Han's Laser (002008 CH)

2Q26: Robust Growth With Beats Across The Board

Highlights

- Han's 2Q26 print is almost exactly in line with preliminary numbers.
- Management guided for 2026 revenue to be at least Rmb27b, up 44% yoy, and expects margins to keep improving. Growth momentum is also guided to remain strong from 2027 onwards on Apple and AI-related demand.
- Han's is now among our top BUY recommendations. Maintain BUY; target price: Rmb153.20.

2Q26 Results

Year to 31 Dec (Rmbm)	2Q25	1Q26	2Q26	yoy (%)	qoq (%)
Revenue	4,669	5,135	8,278	77.3	61.2
Gross profit	1,415	1,747	2,940	107.7	68.3
OP income	261	497	1,399	435.5	181.5
Net profit	325	354	934	187.6	163.8
Core net profit	189	408	1,000	428.9	145.1
Margins (%)					
GPM	30.3	34.0	35.5	5.2	1.5
OPM	5.6	9.7	16.9	11.3	7.2
NPM	4.1	8.0	12.1	8.0	4.1

Source: Han's Laser, UOB Kay Hian

Analysis

- **2Q26 print is in line with preliminary results,** with 2Q26 revenue growing 77.3% yoy and 61.2% qoq to Rmb8.3b, gross margins expanding 5.2ppt yoy and 1.5ppt qoq, operating income surging 435.6% yoy and 181.5% qoq to Rmb1,399m, and reported net profit growing 187.6% yoy and 163.8% qoq to Rmb934m. The set of results are almost exactly in line with the preliminary numbers.
- **All segments registered a robust, accelerated growth in 1H26.** Notably, Han's Laser (Han's) consumer electronics revenue surged 196.8% yoy and 46.0% hoh to Rmb2.4b, while PCB equipment also registered a robust 109.3% yoy and 47.0% qoq growth. Compared with our revenue assumptions, consumer electronics/low power laser/high power laser/pan-semi/PCB/Li-ion battery segments' sales were 6.0%/17.6%/2.0%/2.7%/4.6%/2.4% above our estimates.
- **Guidance: 2026 revenue no less than Rmb27.0b, gross margin recovering.** Management guided that the company recorded Rmb19.0b in new orders in 7M27, and the Rmb9.0b carried-forward backlog brings the total backlog to Rmb28.0b.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	14,771	18,759	25,068	29,688	32,633
EBITDA	945	1,795	3,389	4,312	4,884
Operating profit	435	1,212	2,665	3,551	4,077
Net profit (rep./act.)	1,694	1,190	2,417	3,095	3,521
Net profit (adj.)	445	810	2,157	2,835	3,261
EPS (Fen)	161.0	115.5	234.8	300.6	341.9
PE (x)	55.4	77.2	38.0	29.7	26.1
P/B (x)	5.8	5.3	4.7	4.2	3.7
EV/EBITDA (x)	99.6	51.3	27.9	21.0	18.6
Dividend yield (%)	0.4	0.2	0.5	0.7	0.8
Net margin (%)	3.0	4.3	8.6	9.5	10.0
Net debt/(cash) to equity (%)	(4.5)	1.5	14.9	(2.6)	(1.5)
Interest cover (x)	(2.6)	122.4	65.0	55.0	82.7
ROE (%)	2.9	4.8	11.7	13.6	13.8
Consensus net profit			2,139	2,889	3,407
UOBKH/Consensus (x)			1.13	1.07	1.03

Source: Han's Laser, Bloomberg, UOB Kay Hian

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Buy (Maintained)

Share Price	Rmb91.56
Target Price	Rmb153.20
Upside	+67.3%
Previous TP	n.a.

Stock Data

Sector	Industrial Equipment
Bloomberg ticker	002008 CH
Shares issued (m)	1,030
Market cap (Rmbm)	94,271
Market cap (US$m)	13,806
3-mth avg daily t'over (US$m)	365.0

Price Performance (%)

52-week high/low				Rmb91.68 / Rmb22.82
1mth	3mth	6mth	1yr	YTD
38.1	91.4	152.4	273.1	116.5

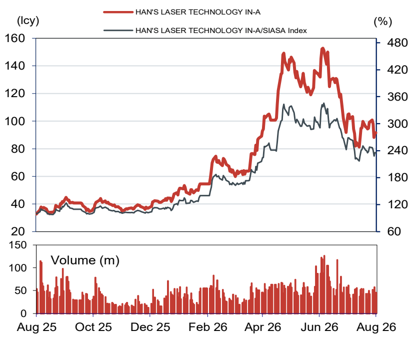
Major Shareholders (%)

Shenzhen Han's Industry Co., Ltd.	15.71

Balance Sheet Metrics

FY26 NAV/Share (HK$)	16.22
FY26 Net Cash/Share (HK$)	2.50

Price Chart



Source: Bloomberg

Company Description

Han's Laser Industry Group develops, manufactures and markets laser-based products used for cutting, welding, marking and drilling a wide range of industrial materials.

- By segment, management targets consumer electronics at the upper end of Rmb3.5b-4.0b, new energy above Rmb4.0b, and pan-semiconductor revenue up 20-30% yoy to Rmb2.4b-2.6b. Gross margin should climb from 2025's 32-33% trough towards the prior 35-36% band on a richer AI PCB mix at Han's CNC, where legacy drilling machines carry only around 20% gross margin. Our Rmb28.3b forecast sits 4.7% above the company's floor.
- **3D printing equipment order wins from Apple will be a key catalyst in near future.** On 3D Printing (3DP), management stated that the qualification with the North American client had been smooth, and they remained confident in 3DP's adoption in the client's manufacturing process. The outcome of the design win and share allocation will likely be known by end-Sep 26 or early-Oct 26, and given that the current Rmb4.0b consumer electronics revenue guidance excludes any potential 3DP order wins, we expect the event to be a key positive catalyst for Han's Laser.
- **Hollow-core fibre will be a medium-term growth driver with revenue contribution starting from 2027.** After acquiring the hollow-core fibre subsidiary Linfibre Technology, Han's is expanding drawing towers from three to five which will bring its capacity to 100,000-120,000 fibre-km. The plant's construction will be completed by Apr 27, and the production ramp will begin from Jul 27. Han's is also looking to expand overseas through its existing land resources in SEA, Texas, and Canada.
- **TGV has been formalised as an advanced-packaging extension.** TGV drilling now sits with Han's CNC, adjacent to its existing PCB drilling franchise, while the TGV substrate opportunity has been assigned to the group's glass processing centre, which remains at the planning stage and has not been approved. The synthetic quartz project attached to the Zhangjiagang preform plant also carries a semiconductor-materials leg aimed at photomask substrates. Overall the business seems to be in a very preliminary stage with no guidance on product verification nor revenue size.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Rmb153.20.** We roll our valuation basis over to 2027F and value Han's at 39.9x 2027F PE, 1SD above its historical mean. The stock trades at 29.6x 2026F and 23.3x 2027F PE.

Earnings Revision/Risk

- We revise up our 2026-28 core earnings estimates by 35.7%/33.6%/45.3% respectively, as we factor in: a) higher revenue assumptions due to across-the-board beat in sales, a more sustainable growth from key growth drivers like Apple supply chain, PCB equipment, and stronger-than-expected positive impact from AI on low-power laser products; b) better mix overall which drives up blended margins; c) and better operating scale which drives down operating expenses.

Share Price Catalyst

- a) Announcement of the Apple 3DP allocation by end-September or early-October, b) a step-up in domestic AI PCB equipment orders as customers' plants complete from 2H26.

Changes to 2026-28 estimates

Year to 31 Dec	Old estimates			New estimates			Differences (%)		
(Rmbm)	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	24,559	27,094	29,238	25,068	29,720	32,657	2.1	9.7	11.7
Gross Profit	8,888	9,772	10,768	9,155	11,062	12,235	3.0	13.2	13.6
Operating Profit	2,529	2,917	3,370	2,665	3,543	4,071	5.4	21.5	20.8
Reported NP	2,311	2,596	2,964	2,417	3,089	3,516	4.6	19.0	18.6
Core NP	2,051	2,336	2,704	2,157	2,829	3,256	5.2	21.1	20.4
GPM (%)	36.2	36.1	36.8	36.5	37.2	37.5	0.3	1.1	0.7
OPM (%)	10.3	10.8	11.5	10.6	11.9	12.5	0.3	1.1	1.0
Core NPM (%)	8.4	8.6	9.2	8.6	9.5	10.0	0.2	0.9	0.8

Source: Han's Laser, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	18,759	25,068	29,688	32,633
EBITDA	1,795	3,389	4,312	4,884
Depreciation & amortization	584	723	761	807
EBIT	1,212	2,665	3,551	4,077
Total other non-operating income	2	-	-	-
Associate contributions	(56)	-	-	-
Net interest income/(expense)	(10)	(41)	(65)	(49)
Pre-tax profit	1,553	3,074	3,937	4,478
Tax	(236)	(461)	(590)	(672)
Minorities	(128)	(196)	(251)	(285)
Net profit	1,190	2,417	3,095	3,521
Net profit (recurrent)	810	2,157	2,835	3,261

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	6,311	6,250	6,153	6,034
Other LT assets	6,365	6,779	7,115	7,427
Cash/ST investment	6,838	4,686	8,821	8,618
Other current assets	18,735	25,465	25,333	29,652
Total assets	38,248	43,179	47,422	51,731
ST debt	911	911	911	911
Other current liabilities	15,279	17,803	19,190	20,316
LT debt	2,635	2,635	2,635	2,635
Other LT liabilities	498	498	498	498
Shareholders' equity	17,283	19,494	22,100	24,997
Minority interest	1,643	1,839	2,089	2,374
Total liabilities & equity	38,248	43,179	47,422	51,731

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	1,469	(1,150)	5,100	746
Pre-tax profit	1,212	2,665	3,543	4,071
Tax	(889)	(861)	(989)	(1,071)
Depreciation/amortization	584	723	761	807
Associates	56	-	-	-
Working capital changes	(526)	(4,127)	1,336	(3,511)
Non-cash items	1,032	450	450	450
Other operating cashflows	-	-	-	-
Investing	511	(961)	(900)	(900)
Capex (growth)	(639)	(961)	(900)	(900)
Investments	(477)	-	-	-
Proceeds from sale of assets	-	-	-	-
Others	1,628	-	-	-
Financing	(985)	(41)	(65)	(50)
Dividend payments	(506)	-	-	-
Issue of shares	-	-	-	-
Proceeds from borrowings	4,611	3,000	3,000	3,000
Loan repayment	(5,111)	(3,000)	(3,000)	(3,000)
Others/interest paid	-	-	-	-
Net cash inflow (outflow)	996	(2,152)	4,136	(203)
Beginning cash & cash equivalent	5,858	6,838	4,686	8,821
Ending cash & cash equivalent	6,838	4,686	8,821	8,618

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	9.6	13.5	14.5	14.9
Pretax margin	7.7	10.5	11.7	12.3
Net margin	4.3	8.6	9.5	10.0
ROA	2.2	5.3	6.2	6.6
ROE	4.8	11.7	13.6	13.8
Growth				
Turnover	27.0	33.6	18.6	9.9
EBITDA	89.9	88.7	27.0	13.3
Pre-tax profit	(15.4)	97.9	27.8	13.8
Net profit	(29.8)	103.2	27.8	13.8
Net profit (adj)	82.3	166.1	31.1	15.1
EPS	(28.2)	103.2	27.8	13.8
Leverage				
Debt to total capital	21.6	20.3	20.0	18.4
Debt to equity	47.9	44.9	42.9	38.1
Net debt to equity	1.5	14.9	(2.4)	(1.0)
Interest cover (x)	122.4	65.0	54.7	82.0