Morgan Stanley | RESEARCH

UPDATE

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Lenovo | Asia Pacific

China BEST Conference 2026 Takeaways

Key Takeaways

- ISG revenue will continue to accelerate.
- PC demand is slowing in C2H.
- Net profit margin target is unchanged.

Lenovo continues to see strong demand from both general and AI servers: Cloud customers account for ~70% of revenue (neoclouds are grouped here), while ESMB is ~30%. Assuming no change in current forecast, 2QF27 revenue will continue to accelerate y/y, while margins can remain flat q/q. But if AI demand accelerates faster than expected, top-line growth would be stronger, while margins will decline.

Demand for general servers from enterprise remains strong, which will continue to drive margin expansion. Lenovo may be late to the GB300 market but believes it is aligned with leading suppliers on shipment timing for the VR200.

Lenovo reiterated guidance that PC volumes will decline 15-20% y/y in C2H26...

...but believes it can keep IDG OpM flat q/q at ~7% in 2QF27: Lenovo will continue to drive cost-down efforts to maintain margin against a backdrop of slowing demand.

Management maintains its near-term target of getting NPM to 5%: The longer-term target is to boost NPM to 5-8%.

MORGAN STANLEY TAIWAN LIMITED+

Howard Kao
Equity Analyst
Howard.Kao@morganstanley.com +886 2 2730-2989

Irene Yen
Equity Analyst
Irene.Yen@morganstanley.com +886 2 2730-2869

MORGAN STANLEY ASIA LIMITED+

Andy Meng, CFA
Equity Analyst
Andy.Meng@morganstanley.com +852 2239-7689

Lenovo (0992.HK, 992 HK)

Greater China Technology Hardware | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$46.00
Up/downside to price target (%)	34
Shr price, close (Sep 17, 2026)	HK$34.32
52-Week Range	HK$36.16-8.52
Sh out, dil, curr (mn)	12,015
Mkt cap, curr (mn)	US$52,578
EV, curr (mn)	US$51,085
Avg daily trading value (mn)	HK$1,777

Fiscal Year Ending	03/26	03/27e	03/28e	03/29e
EPS (US$)**	0.15	0.22	0.43	0.49
Prior EPS (US$)**	-	-	-	-
EPS (US$)§	0.13	0.25	0.40	0.50
Revenue, net (US$ mn)	83,075	116,015	136,386	148,515
EBITDA (US$ mn)	4,012	6,330	9,345	10,287
ModelWare net inc (US $ mn)	1,912	2,917	5,688	6,452
P/E	8.0	19.7	10.1	8.9
P/BV	1.9	5.7	4.0	3.3
RNOA (%)	23.3	65.3	87.0	91.0
ROE (%)	28.7	36.9	56.4	44.9
EV/EBITDA	3.4	7.9	4.9	4.2
Div yld (%)	6.4	2.4	3.6	7.0

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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Valuation Methodology and Risks

Lenovo (0992.HK)

Base case, residual income model. Our key assumptions include a cost of equity of 9.3% (based on a beta of 1.1, risk-free rate of 2.0%), a medium-term growth rate of 5.0%, and a terminal growth rate of 3.0%.

Risks to Upside

- Faster-than-expected smartphone and data center turnaround
- Stronger PC demand recovery in China
- Better cost savings and improved product mix
- Lower-than-expected increase in memory price

Risks to Downside

- Slower-than-expected smartphone and data center turnaround
- Weaker PC demand recovery in China
- Deterioration in cost savings and product mix
- Higher-than-expected increase in memory price

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(as of August 31, 2026)
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	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	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

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.

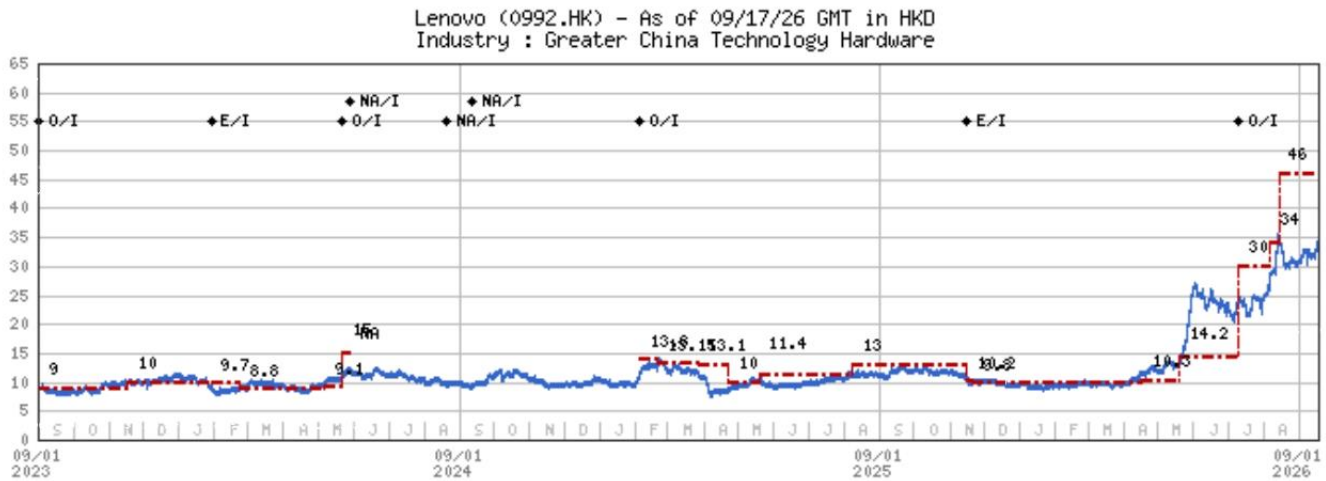
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Stock Price, Price Target and Rating History (See Rating Definitions)



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Price Target History: 8/12/21 : 9; 11/5/21 : 9.5; 2/21/22 : 9.8; 3/7/22 : 8.5; 5/24/22 : 7.5; 7/15/22 : 7.2; 8/10/22 : 7.6; 10/6/22 : 6.6; 11/3/22 : 6.7; 1/18/23 : 6.5; 2/20/23 : 6.4; 5/1/23 : 10.4; 5/25/23 : 10.3; 8/1/23 : 10; 8/18/23 : 9; 11/17/23 : 10; 1/29/24 : 9.7; 2/23/24 : 8.8; 5/6/24 : 9.1; 5/22/24 : 15; 5/28/24 : NA; 2/5/25 : 13.8; 2/20/25 : 13.15; 3/27/25 : 13.1; 4/23/25 : 10; 5/19/25 : 11.4; 8/8/25 : 13; 11/16/25 : 10.2; 11/21/25 : 9.8; 4/17/26 : 10.3; 5/19/26 : 14.2; 7/10/26 : 30; 8/7/26 : 34; 8/14/26 : 46

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$40.40
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb191.22
BYD Electronics (0285.HK)	O (04/28/2023)	HK$23.72
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.36
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb15.69
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb424.34
Genius Electronic Optical Co. Ltd. (3406.TW)	U (09/10/2026)	NT$965.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb22.28
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.32
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb32.45
Largan Precision (3008.TW)	E (09/10/2026)	NT$6,020.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb6.53
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.47
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$6.08
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$56.70
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb52.13
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb7.00
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$5.27
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb73.66
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$40.10
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb52.31
Sunny Optical (2382.HK)	E (03/23/2026)	HK$67.50
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb277.65
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.50

Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.14
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb467.03
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$184.40
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb109.76
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb24.57
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb896.00
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$1,150.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$22.44
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb31.87
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,800.00
Advantech (2395.TW)	O (01/20/2021)	NT$686.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,245.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,185.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,385.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,010.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.75
Chenbro (8210.TW)	O (07/23/2025)	NT$891.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,085.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,685.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$145.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$65.50
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,090.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$336.00
Innolux (3481.TW)	E (04/07/2025)	NT$48.50
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$12,295.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb33.44
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$278.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.83
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.55
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb204.77
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.40
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$948.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$208.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$37.40
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$4,695.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.21
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb61.27
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$355.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$950.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$250.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb69.81
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$46.62
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,720.00
Lenovo (0992.HK)	O (07/10/2026)	HK$34.32
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,555.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,065.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$90.40
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$344.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb146.03
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb383.68
Unimicron (3037.TW)	O (02/23/2026)	NT$940.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$534.00

Wistron Corporation (3231.TW)	O (07/12/2023)	NT$186.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$2,135.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$529.00
Zhen Ding (4958.TW)	++	NT$476.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$478.50
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,320.00

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