Morgan Stanley | RESEARCH

UPDATE

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Gold Circuit Electronics Ltd. | Asia Pacific

July Sales up 21% M/M and 77% Y/Y

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Key Takeaways

- GCE reported July sales of NT$10.0bn (+21% m/m, +77% y/y), 17% above MSe.
- GCE's July revenue was ahead of MSe and the Street, accounting for 33% and 35% of MSe and consensus estimates of 3Q26 revenues, respectively.
- With new project ramp (T3), we believe monthly revenue should remain elevated or grow m/m, so there should be upside to both MSe and Street.

We attribute the July revenue beat to:

- Ramp of Trainium 3 UBB PCB shipments, which started in late 2Q.
- Additional capacity coming online in Taiwan, Thailand and Suzhou, China.
- Continued pricing adjustments with customers.
- Potentially some delayed shipments from June.

July revenue reached 33% and 35% of and our consensus 3Q revenue estimates, respectively, which implies upside to our and the Street's 3Q forecasts, as the ramp of Trainium 3 PCB and increasing capacity could drive monthly revenue up m/m throughout 3Q.

Stay OW: The stock is currently trading at just 11.9x 2027e and 9.0x 2028e P/E, which we view as attractive vs. its three-year forward P/E range of 7x to 25x and its Chinese peers at 30x+. Stay OW.

GCE is scheduled to report 2Q26 results on August 11, after the market closes.

Gold Circuit Electronics Ltd. (2368.TW, 2368 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$1,660.00
Up/downside to price target (%)	69
Shr price, close (Aug 7, 2026)	NT$982.00
52-Week Range	NT$1,580.00-360.50
Sh out, dil, curr (mn)	517
Mkt cap, curr (mn)	NT$507,314
EV, curr (mn)	NT$498,213
Avg daily trading value (mn)	NT$7,433

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	19.47	47.19	82.32	109.07
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	19.10	39.32	64.36	91.75
Revenue, net (NT$ mn)	60,004	107,946	161,969	204,164
EBITDA (NT$ mn)	15,359	35,260	61,114	80,717
P/E	35.3	20.8	11.9	9.0
P/BV	10.1	9.4	6.0	4.3
RNOA (%)	74.6	111.4	130.3	134.1
ROE (%)	45.1	69.5	78.5	67.0
EV/EBITDA	21.5	14.0	7.8	5.6
Div yld (%)	0.9	1.0	2.5	4.3
FCF yld ratio (%)**	(1.4)	2.3	6.2	9.4
Leverage (EOP) (%)	(27.2)	(29.6)	(41.6)	(51.0)

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

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Gold Circuit Electronics Ltd. 2368.TW			
July 2026 monthly sales	07 Aug 2026	Strengthens	↑ Meaningful upside surprise

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Gold Circuit Electronics Ltd. (2368.TW)

Base case, residual income model. Key assumptions include a cost of equity of 9.2% (beta of 1.0, equity risk premium of 8.7% and risk-free rate of 1.0%), a medium-term growth rate of 12%, and a terminal growth rate of 3%.

Risks to Upside

- Faster-than-expected server and switch demand
- Stronger-than-expected NB demand
- Higher-than-expected pricing supported by strong product capability and market competitiveness
- Faster-than-expected AI server penetration

Risks to Downside

- Slower-than-expected server demand
- Weaker-than-expected NB demand
- More severe pricing erosion driven by competition
- Slower-than-expected AI server penetration

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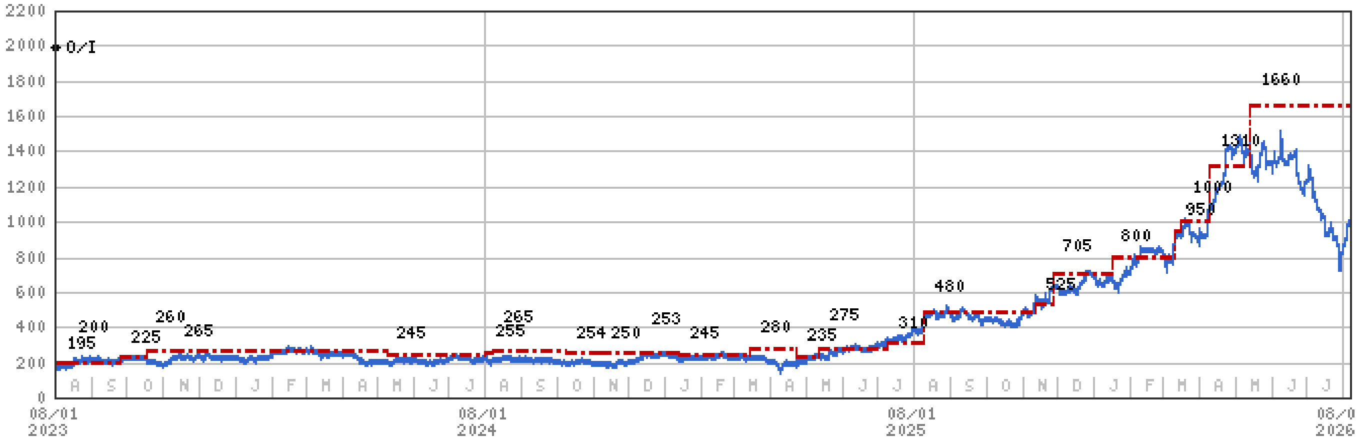
Stock Price, Price Target and Rating History (See Rating Definitions)

Gold Circuit Electronics Ltd. (2368.TW) - As of 08/07/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 10/6/22 : O/I

Price Target History: 10/6/22 : 115; 10/21/22 : 110; 1/2/23 : 108; 2/7/23 : 102; 5/12/23 : 114; 7/12/23 : 195; 8/11/23 : 200; 9/25/23 : 225; 10/17/23 : 260; 11/9/23 : 265; 5/9/24 : 245; 8/1/24 : 255; 8/8/24 : 265; 10/9/24 : 254; 11/7/24 : 250; 12/12/24 : 253; 1/13/25 : 245; 3/14/25 : 280; 4/23/25 : 235; 5/12/25 : 275; 7/9/25 : 310; 8/9/25 : 480; 11/12/25 : 525; 11/27/25 : 705; 1/16/26 : 800; 3/11/26 : 950; 3/16/26 : 1000; 4/10/26 : 1310; 5/14/26 : 1660

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* (08/07/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$41.38
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb193.04
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.94
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.83
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.84
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb420.95
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$546.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.29
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.67
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb37.24
Largan Precision (3008.TW)	O (07/10/2026)	NT$4,385.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.29
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.72
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb56.99
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.62
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$7.28
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb49.48
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$35.22
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb57.03
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.95
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb230.68
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.82
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$27.06
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb338.69

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$124.10
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb105.16
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb27.63
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb919.87
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$24.70
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb34.70
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,215.00
Advantech (2395.TW)	O (01/20/2021)	NT$634.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,545.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,785.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$24.55
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,015.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,200.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb6.07
Chenbro (8210.TW)	O (07/23/2025)	NT$1,115.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,030.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,650.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$196.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$59.40
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,670.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$387.00
Innolux (3481.TW)	E (04/07/2025)	NT$47.55
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$11,110.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb35.90
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$247.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.86
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.76
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb223.91
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$30.25
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$817.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$187.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$36.55
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.98
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb68.18
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$344.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$982.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$260.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb77.99
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,305.00
Lenovo (0992.HK)	O (07/10/2026)	HK$28.10
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,910.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,080.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$87.10
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$298.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb139.98
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb382.63
Unimicron (3037.TW)	O (02/23/2026)	NT$955.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$364.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$183.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$6,100.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$540.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$473.00

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

* Historical prices are not split adjusted.