Hana Microelectronics Pcl (HANA TB) - SELL

Analyst Meeting

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Weak key business, hope on AI

- **Key business weakness continues into 3Q25F**
- **Hope for new AI work from startup customer**
- **Outsourcing SiC to China**
- **Maintain SELL**

- HANA held an analyst meeting yesterday. The company expects continued weakness in its key IC packaging and PCB assembly businesses into 3Q25F. However, it's working on new AI-related projects from a startup customer. We believe this news drove the recent share price rally.
- The core business continues to see soft orders in 3Q25 following 1H25 weakness. Customers remain reluctant to place orders, fearing new US tariffs could further erode demand for HANA's traditional electronic products.
- Regarding the new chip-making business (PMS), HANA is considering expanding high-end SiC production by outsourcing to a Chinese factory. HANA would use this setup for China-focused orders while keeping its original manufacturing in Korea for non-Chinese customers. This comes after the oversupply of SiC chips in China has triggered cutthroat pricing competition. HANA acknowledged that the potential outsourced factory would likely make losses too, but fewer losses than PMS.
- HANA mentioned receiving new assembly orders for solid-state cooling modules for AI data centers. HANA said it is too early for business size projections. HANA didn't disclose the customer but mentioned it's a private startup. Products are still under development and not yet commercialized.
- So far global the global hyperscalers have adopted the liquid cooling system for their AI data centers as it efficiently transfers a massive amount of heat. It works by using a liquid, such as water or a special coolant, that circulates through to the hottest components. This allows it to absorb heat very effectively and move it away from the chips. Solid-state cooling is a startup technology that is believed to be superior in areas of precision, reliability, and form factor. However, it is still in the development phase and issues for mass adoption include low cooling capacity, as it struggles to dissipate the immense heat from modern GPUs, poor energy efficiency, as it requires significant power to operate, and high cost, as the specialized materials and manufacturing processes make it more expensive than traditional liquid cooling systems.
- We maintain SELL on HANA.

Key Valuations

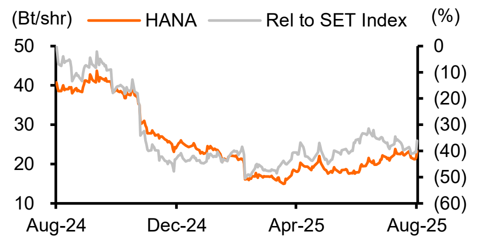
Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	24,801	20,198	21,677	22,525
Net profit	(634)	1,364	1,084	1,087
Norm net profit	1,072	1,364	1,084	1,087
Norm EPS (Bt)	1.2	1.5	1.2	1.2
Norm EPS gr (%)	(50.3)	27.3	(20.5)	0.2
Norm PE (x)	19.2	15.1	19.0	18.9
EV/EBITDA (x)	4.8	3.9	3.1	2.8
P/BV (x)	0.8	0.7	0.7	0.7
Div. yield (%)	3.2	3.3	2.6	2.6
ROE (%)	3.8	5.0	3.9	3.8
Net D/E (%)	(35.1)	(45.2)	(45.7)	(47.3)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	23.20
Target price (Bt)	17.00
Market cap (US$ m)	629.7
Avg daily turnover (US$ m)	8.9
12M H/L price (Bt)	43.75/14.90

Price Performance



Source: Bloomberg

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