17 AUGUST 2026

BUY (From: SELL)

Change in Recommendation

TP: Bt 48.00 (From: Bt 24.00)

Upside : 20.8%

Hana Micro Electronics Pcl (HANA TB)

Big earnings beat

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We upgrade HANA to BUY after its strong earnings beat in 2Q26, which grew 82% y-y on a better-than-expected core operational improvement and a sharp fall in its PMS business's loss. Together with new AI-related orders in 2H26, we now estimate 55/56/23% EPS growth in 2026-28F.

A strong turnaround; upgrading to BUY

We upgrade HANA to BUY (from Sell). ***First***, we had anticipated its earnings would bottom out last year and rebound this year, but the turnaround has been far stronger than expected, as shown by the 2Q26 results. We lift our earnings by 36-78% in 2026-28F and, after rolling over our base year to 2027F, we raise our DCF-based 12-month TP to Bt48 (from Bt24). ***Second***, its existing business has turned around as expected with 2.7% y-y US$ sales growth in 1H26. ***Third***, the loss from its PMS SiC chip-making business fell more than expected, from Bt180m in 1Q26 to Bt100m in 2Q26, on our estimate, after HANA stopped production at its Korean factory and hired a Chinese OEM instead. ***Fourth***, HANA has received new AI-related orders for 2H26, and we expect a strong earnings contribution from 2027F. ***Lastly***, with 55/56/23% earnings growth in 2026-28F, driven by a recovery in electronics demand, lower PMS losses, and new AI orders, HANA's 21x 2027F PE looks inexpensive.

A big 2Q26 turnaround

HANA's quarterly earnings rose to Bt278m in 2Q26 from Bt103m in 1Q26 and the Bt138m down-cycle average during 2024-25. In good times in 2021-22, they were Bt569/600m. The 2Q26 turnaround was driven by a continued recovery in its core EMS business, declining PMS losses, and an improving EBIT margin, driven by growing sales, falling PMS costs. In 2Q26, US$ sales grew 5% y-y, and EBIT margin rose to 2.6% from 1.0% in 2Q25. With new AI-related orders, we project 4/10/3% sales growth in 2026-28F and EBIT margin to rise to 6.6% in 2028F from 1.0% in 2025.

PMS losses fall faster than expected

HANA has invested ~Bt4.0bn in PMS facilities in Korea since 2019 for chip business. PMS incurred losses of about Bt0.9-1.0bn p.a. in 2024-25, on our estimate, due to weak volume and price pressure from oversupply in China. In 4Q24, HANA booked a Bt1.8bn impairment of the investment, and since 4Q25 it has cut large loss-making orders, reduced production at its Korean facility, and hired a Chinese OEM factory for production. That said, HANA still hopes to attract new customers for its Korean factory. We project PMS losses of Bt0.5/0.4bn p.a. in 2026-27F and a complete exit in 2028F.

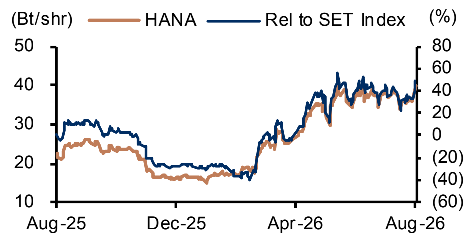
New AI projects update

HANA expects new orders used in AI data centers of 1) packaging for solid-state cooling devices and 2) PCBA for data-quality checking devices. HANA expects to start production of both products in 2H26F and for them to become among the top five for customers, at around 20% of total sales in 2027F, on our estimate. Given the risk that the products will still have limited adoption in AI data centers, we factor them at 7/7% of HANA's sales in 2027-28F. HANA also expects a #3 order for SiC chips for solid-state transformers, with qualification next year. We have yet to factor this in.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	20,563	21,139	23,253	23,950
Net profit	671	1,053	1,646	2,021
Consensus NP	—	892	1,346	1,669
Diff frm cons (%)	—	*18.1*	*22.3*	*21.1*
Norm profit	679	1,053	1,646	2,021
Prev. Norm profit	—	773	932	1,132
Chg frm prev (%)	—	*36.2*	*76.6*	*78.5*
Norm EPS (Bt)	0.77	1.19	1.86	2.28
Norm EPS grw (%)	(41.9)	55.1	56.4	22.8
Norm PE (x)	51.9	33.4	21.4	17.4
EV/EBITDA (x)	13.7	11.2	8.3	6.5
P/BV (x)	1.3	1.3	1.3	1.2
Div yield (%)	2.5	1.5	2.3	2.9
ROE (%)	2.5	4.0	6.1	7.2
Net D/E (%)	(43.8)	(42.2)	(42.0)	(48.2)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 14-Aug-26 (Bt)	39.75
Market Cap (US$ m)	1,061.8
Listed Shares (m shares)	885.4
Free Float (%)	62.5
Avg. Daily Turnover (US$ m)	33.3
12M Price H/L (Bt)	40.50/15.10
Sector	Electronics
Major Shareholder	OMAC (HK) Limited 19.5%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report ……….....……….…..... P9

Upgrading to BUY

Upgrading to BUY with a higher TP of Bt48

We upgrade our rating on shares of Hana Microelectronics Pcl (HANA TB) to BUY (from Sell previously).

Earnings bottomed out last year with 55/56/23% EPS growth in 2026-28F

First, we had anticipated HANA's earnings to reach a bottom last year and rebound this year, but the turnaround has been far stronger than expected, as shown by the 2Q26 results. We lift our earnings estimates by 36-78% in 2026-28F, leading to EPS growth of 55/56/23%. After rolling over our valuation base year to 2027F, we raise our DCF-based 12-month TP to Bt48 (from Bt24).

Ex 1: Our Assumptions

	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
US$ sales (% growth)	(4.7)	(6.0)	20.4	4.1	(2.8)	(6.6)	(10.9)	4.0	10.0	3.0
Gross margin (%)	10.7	13.2	13.8	13.5	12.4	8.8	8.6	10.9	13.1	14.0
SG&A to sales (%)	5.4	6.3	6.0	6.2	6.2	6.1	7.6	8.1	8.0	7.4
Net margin (%)	7.3	9.3	9.6	8.8	7.7	4.4	3.3	5.0	7.1	8.4
New businesses										
PMS Si & SiC (Bt m)					No disclosure		(900)	(500)	(400)	—
AI: Solid-state cooling packaging for Phononic (% sales contribution)								1	2	2
AI: PCBA for data-quality-checking devices (% sales contribution)								2	5	5

Sources: Bloomberg, Company data, ttb wealth estimates

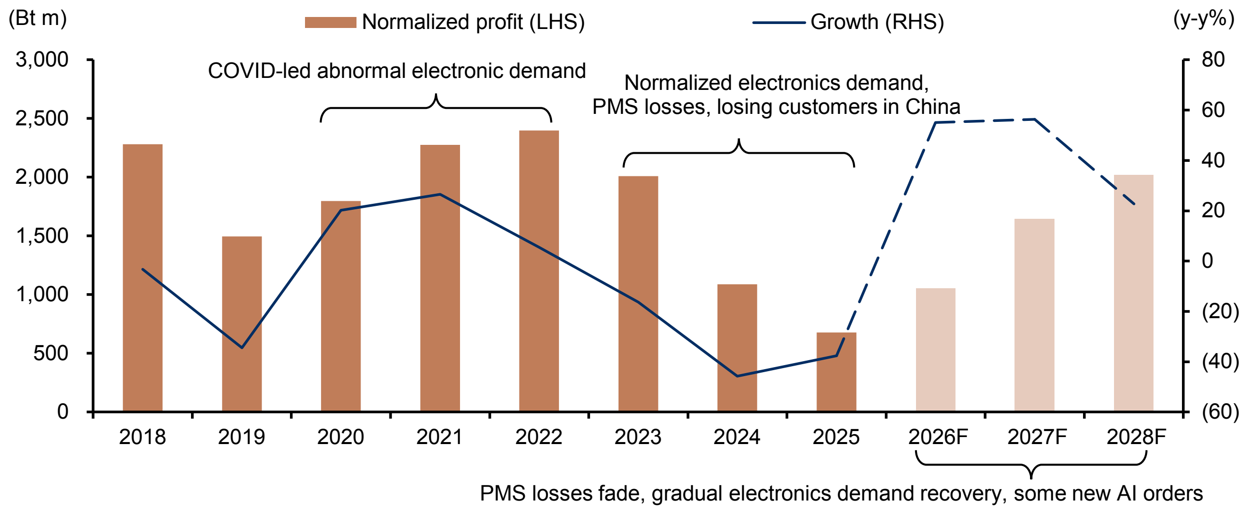
82% y-y EPS growth in 2Q26 was much stronger than we'd expected

Second, HANA's quarterly earnings rose to Bt278m in 2Q26 from Bt103m in 1Q26 and a down-cycle average of Bt138m in the down cycle during 2024-25. In better times in 2021-22, they stood at Bt569/600m. The turnaround in 2Q26 was driven by a continued recovery in its core EMS business, declining PMS losses, and a rising EBIT margin, driven by growing sales, falling PMS costs. In 2Q26, US$ sales grew 5% y-y, and EBIT margin widened to 2.6% from 1.0% in 2Q25.

Three earnings growth factors

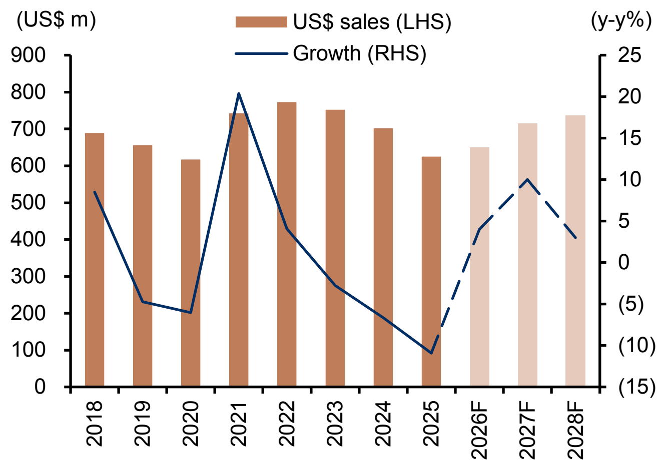
With new AI-related orders, we estimate 4/10/3% sales growth in 2026-28F, with EBIT margin rising to 6.6% in 2028F from 1.0% in 2025. This results in our estimates of 55/56/23 EPS growth in 2026-28F.

Ex 2: Earnings Turnaround



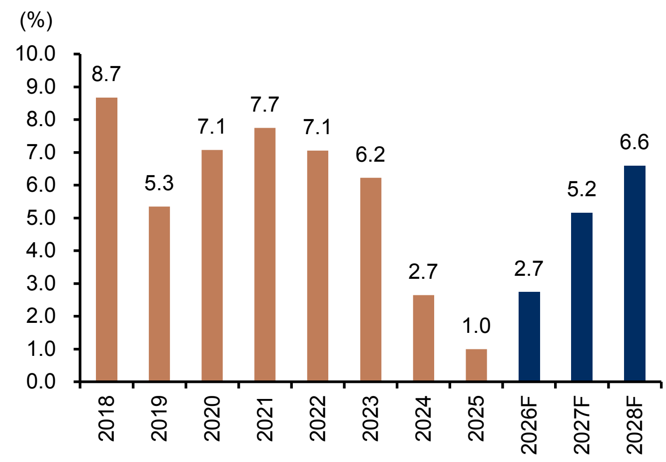
Sources: Company data, ttb wealth estimates

Ex 3: Sales Growth



Sources: Company data, ttb wealth estimates

Ex 4: EBIT Margin Trend

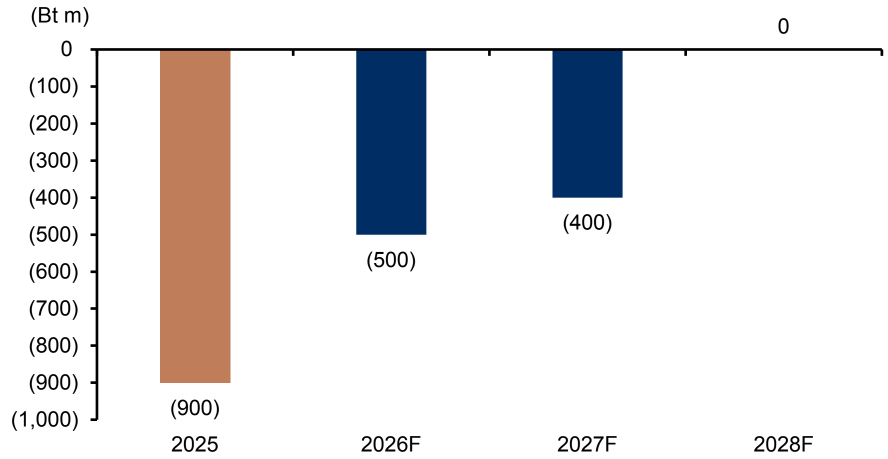


Sources: Company data, ttb wealth estimates

1) Lower PMS losses

Lower PMS losses: HANA has invested ~Bt4.0bn in PMS facilities in South Korea since 2019 for its Si and SiC chip business. PMS incurred losses of about Bt0.9-1.0bn p.a. in 2024-25, on our estimate, due to weak volume and price pressure from oversupply in China. In 4Q24, HANA booked a Bt1.8bn impairment on the investment, and since then it has cut large loss-making orders, scaled back production at its Korean facility, and begun hiring a Chinese OEM factory for production in 4Q25. That said, HANA still hopes to attract new customers for its Korean factory. We project PMS losses of Bt0.5/0.4bn p.a. in 2026-27F and a complete exit in 2028F.

Ex 5: PMS's Losses



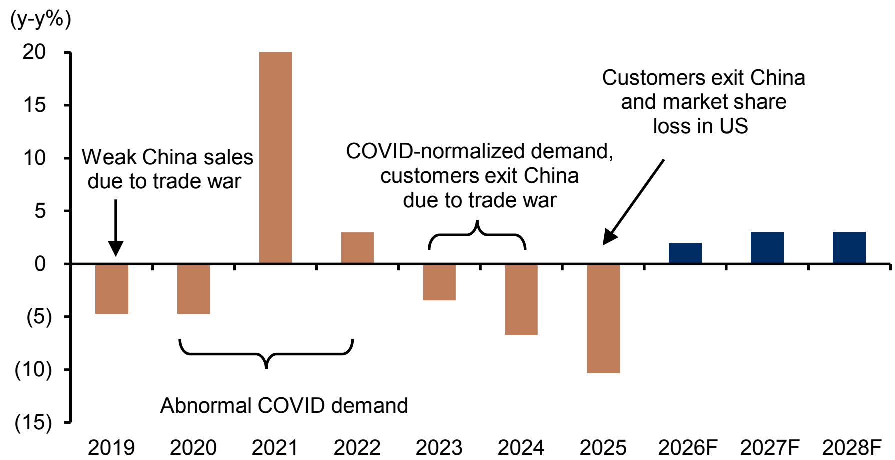
Sources: Company data, ttb wealth estimates

2) Demand recovery for key business

Traditional electronics demand recovery: HANA's US$ sales from key traditional electronics products, e.g. computers, cars, industrial products and RFID tire tags, fell by a combined 21% p.a. in 2023-25 mainly due to weak demand for HANA's focused traditional electronic products because of the global economic slowdown, a weak performance of China operations, and US-China trade tensions, which caused US customers to relocate production out of China while Chinese electronic makers faced a prolonged weak economy and reduced orders.

That said, its sales grew 2.7% y-y in 1H26. We believe this was due to the recovery of demand from a low base while the China business has stabilized.

Ex 6: Sales Of Key Business Have Bottomed Out



Sources: Bloomberg, Company data, ttb wealth estimates

Note: HANA switched orders contract with customers which caused lower sales recognition in 2025

3) New AI orders

New AI orders: HANA expects new orders for AI data centers, including 1) PCBA for data-quality-checking devices. 2) packaging for solid-state cooling devices. HANA expects to start production of both products in 2H26, with them becoming among the top five for customers, accounting for around 20% of total sales in 2027F, on our estimate. Given the risk that the products will still have limited adoption in AI data centers, we factor them at 3/7/7% of HANA's sales in 2027-28F. HANA also expects a #3 order for SiC chips for solid-state transformers and qualification next year. We have yet to factor this into our numbers.

PCBA for data-quality-checking devices: We are confident in this product, as it is already used for data-quality checking in non-AI devices. We do not expect HANA to experience a difficulty in making them.

Packaging for solid-state cooling products for its new customer, Phononic. We believe this project accounts for a large part of HANA's Bt2.2bn capex plan this year.

We believe Phononic has successfully developed solid-state cooling devices for optical transceivers, which require precise temperature control to maintain stable optical signal performance, and for GPU and HBM cooling, where it can help manage heat at specific hotspots. We believe Phononic will use HANA's chip packaging services for these two application areas.

Phononic has successfully commercialized the cooling system for optical transceivers, but due to the still-small adoption of this application in AI data centers, Phononic's revenue base remains small. We believe the optical transceiver opportunity can become larger as AI data centers require higher-speed optical connections to transfer increasing amounts of data between servers and networking systems. As for the cooling system for GPU and HBM, we believe Phononic is still in the qualification process with end users, which we believe are AI data-center operators, e.g., US hyperscalers.

The solid-state cooling system is important for optical transceivers because temperature directly affects optical performance and signal stability. However, it is not mandatory for GPUs and HBM, which currently use liquid cooling as the key cooling system. We see solid-state cooling as a complementary solution that helps manage local heat hotspots and improve thermal performance, rather than as a replacement for liquid cooling.

We still prefer to wait and see how Phononic fares, which is why we factor them in much more conservatively than HANA's expectation that they will contribute more than 10% of total sales.

SiC chip for solid-state transformers: HANA is developing its SiC chip to serve Korean end customers, focusing on developing solid-state transformers (SST).

SST uses power semiconductors to convert and manage high-voltage electricity more efficiently, and this could become one solution for the new 800V power architecture in AI data centers. The shift toward 800V is driven by rising rack power demand, as traditional lower-voltage systems require higher current and incur greater power losses. That said, SST has not yet been widely used commercially in AI data centers and remains subject to technological changes as data-center power architecture evolves. In addition, SiC remains in oversupply. We still estimate HANA's SiC loss to remain relatively unchanged in 2027F and expect HANA to exit the operation in 2028F.

Inexpensive PE, in our view

Lastly, after raising our earnings estimates, HANA looks inexpensive to us, trading at 21x 2027F PE, vs 55/56/23% EPS growth in 2026-28F.

Ex 7: Earnings Revisions

	2023	2024	2025	2026F	2027F	2028F
Sales (Bt m)						
- New	26,152	24,801	20,563	21,139	23,253	23,950
- Old				20,936	23,029	23,720
- Change (%)				*1.0*	*1.0*	*1.0*
Gross margin (%)						
- New	12.4	8.8	8.6	10.9	13.1	14.0
- Old				10.2	10.4	10.9
- Change (ppt)				*0.7*	*2.7*	*3.1*
SG&A/sales (%)						
- New	6.2	6.1	7.6	8.1	8.0	7.4
- Old				8.8	8.5	8.2
- Change (ppt)				*(0.7)*	*(0.5)*	*(0.8)*
Normalized profit (Bt m)						
- New	2,008	1,089	679	1,053	1,646	2,021
- Old				773	932	1,132
- Change (%)				*36.2*	*76.6*	*78.5*

Sources: Company data, ttb wealth estimates

2Q26 results comment

HANA reported net profits of Bt278m in 2Q26, +169% y-y and 82% q-q. We had anticipated its earnings would bottom out last year and rebound this year, but the turnaround has been far stronger than expected, due to the sharp fall in losses of the PMS chip-making business.

US$ sales grew 5% y-y, mainly due to recovery in demand for HANA's focused traditional business.

Gross margin rose to 10.7% from 9.4% last year and 9.3% in 1Q26. This is mainly due to falling losses of the PMS business, which we estimated had fallen to Bt100m from Bt180m in 1Q26. We estimate PMS loss was Bt0.9–1bn in 2024–25. The operating leverage impact of higher sales also helped.

SG&A to sales fell to 8.1% from 8.4% last year and 8.9% in 1Q26. The reasons were similar, with improved gross margin.

Ex 8: 12-month DCF-based TP Calculation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	Terminal value
EBITDA excl. depreciation from right of use	2,847	3,265	3,404	4,115	4,189	4,265	4,822	4,857	4,972	5,417	5,579	—
Free cash flow	1,385	3,036	3,124	4,937	4,672	4,503	5,354	5,744	4,872	5,288	5,305	43,870
PV of free cash flow	1,381	2,323	2,090	2,889	2,391	2,015	2,096	1,966	1,459	1,384	1,215	10,044

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.9
WACC (%)	14.3
Terminal growth (%)	2.0
Enterprise value - add investments	31,252
Net debt	(11,257)
Minority interest	-
Equity value	42,509
# of shares (m)	885
Target price/share (Bt)	**48.0**

Sources: Company data, ttb wealth estimates

Valuation Comparison

Ex 9: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	Div. yield 26F (%)	Div. yield 27F (%)
TTM Technologies Inc	TTMI US	USA	96.8	42.9	28.9	20.3	7.4	5.9	19.4	14.5	na	na
Chin-Poon Industrial	2355 TT	Taiwan	25.0	15.0	21.0	18.2	0.9	0.9	7.4	6.5	2.9	3.2
Tripod Technology Corp	3044 TT	Taiwan	55.5	29.6	16.1	12.5	4.0	3.4	9.3	7.5	3.6	4.6
CMK Corp	6958 JP	Japan	(54.0)	40.4	30.1	21.5	0.7	0.7	6.9	6.3	3.6	3.7
Meiko Electronics	6787 JP	Japan	40.3	33.1	17.2	12.9	3.0	2.5	11.0	8.2	0.9	1.1
Delta Electronics	DELTA TB*	Thailand	77.1	62.3	78.2	48.2	26.2	18.7	57.4	35.8	0.4	0.7
Hana Microelectronics	HANA TB*	Thailand	55.1	56.4	33.4	21.4	1.3	1.3	11.2	8.3	1.5	2.3
KCE Electronics	KCE TB*	Thailand	84.0	54.0	42.4	27.5	4.7	4.5	23.1	16.6	2.4	3.6
Average			**47.5**	**41.7**	**33.4**	**22.8**	**6.0**	**4.7**	**18.2**	**13.0**	**2.2**	**2.7**

Source: Bloomberg

Note: * ttb wealth estimates, using ttb wealth normalized EPS

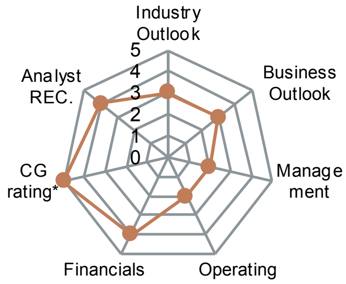
Based on 14 August 2026 closing prices

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: ttb wealth

COMPANY RATING



Rating Scale

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

Source: ttb wealth; *CG Rating

TTB WEALTH'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	ttb wealth	Diff
Target price (Bt)	40.46	48.00	19%
Net profit 26F (Bt m)	892	1,053	18%
Net profit 27F (Bt m)	1,346	1,646	22%
Consensus REC	**BUY: 15**	**HOLD: 3**	**SELL: 3**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP are higher than the Bloomberg consensus numbers, which we attribute to us having factored in the positive impact of lower PMS losses before the Street.

Sources: Bloomberg consensus, ttb wealth estimates

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 contribution of the new AI projects would represent another downside risk to our numbers.

Source: ttb wealth

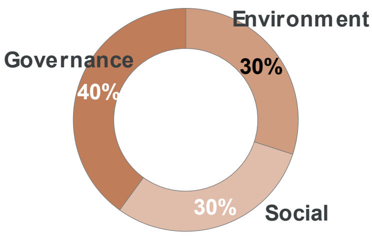
HANA

ESG & Sustainability Report

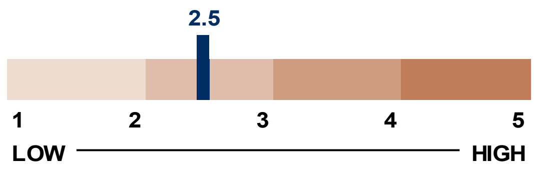
Hana Microelectronics Pcl

Sector: Technology | Electronic Components

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth 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, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

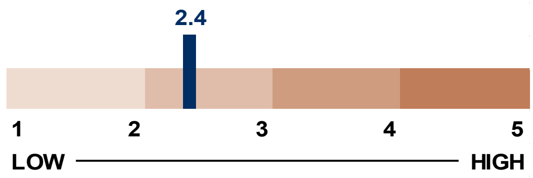
ESG Summary

- 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 signal 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 E score of 2.4 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.

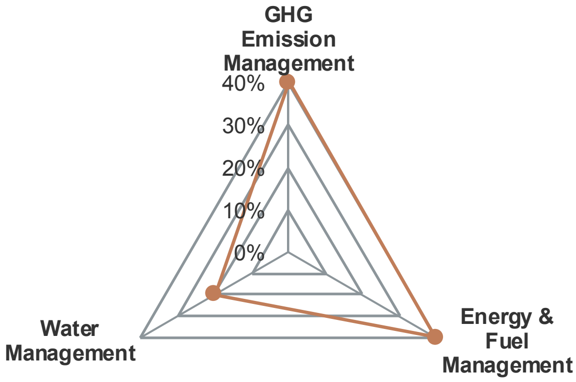
Environment (E) Rating



ENVIRONMENT	Our Comments

- **GHG Emission Management**
- **Energy & Fuel Management**
- **Water Management**

SCALE WEIGHTING



- 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.

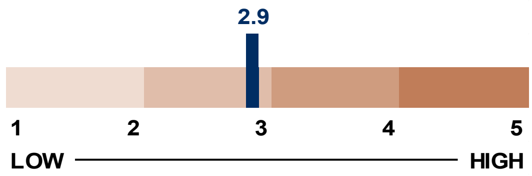
- **Carbon and energy management:** Since 2022, HANA has implemented cost-saving programs that led to improvements in environmental metrics. Cost savings were in areas of increased production automation and production efficiency improvements to reduce production waste expenses, and the installation of 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).

- 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: ttb wealth, Company data

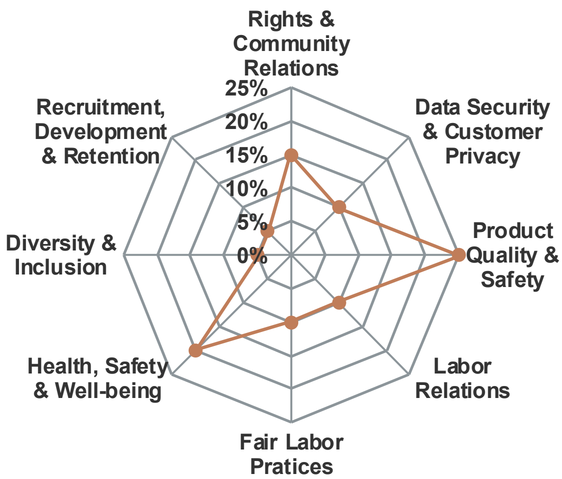
We assign a decent 2.9 S score to HANA, compared to the sector average of 2.7. HANA complies with the standard requirements of most social angles and has a strong operational track record. However, it lacks a solid commitment to talent development and social impact.



SOCIAL

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

SCALE WEIGHTING



Our Comments

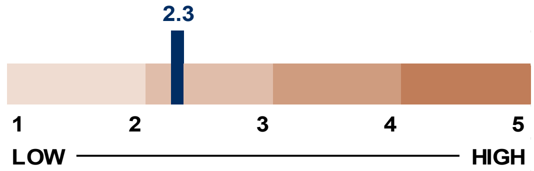
- We assign a decent 2.9 S score to HANA, which is above the sector average of 2.7. The score reflects compliance with standard social requirements and a strong track record of business operations. In our view, the weak areas are investments in workforce development and community activities.
- **Health & 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: ttb wealth, 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 in new business ventures, resulting in weak earnings and impairments. HANA has a decent, though not ideal, board structure and meets standard committee requirements.

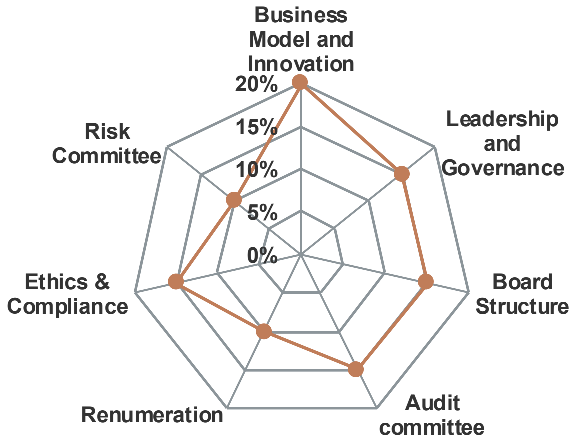
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit Committee**
- **Remuneration**
- **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 pressure to reduce prices 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: ttb wealth, Company data

Earnings look set to improve from lower PMS losses

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	24,801	20,563	21,139	23,253	23,950
Cost of sales	22,607	18,787	18,839	20,203	20,597
Gross profit	**2,194**	**1,776**	**2,300**	**3,050**	**3,353**
% gross margin	8.8%	8.6%	10.9%	13.1%	14.0%
Selling & administration expenses	1,509	1,570	1,720	1,850	1,772
Operating profit	**685**	**206**	**580**	**1,200**	**1,581**
% operating margin	2.8%	1.0%	2.7%	5.2%	6.6%
Depreciation & amortization	1,777	1,526	1,570	1,653	1,691
EBITDA	**2,462**	**1,732**	**2,144**	**2,847**	**3,265**
% EBITDA margin	9.9%	8.4%	10.1%	12.2%	13.6%
Non-operating income	538	563	581	591	616
Non-operating expenses	0	0	0	0	0
Interest expense	(65)	(13)	(12)	(21)	(24)
Pre-tax profit	**1,159**	**756**	**1,149**	**1,770**	**2,173**
Income tax	83	51	80	124	152
After-tax profit	**1,076**	**705**	**1,069**	**1,646**	**2,021**
% net margin	4.3%	3.4%	5.1%	7.1%	8.4%
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**	**1,053**	**1,646**	**2,021**
Normalized profit	**1,089**	**679**	**1,053**	**1,646**	**2,021**
EPS (Bt)	(0.77)	0.76	1.19	1.86	2.28
Normalized EPS (Bt)	1.32	0.77	1.19	1.86	2.28

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	22,635	24,484	26,748
Cash & cash equivalent	10,745	11,993	12,160	13,160	15,160
Account receivables	4,481	4,091	4,206	4,626	4,765
Inventories	7,096	5,803	5,819	6,240	6,362
Others	98	448	450	458	461
Investments & loans	528	460	394	328	261
Net fixed assets	9,169	8,084	8,762	8,357	7,074
Other assets	399	279	278	288	287
Total assets	**32,516**	**31,159**	**32,068**	**33,457**	**34,370**
LIABILITIES:					
Current liabilities:	4,098	3,807	4,295	5,175	4,995
Account payables	3,026	3,156	3,165	3,394	3,460
Bank overdraft & ST loans	849	475	890	1,520	1,277
Current LT debt	47	0	0	0	0
Others current liabilities	176	176	241	260	258
Total LT debt	**334**	**0**	**14**	**23**	**19**
Others LT liabilities	1,005	1,033	1,093	622	614
Total liabilities	**5,438**	**4,840**	**5,402**	**5,820**	**5,628**
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**	**20,633**	**21,604**	**22,708**
Shareholders' equity	27,078	26,319	26,666	27,638	28,742
Liabilities & equity	**32,516**	**31,159**	**32,068**	**33,457**	**34,370**

Sources: Company data, Ttb wealth estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	1,159	756	1,149	1,770	2,173
Tax paid	(94)	(65)	(76)	(123)	(150)
Depreciation & amortization	1,777	1,526	1,564	1,647	1,684
Chg In w orking capital	2,207	1,812	(122)	(613)	(194)
Chg In other CA & CL / minorities	(7)	(32)	39	5	(14)
Cash flow from operations	**5,041**	**3,997**	**2,555**	**2,686**	**3,499**
Capex	677	(399)	(2,200)	(1,200)	(359)
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	17	(524)	(49)
Cash flow from investments	**(1,348)**	**(433)**	**(2,110)**	**(1,651)**	**(335)**
Debt financing	(406)	(885)	428	640	(247)
Capital increase	0	0	0	0	0
Dividends paid	(664)	(664)	(706)	(675)	(917)
Warrants & other surplus	(771)	(766)	0	0	0
Cash flow from financing	**(1,841)**	**(2,315)**	**(278)**	**(34)**	**(1,164)**
Free cash flow	**3,693**	**3,564**	**444**	**1,034**	**3,164**

VALUATION

Inexpensive PE, in our view

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	30.11	51.9	33.4	21.4	17.4
Normalized PE - at target price (x)	36.36	62.6	40.4	25.8	21.0
PE (x)	na	52.4	33.4	21.4	17.4
PE - at target price (x)	na	63.3	40.4	25.8	21.0
EV/EBITDA (x)	9.5	13.7	11.2	8.3	6.5
EV/EBITDA - at target price (x)	12.2	17.9	14.6	10.8	8.8
P/BV (x)	1.3	1.3	1.3	1.3	1.2
P/BV - at target price (x)	1.6	1.6	1.6	1.5	1.5
P/CFO (x)	6.5	8.8	13.8	13.1	10.1
Price/sales (x)	1.4	1.7	1.7	1.5	1.5
Dividend yield (%)	1.9	2.5	1.5	2.3	2.9
FCF Yield (%)	11.3	10.1	1.3	2.9	9.0
(Bt)					
Normalized EPS	1.32	0.77	1.19	1.86	2.28
EPS	(0.77)	0.76	1.19	1.86	2.28
DPS	0.75	1.00	0.59	0.93	1.14
BV/share	30.58	29.73	30.12	31.22	32.46
CFO/share	6.11	4.51	2.89	3.03	3.95
FCF/share	4.48	4.03	0.50	1.17	3.57

Sources: Company data, Ttb wealth estimates

Improving margins from lower PMS losses

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	(5.2)	(17.1)	2.8	10.0	3.0
Net profit (%)	na	na	56.8	56.4	22.8
EPS (%)	na	na	56.8	56.4	22.8
Normalized profit (%)	(45.8)	(37.7)	55.1	56.4	22.8
Normalized EPS (%)	(47.1)	(41.9)	55.1	56.4	22.8
Dividend payout ratio (%)	(104.8)	131.9	50.0	50.0	50.0
Operating performance					
Gross margin (%)	8.8	8.6	10.9	13.1	14.0
Operating margin (%)	2.8	1.0	2.7	5.2	6.6
EBITDA margin (%)	9.9	8.4	10.1	12.2	13.6
Net margin (%)	4.3	3.4	5.1	7.1	8.4
D/E (incl. minor) (x)	0.0	0.0	0.0	0.1	0.0
Net D/E (incl. minor) (x)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Interest coverage - EBIT (x)	10.6	15.8	49.8	57.8	66.6
Interest coverage - EBITDA (x)	38.1	132.8	184.0	137.1	137.6
ROA - using norm profit (%)	3.2	2.1	3.3	5.0	6.0
ROE - using norm profit (%)	3.9	2.5	4.0	6.1	7.2
DuPont					
ROE - using after tax profit (%)	3.8	2.6	4.0	6.1	7.2
- asset turnover (x)	0.7	0.6	0.7	0.7	0.7
- operating margin (%)	4.9	3.7	5.5	7.7	9.2
- leverage (x)	1.2	1.2	1.2	1.2	1.2
- interest burden (%)	94.7	98.3	99.0	98.8	98.9
- tax burden (%)	92.8	93.3	93.0	93.0	93.0
WACC (%)	14.3	14.3	14.3	14.3	14.3
ROIC (%)	2.9	1.1	3.6	7.2	9.2
NOPAT (Bt m)	636	193	539	1,116	1,470
invested capital (Bt m)	17,564	14,801	15,410	16,021	14,879

Sources: Company data, Ttb wealth estimates

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