

May 27, 2026 12:18 AM GMT

## Greater China Semiconductors | Asia Pacific

## PC Semis: New Growth Drivers Needed

DT PC semis should remain challenging in the next few quarters. That said, demand could be better than feared for NB PC semis into 2H26. Share gains are important to resuming growth into 2027.

## Key Takeaways

- We maintain our conservative view on PC semis companies.
- We upgrade Parade to OW due to potential market share gain in the ASIC-like business and better than feared 2H26 NB demand (especially for Apple).

**Better-than-feared 2Q guidance:** PC semis overall reported better than expected 1H results. Realtek guided for steady end market demand in 2Q amid continued customer pull-in, with Q/Q revenue growth potentially reaching 10% in 2Q. Elan expected challenging Q/Q growth but low single digit Y/Y growth in 2Q. Novatek said DDI for NB is still growing Q/Q in 2Q, with the mid-point of revenue guidance at +21% Q/Q. Our downstream colleagues (e.g., Howard Kao) currently forecast NB ODM shipments of +4% Q/Q and -8% Y/Y in 2Q.

**Better to stick to NB... and Apple:** We share the view of PC semis companies that current visibility remains low into 2H. We see negative impacts from memory pricing hikes ([link](#)), especially on DT PC semis (ASMedia), while NB semis clients still appear reluctant to adjust orders. The dynamics could be even more complicated into 2027 amid a lack of CPU supply. Companies with iOS exposure remain more resilient than others.

**Some market share shift seems inevitable:** In our Sep 2025 [report](#), we said it is still early to draw conclusions on market share between ASMedia and Parade. However, we now think diversification is taking place. We believe Parade could take some share in the chipset market, due mainly to better performance on power consumption. This should be the new growth driver for Parade, in our view.

**Upgrading Parade to OW:** We raise our EPS estimates by 34% for 2027 and 46% for 2028, and increase our PT to NT\$1,000 from NT\$530; our forecasts are above consensus by 16% and 17% for the respective years. For ASMedia, we maintain our numbers to reflect potential diversification from PC business; our EPS numbers are below consensus by 22% for 2027 and 30% for 2028.

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## GREATER CHINA TECHNOLOGY SEMICONDUCTORS

Asia Pacific

Industry View

Attractive

## WHAT'S CHANGED

Parade Technologies Ltd

(4966.TWO)

Rating

Price Target

From

Equal-weight

NT\$530.00

To

Overweight

NT\$1,000.00

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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# Parade: Estimate Revisions and Quarterly Financials

**We and raise our EPS estimates by 34% for 2027 and 46% for 2028:** We factor in supply chain diversification and account for some share gains in the chipset market, due mainly to better performance on power consumption, which should be the company's new growth driver.

**Exhibit 1:** Parade: Summary of estimate revisions

NT\$ mn	Current	Previous	Diff.	Current	Previous	Diff.	Current	Previous	Diff.
	2026E	2026E		2027E	2027E		2028E	2028E	
Net sales	15,865	15,933	0%	20,041	17,114	17%	21,808	17,351	26%
COGS	9,205	9,325		11,458	9,853		12,344	9,869	
Gross profit	6,660	6,609	1%	8,583	7,261	18%	9,464	7,482	27%
Operating expenses	4,259	4,239		4,480	4,308		4,654	4,319	
Operating profit	2,401	2,370	1%	4,103	2,953	39%	4,810	3,163	52%
Non-op. income (exp.)	216	254		230	280		230	280	
Pretax Income	2,617	2,624	0%	4,333	3,233	34%	5,040	3,443	46%
Taxes	236	237		390	291		454	310	
Net income	2,381	2,387	0%	3,943	2,942	34%	4,586	3,133	46%
<b>Reported Diluted EPS</b>	<b>30.47</b>	<b>30.50</b>	<b>0%</b>	<b>50.45</b>	<b>37.64</b>	<b>34%</b>	<b>58.69</b>	<b>40.09</b>	<b>46%</b>
<b>Margins</b>									
Gross margin	42.0%	41.5%	1 ppt	42.8%	42.4%	0 ppt	43.4%	43.1%	0 ppt
Operating margin	15.1%	14.9%	0 ppt	20.5%	17.3%	3 ppt	22.1%	18.2%	4 ppt
Pretax margin	16.5%	16.5%	0 ppt	21.6%	18.9%	3 ppt	23.1%	19.8%	3 ppt
Net margin	15.0%	15.0%	0 ppt	19.7%	17.2%	2 ppt	21.0%	18.1%	3 ppt

**Exhibit 2:** Quarterly earnings summary

NT\$ in million	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	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	4,049	4,038	3,788	4,336	4,847	5,518	5,340	5,076	5,214	6,056	5,463	16,531	15,865	20,041	21,808
Sequential Change	0.8%	-0.9%	6.4%	-11.2%	2.6%	1.5%	-0.3%	-6.2%	14.5%	11.8%	13.9%	-3.2%	-4.9%	2.7%	16.2%	-9.8%				
Change vs Year Ago	8.8%	5.2%	-0.5%	-5.6%	-3.9%	-1.6%	-7.7%	-2.6%	8.7%	19.7%	36.6%	41.0%	17.1%	7.6%	9.7%	2.3%	1.8%	-4.0%	26.3%	8.8%
Cost of Sales	2,385	2,341	2,517	2,254	2,382	2,326	2,320	2,176	2,480	2,770	3,151	3,056	2,884	2,943	3,424	3,094	9,496	9,205	11,458	12,344
Percent of Revenues	57%	57%	57%	58%	60%	57%	57%	57%	57%	57%	57%	57%	57%	56%	57%	57%	57%	58%	57%	57%
Gross Margin	1,767	1,774	1,860	1,634	1,608	1,723	1,718	1,612	1,856	2,076	2,367	2,284	2,192	2,271	2,632	2,369	7,035	6,660	8,583	9,464
Percent of Revenues	42.6%	43.1%	42.5%	42.0%	40.3%	42.5%	42.5%	42.6%	42.8%	42.8%	42.9%	42.8%	43.2%	43.6%	43.5%	43.4%	42.6%	42.0%	42.8%	43.4%
Incremental Margin	91%	NM	33%	NM	-26%	194%	NM	NM	44%	43%	43%	NM	NM	57%	43%	NM	46%	NM	46%	50%
Total Opex	1,110	1,065	1,048	1,103	1,068	1,055	1,074	1,063	1,088	1,112	1,144	1,135	1,143	1,149	1,189	1,173	4,326	4,259	4,480	4,654
Percent of Revenues	26.7%	25.9%	23.9%	28.4%	26.8%	26.1%	26.6%	28.1%	25.1%	22.9%	20.7%	21.3%	22.5%	22.0%	19.6%	21.5%	26.2%	26.8%	22.4%	21.3%
R&D	744	723	700	742	728	728	748	748	748	748	748	748	768	768	768	780	2,910	2,953	2,993	3,084
Percent of Revenues	17.9%	17.6%	16.0%	19.1%	18.3%	18.0%	18.5%	19.8%	17.3%	15.4%	13.6%	14.0%	15.1%	14.7%	12.7%	14.3%	17.6%	18.6%	14.9%	14.1%
General & administrative	156	143	134	136	136	136	136	136	136	136	136	136	136	136	136	136	569	545	545	545
Percent of Revenues	3.7%	3.5%	3.1%	3.5%	3.4%	3.4%	3.4%	3.6%	3.1%	2.8%	2.5%	2.6%	2.7%	2.6%	2.3%	2.5%	3.4%	3.4%	2.7%	2.5%
Selling & marketing	210	199	213	225	203	190	190	178	204	228	259	251	239	245	285	257	847	762	942	1,025
Percent of Revenues	5.1%	4.8%	4.9%	5.8%	5.1%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	5.1%	4.8%	4.7%	4.7%
Operating Income	657	709	812	531	540	668	644	550	768	964	1,223	1,149	1,049	1,122	1,443	1,196	2,709	2,401	4,103	4,810
Percent of Revenues	15.8%	17.2%	18.6%	13.7%	13.5%	16.5%	15.9%	14.5%	17.7%	19.9%	22.2%	21.5%	20.7%	21.5%	23.8%	21.9%	16.4%	15.1%	20.5%	22.1%
Change vs Year Ago	25.7%	38.7%	7.8%	-20.1%	-17.9%	-5.7%	-20.8%	3.5%	42.2%	44.3%	90.0%	109.0%	36.7%	16.4%	18.0%	4.2%	10%	-11%	71%	17%
Total Non-operating Income(Lost)	71	69	69	65	42	59	58	57	57	57	57	57	57	57	57	57	273	216	230	230
Profit Before Taxes	728	777	881	596	582	727	702	607	825	1,021	1,280	1,206	1,106	1,179	1,501	1,254	2,982	2,617	4,333	5,040
Percent of Revenues	18%	19%	20%	15%	15%	18%	17%	16%	19%	21%	23%	23%	22%	23%	25%	23%	18%	16%	22%	23%
Taxes	64	75	66	51	53	65	63	55	74	92	115	109	100	106	135	113	256	236	390	454
Tax Rate	8.8%	9.6%	7.4%	8.6%	9.1%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	8.6%	9.0%	9.0%	9.0%
Net Income, Cont Ops	664	702	816	544	529	661	638	552	751	929	1,165	1,097	1,007	1,073	1,366	1,141	2,727	2,381	3,943	4,586
Percent of Revenues	16%	17%	19%	14%	13%	16%	16%	15%	17%	19%	21%	21%	20%	21%	23%	21%	16%	15%	20%	21%
<b>Reported Income (TW GAAP)</b>	<b>664</b>	<b>702</b>	<b>816</b>	<b>544</b>	<b>529</b>	<b>661</b>	<b>638</b>	<b>552</b>	<b>751</b>	<b>929</b>	<b>1,165</b>	<b>1,097</b>	<b>1,007</b>	<b>1,073</b>	<b>1,366</b>	<b>1,141</b>	<b>2,727</b>	<b>2,381</b>	<b>3,943</b>	<b>4,586</b>
Percent of Revenues	16%	17%	19%	14%	13%	16%	16%	15%	17%	19%	21%	21%	20%	21%	23%	21%	16%	15%	20%	21%
Change vs Year Ago	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	-13%	66%	16%
<b>Reported EPS (NT\$, TW GAAP)</b>	<b>8.38</b>	<b>8.95</b>	<b>10.45</b>	<b>6.89</b>	<b>6.77</b>	<b>8.46</b>	<b>8.17</b>	<b>7.07</b>	<b>9.61</b>	<b>11.89</b>	<b>14.91</b>	<b>14.04</b>	<b>12.88</b>	<b>13.73</b>	<b>17.47</b>	<b>14.60</b>	<b>34.67</b>	<b>30.47</b>	<b>50.45</b>	<b>58.69</b>
Change vs Year Ago	16%	25%	9%	-20%	-19%	-5%	-22%	3%	42%	41%	82%	99%	34%	15%	17%	4%	7%	-12%	66%	16%

## Parade: Valuation Methodology

**We upgrade the stock to OW and raise our price target from NT\$530 to NT\$1000:** 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 rise from NT\$850 to NT\$1,600 and NT\$275 to NT\$520, respectively. We boost our intermediate growth rate from 9.0% to 11.9% to reflect growth driven by the chipset business.

Other key 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%

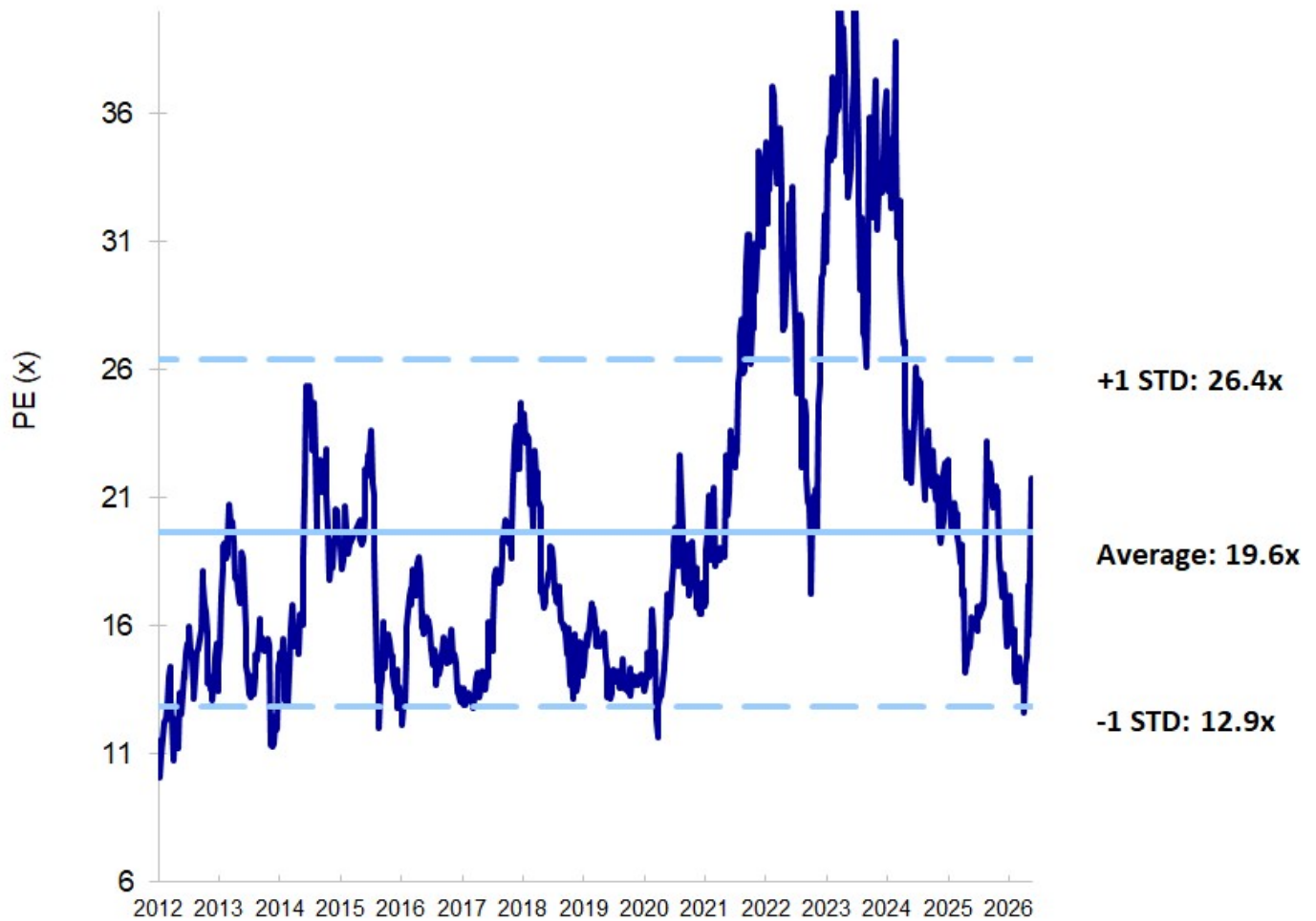
**Exhibit 3:** Parade: Residual income model

NT\$million	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Total Equity	23,120	25,881	28,510	31,333	34,492	38,029	41,987	46,416	51,374	56,923	63,133	70,083
Net Profit	2,381	3,943	4,586	5,133	5,745	6,430	7,196	8,054	9,014	10,088	11,291	12,637
ROAE	10.5%	16.1%	16.9%	17.2%	17.5%	17.7%	18.0%	18.2%	18.4%	18.6%	18.8%	19.0%
Residual Income	167	1,460	1,834	2,103	2,405	2,743	3,121	3,544	4,017	4,547	5,140	5,803
Spread	0.8%	6.3%	7.1%	7.4%	7.7%	8.0%	8.2%	8.4%	8.7%	8.9%	9.0%	9.2%
Ending Equity Capital	23,120											
PV of Forecast Period	17,333											
PV of Continuing Value	37,687											
<b>Equity Value</b>	<b>78,140</b>											
No. of Shares	78											
<b>Projected Price</b>	<b>1,000</b>											

# Parade: Relative Valuation

Parade stock is trading at 26x our new 2026 EPS estimate, which we consider attractive vs. the historical average of 19.6x since 2012, as we view the chipset business as a meaningful new growth driver.

**Exhibit 4:** Parade: Historical P/E



## Risk Reward – Parade Technologies Ltd (4966.TWO)

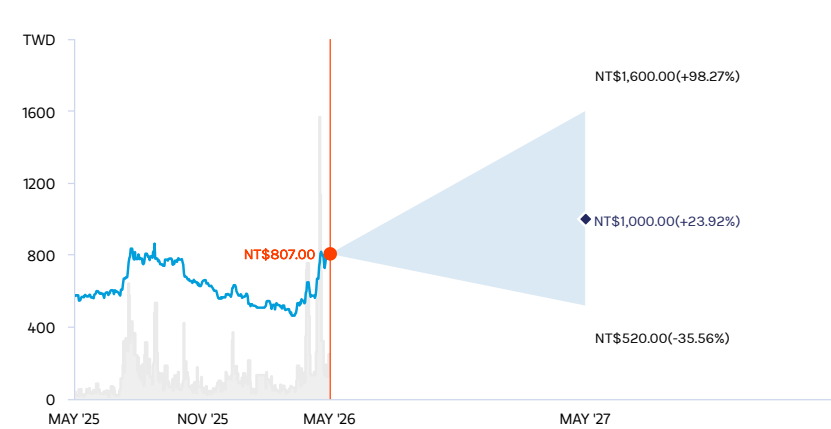
Share gain in chipset business; OW

### PRICE TARGET NT\$1,000.00

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 11.9%, and terminal growth rate of 4.0%.



### RISK REWARD CHART

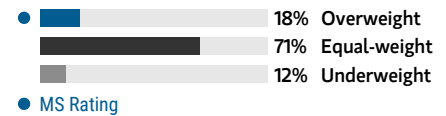


Key: — Historical Stock Performance      ● Current Stock Price      ◆ Price Target

### OVERWEIGHT THESIS

- Our OW rating reflects potential share gains in the ASIC-like business and better than feared 2H26 demand on NB (especially on Apple). We believe Parade could take some share in the chipset market, due mainly to better performance on power consumption.
- The PC market is likely to face strong headwinds amid a shortage of memory chips, which would be more apparent in 2H26. Parade now has 90% revenue exposure to PCs.
- For DisplayPort, low-end panel price competition should get worse before it gets better; the 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.

### Consensus Rating Distribution



### Risk Reward Themes

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

View descriptions of Risk Rewards Themes [here](#)

#### BULL CASE

NT\$1,600.00

53x 2026e P/E

We expect: 1) significant share gain in the chipset market; 2) T-Con sales to grow 20% Y/Y in 2026; 3) high-speed interface to rise 30% in 2026; 4) overall gross margin of 50%+ in 2026-27; 5) Apple fails to make its in-house T-Con..

#### BASE CASE

NT\$1,000.00

33x 2026e P/E

We expect: 1) moderate share gain in the chipset market; 2) T-Con sales to drop 13% Y/Y in 2026; 3) high-speed interface to rise 7% in 2026; 4) overall gross margin of 42-43% in 2026-27; 5) Apple in-house T-Con event unlikely to occur in the next three years.

#### BEAR CASE

NT\$520.00

17x 2026e P/E

We expect: 1) no share gain in the chipset market; 2) T-Con sales to drop 20% Y/Y in 2026; 3) high-speed interface to drop 10% in 2026; 4) overall gross margin of ~40% in 2026-27; 5) Apple in-house T-Con event occurs.

## Risk Reward – Parade Technologies Ltd (4966.TWO)

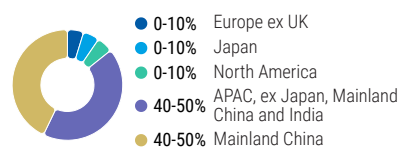
### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
T-Con revenue (NT\$, mn)	6,396	5,539	5,792	5,440
High speed interface revenue (NT\$, mn)	7,662	8,176	9,266	10,657
Driver IC revenue (NT\$, mn)	1,980	1,290	1,066	745
Touch IC revenue (NT\$, mn)	546	860	817	731

### INVESTMENT DRIVERS

- eDP Tcon shipments and spec upgrades
- Apple MacBook, iPad, and iMac shipments
- HDMI jitter cleaning shipments
- USB and PCI-e repeater shipments
- USB-C DP/HDMI shipments

### GLOBAL REVENUE EXPOSURE



View explanation of regional hierarchies [here](#)

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Faster-than-expected Apple product shipments and spec upgrades
- Faster-than-expected launch of next-gen server platform
- Easing of US tariffs

#### RISKS TO DOWNSIDE

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

### OWNERSHIP POSITIONING



### MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



◆ Mean ◆

# Parade: Financial Summary

Exhibit 5: Parade: Financial Summary

## Income Statement

NT\$m (Years End Dec )	2025	2026E	2027E	2028E
Net sales	16,531	15,865	20,041	21,808
COGS	(9,496)	(9,205)	(11,458)	(12,344)
Gross profit	7,035	6,660	8,583	9,464
Operating expenses	(4,326)	(4,259)	(4,480)	(4,654)
<b>Operating income</b>	<b>2,709</b>	<b>2,401</b>	<b>4,103</b>	<b>4,810</b>
Non-operating income	273	216	230	230
Pre-tax income	2,982	2,617	4,333	5,040
Income tax	256	236	390	454
<b>Reported net income</b>	<b>2,727</b>	<b>2,381</b>	<b>3,943</b>	<b>4,586</b>
Adj.wtd.avg.shrs(m)	80	78	78	78
<b>Reported EPS (NT\$)</b>	<b>34.67</b>	<b>30.47</b>	<b>50.45</b>	<b>58.69</b>

## Balance Sheet

NT\$m (Years End Dec )	2025	2026E	2027E	2028E
Cash	10,900	12,083	13,803	16,004
Mkt Securities	0	0	0	0
AR/INR	1,858	1,642	2,074	2,257
Inventory	3,622	3,686	4,588	4,943
Other	589	589	589	589
<b>Current Assets</b>	<b>16,969</b>	<b>18,001</b>	<b>21,055</b>	<b>23,793</b>
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
<b>Total Assets</b>	<b>25,956</b>	<b>26,998</b>	<b>30,062</b>	<b>32,811</b>
S/T borrowings	0	0	0	0
AP/INP	1,240	1,241	1,545	1,665
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
<b>Total Liabilities</b>	<b>3,877</b>	<b>3,878</b>	<b>4,181</b>	<b>4,301</b>
Additional capital	4,421	4,421	4,421	4,421
Retained earning	16,846	17,887	20,647	23,276
Other shareholders' equity	12	12	12	12
<b>Total Equity</b>	<b>22,080</b>	<b>23,120</b>	<b>25,881</b>	<b>28,510</b>
<b>Total Liab. &amp; Shrhldr's Equity</b>	<b>25,956</b>	<b>26,998</b>	<b>30,062</b>	<b>32,811</b>

E = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

## Cash Flow Statement

NT\$m (Years End Dec )	2025	2026E	2027E	2028E
<b>Cashflow from Operations</b>	<b>3,419</b>	<b>2,856</b>	<b>3,240</b>	<b>4,503</b>
Net profits	2,727	2,381	3,943	4,586
Depreciation	315	322	328	335
Working Capital Change	99	153	(1,031)	(418)
Other adjustments	279	0	0	0
<b>Cashflow from Investing</b>	<b>(308)</b>	<b>(332)</b>	<b>(338)</b>	<b>(345)</b>
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
<b>Cashflow from financing</b>	<b>(2,468)</b>	<b>(1,340)</b>	<b>(1,182)</b>	<b>(1,958)</b>
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)	(1,182)	(1,958)
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
<b>Net change in cash</b>	<b>368</b>	<b>1,184</b>	<b>1,720</b>	<b>2,201</b>

## Financial Ratios

	2025	2026E	2027E	2028E
<b>Growth(%)</b>				
Turnover	1.8	-4.0	26.3	8.8
Operating profits	10.5	-11.4	70.9	17.2
EPS	6.5	-12.1	65.6	16.3
<b>Margins (%)</b>				
Gross Margin	42.6	42.0	42.8	43.4
Operating Margin	16.4	15.1	20.5	22.1
Pretax Margin	18.0	16.5	21.6	23.1
Net Margin	16.5	15.0	19.7	21.0
<b>Return (%)</b>				
ROAE	12.3	10.5	16.1	16.9
ROAA	10.5	9.0	13.8	14.6
<b>Gearing (%)</b>				
Net Debt/Equity	(49.4)	(52.3)	(53.3)	(56.1)
Liabilities/Equity	17.6	16.8	16.2	15.1
<b>Ratios (X)</b>				
Current ratio	4.7	5.0	5.4	5.9
Quick ratio	3.5	3.8	4.0	4.5
<b>Others</b>				
AR/INR 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](#)