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Greater China Technology Hardware | Asia Pacific

Automation – Read-across from Preliminary JMTBA July 2026 Orders

In this report, we focus on preliminary JMTBA orders, which we believe could be a catalyst for AirTAC's and Hiwin's share prices.

According to the Japan Machine Tool Builders' Association (JMTBA), headline orders declined 5% MoM but grew 50% YoY in July 2026 (vs. +15% MoM/+53% YoY in June 2026), to ¥193bn.

- Domestic orders were -8% MoM/+50% YoY (vs. +28% MoM/+46% YoY in June), at ¥53bn.
- Overseas orders were -4% MoM/+51% YoY (vs. +10% MoM/+56% YoY in June), at ¥140bn.

Our view:

- We think the sequential decline in overseas orders was consistent with seasonality, while growth remains strong on a YoY basis. Within overseas orders, we think North America and Europe may have outperformed, as manufacturing PMIs held up better (55.6/51.9 for NA/Europe in July vs. 53.3/51.4 in June). On the other hand, China may have softened a bit, as manufacturing PMI edged down to 49.2 in July (vs. 50.3 in June).
- We remain OW on both AirTAC (1590.TW) and Hiwin (2049.TW) as we see company-specific drivers on top of the industry recovery trend:
  - AirTAC should continue to benefit from its own market share gains, and valuation appears undemanding at 23x 2027e P/E (vs. 25x average since 2020).
  - Hiwin should see margin expansion in the coming quarters, driven by higher utilization and price hikes, which we believe could be share price catalysts. Although current valuation of 34x 2027 P/E does not appear inexpensive, its peak cycle valuation could reach 35-40x P/E.

Derrick Yang
Equity Analyst
Derrick.Yang@morganstanley.com +886 2 2730-2862

Vivi Huang
Research Associate
Vivi.Huang@morganstanley.com +886 2 2730-2860

Andy Meng, CFA
Equity Analyst
Andy.Meng@morganstanley.com +852 2239-7689

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Industry View **In-Line**

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
Preliminary JMTBA July 2026 Orders	12 Aug 2026	Unchanged	In-line
Hiwin Technologies Corp. 2049.TW			
Preliminary JMTBA July 2026 Orders	12 Aug 2026	Unchanged	In-line

Source:

Valuation Methodology and Risks

AirTAC International (1590.TW)

Base case, 29x 2027e P/E. We believe this methodology better captures earnings growth momentum for industrial automation component plays (market sentiment moves along with business cycles). As the industry enters an up-cycle, we think applying a near-peak cycle valuation of 29x P/E is reasonable given the stronger business outlook.

Risks to Upside

- Stronger macroeconomic climate in China
- Stronger-than-expected demand from industrial automation

Risks to Downside

- Sharper economic downturn in China
- Miniature linear guideway business development taking more time
- Larger-than-expected investment in new products but weaker-than-expected demand

Hiwin Technologies Corp. (2049.TW)

Base case, P/E. We think this valuation methodology better captures Hiwin's earnings growth momentum, as its valuation tends to move with the business cycle. We apply a target multiple of 37x to our 2027 EPS estimate. We view this multiple as justified by the 44% operating profit CAGR we project for 2025-28.

Risks to Upside

- Stronger industrial automation demand pickup.
- Market share gains.
- Earlier-than-expected revenue contribution from humanoids.

Risks to Downside

- Weaker industrial automation demand.
- More pricing pressure.
- Market share loss.
- More broad-based impact on the global economy from geopolitical risks.