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IDEA

January 24, 2026 08:27 AM GMT

Greater China Technology Hardware | Asia Pacific

Implications from Intel Call and IDC 4Q PC Shipment Data

Intel's comments on robust general server demand align with what we have seen in the supply chain. This increases our confidence in the companies with high server exposure, such as GCE (OW), Wiwynn (OW), Lotes (EW), and Unimicron (EW).

Implications for our coverage from the Intel earnings call and commentary: On 1Q26 guidance, Intel (covered by Joseph Moore) again emphasized that its internal wafer constraint, coupled with depleted buffer inventory in 1Q, will shift mix towards more servers vs. PCs. As a result, 1Q revenue guidance midpoint sits at the lower end of seasonal 1Q, with the decline in CCG more pronounced than DCAI given server prioritization. We think this, coupled with constrained memory supply, could lead to sub-seasonal PC shipments in 1H, despite the lower base in 4Q. We are forecasting the top 5 NB ODMs' shipments to decline 9% q/q, to 29.3mn units (-1% y/y). For the full year, we believe that NB volumes will be down y/y in the mid- tol high-single-digit range (our report).

Intel first addressed the supply constraints on its 2Q25 call. This time it guided that 1Q26 will be the most constrained because buffer inventory is depleted, with improvement from 2Q26 onwards. Management also flagged increasing industry-wide constraints for DRAM, NAND, and substrates, driven by AI infrastructure buildout, which could cap customers' ability to take Intel's CPU. This aligns with our channel checks for substrates – substrate suppliers are struggling with insufficient T glass supply to fulfill customers' needs, while they continue to raise prices for both ABF and BT substrates to reflect price hikes for key raw materials, I.e., gold, copper, and glass cloth.

We continue to view Lotes as a beneficiary if robust general server demand continues. However, strength in servers may be offset by PC weakness for Lotes; lack of opportunities in AI and insufficiently attractive valuation keeps us at EW. We view Unimicron as a beneficiary if Intel can regain shares from AMD in both the PC and server markets; we also believe Unimicron could potentially benefit from more EMIB-T adoption in AI chips.

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GREATER CHINA TECHNOLOGY HARDWARE

Asia Pacific
Industry View **In-Line**

Exhibit 1 : Our preferred stocks are mostly related to AI and cloud, which we believe are more defensive vs. consumer electronics

Company	Ticker	Rating	Closing Price (LC)	PT (LC)	Upside to PT
Wistron	3231.TW	OW	136	215	59%
Wiwynn	6669.TW	OW	3,765	5,500	46%
Delta	2308.TW	OW	1,245	1,638	32%
FII	601138.SS	OW	62.8	82.0	31%
GCE	2368.TW	OW	626	800	28%
Giga-Byte	2376.TW	EW	239	290	21%
Quanta	2382.TW	OW	283	330	17%
Lenovo	0992.HK	EW	8.64	9.80	13%
Lotes	3533.TW	EW	1,460	1,400	-4%

Source: Company data, Morgan Stanley Research estimates. Note: Priced as of January 23, 2026.

Intel Results & Earnings Call Commentary

PC: Intel reported that 4Q client revenue fell 4% q/q, even though AI PC units grew 16%, as Intel prioritized internal wafer supply for data centers and leveraged an increased proportion of externally sourced wafers for Client. This strategy can support units but pressure revenue and profit margins, per management. As a result, Intel is shifting toward more midrange/high-end Client products and is less focused on the low end to make the best use of constrained wafer supply. On PC TAM, management believes 2025 PC consumption TAM was greater than 290mn units, the fastest y/y TAM growth since 2021. However, heading into 2026, Intel also warned that increasing supply constraints for memory and substrates driven by AI infrastructure buildout and rising component pricing could limit revenue opportunity in Client. On memory specifically, Intel is trying to avoid shipping CPUs when customers can't complete systems owing to missing memory.

By product, management said the company shipped three SKUs of Panther Lake (on Intel 18A) by year-end 2025, and that Nova Lake will come by year-end 2026, which gives it confidence in regaining share/profitability across NB/DT over time.

Server: DCAI revenue grew 15% q/q in 4Q, the fastest sequential growth this decade, and it would have been "meaningfully higher" with more supply. This was driven by robust CPU server demand from hyperscalers, who have been signaling that CPUs are central to their workload evolution and are willing to engage in long-term CPU supply agreements (management mentioned this on the 3Q25 earnings call already). Though management did not provide numerical guidance on server CPU TAM for CY26, it guided for the likelihood of a strong year for DCAI growth and said it is focused on ramping capacity to support the "meaningful uptick" it's seeing (including working with key customers on needs beyond 2026). Management also repeatedly argued that AI increases the importance of CPUs because of orchestration/coordination roles and growing inference-driven traffic.

By product, Sapphire Rapids and Emerald Rapids remained mainstream, while Granite Rapids continued to ramp. Although Clearwater Forest (efficiency-focused) is not canceled, management said it will simplify the server roadmap and focus on Diamond Rapids (performance-focused) instead, with intention to accelerate Coral Rapids (also performance-focused) per customers' requests.

For more details, please see **Joseph Moore's January 23, 2026 report**.

IDC's Preliminary 4Q25 Global PC Shipment Data, by Vendor

Preliminary 4Q25 PC shipments (excluding workstations) were above our estimate: IDC reported 4Q25P PC shipments (including workstations) of 76.4mn units (+1% q/q, +10% y/y). Overall, 4Q25 desktop and notebook shipments came in at 74.5mn (+2% q/q, +10% y/y), 14% above our estimate.

IDC believes that beyond the obvious system price pressure, already announced by certain manufacturers, we might also see lower PC memory specifications on average to preserve memory inventory. Large consumer electronics brands are well positioned to leverage scale and memory allocations to capture share from smaller and regional vendors.

However, the severity of the shortage raises the risk that smaller brands may not survive, and consumers, particularly DIY enthusiasts, may delay purchases or shift their spending to other devices or experiences.

In addition to potential market share shifts, ASPs are expected to rise in 2026 as vendors prioritize midrange and premium systems to offset higher component costs, especially memory. While total unit shipments may soften, overall market value is projected to increase as component suppliers, PC manufacturers, and channel partners adjust pricing to ensure they capture revenue opportunities amid another supply constrained environment.

Lenovo – Maintained #1 position

- **Market share (including Fujitsu):** 25.3% (-28bp q/q, +106bp y/y)
- **Shipments (including Fujitsu):** 19.3mn units (flat q/q, +14% y/y)

HP – Maintained #2 position

- **Market share:** 20.1% (+28bp q/q, +45bp y/y)
- **Shipments:** 15.4mn units (+3% q/q, +12% y/y)

Dell – Maintained #3 position

- **Market share:** 15.3% (+194bp q/q, +112bp y/y)
- **Shipments:** 11.7mn units (+16% q/q, +18% y/y)

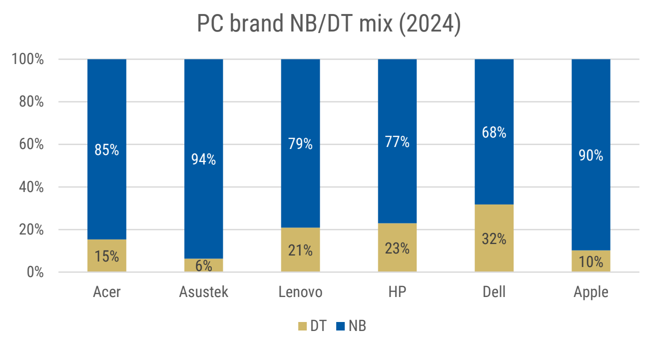
Apple – Maintained #4 position

- **Market share:** 9.3% (+44bp q/q, -87bp y/y)
- **Shipments:** 7.1mn units (+6% q/q, flat y/y)

Asustek – Maintained #5 position

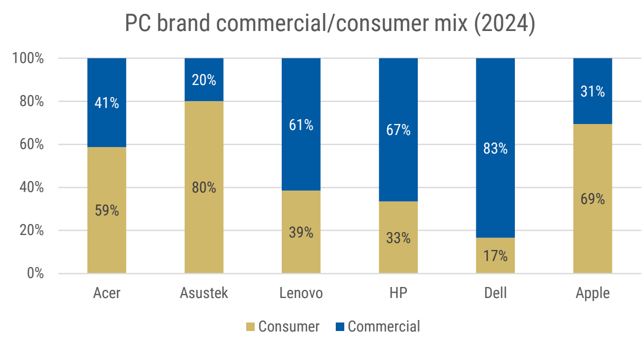
- **Market share:** 7.1% (-82bp q/q, +8bp y/y)
- **Shipments:** 5.4mn units (-9% q/q, +11% y/y)

Exhibit 2: PC brand NB/DT mix (2024)



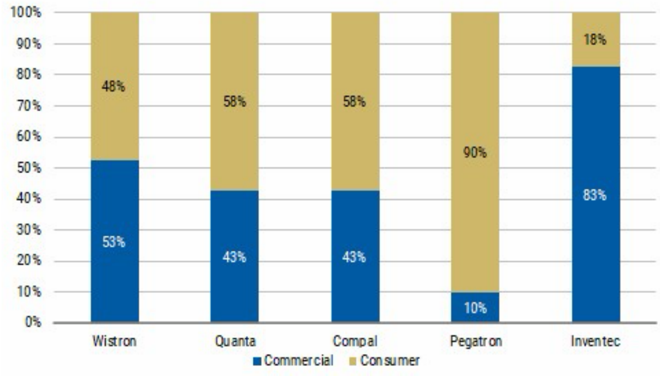
Source: IDC, Morgan Stanley Research.

Exhibit 3: PC brand commercial/consumer mix (2024)



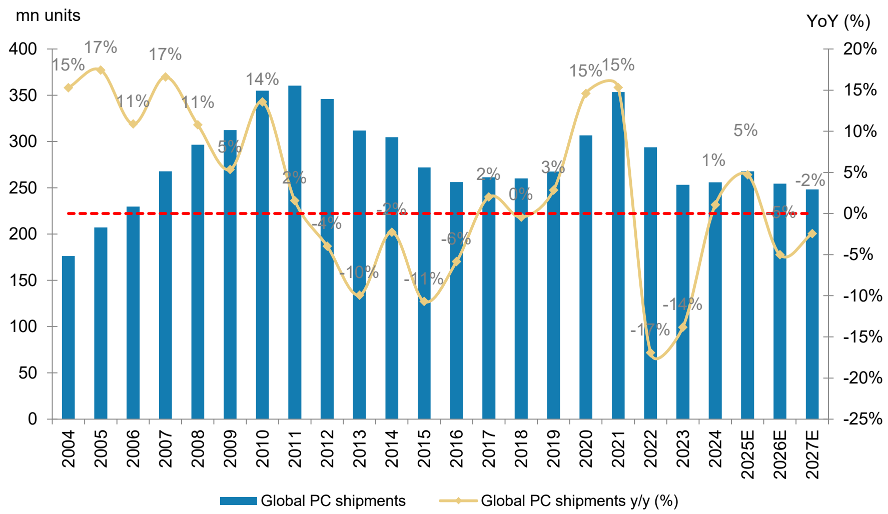
Source: IDC, Morgan Stanley Research.

Exhibit 4: NB ODM commercial/consumer mix (2024)



Source: IDC, Morgan Stanley Research.

Exhibit 5:
Morgan Stanley PC forecast



Source: IDC, Morgan Stanley Research. E =Morgan Stanley Research estimates.

Key Takeaways from Intel's 4Q25 Earnings Call

Details on the quarter: Below is an excerpt from Joseph Moore's January 23, 2026 report, **Intel Corporation: Intel outlook tripped up by supply constraints (23 Jan 2026)**.

December results: December non-GAAP revenue of $13.874bn came in above the Street and our estimate of $13.438bn and $13.321bn, respectively. By segment, Client Computing (CCG) revenue was $8.193bn (down 7% y/y), Data Center & AI (DCAI) was $4.737bn (up 9% y/y), and Intel Foundry (IFS) revenue was $4.507bn (up 4% y/y). Gross margin of 37.9% (down 206bps q/q and 418bps y/y) was ahead of the Street and our estimate of 36.5% and 36.3%, respectively. Non-GAAP EPS of $0.15 came in ahead of the Street at $0.08 and our estimate of $0.06.

March quarter guidance: Revenue was guided to $12.2bn at the midpoint (down 10.8% q/q and 3.7% y/y), below the Street at $12.565bn and our estimate of $12.539bn. Gross margin of 34.5% was 40bps below our estimate of 34.9% and 155bps below the Street at 36.1%. EPS guidance of $0.00 was below the Street at $0.06 and just below our estimate of $0.01.

Exhibits

Exhibit6: Worldwide PC Vendor Ranking, 4Q25

Worldwide PC Vendor Ranking, 4Q25

Rank	Vendor	4Q25 Shipments	4Q25 Market share	3Q25 Shipments	3Q25 Market share	4Q24 Shipments	4Q24 Market share	QoQ	YoY
1	Lenovo	19,313	25.3%	19,305	25.6%	16,882	24.2%	0%	14%
2	HP	15,387	20.1%	15,003	19.9%	13,727	19.7%	3%	12%
3	Dell	11,705	15.3%	10,107	13.4%	9,899	14.2%	16%	18%
4	Apple	7,109	9.3%	6,693	8.9%	7,094	10.2%	6%	0%
5	ASUS	5,418	7.1%	5,974	7.9%	4,887	7.0%	-9%	11%
	Others	17,440	22.8%	18,422	24.4%	17,183	24.7%	-5%	1%
	Total	**76,371**		**75,504**		**69,671**		**1%**	**10%**

Note: Shipments in '000s. Source: IDC; Morgan Stanley Research.

Exhibit7: US PC Vendor Ranking, 4Q25

US PC Vendor Ranking, 4Q25

Rank	Vendor	4Q25 Shipments	4Q25 Market share	3Q25 Shipments	3Q25 Market share	4Q24 Shipments	4Q24 Market share	QoQ	YoY
1	HP	4,532	23.7%	4,326	24.5%	4,495	24.5%	5%	1%
2	Dell	4,505	23.6%	4,044	22.9%	3,710	20.2%	11%	21%
3	Lenovo	2,961	15.5%	3,205	18.1%	2,938	16.0%	-8%	1%
4	Apple	3,534	18.5%	2,950	16.7%	3,672	20.0%	20%	-4%
5	Acer	1,013	5.3%	758	4.3%	991	5.4%	34%	2%
	Others	2,556	13.4%	2,401	13.6%	2,531	13.8%	6%	1%
	Total	**19,102**		**17,684**		**18,338**		**8%**	**4%**

Note: Shipments in '000s. Source: IDC, Morgan Stanley Research.

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Equal-weight/Hold	1583	43%	362	42%	23%	720	45%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	564	15%	87	10%	15%	216	13%
Total	3,670		865			1611	

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/23/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$38.50
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb71.25
BYD Electronics (0285.HK)	O (04/28/2023)	HK$34.40
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb13.27
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb20.95
Eoptolink Technology Inc Ltd (300502.SZ)	U (09/11/2025)	Rmb383.02
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$473.50
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb7.21

HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb31.95
Largan Precision (3008.TW)	E (10/17/2025)	NT$2,460.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb12.32
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb10.85
Q Technology (Group) Company Ltd (1478.HK)	E (11/10/2023)	HK$9.94
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb99.75
Shanghai Conant Optical Co Ltd (2276.HK)	E (09/11/2025)	HK$60.30
Shenzhen Transsion Holdings Co Ltd (688036.SS)	O (10/24/2023)	Rmb63.75
Sunny Optical (2382.HK)	O (07/10/2025)	HK$63.95
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb189.16
Wingtech Technology Co Ltd (600745.SS)	E (11/10/2023)	Rmb40.35
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$36.24
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb112.58
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$53.30
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb114.92
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb26.32
Zhongji Innolight Co Ltd (300308.SZ)	O (11/06/2023)	Rmb585.00
ZTE Corporation (0763.HK)	E (03/11/2024)	HK$29.14
ZTE Corporation (000063.SZ)	U (07/02/2021)	Rmb40.11
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,175.00
Advantech (2395.TW)	O (01/20/2021)	NT$288.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,020.00
AU Optronics (2409.TW)	O (01/05/2026)	NT$15.05
Bizlink (3665.TW)	O (03/10/2025)	NT$1,390.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.45
BOE Varitronix Ltd (0710.HK)	O (06/20/2023)	HK$4.96
Chenbro (8210.TW)	O (07/23/2025)	NT$969.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,025.00
E Ink Holdings Inc. (8069.TWO)	E (01/07/2026)	NT$180.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$35.20
Hiwin Technologies Corp. (2049.TW)	U (05/12/2025)	NT$231.00
Innolux (3481.TW)	E (04/07/2025)	NT$24.00
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$3,570.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb42.60
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$127.00
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb16.54
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.05
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb10.51
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb145.46
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$26.60
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$515.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$33.35
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.78
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$238.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$646.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb64.88
Lenovo (0992.HK)	E (11/16/2025)	HK$8.84
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,450.00
Nan Ya PCB (8046.TW)	U (12/21/2022)	NT$382.00
Pegatron Corporation (4938.TW)	U (11/16/2025)	NT$70.20
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$280.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb70.74
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb247.47

Unimicron (3037.TW)	E (04/15/2025)	NT$339.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$136.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$3,695.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$291.50
Zhen Ding (4958.TW)	E (08/02/2022)	NT$170.50
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$1,375.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$930.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$202.50
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,260.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,380.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb60.11
Foxconn Technology (2354.TW)	U (04/23/2025)	NT$59.30
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb29.32
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$221.50
LandMark Optoelectronics Corporation (3081.TWO)	O (01/19/2026)	NT$782.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb15.89
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$172.00
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb55.50
Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT$153.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT$153.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$170.00

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* Historical prices are not split adjusted.