October 29, 2026 03:05 PM GMT

WIN Semiconductors Corp | Asia Pacific

Strong margin beat from space communications parts, upgrade to OW

WHAT'S CHANGED

WIN Semiconductors Corp (3105.TWO)	From	To
Rating	Equal-weight	**Overweight**
Price Target	NT$600.00	**NT$700.00**

AlphaSignals Earnings Reaction

Strengthens our thesis
Impact to our thesis

Meaningful upside
Financial results versus consensus

Meaningful revision higher
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

WIN Semi is showing strong margin improvement in optical and infrastructure. Upgrade to OW and raise PT to NT$700.

Further upside surprise: In our recent CPO report, we raised WIN Semi's revenue forecasts to reflect stronger demand for satellite communications RF, driven by major customer SpaceX (SPCX; covered by Adam Jonas). However, we underestimated the favorable pricing and margin, as evidenced by the 28 Oct 3Q26 results. Reflecting the much higher gross margin, we raise our 2026, 2027 and 2028 EPS by 35%, 28% and 17%, respectively, and raise our price target 17% to NT$700 to capture the long-term upside from both new businesses - space communications and AI optical networking laser.

3Q26 margin beat: Core margin reached 40.7% in 3Q26, well above our original forecast of 29%. The company indicated space communications revenue already represents 40% of its infrastructure business, accounting for 35-40% of total revenue. This implies the space-related revenue is tracking at c.15% of total revenue in 3Q. Despite a relatively small portion of revenue, we estimate the business could lift 3Q26 margin by 5% (half of 3Q26 increase), implying the space communications margin could be >60%, well above our and Street expectations. V3 satellite development will be a key growth driver into 2027. See Exhibit 1 for our analysis.

4Q26 revenue guidance looks solid: Smartphone and WiFi revenue remain stable despite weak China smartphone demand: Win Semi now has higher exposure to Apple iPhone through high-band PA (Broadcom) and WiFi (Murata). As such, revenue can still grow single digit QoQ in 4Q26, despite recent weakness in China smartphone demand. Please see Exhibit 3 and Exhibit 4 for our earnings review.

Upgrade to OW: The stock trades at 25x our new 2028 EPS. Given the significant revenue contribution from space communications and AI lasers, we think our implied target multiple of 29x 2028 EPS should be justified. Win Semi historically traded at 40x PE during the smartphone 3D sensing product cycle.

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WIN Semiconductors Corp (3105.TWO, 3105 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$700.00
Up/downside to price target (%)	18
Shr price, close (Oct 29, 2026)	NT$594.00
52-Week Range	NT$637.00-97.50
Sh out, dil, curr (mn)	424
Mkt cap, curr (mn)	NT$251,746
EV, curr (mn)	NT$248,912
Avg daily trading value (mn)	NT$9,323

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	3.98	11.64	14.48	23.79
Prior EPS (NT$)**	-	8.63	11.29	20.33
Revenue, net (NT$ mn)	16,639	21,792	28,255	40,029
EBITDA (NT$ mn)	4,711	7,283	11,309	15,964
ModelWare net inc (NT $ mn)	1,694	4,949	6,157	10,119
P/E	45.9	51.0	41.0	25.0
P/BV	1.9	5.5	5.3	4.9
ROE (%)	4.4	11.9	13.4	21.2
EV/EBITDA	15.9	33.7	21.7	15.3
Div yld (%)	0.5	0.4	1.5	2.4
FCF yld ratio (%)**	10.4	1.3	1.9	2.8

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

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Surprising Margin Expansion from Optical/Space Businesses

WIN Semi could benefit from PD growth and potential LD outsourcing by late 2027

In our previous WIN Semi report, we argued that Lumentum (LITE.O, covered by Meta Marshall) was unlikely to outsource CW lasers or EML production to WIN Semi, a key pillar of our earlier UW rating. However, our recent checks with WIN Semi management suggest that WIN Semi and its major customer, we assume it's Broadcom (AVGO, covered by Joseph Moore), have secured sufficient InP substrate supply for WIN Semi's PD production, potentially supporting substantial growth for the PD (photo diode) business in 2H26. We estimate PD could account for >10% of WIN Semi's total revenue. Our recent checks from the supply chain also suggest that WIN Semi's largest PD customer could outsource LD (laser diode) production to WIN Semi.

We also see the potential for even stronger revenue growth from WIN Semi's aerospace business into 2027, especially from the ground station and satellite business. With SpaceX's launch of Starship and Starlink V3 satellite, we expect WIN Semi's content value per satellite to increase significantly from Starlink v2 to v3, with potential upside from future DTD (direct to device) satellites. The increase in content value comes not only from higher RF chips volumes, but also from the migration from GaAs to GaN. Based on our industry checks, the ASP for 4-inch GaN could be US$9k, compared with ~US$2.5-3k for 6-inch GaAs. We therefore upgrade our rating from EW to OW with the strong gross margin performance, which we believe to be >60%.

Where we could be wrong with our OW call: We think the largest near-term swing factor for WIN Semi is the aerospace business, which is relatively difficult to track given the inherent risk of delays or failures in satellite launches. However, on September 28, 2026, SpaceX successfully launched the Starship with Starlink V3 satellite. If SpaceX decides to speed up the satellite constellation, there also could be upside to our forecasts.

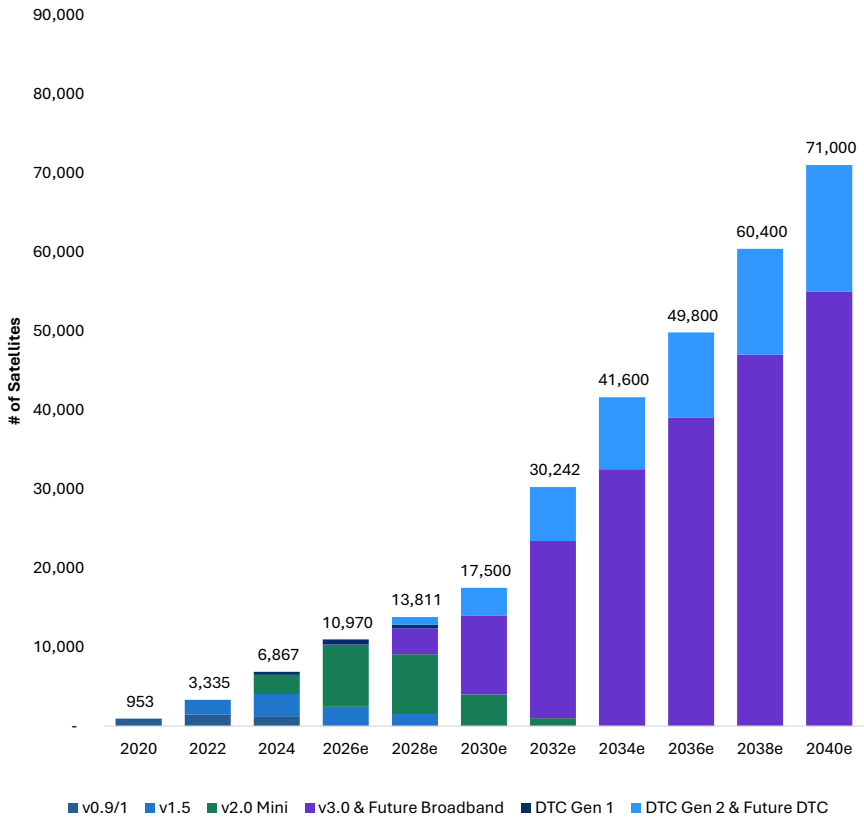
All of our satellite launch numbers are based on Adam Jonas's SpaceX forecasts. Please see his latest report: SpaceX: SpaceX/Tesla and SI's Next Act (23 Oct 2026)

Exhibit 1: WIN Semi: Aerospace Revenue Projection

	2025	2026e	2027e	2028e
WIN Semi Total Revenue (MSe, NT$mn)	16,639	21,792	28,255	40,029
Infra to total revenue	33%	36%	47%	44%
Aerospace to Infra	30%	35%	38%	40%
Aerospace to total revenue	10%	13%	18%	17%
Aerospace Revenue (MSe, NT$mn)	1,625	2,748	5,074	6,971
Ground station	650	975	1,462	2,194
Satellite	531	1,240	2,973	4,011
Others	444	532	639	766
New Launched Satellite (units)				
v0.9/1	-	-	-	-
v1.5	-	-	-	-
v2.0 Mini	2,912	2,662	396	-
v3.0 (and Future Broadband Generations)	-	78	1,500	1,722
Mobile Gen 1 (DTD)	286	-	-	-
Mobile Gen 2 (and Future Generations)	-	-	480	520
Content Value to WIN Semi (per satellite; US$k)				
v0.9/1	NA	NA	NA	NA
v1.5	NA	NA	NA	NA
v2.0 Mini	5	5	5	5
v3.0 (and Future Broadband Generations)	35	35	35	40
Mobile Gen 1 (DTD)	10	10	10	10
Mobile Gen 2 (and Future Generations)	50	50	50	50
Total Revenue to WIN Semi (per satellite; NT$mn)				
v0.9/1	NA	NA	NA	NA
v1.5	NA	NA	NA	NA
v2.0 Mini	444	349	43	-
v3.0 (and Future Broadband Generations)	17	556	1,780	2,313
Mobile Gen 1 (DTD)	71	-	-	-
Mobile Gen 2 (and Future Generations)	-	223	763	1,029
Total Revenue to WIN Semi (from SpaceX satellite)	531	1,128	2,585	3,342
Other Revenue to WIN Semi (from non-SpaceX satellite)		113	388	668

Source: Morgan Stanley Research estimates

Exhibit 2: Projection of SpaceX's Numbers of Satellite



Source: Company data, Morgan Stanley Research. e = Morgan Stanley Research estimates

3Q26 earnings and 4Q26 guidance review - margin and earnings beat on strong optical and aerospace demand

WIN Semi delivered a solid 3Q26 performance, with margins and earnings exceeding expectations, supported by robust demand across its optical and aerospace businesses. The gross margin beat MSe and consensus by 7-8ppts. Strength in optical applications, driven by continued investment in AI-related optical connectivity and high-speed data transmission, alongside resilient aerospace demand, supported a favorable product mix and improved manufacturing efficiency.

The higher contribution from these relatively high-value-added segments lifted gross margins above expectations, driving positive operating leverage and stronger-than-anticipated earnings. Looking ahead, we expect sustained momentum in optical communications and aerospace applications to remain key drivers of WIN Semi's profitability.

Exhibit 3: WIN Semi 3Q26 Earnings Review

(NT$ mn)	3Q26				
	Actual	Q/Q	Y/Y	MS Est.	Consensus
Revenue	5,859	11.4%	30.6%	5,882	5,889
GM (%)	37.4%	916bps	1,054bps	29.0%	30.8%
Opex	(775)	4.3%	-5.4%	(816)	(823)
OPM (%)	24.2%	1,006bps	1,558bps	15.1%	16.9%
EPS (NT$)	4.55	98.0%	80.8%	2.62	2.53

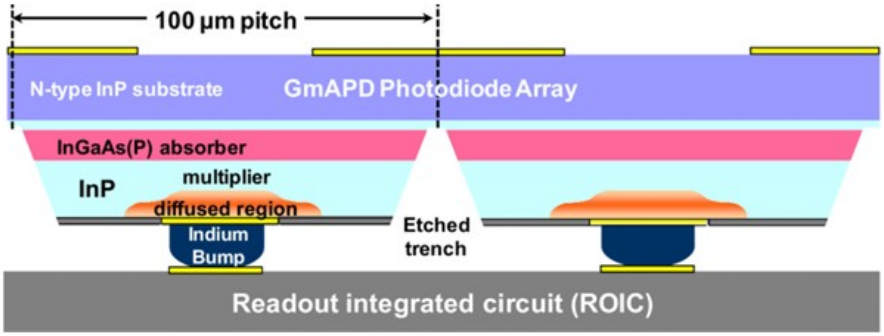
Source: MS estimates are the prior estimates at the time of earnings release. Company Data, Visible Alpha, Morgan Stanley Research estimates

Exhibit 4: WIN Semi 4Q26 Guidance Review

(NT$ mn)	4Q26				
	Guidance	MS Est.	Q/Q	Y/Y	Consensus
Revenue	Up low-single Q/Q	5,770	-1.5%	20.4%	5,859
GM (%)	High-30s %	28.4%	-898bps	-339bps	30.9%
Opex		(839)	8.2%	-2.2%	(855)
OPM (%)		13.9%	-1,029bps	-3bps	16.3%
EPS (NT$)		2.46	-45.9%	1.8%	2.53

Note: MS estimates are the prior estimates at the time of guidance. Source: Company Data, Visible Alpha, Morgan Stanley Research estimates

Exhibit 5: InP-based Optical Components



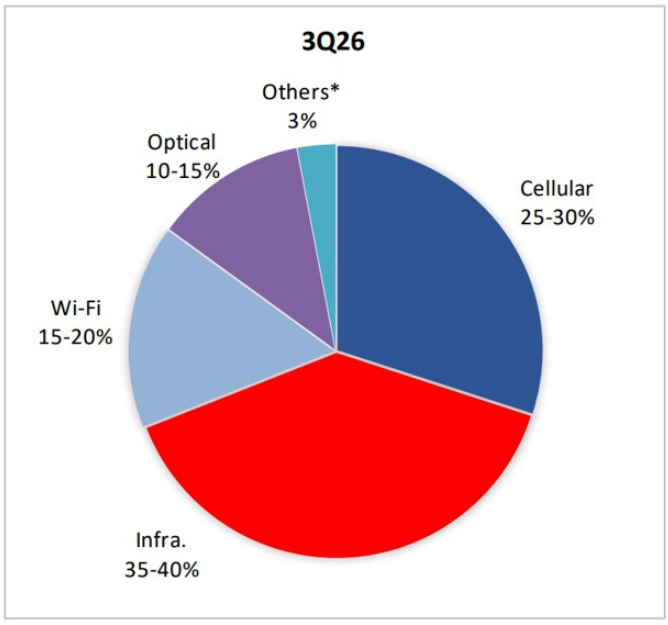
Source: Springer Nature

Exhibit 6: Simplified LD/PD Die Production Process



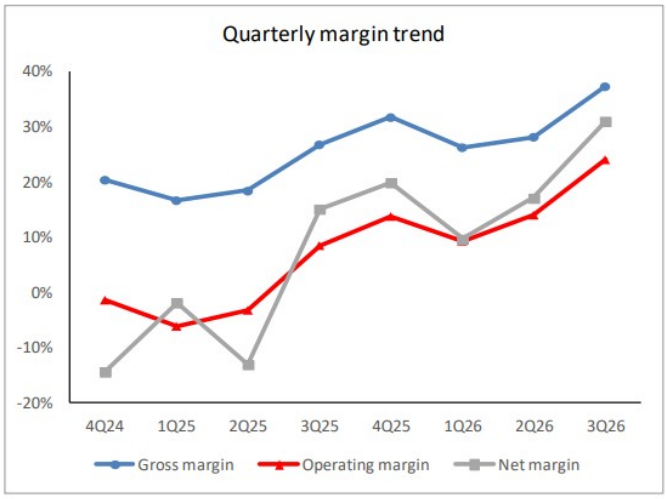
Source: Morgan Stanley Research; Note: Grating is for PD production only

Exhibit 7: WIN Semi 3Q26 Revenue Breakdown



Source: Company Data

Exhibit 8: WIN Semi Quarterly Margin Trend



Source: Company Data

WIN Semi: Earnings Estimates Revisions and Quarterly Financials

We raise our 2026-28 EPS estimates by 17-35%: We raise our 2026-28 margin forecasts due to surprisingly strong margin performance from the optical and aerospace businesses, and we expect the revenue exposure from these segments to continue growing. Besides, the 3Q26 non-op investment gain is also larger than we expected, leading to a larger 2026 earnings revision.

Exhibit 9: WIN Semi: Estimates Revisions

(NT$ mn)	New 2026e	Old 2026e	Diff.%	New 2027e	Old 2027e	Diff.%	New 2028e	Old 2028e	Diff.%
Net sales	21,792	21,499	1%	28,255	28,255	0%	40,029	40,029	0%
Gross profit	7,166	6,040	19%	11,055	9,359	18%	16,635	14,526	15%
Operating profit	4,064	2,862	42%	7,122	5,427	31%	12,075	10,235	18%
Pretax income	5,530	4,045	37%	6,947	5,251	32%	11,898	10,059	18%
Net income	4,949	3,672	34.8%	6,157	4,801	28%	10,119	8,647	17%
EPS for consensus	**11.64**	**8.63**	**34.8%**	**14.48**	**11.29**	**28%**	**23.79**	**20.33**	**17%**
Margins									
Gross margin	32.9%	28.1%		39.1%	33.1%		41.6%	36.3%	
Operating margin	18.6%	13.3%		25.2%	19.2%		30.2%	25.6%	
Pretax margin	25.4%	18.8%		24.6%	18.6%		29.7%	25.1%	
Net margin	22.7%	17.1%		21.8%	17.0%		25.3%	21.6%	

Source: Morgan Stanley Research estimates

Exhibit 10: WIN Semi: Quarterly Financials

(NT$ mn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26e	4Q26e	2024	2025	2026e	2027e	2028e
Total Revenues	**3,576**	**3,780**	**4,488**	**4,794**	**4,590**	**5,257**	**5,859**	**6,086**	**17,458**	**16,639**	**21,792**	**28,255**	**40,029**
Sequential Change	*-3.5%*	*5.7%*	*18.7%*	*6.8%*	*-4.3%*	*14.5%*	*11.4%*	*3.9%*					
Change vs Year Ago	*-19.5%*	*-23.8%*	*3.2%*	*29.4%*	*28.4%*	*39.1%*	*30.6%*	*26.9%*	*10.2%*	*-4.7%*	*31.0%*	*29.7%*	*41.7%*
Cost of Sales	**(2,977)**	**(3,083)**	**(3,283)**	**(3,270)**	**(3,381)**	**(3,773)**	**(3,668)**	**(3,804)**	**(13,416)**	**(12,612)**	**(14,626)**	**(17,200)**	**(23,393)**
Gross Profit	**598**	**698**	**1,205**	**1,525**	**1,209**	**1,485**	**2,191**	**2,282**	**4,042**	**4,026**	**7,166**	**11,055**	**16,635**
Gross Margin	16.7%	18.5%	26.9%	31.8%	26.3%	28.2%	37.4%	37.5%	23.2%	24.2%	32.9%	39.1%	41.6%
Total Opex	(815)	(817)	(820)	(858)	(780)	(743)	(775)	(805)	(3,280)	(3,309)	(3,103)	(3,933)	(4,561)
Percent of Revenues	*22.8%*	*21.6%*	*18.3%*	*17.9%*	*17.0%*	*14.1%*	*13.2%*	*13.2%*	*18.8%*	*19.9%*	*14.2%*	*13.9%*	*11.4%*
R&D	(428)	(392)	(377)	(404)	(357)	(265)	(275)	(280)	(1,691)	(1,600)	(1,176)	(1,575)	(2,010)
Percent of Revenues	*12.0%*	*10.4%*	*8.4%*	*8.4%*	*7.8%*	*5.0%*	*4.7%*	*4.6%*	*9.7%*	*9.6%*	*5.4%*	*5.6%*	*5.0%*
Sales and Marketing	(104)	(110)	(107)	(128)	(110)	(111)	(124)	(129)	(442)	(449)	(474)	(848)	(1,001)
Percent of Revenues	*2.9%*	*2.9%*	*2.4%*	*2.7%*	*2.4%*	*2.1%*	*2.1%*	*2.1%*	*2.5%*	*2.7%*	*2.2%*	*3.0%*	*2.5%*
General and Admin	(283)	(315)	(336)	(325)	(313)	(367)	(376)	(396)	(1,147)	(1,259)	(1,453)	(1,510)	(1,550)
Percent of Revenues	*7.9%*	*8.3%*	*7.5%*	*6.8%*	*6.8%*	*7.0%*	*6.4%*	*6.5%*	*6.6%*	*7.6%*	*6.7%*	*5.3%*	*3.9%*
Operating Income	**(217)**	**(119)**	**386**	**667**	**429**	**742**	**1,416**	**1,477**	**762**	**717**	**4,064**	**7,122**	**12,075**
Percent of Revenues	*-6.1%*	*-3.1%*	*8.6%*	*13.9%*	*9.3%*	*14.1%*	*24.2%*	*24.3%*	*4.4%*	*4.3%*	*18.6%*	*25.2%*	*30.2%*
Total Non-operating Income(Loss)	**156**	**(432)**	**511**	**437**	**101**	**447**	**698**	**221**	**(429)**	**672**	**1,466**	**(175)**	**(176)**
Profit Before Taxes	**(61)**	**(551)**	**897**	**1,104**	**530**	**1,188**	**2,114**	**1,698**	**333**	**1,389**	**5,530**	**6,947**	**11,898**
Percent of Revenues	*-1.7%*	*-14.6%*	*20.0%*	*23.0%*	*11.5%*	*22.6%*	*36.1%*	*27.9%*	*1.9%*	*8.4%*	*25.4%*	*24.6%*	*29.7%*
Change vs Year Ago	*-119.7%*	*-220.9%*	*263.9%*	*-262.9%*	*-970.3%*	*-315.7%*	*135.7%*	*53.8%*					
Taxes	(2)	61	(213)	(142)	(83)	(284)	(288)	(340)	7	(297)	(994)	(1,389)	(2,380)
Tax Rate	*-4.0%*	*11.0%*	*23.8%*	*12.9%*	*15.7%*	*23.9%*	*13.6%*	*20.0%*	*-2.1%*	*21.4%*	*18.0%*	*20.0%*	*20.0%*
Net Income, Cont Ops	(63)	(490)	684	962	446	905	1,826	1,358	340	1,092	4,536	5,557	9,519
Percent of Revenues	*-1.8%*	*-13.0%*	*15.2%*	*20.1%*	*9.7%*	*17.2%*	*31.2%*	*22.3%*	*1.9%*	*6.6%*	*20.8%*	*19.7%*	*23.8%*
Minority Interest	79	69	387	67	87	72	104	150	428	601	413	600	600
Reported Income (TW GAAP)	**16**	**(421)**	**1,070**	**1,029**	**533**	**977**	**1,930**	**1,508**	**768**	**1,694**	**4,949**	**6,157**	**10,119**
Percent of Revenues	*0.4%*	*-11.1%*	*23.8%*	*21.5%*	*11.6%*	*18.6%*	*32.9%*	*24.8%*	*4.4%*	*10.2%*	*22.7%*	*21.8%*	*25.3%*
Change vs Year Ago	*-96.2%*	*-186.7%*	*368.7%*	*-392.1%*	*3312.4%*	*-332.1%*	*80.3%*	*46.6%*	*-1064.3%*	*120.5%*	*192.2%*	*24.4%*	*64.3%*
Reported Diluted EPS (NT$, TW GAAP)	**0.04**	**(0.99)**	**2.52**	**2.42**	**1.25**	**2.30**	**4.54**	**3.55**	**1.81**	**3.98**	**11.64**	**14.48**	**23.79**
Reported Basic EPS (NT$, GAAP)	**0.04**	**(0.99)**	**2.52**	**2.43**	**1.26**	**2.30**	**4.55**	**3.56**	**1.81**	**4.00**	**11.67**	**14.52**	**23.87**

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

WIN Semi: Valuation Methodology

Our price target (base-case value) increases from NT$600 to NT$700: This also factors in our EPS forecast changes for 2025 to 2028.

We continue to derive our price target from a residual income model as we believe it best presents the value of the company. All of our other key assumptions are unchanged, including a cost of equity of 8.0% (beta of 1.0, equity risk premium of 6% and risk-free rate of 2%), intermediate growth rate assumption of 15% and terminal growth rate of 4.0%.

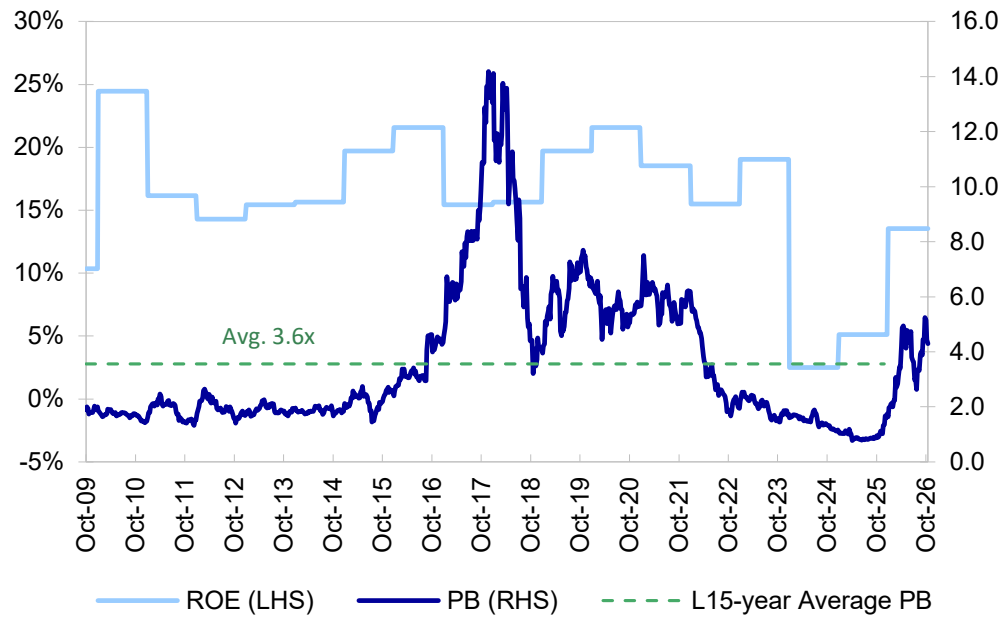
Our bull-case value increases from NT$900 to NT$1050 and our bear-case value from NT $300 to NT$350, implying 44x and 14x 2028e EPS, respectively.

Exhibit 11: WIN Semi: Residual Income Model

(NT$ mn)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e
Total Equity	**46,415**	**48,278**	**51,726**	**55,508**	**59,857**	**64,858**	**70,610**	**76,592**	**82,813**	**89,283**	**96,011**	**103,009**
Net Profit	**4,949**	**6,157**	**10,119**	**11,636**	**13,382**	**15,389**	**17,698**	**18,406**	**19,142**	**19,907**	**20,704**	**21,532**
ROAE	**11.2%**	**13.0%**	**20.2%**	**21.7%**	**23.2%**	**24.7%**	**26.1%**	**25.0%**	**24.0%**	**23.1%**	**22.3%**	**21.6%**
Residual Income	1,342	2,323	5,908	7,088	8,437	9,984	11,758	12,009	12,267	15,846	16,381	16,934
Spread	**3.2%**	**5.0%**	**12.2%**	**13.7%**	**15.2%**	**16.7%**	**18.1%**	**17.0%**	**16.0%**	**15.1%**	**14.3%**	**13.6%**
Ending Equity Capital	46,415											
PV of Forecast Period	62,397											
PV of Continuing Value	188,834											
Equity Value	**297,646**											
No. of Shares	425											
Projected Price (NT$)	**700**											

Source: Morgan Stanley Research estimates.

Exhibit 12: WIN Semi's One-year Forward P/B Band



Source: FactSet, Morgan Stanley Research estimates

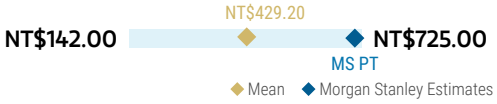
Risk Reward – WIN Semiconductors Corp (3105.TWO)

Strong margin upside from optical and aerospace businesses; OW

PRICE TARGET NT$700.00

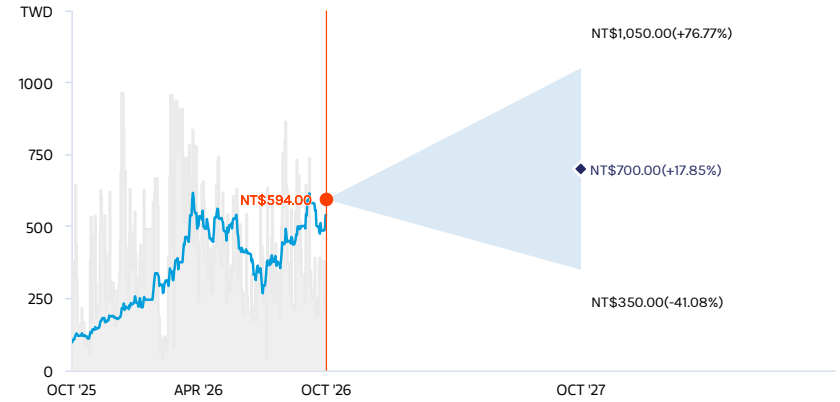
Base-case, residual income model. Key assumptions: cost of equity of 8.0% (beta of 1.0), intermediate growth rate of 15.0%, and terminal growth rate of 4.0%.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



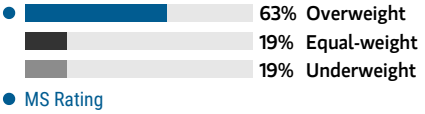
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Relatively strong iPhone demand (vs. Android) appears likely in the near term, but smartphone growth is mature compared to AI demand.
- We expect to see more GaAs wafer consumption as we migrate to the WiFi 7 era, as WiFi 7 has three bands (2.4 GHz, 5 GHz and 6 GHz) vs. WiFi 6 at just two (2.4 GHz, 5 GHz).
- GaN penetration in satellite business could lift the wafer ASP.
- We think optical transceivers and robotics may become future drivers, as WIN Semi has the technology to enable products like EML, CW-DFB and DML.
- We are OW given the strong margin improvement from the new business.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Pricing Power:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$1,050.00

44x 2028e EPS

3D sensing, WiFi 7 and 5G take-off: AR adoption rate beats expectations in 2027 and beyond. Smartphone demand appears to be stronger than expected, while 5G and WiFi 7 implementation starts at a healthy speed. Power amplifier (PA) customers such as Murata and Broadcom continue to work with WIN Semi, while PA customer Qualcomm's RF demand beats expectations. Win Semi also achieves significant market share in optical transceiver and 3D sensing production.

BASE CASE NT$700.00

29x 2028e EPS

Orders from Chinese smartphone customers and iPhone start to pick up: WiFi 7 demand grows as forecast in 2026 and beyond. Key communications PA customers continue to work with WIN Semi, while Chinese smartphone demand starts to show recovery. AI related products such as optical transceivers and 3D sensing might also drive up its utilization rate. We expect UTR to remain at 70-90% in 2027.

BEAR CASE NT$350.00

15x 2028e EPS

3D sensing, 5G and WiFi 7 adoption freeze: 3D sensing adoption rate declines without killer applications in 2027. EM smartphone demand does not recover, while 5G and WiFi 7 commercialization is further delayed. Major communications PA customers find alternative partners with similar GaAs technologies, while PA customer Qualcomm's RF demand misses our base case expectations significantly.

Risk Reward – WIN Semiconductors Corp (3105.TWO)

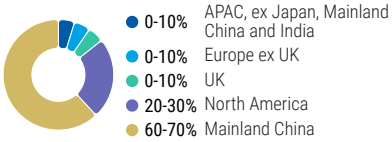
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Wafer shipments (6" equiv) (NT$, mn)	258	359	417	532
Blended wafer ASP (US$) (NT$, mn)	1,806	1,810	1,997	2,242
Utilization rate (%) (%)	50.0	68.8	68.8	78.1

INVESTMENT DRIVERS

- 3D sensing adoption in smartphones or faster deployment for 5G
- Share gains for key fabless customers at a more significant speed
- Chinese smartphone demand

GLOBAL REVENUE EXPOSURE



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

MS ALPHA MODELS

4/5 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

- WIN Semi being able to raise utilization rate.
- Stronger-than-expected gross margin improvement
- More orders for Apple vs. Android camp
- LD (laser diode) qualification

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

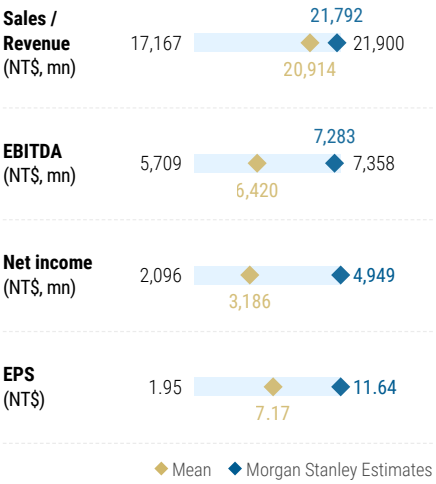
OWNERSHIP POSITIONING

Inst. Owners, % Active 59.9%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

WIN Semi: Financial Summary

Exhibit 13: WIN Semi: Financial summary

Income Statement, 2024-2028e, Year End Dec

(NT$ mn)	2024	2025	2026e	2027e	2028e
Turnover	**17,458**	**16,639**	**21,792**	**28,255**	**40,029**
YoY Growth	*10.2%*	*-4.7%*	*31.0%*	*29.7%*	*41.7%*
Less: COGS	**(13,416)**	**(12,612)**	**(14,626)**	**(17,200)**	**(23,393)**
Variable costs	(9,690)	(9,509)	(11,909)	(13,562)	(20,014)
Depreciation & amort	(3,725)	(3,103)	(2,717)	(3,638)	(3,379)
Gross profit	**4,042**	**4,026**	**7,166**	**11,055**	**16,635**
YoY Growth	*16.5%*	*-0.4%*	*78.0%*	*54.3%*	*50.5%*
% margin	*23.2%*	*24.2%*	*32.9%*	*39.1%*	*41.6%*
Operating Expenses:	**(3,280)**	**(3,309)**	**(3,103)**	**(3,933)**	**(4,561)**
R&D	(1,691)	(1,600)	(1,176)	(1,575)	(2,010)
Sales and Marketing	(442)	(449)	(474)	(848)	(1,001)
General and Admin	(1,147)	(1,259)	(1,453)	(1,510)	(1,550)
Operating Profit	**762**	**717**	**4,064**	**7,122**	**12,075**
YoY Growth	*-1465.3%*	*-5.9%*	*466.6%*	*75.3%*	*69.5%*
% margin	*4.4%*	*4.3%*	*18.6%*	*25.2%*	*30.2%*
Total Non-op	**(429)**	**672**	**1,466**	**(175)**	**(176)**
Pretax Profit	333	1,389	5,530	6,947	11,898
YoY Growth	*-149.0%*	*317.4%*	*298.0%*	*25.6%*	*71.3%*
% margin	*1.9%*	*8.4%*	*25.4%*	*24.6%*	*29.7%*
Tax	7	(297)	(994)	(1,389)	(2,380)
Reported Net Income	768	1,694	4,949	6,157	10,119
ModelWare EPS (NT$)	**1.81**	**3.98**	**11.64**	**14.48**	**23.79**

Key Ratios

	2024	2025	2026e	2027e	2028e
Return (%)					
ROAA	*1.1%*	*2.5%*	*7.4%*	*8.9%*	*14.3%*
ROAE	*2.1%*	*4.0%*	*10.5%*	*12.6%*	*20.2%*
OP. ATO	*30.3%*	*33.1%*	*40.6%*	*50.5%*	*66.0%*
Gearing (x)					
Net Debt/ Equity	0.3x	0.1x	0.0x	(0.0x)	(0.0x)
Current Ratio	1.6x	2.5x	1.8x	1.9x	2.1x
Quick Ratio	0.9x	1.5x	1.1x	1.1x	1.2x
Operating Cycle					
AR/NR Turnover (days)	46	53	46	40	32
Inventory Turnover (days)	173	192	176	165	135
AP Turnover (days)	56	63	62	58	48
Cash Conversion (days)	164	182	160	147	120

Balance sheet

(NT$ mn)	2024	2025	2026e	2027e	2028e
Assets					
Cash & Equivalent	5,419	7,067	8,556	9,125	9,568
MarketableSecurity	275	324	295	295	295
A/R & N/R	1,226	1,597	2,333	2,997	4,139
Inventories	4,992	4,979	6,088	7,536	10,062
Other Current Ass.	299	435	389	389	389
Total current assets	**12,455**	**14,557**	**17,967**	**20,647**	**24,760**
LT Investment	6,520	8,872	10,596	10,596	10,596
Total Fixed Assets	28,265	19,672	18,688	18,381	18,606
Total Other Assets	17,018	17,628	18,775	18,775	18,775
Total Assets	**64,259**	**60,729**	**66,027**	**68,400**	**72,738**
A/P & N/P	1,094	1,662	2,146	2,656	3,546
Accrued Expenses	0	0	0	0	0
Other Payable	2,199	3,135	3,692	3,692	3,692
Total Current Liab.	**7,603**	**5,865**	**10,118**	**10,628**	**11,519**
L-T Liabilities	16,532	12,328	8,973	8,973	8,973
Total Other L-T Liab	986	545	520	520	520
Total Liabilities	**25,121**	**18,738**	**19,611**	**20,121**	**21,012**
Common Stocks	4,239	4,239	4,239	4,239	4,239
Preferred Stocks					
Capital Reserve	9,970	9,977	10,059	10,059	10,059
Retained earnings	23,909	27,329	31,680	33,543	36,991
Treasury Stock	0	0	0	0	0
Total Equity	**39,138**	**41,991**	**46,415**	**48,278**	**51,726**

Cash Flow Statement

(NT$ mn)	2024	2025	2026e	2027e	2028e
Adj. Net Income	340	1,092	4,536	5,557	9,519
Depreciation	4,700	3,994	3,219	4,187	3,889
Net Investment Losses (Gains)	17	1,953	0	0	0
Others	(2,163)	(2,158)	(2,718)	(1,601)	(2,779)
Cash Flow-Operating	**4,900**	**4,953**	**5,037**	**8,143**	**10,629**
(Purchase) of FA	(1,222)	(1,691)	(2,471)	(3,880)	(4,114)
Sale of Fix Asset	1	6,235	0	0	0
(Purchase)L-T Inv.	0	0	0	0	0
Sale of L-T Inv.	0	0	25	0	0
Sale(Pur.)S-T Inv.	(77)	61	103	0	0
Cash Flow-Investing	**(1,055)**	**5,112**	**(2,177)**	**(3,880)**	**(4,114)**
Inc(Dec)-S-T Debt	(3,394)	(7,506)	(475)	0	0
Dividend Paid	0	(424)	(1,016)	(3,694)	(6,071)
Dir.&Emp.Bonus	0	0	0	0	0
Proceed from New Issue	0	0	0	0	0
Dec/Inc-TreasureSt	0	0	0	0	0
Others	(5,545)	(350)	145	0	0
Cash Flow-Financing	**(8,939)**	**(8,280)**	**(1,346)**	**(3,694)**	**(6,071)**
Change in Cash	**(4,906)**	**1,648**	**1,489**	**569**	**444**
Net cash/(debt), b/f	10,326	5,419	7,067	8,556	9,125
Net cash/(debt), c/f	**5,419**	**7,067**	**8,556**	**9,125**	**9,568**

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

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates.

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 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.

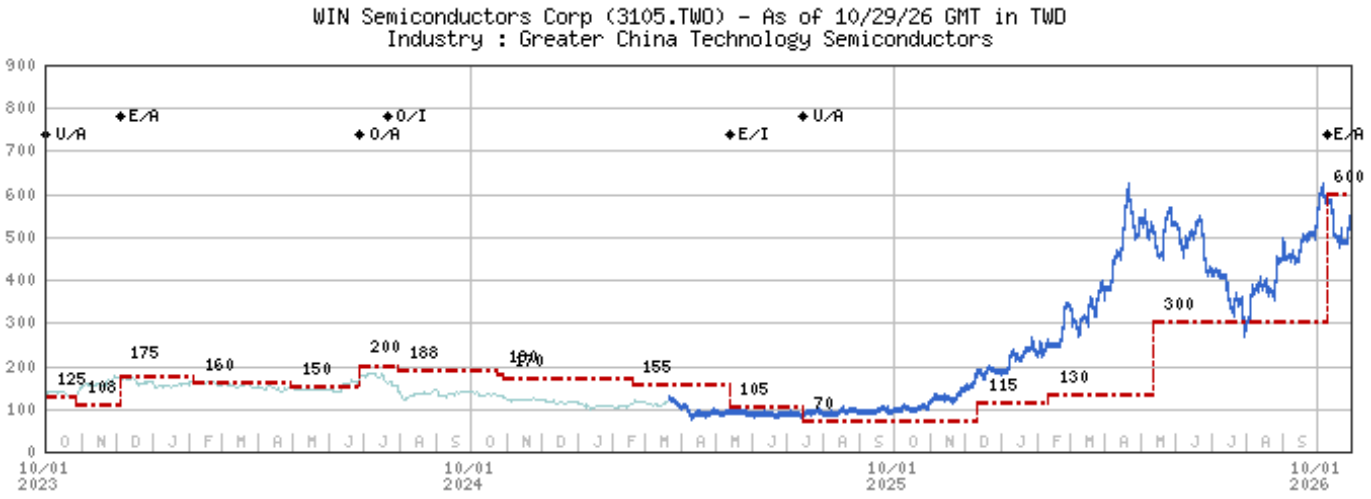
Analyst Stock Ratings

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.

Analyst Industry Views

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.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
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)



Stock Rating History: 10/1/21 : U/I; 10/12/21 : U/C; 10/4/22 : U/A; 2/22/23 : U/I; 7/7/23 : U/A; 12/4/23 : E/A; 6/28/24 : O/A; 7/21/24 : O/I; 5/12/25 : E/I; 7/14/25 : U/A; 10/9/26 : E/A

Price Target History: 4/30/21 : 308; 10/26/21 : 288; 10/29/21 : 298; 1/11/22 : 288; 2/11/22 : 278; 3/31/22 : 260; 4/29/22 : 225; 5/22/22 : 195; 7/13/22 : 170; 7/27/22 : 140; 9/30/22 : 110; 10/25/22 : 100; 10/28/22 : 92; 3/29/23 : 130; 7/31/23 : 125; 10/27/23 : 108; 12/4/23 : 175; 2/5/24 : 160; 4/29/24 : 150; 6/28/24 : 200; 7/31/24 : 188; 10/24/24 : 180; 10/30/24 : 170; 2/17/25 : 155; 5/12/25 : 105; 7/14/25 : 70; 12/12/25 : 115; 2/10/26 : 130; 5/12/26 : 300; 10/9/26 : 600

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)

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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)	O (10/29/2026)	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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