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Greater China Technology Hardware | Asia Pacific

ABF Substrates – AT&S announces capacity expansion in Malaysia

What's new? AT&S (ATSV.VI, not covered) announced that it had signed key terms with AMD and another major tech customer to add AI/HPC IC substrate capacity in Kulim, Malaysia. The company said the €1.5-2bn investment is fully supported and financed by long-term customer commitments, pending final execution.

Based on the terms, AT&S raised its FY26/27 guidance sharply:

- Currency-adj. rev growth to 45-55% from 30-35%;
- EBITDA margin to 32-37% from 25-29%;
- Capex €1-1.2bn from €0.4bn, with significantly positive op FCF.

Our thoughts: AT&S raising guidance for FY26/27 on the new capacity announcement implies it will come online by EoFY, or March 2027, as it appears AT&S is only adding new production lines at existing buildings at its Kulim site, instead of building a new production facility. This implies strong demand and does not derail our expectation of an ABF supply deficit from 2027 onwards, implying a positive readacross for Unimicron, NYPCB and ZDT. We are OW on all three stocks.

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Industry View	In-Line

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Valuation Methodology and Risks

Unimicron (3037.TW)

Base case, residual income (RI) valuation model, which we think derives the most accurate value of the firm given that it takes into account cost of equity. We use a cost of equity of 9.2% [risk-free rate of 1% (10-year Taiwan government note yield), equity risk premium of 8.7%, and a beta of 1.0], a medium-term growth rate of 15%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected ABF substrate demand from PC and server customers
- Capex cuts; halt to its capacity expansion plan
- Continued yield issues of alternative technology that doesn't require substrate (e.g., CoWoP)

Risks to Downside

- Sudden demand shortfall
- Technological change that would not require ABF substrates
- Intensifying competition
- Yield issues or production hiccups when ramping new capacity

Zhen Ding (4958.TW)

Base case, residual income model. Key assumptions include a cost of equity of 10%, a medium-term growth rate of 15% and a terminal growth rate of 3%.

Risks to Upside

- Higher-than-expected F-PCB content increase for iPhones
- Better-than-expected production yield/share allocation for SLP
- Share gains on higher margin F-PCB pieces

Risks to Downside

- Worse-than-expected iPhone sell-through
- Lower-than-expected F-PCB content increase for iPhones
- Worse-than-expected production yield/share allocation for SLP
- Increasing competition from Chinese peers, intensifying pricing pressure

Nan Ya PCB (8046.TW)

Base case, residual income (RI) valuation model, which we think derives the most accurate value of the firm given that it takes into account cost of equity. We use a cost of equity of 9.3% [risk-free rate of 1% (10-year Taiwan government note yield), equity risk premium of 8.7%, and a beta of 1.0], a medium-term growth rate of 17%, and a terminal growth rate of 3%.

Risks to Upside

- Better-than-expected ABF and BT demand
- Faster-than-expected pickup in AI and 5G demand
- Stronger-than-expected ASP hike

- Continued yield issues of alternative technology that doesn't require substrate (e.g. CoWoP)

Risks to Downside

- A sudden demand shortfall, creating headwinds for ABF substrate demand and pricing
- Technological change that would not require ABF substrates
- Intensifying competition

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(as of May 31, 2026)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

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.

Equal-weight (E). The stock's total return is expected to be in line with 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.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to 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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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

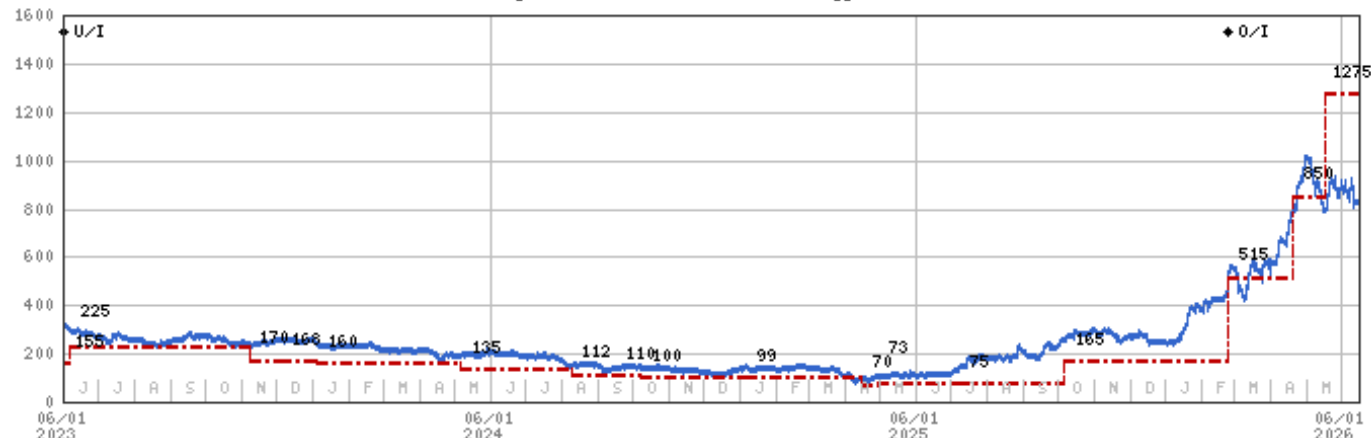
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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

Nan Ya PCB (8046.TW) - As of 06/15/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : NA/I; 10/22/21 : O/I; 6/1/22 : E/I; 12/21/22 : U/I; 2/23/26 : O/I

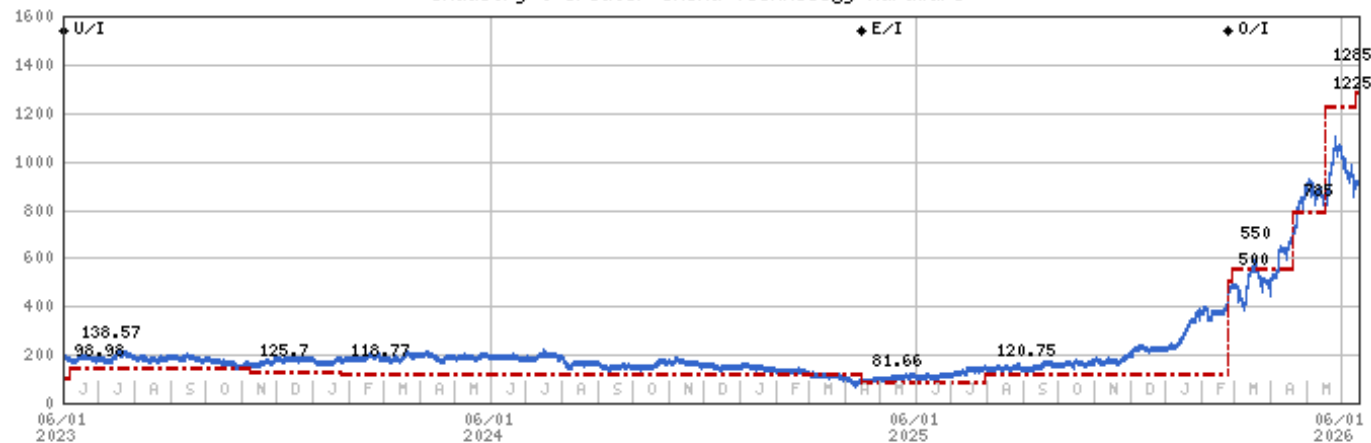
Price Target History: 10/22/21 : 580; 11/9/21 : 630; 2/9/22 : 650; 2/25/22 : 670; 6/1/22 : 420; 8/23/22 : 275; 10/27/22 : 235; 12/21/22 : 180; 2/2/23 : 165; 2/25/23 : 155; 6/7/23 : 225; 11/7/23 : 170; 12/4/23 : 168; 1/4/24 : 160; 5/7/24 : 135; 8/9/24 : 112; 9/15/24 : 110; 10/8/24 : 100; 1/6/25 : 99; 4/15/25 : 70; 4/29/25 : 73; 7/7/25 : 75; 10/6/25 : 165; 2/23/26 : 515; 4/20/26 : 850; 5/18/26 : 1275

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) —
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Unimicron (3037.TW) - As of 06/15/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : NA/I; 10/22/21 : O/I; 6/1/22 : E/I; 2/22/23 : U/I; 4/15/25 : E/I; 2/23/26 : O/I

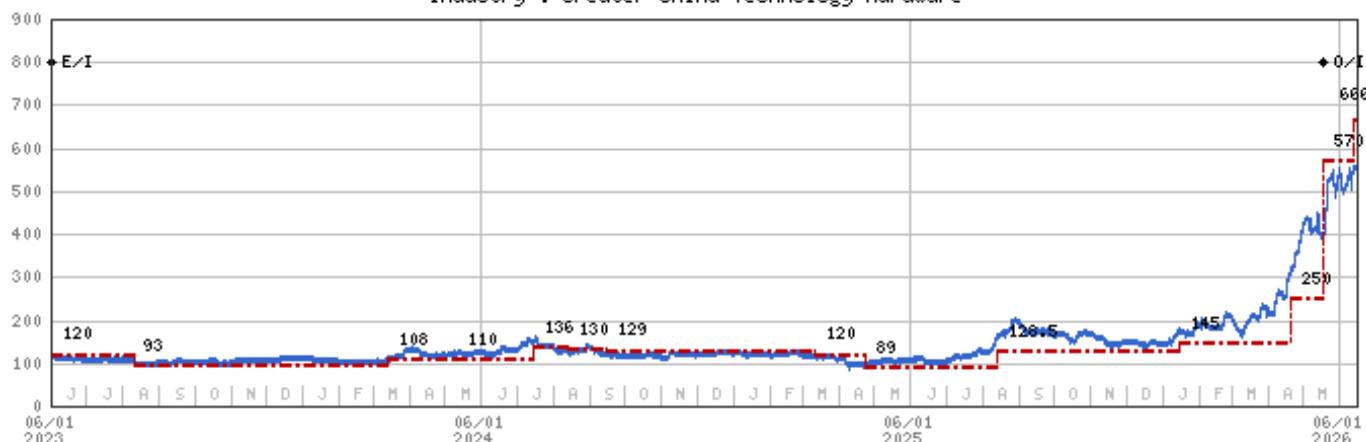
Price Target History: 10/22/21 : 188.06; 10/27/21 : 237.55; 2/9/22 : 267.24; 2/24/22 : 366.22; 6/1/22 : 237.55; 8/23/22 : 178.16; 10/27/22 : 133.62; 12/21/22 : 123.72; 2/2/23 : 116.79; 2/22/23 : 98.98; 6/7/23 : 138.57; 11/7/23 : 125.7; 1/24/24 : 118.77; 4/15/25 : 81.66; 7/30/25 : 120.75; 2/23/26 : 500; 2/26/26 : 550; 4/20/26 : 785; 5/18/26 : 1225; 6/12/26 : 1285

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) —
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Zhen Ding (4958.TW) - As of 06/15/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : U/I; 8/2/22 : E/I; 5/18/26 : 0/I

Price Target History: 3/30/21 : 105; 8/2/22 : 124; 11/4/22 : 126; 3/14/23 : 120; 8/10/23 : 93; 3/13/24 : 108; 5/11/24 : 110; 7/15/24 : 136; 8/13/24 : 130; 9/15/24 : 129; 3/12/25 : 120; 4/23/25 : 89; 8/13/25 : 128.5; 1/16/26 : 145; 4/20/26 : 250; 5/18/26 : 570; 6/12/26 : 666

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) —
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/12/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK\$42.92
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb204.97
BYD Electronics (0285.HK)	O (04/28/2023)	HK\$24.78
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.40
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb15.95
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb506.46
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT\$662.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.96
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb30.24
Largan Precision (3008.TW)	E (10/17/2025)	NT\$4,020.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.86
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb8.70
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK\$8.13
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb55.50
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK\$38.58
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb53.67
Sunny Optical (2382.HK)	E (03/23/2026)	HK\$71.55
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb280.95
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.36
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK\$26.20
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb436.50
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK\$226.60
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb117.30
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb32.39
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,149.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK\$26.00

ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb36.35
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT\$2,335.00
Advantech (2395.TW)	O (01/20/2021)	NT\$473.00
AirTAC International (1590.TW)	O (04/16/2025)	NT\$1,290.00
AU Optronics (2409.TW)	E (02/10/2026)	NT\$23.50
Bizlink (3665.TW)	O (03/10/2025)	NT\$2,310.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.57
Chenbro (8210.TW)	O (07/23/2025)	NT\$1,475.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT\$2,295.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT\$196.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT\$64.40
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT\$323.50
Innolux (3481.TW)	E (04/07/2025)	NT\$48.55
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT\$6,910.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb41.14
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT\$91.30
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb13.92
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.55
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb7.51
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb196.30
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT\$36.70
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT\$785.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT\$36.35
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK\$7.36
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT\$342.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT\$1,320.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb57.86
Lenovo (0992.HK)	E (11/16/2025)	HK\$22.34
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT\$2,240.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT\$819.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT\$93.10
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT\$372.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb151.28
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb379.50
Unimicron (3037.TW)	O (02/23/2026)	NT\$902.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT\$156.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT\$4,850.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT\$855.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT\$552.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT\$2,405.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT\$1,055.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT\$205.50
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT\$2,215.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT\$1,825.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb70.13
Foxconn Technology (2354.TW)	U (04/23/2025)	NT\$57.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb23.01
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT\$260.50
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT\$2,195.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb14.01
Lite-On Technology (2301.TW)	E (01/15/2025)	NT\$217.00
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb63.76

Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT\$144.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT\$238.50
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT\$352.00

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