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Han's Laser | Asia Pacific

2Q26 Results in Line with Prelims; Strong New Orders; Continued Margin Expansion

AlphaSignals Earnings Reaction

Unchanged Impact to our thesis	**— In-line** Financial results versus consensus	**↑ Modest revision higher** Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Key Takeaways

- Solid revenue growth in each business line sustained into 2Q, especially 3C, PCB, semiconductor segments stood out.
- Han's is confident in achieving Rmb27bn revenue target in 2026, based on ample backlog – around Rmb14bn at end 7M26.
- 2Q NPM recovered to 2021 level (>10%), supported by higher revenue contribution from PCB and 3C business with high GPM, operation leverage.
- 2Q PCB and non-PCB business NPM improved significantly to 21% (+11ppt y-y)/9% (+3ppt y-y). We think the margin will continue to surprise market.

7M26 new orders: 7M26 new orders (including VAT) reached ~Rmb22bn, including Rmb8.5bn in PCB (+Rmb4.9bn y-y); Rmb4bn in 3C (+Rmb2.5bn y-y); Rmb2.6bn in new energy (+Rmb1bn y-y); Rmb1.8bn in high-power laser cutting (+Rmb223mn y-y); Rmb1.7bn in low-power laser (+Rmb730mn y-y); Rmb730mn in Han's semiconductor (+Rmb75mn y-y); Rmb720mn in Han's ATT(+Rmb660mn y-y).

Segment outlook:

- **3C**: 2026 revenue likely to reach Rmb4bn+, per management, supported by VC project (Rmb1.5bn+ in 2026 vs. Rmb300mn in 2025), camera project (Rmb600-700mn in 2026). The market share of 3D printing is likely to be determined no later than end-September/early October. Excluding 3DP, management is also positive on 2027 3C demand given increasing innovation for consumer electronic products and new tech application to more models.
- **PCB**: Company expects more demand from various PCB clients to be released in 2H26 with plants construction completion.
- **Semiconductor**: It expects at least 20-30% y-y revenue growth in 2026 and likely to exceed Rmb3bn in 2027, driven by ongoing localization in low-/mid-end wire bonder, competitiveness edge in wafer transfer, etc.
- **New energy:** 1H26 achieved Rmb60mn+ net profit. Han's expects Rmb4bn revenue and ~Rmb200mn net profit in 2026.

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Han's Laser (002008.SZ, 002008 CS)

China Industrials | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	Rmb188.00
Up/downside to price target (%)	105
Shr price, close (Aug 20, 2026)	Rmb91.56
52-Week Range	Rmb168.08-32.16
Sh out, dil, curr (mn)	1,063
Mkt cap, curr (mn)	Rmb97,368
EV, curr (mn)	Rmb93,760
Avg daily trading value (mn)	Rmb3,277

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	1.13	2.33	3.94	3.46
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	1.22	2.52	3.73	4.07
Revenue, net (Rmb mn)	18,759	26,437	36,265	31,425
EBITDA (Rmb mn)	2,553	3,672	5,501	4,925
ModelWare net inc (Rmb mn)	1,190	2,451	4,149	3,638
P/E	36.4	39.3	23.2	26.5
P/BV	2.5	5.0	4.3	3.8
RNOA (%)	11.2	17.1	24.3	18.7
ROE (%)	7.4	14.2	21.6	16.2
EV/EBITDA	15.6	25.4	16.7	18.6
Div yld (%)	0.5	0.5	0.9	0.8
FCF yld ratio (%)	2.6	1.4	2.3	2.2
Leverage (EOP) (%)	(31.7)	(30.8)	(31.6)	(31.0)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Exhibit 1: 2Q26/1H26 results summary

Rmb mn	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26 YoY	2Q26 QoQ	1H25	2H25	1H26	1H26 YoY
Revenue	**4,669**	**5,100**	**6,046**	**5,135**	**8,278**	**77%**	**61%**	**7,613**	**11,146**	**13,413**	**76%**
IT equipment	*1,977*	*2,403*	*2,645*	*2,925*	*4,479*	*127%*	*53%*	*3,197*	*5,048*	*7,404*	*132%*
3C equipment	*555*	*885*	*772*	*970*	*1,449*	*161%*	*49%*	*815*	*1,657*	*2,419*	*197%*
PCB equipment	*1,422*	*1,518*	*1,873*	*1,955*	*3,030*	*113%*	*55%*	*2,382*	*3,391*	*4,985*	*109%*
New energy equipment	*661*	*539*	*861*	*580*	*919*	*39%*	*58%*	*961*	*1,400*	*1,499*	*56%*
Semi-conductor equipment	*260*	*754*	*691*	*295*	*562*	*116%*	*91%*	*596*	*1,445*	*857*	*44%*
General equipment	*1,772*	*1,390*	*1,862*	*1,335*	*2,318*	*31%*	*74%*	*2,860*	*3,252*	*3,653*	*28%*
LP laser	*807*	*1,034*	*499*	*840*	*1,109*	*37%*	*32%*	*1,416*	*1,533*	*1,949*	*38%*
HP laser	*965*	*356*	*1,363*	*495*	*1,209*	*25%*	*144%*	*1,444*	*1,719*	*1,704*	*18%*
COGS	(3,254)	(3,316)	(3,943)	(3,388)	(5,338)	*64%*	*58%*	(5,257)	(7,259)	(8,726)	*66%*
Gross Profit	**1,415**	**1,784**	**2,103**	**1,747**	**2,940**	**108%**	**68%**	**2,356**	**3,887**	**4,687**	**99%**
Selling expenses	(343)	(409)	(432)	(349)	(437)	27%	25%	(629)	(841)	(785)	25%
Admin expenses	(299)	(324)	(458)	(362)	(412)	38%	14%	(552)	(781)	(774)	40%
R&D expenses	(482)	(519)	(654)	(508)	(648)	34%	28%	(892)	(1,173)	(1,156)	30%
Operating Profit	**261**	**492**	**499**	**497**	**1,399**	**435%**	**182%**	**221**	**991**	**1,896**	**756%**
Financial expenses	8	(27)	(18)	(43)	(23)	n.a.	-46%	35	(45)	(66)	n.a.
Other income	223	72	251	72	47	-79%	-35%	434	323	118	-73%
Asset Impairment loss	(83)	(67)	(168)	(41)	(123)	47%	199%	(88)	(235)	(164)	85%
Investment Income	(3)	(33)	(40)	(19)	0	n.a.	n.a.	(10)	(72)	(19)	79%
Earnings before Tax	**406**	**436**	**525**	**466**	**1,300**	**221%**	**179%**	**592**	**961**	**1,766**	**198%**
Tax	(59)	(32)	(149)	(29)	(155)	162%	428%	(54)	(181)	(185)	242%
Minority Interest	(21)	(29)	(49)	(82)	(211)	880%	155%	(50)	(78)	(293)	486%
Net profit to shareholders	**325**	**375**	**326**	**354**	**934**	**188%**	**164%**	**488**	**702**	**1,288**	**164%**
Recurring Net profit	**189**	**307**	**242**	**408**	**1,000**	**429%**	**145%**	**261**	**549**	**650**	**149%**
Margins											
Gross Margin	**30.3%**	**35.0%**	**34.8%**	**34.0%**	**35.5%**	**5.2%**	**1.5%**	**30.9%**	**34.9%**	**34.9%**	**4.0%**
Selling expense as % of Revenue	7.3%	8.0%	7.1%	6.8%	5.3%	-2.1%	-1.5%	8.3%	7.5%	5.9%	-2.4%
Admin expense as % of Revenue	6.4%	6.3%	7.6%	7.1%	5.0%	-1.4%	-2.1%	7.3%	7.0%	5.8%	-1.5%
R&D expense as % of Revenue	10.3%	10.2%	10.8%	9.9%	7.8%	-2.5%	-2.1%	11.7%	10.5%	8.6%	-3.1%
OP Margin	**5.6%**	**9.6%**	**8.3%**	**9.7%**	**16.9%**	**11.3%**	**7.2%**	**2.9%**	**8.9%**	**14.1%**	**11.2%**
Tax Rate	14.6%	7.4%	28.4%	6.3%	12.0%	-2.7%	5.6%	9.1%	18.9%	10.5%	1.3%
Net Margin	**7.0%**	**7.4%**	**5.4%**	**6.9%**	**11.3%**	**4.3%**	**4.4%**	**6.4%**	**6.3%**	**9.6%**	**3.2%**

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

Han's Laser (002008.SZ)

Base case, derived from SOTP valuation methodology. We value the non-PCB business at 30x 2027e P/E, which is comparable to 2017 levels when Apple underwent major product upgrades and its revenue contribution peaked. We value the PCB business based on its subsidiary Han's CNC's market cap, and Han's Laser's current equity stake.

Risks to Upside

- Profitability of China's manufacturing industry improves, which should increase companies' appetites for capital spending
- Breakthrough in new contracts from foreign clients in PCB markets

Risks to Downside

- More impairment from new energy business
- Apple's 3D equipment demand below expectations

Global Stock Ratings Distribution

(as of July 31, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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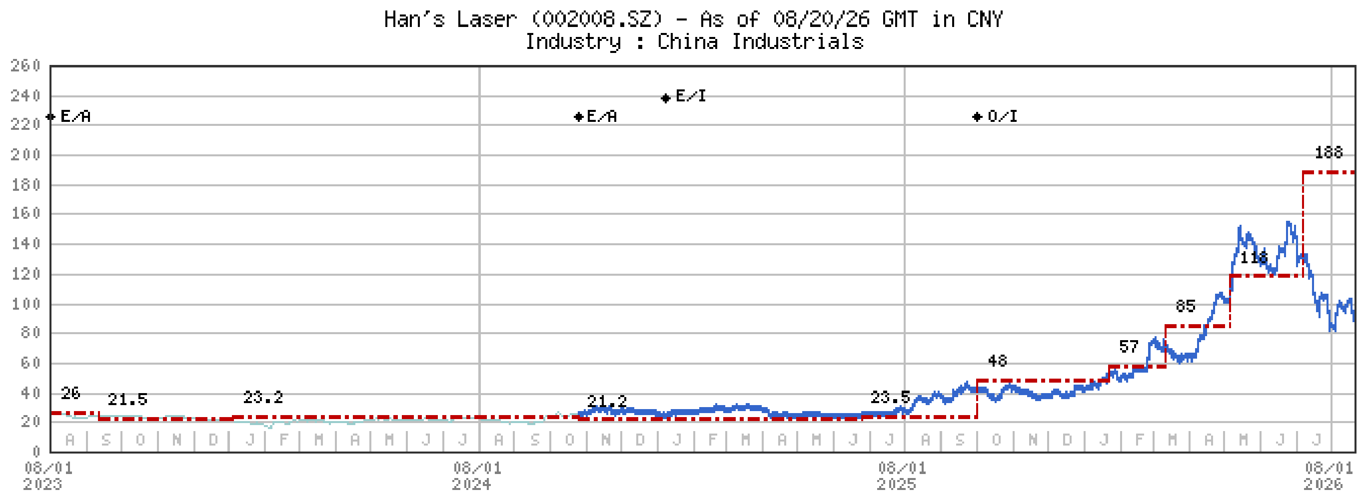
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 8/1/21 : O/I; 2/4/23 : O/A; 5/23/23 : E/A; 10/25/24 : E/A; 1/8/25 : E/I; 10/2/25 : O/I

Price Target History: 3/26/21 : 52.9; 4/20/22 : 58; 6/30/22 : 39.8; 8/22/22 : 38.6; 12/13/22 : 35.9; 5/23/23 : 26; 9/11/23 : 21.5; 1/4/24 : 23.2; 10/25/24 : 21.2; 6/24/25 : 23.5; 10/2/25 : 48; 1/22/26 : 57; 3/12/26 : 85; 5/5/26 : 118; 7/7/26 : 188

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

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INDUSTRY COVERAGE: China Industrials

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/20/2026)
Chelsea Wang		
China Railway Group (601390.SS)	E (05/12/2022)	Rmb4.36
China Railway Group (0390.HK)	E (08/11/2025)	HK$3.32
China State Construction Engineering (601668.SS)	U (08/11/2025)	Rmb4.43
Han's Laser (002008.SZ)	O (10/02/2025)	Rmb91.56
Hefei Meyer Optoelectronic Technology (002690.SZ)	E (09/08/2025)	Rmb15.56
iRay Technology Company Limited (688301.SS)	O (07/07/2026)	Rmb98.95
Neway Valve (Suzhou) Co., Ltd (603699.SS)	O (09/12/2025)	Rmb54.17
Shanghai BOCHU Electronic Technology (688188.SS)	O (08/22/2024)	Rmb102.34
Shenzhen Envicool Technology Co Ltd (002837.SZ)	O (08/19/2024)	Rmb52.93
Sheng Zhong		
Beijing Geekplus Technology Co., Ltd. (2590.HK)	O (08/07/2025)	HK$10.03
Centre Testing International Group (300012.SZ)	E (11/18/2024)	Rmb15.26
CRRC Corp Ltd (1766.HK)	U (01/22/2026)	HK$5.28
CRRC Corp Ltd (601766.SS)	U (01/22/2026)	Rmb6.19
DR Laser (300776.SZ)	E (12/17/2021)	Rmb114.85
Estun Automation Co Ltd (002747.SZ)	U (06/30/2022)	Rmb32.77
Haitian International Holdings Limited (1882.HK)	E (09/08/2025)	HK$19.85
Hongfa Technology Co Ltd (600885.SS)	O (05/23/2023)	Rmb34.84
Jiangsu Guomao Reducer Co Ltd (603915.SS)	U (01/08/2025)	Rmb13.15
Jiangsu Hengli Hydraulic Co.Ltd (601100.SS)	O (05/23/2023)	Rmb101.40
Jingsheng Mechanical & Electrical Co (300316.SZ)	U (01/08/2025)	Rmb42.12
Leader Harmonious Drive Systems (688017.SS)	O (01/22/2026)	Rmb310.00
Sany Heavy Industry Co., Ltd. (600031.SS)	O (01/08/2025)	Rmb19.05
Shenzhen Inovance Technology (300124.SZ)	++	Rmb59.12
Shenzhen SC New Energy Technology Corp (300724.SZ)	U (09/08/2025)	Rmb58.31
Sinotruk (Hong Kong) Limited (3808.HK)	E (05/19/2025)	HK$38.68
Suzhou Maxwell Technologies Co Ltd (300751.SZ)	U (09/15/2023)	Rmb196.04
Times Electric (3898.HK)	E (01/22/2026)	HK$32.52

WeiChai Power (2338.HK)	O (03/30/2026)	HK$32.10
WeiChai Power (000338.SZ)	O (03/30/2026)	Rmb28.30
Wuxi Autowell Technology Co Ltd (688516.SS)	U (09/08/2025)	Rmb40.92
Wuxi Lead Intelligent (300450.SZ)	O (09/08/2025)	Rmb33.33
Zhejiang Dingli Machinery Co Ltd. (603338.SS)	O (11/05/2025)	Rmb54.23
Zhejiang Hangke Technology (688006.SS)	O (09/08/2025)	Rmb22.88
Zhejiang Shuanghuan Driveline Co. Ltd. (002472.SZ)	O (08/25/2023)	Rmb35.92
Zoomlion Heavy Industry (1157.HK)	O (09/08/2025)	HK$7.02
Zoomlion Heavy Industry (000157.SZ)	O (09/08/2025)	Rmb7.02

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.