02 Jul 2026 10:16:59 ET | 11 pages

Airtac (1590.TW)

Record 2Q26 Sales Suggest Earnings Upside

CITI'S TAKE

Airtac reported June-26 sales of NT$3.9bn +45% y/y (or Rmb 838mn +28% y/y) driven by continued strength across most end applications. Daily shipment of pneumatics rose 22% yoy but dropped 12% m/m to Rmb 34mn due to low seasonality. Mgmt highlighted sustained growth from battery (+50% y/y), machine tool (+45% y/y), auto (+30% y/y) and electronic (+25% y/y), while maintaining a positive view on industrial demand supported by China's manufacturing upgrade policies. 2Q26 sales of NT$12.2bn +36% y/y, topping our/BBG's estimates 11%, suggesting upsides risks to our/BBG earnings forecasts. While seasonal factors may weigh on sentiment over the coming months, we see little change to the company's intact share gains and strong earnings trajectory. We continue to expect operating leverage, favorable mix and share wins to drive robust earnings growth in 2H26E. Retain Buy.

Buy	
Price (02 Jul 26 13:30)	NT$1,390.00
Target price	NT$1,750.00
Expected share price return	25.9%
Expected dividend yield	2.7%
Expected total return	28.6%
Market Cap	NT$278,000M
	US$8,776M

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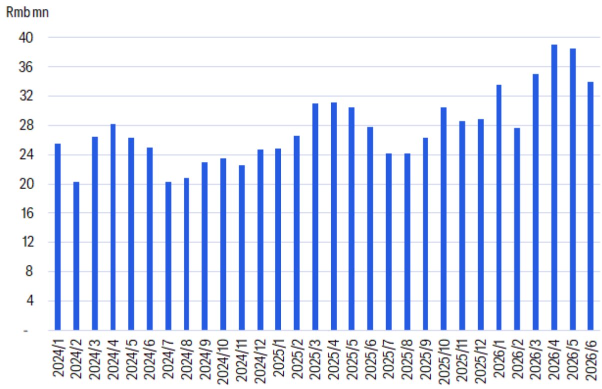
Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	7,624	38.12	9.4	36.5	5.8	16.8	1.5
2025A	8,400	42.00	10.2	33.1	5.3	16.7	2.1
2026E	11,060	55.30	31.7	25.1	5.0	20.3	2.7
2027E	12,601	63.00	13.9	22.1	4.6	21.7	3.1
2028E	14,152	70.76	12.3	19.6	4.3	22.7	na

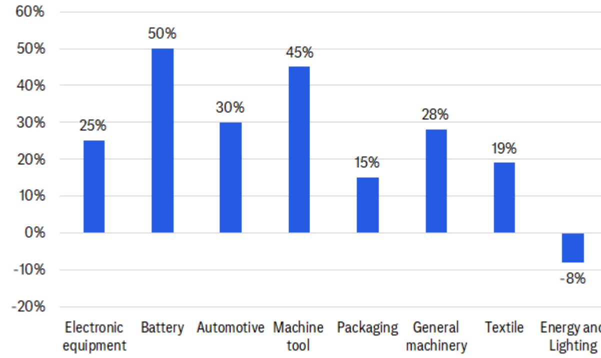
Source: Powered by dataCentral

Figure 1. Airtac: Daily Run Rate of Pneumatics by Month (Based on Our Calculations)



Source: Company Reports, Citi Research

Figure 2. Airtac: Sales Growth by Industry in June-26 (Direct Sales Only)



Source: Company Reports, Citi Research

Airtac

Valuation

We derive our target price of NT$1,750 for Airtac by using a P/E methodology, as we believe the margin and earnings growth outlooks will be the key drivers of the stock. We apply a P/E of 30x for 2Q26-1Q27E, which we derive from the mid range of prior upcycle valuation 25-35x during 2021 in view of a strong upcycle with solid FA demand and ongoing share gains.

Risks

Key downside risks that could impede the Airtac stock from reaching our target price include: 1) a softer-than-expected China macro economy, resulting in downside to our sales forecasts; 2) intensifying competition leading to gross margin pressures; and 3) slower-than-expected progress of its linear guide business, causing low utilization of capacity.

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Appendix A-1

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Airtac (1590.TW)
Ratings and Target Price History
Fundamental Research

Analyst: Angela Hsu

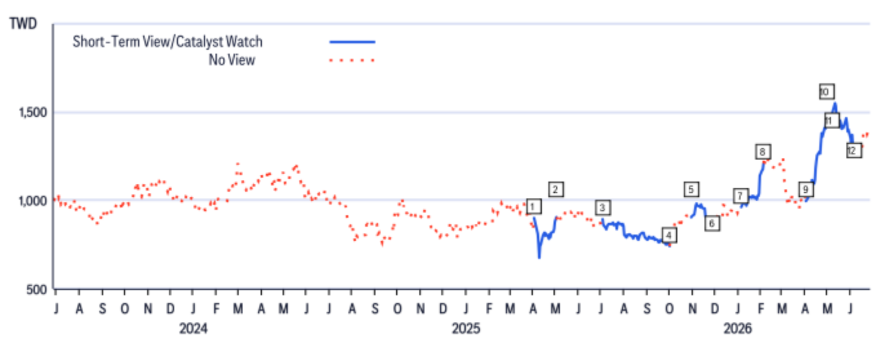
	Date	Rating	Target Price	Closing Price
1	03-Oct-23 05:54:40	*1	*1,250.00	998.00
2	30-Apr-24 10:21:43	1	*1,350.00	1,160.00
3	06-Sep-24 14:42:18	1	*1,050.00	816.00
4	31-Jul-25 08:08:45	1	*1,000.00	856.00
5	30-Oct-25 09:57:38	1	*1,100.00	904.00
6	29-Jan-26 08:12:57	1	*1,350.00	1,040.00
7	29-Apr-26 10:42:32	1	*1,750.00	1,490.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

Airtac (1590.TW)
Short-Term View/Catalyst Watch Research

Analyst: Angela Hsu



	Date	Action	Expected Direction	Duration	Closing Price
1	03-Apr-25 15:20:52	Add CW	Upside	30 Days	900.00
2	02-May-25 14:22:25	Remove CW	Upside	30 Days	905.00
3	03-Jul-25 02:23:51	Add STV	Upside	90 Days	893.00
4	01-Oct-25 21:44:22	Remove STV	Upside	90 Days	741.00
5	30-Oct-25 05:57:38	Add STV	Upside	30 Days	904.00
6	28-Nov-25 12:04:22	Remove STV	Upside	30 Days	903.00
7	05-Jan-26 10:25:45	Add STV	Upside	30 Days	962.00
8	04-Feb-26 19:57:43	Remove STV	Upside	30 Days	1,210.00
9	02-Apr-26 01:31:06	Add STV	Upside	30 Days	996.00
10	01-May-26 14:16:41	Remove STV	Upside	30 Days	1,455.00
11	07-May-26 05:36:56	Add STV	Upside	30 Days	1,490.00
12	05-Jun-26 14:27:33	Remove STV	Upside	30 Days	1,320.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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	12 Month Rating			Catalyst Watch		
Data current as of 01 Jul 2026	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Research Global Fundamental Coverage (Neutral=Hold)	61%	32%	7%	36%	48%	16%
% of companies in each rating category that are investment banking clients	38%	42%	27%	42%	37%	36%

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Citigroup Global Markets Taiwan Securities Company Limited	Angela Hsu

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