BUY (Unchanged) | **TP: Bt 26.50** (From: Bt 20.00)

Change in Numbers | **Upside : 14.2%** | **9 MARCH 2026**

Small Cap Research

Hana Micro Electronics (HANA TB)

Ray of light

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While we continue to expect limits on losses from its PMS business, HANA is receiving new work orders from AI-related customers. Valuation-wise, with net cash at 43% of its book value and still trading at only 0.8x P/BV, HANA is mispriced in our view.

Positive developments; BUY

We reiterate our BUY call on HANA with a higher DCF-based 12-month TP (2026F base year) of Bt26.5 (from Bt20). ***First***, we maintain the view in our recommendation upgrade in *HANA – Picking up the pieces,* dated 24 Nov. 2025, that it is a good sign that HANA is adjusting its PMS business model to limit its losses. ***Second***, a positive development is that HANA has received new product orders of chip packaging for cooling equipment for data centers and OEM PMS orders from non-AI segments. HANA is also seeing inventory restocking from some customers. ***Third***, together with 4Q25 results beating due to lower PMS losses, we raise our earnings estimates by 15-20% in 2026-28F. ***Lastly***, HANA is mispriced in our view, trading at only 0.8x P/BV despite as much as 43% of its book value, or Bt13/share, being net cash. We estimate 29/57/49% EPS growth in 2026–28F.

A new AI-related customer

HANA has received a chip packaging contract from Phononic (non-listed). Phononic makes solid-state cooling products for AI data centers. It uses electricity to move heat and allows more precise cooling than the liquid system, which is currently in use in data centers. Phononic's revenue was only US$75m in 2024, but due to strong growth potential, HANA expects sizeable orders in late 2026, which could make Phononic one of its top-ten customers. We, however, still forecast Phonnic to account for 2% of HANA's sales in 2027F. Solid-state is now used only for cooling in very small areas of data centers, given its limitations due to the difficulty of meeting precision application requirements.

Unexpected orders for PMS business

HANA has invested over Bt4.0bn in PMS facilities in Korea since 2019 for its Si and SiC chip business. PMS made losses of about Bt1.0bn p.a. in 2024-25 due to weak volume and price pressure from China's oversupply. In 4Q25, HANA adjusted its PMS business model by cutting large, loss-making orders, with plans to halt its own production and adopt an outsourcing model to China OEM factories. While the outsourcing plan continues, HANA is delaying the shutdown of its Korea facilities after receiving new chip orders from Korean chipmakers for delivery of non-AI products in 2H26. Strong AI-related demand has led some busy chipmakers to outsource. We project PMS losses of Bt0.7/0.4bn in 2026–27F, with HANA exiting the business in 2028F.

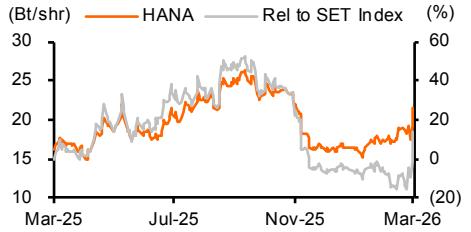
Restocking signs

HANA's traditional IC packaging and PCB assembly businesses suffered a 3/7/11% fall in sales in 2022–25 due to the global economic slowdown. However, HANA expects sales to improve in 1Q26 due to customer inventory restocking. We estimate sales growth of 6/5/3% in 2026–28F.

COMPANY VALUATION

VALUATION	2025A	2026F	2027F	2028F
Sales	20,563	21,015	22,359	23,030
Net profit	671	873	1,368	2,043
Consensus NP	—	873	1,106	1,357
Diff frm cons (%)	—	*(0.1)*	*23.7*	*50.6*
Norm profit	679	873	1,368	2,043
Prev. Norm profit	—	757	1,176	1,700
Chg frm prev (%)	—	*15.3*	*16.4*	*20.2*
Norm EPS (Bt)	0.8	1.0	1.5	2.3
Norm EPS grw (%)	(41.9)	28.6	56.7	49.3
Norm PE (x)	30.3	23.5	15.0	10.1
EV/EBITDA (x)	5.2	4.7	3.1	1.7
P/BV (x)	0.8	0.8	0.8	0.7
Div yield (%)	4.3	2.1	3.3	5.0
ROE (%)	2.5	3.3	5.1	7.3
Net D/E (%)	(43.8)	(43.4)	(46.7)	(53.0)

PRICE PERFORMANCE



COMPANY INFORMATION

Price: (Bt) *as of* 9-Mar-26	23.20
Market Cap (US$ m)	640.1
Listed Shares (m shares)	885.4
Free Float (%)	63.1
Avg. Daily Turnover (US$ m)	10.1
12M Price H/L (Bt)	26.25/14.90
Sector	Electronics
Major Shareholder	OMAC (HK) Limited 19.5%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P9

This report is prepared by Thanachart Securities. Please contact our salesperson for authorisation. Please see the important notice on the back page

Thanachart Securities

Ray of light

Reiterating BUY and raising our earnings

We reiterate our BUY call on Hana Microelectronics (HANA TB) with a DCF-based TP 12-month TP (2026F base year) of Bt26.5/share (from Bt20).

Ex 1: Our Assumptions

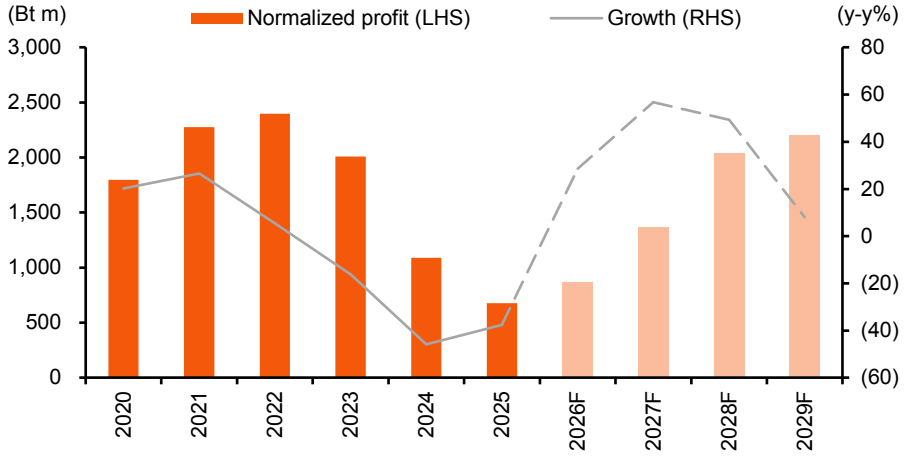
	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
Total US$ sales (% growth)	(4.7)	(6.0)	20.4	4.1	(2.8)	(6.6)	(10.9)	6.0	5.4	3.0
Gross margin (%)	10.7	13.3	13.7	13.3	12.5	8.7	8.6	9.6	11.4	13.9
SG&A to sales (%)	6.3	6.0	6.2	6.2	6.1	7.6	7.8	7.8	7.4	7.0
EBIT margin (%)	4.5	7.4	7.5	7.1	6.4	1.1	0.9	1.8	4.0	6.9

Sources: Company data, Thanachart estimates

A value-unlocking play, in our view

First, we reaffirm our view that HANA is a value-unlocking play, with the beginning of a reduction in losses from the PMS business, which has been dragging down profits over the past three years. In addition, we believe three new developments could unlock its share price. We expect HANA's earnings to grow by 29/57/49% in 2026–28F.

Ex 2: Earnings Turnaround Begins



Sources: Company data, Thanachart estimates

Three unlocking factors

Second, the three positive developments are as follows:

New AI orders

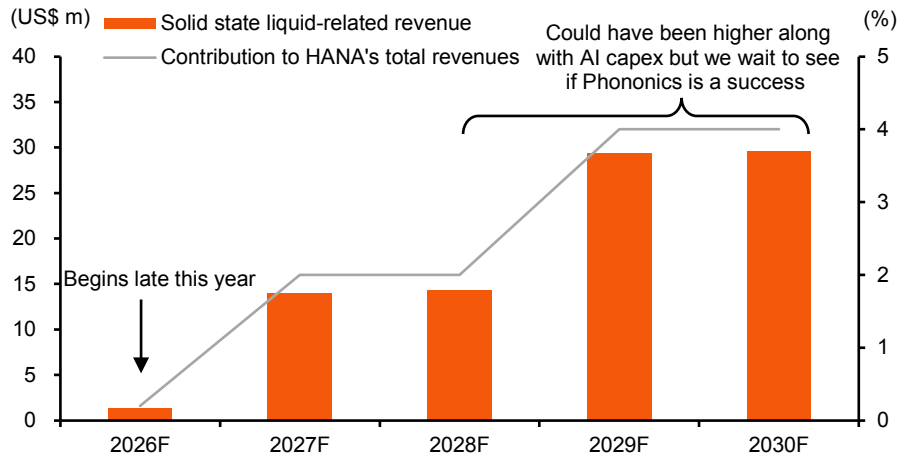
AI-related orders: HANA disclosed that it has been awarded a contract to provide chip-packaging services for Phononic. Phononic manufactures solid-state cooling solutions, a new generation of cooling technology compared with the liquid cooling systems currently used in data centers. The solid-state system is claimed to provide more precise temperature control because it uses electricity to move heat directly, rather than circulating liquid coolant. This allows faster and more accurate heat management than traditional liquid cooling systems. Phononic generated revenue of only US$75m in 2024, but due to the rapid growth in global AI capex, HANA expects sizable orders starting in late 2026, which could make Phononic one of HANA's top ten customers by 2027F. However, we currently estimate Phononic-related orders to account for only 2% of HANA's revenue in 2027F. Currently, solid-state cooling is used only in small, localized parts of data centers that require very precise temperature control, such as high-performance processors, photonics modules, and certain networking components. This is because the technology is more expensive and cannot yet handle the large heat loads generated by full server racks. As a result, most data center cooling – especially for large server racks and hyperscale computing clusters – continues to rely on conventional liquid cooling systems.

Ex 3: Cooling Applications

	How the system works	Reasons to use	Drawbacks	Usages in Data centers
Solid state cooling	– Uses electricity and specialized materials to move heat through a solid surface	– Suitable for parts require precision cooling, small areas where liquid pipe cannot be installed	– Low efficiency at large scale as requires high precision and consumes high electricity	– Small systems, e.g., micro heat spreader, secondary heat sink
Liquid cooling	– Circulates fluid across the system, absorbs the heat and carries to cooling system outside the server rack	– Suitable for most systems in data centers. Can remove large amount of heat simultaneously	– Require pipes and fluid systems near sensitive electronics, which has more downside risks	– Can be used in most data center systems, as liquid pipes can be installed in most setups.

Source: Thanachart compilations

Ex 4: We Still Expect Limited Solid State Contributions

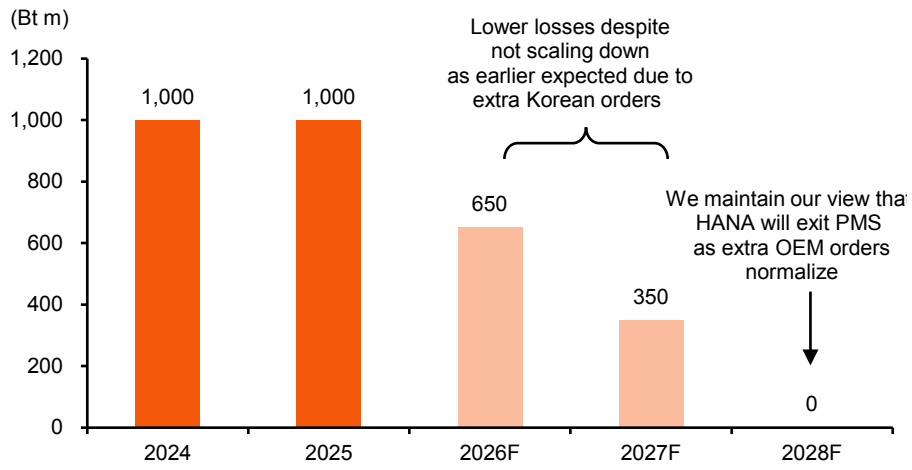


Sources: Company data, Thanachart estimates

New PMS orders

Unexpected PMS orders: Since 2019, HANA has invested over Bt4.0bn in PMS facilities in South Korea for its Si and SiC chip business. PMS generated Bt1.0bn p.a. losses in 2024–25 due to weak volumes and price pressure as a result of China oversupply. In 4Q25, HANA decided to adjust its PMS business model by cutting large loss-making orders and planning to stop its own production and move to an outsourcing model with OEM factories in China. While the outsourcing plan remains in place, HANA is delaying the shutdown of its Korean facilities after receiving new chip orders for non-AI products from Korean chip makers, to be delivered in 2H26. Strong AI-related demand has taken up production capacity at chip manufacturers, causing non-AI chips to be outsourced to third parties. HANA does not disclose the end-product categories but indicates they are non-AI applications. We believe these are used in traditional electronics products, such as televisions, home appliances, and mobile phones, produced by Korean manufacturers. There could also be some components used in Korean EVs. Korean manufacturers use PMS because they prefer to keep production within Korea. That said, we expect the extra demand to normalize, and we maintain our view that HANA will exit the PMS business by 2028F. We estimate PMS losses to decline from about Bt1.0bn–1.2bn in 2024–25 to Bt0.7bn/Bt0.4bn in 2026–27F, with no further losses from 2028F onward.

Ex 5: Lower PMS Losses, Before Exiting In 2028F

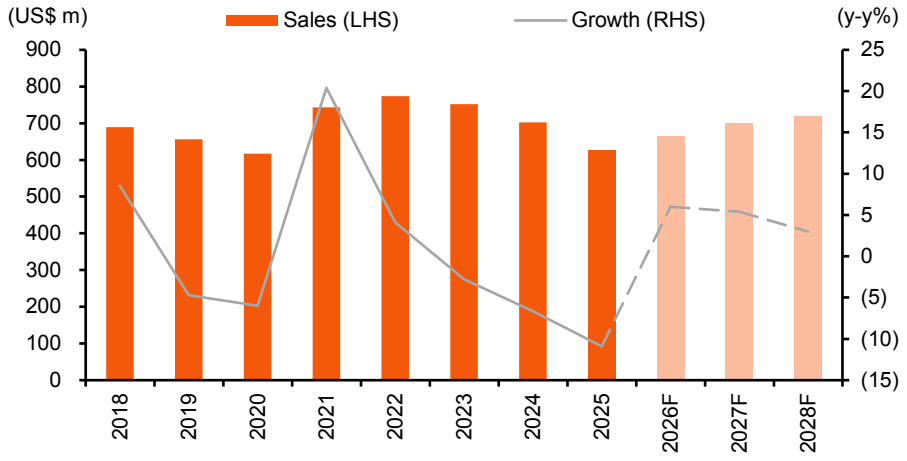


Sources: Company data, Thanachart estimates

Key business beginning to recover

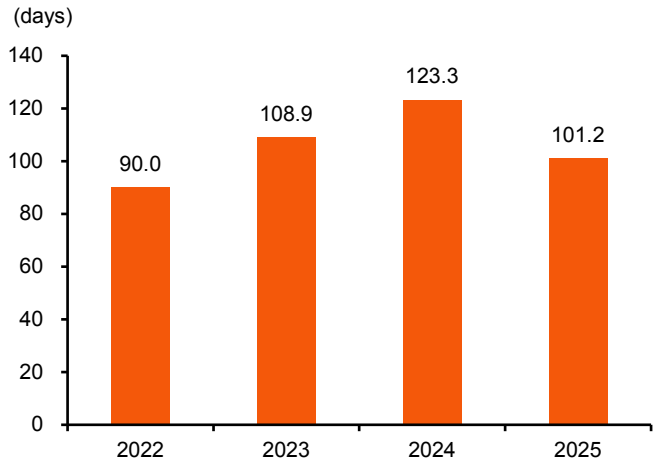
Key business should begin to see an order recovery from 1Q26: HANA is among the world's top 40 EMS producers, specializing in IC packaging and PCB assembly. It operates factories in Thailand, China and Cambodia, and an RFID facility in the US. Sales declined 3/7/12% during 2022–25 due to the global economic slowdown, while HANA also lost some customers in China as they exited the country amid US–China tensions. However, HANA now expects sales to improve starting in 1Q26, earlier than the mid-year recovery previously expected. HANA expects this to be driven by customer inventory restocking, likely supported by improving demand from new product cycles that incorporate AI-related components. We estimate sales growth of 6/5/3% in 2026–28F.

Ex 6: Business Bottomed Out



Sources: Company data, Thanachart estimates

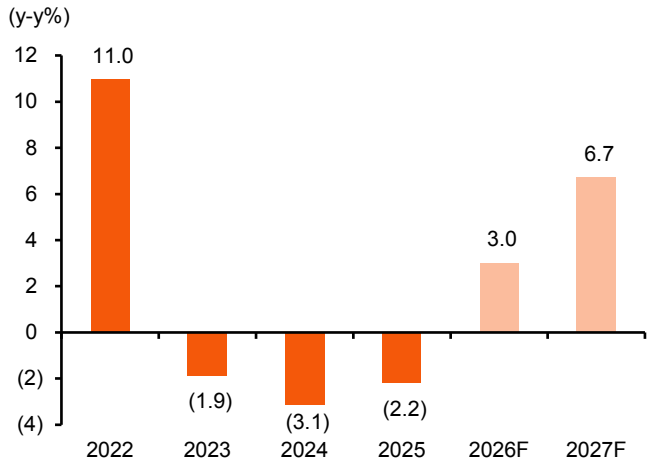
Ex 7: Fading Inventory At End Product Makers



Sources: Bloomberg; Thanachart compilations

Note: Information from selected listed end products makers that HANA is exposed to

Ex 8: Consensus Expects Higher Sales From Them Too



Sources: Bloomberg; Thanachart compilations

Note: Information from selected listed end products makers that HANA is exposed to

We raise earnings by 15/16/20% in 2026-28F

Third, following HANA's better-than-expected 4Q25 results and the three developments mentioned above, we raise our earnings estimates by 15/16/20% for 2026–28F.

Ex 9: Earnings Revisions

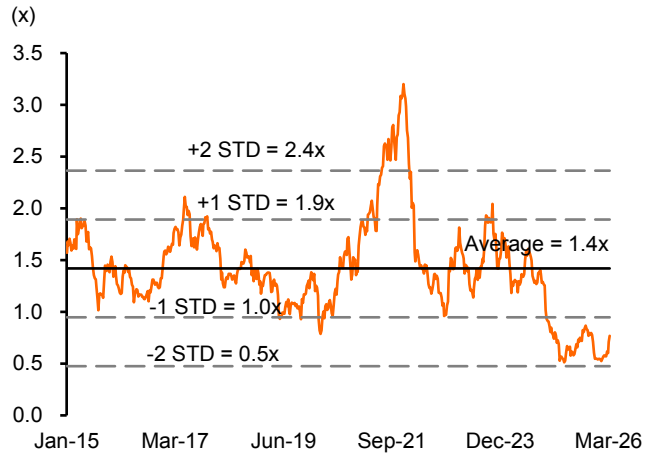
	2023	2024	2025	2026F	2027F	2028F
Sales (US$ m)						
- New	752	702	625	663	699	720
- Old				638	657	670
- Change (%)				*4.0*	*6.4*	*7.4*
Sales (Bt m)						
- New	26,152	24,801	20,563	21,015	22,359	23,030
- Old				21,045	21,676	22,110
- Change (%)				*(0.1)*	*3.2*	*4.2*
Gross margin (%)						
- New	12.4	8.8	8.6	9.6	11.4	13.9
- Old				9.2	11.2	13.7
- Change (ppt)				*0.4*	*0.2*	*0.2*
SG&A/sales (%)						
- New	6.1	7.6	7.8	7.8	7.4	7.0
- Old				7.4	7.4	7.4
- Change (ppt)				*0.4*	*0.0*	*(0.4)*
Normalized profit (Bt m)						
- New	2,008	1,089	679	873	1,368	2,043
- Old				757	1,176	1,700
- Change (%)				*15.3*	*16.4*	*20.2*

Sources: Company data, Thanachart estimates

HANA also looks mispriced on 0.8x P/BV while entering a new growth cycle

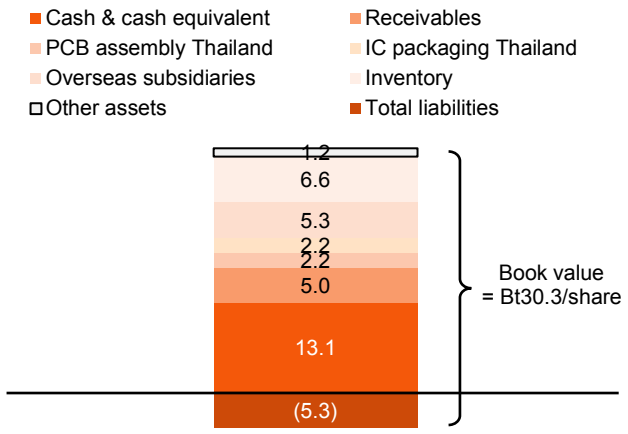
Lastly, we view HANA as mispriced, trading at only 0.8x PBV, while Bt13/share of its book value is net cash. We estimate earnings growth of 29/57/49% in 2026–28F, following the downcycle when earnings declined by 16/47/42% p.a. in 2023–25.

Ex 10: STD P/BV



Sources: Bloomberg; Thanachart estimates

Ex 11: Book Value Breakdown



Sources: Company data; Thanachart estimates

Ex 12: 12-month DCF-based TP Calculation, Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA excl. depreciation from right of use	1,939	2,496	3,207	3,363	3,509	3,433	3,352	3,264	3,171	3,072	2,960	—
Free cash flow	428	2,186	3,050	3,192	2,794	2,714	2,628	2,537	2,440	2,338	2,474	7,596
PV of free cash flow	427	1,575	1,865	1,657	1,230	1,015	834	683	558	453	407	1,061

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.3
WACC (%)	14.2
Terminal growth (%)	2.0
Enterprise value - add investments	11,929
Net debt (2025)	(11,518)
Minority interest	—
Equity value	23,447
# of shares (m)	885
Target price/share (Bt)	**26.5**

Sources: Company data, Thanachart estimates

Note: EBITDA excludes the new TFRS16 accounting standard's financial lease impact

Valuation Comparison

Ex 13: Valuation Comparison With Regional Peers

			EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
Name	**BBG code**	**Market**	**26F**	**27F**	**26F**	**27F**	**26F**	**27F**	**26F**	**27F**	**26F**	**27F**
			(%)	**(%)**	**(x)**	**(x)**	**(x)**	**(x)**	**(%)**	**(%)**	**(%)**	**(%)**
TTM Technologies Inc	TTMI US	USA	29.0	38.2	27.7	20.1	5.1	4.5	17.9	13.9	na	na
Chin-Poon Industrial	2355 TT	Taiwan	(8.9)	(17.5)	30.4	36.9	0.9	0.9	8.0	7.5	1.5	1.5
Tripod Technology Corp	3044 TT	Taiwan	22.5	24.3	14.6	11.8	3.2	2.6	8.1	7.0	4.2	5.3
CMK Corp	6958 JP	Japan	(26.4)	(33.5)	13.9	20.9	0.5	0.5	7.2	6.0	3.7	2.8
Meiko Electronics	6787 JP	Japan	37.3	14.4	28.9	25.2	4.6	4.0	17.8	14.0	0.5	0.6
Delta Electronics	DELTA TB*	Thailand	50.2	43.0	83.7	58.5	24.8	19.2	58.2	41.5	0.4	0.7
Hana Microelectronics	HANA TB*	Thailand	28.6	56.7	23.5	15.0	0.8	0.8	4.7	3.1	2.1	3.3
KCE Electronics	KCE TB*	Thailand	128.0	7.2	12.3	11.5	1.5	1.5	7.4	6.8	7.0	7.5
Average			**32.5**	**16.6**	**29.4**	**25.0**	**5.2**	**4.3**	**16.2**	**12.5**	**2.8**	**3.1**

Source: Bloomberg

Note: *Thanachart estimates, using Thanachart normalized EPS

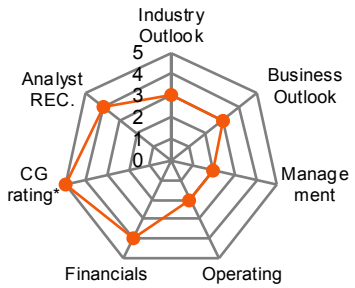
Based on 9 March 2026 closing prices

COMPANY DESCRIPTION

Hana Microelectronics Pcl (HANA) is an electronics manufacturing service (EMS) company, producing electronic components for original equipment manufacturers (OEM). The company offers three services for its clients: Printed Circuit Board Assembly (PCBA), Integrated Circuit Assembly and Test (IC), and Microdisplay. HANA has five manufacturing bases in Thailand, China, Cambodia and the US.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Well-established production facilities.
- Highly capable and experienced management team who have been working together for over a decade.
- High net cash position and no financial leverage.

W — Weakness

- Capital-intensive business, particularly machinery.
- Depends to a large extent on global demand for electronic components.
- Competing on a global scale with other big EMS players.

O — Opportunity

- In-house developed production processes lowering production costs.
- Expanding to value-added and higher-margin industries such as the automotive and medical sectors.
- Capacity expansion allows the company to boost revenues when demand recovers.

T — Threat

- Unexpected external events (i.e. flooding, political turmoil) can disrupt HANA's operations.
- New developments in the fast-changing technology industry can significantly dent demand for its products.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	23.44	26.50	13%
Net profit 26F (Bt m)	873	873	0%
Net profit 27F (Bt m)	1,106	1,368	24%
Consensus REC	**BUY: 9**	**HOLD: 5**	**SELL: 2**

Sources: Bloomberg consensus, Thanachart estimates

HOW ARE WE DIFFERENT FROM THE STREET?

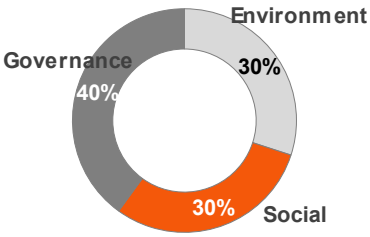
- Our TP is above the Bloomberg consensus number, which we attribute to us having a more constructive view on HANA exiting the large loss-making PMS business.

RISKS TO OUR INVESTMENT CASE

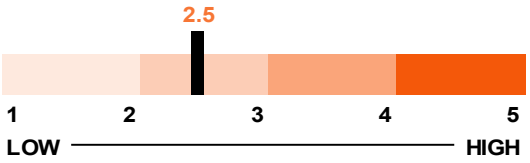
- A weaker-than-expected improvement in the global semiconductor industry would represent the key downside risk to our projections and TP.
- Weaker-than-expected impacts from global trade and geopolitical issues represent another downside risk to our forecasts.
- Worse-than-expected execution of R&D projects represents another downside risk to our earnings forecasts.

Source: Thanachart

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
HANA	YES	AAA	-	2.48	0	60.82	5.0

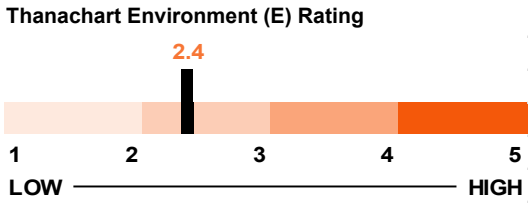
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- HANA is a global top-40 Electronics Manufacturing Services (EMS) company. It provides IC packaging and PCB assembly services to brand owners and Tier 1 & 2 suppliers for end products, including smartphones, computers, automobiles, and industrial electronic products.
- We assign a moderate-to-low ESG score of 2.5 to HANA, below the electronics sector average of 2.6. The drag is its 2.3 Governance (G) score and 2.4 Environmental (E) score. Its Social (S) score is 2.9, and we consider it moderate.
- For the E pillar, HANA does not have a clear roadmap for emissions reduction. The past reductions were driven by cost-saving programs rather than ESG objectives. However, HANA's effective management of water and waste helps keep the E score from being too low.
- HANA's S score is moderate at 2.9. HANA provides good support for employee safety and product quality. However, reductions in employee skill development budgets offer a negative outlook. Social contribution remains limited.
- We assign a low G score of only 2.3, reflecting a poor track record of investments in new business ventures and a non-ideal board structure.

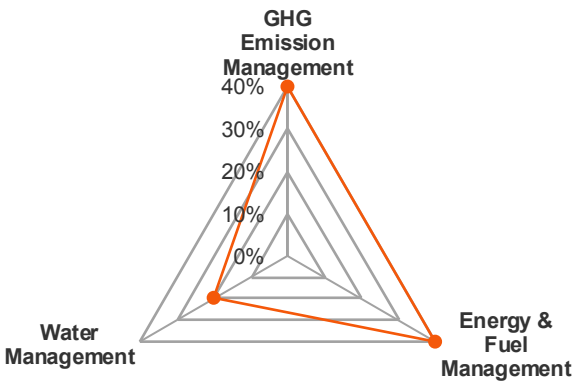
Sector: Technology | Electronic Components

We assign a low 2.4 E score to HANA, compared with the sector average of 2.9. While the prior year's environmental improvements were indirect benefits of HANA's cost-saving programs, HANA lacks an overall environmental roadmap.



ENVIRONMENT	Our Comments
– **GHG Emission Management** – **Energy & Fuel Management** – **Water Management**	▪ We assign a low Environmental (E) score of 2.4 to HANA, compared with the 2.9 sector average. HANA lacks long-term net-zero emissions targets and a clear environmental roadmap for carbon and energy management, which are crucial factors for the Environment factor, and this more than offsets HANA's good water and waste management. ▪ **Carbon and energy management:** Since 2022, HANA has implemented cost-saving programs that led to improvements in environmental metrics. Cost savings were in areas of increased production automation and production efficiency improvements to reduce production waste expenses, and the installation of rooftop solar panels to reduce electricity expenses, resulted in an 18% reduction in carbon emissions in 2024 from 2020 levels (vs. a 40% target by 2030), and a 14% reduction in energy consumption in 2024 from 2020 levels (vs. a 40% target by 2030).

SCALE WEIGHTING



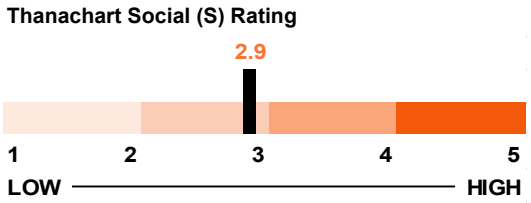
▪ However, while earlier improvements in pollutant reduction and energy usage stemmed from cost-saving programs, HANA mentioned that it does not have many cost-saving strategies left. HANA also has not shown meaningful direct investment to reduce emissions. In the area of carbon management, HANA has low Scope 1 emissions (direct emissions from combustion) due to its business nature, which relies on electricity rather than combustion processes. However, for Scope 2 emissions, HANA uses a large amount of electricity, but renewable power usage accounted for only 5.4% of total electricity consumption in 2024. There is no reporting of Scope 3 emissions (supply chain and production life cycle), which is typically a significant focus area for an EMS company. In the area of energy management, HANA spent only about 0.42% of revenue on renewable energy investment in 2024, and there is no clear further goal for renewable investments.

▪ **Water and waste management:** HANA has performed well in water and waste management, which is a support factor for its E score. HANA has also adopted recycling technologies for water and waste management. Water withdrawal declined by 51% in 2024 from 2022, exceeding the 20% reduction target. Landfill waste declined by 58% in 2024, exceeding the 40% reduction target. Good water and waste management results are unable to offset the concerning outlook for management of carbon and energy, which are more material environmental factors.

Sources: Thanachart, Company data

Sector: Technology | Electronic Components

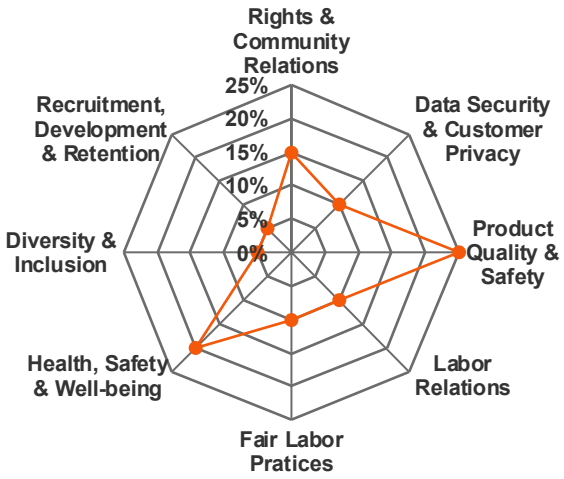
We assign a decent 2.9 S score to HANA, compared to the sector average of 2.7. HANA complies with the standard requirements of most social angles and has a strong operational track record. However, it lacks a solid commitment to talent development and social impact.



SOCIAL

- **Human Rights & Community Relations**
- **Data Security & Customer Privacy**
- **Product Quality & Safety**
- **Labor Relations**
- **Fair Labor Pratices**
- **Health, Safety & Well-being**
- **Diversity & Inclusion**
- **Recruitment, Development & Retention**

SCALE WEIGHTING



Our Comments

- We assign a decent 2.9 S score to HANA, which is above the sector average of 2.7. The score reflects compliance with standard social requirements and a strong track record of business operations. In our view, the weak areas are investments in workforce development and community activities.

- **Health & Safety:** This is a strong area, in our view. HANA integrates employee well-being directly into its remuneration structure, explicitly targeting healthcare improvement for its workforce. Safety performance is good with zero lost-time injury incidents in 2024, indicating effective industrial safety management. The company strictly adheres to strict industrial standards.

- **Product Safety & Quality:** This is also a strong area due to a robust framework of international certifications. HANA has secured ISO 9001 (Quality Management), IATF 16949 (Automotive Quality), and ISO 13485 (Medical Devices). There have been no customer product claims or fines for product failures. HANA runs two factories in Thailand, two in China, one in Cambodia, one in the US and another one in South Korea, and there haven't been any major incidents over the past 10 years.

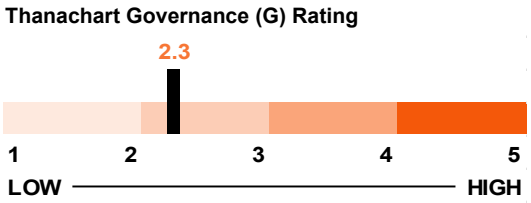
- **Staff Management:** This area needs improvement in our view. While HANA meets baseline requirements – achieving targeted training hours (57 hours/employee vs. 50-hour KPI), a retention rate within its target, and maintaining balanced skill development across technical, quality, and management domains – the company lacks strategic targets and plans for talent investment. Training expenditure per employee fell 75% y-y in 2024, implying an underinvestment in human capital in the fast-moving electronics sector.

- **Social Responsibility:** HANA maintains standard-level CSR engagement. The company is active in providing scholarships (Bt4.1m in 2024), career assistance for persons with disabilities (three projects), community smart farm initiatives, and health support to local hospitals. However, the monetary value of these contributions is too small to drive a meaningful social impact, in our view.

Sources: Thanachart, Company data

Sector: Technology | Electronic Components

We assign a low 2.3 G score to HANA, compared to the sector average of 2.4. The score reflects a weak track record of new business ventures, leading to weak earnings and impairments. HANA has a decent but not ideal board structure and meets standard committee requirements.



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Renumeration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING

Our Comments

- We assign a low 2.3 G score to HANA, below the sector average of 2.4. The score reflects a weak track record of investments in new business ventures. In other areas, HANA meets standards, but not at best-practice levels.

- **Business Sustainability and Innovation:** This is a weak area, in our view. *First*, HANA's core EMS business of IC packaging and PCB assembly is in the highly competitive electronics contracting business in the lower value chain of the semiconductor industry. Being at the tail end of the supply chain, HANA faces constant price-reduction pressure from customers. *Second*, HANA has attempted to diversify its business into the higher-value chain but its business ventures do not have a good track record. The latest example is its investment in Si and SiC chip making for EV components, which is facing fierce price competition. There is a risk that HANA may need to exit this business. Prior to that, HANA invested in a factory in the US producing RFID tire-tag business and the business is making losses. Its IC packaging factory in China is also making losses.

- **Risk Management:** This is an area that is also linked to business sustainability above. When business ventures don't pay off, they are also linked to risk management. An example is aggressive brownfield capacity expansions in Ayutthaya and China during the COVID-19 electronics boom. The factories are now running at low utilization rates.

- **Board Structure:** HANA's board structure isn't ideal but not weak, in our view. The board chairman is an independent director and is separate from the CEO role. However, only 50% of its eight-member board are independent board members vs. the ideal ratio of two-thirds.

- **Committees:** HANA has the required committees, including audit, risk management, and renumeration.

- **Ethics & Transparency:** HANA has a clean compliance record with zero reported cases of corruption, conflicts of interest, or code of conduct violations in 2024. The company has held CAC (Thailand's Private Sector Collective Action Coalition Against Corruption) certification. The Audit Committee found no internal control deficiencies, and external auditors raised no concerns.

Sources: Thanachart, Company data

Earnings look set to improve from lower SiC losses

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	24,801	20,563	21,015	22,359	23,030
Cost of sales	22,607	18,787	18,995	19,814	19,832
Gross profit	**2,194**	**1,776**	**2,020**	**2,545**	**3,198**
% gross margin	8.8%	8.6%	9.6%	11.4%	13.9%
Selling & administration expenses	1,509	1,570	1,635	1,655	1,612
Operating profit	**685**	**206**	**385**	**890**	**1,586**
% operating margin	2.8%	1.0%	1.8%	4.0%	6.9%
Depreciation & amortization	1,777	1,526	1,561	1,612	1,627
EBITDA	**2,462**	**1,732**	**1,939**	**2,496**	**3,207**
% EBITDA margin	9.9%	8.4%	9.2%	11.2%	13.9%
Non-operating income	538	563	581	591	616
Non-operating expenses	0	0	0	0	0
Interest expense	(65)	(13)	(10)	(10)	(5)
Pre-tax profit	**1,159**	**756**	**956**	**1,471**	**2,197**
Income tax	83	51	67	103	154
After-tax profit	**1,076**	**705**	**889**	**1,368**	**2,043**
% net margin	4.3%	3.4%	4.2%	6.1%	8.9%
Shares in affiliates' Earnings	13	(26)	(16)	0	0
Minority interests	0	0	0	0	0
Extraordinary items	(1,722)	(7)	0	0	0
NET PROFIT	**(634)**	**671**	**873**	**1,368**	**2,043**
Normalized profit	**1,089**	**679**	**873**	**1,368**	**2,043**
EPS (Bt)	(0.8)	0.8	1.0	1.5	2.3
Normalized EPS (Bt)	1.3	0.8	1.0	1.5	2.3

Still has a decent balance sheet, based on our estimates

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	22,419	22,335	22,658	24,183	26,325
Cash & cash equivalent	10,745	11,993	12,160	13,160	15,160
Account receivables	4,481	4,091	4,181	4,448	4,582
Inventories	7,096	5,803	5,867	6,120	6,126
Others	98	448	450	455	457
Investments & loans	528	460	394	328	261
Net fixed assets	9,169	8,084	8,371	7,108	5,874
Other assets	399	279	277	281	280
Total assets	**32,516**	**31,159**	**31,700**	**31,900**	**32,741**
LIABILITIES:					
Current liabilities:	4,098	3,807	4,072	3,956	3,619
Account payables	3,026	3,156	3,191	3,329	3,332
Bank overdraft & ST loans	849	475	641	374	37
Current LT debt	47	0	0	0	0
Others current liabilities	176	176	240	253	250
Total LT debt	**334**	**0**	**10**	**6**	**1**
Others LT liabilities	1,005	1,033	1,087	599	591
Total liabilities	**5,438**	**4,840**	**5,168**	**4,561**	**4,211**
Minority interest	0	0	0	0	0
Preferred shares	0	0	0	0	0
Paid-up capital	885	885	885	885	885
Share premium	6,231	6,231	6,231	6,231	6,231
Warrants	0	0	0	0	0
Surplus	(375)	(1,082)	(1,082)	(1,082)	(1,082)
Retained earnings	**20,337**	**20,286**	**20,498**	**21,306**	**22,496**
Shareholders' equity	27,078	26,319	26,531	27,339	28,530
Liabilities & equity	**32,516**	**31,159**	**31,700**	**31,900**	**32,741**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	1,159	756	956	1,471	2,197
Tax paid	(94)	(65)	(63)	(103)	(152)
Depreciation & amortization	1,777	1,526	1,554	1,605	1,621
Chg In w orking capital	2,207	1,812	(119)	(383)	(136)
Chg In other CA & CL / minorities	(7)	(32)	40	6	(9)
Cash flow from operations	**5,041**	**3,997**	**2,368**	**2,596**	**3,522**
Capex	677	(399)	(1,800)	(300)	(345)
Right of use	9	42	6	6	6
ST loans & investments	0	(371)	0	0	0
LT loans & investments	(455)	68	66	66	66
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,579)	228	11	(537)	(54)
Cash flow from investments	**(1,348)**	**(433)**	**(1,716)**	**(765)**	**(326)**
Debt financing	(406)	(885)	176	(271)	(342)
Capital increase	0	0	0	0	0
Dividends paid	(664)	(664)	(661)	(560)	(853)
Warrants & other surplus	(771)	(766)	0	0	0
Cash flow from financing	**(1,841)**	**(2,315)**	**(485)**	**(832)**	**(1,195)**
Free cash flow	**3,693**	**3,564**	**652**	**1,832**	**3,195**

VALUATION

Attractive PE, in our view

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	17.6	30.3	23.5	15.0	10.1
Normalized PE - at target price (x)	20.1	34.6	26.9	17.1	11.5
PE (x)	na	30.6	23.5	15.0	10.1
PE - at target price (x)	na	35.0	26.9	17.1	11.5
EV/EBITDA (x)	3.9	5.2	4.7	3.1	1.7
EV/EBITDA - at target price (x)	5.0	6.9	6.2	4.3	2.6
P/BV (x)	0.8	0.8	0.8	0.8	0.7
P/BV - at target price (x)	0.9	0.9	0.9	0.9	0.8
P/CFO (x)	3.8	5.1	8.7	7.9	5.8
Price/sales (x)	0.8	1.0	1.0	0.9	0.9
Dividend yield (%)	3.2	4.3	2.1	3.3	5.0
FCF Yield (%)	19.3	17.4	3.2	8.9	15.6
(Bt)					
Normalized EPS	1.3	0.8	1.0	1.5	2.3
EPS	(0.8)	0.8	1.0	1.5	2.3
DPS	0.8	1.0	0.5	0.8	1.2
BV/share	30.6	29.7	30.0	30.9	32.2
CFO/share	6.1	4.5	2.7	2.9	4.0
FCF/share	4.5	4.0	0.7	2.1	3.6

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	(5.2)	(17.1)	2.2	6.4	3.0
Net profit (%)	na	na	30.0	56.7	49.3
EPS (%)	na	na	30.0	56.7	49.3
Normalized profit (%)	(45.8)	(37.7)	28.6	56.7	49.3
Normalized EPS (%)	(47.1)	(41.9)	28.6	56.7	49.3
Dividend payout ratio (%)	(104.8)	131.9	50.0	50.0	50.0
Operating performance					
Gross margin (%)	8.8	8.6	9.6	11.4	13.9
Operating margin (%)	2.8	1.0	1.8	4.0	6.9
EBITDA margin (%)	9.9	8.4	9.2	11.2	13.9
Net margin (%)	4.3	3.4	4.2	6.1	8.9
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
Interest coverage - EBIT (x)	10.6	15.8	39.7	91.7	328.4
Interest coverage - EBITDA (x)	38.1	132.8	200.3	257.0	664.0
ROA - using norm profit (%)	3.2	2.1	2.8	4.3	6.3
ROE - using norm profit (%)	3.9	2.5	3.3	5.1	7.3
DuPont					
ROE - using after tax profit (%)	3.8	2.6	3.4	5.1	7.3
- asset turnover (x)	0.7	0.6	0.7	0.7	0.7
- operating margin (%)	4.9	3.7	4.6	6.6	9.6
- leverage (x)	1.2	1.2	1.2	1.2	1.2
- interest burden (%)	94.7	98.3	99.0	99.3	99.8
- tax burden (%)	92.8	93.3	93.0	93.0	93.0
WACC (%)	17.8	17.8	17.8	17.8	17.8
ROIC (%)	2.9	1.1	2.4	5.5	10.1
NOPAT (Bt m)	636	193	358	828	1,475
invested capital (Bt m)	17,564	14,801	15,022	14,559	13,407

Sources: Company data, Thanachart estimates

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Score range	Description
CCC - B	**LAGGARD:** A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	**AVERAGE :** A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	**LEADER:** A company leading its industry in managing the most significant ESG risks and opportunities

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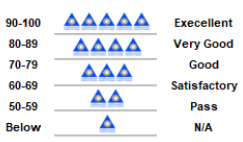

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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