July 12, 2026 08:06 PM GMT

Nanya Technology Corp. | Asia Pacific

Niche DRAM Upcycle May Extend to 2028; OW

WHAT'S CHANGED

	From	To
Nanya Technology Corp. (2408.TW)		
Price Target	NT$550.00	**NT$580.00**

Reaction to earnings

Unchanged
Impact to our thesis

— In-line
Financial results versus consensus

↑ Modest revision higher
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

2Q26 beat on pricing-led margin expansion, with AI demand and memory shortages supporting further upside into 2H. We expect 3Q revenue to be up at least 25% Q/Q; US$16bn capex adds to 2027-29 capacity and shipment growth.

2Q26 results in-line (Exhibit 8 **):** EPS came in at NT$14.66, +81% Q/Q and 15% above consensus. Revenue grew +68% Q/Q and +684% Y/Y, beating MSe/Street by 4%/18%, on a 60%+ Q/Q ASP increase while shipments were flat Q/Q. AI infrastructure and server-related sales contributed 20-30% of 2Q revenue. Gross margin rose 12ppt Q/Q to 79.5%, 1.7ppt/3.7ppt above MSe/Street, due to price hikes.

Pricing trending up into 2H; not worried about oversupply even into 2028: 3Q26 pricing and profitability should trend up, and 4Q might follow a similar pattern. We expect at least +25% Q/Q revenue in 3Q. Management remains optimistic that a structural shift is intensifying memory shortages and fostering diverse AI innovations (i.e., agentic AI, edge AI, physical AI). Beyond GPUs, CPUs and ASICs driving robust demand for HBM, LPDDR5 and DDR5, AI infrastructure is accelerating adoption of higher-content, higher-performance DRAM in eSSDs, SmartNICs and BMCs. For non-AI demand, management sees continued shipment impact from memory capacity constraints, skewing the mix toward high-end models.

Announcing US$16bn capex spend for 45kwpm capacity expansion during 2027-29: NTC will finish new fab construction this year, start equipment pull in in 1Q27, and build capacity steadily through 2029. Of capex, 80% will be WFE. EUV will be implemented in 2028, potentially for 1C/1D/1E, depending on final arrangements. Besides DDR4/DDR5 and LP products, customized AI/WoW products and AI infrastructure solutions are included in the new fab plan.

Stay OW; raise price target to NT$580: We factor 2027-28e capacity planning into our model and raise NTC's price target to reflect added shipment upside. This implies 5.1x 2027e P/E, which we view as justifiable vs. global peers now trading at 5.1x (Exhibit 7), as we see DDR4 remaining in severe shortage and NTC having LTAs to support future growth. Valuation has returned to an attractive 3.9x 2027e EPS vs. a 2025-28e EPS CAGR of 216%.

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Nanya Technology Corp. (2408.TW, 2408 TT)

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$580.00
Up/downside to price target (%)	33
Shr price, close (Jul 9, 2026)	NT$435.50
52-Week Range	NT$505.00-40.20
Sh out, dil, curr (mn)	3,082
Mkt cap, curr (mn)	NT$1,342,253
EV, curr (mn)	NT$1,297,802
Avg daily trading value (mn)	NT$22,400

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	2.36	62.13	112.32	74.33
Prior EPS (NT$)**	-	65.56	93.08	50.89
EPS (NT$)§	1.95	54.17	74.74	66.30
Revenue, net (NT$ mn)	66,587	348,048	638,966	518,763
EBITDA (NT$ mn)	20,285	267,364	496,607	335,402
ModelWare net inc (NT $ mn)	7,373	209,579	384,461	254,439
P/BV	3.5	3.5	1.7	1.3
RNOA (%)	4.3	168.1	68.8	34.8
ROE (%)	4.5	123.0	102.1	33.4
EV/EBITDA	26.9	5.7	2.7	2.7
Div yld (%)	0.0	0.0	0.0	0.0
FCF yld ratio (%)**	2.4	(16.5)	14.3	28.6
Leverage (EOP) (%)	(26.2)	51.6	(2.6)	(44.0)

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

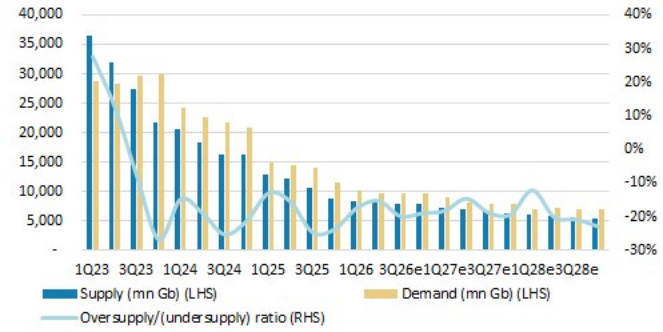
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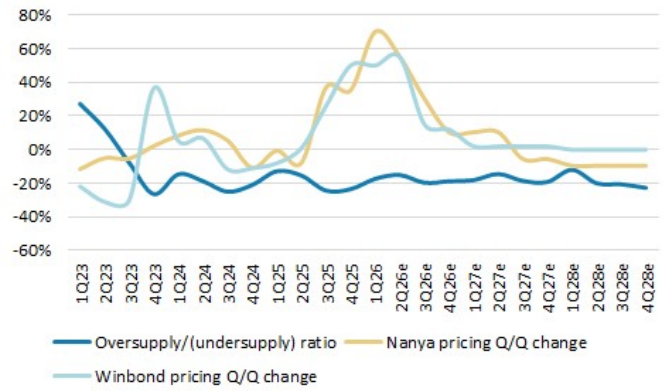
Key Charts and Exhibits

Exhibit 1: DDR4 quarterly supply and demand summary



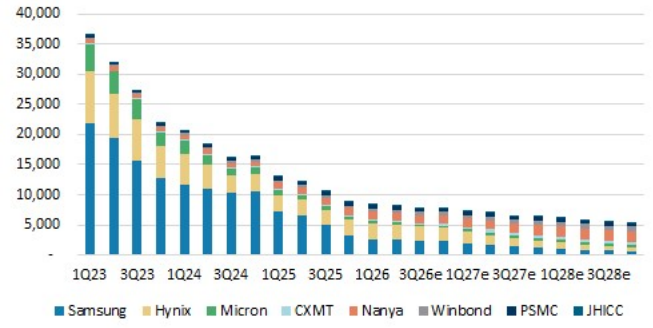
Source: Company data, IDC, Morgan Stanley Research (e) estimates

Exhibit 2: Quarterly oversupply/undersupply ratio vs. Nanya and Winbond pricing Q/Q change



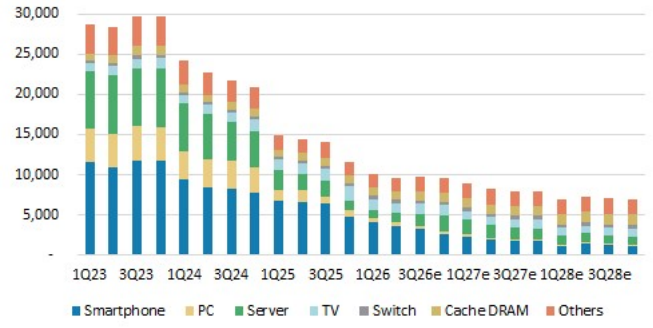
Source: Company data, IDC, Morgan Stanley Research (e) estimates

Exhibit 3: Quarterly supply breakdown (mn Gb)



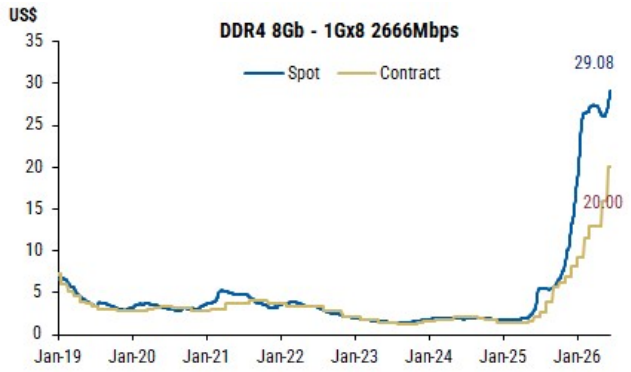
Source: Company data, Morgan Stanley Research (e) estimates

Exhibit 4: Quarterly demand breakdown by product (mn Gb)



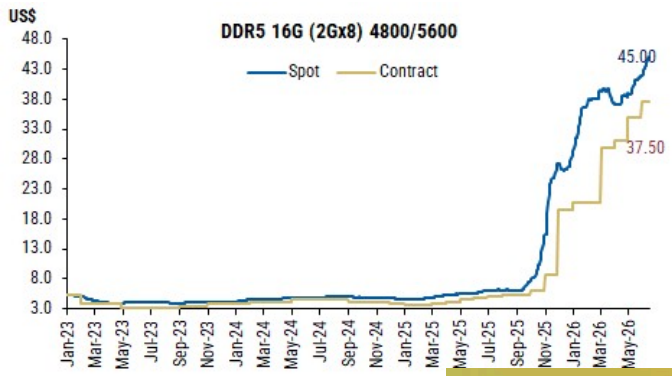
Source: IDC, Morgan Stanley Research (e) estimates

Exhibit 5: DDR4 8Gb (1Gx8) pricing chart



Source: DRAMeXchange, Morgan Stanley Research. Data as of Jun 2026.

Exhibit 6: DDR5 16Gb (2Gx8) pricing chart



Source: DRAMeXchange, Morgan Stanley Research. Data as of Jun 20

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Exhibit 7:

Global DRAM Valuation Comp Table

Ticker	Company	Rating	Price Target (LC)	Market Cap (US$mn)	EPS (Local Dollar) 2025	2026e	2027e	2028e	P/E (X) 2025e	2026e	2027e	2028e
2408.TW	Nanya Tech	O	580.0	46,656	2.4	62.1	112.3	74.3	184.5	7.0	3.9	5.9
Global/Greater China IDM Player												
000660.KS	SK Hynix	O	2,600,000.00	1,028,078	59,982.2	323,067.9	474,207.7	507,063.6	36.4	6.8	4.6	4.3
005930.KS	Samsung Electronics	O	381,000.00	1,201,299	6,605.0	46,484.6	65,584.2	66,110.0	42.1	6.0	4.2	4.2
MU.O	Micron	O	1,200.00	1,119,948	8.3	73.0	152.8	166.5	119.6	13.6	6.5	6.0
2344.TW	Winbond	O	288.00	24,662	0.9	20.9	35.9	44.7	200.6	8.4	4.9	3.9
Average									**99.7**	**8.7**	**5.1**	**4.6**
Greater China DRAM Player												
603986.SS	GigaDevice	O	888.00	68,476	2.5	9.7	12.5	14.0	268.6	68.5	53.0	47.3
6770.TW	PSMC	O	111.00	10,296	- 1.9	5.5	4.9	7.4	NM	12.9	14.6	9.5
6531.TW	AP Memory	O	1,555.00	4,662	7.7	17.8	28.0	52.9	119.4	51.8	32.9	17.4
Average									**194.0**	**44.4**	**33.5**	**24.7**

Source: Company data, Factset, Morgan Stanley Research estimates

2Q26 Results and 3Q26 Preview

2Q results review:

- Bit shipment flat Q/Q
- ASP up over 60% Q/Q
- NTD/USD flat Q/Q

Exhibit 8: 2Q results review

NT$ mn	Actual 2Q26	Q/Q	Y/Y	Old 2Q26e	Diff.	Consensus	Diff.
Net sales	82,549	68%	684%	79,416	4%	69,688	18%
Gross profit	65,619	97%		61,781	6%	52,841	24%
Operating profit	60,826	102%		57,794	5%	50,309	21%
Pretax Income	62,329	97%		58,813	6%	47,757	31%
Net income	50,191	93%		47,302	6%	40,481	24%
EPS (NT$)	**14.66**			**14.67**	**0%**	**12.71**	**15%**
Margins							
Gross margin	79.5%			77.8%		75.8%	
Operating margin	73.7%			72.8%		72.2%	
Pretax margin	75.5%			74.1%		68.5%	
Net margin	60.8%			59.6%		58.1%	

Source: Company data, Bloomberg, Morgan Stanley Research estimates

Exhibit 9: 3Q results preview

NT$ mn	New 3Q26e	Q/Q	Y/Y	Old 3Q26e	Diff.	Consensus	Diff.
Net sales	103,012	25%	449%	105,308	-2%	75,513	36%
Gross profit	84,167	28%		85,708	-2%	57,907	45%
Operating profit	78,173	29%		80,927	-3%	55,646	40%
Pretax Income	79,193	27%		81,947	-3%	51,930	52%
Net income	61,201	22%		63,329	-3%	44,363	38%
EPS (NT$)	**17.88**			**19.64**		**13.77**	
Margins							
Gross margin	81.7%			81.4%		76.7%	
Operating margin	75.9%			76.8%		73.7%	
Pretax margin	76.9%			77.8%		68.8%	
Net margin	59.4%			60.1%		58.7%	

Source: Company data, Bloomberg, Morgan Stanley Research estimates

Estimate Revisions and Quarterly Financials

We slightly cut our 2026e EPS by 5% and raise our EPS estimates by 21% for 2027 and 46% for 2028. The decrease in 2026 EPS was mainly from new share issuance and higher R&D investment. DDR4 pricing is likely to remain elevated into 1H27, as the supply-demand gap will be difficult to close by then. We factor 2027–28e capacity planning into the model, which is around 30kwpm of capacity.

Exhibit 10: Nanya Tech: Estimate revisions

NT$ mn	New '26E	Old '26E	Diff.	New '27E	Old '27E	Diff.	New '28E	Old '28E	Diff.
Net sales	348,048	349,737	0%	638,966	524,965	22%	518,763	369,398	40%
Gross profit	275,802	275,271	0%	520,060	411,790	26%	360,346	231,930	55%
Operating profit	255,102	257,966	-1%	473,137	368,367	28%	310,712	198,868	56%
Pretax Income	260,265	262,646	-1%	477,413	372,644	28%	315,001	203,156	55%
Net income	209,579	211,423	-1%	384,461	300,154	28%	254,439	164,103	55%
EPS (NT$)	**62.13**	**65.56**	**-5%**	**112.32**	**93.08**	**21%**	**74.33**	**50.89**	**46%**
Margins									
Gross margin	79.2%	78.7%		81.4%	78.4%		69.5%	62.8%	
Operating margin	73.3%	73.8%		74.0%	70.2%		59.9%	53.8%	
Pretax margin	74.8%	75.1%		74.7%	71.0%		60.7%	55.0%	
Net margin	60.2%	60.5%		60.2%	57.2%		49.0%	44.4%	

Source: Morgan Stanley Research (E) estimates

Exhibit 11: Nanya Tech: Quarterly financials

YE Dec 31													
NT$ in million	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2024	2025	2026e	2027e	2028e
Total Revenues	**49,087**	**82,549**	**103,012**	**113,400**	**144,906**	**169,573**	**168,978**	**155,509**	**34,132**	**66,587**	**348,048**	**638,966**	**518,763**
Sequential Change	*63.1%*	*68.2%*	*24.8%*	*10.1%*	*27.8%*	*17.0%*	*-0.4%*	*-8.0%*					
Change vs Year Ago	*582.9%*	*684.2%*	*448.6%*	*276.8%*	*195.2%*	*105.4%*	*64.0%*	*37.1%*	*14.2%*	*95.1%*	*422.7%*	*83.6%*	*-18.8%*
Cost of Sales	(15,771)	(16,930)	(18,845)	(20,700)	(22,758)	(25,334)	(28,034)	(42,779)	(32,292)	(50,841)	(72,245)	(118,906)	(158,416)
Percent of Revenues	*32.1%*	*20.5%*	*18.3%*	*18.3%*	*15.7%*	*14.9%*	*16.6%*	*27.5%*	*94.6%*	*76.4%*	*20.8%*	*18.6%*	*30.5%*
Variable costs	(12,874)	(13,926)	(15,779)	(17,404)	(19,877)	(22,453)	(25,153)	(27,953)	(18,408)	(37,321)	(59,984)	(95,436)	(133,726)
as a % of revenue	*26.2%*	*16.9%*	*15.3%*	*15.3%*	*13.7%*	*13.2%*	*14.9%*	*18.0%*	*53.9%*	*56.0%*	*17.2%*	*14.9%*	*25.8%*
Dep. & Amort. expense	(2,897)	(3,004)	(3,065)	(3,295)	(2,882)	(2,882)	(2,882)	(14,825)	(13,883)	(13,520)	(12,262)	(23,470)	(24,690)
as a % of COGS	*18.4%*	*17.7%*	*16.3%*	*15.9%*	*12.7%*	*11.4%*	*10.3%*	*34.7%*	*43.0%*	*26.6%*	*17.0%*	*19.7%*	*15.6%*
as a % of revenue	*5.9%*	*3.6%*	*3.0%*	*2.9%*	*2.0%*	*1.7%*	*1.7%*	*9.5%*	*40.7%*	*20.3%*	*3.5%*	*3.7%*	*4.8%*
Gross Margin	**33,316**	**65,619**	**84,167**	**92,700**	**122,148**	**144,238**	**140,944**	**112,730**	**1,840**	**15,745**	**275,802**	**520,060**	**360,346**
Percent of Revenues	*67.9%*	*79.5%*	*81.7%*	*81.7%*	*84.3%*	*85.1%*	*83.4%*	*72.5%*	*5.4%*	*23.6%*	*79.2%*	*81.4%*	*69.5%*
Total Opex	(3,205)	(4,793)	(5,994)	(6,709)	(10,296)	(11,733)	(12,373)	(12,521)	(10,134)	(9,741)	(20,700)	(46,923)	(49,634)
Percent of Revenues	*6.5%*	*5.8%*	*5.8%*	*5.9%*	*7.1%*	*6.9%*	*7.3%*	*8.1%*	*29.7%*	*14.6%*	*5.9%*	*7.3%*	*9.6%*
R&D	(2,109)	(3,230)	(3,941)	(4,335)	(4,500)	(4,950)	(5,445)	(5,990)	(7,685)	(7,041)	(13,614)	(20,885)	(27,846)
Percent of Revenues	*4.3%*	*3.9%*	*3.8%*	*3.8%*	*3.1%*	*2.9%*	*3.2%*	*3.9%*	*22.5%*	*10.6%*	*3.9%*	*3.3%*	*5.4%*
Sales and Marketing	(347)	(304)	(380)	(418)	(1,449)	(1,696)	(1,690)	(1,555)	(665)	(832)	(1,449)	(6,390)	(6,225)
Percent of Revenues	*0.7%*	*0.4%*	*0.4%*	*0.4%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.9%*	*1.2%*	*0.4%*	*1.0%*	*1.2%*
General and Admin	(748)	(1,259)	(1,674)	(1,956)	(4,347)	(5,087)	(5,238)	(4,976)	(1,784)	(1,868)	(5,637)	(19,649)	(15,563)
Percent of Revenues	*1.5%*	*1.5%*	*1.6%*	*1.7%*	*3.0%*	*3.0%*	*3.1%*	*3.2%*	*5.2%*	*2.8%*	*1.6%*	*3.1%*	*3.0%*
Operating Income	**30,111**	**60,826**	**78,173**	**85,992**	**111,851**	**132,505**	**128,571**	**100,209**	**(8,294)**	**6,004**	**255,102**	**473,137**	**310,712**
Percent of Revenues	*61.3%*	*73.7%*	*75.9%*	*75.8%*	*77.2%*	*78.1%*	*76.1%*	*64.4%*	*-24.3%*	*9.0%*	*73.3%*	*74.0%*	*59.9%*
EBITDA	33,008	63,830	81,238	89,287	114,733	135,387	131,452	115,035	5,589	19,524	267,364	496,607	335,402
EBITDA margin	*67%*	*77%*	*79%*	*79%*	*79%*	*80%*	*78%*	*74%*	*16%*	*29%*	*77%*	*78%*	*65%*
Non-operating Income(Loss)	**1,607**	**1,503**	**1,020**	**1,034**	**1,070**	**1,070**	**1,070**	**1,067**	**3,998**	**2,639**	**5,163**	**4,277**	**4,288**
Profit Before Taxes	**31,718**	**62,329**	**79,193**	**87,025**	**112,921**	**133,575**	**129,641**	**101,276**	**(4,297)**	**8,643**	**260,265**	**477,413**	**315,001**
Percent of Revenues	*64.6%*	*75.5%*	*76.9%*	*76.7%*	*77.9%*	*78.8%*	*76.7%*	*65.1%*	*-12.6%*	*13.0%*	*74.8%*	*74.7%*	*60.7%*
Taxes	(5,660)	(12,138)	(17,992)	(14,896)	(20,150)	(26,013)	(29,454)	(17,336)	1,474	(1,269)	(50,686)	(92,952)	(60,562)
Tax Rate	*17.8%*	*19.5%*	*22.7%*	*17.1%*	*17.8%*	*19.5%*	*22.7%*	*17.1%*	*34.3%*	*14.7%*	*19.5%*	*19.5%*	*19.2%*
Reported Income (TW GAAP)	**26,058**	**50,191**	**61,201**	**72,129**	**92,771**	**107,563**	**100,187**	**83,941**	**(2,823)**	**7,373**	**209,579**	**384,461**	**254,439**
Percent of Revenues	*53.1%*	*60.8%*	*59.4%*	*63.6%*	*64.0%*	*63.4%*	*59.3%*	*54.0%*	*-8.3%*	*11.1%*	*60.2%*	*60.2%*	*49.0%*
Change vs Year Ago	*-1443%*	*-1324%*	*3815%*	*550%*	*256%*	*114%*	*64%*	*16%*	*-59%*	*-361%*	*2742%*	*83%*	*-34%*
Reported EPS (NT$, TW GAAP)	**8.08**	**14.66**	**17.88**	**21.07**	**27.10**	**31.42**	**29.27**	**24.52**	**(0.91)**	**2.36**	**62.13**	**112.32**	**74.33**
Sequential Change	*129%*	*81%*	*22%*	*18%*	*29%*	*16%*	*-7%*	*-16%*	*-59%*	*-359%*	*2531%*	*81%*	*-34%*
Book value per share									**53.3**	**54.6**	**111.6**	**222.3**	**296.7**

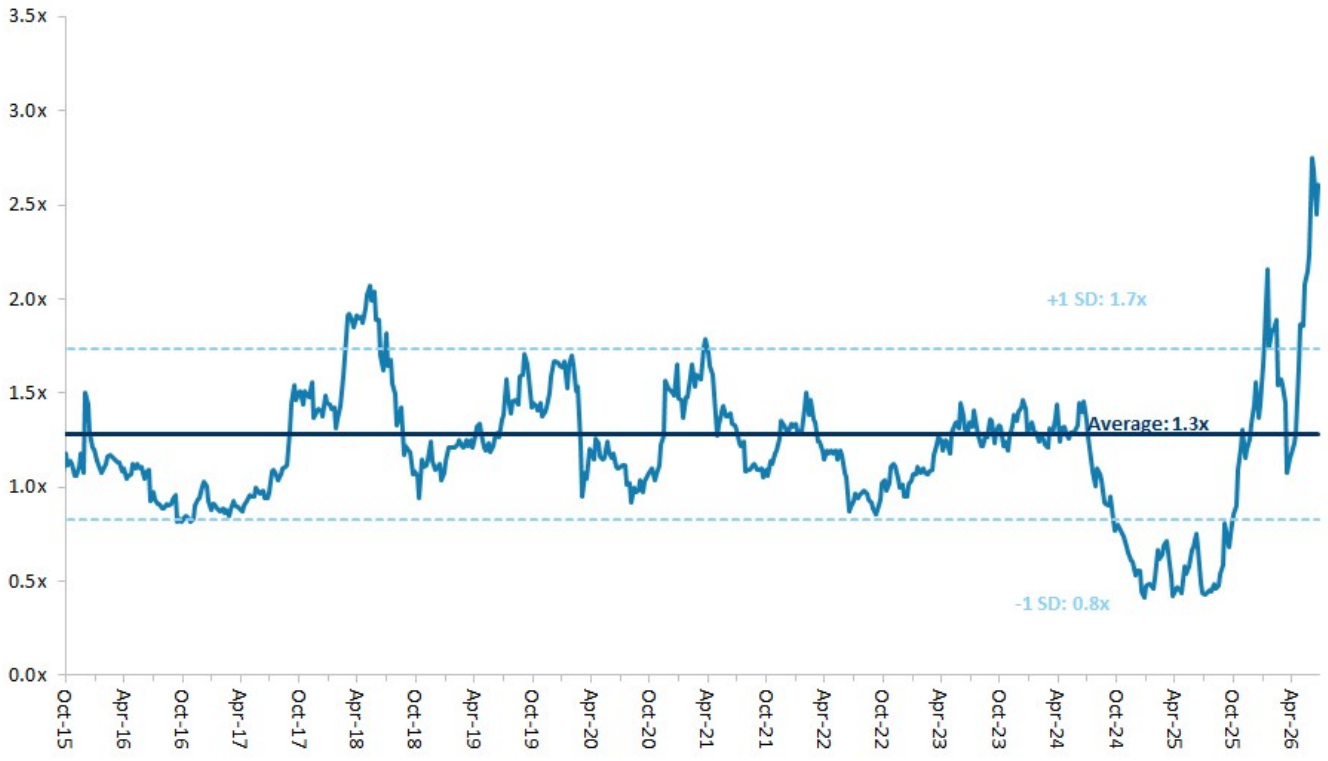
Source: Company data, Morgan Stanley Research (E) estimates

Valuation Methodology

We raise our price target (base-case scenario value) from NT$550.00 to NT$580.00: Our price target reflects BVPS multiples of 4.77x for 2026 and 2.36x for 2027 vs. ROE of 77% for 2026 and 68% for 2027. Looking at P/E level, this implies 5.1x 2027e P/E, which we view as justifiable vs. global peers now trading at 5.1x, as we see DDR4 remaining in severe shortage and NTC has LTAs to support future growth. Valuation has returned to an attractive 3.9x 2027e EPS vs. a 2025-28e EPS CAGR of 216%. We expect DDR4 pricing strength and LTAs to drive a re-rating.

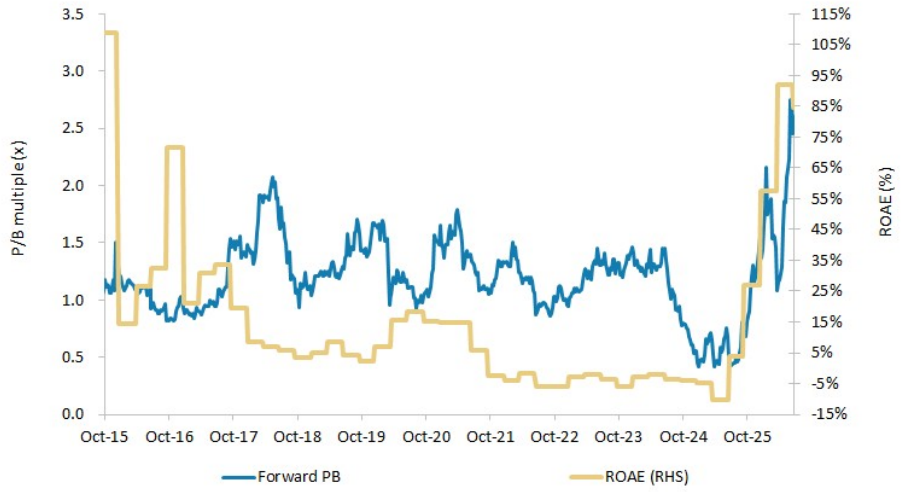
We raise our bull- and bear-case values from NT$1,160.00 and NT$305.00 to NT $1,230.00 and NT$320.00, respectively, implying 5.01x 2026e and 1.30x 2027e BVPS and 10.95x 2026e and 2.85x 2027e EPS.

Exhibit 12: Nanya Tech – Historical P/B band



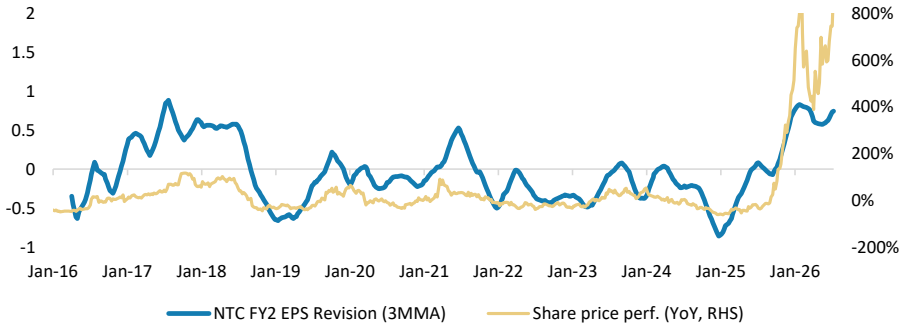
Source: Company data, Morgan Stanley Research estimates

Exhibit 13: Nanya Tech: Historical forward P/B vs ROE



Source: Company data, Morgan Stanley Research estimates

Exhibit 14: Nanya Tech: Earnings estimate revision breadth



Source: Company data, Morgan Stanley Research estimates

Risk Reward – Nanya Technology Corp. (2408.TW)

DDR4 S/D becoming more favorable; OW

PRICE TARGET NT$580.00

Base case, P/B. We expect the stock to trade at 4.77x for 2026 and 2.36x for 2027, and 1.77x 2028 BVPS, above its average since 2015. We think NTC will benefit from a supply-driven up-cycle as major memory players are exiting the DDR4 market. That should help NTC more than offset the competitive impact from CXMT in the near term.

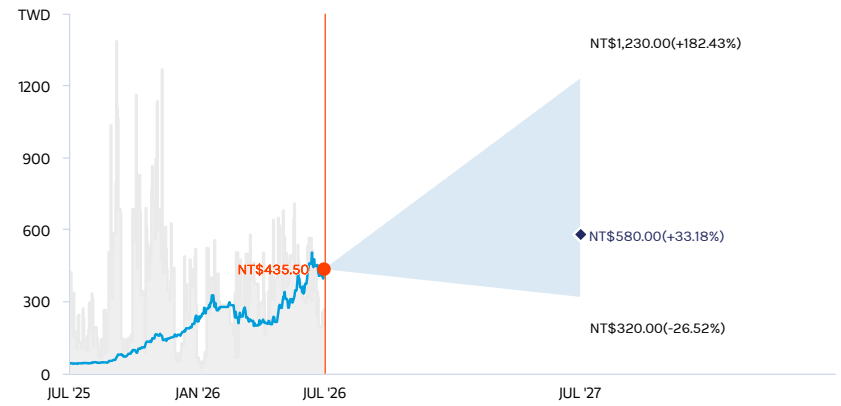
Consensus Price Target Distribution NT$150.00 — NT$455.56 — NT$720.00

MS PT

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



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

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Major memory suppliers are gradually exiting the DDR4 market, benefiting existing Taiwanese players, including Nanya Tech.
- We expect DDR4 shortage into 2H26 to help NTC more than offset the competitive impact from CXMT in 2026. The supply shortage appears set to widen into 2H26.
- Our price target reflects BVPS of 4.77x for 2026e and 2.36x for 2027e, and 1.77x 2028e BVPS.

Consensus Rating Distribution

87%	Overweight
7%	Equal-weight
7%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$1,230.00

10.95x 2026e BVPS

DRAM prices strong; faster-than-expected 1a/1b nm ramp; competition from Korea and China is a non-factor: DRAM pricing becomes very strong in 2026 thanks to production cuts and relief of inventory pressure. NTC's utilization rate returns to the 100% level. Korean and Chinese competitors all exit the consumer DRAM market.

BASE CASE NT$580.00

5.01x 2026e BVPS

Strong DRAM cycle: Major DRAM players now plan to exit the DDR4 market, which positions Taiwanese players to benefit. We expect price-hike momentum to continue through 2026, with widened supply shortage into 2H26.

BEAR CASE NT$320.00

2.85x 2026e BVPS

Specialty DRAM demand becomes weak in 2026 with intensifying Chinese competition: Nanya Tech could face more pressure from pricing and technological competition amid a weak cycle. Inventory remains at historical peak levels. SK hynix and Chinese DRAM competitors take all the market share in China. Nanya Tech's utilization rate falls to the 40% level.

Risk Reward – Nanya Technology Corp. (2408.TW)

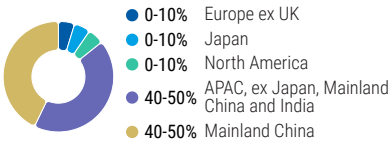
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
12" Wafers Out per quarter (000s)	825.0	820.0	932.5	1,112.5
Average Wafer Yield (%)	81.8	102.8	106.2	95.0
Total Die shipments - 2 gb equivalent (mn)	2,368.0	2,975.7	3,604.0	3,985.1

INVESTMENT DRIVERS

- Specialty DRAM pricing
- Monthly sales momentum
- Industry outlook reported by industry peers

GLOBAL REVENUE EXPOSURE



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

MS ALPHA MODELS

1/5 MOST — 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Sustained DRAM prices from more disciplined supply and stronger demand
- Stronger pricing environment, enabling revenue guidance to be beaten
- Faster-than-expected 1a/1b nm ramp-up progress

RISKS TO DOWNSIDE

- Slower-than-expected 1a/1b nm ramp-up
- Less demand for specialty DRAM from 4K2K TVs and smart set-top boxes

OWNERSHIP POSITIONING

Inst. Owners, % Active 51.9%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue (NT$, mn)	216,963	348,048 / 349,737	310,536
EBITDA (NT$, mn)	149,603	267,364 / 270,152	238,155
Net income (NT$, mn)	118,803	209,579 / 211,423	185,930
EPS (NT$)	38.34	62.13 / 65.56	54.17

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Nanya Tech: Financial Summary

Income Statement

NT$mn (Years End Dec)	2025	2026E	2027E	2028E
Net sales	66,587	348,048	638,966	518,763
COGS	(50,841)	(72,245)	(118,906)	(158,416)
Depreciation Expense	(13,520)	(12,262)	(23,470)	(24,690)
Variable Cost	(37,321)	(59,984)	(95,436)	(133,726)
Gross profit	15,745	275,802	520,060	360,346
Operating expenses	(9,741)	(20,700)	(46,923)	(49,634)
Operating income	**6,004**	**255,102**	**473,137**	**310,712**
Non-operating income	2,639	5,163	4,277	4,288
Pre-tax income	8,643	260,265	477,413	315,001
Income tax	(1,269)	(50,686)	(92,952)	(60,562)
Reported net Income	**7,373**	**209,579**	**384,461**	**254,439**
Adj.wtd.avg.shrs(m)	3,123	3,373	3,423	3,423
Reported EPS (NT$)	**2.36**	**62.13**	**112.32**	**74.33**
EPS for consensus (NT$)	**2.36**	**62.13**	**112.32**	**74.33**

Balance Sheet

NT$mn (Years End Dec)	2025	2026E	2027E	2028E
Cash	58,074	55,953	274,107	680,529
Mkt Securities	0	0	0	0
AR/NR	16,558	57,885	79,380	57,264
Inventory	27,288	393,853	540,103	389,625
Other	6,621	17,730	22,658	17,587
Current Assets	108,541	525,421	916,249	1,145,034
Long-term investments	5,904	7,583	8,538	9,492
Fixed assets	85,031	127,176	133,706	139,016
Other assets	8,977	5,145	5,145	5,145
Total Assets	**208,453**	**665,325**	**1,063,637**	**1,298,687**
S/T borrowings	5,060	240,000	245,000	225,000
AP/NP	6,481	8,272	17,095	17,704
Other ST liabilities	7,480	17,771	17,800	17,802
LT debt	14,196	17,796	17,796	17,796
Other LT liabilities	4,698	4,927	4,927	4,927
Total Liabilities	**37,914**	**288,767**	**302,619**	**283,230**
Common stocks	30,986	30,986	30,986	30,986
Preferred stocks	0	0	0	0
Capital Researve	33,081	33,168	33,168	33,168
Retained earning	106,333	312,267	696,727	951,166
Other shareholders' equity	0	0	0	0
Total Equity	170,538	376,558	761,018	1,015,457
Total Liab. & Shrhldr's Equity	**208,453**	**665,325**	**1,063,637**	**1,298,687**
BVPS	**54.61**	**111.62**	**222.32**	**296.66**

Cash Flow Statement

NT$mn (Years End	2025	2026E	2027E	2028E
Cashflow from C	**18,568**	**(189,589)**	**243,156**	**456,450**
Net profits	7,373	209,579	384,461	254,439
Depreciation	14,034	12,262	23,470	24,690
Working Capital C	5,697	(406,101)	(158,921)	173,202
Other adjustment	(8,536)	(5,328)	(5,855)	4,118
Cashflow from Ir	**(14,110)**	**(52,005)**	**(30,000)**	**(30,000)**
Capex	(13,441)	(52,000)	(30,000)	(30,000)
Change of LT Inv	(612)	0	0	0
Change of ST Inv	0	0	0	0
Other adjustment	(57)	(5)	0	0
Cashflow from fi	**(6,317)**	**238,453**	**4,999**	**(20,028)**
Increase in L/T de	(6,750)	3,600	0	0
Increase in S/T de	(9,477)	234,941	5,000	(20,000)
Cash Dividend Pa	0	0	(1)	(28)
Dir& Emp Bonus	(7,000)	0	0	0
Proceed fmNewIs	0	0	0	0
Other adjustment	16,909	(87)	0	0
Exchange rate ad	(1,970)	1,019	(0)	0
Net change in ca	**-3,829**	**-2,121**	**218,155**	**406,422**

Financial Ratios

	2025	2026E	2027E	2028E
Growth(%)				
Turnover	95.1	422.7	83.6	-18.8
Margins (%)				
Gross Margin	23.6	79.2	81.4	69.5
Operating Margin	9.0	73.3	74.0	59.9
EBITA Margin	-11.3	69.8	70.4	55.1
Pretax Margin	13.0	74.8	74.7	60.7
Net Profit	11.1	60.2	60.2	49.0
Return (%)				
ROAE	4.4	76.6	67.6	28.6
ROAA	3.6	48.0	44.5	21.5
Gearing (%)				
Net Debt/Equity	(22.7)	53.6	(1.5)	(43.1)
Liabilities/Equity	22.2	76.7	39.8	27.9
Ratios (X)				
Current ratio	5.7	2.0	3.3	4.4
Quick ratio	3.9	0.4	1.3	2.8
Others				
AR/NR Turnover	50	57	39	39
Inventory Turnove	337	172	221	267
AP Turnover (day	59	47	42	52
Cash Conversion	328	182	218	253

Source: Company data, TEJ, Morgan Stanley ResearchE= Morgan Stanley Research Estimates

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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(as of June 30, 2026)
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For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	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	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

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.

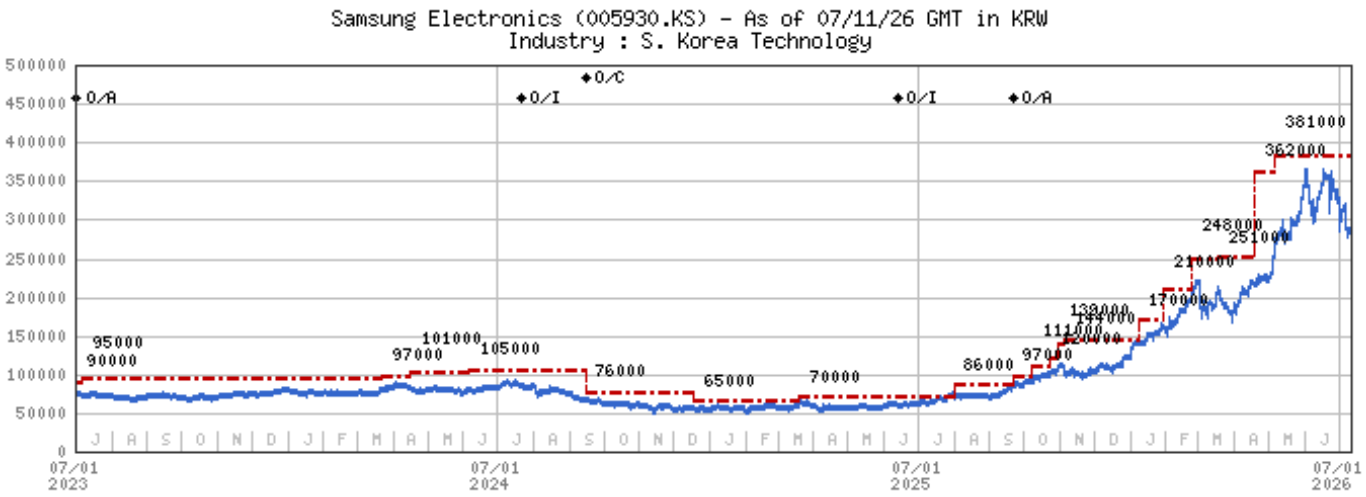
Analyst Stock Ratings

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.
Underweight (U). The stock's total return is expected to be below 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.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 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.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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



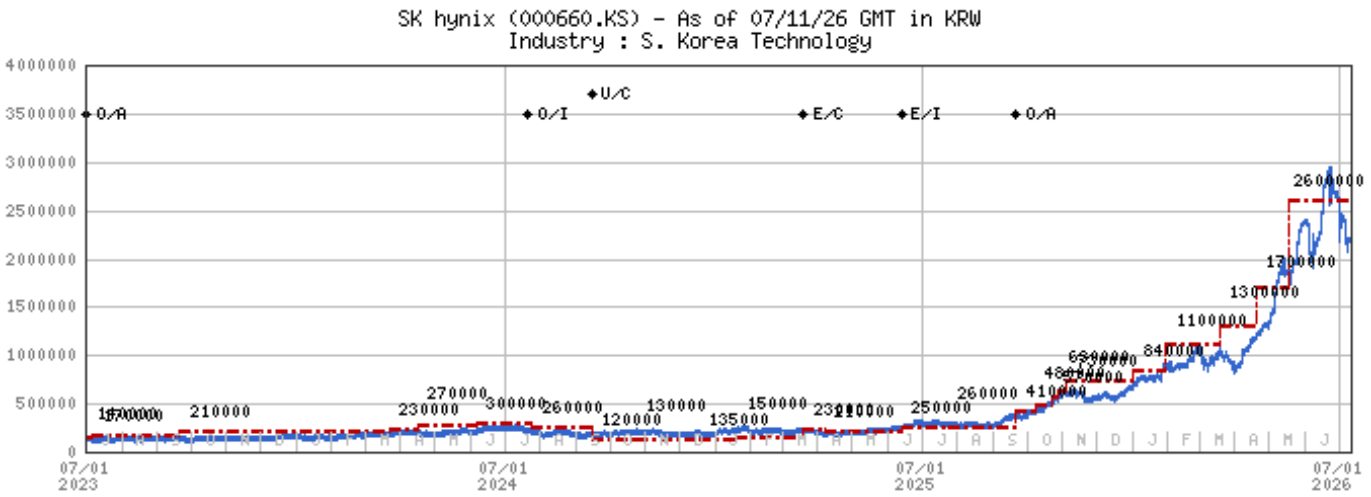
Stock Rating History: 7/1/21 : O/A; 7/19/21 : O/I; 8/12/21 : O/C; 10/4/22 : O/A; 7/21/24 : O/I; 9/15/24 : O/C; 6/13/25 : O/I; 9/21/25 : O/A

Price Target History: 6/8/21 : 98000; 8/12/21 : 89000; 9/15/21 : 95000; 12/3/21 : 97000; 3/18/22 : 95000; 4/28/22 : 85000; 6/10/22 : 80000; 7/5/22 : 75000; 7/22/22 : 70000; 9/17/22 : 68000; 3/21/23 : 70000; 5/30/23 : 90000; 7/7/23 : 95000; 3/22/24 : 97000; 4/16/24 : 101000; 6/6/24 : 105000; 9/15/24 : 76000; 12/18/24 : 65000; 3/19/25 : 70000; 8/1/25 : 86000; 9/21/25 : 97000; 10/8/25 : 111000; 10/23/25 : 120000; 10/30/25 : 139000; 11/5/25 : 144000; 1/8/26 : 170000; 1/30/26 : 210000; 2/24/26 : 248000; 3/18/26 : 251000; 4/19/26 : 362000; 5/6/26 : 381000

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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Stock Rating History: 7/1/21 : O/A; 7/19/21 : O/I; 8/12/21 : U/C; 12/3/21 : E/C; 2/11/22 : O/C; 7/22/22 : E/C; 10/4/22 : O/A; 7/21/24 : O/I; 9/15/24 : U/C; 3/19/25 : E/C; 6/13/25 : E/I; 9/21/25 : O/A

Price Target History: 6/8/21 : 156000; 8/12/21 : 80000; 9/15/21 : 88000; 12/3/21 : 110000; 12/23/21 : 125000; 1/24/22 : 130000; 1/28/22 : 136000; 2/11/22 : 155000; 3/18/22 : 150000; 4/27/22 : 130000; 6/10/22 : 120000; 7/5/22 : 110000; 7/22/22 : 105000; 10/4/22 : 130000; 12/7/22 : 120000; 3/21/23 : 110000; 5/30/23 : 140000; 7/7/23 : 170000; 9/21/23 : 210000; 3/22/24 : 230000; 4/16/24 : 270000; 6/6/24 : 300000; 7/25/24 : 260000; 9/15/24 : 120000; 10/24/24 : 130000; 12/18/24 : 135000; 1/20/25 : 150000; 3/19/25 : 230000; 4/7/25 : 210000; 6/13/25 : 250000; 7/24/25 : 260000; 9/21/25 : 410000; 10/8/25 : 480000; 10/23/25 : 570000; 10/29/25 : 630000; 11/5/25 : 730000; 1/2/26 : 840000; 1/30/26 : 1100000; 3/18/26 : 1300000; 4/19/26 : 1700000; 5/18/26 : 2600000

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 View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/10/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$103.00
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb434.51
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$136.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,210.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$677.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,400.00
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$4,340.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$1,350.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$496.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$185.50
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$482.20
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$308.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb94.69
MediaTek (2454.TW)	O (11/28/2025)	NT$3,925.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb909.35
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$435.50
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb801.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb103.21
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,220.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb124.25
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$523.00
SMIC (0981.HK)	O (10/21/2025)	HK$79.65
TSMC (2330.TW)	O (02/07/2022)	NT$2,415.00

UMC (2303.TW)	O (05/19/2026)	NT$156.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$173.00
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$406.00
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$187.90
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb79.10
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb112.40
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb44.51
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb353.00
Innoscience (2577.HK)	E (10/13/2025)	HK$52.75
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb101.11
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$31.64
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb141.78
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb123.81
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb85.83
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb30.36
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb118.67
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$922.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,480.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$13,665.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$110.50
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$183.50
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb123.77
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb612.00
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$143.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$350.40
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb268.06
Novatek (3034.TW)	U (02/04/2026)	NT$542.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$162.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$655.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$71.10
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$840.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb58.50
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$176.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$106.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$211.50
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb164.00
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb587.60
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,050.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$608.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$15.23
Hon Precision (7769.TW)	O (04/17/2026)	NT$6,660.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$7,080.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$326.35
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$7,765.00

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