UOBKayHian

Company – Update | Thailand

Friday, 21 August 2026

HANA (Thailand) (HANA TB)

AI-related Projects Remain On Track, With Mass Production In 3Q26

Highlights

- Two AI-related projects remain on track, with mass production expected in 3Q26 for both projects.
- 2027 capex plans are expected to increase significantly, providing a positive trajectory for HANA in 2027-28.
- Earnings in 2H26-2028 should be supported by a continued improvement in the PMS business, AI-related projects, and a favourable semiconductor industry outlook.
- We maintain BUY with a higher target price of Bt54.00, as we roll forward our valuation to 2027.

Analysis

- **Two AI-related projects remain on track,** with mass production expected to commence in 3Q26. 2027 capex plans are currently under review, but management expects capex to increase significantly. This reinforces our confidence in HANA (Thailand)'s (HANA) continued positive trajectory within the semiconductor and value chain. While the overall upcycle earnings trend remains largely unchanged, management's comments reaffirmed our strong 2H26-2028 earnings outlook, particularly for Power Master Semiconductor Co., Ltd. (PMS) sales and development to reduce its losses.
- **With PMS demand improving qoq in 2Q26, losses in 2H26 are still expected to continue narrowing.** We expect 2H26 earnings to account for 60% of our full-year 2026 forecast. Despite the strong 2Q26 earnings, partly driven by a slightly faster-than-expected narrowing of losses at PMS, we believe 2H26 earnings will be supported by: a) a strong outlook for the electronics manufacturing services (EMS) business across both non-AI and AI-related activities, despite the shift to a turnkey model, which should result in higher sales but lower margins; b) improving utilisation rates in the integrated circuit (IC) business; and c) a steady recovery in PMS sales for both silicon carbide (SiC) and silicon (Si) products. Management maintained its positive view that losses in 2H26 are still expected to continue narrowing. PMS sales are expected to continue growing qoq in 3Q26, supported by a continued recovery in demand despite the strong sales base in 2Q26. HANA is increasing marketing efforts in both India and Korea, which have started to show initial positive results.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	24,801.3	20,563.4	22,276.0	25,566.9	28,131.2
EBITDA	2,279.6	1,558.9	2,129.0	2,546.6	3,014.7
Operating profit	503.0	33.0	370.5	693.5	1,069.0
Net profit (rep./act.)	(633.7)	537.0	1,074.8	1,322.2	1,732.8
Net profit (adj.)	(643.6)	670.3	862.8	1,322.2	1,732.8
EPS	(0.7)	0.8	1.0	1.5	2.0
PE (x)	(63.6)	61.1	47.5	31.0	23.6
P/B (x)	1.5	1.6	1.5	1.5	1.5
EV/EBITDA (x)	6.9	10.5	7.9	6.8	5.8
Dividend yield (%)	1.6	2.2	2.2	2.7	3.2
Net margin (%)	(2.6)	2.6	4.8	5.2	6.2
Net debt/(cash) to equity (%)	(20.2)	(18.3)	(16.7)	(14.2)	(13.4)
ROE (%)	(3.0)	2.6	5.1	6.2	8.0
Consensus net profit	n.a	n.a	905.4	1,421.6	1,797.2
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	1.0

Source: HANA (Thailand), Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt46.25
Target Price	Bt54.00
Upside	16.8%
Previous TP	Bt38.00

Stock Data

Sector	Information Technology
Bloomberg ticker	HANA TB
Shares issued (m)	885.4
Market cap (Btm)	41,390.9
Market cap (US$m)	1,260.2
3-mth avg daily t'over (US$m)	40.7

Price Performance (%)

52-week high/low				Bt49.0/Bt15.1
1mth	3mth	6mth	1yr	YTD
24.7	35.5	151.3	117.4	186.8

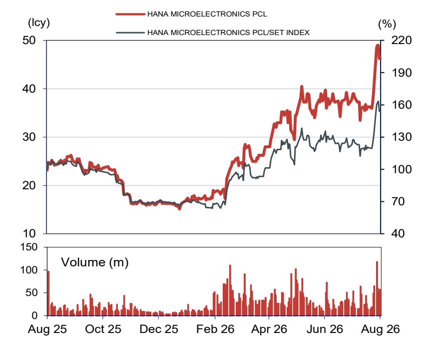
Major Shareholders (%)

OMAC (HK) LIMITED	19.48
Thai NVDR Company Limited	8.34

Balance Sheet Metrics

FY26 NAV/Share (Bt)	30.0
FY26 Net Debt/Share (Bt)	(5.0)

Price Chart



Source: Bloomberg

Company Description

HANA is an electronics manufacturing service company. Its major product groups are PCBA, IC, LED and LCE assembly.

- **AI solid-state cooling production start in 3Q26, but contribution in 2H26 is expected to be minimal.** HANA's AI solid-state cooling assembly project with Phononic remains on track, with mass production expected to start in 3Q26. We expect only a low single-digit sales contribution in 2H26, before rising to mid-single digits in 2027. Five of Phononic's customers have completed qualification, with more expected to follow. HANA is progressing with the Co-Packaged Optics (CPO) qualification process for 1.6T optical networking (next generation of solid-state cooling), with significantly higher volumes expected once mass production begins.
- **High-density PCBA for AI oscilloscope project remains on track, with the customer potentially becoming one of its top five customers in 2027.** HANA continues to work on high-density PCBA for AI oscilloscopes, with mass production expected to begin in 3Q26. The products are used for 1.6T optical transceiver testing to support higher transmission rates required by AI and machine-learning applications. The project is expected to contribute meaningfully, with the customer potentially becoming one of HANA's top five customers and accounting for 5-6% of total sales in 2027.
- **Recap of stronger-than-expected 2Q26 earnings.** On 31 Jul 26, HANA reported a 2Q26 net profit of Bt326.3m (+838% yoy, +215% qoq), 68% above Bloomberg consensus. Core profit was Bt278m (+82% yoy, +2,557% qoq), compared with Bt153m in 2Q25 and a Bt11m core loss in 1Q26. Sales came in at Bt5.365b (+3% yoy, +9% qoq), 3% above consensus, driven by qoq sales growth across most businesses. The yoy improvement reflected a low base from PMS and forex losses, while qoq earnings benefitted from the absence of Bt60.5m in one-off expenses booked in 1Q26. Core operating margin turned positive at 3.0% (vs 2%/-1%/-1%/-2% during 1Q25-1Q26 respectively), driven by lower PMS and microdisplay losses, which narrowed to Bt116m from Bt182m in 2Q25 and Bt216m in 1Q26.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt54.00 (from Bt38.00).** We roll over valuation to 2027, with a higher target price of Bt54.00 based on 36x 2027F PE (near +1.25SD above its five-year mean), implying 1.8x P/B (+0.5SD above its five-year mean).
- Overall, while this analyst meeting was more of a project update rather than an introduction of new AI-related projects, compared with the previous two quarters, we remain positive on the continued semiconductor upcycle and PMS development in 2026-28, with earnings expected to grow at a three-year CAGR of 37% over 2025-28.

Earnings Revision/Risk

- We revise up our 2026-28 earnings forecasts by 25%/16%/17%, respectively, mainly due to the slightly sooner-than-expected reduction in PMS losses in 2Q26. Note that around 90% of our 2026 earnings revision came from the strong 2Q26 results, while the remaining 10% came from continued strong earnings outlook in 2H26-2028.

Share Price Catalyst

- Stronger-than-expected sales and operating margin.

Environment, Social, Governance (ESG)

Environmental

- HANA targets a 40% reduction in electricity purchasing and 45% reduction in water consumption by 2030 (vs 2020 baseline).

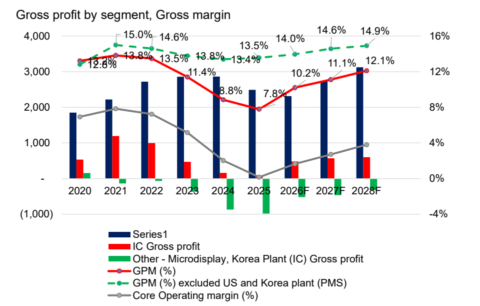
Social

- HANA focuses on employee health & safety, zero-accident culture, workforce development (regular training programs) and technical skill enhancement.

Governance

- HANA adheres to high standards of corporate governance, emphasising board independence, transparency, and accountability.

Gross Profit By Segment, Gross Margin And Operating Margin



Source: UOB Kay Hian

Global PMI remained elevated despite lower energy costs in July

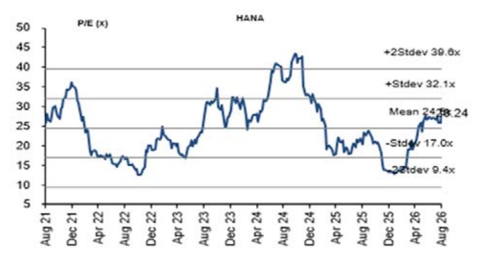
Source: UOB Kay Hian

Peers Comparison (Bloomberg Forecast Before Meeting)

Ticker	Name	PE Current	PE 2026F	PE 2027F	EPS 2025	EPS 2026	EPS 2027	GM 2025	GM 2026F	OPM	Free Float %
Thailand regional peers											
DELTA TB	DELTA ELECTRONICS THAI PCL	109.9	94.8	68.9	2.0	2.8	3.83	27.1	29.3	14.2	37.8
						40%	38%				
KCE TB	KCE ELECTRONICS PUB CO LTD	70.8	48.8	34.0	0.7	1.1	1.63	18.9	21.3	7.6	72.0
						62%	44%				
HANA TB	HANA MICROELECTRONICS PCL	73.0	47.4	30.3	0.8	1.0	1.62	7.8	10.4	2.8	70.6
						36%	56%				
CCET TB	CAL-COMP ELECTRONICS THAILAN	42.9	34.5	28.3	0.2	0.3	0.32	5.1	5.2	1.8	49.1
						31%	22%				
Leading indicator for semiconductor demand											
TXN US	TEXAS INSTRUMENTS INC	41.2	32.6	26.9	5.5	8.3	10.13	57.0	60.5	34.1	99.8
						53%	21%				
NXPI US	NXP SEMICONDUCTORS NV	19.4	15.1	12.5	8.0	15.1	18.22	54.7	58.2	24.8	99.9
						89%	20%				
IFX GY	INFINEON TECHNOLOGIES AG	61.2	32.4	20.2	0.8	1.7	2.78	39.2	41.1	10.3	99.8
						126%	60%				
ON US	ON SEMICONDUCTOR	50.3	24.7	17.5	0.3	3.2	4.54	33.1	40.4	1.4	99.4
						1010%	41%				
Leading indicator for semiconductor demand											
3711 TT	ASE TECHNOLOGY HOLDING CO LT	42.3	31.3	20.9	9.4	18.8	28.19	17.7	21.2	7.9	81.9
						100%	50%				
AMKR US	AMKOR TECHNOLOGY INC	24.5	21.4	19.7	1.5	2.6	2.78	14.0	17.4	7.0	57.9
						69%	9%				
FLEX US	FLEX LTD	45.9	25.5	17.0	2.4	4.7	7.08	9.2	9.9	4.9	99.2
						99%	50%				
CLS US	CELESTICA INC	32.0	27.7	15.8	7.2	11.2	19.71	12.1	11.5	8.4	98.7
						55%	76%				

Source: UOB Kay Hian

Five-year Forward PE Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	20,563	22,276	25,567	28,131
EBITDA	1,559	2,129	2,547	3,015
Deprec. & amort.	1,526	1,758	1,853	1,946
EBIT	33	371	693	1,069
Total other non-operating income	608	446	588	661
Associate contributions	(26)	(15)	(15)	(15)
Pre-tax profit	721	1,188	1,463	1,916
Tax	(51)	(108)	(140)	(183)
Minorities	0	0	0	0
Net profit	537	1,075	1,322	1,733
Net profit (adj.)	670	863	1,322	1,733

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	8,487	9,107	9,240	9,425
Other LT assets	336	406	414	420
Cash/ST investment	5,308	4,911	4,279	4,145
Other current assets	17,028	18,266	19,431	20,536
Total assets	31,159	32,690	33,363	34,526
ST debt	479	475	475	475
Other current liabilities	3,328	4,642	5,072	5,580
LT debt	1	2	2	2
Other LT liabilities	1,032	1,058	1,085	1,113
Shareholders' equity	26,319	26,514	26,729	27,355
Minority interest	0	0	0	0
Total liabilities & equity	31,159	32,690	33,363	34,526

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,987	4,318	2,721	3,696
Pre-tax profit	721	1,188	1,463	1,916
Tax	(79)	(113)	(150)	(171)
Deprec. & amort.	1,526	1,758	1,853	1,946
Working capital changes	1,830	724	(889)	(411)
Non-cash items	0	0	0	0
Other operating cashflows	(11)	761	444	417
Investing	(3,713)	(3,151)	(1,923)	(2,394)
Capex (growth)	(650)	(2,378)	(1,986)	(2,131)
Investments	0	(47)	0	0
Others	(3,063)	(726)	64	(263)
Financing	(1,431)	(889)	(1,107)	(1,107)
Dividend payments	(664)	(885)	(1,107)	(1,107)
Issue of shares	0	0	0	0
Proceeds from borrowings	(753)	(3)	0	0
Others/interest paid	(14)	0	0	0
Net cash inflow (outflow)	(1,156)	279	(308)	196
Beginning cash & cash equivalent	6,689	4,936	4,911	4,279
Ending cash & cash equivalent	5,533	5,215	4,604	4,475

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.6	9.6	10.0	10.7
Pre-tax margin	3.5	5.3	5.7	6.8
Net margin	2.6	4.8	5.2	6.2
ROA	1.6	3.2	3.8	4.9
ROE	2.6	5.1	6.2	8.0
Growth				
Turnover	(11.2)	(3.8)	10.4	21.5
EBITDA	(58.4)	(43.1)	(32.0)	(19.5)
Pre-tax profit	(77.8)	(63.4)	(54.9)	(40.9)
Net profit	(79.5)	(58.9)	(49.4)	(33.8)
Net profit (adj.)	0.0	28.7	53.3	31.0
EPS	(11.9)	13.4	73.8	127.8
Leverage				
Debt to total capital	1.8	1.8	1.8	1.7
Debt to equity	1.8	1.8	1.8	1.7
Net debt/(cash) to equity	(18.3)	(16.7)	(14.2)	(13.4)