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Wistron Corporation | Asia Pacific

Rising AI Demand Drives Growth with Margin Expansion

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WHAT'S CHANGED

Wistron Corporation (3231.TW)	From	To
Price Target	NT$210.00	**NT$275.00**

AlphaSignals Earnings Reaction

Strengthens our thesis	**Modest upside**	**Meaningful revision higher**
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Strong AI demand and margin, aided by new customers (including CSPs), should boost confidence toward the stock.

Key Takeaways

- We raise our CY26-28 rack-equivalent shipment assumptions to 17.9k (+27%), 21k (+43%), 25k (+42%), respectively.
- We see AI server margin continuing to expand, contrary to market expectations.
- Wiwynn's implied 2Q OpM is seen at ~7.3% (30bps above the Street).

AI server demand to stay robust next 12 months: Management sounded bullish on component and system level AI server business into 1H27, citing strong demand from existing customers but also new customer demand, including CSP customers. They are broadening out to include more platforms as well, such as AMD's MI400 series platform. As a result, management sounded quite bullish on its AI server outlook. However, we think the more important comment was on margins; management expressed confidence that margins will continue to improve in the coming years despite rack ASP growth, which we think implies they have negotiated for ODM value-add based on percentage terms. We consider this is a very positive result for the ODMs that should help drive some confidence back to the sector.

Outside of AI, demand for general server and notebook not as exciting: Management guided for general server demand to be flattish h/h in 2H26 and 1H27, with growth mainly seen in the AI space. For notebook, demand appears to be even weaker, with a 10-20% h/h decline expected for 2H26.

Other announcements: The board today approved 1) capex of NT$2B and NT$8.5B for its Hsinchu and Kaohsiung facilities, respectively, for equipment, and NT$4B to establish an internal AI computing center in Tainan; 2) capex of US$23M and US $30M for Wistron InfoComm and SMS Infocomm in Texas; and 3) the issuance of up to 250M new common shares via GDR (up to ~7% dilution), to support AI.

Raising price target 31% to NT$275; stay OW: Our PT implies 11.8x CY27e P/E. Valuation looks inexpensive at 8x CY27e (vs. 7-18x range past three years).

Wistron Corporation (3231.TW, 3231 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$275.00
Up/downside to price target (%)	41
Shr price, close (Aug 4, 2026)	NT$195.00
52-Week Range	NT$201.00-109.00
Sh out, dil, curr (mn)	3,276
Mkt cap, curr (mn)	NT$638,902
EV, curr (mn)	NT$748,378
Avg daily trading value (mn)	NT$7,256

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	9.04	16.67	23.32	28.31
Prior EPS (NT$)**	-	13.95	18.11	21.30
Revenue, net (NT$ bn)	2,186.5	3,913.1	5,626.4	7,040.6
EBITDA (NT$ bn)	91.5	160.8	239.8	283.5
ModelWare net inc (NT $ bn)	27.4	50.5	70.7	85.8
P/E	18.0	12.6	9.0	7.4
P/BV	1.9	2.2	1.9	1.6
RNOA (%)	35.0	32.4	63.9	59.8
ROE (%)	14.7	20.0	24.4	25.0
EV/EBITDA	6.6	3.9	2.7	2.2
Div yld (%)	2.4	1.9	2.8	5.2

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

2Q26 Results Summary

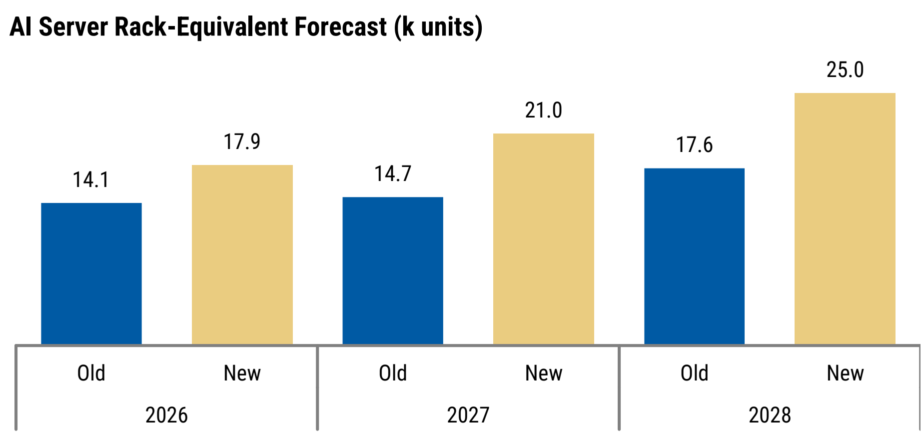
Wistron 2Q OpM was 10bps above MSe and 20bps above the Street, implying Wiwynn OpM of ~7.3%: Revenue was NT$895B (+6% q/q, +62% y/y), with GM at 5.7% (+40bps q/q, +120bps y/y), 20bps above MSe and the Street. OpM was 3.7% (+30bps q/q, +180bps y/y), 10bps above MSe and 20bps above the Street. Management said Wistron's core OpM was slightly higher q/q in 2Q (1Q was ~2.05%), so we assume 2Q Wistron core OpM was 2.1-2.2%. That would imply Wiwynn's 2Q OpM was ~7.3% (above the Street at 7.0%), and its stock could react positively as a result. Wistron's non-op loss was better than MSe, due mainly to ~NT$2.1B of FX gains; net profit was ~NT$14.8B (+54% q/q, +128% y/y) for EPS of NT$4.72, 26% above MSe and 30% above the Street.

Exhibit 1: 2Q26 results recap

Year to Dec. 31 (NT$m)	Actual 2Q26P	Q/Q	Y/Y	MS Forecast 2Q26E	Diff. %	Cons. 2Q26E	Diff. %
P&L Summary							
Net sales	**895,443**	**6%**	**62%**	**920,238**	**-3%**	**873,399**	**3%**
COGS	(844,779)			(869,782)		(825,424)	
Gross profit	**50,664**	**15%**	**107%**	**50,457**	**0%**	**47,975**	**6%**
Operating expenses	(17,217)	**15%**	**26%**	(16,666)		(17,127)	
Operating income	**33,447**	**15%**	**210%**	**33,791**	**-1%**	**30,847**	**8%**
Non-operating income	(2,363)			(5,208)		(4,444)	
Pre-tax income	**31,084**	**32%**	**71%**	**28,582**	**9%**	**26,403**	**18%**
Income tax	(7,340)			(7,146)		(5,423)	
Minority interest	8,917			9,685		7,321	
Net income	**14,827**	**54%**	**128%**	**11,752**	**26%**	**11,384**	**30%**
EPS (NT$)	**4.72**			**3.88**		**3.75**	
Margins		**ppt**	**ppt**		**ppt**		**ppt**
Gross margin	5.7%	0.4	1.2	5.5%	0.2	5.5%	0.2
Operating margin	3.7%	0.3	1.8	3.7%	0.1	3.5%	0.2
Pretax margin	3.5%	0.7	0.2	3.1%	0.4	3.0%	0.4
Net margin	1.7%	0.5	0.5	1.3%	0.4	1.3%	0.4

Source: Company data, Visible Alpha, Morgan Stanley Research estimates.

Exhibit 2: Our Wistron GB200/300 rack equivalent shipment forecasts increase for CY26e-28e



Source: Morgan Stanley Research estimates.

Sensitivity analysis for GB300 compute tray assembly

We lay out a sensitivity analysis around potential ASPs and volumes that we could expect from enterprise or Tier 2/Tier 3 CSP customers in 2026 and beyond for GB300 compute tray (L10) assembly. We believe the mostly likely pricing outcomes for Wistron should be

~US$3.0-3.2mn.

Our checks indicate that GB200 NVL72 ASP is US$3.0mn to US$3.4mn per rack (L11), and we estimate GB300 NVL72 ASP/rack is ~20% higher than that of GB200, putting GB300 NVL72 ASP between US$3.6mn and US$4.2mn per rack (L11). We estimate compute tray (L10) accounts for 75-85% of the entire cost of the rack, hence we view the most likely pricing outcome for GB300 compute tray (L10) at around US$3.0-3.2mn.

Exhibit 3: GB300 rack sensitivity analysis

EPS contribution		Rack shipment (000s)					
		1	2	3	4	5	6
Rack ASP (US$ M)	2.6	0.36	0.73	1.09	1.46	1.82	2.18
	2.8	0.39	0.78	1.18	1.57	1.96	2.35
	3.0	0.42	0.84	1.26	1.68	2.10	2.52
	3.2	0.45	0.90	1.34	1.79	2.24	2.69
	3.4	0.48	0.95	1.43	1.90	2.38	2.85
	3.6	0.50	1.01	1.51	2.01	2.52	3.02

Source: Morgan Stanley Research estimates.

Estimate Changes

We adjust our model, baking in our latest forecasts and the latest guidance from management. Our EPS estimates increase by 19%, 29%, and 33% for CY26-28, respectively.

Exhibit 4: Estimate changes

Year to Dec. 31	2026E		% diff	2027E		% diff	2028E		% diff
(NT$m)	New	Old		New	Old		New	Old	
P&L Summary									
Net sales	**3,913,114**	**3,479,278**	**12%**	**5,626,375**	**4,669,135**	**21%**	**7,040,611**	**4,775,156**	**47%**
COGS	(3,703,993)	(3,284,866)		(5,336,960)	(4,430,778)		(6,702,163)	(4,507,225)	
Gross profit	**209,121**	**194,412**	**8%**	**289,415**	**238,357**	**21%**	**338,448**	**267,931**	**26%**
Operating expenses	(67,635)	(64,439)		(77,722)	(74,898)		(89,404)	(79,926)	
Operating income	**141,486**	**129,973**	**9%**	**211,694**	**163,459**	**30%**	**249,043**	**188,005**	**32%**
Non-operating income	(23,526)	(21,443)		(42,013)	(21,983)		(55,689)	(23,049)	
Pre-tax income	**117,961**	**108,530**	**9%**	**169,681**	**141,476**	**20%**	**193,354**	**164,956**	**17%**
Income tax	(28,505)	(26,329)		(41,624)	(34,345)		(47,413)	(40,030)	
Minority interest	38,911	39,894		57,364	52,233		60,118	60,352	
Net income	**50,545**	**42,307**	**19%**	**70,693**	**54,898**	**29%**	**85,823**	**64,574**	**33%**
EPS (NT$)	**16.67**	**13.95**	**19%**	**23.32**	**18.11**	**29%**	**28.31**	**21.30**	**33%**
Margins									
Gross margin	5.3%	5.6%		5.1%	5.1%		4.8%	5.6%	
Operating margin	3.6%	3.7%		3.8%	3.5%		3.5%	3.9%	
Pretax margin	3.0%	3.1%		3.0%	3.0%		2.7%	3.5%	
Net margin	1.3%	1.2%		1.3%	1.2%		1.2%	1.4%	

Source: Morgan Stanley Research (E) estimates.

How do we differ from consensus?

Exhibit 5: MSe vs. Consensus

Wistron	MSe			Consensus			Variance		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	3,913,114	5,626,375	7,040,611	3,650,386	5,236,229	6,406,038	7%	7%	10%
GM	5.3%	5.1%	4.8%	5.6%	5.2%	5.2%	-0.25ppt	-0.08ppt	-0.43ppt
OpM	3.6%	3.8%	3.5%	3.7%	3.4%	3.4%	-0.04ppt	0.39ppt	0.09ppt
Net income	50,545	70,693	85,823	47,422	65,014	82,995	7%	9%	3%
EPS	16.67	23.32	28.31	15.64	21.44	27.37	7%	9%	3%

Source: Visible Alpha, Morgan Stanley Research estimates.

Price Target and Valuation Methodology

We raise our price target (base-case value) by ~31% to NT$275; stay OW: The current share price implies only 8.4x our 2027 EPS estimate, which we consider undervalued as Wistron continues to shift away from low-profit consumer businesses (e.g., smartphone EMS) to more commercial exposure (e.g., switches and servers). Our price target implies 11.8x our 2027 EPS estimate, slightly below Wistron's three-year average of 12.4x. We think this is fair, reflecting sustainable AI server demand but some conservatism for its PC/display business.

We continue to use a residual income model to value the stock. Our key assumptions (all unchanged) include a cost of equity of 8.7%, medium-term growth rate of 7.0%, and terminal growth rate of 3%.

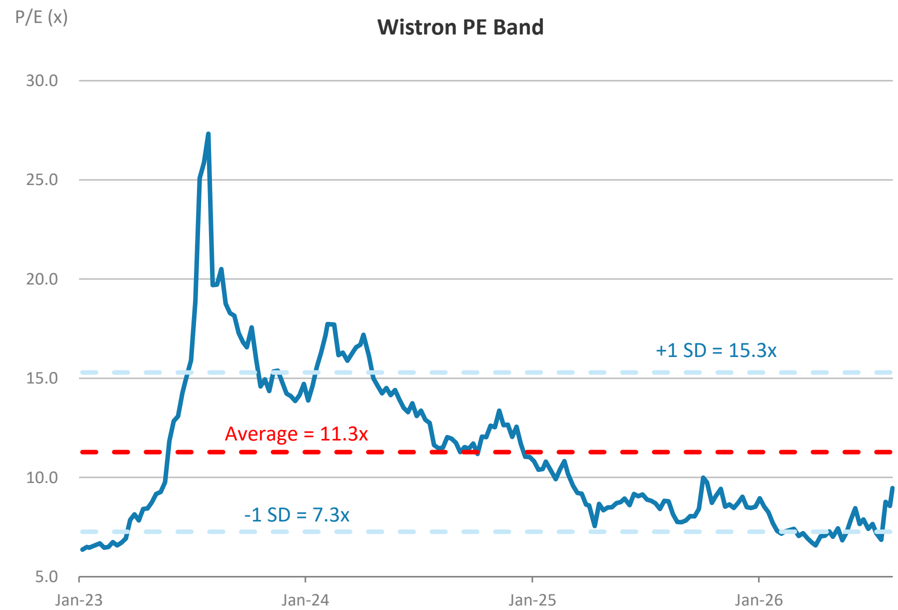
Our bull and bear case values increase by similar magnitudes as our base case value, to NT$390 and NT$144, respectively.

Exhibit 6: Residual income model

NT$ mn	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Total Equity	**289,446**	**343,524**	**398,655**	**487,204**	**581,950**	**683,329**	**791,805**	**907,874**	**1,032,067**	**1,164,954**	**1,301,562**
Net Profit	**50,545**	**70,693**	**85,823**	**91,831**	**98,259**	**105,137**	**112,497**	**120,372**	**128,798**	**137,814**	**141,879**
Return on Equity	**18.6%**	**22.3%**	**23.1%**	**20.7%**	**18.4%**	**16.6%**	**15.3%**	**14.2%**	**13.3%**	**12.5%**	**11.5%**
Beta	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Equity Risk Premium (Rm-Rf)	5.99%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Risk Free Rate (Rf)	1.50%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Cost of Equity	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Beginning Equity Capital	289,446										
PV of Forecast Period	286,507										
PV of Continuing Value	257,802										
Equity Value	**833,755**										
No. of Shares	3,032										
Projected Price (EoY)	**275.0**										
Implied 2027 P/E	11.8x										

Source: Morgan Stanley Research (E) estimates.

Exhibit 7: Wistron: P/E trend



Source: Company data, Morgan Stanley Research estimates.

Financials

Exhibit 8: Quarterly Earnings Estimates

(NT$mn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2025A	2026E	2027E	2028E
Net sales	**346,485**	**551,291**	**567,805**	**720,941**	**846,303**	**895,443**	**1,044,327**	**1,127,040**	**2,186,523**	**3,913,114**	**5,626,375**	**7,040,611**
COGS	(319,430)	(526,838)	(525,840)	(680,431)	(802,209)	(844,779)	(988,022)	#########	(2,052,539)	(3,703,993)	(5,336,960)	(6,702,163)
Gross profit	**27,056**	**24,453**	**41,965**	**40,509**	**44,094**	**50,664**	**56,306**	**58,057**	**133,983**	**209,121**	**289,415**	**338,448**
Operating expenses	(11,906)	(13,666)	(14,822)	(15,036)	(14,957)	(17,217)	(18,239)	(17,222)	(55,430)	(67,635)	(77,820)	(89,505)
SG&A, R&D exp.	(11,906)	(13,666)	(14,822)	(15,036)	(14,957)	(17,217)	(18,239)	(17,222)	(55,430)	(67,635)	(77,722)	(89,404)
Employee bonus	0	0	0	0	0	0	0	0	0	0	(98)	(100)
Operating income	**15,150**	**10,787**	**27,142**	**25,474**	**29,137**	**33,447**	**38,067**	**40,835**	**78,553**	**141,486**	**211,596**	**248,943**
Non-operating income	**(343)**	**7,356**	**(5,104)**	**(4,205)**	**(5,630)**	**(2,363)**	**(7,514)**	**(8,019)**	**(2,296)**	**(23,526)**	**(42,013)**	**(55,689)**
Interest income	(1,591)	(2,270)	(4,352)	(4,587)	(5,185)	(7,295)	(7,699)	(8,204)	(12,799)	(28,383)	(42,754)	(56,430)
Investment income	160	136	373	142	85	85	85	85	812	341	341	341
Disposal of investment	0	(16)	(283)	276	602	0	0	0	(23)	602	0	0
Exchange gain	697	10,076	(1,013)	783	(973)	2,135	0	0	10,543	1,162	0	0
Other	391	(571)	171	(819)	(159)	2,712	100	100	(829)	2,753	400	400
Pre-tax income	**14,807**	**18,143**	**22,038**	**21,269**	**23,508**	**31,084**	**30,553**	**32,816**	**76,257**	**117,961**	**169,583**	**193,254**
Income tax	(3,638)	(4,406)	(5,518)	(4,924)	(5,487)	(7,340)	(7,638)	(8,040)	(18,485)	(28,505)	(41,624)	(47,413)
Minority interest	5,838	7,234	9,114	8,179	8,390	8,917	10,326	11,278	30,364	38,911	57,364	60,118
Net income	**5,331**	**6,504**	**7,406**	**8,167**	**9,631**	**14,827**	**12,589**	**13,498**	**27,408**	**50,545**	**70,595**	**85,723**
Adj.wtd.avg.shrs (mn)	2,884	2,952	3,144	3,032	3,144	3,144	3,144	3,144	3,032	3,032	3,032	3,032
EPS	**1.85**	**2.20**	**2.36**	**2.69**	**3.06**	**4.72**	**4.00**	**4.29**	**9.04**	**16.67**	**23.32**	**28.31**
Fully Diluted shares (mn)	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276
Diluted EPS (NT$)	**1.63**	**1.99**	**2.26**	**2.49**	**2.94**	**4.53**	**3.84**	**4.12**	**8.37**	**15.43**	**21.58**	**26.19**
Margins (%)												
Gross Margin	7.8	4.4	7.4	5.6	5.2	5.7	5.4	5.2	6.1	5.3	5.1	4.8
Operating Margin	4.4	2.0	4.8	3.5	3.4	3.7	3.6	3.6	3.6	3.6	3.8	3.5
Pretax Margin	4.3	3.3	3.9	3.0	2.8	3.5	2.9	2.9	3.5	3.0	3.0	2.7
Net Margin	1.5	1.2	1.3	1.1	1.1	1.7	1.2	1.2	1.3	1.3	1.3	1.2
QoQ Growth (%)												
Sales	17	59	3	27	17	6	17	8				
Gross Profit	13	-10	72	-3	9	15	11	3				
Operating Profit	28	-29	152	-6	14	15	14	7				
Pretax Profit	17	23	21	-3	11	32	-2	7				
Net Profit	0	22	14	10	18	54	-15	7				
YoY Growth (%)												
Sales	45	130	108	143	144	62	84	56	108	79	44	25
Gross Profit	57	22	85	69	63	107	34	43	59	56	38	17
Operating Profit	115	25	138	115	92	210	40	60	102	80	50	18
Pretax Profit	85	99	116	68	59	71	39	54	91	55	44	14
Net Profit	51	47	76	54	81	128	70	65	57	84	40	21

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

Exhibit 9: Consolidated Financial Summary

Consolidated Income Statement

NT$mn (Year End Dec 31)	2025A	2026E	2027E	2028E
Net sales	**2,186,523**	**3,913,114**	**5,626,375**	**7,040,611**
COGS	(2,052,539)	(3,703,993)	(5,336,960)	(6,702,163)
Gross profit	**133,983**	**209,121**	**289,415**	**338,448**
Operating expenses	(55,430)	(67,635)	(77,722)	(89,404)
Operating income	**78,553**	**141,486**	**211,694**	**249,043**
Non-operating income	**(2,296)**	**(23,526)**	**(42,013)**	**(55,689)**
Interest income	(12,799)	(28,383)	(42,754)	(56,430)
Investment income	812	341	341	341
Disposal of investment	(23)	602	-	-
Exchange gain	10,543	1,162	-	-
Other	(829)	2,753	400	400
Pre-tax income	**76,257**	**117,961**	**169,681**	**193,354**
Income tax	(18,485)	(28,505)	(41,624)	(47,413)
Minority interests	30,364	38,911	57,364	60,118
Net income	**27,408**	**50,545**	**70,693**	**85,823**
Adj. wtd. Avg. shrs (m)	3,032	3,032	3,032	3,032
Reported EPS (NT$)	**9.04**	**16.67**	**23.32**	**28.31**
Diluted shrs (m)	3,276	3,276	3,276	3,276
Diluted EPS (NT$)	**8.37**	**15.43**	**21.58**	**26.19**

Consolidated Cash Flow Statement

NT$mn (Year End Dec 31)	2025A	2026E	2027E	2028E
Operating Cashflow	**(105,810)**	**244,954**	**48,263**	**80,565**
Net Profits	27,408	50,545	70,693	85,823
Depreciation & Amort.	12,938	19,341	28,101	34,443
Investment losses/(income)	(625)	(341)	(341)	(341)
Working capital change	(218,203)	185,801	(40,474)	(31,340)
Other adjustments	72,916	(9,791)	(9,716)	(8,020)
Investing Cashflow	**(43,513)**	**(59,259)**	**(57,028)**	**(36,135)**
Capex	(39,615)	(66,984)	(68,180)	(50,115)
Change of L/T investment	1,935	0	0	0
Change of S/T investment	(1,482)	0	0	0
Other adjustments	(5,081)	(101)	(101)	(101)
Financing Cashflow	**217,195**	**(60,540)**	**(7,708)**	**(23,280)**
Increase in L/T debt	56,538	0	0	0
Increase in S/T debt	155,381	0	0	0
Issuance of stock	27,109	(3,514)	1	1
Cash dividends	(10,997)	(11,521)	(16,675)	(30,752)
Other adjustments	(10,837)	(45,505)	8,966	7,471
FX adjustment	(3,279)	(1,162)	0	0
Net change in cash	**64,593**	**123,992**	**(16,473)**	**21,151**

Consolidated Balance Sheet

NT$mn (Year End Dec 31)	2025A	2026E	2027E	2028E
Cash	**147,816**	**271,808**	**255,335**	**276,486**
Mkt securities	5,529	5,529	5,529	5,529
AR/NR	422,913	540,010	776,440	971,604
Inventory	355,474	388,919	560,381	703,727
Others	12,399	22,191	31,906	39,926
Current Assets	**944,132**	**1,228,457**	**1,629,591**	**1,997,273**
Long-term investments	22,267	22,267	22,267	22,267
Fixed assets	87,914	127,731	156,558	158,149
Other assets	43,413	43,514	43,615	43,716
Total Assets	**1,097,726**	**1,421,969**	**1,852,031**	**2,221,405**
S/T borrowings	235,166	235,166	235,166	235,166
AP/NP	356,019	740,799	1,067,392	1,340,433
Other ST liabilities	141,036	92,600	133,424	167,554
Total Current Liabilities	**732,221**	**1,068,564**	**1,435,982**	**1,743,153**
L/T debt	44,394	44,394	44,394	44,394
Other LT libilities	67,823	19,566	28,132	35,203
Total Liabilities	**844,438**	**1,132,523**	**1,508,507**	**1,822,749**
Common shares	31,804	28,289	28,289	28,289
Retained Earnings	125,567	162,486	216,163	270,893
Other SH' Equity	95,917	98,671	99,072	99,473
Total Shareholders' Equity	**253,288**	**289,446**	**343,524**	**398,655**
Total Liab./SH's Equity	**1,097,726**	**1,421,969**	**1,852,031**	**2,221,405**

Consolidated Financial Ratios

	2025A	2026E	2027E	2028E
Margins (%)				
Gross margin	6.1	5.3	5.1	4.8
Operating margin	3.6	3.6	3.8	3.5
Pretax margin	3.5	3.0	3.0	2.7
Net margin	1.3	1.3	1.3	1.2
YoY growth (%)				
Sales	108.4	79.0	43.8	25.1
Operating profits	101.5	80.1	49.6	17.6
Pretax profits	90.8	54.7	43.8	14.0
Net profits	57.1	84.4	39.9	21.4
Others				
Cash dividend payout (%)	62%	61%	61%	61%
Cash div (NT$)	3.80	5.50	10.14	14.19
Yield (%)	16%	NM	NM	NM
Net Debt/Equity (%)	50%	1%	5%	-1%
Liabilities/Equity (%)	333%	391%	439%	457%
Liabilities/Assets (%)	77%	80%	81%	82%
ROAE (%)	12%	19%	22%	23%
ROAA (%)	3%	4%	4%	4%
AR/NR Turnover (days)	51	45	43	45
Inventory Turnover (days)	49	37	32	34
AP/NP Turnover (days)	47	54	62	66
Cash conversion cycle	52	28	13	14

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

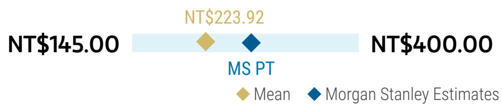
Risk Reward – Wistron Corporation (3231.TW)

Well positioned for B200/300 and GB200/300 with undemanding valuation; OW

PRICE TARGET NT$275.00

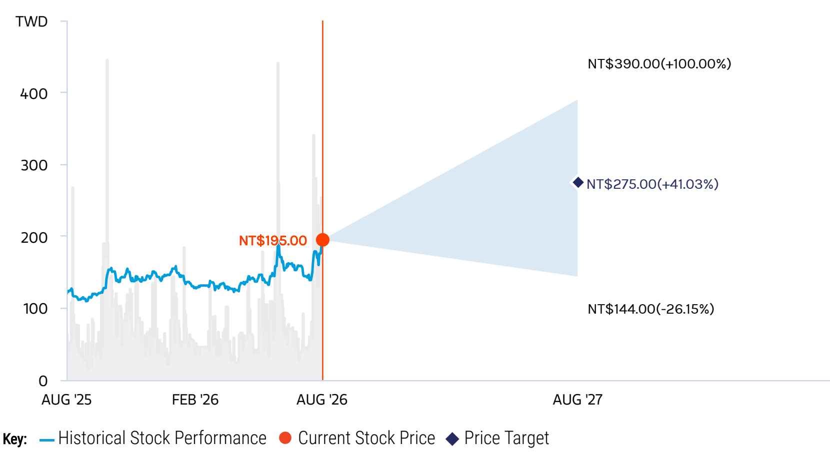
Base case, residual income valuation. Key assumptions: 8.7% cost of equity, 7.0% medium-term growth rate and 3% terminal growth rate.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART

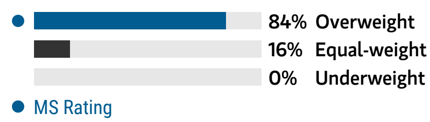


Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- We think the market has still not fully priced in Wistron's Nvidia GPU (GB300, VR200, etc.) projects for US enterprise customers for CY26-28.
- We view Wistron Group as well positioned for AMD's MI455 Helios rack-scale solution, as they should be the OAM SMT partner to AMD.
- Networking business is also starting to grow, and is now no longer a drag on profitability.
- Our price target implies 11.8x 2027e P/E, which looks fair vs. the 3-year average of 11.3x given its AI growth potential.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Secular Growth:	*Negative*

View descriptions of Risk Rewards Themes here

BULL CASE NT$390.00

16.7x 2027e EPS

Much stronger-than-expected NB shipments and rising new product contributions: 1) Total sales rise at a 85-95% CAGR, 2025-28, with stronger AI growth driven by better ASP and demand, and AI reaching 65-70% revenue contribution by 2028. 2) AI-related revenue rises at a 130-140% CAGR, 2025-28. 3) Operating margin improves to ~5% by 2028, from ~3.6% in 2025.

BASE CASE NT$275.00

11.8x 2027e EPS

Total sales rise at a ~48% CAGR, 2025-28, driven by AI sales. AI-related revenue rises at a 90-100% CAGR, 2025-28, with contribution rising to 60-65% by 2028 from ~27% in 2025. Operating margin improves slightly to 3.7-3.8% by 2028 vs. ~3.6% in 2025 due to favorable mix (higher contributions from Wiwynn and new AI server customers).

BEAR CASE NT$144.00

6.2x 2027e EPS

Limited server growth, and NB deteriorates more than expected: 1) Total sales post just a 10-20% CAGR, 2025-28, with AI momentum slowing in 2026. 2) AI-related sales record just a 30-35% CAGR during the same period. 3) Operating margin decreases to just ~2.7% by 2028, from ~3.6% in 2025.

Risk Reward – Wistron Corporation (3231.TW)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
NB shipment y/y (%)	19.3	(12.9)	(0.1)	1.0
AI server revenue y/y (%)	642.4	217.1	64.1	41.6
NB OPM (%)	1.0	1.0	1.0	1.2
AI server OPM (%)	0.9	2.3	2.3	2.3

INVESTMENT DRIVERS

- AI server demand
- Notebook demand
- Server demand
- Switch demand

GLOBAL REVENUE EXPOSURE

- 0-10% Japan
- 10-20% APAC, ex Japan, Mainland China and India
- 10-20% Mainland China
- 20-30% Europe ex UK
- 40-50% North America

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

MS ALPHA MODELS

2/5 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

- Faster-than-expected divestiture of consumer electronics business
- Stronger-than-expected NB demand
- Margin expansion from better product mix
- Faster-than-expected AI server penetration

RISKS TO DOWNSIDE

- Slower-than-expected divestiture of consumer electronics business
- Weaker-than-expected NB demand
- Margin contraction from sales shortfall and fierce competition
- Slower-than-expected AI server penetration

OWNERSHIP POSITIONING

Inst. Owners, % Active 58.8%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2027e

	Low	Morgan Stanley Estimates	Mean	High
Sales / Revenue (NT$, mn)	4,285,249	5,626,375	5,179,161	7,829,279
EBITDA (NT$, mn)	145,351	239,794	199,140	276,633
Net income (NT$, mn)	47,212	70,693	63,935	100,791
EPS (NT$)	15.00	23.32	19.76	32.05

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Valuation Methodology and Risks

Wiwynn Corp (6669.TW)

Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 7.0% (beta of 1.0, equity premium of 6% and risk-free rate of 1%), medium-term growth rate of 6%, and terminal growth rate of 3%.

Risks to Upside

- Accelerated demand pull-in from Meta, Microsoft, and Amazon
- Project wins from new customers
- Share gain
- Edge computing projects
- Accelerated AI server penetration

Risks to Downside

- Delayed data center builds from Meta, Microsoft, and Amazon
- Server demand slowdown
- Share loss
- Delayed AI server penetration

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 July 31, 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	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

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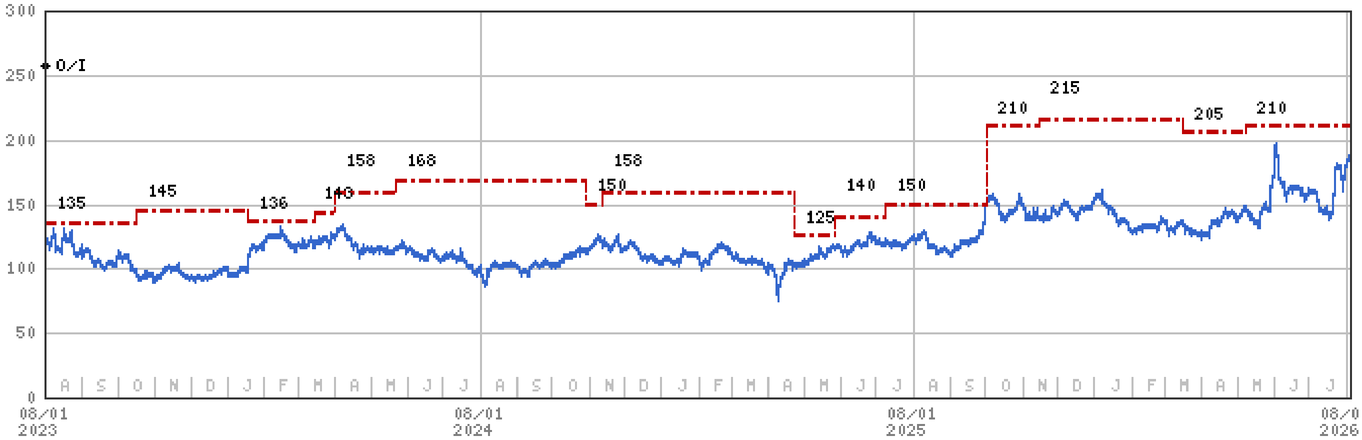
Stock Price, Price Target and Rating History (See Rating Definitions)

Wistron Corporation (3231.TW) - As of 08/04/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 8/1/21 : E/I; 7/12/23 : O/I

Price Target History: 7/28/21 : 30; 11/6/21 : 32; 5/9/22 : 31; 7/26/22 : 29; 8/8/22 : 30; 11/7/22 : 29; 1/17/23 : 31; 3/15/23 : 34; 5/1/23 : 48.5; 5/12/23 : 47; 7/12/23 : 135; 10/17/23 : 145; 1/18/24 : 136; 3/14/24 : 143; 4/1/24 : 158; 5/22/24 : 168; 10/30/24 : 150; 11/12/24 : 158; 4/23/25 : 125; 5/27/25 : 140; 7/9/25 : 150; 10/2/25 : 210; 11/16/25 : 215; 3/16/26 : 205; 5/9/26 : 210

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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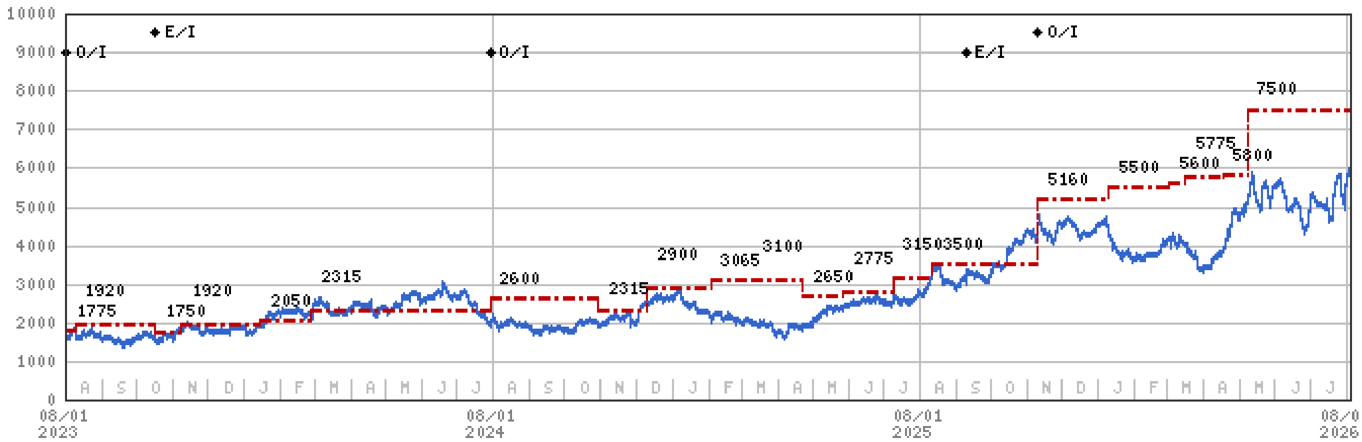
Wiwynn Corp (6669.TW) - As of 08/04/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 8/1/21 : O/I; 1/9/23 : E/I; 7/12/23 : O/I; 10/17/23 : E/I; 7/29/24 : O/I; 9/9/25 : E/I; 11/10/25 : O/I

Price Target History: 7/28/21 : 1060; 5/3/22 : 1200; 7/26/22 : 950; 11/2/22 : 1000; 1/9/23 : 815; 2/24/23 : 860; 5/9/23 : 965; 6/9/23 : 960; 7/12/23 : 1775; 8/9/23 : 1920; 10/17/23 : 1750; 11/8/23 : 1920; 1/15/24 : 2050; 2/27/24 : 2315; 7/29/24 : 2600; 10/30/24 : 2315; 12/10/24 : 2900; 2/3/25 : 3065; 3/10/25 : 3100; 4/23/25 : 2650; 5/27/25 : 2775; 7/9/25 : 3150; 8/11/25 : 3500; 11/10/25 : 5160; 1/9/26 : 5500; 3/2/26 : 5600; 3/16/26 : 5775; 4/17/26 : 5800; 5/8/26 : 7500

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 Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/04/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$41.06
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb172.32
BYD Electronics (0285.HK)	O (04/28/2023)	HK$24.44
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb8.13
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb17.13
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb448.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$502.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.11
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.83
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb38.63
Largan Precision (3008.TW)	O (07/10/2026)	NT$4,355.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.09
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.66
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb55.48
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.73
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$7.24
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb46.39
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$33.76
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb57.83
Sunny Optical (2382.HK)	E (03/23/2026)	HK$57.80
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb212.00
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.11
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$27.96
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb284.00
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$105.60
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb92.93
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb25.91
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,021.99
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.64
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb34.37
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,320.00
Advantech (2395.TW)	O (01/20/2021)	NT$576.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,425.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,600.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$24.45
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$944.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,300.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.63
Chenbro (8210.TW)	O (07/23/2025)	NT$1,150.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,925.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,620.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$197.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$53.70
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,590.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$332.00
Innolux (3481.TW)	E (04/07/2025)	NT$47.80
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,495.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb32.95
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$252.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.77
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.58

Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb182.52
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$29.05
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$806.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$181.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$37.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.28
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb59.93
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$332.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$897.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$250.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb74.14
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$1,965.00
Lenovo (0992.HK)	O (07/10/2026)	HK$25.16
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,010.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,045.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$88.40
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$300.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb112.23
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb332.54
Unimicron (3037.TW)	O (02/23/2026)	NT$924.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$353.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$195.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$6,205.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$566.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$444.00

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* Historical prices are not split adjusted.