October 29, 2026 02:26 PM GMT

## ASE Technology Holding Co. Ltd. | Asia Pacific

# CPO Revenue on Track; Stay OW

**AlphaSignals Earnings Reaction**

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

Source: Company data, Morgan Stanley Research

**CPO is on track for >US$500mn in 2027:** Management mentioned the CPO has already started mass production and will reach at least US$500mn in 2027. This is in-line with our estimates that we forecast CPO revenue to be >US$600mn in 2027.

**Slightly upward revision of LEAP revenue:** The company slightly raised 2026 LEAP (leading-edge advanced packaging) revenue from US$3.7bn to US$4bn and 2027 from >US$7.5bn to >US$8bn, on track to our forecast of US$9bn. It expects at least US$1bn of full process CoWoS-like revenue in 2027 vs. MSe of US$1.8bn.

**Margin expansion is also on track:** 3Q26 ATM gross margin has already surpassed the structural range and reached 30.6%. The company mentioned 30% would be the new floor and expects it to continue to expand sequentially in 2027.

**3Q26 GM and 4Q26 guidance slightly beat:** 3Q26 GM of 22.1% is slightly higher than both MSe and the consensus. 4Q26 revenue guidance of 6-8% QoQ growth and GM of 23-24% are both slightly higher than MSe of 5% QoQ growth and 22-23% GM forecast.

**Exhibit 1:** ASE: 3Q26 Earnings Review

| (NT$ mn) | 3Q26 | | | | |
|---|---|---|---|---|---|
| | Actual | Q/Q | Y/Y | MS Est. | Consensus |
| **Financials** | | | | | |
| Total revenue | 244,161 | 40.6% | 62.0% | 235,978 | 233,152 |
| ATM sales | 150,593 | 33.9% | 62.7% | 148,647 | 123,205 |
| EMS sales | 92,997 | 50.3% | 58.2% | 92,615 | 66,821 |
| Opex | (20,825) | 20.3% | 34.4% | (21,327) | (21,344) |
| EPS (NT$) | 6.13 | 89.5% | 253.2% | 4.87 | 5.09 |
| **Ratios** | | | | | |
| GM (%) | 22.1% | 204bps | 506bps | 21.6% | 21.4% |
| Opex (%) | 8.5% | -144bps | -175bps | 9.0% | 9.2% |
| OPM (%) | 13.6% | 348bps | 681bps | 12.5% | 12.2% |

Source: Company Data, Visible Alpha, Morgan Stanley Research estimates

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**ASE Technology Holding Co. Ltd. (3711.TW, 3711 TT)**

Greater China Technology Semiconductors | Taiwan

| | |
|---|---|
| **Stock Rating** | **Overweight** |
| **Industry View** | **Attractive** |
| Price target | NT$858.00 |
| Up/downside to price target (%) | 26 |
| Shr price, close (Oct 29, 2026) | NT$683.00 |
| 52-Week Range | NT$765.00-204.50 |
| Mkt cap, curr (mn) | NT$3,082,108 |

| Fiscal Year Ending | 12/25 | 12/26e | 12/27e | 12/28e |
|---|---|---|---|---|
| EPS (NT$)** | 9.22 | 18.42 | 32.92 | 57.12 |
| Prior EPS (NT$)** | - | - | - | - |
| EPS (NT$)§ | 8.70 | 19.00 | 29.59 | 38.93 |
| Revenue, net (NT$ bn) | 645.4 | 847.7 | 1,143.9 | 1,540.2 |
| P/E | 27.2 | 37.1 | 20.7 | 12.0 |
| ROE (%) | 11.8 | 21.8 | 33.8 | 47.9 |
| Div yld (%) | 2.2 | 0.8 | 0.8 | 0.8 |

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

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# Valuation Methodology and Risks

**ASE Technology Holding Co. Ltd. (3711.TW)**

Base case, residual income model. Key assumptions: cost of equity of 9.8%, intermediate growth rate of 10%, terminal growth rate of 3.5%, and cash dividend payout ratio of 60%.

**Risks to Upside**

- Stronger-than-expected global economic and semiconductor growth
- Margin expansion through merger consolidation
- New wearables project wins with higher margins

**Risks to Downside**

- Slower-than-expected global economic and semiconductor growth
- Further margin erosion amid price competition
- Lack of new features in wearables, causing consumers to lose interest

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|---|---|---|---|---|---|---|---|
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| Overweight/Buy | 1599 | 43% | 455 | 48% | 28% | 783 | 44% |
| Equal-weight/Hold | 1563 | 42% | 394 | 42% | 25% | 763 | 43% |
| Not-Rated/Hold | 2 | 0% | 1 | 0% | 50% | 1 | 0% |
| Underweight/Sell | 570 | 15% | 96 | 10% | 17% | 227 | 13% |
| Total | 3,734 | | 946 | | | 1774 | |

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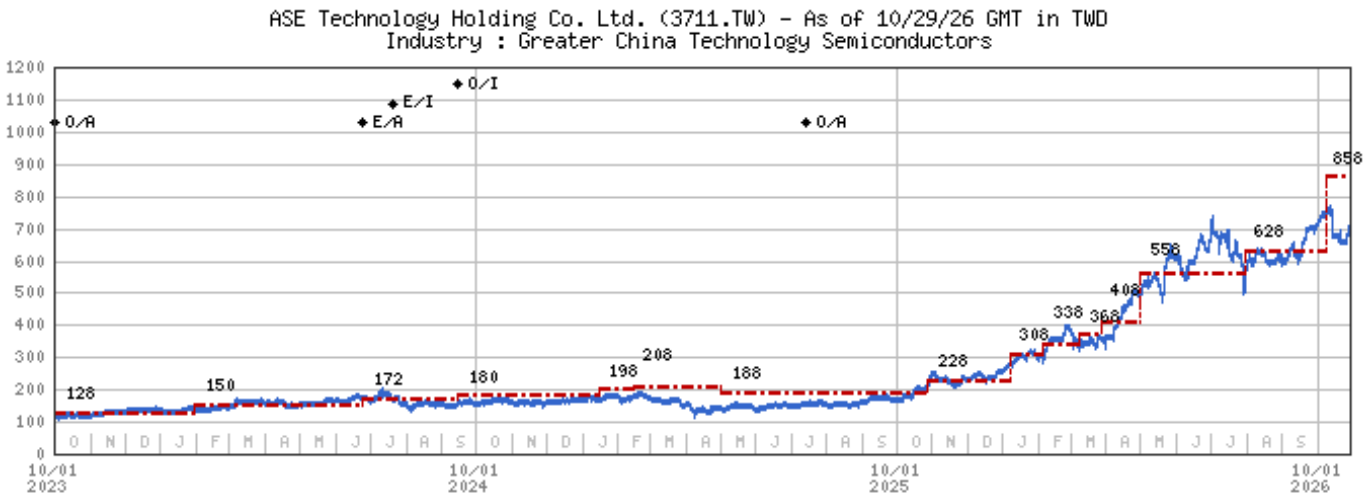
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Price Target History: 7/30/21 : 128; 10/12/21 : 108; 7/12/22 : 90; 7/28/22 : 98; 7/7/23 : 128; 1/30/24 : 150; 6/25/24 : 172; 9/15/24 : 180; 1/15/25 : 198; 2/14/25 : 208; 5/1/25 : 188; 10/28/25 : 228; 1/7/26 : 308; 2/5/26 : 338; 3/9/26 : 368; 3/27/26 : 408; 4/30/26 : 558; 7/30/26 : 628; 10/9/26 : 858

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 Semiconductors

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (10/29/2026) |
|---|---|---|
| **Charlie Chan** | | |
| Advanced Wireless Semiconductor Co (8086.TWO) | U (07/14/2025) | NT$122.00 |
| Alchip Technologies Ltd (3661.TW) | O (05/14/2021) | NT$3,680.00 |
| ASE Technology Holding Co. Ltd. (3711.TW) | O (09/15/2024) | NT$683.00 |
| Cambricon Technology Corporation (688256.SS) | O (04/27/2026) | Rmb913.00 |
| CXMT Corp (688825.SS) | O (08/26/2026) | Rmb42.87 |
| Global Unichip Corp (3443.TW) | O (06/24/2026) | NT$7,640.00 |
| GlobalWafers Co Ltd (6488.TWO) | E (05/19/2026) | NT$814.00 |
| Gudeng Precision (3680.TWO) | O (11/25/2025) | NT$521.00 |
| Hua Hong Semiconductor Ltd (1347.HK) | E (03/12/2026) | HK$64.60 |
| Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK) | O (04/27/2026) | HK$67.15 |
| MediaTek (2454.TW) | O (11/28/2025) | NT$4,045.00 |
| MetaX Integrated Circuits (688802.SS) | E (04/27/2026) | Rmb457.22 |
| Nanya Technology Corp. (2408.TW) | O (05/28/2026) | NT$477.00 |
| Phison Electronics Corp (8299.TWO) | E (02/25/2026) | NT$2,050.00 |
| SG Micro Corp. (300661.SZ) | E (11/03/2025) | Rmb88.59 |
| Silergy Corp. (6415.TW) | U (05/19/2026) | NT$524.00 |
| SMIC (0981.HK) | O (10/21/2025) | HK$44.96 |
| TSMC (2330.TW) | O (02/07/2022) | NT$2,415.00 |
| UMC (2303.TW) | O (05/19/2026) | NT$115.50 |
| Vanguard International Semiconductor (5347.TWO) | E (01/14/2026) | NT$156.50 |
| WIN Semiconductors Corp (3105.TWO) | E (10/09/2026) | NT$594.00 |
| **Daisy Dai, CFA** | | |
| ASMPT Ltd (0522.HK) | O (07/24/2025) | HK$113.20 |

| | | |
|---|---|---|
| China Resources Microelectronics Limited (688396.SS) | U (03/02/2026) | Rmb48.63 |
| Empyrean Technology Co Ltd (301269.SZ) | E (01/17/2025) | Rmb97.70 |
| Hangzhou Silan Microelectronics Co. Ltd. (600460.SS) | U (08/25/2025) | Rmb24.18 |
| Hygon Information Technology Co., Ltd. (688041.SS) | O (07/03/2026) | Rmb185.88 |
| Innoscience (2577.HK) | E (10/13/2025) | HK$29.50 |
| JCET Group Co Ltd (600584.SS) | O (09/16/2026) | Rmb51.87 |
| Shanghai Fudan Microelectronics (1385.HK) | O (03/07/2025) | HK$22.64 |
| SICC Co Ltd (688234.SS) | O (03/20/2026) | Rmb75.68 |
| SJ Semiconductor Corp (688820.SS) | E (09/16/2026) | Rmb78.28 |
| StarPower Semiconductor Ltd (603290.SS) | E (05/14/2026) | Rmb69.07 |
| Unigroup Guoxin Microelectronics Co Ltd (002049.SZ) | U (01/10/2023) | Rmb47.78 |
| Universal Scientific Ind. (Shanghai) (601231.SS) | O (11/05/2025) | Rmb19.82 |
| Yangjie Technology (300373.SZ) | O (06/10/2022) | Rmb72.84 |
| **Daniel Yen, CFA** | | |
| AP Memory Technology Corp (6531.TW) | O (07/11/2025) | NT$841.00 |
| ASMedia Technology Inc (5269.TW) | U (10/03/2025) | NT$1,465.00 |
| Aspeed Technology (5274.TWO) | O (06/09/2025) | NT$16,980.00 |
| Egis Technology Inc (6462.TWO) | E (01/28/2026) | NT$98.60 |
| Elan Microelectronics Corp (2458.TW) | O (10/03/2025) | NT$129.00 |
| eMemory Technology Inc (3529.TWO) | O (08/18/2026) | NT$2,540.00 |
| Espressif Systems (688018.SS) | O (05/15/2023) | Rmb134.42 |
| GigaDevice Semiconductor Beijing Inc (603986.SS) | O (05/15/2025) | Rmb275.99 |
| Himax Technologies Inc (HIMX.O) | E (02/04/2026) | US$12.01 |
| Macronix International Co Ltd (2337.TW) | O (09/18/2025) | NT$100.00 |
| Montage Technology Co Ltd (6809.HK) | O (03/18/2026) | HK$215.00 |
| Montage Technology Co Ltd (688008.SS) | O (03/18/2026) | Rmb166.79 |
| Novatek (3034.TW) | U (02/04/2026) | NT$596.00 |
| Nuvoton Technology Corporation (4919.TW) | U (11/10/2025) | NT$133.00 |
| Parade Technologies Ltd (4966.TWO) | U (10/29/2026) | NT$490.50 |
| Powerchip Semiconductor Manufacturing Co (6770.TW) | O (10/27/2025) | NT$69.50 |
| Realtek Semiconductor (2379.TW) | E (01/30/2026) | NT$794.00 |
| Shenzhen Goodix Technology Co Ltd (603160.SS) | U (07/14/2025) | Rmb59.53 |
| Silicon Motion (SIMO.O) | O (05/06/2024) | US$219.61 |
| Winbond Electronics Corp (2344.TW) | O (05/28/2026) | NT$170.50 |
| WPG Holdings (3702.TW) | O (03/16/2026) | NT$110.00 |
| WT Microelectronics Co. Ltd. (3036.TW) | O (01/27/2026) | NT$214.00 |
| **Henry Zhao** | | |
| ACM Research Inc (ACMR.O) | O (03/07/2023) | US$53.02 |
| Advanced Micro-Fabrication Equipment Inc (688012.SS) | O (11/06/2023) | Rmb227.00 |
| Maxscend Microelectronics Co Ltd (300782.SZ) | U (01/11/2021) | Rmb54.38 |
| NAURA Technology Group Co Ltd (002371.SZ) | O (11/06/2023) | Rmb497.30 |
| OmniVision Integrated Circuits Group Inc (603501.SS) | E (10/29/2026) | Rmb85.79 |
| **Lucas Wang** | | |
| AllRing Tech Co. (6187.TWO) | O (09/23/2025) | NT$1,260.00 |
| FOCI Fiber Optic Communications Inc (3363.TWO) | E (10/09/2026) | NT$490.00 |
| Hon Precision (7769.TW) | O (04/17/2026) | NT$5,190.00 |
| King Yuan Electronics Co Ltd (2449.TW) | O (03/03/2023) | NT$269.50 |
| MPI Corporation (6223.TWO) | O (04/17/2026) | NT$4,840.00 |

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