Morgan Stanley | RESEARCH

UPDATE

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Greater China Technology Hardware | Asia Pacific

Automation – Read-across from JMTBA June 2026 Orders

In this report, we focus on final JMTBA orders, which we believe could among the catalysts for Airtac's and Hiwin's share prices.

Per the Japan Machine Tool Builders' Association (JMTBA), headline orders grew 15% MoM and 53% YoY in June 2026 (vs. -6% MoM/+38% YoY in May 2026), to ¥203bn.

- Domestic orders +28% MoM/+46% YoY (vs. -8% MoM/+37% YoY in May), to ¥58bn.
- Overseas orders +10% MoM/+56% YoY (vs. -6% MoM/+38% YoY in May), to ¥145bn.
- By region:
  - China: +10% MoM/+76% YoY, to ¥56bn
  - Europe: +15% MoM/+22% YoY, to ¥19bn
  - North America: +9% MoM/+44% YoY, to ¥41bn

Our view:

- Order growth for all three major regions remained solid on a YoY basis, pointing to a continuous up-cycle. This is consistent with manufacturing PMIs hovering above the 50 threshold, e.g., China, Europe, and North America at 50.3, 51.4, and 53.3, respectively, in June vs. 50.0, 51.6, and 54.0 in May.

- On top of the overall segment recovery within automation:
  - Airtac (1590.TW, OW) should benefit from its own share gains and incremental contribution from linear motion components. Valuation appears undemanding at 20x 2027e P/E (vs. 25x average since 2020).
  - Hiwin (2049.TW, OW) should show margin expansion in the coming quarters, supported by higher utilization and price hikes. We see potential share price upside as the stock now trades at 27x 2027e P/E (vs. peak cycle valuation of 35-40x).

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GREATER CHINA TECHNOLOGY HARDWARE	
Asia Pacific	
Industry View	In-Line

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
JMTBA June 2026 Orders	29 Jul 2026	Unchanged	In-line
Hiwin Technologies Corp. 2049.TW			
JMTBA June 2026 Orders	29 Jul 2026	Unchanged	In-line

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

AirTAC International (1590.TW)

Base case, 29x 2027e P/E. We believe this methodology better captures earnings growth momentum for industrial automation component plays (market sentiment moves along with business cycles). As the industry enters an up-cycle, we think applying a near-peak cycle valuation of 29x P/E is reasonable given the stronger business outlook.

Risks to Upside

- Stronger macroeconomic climate in China
- Stronger-than-expected demand from industrial automation

Risks to Downside

- Sharper economic downturn in China
- Miniature linear guideway business development taking more time
- Larger-than-expected investment in new products but weaker-than-expected demand

Hiwin Technologies Corp. (2049.TW)

Base case, P/E. We think this valuation methodology better captures Hiwin's earnings growth momentum, as its valuation tends to move with the business cycle. We apply a target multiple of 37x to our 2027 EPS estimate. We view this multiple as justified by the 44% operating profit CAGR we project for 2025-28.

Risks to Upside

- Stronger industrial automation demand pickup.
- Market share gains.
- Earlier-than-expected revenue contribution from humanoids.

Risks to Downside

- Weaker industrial automation demand.
- More pricing pressure.
- Market share loss.
- More broad-based impact on the global economy from geopolitical risks.

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(as of June 30, 2026)

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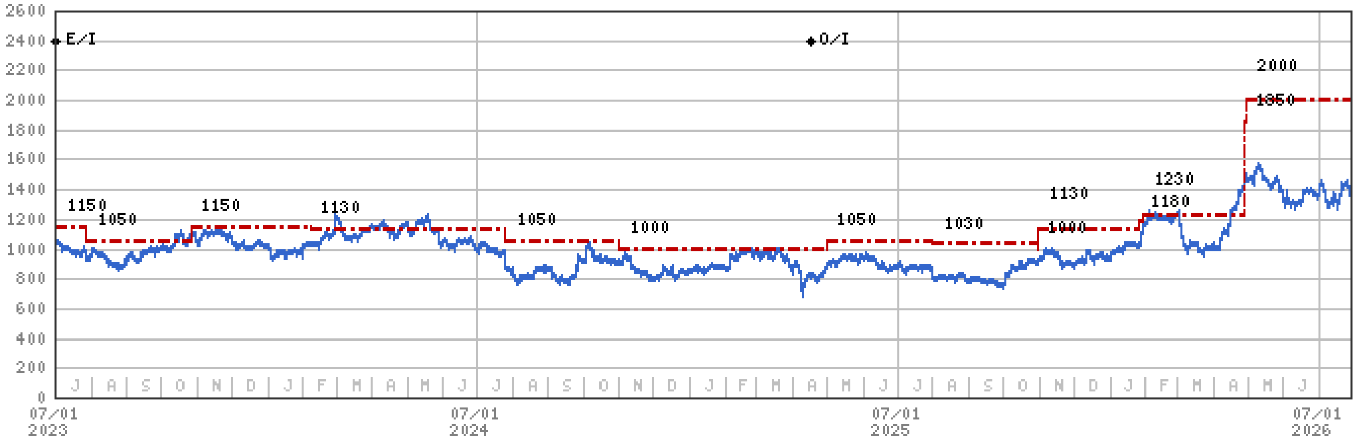
Stock Price, Price Target and Rating History (See Rating Definitions)

AirTAC International (1590.TW) - As of 07/29/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 7/1/21 : O/I; 11/8/21 : E/I; 1/11/22 : O/I; 8/4/22 : E/I; 4/16/25 : O/I

Price Target History: 4/29/21 : 1567.27; 8/5/21 : 1379.98; 10/4/21 : 1300; 11/8/21 : 870; 1/11/22 : 1250; 3/24/22 : 1150; 8/4/22 : 850; 10/27/22 : 600; 1/16/23 : 1050; 2/8/23 : 1100; 4/26/23 : 1150; 7/28/23 : 1050; 10/26/23 : 1150; 2/7/24 : 1130; 7/25/24 : 1050; 11/1/24 : 1000; 4/30/25 : 1050; 8/1/25 : 1030; 10/30/25 : 1000; 10/31/25 : 1130; 1/27/26 : 1180; 1/30/26 : 1230; 4/28/26 : 1850; 4/30/26 : 2000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Hiwin Technologies Corp. (2049.TW) - As of 07/29/26 GMT in TWD
Industry : Greater China Technology Hardware

Stock Rating History: 7/1/21 : O/I; 8/11/22 : E/I; 2/21/23 : O/I; 8/11/23 : E/I; 5/12/25 : U/I; 2/27/26 : E/I; 3/30/26 : O/I

Price Target History: 1/20/21 : 556.84; 8/5/21 : 480.04; 10/5/21 : 479.6; 2/28/22 : 341.16; 3/24/22 : 301.61; 7/20/22 : 295; 8/11/22 : 230; 11/21/22 : 200; 2/21/23 : 295; 2/27/23 : 283; 5/10/23 : 280; 8/11/23 : 205; 11/13/23 : 220; 2/27/24 : 210; 8/13/24 : 205; 11/12/24 : 225; 2/27/25 : 310; 5/12/25 : 160; 2/27/26 : 210; 3/30/26 : 300; 4/28/26 : 380; 5/11/26 : 400

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/29/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$39.24
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb169.26
BYD Electronics (0285.HK)	O (04/28/2023)	HK$24.60
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.65
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.42
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb421.20
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$466.50
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.69
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.56
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb35.74
Largan Precision (3008.TW)	O (07/10/2026)	NT$3,850.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.23
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.23
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb62.35
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.05
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$7.01
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb50.46
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$29.48
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb65.69
Sunny Optical (2382.HK)	E (03/23/2026)	HK$61.20
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb182.09
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.70
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$31.88
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb281.70
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$102.80
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb93.06
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb26.35
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb951.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.08
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb34.08
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,910.00
Advantech (2395.TW)	O (01/20/2021)	NT$550.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,325.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,095.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$23.65
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$855.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,090.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.71
Chenbro (8210.TW)	O (07/23/2025)	NT$981.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,835.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,495.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$179.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$46.10
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,265.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$290.50
Innolux (3481.TW)	E (04/07/2025)	NT$41.80
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$7,145.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb33.39
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$185.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.93
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.57

Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb199.00
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$28.65
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$761.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$180.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$34.85
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.85
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb57.75
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$321.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$729.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$237.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb74.94
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$1,540.00
Lenovo (0992.HK)	O (07/10/2026)	HK$22.98
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,725.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$879.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$82.00
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$309.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb108.18
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb316.01
Unimicron (3037.TW)	O (02/23/2026)	NT$688.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$272.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$169.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,135.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$507.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$404.50

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* Historical prices are not split adjusted.