Morgan Stanley | RESEARCH

UPDATE

November 1, 2026 11:42 PM GMT

Lite-On Technology | Asia Pacific

3Q26 Beat on Better Margins

WHAT'S CHANGED

Lite-On Technology (2301.TW)	From	To
Price Target	NT$315.00	**NT$285.00**

AlphaSignals Earnings Reaction

Unchanged
Impact to our thesis

Modest upside
Financial results versus consensus

Modest revision higher
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

We think near-term sentiment should be relatively positive.

3Q26 earnings beat on better margins: See Results Summary

4Q26 revenue seen rising QoQ: Management guided for 4Q26 revenue to grow QoQ, driven by power related products in Cloud & AIoT. IT/CE should continue to decline YoY, despite strong growth from the LEO (low earth orbit). Optoelectronics should grow by 5-10% YoY. Overall, we estimate revenue will grow by 5% QoQ in 4Q26 and GM will expand further to 26.1% (+0.2ppt QoQ) on a more favorable revenue mix.

2027 expected to be another solid year: Looking to 2027, management holds an optimistic view, guiding for the Cloud & AIoT business to grow by ~70% YoY, Optoelectronics to grow by ~10% YoY and IT/CE business to stay roughly flat YoY. AI remains the major driver, and should benefit from the growing AI deployment and the spec upgrade of power-related products.

800VDC power rack under qualification: Lite-On sent its 800VDC power rack for qualification in August and will have the next round of integrated system qualification in November, aiming to be MP ready in 1Q27. That said, shipments will depend upon customer deployment plans. Management expects only small volume shipments in 1H27, and said visibility into the adoption in the new generation ASIC/GPU platform from 2H27 remains to be seen, consistent with the consensus that HVDC is more of a 2028 story at the earliest.

More offerings in the pipeline: Management sent DC/DC module samples to CSP for qualification and expects to see some revenue contribution from 3Q27 (not meaningful, though). Its 120KW CDU has obtained qualification in 3Q26 and should see more volume from 4Q26, with the next generation 220KW CDU currently in the development stage. In September 2026, it invested in a 25% stake in DCX, a liquid cooling solution supplier in Poland, to strengthen its capability in the cooling space .

Stay EW: We think near-term sentiment should be relatively positive given the solid 3Q26 results, especially after the recent share price correction. Looking ahead, we think Lite-On will grow along with the AI capex cycle, driven by its power-related offerings, though execution and progress with new customers is worth monitoring.

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Lite-On Technology (2301.TW, 2301 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	NT$285.00
Up/downside to price target (%)	19
Shr price, close (Oct 30, 2026)	NT$240.50
52-Week Range	NT$328.00-139.50
Sh out, dil, curr (mn)	2,275
Mkt cap, curr (mn)	NT$547,257
EV, curr (mn)	NT$483,666
Avg daily trading value (mn)	NT$5,416

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	6.64	11.27	16.47	22.57
Prior EPS (NT$)**	-	11.07	15.97	21.07
Revenue, net (NT$ bn)	166.1	213.9	296.4	380.5
EBITDA (NT$ bn)	19.7	33.6	51.2	69.4
ModelWare net inc (NT $ bn)	15.1	25.6	37.5	51.4
P/E	24.6	21.3	14.6	10.7
P/BV	4.1	5.7	5.3	4.8
RNOA (%)	70.7	85.5	110.7	152.6
ROE (%)	16.6	28.5	39.3	49.7
EV/EBITDA	15.7	14.4	9.3	6.8
Div yld (%)	2.8	3.7	5.4	7.4
FCF yld ratio (%)**	1.9	3.5	6.7	8.6
Leverage (EOP) (%)	(74.1)	(69.5)	(71.7)	(71.1)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Results Summary

3Q26 beat on better margins

Off revenue of NT$57,403mn (+9% QoQ/+28% YoY), GM contracted by 1.3ppt QoQ to 25.9% (vs. MSe/consensus at 24.6%/25.4%). The sequential decline was due to a high base in 2Q26, which was elevated due to some one-offs. Opex was well controlled at NT $6,211mn (opex ratio 10.8%), lower than our estimate of NT$6,851mn (opex ratio 11.5%) and consensus of NT$7,097mn (opex ratio 11.8%)

Operating profit came in at NT$8,655mn (+6% QoQ/+85% YoY; OPM 15.1%),11% and 5% higher than MSe of NT$7,807mn (OPM 13.1%) and consensus of NT$8,210mn (OPM 13.6%), respectively.

With non-op gains of NT$1,142mn (including FX gain of NT$734mn), net profit was NT $7,429mn (+4% QoQ/+60% YoY; EPS NT$3.26), 18% and 11% above MSe (NT$6,313mn; EPS NT$2.77) and consensus (NT$6,717mn; EPS NT$2.92).

Exhibit 1: 3Q26 results summary

NT$ mn	3Q26e Results						
	Actual	**QoQ**	**YoY**	**MSe**	**Variance**	**Cons.**	**Variance**
Net sales	**57,403**	**9%**	**28%**	**59,526**	**-4%**	**60,259**	**-5%**
COGS	-42,536	11%	26%	-44,867	-5%	-44,953	-5%
Gross profit	**14,867**	**4%**	**32%**	**14,659**	**1%**	**15,307**	**-3%**
Operating expenses	-6,211	1%	-5%	-6,851	-9%	-7,097	-12%
Operating income	**8,655**	**6%**	**85%**	**7,807**	**11%**	**8,210**	**5%**
Non-operating income	1,142	-2%	29%	445	157%	530	116%
Pre-tax income	9,798	5%	76%	8,252	19%	8,740	12%
Income tax	-2,349	4%	154%	-1,939	21%	-2,023	16%
Net income	**7,429**	**4%**	**60%**	**6,313**	**18%**	**6,717**	**11%**
EPS (NT$)	**3.26**	**4%**	**59%**	**2.77**	**18%**	**2.92**	**12%**
Margins (%)		***ppt***	***ppt***		***ppt***		***ppt***
Gross margin	25.9%	-1.3	0.9	24.6%	1.3	25.4%	0.5
Operating margin	15.1%	-0.5	4.6	13.1%	2.0	13.6%	1.5
Pre-tax margin	17.1%	-0.7	4.7	13.9%	3.2	14.5%	2.6
Net margin	12.9%	-0.6	2.6	10.6%	2.3	11.1%	1.8

Source: Company data, Factset, Morgan Stanley Research (e) estimates.

Quarterly Financials

Exhibit 2: Lite-on: Quarterly Financials

NT$ mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Net sales	**36,417**	**40,421**	**44,891**	**44,356**	**43,407**	**52,703**	**57,403**	**60,395**	**166,085**	**213,909**	**296,449**
COGS	-28,195	-31,479	-33,648	-34,724	-34,004	-38,355	-42,536	-44,639	-128,046	-159,534	-215,897
Gross profit	**8,222**	**8,942**	**11,243**	**9,633**	**9,403**	**14,348**	**14,867**	**15,757**	**38,039**	**54,375**	**80,551**
Operating expenses	-4,546	-5,215	-6,560	-4,980	-5,304	-6,146	-6,211	-6,549	-21,301	-24,209	-32,988
- Promotion	-1,532	-2,051	-2,535	-1,512	-1,500	-1,623	-1,560	-1,631	-7,629	-6,313	-7,609
- ADM	-998	-1,048	-1,792	-1,127	-1,457	-1,783	-1,692	-1,748	-4,965	-6,680	-8,435
- R&D	-2,023	-2,110	-2,244	-2,345	-2,341	-2,787	-2,950	-3,171	-8,721	-11,249	-16,949
Operating income	**3,675**	**3,727**	**4,683**	**4,653**	**4,099**	**8,203**	**8,655**	**9,208**	**16,738**	**30,165**	**47,563**
Non-operating income	994	536	886	560	871	1,166	1,142	320	2,975	3,499	1,680
Net interest income	424	323	184	188	214	195	96	100	1,119	605	400
Net investment income	596	-3,235	1,389	293	99	1,237	280	70	-956	1,687	1,000
Net gain of investment dispos	137	-702	23	5	1	-78	0	0	-537	-77	0
Exchange gain	379	2,540	-751	-122	284	1,106	734	0	1,091	2,124	0
Others	-542	1,609	41	195	272	-1,295	31	150	2,258	-841	280
Pre-tax income	4,669	4,262	5,569	5,213	4,970	9,368	9,798	9,528	19,713	33,664	49,243
Income tax	-1,214	-1,108	-924	-1,355	-1,195	-2,248	-2,349	-2,191	-4,601	-7,984	-11,686
Net income	**3,456**	**3,155**	**4,645**	**3,860**	**3,775**	**7,116**	**7,429**	**7,317**	**15,116**	**25,637**	**37,477**
EPS (NT$)	**1.51**	**1.39**	**2.05**	**1.70**	**1.66**	**3.14**	**3.26**	**3.22**	**6.64**	**11.27**	**16.47**
Margins											
Gross margin	22.6%	22.1%	25.0%	21.7%	21.7%	27.2%	25.9%	26.1%	22.9%	25.4%	27.2%
Operating margin	10.1%	9.2%	10.4%	10.5%	9.4%	15.6%	15.1%	15.2%	10.1%	14.1%	16.0%
Pre-tax margin	12.8%	10.5%	12.4%	11.8%	11.4%	17.8%	17.1%	15.8%	11.9%	15.7%	16.6%
Net margin	9.5%	7.8%	10.3%	8.7%	8.7%	13.5%	12.9%	12.1%	9.1%	12.0%	12.6%
QoQ Growth											
Sales	-4.9%	11.0%	11.1%	-1.2%	-2.1%	21.4%	8.9%	5.2%			
Gross profit	1.0%	8.8%	25.7%	-14.3%	-2.4%	52.6%	3.6%	6.0%			
Operating profit	5.1%	1.4%	25.7%	-0.6%	-11.9%	100.1%	5.5%	6.4%			
Pre-tax profit	17.1%	-8.7%	30.7%	-6.4%	-4.7%	88.5%	4.6%	-2.8%			
Net profit	13.3%	-8.7%	47.2%	-16.9%	-2.2%	88.5%	4.4%	-1.5%			
YoY Growth											
Sales	26.6%	21.4%	22.1%	15.8%	19.2%	30.4%	27.9%	36.2%	21.1%	28.8%	38.6%
Gross profit	40.6%	21.0%	36.3%	18.3%	14.4%	60.5%	32.2%	63.6%	28.4%	42.9%	48.1%
Operating profit	64.8%	13.6%	19.3%	33.1%	11.5%	120.1%	84.8%	97.9%	28.9%	80.2%	57.7%
Pre-tax profit	49.2%	4.4%	25.6%	30.7%	6.4%	119.8%	75.9%	82.8%	26.1%	70.8%	46.3%
Net profit	44.7%	1.3%	37.0%	26.6%	9.3%	125.5%	59.9%	89.6%	26.6%	69.6%	46.2%

Source: Company data, Morgan Stanley Research (E) estimates

Financial Summary

Exhibit 3: Financial Summary - Lite-On

Consolidated Income Statement

NT$ mn	2024	2025	2026E	2027E	2028E
Net sales	**137,134**	**166,085**	**213,909**	**296,449**	**380,464**
COGS	-107,504	-128,046	-159,534	-215,897	-273,051
Gross profit	**29,630**	**38,039**	**54,375**	**80,551**	**107,413**
Operating expenses	-16,648	-21,301	-24,209	-32,988	-41,668
- Promotion	-5,184	-7,629	-6,313	-7,609	-9,484
- ADM	-3,990	-4,965	-6,680	-8,435	-10,046
- R&D	-7,476	-8,721	-11,249	-16,949	-22,146
Operating income	**12,981**	**16,738**	**30,165**	**47,563**	**65,745**
Non-operating income	2,653	2,975	3,499	1,680	1,680
Interest income	1,491	1,119	605	400	400
Investment income	2,808	-956	1,687	1,000	1,000
Disposal of investment	75	-537	-77	0	0
Exchange gain	2,808	1,091	2,124	0	0
Other	-4,528	2,258	-841	280	280
Pre-tax income	**15,635**	**19,713**	**33,664**	**49,243**	**67,425**
Income tax	-3,674	-4,601	-7,984	-11,686	-15,988
Minority	19	-4	43	80	80
Reported net income	**11,942**	**15,116**	**25,637**	**37,477**	**51,357**
EPS (NT$)	**5.21**	**6.64**	**11.27**	**16.47**	**22.57**

Consolidated Cash Flow Statement

NT$ mn	2023	2025	2026E	2027E	2028E
Cash flow from Operations	**27,266**	**14,533**	**33,096**	**45,934**	**59,401**
Net profits	14,571	15,116	25,637	37,477	51,357
Depreciation + Amortization	4,356	3,668	3,994	4,065	4,137
Inv. Gain/Loss (Equity)	-1	-86	0	0	0
Disposal of Investment	56	568	0	0	0
Working Capital Change	4,597	-2,099	-10,825	-13,829	-14,110
Other adjustments	3,687	-2,635	14,290	18,221	18,016
Cash flow from Investing	**-3,340**	**-7,395**	**-13,287**	**-8,556**	**-11,858**
Capex	-3,698	-6,795	-13,287	-8,556	-11,858
Change of LT investment	-72	-43	0	0	0
Change of ST investment	63	-417	0	0	0
Other adjustments	367	-140	0	0	0
Cash flow from financing	**-22,045**	**-23,099**	**-20,221**	**-29,559**	**-40,508**
Increase in L/T debt	0	0	0	0	0
Increase in S/T debt	-10,120	-10,116	0	0	0
Cash Dividend Paid	-11,520	-10,297	-20,221	-29,560	-40,508
Issuance of stock	0	0	0	0	0
Other adjustments	-406	-2,686	0	0	0
Exchange rate adjustment	-204	-3,748	0	0	0
Net change in cash	**1,677**	**-19,709**	**-412**	**7,819**	**7,035**

Consolidated Balance Sheet

NT$ mn	2024	2025	2026E	2027E	2028E
Cash	100,684	80,974	80,563	88,381	95,417
Mkt Securities	933	1,009	1,009	1,009	1,009
AR/NR	37,182	42,318	57,999	80,379	103,158
Inventory	26,817	34,262	39,796	53,856	68,113
Others	3,501	5,458	5,458	5,458	5,458
Current Assets	**169,117**	**164,021**	**184,824**	**229,083**	**273,155**
Long-term investments	8,195	7,748	7,748	7,748	7,748
Fixed assets	18,776	24,752	34,495	39,436	47,607
Deferred Asset	1,628	2,246	2,246	2,246	2,246
Intangible Assets	3,156	3,060	2,610	2,160	1,710
Other assets	3,811	3,860	3,860	3,860	3,860
Total Assets	**204,683**	**205,687**	**235,783**	**284,533**	**336,326**
S/T borrowings	30,187	20,029	20,029	20,029	20,029
AP/NP	43,126	53,608	63,998	86,608	109,535
Other ST liabilities	34,556	35,960	50,250	68,471	86,487
Total Current Liabilities	**107,869**	**109,597**	**134,277**	**175,108**	**216,052**
LT debt(include CB)	3,000	3,000	3,000	3,000	3,000
Other LT liabilities	2,903	3,111	3,111	3,111	3,111
Total Liabilities	**113,772**	**115,709**	**140,389**	**181,220**	**222,163**
Common shares	23,473	23,168	23,168	23,168	23,168
Retained Earnings	46,277	42,393	47,809	55,726	66,575
Other shareholders' equity	21,161	24,418	24,418	24,418	24,418
Total Equity	**90,911**	**89,979**	**95,395**	**103,312**	**114,161**
Total Liab. & Shldr's Equity	**204,683**	**205,687**	**235,783**	**284,532**	**336,325**

Consolidated Financial Ratios

	2023	2025	2026E	2027E	2028E
Margins					
Gross margin	22.0%	22.9%	25.4%	27.2%	28.2%
Operating margin	9.8%	10.1%	14.1%	16.0%	17.3%
Pretax margin	12.4%	11.9%	15.7%	16.6%	17.7%
Net margin	9.8%	9.1%	12.0%	12.6%	13.5%
YoY growth					
Sales	-14.5%	21.1%	28.8%	38.6%	28.3%
Operating profits	-3.7%	28.9%	80.2%	57.7%	38.2%
Pretax profits	2.9%	26.1%	70.8%	46.3%	36.9%
Net profits	3.0%	26.6%	69.6%	46.2%	37.0%
EPS	2.8%	27.5%	69.6%	46.2%	37.0%
Net Debt/Equity	-79.8%	-65.5%	-61.4%	-64.2%	-64.3%
Liabilities/Equity	122.1%	128.6%	147.2%	175.4%	194.6%
Liabilities/Assets	55.0%	56.3%	59.5%	63.7%	66.1%
ROAE	17.4%	16.7%	27.7%	37.7%	47.2%
ROAA	7.5%	7.4%	11.6%	14.4%	16.5%
AR/NR Turnover (days)	87.2	87.4	85.6	85.2	88.0
AP/NP Turnover (days)	135.4	137.9	134.5	127.3	131.1
Inventory Turnover (days)	84.5	87.1	84.7	79.2	81.5
Cash conversion cycle (days)	36.2	36.5	35.8	37.0	38.5

Source: Company data, Morgan Stanley Research (E) estimates

Estimate Revisions

We bump up our EPS estimates by 2% for 2026, 3% for 2027, and 7% for 2028 to factor in the better-than-expected margin profile in 3Q26.

Exhibit 4: Liteon: Estimate Revisions

	2026e Earnings Estimates			2027e Earnings Estimates			2028e Earnings Estimates		
NT$ mn	New	Old	Variance	New	Old	Variance	New	Old	Variance
Net sales	**213,909**	**224,829**	**-5%**	**296,449**	**297,964**	**-1%**	**380,464**	**357,670**	**6%**
COGS	-159,534	-168,703	-5%	-215,897	-219,712	-2%	-273,051	-259,785	5%
Gross profit	**54,375**	**56,126**	**-3%**	**80,551**	**78,252**	**3%**	**107,413**	**97,885**	**10%**
Operating expenses	-24,209	-26,044	-7%	-32,988	-33,189	-1%	-41,668	-37,645	11%
Operating income	**30,165**	**30,082**	**0%**	**47,563**	**45,063**	**6%**	**65,745**	**60,240**	**9%**
Non-operating income	3,499	2,876	22%	1,680	2,500	-33%	1,680	2,500	-33%
Pre-tax income	33,664	32,958	2%	49,243	47,563	4%	67,425	62,740	7%
Income tax	-7,984	-7,767	3%	-11,686	-11,227	4%	-15,988	-14,793	8%
Net income	**25,637**	**25,187**	**2%**	**37,477**	**36,337**	**3%**	**51,357**	**47,947**	**7%**
EPS (NT$)	**11.27**	**11.07**	**2%**	**16.47**	**15.97**	**3%**	**22.57**	**21.07**	**7%**
Margins (%)			***ppt***			***ppt***			***ppt***
Gross margin	25.4%	25.0%	0.5	27.2%	26.3%	0.9	28.2%	27.4%	0.9
Operating margin	14.1%	13.4%	0.7	16.0%	15.1%	0.9	17.3%	16.8%	0.4
Pre-tax margin	15.7%	14.7%	1.1	16.6%	16.0%	0.6	17.7%	17.5%	0.2
Net margin	12.0%	11.2%	0.8	12.6%	12.2%	0.4	13.5%	13.4%	0.1

Source: Company data, Morgan Stanley Research (e) estimates

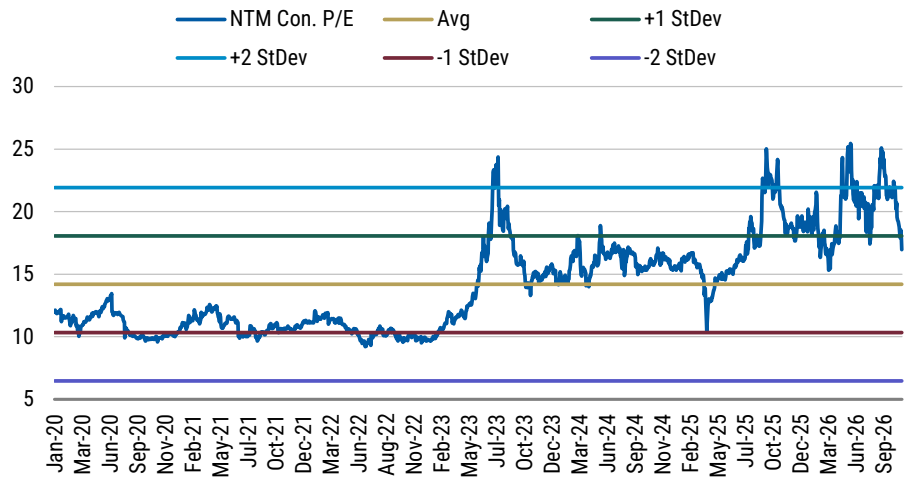
Valuation Methodology

Our price target (base case scenario value) is NT$285 (prior NT$315), derived from 15x 2027-28e P/E (previously 17x): We use price/earnings as our valuation methodology because we believe it appropriately captures Lite-On's earnings growth potential. We use a lower target multiple to reflect more conservative sentiment toward the AI space in the near term. We believe our target P/E multiple of 15x is justified by an earnings CAGR of 50% seen over 2025-28, which implies a PEG of 0.3. This is lower than the average of 1.6 in 2020-25, when the stock was trading at an average P/E of 14x for a 9% earnings CAGR.

Bull case scenario value – NT$490 (previously NT$500): We apply a 25x P/E multiple (previously 27x) to our average base case estimate for 2027-28. This scenario assumes better-than-expected margin expansion, driven by operating efficiency and accelerating production automation, while new business revenue comes in earlier than expected. Strength from cloud computing and auto electronics is greater than expected.

Bear case scenario value – NT$190 (previously NT$200): We apply a 10x P/E multiple (previously 11x) to our average base case estimate for 2027-28. This scenario assumes weaker-than-expected operating efficiency improvement, while pricing competition increases amid macro volatility; auto electronics takes longer to pick up.

Exhibit 5: Lite-On: NTM P/E



Source: FactSet consensus estimates, Morgan Stanley Research

Risk Reward – Lite-On Technology (2301.TW)

Stronger ASIC server power supply but fair risk/reward

PRICE TARGET NT$285.00

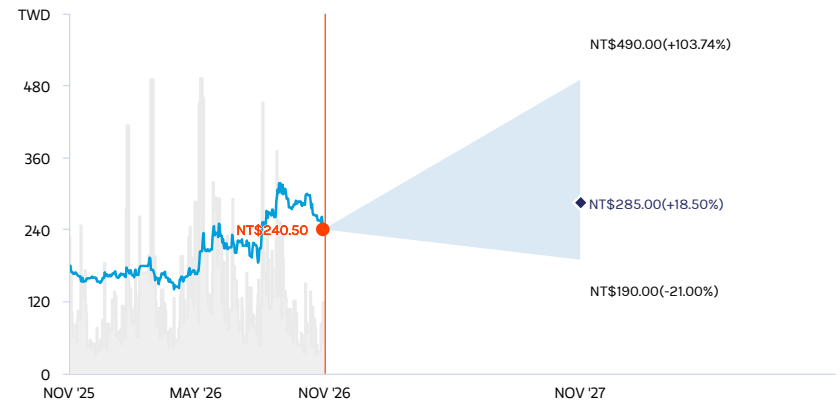
Base case: P/E multiple of 15x based on average 2027-28 EPS estimates. We believe our target multiple is justified by the 50% earnings CAGR we estimate for 2025-28, implying a PEG of 0.3, vs. the stock's 16x P/E and 2% earnings CAGR during 2022-25, which implied a PEG of 7.2.

Consensus Price Target Distribution NT$185.50 — NT$315.94 (MS PT) — NT$400.00

Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- We expect Lite-On Tech to benefit from strong AI server power demand in 2026-27, with the company gaining more traction on ASIC platforms.
- We are mindful of weakness in consumer/IT demand amid rising input costs, which could weigh on Lite-On Tech's profit through 2027.
- Liquid-cooling sidecar CDU system shipments could take more time to ramp up.

Consensus Rating Distribution

77%	Overweight
23%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Contrarian:	*Negative*
New Data Era:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$490.00

25x average 2027-28e P/E

Better-than-expected margin expansion: Operating efficiency and accelerating production automation drive margin expansion, while new-business revenue comes in earlier than expected. Growth in cloud computing and automotive electronics is stronger than expected.

BASE CASE NT$285.00

15x average 2027-28e P/E

AI server projects progress, but some business uncertainties remain: We expect margin improvement from a better product mix as AI server power supply projects ramp up. However, we are mindful of weakness in consumer/IT demand amid rising input costs.

BEAR CASE NT$190.00

10x average 2027-28e P/E

Operating margin contraction: Operating efficiency improves less than expected, while pricing competition intensifies amid macro volatility; automotive electronics take longer to ramp up.

Risk Reward – Lite-On Technology (2301.TW)

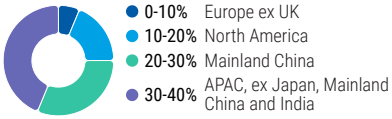
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Opto-electronics OPM (%)	8.3	8.2	7.5	7.5
Information Technologies OPM (%)	9.2	8.4	7.8	8.6
Opto-electronics revenue YoY (%)	0.2	9.0	8.8	4.8
Information Technologies revenue YoY (%)	7.7	(4.7)	(0.5)	(0.2)

INVESTMENT DRIVERS

- LED adoption (outdoor lighting/auto)
- Margin expansion
- Raw material prices, particularly for steel and copper

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

2/5 **MOST** 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger optical business growth
- Stronger data center/server demand
- PC/NB demand growth
- Downtrend in raw material prices

RISKS TO DOWNSIDE

- Macro demand weakness
- Weaker data center/server demand
- PC/NB demand slowdown
- Uptrend in raw material prices

OWNERSHIP POSITIONING

Inst. Owners, % Active 65.2%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue (NT$, mn)	210,118	213,909 / 220,230	229,691
EBITDA (NT$, mn)	31,349	33,633 / 34,667	38,115
Net income (NT$, mn)	23,541	25,637 / 24,908	26,835
EPS (NT$)	10.30	11.27 / 10.90	11.79

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of October 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	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

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.

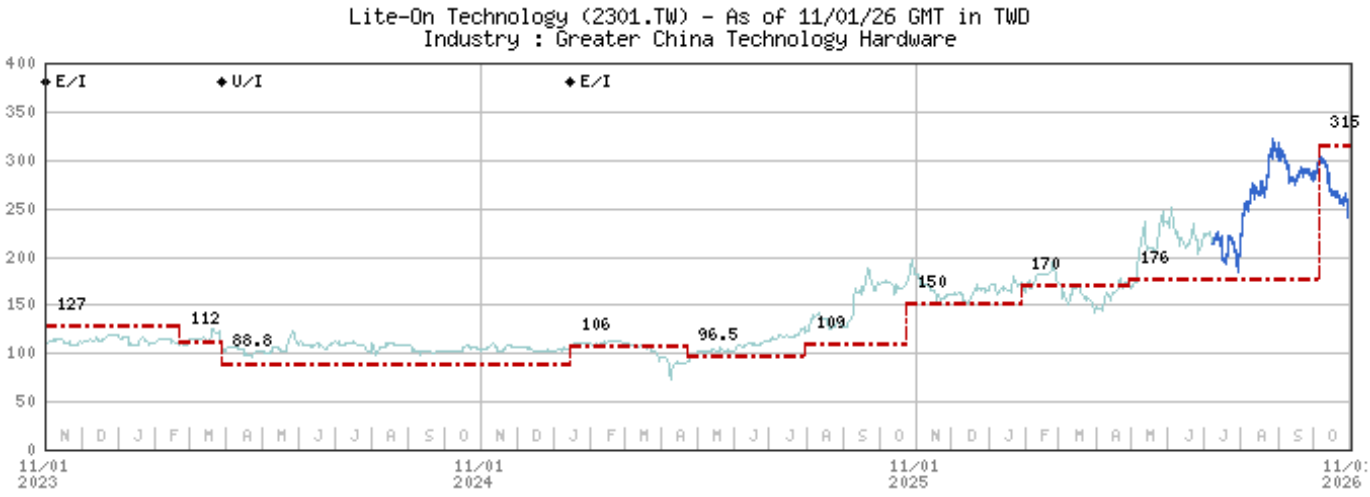
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 11/1/21 : E/I; 7/31/23 : O/I; 10/17/23 : E/I; 3/28/24 : U/I; 1/15/25 : E/I

Price Target History: 4/30/21 : 62; 7/19/22 : 65; 2/21/23 : 61.2; 7/31/23 : 192; 10/17/23 : 135; 10/31/23 : 127; 2/21/24 : 112; 3/28/24 : 88.8; 1/15/25 : 106; 4/23/25 : 96.5; 7/31/25 : 109; 10/24/25 : 150; 1/28/26 : 170; 4/29/26 : 176; 10/6/26 : 315

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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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/30/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$36.82
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb102.60
BYD Electronics (0285.HK)	O (04/28/2023)	HK$21.80
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.61
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb14.06
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb196.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,085.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb22.12
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb3.88
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb34.55
Largan Precision (3008.TW)	O (10/13/2026)	NT$5,430.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb4.90
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.25
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$5.06
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$45.30
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb45.60
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb5.18
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.50
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb60.30
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.68
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb55.16
Sunny Optical (2382.HK)	E (03/23/2026)	HK$63.30
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb148.00
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb11.40
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.48

Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb252.88
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$96.15
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb89.18
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb21.70
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb553.00
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$676.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$19.33
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb27.36
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,615.00
Advantech (2395.TW)	O (01/20/2021)	NT$680.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,075.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,095.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.65
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,330.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,625.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.46
Chenbro (8210.TW)	O (07/23/2025)	NT$716.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,755.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,335.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$149.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$58.10
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,385.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$326.50
Innolux (3481.TW)	E (04/07/2025)	NT$42.55
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,650.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb25.58
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$240.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.50
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb5.33
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$30.40
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$906.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$193.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$35.20
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$4,675.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$3.35
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb45.00
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$336.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,020.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$245.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb54.18
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$34.68
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,370.00
Lenovo (0992.HK)	O (07/10/2026)	HK$20.50
Lotes Co. Ltd. (3533.TW)	O (10/27/2026)	NT$1,860.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,190.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$102.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$318.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb87.00
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb233.00
Unimicron (3037.TW)	O (02/23/2026)	NT$989.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$447.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$183.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$1,810.00

Yageo Corp. (2327.TW)	O (10/28/2025)	NT$502.00
Zhen Ding (4958.TW)	++	NT$486.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$405.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,265.00

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