07 Oct 2026 06:24:46 ET | 10 pages

Hon Precision (7769.TW)

Strong revenues beat with 3Q26 reaching the record high

CITI'S TAKE

Hon reported Sep revenues of NT$5.7bn which grew 100% YoY and 10% MoM, driven by continued FT/SLT handler build-up by OSAT clients for next generation AI chips and solid cold plates demand. This brought 3Q sales to NT$16bn (+98% YoY and +17% QoQ), registering another quarterly record high and beating Street and our estimates by 17% and 9%, respectively. Looking ahead, we see sequential QoQ sales growth into next year supported by robust order momentum from AI ASIC and US EV FT/SLT project and sustained capacity build-up demand with OSATs' strong expansion in SEA and US region. With new capacity coming online from 4Q26 onwards, stronger >50% capacity growth in 2027 and more upside potentials from content expansion in 2027 on accelerating adoption of large tray handler, AOI functions and higher TDP requirement, we estimate Hon's 2027/28 earnings to deliver strong growth of 86%/74% respectively. Buy.

Buy	
Price (07 Oct 26 13:30)	NT$5,885.00
Target price	NT$11,000.00
Expected share price return	86.9%
Expected dividend yield	0.6%
Expected total return	87.5%
Market Cap	NT$1,058,888M US$33,306M

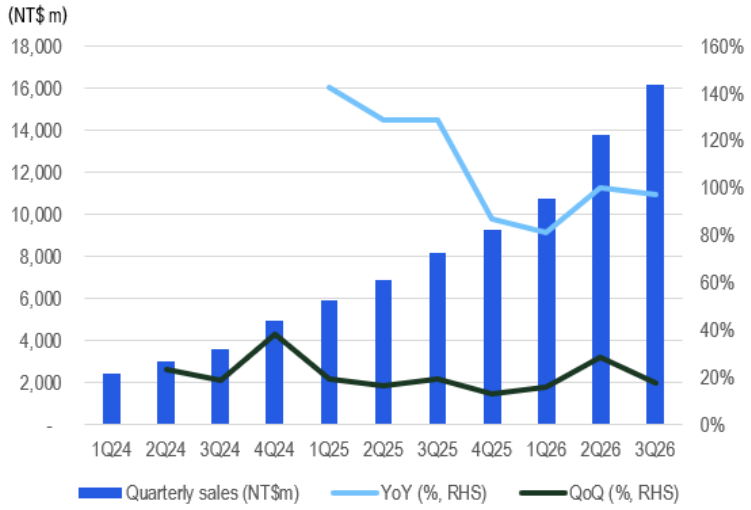
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Figure 1. Hon - Quarterly Revenues Trend



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Hon Precision

Valuation

Our target price of NT$11,000 is based on a target PER multiple of 36x applied to the average of our 2027E/28E EPS estimates. Our PER target of 35x is set at 1-std above its 1-year PER average, justified by its high share of the AI/HPC testing handler market, which we estimate could support an earnings CAGR of 77% in 2025-28, higher than its 3-year CAGR at c40% in 2022-25. Our estimated 77% earning CAGR is also higher than the +40% average (Bloomberg consensus) of its global testing equipment peers. As its peers have been trading at average 36x PER on 2027/28 consensus EPS in the past 1 year, we believe Hon Precision deserves a further re-rating to our target PER of 36x.

Risks

Our quantitative risk rating system, which looks at historical share price volatility, rates Hon Precision High Risk. However, we are not assigning a High Risk rating as we forecast an earnings CAGR of >75%, significantly stronger than the growth outlook for its global peers. Also, we note its dominant position in AI/HPC handler market and expanding market TAM opportunity, which support our constructive view over its growth outlook.

Key downside risks that could impede the shares from reaching our target price: 1) Global AI demand slowdown driving weaker capacity build for semiconductor equipment; 2) unexpected share losses at its major AI projects; 3) slower-than-expected capacity ramp at its new facilities, or the company taking a long time to find/secure new sites; 4) slower-than-expected development of its CPO business; 5) shorter-than-expected testing time leading to lower demand for its products; 6) weak adoption of high-premium cold plate products; and 7) increasing competition from new entrants.

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Appendix A-1

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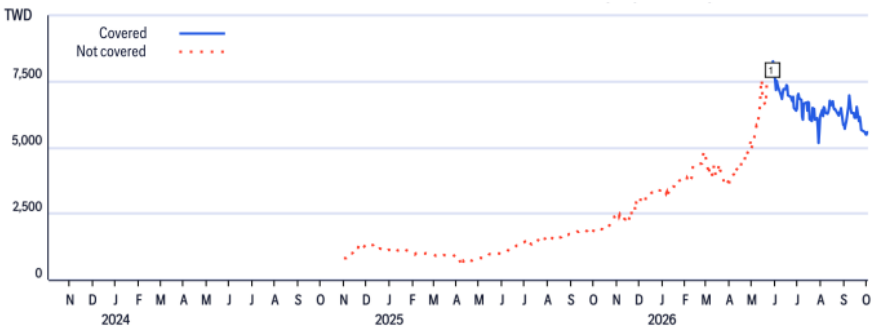
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Hon Precision (7769.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Nicholas Lai



	Date	Rating	Target Price	Closing Price
1	28-May-26 19:34:47	*1	*11,000.00	7,700.00

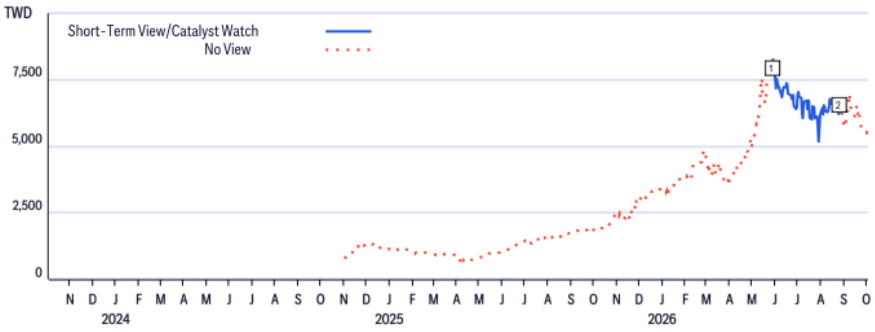
*Indicates Change

Rating/target price changes above reflect Eastern Time

Hon Precision (7769.TW)

Short-Term View/Catalyst Watch Research

Analyst: Nicholas Lai



	Date	Action	Expected Direction	Duration	Closing Price
1	28-May-26 15:34:47	Add CW	Upside	90 Days	7,700.00
2	26-Aug-26 21:35:39	Remove CW	Upside	90 Days	6,335.00

CW - Catalyst Watch , STV - Short-Term View

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	12 Month Rating			Catalyst Watch		
Data current as of 01 Oct 2026	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
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