

# ASM Pacific (522 HK)

## Corp Day Takeaways: AP and automotive to drive long-term growth

We hosted an investor call with ASM Pacific (ASMP) during our Technology Corporate Day. Mgmt. reiterated 2Q22E revenue guidance of US\$670-740mn (+5.8% YoY/ +4.5% QoQ at mid-point), factoring in recent lockdown and supply chain challenges, while 2Q22E booking may be soft given high base in 1Q22. Despite near-term soft demand in consumer electronics, component shortage, rising raw material costs and geopolitical tensions, mgmt. remained positive on advanced packaging (AP) and automotive demand driving long-term growth.

- Semi solutions: advanced packaging momentum to boost growth.** Mgmt. was optimistic about advanced packaging (AP) outlook and expected addressable market to grow at 11% FY21-26E CAGR, reaching US\$2.7bn in FY26E. As the global largest semi back-end equipment supplier, ASMP is set to benefit from strong demand from HPC, Mini/Micro LED and advanced SiP application. Mgmt. also highlighted 1) its leading TCB bonder shipment; 2) hybrid bonder ramp with meaningful contribution in FY23E; 3) advanced display customer penetration; and 4) prototype of high-end AA equipment for smartphone camera upgrade.
- SMT: riding on automotive electrification and EV trend.** Mgmt. expected SMT business growth will remain resilient driven by strong demand across the board, including automotive & industrial, domestic smartphone, computer, communication and 5G base station. In particular, automotive electrification and new energy vehicle will remain the key drivers for SMT demand due to increasing semi content. Mgmt. believed SMT business lags behind semi solutions business by 1-2 quarters, and expected bookings to remain strong for the next quarter.
- Moderate 2Q22 booking; strong SMT momentum.** During 1Q22 earning call, mgmt. stated that 1Q strong booking was driven by both TCB and AP tools related to deposition and advanced display mini-LED tools. Mgmt. expected 2Q booking to be moderate but SMT momentum will remain strong. Mgmt. believed that mini-LED reached an inflection point for mass adoption and mini/micro-LED orders will start to ramp up in coming quarters as customers are demanding for higher resolution display.

### Earnings Summary

(YE 31 Dec)	FY17	FY18	FY19	FY20	FY21
Revenue (HK\$ mn)	17,523	19,551	15,883	16,887	21,948
YoY growth (%)	23.0	11.6	-18.8	6.3	30.0
Net income (HK\$ mn)	2,815	2,216	619	1,622	3,169
EPS (HK\$)	6.9	5.5	1.5	4.0	7.9
YoY growth (%)	91.1	-20.4	-72.3	161.2	99.7
Consensus EPS (HK\$)	NA	NA	NA	NA	NA
P/E (x)	16.2	12.5	72.0	50.2	10.7
P/B (x)	4.3	2.6	3.8	3.6	2.6
Yield (%)	9.5	10.2	7.6	10.2	14.7
ROE (%)	27.6	18.8	5.2	13.1	22.3
Net gearing (%)	42.7	54.9	59.3	41.8	41.6

Source: Company data, Bloomberg, Wind, CMBIGM estimate

**NOT RATED**

Current Price

HK\$66.45

### China Technology Sector

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### Stock Data

Mkt Cap (HK\$ mn)	27,569
Avg 3 mths t/o (HK\$ mn)	147.99
52w High/Low (HK\$)	113.00/64.65
Total Issued Shares (mn)	413

Source: Bloomberg

### Shareholding Structure

ABC	22.9%
DEF	22.4%
GHIJ	8.0%

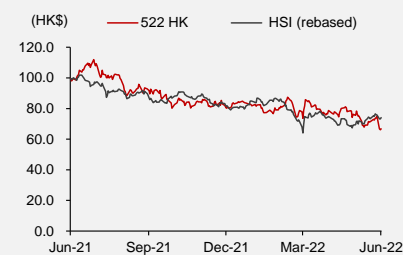
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-13.2%	9.2%
3-mth	-15.0%	NA
6-mth	-18.5%	NA

Source: Bloomberg

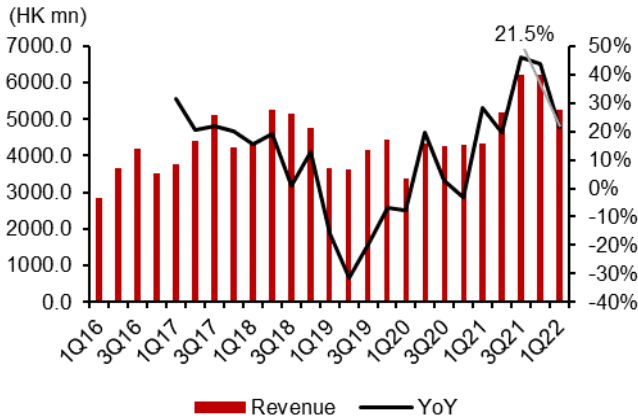
### 12-mth Price Performance



Source: Bloomberg

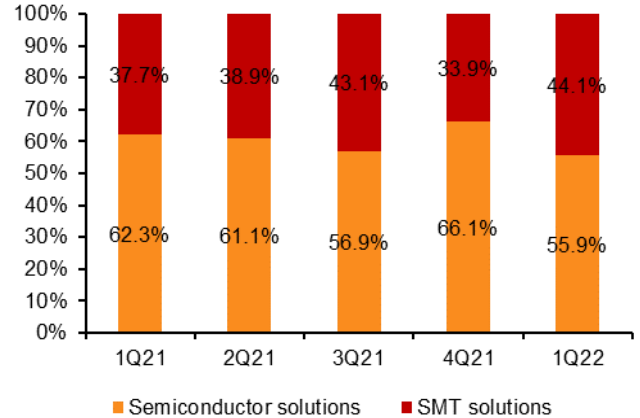
**Focus Charts**

**Figure 1: 1Q16-1Q22 revenue & YoY**



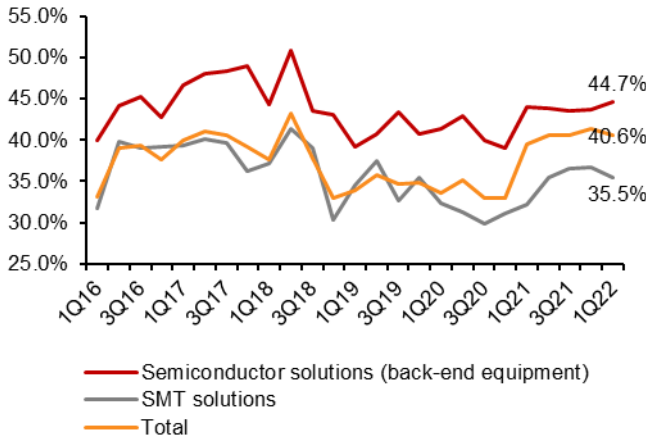
Source: Company data, CMBIGM estimates

**Figure 2: 1Q21-1Q22 revenue mix**



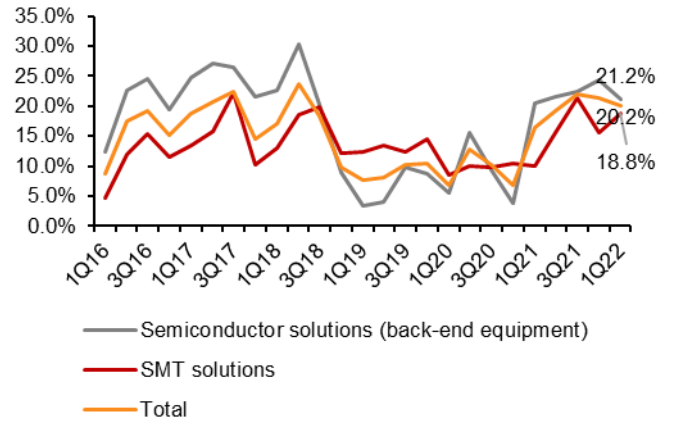
Source: Company data, CMBIGM estimates

**Figure 3: 1Q16-1Q22 gross profit margin**



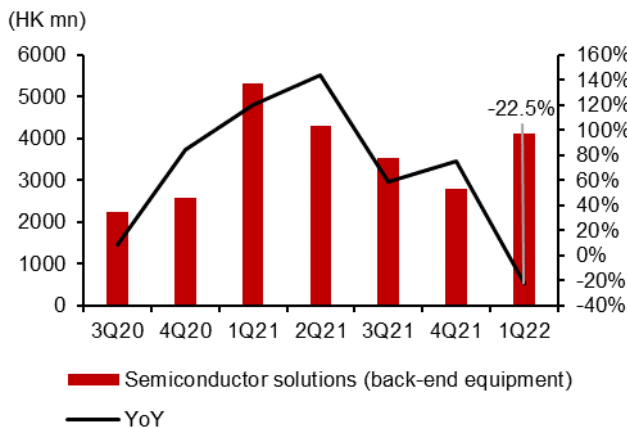
Source: Company data, CMBIGM estimates

**Figure 4: 1Q16-1Q22 segment profit margin**



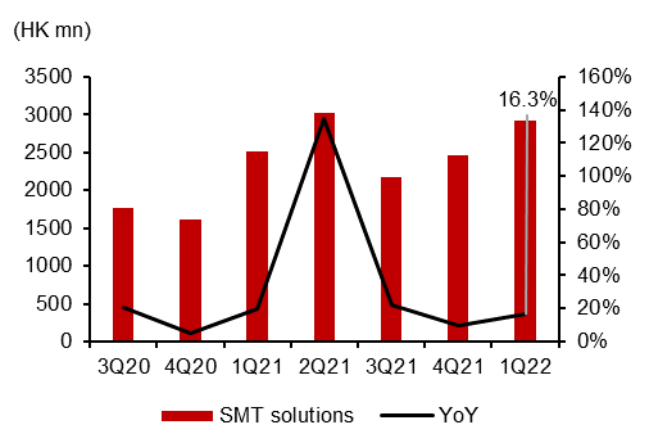
Source: Company data, CMBIGM estimates

**Figure 5: 3Q20-1Q22 semi solutions booking & YoY**



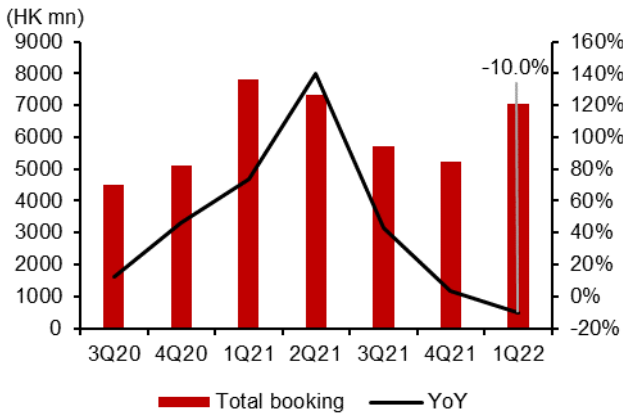
Source: Company data, CMBIGM estimates

**Figure 6: 3Q20-1Q22 SMT solutions booking & YoY**



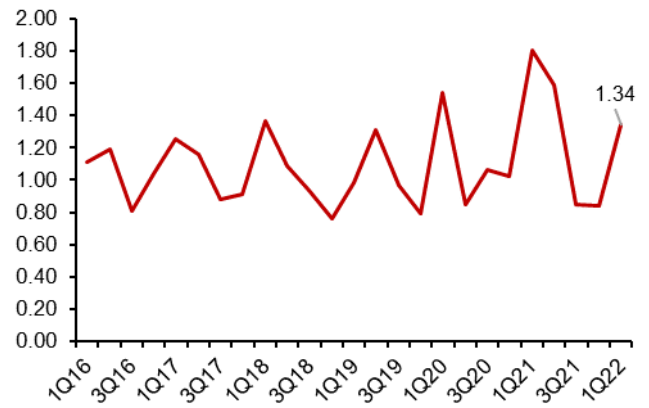
Source: Company data, CMBIGM estimates

**Figure 7: 3Q20-1Q22 total booking & YoY**



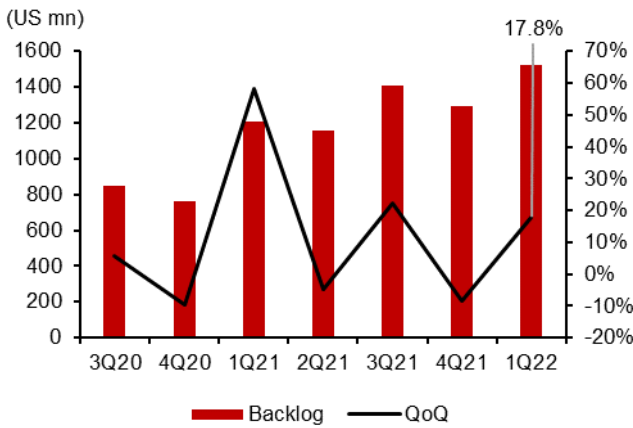
Source: Company data, CMBIGM estimates

**Figure 8: 1Q16-1Q22 book to bill ratio**



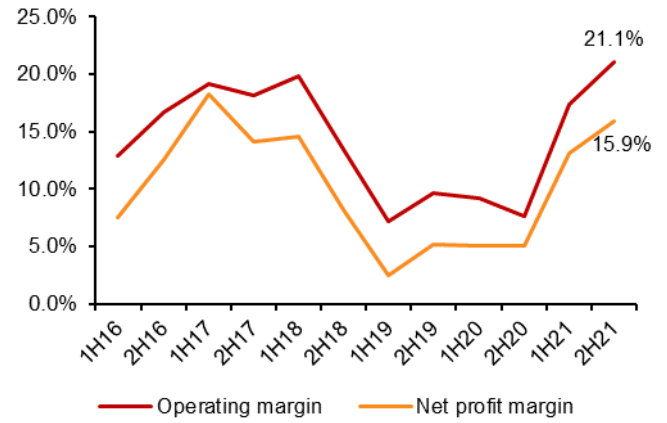
Source: Company data, CMBIGM estimates

**Figure 9: 1Q21-1Q22 backlog & YoY**



Source: Company data, CMBIGM estimates

**Figure 10: 1H16-2H21 OPM & net profit margin**



Source: Company data, CMBIGM estimates

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