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Greater China Technology Hardware | Asia Pacific

Automation – Read-across from Preliminary JMTBA July 2026 Orders

In this report, we focus on preliminary JMTBA orders, which we believe could be a catalyst for AirTAC's and Hiwin's share prices.

According to the Japan Machine Tool Builders' Association (JMTBA), headline orders declined 5% MoM but grew 50% YoY in July 2026 (vs. +15% MoM/+53% YoY in June 2026), to ¥193bn.

- Domestic orders were -8% MoM/+50% YoY (vs. +28% MoM/+46% YoY in June), at ¥53bn.
- Overseas orders were -4% MoM/+51% YoY (vs. +10% MoM/+56% YoY in June), at ¥140bn.

Our view:

- We think the sequential decline in overseas orders was consistent with seasonality, while growth remains strong on a YoY basis. Within overseas orders, we think North America and Europe may have outperformed, as manufacturing PMIs held up better (55.6/51.9 for NA/Europe in July vs. 53.3/51.4 in June). On the other hand, China may have softened a bit, as manufacturing PMI edged down to 49.2 in July (vs. 50.3 in June).
- We remain OW on both AirTAC (1590.TW) and Hiwin (2049.TW) as we see company-specific drivers on top of the industry recovery trend:
  - AirTAC should continue to benefit from its own market share gains, and valuation appears undemanding at 23x 2027e P/E (vs. 25x average since 2020).
  - Hiwin should see margin expansion in the coming quarters, driven by higher utilization and price hikes, which we believe could be share price catalysts. Although current valuation of 34x 2027 P/E does not appear inexpensive, its peak cycle valuation could reach 35-40x P/E.

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GREATER CHINA TECHNOLOGY HARDWARE

Asia Pacific	
Industry View	**In-Line**

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AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
Preliminary JMTBA July 2026 Orders	12 Aug 2026	Unchanged	In-line
Hiwin Technologies Corp. 2049.TW			
Preliminary JMTBA July 2026 Orders	12 Aug 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 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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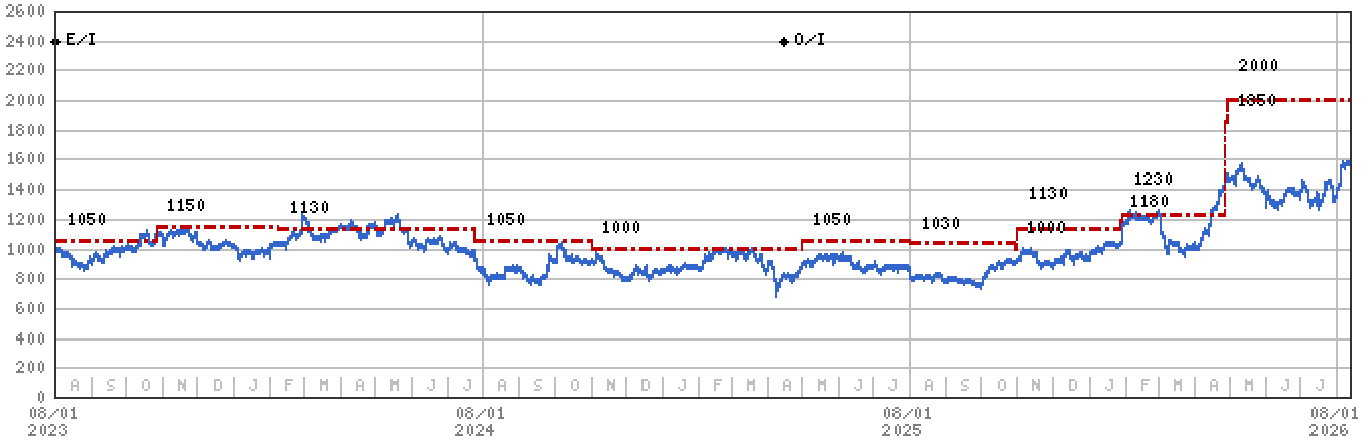
Stock Price, Price Target and Rating History (See Rating Definitions)

AirTAC International (1590.TW) - As of 08/12/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 8/1/21 : 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

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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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Hiwin Technologies Corp. (2049.TW) - As of 08/12/26 GMT in TWD
Industry : Greater China Technology Hardware

Stock Rating History: 8/1/21 : 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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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* (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

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