Morgan Stanley | RESEARCH

UPDATE

August 4, 2026 09:25 AM GMT

AirTAC International | Asia Pacific

July Sales +2% MoM/+51% YoY

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

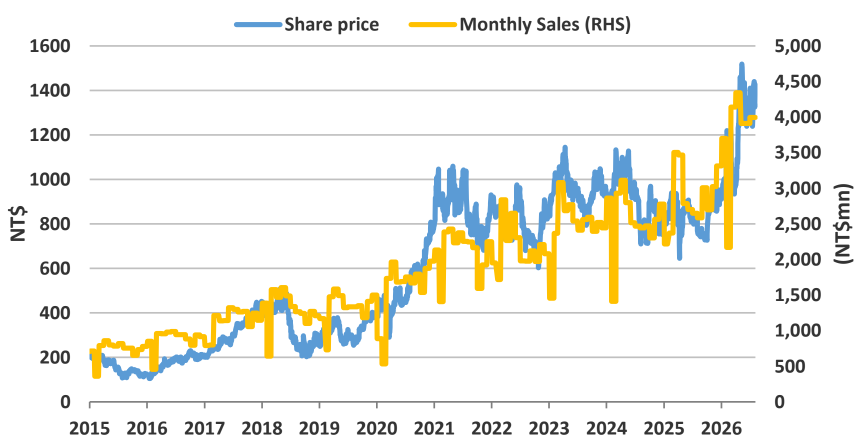
What's new:

- July sales came in at NT$3,994mn (+2% MoM/+51% YoY),
- By segment, shipments from battery (+65% YoY), machine tool (+40% YoY), general machinery (+33% YoY), Electronics (+33% YoY), and textiles (+31% YoY) outperformed during the month.
- QTD revenue reached 34% of MSe at NT$11,586mn (-5% QoQ/+41% YoY) and 36% of consensus at NT$11,105mn (-9% QoQ/+35% YoY).

Outlook:

- We see 3Q26 sales tracking in line with our estimate, but slightly ahead of the consensus.
- Both orders and shipments are above its internal target, supported by the industry upcycle, its own share gains, and the government stimulus policies.
- Management remains positive on the growth outlook for 2026 and expects the upcycle to extend into 2027.
- 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



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

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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 (%)	40
Shr price, close (Aug 4, 2026)	NT$1,425.00
52-Week Range	NT$1,600.00-741.00
Sh out, dil, curr (mn)	200
Mkt cap, curr (mn)	US$8,805
EV, curr (mn)	US$8,656
Avg daily trading value (mn)	US$33

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	41.97	60.77	68.77	77.77
EPS (NT$)§	41.43	57.68	66.43	74.32
Revenue, net (NT$ mn)	34,330	45,007	50,917	57,428
EBITDA (NT$ mn)	12,866	17,543	19,669	22,130
ModelWare net inc (NT $ mn)	8,400	12,165	13,765	15,567
P/E	22.2	23.4	20.7	18.3
P/BV	3.5	4.8	4.3	3.8
RNOA (%)	17.7	25.1	25.9	27.3
ROE (%)	17.5	23.1	23.4	23.4
EV/EBITDA	14.1	15.9	14.0	12.3
Div yld (%)	2.2	2.0	2.1	2.4
FCF yld ratio (%)	3.4	2.6	3.4	3.8
Leverage (EOP) (%)	(9.1)	(11.0)	(15.2)	(18.7)

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

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
July 2026 monthly sales	04 Aug 2026	Unchanged	In-line

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

AirTAC International (1590.TW)

Base case, 29x 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 up-cycle, we think applying a near-peak cycle valuation of 29x 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 July 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	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

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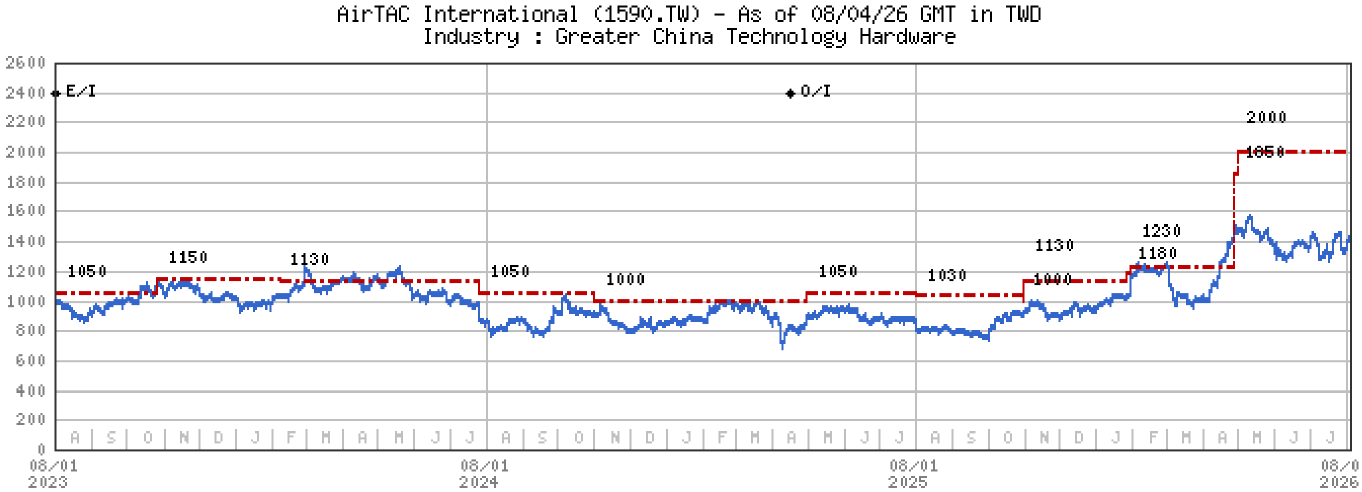
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 8/1/21 : 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

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/04/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$41.06
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb172.32
BYD Electronics (0285.HK)	O (04/28/2023)	HK$24.44
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb8.13
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb17.13
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb448.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$502.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.11
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.83
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb38.63
Largan Precision (3008.TW)	O (07/10/2026)	NT$4,355.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.09
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.66
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb55.48
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.73
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$7.24
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb46.39
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$33.76
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb57.83
Sunny Optical (2382.HK)	E (03/23/2026)	HK$57.80
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb212.00
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.11
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$27.96
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb284.00

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$105.60
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb92.93
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb25.91
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,021.99
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.64
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb34.37
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,320.00
Advantech (2395.TW)	O (01/20/2021)	NT$576.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,425.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,600.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$24.45
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$944.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,300.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.63
Chenbro (8210.TW)	O (07/23/2025)	NT$1,150.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,925.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,620.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$197.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$53.70
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,590.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$332.00
Innolux (3481.TW)	E (04/07/2025)	NT$47.80
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,495.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb32.95
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$252.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.77
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.58
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb182.52
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$29.05
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$806.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$181.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$37.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.28
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb59.93
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$332.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$897.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$250.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb74.14
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$1,965.00
Lenovo (0992.HK)	O (07/10/2026)	HK$25.16
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,010.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,045.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$88.40
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$300.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb112.23
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb332.54
Unimicron (3037.TW)	O (02/23/2026)	NT$924.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$353.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$195.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$6,205.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$566.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$444.00

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

* Historical prices are not split adjusted.