November 4, 2026 07:00 AM GMT

Co-Tech Development Corp. | Asia Pacific

3Q26 Results Preview

WHAT'S CHANGED

Co-Tech Development Corp. (8358.TWO)	From	To
Price Target	NT$730.00	**NT$745.00**

3Q preliminary revenue came in above our estimate, but we lower our 3Q GM forecast to factor in the higher production costs and copper pricing. 4Q GM should improve meaningfully sequentially. We raise our price target and stay OW.

3Q preview: Co-Tech is scheduled to report its 3Q results on November 6. We estimate 3Q revenue at NT$3,169mn (+13% q/q, +60% y/y), primarily driven by higher copper prices and product-mix shifts. We lower our 3Q GM estimate from 28.2% to 27.0% (-30bps q/q, +650bps y/y), reflecting the impact of higher production costs and copper prices during the quarter. Co-Tech has already reported preliminary monthly profits for August and September at the request of the TWSE (report link); combined August and September net profit now accounts for approximately 67% of our 3Q estimate. We estimate 3Q net profit at NT$610mn (+12% q/q, +141% y/y), implying EPS of NT$2.41.

4Q GM should improve sequentially: We expect 4Q revenue to decline slightly q/q to NT$3,074mn (-3% q/q, +42% y/y), primarily due to the end of production for low-end HTE copper foil and the lack of new capacity coming online. However, we expect Co-Tech's GM to expand 700bps q/q to 34%, driven by an improved product mix, a ~10% processing-fee increase effective from 4Q onward, and lower electricity rates compared with 2Q–3Q, when summer electricity rates were in effect. We forecast 4Q EPS of NT$3.02 (+25% q/q, +102% y/y). For CY26, we estimate revenue will increase approximately 47% y/y to NT$11.6bn, with GM expanding 760bps y/y to 29.3%, implying EPS of NT$9.62 (+129% y/y).

Potential processing-fee hike: Our supply-chain checks suggest that a key competitor may announce processing-fee increases as early as December. If so, we expect Co-Tech to follow with a price increase as well.

Upward revisions to our capacity assumptions (Exhibit 3): Co-Tech has announced plans to expand its greenfield capacity in Malaysia (report link). The Malaysian expansion will be implemented in two phases, adding approximately 20k tons of annual HVLP3/4 capacity from late 2028 onward. RG-series capacity is also expected to increase modestly through the conversion of older HTE production lines.

Raised PT to NT$745; stay OW: The increase in our price target is driven by our earnings estimate changes for CY26-28. Our new price target implies 21x CY28 P/E and the stock currently trades at only 12x CY28 P/E. We also find the valuation attractive compared to its past 3Y P/E average of ~20x.

MORGAN STANLEY TAIWAN LIMITED+

Irene Yen
Equity Analyst
Irene.Yen@morganstanley.com +886 2 2730-2869

Howard Kao
Equity Analyst
Howard.Kao@morganstanley.com +886 2 2730-2989

MORGAN STANLEY ASIA LIMITED+

Andy Meng, CFA
Equity Analyst
Andy.Meng@morganstanley.com +852 2239-7689

Rachel L Zhang
Equity Analyst
Rachel.Zhang@morganstanley.com +852 2239-1520



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Co-Tech Development Corp. (8358.TWO, 8358 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$745.00
Up/downside to price target (%)	98
Shr price, close (Nov 3, 2026)	NT$376.00
52-Week Range	NT$758.00-211.00
Sh out, dil, curr (mn)	252
Mkt cap, curr (mn)	NT$94,593
EV, curr (mn)	NT$94,259
Avg daily trading value (mn)	NT$5,688

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	4.20	9.62	19.01	35.43
Prior EPS (NT$)**	-	9.34	18.59	31.63
EPS (NT$)§	-	10.13	23.39	37.10
Revenue, net (NT$ mn)	7,880	11,579	16,830	26,651
EBITDA (NT$ mn)	1,538	3,115	6,069	11,274
ModelWare net inc (NT $ mn)	1,063	2,436	4,814	8,972
P/E	66.0	39.1	19.8	10.6
P/BV	9.3	10.1	7.3	4.8
RNOA (%)	19.4	33.7	54.6	82.9
ROE (%)	16.3	32.4	50.9	68.4
EV/EBITDA	45.4	30.1	15.2	7.9
Div yld (%)	0.5	0.5	1.2	2.4

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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AlphaSignals Earnings Preview

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Co-Tech Development Corp. 8358.TWO		
3Q gross margin	↓ Likely downside surprise	— Largely unchanged

- We expect Co-Tech to report 3Q GM at ~27%, down 30bps q/q.
- The sequentially lower gross margin should be owing to higher production costs and copper prices during the quarter.

*Likely impact to consensus EPS is for the next 12 months
Source: Company data, Morgan Stanley Research

3Q26 Results Preview

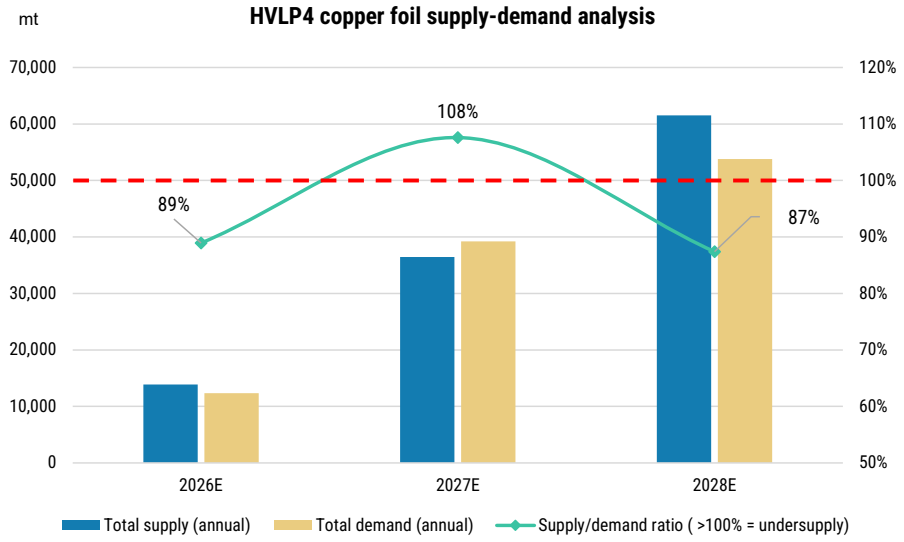
Exhibit 1: 3Q26 results preview

	3Q26E Results Preview				
NT$mn	**MSe**	**QoQ**	**YoY**	**Cons**	**Variance**
Net sales	**3,169**	**13%**	**60%**	**3,155**	**0%**
COGS	-2,312	14%	47%	-2,266	2%
Gross profit	**857**	**12%**	**110%**	**889**	**-4%**
Operating expenses	-107	28%	51%	-91	18%
Operating income	**750**	**10%**	**123%**	**798**	**-6%**
Non-operating income	12	239%	NM	-9	NM
Pre-tax income	**762**	**11%**	**142%**	**789**	**-3%**
Income tax	-152	6%	146%	-156	-2%
Net income	**610**	**12%**	**141%**	**633**	**-4%**
EPS (NT$)	**2.41**	**12%**	**141%**	**2.51**	**-4%**
Margins (%)		***ppt***	***ppt***		***ppt***
Gross margin	27.0%	-0.3	6.5	28.2%	-1.1
Operating margin	23.7%	-0.7	6.7	25.3%	-1.6
Pre-tax margin	24.1%	-0.5	8.2	25.0%	-1.0
Net margin	19.2%	-0.2	6.5	20.1%	-0.8

Source: Company data, Morgan Stanley Research estimates.

We update our HVLP4 copper foil supply-demand model to factor in the changes in our capacity assumptions for Co-Tech, as well as the latest expansion plans announced by Chinese and Korean suppliers, which leads to a ~8% undersupply in 2027 followed by a ~13% supply surplus in 2028.

Exhibit 2: HVLP4 copper foil supply-demand model



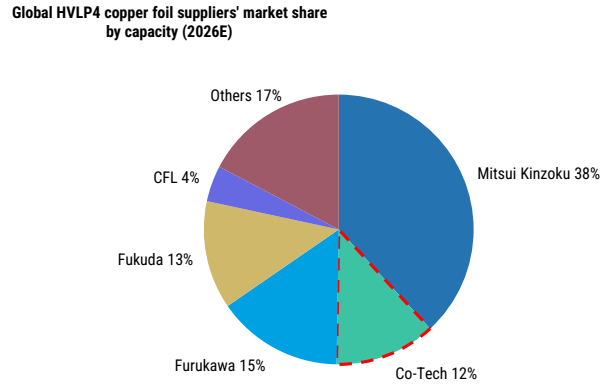
Source: Morgan Stanley Taiwan Research estimates.

Exhibit 3: Changes to our capacity assumptions for Co-Tech

Capacity assumptions at year-end (t/m)	2026			2027			2028		
	New	Old	Diff.	New	Old	Diff.	New	Old	Diff.
HVLP3/HVLP4	400	330	21%	830	850	-2%	1,670	950	76%
RG	1,000	1,000	0%	1,270	1,200	6%	1,270	1,200	6%

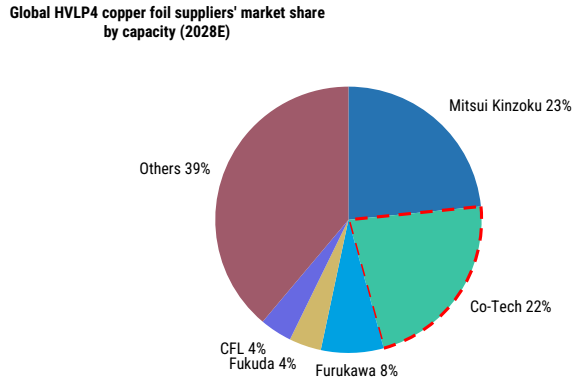
Source: Morgan Stanley Research estimates.

Exhibit 4: We estimate Co-Tech holds ~12% supply share for HVLP4 copper foil in 2026E



Source: Morgan Stanley Taiwan Research estimates.

Exhibit 5: We estimate Co-Tech's share will expand to ~22% in 2028E



Source: Morgan Stanley Taiwan Research estimates.

Earnings Estimates Changes

Our EPS estimates for CY26-28 increase 3%, 2% and 12% respectively, reflecting higher capacity assumptions but slightly lowered margin assumptions.

Exhibit 6: Earnings estimates changes

	2026e			2027e			2028e		
NT$ mn	New	Old	Variance	New	Old	Variance	New	Old	Variance
Net sales	**11,579**	**11,115**	**4%**	**16,830**	**15,849**	**6%**	**26,651**	**22,496**	**18%**
COGS	-8,182	-7,822	5%	-10,345	-9,528	9%	-14,712	-11,882	24%
Gross profit	**3,397**	**3,293**	**3%**	**6,486**	**6,321**	**3%**	**11,939**	**10,614**	**12%**
Operating expenses	-372	-356	4%	-515	-485	6%	-772	-650	19%
Operating income	3,025	2,936	3%	5,971	5,835	2%	11,167	9,964	12%
Non-operating income	27	27	0%	47	47	0%	47	47	0%
Pre-tax income	3,052	2,964	3%	6,018	5,883	2%	11,215	10,011	12%
Income tax	-616	-598	3%	-1,204	-1,177	2%	-2,243	-2,002	12%
Net income	**2,436**	**2,366**	**3%**	**4,814**	**4,706**	**2%**	**8,972**	**8,009**	**12%**
EPS (NT$)	**9.62**	**9.34**	**3%**	**19.01**	**18.59**	**2%**	**35.43**	**31.63**	**12%**
Margins (%)			***ppt***			***ppt***			***ppt***
Gross margin	29.3%	29.6%	-0.3	38.5%	39.9%	-1.3	44.8%	47.2%	-2.4
Operating margin	26.1%	26.4%	-0.3	35.5%	36.8%	-1.3	41.9%	44.3%	-2.4
Pre-tax margin	26.4%	26.7%	-0.3	35.8%	37.1%	-1.4	42.1%	44.5%	-2.4
Net margin	21.0%	21.3%	-0.2	28.6%	29.7%	-1.1	33.7%	35.6%	-1.9

Source: Morgan Stanley Research estimates.

Price target and valuation methodology

Our price target for Co-Tech increases ~2% to NT$745: This implies 39x CY27 or 21x CY28 P/E. Our price target is also our base case scenario value. It is derived from our residual income (RI) model (similar to the rest of our tech hardware universe).

To calculate the fair value of the stock, we use the company's beginning equity plus the present value of all expected residual income of earnings in excess of cost of capital. The RI is positive when ROAE is above the cost of capital and negative when it is below the cost of capital. Our key assumptions include:

- A cost of equity of 9.3% (beta of 1.0, equity risk premium of 8.7%, and risk-free rate of 1.0%),
- a medium-term growth rate of 11.5% (lowered from 13% previously, as we enter a higher base in CY27),
- a terminal growth rate of 3%.

The 21x CY28 P/E implied by our price target is above its past 3Y average of 20x. We deem this valuation as fair, because Co-Tech is benefitting from an earnings growth cycle fueled by stronger AI server/networking CCL demand, Co-Tech's continued mix improvement (from HTE + RTF (RG) copper foils to advanced RTF (RG) + HVLP3/4 copper foils) and continued processing fee adjustments, which supports margin expansion. The stock is trading at just 12x CY28 P/E, below Co-Tech's past 3Y average of 20x. Thus, we view the risk reward as attractive.

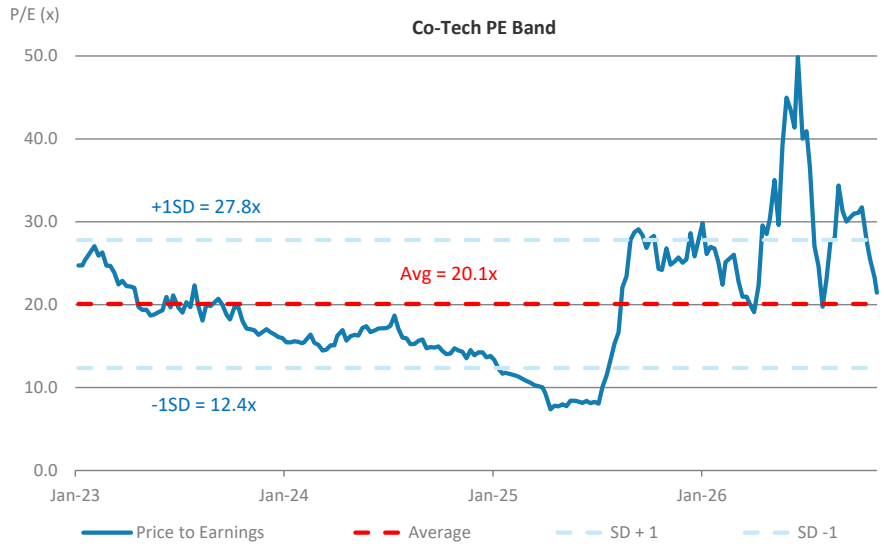
Our bull- and bear-case values also increase ~2% to NT$1,225 and NT$305, respectively.

Exhibit 7: Residual income (RI) model

		2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Total Equity		**13,119**	**19,796**	**22,441**	**25,390**	**28,678**	**32,344**	**36,432**	**40,991**	**46,073**	**51,740**	**56,236**
Net Profit		**4,814**	**8,972**	**10,004**	**11,154**	**12,437**	**13,867**	**15,462**	**17,240**	**19,222**	**21,433**	**22,076**
Return on Equity		**42.6%**	**54.5%**	**47.4%**	**46.6%**	**46.0%**	**45.4%**	**45.0%**	**44.5%**	**44.2%**	**43.8%**	**40.9%**
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Equity Risk Premium (Rm-Rf)	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Risk Free Rate (Rf)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost of Equity	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Residual Income		**3,155**	**5,931**	**7,535**	**8,378**	**9,318**	**10,366**	**11,533**	**12,835**	**14,287**	**15,905**	**16,343**
Spread		**33.3%**	**45.2%**	**38.1%**	**37.3%**	**36.7%**	**36.1%**	**35.7%**	**35.2%**	**34.9%**	**34.5%**	**31.6%**
Beginning Equity Capital		13,119										
PV of Forecast Period		65,837										
PV of Continuing Value		109,695										
Equity Value		**188,651**										
No. of Shares		253										
Projected Price		**745.0**										
Implied CY27 PE		39x										
Implied CY28 PE		21x										

Source: Morgan Stanley Research estimates.

Exhibit 8: Co-Tech P/E chart



Source: Company data, Morgan Stanley Research estimates.

Financials

Exhibit 9: Co-Tech: Quarterly earnings estimates

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E	2028E
Net sales	**1,728**	**2,002**	**1,986**	**2,164**	**2,532**	**2,805**	**3,169**	**3,074**	**7,880**	**11,579**	**16,830**	**26,651**
COGS	(1,365)	(1,624)	(1,578)	(1,598)	(1,805)	(2,037)	(2,312)	(2,029)	(6,165)	(8,182)	(10,345)	(14,712)
Gross profit	**363**	**378**	**408**	**567**	**727**	**768**	**857**	**1,045**	**1,715**	**3,397**	**6,486**	**11,939**
Operating expenses	(57)	(60)	(71)	(79)	(78)	(83)	(107)	(104)	(268)	(372)	(515)	(772)
SG&A	(47)	(48)	(53)	(58)	(55)	(55)	(75)	(74)	(205)	(259)	(360)	(544)
R&D	(11)	(12)	(18)	(21)	(23)	(28)	(32)	(30)	(62)	(113)	(156)	(227)
Operating income	**306**	**317**	**337**	**487**	**649**	**685**	**750**	**941**	**1,447**	**3,025**	**5,971**	**11,167**
Non-operating income	**25**	**(110)**	**(22)**	**1**	**0**	**4**	**12**	**12**	**(107)**	**27**	**47**	**47**
Interest income	0	0	(4)	(5)	(6)	(3)	(3)	(3)	(8)	(15)	(13)	(13)
Investment income	0	0	0	0	0	0	0	0	0	0	0	0
Disposal of investment	0	0	0	0	0	0	0	0	0	0	0	0
Exchange gain	15	(116)	41	(14)	(10)	(9)	0	0	(74)	(18)	0	0
Other	9	6	(59)	20	16	15	15	15	(25)	61	60	60
Pre-tax income	**330**	**208**	**315**	**488**	**649**	**688**	**762**	**953**	**1,341**	**3,052**	**6,018**	**11,215**
Income tax	(65)	(41)	(62)	(111)	(129)	(143)	(152)	(191)	(278)	(616)	(1,204)	(2,243)
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0
Net income	**265**	**167**	**253**	**377**	**520**	**545**	**610**	**762**	**1,063**	**2,436**	**4,814**	**8,972**
Adj.wtd.avg.shrs (mn)	253	253	252	253	252	252	252	252	253	253	253	253
EPS	**1.05**	**0.66**	**1.00**	**1.49**	**2.06**	**2.16**	**2.41**	**3.02**	**4.20**	**9.62**	**19.01**	**35.43**
Fully Diluted shares (mn)	253	253	252	253	252	252	252	252	253	253	253	253
Diluted EPS (NT$)	**1.05**	**0.66**	**1.00**	**1.49**	**2.06**	**2.16**	**2.41**	**3.02**	**4.20**	**9.62**	**19.01**	**35.43**
Margins (%)												
Gross Margin	21.0	18.9	20.5	26.2	28.7	27.4	27.0	34.0	21.8	29.3	38.5	44.8
Operating Margin	17.7	15.9	17.0	22.5	25.6	24.4	23.7	30.6	18.4	26.1	35.5	41.9
Pretax Margin	19.1	10.4	15.9	22.5	25.6	24.5	24.1	31.0	17.0	26.4	35.8	42.1
Net Margin	15.3	8.3	12.8	17.4	20.5	19.4	19.2	24.8	13.5	21.0	28.6	33.7
QoQ Growth (%)												
Sales	1	16	-1	9	17	11	13	-3				
Gross Profit	21	4	8	39	28	6	12	22				
Operating Profit	26	4	6	44	33	6	10	25				
Pretax Profit	36	-37	52	55	33	6	11	25				
Net Profit	36	-37	52	49	38	5	12	25				
YoY Growth (%)												
Sales	15	10	11	27	47	40	60	42	16	47	45	58
Gross Profit	17	-9	24	90	100	103	110	84	27	98	91	84
Operating Profit	19	-13	20	101	112	116	123	93	27	109	97	87
Pretax Profit	25	-43	14	101	97	232	142	95	17	128	97	86
Net Profit	25	-43	14	93	96	226	141	102	15	129	98	86

Source: Company Data, Morgan Stanley Research estimates.

Exhibit 10: Co-Tech: Consolidated financial summary

Consolidated Income Statement

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Net sales	**7,880**	**11,579**	**16,830**	**26,651**
COGS	(6,165)	(8,182)	(10,345)	(14,712)
Gross profit	**1,715**	**3,397**	**6,486**	**11,939**
Operating expenses	(268)	(372)	(515)	(772)
Operating income	**1,447**	**3,025**	**5,971**	**11,167**
Non-operating income	**(107)**	**27**	**47**	**47**
Interest income	(8)	(15)	(13)	(13)
Investment income	-	-	-	-
Disposal of investment	-	-	-	-
Exchange gain	(74)	(18)	-	-
Other	(25)	61	60	60
Pre-tax income	**1,341**	**3,052**	**6,018**	**11,215**
Income tax	(278)	(616)	(1,204)	(2,243)
Minority interests	-	-	-	-
Net income	**1,063**	**2,436**	**4,814**	**8,972**
Adj. wtd. Avg. shrs (m)	253	253	253	253
Reported EPS (NT$)	**4.20**	**9.62**	**19.01**	**35.43**
Diluted shrs (m)	253	253	253	253
Diluted EPS (NT$)	**4.20**	**9.62**	**19.01**	**35.43**

Consolidated Cash Flow Statement

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Operating Cashflow	**362**	**1,364**	**3,264**	**5,993**
Net Profits	1,063	2,436	4,814	8,972
Depreciation & Amort.	90	90	98	106
Investment losses/(income)	0	0	0	0
Working capital change	2,757	(1,126)	(1,596)	(2,986)
Other adjustments	(3,584)	(37)	(53)	(99)
Investing Cashflow	**(792)**	**(497)**	**(496)**	**(493)**
Capex	(500)	(500)	(500)	(500)
Change of L/T investment	0	0	0	0
Change of S/T investment	(290)	0	0	0
Other adjustments	(5)	0	0	0
Financing Cashflow	**(816)**	**(193)**	**(852)**	**(1,977)**
Increase in L/T debt	0	0	0	0
Increase in S/T debt	(429)	300	300	300
Issuance of stock	0	6	0	0
Cash dividends	(379)	(506)	(1,161)	(2,295)
Other adjustments	(8)	7	10	18
FX adjustment	(0)	18	0	0
Net change in cash	**(1,246)**	**692**	**1,916**	**3,523**

Consolidated Balance Sheet

NT$mn (Year End Dec 31)	2025	2026E	2027E	2028E
Cash	**745**	**1,437**	**3,353**	**6,877**
Mkt securities	0	0	0	0
AR/NR	2,388	3,509	5,100	8,076
Inventory	941	1,249	1,579	2,246
Others	79	117	170	268
Current Assets	**4,153**	**6,311**	**10,202**	**17,467**
Long-term investments	583	583	583	583
Fixed assets	4,598	5,004	5,402	5,789
Other assets	113	113	113	113
Total Assets	**9,446**	**12,011**	**16,299**	**23,951**
S/T borrowings	993	1,293	1,593	1,893
AP/NP	281	372	471	669
Other ST liabilities	647	859	1,085	1,544
Total Current Liabilities	**1,921**	**2,524**	**3,149**	**4,106**
L/T debt	-	-	-	-
Other LT libilities	14	21	31	49
Total Liabilities	**1,935**	**2,545**	**3,180**	**4,155**
Common shares	2,526	2,532	2,532	2,532
Retained Earnings	2,683	4,631	8,284	14,962
Other SH' Equity	2,302	2,302	2,302	2,302
Total Shareholders' Equity	**7,511**	**9,466**	**13,119**	**19,796**
Total Liab./SH's Equity	**9,446**	**12,011**	**16,299**	**23,951**

Consolidated Financial Ratios

	2025	2026E	2027E	2028E
Margins (%)				
Gross margin	21.8	29.3	38.5	44.8
Operating margin	18.4	26.1	35.5	41.9
Pretax margin	17.0	26.4	35.8	42.1
Net margin	13.5	21.0	28.6	33.7
YoY growth (%)				
Sales	15.5	46.9	45.3	58.4
Operating profits	26.6	109.0	97.4	87.0
Pretax profits	16.7	127.7	97.2	86.4
Net profits	15.3	129.3	97.6	86.4
Others				
Cash dividend payout (%)	48%	48%	48%	48%
Cash div (NT$)	2.00	4.59	9.06	16.89
Yield (%)	0%	1%	2%	4%
Net Debt/Equity (%)	3%	-2%	-13%	-25%
Liabilities/Equity (%)	26%	27%	24%	21%
Liabilities/Assets (%)	20%	21%	20%	17%
ROAE (%)	15%	29%	43%	55%
ROAA (%)	12%	23%	34%	45%
AR/NR Turnover (days)	96	93	93	90
Inventory Turnover (days)	49	49	50	47
AP/NP Turnover (days)	17	15	15	14
Cash conversion cycle	129	127	128	124

Source: Company Data, Morgan Stanley Research estimates.

Risk Reward – Co-Tech Development Corp. (8358.TWO)

Exiting Cheap Copper, Entering Premium Returns

PRICE TARGET NT$745.00

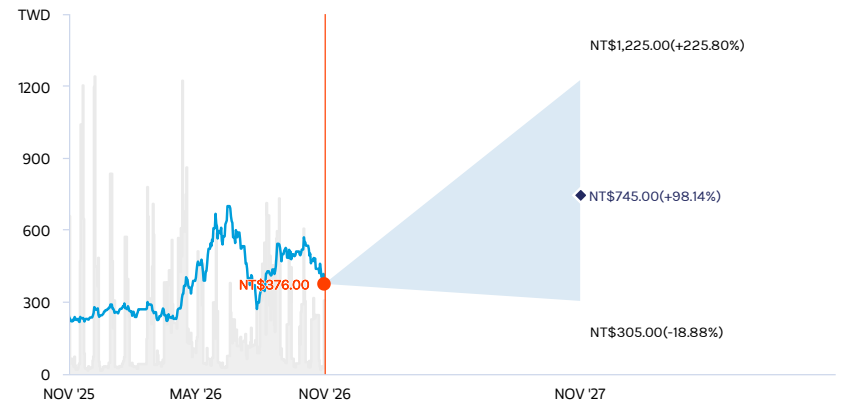
Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.3% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 11.5%, and terminal growth rate of 3%.

Consensus Price Target Distribution NT$570.00 NT$752.50 MS PT NT$940.00

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART



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

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Co-Tech has exited the low-margin HTE copper foil business, which should support profitability improvement.
- Co-Tech has a dominant share in the server R-PCB copper foil market with its RG copper foils (equivalent to HVLP1/2), making it a key beneficiary of global data center infrastructure build-outs.
- Co-Tech is proactively expanding its HVLP4 capacity to support key AI customers' high-end copper foil demand. It should have a 22% supply share by 2028, on our estimates.
- Risk-reward is attractive with the stock trading at 12x CY28 P/E vs the 3Y historical average of 20x.

Consensus Rating Distribution

75%	Overweight
25%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

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

View descriptions of Risk Rewards Themes here

BULL CASE NT$1,225.00

35x 2028e P/E

We assume high-end servers and switches see significantly stronger growth in 2027-28, driven by faster-than-expected new data center build-outs and smooth ramp of new generations of AI/networking chips; we also assume copper foil demand from key satellite customer will be stronger than expected. We assume Co-Tech's copper foil demand from the mentioned applications remains robust while its product mix sees continued improvement from the adoption of HVLP4+ copper foil in more applications.

BASE CASE NT$745.00

21x 2028e P/E

Co-Tech continues to grow materially driven by AI server demand growth, material grade upgrades and better pricing power due to scarce high-end capacity and continued shift toward higher-end applications.

BEAR CASE NT$305.00

9x 2028e P/E

We assume high-end servers and switches see significantly weaker demand in 2027-28, driven by slowdown in new data center build-outs and delayed ramp of new generations of AI/networking chips; we also assume copper foil demand from key satellite customer will be stagnant. As a result, we assume Co-Tech's copper foil demand from the aforementioned applications becomes sluggish and its customers' migration to the HVLP4+ platform to be put on hold.

Risk Reward – Co-Tech Development Corp. (8358.TWO)

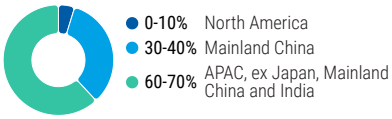
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
HVLP Copper Foil Revenue Contribution (%)	3.3	15.7	34.5	54.7

INVESTMENT DRIVERS

- Monthly sales
- Project and supply share allocation
- Copper foil content per server/switch/satellite
- Processing fee adjustment

GLOBAL REVENUE EXPOSURE



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

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger AI demand
- Slower-than-expected capacity expansion by competitors
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

RISKS TO DOWNSIDE

- Weaker AI demand
- Faster-than-expected capacity expansion by competitors
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

OWNERSHIP POSITIONING

Inst. Owners, % Active 83.3%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2027e

	MS	Mean	MS	Mean	MS
Sales / Revenue (NT$, mn)	15,849	16,830		19,062	22,259
EBIT (NT$, mn)	5,835	5,971		7,368	8,332
Net income (NT$, mn)	4,706	4,814		5,912	6,686
EPS (NT$)	18.59	19.01		23.39	26.51

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

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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	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	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

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.

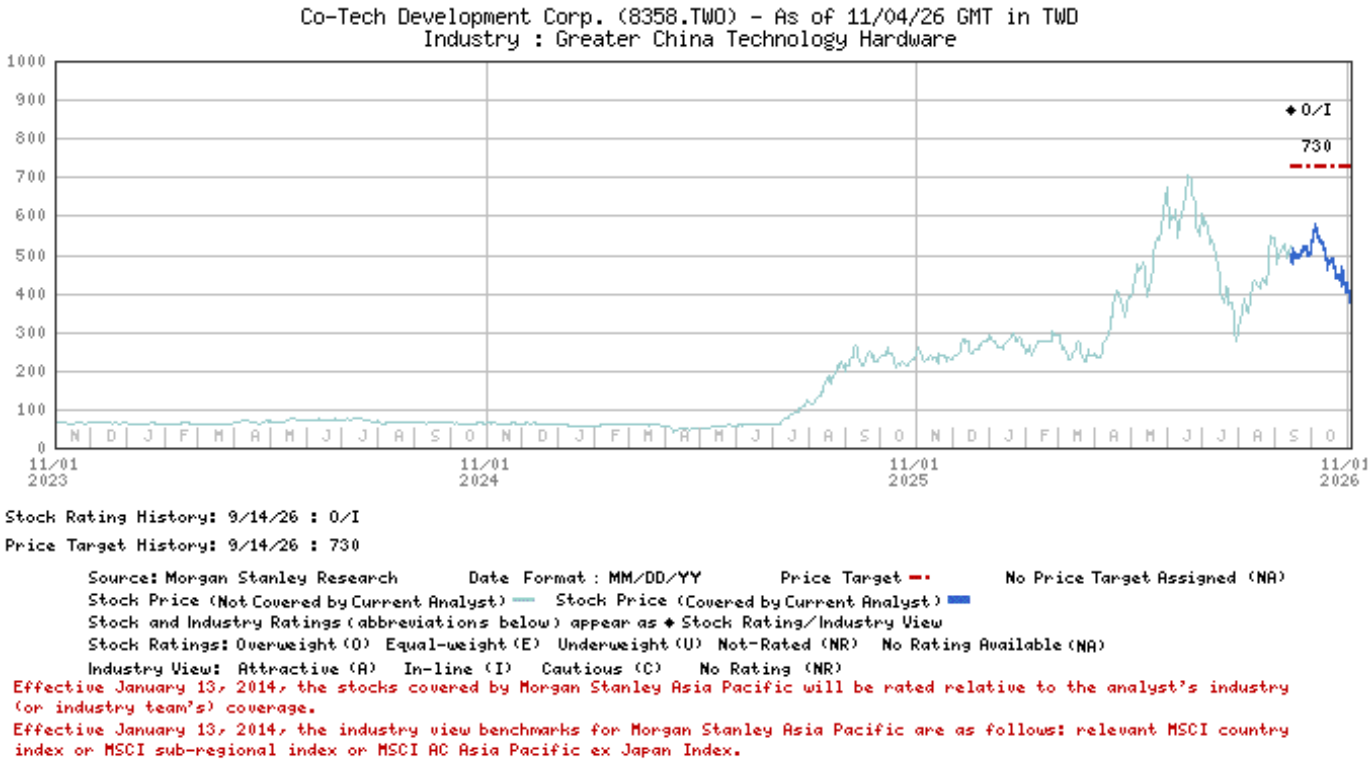
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (11/03/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$35.32
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb92.20
BYD Electronics (0285.HK)	O (04/28/2023)	HK$20.54
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.88
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb14.49
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb173.36
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$936.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb22.53
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb3.97
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb35.30
Largan Precision (3008.TW)	O (10/13/2026)	NT$4,945.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb5.04
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.28
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$5.29
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$46.50
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb45.45
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb5.46
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.26
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb67.70
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.80
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb59.79
Sunny Optical (2382.HK)	E (03/23/2026)	HK$62.05
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb123.61
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb12.51
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$28.60
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb252.37

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$100.50
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb90.80
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb21.75
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb480.20
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$620.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$19.41
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb27.65
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,495.00
Advantech (2395.TW)	O (01/20/2021)	NT$620.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,050.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,935.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$28.80
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,320.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,575.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.40
Chenbro (8210.TW)	O (07/23/2025)	NT$647.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,545.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,270.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$143.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$57.30
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,160.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$297.50
Innolux (3481.TW)	E (04/07/2025)	NT$41.20
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,240.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb25.30
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$228.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.55
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb5.60
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$29.70
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$889.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$187.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$33.55
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$4,395.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$3.15
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb41.95
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$327.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$970.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$245.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb51.95
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$32.58
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,175.00
Lenovo (0992.HK)	O (07/10/2026)	HK$19.66
Lotes Co. Ltd. (3533.TW)	O (10/27/2026)	NT$1,735.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,070.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$101.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$311.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb73.87
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb205.09
Unimicron (3037.TW)	O (02/23/2026)	NT$902.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$405.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$176.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$1,770.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$453.00

Zhen Ding (4958.TW)	++	NT$443.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$376.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,090.00

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