Morgan Stanley | RESEARCH

UPDATE

August 3, 2026 01:42 PM GMT

Chroma Ate Inc. | Asia Pacific

Our Thoughts on the Share Price Movement

Chroma's share price was down 6.7% (limit-down during the session) vs. the TAIEX up ~1%.

We think the underperformance was mainly driven by two investor concerns:

- Rubin Ultra might only have a TDP of 1,800W as the mainstream spec, which might affect its GPU SLT growth in 2027.
- Chroma might not win CPU SLT orders from one major chip vendor.

Our views:

- We believe that 1,800W TDP for the Rubin Ultra GPU does not sound reasonable. The TDP for the Rubin GPU already reaches 1,800-2,300W. Our checks suggest that the mainstream spec for Rubin Ultra should be higher than that of Rubin and will need a higher spec of SLT from Chroma as well.
- For the SLT business, Chroma used to focus more on the GPU market, but it is turning more aggressive on CPUs as well. It has already secured the CPU SLT project with one hyperscaler and is qualifying with a major chip vendor for its new CPU model.
- We stay OW on Chroma (price target NT$2,800, 45x 2027e P/E) and would suggest building positions into the dip for the growth potential driven by power, semiconductor, and photonics testing tools.

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Chroma Ate Inc. (2360.TW, 2360 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$2,800.00
Up/downside to price target (%)	43
Shr price, close (Aug 3, 2026)	NT$1,960.00
52-Week Range	NT$2,795.00-434.00
Sh out, dil, curr (mn)	425
Mkt cap, curr (mn)	US$25,808
EV, curr (mn)	US$25,471
Avg daily trading value (mn)	US$153

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	27.49	43.97	62.77	74.77
EPS (NT$)§	26.88	42.90	64.67	86.76
Prior EPS (NT$)**	-	-	-	-
Revenue, net (NT$ mn)	28,311	55,154	76,117	89,224
EBITDA (NT$ mn)	10,038	22,684	32,742	38,930
ModelWare net inc (NT $ mn)	11,692	18,697	26,691	31,797
P/E	28.2	44.6	31.2	26.2
P/BV	10.1	18.7	14.1	11.4
RNOA (%)	49.4	80.3	95.7	98.3
ROE (%)	45.9	57.4	59.9	53.9
EV/EBITDA	31.8	36.0	24.6	20.4
Div yld (%)	1.2	1.0	1.6	2.3
FCF yld ratio (%)**	2.4	1.8	2.8	3.6
Leverage (EOP) (%)	(33.4)	(39.0)	(46.3)	(52.8)

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

Valuation Methodology and Risks

Chroma Ate Inc. (2360.TW)

Base case, 45x 2027e P/E. We use P/E as our valuation methodology because we think it better captures Chroma's earnings growth momentum. The stock traded at an average valuation of ~19x P/E during 2014-25 with an operating profit CAGR of 20%, implying a PEG of 1.0. We think our target multiple of 45x is justified by the 61% operating profit CAGR we project for 2025-28.

Risks to Upside

- Better-than-expected macro conditions
- Stronger semi and photonics and power testing demand
- Margin improvement via better product mix
- Better opex control

Risks to Downside

- Macro slowdown
- Softer-than-expected AI capex
- Slower progress in the advanced packaging capacity expansion
- Weaker consumer electronics and automobile related demand
- Margin contraction arising from lack of revenue scale and increasing opex

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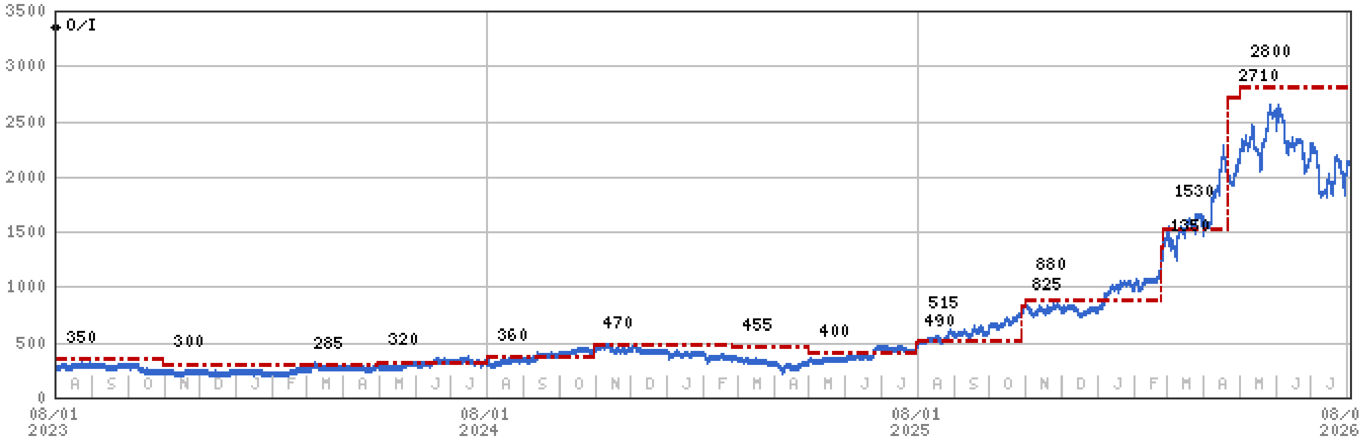
Stock Price, Price Target and Rating History (See Rating Definitions)

Chroma Ate Inc. (2360.TW) - As of 08/03/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 8/1/21 : O/I; 10/5/21 : O/I

Price Target History: 7/31/20 : 200; 10/5/21 : 220; 2/23/22 : 230; 2/24/23 : 215; 4/27/23 : 225; 7/7/23 : 320; 8/1/23 : 350; 10/31/23 : 300; 2/26/24 : 285; 4/30/24 : 320; 8/1/24 : 360; 10/30/24 : 470; 2/25/25 : 455; 5/1/25 : 400; 7/30/25 : 490; 8/1/25 : 515; 10/28/25 : 825; 10/31/25 : 880; 2/23/26 : 1350; 2/26/26 : 1530; 4/21/26 : 2710; 5/1/26 : 2800

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* (08/03/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$40.28
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb156.65
BYD Electronics (0285.HK)	O (04/28/2023)	HK$24.24
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb8.15
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.80
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb394.08
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$488.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.24
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.70
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb37.95
Largan Precision (3008.TW)	O (07/10/2026)	NT$3,960.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb6.88
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.46
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb53.71
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.35
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$7.02
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb45.89
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$33.90
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb63.00
Sunny Optical (2382.HK)	E (03/23/2026)	HK$56.55
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb180.50
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.42
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$27.96
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb262.30
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$95.70

Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb89.21
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb24.71
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb902.50
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$25.26
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb34.02
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,335.00
Advantech (2395.TW)	O (01/20/2021)	NT$576.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,415.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,550.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$23.90
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$944.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,095.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.42
Chenbro (8210.TW)	O (07/23/2025)	NT$1,095.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,960.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,580.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$189.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$50.40
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,470.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$332.00
Innolux (3481.TW)	E (04/07/2025)	NT$45.80
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$8,635.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb31.57
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$229.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.70
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.53
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb167.00
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$28.80
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$799.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$182.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$36.35
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.90
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb55.90
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$324.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$872.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$253.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb71.66
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$1,790.00
Lenovo (0992.HK)	O (07/10/2026)	HK$24.74
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,005.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$953.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$86.60
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$296.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb102.03
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb302.31
Unimicron (3037.TW)	O (02/23/2026)	NT$865.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$321.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$186.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,925.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$552.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$421.50

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.