Morgan Stanley | RESEARCH

UPDATE

October 27, 2026 02:13 PM GMT

Macronix International Co Ltd | Asia Pacific

Pricing hike lifts margin further; shifting from NOR toward NAND

AlphaSignals Earnings Reaction

Unchanged Impact to our thesis	**↓ Modest shortfall** Financial results versus consensus	**↓ Modest revision lower** Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

3Q earnings affected by capacity reallocation:

- 3Q revenue: NT$24.2bn, +27% Q/Q, +195% Y/Y, 9% below our estimate; we cite to capacity transition from NOR to NAND.
- Gross margin: 70.5%, +6.1ppt Q/Q, +57.0ppt Y/Y, 2.7ppt above our estimate – helped by ~NT$750mn inventory reversal, mostly associated with NOR..
- EPS: NT$5.52, +41% Q/Q, 13% below our estimate.
- Employee compensation accruals led to a 24% Q/Q operating expense increase.

Shifting focus to NAND: NOR revenue increased 21% Q/Q despite a 12% Q/Q decline in bit shipments, consistent with pricing strength. Management attributed lower NOR shipments to capacity reallocation toward NAND; NAND revenue rose 39% Q/Q, mainly from pricing.

The first phase of capacity expansion is scheduled to enter volume production in 2H27; the additional NT$15.8bn investment could contribute in 2028.

Incremental capacity will favor NAND, in particular 3D NAND-based eMMC (i.e., MLC NAND), with no planned increase in NOR capacity. The company will gradually withdraw from ROM product.

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Macronix International Co Ltd (2337.TW, 2337 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$220.00
Up/downside to price target (%)	114
Shr price, close (Oct 27, 2026)	NT$103.00
52-Week Range	NT$192.00-28.50
Sh out, dil, curr (mn)	1,805
Mkt cap, curr (mn)	NT$185,892
EV, curr (mn)	NT$188,597
Avg daily trading value (mn)	NT$13,503

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	(1.78)	23.54	60.99	63.79
EPS (NT$)§	(1.86)	18.39	39.28	38.60
Revenue, net (NT$ mn)	28,880	99,611	198,217	200,794
EBITDA (NT$ mn)	1,396	61,530	147,476	153,069
P/E	NM	4.4	1.7	1.6
P/BV	1.6	2.2	0.9	0.6

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology

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§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Valuation Methodology and Risks

Macronix International Co Ltd (2337.TW)

Base case, P/B, in line with our Greater China memory coverage, due to the industry's cyclical nature. We apply a target multiple of 2.1x to our 2027 BVPS estimate vs. its historical average of 1.5x since 2017. We continue to believe the P/B target is justifiable, as the MLC and legacy TLC NAND could be in greater shortage into 2H26, with under-supply easily reaching 40%. We believe the only supplier that could fill the gap remains Macronix.

Risks to Upside

- Wider legacy NAND supply/demand gap
- NOR up-cycle, driven by limited supply expansion and/or stronger demand
- Faster growth for Switch hardware and core titles

Risks to Downside

- Less severe legacy NAND supply/demand gap
- NOR down-cycle, driven by faster supply expansion and/or demand weakness
- Slower growth for Switch hardware and core titles

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(as of September 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	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	

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.

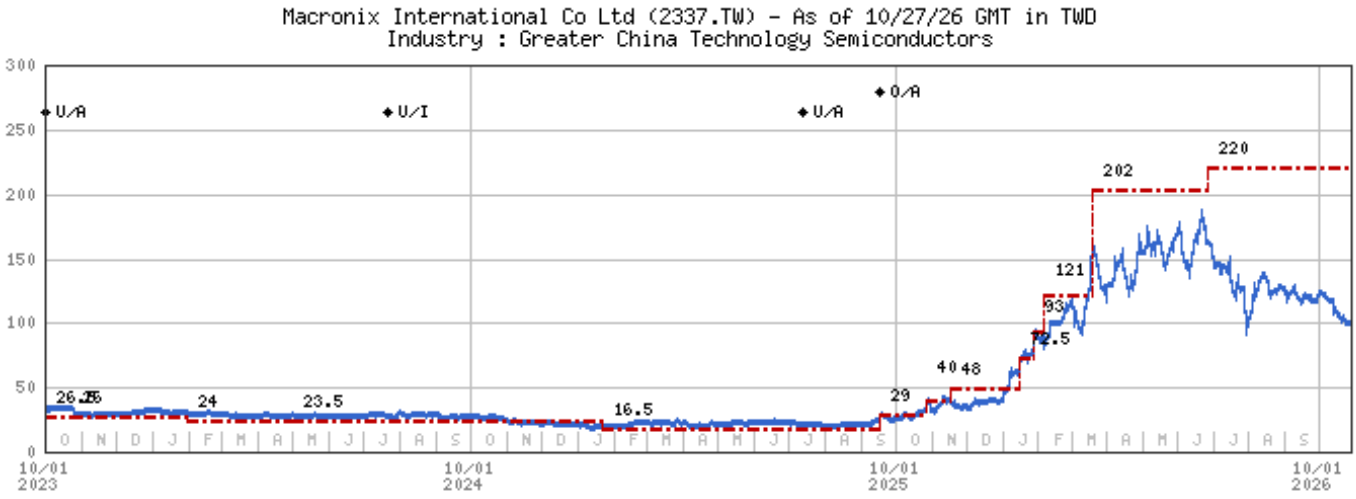
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : E/I; 10/12/21 : E/C; 10/19/21 : U/C; 10/4/22 : U/A; 2/22/23 : U/I; 7/7/23 : U/A; 7/21/24 : U/I; 7/14/25 : U/A; 9/18/25 : O/A

Price Target History: 9/17/21 : 39; 10/19/21 : 30; 1/25/22 : 33; 7/5/22 : 27; 7/26/23 : 26.5; 10/24/23 : 26; 1/31/24 : 24; 5/1/24 : 23.5; 1/22/25 : 16.5; 9/18/25 : 29; 10/27/25 : 40; 11/18/25 : 48; 1/16/26 : 72.5; 1/28/26 : 93; 2/5/26 : 121; 3/20/26 : 202; 6/26/26 : 220

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* (10/27/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$119.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,495.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$651.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb912.98
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb43.00
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$7,430.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$814.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$505.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$64.55
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$71.40
MediaTek (2454.TW)	O (11/28/2025)	NT$3,960.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb471.13
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$441.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb82.29
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,910.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb84.22
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$478.00
SMIC (0981.HK)	O (10/21/2025)	HK$45.34
TSMC (2330.TW)	O (02/07/2022)	NT$2,400.00
UMC (2303.TW)	O (05/19/2026)	NT$122.50
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$161.50
WIN Semiconductors Corp (3105.TWO)	E (10/09/2026)	NT$491.00

Daisy Dai, CFA

ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$121.20
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb48.19
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb103.82
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb24.11
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb187.03
Innoscience (2577.HK)	E (10/13/2025)	HK$29.48
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb53.29
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$22.08
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb77.48
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb86.22
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb68.01
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb50.31
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb21.10
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb70.51
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$814.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,495.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$16,015.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$95.50
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$131.50
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,515.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb138.00
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb268.98
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.50
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$103.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$210.80
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb164.50
Novatek (3034.TW)	U (02/04/2026)	NT$599.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$132.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$522.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$69.40
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$793.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb58.25
Silicon Motion (SIMO.O)	O (05/06/2024)	US$189.18
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$163.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$116.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$215.00
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$50.96
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb238.23
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb53.90
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb488.50
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,285.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$499.50
Hon Precision (7769.TW)	O (04/17/2026)	NT$5,210.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$269.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$4,790.00

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