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Montage Technology Co Ltd | Asia Pacific

Demand set to further improve in 4Q

AlphaSignals Earnings Reaction

Strengthens our thesis	Modest upside	Modest revision higher
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Montage reported strong 3Q preliminary results, driven by continued strong server CPU demand, due to the rapid development of AI inference and AI agentic applications.

Strong 3Q preliminary results: Montage reported mid-point preliminary 3Q revenue of Rmb2,079mn, +11% Q/Q, +46% Y/Y, 5% above MSe; mid-point preliminary 3Q net profit of Rmb1,250mn, +9% Q/Q, +164% Y/Y, 24% above MSe; the relatively mild Q/Q growth is due to 2Q net profit being inflated by non-recurring items, such as investment gains, fair value changes. 3Q mid-point adjusted net profit excluding non-recurring items was Rmb1,000mn, +39% Q/Q, +166% Y/Y. 3Q interconnect chips mid-point gross margin was 68.25%. 3Q results were driven by a continued increase in the product mix of gen 3/4/5 DDR5 RCD chips. Management expects interconnect demand to further strengthen in 4Q.

Maintain OW: We believe Montage is well positioned to benefit from expanding AI demand, driven by inference and agentic tasks through memory interface chips. We also see it as a unique proxy to benefit from China's AI server market through its PCIe business.

MORGAN STANLEY TAIWAN LIMITED+

Daniel Yen, CFA
Equity Analyst
Daniel.Yen@morganstanley.com +886 2 2730-2863

Charlie Chan
Equity Analyst
Charlie.Chan@morganstanley.com +886 2 2730-1725

MORGAN STANLEY ASIA LIMITED+

Daisy Dai, CFA
Equity Analyst
Daisy.Dai@morganstanley.com +852 2848-7310

Ethan Jia
Research Associate
Ethan.Jia@morganstanley.com +852 3963-2287

Montage Technology Co Ltd (688008.SS, 688008 CG)

Greater China Technology Semiconductors | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	Rmb377.00
Up/downside to price target (%)	123
Shr price, close (Oct 20, 2026)	Rmb169.27
52-Week Range	Rmb332.90-112.00
Sh out, dil, curr (mn)	609
Mkt cap, curr (mn)	Rmb208,260
EV, curr (mn)	Rmb200,804
Avg daily trading value (mn)	Rmb8,613

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	1.96	3.54	6.61	9.36
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	2.04	3.17	4.81	7.06
Revenue, net (Rmb mn)	5,280	7,207	14,571	20,192
EBITDA (Rmb mn)	2,004	3,400	8,427	12,046
ModelWare net inc (Rmb mn)	2,236	4,264	8,050	11,402
P/E	-	47.9	25.6	18.1
P/BV	-	8.8	6.5	4.8
RNOA (%)	36.7	45.5	118.6	143.1
ROE (%)	19.6	33.1	34.4	36.2
EV/EBITDA	63.3	57.8	22.5	14.8
FCF yld ratio (%)**	-	2.2	3.4	5.2
Leverage (EOP) (%)	(57.9)	(77.6)	(80.2)	(83.6)

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

Montage Technology Co Ltd (6809.HK)

Base case, residual income model. Key assumptions:

- 8.4% CoE (1.2 beta, 3.0% risk-free rate, and 4.5% risk premium)
- 30% payout ratio
- 19.3% medium-term growth rate
- 4% terminal growth rate

These assumptions reflect cloud capex growth, DRAM interface technology migration, and Montage's strong position in China's datacenter semi localization. We then apply an exchange rate of 1.15 HKD:1 RMB, assuming no H-share discount vs the A-share.

Risks to Upside

- Faster-than-expected phase-out of US peers
- Faster-than-expected spec migration

Risks to Downside

- Weaker-than-expected cloud demand
- Slower-than-expected DRAM interface technology migration
- Delay in new product launches

Montage Technology Co Ltd (688008.SS)

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- 8.4% CoE (1.2 beta, 3.0% risk-free rate, and 4.5% risk premium)
- 30% payout ratio
- 19.3% medium-term growth rate
- 4% terminal growth rate

We believe these assumptions are justified, given the cloud capex growth, DRAM interface technology migration, and Montage's strong position in China's datacenter semi localization.

Risks to Upside

- Faster-than-expected phase-out of US peers
- Faster-than-expected spec migration

Risks to Downside

- Weaker-than-expected cloud demand
- Slower-than-expected DRAM interface technology migration
- Delay in new product launches

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(as of September 30, 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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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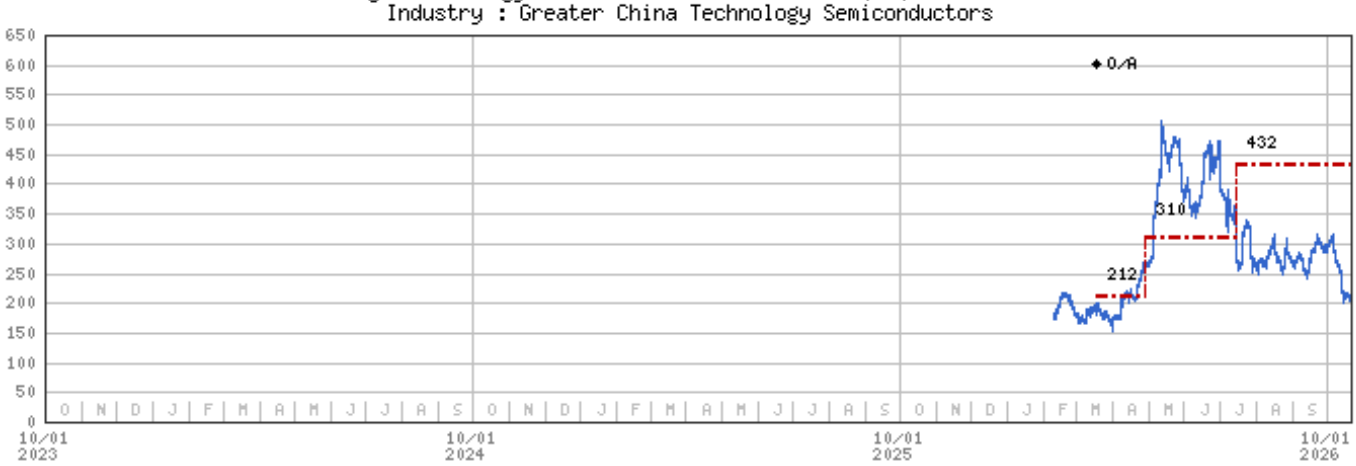
Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return 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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Stock Price, Price Target and Rating History (See Rating Definitions)

Montage Technology Co Ltd (6809.HK) - As of 10/21/26 GMT in HKD
Industry : Greater China Technology Semiconductors



Stock Rating History: 3/18/26 : O/A

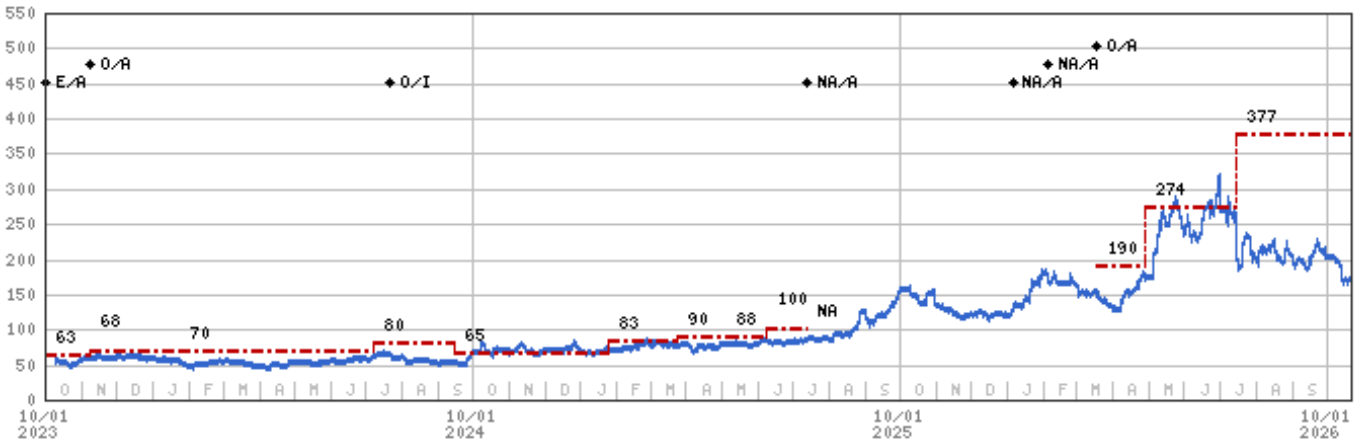
Price Target History: 3/18/26 : 212; 4/28/26 : 310; 7/16/26 : 432

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)
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Montage Technology Co Ltd (688008.SS) - As of 10/21/26 GMT in CNY
Industry : Greater China Technology Semiconductors



Stock Rating History: 10/1/21 : E/I; 10/12/21 : E/C; 5/20/22 : U/C; 10/4/22 : U/A; 12/13/22 : O/A; 2/22/23 : O/I; 5/4/23 : E/I; 7/7/23 : E/A; 11/6/23 : O/A; 7/21/24 : O/I; 7/14/25 : NA/A; 1/5/26 : NA/A; 2/4/26 : NA/A; 3/18/26 : O/A

Price Target History: 5/5/21 : 55; 10/29/21 : 62; 11/16/21 : 80; 4/6/22 : 60; 5/20/22 : 52; 7/19/22 : 44; 10/12/22 : 38; 12/13/22 : 85; 1/11/23 : 78; 5/4/23 : 63; 11/6/23 : 68; 1/23/24 : 70; 7/8/24 : 80; 9/15/24 : 65; 1/24/25 : 83; 3/25/25 : 90; 5/6/25 : 88; 6/9/25 : 100; 7/14/25 : NA; 3/18/26 : 190; 4/28/26 : 274; 7/16/26 : 377

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 Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/20/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$126.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,640.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$660.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb921.00
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb40.32
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$7,745.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$844.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$507.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$73.35
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$80.20
MediaTek (2454.TW)	O (11/28/2025)	NT$4,150.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb452.60
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$422.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb76.91
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,845.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb89.47
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$462.50
SMIC (0981.HK)	O (10/21/2025)	HK$51.20
TSMC (2330.TW)	O (02/07/2022)	NT$2,405.00
UMC (2303.TW)	O (05/19/2026)	NT$127.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$160.00
WIN Semiconductors Corp (3105.TWO)	E (10/09/2026)	NT$475.00
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$133.00
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb50.60
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb100.79
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb25.91
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb192.00
Innoscience (2577.HK)	E (10/13/2025)	HK$33.08
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb57.25
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$23.64
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb98.12
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb93.90
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb71.83
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb53.97
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb21.08
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb77.35
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$800.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,470.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$15,900.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$94.80
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$130.00
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,655.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb140.72
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb282.43
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.85
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$100.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$203.00
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb169.27
Novatek (3034.TW)	U (02/04/2026)	NT$568.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$134.00

Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$524.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$64.10
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$774.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb52.11
Silicon Motion (SIMO.O)	O (05/06/2024)	US$213.70
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$152.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$113.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$207.50
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$54.96
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb278.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb56.34
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb566.49
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,320.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$517.00
Hon Precision (7769.TW)	O (04/17/2026)	NT$5,205.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$259.50
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$4,900.00
Tiffany Yeh		
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$4,960.00

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