October 28, 2026 05:16 PM GMT

Parade Technologies Ltd | Asia Pacific

Waiting for new business to bear fruit; cut to UW

WHAT'S CHANGED

Parade Technologies Ltd (4966.TWO)	From	To
Price Target	NT$818.00	**NT$444.00**
Rating	Overweight	**Underweight**

AlphaSignals Earnings Reaction

Weakens our thesis
Impact to our thesis

Modest shortfall
Financial results versus consensus

Modest revision lower
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Near-term NB weakness and lack of meaningful contribution from new businesses; downgrade to UW.

Key Takeaways

- Parade's margin recovery efforts are more than offset by weak NB demand.
- Ramp-up of ASIC-like business could be slower than we expected.
- Now trading at 17x our lowered 2027 EPS, which is still not attractive.

3Q26 earnings missed: Please see Exhibit 1.

4Q guidance reflects weak NB demand: Parade is guiding rev. to decline 24% Q/Q at mid-point, 32% below consensus. We overestimated the stability of demand from standard-plus customers, while demand from standard customers remains very weak, as expected. Based on the current demand outlook into 1Q27, it is difficult to see a V-shaped recovery. That said, we appreciate Parade's supply chain management and its ability to pass cost pressures on to customers. We see Parade's TTED business offering LT opportunities amid PCB price hikes.

New business ramp could take time: We previously modelled the company's ASIC-like business contributing 15-20% of revenue in 2027-28. Given the complexity of the chip design and weak DT demand, we believe we were too optimistic. As for the TTED business, the company expects shipments to exceed 5mn units in 2026, which could account for ~8% of 2026 revenue. The company expects NB shipments to remain similar in 2027 vs. 2026, subject to DRAM pricing. Currently, we do not expect DRAM pricing to decline meaningfully.

Double downgrade to UW; PT NT$444: We cut our earnings forecasts mainly to reflect weaker 4Q guidance and a lower contribution from the ASIC-like business. We lowered 2026/27/28e earnings by 14%/39%/43%. The company is now trading at 17x 2027e EPS. We like Parade's long-term growth potential but would need to see a meaningful resumption in business growth to turn more positive. *(continued on the next page)*

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Parade Technologies Ltd (4966.TWO, 4966 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Underweight**
Industry View	**Attractive**
Price target	NT$444.00
Up/downside to price target (%)	(15)
Shr price, close (Oct 28, 2026)	NT$525.00
52-Week Range	NT$929.00-463.50
Sh out, dil, curr (mn)	77
Mkt cap, curr (mn)	NT$40,575
Avg daily trading value (mn)	NT$819

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	34.67	26.35	30.92	33.20
Prior EPS (NT$)**	-	30.34	43.14	50.33
EPS (NT$)§	35.26	33.19	40.98	53.08
Revenue, net (NT$ mn)	16,531	15,683	16,212	16,982
EBITDA (NT$ mn)	3,482	2,334	2,742	2,941
P/E	17.1	19.9	17.0	15.8
P/BV	2.1	1.8	1.7	1.6
ROE (%)	12.2	9.2	10.4	10.6
EV/EBITDA	9.9	12.4	10.0	9.0
Div yld (%)	2.9	2.5	2.9	3.1

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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3Q26 earnings review: 3Q revenue was NT$4.2bn, -2% Q/Q, -4% Y/Y, and 4% above MSe; 3Q GM was 40.3%, flattish Q/Q, -2.2ppt Y/Y and 2.3ppt below MSe; 3Q EPS was NT$7.67, flat Q/Q, -27% Y/Y and 6% below MSe. Weaker 2H26 demand has been due to OEM pull-ins in 1H, compressed consumer demand due to price hikes, and compressed enterprise budgets due to allocation to AI spending.

Exhibit 1: 3Q26 earnings review

P/L Comparison	3Q26 Results						
(NT$ mn)	3Q25	2Q26	3Q26	Q/Q	Y/Y	Mse	Diff.
Net sales	**4,377**	**4,249**	**4,185**	-2%	-4%	**4,038**	**4%**
Gross profit	1,860	1,708	1,686	-1%	-9%	1,718	**-2%**
Operating profit	812	596	567	-5%	-30%	644	**-12%**
Pretax profit	881	646	617	-4%	-30%	702	**-12%**
Net profit	816	593	591	0%	-28%	638	**-7%**
Diluted EPS (NT$)	**10.45**	**7.66**	**7.67**	0%	-27%	**8.17**	**-6%**
Key ratios (%)							
Gross margin	42.5%	40.2%	40.3%	0.1 ppt	-2.2 ppt	42.5%	-2.3 ppt
Operating margin	18.6%	14.0%	13.5%	-0.5 ppt	-5.0 ppt	15.9%	-2.4 ppt
Pretax margin	20.1%	15.2%	14.7%	-0.4 ppt	-5.4 ppt	17.4%	-2.6 ppt
Net profit margin	18.6%	14.0%	14.1%	0.2 ppt	-4.5 ppt	15.8%	-1.7 ppt

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

Why it's not too late to downgrade now: The weak 4Q26 outlook lowers the earnings base, while visibility on a sustained recovery remains limited. With NB shipments expected to remain broadly flat in 2027, TTED growth and initial ASIC-like contributions may be insufficient to offset weakness in the core business. The risk of prolonged earnings pressure and a slower-than-expected ramp in new businesses supports our more cautious view beyond the near-term reset.

Parade: Earnings Estimate Revisions

We cut our EPS estimates by 13%/28%/34% for 2026/27/28: We factor in the actual 3Q results, the lower 4Q guidance than we had expected, and the delays ramping up the new business.

Exhibit 2: Parade: Summary of estimate revisions

NT$ mn	Current 2026E	Previous 2026E	Diff.	Current 2027E	Previous 2027E	Diff.	Current 2028E	Previous 2028E	Diff.
Net sales	15,683	15,865	-1%	16,212	18,478	-12%	16,982	20,064	-15%
COGS	9,303	9,215		9,349	10,597		9,794	11,400	
Gross profit	6,380	6,650	-4%	6,863	7,881	-13%	7,188	8,665	-17%
Operating expenses	4,368	4,259		4,449	4,406		4,582	4,572	
Operating profit	2,012	2,390	-16%	2,414	3,475	-31%	2,606	4,092	-36%
Non-op. income (exp.)	192	216		199	230		199	230	
Pretax Income	2,204	2,606	-15%	2,613	3,705	-29%	2,805	4,322	-35%
Taxes	163	235		235	333		252	389	
Net income	2,041	2,371	-14%	2,377	3,371	-29%	2,552	3,933	-35%
Reported Diluted EPS	**26.35**	**30.34**	**-13%**	**30.92**	**43.14**	**-28%**	**33.20**	**50.33**	**-34%**
Margins									
Gross margin	40.7%	41.9%	-1 ppt	42.3%	42.7%	0 ppt	42.3%	43.2%	-1 ppt
Operating margin	12.8%	15.1%	-2 ppt	14.9%	18.8%	-4 ppt	15.3%	20.4%	-5 ppt
Pretax margin	14.1%	16.4%	-2 ppt	16.1%	20.0%	-4 ppt	16.5%	21.5%	-5 ppt
Net margin	13.0%	14.9%	-2 ppt	14.7%	18.2%	-4 ppt	15.0%	19.6%	-5 ppt

Source: Morgan Stanley Research (E) estimates

Exhibit 3: Quarterly earnings summary

NT$ in million	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	2025	2026E	2027E	2028E
Total Revenues	4,152	4,114	4,377	3,888	3,990	4,249	4,185	3,259	3,586	3,808	4,467	4,350	4,207	4,183	4,446	4,145	16,531	15,683	16,212	16,982
Sequential Change	*0.8%*	*-0.9%*	*6.4%*	*-11.2%*	*2.6%*	*6.5%*	*-1.5%*	*-22.1%*	*10.1%*	*6.2%*	*17.3%*	*-2.6%*	*-3.3%*	*-0.6%*	*6.3%*	*-6.8%*				
Change vs Year Ago	*8.8%*	*5.2%*	*-0.5%*	*-5.6%*	*-3.9%*	*3.3%*	*-4.4%*	*-16.2%*	*-10.1%*	*-10.4%*	*6.7%*	*33.5%*	*17.3%*	*9.8%*	*-0.5%*	*-4.7%*	*1.8%*	*-5.1%*	*3.4%*	*4.8%*
Cost of Sales	2,385	2,341	2,517	2,254	2,382	2,541	2,499	1,881	2,068	2,196	2,573	2,512	2,425	2,413	2,561	2,395	9,496	9,303	9,349	9,794
Percent of Revenues	*57%*	*57%*	*57%*	*58%*	*60%*	*60%*	*60%*	*58%*	*58%*	*58%*	*58%*	*58%*	*58%*	*58%*	*58%*	*58%*	*57%*	*59%*	*58%*	*58%*
Gross Margin	1,767	1,774	1,860	1,634	1,608	1,708	1,686	1,378	1,519	1,612	1,893	1,838	1,782	1,771	1,885	1,750	7,035	6,380	6,863	7,188
Percent of Revenues	*42.6%*	*43.1%*	*42.5%*	*42.0%*	*40.3%*	*40.2%*	*40.3%*	*42.3%*	*42.3%*	*42.3%*	*42.4%*	*42.3%*	*42.4%*	*42.3%*	*42.4%*	*42.2%*	*42.6%*	*40.7%*	*42.3%*	*42.3%*
Incremental Margin	*91%*	*NM*	*33%*	*NM*	*-26%*	*39%*	*NM*	*NM*	*43%*	*42%*	*43%*	*NM*	*NM*	*NM*	*44%*	*NM*	*46%*	*NM*	*91%*	*42%*
Total Opex	1,110	1,065	1,048	1,103	1,068	1,112	1,119	1,069	1,087	1,099	1,135	1,128	1,140	1,139	1,153	1,149	4,326	4,368	4,449	4,582
Percent of Revenues	*26.7%*	*25.9%*	*23.9%*	*28.4%*	*26.8%*	*26.2%*	*26.7%*	*32.8%*	*30.3%*	*28.9%*	*25.4%*	*25.9%*	*27.1%*	*27.2%*	*25.9%*	*27.7%*	*26.2%*	*27.9%*	*27.4%*	*27.0%*
R&D	744	723	700	742	728	749	748	748	748	748	748	748	768	768	768	780	2,910	2,974	2,993	3,084
Percent of Revenues	*17.9%*	*17.6%*	*16.0%*	*19.1%*	*18.3%*	*17.6%*	*17.9%*	*23.0%*	*20.9%*	*19.6%*	*16.8%*	*17.2%*	*18.3%*	*18.4%*	*17.3%*	*18.8%*	*17.6%*	*19.0%*	*18.5%*	*18.2%*
General & administrative	156	143	134	136	136	146	143	143	143	143	143	143	143	143	143	143	569	567	571	571
Percent of Revenues	*3.7%*	*3.5%*	*3.1%*	*3.5%*	*3.4%*	*3.4%*	*3.4%*	*4.4%*	*4.0%*	*3.7%*	*3.2%*	*3.3%*	*3.4%*	*3.4%*	*3.2%*	*3.4%*	*3.4%*	*3.6%*	*3.5%*	*3.4%*
Selling & marketing	210	199	213	225	203	218	228	178	196	208	244	237	230	228	243	226	847	827	884	926
Percent of Revenues	*5.1%*	*4.8%*	*4.9%*	*5.8%*	*5.1%*	*5.1%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.1%*	*5.3%*	*5.5%*	*5.5%*
Operating Income	657	709	812	531	540	596	567	309	432	513	759	710	642	632	732	601	2,709	2,012	2,414	2,606
Percent of Revenues	*15.8%*	*17.2%*	*18.6%*	*13.7%*	*13.5%*	*14.0%*	*13.5%*	*9.5%*	*12.0%*	*13.5%*	*17.0%*	*16.3%*	*15.3%*	*15.1%*	*16.5%*	*14.5%*	*16.4%*	*12.8%*	*14.9%*	*15.3%*
Change vs Year Ago	*25.7%*	*38.7%*	*7.8%*	*-20.1%*	*-17.9%*	*-15.9%*	*-30.2%*	*-41.8%*	*-20.0%*	*-13.8%*	*33.8%*	*129.5%*	*48.5%*	*23.0%*	*-3.5%*	*-15.3%*	*10%*	*-26%*	*20%*	*8%*
Total Non-operating Income(Loss	71	69	69	65	42	50	50	50	50	50	50	50	50	50	50	50	273	192	199	199
Profit Before Taxes	728	777	881	596	582	646	617	359	482	563	808	759	691	681	781	651	2,982	2,204	2,613	2,805
Percent of Revenues	*18%*	*19%*	*20%*	*15%*	*15%*	*15%*	*15%*	*11%*	*13%*	*15%*	*18%*	*17%*	*16%*	*16%*	*18%*	*16%*	*18%*	*14%*	*16%*	*17%*
Taxes	64	75	66	51	53	52	26	32	43	51	73	68	62	61	70	59	256	163	235	252
Tax Rate	*8.8%*	*9.6%*	*7.4%*	*8.6%*	*9.1%*	*8.1%*	*4.2%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*8.6%*	*7.4%*	*9.0%*	*9.0%*
Net Income, Cont Ops	664	702	816	544	529	593	591	327	438	512	736	691	629	620	711	592	2,727	2,041	2,377	2,552
Percent of Revenues	*16%*	*17%*	*19%*	*14%*	*13%*	*14%*	*14%*	*10%*	*12%*	*13%*	*16%*	*16%*	*15%*	*15%*	*16%*	*14%*	*16%*	*13%*	*15%*	*15%*
Reported Income (TW GAAP)	**664**	**702**	**816**	**544**	**529**	**593**	**591**	**327**	**438**	**512**	**736**	**691**	**629**	**620**	**711**	**592**	**2,727**	**2,041**	**2,377**	**2,552**
Percent of Revenues	*16%*	*17%*	*19%*	*14%*	*13%*	*14%*	*14%*	*10%*	*12%*	*13%*	*16%*	*16%*	*15%*	*15%*	*16%*	*14%*	*16%*	*13%*	*15%*	*15%*
Change vs Year Ago	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*5%*	*-25%*	*17%*	*7%*
Reported EPS (NT$, TW GAAF	**8.38**	**8.95**	**10.45**	**6.89**	**6.77**	**7.66**	**7.67**	**4.25**	**5.70**	**6.67**	**9.57**	**8.99**	**8.18**	**8.06**	**9.25**	**7.70**	**34.67**	**26.35**	**30.92**	**33.20**
Change vs Year Ago	*16%*	*25%*	*9%*	*-20%*	*-19%*	*-14%*	*-27%*	*-38%*	*-16%*	*-13%*	*25%*	*112%*	*44%*	*21%*	*-3%*	*-14%*	*7%*	*-24%*	*17%*	*7%*

Source: Morgan Stanley Research (E) estimates

Parade: Valuation Methodology

We cut our price target from NT$818 to NT$444: Our price target is our base case scenario value, which we continue to derive from a residual income model. Our bull and bear case scenario values are cut from NT$948 to NT$755, and from NT$418 to NT$288, respectively.

Intermediate growth cut to 9.4% from 11.4% to reflect slower ramp up of new businesses. Other key RI assumptions are unchanged:

- 9.8% cost of equity (beta 1.3, risk-free rate 2% and risk premium 6%)
- Payout ratio of 50%
- Terminal growth rate of 4.0%

Exhibit 4: Parade: Residual income model

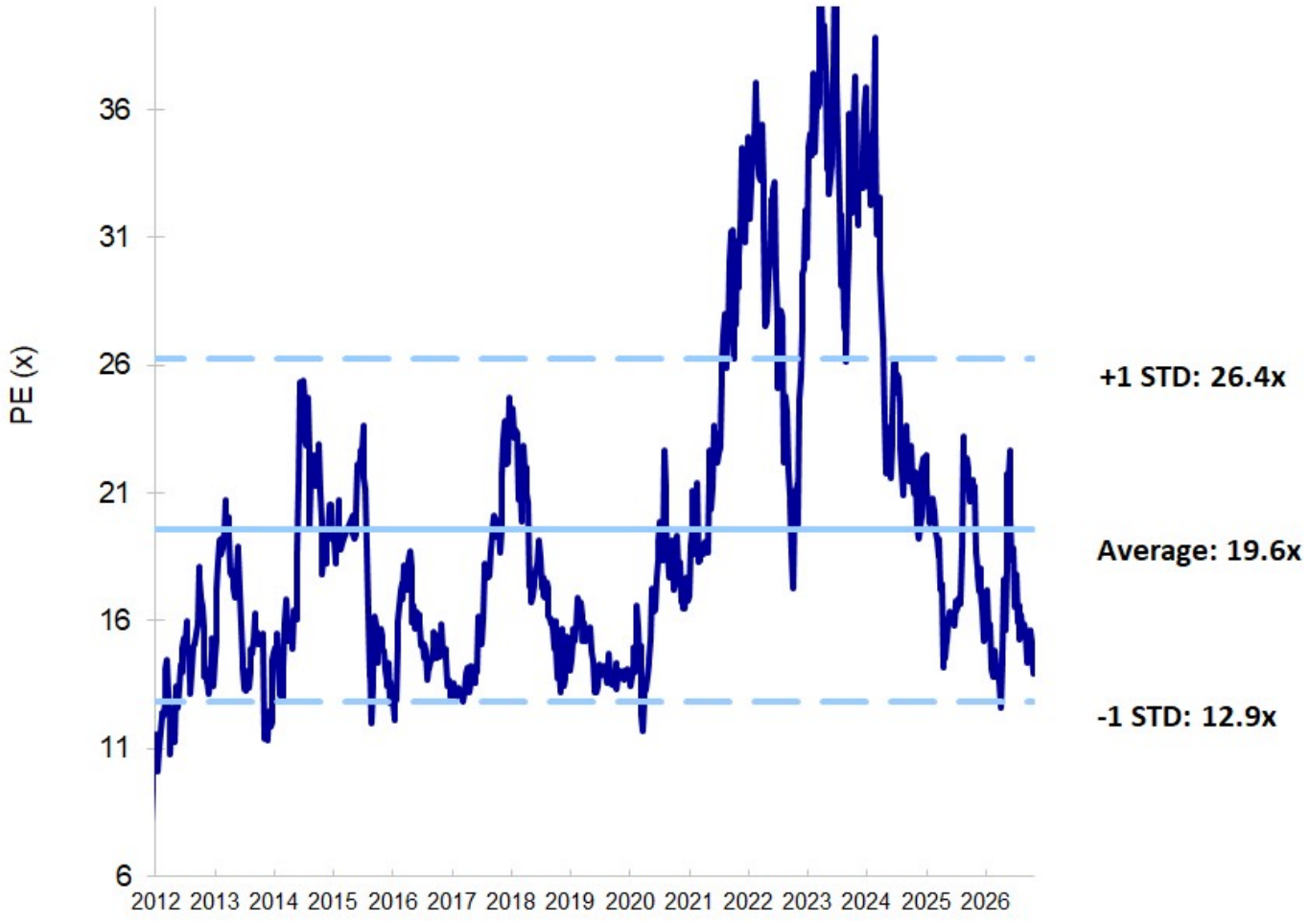
NT$million	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Total Equity	**22,780**	**24,151**	**25,523**	**27,059**	**28,740**	**30,580**	**32,593**	**34,796**	**37,206**	**39,844**	**42,731**	**45,890**
Net Profit	**2,041**	**2,377**	**2,552**	**2,793**	**3,056**	**3,345**	**3,660**	**4,005**	**4,383**	**4,796**	**5,248**	**5,743**
ROAE	**9.1%**	**10.1%**	**10.3%**	**10.6%**	**11.0%**	**11.3%**	**11.6%**	**11.9%**	**12.2%**	**12.4%**	**12.7%**	**13.0%**
Residual Income	(151)	80	120	215	318	430	553	687	833	993	1,168	1,360
Spread	**-0.7%**	**0.4%**	**0.5%**	**0.8%**	**1.2%**	**1.5%**	**1.8%**	**2.1%**	**2.4%**	**2.7%**	**2.9%**	**3.2%**
Ending Equity Capital	22,780											
PV of Forecast Period	2,780											
PV of Continuing Value	8,765											
Equity Value	**34,325**											
No. of Shares	77											
Projected Price	**444**											

Source: Morgan Stanley Research (E) estimates

Parade: Relative Valuation

Parade stock is trading at 17x our new 2026 EPS estimate, which we still consider unattractive vs. its historical average of 19.6x since 2012, given near-term demand weakness and delays in the new business ramp-up.

Exhibit 5: Parade: Historical P/E



Source: FactSet, Morgan Stanley Research

Risk Reward – Parade Technologies Ltd (4966.TWO)

Waiting for new business to bear fruit

PRICE TARGET NT$444.00

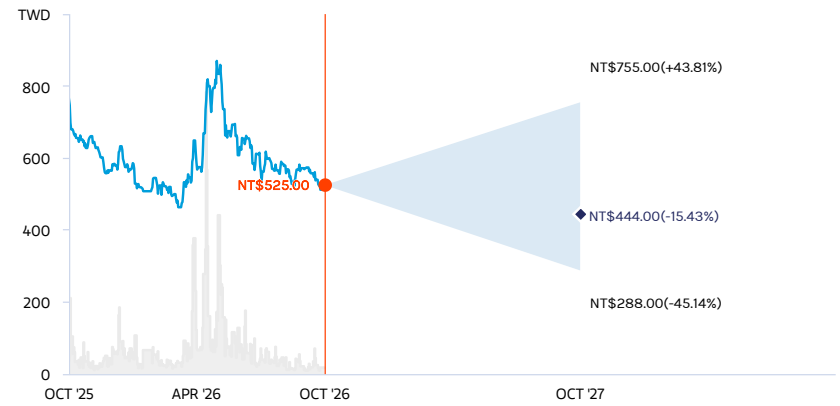
Base case, residual income model. Key assumptions: cost of equity (beta 1.3, risk-free rate 2%, risk premium 6%) of 9.8%, medium-term growth rate of 9.4%, and terminal growth rate of 4.0%.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



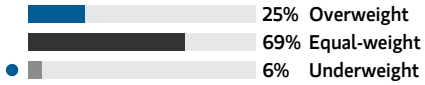
Key: Historical Stock Performance Current Stock Price Price Target

Source: Refinitiv, Morgan Stanley Research

UNDERWEIGHT THESIS

- 2H26 PC demand is weak, due to 1H26 pull-in, compressed consumer demand and compressed enterprise budget. Parade now has 90% revenue exposure to PCs. It's difficult to see a V-shaped recovery into 1Q27.
- For DisplayPort, low-end panel price competition should get worse before it gets better; the company is leveraging a high-end strategy to differentiate its products.
- For high-speed interface, Parade seeks to expand beyond the NB market to the data center and automotive markets.
- It could take time to see new business (ASIC, TTED) ramp.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Negative*
Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$755.00

24x 2027e P/E

We expect: 1) significant share gain in the chipset market; 2) T-Con sales to grow 10% Y/Y in 2027; 3) high-speed interface to rise 10% in 2027; 4) overall gross margin of 45%+ in 2027-28.

BASE CASE NT$444.00

14x 2027e P/E

We expect: 1) chipset ramp up delays; 2) T-Con sales to grow 1% Y/Y in 2027; 3) high-speed interface to remain flattish in 2027; 4) overall gross margin of ~42% in 2027-28.

BEAR CASE NT$288.00

9x 2027e P/E

We expect: 1) no share gain in the chipset market; 2) T-Con sales to drop 20% Y/Y in 2027; 3) high-speed interface to drop 10% in 2027; 4) overall gross margin of ~40% in 2027-28.

Risk Reward – Parade Technologies Ltd (4966.TWO)

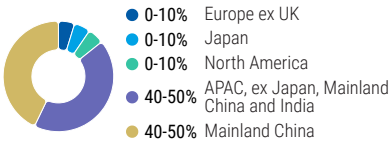
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
T-Con revenue (NT$, mn)	6,396	5,497	5,534	5,593
High speed interface revenue (NT$, mn)	7,662	8,095	8,111	7,835
Driver IC revenue (NT$, mn)	1,980	1,258	1,094	1,069
Touch IC revenue (NT$, mn)	546	840	719	642

INVESTMENT DRIVERS

- eDP Tcon shipments and spec upgrades
- HDMI jitter cleaning shipments
- USB and PCI-e repeater shipments
- USB-C DP/HDMI shipments

GLOBAL REVENUE EXPOSURE



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

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster-than-expected launch of next-gen server platform
- Easing of US tariffs

RISKS TO DOWNSIDE

- Intensifying competition in high-speed interface area for converters, switches, and redrivers/retimers
- Slower-than-expected launch of next-gen server platform

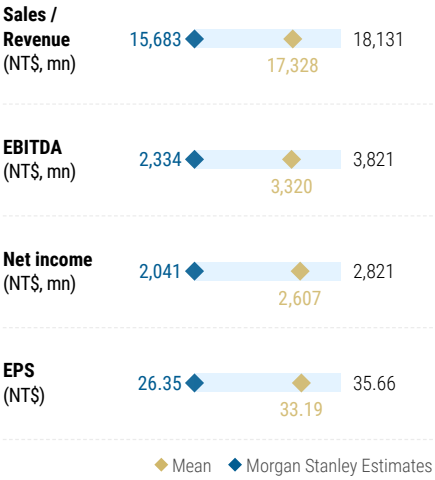
OWNERSHIP POSITIONING

Inst. Owners, % Active 78.5%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Parade: Financial Summary

Exhibit 6: Parade: Financial Summary

Income Statement

NT$mn (Years End Dec)	2025	2026E	2027E	2028E
Net sales	16,531	15,683	16,212	16,982
COGS	(9,496)	(9,303)	(9,349)	(9,794)
Gross profit	7,035	6,380	6,863	7,188
Operating expenses	(4,326)	(4,368)	(4,449)	(4,582)
Operating income	**2,709**	**2,012**	**2,414**	**2,606**
Non-operating income	273	192	199	199
Pre-tax income	2,982	2,204	2,613	2,805
Income tax	256	163	235	252
Reported net income	**2,727**	**2,041**	**2,377**	**2,552**
Adj.wtd.avg.shrs(m)	80	77	77	77
Reported EPS (NT$)	**34.67**	**26.35**	**30.92**	**33.20**

Balance Sheet

NT$mn (Years End Dec)	2025	2026E	2027E	2028E
Cash	10,900	11,736	13,030	14,194
Mkt Securities	0	0	0	0
AR/NR	1,858	1,623	1,678	1,758
Inventory	3,622	3,725	3,743	3,922
Other	589	589	589	589
Current Assets	**16,969**	**17,673**	**19,041**	**20,463**
Long-term investments	0	0	0	0
Fixed assets	298	308	318	328
Deferred assets	326	326	326	326
Other assets	8,363	8,363	8,363	8,363
Total Assets	**25,956**	**26,671**	**28,048**	**29,480**
S/T borrowings	0	0	0	0
AP/NP	1,240	1,255	1,261	1,321
Other ST liabilities	2,381	2,381	2,381	2,381
LT debt	0	0	0	0
Other LT liabilities	255	255	255	255
Common shares	801	801	801	801
Total Liabilities	**3,877**	**3,891**	**3,897**	**3,957**
Additional capital	4,421	4,421	4,421	4,421
Retained earning	16,846	17,546	18,918	20,290
Other shareholders' equity	12	12	12	12
Total Equity	**22,080**	**22,780**	**24,151**	**25,523**
Total Liab. & Shrhldr's Equity	**25,956**	**26,671**	**28,048**	**29,480**

E = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

Cash Flow Statement

NT$mn (Years End Dec)	2025	2026E	2027E	2028E
Cashflow from Operations	**3,419**	**2,508**	**2,639**	**2,689**
Net profits	2,727	2,041	2,377	2,552
Depreciation	315	322	328	335
Working Capital Change	99	146	(67)	(198)
Other adjustments	279	0	0	0
Cashflow from Investing	**(308)**	**(332)**	**(338)**	**(345)**
Capex	(139)	(332)	(338)	(345)
Change of LT Investment	0	0	0	0
Change of ST Investment	0	0	0	0
Other adjustments	(169)	0	0	0
Cashflow from financing	**(2,468)**	**(1,340)**	**(1,006)**	**(1,180)**
Increase in L/T debt	0	0	0	0
Increase in S/T debt	0	0	0	0
Cash Dividend Paid	(1,295)	(1,340)	(1,006)	(1,180)
Dir& Emp Bonus Paid	0	0	0	0
Issuance of stock	0	0	0	0
Other adjustments	(1,174)	0	0	0
Exchange rate adjustment	(275)	0	0	0
Net change in cash	**368**	**836**	**1,295**	**1,164**

Financial Ratios

	2025	2026E	2027E	2028E
Growth(%)				
Turnover	1.8	-5.1	3.4	4.8
Operating profits	10.5	-25.7	20.0	8.0
EPS	6.5	-24.0	17.3	7.4
Margins (%)				
Gross Margin	42.6	40.7	42.3	42.3
Operating Margin	16.4	12.8	14.9	15.3
Pretax Margin	18.0	14.1	16.1	16.5
Net Margin	16.5	13.0	14.7	15.0
Return (%)				
ROAE	12.3	9.1	10.1	10.3
ROAA	10.5	7.8	8.7	8.9
Gearing (%)				
Net Debt/Equity	(49.4)	(51.5)	(54.0)	(55.6)
Liabilities/Equity	17.6	17.1	16.1	15.5
Ratios (X)				
Current ratio	4.7	4.9	5.2	5.5
Quick ratio	3.5	3.7	4.0	4.3
Others				
AR/NR Turnover (days)	38	38	38	38
Inventory Turnover (days)	146	146	146	146
AP Turnover (days)	49	49	49	49
Cash Conversion (days)	135	135	135	135

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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Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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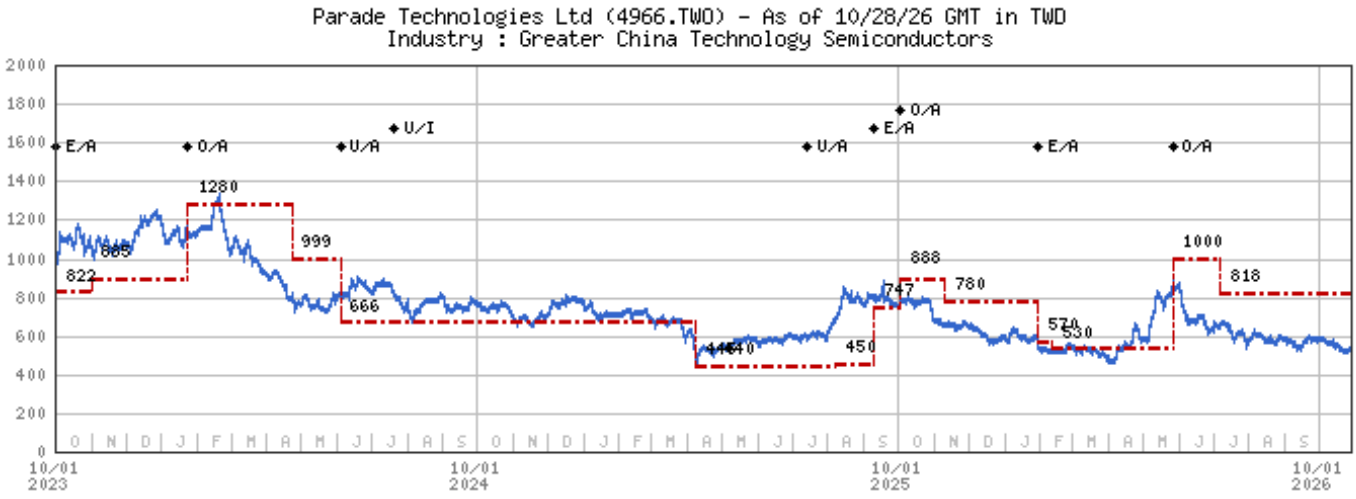
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Price Target History: 8/5/21 : 2120; 2/9/22 : 2215; 7/12/22 : 1150; 8/3/22 : 870; 9/13/22 : 717; 10/7/22 : 960; 10/31/22 : 825; 2/22/23 : 1125; 3/30/23 : 1200; 4/26/23 : 1140; 5/30/23 : 1115; 7/21/23 : 911; 8/9/23 : 822; 11/1/23 : 885; 1/23/24 : 1280; 4/23/24 : 999; 6/4/24 : 666; 4/8/25 : 445; 4/24/25 : 440; 8/8/25 : 450; 9/10/25 : 747; 10/3/25 : 888; 11/10/25 : 780; 1/30/26 : 570; 2/11/26 : 530; 5/27/26 : 1000; 7/7/26 : 818

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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/28/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$125.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,800.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$695.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb958.00
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb44.36
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$8,170.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$849.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$532.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$70.00
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$73.60
MediaTek (2454.TW)	O (11/28/2025)	NT$4,235.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb489.40
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$477.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb85.20
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,040.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb90.03
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$525.00
SMIC (0981.HK)	O (10/21/2025)	HK$47.80
TSMC (2330.TW)	O (02/07/2022)	NT$2,425.00
UMC (2303.TW)	O (05/19/2026)	NT$128.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$167.50
WIN Semiconductors Corp (3105.TWO)	E (10/09/2026)	NT$540.00

Daisy Dai, CFA

ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$118.30
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb49.10
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb101.92
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb25.07
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb192.70
Innoscience (2577.HK)	E (10/13/2025)	HK$30.92
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb55.41
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$23.22
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb81.00
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb87.90
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb70.98
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb50.13
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb22.02
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb74.94
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$843.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,505.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$17,295.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$99.00
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$130.00
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,655.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb142.55
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb289.88
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.94
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$103.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$230.20
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb174.70
Novatek (3034.TW)	U (02/04/2026)	NT$598.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$142.00
Parade Technologies Ltd (4966.TWO)	U (10/28/2026)	NT$525.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$71.30
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$791.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb61.38
Silicon Motion (SIMO.O)	O (05/06/2024)	US$204.17
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$172.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$116.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$217.00
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$51.97
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb240.00
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb56.00
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb511.68
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,345.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$533.00
Hon Precision (7769.TW)	O (04/17/2026)	NT$5,565.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$277.50
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,115.00

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