October 12, 2026 06:26 PM GMT

Greater China Technology Hardware | Asia Pacific

Automation – Read-across from Preliminary JMTBA September 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 grew 13% MoM and 60% YoY in September 2026 (vs. +2% MoM/+65% YoY in August 2026), to ¥223bn.

- Domestic orders were +24% MoM/+46% YoY (vs. -3% MoM/+62% YoY in August), at ¥64bn.
- Overseas orders were +9% MoM/+67% YoY (vs. +5% MoM/+66% YoY in August), at ¥159bn.

Our view:

- We think the sequential growth in overseas orders was consistent with seasonality, while the strength on a YoY basis continued to point to an upcycle scenario.
- Within overseas orders, we think China and Europe may have outperformed, as manufacturing PMIs held up better (50.1/52.9 for China/Europe in September vs. 49.8/52.7 in August). N.A is likely to be softer compared to other regions, as its manufacturing PMI edged down slightly to 54.5 in September (vs. 54.6 in August).
- 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 18x 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. Current valuation of 29x 2027 P/E implies upside vs. peak cycle valuation at 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

GREATER CHINA TECHNOLOGY HARDWARE
Asia Pacific
Industry View **In-Line**

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+= Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
Preliminary JMTBA September 2026 Orders	12 Oct 2026	Unchanged	In-line
Hiwin Technologies Corp. 2049.TW			
Preliminary JMTBA September 2026 Orders	12 Oct 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 38x to our 2027 EPS estimate. We view this multiple as justified by the 47% 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.

