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UPDATE

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Hon Hai Precision | Asia Pacific

Hon Hai Technology Day 2026 (HHTD 2026)

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Key Takeaways

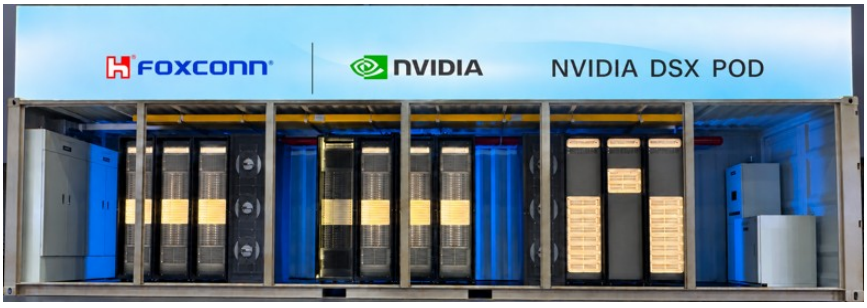
- DSX POD could increase ODMs' value added by expanding their role in factory integration and testing, even when components are sourced externally.
- We believe Hon Hai could gain share for Vera Rubin racks in 2027, supported by increased capacity and automation, as we highlighted here.
- Hon Hai said it can supply up to 50% of an AI rack's non-semiconductor component value, helping differentiate it from other ODMs.
- Hon Hai said its diversified manufacturing footprint supports customers' regional requirements and helps win business.

DSX POD accelerates AI infrastructure deployment: Unveiled at GTC Berlin and displayed at HHTD26, NVIDIA's DSX POD packages 7x VR200 NVL72 racks, 3x Spectrum-6 SPX racks, up to ~25 exaFLOPS of NVFP4 performance, and over 10M components per container (Exhibit 1). Hon Hai said factory integration can shorten deployment at prepared sites from six months to as little as 14 days, with initial deliveries expected in early 2027.

Rack capacity and automation support Rubin ramp: HH has doubled AI rack assembly capacity over the past year to ~2K racks/week. It said its cableless Vera Rubin compute-tray design cuts assembly time from over two hours to ~20 minutes, with a further target of five minutes. Greater automation should improve throughput and consistency while reducing labor intensity, according to HH management, supporting the Rubin ramp.

Three new EV models expand the CDMS portfolio: HH unveiled a MODEL A+, a premium B-segment SUV; MODEL K+, an affordable lifestyle SUV for younger buyers; and MODEL K, a compact truck targeting Japan's kei segment and last-mile logistics. The launches expand its EV reference portfolio to 12, broadening its contract design and manufacturing service offering across passenger and commercial vehicles.

Exhibit 1: Nvidia DSX POD



Source: Hon Hai.

Hon Hai Precision (2317.TW, 2317 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$310.00
Up/downside to price target (%)	24
Shr price, close (Nov 2, 2026)	NT$251.00
52-Week Range	NT$314.00-187.50
Sh out, dil, curr (mn)	13,863
Mkt cap, curr (mn)	NT$3,479,611
EV, curr (mn)	NT$3,100,323
Avg daily trading value (mn)	NT$14,742

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	13.61	16.38	19.90	23.03
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	14.77	18.71	23.64	28.05
Revenue, net (NT$ bn)	8,103.1	9,712.0	11,098.8	12,314.3
EBITDA (NT$ bn)	357.0	463.8	555.5	650.1
ModelWare net inc (NT $ bn)	189.4	229.7	279.0	322.9
P/E	16.9	15.3	12.6	10.9
P/BV	1.6	1.7	1.6	1.5
RNOA (%)	13.6	16.5	16.7	17.5
ROE (%)	10.2	11.7	13.3	14.4
EV/EBITDA	7.9	7.0	6.0	5.2
Div yld (%)	3.1	3.8	4.7	5.4

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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Exhibit 2: Hon Hai's Global Footprint



Source: Hon Hai.

Valuation Methodology and Risks

Hon Hai Precision (2317.TW)

Base case scenario value, derived from a residual income valuation model. Our key assumptions include a cost of equity of 8.5%, a medium-term growth rate of 13%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected iPhone sell-through
- Faster progress in AI server business
- Faster EV business development progress
- Any new M&A activity that could improve sentiment

Risks to Downside

- Lower iPhone sell-through
- Smaller profit contribution from AI business
- Slower EV business development progress
- Geopolitical developments that could negatively affect foreign investment

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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.

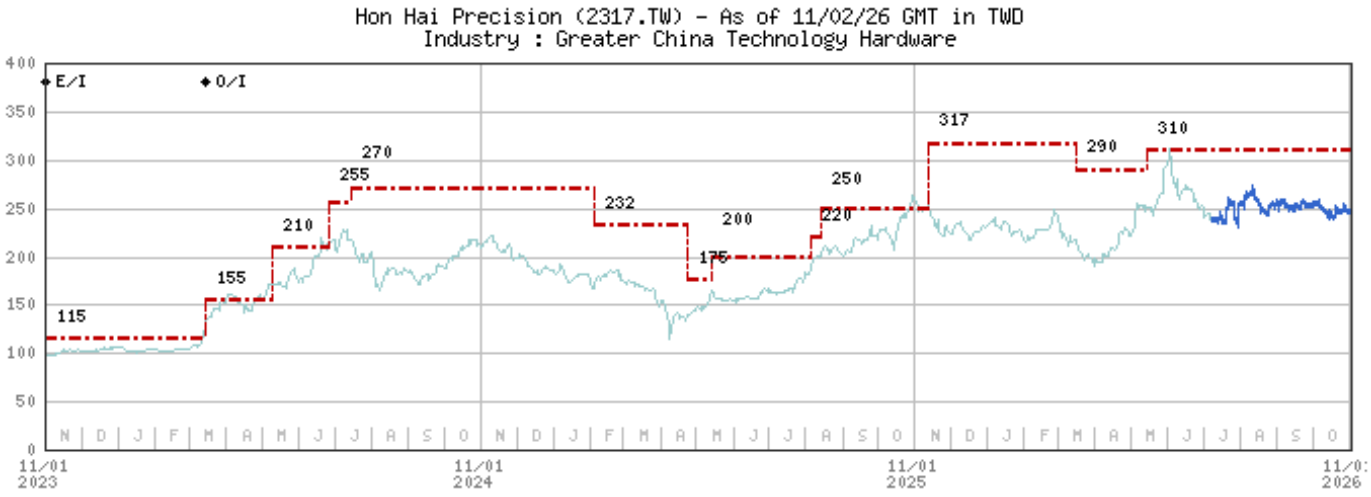
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Stock Rating History: 11/1/21 : O/I; 1/9/23 : E/I; 3/15/24 : O/I

Price Target History: 3/22/21 : 168; 3/8/22 : 145; 1/9/23 : 116; 5/11/23 : 115; 3/15/24 : 155; 5/10/24 : 210; 6/26/24 : 255; 7/15/24 : 270; 2/5/25 : 232; 4/23/25 : 175; 5/14/25 : 200; 8/6/25 : 220; 8/14/25 : 250; 11/12/25 : 317; 3/17/26 : 290; 5/15/26 : 310

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* (10/30/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$36.82
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb102.60
BYD Electronics (0285.HK)	O (04/28/2023)	HK$21.80
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.61
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb14.06
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb196.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,035.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb22.12
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb3.88
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb34.55
Largan Precision (3008.TW)	O (10/13/2026)	NT$5,490.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb4.90
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.25
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$5.06
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$45.30
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb45.60
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb5.18
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.50
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb60.30
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.68
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb55.16
Sunny Optical (2382.HK)	E (03/23/2026)	HK$63.30
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb148.00
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb11.40
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.48

Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb252.88
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$96.15
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb89.18
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb21.70
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb553.00
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$676.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$19.33
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb27.36
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,615.00
Advantech (2395.TW)	O (01/20/2021)	NT$655.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,090.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,060.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.75
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,330.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,625.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.46
Chenbro (8210.TW)	O (07/23/2025)	NT$705.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,715.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,355.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$149.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$59.10
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,350.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$321.50
Innolux (3481.TW)	E (04/07/2025)	NT$44.55
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,420.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb25.58
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$243.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.50
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb5.33
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$30.30
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$912.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$193.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$34.75
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$4,705.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$3.35
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb45.00
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$339.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,060.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$251.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb54.18
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$34.68
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,370.00
Lenovo (0992.HK)	O (07/10/2026)	HK$20.50
Lotes Co. Ltd. (3533.TW)	O (10/27/2026)	NT$1,820.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,185.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$102.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$318.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb87.00
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb233.00
Unimicron (3037.TW)	O (02/23/2026)	NT$997.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$449.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$181.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$1,820.00

Yageo Corp. (2327.TW)	O (10/28/2025)	NT$498.50
Zhen Ding (4958.TW)	++	NT$487.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$405.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,265.00

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