ASMPT (522 HK)

2Q26: Broad-Based Beat; Strong Guidance Shows Sustained Momentum From AI-Infra Related Demand

Highlights

- ASMPT's 2Q26 results beat expectations across the board – revenue, margins, net profit and bookings were all ahead, with revenue exceeding the guided range and 3Q26 guidance above consensus.
- TCB order flow in advanced logic and memory stays strong and photonics/AI-related mainstream demand is ramping up, though supply chain tightness is affecting how fast bookings convert to revenue.
- Maintain BUY, raise target price to HK$211.00 as we roll over to our 2027F assumptions.

2Q26 Results

Year to 31 Dec (HK$m)	2Q25	1Q26	2Q26	yoy (%)	qoq (%)
Revenue	3,244	3,967	4,936	52.1	24.4
Semi solutions	1,853	2,144	2,892	56.1	34.9
SMT solutions	1,392	1,823	2,044	46.9	12.1
Gross profit	1,283	1,566	2,092	63.1	33.6
Net profit	151	324	418	177.1	29.0
Adjusted net profit	180	335	638	253.9	90.2
Margins (ppt chg)					
Gross margin (%)	39.6	39.5	42.4	2.8	2.9
Semi solutions	45.0	46.4	46.5	1.5	0.1
SMT solutions	32.5	31.3	36.8	4.3	5.5
Net margin	4.6	8.2	8.5	3.8	0.3
Adjusted net margin	5.6	8.5	12.9	7.4	4.5

Source: ASMPT, UOB Kay Hian

Analysis

- **2Q26 results were a strong beat across all key metrics again.** Revenue grew 52.1% yoy and 24.4% qoq to US$630m (HK$4.94b), exceeding management's US$470m-530m guidance. Growth was broad-based: SEMI rose 56.1% yoy and 34.9% qoq to US$369m, driven by high-end die bonders, thermocompression bonders (TCB) and photonics, while surface mount technology (SMT) grew 46.9% yoy and 12.1% qoq to US$261m on AI-server-related demand. Group gross margin expanded to 42.4% (+5.6ppt yoy, +2.9ppt qoq) on favourable mix and volume, lifting reported net profit to HK$418m (+301% yoy, +29% qoq).
- Bookings registered a robust 97.6% yoy and 24.8% qoq expansion at US$904m (HK$7.08b). Book-to-bill surged to 1.43x in 2Q26 – the highest since 1H21.

Key Financials

Year to 31 Dec (HK$m)	2024	2025	2026F	2027F	2028F
Net turnover	12,483	13,736	17,740	19,941	22,015
EBITDA	1,356	1,377	2,723	3,756	4,567
Operating profit	648	727	1,979	3,018	3,829
Net profit (rep./act.)	291	1,085	1,508	2,342	3,003
Net profit (adj.)	426	501	1,508	2,342	3,003
EPS (cents)	69.9	260.5	362.1	562.5	721.1
PE (x)	218.4	58.6	42.1	27.1	21.2
P/B (x)	4.1	4.0	4.0	4.2	3.7
EV/EBITDA (x)	61.9	60.9	30.8	22.3	18.4
Dividend yield (%)	0.4	1.4	1.2	1.8	2.4
Net margin (%)	3.4	3.6	8.5	11.7	13.6
Net debt/(cash) to equity (%)	(3.6)	(8.5)	7.7	(9.3)	1.2
Interest cover (x)	9.5	9.1	21.0	33.5	50.6
ROE (%)	2.8	3.1	8.7	12.8	15.2
Consensus adjusted net profit	-	-	1,401	2,029	2,721
UOBKH/Consensus (x)	-	-	1.08	1.15	1.10

Source: ASMPT, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	HK$136.90
Target Price	HK$211.00
Upside	+54.1%
Previous TP	HK$196.20

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Stock Data

GICS sector	Backend Equipment
Bloomberg ticker:	522 HK
Shares issued (m):	416
Market cap (HK$m):	56,950
Market cap (US$m):	7,301
3-mth avg daily t'over (US$m):	109.5

Price Performance (%)

52-week high/low: HK$244.40/ HK$64.95

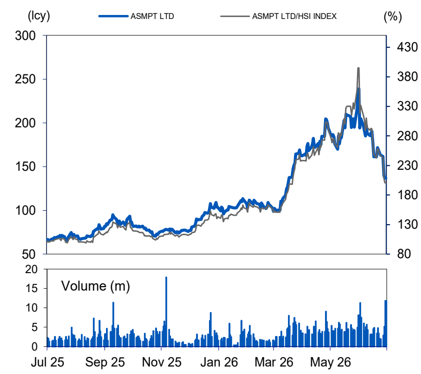
1mth	3mth	6mth	1yr	YTD
-36.9	-16.8	25.0	97.4	76.2

Major Shareholders	%
ASM International NV	24.85

Balance Sheet Metrics

FY26 NAV/Share (HK$)	42.69
FY26 Net Debt/Share (HK$)	3.30

Price Chart



Source: Bloomberg

Company Description

ASMPT provides semiconductor assembly and packaging services, as well as surface mount technology solutions, to customers worldwide. The company designs, manufactures and markets machines, tools, and materials used in the semiconductor and electronics assembly industries.

- **3Q26 guidance above consensus.** Management guided for 3Q26 revenue of US$630m-690m, implying +46.3% yoy and +4.8% qoq at the mid-point, above consensus expectations, despite longer lead times for certain materials. 3Q bookings are still expected to grow at a high single-digit percentage qoq, led by TCB and photonics, and management remains confident of full-year revenue growth across both SEMI and SMT.
- **TCB order momentum strong but supply-gated.** Key developments are as follows: a) ASMPT won new bulk orders for over 50 C2S TCB tools from OSAT partners of the leading advanced-logic customer; b) a C2W bulk order from a leading global IDM (Intel) for advanced CPUs; c) shipped ultra-fine-pitch TCB to the leading advanced-logic customer (TSMC); d) repeat HBM orders continue but purchase timing is gated by the HBM3E>HBM4 migration; and e) signed an exclusive JEP with a key memory player (Samsung) for HBM5.
- Supply chain tightness has appeared to continue, which is leading to a bigger orderbook and causing book-to-revenue conversion to extend to 6-9 months. The market is likely slightly disappointed with the HBM side of orders as progress has been a bit slow so far. TCB TAM target of US$1.6b by 2028 remains unchanged.
- **Photonics accelerating on pluggable optics, CPO contribution likely to kick in by 2027-28.** Revenue from solutions related to pluggable optical-transceiver nearly tripled yoy to about US$75m in 1H26 on 800G-and-beyond ramps, and management expects photonics bookings to keep rising sequentially throughout 2H26. Longer term, co-packaged optics (CPO) are the structural opportunity, although a true inflection point is more likely to be seen in 2028. ASMPT is deeply engaged with leading CPO players and spans the CPO value chain – EIC-on-PIC via hybrid bonding/TCB, flip-chip optical assembly, and fibre-attach/micro-lens via AMICRA.
- **Hybrid bonding as a longer-dated option.** Management guides for mass hybrid bonding adoption in 2029-2031 but sees potential further relaxations in HBM5 height regulation which can push HB adoption further out. On the other hand, this will extend the dominance of TCB suppliers which should be a net positive for ASMPT.
- **China – Mainstream-led, advanced packaging prospects becoming more interesting.** China contributed 42% of 1H26 revenue, still primarily driven by recovery in mainstream die-and-wire bonders, highlighting strong demand for consumer, EVs, as well as AI-infrastructure's end markets. Advanced packaging in China remains smaller than the rest of the world, but management sees an improving multi-year trajectory as leading-edge logic and memory investment scales.

Earnings Revision/Risk

- **We raise our 2026-28 net profit forecasts** to HK$1.74b/HK$2.39b/ HK$3.04b (from HK$1.51b/HK$2.34b/HK$3.00b) on stronger bookings and a better margin trajectory, driven by a richer advanced packaging mix and the photonics ramp.
- **Key risk:** The pace of supply-constrained revenue conversion.

Valuation/Recommendation

- **Maintain BUY and raise our target price to HK$211.00** as we roll over to our 2027F assumptions. Our target price is based on 2027F P/B of 4.6x, still pegged to 3SD above its 10-year historical forward mean.

Key Changes To Estimates

	OLD Estimates			NEW Estimates			Change (%)		
(HK$m)	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	17,740	19,941	22,015	18,932	20,396	22,217	6.7	2.3	0.9
Gross profit	7,197	8,544	9,644	7,789	8,699	9,678	8.2	1.8	0.4
Operating profit	1,979	3,018	3,829	2,278	3,087	3,877	15.1	2.3	1.3
Net profit	1,508	2,342	3,003	1,736	2,395	3,041	15.1	2.3	1.3
Adjusted Net Profit	1,508	2,342	3,003	1,736	2,395	3,041	15.1	2.3	1.3
GPM (%)	40.6	42.8	43.8	41.1	42.6	43.6	0.5	(0.2)	(0.2)
OPM (%)	11.2	15.1	17.4	12.0	15.1	17.4	0.8	0.0	0.0
NPM (%)	8.5	11.7	13.6	9.2	11.7	13.7	0.7	0.0	0.1
Adjusted NPM (%)	8.5	11.7	13.6	9.2	11.7	13.7	0.7	0.0	0.1

Source: ASMPT, UOB Kay Hian

Profit & Loss

Year to 31 Dec (HK$m)	2025	2026F	2027F	2028F
Net turnover	13,736	17,740	19,941	22,015
EBITDA	1,377	2,723	3,756	4,567
Deprec. & amort.	(649)	(744)	(738)	(738)
EBIT	727	1,979	3,018	3,829
Total other non-operating income	501	-	-	-
Associate contributions	60	-	-	-
Net interest income/(expense)	(80)	(94)	(90)	(76)
Pre-tax profit	1,216	1,885	2,928	3,754
Tax	(131)	(377)	(586)	(751)
Minorities	-	-	-	-
Net profit	1,085	1,508	2,342	3,003
Net profit (adj.)	501	1,508	2,342	3,003

Balance Sheet

Year to 31 Dec (HK$m)	2025	2026F	2027F	2028F
Fixed assets	2,186	2,300	2,276	2,228
Other LT assets	1,048	1,048	1,048	1,048
Cash/ST investment	4,666	1,840	4,978	2,972
Other current assets	18,264	22,401	20,304	24,603
Total assets	26,163	27,588	28,606	30,851
ST debt	169	169	169	169
Other current liabilities	4,720	5,391	5,237	5,981
LT debt	2,250	2,250	2,250	2,250
Other LT liabilities	62	62	62	62
Shareholders' equity	17,026	17,780	18,951	20,452
Minority interest	107	107	107	107
Total liabilities & equity	26,163	27,588	28,606	30,851

Cash Flow

Year to 31 Dec (HK$m)	2025	2026F	2027F	2028F
Operating	1,697	(1,477)	4,900	71
Pre-tax profit	1,216	1,885	2,928	3,754
Tax	(131)	(377)	(586)	(751)
Deprec. & amort.	649	744	738	738
Associates	(60)	-	-	-
Working capital changes	(115)	(3,719)	1,730	(3,745)
Non-cash items	-	-	-	-
Other operating cashflows	138	(10)	90	76
Investing	(413)	(392)	(388)	(373)
Capex (growth)	(501)	(501)	(501)	(501)
Investments	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Others	87	109	113	127
Financing	(1,035)	(957)	(1,374)	(1,705)
Dividend payments	(868)	(754)	(1,171)	(1,502)
Issue of shares	-	-	-	-
Proceeds from borrowings	500	500	500	500
Loan repayment	(500)	(500)	(500)	(500)
Others/interest paid	(167)	(203)	(203)	(203)
Net cash inflow (outflow)	248	(2,826)	3,138	(2,006)
Beginning cash & cash equivalent	4,418	4,666	1,840	4,978
Changes due to forex impact	-	-	-	-
Ending cash & cash equivalent	4,666	1,840	4,978	2,972

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	10.0	15.3	18.8	20.7
Pre-tax margin	8.9	10.6	14.7	17.1
Net margin	3.6	8.5	11.7	13.6
ROA	2.0	5.6	8.3	10.1
ROE	3.1	8.7	12.8	15.2
Growth				
Turnover	10.0	29.1	12.4	10.4
EBITDA	1.6	97.8	38.0	21.6
Pre-tax profit	166.8	55.0	55.3	28.2
Net profit	272.7	39.0	55.3	28.2
Net profit (adj.)	17.7	200.8	55.3	28.2
EPS	272.7	39.0	55.3	28.2
Leverage				
Debt to total capital	9.1	8.7	8.4	7.8
Debt to equity	14.1	13.5	12.6	11.7
Net debt/(cash) to equity	(8.5)	7.7	(9.3)	1.2
Interest cover (x)	9.1	21.0	33.5	50.6