Morgan Stanley | RESEARCH

**UPDATE**

July 24, 2026 11:35 AM GMT

## WIN Semiconductors Corp | Asia Pacific

# Laser Business Needs More Time; UW

**AlphaSignals Earnings Reaction**

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

Source: Company data, Morgan Stanley Research

**Still need more time for laser business:** AI-related optical business reached high-single digits of total revenue in 2Q26, mostly from driver IC and PD. However, it will still take time for CW (continuous wave) lasers to be qualified, and the company does not expect significant CW or electro-absorption modulated laser (EML) revenue until late 2027 or 2028 given that EML has not yet entered mass production, something management noted after the call. This is in line with our view that Lumentum (LITE.O, covered by Meta Marshall) will not outsource CW lasers or EML to WIN Semi soon.

**3Q26 revenue still driven by traditional peak season:** WIN guided for 3Q26 revenue to grow in low-teens % Q/Q given traditional smartphone peak season and increasing ramp of PD. Gross margin could reach low-30s% from higher UTR.

**2Q26 EPS beat came mostly from non-op:** 2Q26 gross margin was largely in line with consensus estimates while slightly higher than we expected. Utilization rate remains at 60-70%. The EPS beat came mostly from non-operating income.

**Increasing inventory:** The company shared the increasing inventory in 2Q is the build for 2H peak season and to avoid supply-chain disruptions from geopolitical tensions, while the substrate price hike should be minimal.

**Exhibit 1:** WIN Semi: 2Q26 Earnings Review

| (NT$ mn) | 2Q26 | | | | |
|---|---|---|---|---|---|
| | Actual | Q/Q | Y/Y | MS Est. | Consensus |
| Revenue | 5,257 | 14.5% | 39.1% | 5,130 | 5,267 |
| GM (%) | 28.2% | 191bps | 979bps | 27.7% | 28.2% |
| Opex | (743) | -4.5% | -9.0% | (809) | (843) |
| OPM (%) | 14.1% | 472bps | 1,726bps | 11.9% | 12.2% |
| EPS (NT$) | 2.30 | 83.5% | -332.4% | 1.69 | 1.47 |

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


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**WIN Semiconductors Corp (3105.TWO, 3105 TT)**

**Greater China Technology Semiconductors | Taiwan**

| | |
|---|---|
| **Stock Rating** | **Underweight** |
| **Industry View** | **Attractive** |
| Price target | NT$300.00 |
| Up/downside to price target (%) | (12) |
| Shr price, close (Jul 24, 2026) | NT$341.50 |
| 52-Week Range | NT$637.00-80.30 |
| Sh out, dil, curr (mn) | 424 |
| Mkt cap, curr (mn) | NT$144,733 |
| EV, curr (mn) | NT$141,899 |
| Avg daily trading value (mn) | NT$5,349 |

| Fiscal Year Ending | 12/25 | 12/26e | 12/27e | 12/28e |
|---|---|---|---|---|
| EPS (NT$)** | 3.98 | 6.35 | 8.89 | 12.87 |
| Revenue, net (NT$ mn) | 16,639 | 20,285 | 24,345 | 28,758 |
| EBITDA (NT$ mn) | 4,711 | 6,023 | 8,085 | 9,777 |

| | | | | |
|---|---|---|---|---|
| ModelWare net inc (NT $ mn) | 1,694 | 2,700 | 3,782 | 5,473 |
| P/E | 45.9 | 53.8 | 38.4 | 26.5 |
| P/BV | 1.9 | 3.4 | 3.3 | 3.2 |
| ROE (%) | 4.4 | 6.5 | 8.9 | 12.5 |
| EV/EBITDA | 15.9 | 23.3 | 17.2 | 14.2 |
| Div yld (%) | 0.5 | 0.7 | 1.6 | 2.3 |
| FCF yld ratio (%)** | 10.4 | 2.2 | 2.8 | 3.0 |

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

# Valuation Methodology and Risks

### WIN Semiconductors Corp (3105.TWO)

Base-case, residual income model. Key assumptions: cost of equity of 8.0% (beta of 1.0), intermediate growth rate of 12.0% and terminal growth rate of 3.0%.

**Risks to Upside**

- WIN Semi being able to raise UTR in 2026
- Stronger-than-expected gross margin improvement
- More orders seen from Apple for the next-gen iPhone RF
- LD (laser diode) qualification progression

**Risks to Downside**

- No adoption of 3D sensing and AR applications without killer applications
- Slowdown in outsourcing trend among integrated device manufacturers
- Build-up of component inventories amid poor smartphone demand

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|---|---|---|---|---|---|---|---|
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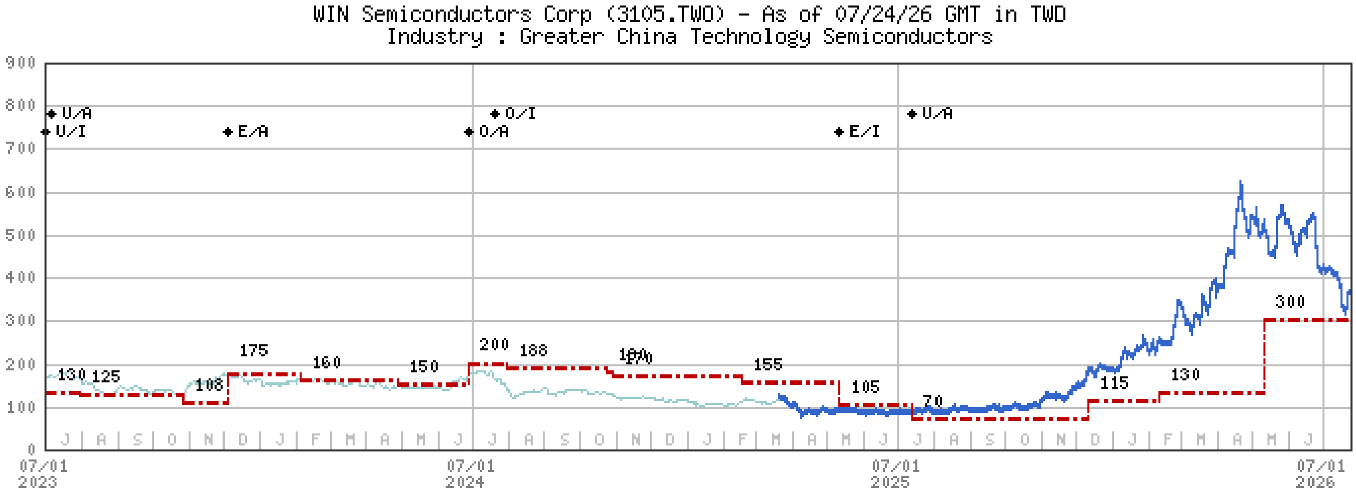


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## INDUSTRY COVERAGE: Greater China Technology Semiconductors

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (07/24/2026) |
|---|---|---|
| **Charlie Chan** | | |
| ACM Research Inc (ACMR.O) | O (03/07/2023) | US$88.42 |
| Advanced Micro-Fabrication Equipment Inc (688012.SS) | O (11/06/2023) | Rmb388.50 |
| Advanced Wireless Semiconductor Co (8086.TWO) | U (07/14/2025) | NT$118.50 |
| Alchip Technologies Ltd (3661.TW) | O (05/14/2021) | NT$3,405.00 |
| ASE Technology Holding Co. Ltd. (3711.TW) | O (09/15/2024) | NT$613.00 |
| Cambricon Technology Corporation (688256.SS) | O (04/27/2026) | Rmb1,225.00 |
| Global Unichip Corp (3443.TW) | O (06/24/2026) | NT$4,070.00 |
| GlobalWafers Co Ltd (6488.TWO) | E (05/19/2026) | NT$1,030.00 |
| Gudeng Precision (3680.TWO) | O (11/25/2025) | NT$460.00 |
| Hua Hong Semiconductor Ltd (1347.HK) | E (03/12/2026) | HK$149.80 |
| Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK) | O (04/27/2026) | HK$563.00 |
| King Yuan Electronics Co Ltd (2449.TW) | O (03/03/2023) | NT$271.00 |
| Maxscend Microelectronics Co Ltd (300782.SZ) | U (01/11/2021) | Rmb71.00 |
| MediaTek (2454.TW) | O (11/28/2025) | NT$3,750.00 |
| MetaX Integrated Circuits (688802.SS) | E (04/27/2026) | Rmb821.61 |
| Nanya Technology Corp. (2408.TW) | O (05/28/2026) | NT$401.00 |
| NAURA Technology Group Co Ltd (002371.SZ) | O (11/06/2023) | Rmb757.00 |
| OmniVision Integrated Circuits Group Inc (603501.SS) | E (11/17/2025) | Rmb96.90 |
| Phison Electronics Corp (8299.TWO) | E (02/25/2026) | NT$1,825.00 |
| SG Micro Corp. (300661.SZ) | E (11/03/2025) | Rmb100.41 |
| Silergy Corp. (6415.TW) | U (05/19/2026) | NT$467.50 |
| SMIC (0981.HK) | O (10/21/2025) | HK$71.35 |
| TSMC (2330.TW) | O (02/07/2022) | NT$2,350.00 |
| UMC (2303.TW) | O (05/19/2026) | NT$128.00 |
| Vanguard International Semiconductor (5347.TWO) | E (01/14/2026) | NT$157.00 |
| WIN Semiconductors Corp (3105.TWO) | U (07/14/2025) | NT$341.50 |

| | | |
|---|---|---|
| **Daisy Dai, CFA** | | |
| ASMPT Ltd (0522.HK) | O (07/24/2025) | HK$163.40 |
| China Resources Microelectronics Limited (688396.SS) | U (03/02/2026) | Rmb60.40 |
| Empyrean Technology Co Ltd (301269.SZ) | E (01/17/2025) | Rmb91.45 |
| Hangzhou Silan Microelectronics Co. Ltd. (600460.SS) | U (08/25/2025) | Rmb31.57 |
| Hygon Information Technology Co., Ltd. (688041.SS) | O (07/03/2026) | Rmb314.28 |
| Innoscience (2577.HK) | E (10/13/2025) | HK$44.00 |
| JCET Group Co Ltd (600584.SS) | E (01/16/2026) | Rmb82.90 |
| Shanghai Fudan Microelectronics (1385.HK) | O (03/07/2025) | HK$25.22 |
| SICC Co Ltd (688234.SS) | O (03/20/2026) | Rmb95.81 |
| StarPower Semiconductor Ltd (603290.SS) | E (05/14/2026) | Rmb83.78 |
| Unigroup Guoxin Microelectronics Co Ltd (002049.SZ) | U (01/10/2023) | Rmb64.50 |
| Universal Scientific Ind. (Shanghai) (601231.SS) | O (11/05/2025) | Rmb23.94 |
| Yangjie Technology (300373.SZ) | O (06/10/2022) | Rmb90.60 |
| **Daniel Yen, CFA** | | |
| AP Memory Technology Corp (6531.TW) | O (07/11/2025) | NT$858.00 |
| ASMedia Technology Inc (5269.TW) | U (10/03/2025) | NT$1,385.00 |
| Aspeed Technology (5274.TWO) | O (06/09/2025) | NT$14,730.00 |
| Egis Technology Inc (6462.TWO) | E (01/28/2026) | NT$102.00 |
| Elan Microelectronics Corp (2458.TW) | O (10/03/2025) | NT$168.00 |
| Espressif Systems (688018.SS) | O (05/15/2023) | Rmb105.16 |
| GigaDevice Semiconductor Beijing Inc (603986.SS) | O (05/15/2025) | Rmb457.00 |
| Macronix International Co Ltd (2337.TW) | O (09/18/2025) | NT$124.00 |
| Montage Technology Co Ltd (6809.HK) | O (03/18/2026) | HK$332.60 |
| Montage Technology Co Ltd (688008.SS) | O (03/18/2026) | Rmb233.66 |
| Novatek (3034.TW) | U (02/04/2026) | NT$507.00 |
| Nuvoton Technology Corporation (4919.TW) | U (11/10/2025) | NT$135.50 |
| Parade Technologies Ltd (4966.TWO) | O (05/27/2026) | NT$611.00 |
| Powerchip Semiconductor Manufacturing Co (6770.TW) | O (10/27/2025) | NT$61.60 |
| Realtek Semiconductor (2379.TW) | E (01/30/2026) | NT$744.00 |
| Shenzhen Goodix Technology Co Ltd (603160.SS) | U (07/14/2025) | Rmb49.20 |
| Winbond Electronics Corp (2344.TW) | O (05/28/2026) | NT$154.50 |
| WPG Holdings (3702.TW) | O (03/16/2026) | NT$117.50 |
| WT Microelectronics Co. Ltd. (3036.TW) | O (01/27/2026) | NT$205.50 |
| **Duan Liu** | | |
| Dosilicon Co Ltd (688110.SS) | U (09/06/2024) | Rmb110.15 |
| Shenzhen Longsys Electronics Co Ltd (301308.SZ) | E (02/25/2026) | Rmb370.01 |
| **Tiffany Yeh** | | |
| AllRing Tech Co. (6187.TWO) | O (09/23/2025) | NT$942.00 |
| FOCI Fiber Optic Communications Inc (3363.TWO) | O (01/15/2025) | NT$582.00 |
| Himax Technologies Inc (HIMX.O) | E (02/04/2026) | US$13.27 |
| Hon Precision (7769.TW) | O (04/17/2026) | NT$6,055.00 |
| MPI Corporation (6223.TWO) | O (04/17/2026) | NT$5,705.00 |
| Silicon Motion (SIMO.O) | O (05/06/2024) | US$289.08 |
| WinWay Technology Co Ltd (6515.TW) | O (04/17/2026) | NT$6,295.00 |

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.