HANA (Thailand) (HANA TB)

Strong AI Pipeline And Sustained High Utilisation To Drive Earnings Growth In 2027-28

Highlights

- Last week, HANA reported a 3Q26 net profit of Bt693m (+4,588% yoy, +112% qoq), beating expectation by roughly 100%.
- HANA's AI exposure reached 6% of 3Q26 total revenue, mainly driven by high-density PCBA, while cooling sales needs time to ramp up in 4Q26-1Q27.
- HANA has signed a third contract for a solid-state cooling project with Phononics and substantial new customer for IC, expected to start in 3Q27.
- With high IC utilisation rate at 72% and PCBA utilisation nearly at full capacity, management guides for aggressive capex in 2027.
- Maintain BUY with a target price of Bt56.00.

Analysis

- **Recap: 3Q26 earnings beat expectations, driven by strong operating margin improvement from resilient PCBA sales and IC margin recovery.** On 11 Nov 26, HANA (Thailand) (HANA) reported a 3Q26 net profit of Bt693m (+4,588% yoy, +112% qoq), above our and Bloomberg consensus by 111% and 100%, respectively. The strong yoy growth came from a very low base last year due to significant losses from the Power Master business. The strong qoq earnings growth came from sales significantly beating expectations across all segments, especially PCBA (Printed Circuit Board Assembly) and IC (integrated circuit) sales. Sales came in at Bt7.3b (+38% yoy, +36% qoq), above our and Bloomberg by 26.3% and 25%, respectively. Excluding a major customer turning back from a consignment model to a turnkey model (buy-and-sell), sales were at Bt6.12b (+16% yoy, +14% qoq). We are positive on the strong recovery in core operating margin of 7.0% in 3Q26 (vs -0.3%/ 4.7% in 1Q26-2Q26, 0.2% in 3Q25). PMS (Power Master Semiconductor Co) and Microdisplay's gross profits remain quite stable qoq at -Bt126m in 3Q26 (vs -Bt323m in 3Q25 and -Bt116m in 2Q26).
- **AI-related project remains on track; AI exposure reaches 6% of sales in 3Q26 and is expected to ramp up further in 4Q26-2027.** First, with two AI-related projects starting to ramp up in 3Q26, HANA's AI exposure reached 6% of total sales, mainly driven by high-density PCBA, while solid-state cooling sales (thermoelectric coolers, or TECs, produced in partnership with Phononic) were still quite low. HANA has signed a third contract with production capacity equivalent to its first and second contracts combined. Although the solid-state cooling contribution remains small, management expects it to accelerate in 4Q26-1Q27, with the first two contracts reaching full output by end-1Q27. For the third contract, equipment is expected to arrive by end-2Q27, with production ramping up to maximum output by end-3Q27. Second, we remain positive on the IC business, as HANA has signed a substantial new contract with a customer expected to become one of the top three customers at its Ayutthaya plant by end-27. Equipment is expected to arrive in 3Q27.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	24,801.3	20,563.4	24,150.0	28,328.5	30,834.2
EBITDA	2,279.6	1,558.9	2,207.5	2,853.2	3,251.3
Operating profit	503.0	33.0	705.6	1,269.3	1,576.3
Net profit (rep./act.)	(633.7)	537.0	1,665.4	1,902.6	2,276.9
Net profit (adj.)	(643.6)	670.3	1,243.4	1,902.6	2,276.9
EPS	(0.7)	0.8	1.4	2.2	2.6
PE (x)	(59.8)	57.5	31.0	20.2	16.9
P/B (x)	1.4	1.5	1.4	1.4	1.3
EV/EBITDA (x)	6.9	10.5	7.8	6.4	5.6
Dividend yield (%)	1.7	2.3	2.3	2.9	3.4
Net margin (%)	(2.6)	2.6	6.9	6.7	7.4
Net debt/(cash) to equity (%)	(20.2)	(18.3)	(14.6)	(10.2)	(9.6)
ROE (%)	(3.0)	2.6	7.8	8.7	10.1
Consensus net profit	n.a	n.a	1,005.8	1,570.1	1,932.2
UOBKH/Consensus (x)	n.a	n.a	1.2	1.2	1.2

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

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BUY (Maintained)

Share Price	Bt43.50
Target Price	Bt56.00
Upside	28.74%

Stock Data

Sector	Information Technology
Bloomberg ticker	HANA TB
Shares issued (m)	885.4
Market cap (Btm)	38,602.0
Market cap (US$m)	1,142.2
3-mth avg daily t'over (US$m)	44.5

Price Performance (%)

52-week high/low				Bt53.5/Bt15.1
1mth	3mth	6mth	1yr	YTD
(13.2)	(10.1)	38.4	138.2	167.5

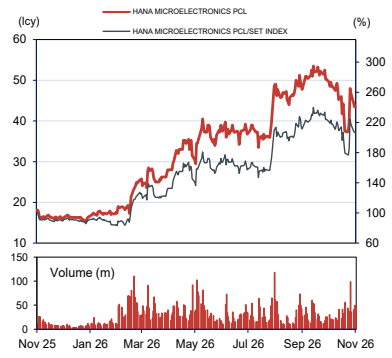
Major Shareholders (%)

OMAC (HK) LIMITED	19.48
Thai NVDR Company Limited	8.34

Balance Sheet Metrics

FY26 NAV/Share (Bt)	30.6
FY26 Net Debt/Share (Bt)	(4.5)

Price Chart



Source: Bloomberg

Company Description

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

- **Near-full PCBA capacity and IC recovery support management's confidence in 2027 expansion.** PCBA utilisation at Lamphun is expected to approach full capacity in 4Q26, while IC utilisation recovered to 72% in 3Q26 (vs 42% in 4Q25 and 63% in 2Q26). Management plans capex of Bt1.7b/ Bt3.8b for 2026/2027, respectively. The lower 2026 budget, versus previous guidance of Bt1,800m, reflects equipment delivery delays. The 2027 budget includes Bt0.24b for land purchases at the Ayutthaya and Lamphun plants, Bt1.0b for factory construction, and Bt2.56b for equipment expansion.
- **Strong demand and customer guarantees help reduce expansion risks.** Phononic's orderbook continues to grow, while the new industrial IC customer could become a top three customer of Ayutthaya in 2027. Both customers have agreed to provide financial guarantees through escrow accounts. These financial guarantees help reduce HANA capacity expansion risk as HANA can draw on customer escrow deposits to help cover equipment depreciation and investment, if customers fail to meet their commitments. These deposits cannot be used to fund capex upfront, and management did not disclose their value or coverage.
- **Management remains positive on AI demand despite blue wave and Nvidia concerns.** Management sees mainly a sentiment impact, with no major change in customer demand. TEC cooling and high-density PCBA orders remain strong. Already funded and approved data centre projects could support demand for another two to three years despite slower new investment. Management expects clearer US policy direction early next year. Tighter rules are possible, but it does not expect industry-wide development to stop, given data centres' economic importance and potential project relocation overseas.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt56.00.** Our target price is based on 27.0x 2027F PE (+0.50SD above its five-year PE mean) or near 1SD above its five-year PBV mean).
- **Weak sentiment towards AI-related stocks from blue wave and NVIDIA news provides an opportunity to accumulate.** HANA's current P/BV valuation is trading slightly higher than its historical mean, which we view as reasonable given its strong earnings growth outlook, with a three-year CAGR of 49% during 2025-28 or a two-year CAGR of 17% during 2026-28, the low D/E ratio and healthy utilisation. We recommend accumulating HANA on any share price correction between Bt38.00-45.00 (-0.25 to 0.25SD above its five-year PBV band) due to current sector rotation or weaker sentiment toward AI-related stocks, as a lower entry price would provide a greater margin of safety against PMS execution risks.

Earnings Revision/Risk

- **The 3Q26 results accounted for 70% of our significant 2027-28 earnings upgrades, while the positive tone at the analyst meeting accounted for the remaining 30%.** We fine-tune our 2026-27 earnings forecasts upward by 50%/34%/26% to reflect higher operating assumption and utilisation. Higher IC utilisation can help boost operating margins through economies of scale.

Share Price Catalyst

- Stronger-than-expected sales and operating margins.
- Better-than-expected recovery of PMS operating loss; higher-than-expected AI exposure as a PCBA assembler.

Environment, Social, Governance (ESG) Updates

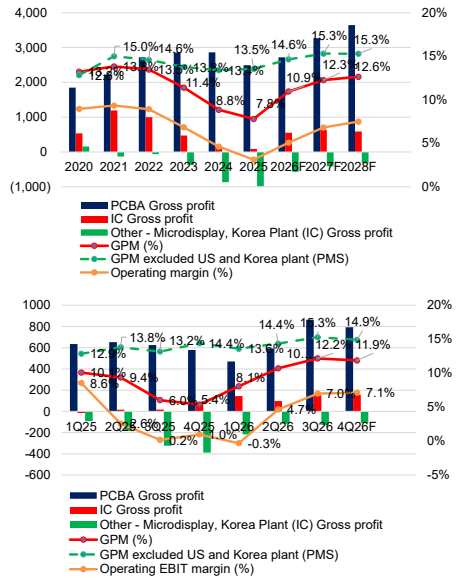
- **Environmental:** HANA targets a 40% reduction in electricity purchasing and 45% reduction in water consumption by 2030 (vs 2020 baseline).
- **Social:** HANA focuses on employee health & safety, zero-accident culture, workforce development (regular training programmes) and technical skill enhancement.
- **Governance:** HANA adheres to high standards of corporate governance, emphasising board independence, transparency, and accountability.

Earnings Results

(Bt)	3Q26F	3Q25	2Q26	yoy (%)	qoq (%)
Revenue	7,297	5,295	5,365	37.8	36.0
Gross profit	888	318	576	179.2	54.3
SG&A to sales	487	384	437	26.8	11.4
Operating profit	511	10	250	5,121.8	104.3
Other income	193	20	91	857.5	113.1
Operating EBITDA	868	384	595	126.1	46.1
Net profit	693	15	326	4,588.5	112.4
Core profit	536	38	278	1,309.1	92.9
EPS	0.78	0.02	0.37	4,588.5	112.4
%				ppts	ppts
Gross margin	12.2%	6.0%	10.7%	6.2	1.4
SG&A to sales	6.7%	7.2%	8.1%	(0.6)	(1.5)
Operating margin	7.0%	0.2%	4.7%	6.8	2.3
EBITDA margin	11.9%	7.3%	11.1%	4.6	0.8
Net profit margin	9.5%	0.3%	6.1%	9.2	3.4
Core profit margin	7.3%	0.7%	5.2%	6.6	2.2

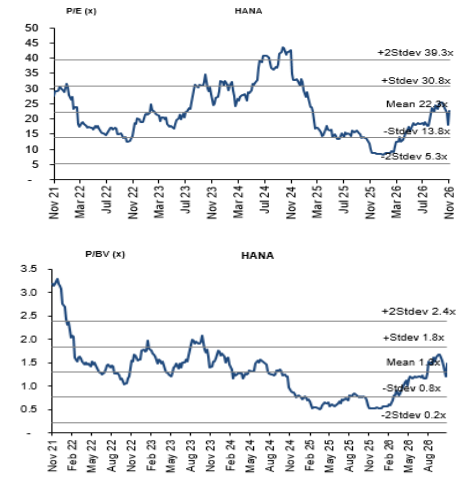
Source: UOB Kay Hian

Annual and Quarterly Operating Statistics (Btm)



Source: UOB Kay Hian

Five-Year Forward PE And PBV Bands



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**20,563**	**24,150**	**28,328**	**30,834**
EBITDA	1,559	2,208	2,853	3,251
Deprec. & amort.	1,526	1,502	1,584	1,675
EBIT	33	706	1,269	1,576
Total other non-operating income	608	483	652	725
Associate contributions	(26)	(13)	(15)	(15)
Pre-tax profit	**721**	**1,741**	**2,047**	**2,449**
Tax	(51)	(70)	(144)	(173)
Minorities	0	0	0	0
Net profit	**537**	**1,665**	**1,903**	**2,277**
Net profit (adj.)	670	1,243	1,903	2,277

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	8,487	9,023	9,837	10,584
Other LT assets	336	398	407	412
Cash/ST investment	5,308	4,428	3,331	3,277
Other current assets	17,028	19,821	21,507	22,504
Total assets	**31,159**	**33,671**	**35,082**	**36,777**
ST debt	479	475	475	475
Other current liabilities	3,328	5,032	5,620	6,117
LT debt	1	2	2	2
Other LT liabilities	1,032	1,058	1,085	1,113
Shareholders' equity	26,319	27,104	27,900	29,071
Minority interest	0	0	0	0
Total liabilities & equity	**31,159**	**33,671**	**35,082**	**36,777**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**3,987**	**2,183**	**3,652**	**3,953**
Pre-tax profit	721	1,741	2,047	2,449
Tax	(79)	(86)	(146)	(171)
Deprec. & amort.	1,526	1,502	1,584	1,675
Working capital changes	1,830	(1,491)	36	(128)
Non-cash items	0	0	0	0
Other operating cashflows	(11)	518	131	128
Investing	**(3,713)**	**(1,672)**	**(3,513)**	**(2,772)**
Capex (growth)	(650)	(2,038)	(2,397)	(2,422)
Investments	0	(47)	0	0
Others	(3,063)	413	(1,116)	(349)
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)**	**(377)**	**(968)**	**75**
Beginning cash & cash equivalent	**6,689**	**4,936**	**4,428**	**3,331**
Ending cash & cash equivalent	**5,533**	**4,559**	**3,460**	**3,406**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.6	9.1	10.1	10.5
Pre-tax margin	3.5	7.2	7.2	7.9
Net margin	2.6	6.9	6.7	7.4
ROA	1.6	4.8	5.4	6.3
ROE	2.6	7.8	8.7	10.1
Growth				
Turnover	(11.2)	4.3	22.4	33.2
EBITDA	(58.4)	(41.0)	(23.8)	(13.2)
Pre-tax profit	(77.8)	(46.3)	(36.9)	(24.4)
Net profit	(79.5)	(36.3)	(27.3)	(13.0)
Net profit (adj.)	0.0	85.5	53.0	19.7
EPS	(11.9)	63.5	150.1	199.3
Leverage				
Debt to total capital	1.8	1.8	1.7	1.6
Debt to equity	1.8	1.8	1.7	1.6
Net debt/(cash) to equity	(18.3)	(14.6)	(10.2)	(9.6)

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