August 12, 2026 07:19 PM GMT

Pegatron Corporation | Asia Pacific

2Q in line, but servers tracking above expectations

MORGAN STANLEY TAIWAN LIMITED+

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

Irene Yen
Research Associate
Irene.Yen@morganstanley.com +886 2 2730-2869

MORGAN STANLEY ASIA LIMITED+

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

WHAT'S CHANGED

Pegatron Corporation (4938.TW)	From	To
Price Target	NT$85.00	**NT$96.00**

AlphaSignals Earnings Reaction

Unchanged	Meaningful upside	Modest revision higher
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Similar to other OEM and ODMs, Pegatron's AI server momentum has been better than expected. However, valuation at 12x CY27e P/E (above 5-year historical average) keeps us EW.

As we had written previously, Pegatron is seeing increasing revenue from AI servers, with momentum tracking ahead of prior expectations. Computing revenue rose 85% q/q in 2Q26 on strong server shipments and higher PC ASPs, and 3Q server revenue should continue to increase q/q on higher GB300 and HGX shipments. Management now expects full-year server revenue growth to exceed its previous 10x y/y growth target, and for servers to become one of its top two or three business groups in terms of revenue contribution, within 1-2 years, supported by robust demand and high ASPs. Inventory increased sharply to support current orders and prospective demand, including GB300 programs that are expected by management to extend into 2027.

PC demand remains challenged; smartphones should benefit from seasonality: Management expects 2H26 PC unit volumes to decline at a single-digit %, with uncertainties driven by component availability. However, PC revenue should be more resilient, aided by higher component prices. As for communications, revenue should be supported by new smartphone model launches, with management mentioning staggered ones in 2H26 and 1Q27, though memory supply remains a swing factor for actual shipment timing.

Like most ODMs, Pegatron needs to raise capital for procurement of key components in AI servers: The company said it plans to issue corporate bonds of no more than NT$20B and ECB of no more than US$500M. The raised capital will be used to support its AI server business. Its CY26 capex plan is unchanged at US $300–350M. New capacity spending is to mainly target Taiwan and North America; further investment in Southeast Asian capacity is possible, although much of the factory infrastructure is already in place.

PT increases by 13% to NT$96; stay EW: Our PT implies 12.5x 2027e P/E, higher than its five-year historical average of 11.3x, which we view as fair due to rising exposure to AI servers, with key customers such as Together AI.

Pegatron Corporation (4938.TW, 4938 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	NT$96.00
Up/downside to price target (%)	5
Shr price, close (Aug 12, 2026)	NT$91.40
52-Week Range	NT$102.50-67.50
Sh out, dil, curr (mn)	2,614
Mkt cap, curr (mn)	NT$238,899
EV, curr (mn)	NT$204,785
Avg daily trading value (mn)	NT$956

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	5.39	5.70	7.71	8.31
Prior EPS (NT$)**	-	5.39	7.61	8.04
EPS (NT$)§	4.92	5.61	6.76	7.43
Revenue, net (NT$ mn)	1,117,160	1,264,895	2,039,359	2,297,407
EBITDA (NT$ mn)	27,307	34,863	45,453	49,331
ModelWare net inc (NT$ mn)	14,403	15,235	20,613	22,192
P/E	12.7	16.0	11.8	11.0
P/BV	0.7	0.9	0.9	0.8
RNOA (%)	5.5	7.1	10.4	10.8
ROE (%)	6.0	6.2	7.7	8.0
EV/EBITDA	5.5	5.3	4.0	4.1
Div yld (%)	6.1	0.0	0.0	0.0
FCF yld ratio (%)**	5.3	4.8	4.1	(3.3)
Leverage (EOP) (%)	(21.9)	(27.5)	(27.2)	(20.4)

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

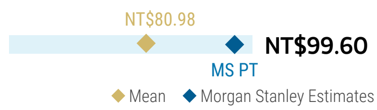
Risk Reward – Pegatron Corporation (4938.TW)

Growth hit by iPhone EMS business despite diversification efforts

PRICE TARGET NT$96.00

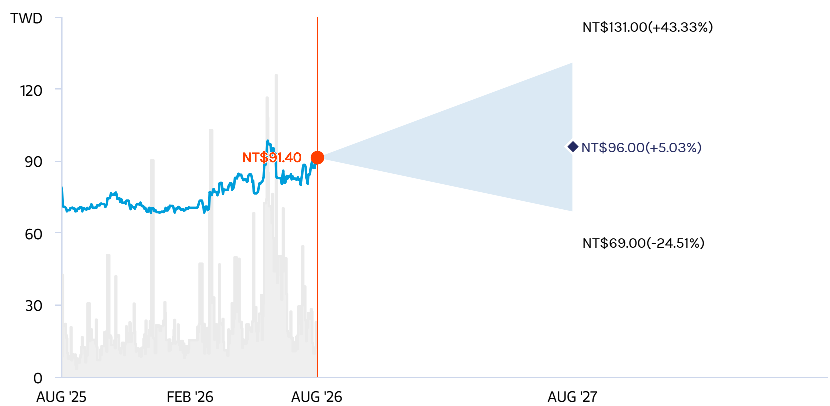
Base case, sum-of-the-parts. Recurring core business earnings: 9x 2027e P/E, within ODMs' historical trading range of 8x to 12x since 2011, and below Pegatron's five-year average of 11.3x. We view our target P/E multiple as fair, reflecting a weaker end demand outlook for Pegatron's smartphone and PC business. We value its stakes in AsRock, Kinsus and Azure based on their market values in proportion to Pegatron's holdings.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



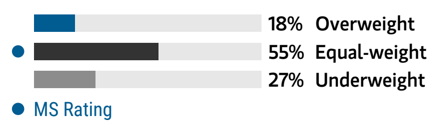
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- We expect Pegatron to not benefit as much vs. its peers (e.g., Hon Hai) from increased AI iPhone sales, as its exposure to iPhone is skewed toward the non-premium models.
- Fierce competition from Luxshare in iPhone EMS also remains an overhang.
- Server business prospects are strong, but the contribution is still not significant enough to offset the weakness of demand for consumer electronics.
- Auto/EV business could continue to decelerate in 2026, due to intensifying competition from Chinese brands.
- We view current valuation as insufficiently attractive.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Electric Vehicles:	*Positive*
Pricing Power:	*Negative*

View descriptions of Risk Rewards Themes here

BULL CASE NT$131.00

16.9x 2027e EPS

Stronger growth thanks to iPhone volumes and a much-better-than-expected EV contribution: We also assume the EV business contributes a double-digit share of revenue. Contributions from Kinsus and Luxshare investments are higher than in our base case.

BASE CASE NT$96.00

12.4x 2027e EPS

Limited growth from core business with decent investment gains: Luxshare's competition in iPhone EMS business remains an overhang on the stock, and its EV business (single-digit revenue contribution) is still too small for us to be bullish.

BEAR CASE NT$69.00

8.9x 2027e EPS

Revenue decline on weaker iPhone volumes and business challenges from significant share loss to Luxshare and declining profitability from its consolidated subsidiaries such as Kinsus. EV contribution also declines on a y/y basis owing to share loss.

Risk Reward – Pegatron Corporation (4938.TW)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
iPhone shipment y/y (%)	(3.4)	(8.5)	5.0	5.0
iPhone OPM (%)	0.2	0.2	0.5	0.5

INVESTMENT DRIVERS

- iPhone demand
- Global NB/broadband demand
- Game console demand
- EV demand
- Margin performance

GLOBAL REVENUE EXPOSURE

- 0-10% Japan
- 0-10% Mainland China
- 10-20% APAC, ex Japan, Mainland China and India
- 30-40% North America
- 40-50% Europe ex UK

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

MS ALPHA MODELS

1/5 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

- Better-than-expected iPhone volumes.
- Stronger PC shipments as a result of better component supply.
- Better-than-expected demand from EVs.

RISKS TO DOWNSIDE

- Weaker iPhone demand.
- Margin erosion from poor resource planning.
- Lower contribution from non-PC products.

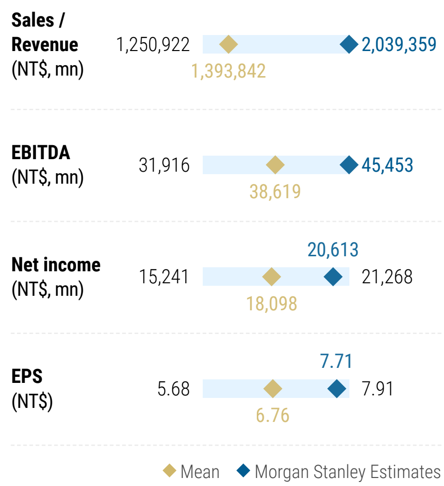
OWNERSHIP POSITIONING

Inst. Owners, % Active 53.6%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2027e



Source: Refinitiv, Morgan Stanley Research

2Q26 results summary

2Q GM was 4.4% (flat q/q), 30bps above MSe but in line with the Street.

2Q OP came in at NT$4.2B (+48% q/q), 3% above MSe and the Street, for OpM of 1.5% (+40bps q/q).

2Q non-op income was higher at NT$3.5B, primarily owing to higher gains on financial asset valuation.

Thus, 2Q NP came in at NT$4.5B (+187% q/q), 37% above MSe and 48% above the Street, for EPS of NT$1.68.

In addition to supply tightness of CPU and memory, which has persisted for some time already, management flagged that *shortages of PCB (and its supply chain – CCL and glass fabric) and power-related IC/component (high-cap/vol MLCC, power module, MOSFET, PMIC, etc.)* appear to have worsened recently.

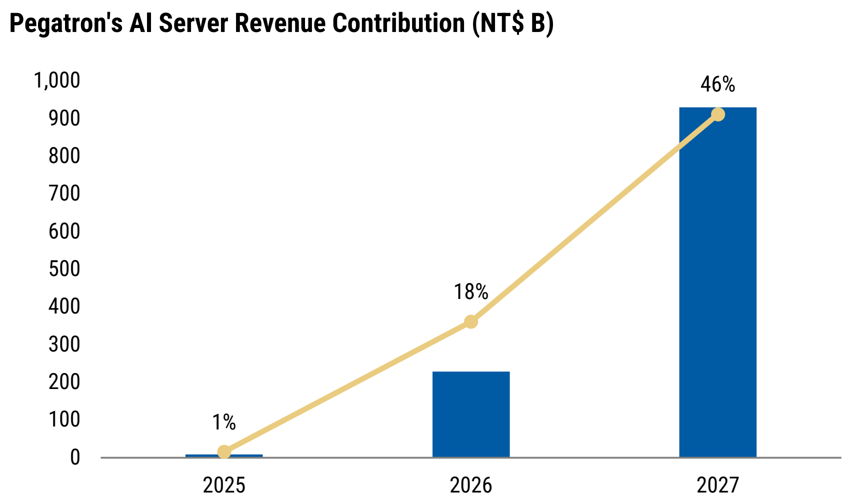
Exhibit 1: Pegatron 2Q26 results summary

Year to Dec. 31 (NT$m)	Actual	Q/Q	Y/Y	Mse	Diff. %	Cons.	Diff. %
P&L Summary	**2Q26**			**2Q26**		**2Q26**	
Net sales	**274,448**	**12%**	**3%**	**316,300**	**-13%**	**283,006**	**-3%**
COGS	(262,292)			(303,130)		(270,485)	
Gross profit	**12,156**	**13%**	**45%**	**13,170**	**-8%**	**12,521**	**-3%**
Operating expenses	(7,958)			(9,106)		(8,457)	
Operating income	**4,198**	**48%**	**185%**	**4,064**	**3%**	**4,064**	**3%**
Non-operating income	3,547			2,361		2,166	
Pre-tax income	**7,744**	**124%**	**347%**	**6,426**	**21%**	**6,230**	**24%**
Income tax	(1,431)			(2,249)			
Minority interest (paid) received	(1,826)			(890)			
Net income	**4,488**	**187%**	**1461%**	**3,287**	**37%**	**3,023**	**48%**
EPS (NT$)	**1.68**			**1.23**		**1.13**	
Margins		**ppt**	**ppt**		**ppt**		**ppt**
Gross margin	4.4%	0.0	1.3	4.2%	0.3	4.4%	0.0
Operating margin	1.5%	0.4	1.0	1.3%	0.2	1.4%	0.1
Pretax margin	2.8%	1.4	2.2	2.0%	0.8	2.2%	0.6
Net margin	1.6%	1.0	1.5	1.0%	0.6	1.1%	0.6

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

AI Server Revenue Contribution

Exhibit 2: Pegatron's AI server revenue and contribution %



Source: Morgan Stanley Research estimates.

Estimate Changes

We adjust our model to reflect 2Q26 results and updated guidance from management, and increase our 2026-2028 EPS estimates by 6% for 2026, 1% for 2027, and 3% for 2028. The increase in our 2026 forecast is mainly driven by the 2Q26 non-op income beat.

Exhibit 3: Estimate Changes

P&L Summary	New	Old	Diff. %	New	Old	Diff. %	New	Old	Diff. %
(NT$m)	2026E	2026E		2027E	2027E		2028E	2028E	
Net sales	**1,264,895**	**1,315,917**	**-4%**	**2,039,359**	**1,858,125**	**10%**	**2,297,407**	**2,006,048**	**15%**
COGS	(1,212,165)	(1,260,887)		(1,971,741)	(1,790,537)		(2,225,396)	(1,934,960)	
Gross profit	**52,731**	**55,030**	**-4%**	**67,618**	**67,588**	**0%**	**72,011**	**71,088**	**1%**
Operating expenses	(34,525)	(36,429)		(40,748)	(41,109)		(43,190)	(43,229)	
Operating income	**18,205**	**18,601**	**-2%**	**26,870**	**26,479**	**1%**	**28,822**	**27,859**	**3%**
Non-operating income	8,751	7,719		8,738	9,045		8,738	9,045	
Pre-tax income	**26,957**	**26,320**	**2%**	**35,608**	**35,524**	**0%**	**37,560**	**36,904**	**2%**
Income tax	(6,478)	(7,489)		(10,063)	(10,028)		(10,436)	(10,264)	
Minority interest (paid) received	(5,244)	(4,417)		(4,932)	(5,149)		(4,932)	(5,149)	
Net income	**15,235**	**14,415**	**6%**	**20,613**	**20,347**	**1%**	**22,192**	**21,491**	**3%**
EPS (NT$)	**5.70**	**5.39**	**6%**	**7.71**	**7.61**	**1%**	**8.31**	**8.04**	**3%**
Margins									
Gross margin	4.2%	4.2%		3.3%	3.6%		3.1%	3.5%	
Operating margin	1.4%	1.4%		1.3%	1.4%		1.3%	1.4%	
Pretax margin	2.1%	2.0%		1.7%	1.9%		1.6%	1.8%	
Net margin	1.2%	1.1%		1.0%	1.1%		1.0%	1.1%	

Source: Morgan Stanley Research (E) estimates.

Price Target Discussion and Valuation Methodology

Our SoTP-derived PT (base-case value) rises to NT$96. We apply a P/E multiple of 9x (unchanged) to our estimate of Pegatron's recurring core business earnings for 2027. The increase in our PT is primarily driven by higher market caps for Pegatron's strategic investments.

The 9x P/E multiple is within ODMs' historical trading range of 8-12x since 2011 and below Pegatron's five-year average of 11.3x. We view our target P/E multiple as fair, reflecting weaker end-demand outlooks for Pegatron's smartphone and PC business.

For reference, to derive the historical P/E band for Pegatron's Design and Manufacturing Services (DMS) business, we use the following:

- Pegatron's total market cap;
- Minus the market cap for strategic investments – ASRock (3515.TW), Kinsus (3189.TW) and Azure (3694.TW);
- Minus the market cap for Casetek; and
- Pegatron's DMS-only earnings.

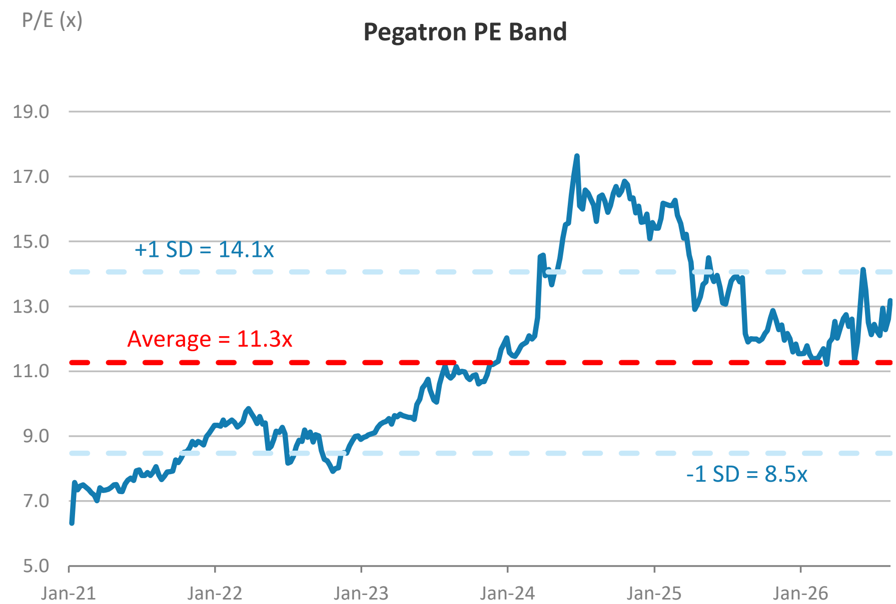
Our bull/bear case scenario values increase by similar magnitudes to the change in our base-case value, to NT$131 and NT$69, respectively.

Exhibit 4: Pegatron: SOTP methodology – We combine the market value of the core business and the strategic investments

Pegatron - SOTP	
NT$mn	**2027e**
Core business (DMS)	
Recurring earning after tax	17,149
Applied multiples	**9x**
Market capitalization - (1)	**153,137**
Strategic long-term investments market value	
ASRock (56% holding)	15,504
Kinsus (39% holding)	84,352
Azure (33% holding)	2,707
Total strategic LT investments - (2)	**102,563**
Total market value	**255,700**
Outstanding shares	2,663
Pegatron's price target (NT$)	**96.0**

Source: Morgan Stanley Research (e) estimates.

Exhibit 5: Pegatron P/E band



Source: TEJ, Morgan Stanley (e) Research estimates

Financials

Exhibit 6: Quarterly Earnings Estimates

NT$mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E	2028E
Net sales	**272,433**	**267,336**	**257,863**	**319,528**	**244,105**	**274,448**	**357,398**	**388,944**	**1,117,160**	**1,264,895**	**2,039,359**	**2,297,407**
COGS	(262,268)	(258,958)	(246,961)	(306,471)	(233,304)	(262,292)	(343,004)	(373,565)	(1,074,659)	(1,212,165)	(1,971,741)	(2,225,396)
Gross profits	**10,165**	**8,377**	**10,902**	**13,057**	**10,801**	**12,156**	**14,393**	**15,380**	**42,501**	**52,731**	**67,618**	**72,011**
Operating expenses	(7,682)	(6,906)	(7,684)	(8,620)	(7,972)	(7,958)	(9,229)	(9,366)	(30,893)	(34,525)	(40,748)	(43,190)
SG&A, R&D exp.	(3,634)	(3,197)	(3,716)	(4,245)	(4,091)	(3,659)	(4,452)	(4,555)	(14,791)	(16,757)	(19,730)	(20,906)
Employee bonus	(4,049)	(3,710)	(3,968)	(4,375)	(3,881)	(4,299)	(4,777)	(4,811)	(16,101)	(17,768)	(21,018)	(22,283)
Operating income	**2,483**	**1,471**	**3,218**	**4,437**	**2,829**	**4,198**	**5,165**	**6,014**	**11,609**	**18,205**	**26,870**	**28,822**
Non-operating income	**4,187**	**260**	**4,457**	**4,422**	**636**	**3,547**	**2,285**	**2,285**	**13,325**	**8,751**	**8,738**	**8,738**
Interest income	587	748	728	1,040	711	635	635	635	3,102	2,615	2,538	2,538
Investment income	1,009	790	588	1,263	(249)	187	900	900	3,651	1,738	3,200	3,200
Disposal of investment	(122)	1	32	1,217	-	-	-	-	1,128	-	-	-
Exchange gain	31	(1,086)	153	(66)	86	-	-	-	(968)	86	-	-
Other	2,682	(193)	2,956	967	87	2,725	750	750	6,411	4,312	3,000	3,000
Pre-tax income	**6,669**	**1,731**	**7,675**	**8,859**	**3,465**	**7,744**	**7,449**	**8,298**	**24,934**	**26,957**	**35,608**	**37,560**
Income tax	(1,512)	(649)	(2,189)	(2,474)	(605)	(1,431)	(2,125)	(2,317)	(6,824)	(6,478)	(10,063)	(10,436)
Minority interest	(854)	(794)	(941)	(1,118)	(1,298)	(1,826)	(1,029)	(1,090)	(3,707)	(5,244)	(4,932)	(4,932)
Net income	**4,303**	**287**	**4,545**	**5,267**	**1,561**	**4,488**	**4,295**	**4,891**	**14,403**	**15,235**	**20,613**	**22,192**
Adj.wtd.avg.shrs (mn)	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672
EPS	**1.61**	**0.11**	**1.70**	**1.97**	**0.58**	**1.68**	**1.61**	**1.83**	**5.39**	**5.70**	**7.71**	**8.31**
Margins (%)												
Gross Margin	3.7	3.1	4.2	4.1	4.4	4.4	4.0	4.0	3.8	4.2	3.3	3.1
Operating Margin	0.9	0.6	1.2	1.4	1.2	1.5	1.4	1.5	1.0	1.4	1.3	1.3
Pretax Margin	2.4	0.6	3.0	2.8	1.4	2.8	2.1	2.1	2.2	2.1	1.7	1.6
Net Margin	1.6	0.1	1.8	1.6	0.6	1.6	1.2	1.3	1.3	1.2	1.0	1.0
QoQ Growth (%)												
Sales	(17)	(2)	(4)	24	(24)	12	30	9				
Gross Profit	(14)	(18)	30	20	(17)	13	18	7				
Operating Profit	(14)	(41)	119	38	(36)	48	23	16				
Pretax Profit	12	(74)	343	15	(61)	124	(4)	11				
Net Profit	15	(93)	1,481	16	(70)	187	(4)	14				
YoY Growth (%)												
Sales	9	5	(12)	(2)	(10)	3	39	22	(1)	13	61	13
Gross Profit	(4)	(28)	(9)	11	6	45	32	18	(8)	24	28	6
Operating Profit	(18)	(50)	(12)	53	14	185	61	36	(7)	57	48	7
Pretax Profit	28	(82)	17	49	(48)	347	(3)	(6)	(8)	8	32	5
Net Profit	32	(95)	6	41	(64)	1,461	(6)	(7)	(15)	6	35	8

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

Exhibit 7: Consolidated Financial Summary

Consolidated Brand Income Statement

NT$mn (Year End Dec)	2025	2026E	2027E	2028E
Net sales	**1,117,160**	**1,264,895**	**2,039,359**	**2,297,407**
COGS	(1,074,659)	(1,212,165)	(1,971,741)	(2,225,396)
Gross profit	**42,501**	**52,731**	**67,618**	**72,011**
Operating expenses	(30,893)	(34,525)	(40,748)	(43,190)
Operating income	**11,609**	**18,205**	**26,870**	**28,822**
Non-operating income	**13,325**	**8,751**	**8,738**	**8,738**
Interest income	3,102	2,615	2,538	2,538
Investment income	3,651	1,738	3,200	3,200
Disposal of investment	1,128	-	-	-
Disposal of fixed assets	969	1	-	-
Exchange gain	(968)	86	-	-
Other	5,443	4,311	3,000	3,000
Pre-tax income	**24,934**	**26,957**	**35,608**	**37,560**
Income tax	(6,824)	(6,478)	(10,063)	(10,436)
Minority interests	(3,707)	(5,244)	(4,932)	(4,932)
Net income	**14,403**	**15,235**	**20,613**	**22,192**
EPS for consensus	**5.39**	**5.70**	**7.71**	**8.31**

Consolidated Brand Cash Flow Statement

NT$mn (Year End Dec)	2025	2026E	2027E	2028E
Cashflow from operations	**19,640**	**28,400**	**28,224**	**10,103**
Net Profits	14,403	15,235	20,613	22,192
Depreciation & Amortization	14,730	16,656	18,583	20,509
Equity invest. losses (income)	(4,779)	(1,738)	(3,200)	(3,200)
Change in Working Capital	4,541	(2,348)	(10,891)	(30,438)
Other adjustments	(9,254)	595	3,120	1,040
Cashflow from investing	**(16,833)**	**(16,738)**	**(18,200)**	**(18,200)**
Change of FA (capex)	(17,458)	(15,000)	(15,000)	(15,000)
Change of L/T investment	6,532	(1,738)	(3,200)	(3,200)
Other adjustments	(5,906)	-	-	-
Cashflow from financing	**(3,165)**	**11,994**	**(2,284)**	**3,738**
Increase in L/T debt	(3,080)	109	409	1,471
Increase in S/T debt	24,014	564	2,110	7,594
Proceed from new issues of shares	-	-	-	-
Cash Diviend paid	(13,455)	(10,657)	(11,158)	(11,682)
Other adjustments	(10,644)	21,977	6,355	6,355
Net change in cash	**(358)**	**23,656**	**7,741**	**(4,359)**

Consolidated Brand Balance Sheet

NT$mn (Year End Dec)	2025	2026E	2027E	2028E
Cash	**119,380**	**139,689**	**144,082**	**136,375**
Mkt securities	5,266	5,266	5,266	5,266
AR/NR	221,025	250,254	403,478	454,532
Inventory	81,235	86,245	120,078	158,291
Others	32,383	36,665	59,114	66,594
Current Assets	459,289	518,119	732,018	821,058
Long-term investments	61,378	63,116	66,316	69,516
Fixed assets	84,677	83,214	79,823	74,507
Other assets	17,770	17,770	17,770	17,770
Total Assets	**623,115**	**682,219**	**895,928**	**982,852**
S/T borrowings	59,107	59,672	61,782	69,376
AP/NP	249,241	281,132	457,297	516,126
Other ST liabilities	36,884	41,761	67,331	75,851
Total current liabilities	**345,232**	**382,565**	**586,410**	**661,353**
L/T debt	11,447	11,556	11,965	13,435
Other LT libilities	19,978	19,978	19,978	19,978
Total Liabilities	**376,657**	**414,099**	**618,353**	**694,767**
Common shares	26,822	26,822	26,822	26,822
Retained Earnings	73,171	94,833	104,288	114,799
Other SH Equity	146,465	146,465	146,465	146,465
Shareholders' equity	**246,458**	**268,120**	**277,575**	**288,085**
Total Liab./SH Equity	**623,115**	**682,219**	**895,928**	**982,852**

Consolidated Brand Financial Ratio

	2025	2026E	2027E	2028E
Margins (%)				
Gross margin	3.8	4.2	3.3	3.1
Operating margin	1.0	1.4	1.3	1.3
Pretax margin	2.2	2.1	1.7	1.6
Net margin	1.3	1.2	1.0	1.0
YoY growth (%)				
Sales	-0.7	13.2	61.2	12.7
Operating profits	-7.1	56.8	47.6	7.3
Pretax profits	-8.4	8.1	32.1	5.5
Net profits	-14.7	5.8	35.3	7.7
Others				
Cash div payout ratio (%)	41.9	41.9	41.9	41.9
Adjusted cash dividend (NT$)	4.0	4.2	4.4	4.6
Yield (%)	5.7	6.0	6.3	6.6
Net Debt/Equity (%)	-21.9	-27.5	-27.2	-20.4
Liabilities/Equity (%)	152.8	154.4	222.8	241.2
Liabilities/Assets (%)	60.4	60.7	69.0	70.7
ROAE (%)	5.9	5.9	7.6	7.8
ROAA (%)	2.2	2.3	2.6	2.4
AR/NR Turnover (days)	79	68	59	68
Inventory Turnover (days)	15	13	12	12
AP/NP Turnover (days)	95	80	68	80
Cash conversion cycle (days)	0	2	2	0

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

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

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com which accepts the responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research, and their affiliates (collectively, "Morgan Stanley"). Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/eqr/disclosures/webapp/generalresearch, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Howard Kao; Andy Meng, CFA.

.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of July 31, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: AAC Technologies Holdings, Accelink Technologies Co. Ltd., Acer Inc., AirTAC International, Auras Technology Co Ltd, Catcher Technology, Chenbro, Compal Electronics, Delta Electronics Inc., E Ink Holdings Inc., Eoptolink Technology Inc Ltd, Fositek Corp, Genius Electronic Optical Co. Ltd., Gold Circuit Electronics Ltd., Hiwin Technologies Corp., Innolux, Inspur Electronic Information, LandMark Optoelectronics Corporation, LianChuang Electronic Technology Co Ltd, Lingyi Itech Guangdong Co, Lite-On Technology, Lotes Co. Ltd., Nan Ya PCB, Quanta Computer Inc., Sunny Optical, Suzhou TFC Optical Communication Co Ltd., Unimicron, Visual Photonics Epitaxy Co Ltd, Wistron Corporation, Wiwynn Corp, Xiaomi Corp, Yageo Corp., Yangtze Optical Fibre and Cable JSC Ltd, Zhejiang Crystal-Optech Co Ltd, Zhen Ding, Zhongji Innolight Co Ltd, ZTE Corporation.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Unimicron, Wistron Corporation, Wiwynn Corp, Zhen Ding, Zhongji Innolight Co Ltd.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Lenovo, Unimicron, Wistron Corporation, Wiwynn Corp, Xiaomi Corp, Yageo Corp., Zhen Ding, Zhongji Innolight Co Ltd.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from AAC Technologies Holdings, Accton Technology Corporation, Acer Inc., Advantech, AirTAC International, Asia Vital Components Co. Ltd., Asustek Computer Inc., AU Optronics, Bizlink, Catcher Technology, Chenbro, Compal Electronics, Delta Electronics Inc., E Ink Holdings Inc., Ennostar Inc, Eoptolink Technology Inc Ltd, FIT Hon Teng Ltd, Giga-Byte Technology Co. Ltd., GoerTek Inc, Gold Circuit Electronics Ltd., Hon Hai Precision, Innolux, Lenovo, Lens Technology, Lingyi Itech Guangdong Co, Lite-On Technology, Luxshare Precision Industry Co., Ltd., **Pegatron Corporation**, Q Technology (Group) Company Ltd, Quanta Computer Inc., Shanghai Conant Optical Co Ltd, Shenzhen Transsion Holdings Co Ltd, Suzhou TFC Optical Communication Co Ltd., TCL Corp., Unimicron, Wistron Corporation, Wiwynn Corp, Xiaomi Corp, Yageo Corp., Yangtze Optical Fibre and Cable JSC Ltd, Zhen Ding, Zhongji Innolight Co Ltd.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from AAC Technologies Holdings, Accton Technology Corporation, Acer Inc., Asustek Computer Inc., AU Optronics, BYD Electronics, Compal Electronics, E Ink Holdings Inc., Eoptolink Technology Inc Ltd, Giga-Byte Technology Co. Ltd., GoerTek Inc, Hon Hai Precision, Innolux, Lenovo, Lingyi Itech Guangdong Co, Quanta Computer Inc., Xiaomi Corp, Yageo Corp..

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: AAC Technologies Holdings, Accton Technology Corporation, Acer Inc., Advantech, AirTAC International, Asia Vital Components Co. Ltd., Asustek Computer Inc., AU Optronics, Bizlink, Catcher Technology, Chenbro, Compal Electronics, Delta Electronics Inc., E Ink Holdings Inc., Ennostar Inc, Eoptolink Technology Inc Ltd, FIT Hon Teng Ltd, Giga-Byte Technology Co. Ltd., GoerTek Inc, Gold Circuit Electronics Ltd., Hon Hai Precision, Innolux, Lenovo, Lens Technology, Lingyi Itech Guangdong Co, Lite-On Technology, Luxshare Precision Industry Co., Ltd., **Pegatron Corporation**, Q Technology (Group) Company Ltd, Quanta Computer Inc., Shanghai Conant Optical Co Ltd, Shenzhen Transsion Holdings Co Ltd, Suzhou TFC Optical Communication Co Ltd., TCL Corp., Unimicron, Wistron Corporation, Wiwynn Corp, Xiaomi Corp, Yageo Corp., Yangtze Optical Fibre and Cable JSC Ltd, Zhen Ding, Zhongji Innolight Co Ltd.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: AAC Technologies Holdings, Accton Technology Corporation, Acer Inc., Asustek Computer Inc., AU Optronics, BYD Electronics, Compal Electronics, E Ink Holdings Inc., Eoptolink Technology Inc Ltd, Giga-Byte Technology Co. Ltd., GoerTek Inc, Hon Hai Precision, Innolux, Lenovo, Lingyi Itech Guangdong Co, Quanta Computer Inc., Xiaomi Corp, Yageo Corp., Zhen Ding.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of July 31, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	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.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

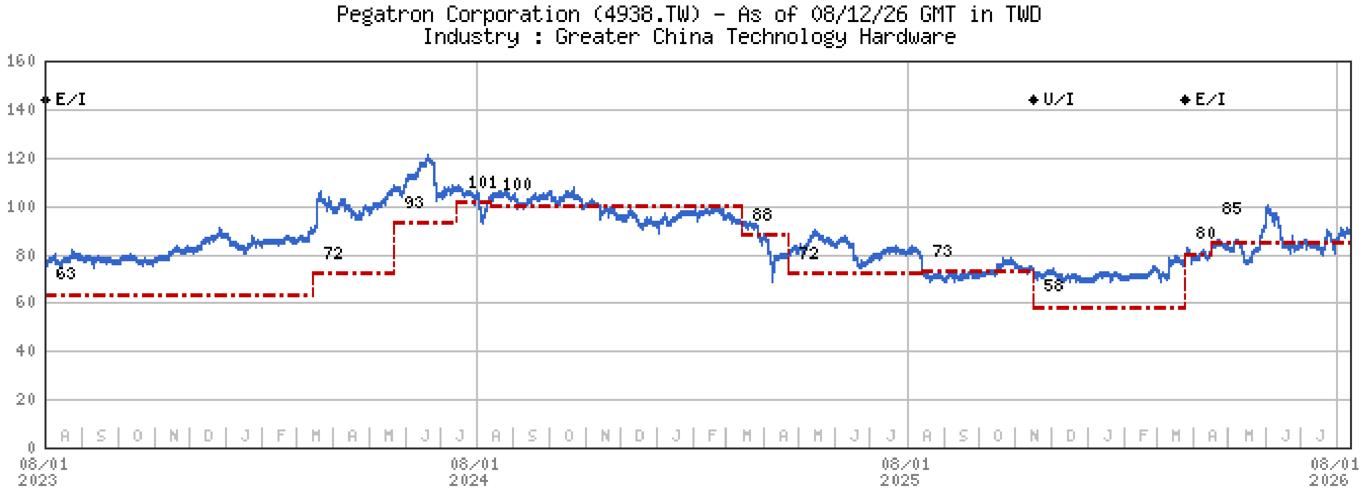
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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



Stock Rating History: 8/1/21 : U/I; 3/7/22 : E/I; 11/16/25 : U/I; 3/25/26 : E/I

Price Target History: 7/28/21 : 64; 3/7/22 : 70; 3/10/22 : 75; 5/13/22 : 70; 7/26/22 : 65; 8/1/22 : 68; 11/11/22 : 66; 5/1/23 : 63; 3/15/24 : 72; 5/22/24 : 93; 7/15/24 : 101; 8/13/24 : 100; 3/14/25 : 88; 4/23/25 : 72; 8/14/25 : 73; 11/16/25 : 58; 3/25/26 : 80; 4/17/26 : 85

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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)
Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.
Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding any material conflict of interest that can reasonably be expected to have influenced Morgan Stanley Smith Barney LLC's choice of a third-party research provider or the subject company of a third-party research report, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures.
For Morgan Stanley specific disclosures, you may refer to https://www.morganstanley.com/eqr/disclosures/webapp/generalresearch.
Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

As of August 10, 2026, Morgan Stanley beneficially owned a net long position exceeding 0.5% of the total issued share capital of the following companies covered in Morgan Stanley Research: Lingyi Itech Guangdong Co.
Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.
Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.
Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.
Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html). Please use the provided link to review the Terms and Conditions and Most Important Terms and Conditions for Morgan Stanley India Company Private Limited (https://www.morganstanley.com/assets/pdfs/about-us-global-offices/india/Terms_and_conditions.pdf) and the following link to review the audit report (https://ny.matrix.ms.com/eqr/research/webapp/researchdocs/MSICPL_Morgan_Stanley_Research_Audit_Report.pdf).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research. Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited. Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FC0118J); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Canada by Morgan Stanley Canada Limited; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory

INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/12/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$42.68
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb185.03
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.82
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.94
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.62
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb428.20
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$578.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb22.56
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.72
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb36.47
Largan Precision (3008.TW)	O (07/10/2026)	NT$4,585.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.25
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.51
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb57.35
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.41
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.85
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb54.03
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$37.40
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb56.29
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.85
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb240.05
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.15
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.36
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb345.79
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$131.40

Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb102.87
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb27.55
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb921.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.50
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.59
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,215.00
Advantech (2395.TW)	O (01/20/2021)	NT$686.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,595.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,910.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$26.25
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,050.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,155.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.93
Chenbro (8210.TW)	O (07/23/2025)	NT$1,005.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,195.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,790.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$166.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$58.30
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,835.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$369.00
Innolux (3481.TW)	E (04/07/2025)	NT$50.40
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$12,045.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb35.25
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$259.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.09
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.70
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb225.20
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$31.75
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$852.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$205.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$39.90
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.22
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb65.60
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$375.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,000.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$270.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb75.02
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,725.00
Lenovo (0992.HK)	O (07/10/2026)	HK$29.04
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,010.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,265.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$91.40
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$325.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb143.23
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb385.80
Unimicron (3037.TW)	O (02/23/2026)	NT$1,000.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$384.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$193.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$6,025.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$602.00
Zhen Ding (4958.TW)	++	NT$471.50

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

* Historical prices are not split adjusted.