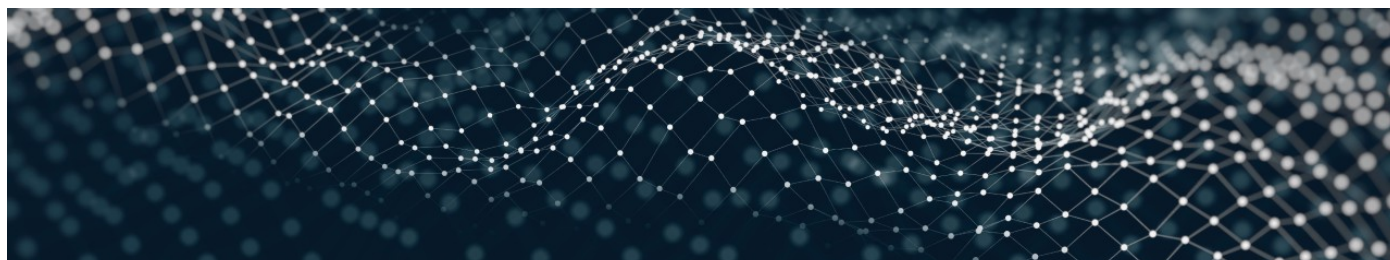


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Asia Pacific Reports/Notes

[Largan Precision Co Ltd](#) (Overweight), Taiwan

Solid 1H26 outlook on iPhone demand uptick; new FAU business a potential long-term driver; OW (*William Yang*)

Largan held an investor call after reporting 1Q26 earnings. The upbeat 1Q26 result was mainly driven by the iPhone demand uptick, and the strong momentum should also drive the company's 2Q26 revenue to grow YoY. We maintain our positive view on Largan as we believe it will be a major beneficiary of the solid lens spec upgrade trend in the next few iPhone cycles (e.g. variable aperture adoption in 18 Pro series) with decent ASP growth. In addition, the company's progress into the new FAU (factory automation) market (by supplying the prism/mirror, in our view) could serve as a potential business diversification opportunity to create another meaningful growth driver in the next 1-2 years. OW.

[Luxshare - A](#) (Overweight), China

Better-than-expected expansion in auto and communication segment to boost growth; OW (*Billy Feng*)

Luxshare achieved 24% yoy earnings growth in 2025, thanks to rising JV income (29% yoy, primarily based on iPhone assembly) and strong growth in auto/communication segments (sales up by 185%/34% yoy, upon better-than-expected consolidation of Leoni and organic expansion). The company targets 20-22% yoy growth in 1Q26, with positive datacenter business expansion partially offset by elevated material/opex costs. We believe the consumer electronic business should provide a robust earnings foundation for Luxshare and expect expansion in automotive/communication segments to bring incremental earnings. We project a 26% earnings CAGR in 2025-28 and reiterate an OW rating with an unchanged Dec-26 PT of Rmb75.

[TSMC](#) (Overweight), Taiwan

Leading edge supply tightness through 2027 should drive continued EPS upgrades; Raise PT to NT \$2500 (*Gokul Hariharan*)

We are raising our FY26/27E EPS ests by 4% each and raise our Dec-26 PT to NT\$2500 to reflect supply tightness in leading edge process nodes well into 2027 or early 2028. Accelerating AI demand (Accelerators, CPU and networking), continued growth in N3, N2 and advanced back-end revenues and long lead time for capacity build are likely to create a favorable set up for TSMC stock, looking quite favorable in the next few quarters, with likely upside to its long-term capex targets and 2026 revenue

guidance, and GMs staying high due to high utilization and ASP uptick. Given industry-wide shortage, noise about competition may remain persistent, but achieving technology and manufacturing milestones and winning customer acceptance would be the key challenges for the chasing pack, given TSM's technology and execution leadership and a 4-5-year window for design and manufacturing ramp. In the very short term, the stock may take a breather given the fast run up ahead of earnings and expectations of a bigger revenue/capex guidance hike, but we expect EPS upgrades to come throughout 2026.

TSMC (Overweight), Taiwan

First Take: Better 2Q26 outlook; “continued tightness into 2027” and seeing “no shortcuts” for competition; OW (*Gokul Hariharan*)

Our First Take: TSMC's 1Q26 earnings were solid, with GMs and OP margins coming in well above the guidance range, while 2Q26 guidance was also above expectations, especially on continued GM expansion. TSMC is quite confident on strong growth in 2026 (revenue guidance now above 30% YoY growth in USD terms) and expects the supply tightness to persist into at least 2027, due to strong demand and lead-times for capacity build. Amidst the rising discussion on competitive pressures, TSMC also exuded confidence in keeping its market share and highlighted that there are no shortcuts to building a foundry business. While a lack of meaningful revenue and capex upside may be a mild disappointment vs. very recent investor expectations after the strong run-up in share price ahead of earnings, we believe that estimates are likely to still move up over the next 2-3 quarters.

US Reports/Notes

Downstream Aluminum, United States

1Q Preview: Expect Solid Results and Constructive Outlooks Amid Elevated Expectations (*Bill Peterson*)

Since the onset of the Middle East conflict, downstream aluminum rollers have outperformed (+13%) the XME/SPX (-3%/+2%), in-line with upstream smelters (AA +13%) and aluminum (+15%). We attribute this in part to being grouped among the broader aluminum trade — 4% of global supply has been either damaged or disrupted, with rebuilds extending at least 12mos ([link](#)) — despite being consumers of primary metal and operating pass-through business models. Both CSTM and KALU are trading at multi-year highs, and while we see limited near-term impact from the Middle East conflict on underlying demand and costs, other positive developments on UBC scrap spreads and derivative S232 tariffs appear more than priced in at this stage. Even if management teams revise FY26 guidance higher, which we feel may be early for CSTM at this stage, our conversations with investors reveal expectations may already be there. As such, we'd recommend looking for a better entry point, potentially after the prints, once the trade becomes less crowded. On the stocks, we continue to favor OW-rated CSTM on lagging valuation, steady buybacks, and upside from UBC scrap spreads, while N-rated KALU's leverage remains elevated but has a roadmap throughout the year, pending solid execution, to expand margins from recently completed growth projects.

Europe Reports/Notes

ASM International (Overweight), Netherlands

1Q26 Preview: Estimates have upside in results (*Sandeep Deshpande*)

Estimates are below where they were a year ago despite the semi equipment market having significantly improved. While we acknowledge that ASMI has lower exposure to the memory market (compared to some key peers) which is driving a large part of the upcycle, the logic/foundry market is also supply-constrained and in an up-cycle, especially at leading edge nodes. TSMC is ramping N2 alongside N3

but indicates demand is outstripping supply with tightness expected into 2027, forcing TSMC to raise capex (now expected towards ~\$56bn in '26) to increase capacity. Capacity tightness creates opportunities for Intel and Samsung which could thus invest more in their >2nm capacity. Samsung reportedly improved their 2nm GAA yield from low 20s% to 50-60% range by March 2026 and targets 130% YoY growth in 2nm orders from major customers (Tesla AI6, Exynos2600) and share gains. Intel also reportedly has inbound interest in its 18A-P process from external customers. So we see the leading edge logic/foundry market as a very strong market for WFE. Yet, ASMI's revenue estimates for FY26/FY27 are 10.3%/6.8% below April'25 levels and thus we see potential for estimates to increase which could be catalyzed by ASMI's 1Q26 print and outlook.

VAT (Overweight), Switzerland

1Q26 Model Update - Well positioned to benefit from the substantial capacity build (*Sandeep Deshpande*)

Order strength should enable co. to see much stronger sales in 2H26 and FY27: VAT reported 1Q orders of CHF 356m and the company indicates that they expect book-to-bill above 1x in 2Q with a range between 1.2-1.6x which means that orders should be in the range of CHF 336m to CHF 448m or a median value of CHF 390m. If the co. were to have orders of ~ CHF375m in 1H26 then the co. could well have sales of close to CHF1.3bn for the full year with almost 60% HoH growth. Thus, although consensus estimates for the full year could be reduced slightly due to weaker than expected 2Q sales, VAT would leave FY26 with sales close to CHF400m in 4Q meaning the co. could do well over CHF1.6 bn in full year FY27 sales as the sales/order momentum continues. Current consensus expectations for FY27 are for sales of CHF1.56bn, meaning VAT estimates are such that the co. could beat expectations as the capacity build continues into FY27. We remain OW with a Dec-27 price target of CHF 620.

VAT (Overweight), Switzerland

1Q26 First Take: Q2 sales guidance misses consensus but market focus will be on the strength in orders indicated (*Sandeep Deshpande*)

Our Take: VAT reported 1Q sales of CHF221m 2.8% higher than pre-announced sales, with orders of CHF356m, which was equivalent to a book-to-bill of 1.6x which due to the higher sales reported, were 3.5% higher than pre-announced. The company is guiding to 2Q sales of CHF265-295m or CHF 280m at the mid-point, which is 12% less than current consensus expectations. The co. is guiding to Q2 book-to-bill to remain above 1. The indication from callback is that it will be between 4Q and 1Q, i.e. around 1.4 or orders above CHF380m which is very strong. The substantial ramp in semiconductor capacity starts at the end of this year given the clean room constraints early in the year and thus the strong orders seen at the co. will likely translate into sales later than normally seen at VAT. Very strong orders mean that despite the 2Q sales miss, the equity story remains intact, just delayed in terms of revenue recognition due to the known timing of clean room availability as well as some supply chain issues seen by VAT.

Key Rating, Price Target & EPS Changes for Asia tech companies

Company	BB Ticker	Rating		Price target			EPS Changes		
		New	Old	New	Old	% change	New FY1	Old FY1	% change
Luxshare - A	002475 CH	OW	OW	75.0	75.0	0%	2.90	2.93	-1%
Largan Precision Co Ltd	3008 TT	OW	OW	3200.0	3200.0	0%	185.34	180.01	3%

Source: Company data, J.P. Morgan estimates.

Note: Numbers and companies above may differ from the corresponding numbers or companies in the individual notes in the daily.

Asia Pacific Technology Valuation

Company Name	Rec	RIC Ticker	Price CP	Target Price		Mkt Cap (US\$MM)	EPS Y/Y Growth		P/E		P/BV		ROE		Div. Yield	
				TP	Upside (%)		FY1E (%)	FY2E (%)	FY1E (x)	FY2E (x)	FY1E (x)	FY2E (x)	FY1E (%)	FY2E (%)	FY1E (%)	FY2E (%)
Asia Pacific																
SK hynix	OW	000660.KS	1,151,000.0	1,550,000	34.7	556,111	310.7	35.8	4.8	3.5	2.8	1.6	83.9	57.6	0.1	0.1
Inspur - A	OW	000977.SZ	68.3	85	24.5	14,704	6.0	93.9	39.2	20.2	4.2	3.5	11.2	18.8	0.3	0.3
Zhejiang Dahua Technology Co., Ltd - A	N	002236.SZ	19.2	21	9.5	9,229	51.5	5.2	14.3	13.6	1.6	1.5	11.7	11.3	2.4	1.4
Goertek - A	N	002241.SZ	24.2	29	19.7	12,401	19.3	20.0	26.6	22.1	2.4	2.2	9.3	10.2	0.9	1.1
Dongshan Precision - A	OW	002384.SZ	149.6	30	-79.9	37,414	155.0	27.6	92.1	72.2	11.9	10.6	13.8	15.5	0.1	0.3
Hangzhou HikVision Digital Technology Co., Ltd - A	N	002415.SZ	33.5	31	-7.6	45,079	24.0	17.9	20.8	17.7	3.7	3.3	17.9	19.7	2.7	2.9
Luxshare - A	OW	002475.SZ	60.5	75	24.1	64,554	26.4	25.6	25.9	20.6	5.4	4.5	22.5	23.7	0.7	1.1
Samsung Electronics	OW	005930.KS	217,000.0	300,000	38.2	96,116	403.2	37.1	5.9	4.3	2.0	1.4	39.5	37.3	0.9	0.9
Samsung SDI	OW	006400.KS	476,500.0	650,000	36.4	26,554	NM	3396.7	na	40.5	1.8	1.7	0.1	4.4	0.0	0.0
Samsung SDS	N	018260.KS	191,300.0	170,000	-11.1	10,035	3.3	11.0	18.9	17.1	1.5	1.4	7.9	8.3	1.6	1.8
LG Display	N	034220.KS	13,770.0	15,000	8.9	3,340	NM	-30.3	7.5	10.7	0.9	0.8	10.8	8.0	0.0	0.0
Lenovo Industrial	N	058470.KQ	114,000.0	100,000	-12.3	5,890	21.0	23.4	47.3	38.3	9.6	7.8	22.5	22.5	0.1	0.2
LG Electronics	N	066570.KS	126,000.0	87,000	-31.0	13,913	229.0	25.1	10.6	8.5	0.9	0.8	7.5	8.8	0.8	0.9
Lenovo Group Limited (0992)	N	0992.HK	11.1	10	-14.4	19,700	4.8	-15.5	12.0	14.3	2.6	2.3	24.9	19.4	3.4	3.7
AAC Technologies Holdings (2018)	OW	2018.HK	37.2	65	74.7	5,741	2.9	28.3	14.5	11.3	1.3	1.2	9.0	10.7	1.0	1.0
UMC	UW	2303.TW	68.3	50	-26.8	26,992	20.1	13.5	17.2	15.1	2.2	2.1	13.0	14.3	4.4	5.2
Delta Electronics, Inc.	OW	2308.TW	1,845.0	1,700	-7.9	151,459	83.9	34.5	43.4	32.2	13.8	10.8	35.9	37.6	0.6	1.1
Hon Hai Precision	OW	2317.TW	207.0	270	30.4	90,691	18.5	18.4	12.9	10.9	1.4	1.3	11.7	12.4	3.5	3.6
TSMC	OW	2330.TW	2,085.0	2,400	15.1	1,708,611	44.2	26.1	21.8	17.3	7.3	5.6	38.6	36.6	1.6	1.6
Macronix	OW	2337.TW	139.0	165	18.7	8,159	NM	76.8	9.8	5.6	3.5	2.3	43.9	49.0	0.0	2.0
Winbond	OW	2344.TW	89.6	173	93.1	12,743	2387.4	27.1	4.1	3.2	2.0	1.3	63.0	49.6	0.6	7.4
ASUSTek Computer	UW	2357.TW	589.0	450	-23.6	13,827	-34.5	6.0	15.0	14.1	1.6	1.6	10.9	11.4	7.1	4.5
Quanta Computer Inc.	OW	2382.TW	318.5	370	16.2	38,880	25.6	20.7	16.4	13.6	5.2	4.3	32.7	34.5	4.1	4.9
Advantech	N	2395.TW	355.0	360	1.4	9,631	7.3	9.0	31.6	29.0	5.7	5.4	18.4	19.2	2.4	2.5
Nanya Technology	N	2408.TW	213.5	230	7.7	20,939	1765.8	8.2	5.4	5.0	1.9	1.5	48.7	34.2	0.5	5.2
MediaTek Inc.	N	2454.TW	1,895.0	1,600	-15.6	95,753	-5.5	38.1	30.5	22.1	7.3	6.4	24.4	31.0	2.8	2.7
Zhongji InnoLight - A	OW	300308.SZ	809.6	430	-46.9	131,923	105.2	88.0	85.5	45.5	30.7	19.4	43.4	52.2	0.1	0.3
Sinnet - A	OW	300383.SZ	18.8	18	-4.2	4,951	36.2	51.8	65.0	42.8	2.6	2.5	4.0	5.9	0.5	0.3
Maxscend Microelectronics - A	UW	300782.SZ	103.5	50	-51.7	8,117	NM	NM	na	87.2	5.5	5.2	NM	6.1	0.2	0.0
Largan Precision Co Ltd	OW	3008.TW	2,820.0	3,200	13.5	11,895	16.3	1.7	15.2	15.0	1.8	1.7	12.3	11.9	3.3	3.4
Pegatron Corp	N	4938.TW	80.1	78	-2.6	6,755	-14.8	13.7	14.8	13.1	1.0	1.0	7.0	7.9	5.6	5.0
JCET - A	N	800584.SS	43.7	45	2.9	11,476	42.9	52.5	35.0	22.9	2.6	2.4	7.6	10.7	0.6	0.9
Wingtech Tech - A	OW	800745.SS	31.2	88	182.3	5,689	NM	46.6	19.4	13.2	1.1	1.0	5.7	7.8	0.1	0.5
Universal Scientific Industrial (Shanghai) - A	N	801231.SS	38.0	19	-49.9	12,249	8.3	20.9	46.5	38.4	4.3	3.9	9.6	10.6	0.2	0.2
Will Semiconductor - A	OW	803501.SS	93.7	155	65.4	16,631	21.0	36.9	23.2	16.9	3.6	3.0	16.4	19.5	0.7	0.9
AHUB - A	N	803881.SS	42.1	27	-35.8	4,433	15.7	53.4	na	na	9.0	8.4	5.6	8.1	0.3	0.2
Gigadevice Semiconductor - A	N	803986.SS	286.7	78	-72.8	27,999	na	na	na	na	na	na	na	na	na	na
Transion Holdings - A	N	868036.SS	53.7	71	32.2	8,979	-41.5	13.8	18.9	16.6	2.9	2.6	15.8	16.7	4.3	2.2
Huafeng Test & Control - A	OW	868200.SS	299.1	234	-21.8	5,945	66.4	26.0	72.9	57.9	10.4	9.2	14.9	16.8	0.3	0.4
Transion Holdings - A	N	868396.SS	49.1	45	-8.3	9,555	5.1	71.9	81.1	47.2	2.8	2.7	3.5	5.8	0.0	0.1
Frontken Corp	OW	FRKN.KL	4.4	5	15.9	1,839	12.8	11.4	38.5	34.5	6.3	5.6	17.2	17.1	0.9	0.9
Isari Amertron Berhad	N	INAR.KL	1.6	2	-3.0	1,320	-19.2	14.1	29.6	26.0	2.0	na	7.6	8.6	2.7	0.0
UWC	OW	UWCB.KL	4.5	5	19.5	1,257	99.0	54.2	51.3	33.2	8.6	6.9	18.1	23.0	0.0	0.0
Average							160.1	110.7	29.4	24.2	4.8	4.0	20.1	19.9	1.5	1.7
Japan																
Nitobo (3110)	OW	3110.T	27,040.0	28,000	3.6	6,191	218.6	-46.7	24.1	45.2	6.6	5.6	27.6	12.4	0.4	0.7
Toray (3402)	OW	3402.T	1,171.5	1,360	16.1	11,792	16.0	19.1	20.3	17.0	1.0	0.9	4.8	5.6	2.3	2.3
Asahi Kasei (3407)	OW	3407.T	1,612.0	2,100	30.3	14,132	10.4	16.6	14.9	12.8	1.1	1.0	7.5	8.2	2.4	2.5
SUMCO (3436)	N	3436.T	2,327.5	1,680	-27.8	5,126	44.7	NM	na	27.9	1.5	1.4	NM	5.2	0.9	1.1
Sumitomo Chemical (4005)	N	4005.T	531.4	520	-2.1	5,534	18.5	114.4	19.0	8.9	0.9	0.8	4.9	9.5	2.3	4.5
Shin-Etsu Chemical (4063)	OW	4063.T	6,910.0	7,000	1.3	86,266	-8.7	19.7	28.1	23.4	3.1	3.0	10.6	12.6	1.5	1.8
Kaneka (4118)	N	4118.T	5,023.0	4,600	-8.4	1,941	-2.1	16.5	12.8	10.9	0.7	0.6	5.1	5.9	3.2	3.4
Mitsui Chemicals (4183)	N	4183.T	2,029.5	2,200	8.4	2,564	25.3	52.7	18.8	12.3	0.8	0.8	4.6	6.7	3.7	3.7
TOKYO OHKA KOGYO (4186)	OW	4186.T	9,377.0	6,500	-30.7	7,537	21.2	11.5	40.9	36.7	5.3	4.8	13.3	13.8	0.9	1.0
Mitsubishi Chemical Group (4188)	N	4188.T	997.7	800	-19.8	9,452	228.7	-29.4	9.6	13.6	0.8	0.7	8.1	5.5	3.2	3.2
Nippon Paint Holdings (4612)	OW	4612.T	1,006.0	1,600	59.0	14,998	32.1	8.0	14.0	13.0	1.5	1.4	10.6	11.0	1.6	1.6
FUJIFILM Holdings (4901)	OW	4901.T	3,183.0	5,000	57.1	24,901	0.1	12.0	14.7	13.1	1.1	1.0	7.6	8.1	2.2	2.4
AGC (5201)	N	5201.T	5,750.0	5,200	-9.6	7,890	NM	23.1	21.2	17.2	0.8	0.8	4.0	4.9	3.7	3.7
Nippon Sheet Glass (5202)	N	5202.T	478.0	550	15.1	275	NM	555.6	48.6	4.6	0.4	0.4	0.8	8.6	4.5	4.5
Nippon Electric Glass (5214)	OW	5214.T	7,426.0	7,100	-4.4	3,513	115.3	29.7	23.0	17.8	1.1	1.1	4.8	5.9	2.0	2.1
Sumitomo Osaka Cement (5232)	OW	5232.T	4,138.0	4,600	11.2	835	24.8	16.7	12.1	10.4	0.7	0.7	5.6	6.5	2.9	2.9
Taiheyo Cement (5233)	OW	5233.T	3,714.0	4,500	21.2	2,603	-19.4	6.7	8.9	8.4	0.6	0.6	7.0	7.1	2.7	2.7
Disco (6146)	N	6146.T	73,030.0	70,000	-4.1	49,803	6.3	40.3	60.1	42.9	14.0	11.4	24.6	28.7	0.6	0.7
Hitachi (6501)	OW	6501.T	5,220.0	5,700	9.2	143,450	30.8	17.0	29.7	25.4	3.9	3.7	13.2	14.5	0.9	0.9
Mitsubishi Electric (6503)	OW	6503.T	5,975.0	6,500	8.8	74,972	11.1	35.5	34.4	25.4	3.0	2.9	8.8	11.3	0.9	1.0
Nidec (6594)	UW	6594.T	2,306.0	1,800	-21.9	16,625	-24.2	61.0	21.2	13.2	1.4	1.3	7.0	10.3	0.0	0.0
Fujitsu (6702)	OW	6702.T	3,679.0	4,000	8.7	39,597	103.2	-28.4	14.6	20.4	3.3	3.0	23.6	15.3	1.4	1.5
Seiko Epson (6724)	UW	6724.T	2,141.0	1,900	-11.3	4,315	-18.5	22.2	15.2	12.5	0.8	0.8	5.5	6.5	3.5	3.5
ULVAC (6728)	OW	6728.T	9,951.0	10,000	0.5	3,082	59.3	26.3	18.4	14.6	2					

Technology Semiconductor and Hardware

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