October 7, 2026 11:36 AM GMT

Advantech | Asia Pacific

September Sales +3% MoM/ +73% YoY

In this report, we focus on Advantech's monthly sales, which we believe could be a catalyst for its share price.

Details:

- September sales were NT$10,749mn (+3% MoM/+73% YoY),
- 3Q26 revenue reached NT$32,440mn (+24% QoQ/+83% YoY), a new quarterly record high, and surpassing our estimate of NT$28,185mn (+8% QoQ/+59% YoY) by 15% and consensus of NT$29,269mn (+12% QoQ/+65% YoY) by 11%.
- By region, North America (+108%) outperformed; other markets, including Europe (+38%), China (+68%), Taiwan (+86%), Japan (+94%), and Korea (+68%) also performed strongly. Meanwhile, emerging markets grew in single digits (%) YoY .
- By segment, Intelligent Systems was +50% YoY, IoT Automation was +25% YoY, while Intelligent Service grew in single digits (%) YoY. The Embedded segment grew 40% YoY, within which Embedded IoT grew 58% YoY, while Applied Computing grew 19% YoY.

Our view:

- Management attributed the strength in September to demand from markets including semis, cloud infrastructure, and testing equipment.
- Overall book-to-billratio in 3Q26 was stronger than it was in 2Q26, pointing to a sustained solid revenue outlook in the coming quarters.
- We remain constructive on Advantech. It is well positioned to benefit from accelerating IoT market growth amid edge AI proliferation.

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Advantech (2395.TW, 2395 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$720.00
Up/downside to price target (%)	(2)
Shr price, close (Oct 7, 2026)	NT$733.00
52-Week Range	NT$754.00-271.00
Sh out, dil, curr (mn)	864
Mkt cap, curr (mn)	US$19,940
EV, curr (mn)	US$19,183
Avg daily trading value (mn)	US$44

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	12.25	20.27	23.77	26.97
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	11.43	20.11	24.18	28.19
Revenue, net (NT$ mn)	70,882	102,882	117,458	129,338
EBITDA (NT$ mn)	12,777	20,941	24,975	28,349
ModelWare net inc (NT $ mn)	10,593	17,527	20,547	23,317
P/E	23.5	36.2	30.8	27.2
P/BV	4.5	10.2	9.2	8.3
RNOA (%)	35.0	53.1	62.2	67.1
ROE (%)	20.5	31.8	33.2	33.9
EV/EBITDA	17.6	28.8	24.0	20.9
Div yld (%)	2.9	1.5	2.0	2.4
FCF yld ratio (%)	2.2	2.4	2.7	3.4
Leverage (EOP) (%)	(43.7)	(48.6)	(51.1)	(55.3)

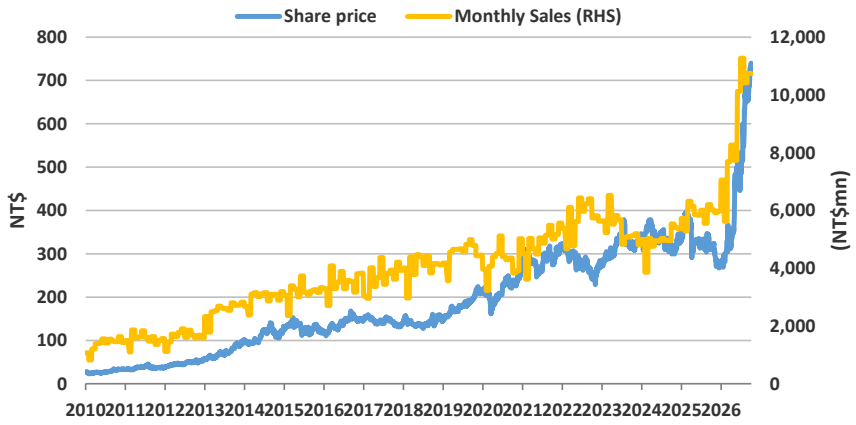
Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

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Exhibit 1: Advantech's monthly sales vs. its share price since 2010



Note: Past performance is no guarantee of future results. Results shown do not include transaction costs. Source: Company data, TEJ, Morgan Stanley Research.

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Advantech 2395.TW			
September 2026 sales	07 Oct 2026	Unchanged	↑ Modest upside surprise

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

Advantech (2395.TW)

Base case, 30x 2027e P/E. We view our target multiple as justified by our 30% earnings CAGR forecast for 2025-28. It implies a PEG of 1.0, vs. the stock's average one-year forward P/E of 25x in 2015-22 and the earnings CAGR of 8% during that period, with a PEG of 3.5.

Risks to Upside

- Stronger-than-expected macroeconomic conditions
- More top- and bottom-line growth from the platform and applications

Risks to Downside

- Weaker macro environment
- Slower progress in edge AI implementation

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(as of September 30, 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	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.

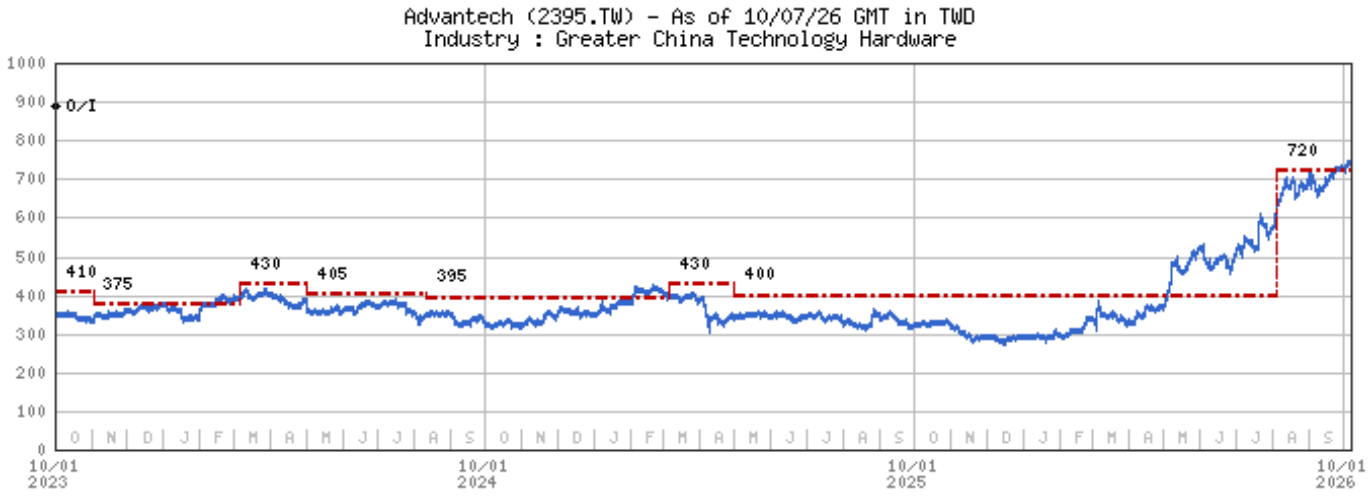
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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : O/I

Price Target History: 3/10/21 : 395.45; 5/4/22 : 404.55; 11/2/22 : 345.45; 3/2/23 : 355.45; 5/3/23 : 372.73; 7/4/23 : 375; 8/2/23 : 410; 11/2/23 : 375; 3/6/24 : 430; 5/2/24 : 405; 8/12/24 : 395; 3/6/25 : 430; 5/1/25 : 400; 8/6/26 : 720

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 Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/07/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$39.76
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb164.88
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.74
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.35
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb15.32
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb389.00
Genius Electronic Optical Co. Ltd. (3406.TW)	U (09/10/2026)	NT$1,085.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb22.79
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.17
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb32.46
Largan Precision (3008.TW)	E (09/10/2026)	NT$6,845.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb5.97
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.88
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$5.47
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$52.15
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb49.43
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.49
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$5.02
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb71.35
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$38.18
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb53.80
Sunny Optical (2382.HK)	E (03/23/2026)	HK$65.05
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb260.77
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.43
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$23.94

Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb411.16
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$179.70
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb106.92
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb24.40
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb808.44
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$1,071.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$21.72
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb30.58
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,015.00
Advantech (2395.TW)	O (01/20/2021)	NT$733.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,230.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,545.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$37.95
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,525.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,315.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.72
Chenbro (8210.TW)	O (07/23/2025)	NT$872.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,400.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,990.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$145.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$67.40
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,455.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$342.50
Innolux (3481.TW)	E (04/07/2025)	NT$52.50
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$11,790.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb32.31
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$300.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.79
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.31
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb184.03
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$31.30
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$989.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$199.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$36.10
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$5,950.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.91
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb58.20
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$365.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,245.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$252.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb65.93
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$53.60
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$3,140.00
Lenovo (0992.HK)	O (07/10/2026)	HK$35.16
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,825.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,480.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$90.00
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$335.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb129.96
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb373.01
Unimicron (3037.TW)	O (02/23/2026)	NT$1,305.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$559.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$185.00

Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$2,240.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$647.00
Zhen Ding (4958.TW)	++	NT$595.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$549.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,720.00

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