November 3, 2026 05:11 PM GMT

GlobalWafers Co Ltd | Asia Pacific

Some Customers Push Back on 2027 Price Hikes; Stay EW

WHAT'S CHANGED

	From	To
GlobalWafers Co Ltd (6488.TWO)		
Price Target	NT$900.00	**NT$770.00**

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

We believe 2027 price increases could be more modest than the bull camp expects. Stay EW.

Key Takeaways

- 3Q26 results missed both MSe and consensus given the July fire at the Novara, Italy facility, which disrupted 8-inch wafer production and related SOI output.
- GWC announced a proposed US$500mn, 10-year convertible bond investment from Micron, supporting long-term wafer supply and strategic US capacity development.
- Pricing should improve from 2027 as new contracts and spot business replace older LTAs, although negotiations will vary by customer.

2027 price hike should be case by case amid push back from some customers: Management said 2027 pricing negotiations could be mixed across customers even though capacity is nearly fully loaded. Some need more capacity in 4Q26 and are willing to pay the new post-hike wafer price. However, the company still faces push back from some customers, likely tied to their inventories. Our recent checks suggest Tier 1 foundry LTA wafer pricing into 2027 could be less than 10%, below the buyside bogey of a 25-30% blended hike. However, for some tier 2 customers, the price hike could indeed be around 25-30%. We believe the average like-to-like LTA wafer price could only increase by 15-20% in 2027. Stay EW.

SOI demand exceeds expectation: The company said 12-inch SOI demand already exceeds its current expansion plan. The priority is to debottleneck and ramp existing Missouri capacity. More than half of the newly installed tools have qualified for volume production, and RF SOI and silicon-photonics products have entered volume production.

4Q26 could be relatively muted: We expect 4Q26 to be relatively muted since wafer pricing remains tied to older agreements, existing capacity is fully loaded, and new capacity depreciation would continue to weigh on margin.

With this report, Lucas Wang assumes coverage of GlobalWafers.

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Morgan Stanley appreciates your support in the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

GlobalWafers Co Ltd (6488.TWO, 6488 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	NT$770.00
Up/downside to price target (%)	12
Shr price, close (Nov 3, 2026)	NT$685.00
52-Week Range	NT$1,600.00-333.00
Sh out, dil, curr (mn)	437
Mkt cap, curr (mn)	NT$299,516
EV, curr (mn)	NT$339,472
Avg daily trading value (mn)	NT$5,201

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	15.28	20.44	30.33	43.79
Prior EPS (NT$)**	-	23.68	35.56	51.09
EPS (NT$)§	14.68	20.70	32.27	51.32
Revenue, net (NT$ mn)	60,598	59,993	81,469	106,104
EBITDA (NT$ mn)	17,585	16,217	28,280	39,991
ModelWare net inc (NT $ mn)	7,312	9,775	14,507	20,946
P/E	26.6	33.5	22.6	15.6
P/BV	2.1	3.4	3.1	2.8
RNOA (%)	6.2	3.6	9.0	13.0
ROE (%)	8.0	10.5	15.0	19.9

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EV/EBITDA	13.3	20.8	11.8	8.1
Div yld (%)	2.7	1.6	1.8	2.7
FCF yld ratio (%)**	(11.1)	0.9	2.9	5.3
Leverage (EOP) (%)	42.8	38.5	31.9	21.1

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
** = Based on consensus methodology
e = Morgan Stanley Research estimates

Still Better Supply/Demand Dynamics into 2027-28e

3Q26 earnings and 4Q26 outlook review: 3Q26 results missed both our and Visible Alpha (VA) consensus estimates given the July fire at the Novara, Italy facility, which disrupted 8-inch wafer production and related SOI output. We expect 4Q26 to be relatively muted since wafer pricing remains tied to older agreements, existing capacity is fully loaded and new capacity depreciation would continue to weigh on margin. We had expected 4Q26 gross margin to be around 25-26%, but we have now reduced that to 22-23%.

Exhibit 1: GWC: 3Q26 earnings review

(NT$ mn)	3Q26				
	Actual	Q/Q	Y/Y	MS Est.	Consensus
Financials					
Revenue	14,871	-2.3%	2.6%	16,172	15,957
Opex	(1,516)	-11.7%	5.8%	(1,415)	(1,573)
EPS (NT$)	3.13	-60.4%	-24.0%	5.33	4.50
Ratios					
GM (%)	20.0%	-67bps	160bps	23.2%	21.5%
Opex (%)	10.2%	-110bps	31bps	8.8%	9.9%
OPM (%)	9.8%	43bps	129bps	14.5%	11.7%

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

Exhibit 2: GWC: 4Q26 outlook review

(NT$ mn)	4Q26				
	Guidance	MS Est.	Q/Q	Y/Y	Consensus
Financials					
Revenue	Should see sequential growth	17,399	17.0%	20.0%	17,179
Opex		(1,453)	-4.1%	7.9%	(1,570)
EPS (NT$)		6.49	107.3%	40.7%	5.45
Ratios					
GM (%)		25.7%	574bps	2bps	22.9%
Opex (%)		8.4%	-184bps	-94bps	9.1%
OPM (%)		17.4%	758bps	96bps	13.7%

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

Micron/GWC deal marks a new milestone for GWC

Micron Technology and GlobalWafers announced a deeper strategic partnership on July 9, 2026, centered on a 10-year supply agreement and US$500mn of strategic financing from Micron to support GlobalWafers' new 12-inch silicon wafer facility in Sherman, Texas. On its latest earnings call, GWC board proposed executing that financing as up to US$500 million of 10-year privately placed convertible bonds, with Micron as the sole subscriber, carrying a 0.5% coupon. The agreement secures significant raw silicon wafer capacity for Micron's long-term manufacturing plans, with the financing linked to the buildout of GlobalWafers America's (GWA) Sherman facility.

GlobalWafers Chairwoman Doris Hsu described the agreement as the largest and longest contract in the company's history. The two companies will also collaborate on next-generation wafer technologies and process innovation. The Sherman plant is notable as the only US-based source of advanced 12-inch wafers.

The agreement forms part of Micron's broader US$3bn commitment to strengthen the US semiconductor supply chain and accompanies its target of manufacturing 40% of its DRAM output domestically by the mid-2030s. We believe GWC is well positioned to

support ongoing foundry and memory capacity expansion in the US, not only for Micron but also for TSMC and Samsung, which are already GWC's two largest customers. We currently assume Micron/GWC LTA pricing could be US$70-80 on average for the polished wafer (10-20% above current LTA pricing after discounts), reflecting the higher US cost base. This would be broadly in line with, or slightly above, LTAs signed in 2021-22.

Current inventory levels remain higher than during the 2021-22 upcycle when existing LTAs were signed

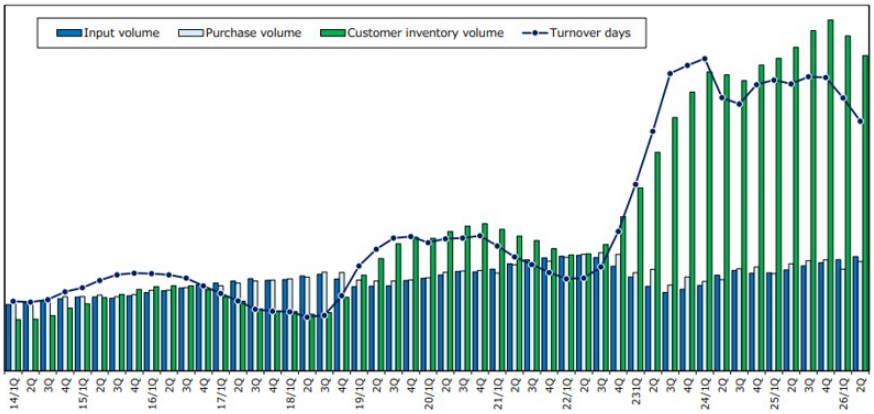
Notably, customer inventories of 12-inch wafers remain well above levels seen during the previous industry upcycle. According to SUMCO's inventory trend data (see Exhibit 3), inventory volumes and turnover days were near the lowest levels of the 2014-26 period during 2021-22, reflecting a lean and highly utilized supply chain. By contrast, the current cycle presents the opposite picture: shipment volumes are approaching record highs, but customer inventories are also near record levels, with inventory days and absolute inventory exceeding those seen even at the peak of the 2021-22 upcycle.

This backdrop differs meaningfully from the 2021-22 environment and, in our view, supports a more moderate and delayed pricing recovery in 2027 rather than a repeat of the broad-based increases seen during the prior cycle. In 2021-22, wafer makers held significant pricing leverage as customer inventories sat near cycle lows despite record shipment volumes. Fabs consumed nearly all purchased wafers with minimal inventory buffers, creating a tight supply environment that enabled wafer manufacturers to implement meaningful price increases across 12-inch wafers.

While shipment volumes currently remain elevated, customers also hold substantial inventory. This provides a buffer against demand growth and moderate supply disruptions, reducing the urgency to secure incremental wafer supply. Historically, this dynamic weakens suppliers' pricing power. Until inventories normalize meaningfully, wafer makers are likely to have less pricing leverage than they did entering the 2021-22 upcycle. Our view is that 2027 LTA negotiations will focus primarily on removing current discounts rather than driving nominal price increases. We broadly expect 2027 industry LTA pricing increases of 15-20% in average, with Tier 2 customers' wafer price to be raised 25-30% but Tier 1 customers would only see 5-15%.

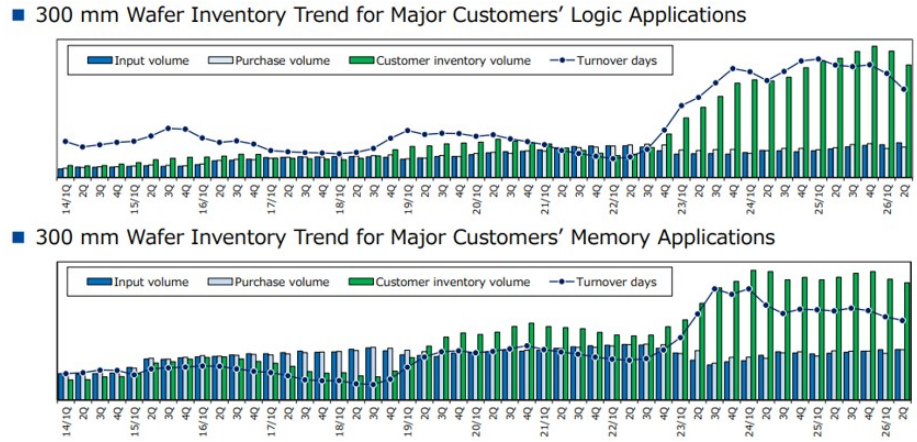
Exhibit 3: Customer 12-inch wafer inventory trend (August 6, 2026)

■ 300 mm Wafer Inventory Trend for Major Customers



Source: Sumco

Exhibit 4: Customer 12-inch wafer inventory trend (Logic vs. memory; August 6, 2026)



Source: Sumco

Estimate Revisions

We cut our EPS estimates by 14%, 15% and 14% for 2026-28, respectively. The reductions in our forecasts primarily reflect lower wafer price hike to Tier 1 customers and the margin pressure from overseas capacity ramp. However, we also lower our tax rate assumption from 25% to 20% to reflect the subsidy from the US government.

Exhibit 5: GlobalWafers: Earnings estimate revisions

(NT$ mn)	New 2026e	Old 2026e	Diff.%	New 2027e	Old 2027e	Diff.%	New 2028e	Old 2028e	Diff.%
Net sales	59,993	62,770	-4%	81,469	90,337	-10%	106,104	113,424	-6%
Gross profit	12,574	14,282	-12%	22,235	26,102	-15%	31,331	36,821	-15%
Operating profit	6,351	8,258	-23%	15,978	19,486	-18%	24,037	29,394	-18%
Pretax income	11,866	14,466	-18%	18,134	22,683	-20%	26,182	32,582	-20%
Net income	9,775	11,326	-14%	14,507	17,012	-15%	20,946	24,437	-14%
EPS for Consensus	**20.44**	**23.68**	**-14%**	**30.33**	**35.56**	**-15%**	**43.79**	**51.09**	**-14%**
Margins									
Gross margin	21.0%	22.8%		27.3%	28.9%		29.5%	32.5%	
Operating margin	10.6%	13.2%		19.6%	21.6%		22.7%	25.9%	
Pretax margin	19.8%	23.0%		22.3%	25.1%		24.7%	28.7%	
Net margin	16.3%	18.0%		17.8%	18.8%		19.7%	21.5%	

Source: Company data, Morgan Stanley Research (e) estimates

Valuation Methodology

We lower our price target from NT$900 to NT$770: The price target change mostly reflects our earnings forecast change over 2026-28. All of of key assumptions in our DCF model are unchanged, including a cost of equity of 11% (beta of 1.5, risk premium of 6% and risk-free rate of 2%), an intermediate growth rate of 13% and a terminal growth rate of 4%.

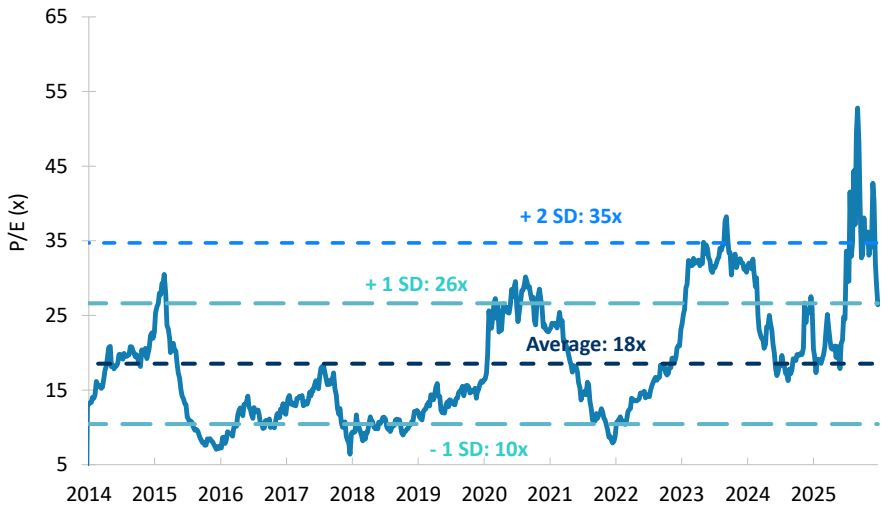
Our bull- and bear-case values are also lowered, from NT$1,140.00 to NT$975.00 and NT $450.00 to NT$385.00, respectively, implying P/Es of 32x and 13x 2027e.

Exhibit 6: GWC: Residual income model

(NT$ mn)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e
Total Equity	**96,433**	**105,076**	**117,317**	**123,369**	**130,208**	**137,936**	**146,668**	**156,536**	**167,686**	**180,286**	**194,524**	**210,613**
Net Profit	**9,775**	**14,507**	**20,946**	**23,668**	**26,745**	**30,222**	**34,151**	**38,591**	**43,608**	**49,277**	**55,683**	**62,921**
ROAE	**10.3%**	**14.4%**	**18.8%**	**19.7%**	**21.1%**	**22.5%**	**24.0%**	**25.5%**	**26.9%**	**28.3%**	**29.7%**	**31.1%**
Residual Income	(649)	3,278	8,234	10,168	12,453	15,028	17,930	21,201	24,889	29,047	33,736	39,025
Spread	**-0.7%**	**3.4%**	**7.8%**	**8.7%**	**10.1%**	**11.5%**	**13.0%**	**14.5%**	**15.9%**	**17.3%**	**18.7%**	**20.1%**
Ending Equity Capital	96,433											
PV of Forecast Period	88,028											
PV of Continuing Value	183,960											
Equity Value	**368,421**											
No. of Shares	478											
Projected Price (NT$)	**770**											

Source: Company data, Morgan Stanley Research (e) estimates

Exhibit 7: GlobalWafers: One-year forward P/E chart



Source: Company data, Morgan Stanley Research estimates

Quarterly Financials

Exhibit 8: GlobalWafers: Quarterly financials

(NT$ mn)	1Q26	2Q26	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	2024	2025	2026e	2027e	2028e
Total Revenues	**13,985**	**15,214**	**14,871**	**15,923**	**18,122**	**20,368**	**21,061**	**21,918**	**62,626**	**60,598**	**59,993**	**81,469**	**106,104**
Sequential Change	*-3.6%*	*8.8%*	*-2.3%*	*7.1%*	*13.8%*	*12.4%*	*3.4%*	*4.1%*					
Change vs Year Ago	*-10.3%*	*-5.0%*	*2.6%*	*9.8%*	*29.6%*	*33.9%*	*41.6%*	*37.6%*	*-11.4%*	*-3.2%*	*-1.0%*	*35.8%*	*30.2%*
Cost of Sales	**(11,071)**	**(12,074)**	**(11,901)**	**(12,373)**	**(13,500)**	**(14,773)**	**(15,175)**	**(15,786)**	**(42,823)**	**(45,974)**	**(47,419)**	**(59,234)**	**(74,773)**
Gross Profit	**2,914**	**3,140**	**2,970**	**3,550**	**4,622**	**5,595**	**5,886**	**6,132**	**19,804**	**14,624**	**12,574**	**22,235**	**31,331**
Gross Margin	20.8%	20.6%	20.0%	22.3%	25.5%	27.5%	27.9%	28.0%	31.6%	24.1%	21.0%	27.3%	29.5%
Total Opex	(1,438)	(1,718)	(1,516)	(1,551)	(1,506)	(1,562)	(1,584)	(1,605)	(5,685)	(5,987)	(6,223)	(6,256)	(7,295)
Percent of Revenues	*10.3%*	*11.3%*	*10.2%*	*9.7%*	*8.3%*	*7.7%*	*7.5%*	*7.3%*	*9.1%*	*9.9%*	*10.4%*	*7.7%*	*6.9%*
R&D	(471)	(526)	(531)	(536)	(550)	(560)	(565)	(570)	(2,363)	(2,218)	(2,065)	(2,245)	(2,740)
Percent of Revenues	*3.4%*	*3.5%*	*3.6%*	*3.4%*	*3.0%*	*2.7%*	*2.7%*	*2.6%*	*3.8%*	*3.7%*	*3.4%*	*2.8%*	*2.6%*
Sales and Marketing	(375)	(438)	(428)	(458)	(326)	(367)	(379)	(395)	(1,352)	(1,600)	(1,700)	(1,466)	(1,910)
Percent of Revenues	*2.7%*	*2.9%*	*2.9%*	*2.9%*	*1.8%*	*1.8%*	*1.8%*	*1.8%*	*2.2%*	*2.6%*	*2.8%*	*1.8%*	*1.8%*
General and Admin	(592)	(753)	(557)	(557)	(630)	(635)	(640)	(640)	(1,970)	(2,169)	(2,458)	(2,545)	(2,645)
Percent of Revenues	*4.2%*	*5.0%*	*3.7%*	*3.5%*	*3.5%*	*3.1%*	*3.0%*	*2.9%*	*3.1%*	*3.6%*	*4.1%*	*3.1%*	*2.5%*
Operating Income	**1,475**	**1,423**	**1,454**	**1,999**	**3,116**	**4,033**	**4,302**	**4,528**	**14,118**	**8,636**	**6,351**	**15,978**	**24,037**
Percent of Revenues	*10.5%*	*9.4%*	*9.8%*	*12.6%*	*17.2%*	*19.8%*	*20.4%*	*20.7%*	*22.5%*	*14.3%*	*10.6%*	*19.6%*	*22.7%*
Total Non-operating Income(Loss)	**871**	**3,162**	**236**	**1,245**	**559**	**528**	**528**	**540**	**(1,690)**	**880**	**5,514**	**2,156**	**2,145**
Profit Before Taxes	**2,347**	**4,585**	**1,690**	**3,244**	**3,675**	**4,561**	**4,830**	**5,068**	**12,429**	**9,516**	**11,866**	**18,134**	**26,182**
Percent of Revenues	*16.8%*	*30.1%*	*11.4%*	*20.4%*	*20.3%*	*22.4%*	*22.9%*	*23.1%*	*19.8%*	*15.7%*	*19.8%*	*22.3%*	*24.7%*
Change vs Year Ago	*10.0%*	*100.3%*	*-22.7%*	*11.6%*	*56.6%*	*-0.5%*	*185.8%*	*56.2%*					
Taxes	(451)	(806)	(185)	(649)	(735)	(912)	(966)	(1,014)	(2,590)	(2,205)	(2,090)	(3,627)	(5,236)
Tax Rate	*19.2%*	*17.6%*	*10.9%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.8%*	*23.2%*	*17.6%*	*20.0%*	*20.0%*
Net Income, Cont Ops	1,896	3,779	1,505	2,595	2,940	3,649	3,864	4,054	9,839	7,312	9,775	14,507	20,946
Percent of Revenues	*13.6%*	*24.8%*	*10.1%*	*16.3%*	*16.2%*	*17.9%*	*18.3%*	*18.5%*	*15.7%*	*12.1%*	*16.3%*	*17.8%*	*19.7%*
Minority Interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	7	0	(0)	(0)	(0)
Reported Income (TW GAAP)	**1,896**	**3,779**	**1,505**	**2,595**	**2,940**	**3,649**	**3,864**	**4,054**	**9,846**	**7,312**	**9,775**	**14,507**	**20,946**
Percent of Revenues	*13.6%*	*24.8%*	*10.1%*	*16.3%*	*16.2%*	*17.9%*	*18.3%*	*18.5%*	*15.7%*	*12.1%*	*16.3%*	*17.8%*	*19.7%*
Change vs Year Ago	*30.2%*	*124.7%*	*-23.6%*	*17.7%*	*55.1%*	*-3.4%*	*156.7%*	*56.2%*	*-50.2%*	*-25.7%*	*33.7%*	*48.4%*	*44.4%*
Reported Diluted EPS (NT$, TW GAAP)	**3.96**	**7.90**	**3.15**	**5.43**	**6.15**	**7.63**	**8.08**	**8.48**	**21.14**	**15.28**	**20.44**	**30.33**	**43.79**
Reported Basic EPS (NT$, GAAP)	**3.97**	**7.90**	**3.15**	**5.43**	**6.15**	**7.63**	**8.08**	**8.48**	**21.06**	**15.29**	**20.45**	**30.34**	**43.81**

Source: Company data, Morgan Stanley Research (e) estimates

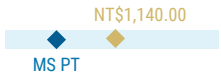
Risk Reward – GlobalWafers Co Ltd (6488.TWO)

2027 price hike a bit mixed; stay EW

PRICE TARGET NT$770.00

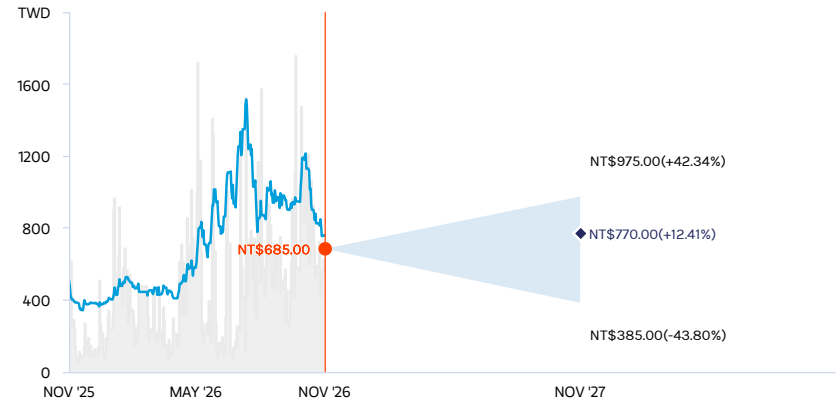
Base-case, residual income model. We assume a cost of equity of 11.0% (risk-free rate of 2.0%, beta of 1.5 and equity risk premium of 6.0%), intermediate-term growth rate of 13% and terminal growth rate of 4.0%.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



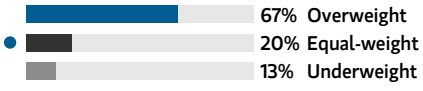
Key: Historical Stock Performance Current Stock Price Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- The 2H26 pricing recovery, improving LTA fulfillment and compound semiconductor progress are constructive.
- However, we believe much of this is increasingly reflected in expectations.
- At the same time, higher production costs and new capacity ramp up could limit the pace of margin recovery.
- With pricing upside back-end-loaded and cost pressure still visible, we see a more balanced set-up from here.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$975.00

32x 2027e EPS

Semiconductor industry recovers faster than expected. Pure foundry players' utilization rates rebound to 100%, and memory players start to pull in more raw wafers. GWC's total revenue CAGR picks up to >30% in 2025-28 vs. 8% in 2021-23. Gross margin recovers to over 40% vs. 37.4% in 2023.

BASE CASE NT$770.00

25x 2027e EPS

Semiconductor industry recovers from a down-cycle. Pure foundry and memory players start to see recovery in utilization rate, while both spot price and LTA amount also increase gradually. GWC's total revenue CAGR rises to >15% in 2025-28 vs. 8% in 2021-23. Gross margin stays above 25%.

BEAR CASE NT$385.00

13x 2027e EPS

Semiconductor industry recovers more slowly than expected during this down-cycle. Pure foundry players start to breach LTAs and memory players start to cut more raw wafer orders. GWC's total revenue CAGR slows to 0% in 2025-28 vs. 8% in 2021-23. Gross margin declines to <20% vs. 37.4% in 2023.

Risk Reward – GlobalWafers Co Ltd (6488.TWO)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total Wafer Shipment (NT$, 000s)	32,501	32,005	34,741	32,035
GWC Utilization Rate (%)	60.1	56.8	59.5	60.4
Blended ASP Per Wafer (NT$)	60	60	76	61

INVESTMENT DRIVERS

- Monthly sales inflection
- Stronger outlooks from key customers
- Extension of LTA pricing or shipments by GWC or peers

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **MOST** 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Margins improve as loosening competition boosts overall wafer ASP.
- Wafer supply remains stable or even goes into shortage amid stronger-than-expected wafer demand.

RISKS TO DOWNSIDE

- Global semiconductor growth slows again, triggering less wafer demand.
- Margins erode as rising competition lowers overall wafer ASP.
- Global wafer supply rises unexpectedly from new projects.

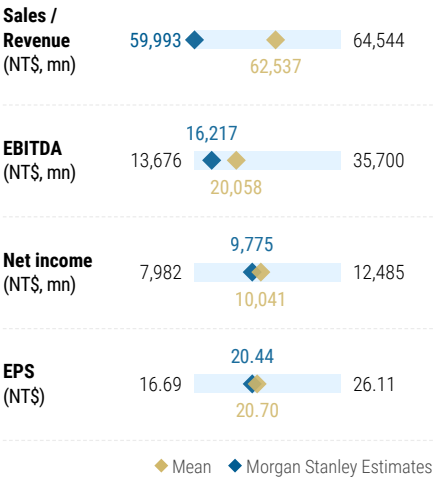
OWNERSHIP POSITIONING

Inst. Owners, % Active 80.9%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Financial Summary

Income Statement, 2024-2028e, Year End Dec

(NT$ mn)	2024	2025	2026e	2027e	2028e
Turnover	**62,626**	**60,598**	**59,993**	**81,469**	**106,104**
YoY Growth	*-11.4%*	*-3.2%*	*-1.0%*	*35.8%*	*30.2%*
Less: COGS	**(42,823)**	**(45,974)**	**(47,419)**	**(59,234)**	**(74,773)**
Variable costs	(35,056)	(37,362)	(37,929)	(47,395)	(59,418)
Depreciation & amort	(7,766)	(8,612)	(9,490)	(11,839)	(15,354)
Gross profit	**19,804**	**14,624**	**12,574**	**22,235**	**31,331**
YoY Growth	*-25.1%*	*-26.2%*	*-14.0%*	*76.8%*	*40.9%*
% margin	*31.6%*	*24.1%*	*21.0%*	*27.3%*	*29.5%*
Operating Expenses:	**(5,685)**	**(5,987)**	**(6,223)**	**(6,256)**	**(7,295)**
R&D	(2,363)	(2,218)	(2,065)	(2,245)	(2,740)
Sales and Marketing	(1,352)	(1,600)	(1,700)	(1,466)	(1,910)
General and Admin	(1,970)	(2,169)	(2,458)	(2,545)	(2,645)
Operating Profit	**14,118**	**8,636**	**6,351**	**15,978**	**24,037**
YoY Growth	*-29.6%*	*-38.8%*	*-26.5%*	*151.6%*	*50.4%*
% margin	*22.5%*	*14.3%*	*10.6%*	*19.6%*	*22.7%*
Total Non-op	**(1,690)**	**880**	**5,514**	**2,156**	**2,145**
Pretax Profit	12,429	9,516	11,866	18,134	26,182
YoY Growth	*-53.1%*	*-23.4%*	*24.7%*	*52.8%*	*44.4%*
% margin	*19.8%*	*15.7%*	*19.8%*	*22.3%*	*24.7%*
Tax	(2,590)	(2,205)	(2,090)	(3,627)	(5,236)
Reported Net Income	9,846	7,312	9,775	14,507	20,946
EPS (NT$)	**21.14**	**15.28**	**20.44**	**30.33**	**43.79**

Key Ratios

	2024	2025	2026e	2027e	2028e
Return (%)					
ROAA	*4.5%*	*2.8%*	*3.6%*	*5.0%*	*6.6%*
ROAE	*11.3%*	*7.3%*	*9.5%*	*13.7%*	*18.8%*
OP. ATO	*51.1%*	*38.6%*	*38.1%*	*50.2%*	*64.0%*
Gearing (x)					
Net Debt/ Equity	(0.0x)	0.3x	0.2x	0.1x	0.1x
Current Ratio	1.3x	1.6x	1.5x	2.2x	3.0x
Quick Ratio	0.8x	0.5x	0.7x	1.4x	2.2x
Operating Cycle					
AR/NR Turnover (days)	60	79	85	68	60
Inventory Turnover (days)	91	110	112	98	87
AP Turnover (days)	40	42	41	35	31
Cash Conversion (days)	111	147	156	131	116

e = Morgan Stanley Research Estimates
Source: Company Data, Morgan Stanley Research

Balance sheet

(NT$ mn)	2024	2025	2026e	2027e	2028e
Assets					
Cash & Equivalents	38,929	19,484	34,094	77,648	126,457
Marketable Security	29	1	2	2	2
A/R & N/R	10,265	10,113	11,039	15,196	20,139
Inventories	11,238	10,399	12,313	15,709	20,437
Other Current Asset	20,030	46,632	36,046	36,046	36,046
Total current assets	**81,349**	**87,237**	**94,134**	**145,241**	**203,721**
LT Investment	14,280	14,811	20,284	20,284	20,284
Total Fixed Assets	119,074	107,241	116,046	114,559	109,773
Total Other Assets	9,877	9,054	8,161	8,393	8,625
Total Assets	**224,581**	**218,343**	**238,624**	**288,477**	**342,403**
A/P & N/P	5,371	4,161	4,388	5,598	7,283
Accrued Expenses	0	0	0	0	0
Other Payable	4,650	3,613	6,055	6,055	6,055
Total Current Liab.	**65,065**	**54,109**	**63,984**	**65,194**	**66,879**
L-T Liabilities	37,678	43,244	53,188	93,188	133,188
Total Other L-T Liab	30,810	27,695	25,019	25,019	25,019
Total Liabilities	**133,553**	**125,048**	**142,191**	**183,401**	**225,086**
Common Stock	4,781	4,781	4,781	4,781	4,781
Preferred Stock					
Capital Reserve	45,720	44,764	44,764	44,764	44,764
Retained earnings	40,530	43,753	46,892	55,534	67,775
Treasury Stock	0	0	0	0	0
Total Equity	**91,028**	**93,295**	**96,433**	**105,076**	**117,317**

Cash Flow Statement

(NT$ mn)	2024	2025	2026e	2027e	2028e
Net Income	9,846	7,312	9,775	14,507	20,946
Depreciation	8,069	8,949	9,866	12,301	15,954
Net Investment Losses (Gains)	(49)	48	17	52	52
Others	(2,825)	(3,564)	(8,570)	(6,342)	(7,987)
Cash Flow-Operating	**15,041**	**12,745**	**11,088**	**20,519**	**28,965**
(Purchase) of FA	(48,319)	(33,497)	(19,117)	(10,867)	(11,220)
Sale of Fix Asset	380	86	37	0	0
(Purchase)L-T Inv.	0	0	0	0	0
Sale of L-T Inv.	0	0	0	0	0
Sale(Pur.)S-T Inv.	(6,846)	(106)	(7)	0	0
Cash Flow-Investing	**(29,620)**	**(34,049)**	**(8,049)**	**(11,099)**	**(11,452)**
Inc(Dec)-S-T Debt	8,222	(3,977)	651	0	0
Dividend Paid	(8,748)	(5,259)	(5,343)	(5,865)	(8,704)
Dir.&Emp.Bonus	0	0	0	0	0
Proceed from New Issue	21,891	0	0	0	0
Dec/Inc-TreasureSt	0	0	0	0	0
Others	4,375	10,540	16,093	40,000	40,000
Cash Flow-Financing	**25,740**	**1,303**	**11,401**	**34,135**	**31,296**
Change in Cash	**12,765**	**(19,445)**	**14,610**	**43,555**	**48,809**
Net cash/(debt), b/f	26,165	38,929	19,484	34,094	77,648
Net cash/(debt), c/f	**38,929**	**19,484**	**34,094**	**77,648**	**126,457**

Valuation Methodology and Risks

Micron Technology Inc. (MU.O)

30x through-cycle earnings of US $40.00, a premium to history reflecting new opportunities in AI, in-line with broader semis.

Risks to Upside

- Customers continue to demonstrate an appetite to take on inventory around macroeconomic uncertainty
- Additional wafer intensity of HBM further improves overall supply and demand
- MIcron's HBM share surpasses expectations

Risks to Downside

- Pricing can turn quickly; a falter in end demand with inventories elevated could lead to a swift price reduction
- HBM demand falters and competition intensifies, pressuring pricing

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of October 31, 2026)
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For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	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	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

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.

Analyst Stock Ratings

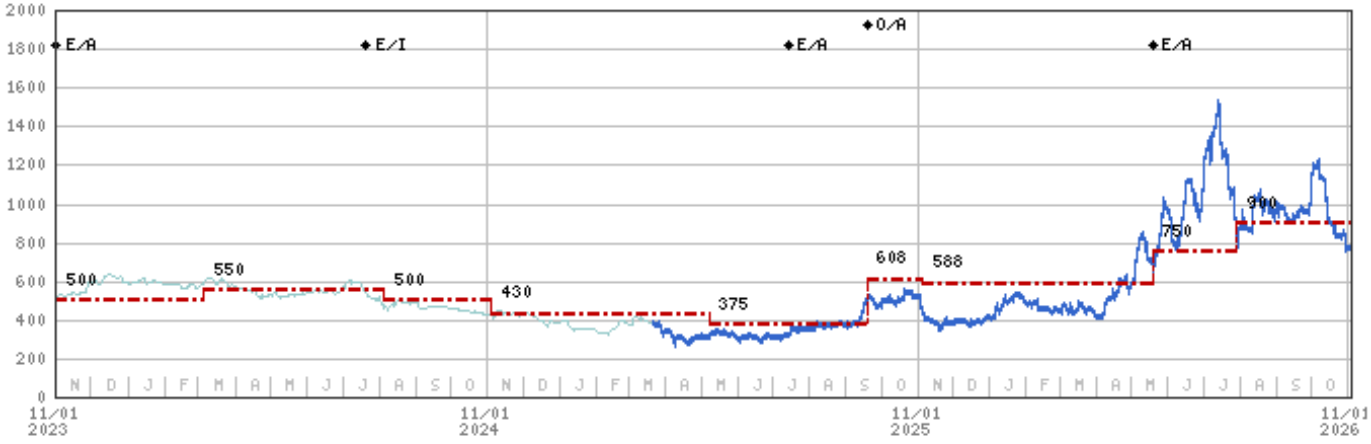
Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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

GlobalWafers Co Ltd (6488.TWO) - As of 11/03/26 GMT in TWD
Industry : Greater China Technology Semiconductors



Stock Rating History: 11/1/21 : O/C; 10/4/22 : O/A; 2/22/23 : E/I; 7/7/23 : E/A; 7/21/24 : E/I; 7/14/25 : E/A; 9/19/25 : O/A; 5/19/26 : E/A

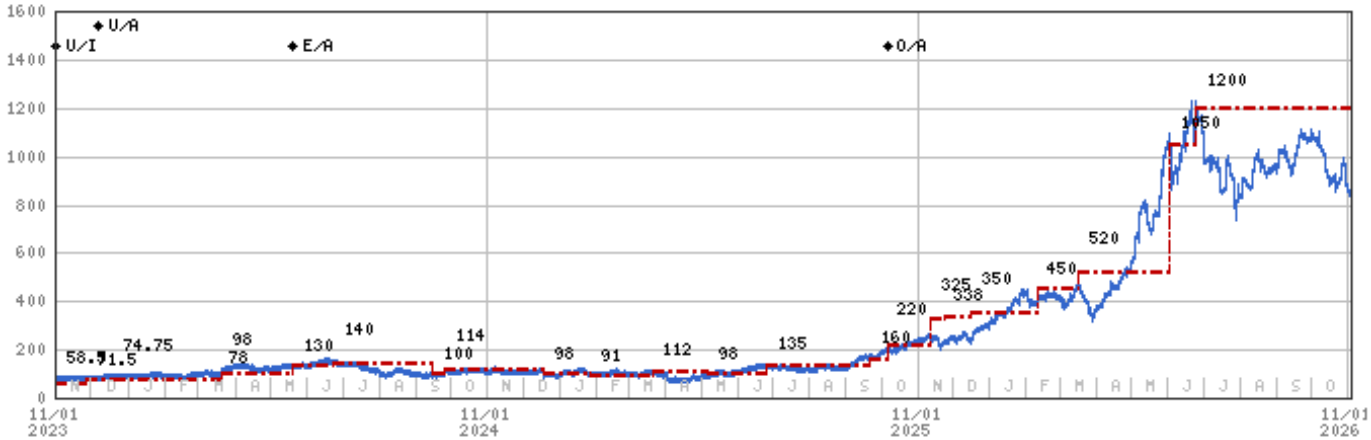
Price Target History: 6/29/21 : 1020; 2/7/22 : 920; 3/15/22 : 800; 7/12/22 : 580; 11/1/22 : 500; 3/6/24 : 550; 8/6/24 : 500; 11/5/24 : 430; 5/8/25 : 375; 9/19/25 : 608; 11/5/25 : 588; 5/19/26 : 750; 7/29/26 : 900

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)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
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)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

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Micron Technology Inc. (MU.O) - As of 11/03/26 GMT in USD
Industry : Semiconductors



Stock Rating History: 11/1/21 : E/I; 7/21/22 : U/I; 12/7/23 : U/A; 5/20/24 : E/A; 10/6/25 : O/A

Price Target History: 8/12/21 : 75; 12/20/21 : 77; 3/29/22 : 83; 6/21/22 : 56; 9/30/22 : 49; 12/21/22 : 46; 9/24/23 : 58.5; 11/27/23 : 71.5; 12/20/23 : 74.75; 3/18/24 : 78; 3/21/24 : 98; 5/20/24 : 130; 6/23/24 : 140; 9/15/24 : 100; 9/26/24 : 114; 12/19/24 : 98; 1/27/25 : 91; 3/21/25 : 112; 5/7/25 : 98; 6/26/25 : 135; 9/22/25 : 160; 10/6/25 : 220; 11/12/25 : 325; 11/23/25 : 338; 12/17/25 : 350; 2/10/26 : 450; 3/18/26 : 520; 6/2/26 : 1050; 6/25/26 : 1200

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)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
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)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (11/03/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$105.50
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,140.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$616.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb767.93
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb38.80
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$6,795.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$685.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$440.50
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$59.35
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$56.35
MediaTek (2454.TW)	O (11/28/2025)	NT$3,675.00
MetaX Integrated Circuits (688802.SS)	U (11/02/2026)	Rmb415.15
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$411.00
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,690.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb75.00
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$472.50
SMIC (0981.HK)	O (10/21/2025)	HK$42.62
TSMC (2330.TW)	O (02/07/2022)	NT$2,295.00
UMC (2303.TW)	O (05/19/2026)	NT$103.00
Vanguard International Semiconductor (5347.TWO)	U (10/30/2026)	NT$134.00
WIN Semiconductors Corp (3105.TWO)	O (10/29/2026)	NT$530.00
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$101.70
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb46.71
Empyrean Technology Co Ltd (301269.SZ)	O (11/02/2026)	Rmb88.66
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb22.39
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb170.00
Innoscience (2577.HK)	E (10/13/2025)	HK$25.30
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb47.04
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$21.10
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb66.52
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb72.70
StarPower Semiconductor Ltd (603290.SS)	U (10/31/2026)	Rmb66.30
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb48.57
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb17.10
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb71.88
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$712.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,320.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$14,730.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$88.90
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$121.00
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,160.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb136.70
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb250.16
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$10.45
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$88.30
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$198.30
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb150.01
Novatek (3034.TW)	U (02/04/2026)	NT$555.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$107.50
Parade Technologies Ltd (4966.TWO)	U (10/29/2026)	NT$450.50

Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$60.20
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$756.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb58.81
Silicon Motion (SIMO.O)	O (05/06/2024)	US$187.90
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$146.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$101.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$201.50
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$44.15
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb205.80
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb49.90
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb486.82
OmniVision Integrated Circuits Group Inc (603501.SS)	E (10/29/2026)	Rmb84.06
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,080.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$415.50
Hon Precision (7769.TW)	O (04/17/2026)	NT$4,470.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$253.50
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$4,190.00

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