26 revenue came in at NT$12,164mn (+21% QoQ/+36% YoY), another record high and exceeding our estimate of NT$11,342mn (+13% QoQ/+27% YoY) and consensus of NT$10,941mn (+9% QoQ/+22% YoY), by 7% and 11%, respectively.
- By segment, shipments from battery (+50%), machine tool (+45%), automobile (+30%), general machinery (+28%), and electronics (+25%) outperformed during the month.

Outlook:

- Orders for the month continued to exceed shipments in June, with both above its own expectations.
- Management remains positive on the growth outlook, supported by the industry upcycle, Chinese government policy, and its own share gains.
- We stay OW, as current valuation of 21x 2027e P/E seems undemanding vs. its mid-cycle average of 25x.

Exhibit 1: AirTAC monthly sales vs. its share price since 2015



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

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AirTAC International (1590.TW, 1590 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$2,000.00
Up/downside to price target (%)	44
Shr price, close (Jul 2, 2026)	NT$1,390.00
52-Week Range	NT$1,600.00-741.00
Sh out, dil, curr (mn)	200
Mkt cap, curr (mn)	US$8,731
EV, curr (mn)	US$8,580
Avg daily trading value (mn)	US$30

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	41.97	56.77	65.77	73.77
EPS (NT$)§	41.43	55.33	62.57	69.46
Revenue, net (NT$ mn)	34,330	42,689	49,091	55,118
EBITDA (NT$ mn)	12,866	16,460	18,887	21,122
ModelWare net inc (NT $ mn)	8,400	11,363	13,165	14,767
P/E	22.2	24.5	21.1	18.8
P/BV	3.5	4.8	4.2	3.8
RNOA (%)	17.7	23.3	25.3	26.4
ROE (%)	17.5	21.6	22.7	22.5
EV/EBITDA	14.1	16.5	14.2	12.5
Div yld (%)	2.2	2.1	2.0	2.4
FCF yld ratio (%)	3.4	2.7	3.2	3.7
Leverage (EOP) (%)	(9.1)	(11.8)	(15.5)	(19.0)

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
AirTAC International 1590.TW			
June 2026 monthly sales	02 Jul 2026	Unchanged	↑ Modest upside surprise

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

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(as of June 30, 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	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

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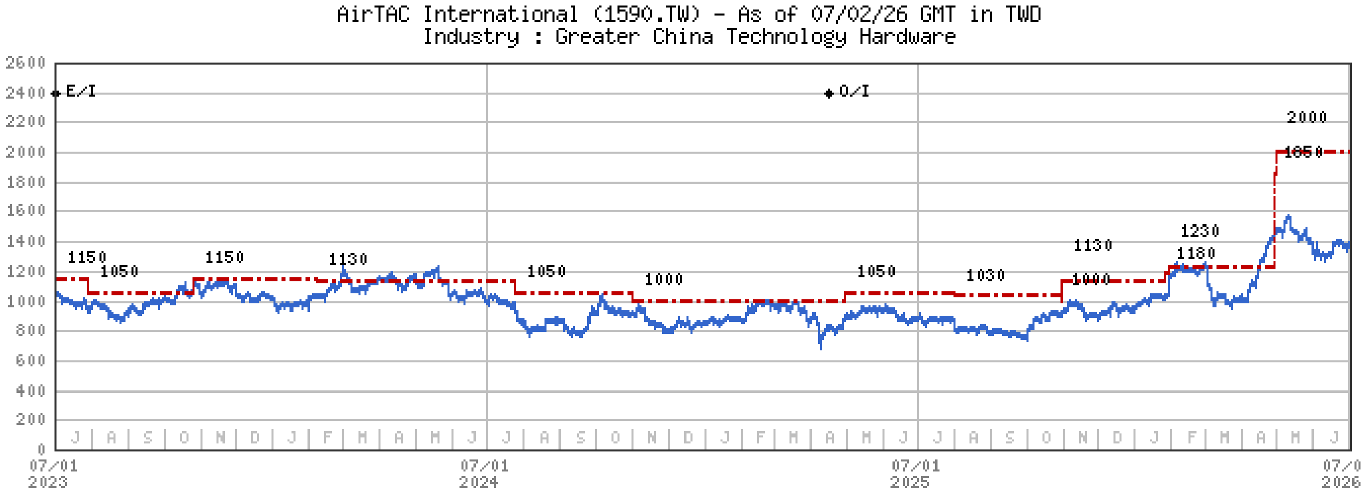
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 7/1/21 : 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)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/02/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$40.66
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb218.19
BYD Electronics (0285.HK)	O (04/28/2023)	HK$21.28
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.16
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.51
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb509.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$644.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.51
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb33.61
Largan Precision (3008.TW)	E (10/17/2025)	NT$4,295.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.32
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb9.47
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.72
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb50.92
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.20
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb56.65
Sunny Optical (2382.HK)	E (03/23/2026)	HK$59.20
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb250.77
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.49
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$22.60
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb464.37
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$198.30
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb133.32
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb39.02

Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,143.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$22.26
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.32
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,750.00
Advantech (2395.TW)	O (01/20/2021)	NT$510.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,390.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.50
Bizlink (3665.TW)	O (03/10/2025)	NT$2,040.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb9.10
Chenbro (8210.TW)	O (07/23/2025)	NT$1,310.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,210.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$205.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$62.10
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$352.00
Innolux (3481.TW)	E (04/07/2025)	NT$67.60
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$7,880.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb50.69
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$87.50
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb19.04
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.92
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb9.71
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb269.95
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.00
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$667.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$34.80
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$6.56
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$338.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,235.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb63.79
Lenovo (0992.HK)	E (11/16/2025)	HK$22.02
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,175.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,145.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$83.20
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$369.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb151.95
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb423.10
Unimicron (3037.TW)	O (02/23/2026)	NT$979.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$158.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,200.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$1,055.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$598.00

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.