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Greater China Technology Hardware | Asia Pacific

CCL: 3Q26 GM Beat; Stay OW

In Taiwan, we prefer TUC over EMC for greater pricing upside in the next 12 months, given its higher exposure to midrange/low-end CCL. Both stocks are attractively valued: EMC at 11x CY28e P/E and TUC at 9x.

EMC (2383.TW)

- EMC has introduced a new expansion plan for its total CCL capacity to reach 11.95mn sheets per month (SPM) in 2029 and 15.25mn in 2030 (+14% and +28% y/y). See Exhibit 3 for EMC's 2026-2030 capacity plans.
- EMC's substrate CCL capacity currently sits at 300K SPM. The company expects to add another 900K SPM in 2H27, reaching 1.2M SPM by end-2027. Our supply chain checks suggest that a US hyperscaler will be the first key customer of EMC's ABF substrate CCLs for its eighth-generation ASIC (see our TPCA takeaways).
- Management noted a growing trend of customers requesting long-term agreements that span at least three years, on average. These LTAs now secure volume rather than fixing prices; they do not require prepayments from customers. Despite the flexibility in pricing and payment, customers will still face punishment if they fail to pull their promised volumes.
- We estimate that 4Q revenue will grow ~19% q/q, to NT$72.4bn (+190% y/y), supported by pricing adjustments and continued mix improvement, given limited capacity increase in 4Q. We see GM expanding 220bps q/q, to 39.9%, for EPS of NT$53.33 (+32% q/q).

TUC (6274.TWO)

- Management expects price hikes to continue into 4Q, with new pricing for its M7/8 CCL taking effect from November onwards. For M6 and below, pricing will remain driven by raw material cost pass-through amid supply tightness. We expect this trend to persist into 2027, with HVLP4 copper foil, E glass, and LDK2 glass cloth to be the most undersupplied.
- We believe recent market concerns about TUC's "share loss" for an ASIC customer are overdone. Given the ongoing supply tightness in the high-end CCL market, it is normal for CSPs to adopt multi-sourcing strategies to diversify supply risks. Meanwhile, we believe TUC is actively engaging and sampling high-end M8+ grade materials with other major CSP customer(s) for next-gen AI projects. TUC's share in a key satellite customer's next-gen satellite products will potentially expand in 2027 as well, with materials upgraded to M7/8.
- We expect 4Q revenue to grow 15% q/q, to NT$20.6bn (+126% y/y), driven by pricing adjustments and capacity addition at TUC's site in Thailand site (+100K SPM in 4Q, +200K SPM in 3Q). We see GM expanding 50bps q/q, to 37.4%, for EPS of NT$15.82 (+20% q/q).

MORGAN STANLEY TAIWAN LIMITED+

Irene Yen
Equity Analyst
Irene.Yen@morganstanley.com +886 2 2730-2869

Howard Kao
Equity Analyst
Howard.Kao@morganstanley.com +886 2 2730-2989

MORGAN STANLEY ASIA LIMITED+

Andy Meng, CFA
Equity Analyst
Andy.Meng@morganstanley.com +852 2239-7689

Morgan Stanley appreciates your support in the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

GREATER CHINA TECHNOLOGY HARDWARE

Asia Pacific
Industry View **In-Line**

Exhibit 1 : What's changed

Company	Ticker	Rating		PT		Last close	Upside (%)	EPS change (%)		
		New	Old	New	Old			26e	27e	28e
EMC	2383.TW	OW	OW	8,800	8,400	5,025	75%	12%	10%	6%
TUC	6274.TWO	OW	OW	2,550	2,700	1,375	85%	3%	-5%	-6%

Source: Morgan Stanley Research estimates.

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AlphaSignals Earnings Reaction

Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS
Elite Material Co. (2383.TW)		
Strengthens our thesis	↑ Modest upside	↑ Modest revision higher
Taiwan Union Technology Corporation (6274.TWO)		
Strengthens our thesis	↑ Modest upside	↑ Modest revision higher

Source: Company data, Morgan Stanley Research

Results Summary

EMC

3Q GM was 37.7% (+380bps q/q), 170bps aboce our estimate and 160bps above the Street, driven by price increases (some delayed impacts from 2Q) and improved product mix. We believe 3Q GM also slightly beat buy-side consensus of ~37%. Opex was slightly higher, so OP came in at NT$18.7bn (+47% q/q), 13% above our estimate and the Street, for OpM of 30.7%. NP was NT$14.5bn (+47% q/q), also 13% above our estimate and the Street, for EPS of NT$40.47.

3Q26 mix by segment: Mobile Device 10-15%, Infrastructure 75-80%, Automotive, Industrial & Others 5-10%.

Exhibit 2: EMC: 3Q26 results summary

	3Q26P Results						
NT$mn	**Actual**	**QoQ**	**YoY**	**MS Est.**	**Variance**	**Cons**	**Variance**
Net sales	**60,885**	**29%**	**142%**	**55,662**	**9%**	**56,662**	**7%**
COGS	-37,934	21%	116%	-35,636	6%	-36,220	5%
Gross profit	**22,951**	**43%**	**203%**	**20,026**	**15%**	**20,442**	**12%**
Operating expenses	-4,264	30%	65%	-3,509	22%	-3,840	11%
Operating income	**18,687**	**47%**	**274%**	**16,516**	**13%**	**16,602**	**13%**
Non-operating income	17	-67%	-87%	11	52%	-32	NM
Pre-tax income	**18,703**	**46%**	**265%**	**16,528**	**13%**	**16,570**	**13%**
Income tax	-4,204	44%	263%	-3,719	13%	-3,700	14%
Net income	**14,500**	**47%**	**266%**	**12,809**	**13%**	**12,870**	**13%**
EPS (NT$)	**40.47**	**47%**	**262%**	**35.75**	**13%**	**35.92**	**13%**
Margins (%)		***ppt***	***ppt***		***ppt***		***ppt***
Gross margin	37.7%	3.8	7.6	36.0%	1.7	36.1%	1.6
Operating margin	30.7%	3.8	10.8	29.7%	1.0	29.3%	1.4
Pre-tax margin	30.7%	3.7	10.4	29.7%	1.0	29.2%	1.5
Net margin	23.8%	2.9	8.0	23.0%	0.8	22.7%	1.1

Source: Company data, Visible Alpha, Morgan Stanley Research estimates.

We tone down our capacity assumption forecasts 5% each for 2026 and 2027 and 7% for 2028 to reflect adjustments to EMC's expansion plans for the next five years, which primarily include a delay in its plant expansion in Taiwan. The company is also introducing new expansion plans for its total CCL capacity to reach 11.95mn sheets per month (SPM) in 2029 and 15.25mn in 2030 (+14% and +28% y/y).

Exhibit 3: Changes to EMC's CCL capacity expansion plan

Year End	2026			2027			2028			2029 (NEW)			2030 (NEW)		
	New	Old	*Diff.*	New	Old	*Diff.*	New	Old	*Diff.*	New	Old	*y/y*	New	Old	*y/y*
K sheets per month	5,850	6,150	*-5%*	9,000	9,450	*-5%*	10,450	11,250	*-7%*	11,950	NA	*14%*	15,250	NA	*28%*

Source: Company data, Morgan Stanley Research.

TUC

3Q GM was 36.9% (+720bps q/q), 520bps above our estimate and 440bps above the Street, primarily driven by improved profitability of the plant in Thailand as well as CCL price hikes, particularly for the lower grade, non-low loss CCL. We believe 3Q GM beat even compared to buy-side consensus of 34-35%. As a result, 3Q OP came in at NT$5.6bn (+66% q/q, +340% y/y), 13% above our estimate and 20% above the Street, for OpM of 31.0% (+750bps q/q). NP was NT$3,857mn (+65% q/q), only 5% above our estimate and 9% above the Street, owing to higher-than-expected tax rate, for EPS of NT$13.21.

TUC's plant in Thailand achieved positive GM in 3Q, driven by scale benefits; the plant's 3Q profits have offset its losses in 1H26. That said, heavy flooding in Thailand since late September has delayed a portion of shipments from this plant into October and November.

3Q26 mix by product grade: Extreme LL & Super LL 38%, Very LL & LL 28%, HDI & Non LL 19%, Others 15%.

Exhibit 4: TUC: 3Q26 results summary

	3Q26P Results						
NT$mn	**Actual**	**QoQ**	**YoY**	**MS Est.**	**Variance**	**Cons**	**Variance**
Net sales	**17,949**	**26%**	**123%**	**18,706**	**-4%**	**17,566**	**2%**
COGS	-11,321	13%	84%	-12,771	-11%	-11,853	-4%
Gross profit	**6,628**	**56%**	**246%**	**5,935**	**12%**	**5,713**	**16%**
Operating expenses	-1,060	19%	63%	-1,028	3%	-1,066	-1%
Operating income	**5,568**	**66%**	**340%**	**4,907**	**13%**	**4,647**	**20%**
Non-operating income	26	-62%	-50%	-10	NM	16	62%
Pre-tax income	**5,594**	**63%**	**325%**	**4,897**	**14%**	**4,663**	**20%**
Income tax	-1,738	60%	451%	-1,224	42%	-1,117	56%
Net income	**3,857**	**65%**	**285%**	**3,673**	**5%**	**3,547**	**9%**
EPS (NT$)	**13.21**	**65%**	**268%**	**12.58**	**5%**	**12.14**	**9%**
Margins (%)		***ppt***	***ppt***		***ppt***		***ppt***
Gross margin	36.9%	7.2	13.2	31.7%	5.2	32.5%	4.4
Operating margin	31.0%	7.5	15.3	26.2%	4.8	26.5%	4.6
Pre-tax margin	31.2%	7.2	14.8	26.2%	5.0	26.5%	4.6
Net margin	21.5%	5.1	9.1	19.6%	1.9	20.2%	1.3

Source: Company data, Visible Alpha, Morgan Stanley Research estimates.

Our capacity assumptions for TUC remain largely unchanged for 2026-28. TUC's CCL capacity is on track to reach 2.6mn SPM by end-2026, 3.8mn SPM by end-2027, and 5.3mn SPM by end 2028, including capacity expansions across Thailand, Changshu, and Zhongshan.

EMC: Earnings Estimate Changes

We adjust our model, baking in our latest forecasts. Our EPS estimates increase 12% for CY26, 10% for CY27, and 6% for CY28, reflecting both higher revenue and margin assumptions following the 3Q26 results beat.

Exhibit 5: Earnings estimate changes

	2026e			2027e			2028e		
NT$ mn	New	Old	Variance	New	Old	Variance	New	Old	Variance
Net sales	**213,629**	**199,950**	**7%**	**377,334**	**357,306**	**6%**	**525,573**	**513,466**	**2%**
COGS	-136,024	-130,390	4%	-220,830	-216,938	2%	-297,898	-300,708	-1%
Gross profit	**77,605**	**69,559**	**12%**	**156,504**	**140,369**	**11%**	**227,675**	**212,758**	**7%**
Operating expenses	-14,722	-13,123	12%	-20,006	-16,786	19%	-22,212	-18,981	17%
Operating income	62,882	56,436	11%	136,498	123,583	10%	205,463	193,777	6%
Non-operating income	145	140	4%	45	45	0%	45	45	0%
Pre-tax income	63,028	56,576	11%	136,542	123,627	10%	205,508	193,821	6%
Income tax	-14,207	-12,802	11%	-31,245	-28,227	11%	-47,363	-44,674	6%
Net income	**48,824**	**43,776**	**12%**	**105,298**	**95,400**	**10%**	**158,145**	**149,147**	**6%**
EPS (NT$)	**136.26**	**122.17**	**12%**	**293.86**	**266.24**	**10%**	**441.35**	**416.24**	**6%**
Margins (%)			***ppt***			***ppt***			***ppt***
Gross margin	36.3%	34.8%	1.5	41.5%	39.3%	2.2	43.3%	41.4%	1.9
Operating margin	29.4%	28.2%	1.2	36.2%	34.6%	1.6	39.1%	37.7%	1.4
Pre-tax margin	29.5%	28.3%	1.2	36.2%	34.6%	1.6	39.1%	37.7%	1.4
Net margin	22.9%	21.9%	1.0	27.9%	26.7%	1.2	30.1%	29.0%	1.0

Source: Morgan Stanley Research (E) estimates.

Price Target Discussion and Valuation Methodology

Our price target for EMC increases ~5%, to NT$8,800, driven by increases in our 2026-28 earnings estimates: Our new price target implies 20x CY28e P/E (unchanged). Our price target is also our base case scenario value. It is derived from our residual income (RI) model (similar to the rest of our tech hardware coverage).

To calculate the value of the stock, we use the company's beginning equity plus the present value of all expected residual income of earnings in excess of cost of capital. The RI is positive when ROAE is above the cost of capital and negative when it is below the cost of capital. Our key assumptions (all unchanged) include a cost of equity of 9.3% (beta of 1.0, equity risk premium of 8.7%, and risk-free rate of 1.0%), a medium-term growth rate of 12%, and a terminal growth rate of 3%.

The 20x CY28 P/E implied by our price target is slightly above the past three years' average +1SD of 18x, but much lower than the 32x recent P/E peak. We deem this valuation fair because EMC is benefiting from an earnings growth cycle fueled by stronger AI server CCL demand, EMC's own mix improvement, and continued pricing adjustments, which should support margin expansion.

Our bull and bear case values also increase ~5%, to NT$13,650 and NT$4,200, respectively.

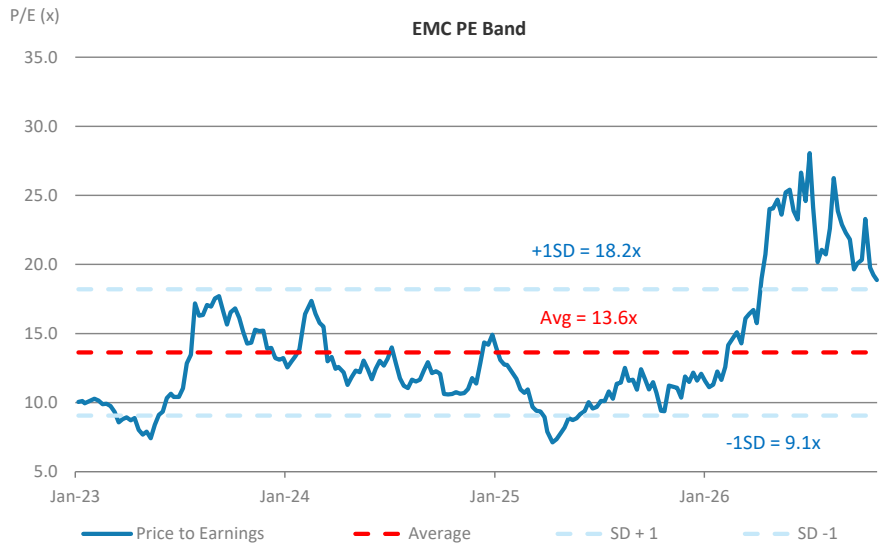
Exhibit 6: Residual income (RI) model

		2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Total Equity		**166,268**	**261,451**	**331,830**	**410,655**	**498,938**	**597,816**	**708,559**	**832,590**	**971,506**	**1,127,092**	**1,266,107**
Net Profit		**105,298**	**158,145**	**177,122**	**198,376**	**222,182**	**248,843**	**278,705**	**312,149**	**349,607**	**391,560**	**403,307**
Return on Equity		**82.1%**	**73.9%**	**59.7%**	**53.4%**	**48.9%**	**45.4%**	**42.7%**	**40.5%**	**38.8%**	**37.3%**	**33.7%**
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Equity Risk Premium (Rm-Rf)	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Risk Free Rate (Rf)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost of Equity	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Residual Income		**65,658**	**107,482**	**131,785**	**146,443**	**162,410**	**179,988**	**199,458**	**221,103**	**245,223**	**272,142**	**275,015**
Spread		**72.8%**	**64.6%**	**50.4%**	**44.1%**	**39.5%**	**36.1%**	**33.4%**	**31.2%**	**29.5%**	**28.0%**	**24.4%**

Beginning Equity Capital	166,268
PV of Forecast Period	1,141,031
PV of Continuing Value	1,845,937
Equity Value	**3,153,236**
No. of Shares	358
Projected Price	**8,800.0**
Implied CY27 PE	30x
Implied CY28 PE	20x

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

Exhibit 7: EMC: P/E trend



Source: Company data, Morgan Stanley Research estimates.

Financials

Exhibit 8: Quarterly Earnings Estimates

	1Q26	2Q26	3Q26P	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Net sales	**33,067**	**47,275**	**60,885**	**72,402**	**77,796**	**84,307**	**98,936**	**116,294**	**94,261**	**213,629**	**377,334**	**525,573**
COGS	(23,338)	(31,272)	(37,934)	(43,480)	(46,232)	(49,500)	(57,706)	(67,392)	(66,141)	(136,024)	(220,830)	(297,898)
Gross profit	**9,729**	**16,003**	**22,951**	**28,922**	**31,564**	**34,807**	**41,231**	**48,902**	**28,120**	**77,605**	**156,504**	**227,675**
Operating expenses	(2,601)	(3,269)	(4,264)	(4,588)	(4,658)	(4,814)	(5,104)	(5,431)	(9,012)	(14,722)	(20,006)	(22,212)
SG&A	(1,836)	(2,363)	(3,321)	(3,608)	(3,687)	(3,804)	(4,054)	(4,359)	(6,870)	(11,128)	(15,904)	(17,780)
R&D	(764)	(907)	(943)	(981)	(971)	(1,010)	(1,050)	(1,071)	(2,142)	(3,595)	(4,102)	(4,432)
Operating income	**7,128**	**12,734**	**18,687**	**24,334**	**26,906**	**29,993**	**36,127**	**43,472**	**19,108**	**62,882**	**136,498**	**205,463**
Non-operating income	**66**	**52**	**17**	**11**	**11**	**11**	**11**	**11**	**(232)**	**145**	**45**	**45**
Interest income	(65)	(89)	(89)	(89)	(89)	(89)	(89)	(89)	(216)	(332)	(355)	(355)
Investment income	0	0	0	0	0	0	0	0	0	0	0	0
Disposal of investment	0	0	0	0	0	0	0	0	0	0	0	0
Exchange gain	(3)	72	0	0	0	0	0	0	(108)	69	0	0
Other	134	68	106	100	100	100	100	100	92	408	400	400
Pre-tax income	**7,194**	**12,785**	**18,703**	**24,345**	**26,917**	**30,004**	**36,138**	**43,483**	**18,876**	**63,028**	**136,542**	**205,508**
Income tax	(1,855)	(2,914)	(4,204)	(5,234)	(6,864)	(6,901)	(8,131)	(9,349)	(4,231)	(14,207)	(31,245)	(47,363)
Minority interest	(1)	(2)	(1)	0	0	0	0	0	(4)	(3)	0	0
Net income	**5,340**	**9,873**	**14,500**	**19,111**	**20,053**	**23,103**	**28,007**	**34,134**	**14,649**	**48,824**	**105,298**	**158,145**
Adj.wtd.avg.shrs (mn)	358	358	358	358	358	358	358	358	352	358	358	358
EPS	**14.90**	**27.55**	**40.47**	**53.33**	**55.96**	**64.48**	**78.16**	**95.26**	**41.67**	**136.26**	**293.86**	**441.35**
Fully Diluted shares (mn)	358	358	358	358	358	358	358	358	352	358	358	358
Diluted EPS (NT$)	**14.90**	**27.55**	**40.47**	**53.33**	**55.96**	**64.48**	**78.16**	**95.26**	**41.67**	**136.26**	**293.86**	**441.35**
Margins (%)												
Gross Margin	29.4	33.9	37.7	39.9	40.6	41.3	41.7	42.1	29.8	36.3	41.5	43.3
Operating Margin	21.6	26.9	30.7	33.6	34.6	35.6	36.5	37.4	20.3	29.4	36.2	39.1
Pretax Margin	21.8	27.0	30.7	33.6	34.6	35.6	36.5	37.4	20.0	29.5	36.2	39.1
Net Margin	16.1	20.9	23.8	26.4	25.8	27.4	28.3	29.4	15.5	22.9	27.9	30.1
QoQ Growth (%)												
Sales	33	43	29	19	7	8	17	18				
Gross Profit	37	64	43	26	9	10	18	19				
Operating Profit	44	79	47	30	11	11	20	20				
Pretax Profit	56	78	46	30	11	11	20	20				
Net Profit	43	85	47	32	5	15	21	22				
YoY Growth (%)												
Sales	53	110	142	190	135	78	62	61	46	127	77	39
Gross Profit	48	134	203	306	224	118	80	69	56	176	102	45
Operating Profit	57	174	274	393	277	136	93	79	57	229	117	51
Pretax Profit	54	186	265	427	274	135	93	79	56	234	117	51
Net Profit	54	184	266	411	276	134	93	79	53	233	116	50

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

Exhibit 9: Consolidated Financial Summary

Consolidated Income Statement

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Net sales	**94,261**	**213,629**	**377,334**	**525,573**
COGS	(66,141)	(136,024)	(220,830)	(297,898)
Gross profit	**28,120**	**77,605**	**156,504**	**227,675**
Operating expenses	(9,012)	(14,722)	(20,006)	(22,212)
Operating income	**19,108**	**62,882**	**136,498**	**205,463**
Non-operating income	**(232)**	**145**	**45**	**45**
Interest income	(216)	(332)	(355)	(355)
Investment income	-	-	-	-
Disposal of investment	-	-	-	-
Exchange gain	(108)	69	-	-
Other	92	408	400	400
Pre-tax income	**18,876**	**63,028**	**136,542**	**205,508**
Income tax	(4,231)	(14,207)	(31,245)	(47,363)
Minority interests	(4)	(3)	-	-
Net income	**14,649**	**48,824**	**105,298**	**158,145**
Adj. wtd. Avg. shrs (m)	352	358	358	358
Reported EPS (NT$)	**41.67**	**136.26**	**293.86**	**441.35**
Diluted shrs (m)	352	358	358	358
Diluted EPS (NT$)	**41.67**	**136.26**	**293.86**	**441.35**

Consolidated Cash Flow Statement

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Operating Cashflow	**11,968**	**22,849**	**67,519**	**125,755**
Net Profits	14,649	48,824	105,298	158,145
Depreciation & Amort.	1,849	1,914	3,507	4,920
Investment losses/(income)	0	0	0	0
Working capital change	51,298	(26,488)	(39,365)	(35,571)
Other adjustments	(55,798)	(1,400)	(1,920)	(1,739)
Investing Cashflow	**(9,888)**	**(24,996)**	**(22,993)**	**(19,991)**
Capex	(9,490)	(25,000)	(23,000)	(20,000)
Change of L/T investment	0	0	0	0
Change of S/T investment	0	0	0	0
Other adjustments	(400)	0	0	0
Financing Cashflow	**2,776**	**(3,192)**	**(21,936)**	**(56,201)**
Increase in L/T debt	5,543	2,000	2,000	2,000
Increase in S/T debt	3,175	0	0	0
Issuance of stock	0	(68)	0	0
Cash dividends	(5,894)	(8,958)	(29,194)	(62,961)
Other adjustments	(48)	3,834	5,258	4,761
FX adjustment	163	(69)	0	0
Net change in cash	**5,020**	**(5,408)**	**22,590**	**49,564**

Consolidated Balance Sheet

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Cash	**20,008**	**14,599**	**37,189**	**86,753**
Mkt securities	-	-	-	-
AR/NR	36,115	81,849	144,570	201,366
Inventory	16,752	34,451	55,930	75,449
Others	1,106	2,506	4,426	6,165
Current Assets	**73,980**	**133,405**	**242,115**	**369,733**
Long-term investments	-	-	-	-
Fixed assets	30,864	53,947	73,433	88,504
Other assets	3,069	3,069	3,069	3,069
Total Assets	**107,913**	**190,421**	**318,618**	**461,306**
S/T borrowings	11,264	11,264	11,264	11,264
AP/NP	24,518	50,422	81,859	110,427
Other ST liabilities	10,450	21,491	34,889	47,066
Total Current Liabilities	**46,231**	**83,177**	**128,012**	**168,756**
L/T debt	8,219	10,219	12,219	14,219
Other LT libilities	3,027	6,861	12,118	16,879
Total Liabilities	**57,477**	**100,257**	**152,350**	**199,855**
Common shares	3,583	3,516	3,516	3,516
Retained Earnings	30,364	70,160	146,264	241,447
Other SH' Equity	16,488	16,488	16,488	16,488
Total Shareholders' Equity	**50,435**	**90,164**	**166,268**	**261,451**
Total Liab./SH's Equity	**107,913**	**190,421**	**318,618**	**461,306**

Consolidated Financial Ratios

	2025	2026E	2027E	2028E
Margins (%)				
Gross margin	29.8	36.3	41.5	43.3
Operating margin	20.3	29.4	36.2	39.1
Pretax margin	20.0	29.5	36.2	39.1
Net margin	15.5	22.9	27.9	30.1
YoY growth (%)				
Sales	46.4	126.6	76.6	39.3
Operating profits	57.2	229.1	117.1	50.5
Pretax profits	55.6	233.9	116.6	50.5
Net profits	52.9	233.3	115.7	50.2
Others				
Cash dividend payout (%)	60%	60%	60%	60%
Cash div (NT$)	25.00	81.47	175.71	263.90
Yield (%)	0%	2%	3%	5%
Net Debt/Equity (%)	-1%	8%	-8%	-23%
Liabilities/Equity (%)	114%	111%	92%	76%
Liabilities/Assets (%)	53%	53%	48%	43%
ROAE (%)	34%	69%	82%	74%
ROAA (%)	16%	33%	41%	41%
AR/NR Turnover (days)	120	101	110	120
Inventory Turnover (days)	72	69	75	80
AP/NP Turnover (days)	112	101	109	118
Cash conversion cycle	81	69	75	83

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

Risk Reward – Elite Material Co. (2383.TW)

Best-in-class CCL supplier; AI driving revenue and margin expansion

PRICE TARGET NT$8,800.00

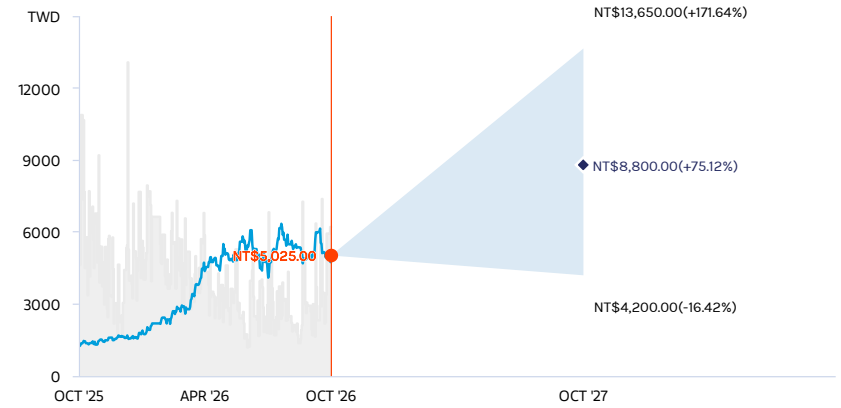
Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.3% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 12%, and terminal growth rate of 3%.

Consensus Price Target Distribution NT$6,000.00 NT$7,761.67 MS PT NT$10,200.00

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

OVERWEIGHT THESIS

- EMC is the global leader in copper-clad laminates, enabling AI systems by providing advanced high-speed, low-loss CCLs.
- Continued demand growth from AI and EMC's own capacity expansion support material growth in the coming years.
- Risk-reward is attractive with the stock trading at ~11x CY28e P/E vs 3Y historical range of 8-32x.

Consensus Rating Distribution

100%	Overweight
0%	Equal-weight
0%	Underweight

MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Pricing Power:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$13,650.00

31x 2028e P/E

We assume EMC takes share and sees faster material upgrades across all AI platforms.

BASE CASE NT$8,800.00

20x 2028e P/E

EMC continues to grow materially, driven by AI server demand growth and material grade upgrades.

BEAR CASE NT$4,200.00

10x 2028e P/E

CPO adoption happens faster than expected, while AI demand weakens and Chinese CCL makers are able to expand more capacity and take share on advanced CCLs.

Risk Reward – Elite Material Co. (2383.TW)

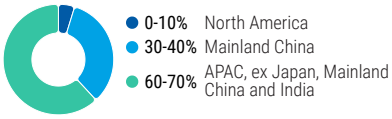
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Server/Switch/LEO Satellite Revenue Contribution (%)	67.8	77.9	83.9	87.7

INVESTMENT DRIVERS

- Monthly revenue
- Suppler share allocation
- CCL content per rack

GLOBAL REVENUE EXPOSURE



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

MS ALPHA MODELS

3/5 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 AI demand
- Share gains
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

RISKS TO DOWNSIDE

- Weaker AI demand
- Share loss
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

OWNERSHIP POSITIONING

Inst. Owners, % Active 66.3%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2027e

Sales / Revenue (NT$, mn)	286,190	337,274 / 377,334	388,863
EBIT (NT$, mn)	88,052	108,169	136,498
Net income (NT$, mn)	68,309	84,031	105,298
EPS (NT$)	190.64	234.50	293.86

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

TUC: Earnings Estimate Changes

We raise our gross margin and operating margin assumptions for CY26-28 to factor in the margin beat in 3Q26. However, we also revise our tax rate assumptions from 4Q26 onwards to reflect the higher-than-expected tax rate in 3Q26 (31.1% vs. our 25.0% estimate). Our EPS estimates consequently change +3% for CY26, -5% for CY27, and -6% for CY28.

Exhibit 10: Earnings Estimate Changes

	2026e			2027e			2028e		
NT$ mn	New	Old	Variance	New	Old	Variance	New	Old	Variance
Net sales	**62,900**	**64,427**	**-2%**	**115,890**	**120,406**	**-4%**	**185,861**	**189,373**	**-2%**
COGS	-41,781	-44,658	-6%	-72,963	-78,252	-7%	-117,069	-121,221	-3%
Gross profit	**21,119**	**19,769**	**7%**	**42,928**	**42,154**	**2%**	**68,792**	**68,152**	**1%**
Operating expenses	-3,791	-3,724	2%	-5,457	-5,343	2%	-7,264	-7,102	2%
Operating income	17,329	16,045	8%	37,471	36,811	2%	61,528	61,050	1%
Non-operating income	168	96	75%	105	-39	-365%	105	-39	-365%
Pre-tax income	17,496	16,141	8%	37,575	36,771	2%	61,633	61,011	1%
Income tax	-5,417	-4,409	23%	-11,273	-9,193	23%	-18,490	-15,253	21%
Net income	**12,079**	**11,732**	**3%**	**26,303**	**27,579**	**-5%**	**43,143**	**45,758**	**-6%**
EPS (NT$)	**41.36**	**40.17**	**3%**	**90.06**	**94.43**	**-5%**	**147.72**	**156.68**	**-6%**
Margins (%)			***ppt***			***ppt***			***ppt***
Gross margin	33.6%	30.7%	2.9	37.0%	35.0%	2.0	37.0%	36.0%	1.0
Operating margin	27.5%	24.9%	2.6	32.3%	30.6%	1.8	33.1%	32.2%	0.9
Pre-tax margin	27.8%	25.1%	2.8	32.4%	30.5%	1.9	33.2%	32.2%	0.9
Net margin	19.2%	18.2%	1.0	22.7%	22.9%	-0.2	23.2%	24.2%	-1.0

Source: Morgan Stanley Research (E) estimates.

Price target discussion and valuation methodology

Our price target for TUC decreases ~6%, to NT$2,550, primarily driven by the changes in our earnings estimates for CY27-28: This implies 28x CY27e or 17x CY28e P/E. Our price target is also our base case scenario value. It is derived from our residual income (RI) model (similar to the rest of our tech hardware coverage).

To calculate the value of the stock, we use the company's beginning equity plus the present value of all expected residual income of earnings in excess of cost of capital. The RI is positive when ROAE is above the cost of capital and negative when it is below the cost of capital. Our key assumptions (all unchanged) include a cost of equity of 9.3% (beta of 1.0, equity risk premium of 8.7%, and risk-free rate of 1.0%), a medium-term growth rate of 11%, and a terminal growth rate of 3%.

The 17x CY28e P/E implied by our price target is roughly in line with the past three years' average +1SD of 17.8x. We deem this valuation fair because TUC is benefiting from an earnings growth cycle fueled by stronger AI server/networking CCL demand, TUC's own mix improvement, and continued pricing adjustments, which should support margin expansion.

Our bull and bear case scenario values also decline ~6%, to NT$3,825 and NT$635, respectively.

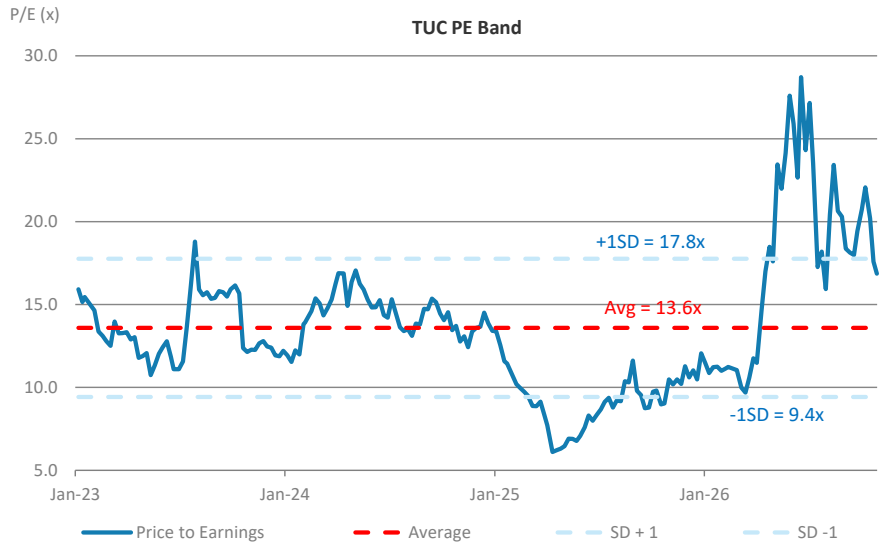
Exhibit 11: Residual Income (RI) Model

		2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Total Equity		**47,123**	**73,968**	**98,430**	**125,583**	**155,723**	**189,178**	**226,313**	**267,533**	**313,287**	**364,074**	**412,494**
Net Profit		**26,303**	**43,143**	**47,889**	**53,157**	**59,004**	**65,494**	**72,698**	**80,695**	**89,572**	**99,425**	**102,407**
Return on Equity		**69.7%**	**71.3%**	**55.6%**	**47.5%**	**41.9%**	**38.0%**	**35.0%**	**32.7%**	**30.8%**	**29.4%**	**26.4%**
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Equity Risk Premium (Rm-Rf)	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Risk Free Rate (Rf)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost of Equity	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Residual Income		**17,107**	**29,194**	**34,212**	**37,555**	**40,998**	**44,653**	**48,600**	**52,904**	**57,624**	**62,822**	**62,149**
Spread		**60.4%**	**62.0%**	**46.3%**	**38.2%**	**32.6%**	**28.7%**	**25.7%**	**23.4%**	**21.5%**	**20.1%**	**17.1%**

Beginning Equity Capital	47,123
PV of Forecast Period	280,347
PV of Continuing Value	417,151
Equity Value	**744,621**
No. of Shares	292
Projected Price	**2,550**
Implied CY27 PE	28x
Implied CY28 PE	17x

Source: Morgan Stanley Research (E) estimates.

Exhibit 12: TUC: P/E chart



Source: TEJ, Morgan Stanley Research estimates.

Financials

Exhibit 13: Quarterly Estimates

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26P	4Q26E	2025	2026E	2027E	2028E
Net sales	**6,372**	**6,780**	**8,063**	**9,125**	**10,054**	**14,301**	**17,949**	**20,596**	**30,340**	**62,900**	**115,890**	**185,861**
COGS	(4,839)	(5,345)	(6,148)	(7,110)	(7,525)	(10,051)	(11,321)	(12,883)	(23,442)	(41,781)	(72,963)	(117,069)
Gross profit	**1,533**	**1,435**	**1,915**	**2,015**	**2,529**	**4,250**	**6,628**	**7,713**	**6,898**	**21,119**	**42,928**	**68,792**
Operating expenses	(598)	(583)	(649)	(725)	(701)	(892)	(1,060)	(1,138)	(2,554)	(3,791)	(5,457)	(7,264)
SG&A	(469)	(457)	(513)	(601)	(606)	(773)	(936)	(1,011)	(2,040)	(3,327)	(4,920)	(6,666)
R&D	(128)	(126)	(136)	(124)	(95)	(118)	(124)	(127)	(514)	(464)	(537)	(597)
Operating income	**935**	**853**	**1,266**	**1,290**	**1,828**	**3,358**	**5,568**	**6,575**	**4,344**	**17,329**	**37,471**	**61,528**
Non-operating income	**(1)**	**(13)**	**52**	**136**	**46**	**69**	**26**	**26**	**175**	**168**	**105**	**105**
Interest income	17	16	3	5	(7)	(10)	(10)	(10)	42	(36)	(39)	(39)
Investment income	0	0	0	0	0	0	0	0	0	0	0	0
Disposal of investment	0	0	0	0	0	0	0	0	0	0	0	0
Exchange gain	27	(169)	110	127	46	75	0	0	95	120	0	0
Other	(45)	140	(61)	5	7	4	36	36	38	83	144	144
Pre-tax income	**935**	**840**	**1,318**	**1,427**	**1,874**	**3,427**	**5,594**	**6,601**	**4,519**	**17,496**	**37,575**	**61,633**
Income tax	(263)	(188)	(315)	(344)	(614)	(1,085)	(1,738)	(1,980)	(1,109)	(5,417)	(11,273)	(18,490)
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0
Net income	**672**	**652**	**1,003**	**1,083**	**1,260**	**2,342**	**3,857**	**4,621**	**3,409**	**12,079**	**26,303**	**43,143**
Adj.wtd.avg.shrs (mn)	276	276	280	281	289	292	292	292	281	292	292	292
EPS	**2.43**	**2.36**	**3.58**	**3.85**	**4.36**	**8.02**	**13.21**	**15.82**	**12.12**	**41.36**	**90.06**	**147.72**
Fully Diluted shares (mn)	276	276	280	281	289	292	292	292	281	292	292	292
Diluted EPS (NT$)	**2.43**	**2.36**	**3.58**	**3.85**	**4.36**	**8.02**	**13.21**	**15.82**	**12.12**	**41.36**	**90.06**	**147.72**
Margins (%)												
Gross Margin	24.1	21.2	23.7	22.1	25.1	29.7	36.9	37.4	22.7	33.6	37.0	37.0
Operating Margin	14.7	12.6	15.7	14.1	18.2	23.5	31.0	31.9	14.3	27.5	32.3	33.1
Pretax Margin	14.7	12.4	16.3	15.6	18.6	24.0	31.2	32.1	14.9	27.8	32.4	33.2
Net Margin	10.5	9.6	12.4	11.9	12.5	16.4	21.5	22.4	11.2	19.2	22.7	23.2
QoQ Growth (%)												
Sales	1	6	19	13	10	42	26	15				
Gross Profit	5	-6	33	5	26	68	56	16				
Operating Profit	0	-9	48	2	42	84	66	18				
Pretax Profit	-1	-10	57	8	31	83	63	18				
Net Profit	-5	-3	54	8	16	86	65	20				
YoY Growth (%)												
Sales	44	19	22	45	58	111	123	126	32	107	84	60
Gross Profit	51	5	27	38	65	196	246	283	29	206	103	60
Operating Profit	66	-2	31	38	95	294	340	410	30	299	116	64
Pretax Profit	56	-4	37	52	100	308	325	363	34	287	115	64
Net Profit	49	-6	33	54	88	259	285	327	31	254	118	64

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

Exhibit 14: Consolidated Financial Summary

Consolidated Income Statement

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Net sales	**30,340**	**62,900**	**115,890**	**185,861**
COGS	(23,442)	(41,781)	(72,963)	(117,069)
Gross profit	**6,898**	**21,119**	**42,928**	**68,792**
Operating expenses	(2,554)	(3,791)	(5,457)	(7,264)
Operating income	**4,344**	**17,329**	**37,471**	**61,528**
Non-operating income	**175**	**168**	**105**	**105**
Interest income	42	(36)	(39)	(39)
Investment income	-	-	-	-
Disposal of investment	-	-	-	-
Exchange gain	95	120	-	-
Other	38	83	144	144
Pre-tax income	**4,519**	**17,496**	**37,575**	**61,633**
Income tax	(1,109)	(5,417)	(11,273)	(18,490)
Minority interests	-	-	-	-
Net income	**3,409**	**12,079**	**26,303**	**43,143**
Adj. wtd. Avg. shrs (m)	281	292	292	292
Reported EPS (NT$)	**12.12**	**41.36**	**90.06**	**147.72**
Diluted shrs (m)	281	292	292	292
Diluted EPS (NT$)	**12.12**	**41.36**	**90.06**	**147.72**

Consolidated Cash Flow Statement

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Operating Cashflow	**596**	**1,115**	**8,587**	**20,313**
Net Profits	3,409	12,079	26,303	43,143
Depreciation & Amort.	459	459	586	702
Investment losses/(income)	0	0	0	0
Working capital change	18,399	(10,864)	(17,392)	(22,330)
Other adjustments	(21,634)	(559)	(910)	(1,202)
Investing Cashflow	**(6,502)**	**(1,999)**	**(1,998)**	**(1,996)**
Capex	(1,949)	(2,000)	(2,000)	(2,000)
Change of L/T investment	0	0	0	0
Change of S/T investment	(26)	0	0	0
Other adjustments	(4,528)	0	0	0
Financing Cashflow	**4,888**	**1,933**	**(711)**	**(7,387)**
Increase in L/T debt	5,381	100	100	100
Increase in S/T debt	1,275	0	0	0
Issuance of stock	0	(74)	0	0
Cash dividends	(1,797)	(2,193)	(7,485)	(16,298)
Other adjustments	30	4,100	6,673	8,812
FX adjustment	(97)	(120)	0	0
Net change in cash	**(1,115)**	**929**	**5,878**	**10,930**

Consolidated Balance Sheet

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Cash	**5,165**	**6,094**	**11,971**	**22,902**
Mkt securities	5,437	5,437	5,437	5,437
AR/NR	13,823	28,657	52,799	84,677
Inventory	7,405	13,197	23,047	36,979
Others	521	1,080	1,990	3,192
Current Assets	**32,351**	**54,465**	**95,245**	**153,188**
Long-term investments	4	4	4	4
Fixed assets	5,565	7,105	8,517	9,810
Other assets	1,820	1,820	1,820	1,820
Total Assets	**39,741**	**63,395**	**105,586**	**164,823**
S/T borrowings	2,141	2,141	2,141	2,141
AP/NP	10,320	18,392	32,119	51,535
Other ST liabilities	2,160	3,850	6,723	10,786
Total Current Liabilities	**14,621**	**24,383**	**40,983**	**64,463**
L/T debt	2,686	2,786	2,886	2,986
Other LT libilities	3,821	7,921	14,595	23,406
Total Liabilities	**21,127**	**35,090**	**58,463**	**90,855**
Common shares	2,887	2,813	2,813	2,813
Retained Earnings	8,285	18,050	36,868	63,713
Other SH' Equity	7,442	7,442	7,442	7,442
Total Shareholders' Equity	**18,614**	**28,305**	**47,123**	**73,968**
Total Liab./SH's Equity	**39,741**	**63,395**	**105,586**	**164,823**

Consolidated Financial Ratios

	2025	2026E	2027E	2028E
Margins (%)				
Gross margin	22.7	33.6	37.0	37.0
Operating margin	14.3	27.5	32.3	33.1
Pretax margin	14.9	27.8	32.4	33.2
Net margin	11.2	19.2	22.7	23.2
YoY growth (%)				
Sales	31.5	107.3	84.2	60.4
Operating profits	30.4	298.9	116.2	64.2
Pretax profits	33.8	287.2	114.8	64.0
Net profits	30.9	254.3	117.8	64.0
Others				
Cash dividend payout (%)	62%	62%	62%	62%
Cash div (NT$)	7.51	25.63	55.81	91.54
Yield (%)	1%	2%	4%	7%
Net Debt/Equity (%)	-31%	-23%	-26%	-31%
Liabilities/Equity (%)	114%	124%	124%	123%
Liabilities/Assets (%)	53%	55%	55%	55%
ROAE (%)	21%	51%	70%	71%
ROAA (%)	10%	23%	31%	32%
AR/NR Turnover (days)	142	123	128	135
Inventory Turnover (days)	82	90	91	94
AP/NP Turnover (days)	123	125	126	130
Cash conversion cycle	101	88	93	98

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

Risk Reward – Taiwan Union Technology Corporation (6274.TWO)

Scarcity Value in High-End CCL

PRICE TARGET NT$2,550.00

Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.3% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 11%, and terminal growth rate of 3%.

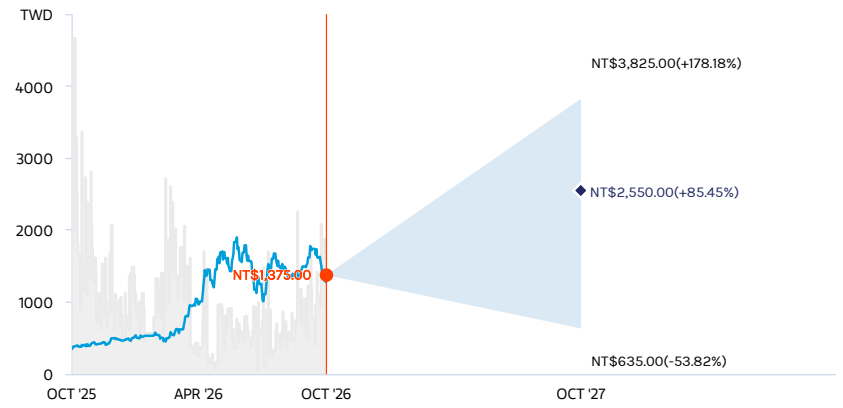
Consensus Price Target Distribution NT$1,600.00 NT$2,305.42 NT$3,010.00

MS PT

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

OVERWEIGHT THESIS

- TUC is one of the few high-end suppliers of copper-clad laminates whose M7/M8+ CCLs enable AI servers and 800G/1.6T switches.
- Continued demand growth from AI infrastructure build-out and LEO satellites should support continued mix improvement and earnings growth.
- Tight supply-demand conditions in the high-end CCL market further add to TUC's pricing power.
- Risk-reward is attractive with the stock trading at ~9x CY28e P/E vs the three-year historical range of 6-27x.

Consensus Rating Distribution

100%	Overweight
0%	Equal-weight
0%	Underweight

MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Pricing Power:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$3,825.00

26x CY28e P/E

In this scenario, we assume high-end servers and switches show significantly stronger growth in 2027-28, driven by faster-than-expected new data center build-outs and a smooth ramp of new generations of AI/networking chips. We also assume CCL demand from key satellite and power supply customers will be stronger than expected. In addition, we assume a new CSP ASIC customer win for TUC, which will start contributing to sales from 2027 onwards.

BASE CASE NT$2,550.00

17x CY28e P/E

TUC continues to grow materially, driven by AI ASIC server, power supply and LEO satellite demand growth, and material CCL upgrades.

BEAR CASE NT$635.00

4.3x CY28e P/E

In this scenario, we assume high-end servers and switches see sluggish demand in 2027-28, because of slower-than-expected new data center build-outs and significant delays in new generations of AI/networking chips; we also assume CCL demand from key satellite customer and power supply customer will become stagnant in the near to medium term. In addition, we assume no new CSP customer win and share loss in AWS Trainium project for TUC.

Risk Reward – Taiwan Union Technology Corporation (6274.TWO)

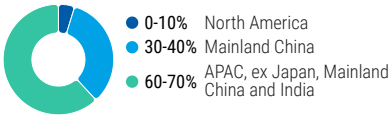
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Extreme LL & Super LL Revenue Contribution (%)	35.9	37.9	38.4	42.6

INVESTMENT DRIVERS

- Monthly revenue
- Suppler share allocation
- CCL content per server rack/switch

GLOBAL REVENUE EXPOSURE



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

MS ALPHA MODELS

3/5 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 AI demand
- Share gains
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

RISKS TO DOWNSIDE

- Weaker AI demand
- Share loss
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

OWNERSHIP POSITIONING

Inst. Owners, % Active 67.5%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2027e

Sales / Revenue (NT$, mn)	89,019	106,469 / 115,890	121,086
EBIT (NT$, mn)	23,069	30,451 / 37,471	39,469
Net income (NT$, mn)	17,778	22,895 / 26,303	29,809
EPS (NT$)	59.39	79.21 / 90.06	103.23

◆ 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 September 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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)



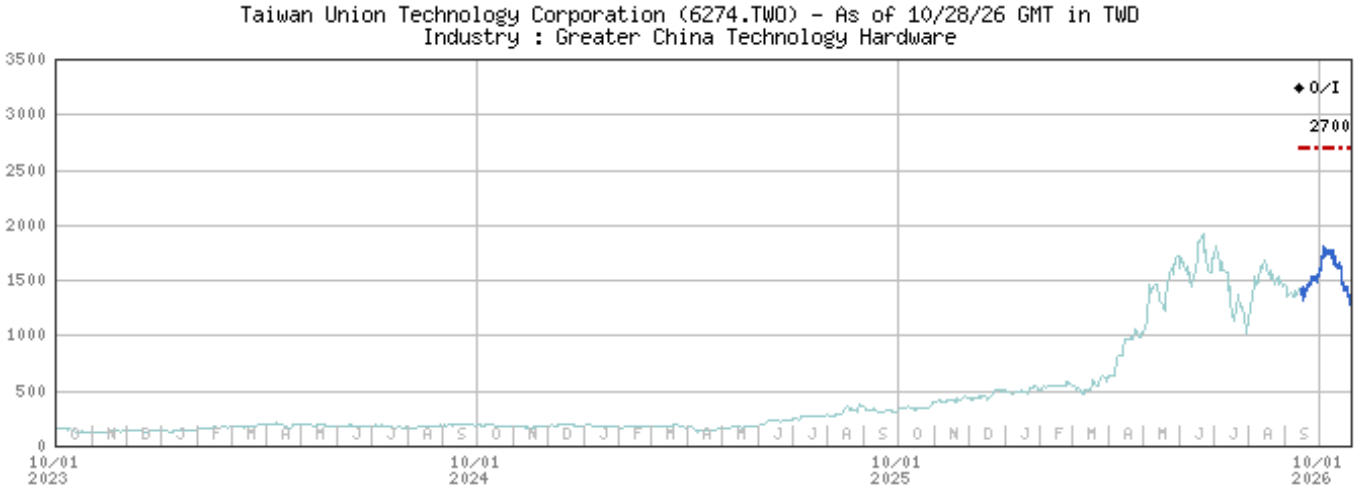
Stock Rating History: 9/14/26 : O/I

Price Target History: 9/14/26 : 8400

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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Stock Rating History: 9/14/26 : O/I

Price Target History: 9/14/26 : 2700

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)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/28/2026)

Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$38.82
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb123.60
BYD Electronics (0285.HK)	O (04/28/2023)	HK$22.54
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb8.00
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb14.47
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb256.79
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,330.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb23.20
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.24
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb34.15
Largan Precision (3008.TW)	O (10/13/2026)	NT$6,335.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb5.67
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.69
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$5.03
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$49.86
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb49.70
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.30
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.78
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb71.46
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$34.60
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb54.41
Sunny Optical (2382.HK)	E (03/23/2026)	HK$65.80
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb201.43
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb10.42
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$25.62
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb300.35
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$111.60
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb99.17
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb22.94
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb636.30
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$785.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$20.28
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb28.20
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,815.00
Advantech (2395.TW)	O (01/20/2021)	NT$689.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,140.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,215.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$35.55
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,435.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,810.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.83
Chenbro (8210.TW)	O (07/23/2025)	NT$781.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,035.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,550.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$156.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$64.60
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,460.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$343.50
Innolux (3481.TW)	E (04/07/2025)	NT$48.45
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$10,150.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb27.97
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$261.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.51

Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb5.76
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.70
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$988.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$199.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$37.95
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$5,025.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$3.72
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb48.64
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$362.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,185.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$251.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb56.03
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$40.30
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,580.00
Lenovo (0992.HK)	O (07/10/2026)	HK$23.78
Lotes Co. Ltd. (3533.TW)	O (10/27/2026)	NT$1,955.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,300.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$108.00
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$330.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb102.49
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb280.04
Unimicron (3037.TW)	O (02/23/2026)	NT$1,100.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$512.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$194.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$1,950.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$547.00
Zhen Ding (4958.TW)	++	NT$550.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$460.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,375.00

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