

AMEC (688012 CH)

Buy: Capturing domestic memory upsurge

- ◆ Well positioned to ride domestic memory capacity expansion
- ◆ Broadening portfolio supports sustainable mid-term growth
- ◆ Maintain Buy; increase TP to RMB513.30 (from RMB353.30)

Remain upbeat on near-term outlook. AMEC's share price has risen 59% y-t-d vs. up 43% for Wind Semiconductor Index, on market optimism around AMEC's exposure to domestic wafer fab capacity expansion opportunities amid surging domestic memory and GPU demands. Despite recent share price gains, we see further upside, supported by AMEC's strong positioning in both etching and deposition equipment across leading-edge nodes. We, accordingly, revise up our 2026-27 net profit estimates by 5%/19%, and maintain our Buy rating. We also introduce our 2028 estimates in this report.

Domestic memory expansion represents a key opportunity. CXMT and YMTC are reportedly preparing IPOs to fund aggressive capacity growth: CXMT likely in 2H26 (Economic Daily News, 18 April), and YMTC possibly next year (Digitimes, 14 May). Based on CXMT's latest update in its prospectus, the company projects a 1H26 net profit range of RMB50-57bn, underscoring robust end-market profitability. With the domestic memory market still dominated by foreign players (CXMT accounts for c8% of global DRAM vs. China represents c25% of global demand, while YMTC accounts for c13% of global NAND vs. China represents c30% of global demand; source: company data, TrendForce), we believe the two domestic memory leaders have strong incentives to accelerate their capacity expansion amid the current memory price upcycle. We think AMEC will be a key beneficiary with its competitive etcher portfolio: its CCP etcher is capable of 90:1 HAR (high-aspect-ratio) deep-silicon etching, and its ICP etch can tackle the 140:1 HAR etching in 3D DRAM. We estimate c60% of AMEC's revenue is tied to leading-edge domestic memory, and we, accordingly, increase our 2026-27 etcher revenue estimates by 7%/22%.

Portfolio expansion fuels mid-term growth. AMEC is broadening its offerings across LPCVD, ALD, PECVD, compound semi MOCVD, EPI, metrology, etc. Per its earnings report, LPCVD contributed RMB506m (up 224% y-o-y) of revenue in 2025, while ALD and next-generation MOCVD are in validation or early production stages, which it expects should contribute more meaningfully this year. Supported by high R&D intensity (RMB2.5bn in 2025, accounting for c20% of revenue) and strategic expansion initiatives, such as the planned acquisition of Sizone to expand CMP capabilities, we believe AMEC is building a more complete portfolio to capture broader growth opportunities.

Maintain Buy; increase TP to RMB513.30 (from RMB353.30). We continue to value the stock with a PE approach. We assign a target PE of 80.5x (previously 66.9x), 1.4x of the 2021-23 historical average PE of 58.3x as our 2025-28e net profit CAGR of 45% is 1.4x of the 2021-23 net profit CAGR of 33%. With our 12-month forward EPS of RMB6.38 (previously 2026e EPS of RMB5.28), we increase TP to RMB513.30 (from RMB353.30), implying 19% upside. We maintain Buy as we are upbeat on AMEC's revenue potential brought by accelerated domestic leading-edge memory capacity expansions. See [page 5](#) for **key downside risks**.

With this report, Cara Su assumes primary coverage of AMEC.

Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Equities Semiconductors & Equipment

China



MAINTAIN BUY

TARGET PRICE (CNY)

513.30

PREVIOUS TARGET (CNY)

353.30

SHARE PRICE (CNY)

432.90

(as of 15 May 2026)

UPSIDE/DOWNSIDE

+18.6%

MARKET DATA

Market cap (CNYm)	271,393	Free float	100%
Market cap (USDm)	39,853	BBG	688012 CH
3m ADTV (USDm)	631	RIC	688012.SS

FINANCIALS AND RATIOS (CNY)

Year to	12/2025a	12/2026e	12/2027e	12/2028e
HSBC QH EPS	3.36	5.50	7.98	10.31
HSBC QH EPS prev	3.52	5.28	6.74	na
Change (%)	-4.5	4.1	18.4	na
Consensus EPS	3.29	5.35	7.50	10.26
PE (x)	128.8	78.8	54.3	42.0
Dividend yield (%)	0.1	0.1	0.2	0.2
EV/EBITDA (x)	166.8	90.6	56.3	41.0
ROE (%)	10.0	14.2	17.7	19.3

52-WEEK PRICE (CNY)



Source: LSEG IBES, HSBC Qianhai Securities estimates

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Financials & valuation: AMEC

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	12,385	16,643	22,537	27,787
EBITDA	1,576	2,868	4,548	6,113
Depreciation & amortisation	-341	-466	-496	-525
Operating profit/EBIT	1,234	2,403	4,053	5,589
Net interest	48	85	122	173
PBT	2,190	3,684	5,371	6,959
HSBC Qianhai PBT	2,190	3,684	5,371	6,959
Taxation	-126	-276	-402	-521
Net profit	2,111	3,456	5,017	6,485
HSBC Qianhai net profit	2,111	3,456	5,017	6,485
Cash flow summary (CNYm)				
Cash flow from operations	2,295	3,916	5,133	6,590
Capex	-855	-855	-855	-855
Cash flow from investment	-2,105	-855	-855	-855
Dividends	-219	-354	-514	-665
Change in net debt	-198	-2,843	-3,922	-5,219
FCF equity	1,449	3,061	4,278	5,735
Balance sheet summary (CNYm)				
Intangible fixed assets	1,286	978	671	363
Tangible fixed assets	8,181	8,878	9,544	10,182
Current assets	18,934	22,260	27,376	33,724
Cash & others	7,951	10,795	14,717	19,936
Total assets	29,846	33,561	39,037	45,715
Operating liabilities	3,324	3,800	4,615	5,325
Gross debt	750	750	750	750
Net debt	-7,202	-10,045	-13,968	-19,187
Shareholders' funds	22,695	25,933	30,594	36,563
Invested capital	17,126	17,521	18,259	19,009

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	36.6	34.4	35.4	23.3
EBITDA	9.2	82.1	58.6	34.4
Operating profit	3.3	94.6	68.7	37.9
PBT	28.1	68.2	45.8	29.6
HSBC Qianhai EPS	29.2	63.6	45.2	29.3
Ratios (%)				
Revenue/IC (x)	0.8	1.0	1.3	1.5
ROIC	8.5	14.5	22.5	29.3
ROE	10.0	14.2	17.7	19.3
ROA	7.2	10.5	13.4	14.8
EBITDA margin	12.7	17.2	20.2	22.0
Operating profit margin	10.0	14.4	18.0	20.1
EBITDA/net interest (x)				
Net debt/equity	-31.7	-38.7	-45.6	-52.4
Net debt/EBITDA (x)	-4.6	-3.5	-3.1	-3.1
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	3.36	5.50	7.98	10.31
HSBC Qianhai EPS (diluted)	3.36	5.50	7.98	10.31
DPS	0.35	0.57	0.82	1.06
Book value	36.24	41.42	48.86	58.39

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	21.2	15.6	11.4	9.0
EV/EBITDA	166.8	90.6	56.3	41.0
EV/IC	15.3	14.8	14.0	13.2
PE*	128.8	78.8	54.3	42.0
PB	11.9	10.5	8.9	7.4
FCF yield (%)	0.5	1.1	1.6	2.1
Dividend yield (%)	0.1	0.1	0.2	0.2

* Based on HSBC Qianhai EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a	Governance Indicators	12/2025a
GHG emission intensity*	25.1	No. of board members	9
Energy intensity*	58.8	Average board tenure (years)	4.9
CO ₂ reduction policy	Yes	Female board members (%)	11.1
Social Indicators		Board members independence (%)	33.3
Employee costs as % of revenues	19		
Employee turnover (%)	7.7		
Diversity policy	Yes		

Source: Company data, HSBC Qianhai Securities

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (CNY)	432.90	Free float	100%
Target price (CNY)	513.30	Sector	Semiconductors
RIC (Equity)	688012.SS	Country/Region	China
Bloomberg (Equity)	688012.CH	Analyst	Cara Su
Market cap (USDm)	39,853	Contact	+86 21 50662080

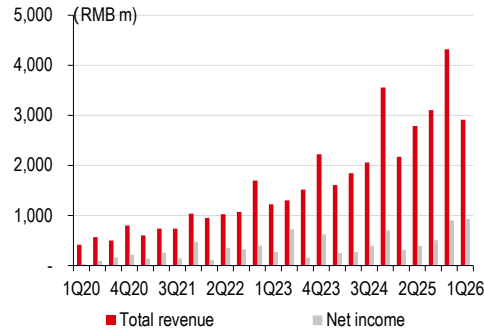
Price relative



Source: HSBC Qianhai Securities

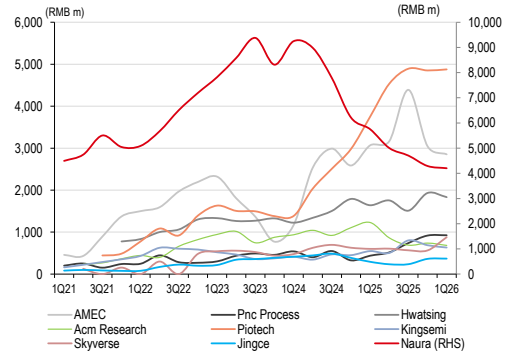
Note: Priced at close of 15 May 2026

Exhibit 1. AMEC's revenue and net income trends



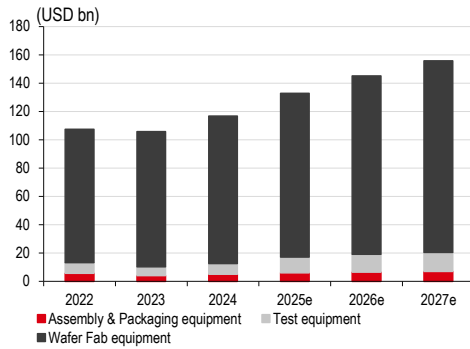
Source: Company data, HSBC Qianhai Securities

Exhibit 2. Contracted liability trend at domestic equipment suppliers



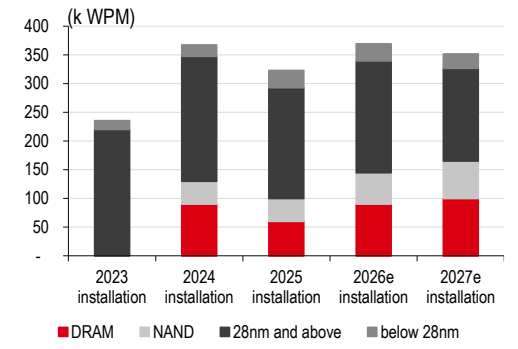
Source: Wind, HSBC Qianhai Securities

Exhibit 3. Equipment spending trends by segment



Source: SEMI estimates, HSBC Qianhai Securities

Exhibit 4. Domestic wafer fab 2023-27e yearly capacity expansion, by category



Source: Company data, HSBC Qianhai Securities estimates

Note: Data based on 12-inch equivalent capacity.

Estimate changes

Exhibit 5. Estimate changes

(RMB m)	2025a			2026e			2027e			2028e
	Est.	Act.	Diff.	Old	New	Change	Old	New	Change	New
Revenue										
Etch	9,559	9,832	3%	11,720	12,586	7%	13,536	16,457	22%	19,348
MOCVD	487	138	-72%	589	380	-35%	688	501	-27%	623
LPCVD	439	506	15%	952	995	4%	1,492	1,301	-13%	1,552
ALD	128	51	-60%	463	221	-52%	854	1,005	18%	1,862
Spare parts	1,604	1,736	8%	2,179	2,339	7%	2,818	3,151	12%	4,281
Maintenance services and others	90	122	36%	90	122	36%	90	122	36%	122
Total revenue	12,306	12,385	1%	15,993	16,643	4%	19,476	22,537	16%	27,787
Gross profit margin										
Etch	40.3%	38.2%	-2.1ppt	40.3%	39.8%	-0.5ppt	40.3%	40.1%	-0.2ppt	40.3%
MOCVD	30.5%	26.0%	-4.5ppt	30.5%	26.0%	-4.5ppt	30.5%	26.0%	-4.5ppt	26.0%
LPCVD	40.5%	35.3%	-5.2ppt	40.5%	37.0%	-3.5ppt	40.5%	39.0%	-1.5ppt	40.0%
ALD	40.5%	30.0%	-10.5ppt	40.5%	35.0%	-5.5ppt	40.5%	37.0%	-3.5ppt	39.0%
Spare parts	48.0%	46.0%	-2.0ppt	48.0%	46.0%	-2.0ppt	48.0%	46.0%	-2.0ppt	46.0%
Maintenance services and others	58.3%	55.0%	-3.3ppt	58.3%	55.0%	-3.3ppt	58.3%	55.0%	-3.3ppt	55.0%
Blended gross margin	41.1%	39.2%	-1.9ppt	41.1%	40.3%	-0.9ppt	41.2%	40.5%	-0.7ppt	40.9%
Total gross profit	5,055	4,851	-4%	6,577	6,702	2%	8,024	9,125	14%	11,352
Total operating expense	(3,551)	(3,616)	2%	(3,945)	(4,299)	9%	(4,432)	(5,072)	14%	(5,763)
Non-operating income/(loss)	785	955	22%	826	1,282	55%	831	1,319	59%	1,370
Net income	2,202	2,111	-4%	3,307	3,456	5%	4,219	5,017	19%	6,485
EPS (diluted) (RMB)	3.52	3.36	-4%	5.28	5.50	5%	6.74	7.98	19%	10.31

Note: The company issued incentive shares in April and May 2026. We introduce our estimates for 2028.

Source: Company data, HSBC Qianhai Securities estimates

We increase our 2026-27 net profit estimates by 5% and 19%, respectively, because:

- ◆ We raise our 2026-27 revenue estimates by 4 and 16% as: 1) we increase our 2026-27 etching business revenue estimates by 7% and 22%, respectively, as we believe AMEC is in a good position to benefit from domestic memory/advanced logic capacity expansion as a domestic leader. Meanwhile, we adjust the ICP/CCP etchers revenue mix to factor in the faster-than-expected order gains of ICP etchers; 2) we decrease our 2026-27 MOCVD revenue estimates, mainly to factor in the lower-than-expected demand for legacy MOCVD equipment, but we believe AMEC's MOCVD revenue will continue to increase with the ramp up of its new MOCVD equipment designed for Micro-LED/compound semiconductors applications; 3) We change our ALD revenue estimates by -52%/18% in 2026-27, mainly to factor in the slower-than-expected order gains of its ALD equipment in 2025. However, we remain upbeat on the business potential of this business segment with its leading technical capability, and we think the revenue contribution of ALD will speed up from 2027e.
- ◆ Also, we slightly decrease our 2026-27 gross margin estimates by 0.9ppt/0.7ppt, respectively, mainly to factor in the higher contribution of LPCVD (which we estimate has a lower GPM than etchers), as well as the higher-than-expected equipment installation fees and short-term warranty costs.
- ◆ We increase our 2026-27e operating expense by 9%/14%, to factor in AMEC's higher-than-expected R&D investments. However, we believe this is helpful for AMEC to enhance its long-term competitiveness.
- ◆ We increase our non-operating income estimates by 55% and 59% for 2026-27e, mainly as we factor in the higher-than-expected 1Q26 investment returns generated from the sale of Piotech's shares. We expect AMEC to maintain a comparable level of investment returns in 2027.

With this report, we introduce our 2028 revenue estimates of RMB27,787m and net profit estimates of RMB6,485m.

Where are we different from consensus?

After our estimate changes, our 2026-27 revenue estimates are 1%/5% higher than the consensus, while our 2026-28 net profit estimate are 7%/12%/9% above consensus, mainly as we believe AMEC's GPM will gradually increase as its LPCVD/ALD ramp up. We also factor in the higher-than-expected investment returns in our estimates.

Exhibit 6. HSBC Qianhai Securities estimates versus Wind consensus

(RMBm)	Revenue			Net profit		
	2026e	2027e	2028e	2026e	2027e	2028e
HSBC Qianhai estimates	16,643	22,537	27,787	3,456	5,017	6,485
Wind consensus	16,484	21,510	27,833	3,228	4,462	5,941
Difference	1%	5%	0%	7%	12%	9%

Source: Wind, HSBC Qianhai Securities estimates

Exhibit 7. 2026e net profit sensitivity to etcher market share and GPM changes

	Etcher market share change				
	-2.0ppt	-1.0ppt	0.0ppt	1.0ppt	2.0ppt
-2.0ppt	-9%	-8%	-7%	-6%	-5%
-1.0ppt	-6%	-4%	-3%	-2%	-1%
Etcher gross margin change	0.0ppt	-2%	-1%	0%	1%
	1.0ppt	1%	2%	3%	5%
	2.0ppt	4%	5%	7%	8%

Source: HSBC Qianhai Securities estimates

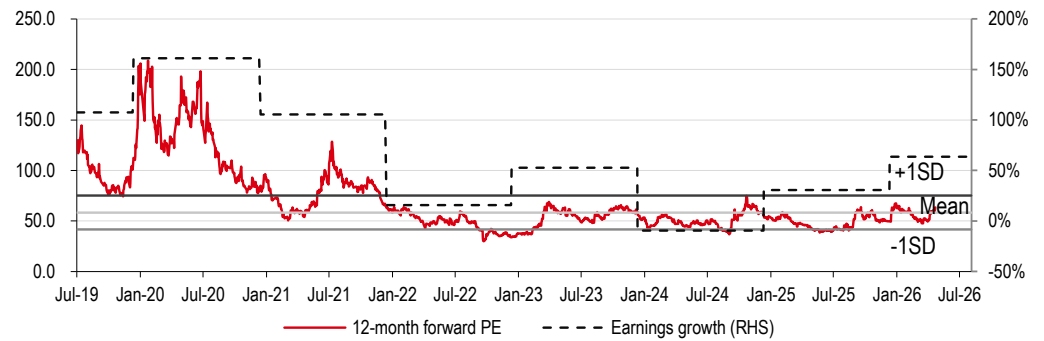
Valuation and risks

We continue to value the stock with a PE approach. We now expect a 2025-28 net profit CAGR of 45% (1.4x of the 33% net profit CAGR during 2021-23; previously 2024-27 net profit CAGR of 38%). Therefore, we adopt a target PE multiple of 80.5x (1.4x of the 2021-23 historical average PE of 58.3x; previously 66.9x). Against our 12-month forward EPS estimates of RMB6.38 (previously 2026e EPS of RMB5.28), we increase our target price to RMB513.30 (from RMB353.30), implying 19% upside. We maintain our Buy rating as we are upbeat on AMEC's revenue potential brought by accelerated domestic leading-edge memory capacity expansions.

Potential share price catalyst: CXMT/YMTC accelerate their capacity expansions.

Key downside risks

- ◆ **Weaker-than-expected capex from domestic foundries.** We expect market share gains at domestic foundries to be the key revenue driver for AMEC. If domestic foundries hold back investment due to uncertainties in the macro economy and technical restrictions, AMEC's revenue growth may decelerate.
- ◆ **Failing to find a localised source of critical components.** Some of AMEC's key components are sourced from overseas suppliers, and the company is looking for localised solutions (source: company's 2025 earnings report). If AMEC is unable to find localised component suppliers, its production may be disrupted.
- ◆ **Slower-than-expected R&D process.** AMEC is raising its R&D investment for the development of key IC equipment to expand its footprint. Slower progression in R&D projects may hinder future revenue growth.

Exhibit 8. 12-month forward PE chart (x)


Source: Wind, Company data, HSBC Qianhai Securities estimates

Exhibit 9. China semiconductor industry valuation comps

Ticker	Company	Rating	Target Price	Price	Market Cap USDm	DAV USDm	PE (x) 2026e	PE (x) 2027e	EPS Growth 2026e	EPS Growth 2027e	Net Income		PEG 2026e	PB (x) 2026e	ROE (%) 2026e
											CAGR	2025-27e			
002371 CH	Naura Tech*	Buy	528.40	592.00	63,009	671	42.7	33.3	34%	29%	31%	1.4	6.7	23.5	
688012 CH	AMEC*	Buy	513.30	432.90	39,853	631	78.8	54.3	64%	45%	54%	1.5	10.5	14.2	
688200 CH	AccoTest*	Buy	330.60	412.00	8,199	119	80.4	66.3	29%	21%	25%	3.2	12.7	16.8	
688082 CH	ACM Research	NR	NA	175.20	12,415	106	46.6	37.4	21%	25%	27%	1.7	5.7	13.4	
688037 CH	Kingsemi	NR	NA	276.74	8,193	209	236.4	121.9	225%	94%	153%	1.5	18.5	13.6	
603690 CH	PNC Process	NR	NA	28.57	1,607	74	42.6	30.7	NA	39%	NA	NA	2.3	7.4	
300604 CH	Changchuan Tech	NR	NA	209.50	19,516	540	64.1	47.1	54%	36%	46%	1.4	20.3	31.0	
600641 CH	Shanghai Wanye	NR	NA	28.88	4,015	136	193.0	98.5	NA	96%	NA	NA	3.3	3.2	
688072 CH	Piotech	NR	NA	529.94	21,998	327	86.8	61.0	84%	42%	63%	1.4	18.5	24.2	
688120 CH	Hwatsing	NR	NA	267.51	13,827	142	65.0	50.8	34%	28%	31%	2.1	10.7	17.8	
Average							93.6	60.1	68%	45%	54%	1.8	10.9	16.5	

Note: Priced as at 15 May 2026. *Covered by HSBC Qianhai Securities and HSBC Qianhai Securities estimates are used.
 Source: Company data, Bloomberg (for Not Rated stocks), HSBC Qianhai Securities estimates (for HSBC Qianhai Securities covered stocks)

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Cara Su and Steven Sun, CFA

Important disclosures

Equities: Stock ratings and basis for financial analysis

HSBC and its affiliates, including the issuer of this report ("HSBC") believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations and that investors utilise various disciplines and investment horizons when making investment decisions. Ratings should not be used or relied on in isolation as investment advice. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations and therefore investors should carefully read the definitions of the ratings used in each research report. Further, investors should carefully read the entire research report and not infer its contents from the rating because research reports contain more complete information concerning the analysts' views and the basis for the rating.

From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 31 March 2026, the distribution of all independent ratings published by HSBC is as follows:

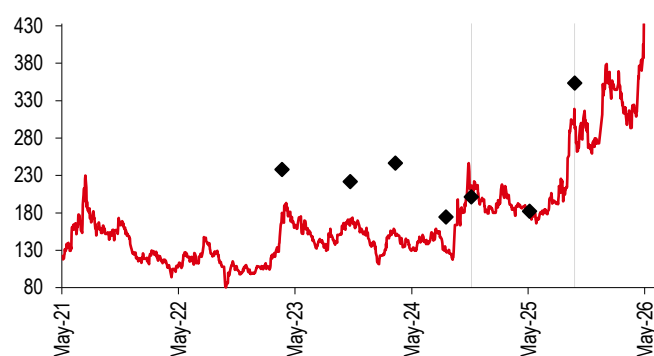
Buy	59%	(12% of these provided with Investment Banking Services in the past 12 months)
Hold	36%	(12% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(6% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see “Stock ratings and basis for financial analysis” above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at <http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures>.

Share price and rating changes for long-term investment opportunities

AMEC (688012.SS) share price performance CNY Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Buy	27 Oct 2020	Frank He
Buy	Hold	20 Nov 2024	Frank He
Hold	Buy	10 Oct 2025	Frank He
Target price	Value	Date	Analyst
Price 1	238.10	07 Apr 2023	Frank He
Price 2	221.70	07 Nov 2023	Frank He
Price 3	246.70	27 Mar 2024	Frank He
Price 4	174.40	02 Sep 2024	Frank He
Price 5	201.50	20 Nov 2024	Frank He
Price 6	182.10	22 May 2025	Frank He
Price 7	353.30	10 Oct 2025	Frank He

Source: HSBC

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Company	Ticker	Recent price	Price date	Disclosure
AMEC	688012.SS	432.90	15 May 2026	7

Source: HSBC

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