China SPE: Memory/ advanced logic capacity expansion drives growth ahead; Valuation framework reset on better long-term visibility

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We are constructive on China SPE and semi material names, riding on rising advanced node capacity expansion and the generative AI trend to support China semis ecosystem development. Media reported (Link) the long-term supply agreement between CXMT and Tencent on the DRAM chips for servers, suggesting strong demand from local clients and mix upgrade towards high-end applications. We review the valuation framework of China SPE and semi material names (NAURA/ AMEC/ ACMR/ Anji Micro) and change the valuation methodology to 2030E discounted P/E on better long-term visibility given customers' rising capex and rising localization. Maintain Buy on NAURA, AMEC, ACMR and Anji Micro. Read more: Global Chips Act 3.

New memory agreement with CSP clients: Media reported that (Link) the memory supplier CXMT has signed a multi-year supply agreement with Tencent on the server DRAM chips, and the value worth more than Rmb20bn. We are positive on the progress of local memory and advanced logic suppliers to fulfill rising demand from local CSP clients in China on generative AI demand, which is positive to the China semis supply chain across foundry, SPE, semi material, components, IP and design.

NAURA (002371.SZ, Buy)

Earnings revision: We raise earnings by 0.3%/ 1%/ 5% in 2026-28E mainly on higher earnings and improving Opex ratio. Revenues are revised up on higher revenues of deposition and etching tools, reflecting higher capex spending from memory clients' capacity expansion. We revise down Opex ratio in 2028E on improving operational efficiency and larger scale.

Exhibit 1: Earnings revision

	2026E			2027E			2028E		
Rmb mn	New	Old	Diff(%)	New	Old	Diff(%)	New	Old	Diff(%)
Revenue	51,517	51,454	0.1%	66,438	66,035	1%	81,803	79,552	3%
Gross profit	20,449	20,422	0.1%	26,877	26,700	1%	33,499	32,503	3%
Op. income	8,055	8,028	0.3%	14,974	14,869	1%	19,252	18,330	5%
Net income	7,777	7,754	0.3%	13,410	13,322	1%	17,127	16,355	5%
Margins									
GM	39.7%	39.7%		40.5%	40.4%		41.0%	40.9%	
OPM	15.6%	15.6%		22.5%	22.5%		23.5%	23.0%	
NM	15.1%	15.1%		20.2%	20.2%		20.9%	20.6%	

Source: Company data, Goldman Sachs Global Investment Research

Valuation: We change the valuation methodology from near-term P/E to 2030E discounted P/E to capture the long-term growth opportunities. **Our 12-month**

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target price is Rmb1,200 (vs. previously at Rmb818). Our target multiple is based the correlation between peers' P/E vs. the sum of forward year NI growth and OPM, which is 56x 2030E discounted P/E target multiple, based on company's NI YoY at 25% and OPM at 25% in 2031E. We apply the 56x target P/E and discount it back to 2027E with a COE of 11%. Maintain Buy.

Exhibit 2: NAURA discounted P/E

Rmb mn	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	**22,079**	**29,838**	**39,353**	**51,517**	**66,438**	**81,803**	**101,120**	**125,543**	**153,869**
Rev YoY %		*35%*	*32%*	*31%*	*29%*	*23%*	*24%*	*24%*	*23%*
Gross margin	41.1%	42.9%	40.1%	39.7%	40.5%	41.0%	41.3%	41.6%	41.8%
Gross profit	9,075	12,787	15,782	20,449	26,877	33,499	41,777	52,246	64,358
Opex	**5,479**	**7,043**	**10,742**	**12,394**	**11,903**	**14,247**	**17,439**	**21,313**	**26,044**
Opex ratio	25%	24%	27%	24%	18%	17%	17%	17%	17%
OP income	**3,596**	**5,743**	**5,040**	**8,055**	**14,974**	**19,252**	**24,337**	**30,933**	**38,313**
OPM	*16%*	*19%*	*13%*	*16%*	*23%*	*24%*	*24%*	*25%*	*25%*
Pre-tax profit	**4,466**	**6,511**	**5,845**	**9,102**	**15,792**	**20,207**	**25,614**	**32,647**	**40,689**
Net profit	**3,899**	**5,621**	**5,522**	**7,777**	**13,410**	**17,127**	**21,680**	**27,601**	**34,374**
YoY	233%	44%	-2%	41%	72%	28%	27%	27%	25%
EPS	5.45	7.83	7.64	10.74	18.51	23.64	29.93	38.10	47.45
2030 Target P/E								56.0x	
12M target price (Rmb)					**1,200**				
TP implied P/E					**65**	**51**	**40**		

COE assumption	
Beta	1.20
Risk free	3.5%
Market risk premium	6.5%
COE	**11%**

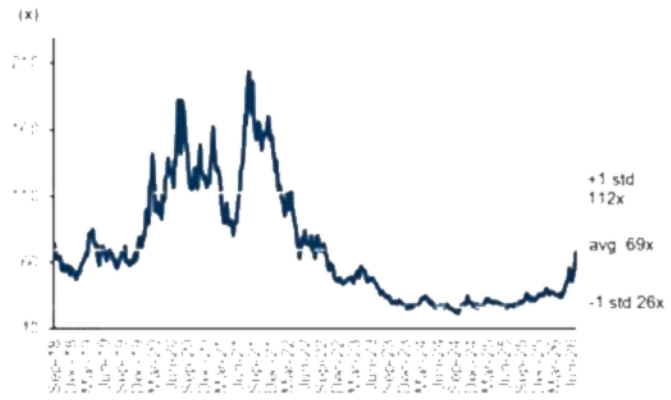
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: NAURA P&L Summary

(Rmb m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E	2028E
Revenue	8,206	7,936	11,160	12,052	10,323	10,495	14,759	15,940	29,838	39,353	51,517	66,438	81,803
Gross profit	3,530	3,277	4,498	4,477	4,209	4,091	5,826	6,323	12,787	15,782	20,449	26,877	33,499
Operating expense	1,843	1,849	2,483	4,567	2,656	2,054	2,740	4,944	7,043	10,742	12,394	11,903	14,247
Operating income	1,687	1,428	2,015	(90)	1,553	2,037	3,086	1,380	5,743	5,040	8,055	14,974	19,252
Pre tax profit	1,813	1,527	1,963	542	1,815	2,298	3,348	1,641	6,511	5,845	9,102	15,792	20,207
Net income	1,581	1,627	1,922	392	1,635	1,929	2,962	1,345	5,621	5,522	7,777	13,410	17,127
Margins / ratio													
Gross margin	43.0%	41.3%	40.3%	37.2%	40.8%	39.0%	39.5%	39.7%	42.9%	40.1%	39.7%	40.5%	41.0%
Opex ratio	22.5%	23.3%	22.2%	37.9%	25.7%	19.6%	18.6%	31.0%	23.6%	27.3%	24.1%	17.9%	17.4%
Operating margin	20.6%	18.0%	18.1%	-0.7%	15.0%	19.4%	20.9%	8.7%	19.2%	12.8%	15.6%	22.5%	23.5%
Net margin	19.3%	20.5%	17.2%	3.2%	15.8%	18.4%	20.1%	8.4%	18.8%	14.0%	15.1%	20.2%	20.9%
QoQ													
Revenue	-13%	-3%	41%	8%	-14%	2%	41%	8%					
Gross profit	-7%	-7%	37%	0%	-6%	-3%	42%	9%					
Pre tax profit	23%	-16%	29%	-72%	235%	27%	46%	-51%					
Net income	36%	3%	18%	-80%	317%	18%	54%	-55%					
YoY													
Gross profit	39%	7%	33%	18%	19%	25%	30%	41%	41%	23%	30%	31%	25%
Operating income	55%	-17%	16%	nm	-8%	43%	53%	nm	60%	-12%	60%	86%	29%
Pre tax profit	36%	-19%	8%	-63%	0%	50%	71%	203%	46%	-10%	56%	74%	28%
Net income	40%	-2%	14%	-66%	3%	19%	54%	243%	44%	-2%	41%	72%	28%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: NAURA 12M forward P/E



Source: Eikon Datastream

Exhibit 5: NAURA Balance sheet and Cash flow statement

Rmb mn	2023	2024	2025	2026E	2027E	2028E
Balance sheet						
Cash & equivalent	12,451	12,347	17,337	19,215	22,622	31,058
Net receivables	4,712	6,864	9,290	9,058	14,605	14,531
Inventory	16,992	23,479	28,627	39,200	46,084	56,725
Other current asset	4,070	3,521	4,066	4,066	4,066	4,066
Total current assets	38,226	46,211	59,321	71,540	87,377	106,380
Net PP&E	3,352	6,205	7,568	8,885	10,183	11,466
Net intangibles	2,547	4,703	10,520	8,821	7,476	6,411
Total investments	3	66	300	300	300	300
Other long-term assets	9,496	8,524	12,091	12,091	12,091	12,091
Total assets	**53,625**	**65,709**	**89,801**	**101,637**	**117,427**	**136,648**
Account payables	7,858	12,190	15,544	20,500	24,746	29,706
Short-term debt	62	2,127	1,871	1,871	1,871	1,871
Total current liabilities	19,083	23,482	26,180	31,137	35,383	40,342
Long-term debt	5,835	3,946	12,973	12,973	12,973	12,973
Total long-term liabilities	9,717	10,002	19,693	19,693	19,693	19,693
Total liabilities	**28,800**	**33,484**	**45,873**	**50,829**	**55,076**	**60,035**
Total common equity	**24,367**	**31,082**	**37,726**	**44,719**	**56,376**	**70,751**
Minority interest	458	1,144	6,202	6,089	5,975	5,862
Total Equity	**24,825**	**32,225**	**43,928**	**50,808**	**62,352**	**76,613**
Cash conversion cycle						
Account receivable days	75	71	75	65	65	65
Inventory days	421	433	403	398	393	388
Account payable days	193	215	215	212	209	206
Cash conversion cycle	303	289	264	252	250	248
Ratios						
ROE (common)	17.7%	20.3%	16.1%	18.9%	26.5%	26.9%
ROA	8.1%	9.4%	7.1%	8.1%	12.2%	13.5%

Rmb mn	2023	2024	2025	2026E	2027E	2028E
Cash flow statement						
Net income	3,899	5,621	5,522	7,777	13,410	17,127
D&A add-back	633	1,006	1,503	2,732	2,471	2,283
Minorities add-back	134	72	(113)	(113)	(113)	(113)
Net(inc)/dec working capital	(2,354)	(4,306)	(4,221)	(5,384)	(8,184)	(5,607)
Other operating cash flow	51	(816)	(557)	-	-	-
Cash flow from operations	2,365	1,573	2,133	5,012	7,584	13,690
Capital expenditures	(1,980)	(2,046)	(2,262)	(2,350)	(2,424)	(2,501)
Investments	(70)	(166)	(495)	-	-	-
Others	(8)	0	(1,173)	-	-	-
Cash flow from investments	**(2,058)**	**(2,212)**	**(3,929)**	**(2,350)**	**(2,424)**	**(2,501)**
Dividend paid (common & pref)	(388)	(615)	(908)	(783)	(1,753)	(2,753)
Inc/(dec) in debt	1,889	175	8,771	-	-	-
Change in common stock	2	3	191	-	-	-
Other financing cash flows	142	1,174	(1,450)	-	-	-
Cash flow from financing	**1,647**	**740**	**6,607**	**(783)**	**(1,753)**	**(2,753)**
Total cash flow	**2,017**	**(104)**	**4,990**	**1,878**	**3,407**	**8,436**
Ratio						
Capex to revenue	9.0%	6.9%	5.7%	4.6%	3.6%	3.1%

Source: Company data, Goldman Sachs Global Investment Research

AMEC (688012.SS, Buy)

Earnings revision: We cut 2026 earnings by 1%, and raise earnings by 1%/ 7% in 2027-28E mainly on higher earnings and improving Opex ratio. Revenues are revised up on higher revenues of etching tools for advanced node clients, supporting company's product mix upgrade. We revise down Opex ratio in 2027E to reflect better operational efficiency and production site management.

Exhibit 6: Earnings revision

	2026E			2027E			2028E		
Rmb m	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Revenue	17,004	17,004	0%	22,679	22,899	1%	28,078	29,518	5%
Gross profit	7,194	7,194	0%	9,938	10,039	1%	12,575	13,231	5%
Op. income	3,536	3,492	-1%	6,178	6,233	1%	8,361	8,965	7%
Net income	4,088	4,049	-1%	5,954	6,002	1%	7,701	8,214	7%
Margins									
GM	42.3%	42.3%	0ppts	43.8%	43.8%	0ppts	44.8%	44.8%	0ppts
OPM	20.8%	20.5%	-0.3ppts	27.2%	27.2%	0ppts	29.8%	30.4%	0.6ppts
NM	24.0%	23.8%	-0.2ppts	26.3%	26.2%	0ppts	27.4%	27.8%	0.4ppts

Source: Company data, Goldman Sachs Global Investment Research

Valuation: Our 12-month target price is Rmb573 (vs. previously at Rmb412.08), still based on a discounted P/E methodology. Our target multiple is based the correlation between peers' P/E vs. the sum of forward year NI growth and OPM, which is 56x 2030E discounted P/E (vs. previously at 44.2x 2030E P/E). The 56x target 2030E P/E is supported by higher earnings growth and sector re-rate on positive outlook of semis capacity expansion and advanced nodes upgrade. We apply the 56x target P/E and discount it back to 2027E with a COE of 11% (unchanged). Maintain Buy.

Exhibit 7: AMEC discounted P/E

Rmb mn	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	**4,740**	**6,264**	**9,065**	**12,385**	**17,004**	**22,899**	**29,518**	**37,783**	**47,607**	**58,080**
Etcher	3,147	4,703	7,276	9,832	12,759	17,259	22,045	28,217	35,553	43,375
MOCVD	700	462	379	717	928	1,073	1,401	1,793	2,259	2,756
Parts	835	971	1,121	1,171	1,415	1,817	2,340	2,995	3,774	4,604
Maintenance	33	54	79	80	101	130	167	214	269	328
Others	25	73	54	79	123	221	486	622	784	957
Rev YoY %	*52%*	*32%*	*45%*	*37%*	*37%*	*35%*	*29%*	*28%*	*26%*	*22%*
Gross margin	45.7%	45.8%	41.1%	39.2%	42.3%	43.8%	44.8%	44.9%	44.9%	44.9%
Gross profit	2,168	2,870	3,722	4,850	7,194	10,039	13,231	16,955	21,363	26,063
Opex	**1,265**	**1,664**	**2,409**	**3,520**	**3,702**	**3,805**	**4,266**	**5,348**	**6,548**	**8,247**
Opex ratio	27%	27%	27%	28%	22%	17%	14%	14%	14%	14%
OP income	**903**	**1,206**	**1,313**	**1,330**	**3,492**	**6,233**	**8,965**	**11,607**	**14,815**	**17,815**
OPM	*19%*	*19%*	*14%*	*11%*	*21%*	*27%*	*30%*	*31%*	*31%*	*31%*
Pre-tax profit	**1,259**	**2,010**	**1,709**	**2,190**	**4,481**	**6,899**	**9,663**	**12,306**	**15,514**	**18,514**
Net profit	**1,170**	**1,786**	**1,616**	**2,111**	**4,049**	**6,002**	**8,214**	**10,460**	**13,187**	**15,737**
YoY	16%	53%	-10%	31%	92%	48%	37%	27%	26%	19%
EPS	1.90	2.89	2.61	2.26	4.33	6.43	8.79	11.20	14.12	16.85
2030 Target P/E									56.0x	
12M target price (Rmb)						**573**				
TP implied P/E						**89**	**65**	**51**		

COE assumption	
Beta	1.20
Risk free	3.5%
Market risk premium	6.5%
COE	**11%**

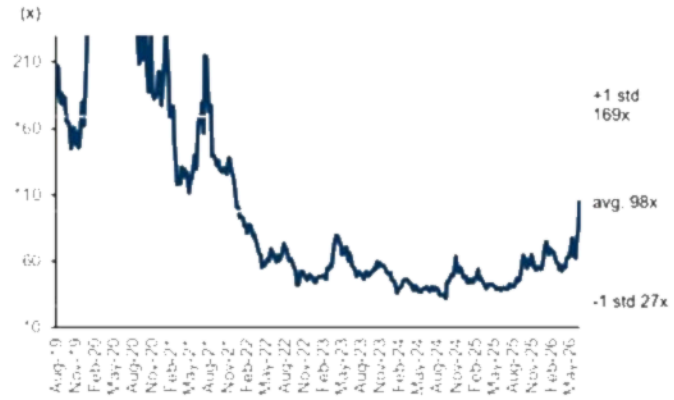
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 8: AMEC P&L Summary

Rmb mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	2,173	2,787	3,102	4,322	2,915	3,814	4,420	5,855	4,740	6,264	9,065	12,385	17,004	22,899	29,518
Gross profit	903	1,074	1,175	1,698	1,163	1,604	1,946	2,481	2,168	2,870	3,722	4,850	7,194	10,039	13,231
Operating expense	668	876	931	1,044	773	921	947	1,061	1,265	1,664	2,409	3,520	3,702	3,805	4,266
Operating income	235	198	244	654	390	684	999	1,420	903	1,206	1,313	1,330	3,492	6,233	8,965
Pre tax profit	294	423	509	963	977	813	1,133	1,559	1,259	2,010	1,709	2,190	4,481	6,899	9,663
Net income	313	393	505	900	930	723	1,008	1,387	1,170	1,786	1,616	2,111	4,049	6,002	8,214
EPS (Rmb)	0.34	0.42	0.54	0.96	1.00	0.77	1.08	1.49	1.90	2.89	2.61	2.26	4.33	6.43	8.79
Margins / ratio															
Gross margin	41.5%	38.5%	37.9%	39.3%	39.9%	42.1%	44.0%	42.4%	45.7%	45.8%	41.1%	39.2%	42.3%	43.8%	44.8%
Opex ratio	30.7%	31.4%	30.0%	24.2%	26.5%	24.1%	21.4%	18.1%	26.7%	26.6%	26.6%	28.4%	21.8%	16.6%	14.5%
Operating margin	10.8%	7.1%	7.9%	15.1%	13.4%	17.9%	22.6%	24.2%	19.0%	19.3%	14.5%	10.7%	20.5%	27.2%	30.4%
Net margin	14.4%	14.1%	16.3%	20.8%	31.9%	19.0%	22.8%	23.7%	24.7%	28.5%	17.8%	17.0%	23.8%	26.2%	27.8%
QoQ															
Revenue	-39%	28%	11%	39%	-33%	31%	16%	32%							
Gross profit	-35%	19%	9%	44%	-32%	38%	21%	28%							
Operating income	-57%	-15%	23%	168%	-40%	75%	46%	42%							
Pre tax profit	-61%	44%	20%	89%	1%	-17%	39%	38%							
Net income	-55%	25%	29%	78%	3%	-22%	39%	38%							
Revenue	35%	51%	51%	21%	34%	37%	42%	35%	52%	32%	45%	37%	37%	35%	29%
Gross profit	25%	53%	31%	22%	29%	49%	66%	46%	61%	32%	30%	30%	48%	40%	32%
Operating income	-20%	24%	-21%	19%	66%	245%	309%	117%	109%	34%	9%	1%	163%	78%	44%
Pre tax profit	15%	54%	23%	26%	232%	92%	122%	62%	11%	60%	-15%	28%	105%	54%	40%
Net income	26%	47%	28%	28%	197%	84%	100%	54%	16%	53%	-10%	31%	92%	48%	37%
EPS	26%	45%	26%	27%	193%	84%	99%	54%	8%	52%	-10%	-13%	92%	48%	37%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 9: AMEC 12M forward P/E



Source: Eikon Datastream

Exhibit 10: AMEC Balance sheet and Cash flow statement

Rmb mn	2023	2024	2025	2026E	2027E	2028E
Balance sheet						
Cash & equivalent	7,090	7,762	7,951	8,333	8,430	10,975
Net receivables	1,213	1,445	2,047	2,748	3,710	4,614
Inventory	4,260	7,039	7,170	8,956	10,775	15,552
Other current asset	2,523	1,656	1,765	1,765	1,765	1,765
Total current assets	**15,087**	**17,901**	**18,934**	**21,801**	**24,680**	**32,906**
Net PP&E	1,988	2,716	2,829	2,953	3,015	3,261
Net intangibles	687	693	1,286	3,528	4,850	6,290
Total investments	1,020	870	1,445	1,445	1,445	1,445
Other long-term assets	2,744	4,038	5,352	5,352	5,352	5,352
Total assets	**21,526**	**26,218**	**29,846**	**35,079**	**39,342**	**49,254**
Account payables	1,305	1,680	1,856	3,519	2,471	5,115
Short-term debt	510	36	19	19	19	19
Total current liabilities	**3,624**	**5,634**	**6,202**	**7,865**	**6,816**	**9,461**
Long-term debt	-	721.80	730.40	730.40	730.40	730.40
Total liabilities	**3,624**	**5,634**	**6,202**	**7,865**	**6,816**	**9,461**
Total long-term liabilities						
Total common equity	**17,826**	**19,737**	**22,695**	**26,277**	**31,588**	**38,856**
Minority interest	(3.0)	(1.4)	34.2	22.2	22.2	22.2
Total Equity	**17,823**	**19,736**	**22,729**	**26,299**	**31,610**	**38,878**
BVPS	19.4	21.4	24.6	28.5	34.2	42.1
Cash conversion cycle						
Account receivable days	56	54	51	51	51	51
Inventory days	412	386	344	300	280	295
Account payable days	122	102	86	100	85	85
Cash conversion cycle	346	337	310	251	246	261
Ratios						
ROE (common)	10.7%	8.6%	10.0%	16.5%	20.7%	23.3%
ROA	8.6%	6.8%	7.5%	12.5%	16.1%	18.5%
Net cash per share (Rmb)	10.6	11.3	7.7	8.1	8.2	10.9
Net debt as % of total equity	-36.9%	-35.5%	-31.7%	-28.8%	-24.3%	-26.3%

Rmb mn	2023	2024	2025	2026E	2027E	2028E
Cash flow statement						
Net income	1,786	1,616	2,111	4,049	6,002	8,214
D&A add-back	161	248	918	930	1,204	1,352
Minorities add-back	(2)	(1)	(47)	(12)	-	-
Net(inc)/dec working capital	(1,014)	(2,635)	(558)	(823)	(3,830)	(3,037)
Other operating cash flow	(1,908)	2,231	(129)	-	-	-
Cash flow from operations	**(977)**	**1,458**	**2,295**	**4,144**	**3,377**	**6,529**
Capital expenditures	(870)	(895)	(1,950)	(2,970)	(2,588)	(3,038)
Investments	3,062	2,382	575	-	-	-
Others	(364)	(841)	(730)	-	-	-
Cash flow from investments	**1,827**	**646**	**(2,105)**	**(2,970)**	**(2,588)**	**(3,038)**
Dividend paid (common & pref)	(138)	(200)	(243)	(466)	(691)	(946)
Inc/(dec) in debt	(3)	248	(8)	-	-	-
Change in common stock	673	788	944	-	-	-
Other financing cash flows	(311)	(837)	(511)	-	-	-
Cash flow from financing	**223**	**(2)**	**182**	**(466)**	**(691)**	**(946)**
Total cash flow	**1,073**	**2,103**	**372**	**708**	**98**	**2,545**
Free cash flow	**(1,847)**	**563**	**345**	**1,174**	**789**	**3,491**
Ratio						
Capex to revenue	13.9%	9.9%	15.7%	17.5%	11.3%	10.3%

Source: Company data, Goldman Sachs Global Investment Research

ACMR (ACMR.US, Buy)

Earnings revision: We raise earnings by 3%/ 7% in 2027-28E mainly on higher revenues and improving Opex ratio. We revise up the revenues of cleaning tools for advanced

nodes clients, and accelerated product expansion to innovative PECVD tools. We lower opex ratio in 2028E to reflect larger business scale and improving efficiency.

Exhibit 11: Earnings revision

	2026E			2027E			2028E		
(US$ mn)	New	Old	Diff	New	Old	Diff	New	Old	Diff
Revenue	1,238	1,238	0%	1,690	1,655	2%	2,022	1,986	2%
Gross profit	566	566	0%	775	759	2%	920	903	2%
Opering income	205	205	0%	301	292	3%	367	346	6%
Pre-tax profit	207	207	0%	312	304	3%	378	357	6%
Net income	138	138	0%	214	207	3%	260	243	7%
Margins									
Gross margin	45.7%	45.7%	0ppts	45.9%	45.8%	0ppts	45.5%	45.5%	0ppts
Operating margin	16.5%	16.5%	0ppts	17.8%	17.7%	0.1ppts	18.1%	17.4%	0.7ppts
Net margin	11.2%	11.2%	0ppts	12.6%	12.5%	0.1ppts	12.9%	12.2%	0.6ppts

Source: Company data, Goldman Sachs Global Investment Research

Valuation: We change the valuation methodology from near-term P/E to 2030E discounted P/E to capture the long-term growth opportunities. **Our 12-month target price is US$164 (vs. previously at US$109.4).** Our target multiple is based the correlation between peers' P/E vs. the sum of forward year NI growth and OPM, which is 40x 2030E discounted P/E target multiple, based on company's NI YoY at 18% and OPM at 18% in 2031E. We apply the 40x target P/E and discount it back to 2027E with a COE of 11%. Maintain Buy.

Exhibit 12: ACMR discounted P/E

USD mn	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	**4,740**	**558**	**782**	**901**	**1,238**	**1,690**	**2,022**	**2,426**	**2,790**	**3,180**
Rev YoY %	*52%*	*-88%*	*40%*	*15%*	*37%*	*37%*	*20%*	*20%*	*15%*	*14%*
Gross margin	45.7%	49.5%	50.1%	44.4%	45.7%	45.9%	45.5%	45.0%	44.0%	44.0%
Gross profit	2,168	276	392	400	566	775	920	1,092	1,227	1,399
Opex	**1,265**	**180**	**241**	**291**	**361**	**474**	**553**	**679**	**753**	**840**
Opex ratio	27%	32%	31%	32%	29%	28%	27%	28%	27%	26%
OP income	**903**	**96**	**151**	**109**	**205**	**301**	**367**	**412**	**474**	**560**
OPM	*19%*	*17%*	*19%*	*12%*	*17%*	*18%*	*18%*	*17%*	*17%*	*18%*
Pre-tax profit	**1,259**	**116**	**166**	**123**	**207**	**312**	**378**	**427**	**489**	**575**
Net profit	**1,170**	**77**	**104**	**82**	**138**	**214**	**260**	**321**	**383**	**451**
YoY	16%	-93%	34%	-21%	68%	55%	22%	23%	19%	18%
EPS	1.90	1.17	1.56	1.21	2.04	3.15	3.83	4.73	5.65	6.64
2030 Target P/E									40.0x	
12M target price (Rmb)						**164**				
TP implied P/E						**52**	**43**	**35**		

COE assumption	
Beta	1.20
Risk free	3.5%
Market risk premium	6.5%
COE	**11%**

The EPS data refers to diluted EPS

Source: Company data, Goldman Sachs Global Investment Research

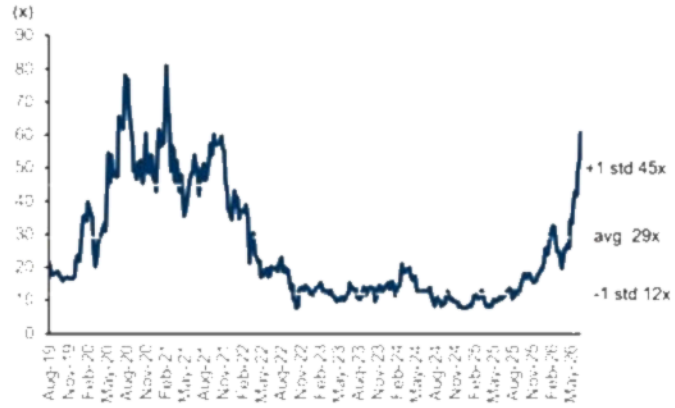
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Exhibit 13: ACMR P&L Summary

US$ mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	172	215	269	244	231	283	348	375	389	558	782	901	1,238	1,690	2,022
Gross profit	83	104	113	100	107	126	161	172	184	276	392	400	566	775	920
Operating expense	(57)	(73)	(84)	(77)	(71)	(90)	(104)	(96)	(125)	(180)	(241)	(291)	(361)	(474)	(553)
Operating income	26	32	29	23	36	36	57	76	59	96	151	109	205	301	367
Pre tax profit	27	38	49	21	30	39	60	79	67	116	166	123	207	312	378
Net income	20	30	36	8	17	26	41	54	39	77	104	82	138	214	260
EPS, diluted (US$)	0.30	0.44	0.52	0.12	0.25	0.38	0.59	0.78	0.60	1.17	1.56	1.21	2.04	3.15	3.83
Margins / ratio															
Gross margin	47.9%	48.5%	42.0%	40.9%	46.4%	44.4%	46.2%	45.8%	47.2%	49.5%	50.1%	44.4%	45.7%	45.9%	45.5%
Opex ratio	-32.9%	-33.8%	-31.3%	-31.4%	-30.7%	-31.8%	-29.9%	-25.5%	-32.0%	-32.3%	-30.8%	-32.2%	-29.2%	-28.1%	-27.4%
Operating margin	15.0%	14.7%	10.7%	9.4%	15.6%	12.6%	16.3%	20.3%	15.2%	17.2%	19.3%	12.1%	16.5%	17.8%	18.1%
Net margin	11.8%	13.8%	13.3%	3.3%	7.5%	9.3%	11.7%	14.4%	10.1%	13.9%	13.2%	9.1%	11.2%	12.6%	12.9%
QoQ															
Revenue	-23%	25%	25%	-9%	-5%	23%	23%	8%							
Gross profit	-26%	27%	8%	-12%	7%	17%	28%	7%							
Operating income	-41%	23%	-9%	-20%	57%	-1%	59%	34%							
Pre tax profit	-52%	40%	29%	-58%	44%	28%	55%	33%							
Net income	-34%	46%	21%	-78%	115%	52%	55%	33%							
YoY															
Revenue	13%	6%	32%	9%	34%	32%	29%	53%	50%	43%	40%	15%	37%	37%	20%
Gross profit	4%	8%	8%	-10%	30%	20%	42%	72%	60%	50%	42%	2%	41%	37%	19%
Operating income	2%	-16%	-35%	-48%	40%	13%	96%	230%	52%	62%	58%	-28%	87%	47%	22%
Pre tax profit	3%	-6%	15%	-63%	10%	1%	21%	280%	56%	73%	43%	-26%	68%	51%	21%
Net income	17%	23%	16%	-74%	-15%	-12%	13%	570%	4%	97%	34%	-21%	68%	55%	22%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 14: ACMR 12M foward P/E



Source: Eikon Datastream

Exhibit 15: ACMR Balance sheet and Cash flow statement

US$ mn	2023	2024	2025	2026E	2026E	2026E
Balance sheet						
Cash & equivalent	183	411	766	1,050	1,061	1,446
Net receivables	283	387	504	581	531	743
Inventory	545	598	703	586	918	651
Other current asset	164	87	464	453	453	453
Total current assets	**1,176**	**1,483**	**2,437**	**2,669**	**2,962**	**3,293**
Net PP&E	202	269	315	389	449	509
Net intangibles	10	17	21	17	17	17
Total investments	17	28	37	66	66	66
Other long-term assets	76	49	34	34	34	34
Total assets	**1,491**	**1,856**	**2,872**	**3,176**	**3,529**	**3,919**
Account payables	153	155	248	379	474	552
Short-term debt	38	77	109	109	109	109
Total current liabilities	501	641	746	877	972	1,050
Long-term debt	53.95	105.53	178.93	178.93	178.93	178.93
Total long-term liabilities	64	119	196	196	196	196
Total liabilities	**565**	**760**	**942**	**1,073**	**1,168**	**1,246**
Total common equity	**767**	**905**	**1,464**	**1,603**	**1,816**	**2,076**
Minority interest	159	191	466	501	545	597
Cash flow statement						
Net income	77	104	82	138	214	260
D&A add-back	-	-	-	-	-	-
Minorities add-back	20	28	28	35	44	52
Net(inc)/dec working capital	(215)	(154)	(130)	171	(186)	133
Other operating cash flow	38	178	-	-	-	-
Cash flow from operations	**(75)**	**152**	**(20)**	**344**	**71**	**445**
Capital expenditures	(62)	(82)	(60)	(60)	(60)	(60)
Investments	10	9	29	-	-	-
Others	45	61	-	-	-	-
Cash flow from investments	**(7)**	**(12)**	**(31)**	**(60)**	**(60)**	**(60)**
Dividend paid (common & pref)	-	-	-	-	-	-
Inc/(dec) in debt	15	91	105	-	-	-
Change in common stock	26	48	438	-	-	-
Other financing cash flows	(22)	(46)	-	-	-	-
Cash flow from financing	**19**	**92**	**543**	**-**	**-**	**-**
Total cash flow	**(65)**	**228**	**355**	**284**	**11**	**385**
Free cash flow	**(137)**	**70**	**(80)**	**284**	**11**	**385**

Source: Company data, Goldman Sachs Global Investment Research

Anji Micro (688019.SS, Buy)

Earnings revision: We raise earnings by 2%/ 4% in 2027-28E mainly on higher revenues. We revise up revenues of CMP Slurry and wet chemicals for advanced node clients, driven by rising capex spending of local clients, and rising adoption of Anji's solution.

Exhibit 16: Earnings revision

	2026E			2027E			2028E		
Rmb mn	New	Old	Diff(%)	New	Old	Diff(%)	New	Old	Diff(%)
Revenue	3,593	3,593	0%	4,752	4,687	1%	5,857	5,692	3%
Gross profit	2,077	2,077	0%	2,802	2,765	1%	3,451	3,348	3%
Op. income	1,297	1,297	0%	1,945	1,908	2%	2,510	2,407	4%
Net income	1,186	1,186	0%	1,790	1,756	2%	2,298	2,206	4%
Margins									
GM	57.8%	57.8%	0ppts	59.0%	59.0%	0ppts	58.9%	58.8%	0.1ppts
OPM	36.1%	36.1%	0ppts	40.9%	40.7%	0.2ppts	42.8%	42.3%	0.6ppts
NM	33.0%	33.0%	0ppts	37.7%	37.5%	0.2ppts	39.2%	38.8%	0.5ppts

Source: Company data, Goldman Sachs Global Investment Research

Valuation: We change the valuation methodology from near-term P/E to 2030E discounted P/E to capture the long-term growth opportunities. **Our 12-month target price is Rmb509 (vs. previously at Rmb293.08)**. Our target multiple is based on the correlation between peers' P/E vs. the sum of forward year NI growth and OPM, which is 46x 2030E discounted P/E target multiple, based on company's NI YoY at 18% and OPM at 18% in 2031E. We apply the 56x target P/E and discount it back to 2027E with a COE of 11%. Maintain Buy.

Exhibit 17: Anji Micro discounted P/E

Rmb mn	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	**1,077**	**1,238**	**1,835**	**2,504**	**3,593**	**4,752**	**5,857**	**7,145**	**8,503**	**10,033**
Rev YoY %		*15%*	*48%*	*36%*	*43%*	*32%*	*23%*	*22%*	*19%*	*18%*
Gross margin	54.2%	55.8%	58.5%	56.7%	57.8%	59.0%	58.9%	59.0%	59.0%	59.0%
Gross profit	584	691	1,073	1,420	2,077	2,802	3,451	4,214	5,014	5,917
Opex	**265**	**368**	**515**	**621**	**780**	**857**	**941**	**1,127**	**1,324**	**1,555**
Opex ratio	25%	30%	28%	25%	22%	18%	16%	16%	16%	16%
OP income	**318**	**323**	**558**	**799**	**1,297**	**1,945**	**2,510**	**3,087**	**3,690**	**4,362**
OPM	*30%*	*26%*	*30%*	*32%*	*36%*	*41%*	*43%*	*43%*	*43%*	*43%*
Pre-tax profit	**339**	**440**	**568**	**849**	**1,318**	**1,989**	**2,553**	**3,167**	**3,770**	**4,442**
Net profit	**301**	**403**	**534**	**784**	**1,186**	**1,790**	**2,298**	**2,867**	**3,470**	**4,142**
YoY		34%	33%	47%	51%	51%	28%	25%	21%	19%
EPS	2.08	1.85	2.45	3.59	5.24	7.87	10.10	12.60	15.25	18.21
2030 Target P/E									46.0x	
12M target price (Rmb)						**509**				
TP implied P/E						**65**	**50**	**40**		

COE assumption	
Beta	1.20
Risk free	3.5%
Market risk premium	6.5%
COE	**11%**

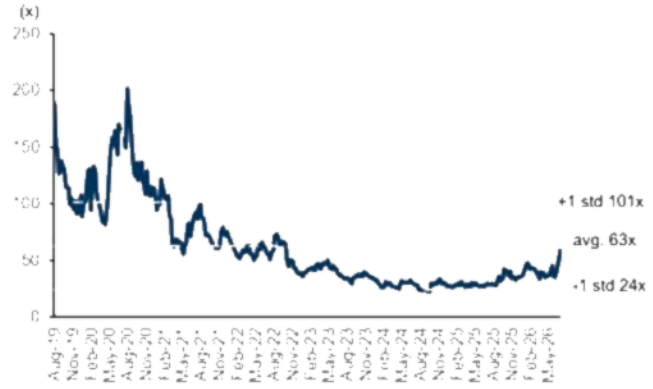
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 18: Anji Micro P&L Summary

(Rmb m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	545	596	671	692	724	876	992	1,001	1,077	1,238	1,835	2,504	3,593	4,752	5,857
Gross profit	304	340	382	395	402	510	587	578	584	691	1,073	1,420	2,077	2,802	3,451
Operating expense	129	134	176	182	167	167	220	226	265	368	515	621	780	857	941
Operating income	174	206	206	213	235	343	367	352	318	323	558	799	1,297	1,945	2,510
Pre tax profit	184	222	250	193	223	354	378	363	339	440	568	849	1,318	1,989	2,553
Net income	169	207	233	175	208	319	340	327	301	403	534	784	1,186	1,790	2,298
Margins / ratio															
Gross margin	55.7%	57.0%	57.0%	57.0%	55.5%	58.2%	59.2%	57.7%	54.2%	55.8%	58.5%	56.7%	57.8%	59.0%	58.9%
Opex ratio	23.7%	22.5%	26.3%	26.2%	23.1%	19.1%	22.2%	22.6%	24.7%	29.7%	28.1%	24.8%	21.7%	18.0%	16.1%
Operating margin	32.0%	34.5%	30.7%	30.8%	32.4%	39.2%	37.0%	35.2%	29.6%	26.1%	30.4%	31.9%	36.1%	40.9%	42.8%
Net margin	33.7%	37.2%	37.3%	27.9%	30.8%	40.4%	38.1%	36.2%	31.5%	35.6%	30.9%	33.9%	36.7%	41.9%	43.6%
QoQ															
Revenue	4%	9%	12%	3%	5%	21%	13%	1%							
Gross profit	0%	12%	12%	3%	2%	27%	15%	-2%							
Operating income	19%	18%	0%	4%	10%	46%	7%	-4%							
Pre tax profit	22%	21%	13%	-23%	15%	59%	7%	-4%							
Net income	20%	22%	13%	-25%	18%	53%	7%	-4%							
YoY															
Revenue	44%	42%	30%	32%	33%	47%	48%	45%	57%	15%	48%	36%	43%	32%	23%
Gross profit	37%	42%	24%	30%	32%	50%	54%	46%	66%	18%	55%	32%	46%	35%	23%
Operating income	50%	65%	21%	45%	35%	67%	78%	65%	197%	2%	72%	43%	62%	50%	29%
Pre tax profit	62%	62%	50%	29%	21%	60%	51%	88%	157%	30%	29%	50%	55%	51%	28%
Net income	61%	60%	47%	24%	23%	54%	46%	86%	141%	34%	33%	47%	51%	51%	28%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 19: Anji 12M forward P/E



Source: Eikon Datastream

Exhibit 20: Anji Micro Balance sheet and Cash flow statement

Rmb mn	2023	2024	2025	2026E	2027E	2028E
Balance sheet						
Cash & equivalent	532	898	1,621	2,561	3,345	5,249
Net receivables	282	393	552	787	958	1,192
Inventory	427	618	1,050	944	1,567	1,531
Other current asset	101	118	103	96	96	96
Total current assets	1,342	2,026	3,326	4,388	5,966	8,069
Net PP&E	309	512	655	749	813	860
Net intangibles	80	79	74	66	60	55
Total investments	112	114	94	94	94	94
Other long-term assets	760	720	889	889	889	889
Total assets	**2,603**	**3,452**	**5,038**	**6,187**	**7,822**	**9,967**
Account payables	81	143	183	273	313	410
Short-term debt	42	198	194	194	194	194
Total current liabilities	193	467	488	579	619	716
Long-term debt	94.59	114.45	0.46	0.46	0.46	0.46
Total long-term liabilities	192	170	1,019	1,019	1,019	1,019
Total liabilities	**479**	**751**	**1,507**	**1,598**	**1,638**	**1,735**
Total common equity	**2,124**	**2,701**	**3,531**	**4,588**	**6,183**	**8,231**
Minority interest	-	1	1	1	1	1
Total Equity	**2,124**	**2,701**	**3,531**	**4,589**	**6,184**	**8,232**
BVPS	9.8	12.4	16.2	21.1	28.4	37.8
Cash conversion cycle						
Account receivable days	77	67	69	68	67	67
Inventory days	265	250	281	240	235	235
Account payable days	55	54	55	55	55	55
Cash conversion cycle	286	264	295	253	247	247
Ratios						
ROE	22.1%	22.1%	25.1%	29.2%	33.2%	31.9%
ROA	17.3%	17.6%	18.5%	21.1%	25.6%	25.8%
Net cash per share (Rmb)	1.8	2.7	6.5	10.5	13.8	22.2
Net debt as % of total equity	-18.6%	-21.7%	-40.4%	-51.6%	-51.0%	-61.4%

Rmb mn	2023	2024	2025	2026E	2027E	2028E
Cash flow statement						
Net income	403	534	784	1,186	1,790	2,298
D&A add-back	58	84	135	172	192	208
Minorities add-back	-	-	-	-	-	-
Net(inc)/dec working capital	(111)	(238)	(552)	(38)	(754)	(102)
Other operating cash flow	(13)	114	74	-	-	-
Cash flow from operations	**336**	**493**	**440**	**1,320**	**1,228**	**2,404**
Capital expenditures	(338)	(267)	(280)	(250)	(250)	(250)
Investments	38	2	(20)	-	-	-
Others	(16)	(86)	(431)	-	-	-
Cash flow from investments	**(316)**	**(352)**	**(731)**	**(250)**	**(250)**	**(250)**
Dividend paid (common & pref)	(35)	(39)	(85)	(129)	(195)	(250)
Inc/(dec) in debt	82	177	(118)	(0)	(0)	(0)
Change in common stock	251	80	73	-	-	-
Other financing cash flows	(124)	(95)	742	-	-	-
Cash flow from financing	**175**	**123**	**611**	**(129)**	**(195)**	**(250)**
Total cash flow	**203**	**366**	**723**	**940**	**783**	**1,904**
Free cash flow	**(2)**	**226**	**160**	**1,070**	**978**	**2,154**
Ratio						
Capex to revenue	27%	15%	11%	7%	5%	4%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - NAURA

Valuation: We are Buy-rated on NAURA with a 12-month target price of Rmb1,200, which is based on 56x 2030E discounted P/E (discounted back to 2027E). Our target P/E

is derived from correlation between peers P/E to the sum of NI YoY and OPM.

Key downside risks: 1) Further US export restrictions on China semiconductor firms, which could delay their capacity expansion schedule and therefore reduce the demand for NAURA's equipment; 2) Slower-than-expected capacity expansion progress at NAURA's matured nodes customers, which could lead to slower revenue growth than we expect and therefore lower earnings vs. our current estimates.

Price Target Risks and Methodology - AMEC

Valuation: We are Buy-rated on AMEC with a 12-month target price of Rmb573, which is based on 56x 2030E discounted P/E (discounted back to 2027E). Our target P/E is derived from correlation between peers P/E to the sum of NI YoY and OPM.

Key downside risks: (1) Current trade restrictions do not specifically target matured node fabs, but if restrictions were to expand to matured nodes, it would further reduce demand for AMEC's products. (2) AMEC supplies etchers that can be used for 5nm production lines overseas (i.e., advanced nodes); if its ability to supply such products is hindered, it could lead to further downside risks. (3) Weaker-than-expected capex of major foundries in China.

Price Target Risks and Methodology - ACM Research

Valuation: We are Buy-rated on ACMR with a 12-month target price of US$164, which is based on 40x 2030E discounted P/E (discounted back to 2027E). Our target P/E is derived from correlation between peers P/E to the sum of NI YoY and OPM.

Key downside risks to our investment thesis: 1) stronger-than-expected competition in cleaning equipment; 2) a delay in R&D of new tools and technology, which could impact ACM Research's market share and revenue; 3) supply chain risk – some key components of ACM Research's products are from overseas suppliers, and logistics disruptions could impact its supply chain; 4) China-US trade tensions.

Price Target Risks and Methodology - Anji Micro

Valuation: We are Buy-rated on Anji Micro with a 12-month target price of Rmb509, which is based on 46x 2030E discounted P/E (discounted back to 2027E). Our target P/E is derived from correlation between peers P/E to the sum of NI YoY and OPM.

Key downside risks: 1) supply chain risks; 2) weaker semi client demand; and 3) weaker-than-expected product expansion.