

HANA (Thailand) (HANA TB)

Earnings Expected To Recover, While AI-Related Mass Production Starts In 3Q26

Highlights

- We expect HANA to report a 3Q26 core profit of Bt303m (+697% yoy, +9% qoq), continuing its earnings recovery.
- Earnings recovery in 2H26 should be driven by narrowing losses at PMS, higher IC utilisation rates and resilient PCBA sales.
- HANA entered mass production for two AI-related projects in 3Q26, including solid-state cooling and high-density PCBA.
- Maintain BUY with a higher target price of Bt56.00, backed by a 37% earnings CAGR in 2025-28 and continued operational improvements at PMS in 2H26.

3Q26 Results Preview

Year to 31 Dec (Btm)	3Q26F	3Q25	2Q26	yoy (%)	qoq (%)
Revenue	5,776	5,295	5,365	9.1	7.6
Gross profit	635	318	576	99.7	10.3
Operating profit	287	10	250	2,837.2	14.9
Net profit	328	15	326	2,117.8	0.5
Core profit	303	38	278	696.6	9.0
EPS	0.37	0.02	0.37	2,117.8	0.5
Gross margin	11.0%	6.0%	10.7%	5.0	0.3
SG&A to sales	8.1%	7.2%	8.1%	0.9	(0.0)
Operating margin	5.0%	0.2%	4.7%	4.8	0.3
Net profit margin	5.7%	0.3%	6.1%	5.4	(0.4)

Source: Bloomberg, UOB Kay Hian

Analysis

- 3Q26 earnings are expected to remain on a recovery path, mainly driven by narrower losses at PMS, while PCBA and IC operations should continue to improve in 2H26.** We project that HANA (Thailand) (HANA) will report a core net profit of Bt303m (+697% yoy, +9% qoq), supported by higher sales and improving margins. We forecast revenue of Bt5.78b (+9% yoy, +8% qoq), driven by resilient printed circuit board assembly (PCBA) sales and improving integrated circuit (IC) sales, supported by higher utilisation rates in 2H26. We expect gross margin to continue recovering to 11.0% in 3Q26 (vs 9.5% in 1H26 and 10.7% in 2Q26), mainly driven by continued operational improvements at Power Master Semiconductor Co (PMS). Although PMS could remain loss-making in 2026, we expect its losses to continue narrowing in 2H26, supported by HANA's efforts to strengthen its operations in Korea and expand its presence in China, where marketing efforts have begun to deliver results since 2Q26. This includes cooperation with a Chinese foundry to penetrate China's silicon carbide market.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	24,801.3	20,563.4	22,329.9	25,629.7	28,198.3
EBITDA	2,279.6	1,558.9	2,176.0	2,651.4	3,094.4
Operating profit	503.0	33.0	415.3	793.8	1,144.0
Net profit (rep./act.)	(633.7)	537.0	1,116.7	1,414.8	1,802.5
Net profit (adj.)	(643.6)	670.3	904.7	1,414.8	1,802.5
EPS	(0.7)	0.8	1.0	1.6	2.0
PE (x)	(68.4)	65.7	48.7	31.1	24.4
P/B (x)	1.6	1.7	1.7	1.6	1.6
EV/EBITDA (x)	6.9	10.5	7.7	6.5	5.6
Dividend yield (%)	1.5	2.0	2.0	2.5	3.0
Net margin (%)	(2.6)	2.6	5.0	5.5	6.4
Net debt/(cash) to equity (%)	(20.2)	(18.3)	(16.4)	(14.2)	(13.6)
ROE (%)	(3.0)	2.6	5.3	6.6	8.3
Consensus net profit	n.a	n.a	905.4	1,421.6	1,797.2
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

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

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BUY (Maintained)

Share Price	Bt47.50
Target Price	Bt56.00
Upside	17.9%
Previous Price	Bt54.00

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

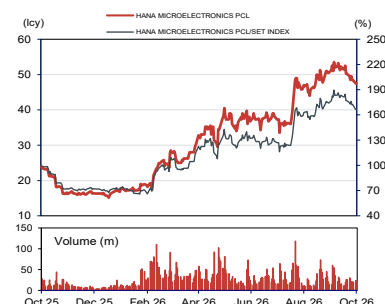
Major Shareholders (%)

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)	(4.9)

Price Chart



Source: Bloomberg

Company Description

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

- **HANA's expansion from traditional electronics manufacturing services (EMS) into the AI supply chain is expected to contribute more meaningfully to earnings in 2027.** HANA ramped up production for two AI-related projects starting in 3Q26. First, solid-state cooling, which provides targeted cooling for specific chip components, is likely to reach full production capacity by end-4Q26. In addition, HANA is working with Phononic to develop and qualify a more complex production process for co-packaged optics-related cooling solutions. We maintain our view that Phononic's five existing customers will contribute a low single-digit percentage of HANA's total sales in 2H26, before increasing to a mid-single-digit contribution in 2027. Second, high-density printed circuit board assembly (PCBA) for AI oscilloscopes, used to test 1.6T optical transceivers, could contribute more meaningfully in 2027. The high-density PCBA customer could potentially become one of HANA's top five customers, accounting for 5-6% of total sales in 2027. As a result, we expect HANA's two existing AI-related projects to account for 2% of total sales in 2026 and 9% in 2027, which are already incorporated into our earnings forecasts.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt56.00 (from Bt54.00).** Our target price is based on 34.5x 2027F PE (+1.50SD above its five-year mean) or near 1.0SD above its five-year PBV mean).
- **AI-related projects remain on track, with mass production in 3Q26.** While updates on AI-related projects were less exciting than those in the previous two quarters as management update on AI-related project rather than new AI project, but mass production ramp-up began as planned in 3Q26. In addition, HANA's plans to revise up its 2027 capex (pending final disclosure) suggest management's confidence in the ongoing earnings upcycle.
- **Weak sentiment towards AI-related stocks 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 38% during 2025-28, improving PMS operations and the low D/E ratio. We recommend accumulating HANA on any share price correction between Bt40.00-48.00 (0 to 0.5SD 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

- We fine-tune our 2026-27 earnings forecasts upward by 4-7% to reflect higher gross margin assumptions and narrower losses at PMS in 2027.

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).

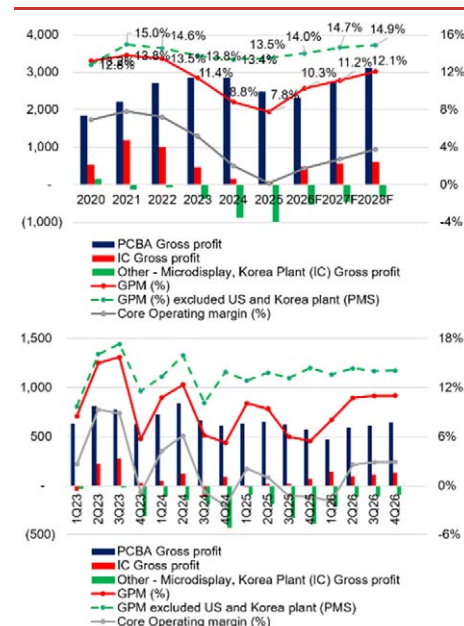
Social

- 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.

Annual And Quarterly Operating Statistics



Source: UOB Kay Hian

3Q26 Outlook By Segment

3Q26 Outlook By Segment	
1) PCBA	HANA's major customer will change model from consignment to turnkey model (with higher sales, but lower margin).
PCBA - Lamphun (Thailand)	Mass production started in 3Q26 for two major AI projects (Phononic solid state cooling and high-density PCBA). Non-AI demand also remains strong.
PCBA - Jaxing (China)	1) Solid-state cooling production, with Phononic, ramp-up started in 3Q26, with five customers passing PCN qualification (Product change notification). Additional equipment for solid-state cooling will arrive throughout 3Q-4Q26 to support two contracts.
PCBA - Cambodia	HANA is working with Phononic to develop and qualify a more complex production process for Co-Packaged Optics (CPO)-related cooling solutions.
2) IC	2) High-density PCBA for AI oscilloscopes started production in 3Q26, with full capacity expected by end-4Q26 or earlier.
PCBA - Ayutthaya (Thailand)	Growth outlook remains weak due to geopolitical and tariff uncertainty. RFID loading expected to increase further in 3Q26.
PCBA - Jaxing (China)	Resizing and restructuring should support profitability despite weak revenue. Positive 2H26 outlook driven by new medical activity and product lines.
3) Microdisplay	Border closure remains a logistics cost challenge, although customers remain uncommitted unless the conflict escalates.
HTI (Ohio, USA)	2H26 sales and margin expect to improve from higher utilisation rate.
4) Korea Plant (IC)	Semiconductor cycle turns positive with strong demand is expected to continue.
Power Master	Utilisation recovery continues, with further growth expected in 2H26. Strong NPI (new product introduction) backlog supports future growth.
	Additional capex for 2027 under review as new projects move toward mass production. Equipment lead times remain extended.
	Transition from standard CSAT to power modules continues through 2027 and beyond. Profitability expected to remain weak in 2H26, with a brighter outlook in 2027. US customer demand expected to recover in early 2027.
	Tyre-lag demand remain weak from EU demand, but inlay sales is expected to improve while operation losses is expected to narrow.
	Continued improvement expected in 3Q26, supported by inlay capacity expansion. Management targets a return to operating profitability by 4Q26.
	Demand is expected to improve in 2H26. Marketing efforts in India and Korea started to deliver results.
	Revenue expected to continue improving in 2H26, reducing losses and cash burn. Operating losses continued but narrowed.
	China bundary partners for SIC planned for qualification by 3Q26.

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	22,330	25,630	28,198
EBITDA	1,559	2,176	2,651	3,094
Deprec. & amort.	1,526	1,761	1,858	1,950
EBIT	33	415	794	1,144
Total other non-operating income	608	447	589	663
Associate contributions	(26)	(15)	(15)	(15)
Pre-tax profit	721	1,234	1,565	1,993
Tax	(51)	(112)	(150)	(191)
Minorities	0	0	0	0
Net profit	537	1,117	1,415	1,803
Net profit (adj.)	670	905	1,415	1,803

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,987	4,365	2,837	3,788
Pre-tax profit	721	1,234	1,565	1,993
Tax	(79)	(116)	(157)	(177)
Deprec. & amort.	1,526	1,761	1,858	1,950
Working capital changes	1,830	709	(891)	(412)
Non-cash items	0	0	0	0
Other operating cashflows	(11)	777	462	432
Investing	(3,713)	(3,250)	(1,928)	(2,396)
Capex (growth)	(650)	(2,457)	(1,991)	(2,133)
Investments	0	(47)	0	0
Others	(3,063)	(746)	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)	227	(197)	285
Beginning cash & cash equivalent	6,689	4,936	4,843	4,300
Ending cash & cash equivalent	5,533	5,164	4,646	4,586

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	8,487	9,184	9,317	9,500
Other LT assets	336	406	414	420
Cash/ST investment	5,308	4,843	4,300	4,239
Other current assets	17,028	18,311	19,479	20,585
Total assets	31,159	32,743	33,510	34,744
ST debt	479	475	475	475
Other current liabilities	3,328	4,653	5,084	5,594
LT debt	1	2	2	2
Other LT liabilities	1,032	1,058	1,085	1,113
Shareholders' equity	26,319	26,556	26,864	27,560
Minority interest	0	0	0	0
Total liabilities & equity	31,159	32,743	33,510	34,744

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.6	9.7	10.4	11.0
Pre-tax margin	3.5	5.5	6.1	7.1
Net margin	2.6	5.0	5.5	6.4
ROA	1.6	3.3	4.1	5.1
ROE	2.6	5.3	6.6	8.3
Growth				
Turnover	(11.2)	(3.5)	10.7	21.8
EBITDA	(58.4)	(41.9)	(29.2)	(17.4)
Pre-tax profit	(77.8)	(61.9)	(51.7)	(38.5)
Net profit	(79.5)	(57.3)	(45.9)	(31.1)
Net profit (adj.)	0.0	35.0	56.4	27.4
EPS	(11.9)	18.9	86.0	137.0
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)	(16.4)	(14.2)	(13.6)

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