11 May 2026 09:12:31 ET | 16 pages

AccoTEST (688200.SS)

Another AI Power Beneficiary; Reiterate Buy and Raise TP to Rmb447

CITI'S TAKE

We reiterate our Buy rating on AccoTEST and raise 2026/27E revenue by 15%/27% and earnings by 18%/27% to reflect its strong ATE (Automated Test Equipment) demand and order book, driven by not only continuous import replacement but also strong testing demand for AI power mgmt. chips, although CPU and GPU testing are still not the main applications for AccoTEST. We raise our TP by ~73% to Rmb447 on a higher P/S multiple (30x vs. 20x previously) to reflect AccoTEST's multiple years of up-cycle. We prefer AccoTEST over the front-end etching equipment makers AMEC (688012.SS) and NAURA (002371.SZ) given AccoTEST's more resilient GPM, faster top-line growth, and AccoTEST as a direct beneficiary of AI power mgmt. chip.

Benefitting from AI power chip testing – AccoTEST sees strong ATE demand from IC design houses which supply power mgmt. ICs to CPO (Co-Packaged Optics) or other power mgmt. units in datacenters. Mgmt. thinks that the order of demand driver intensity in 2026 becomes **AI power mgmt. > import replacement > NEV power** and indicates that CPO-related power chip testing accounted for ~10% of 1Q26 total orders. Our talk with the Chairman also shows that 2026 YTD new order amount has almost reached Rmb1.5bn, similar to 2025 full-year amount.

Product mix change – STS8200/8300/power-related equipment accounted for ~50%/30%/20% of 2025 total revenue. With rising demand mainly from power mgmt. ICs, mgmt. expects the revenue contribution from high GPM STS8200 to decline to 40%-50% in 2026. We therefore estimate a mild GPM contraction due to the product mix change.

STS8600 and self-developed chip – Given the geopolitical issues, mgmt. believes that China-made AI chips will rely on domestic ATE for testing, which would be a main application of its STS8600 tester in the future. Besides, AccoTEST recently issued ~Rmb750mn CB to develop its own ATE-used chips, in attempt to improve the performance of its ATE products.

Valuation – Our new TP of Rmb447 is based on 2026E 30x P/S (vs. 20x previously), set at +1.0x SD. We assign a higher P/S multiple to reflect the multiple years of ATE demand growth driven by AI power mgmt. testing and import replacement.

Earnings Summary

Year to 31 Dec	Net Profit (RmbM)	Diluted EPS (Rmb)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	334	2.470	32.8	148.8	13.9	9.7	0.2
2025A	536	3.950	59.9	93.1	12.2	14.0	0.3
2026E	808	5.965	51.0	61.6	10.5	18.4	0.5
2027E	1,113	8.213	37.7	44.8	8.9	21.6	0.7
2028E	1,414	10.432	27.0	35.2	7.5	23.0	0.9

Source: Powered by dataCentral

Buy	
Price (11 May 26 15:00)	Rmb367.550
Target price	Rmb447.000↑
from Rmb258.000	
Expected share price return	21.6%
Expected dividend yield	0.3%
Expected total return	21.9%
Market Cap	Rmb49,815M
	US$7,325M

Price Performance (RIC: 688200.SS, BB: 688200 CH)

Jamie Wang AC

Eric Lau

Citi Research

688200.SS: Fiscal year end 31-Dec — Price: Rmb367.550; TP: Rmb447.000; Market Cap: Rmb49,815m; Recomm: Buy

Profit & Loss (Rmbm)	2024	2025	2026E	2027E	2028E
Sales revenue	905	1,346	2,020	2,762	3,474
Cost of sales	-242	-353	-536	-722	-911
Gross profit	664	994	1,484	2,040	2,563
Gross Margin (%)	73.3	73.8	73.5	73.9	73.8
EBITDA (Adj)	**338**	**581**	**854**	**1,099**	**1,413**
EBITDA Margin (Adj) (%)	37.4	43.1	42.3	39.8	40.7
Depreciation	-22	-24	-25	-26	-27
Amortisation	-7	-9	-4	-7	-9
EBIT (Adj)	**361**	**583**	**879**	**1,067**	**1,377**
EBIT Margin (Adj) (%)	39.8	43.3	43.5	38.6	39.6
Net interest	51	35	55	60	68
Associates	0	0	0	0	0
Non-Op/Except/Other Adj	-51	-35	-55	84	93
Pre-tax profit	**361**	**583**	**879**	**1,211**	**1,538**
Tax	-27	-47	-71	-98	-124
Extraord./Min.Int./Pref.div.	0	0	0	0	0
Reported net profit	**334**	**536**	**808**	**1,113**	**1,414**
Net Margin (%)	36.9	39.8	40.0	40.3	40.7
Core NPAT	334	536	808	1,113	1,414
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS (Rmb)	2.470	3.950	5.965	8.213	10.432
Core EPS (Rmb)	2.470	3.950	5.965	8.213	10.432
DPS (Rmb)	0.749	1.189	1.794	2.469	3.137
CFPS (Rmb)	1.391	2.241	3.196	5.227	7.478
FCFPS (Rmb)	1.163	1.614	2.762	4.768	6.991
BVPS (Rmb)	26.361	30.094	34.870	41.290	49.253
Wtd avg ord shares (m)	135	135	136	136	136
Wtd avg diluted shares (m)	135	136	136	136	136
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	31.0	48.7	50.0	36.8	25.8
EBIT (Adj) (%)	36.0	61.7	50.8	21.3	29.1
Core NPAT (%)	32.7	60.5	50.8	37.7	27.0
Core EPS (%)	32.8	59.9	51.0	37.7	27.0
Balance Sheet (Rmbm)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	2,090	2,066	2,314	2,756	3,415
Accounts receivables	326	554	830	1,136	1,428
Inventory	177	300	455	613	773
Net fixed & other tangibles	646	830	831	830	828
Goodwill & intangibles	27	55	85	115	147
Financial & other assets	542	696	722	750	780
Total assets	**3,808**	**4,501**	**5,236**	**6,199**	**7,371**
Accounts payable	54	83	126	169	214
Short-term debt	0	0	0	0	0
Long-term debt	0	0	0	0	0
Provisions & other liab	183	330	375	424	473
Total liabilities	**238**	**412**	**500**	**594**	**686**
Shareholders' equity	3,570	4,079	4,726	5,596	6,675
Minority interests	0	10	10	10	10
Total equity	**3,570**	**4,088**	**4,736**	**5,606**	**6,685**
Net debt (Adj)	**-2,089**	**-2,066**	**-2,314**	**-2,756**	**-3,415**
Net debt to equity (Adj) (%)	-58.5	-50.5	-48.9	-49.2	-51.1

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	na	93.1	61.6	44.8	35.2
PB (x)	13.9	12.2	10.5	8.9	7.5
EV/EBITDA (x)	na	81.9	55.5	42.8	32.9
FCF yield (%)	0.3	0.4	0.8	1.3	1.9
Dividend yield (%)	0.2	0.3	0.5	0.7	0.9
Payout ratio (%)	30	30	30	30	30
ROE (%)	9.7	14.0	18.4	21.6	23.0
Cashflow (Rmbm)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	312	511	777	1,099	1,413
Working capital	0	0	-384	-412	-403
Other	-124	-207	40	21	4
Operating cashflow	**188**	**304**	**433**	**708**	**1,013**
Capex	-31	-85	-59	-62	-66
Net acq/disposals	16	-149	0	0	0
Other	92	183	34	39	47
Investing cashflow	**77**	**-51**	**-25**	**-23**	**-19**
Dividends paid	-107	-101	-161	-243	-335
Financing cashflow	**-122**	**-100**	**-161**	**-243**	**-335**
Net change in cash	**145**	**150**	**247**	**442**	**659**
Free cashflow to s/holders	**157**	**219**	**374**	**646**	**948**

For definitions of the items in this table, please click here.

Figure 1. AccoTEST: Quarterly P&L summary

Rmb mn	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26A	YoY	QoQ
P&L										
Net sales	242	242	284	198	337	405	407	272	38%	-33%
Gross profit	185	188	188	149	250	299	296	205	38%	-31%
Operating profit	96	111	132	63	148	211	162	97	53%	-40%
Net profit	89	101	121	62	134	191	149	94	52%	-37%
EPS (Rmb)	0.66	0.74	0.89	0.46	0.99	1.41	1.10	0.70	52%	-37%
Margin										
GPM	76.3%	77.7%	66.2%	75.3%	74.3%	73.8%	72.6%	75.3%	0.0 pp	2.7 pp
OPM	39.4%	45.9%	46.4%	31.8%	43.9%	52.0%	39.7%	35.5%	3.7 pp	-4.2 pp
NPM	36.8%	41.5%	42.5%	31.3%	39.7%	47.2%	36.6%	34.7%	3.3 pp	-2.0 pp

Source: Citi Research, Company Reports

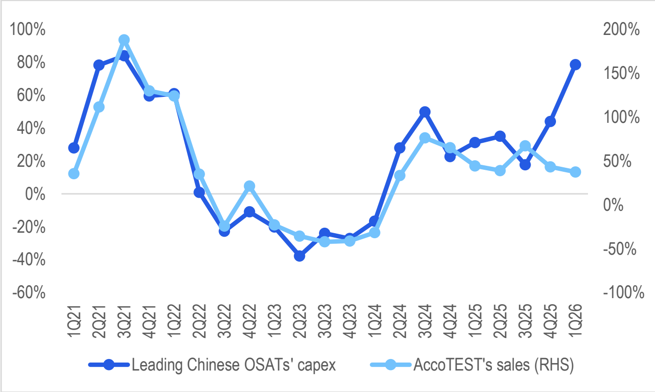
Figure 2. AccoTEST: Earnings forecast revisions

In Rmb mn	Old			New			Change		
except where indicated	26E	27E	28E	26E	27E	28E	26E	27E	28E
P&L									
Revenue	**1,751**	**2,172**	**n/a**	**2,020**	**2,762**	**3,474**	**15%**	**27%**	**n/a**
ATE System	1,642	2,053	n/a	1,781	2,404	3,006	8%	17%	n/a
Components	104	115	n/a	229	344	447	120%	199%	n/a
Gross Profit	**1,302**	**1,626**	**n/a**	**1,484**	**2,040**	**2,563**	**14%**	**26%**	**n/a**
ATE System	1,223	1,540	n/a	1,317	1,791	2,238	8%	16%	n/a
Components	78	85	n/a	165	247	322	113%	190%	n/a
Operating Profit	**738**	**949**	**n/a**	**879**	**1,211**	**1,538**	19%	28%	**n/a**
Net Profit	**683**	**878**	**n/a**	**808**	**1,113**	**1,414**	**18%**	**27%**	**n/a**
Core Earnings	**689**	**884**	**n/a**	**764**	**1,069**	**1,370**	**11%**	**21%**	**n/a**
EPS	**5.04**	**6.48**	**n/a**	**5.97**	**8.21**	**10.43**	**18%**	**27%**	**n/a**
Margins									
GPM	74.4%	74.9%	n/a	73.5%	73.9%	73.8%	-0.9pp	-1.0pp	n/a
ATE System	74.5%	75.0%	n/a	74.0%	74.5%	74.5%	-0.5pp	-0.5pp	n/a
Components	74.4%	74.4%	n/a	72.0%	72.0%	72.0%	-2.4pp	-2.4pp	n/a
OPM	42.1%	43.7%	n/a	43.5%	43.8%	44.3%	1.4pp	0.1pp	n/a
NPM	39.0%	40.4%	n/a	40.0%	40.3%	40.7%	1.0pp	-0.1pp	n/a

In Rmb mn	Consensus			CitiE			CitiE vs. Consensus		
	26E	27E	27E	26E	27E	27E	26E	27E	27E
P&L									
Revenue	1,668	2,069	2,733	2,020	2,762	3,474	21%	33%	27%
Gross profit	1,231	1,521	1,993	1,484	2,040	2,563	21%	34%	29%
Operating profit	725	922	1,286	879	1,211	1,538	21%	31%	20%
Net profit	656	835	1,164	808	1,113	1,414	23%	33%	21%
EPS (Rmb)	4.84	6.16	8.59	5.97	8.21	10.43	23%	33%	21%
Margins									
GPM	73.8%	73.5%	72.9%	73.5%	73.9%	73.8%	-0.3pp	0.4pp	0.9pp
OPM	43.4%	44.6%	47.1%	43.5%	43.8%	44.3%	0.1pp	-0.7pp	-2.8pp
NPM	39.3%	40.3%	42.6%	40.0%	40.3%	40.7%	0.7pp	0.0pp	-1.9pp

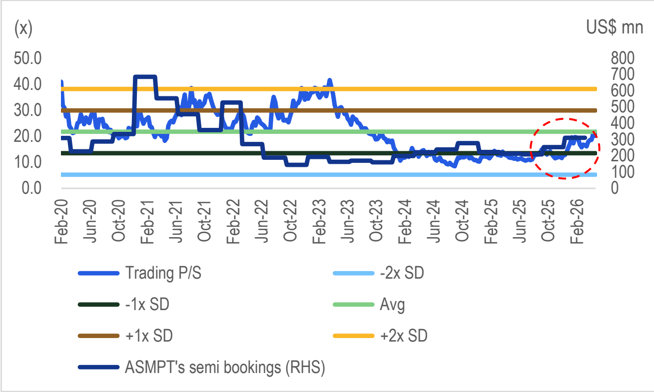
Source: Company Reports and Citi Research Estimates, Visible Alpha

Figure 3. YoY: AccoTEST's revenue vs. leading Chinese OSATs' capex



Source: Citi Research, Company Reports

Figure 4. AccoTEST: Forward P/S trends vs. ASMPT's semi booking



Source: Company Reports and Citi Research Estimates, ASMPT

Bull/Bear: AccoTEST (688200.SS)

Bull	Base	Bear
Rmb 567.000	Rmb 447.000	Rmb 269.000
▲54% Upside	▲22% Upside	▼27% Downside

Spread 81pp
Current Price and expected returns (upside/downside) as of 11 May 2026

BULL Assumptions

- Rerated to ~38x 2026E P/S due to better-than-expected demand

BASE Assumptions

- Valuation on ~30x 2026E P/S

BEAR Assumptions

- Derated to ~18x 2026E P/S due to weaker-than-expected demand

AccoTEST

Company description

Beijing Huafeng Test & Control Technology Co., Ltd. (AccoTEST) was one of the earliest companies to enter the semiconductor testing equipment industry in China, and it has been deeply engaged in the industry for more than 20 years, focusing on the field of analog and mixed signal testing equipment. AccoTEST is not only the leading ATE supplier in mainland China, but it also exports to Taiwan, the United States, Europe, Korea, Japan, and other developed areas. Customers range from design houses to assembly & test house and IDM. AccoTEST listed on STAR market in Feb 2020 at an IPO price of RMB107.41 per share, raising net proceeds of RMB1.5bn.

Investment strategy

We rate AccoTEST Buy as its revenue and earnings recovery trends appear clear, driven by not only the import replacement trend but also AI power mgmt. IC testing. We also believe that AccoTEST could be a beneficiary on the ATE front when China builds its own AI chip supply chain.

Valuation

Our target price of Rmb447.0 is based on ~30x 2026E P/S, set at +1.0x SD. We adopt the P/S valuation methodology as we think the P/S valuation method best captures the market recognition and track record of the ATE business, which should be the most important factor to value an early stage semi equipment maker and thus indicate the future sales potential.

Risks

Key fundamental downside risks to our target price include: 1) weaker demand recovery; 2) worse-than-expected GPM; and 3) slower-than-expected new product development.

Advanced Micro-Fabrication Eq

(688012.SS; Rmb383.64; 1; 11 May 26; 15:00)

Valuation

Our 12-month target price for AMEC of Rmb418 is based on ~15x 2026E sales, set at avg. P/S + 2.0x SD after 2022, when AMEC's P/S stabilized. We adopt a P/S valuation method because the profitability of AMEC could be volatile given the relatively small sales scale and yet to stabilize net margins (impacted by intense R&D and large subsidies). We think P/S best captures the market recognition and track record of the semi equipmen
important factor to value an early-stage semi equipment mak

Risks