China PCB Equipment

29 Jun 2026 14:46:49 ET

High-End Segment Penetration

We continue to like China PCB equipment sector, believing that potential upsides could come from **1) AI PCB capacity squeezing non-AI**, similar to HBM causing a structural squeeze on DRAM or AI CCL and glass fabric consuming capacities for non-AI products, because producing AI-used back drilling equipment requires 1.5x traditional mechanical drilling capacity. While Han's CNC (HC) doesn't attempt to raise ASP for non-AI customers, the AI-caused tight capacity enables it to select high margin non-AI clients. **2) Chinese PCB makers' high-end product expansions** such as Fastprint's (002436.SZ) recently announced mSAP SLP and IC substrate capacity expansions. This is likely to increase HC's revenue exposure to ultrafast or even UV laser drilling, which is more high-end than mechanical drilling equipment. Our pecking order remains **Han's Laser (HL ; 002008.SZ) > HC-H (3200.HK) > HC-A (301200.SZ).**

Capacity squeeze effect – According to Ta Liang (3167.TW), HC's key mechanical drilling equipment competitor, its total capacity could reduce to 200 units/month from 300 if all the capacity is used to manufacture AI products (Figure 1). Similarly, we believe that HC's drilling equipment capacity would shrink by one-third if all capacity is used for AI (e.g., CCD back drill). This capacity squeeze effect allows HC to pick only high margin non-AI clients.

Tapping into high-end – HC has successfully used its ultrafast laser drilling equipment to penetrate mSAP SLP drilling segment, which was previously dominated by foreign suppliers. If Chinese PCB makers can use the AI-caused tight supply to penetrate high-end segments such as mSAP SLP or IC substrate, we believe that HC is more likely than before to continuously increase its high-end product exposures, such as ultrafast or UV laser drilling equipment. (Figure 2)

Our view – Besides strong earnings growth, we believe that the valuations of HL and HC are well supported by **1)** capacity squeeze effect and **2)** chances of penetrating high-end segments amid AI-led tight supply. We like HL for its multiple growth drivers and HC-H for its >50% discount to HC-A. (Link to the latest update)

															Current Fiscal Year		Next Fiscal Year	
						Rating		Short-Term	Target Price						EPS		EPS	
Company	Ticker	Ccy	Price	Mkt Cap (M)	Date & Time	Old	New	View	Old	New	ESPR (%)	Div Yld (%)	ETR (%)	Last Rpt Yr	Old	New	Old	New
Han's CNC Technology	301200.SZ	Rmb	343.450	167,950	29 Jun 15:00	2	nc	-	377.000	nc	9.8	0.3	10.1	Dec-25	3.558	nc	5.576	nc
Han's CNC Technology	3200.HK	HK$	173.40	194,532	29 Jun 16:10	1	nc	-	325.00	nc	87.4	0.7	88.1	Dec-25	3.558	nc	5.576	nc
Han's Laser Technology	002008.SZ	Rmb	141.200	145,380	29 Jun 15:00	1	nc	-	177.000	nc	25.4	0.3	25.6	Dec-25	2.156	nc	3.219	nc

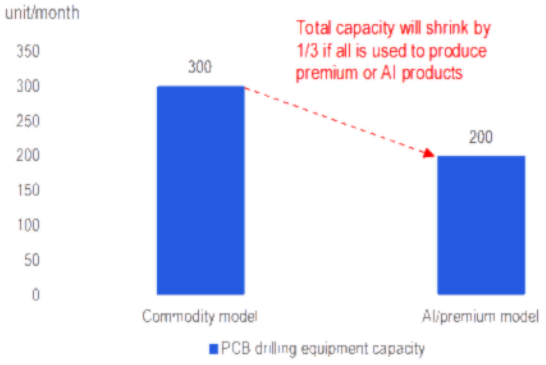
1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk

ESPR = Expected Share Price Return, ETR = Expected Total Return, nc = no change

Source

^ Catalyst Watch

Figure 1. Ta Liang: Effective capacity under different scenarios

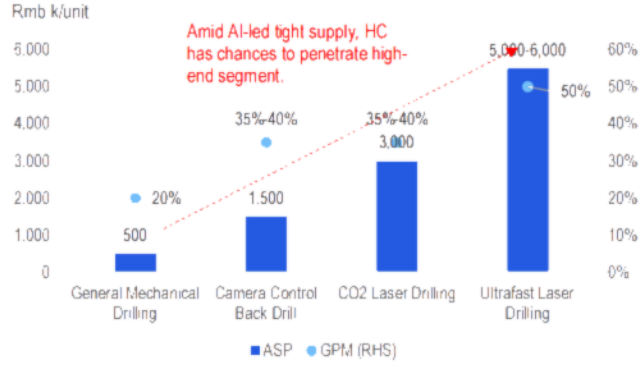


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*We believe that HC's total capacity will shrink by 1/3 if all the capacities are used to produce AI products.

Source: Citi Research, Company Reports

Figure 2. PCB drilling equipment ASP and GPM by product



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Source: Citi Research, Company Reports

Companies Mentioned:

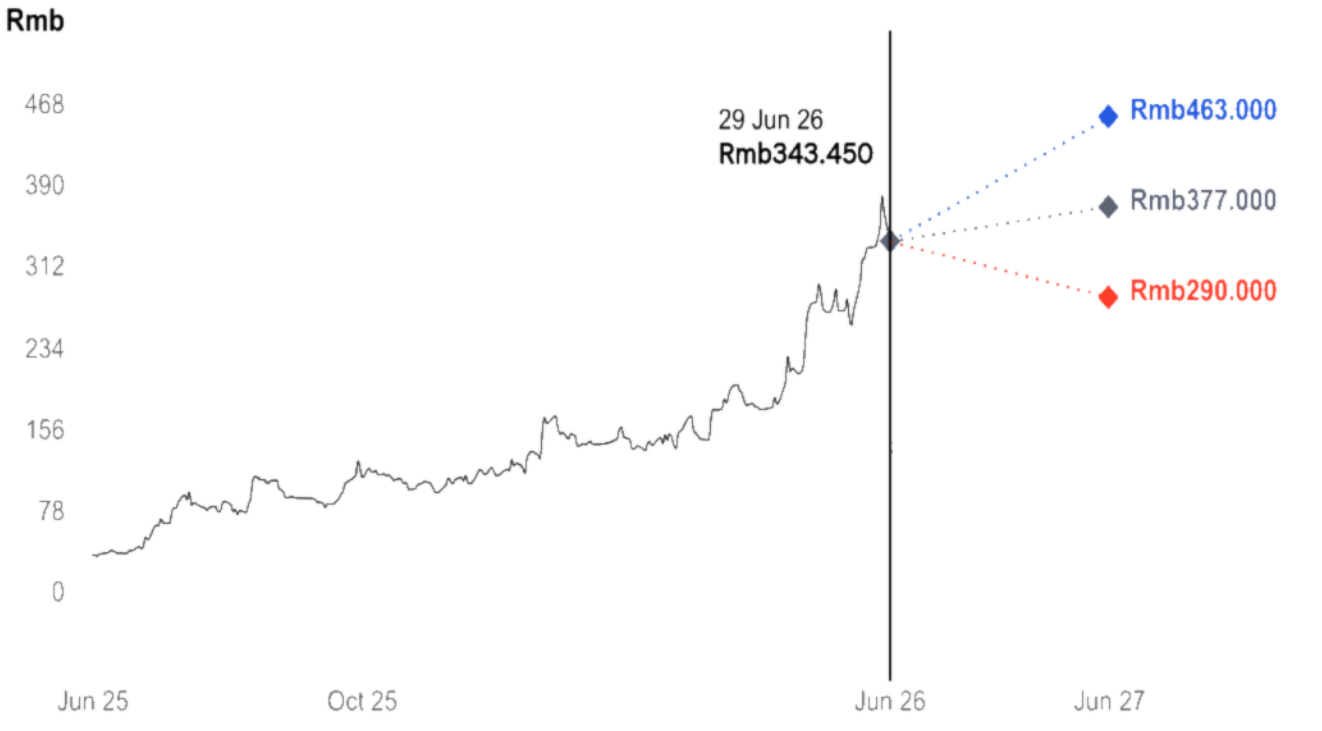
Shenzhen Fastprint Circuit Tech Co Ltd (002436.SZ; Rmb49.0; Not Rated; 29 Jun 26; 15:00) | Taliang Technology Co Ltd (3167.TW; NT$774.0; Not Rated; 29 Jun 26; 13:30)

Bull/Bear: Han's CNC Technology (301200.SZ)

Rmb 463.000 ▲35% Upside

Rmb 377.000 ▲9.8% Upside

Rmb 290.000 ▼16% Downside



Spread: 50pp
Current Price and expected returns (upside/downside) as of 29 Jun 2026

BULL Assumptions

- Rerate to ~83x 2027E P/E driven by stronger-than-expected demand

BASE Assumptions

- Base case TP is at ~68x 2027E P/E

BEAR Assumptions

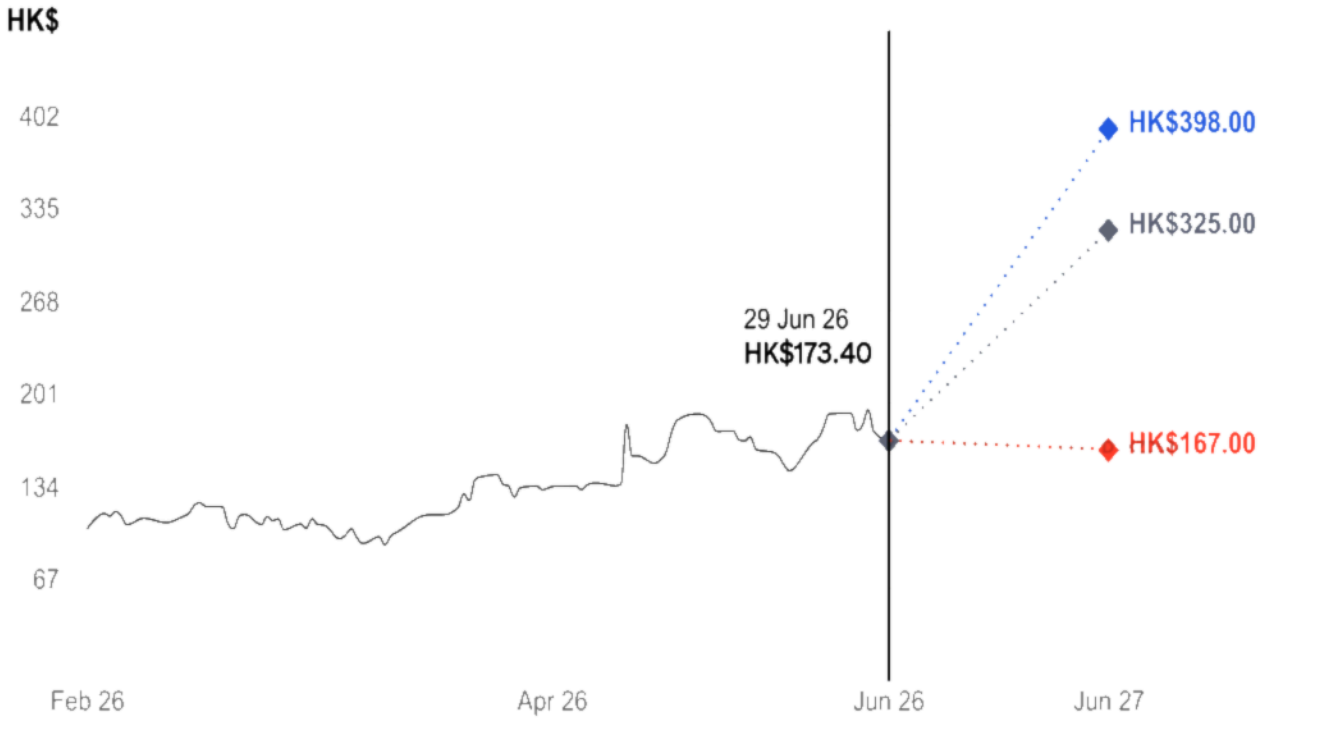
- Derate to ~52x 2027E P/E due to weaker-than-expected demand

Bull/Bear: Han's CNC Technology (3200.HK)

HK$398.00 ▲130% Upside

HK$325.00 ▲87% Upside

HK$167.00 ▼3.7% Downside



Spread 133bp
Current Price and expected returns (upside/downside) as of 29 Jun 2026

BULL Assumptions

- Rerate to ~62x 2027E P/E due to stronger AI PCB equipment demand

BASE Assumptions

- Base case TP is at ~51x 2027E P/E

BEAR Assumptions

- Derate to ~26x 2027E P/E due to weaker AI PCB equipment demand

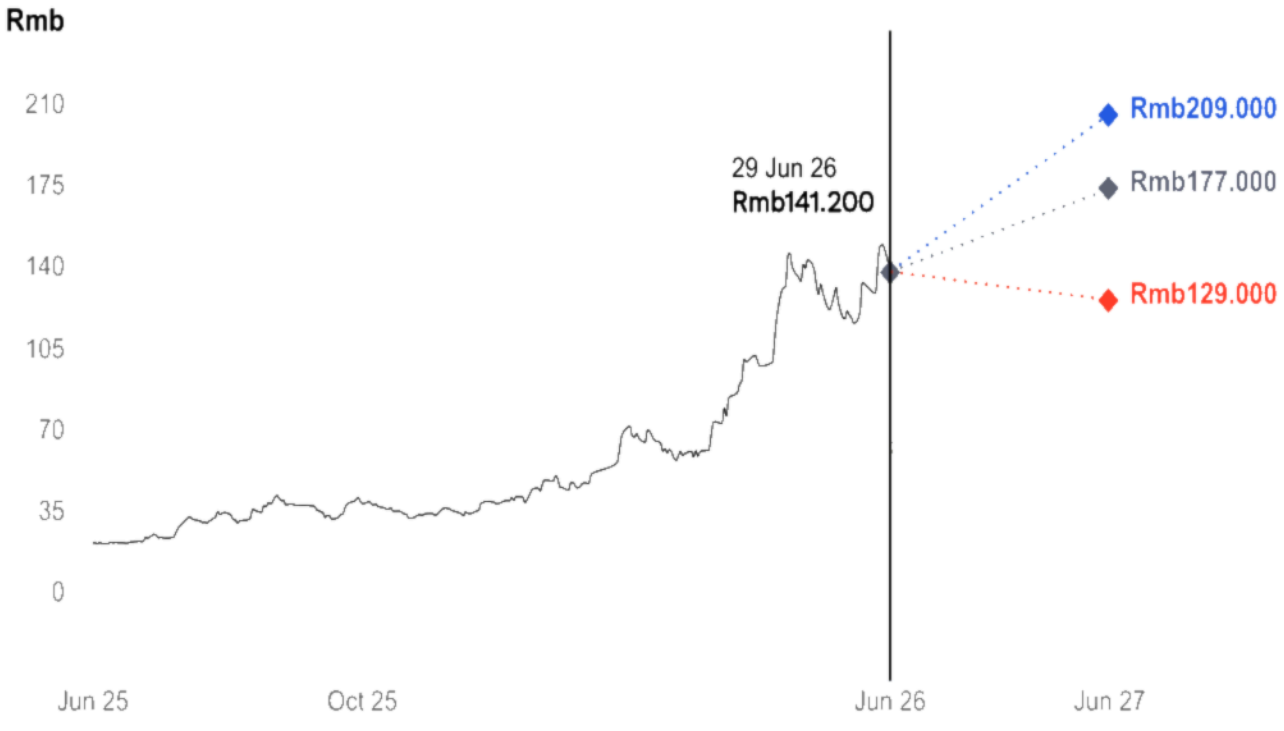
人在草木间

Bull/Bear: Han's Laser Technology (002008.SZ)

Rmb 209.000
▲48% Upside

Rmb 177.000
▲25% Upside

Rmb 129.000
▼8.6% Downside



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Current Price and expected returns (upside/downside) as of 29 Jun 2026

BULL Assumptions

- Rerate to 65x PE on stronger IT and PCB equipment demand

BASE Assumptions

- 55x 2027E P/E, similar to the previous peak during 2018

BEAR Assumptions

- Derate to 40x PE on slower IT and PCB equipment demand

Han's CNC Technology

Company description

Founded in 2002, Han's CNC (HC) is a leading PCB equipment supplier in China specializing in PCB drilling, exposure, testing, formation, as well as attachment equipment. According to China Insights Consultancy (CIC), Han's CNC ranks as the world's largest specialized PCB production equipment manufacturer with 6.6% of global market share in terms of 2024 revenue. Its market share even reached 10-11% in 2024, also being the biggest specialized PCB equipment in China. With accumulated experience and technology edge on high-speed control, electronic engineering, software algorithm, advanced optical system, laser technology, image algorithm, and electronic testing, Han's CNC successfully penetrates into leading domestic and international PCB makers.

Investment strategy

We rate Han's CNC-A (HC-A) at Neutral primarily due to its rich valuation, although we still expect HC to deliver strong earnings growth led by strong demand for both mechanical and ultrafast laser drilling equipment.

Valuation

Our target price of Rmb377 is based on ~68x 2027E P/E, slightly above its average over the past three years to reflect its brighter demand outlook. We believe that our target multiple is not aggressive given a ~81% earnings CAGR for 2026-27E.

Risks

Han's CNC stock is rated High Risk based on our quantitative model, but we think that its share price risk is mitigated given its high earnings visibility due to strong equipment demand from AI PCB makers. Potential downside risks include: 1) weaker-than-expected AI PCB equipment demand; 2) worse-than-expected GPM due to rising component costs; and 3) intensifying price competition due to the industry's equipment supply increase. Potential upside risks include: 1) stronger-than-expected AI PCB equipment demand; 2) better-than-expected GPM due to favorable product mix change; and 3) strong AI equipment demand leads to supply shortage for general PCB equipment. Any of these risk factors could cause the shares to deviate from our target price.

Han's CNC Technology

Company description

Founded in 2002, Han's CNC (HC) is a leading PCB equipment supplier in China specializing in PCB drilling, exposure, testing, formation, as well as attachment equipment. According to China Insights Consultancy (CIC), Han's CNC ranks as the world's largest specialized PCB production equipment manufacturer with 6.6% of global market share in terms of 2024 revenue. Its market share even reached 10-11% in 2024, also being the biggest specialized PCB equipment in China. With accumulated experience and technology edge

on high-speed control, electronic engineering, software algorithm, advanced optical system, laser technology, image algorithm, and electronic testing, Han's CNC successfully penetrates into leading domestic and international PCB makers.

Investment strategy

We rate Han's CNC-H (HC-H) at Buy as we think that it offers investors a better risk/reward than HC-A (301200.SZ) for participating in the company's strong earnings growth in 2026E-27E, driven by strong PCB equipment demand from Chinese AI PCB makers.

Valuation

Our target price of HK$325 is based on ~51x 2027E P/E, set at 25% discount to its A-share's valuation. We believe that our target multiple is not aggressive given a ~81% earnings CAGR for 2026E-27E.

Risks

Potential downside risks that could impede the shares from reaching our target price include: 1) weaker-than-expected AI PCB equipment demand, 2) worse-than-expected GPM due to rising component costs, and 3) intensifying price competition due to the industry's equipment supply increase.

Han's Laser Technology Company description

Han's Laser is a China-based company primarily engaged in the research, development, manufacture, and sale of laser processing equipment. The company's main products are laser marking equipment, laser welding equipment, laser cutting equipment, printed circuit boards (PCBs) equipment, photovoltaic devices, as well as light emitting diode (LED) packing equipment, among others. The company distributes its products principally in domestic and overseas markets.

Investment strategy

We rate Han's Laser shares Buy as we see strong PCB drilling and testing equipment demand from PCB makers for AI server/datacenter such as Victory Giant Technology (VGT; 300476.SZ) and strong order growth from Apple supply chain driven by iPhone 18 – potentially Apple's first foldable phone. We believe that the IT and PCB equipment "super" cycle could drive ~65% core profit CAGR in 2026-27E and lead to a share price rerating, similar to what we saw in 2017 – an Apple order-led strong upcycle.

Valuation

Our 12-month target price for Han's Laser of Rmb177.0 is based on 55x 2027 E P/E, set at the previous peak P/E in 2018 to reflect its "super cycle" led by stronger demand for PCB and IT (Apple) equipment.

Risks

Key fundamental downside risks that could prevent the shares from reaching our target price include: 1) fewer-than-expected Apple orders; 2) fiercer competition, which could pressure margins; 3) any weakening of auto sales, which would hurt high-power laser equipment demand; 4) failure of any of the new investment projects; and 5) newly emerging technologies substituting laser equipment.