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Greater China Technology Hardware | Asia Pacific

Automation – Read-across from China's October Manufacturing PMI

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In this report, we focus on China's manufacturing PMI, which we see as a potential catalyst for AirTAC's and Hiwin's share prices.

China's manufacturing PMI fell to 49.3 in October from 50.1 in September:

- This came in lower than both our estimate and consensus of 49.9.
- The production index decreased 1.9ppt while the new order index declined 1.1ppt MoM.

Our view:

- We believe the soft manufacturing PMI data could weigh on market sentiment in the near term. Nonetheless, we prefer supply players with company-specific drivers such as Airtac and Hiwin:
  - Airtac (1590.TW, OW) should continue to benefit from its own share gains and incremental contribution from linear guides. Valuation appears undemanding at 16x 2027e P/E, vs. the 25x average since 2020 (see our 30 Oct 2026 report).
  - Hiwin (2049.TW, OW) should show more margin expansion in coming quarters, supported by higher utilization and price hikes. We see potential share price upside at the current 28x 2027e P/E, vs. peak cycle valuation of 35-40x.



the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

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

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

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AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
China's October Manufacturing PMI	31 Oct 2026	Unchanged	↓ Modest downside surprise
Hiwin Technologies Corp. 2049.TW			
China's October Manufacturing PMI	31 Oct 2026	Unchanged	↓ Modest downside surprise

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.

