

Target Price Change

27 February 2025

BUY

53% ↑ side

Target price: HK\$98.00

Prior TP: HK\$107.00

522 HK

Price: HK\$64.05

TP basis: PE

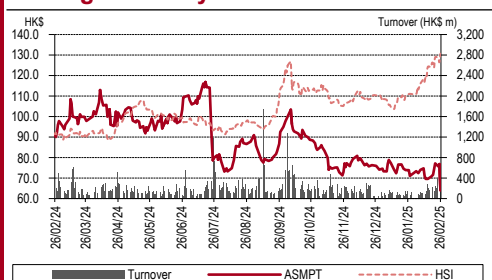
Sector rating: NEUTRAL

Forecast Revisions (%)

Year ended 31 Dec	25E	26E	27E
Revenue	(2.7)	0.3	0
Core EPS	(27.8)	(16.4)	0

Source: BOCI Research estimates

Trading Summary



(%)	YTD	1M	3M	12M
Absolute	(14.5)	(13.3)	(12.3)	(29.9)
Relative to HSI	(27.9)	(26.9)	(29.3)	(51.0)

Shares outstanding (m)	416
Free float (%)	74
Market cap. (HK\$ m)	26,674
3M avg. daily turnover (HK\$ m)	155
Net debt/equity (%) (2025E)	NM
Major shareholder (%)	
ASM International	25
FIL Limited	10
Brown Brothers Harriman & Co.	8

Source: Company data, FactSet, BOCI Research

Prices as of 26 February 2025

BOCI Research Limited

TMT: Technology - Semiconductor

Alex LIN

(852) 3988 6420

alexzh.lin@bocigroup.com

Alina LIN

(852) 3988 6413

alinazr.lin@bocigroup.com

ASMPT Ltd

Near-term results not precluding positive AP development

ASMPT's 4Q24 revenue came at the upper range of guidance driven by strong AP growth; however, weak margins in both SEMI and SMT led to net income of HK\$4m and adj. net income of HK\$76m, both missing estimates. We remain positive on structural TCB and other AP tool demand for AI and ASMPT's qualification and order gain progress. Mainstream and non-AI related applications have been a dragging factor but as AP should well exceed 30% of revenues and 50% of net income from 2025 onwards, we believe the stock is currently undervalued. We cut 2025/26 earnings by 28%/16%. Maintain **BUY** with TP lowered from HK\$107 to HK\$98.

Key Factors for Rating

- **4Q24 margin and bottom line missed mainly due to weak mainstream:** Revenue was flat YoY at HK\$3.4bn, near the upper range of guidance, while GPM and OPM decreased by 3.8ppts and 5.2ppts QoQ to 37.2% and 0.1% respectively, dragging adj. NI down by 94% YoY and 83% QoQ to HK\$4m. The weak margins were mainly due to 1) drag in auto and industrial demand, 2) unfavourable product mix in consumer electronics, 3) one-time restructuring cost of HK\$95m booked. SEMI B/B was strong at 1.09 driven by AP order gains but constrained by weak SMT B/B at 0.77 in 4Q24.
- **1Q25 guidance remains weak but good sign is around the corner:** 1Q25 revenue guidance of US\$370-430m is below market by 10%, mainly due to soft demand from non-AI sectors such as auto and industrial, but partially offset by 1) demand recovery from consumer electronics and 2) delayed TCB revenue recognition from 4Q24 orders. According to new book/bill guidance, group B/B ratio will return to over 1.0 in 1Q25 after the past three consecutive quarters, signaling a bottoming out of business.
- **AP momentum by AI remains robust:** 4Q24 AP revenue of US\$255m beat our estimate by 8%. In 4Q24, ASMPT won orders for 1) HBM3e 12H HVM from a leading HBM maker and 2) two next generation HB tools targeting to deliver by mid-2025. ASMPT aims to capture 35-40% of the global TCB market share by 2027 and plans to invest HK\$350m for AP R&D and targets to double TCB production capacity by end-2025. Given the robust global AI demand including new demand from China, we expect ASMPT's TCB and other AP tool order wins to go on a fast growth stage, beating market expectations.

Key Risks for Rating

- Slowdown in GenAI demand; soft macro and geopolitical uncertainty; weaker-than-expected automotive and industrial demand; global fab capex slowdown.

Valuation

- We keep SMEI revenue estimate largely unchanged but lower SMT revenues to reflect soft non-AI growth. We also cut margins of both SEMI and SMT to reflect a more competitive dynamic in the mainstream packaging business. As a result, we cut 2025/26 earnings by 28%/16%, respectively. We use 23x 2026E EPS to value ASMPT. Maintain **BUY** with a revised TP at HK\$98 (previously HK\$107).

Investment Summary

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Revenue (HK\$ m)	14,697	13,229	14,934	17,908	20,458
Reported net profit (HK\$ m)	716	345	1,286	1,771	2,265
Core EPS (HK\$)	1.737	0.833	3.088	4.253	5.439
Fully diluted EPS (HK\$)	1.733	0.831	3.088	4.253	5.439
Consensus EPS (HK\$)	-	1.326	3.926	5.712	-
Core P/E (x)	36.9	76.9	20.7	15.1	11.8
Fully diluted P/E (x)	37.0	77.1	20.7	15.1	11.8
EV/EBITDA (x)	20.3	30.5	14.1	9.7	7.7
P/B (x)	1.7	1.8	1.7	1.6	1.5
DPS (HK\$)	1.387	0.668	1.544	2.127	2.719
Yield (%)	2.2	1.0	2.4	3.3	4.2
ROE (%)	4.6	2.2	8.2	10.7	12.8

Source: Company data, BOCI Research estimates

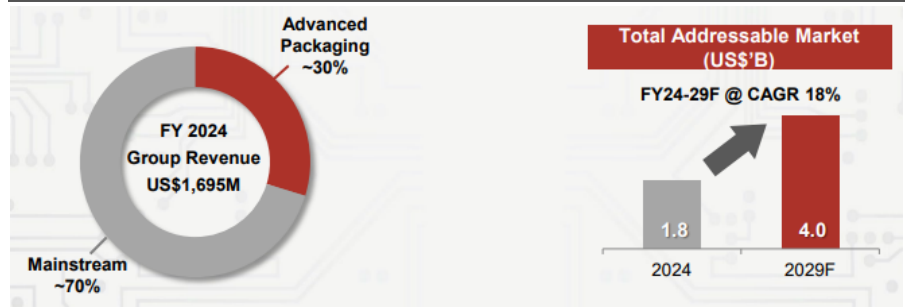
Important disclosures and certifications are located at the back of this research report.

BOCI research is available electronically on www.bociresearch.com.

AP Business Highlight

ASMPT continues to see strong momentum in AP tool application driven by AI. In 2024, AP revenues accounted for appx. 30% of ASMPT's group revenues, up from 22% in 2023. ASMPT now projects TAM of AP to achieve a 18% CAGR over 2024-29E and TAM of TCB to achieve a 45% CAGR over 2024-27E.

Figure 1. AP Revenue Mix and TAM Update



Source: ASMPT, BOCI Research

TCB: TCB solutions gained further traction with multiple customers and major AI players, delivering record yearly revenue and bookings. Record order flow was supported by both logic and memory applications, with strong YoY AP bookings growth primarily driven by a significant upswing in TCB bookings.

- **Logic Applications:** 1) secured substantial TCB orders for C2S applications from its leading foundry customer and its OSAT partner, serving as their sole supplier; 2) delivered high-volume shipments of TCB tools and expects a continuation of strong order momentum into 2025; 3) joint development of next-generation Active Oxide Removal fluxless TCB with the leading foundry customer for ultrafine pitch C2W logic applications is progressing well in the qualification stage.
- **HBM Applications:** 1) secured substantial TCB orders from major HBM players, particularly in 2H24, esp. securing bulk TCB order in 4Q24 with a leading HBM maker to support its HBM3e 12H HVM demand ramp (shipment is completed in 1Q25; 2) secured an initial order of several tools from another global HBM player; 3) in advanced discussions for repeat orders from HBM players.

Hybrid Bonding (HB): 1) delivered ASMPT's first HB tool to a logic customer in 3Q24; 2) secured maiden orders for two next generation HB tools for HBM applications that are set for delivery by mid-2025.

Flip Chip (FC) High Precision Die-bonding: being utilised for C2W applications which are currently employing the mass reflow (MR) process at the leading foundry and its OSAT partner. ASMPT expects further order flow in 2025 as MR is expected to remain as the Process of Record (POR) in the near term for C2W applications for customers.

Photonics: strong order momentum driven by demand from major AI players for optical transceivers with higher bandwidth and faster transmission speeds.

Co-Packaged Optics (CPO): gained a significant edge in CPO assembly and high-end optical-communication-related applications through ASMPT's leading ultra-high precision bonding solutions.

Systems-in-Package (SiP): SMT won strong orders in 1H24 for its SiP solutions, mainly from leading global high-end smartphone players for RF modules and wearables and has been engaging multiple customers with its next-generation SiP tools that are gaining traction for AI and server-related applications, with shipments to leading foundry and OSAT players.

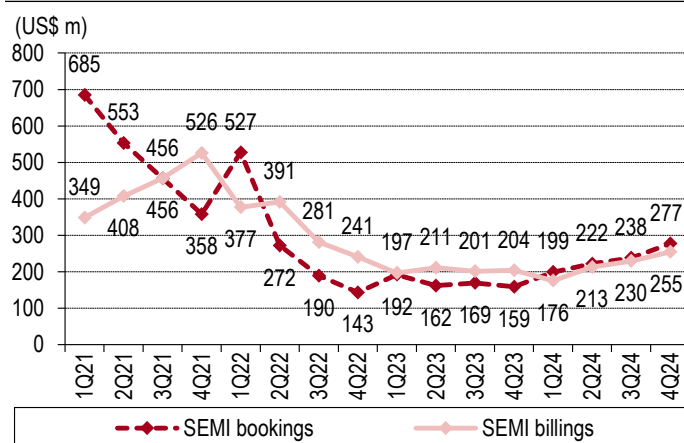
4Q24 Results Highlight

Figure 2. 4Q24 Results

Financials (HK\$ m)	Dec-23 4Q23 actual	Sep-24 3Q24 actual	Dec-24 4Q24 actual	YoY (%)	QoQ (%)	Dec-24 4Q24 BOCI	versus BOCI (%)	Dec-24 4Q24 consensus	versus consensus (%)
Revenue	3,405	3,345	3,403	0	2	3,372	1	3,365	1
Gross profit	1,439	1,371	1,266	(12)	(8)	1,400	(10)	1,372	(8)
Gross margin (%)	42.3	41.0	37.2	(5.1ppts)	(3.8ppts)	41.5	(4.3ppts)	40.8	(3.6ppts)
Operating profit	186	178	5	(97)	(97)	390	(99)	171	(97)
Operating margin (%)	5.5	5.3	0.1	(5.3ppts)	(5.2ppts)	11.6	(11.4ppts)	5.1	(4.9ppts)
Net non-op	(60)	(143)	6	111	104	(8)	176	(17)	138
PBT	126	35	11	(91)	(68)	382	(97)	155	(93)
Tax	(50)	(11)	(7)	86	37	(84)	91		
Minorities	(0)	2	0	148	(92)	(2)	107		
Net income	75	26	4	(94)	(83)	296	(99)	134	(97)
EPS (HK\$)	0.18	0.06	0.01	(94)	(83)	0.71	(99)	0.33	(97)
Segment billings (US\$ m)									
SEMI billings	204	230	255	25	11	236	8		
SMT billings	232	199	183	(21)	(8)	198	(7)		
Group billings	436	429	438	0	2	434	1		
Segment booking and backlog (US\$ m)									
SEMI bookings	159	238	277	74	16				
SMT bookings	191	168	142	(26)	(15)				
Group bookings	350	406	419	20	3				
Backlog	846	797	778	(8)	(2)				
Segment book/bill ratio (%)									
SEMI B/B	0.78	1.04	1.09	40	5				
SMT B/B	0.82	0.84	0.77	(6)	(8)				
Group B/B	0.80	0.95	0.96	19	1				
Segment GPM (%)									
SEMI	44	49	43	(1.1ppts)	(5.9ppts)	47	(4.3ppts)		
SMT	41	32	30	(11.3ppts)	(2.6ppts)	35	(5.3ppts)		
Group	42	41	37	(5.1ppts)	(3.8ppts)	42	(4.3ppts)		

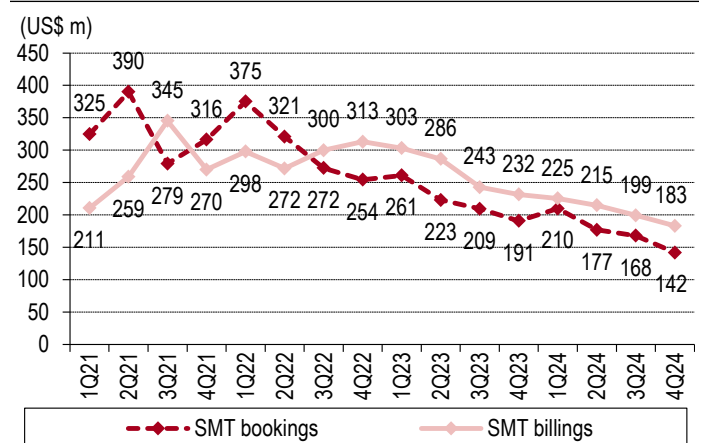
Source: Company data, BOCI Research

Figure 3. ASMPT SEMI: Booking and Billings

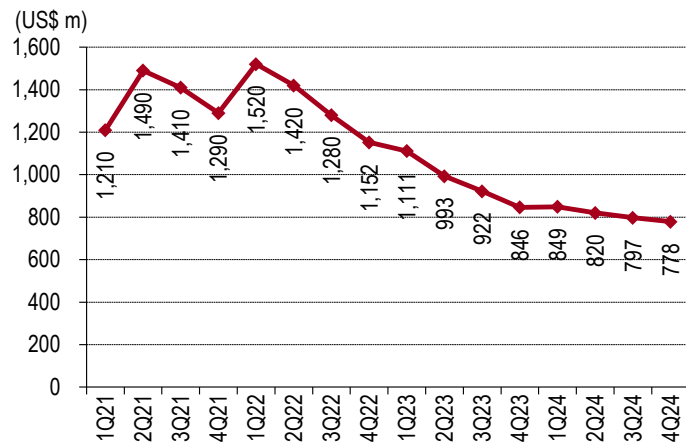


Source: Company data, BOCI Research

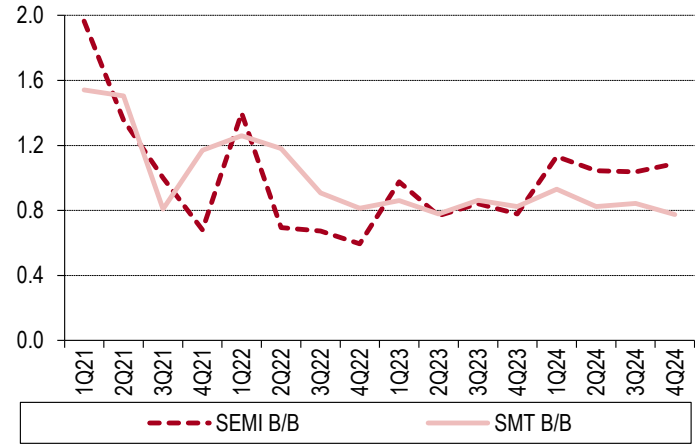
Figure 4. ASMPT SMT: Booking and Billings



Source: Company data, BOCI Research

Figure 5. ASMT: Backlog orders


Source: Company data, BOCI Research

Figure 6. ASMT: Book to Bill Ratios


Source: Company data, BOCI Research

Earnings Forecasts and Valuation

Figure 7. Earnings Revisions

(HK\$ m)	2025E			2026E			2027E		
	New	Old	%Diff	New	Old	%Diff	New	Old	%Diff
Sales	14,934	15,348	(3)	17,908	17,858	0	20,458		
Gross profit	6,083	6,517	(7)	7,535	7,838	(4)	8,936		
OP profit	1,496	2,118	(29)	2,351	2,821	(17)	3,052		
PBT	1,661	2,290	(27)	2,516	2,994	(16)	3,217		
Net profit	1,286	1,773	(27)	1,771	2,108	(16)	2,265		
EPS (HK\$)	3.09	4.28	(28)	4.25	5.08	(16)	5.44		
Margins (%)									
GM	40.7	42.5	(173bps)	42.1	43.9	(182bps)	43.7		
OPM	10.0	13.8	(378bps)	13.1	15.8	(267bps)	14.9		
PBT margin	11.1	14.9	(380bps)	14.1	16.8	(272bps)	15.7		
Net margin	8.6	11.6	(294bps)	9.9	11.8	(191bps)	11.1		
SEMI									
Revenues	8,822	8,712	1	11,028	10,890	1	13,234		
GPM (%)	46	48	(190bps)	47	48	(167bps)	48		
SMT									
Revenues	6,112	6,636	(8)	6,880	6,967	(1)	7,224		
GPM (%)	33	35	(218bps)	35	37	(223bps)	36		

Source: Company data, BOCI Research

Figure 8. Key Financial and Assumptions

Operation Model Summary	2021	2022	2023	2024	2025E	2026E	2027E
Revenue (HK\$ m)							
SEMI	13,514	10,105	6,365	6,806	8,822	11,028	13,234
SMT	8,434	9,259	8,332	6,423	6,112	6,880	7,224
Leadframe	NA	NA	NA	NA	NA	NA	NA
Total revenue	21,948	19,363	14,698	13,229	14,934	17,908	20,458
Revenue YoY (%)							
SEMI	70	(25)	(37)	7	30	25	20
SMT	25	10	(10)	(23)	(5)	13	5
Leadframe	NA	NA	NA	NA	NA	NA	NA
Total revenue	30	(12)	(24)	(10)	13	20	14
Gross margin (%)							
SEMI	41	41	39	40	41	42	44
SMT	44	45	41	45	46	47	48
Leadframe	36	37	38	35	33	35	36
Leadframe	-	-	-	-	-	-	-
Opex (%)							
Sales	22	24	32	36	31	29	29
G&A	8	9	11	11	10	10	10
R&D	5	5	7	9	6	6	6
R&D	9	10	14	16	14	13	13
OPM (%)							
	19	17	8	4	10	13	15

Source: Company data, BOCI Research

Figure 9. Quarterly Financials

(HK\$ m)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4Q25E
Revenue	3,917	3,901	3,474	3,405	3,139	3,342	3,345	3,403	3,111	3,780	3,971	4,072
Gross profit	1,584	1,564	1,187	1,439	1,314	1,338	1,371	1,266	1,228	1,531	1,647	1,677
OP profit	466	387	66	186	240	135	178	5	186	371	460	479
Net profit	318	308	15	75	180	135	26	4	176	319	388	403
EPS (HK\$)	0.77	0.75	0.04	0.18	0.43	0.33	0.06	0.01	0.42	0.77	0.93	0.97
Margins (%)												
GM	40.4	40.1	34.2	42.3	41.9	40.0	41.0	37.2	39.5	40.5	41.5	41.2
OPM	11.9	9.9	1.9	5.5	7.6	4.0	5.3	0.1	6.0	9.8	11.6	11.8
Net margin	8.1	7.9	0.4	2.2	5.7	4.0	0.8	0.1	5.7	8.4	9.8	9.9
QoQ (%)												
Revenue	(10)	0	(11)	(2)	(8)	6	0	2	(9)	22	5	3
Gross profit	(12)	(1)	(24)	21	(9)	2	2	(8)	(3)	25	8	2
OP profit	(21)	(17)	(83)	181	29	(44)	32	(97)	3,553	100	24	4
EPS	19	(3)	(95)	415	138	(25)	(81)	(83)	3,888	82	22	4
YoY (%)												
Revenue	(26)	(25)	(24)	(21)	(20)	(14)	(4)	0	(1)	13	19	20
Gross profit	(26)	(28)	(36)	(20)	(17)	(14)	16	(12)	(7)	14	20	32
OP profit	(54)	(61)	(90)	(69)	(49)	(65)	170	(97)	(23)	175	158	9,326
EPS	(62)	(66)	(98)	(72)	(44)	(56)	76	(94)	(3)	135	1,390	9,045

Source: Company data, BOCI Research estimates

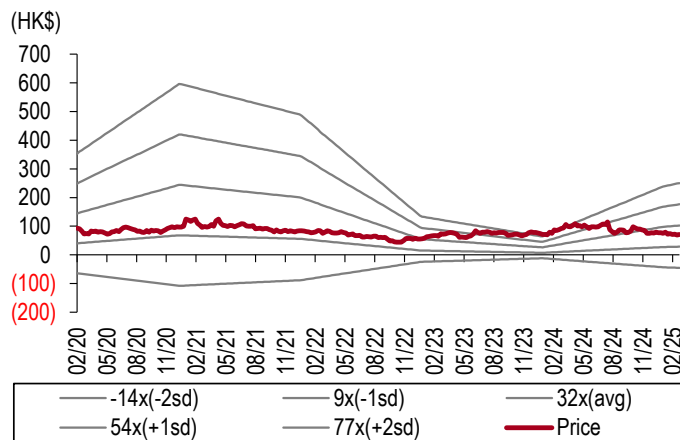
Figure 10. Annual Financials

(HK\$ m)	2021	2022	2023	2024	2025E	2026E	2027E
Revenue	21,948	19,363	14,697	13,229	14,934	17,908	20,458
Gross profit	8,908	7,966	5,774	5,289	6,083	7,535	8,936
OP profit	4,142	3,237	1,104	558	1,496	2,351	3,052
Net profit	3,181	2,616	716	345	1,286	1,771	2,265
EPS (HK\$)	7.75	6.36	1.74	0.83	3.09	4.25	5.44

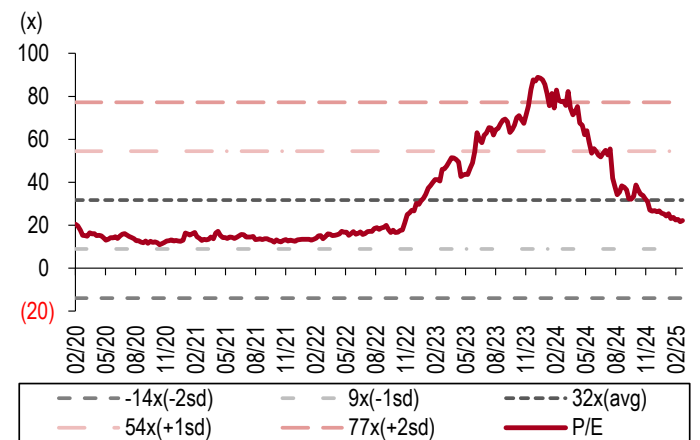
Margins (%)	2021	2022	2023	2024	2025E	2026E	2027E
GM	40.6	41.1	39.3	40.0	40.7	42.1	43.7
OPM	18.9	16.7	7.5	4.2	10.0	13.1	14.9
Net margin	14.5	13.5	4.9	2.6	8.6	9.9	11.1

YoY (%)	2021	2022	2023	2024	2025E	2026E	2027E
Revenue	30	(12)	(24)	(10)	13	20	14
Gross profit	62	(11)	(28)	(8)	15	24	19
OP profit	220	(22)	(66)	(49)	168	57	30
EPS	93	(18)	(73)	(52)	271	38	28

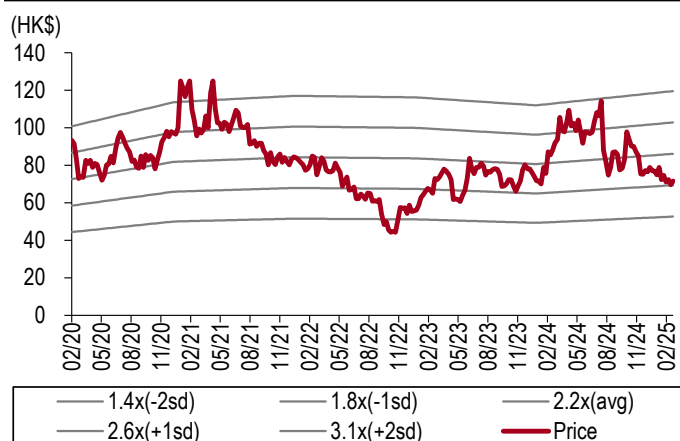
Source: Company data, BOCI Research

Figure 11. P/E Band


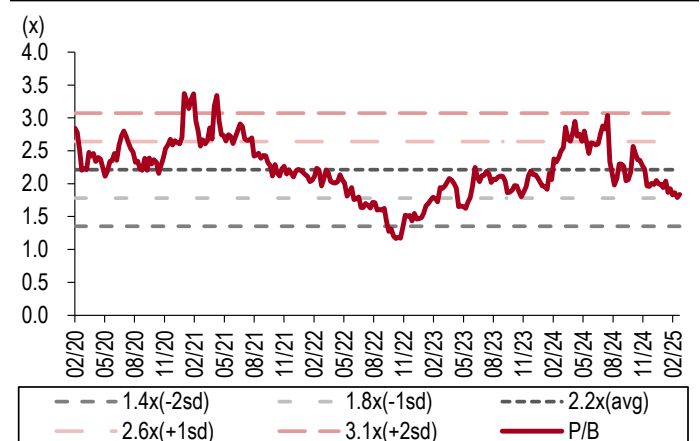
Source: Company data, BOCI Research

Figure 12. P/E Chart


Source: Company data, BOCI Research

Figure 13. P/B Band


Source: Company data, BOCI Research

Figure 14. P/B Chart


Source: Company data, BOCI Research

Income Statement (HK\$ m)

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Revenue	14,697	13,229	14,934	17,908	20,458
Cost of sales	(8,924)	(7,940)	(8,851)	(10,373)	(11,522)
Operating exp.	(4,669)	(4,731)	(4,587)	(5,184)	(5,884)
EBITDA	1,404	890	1,674	2,563	3,295
Depr & amortisation	299	332	178	212	243
Operating profit (EBIT)	1,104	558	1,496	2,351	3,052
Net interest inc./(exp.)	(138)	(201)	(15)	(15)	(15)
Other gains/(losses)	70	144	180	180	180
Pre-tax profit	1,036	502	1,661	2,516	3,217
Tax on profit	(325)	(159)	(366)	(730)	(933)
Min. int./others	5	3	(10)	(15)	(19)
Net profit	716	345	1,286	1,771	2,265
Core net profit	716	345	1,286	1,771	2,265
EPS (HK\$)	1.737	0.833	3.088	4.253	5.439
Core EPS (HK\$)	1.737	0.833	3.088	4.253	5.439
DPS (HK\$)	1.387	0.668	1.544	2.127	2.719
Revenue YoY %	(24.1)	(10.0)	12.9	19.9	14.2
EBIT YoY %	(65.9)	(49.4)	168.0	57.1	29.8
EBITDA YoY %	(60.4)	(36.6)	88.1	53.1	28.6
Core net profit YoY%	(72.6)	(51.8)	272.4	37.8	27.9
Fully diluted EPS YoY%	(72.7)	(52.0)	271.5	37.8	27.9

Source: Company data, BOCI Research estimates

Cash-flow Statement (HK\$ m)

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Pre-tax profit	1,036	502	1,661	2,516	3,217
Depr. & amortisation	299	332	178	212	243
Net interest expenses	138	201	15	15	15
Chg. in working capital	978	272	(1,392)	(1,909)	(1,214)
Tax paid	(325)	(159)	(366)	(730)	(933)
Other operating activ's	222	(247)	(15)	(15)	(15)
CF from operations	2,348	900	82	89	1,313
CAPEX	(495)	(610)	(609)	(609)	(609)
Decr./inc. in invest.	(5)	(151)	0	0	0
Other investing activ's	(108)	(1,862)	0	0	0
CF from investing	(607)	(2,622)	(609)	(609)	(609)
Net incr. in equity	0	0	-	-	-
Net incr. in debt	(250)	(1,694)	0	0	0
Dividends paid	(1,035)	(468)	(381)	(790)	(1,000)
Other financing activ's	(332)	1,884	(10)	(15)	(19)
CF from financing	(1,618)	(278)	(391)	(805)	(1,019)
Change in cash	123	(2,000)	(917)	(1,324)	(314)
Cash at start of year	4,263	4,434	4,418	3,501	2,177
Free cash flow to firm	1,741	(1,722)	(526)	(519)	705
Free cash flow to equity	1,491	(3,416)	(526)	(519)	705

Source: Company data, BOCI Research estimates

Balance Sheet (HK\$ m)

As at 31 Dec	2023	2024	2025E	2026E	2027E
Cash & cash equiv.	4,434	4,418	3,501	2,177	1,862
Receivables	3,973	3,749	4,680	5,659	6,359
Inventories	6,315	5,989	7,294	8,962	10,117
Other current assets	518	939	939	939	939
Total current assets	15,241	15,095	16,413	17,736	19,278
Fixed assets	4,236	2,117	2,548	2,945	3,310
Intangible assets	1,995	1,957	1,957	1,957	1,957
Other long term assets	2,491	4,504	4,504	4,504	4,504
Total long-term assets	8,722	8,579	9,009	9,406	9,772
Total assets	23,963	23,673	25,422	27,142	29,049
Creditors	2,364	2,324	2,730	3,256	3,730
Short-term debt	2,000	306	306	306	306
Other current liabs.	1,649	1,442	1,880	2,092	2,259
Total current liabs.	6,013	4,072	4,916	5,654	6,296
Long-term borrowings	0	0	0	0	0
Other long-term liabs.	2,146	4,310	4,310	4,310	4,310
Share capital	41	42	42	42	42
Reserves/others	15,650	15,146	16,052	17,033	18,299
Shareholders' equity	15,691	15,188	16,093	17,075	18,340
M.I./Pref. shr/Oth	113	103	103	103	103
Total liabs. & equity	23,963	23,673	25,422	27,142	29,049
Per share (HK\$)					
Book value	37.9	36.5	38.6	41.0	44.0
Tangible assets	33.0	31.8	33.9	36.3	39.3
Net debt/(cash)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, BOCI Research estimates

Key Ratios

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Profitability (%)					
EBITDA margin	9.6	6.7	11.2	14.3	16.1
EBIT margin	7.5	4.2	10.0	13.1	14.9
Pre-tax margin	7.0	3.8	11.1	14.1	15.7
Net profit margin	4.9	2.6	8.6	9.9	11.1
Liquidity (x)					
Current ratio	2.5	3.7	3.3	3.1	3.1
Interest coverage	8.0	2.8	101.8	159.9	207.7
Net debt to equity (%)	NM	NM	NM	NM	NM
Quick ratio	1.5	2.2	1.9	1.6	1.5
Valuation (x)					
P/E	36.9	76.9	20.7	15.1	11.8
Core P/E	36.9	76.9	20.7	15.1	11.8
Core P/E @ target price	56.4	117.6	31.7	23.0	18.0
P/B	1.7	1.8	1.7	1.6	1.5
P/FCF	14.3	91.3	NM	NM	37.9
EV/EBITDA	20.3	30.5	14.1	9.7	7.7
Activity ratios					
Inventory days	281.5	282.8	273.9	286.0	302.2
Accounts receivables days	105.8	106.5	103.0	105.4	107.2
Accounts payables days	65.1	64.7	61.8	61.0	62.3
Returns (%)					
Dividend payout ratios	80.3	80.6	50.0	50.0	50.0
Return on equity	4.6	2.2	8.2	10.7	12.8
Return on assets	3.1	1.6	4.8	6.4	7.7
Return on capital employed	6.2	3.3	9.3	13.8	16.8

Source: Company data, BOCI Research estimates

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20/F, Bank of China Tower
1 Garden Road
Hong Kong
Tel: (852) 3988 6000
Fax: (852) 2147 9513

Toll free numbers to Hong Kong:

China North: 10800 8521065
China South: 10800 1521065
Singapore: 800 852 3392

BOCI Securities Limited

20/F, Bank of China Tower
1 Garden Road
Hong Kong
Tel: (852) 3988 6000
Fax: (852) 2147 9513

Bank of China International (UK) Limited

2/F, 1 Lothbury
London EC2R 7DB
United Kingdom
Tel: (4420) 3651 8888
Fax: (4420) 3651 8877

BOC International (Singapore) Pte. Ltd.

Reg. No. 199303046Z
4 Battery Road
30/F Bank of China Building
Singapore 049908
Tel: (65) 6671 8686 / (65) 6671 8687

BOC International (China) Co., Ltd

Room 2308
Bank of China Tower
No. 200 Yincheng Road (M)
Pudong, Shanghai 200120
China
Tel: (8621) 6881 1163
Fax: (8621) 6881 1295

**BOC International Holdings Ltd
Representative Office**

8/F, No.110 Xidan North Street
Xicheng District
Beijing 100032, China
Tel: (8610) 8326 2000
Fax: (8610) 8326 2290