

HANA (Thailand) (HANA TB)

Solid-State Cooling With Phononic: Next AI Growth Driver From 2027, Re-rating Requires More Visibility In 2H26

Highlights

- HANA reported a 4Q25 net profit of Bt143m (+108% yoy, +865% qoq), beating our and Bloomberg consensus by 113% and 116% respectively.
- We are positive on HANA as it has provided clearer details on AI-related solid-state cooling and also introduced a strategic partnership with Phononic. However, the core business remains weak in 1H26.
- HANA announced a Bt0.75/share dividend (132% payout; XD 16 Mar 26) after revising its dividend policy from 30-100% to ≥30%.
- We maintain HOLD with a higher target price of Bt22.60.

Analysis

- 4Q25 beat driven by other income, not core recovery.** HANA reported a 4Q25 net profit of Bt143m (+108% yoy, +865% qoq), beating our and Bloomberg estimates by 113% and 116%, respectively. The yoy growth reflects a low base in 4Q24 due to the large Power Master Semiconductor Co (PMS) impairment, while the qoq improvement was mainly driven by higher other income rather than a recovery in core operations. Excluding non-recurring income, core profit was Bt95m (+783% yoy, +150% qoq), implying a soft 2% core profit margin, as PMS remains weak amid the ongoing price competition in China.
- Positive on clearer progress in AI-related solid-state cooling; ramp-up expected in 3Q26, more meaningful contribution in 2027.** HANA provided greater clarity on the solid-state cooling project by introducing its strategic partner, Phononic, a US private firm specialising in thermoelectric cooling (TEC) technology designed to reduce heat from AI chips (GPUs and high-bandwidth memory (HBM)). HANA will serve as one of two key manufacturing partners responsible for assembling the cooling devices at the Lamphun plant. Although management has not provided sales or margin guidance, potential volumes are described as significant and feasibility studies suggest positive margins.
- 2026 capex to rebound from 2025.** We are positive on HANA as it has guided for Bt1.85b in capex (vs Bt2.6b/Bt1.7b/Bt0.6b in 2023-25 respectively), marking the highest level in the past two years and higher than market expectations by around 35%. The 2026 capex will be mainly for an automated manufacturing line for solid-state cooling device assembly in Lamphun, expansion of Outsourced Semiconductor Assembly & Test (OSAT) operations, and RFID inlay capacity.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	24,801.3	20,563.4	21,275.2	23,018.3	24,255.8
EBITDA	2,279.6	1,558.9	1,703.6	1,941.6	2,396.2
Operating profit	503.0	33.0	43.2	196.4	562.7
Net profit (rep./act.)	(633.7)	597.0	820.8	1,015.6	1,385.7
Net profit (adj.)	(643.6)	730.3	820.8	1,015.6	1,385.7
EPS	(0.7)	0.8	0.9	1.2	1.6
PE (x)	(29.4)	25.9	23.1	18.6	13.7
P/B (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	6.9	10.5	9.8	9.3	7.6
Dividend yield (%)	3.5	4.7	4.7	5.8	5.8
Net margin (%)	(2.6)	2.9	3.9	4.4	5.7
Net debt to equity (%)	(20.2)	(18.3)	(17.1)	(12.0)	(11.0)
ROE (%)	(3.0)	2.8	3.9	4.8	6.5
Consensus net profit	n.a	n.a	879.5	1,064.8	1,303.3
UOBKH/Consensus (x)	n.a	n.a	0.9	1.0	1.1

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

HOLD (Maintained)

Share Price	Bt21.40
Target Price	Bt22.60
Upside	+5.6%
Previous TP	Bt15.40

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Stock Data

GICS sector	Information Technology
Bloomberg ticker:	HANA TB
Shares issued (m):	885.4
Market cap (Bt\$m):	15,582.4
Market cap (US\$m):	494.4
3-mth avg daily t'over (US\$m):	7.0

Price Performance (%)

52-week high/low	Bt26.2/Bt14.9				
1mth	3mth	6mth	1yr	YTD	
1.7	8.0	(28.5)	10.7	8.0	

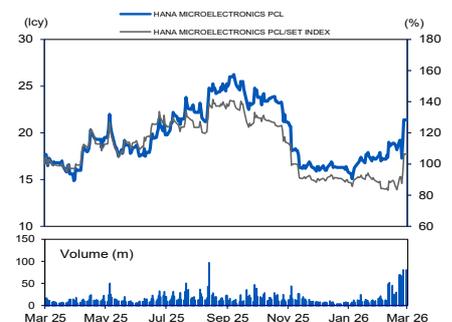
Major Shareholders

	%
OMAC (HK) LIMITED	19.48
Thai NVDR Company Limited	9.32
LGT BANK (SINGAPORE) LTD	8.14

Balance Sheet Metrics

	%
FY26 NAV/Share (XX\$)	29.6
FY26 Net Debt/Share (XX\$)	(5.1)

Price Chart



Source: Bloomberg

Company Description

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

- Global solid-state cooling market expected to grow at 9.3% CAGR In 2025-34.** Based on our individual research, the global solid-state cooling market size was US\$0.94b in 2025 (growing at a 9.3% CAGR until 2034, according to the Fortune Business Insights report), compared with the data centre liquid cooling market size of US\$3.8b in 2025 (growing at 18.7% CAGR until 2035). Note that solid-state cooling is different from liquid cooling solution. TEC technology (solid-state cooling) is positioned at the chip level, providing localised hotspot temperature control for GPUs and HBMs, whereas liquid cooling systems primarily remove heat at the server or rack level.
- Tariff remains an overhang, geopolitical risks manageable if short-term.** Tariff policy remains uncertain (10-15% under Section 122) alongside potential other actions. HANA has around 15% direct exposure to the US and about 40% indirect exposure. On the geopolitical side, management sees limited impact from the Israel conflict if disruptions remain within two months. A prolonged conflict could affect prices of imported raw materials due the rising oil prices (HANA can pass through logistics cost to customers).
- Several businesses expected to remain flat hoh in 1H26, PMS recovery likely in 2H26.** We believe several businesses will remain soft in 1H26, including the electronics manufacturing services (EMS) business, integrated circuit (IC) business, and PMS. However, management has begun to see some improvement in PMS demand from China with inventory levels starting to reduce in 4Q25.

Valuation/Recommendation

- Maintain HOLD with a higher target price of Bt22.60 (from Bt15.40), downside appears limited.** Our higher target price is based on 21.9x 2026F PE (-0.50SD to its five-year mean from -1.0 SD), as valuation downside appears limited and HANA enters an investment phase again in 2026. HANA is currently trading at 0.72x P/B as of early-Mar 26, near the lower bound of its historical five-year range.
- Positive sentiment due to clearer AI supply-chain exposure, but meaningful fundamental re-rating requires more visible earnings recovery in 2H26.** While AI cooling could emerge as a potential growth driver, we believe it is too early for a re-rating in 1H26 as: a) solid-state cooling ramp-up is expected in 3Q26, with meaningful contribution to sales likely from 2027, and b) we wait to see a clearer earnings recovery in PMS in 2H26.

Earnings Revision/Risk

- We increase 2027-2028 net profit forecasts by 1%. Note that our projections exclude solid-state cooling, as management did not provide any guidance.

Share Price Catalyst

- Faster-than-expected recovery in PMS, meaningful contribution from solid state cooling in 2027, and positive margin.

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 programs) and technical skill enhancement.

Governance

- HANA adheres to high standards of corporate governance, emphasising board independence, transparency, and accountability.

HANA 4Q25 Results

(Bt)	4Q25	3Q25	4Q24	yoy (%)	qoq (%)
Revenue	4,818	5,295	5,579	(13.6)	(9.0)
Gross profit	265	318	295	(10.2)	(16.8)
Operating profit	48	10	(66)	172.0	386.8
Other income	88	20	(1,650)	105.3	336.0
Operating EBITDA	409	384	397	2.8	6.4
Core profit	95	38	11	782.8	149.5
Net profit	143	15	(1,729)	108.2	864.2
EPS	0.18	0.02	(2.15)	108.2	960.6
%				ppts	ppts
Gross margin	5.5%	6.0%	5.3%	0.2	(0.5)
EBITDA margin	8.5%	7.3%	7.1%	1.4	1.2
Net profit margin	3.0%	0.3%	-31.0%	34.0	2.7
Core profit margin	2.0%	0.7%	0.2%	1.8	1.3

Source: HANA, UOB Kay Hian

Phononic Is Backed By Several Global Venture Capital Investors, Including Goldman Sachs, Temasek, and Oak Investment Partners

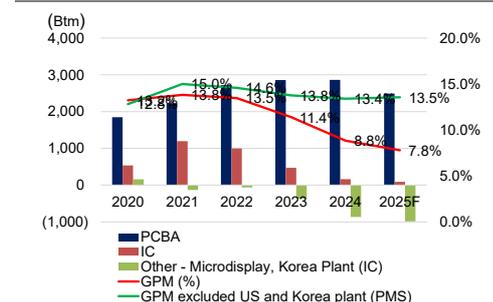
Revolutionizing Data Center Cooling

Source: HANA, Phononic reports

Phononic is the primary supplier to almost every company shown below

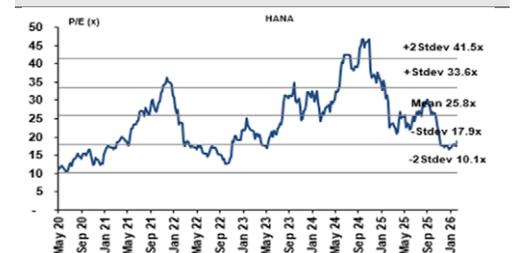
Source: HANA, Phononic reports

HANA Gross Profit and Gross Profit Margin By Segment in 2025-27F



Source: UOB Kay Hian

HANA's Five-Year Forward PE Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	20,563	21,275	23,018	24,256
EBITDA	1,559	1,704	1,942	2,396
Deprec. & amort.	1,526	1,660	1,745	1,833
EBIT	33	43	196	563
Total other non-operating income	608	681	725	752
Associate contributions	(26)	0	0	0
Pre-tax profit	781	903	1,116	1,523
Tax	(51)	(82)	(100)	(137)
Minorities	0	0	0	0
Net profit	597	821	1,016	1,386
Net profit (adj.)	730	821	1,016	1,386

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,987	3,432	3,017	3,191
Pre-tax profit	781	903	1,116	1,523
Tax	(79)	(94)	(119)	(139)
Deprec. & amort.	1,526	1,660	1,745	1,833
Working capital changes	1,830	165	(193)	(485)
Non-cash items	0	0	0	0
Other operating cashflows	(71)	797	468	458
Investing	(3,713)	(2,172)	(3,068)	(1,961)
Capex (growth)	(650)	(1,760)	(2,412)	(1,729)
Investments	0	(47)	0	0
Others	(3,063)	(365)	(656)	(232)
Financing	(1,431)	(889)	(885)	(1,107)
Dividend payments	(664)	(885)	(885)	(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)	372	(936)	123
Beginning cash & cash equivalent	6,689	4,936	4,959	3,656
Ending cash & cash equivalent	5,533	5,308	4,022	3,780

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	8,487	8,586	9,253	9,149
Other LT assets	336	403	408	411
Cash/ST investment	5,308	4,959	3,656	3,399
Other current assets	17,028	17,211	18,275	19,137
Total assets	31,159	31,159	31,593	32,096
ST debt	479	475	475	475
Other current liabilities	3,328	3,369	3,646	3,841
LT debt	1	2	2	2
Other LT liabilities	1,032	1,058	1,085	1,113
Shareholders' equity	26,319	26,255	26,385	26,664
Minority interest	0	0	0	0
Total liabilities & equity	31,159	31,159	31,593	32,096

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.6	8.0	8.4	9.9
Pre-tax margin	3.8	4.2	4.8	6.3
Net margin	2.9	3.9	4.4	5.7
ROA	1.8	2.5	3.0	4.1
ROE	2.8	3.9	4.8	6.5
Growth				
Turnover	(11.2)	(8.1)	(0.6)	4.8
EBITDA	(58.4)	(54.5)	(48.1)	(36.0)
Pre-tax profit	(75.9)	(72.2)	(65.6)	(53.0)
Net profit	(77.2)	(68.6)	(61.2)	(47.0)
Net profit (adj.)	0.0	12.4	23.8	36.4
EPS	(4.0)	7.9	33.5	82.2
Leverage				
Debt to total capital	1.8	1.8	1.8	1.8
Debt to equity	1.8	1.8	1.8	1.8
Net debt/(cash) to equity	(18.3)	(17.1)	(12.0)	(11.0)

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