Morgan Stanley | RESEARCH

UPDATE

July 9, 2026 10:17 PM GMT

WPG Holdings | Asia Pacific

Preliminary 2Q revenue beat

Strong 2Q26 preliminary revenue: WPG reported 2Q preliminary revenue of NT $458,278mn, +45% Q/Q, +83% Y/Y, and 29% above MSe. We believe the main revenue growth driver was component shipment growth driven by AI infrastructure build-out, including not just memory but also CPU, network communications, power, passive components.

Remain OW: We believe AI-driven demand will remain strong and will continue to lift earnings for WPG, which is more than enough to offset weakness from consumer markets. The stock is currently trading at 8.3x our 2026e EPS, which we view as attractive.

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WPG Holdings (3702.TW, 3702 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$160.00
Up/downside to price target (%)	50
Shr price, close (Jul 9, 2026)	NT$106.50
52-Week Range	NT$127.50-56.60
Sh out, dil, curr (mn)	1,751
Mkt cap, curr (mn)	NT$186,503
Avg daily trading value (mn)	NT$906

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	5.77	12.82	12.51	13.18
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	5.45	13.62	13.95	13.18
Revenue, net (NT$ mn)	999,110	1,343,909	1,405,714	1,551,645
EBITDA (NT$ mn)	21,077	35,246	34,283	35,393
ModelWare net inc (NT $ mn)	10,105	22,441	21,914	23,076

P/E	9.8	8.3	8.5	8.1
P/BV	1.2	1.8	1.7	1.6
ROE (%)	12.0	26.3	21.6	21.3
EV/EBITDA	9.0	8.4	8.6	8.7
Div yld (%)	7.2	8.8	8.6	9.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Valuation Methodology and Risks

WPG Holdings (3702.TW)

Base case, residual income model. We assume a cost of equity of 9.5% (1.5% risk-free rate, 6% risk premium, 1.34 beta), a medium-term growth rate of 5.5% and a long-term growth rate of 2.0%.

Risks to Upside

- Margin trends up amid better-than-expected non-AI business.
- Global semi inventory drops, reflecting strong mobile device demand.
- Market share expands.

Risks to Downside

- Margin trends down dramatically amid slower-than-expected non-3C business development and pressure on client margins.
- Global semi inventory rises, reflecting poor mobile/PC device demand.
- Market share is lost.

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(as of June 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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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.

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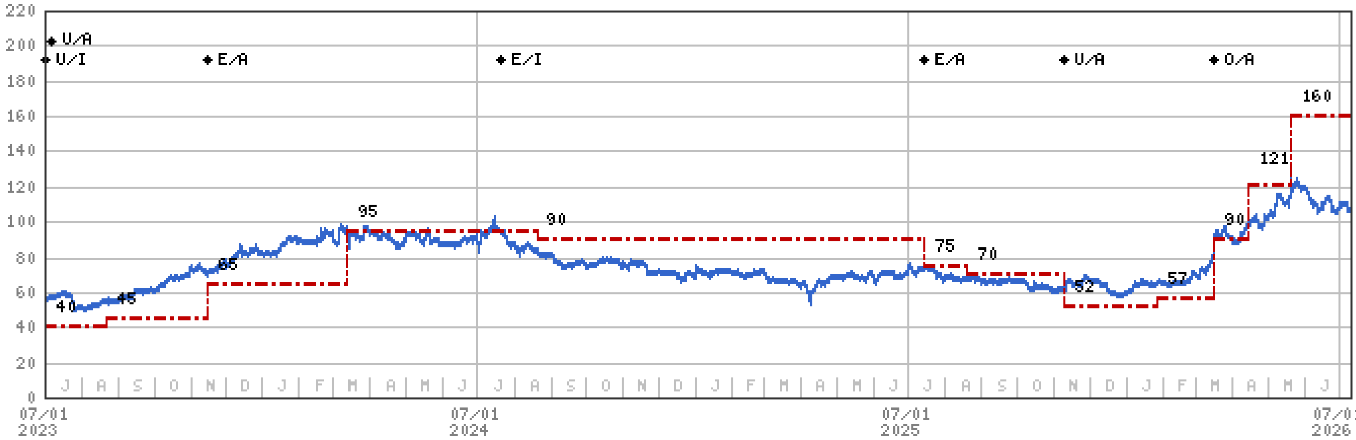
Stock Price, Price Target and Rating History (See Rating Definitions)

WPG Holdings (3702.TW) - As of 07/09/26 GMT in TWD
Industry : Greater China Technology Semiconductors



Stock Rating History: 7/1/21 : U/I; 10/12/21 : U/C; 10/4/22 : U/A; 2/22/23 : U/I; 7/7/23 : U/A; 11/16/23 : E/A; 7/21/24 : E/I; 7/14/25 : E/A; 11/10/25 : U/A; 3/16/26 : O/A

Price Target History: 5/20/21 : 42.5; 8/13/21 : 40; 3/2/22 : 45; 11/15/22 : 40; 8/22/23 : 45; 11/16/23 : 65; 3/13/24 : 95; 8/20/24 : 90; 7/14/25 : 75; 8/20/25 : 70; 11/10/25 : 52; 1/27/26 : 57; 3/16/26 : 90; 4/14/26 : 121; 5/20/26 : 160

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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ACM Research Inc (ACMR.O)	O (03/07/2023)	US$106.04
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb471.59
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$136.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,210.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$677.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,535.01
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$4,340.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$1,350.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$496.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$201.80
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$593.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$308.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb92.83
MediaTek (2454.TW)	O (11/28/2025)	NT$3,925.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb981.88
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$435.50
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb878.43
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb107.14
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,220.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb134.86
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$523.00
SMIC (0981.HK)	O (10/21/2025)	HK$83.55
TSMC (2330.TW)	O (02/07/2022)	NT$2,415.00
UMC (2303.TW)	O (05/19/2026)	NT$156.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$173.00
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$406.00
Daisy Dai, CFA		

ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$197.00
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb92.70
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$183.50
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb123.41
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb48.40
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb363.46
Innoscience (2577.HK)	E (10/13/2025)	HK$56.25
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb103.52
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$32.02
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb156.67
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb133.40
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb87.09
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb31.00
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb136.62
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$922.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,480.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$13,665.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$110.50
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb121.30
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb663.49
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$143.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$383.80
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb285.80
Novatek (3034.TW)	U (02/04/2026)	NT$542.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$162.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$655.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$71.10
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$840.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb60.49
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$176.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$106.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$211.50
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb176.34
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb620.00
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,050.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$608.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$15.72
Hon Precision (7769.TW)	O (04/17/2026)	NT$6,660.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$7,080.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$324.26
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$7,765.00

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.