Morgan Stanley | RESEARCH

UPDATE

August 13, 2026 02:05 PM GMT

Quanta Computer Inc. | Asia Pacific

2Q26 OpM better than feared; AI should continue to grow strongly into CY28

AlphaSignals Earnings Reaction

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

Source: Company data, Morgan Stanley Research

Key Takeaways

- 2Q OpM was 3.3% (+50bps q/q), 10bps above our estimate/20bps above the Street – and also better than buy-side expectation of approximately +10-20bps q/q.
- While NB demand is weakening in 2H, Quanta continues to sound bullish on AI servers, expecting capacity to ramp in CY27-28, implying strong order visibility.
- Auto demand stabilized, with 2Q revenue growing in double digits q/q and y/y. Quanta continues to win new projects.
- Stay OW - valuation looks attractive at ~11x CY27e P/E vs. its three-year historical range of 6-18x.

2Q26:

- Servers made up 80%+ of total revenue (within this, AI servers are 75-80%; ASIC is <10% of AI server mix). NB revenue is a low double-digit portion of the mix (Chromebooks were <10% of NB mix).

Other takeaways

- CY26 AI servers to grow 100%+ y/y (unchanged); AI servers to reach 80% of total server revenue (unchanged)
- CY26 general servers to grow y/y (unchanged).
- AI server consignment to start picking up in the mix in 3Q26, but will remain relatively small.
- CY26 OpM to be similar to C1H26 levels (~3.0%).
- New generation VR200 NVL72 racks will be lower-margin vs. GB300, but will drive higher profit dollars.
- 3Q NB units down close to 20% q/q.
- CY26 NB units down double-digit y/y.
- CY27 AI testing capacity to double, CY28 AI testing capacity to double again (implying AI server visibility extending into CY28).

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Quanta Computer Inc. (2382.TW, 2382 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$385.00
Up/downside to price target (%)	18
Shr price, close (Aug 13, 2026)	NT$325.00
52-Week Range	NT$438.00-252.50
Sh out, dil, curr (mn)	3,862
Mkt cap, curr (mn)	US$38,958
EV, curr (mn)	US$40,970
Avg daily trading value (mn)	NT$7,246

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	19.42	24.66	28.80	30.80
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	18.43	24.14	29.11	32.90
Revenue, net (NT$ bn)	2,123.7	3,582.6	3,937.2	4,276.9
EBITDA (NT$ bn)	99.8	135.1	158.3	169.0
ModelWare net inc (NT $ bn)	75.0	95.2	111.2	118.9
P/E	14.0	13.2	11.3	10.6
P/BV	4.1	4.0	3.3	2.8
RNOA (%)	27.9	31.5	23.7	23.4
ROE (%)	32.6	37.2	35.8	31.5
EV/EBITDA	11.2	10.7	9.0	8.2
Div yld (%)	3.9	3.5	3.8	4.1
FCF yld ratio (%)**	(2.4)	(7.1)	5.6	6.4
Leverage (EOP) (%)	31.3	67.4	48.5	33.4

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

Exhibit 1: Quanta's 2Q26 results – summary table

NT$mn	Actual 2Q26P	Q/Q	Y/Y	MS Forecast 2Q26E	% Diff.	Cons. 2Q26E	% Diff.
P&L Summary							
Net sales	**1,036,593**	**28%**	**106%**	**1,173,538**	**-12%**	**983,648**	**5%**
COGS	(984,514)			(1,120,257)		(548,670)	
Gross profit	**52,079**	**35%**	**47%**	**53,281**	**-2%**	**48,439**	**8%**
Operating expenses	(17,835)			(16,212)		(16,690)	
Operating income	**34,244**	**49%**	**68%**	**37,068**	**-8%**	**30,358**	**13%**
Non-operating income	2,317			(725)		630	
Pretax income	**36,561**	**49%**	**69%**	**36,343**	**1%**	**30,656**	**19%**
Income tax	(7,774)			(7,996)		-	
Minority interest	(136)			(193)		-	
Net income	**28,651**	**35%**	**70%**	**28,155**	**2%**	**23,870**	**20%**
EPS (NT$)	**7.42**			**7.29**		**6.18**	
Margins		**ppt**	**ppt**		**ppt**		**ppt**
Gross margin	5.0%	0.2	-2.0	4.5%	0.5	4.9%	0.1
Operating margin	3.3%	0.5	-0.7	3.2%	0.1	3.1%	0.2
Pretax margin	3.5%	0.5	-0.8	3.1%	0.4	3.1%	0.4
Net margin	2.8%	0.1	-0.6	2.4%	0.4	2.4%	0.3

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

Valuation Methodology and Risks

Quanta Computer Inc. (2382.TW)

Base case, residual income model. Key assumptions include a cost of equity of 9.0% (beta of 1.2, equity premium of 6.0% and risk-free rate of 1.5%), an 8.5% medium-term growth rate, and a 3% terminal growth rate.

Risks to Upside

- Stronger-than-expected NB demand
- Stronger-than-expected Apple Watch demand
- Stronger-than-expected server demand
- Faster-than-expected AI server penetration

Risks to Downside

- Weaker-than-expected NB demand
- Softer-than-expected Apple Watch demand
- Weak margin performance owing to rising labor costs and sales shortfalls
- Fierce price competition in the mega data center segment
- Slower-than-expected AI server penetration

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Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

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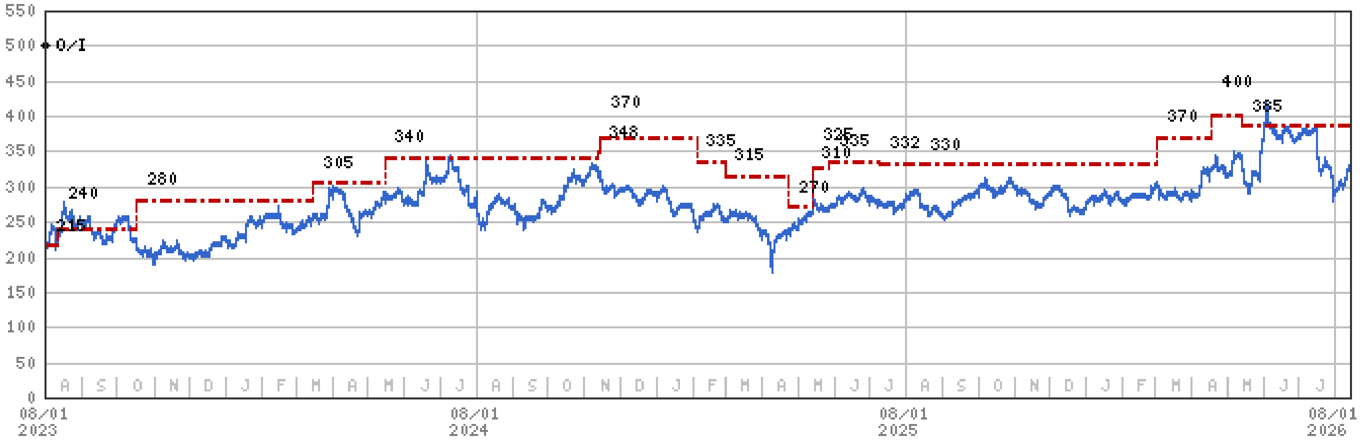
Industry : Greater China Technology Hardware



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Price Target History: 7/28/21 : 85; 11/12/21 : 94; 3/7/22 : 99; 3/16/22 : 98; 5/13/22 : 85; 7/26/22 : 80; 8/13/22 : 82.5; 5/1/23 : 105; 5/12/23 : 110; 7/12/23 : 215; 8/12/23 : 240; 10/17/23 : 280; 3/15/24 : 305; 5/15/24 : 340; 11/12/24 : 348; 11/14/24 : 370; 2/4/25 : 335; 2/28/25 : 315; 4/23/25 : 270; 5/13/25 : 310; 5/14/25 : 325; 5/27/25 : 335; 7/9/25 : 332; 8/13/25 : 330; 3/2/26 : 370; 4/17/26 : 400; 5/14/26 : 385

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target -·   No Price Target Assigned (NA)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/13/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$41.82
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb184.85
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.74
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.82
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.46
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb429.90
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$629.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb22.12
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.63
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb35.66
Largan Precision (3008.TW)	O (07/10/2026)	NT$4,660.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.03
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.55
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb56.06
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.34
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.86
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb59.43
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$38.20
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb54.57
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.60
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb257.16
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.43
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$25.88
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb337.51

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$129.60
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb102.78
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb26.96
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb921.04
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.32
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.08
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,270.00
Advantech (2395.TW)	O (01/20/2021)	NT$698.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,470.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,200.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$25.75
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,035.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,205.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.86
Chenbro (8210.TW)	O (07/23/2025)	NT$990.00
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$171.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$58.60
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,830.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$381.00
Innolux (3481.TW)	E (04/07/2025)	NT$49.40
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$12,235.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb34.65
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$269.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.17
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.62
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb224.24
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$31.55
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$937.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$203.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$39.30
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.21
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb65.23
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$393.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,010.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$262.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb79.46
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,665.00
Lenovo (0992.HK)	O (07/10/2026)	HK$34.90
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,810.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,215.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$94.80
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$325.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb141.74
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb377.98
Unimicron (3037.TW)	O (02/23/2026)	NT$1,000.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$384.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$197.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$6,070.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$662.00
Zhen Ding (4958.TW)	++	NT$477.50

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

* Historical prices are not split adjusted.