Morgan Stanley | RESEARCH

UPDATE

August 14, 2026 02:21 PM GMT

King Slide Works Co. Ltd. | Asia Pacific

Preliminary Profit in July Announced

King Slide announced its preliminary profit for July, per TWSE regulation:

- Revenue was NT$6,407mn (+44% MoM/+356% YoY), 33% of our estimate at NT$19,555mn (+81% QoQ/+348% YoY) and 40% of the consensus at NT $15,883mn (+47% QoQ/+264% YoY) for 3Q26.
- Pretax income was NT$5,985mn (+321% YoY; pretax margin at 93.4%), 37% of our pretax income estimate at NT$16,377mn (margin at 83.7%) and 45% of consensus at NT$13,170mn (margin at 82.9%) for 3Q26.
- Net income was NT$4,787mn (+321% YoY; EPS NT$50.24; NPM 74.7%), 37% of our estimated net income at NT$12,938mn (EPS NT$135.76; NPM 66.2%) and 46% of consensus at NT$10,460mn (EPS NT$108.72; NPM 65.9%) for 3Q26.

Our view:

- We see upside to our estimates and consensus for 3Q26 earnings.
- There should be some regular interest income and one-off FX gains during the month, but even with that, our back-of-the-envelop calculation points to over 85% of operating margin in July vs. 82.1% in 2Q26. We believe this should strengthen the market's conviction about the sustainability of its margins in 2H26.
- We maintain our view that King Slide's competitiveness of the comprehensive patent portfolio and strong execution is entrenched and accentuated amid the fast generation migration in AI applications.
- Stay OW with PT of NT$15,000 (30x 2027 P/E)

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King Slide Works Co. Ltd. (2059.TW, 2059 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$15,000.00
Up/downside to price target (%)	20
Shr price, close (Aug 14, 2026)	NT$12,500.00
52-Week Range	NT$12,670.00-2,840.00
Sh out, dil, curr (mn)	95
Mkt cap, curr (mn)	NT$1,191,214
EV, curr (mn)	NT$1,167,511
Avg daily trading value (mn)	NT$3,629

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	103.23	382.77	502.77	559.77
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	100.25	316.46	449.82	518.18
Revenue, net (NT$ mn)	17,501	55,414	74,250	82,820
EBITDA (NT$ mn)	12,449	45,194	60,021	67,047
ModelWare net inc (NT $ mn)	9,837	36,477	47,913	53,345
P/E	36.3	32.7	24.9	22.3
RNOA (%)	216.6	818.3	534.3	549.4
ROE (%)	46.2	130.2	90.9	62.3
EV/EBITDA	26.8	25.4	18.6	16.1
Div yld (%)	0.9	1.0	1.3	1.4
FCF yld ratio (%)**	2.9	2.7	4.0	4.4
Leverage (EOP) (%)	(84.6)	(83.2)	(88.8)	(91.5)

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

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
King Slide Works Co. Ltd. 2059.TW			
Preliminary July Profit Announcement	14 Aug 2026	Unchanged	↑ Modest upside surprise

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

King Slide Works Co. Ltd. (2059.TW)

Base case, 30x 2027e P/E. We use price/earnings as our valuation methodology because we believe it better captures King Slide's earnings growth potential. We believe our target multiple is justified by an operating profit CAGR of 77% seen for 2025-28, implying a PEG of 0.4 vs. the average of 1.2 over 2010-24, when the stock was trading at 17-18x P/E with an operating profit CAGR of 14%.

Risks to Upside

- Stronger-than-expected AI capex
- Stronger server demand
- Faster market share gains

Risks to Downside

- Softer AI capex
- Weaker server demand
- Sluggish kitchen furniture demand
- Competition leading to slower share gains.

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(as of July 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

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

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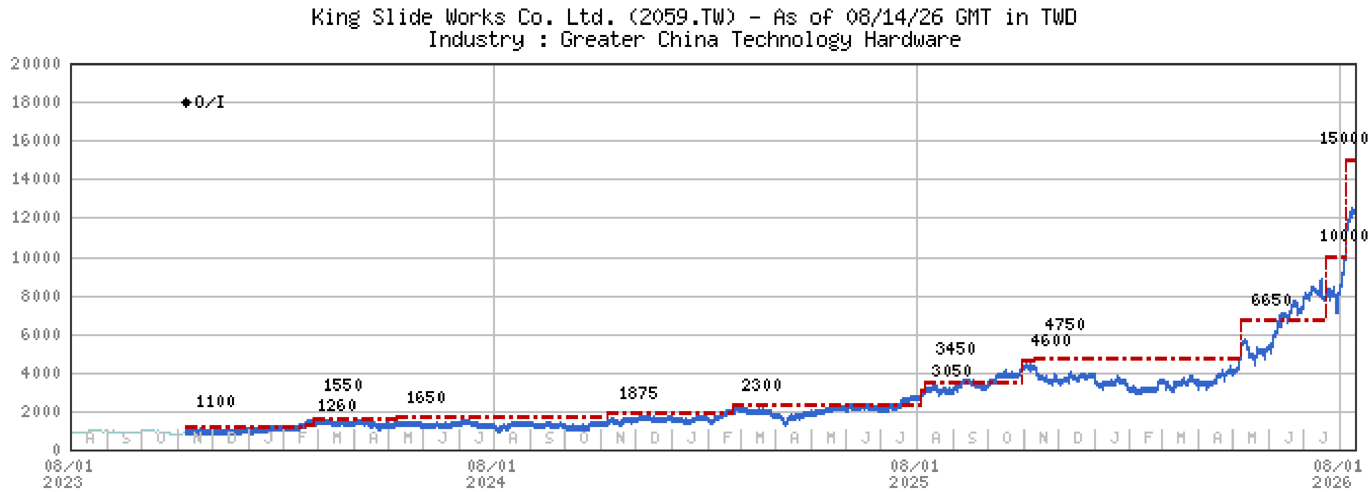
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 11/8/23 : O/I

Price Target History: 11/8/23 : 1100; 2/20/24 : 1260; 2/26/24 : 1550; 5/8/24 : 1650; 11/7/24 : 1875; 2/22/25 : 2300; 8/4/25 : 3050; 8/8/25 : 3450; 10/30/25 : 4600; 11/10/25 : 4750; 5/8/26 : 6650; 7/20/26 : 10000; 8/7/26 : 15000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/14/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$42.90
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb191.52
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.68
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.77
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.47
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb448.08
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$615.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb21.88
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.64
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb34.88
Largan Precision (3008.TW)	O (07/10/2026)	NT$4,610.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.69
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$6.41
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$60.40
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb56.58
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.27
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.88
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb60.69
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$38.26
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb55.02
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.75
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb267.71
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.46
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$25.62
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb355.18

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$132.20
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb106.08
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb27.62
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb943.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.02
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.05
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,300.00
Advantech (2395.TW)	O (01/20/2021)	NT$683.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,460.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,235.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$25.80
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,010.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,200.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.81
Chenbro (8210.TW)	O (07/23/2025)	NT$1,000.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,300.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,885.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$165.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$56.90
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,805.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$373.50
Innolux (3481.TW)	E (04/07/2025)	NT$50.10
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$12,500.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb35.74
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$267.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.14
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.62
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb223.44
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.30
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$996.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$204.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$43.20
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.28
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb66.19
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$397.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,015.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$259.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb78.80
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,540.00
Lenovo (0992.HK)	O (07/10/2026)	HK$33.60
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,720.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,305.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$94.80
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$327.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb143.21
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb378.00
Unimicron (3037.TW)	O (02/23/2026)	NT$1,020.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$379.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$193.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$6,435.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$622.00
Zhen Ding (4958.TW)	++	NT$489.50

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* Historical prices are not split adjusted.