

## Hana Microelectronics Pcl (HANA TB) – U.R.

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Analyst Meeting

### Cautious on new AI works

- HANA receives two new AI orders
- Raising capex plan significantly
- Key EMS business mixed outlook
- Put our BUY UNDER REVIEW

HANA held an analyst meeting yesterday. The company said it has secured two new AI-related orders, bringing total AI-related projects to three projects, with deliveries expected from 3Q26 onward. HANA will need to significantly increase capex to support the expected orders. We are positive on one AI-related project but see challenges in the other two projects and we are concerned about the expenses pressures from a new investment cycle. As for the existing EMS business, the outlook remains mixed without a clear turnaround picture.

- HANA has now secured a total of three AI-related orders. HANA expects projects #1 and #3 to each have the potential to become top-five customers by 2027. We estimate the two projects could together contribute over 15% of HANA's sales if successful. HANA has not yet provided revenue contribution guidance for project #2.

- **#1 Packaging service for solid-state cooling devices:** HANA secured orders from Phononic, a startup company focusing on next-generation solid-state cooling devices for AI data centers, which generate significant heat. HANA received orders to provide packaging services for Phononic's solid-state cooling devices since late last year and secured another batch in 1Q26. HANA is currently in the production qualification stage and expects the first commercial production batch to begin in 1Q27.
- **#2 SiC chip manufacturing for solid-state cooling devices:** HANA, via its chipmaking subsidiary PMS, secured orders to produce SiC chips for use in solid-state cooling devices for AI data centers. HANA did not disclose customer names, but end-users are in Korea and India. Production will be at its key factory in Korea. HANA believes it is among the first players capable of producing high heat-resistant SiC chips. HANA expects the first production batch in mid-2027.
- **#3 PCB assembly for oscilloscopes used in AI data centers:** This project involves PCB assembly (PCBA) for oscilloscopes used to monitor signal and data quality in AI-related devices and data centers. HANA did not disclose customer names, but we expect them to be one of the established manufacturers. HANA is less concerned about this project as it is an extension of existing work. HANA expect the first production batch in 3Q26.
- To prepare production capacity for the new customers, HANA raised its capex guidance to Bt2.2bn, implying 247% y-y growth.

### Key Valuations

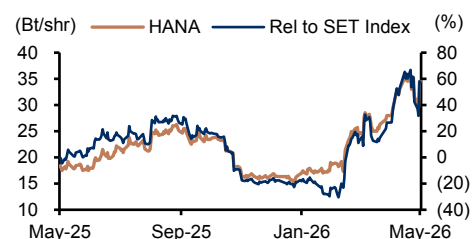
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	20,563	21,015	22,359	23,030
Net profit	671	873	1,368	2,043
Norm net profit	679	873	1,368	2,043
Norm EPS (Bt)	0.8	1.0	1.5	2.3
Norm EPS gr (%)	(41.9)	28.6	56.7	49.3
Norm PE (x)	45.0	35.0	22.3	14.9
EV/EBITDA (x)	11.0	9.8	7.1	4.8
P/BV (x)	1.2	1.2	1.1	1.1
Div. yield (%)	2.9	1.4	2.2	3.3
ROE (%)	2.5	3.3	5.1	7.3
Net D/E (%)	(43.8)	(43.4)	(46.7)	(53.0)

Source: ttb wealth estimates

### Stock Data

Closing price (Bt)	34.50
Target price (Bt)	26.50
Market cap (US\$ m)	936
Avg daily turnover (US\$ m)	19.4
12M H/L price (Bt)	35.50/15.10

### Price Performance



Source: Bloomberg

- **Our view:** In the short term, we are concerned about upfront expenses from new facilities while orders are still ramping up. Our biggest concern is the reramp of PMS's SiC factory in Korea. We recap that PMS has been HANA's major loss-making unit following its earlier attempt to enter the Chinese EV market, which faced severe oversupply and aggressive price competition. HANA had earlier planned to stop production in Korea and shift production to China. However, the new AI-related SiC products now require HANA to reramp production at the high-cost Korean facility again. Longer term, we believe the success of projects #1 and #2 still needs time to be proven, although we are positive on project #3.
- Oscilloscope-related devices are existing work for traditional data-related devices, while HANA already has expertise in PCBA services. We also believe oscilloscope makers are likely established players. However, we remain concerned about PMS's new AI-related attempt. We recap that PMS previously focused on producing SiC-based chips for the Chinese EV market, but oversupply in SiC led to significant price cuts and prolonged losses. For the new AI-related project, HANA believes it is now ahead of competitors in developing higher heat-resistant SiC technology compared with the EV era. However, we see opportunities for larger players such as onsemi and Wolfspeed to catch up, while the oversupply situation has yet subside. As for the packaging service for Phononic's solid-state cooling products, we believe more time is needed to assess Phononic's success potential. We estimate Phononic currently generates about US\$50m in revenue, implying only around 5% market share of the total solid-state cooling market size of about US\$1bn. Solid-state cooling remains a relatively new, niche technology aimed at addressing some weaknesses of currently used liquid cooling solutions, whose market size is about US\$6bn. The solid-state cooling market is expected to grow around 15% p.a. during 2025-30, versus around 20% p.a. for liquid cooling devices, implying limited market share gains for solid-state cooling in AI data centers so far.
- For the existing EMS business, HANA sees a mixed outlook. While management believes demand has bottomed out, it remains cautious given still-weak car sales and potentially weaker smartphone demand as operators begin raising selling prices amid global component shortages. Its US-based tire tag business, while successfully securing new orders, is facing pricing competition and has entered loss-making territory.
- HANA's share price has surpassed our TP of Bt26.5/share, and we put our recommendation UNDER REVIEW.

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