NOMURA

Global Markets Research

7 October 2026

Piotech Inc. 688072.SS 688072 CH

EQUITY: TECHNOLOGY

A rising name in CVD, ALD, and 3D integration

Sales growing fast with increasing customer qualification; 3D integration the next focus; initiating at Buy

Initiating coverage of Piotech with Buy rating and target price of CNY913.00

We initiate coverage on Piotech with a Buy rating. Our target price of CNY913.00 is based on 20.0x 2027E EV/sales, at a premium to local peers given its faster sales growth, leading market share and technological edge in plasma-enhanced chemical vapor deposition (PECVD). We see Piotech as one of the most direct beneficiaries of China's semiconductor localization trend, and expect it to gain market share. Driven by active capacity expansion of domestic memory makers and foundries, a strong customer base, installed-base stickiness, and demand for 3D integration tools, we forecast it to record a ~41% revenue CAGR in 2025-28F, reaching ~CNY18.1bn in 2028F,; and to post a net profit CAGR of ~45% (with a recurring net profit CAGR of ~50%).

Domestic leader in deposition, rising star in 3D integration tools

Piotech is a dominant domestic supplier of chemical vapor deposition (CVD) thin-film deposition equipment in China, with strong commercialized PECVD and SACVD platforms. Its portfolio also includes atomic-layer deposition (ALD), high-density plasma chemical vapor deposition (HDPCVD), flowable CVD, advanced wafer-to-wafer and chip-to-wafer bonding, and complementary metrology. We estimate its domestic share in PECVD at over 35% in 2025F, with an overall share of around 2% in the China WFE market. It entered the 3D integration field in 2020 focusing mainly on hybrid bonding and fusion bonding, with revenue contribution starting from 2023. In addition, through the announced acquisition of Wuxi Shangji (unlisted) (*Jul-26*), Piotech is also extending into PVD and dry etch, taking the company from a thin-film pure-play to a multi-process equipment platform.

Key beneficiary of increasing localization; significant upside potential

We see four main drivers supporting Piotech: (1) equipment localization is the most prominent, as China's deposition localization is now 25-30%, with a large portion still with global leaders; (2) memory maker and foundry capacity expansion, as well as node migration, require more deposition steps and higher-end tools; (3) 3D integration demand is rising in the post-Moore era and non-EUV roadmap; and (4) other key moats include customer base and stickiness (major Chinese foundries, memory makers and IDMs), a large installed base and user stickiness, and solid relationships with component suppliers.

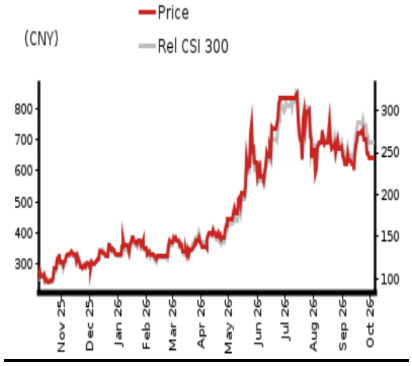
Key risks include less aggressive wafer fab capacity expansion, slower market share gain, intensified competition, and easing of equipment export control from US and Japan.

Year-end 31 Dec	FY25		FY26F		FY27F		FY28F
Currency (CNY)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	6,519	0	9,203	0	12,990	0	18,104
Reported net profit (mn)	927	0	2,142	0	2,044	0	2,840
Normalised net profit (mn)	927	0	2,142	0	2,044	0	2,840
FD normalised EPS	3.29		7.44		7.00		9.73
FD norm. EPS growth (%)	33.4		126.6		-5.9		38.9
FD normalised P/E (x)	194.8	–	86.0	–	91.4	–	65.8
EV/EBITDA (x)	201.8	–	115.2	–	77.3	–	54.4
Price/book (x)	27.3	–	13.8	–	12.1	–	10.3
Dividend yield (%)	0.1	–	0.1	–	0.1	–	0.2
ROE (%)	15.6		21.3		14.2		17.0
Net debt/equity (%)	net cash		net cash		net cash		net cash

Source: Company data, Nomura estimates

Rating Starts at	**Buy**
Target price Starts at	**CNY 913.00**
Closing price 30 September 2026	**CNY 640.00**
Implied upside	**+42.7%**
Market Cap (USD mn)	27,747.7
ADT (USD mn)	728.1

Relative performance chart



Source: LSEG, Nomura

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Key data on Piotech Inc.

Performance

(%)	1M	3M	12M		
Absolute (CNY)	-5.6	-23.1	146.0	M cap (USDmn)	27,747.7
Absolute (USD)	-5.4	-22.1	161.3	Free float (%)	52.0
Rel to CSI 300	0.2	-10.6	152.1	3-mth ADT (USDmn)	728.1

Income statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	4,103	6,519	9,203	12,990	18,104
Cost of goods sold	-2,393	-4,241	-5,484	-7,689	-10,646
Gross profit	1,711	2,279	3,719	5,301	7,458
SG&A	-1,266	-1,523	-2,393	-3,286	-4,553
Employee share expense					
Operating profit	444	756	1,326	2,014	2,905
EBITDA	535	911	1,561	2,318	3,279
Depreciation	-81	-131	-199	-260	-322
Amortisation	-10	-24	-36	-44	-53
EBIT	444	756	1,326	2,014	2,905
Net interest expense	-65	-85	-35	-25	-10
Associates & JCEs	-7	-6	-10	-5	-4
Other income	307	211	986	271	271
Earnings before tax	679	876	2,267	2,255	3,161
Income tax	9	39	-155	-225	-316
Net profit after tax	687	915	2,112	2,029	2,845
Minority interests	1	12	30	15	-5
Other items					
Preferred dividends					
Normalised NPAT	688	927	2,142	2,044	2,840
Extraordinary items					
Reported NPAT	688	927	2,142	2,044	2,840
Dividends	-66	-75	-93	-214	-204
Transfer to reserves	622	852	2,049	1,830	2,636
Valuations and ratios					
Reported P/E (x)	258.2	192.6	84.7	90.1	64.8
Normalised P/E (x)	258.2	192.6	84.7	90.1	64.8
FD normalised P/E (x)	260.0	194.8	86.0	91.4	65.8
Dividend yield (%)	0.0	0.1	0.1	0.1	0.2
Price/cashflow (x)	–	49.7	–	275.6	115.3
Price/book (x)	33.9	27.3	13.8	12.1	10.3
EV/EBITDA (x)	352.4	201.8	115.2	77.3	54.4
EV/EBIT (x)	426.1	243.5	135.7	89.0	61.4
Gross margin (%)	41.7	35.0	40.4	40.8	41.2
EBITDA margin (%)	13.0	14.0	17.0	17.8	18.1
EBIT margin (%)	10.8	11.6	14.4	15.5	16.0
Net margin (%)	16.8	14.2	23.3	15.7	15.7
Effective tax rate (%)	-1.3	-4.5	6.8	10.0	10.0
Dividend payout (%)	9.6	8.1	4.3	10.5	7.2
ROE (%)	13.9	15.6	21.3	14.2	17.0
ROA (pretax %)	20.9	5.5	7.5	8.7	10.0
Growth (%)					
Revenue	51.7	58.9	41.2	41.1	39.4
EBITDA	20.7	70.1	71.3	48.6	41.5
Normalised EPS	-30.0	34.1	127.3	-5.9	38.9
Normalised FDEPS	-30.1	33.4	126.6	-5.9	38.9

Source: Company data, Nomura estimates

Cashflow statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	535	911	1,561	2,318	3,279
Change in working capital	-1,196	3,812	-2,122	-1,427	-1,359
Other operating cashflow	378	-1,089	-119	-214	-301
Cashflow from operations	-283	3,633	-681	678	1,620
Capital expenditure	-686	-575	-860	-770	-680
Free cashflow	-969	3,058	-1,541	-92	940
Reduction in investments	-201	-757	841	174	166
Net acquisitions	0	0	10	5	4
Dec in other LT assets	166	42	-241	-13	49
Inc in other LT liabilities	0	101	93	57	62
Adjustments	-170	-139	2	-200	-278
CF after investing acts	-1,175	2,304	-836	-69	944
Cash dividends	-66	-75	-93	-214	-204
Equity issue	67	191	4,856	0	0
Debt issue	1,637	-608	0	0	0
Convertible debt issue					
Others	-280	428	-35	-25	-10
CF from financial acts	1,358	-65	4,729	-239	-214
Net cashflow	184	2,239	3,893	-308	730
Beginning cash	2,668	2,852	5,091	8,984	8,676
Ending cash	2,852	5,091	8,984	8,676	9,406
Ending net debt	61	-4,055	-7,948	-7,640	-8,370

Balance sheet (CNYmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	2,852	5,091	8,984	8,676	9,406
Marketable securities	193	890	934	981	1,030
Accounts receivable	1,473	1,407	2,627	3,067	4,373
Inventories	7,216	7,826	10,806	15,232	19,187
Other current assets	953	1,066	1,336	1,494	1,673
Total current assets	12,687	16,279	24,687	29,449	35,669
LT investments	723	874	979	1,043	1,114
Fixed assets	893	1,691	2,209	2,731	3,131
Goodwill	0	0	0	0	0
Other intangible assets	176	185	231	339	482
Other LT assets	835	793	1,035	1,047	998
Total assets	15,314	19,824	29,141	34,609	41,395
Short-term debt	119	186	186	186	186
Accounts payable	1,387	1,730	2,057	2,847	3,943
Other current liabilities	5,325	9,450	11,472	14,277	17,264
Total current liabilities	6,831	11,366	13,715	17,311	21,393
Long-term debt	2,794	850	850	850	850
Convertible debt					
Other LT liabilities	391	492	586	642	705
Total liabilities	10,015	12,708	15,150	18,803	22,948
Minority interest	19	506	476	461	466
Preferred stock					
Common stock	280	282	291	291	291
Retained earnings	1,637	2,476	4,311	5,937	8,288
Proposed dividends					
Other equity and reserves	3,364	3,852	8,914	9,118	9,402
Total shareholders' equity	5,280	6,610	13,516	15,346	17,981
Total equity & liabilities	15,314	19,824	29,141	34,609	41,395
Liquidity (x)					
Current ratio	1.86	1.43	1.80	1.70	1.67
Interest cover	6.8	8.9	37.9	80.6	290.5
Leverage					
Net debt/EBITDA (x)	0.11	net cash	net cash	net cash	net cash
Net debt/equity (%)	1.2	net cash	net cash	net cash	net cash
Per share					
Reported EPS (CNY)	2.48	3.32	7.56	7.11	9.87
Norm EPS (CNY)	2.48	3.32	7.56	7.11	9.87
FD norm EPS (CNY)	2.46	3.29	7.44	7.00	9.73
BVPS (CNY)	18.88	23.41	46.50	52.79	61.86
DPS (CNY)	0.27	0.33	0.74	0.70	0.98
Activity (days)					
Days receivable	89.1	80.6	80.0	80.0	75.2
Days inventory	897.8	647.3	620.0	618.0	591.6
Days payable	81.5	134.1	126.0	116.4	116.7
Cash cycle	905.4	593.9	574.0	581.6	550.1

Source: Company data, Nomura estimates

Company profile

Piotech Inc (688072 CH) is China's dominant supplier of chemical-vapour-deposition (CVD) thin-film equipment for the front-end and a pioneer in hybrid bonding for 3D integration. The company was founded in 2010, listed on China A-share STAR Market in April 2022, and now commands ~20% of the addressable Chinese relevant market (CVD + ALD). Product families span PECVD, ALD, SACVD, HDPCVD and Flowable CVD, complemented since 2023 by wafer-to-wafer and chip-to-wafer hybrid / fusion bonding tools and in-line metrology. With M&A, product portfolio further extends into PVD.

Valuation Methodology

Our target price of CNY913.00 is based on 20.0x forward EV/sales multiple, and our revenue forecasts for 2027F. The reason for choosing EV/Sales include: (1) Chinese equipment vendors are now at sales expansion and market share gain stage, where revenue growth is focused; (2) EV/Sales is relatively market neutral, allowing comparison globally across different markets; (3) the relative low volatility of EV/Sales makes it more reliable and referrible. The benchmark index is CSI300.

Risks that may impede the achievement of the target price

Downside risks include: (1) less aggressive wafer fab capacity expansion in China; (2) slower market share gain for Piotech; (3) substitution from overseas customers; (4) intensified competition; (5) easing of equipment export control from US, Japan, Netherlands.

ESG

Piotech published its fourth annual Environmental, Social and Governance report in April 2026, setting out a substantially deepened sustainability agenda alongside record results. On the environmental front, the company established a three-tier climate governance structure spanning the Board, an ESG Management Committee and an execution layer, and defined a quantified decarbonisation pathway targeting carbon peaking by 2030 and carbon neutrality by 2060. For the first time it disclosed Scope 3 emissions, reporting total market-based greenhouse gas emissions of 37,954 tCO_2e (Scope 1: 10,452; Scope 2: 22,154; Scope 3: 5,348). Carbon intensity declined 12.2% year-on-year to 5.82 tCO_2e per CNY1.0mn of revenue, while indirect energy intensity fell to 6.20 MWh per CNY1.0mn from 7.02. Operationally, Piotech procured 3,729 MWh of renewable electricity, raised green power to 20% of purchased electricity at its Shenyang campus, advanced distributed photovoltaic capacity at its Shanghai site, and saved 591,300 tonnes of nitrogen through energy-retrofit programmes. All major pollutants were discharged in full compliance with zero environmental penalties, and environmental investment rose more than five-fold to CNY11.0mn. On the social dimension, Piotech invested CNY859mn in R&D (13.18% of main-business revenue) with 726 R&D staff, or 42.8% of its 1,696 employees, taking cumulative patent applications to 2,140, of which 73.6% are invention patents and 707 have been granted, with no IP infringement incidents during the year. It maintains ISO 9001 and total quality management certification, keeps customer satisfaction above 90% and recorded no product recalls. Supply-chain oversight covered 272 suppliers across 20 provinces, with roughly 93% domestic sourcing, four suppliers delisted, and 46 ESG training sessions reaching 1,036 participants. Community engagement included 16 national major projects, two industry group standards led, collaboration with more than ten universities, and over CNY710,000 in rural revitalisation and charitable donations. Employee turnover improved to 10.6% from 12.2%, a restricted-stock incentive plan covered 1,055 employees (about 68.9%), training coverage reached 100%, and the company recorded zero work-related fatalities, zero lost-time injuries and zero occupational disease cases. In governance, a nine-member board with 33.3% independent and 22.2% female directors oversees audit, remuneration and nomination committees that are each 60% independent; 28 governance policies were adopted or revised; a "three lines of defence" risk framework operates with zero corruption, compliance or data-security incidents; ISO/IEC 27001:2022 certification was newly obtained; and the company retained its A-grade tax credit rating for an eighth consecutive year. These efforts have been recognised externally through an MSCI ESG rating of A, an "A" grade for SSE information disclosure for three consecutive years, and the Securities Star "ESG New Benchmark Enterprise Award" in July 2026.

Investment summary

Piotech Inc (688072 CH) is China's dominant supplier of CVD thin-film deposition equipment for the front-end process and a pioneer in bonding equipment for 3D integration. The company was founded in 2010, listed on the China A-share STAR Market in April 2022, and now takes up ~12% of the addressable Chinese relevant market (CVD + ALD). Its product families span PECVD, ALD, SACVD, HDPCVD and Flowable CVD, complemented since 2023 by wafer-to-wafer and chip-to-wafer hybrid bonding and fusion bonding tools. With the acquisition of Wuxi Shangji (unlisted), its product portfolio extends further into PVD.

We are positive on Piotech mainly due to the following:

- Piotech is one of China's key beneficiaries of equipment localization, especially in deposition. We estimate the total addressable deposition market in China at ~USD11.3bn in 2026F, and expect it to further increase to USD21.3bn in 2030F. The company holds a ~5% market share in China’s deposition market, but within PECVD, its market share goes up to ~70%.
- **Node migration drives deposition intensity:** HAR dielectric stacks for 3D NAND beyond 200L+, ONO/PECVD stack for advanced logic, and high-k metal-gate stacks for 28nm and below all increase both the number of deposition steps and the share of advanced tools in the mix. Piotech's 2025 PECVD revenue mix was 40-50% advanced node (up from <25% in 2022).
- **Aggressive domestic memory capacity expansion:** The two major Chinese memory makers are actively expanding capacity and advancing their technology capabilities, where more equipment and higher-end tools are needed, especially for deposition.
- **3D integration opens a second growth engine:** Hybrid bonding tools (HBM stacking and CIS wafer-level packaging mainly) have a global TAM growing at a faster-than-overall-SPE CAGR through 2030E, according to management. Piotech entered hybrid bonding in 2023. The product reached 8-line qualification and 2025 revenue of ~CNY1.4bn, up ~42% y-y. Furthermore, it has been making efforts in the fusion bonding field, which further expands its growth potential.
- **Customer base and stickiness:** Piotech ships to almost all major Chinese foundries, memory makers and IDMs. YMTC (unlisted) and CXMY (688825 CH, Buy) are its two largest customers, and other important customers include SMIC (981 HK, Neutral), Hua Hong Grace (1347 HK, Neutral), HLMC (unlisted), Nexchip (688249 CH, Not rated), GTA Semiconductor (unlisted), etc.

As we discussed earlier, we expect China’s WFE market sizeto increase 27% y-y to USD55.4bn in 2026F, and further to USD103.5bn in 2030F. Total WFE spending in China is expected at USD407.3bn during 2026-30F. During this strong momentum, Chinese vendors are bracing for stronger growth driven by domestic localization push, advancement of technological capabilities , and the extra equipment required due to no-EUV roadmap.

Financially, Piotech posted a revenue CAGR of ~56% in 2022-25. We estimate Piotech’s revenue to record a ~41% CAGR in 2025-28F driven by stable growth in PECVD, fast-growing ALD and bonders. Net profit increased at a ~36% CAGR in 2022-25 as margin contracted due to new products ramping up (higher initial costs) and increased R&D due to new product development and technological advancement. We expect net profit to increase at a ~45% CAGR in 2025-28F, and excluding non-recurring items, we expect recurring net profit to increase at a ~50% CAGR in 2025-28F.

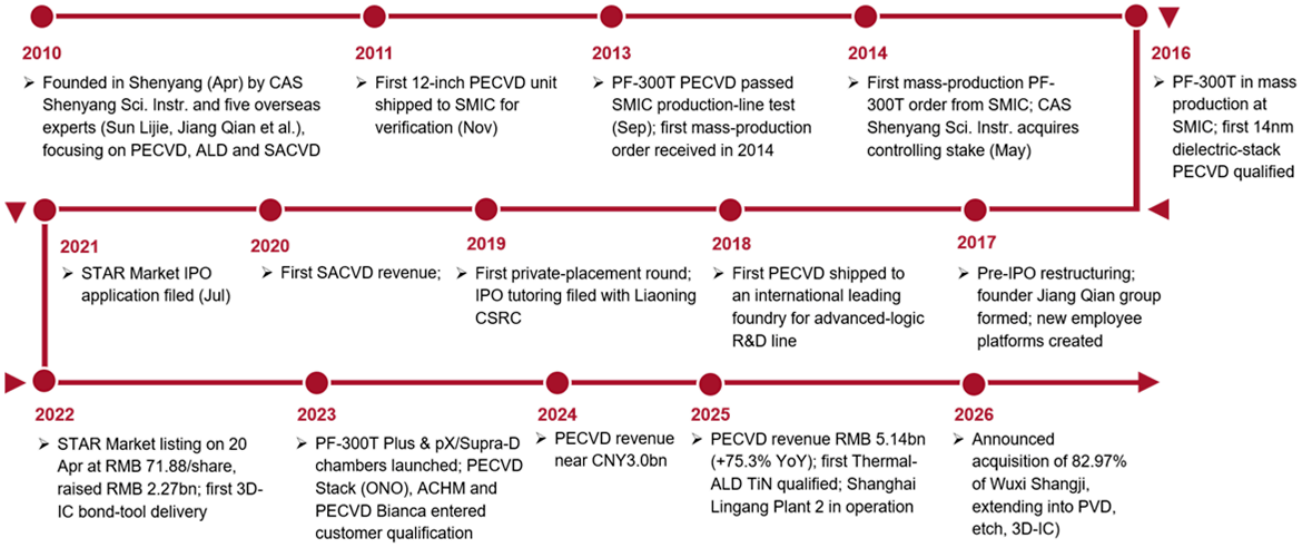
We initiate coverage on Piotech with a Buy rating. Our target price of CNY913.00 is based on 20.0x EV/sales on 2027F sales revenue forecast, with a premium over local peers given its faster sales growth, as well as dominant market share and technology leadership in PECVD. Key risks are primarily concerns over escalation of US sanctions (impacting domestic fab capacity expansion), a slowdown in fab capex spending, intensifying competition, and a slower-than-expected margin recovery.

Company overview: strong player in CVD, with high memory exposure

Company history and shareholding structure

Piotech Inc was founded in April 2010 in Shenyang as a domestic supplier of PECVD, ALD and SACVD equipment. Its first 12-inch PECVD unit was shipped to SMIC (981 HK, Neutral) for verification in 2011 and the product entered mass production in 2013-14 with the PF-300T platform. The company has subsequently added ALD (PF-300T Plus and the Supra-D / pX chamber families), HDPCVD and Flowable CVD, as well as the wafer-to-wafer and chip-to-wafer hybrid / fusion bonding products under the "3D IC" label since 2023. In 2025, the company shipped its 1,000th PECVD chamber and recorded PECVD revenue of CNY5.14bn (+75.3% y-y). On 10 July 2026, the company announced an agreement to acquire 82.97% of Wuxi Shangji (无锡尚积), a domestic PVD/etch vendor, completing the mainstream thin-film toolbox and adding a 3D-integration etch franchise.

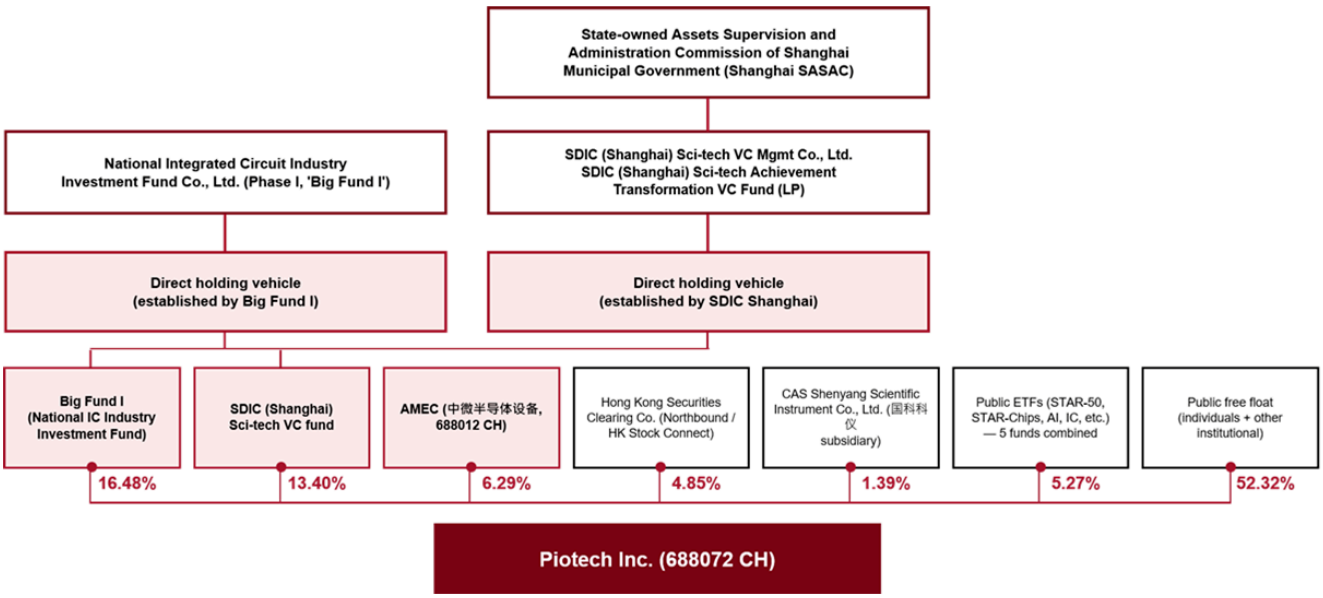
Fig. 1: Piotech corporate history



Source: Company data, Nomura research

Piotech has no controlling shareholder or ultimate controller. Its largest direct shareholder is the National IC Industry Investment Fund ("Big Fund" Phase I) at 16.48%, followed by the SDIC (Shanghai) sci-tech VC fund at 13.40% and AMEC (688012 CH, Buy) at 6.29%. Its founder, Jiang Qian, controls ~15% via direct shareholding and a concert-party group that includes 11 employee platforms.

Fig. 2: Piotech shareholding structure (as of Jul-26)



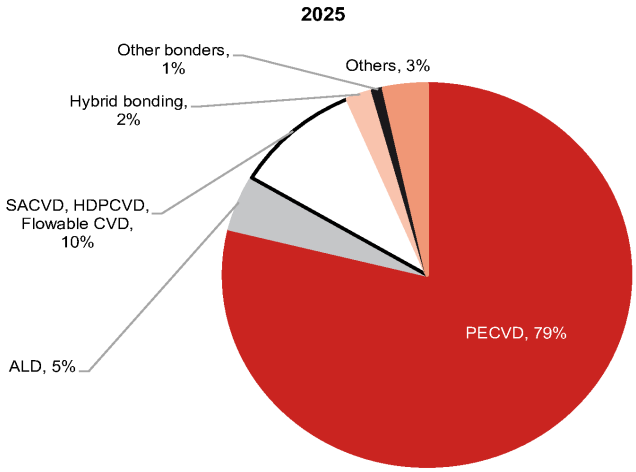
Source: Company data, Nomura research

Business segments and product portfolio

Piotech reports two major segments: **Deposition** (including PECVD, ALD, SACVD, HDPCVD, Flowable CVD) and **Wafer bonders** (wafer-to-wafer / chip-to-wafer, hybrid and fusion bonding tools). Deposition accounted for ~94% of its 2025 revenue (large portion PECVD), with wafer bonders at ~3% (mainly hybrid bonding).

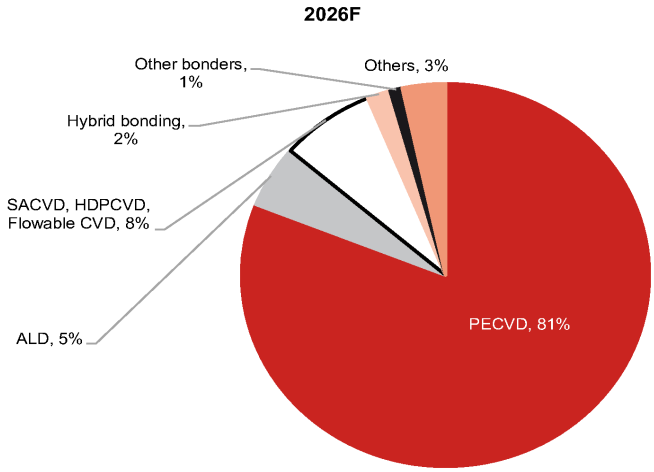
PECVD remains the central franchise, contributing ~79% of its 2025 revenue (CNY5.14bn, +75.3% y-y). ALD revenue was CNY0.3bn (+191.8% y-y), being the fastest-growing product line, driven mainly by PE-ALD SiO_2/Si_3N_4 scaling in advanced memory and the customer-qualification of Thermal-ALD TiN. Hybrid bonding revenue was CNY0.14bn (+41.9%).

Fig. 3: Piotech revenue breakdown (2025)



Source: Company data, Nomura research

Fig. 4: Piotech revenue breakdwon (2026F)



Source: Company data, Nomura estimates

Piotech provides one of the most comprehensive PECVD product portfolios among Chinese players. Meanwhile, its ALD (PE-ALD and thermal ALD) and gap-fill CVD (including SACVD, HDPCVD, Flowable CVD) are also well recognized among customers.

- **PECVD**: seven product variants (PF-300T, PF-300T Plus, PF-300M, pX/Supra-D chambers, PECVD Stack / ONO stack, ACHM, PECVD Bianca). Covers 28nm and

below for logic; 1x/1ynm for DRAM; 64/128/232L for 3D NAND; 5nm dielectric stack in R&D.

- **ALD**: thermal-ALD and PE-ALD covering SiO_2, Si_3N_4, SiCO, TiN, HfO_2, Al_2O_3 and other high-k films; the only Chinese supplier with a high-volume PE-ALD installed base in advanced memory.
- **SACVD**: sub-atmospheric CVD for shallow-trench-isolation (STI) and inter-metal dielectric gap-fill. Piotech is the only commercialized Chinese SACVD vendor.
- **HDPCVD**: high-density-plasma CVD for inter-layer dielectric and pre-metal dielectric gap-fill; targeted at <28nm logic and advanced DRAM.
- **Flowable CVD**: for high-aspect-ratio STI and inter-metal-dielectric gap-fill beyond 10:1.
- **3D integration**: wafer-to-wafer hybrid bonding, wafer-to-wafer fusion bonding, chip-to-wafer hybrid bonding, chip-to-wafer fusion bonding and complementary metrology. Multi-vendor qualified at advanced memory and CIS.

Fig. 5: Piotech product offerings and key applications

Equipment Category	Sub-product / Platform	Wafer Size	Device / Application Types	Process Node	Key Applications / Notes
PECVD (Plasma-Enhanced CVD)	PF-300T	12" (also 8")	Logic; Memory; Power; Micro-OLED; Silicon photonics	28nm and below (mature & advanced)	The major PECVD platform; deposits SiO2, SiN, TEOS, SiON, SiOC, FSG, BPSG, PSG and advanced films (LowK-I/II, ACHM, ADC-I/II, HTN, a-Si, Stack/ONO, OPN, SiB); 8"/12" compatible
	PF-300T Plus (pX / Supra-D chambers)	12"	Logic; Memory (advanced)	14nm and below; 5nm stack in R&D	Next-generation platform; PECVD Stack (ONO), ACHM and PECVD Bianca batch-qualified and in volume ramp at advanced nodes
	PF-300M (Supra-D)	12"	Logic; Memory	Advanced nodes	High-productivity PECVD variant for advanced logic / memory
	PECVD Bianca (PF-300T Bianca)	12"	Logic; Memory	14nm and below	Backside SiN / SiO2 deposition; corrects wafer warp and protects the wafer backside
	NF-300H	12"	Memory (3D NAND); 3D integration	Advanced nodes	Thick TEOS and ultra-thick TEOS dielectric films
	NF-300M Supra-H	12"	Memory (3D NAND)	Advanced nodes	Stack (ONO) dielectric stack deposition for advanced memory
	PF-150T / PF-200T	6" / 8"	Power (SiC / GaN)	N/A (power devices)	SiO2, SiN, TEOS, SiON dielectric films for SiC/GaN power devices
	PF-300T Upsilon (UVCure)	12"	Logic; Memory	Advanced nodes	UV-cure post-treatment of PECVD films (HTN, LoK-II) to improve film stress / hardness; runs in tandem with PECVD
ALD (Atomic Layer Deposition)	PE-ALD: PF-300T Astra / NF-300H Astra	12"	Logic; Memory (advanced); Advanced packaging	Advanced nodes; high-k	High/low-temperature, high-quality SiO2, SiN, SiCO films; largest domestic PE-ALD installed base in advanced memory
	Thermal-ALD: PF-300T Altair / TS-300 Altair	12"	Logic; Memory	Advanced nodes; high-k metal gate	Al2O3, AlN, TiN, TiON metal / metal-compound films; first TiN tool customer-qualified 2025
	VS-300T Astra-s	12"	Logic; Memory	Advanced nodes	Thermal-ALD variant for metal and metal-compound films
SACVD (Sub-Atmospheric CVD)	PF-300T SA	12" (also 8")	Logic; Memory	28nm and above	SATEOS, SABPSG gap-fill for aspect ratio < 7:1 (STI + inter-metal dielectric); the only commercialized domestic SACVD
	PF-300T SAF / PF-300T Plus PE SAF	12"	Memory (advanced)	Advanced nodes	Plasma-enhanced SAF dielectric films for advanced memory
HDPCVD (High-Density Plasma CVD)	PF-300T Hesper	12"	Logic; Memory	28nm and below	USG, FSG, PSG gap-fill for aspect ratio < 5:1 (inter-layer dielectric + pre-metal dielectric)
Flowable CVD	PF-300T Flora	12"	Logic; Memory	Advanced nodes	SiO2 flowable gap-fill for aspect ratio > 7:1; void-free STI / inter-metal-dielectric fill
3D Integration (Bonding & Metrology)	W2W hybrid bonding: Dione300 / Dione300 eX	12"	3D IC; Memory (HBM); CIS; Advanced logic	N/A (bonding)	Room-temperature multi-material wafer-to-wafer hybrid bonding; eX adds higher alignment and bonding accuracy plus throughput
	W2W fusion bonding: Dione300 F eX	12"	3D IC; Memory; Advanced logic	N/A (bonding)	Low-stress permanent fusion bonding (clean + hydrophilic activation + anneal); first revenue recognised in 2025
	C2W pre-treatment: Propus300	12"	HBM; 3D IC	N/A (bonding)	Surface activation and cleaning of wafers / diced dies before chip-to-wafer bonding
	C2W hybrid bonding: Pleione300	12"	HBM; 3D IC	N/A (bonding)	Sequential die pick-and-place with high-accuracy bonding to wafer; targets HBM and chip 3D-stacking
	Bonding alignment metrology: Crux300	12"	Hybrid bonding (W2W + C2W)	N/A (metrology)	IR-optics bonding-overlay (alignment accuracy) metrology after W2W / C2W hybrid bonding
	Bonding strength detection: Ascella300	12"	W2W hybrid bonding	N/A (metrology)	Bond-strength inspection after wafer-to-wafer hybrid bonding
	Permanent-bond laser debonding	12"	Vertical DRAM; Advanced logic	N/A (debonding)	Laser lift-off of permanently bonded wafers for layer transfer / backside thinning (vs temporary bonding)

Source: Company data, Nomura research

Customer base, R&D and technology roadmap

Piotech's customers include major Chinese memory makers, foundries, and IDMs. YMTC (unlisted) and CXMT (688825 CH, Buy) are its two largest customers, followed by SMIC (981 HK, Neutral), HuaHong Group (Hua Hong Grace [1347 HK, Neutral] and HLMC [unlisted]), Nexchip (688249 CH, Not rated), GTA Semiconductor (unlisted), CanSemi (unlisted), Silan (600460 CH, Neutral), etc. Reported customer concentration was significant, with the top-five customers accounting for ~79% of its 2025 revenue, while the largest customer accounted for ~53%.

The two Chinese memory makers account for over 67% of Piotech's customer base, due to the importance of thin-film deposition in memory making process as well as Piotech's

wide product coverage and strong capabilities. Logic foundries and IDMs accounted for another one-third, with key customers including SMIC, Hua Hong Grace / HLMC, Silan, CR Micro (688396 CH, Not rated), etc.

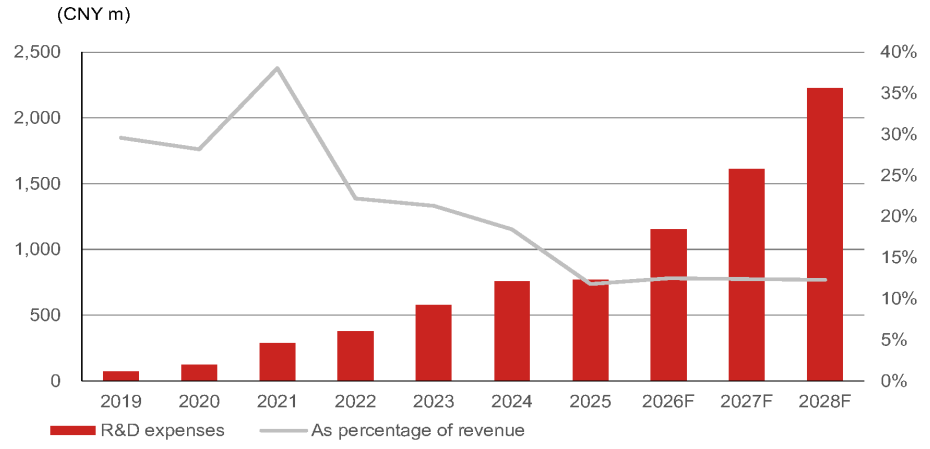
Fig. 6: Piotech's key customers

Tier	Customer	Type / Segment	Relationship	Key Details
Tier 1	**YMTC (长江存储)**	Memory (3D NAND)	Strategic memory anchor	Key PECVD / ALD supplier for 3D NAND stacks; installed-base share at YMTC reported to have risen from c.15% to c.30% over five years
	CXMT (长鑫存储)	Memory — DRAM	Strategic memory customer	PECVD / ALD / 3D-IC tools deployed in DRAM lines; PE-ALD SiO2/SiN/SiCO scaling in advanced memory is a key 2025-26 growth driver
	SMIC (中芯国际)	Logic foundry (advanced & mature)	First-mover / anchor customer	Piotech's first 12" PECVD shipped to SMIC for verification in 2011 and entered mass production in 2013-14 (PF-300T); long-standing anchor across PECVD / ALD for advanced logic
Tier 2	**Hua Hong Grace (华虹)**	Specialty foundry (power analog, embedded, MCU)	Long-term partner	Major share of specialty-node deposition; covers Hua Hong Grace and HLMC lines
	HLMC (上海华力)	Advanced logic foundry (28/14nm)	Key logic customer	PECVD for advanced logic nodes (28/14nm)
	Nexchip (晶合集成)	Display-driver / specialty foundry	Established customer	Specialty and display-driver deposition tools
	GTA Semiconductor (积塔半导体)	Analog / power / automotive	Growing customer	Power & analog process deposition equipment
Tier 3	**CR Micro (华润微)**	Power IDM (MOSFET / IGBT)	Power-sector customer	Si power deposition; supports power-semiconductor capacity expansion
	Silan Microelectronics (士兰微)	Power IDM (IGBT / SiC)	Power customer	Power device deposition equipment
	BYD Semiconductor (比亚迪半导体)	Power (automotive IGBT / SiC)	Automotive power customer	SiC power deposition for automotive devices

Source: Company data, Nomura research

R&D expense in 2025 reached CNY770mn (+2% y-y), accounting for ~12% of revenue, and this ratio was a lot higher back before 2021 (30%/28%/38% in 2019/2020/2021), where many new products are introduced. The spending is related to the technology roadmap: extending PECVD product coverage and ALD capability; developing 3D IC hybrid-bonding and fusion bonding solutions for advanced packaging.

Fig. 7: Piotech R&D expense and as percentage of revenue



Source: Company data, Nomura estimates



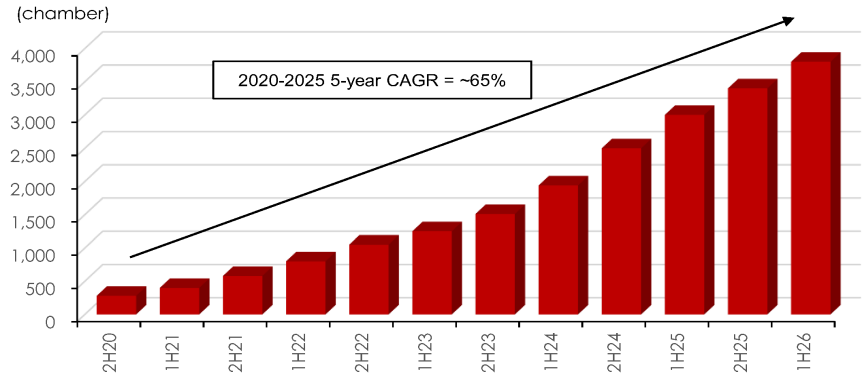
Competitive advantages and growth drivers

Though many other suppliers are now expanding product offerings into the PECVD field, or aiming to become platform suppliers, Piotech is still a supplier with one the most comprehensive PECVD tools coverage and leading capabilities to supply to both advanced and memory processed. In addition, its 3D integration bonding and complementary metrology is one of the fast-growing areas in the post-Moore era. This matters for two reasons: (1) thin-film intensity increases per wafer with node migration and memory process advancement, allowing Piotech to have recurring content-per-fab gain; and (2) a strong customer base and early entry barrier result in customer stickiness (high cost for fabs to change suppliers).

Technology capability: wide coverage in PECVD, dominant market share in China

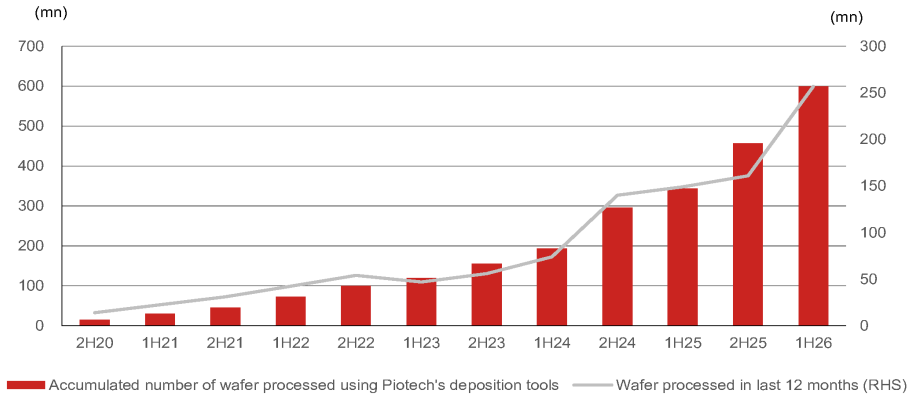
Piotech is one of the companies supplying to two large domestic memory makers (YMTC, CXMT), and advanced process lines in China (SMIC, HLMC). Total accumulated amount of wafer processed using Piotech's deposition equipment exceeded 600mn by end-1H26, with cumulative installed chambers of Piotech's equipment exceeding 3,800 (deployed in ~100 production lines).

Fig. 8: Piotech accumulated installed reaction chambers (all equipments)



Source: Company data, Nomura research

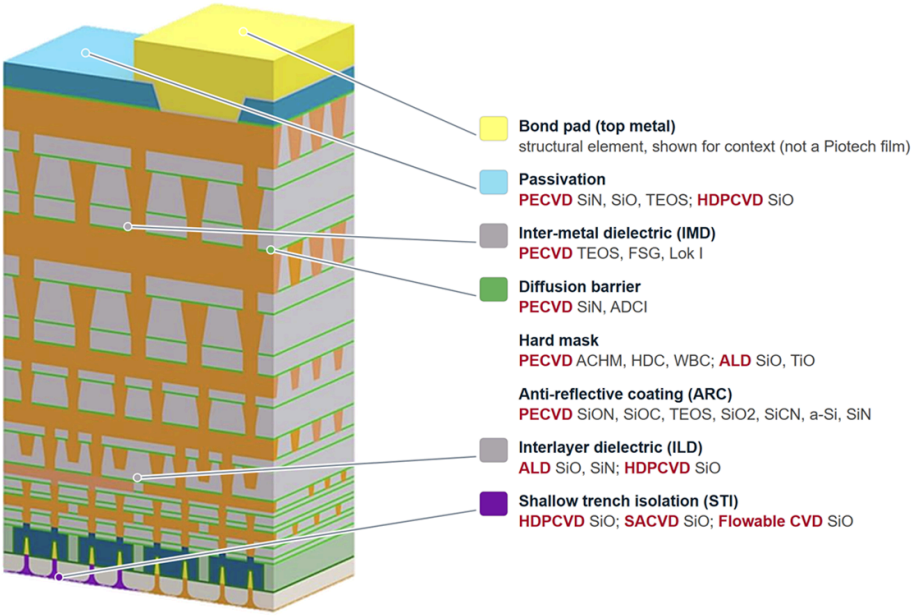
Fig. 9: Accumulated number of wafers processed with Piotech deposition tools



Source: Company data, Nomura research

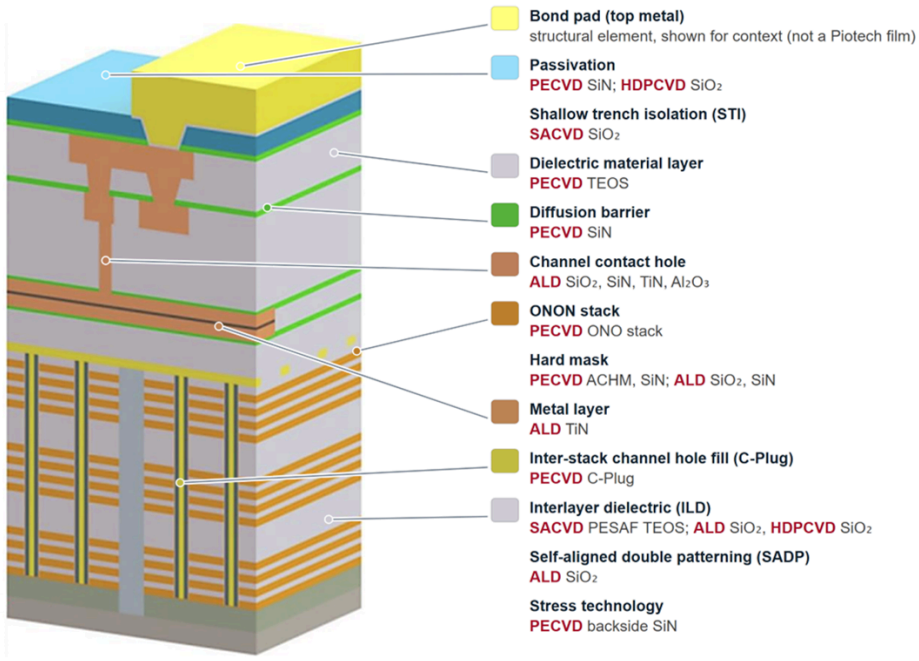
PECVD is a kind of equipment that consists plenty of categories according to deposition materials, temperature, pressure, etc. During the IC manufacturing process, hundreds of layers of materials need to be placed onto the wafer, which will be left onto the wafer from then on. By our estimate, 200-300 different types of PECVD will be needed in the manufacturing process. Besides, PECVD equipment is not a kind of standardized product (on the contrary, lithography is a standardized tool), meaning the equipment varies in different fabs and production lines. This means customer qualification and penetration is one of the key barriers for new entrants.

Fig. 10: Logic IC – CVD & ALD applications related to Piotech



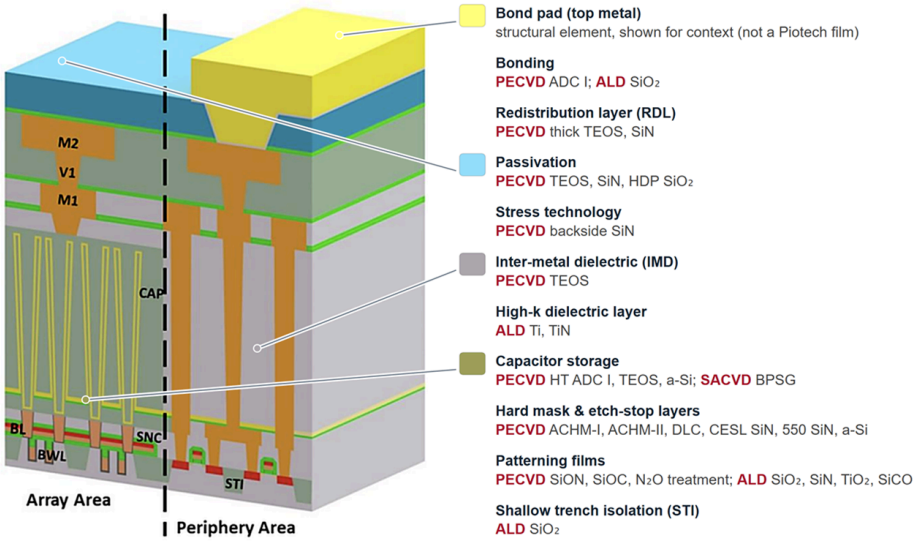
Source: Piotech, Nomura research

Fig. 11: 3D NAND – CVD & ALD applications related to Piotech



Source: Piotech, Nomura research

Fig. 12: DRAM – CVD & ALD applications related to Piotech



Source: Piotech, Nomura research

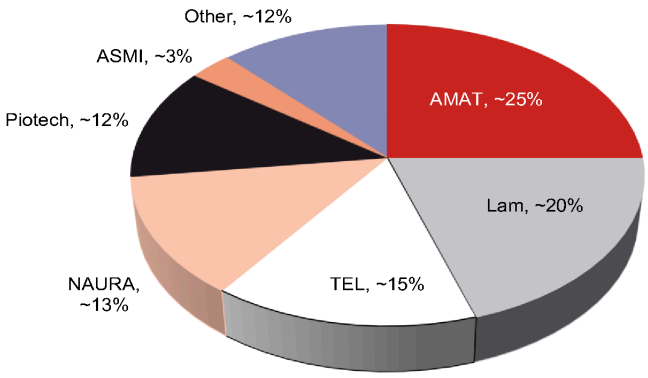
Piotech is the domestic strong player in PECVD, with a market share of around 12% in China's deposition market (according to our estimates). In CVD, its market share is even higher. Currently, Piotech has over 100 categories of PECVD equipment, covering half of all PECVD needed in the process, and its PECVD Stack (ONO), ACHM and PECVD Bianca products are now in customer qualification. These positions reflect years of accumulated process know-how that cannot be replicated easily, which we believe is a key moat in the industry where customer qualification cycles run 18-36 months.

Fig. 13: Piotech's deposition equipment coverage estimate

Process	Deposition as % of total equip. purchase amount	Piotech's equipment coverage
NAND	~30%	50%-60%
DRAM	~25%	50%-55%
Advanced logic	20%-22%	45%-50%
Overall blended	**22%-25%**	**~50%**

Source: Nomura estimates

Fig. 14: China deposition equipment market share estimate (2025)



Source: Nomura estimates

Technology strength, along with a dominant market share, forms an entry barrier and deep moat for Piotech, in our view. Usually for a wafer fab, equipment replacement is infrequent if no obsolescence and upgrades, because equipment qualification and line-up should take a lot of time and extra costs. So a first-mover advantage is important, in our

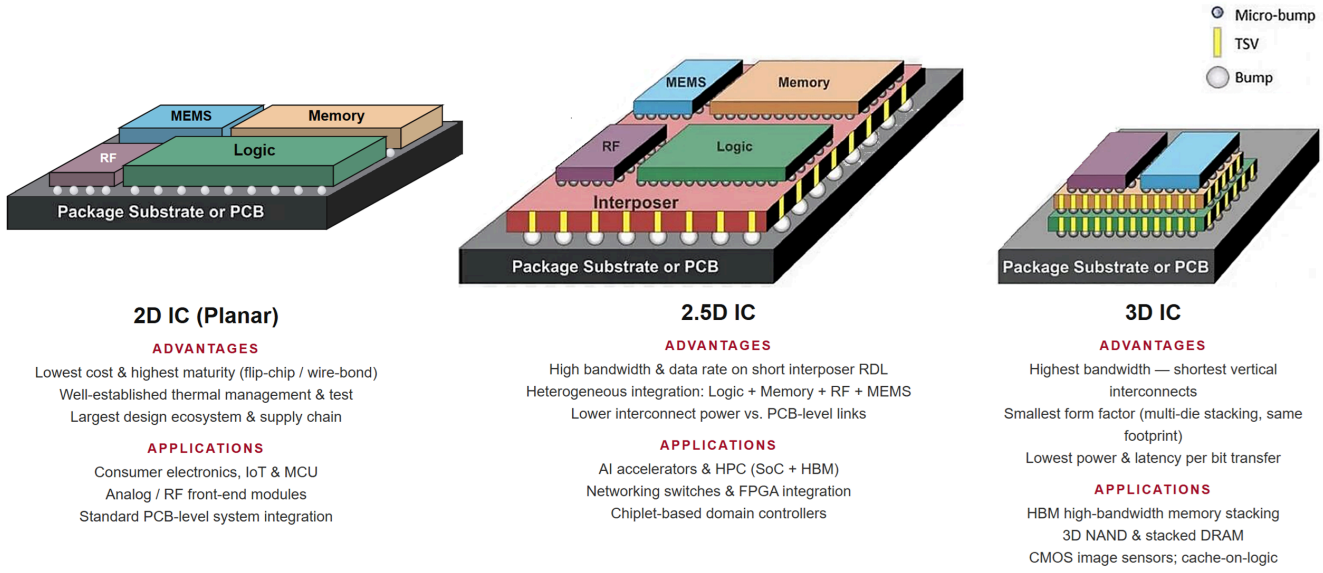
view. In addition, we believe a large installed base will bring more service & parts related revenue, which is a high-margin business for equipment vendors.

3D Integration rising, the post-Moore era driver

As two-dimensional scaling reaches its physical and economic limits, the IC industry's growth vector is shifting from shrinking transistors to stacking them. For Piotech, this shift converts into revenue opportunities for not only its new bonder products, but also deposition tools, in our view.

3D integration is key in the post-Moore era: For several decades, Moore's Law delivered predictable gains through geometric scaling: shrink the transistor, pack more of them onto a die, and performance follows. Below the 7nm node, each shrink carries escalating quantum-tunneling leakage, mask and lithography cost, and diminishing returns per transistor. The industry therefore is focusing more on 3D integration (stacking logic, memory and passives vertically and connecting them with dense through-silicon and hybrid-bond interconnects), in our view. It also lifts bandwidth and lowers delay and power without requiring the next lithography node.

Fig. 15: Packaging revolution: from 2D to 3D



Source: Siemens EDA, Nomura research

Huawei's “Tau Scaling Law” (韬定律), proposed gives this shift a precise formulation and a first product proof-point. Instead of geometric scaling, the Tau’s Law targets temporal scaling: compressing the variable Tau (τ), the characteristic signal-propagation delay along a chip's critical path. The enabling technique is logic folding (re-architecting a circuit from a planar layout into vertically stacked tiers joined by micro-scale vertical interconnects, using 3D stacking with wafer-level hybrid bonding). Long horizontal wiring becomes short vertical jumps, cutting interconnect capacitance and dynamic power.

The first commercial validation arrived on 7 September 2026 with the Kirin 9050 Pro (in the HUAWEI Mate XT2). Versus the prior planar design, it delivers a ~55% rise in transistor density (from 155mn to ~238mn per mm²) while cutting power at iso-performance by ~66% for NPU, ~58% for GPU and ~41% for CPU performance cores. The bonding roadmap, according to Huawei: hybrid-bonding pitch of 1.5μm with 50mn vertical interconnects in Kirin in 2026, shrinking to 1μm / >100mn in Kirin in 2027E, and targeting 720nm / >200mn within three years and 480nm in the longer term.

- **For equipment,** keys are packaging, interconnecting, which requires bonding, front-end deposition, etch, CMP, metrology, instead of higher-end lithography (EUV), for which China has limited access.
- **As a consequence,** logic folding adds multi-layer active-wafer manufacturing and wafer-level hybrid bonding, lifting demand across deposition, etching, CMP, cleaning, metrology and test.

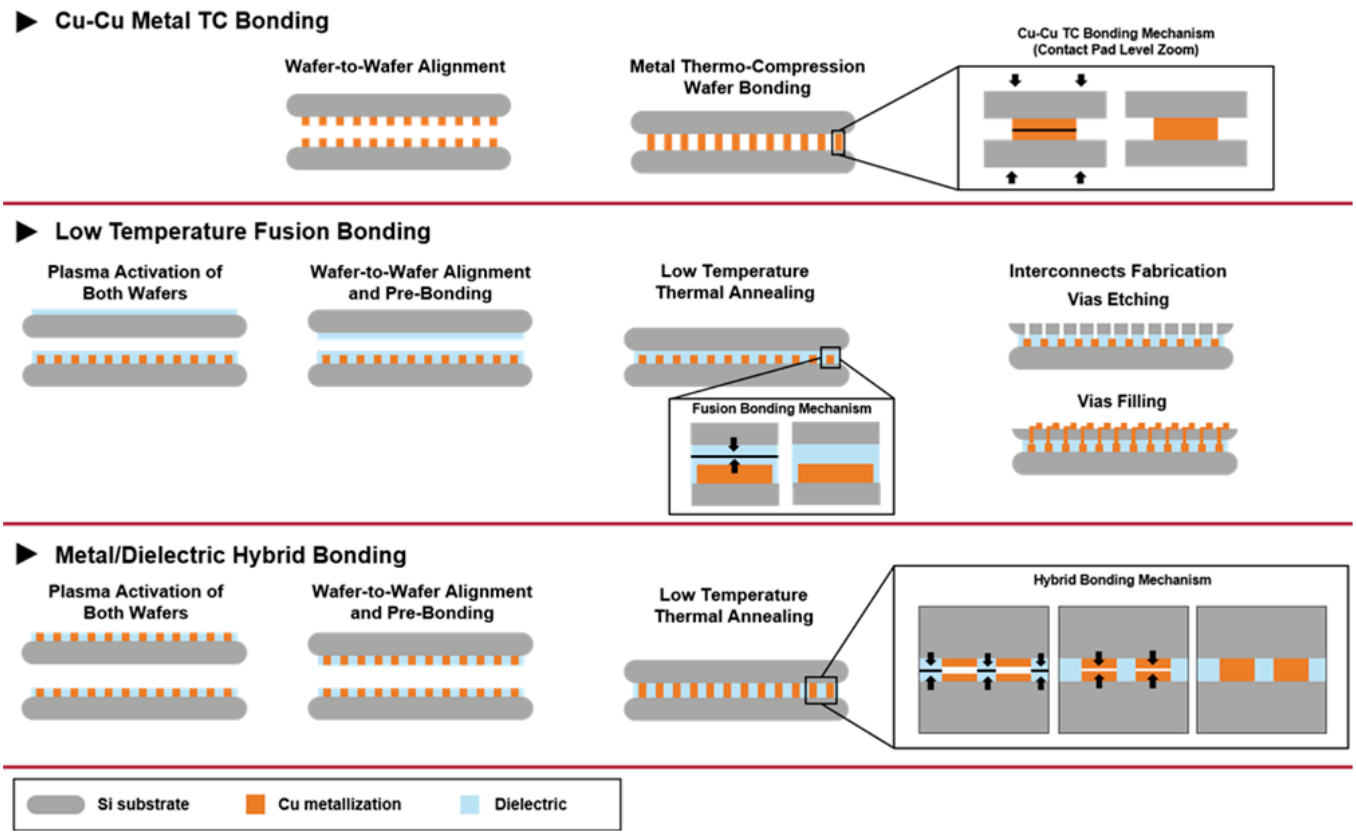
3D integration is a process chain, not a single step. A wafer bound for 3D stacking runs

through: TSV formation → bond-layer deposition → CMP planarization → plasma activation → alignment → bonding → backside thinning → metrology. The two important bonding technologies are **hybrid bonding** and **fusion bonding**, and Piotech has commercialized hybrid bonding with revenue contribution.

Hybrid bonding bonds the dielectric and the copper pads simultaneously in a single step. The wafers are first planarized by CMP to an ultra-flat finish; a room-temperature dielectric-to-dielectric bond is formed, then a low-temperature annealing expands the copper to close the recess and form a Cu-Cu electrical interconnect. By replacing copper micro-bumps, hybrid bonding pushes interconnect pitch from ~35μm toward sub-10μm and below 1μm. This is the very technology that is being used by HBM stacking [SK Hynix (000660 KS, Buy)], CIS [Sony's (6758 JP, Buy) first high-volume use], TSMC's (2330 TT, Buy) SoIC, Intel's (INTC US, Not rated) Foveros Direct, 3D NAND CMOS-under-array bonding, and Huawei's (unlisted) logic folding. Its difficulty lies in three interlocking demands: wafer-level flatness and copper profile control, sub-micron alignment, and particle-level cleanliness, and all of those need to be at low temperature and high throughput.

Fusion bonding (a.k.a. direct bonding) is the simpler, non-electrical sibling. Two ultra-smooth oxide surfaces are cleaned and hydrophilically activated, pre-bonded at room temperature, then annealed to form a permanent SiO2-SiO2 bond. It carries no metal and no electrical function, which makes it the workhorse for carrier-to-device permanent bonding, thin-wafer support and layer transfer (vertical DRAM, advanced logic). Its challenges are surface hydrophilicity and roughness control, low-stress bonding and void avoidance.

Fig. 16: 3D integration process flow



Source: IEEE, Nomura research

Piotech spans both of them (hybrid bonding and fusion bonding). On the hybrid-bonding side, it fields Dione300 (wafer-to-wafer, in volume with repeat orders), the gen-2 Dione300 eX (shipped for customer qualification), Pleione300 (chip-to-wafer, in validation) and Propus300 (chip-to-wafer pre-treatment). On the fusion side, it fields Dione300 F eX, already validated at an advanced-logic customer. Bonding accuracy has reached the 100nm level, and the portfolio is closed by the Crux300 alignment metrology, Ascella300 bond-strength detection and Lyra laser debonding tools.

Fig. 17: Hybrid bonding vs Fusion bonding

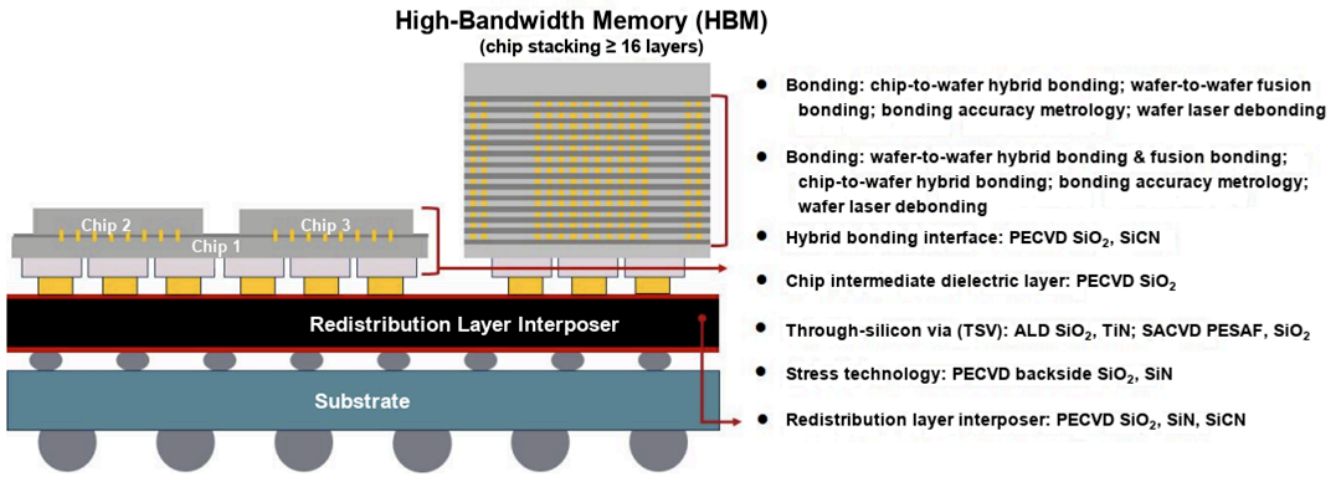
Dimension	Hybrid Bonding	Fusion (Direct) Bonding
Principle	Bonds dielectric and copper pads simultaneously in a single step: a room-temperature dielectric-to-dielectric bond, then a low-temperature anneal that expands the Cu to close the recess and form a Cu-Cu electrical interconnect.	Permanent, non-conductive bonding of two ultra-smooth wafer surfaces (SiO2/SiO2, Si-O-Si). Clean + hydrophilic activation, room-temperature pre-bond, then high-temperature anneal to strengthen the interface.
Bond interface	Dielectric (SiCN / SiO2) + recessed copper pads	Oxide-to-oxide only (no metal)
Electrical connection	Yes, Cu-Cu interconnect; replaces copper micro-bumps and enables sub-10µm (down to <1µm) pitch	No, structural / mechanical bond only
Bonding mode	Wafer-to-wafer (W2W) and chip-to-wafer (C2W / die-to-wafer)	Wafer-to-wafer (W2W)
Typical applications	CIS (Sony, first HVM), HBM stacking (SK hynix next gen), TSMC SoIC, Intel Foveros Direct, 3D NAND CMOS bonding, Huawei logic folding (Kirin 9050 Pro)	Carrier / device wafer permanent bonding, thin-wafer support, layer transfer, vertical DRAM and advanced logic
Key technical challenges	CMP flatness (dielectric RMS <0.5nm; Cu recess ~5nm); sub-µm alignment (100nm-level); particle / cleanliness control; low-temperature (<350°C) anneal; Cu diffusion control	Surface hydrophilicity and roughness control; low-stress bonding; void / air-trap avoidance
Key upstream processes	PECVD (bond dielectric) → CMP → plasma activation → align → bond → anneal → backside grind → metrology	Clean → hydrophilic activation → pre-bond → high-temp anneal
Piotech product	Dione300 (W2W), Dione300 eX (gen-2 W2W), Pleione300 (C2W), Propus300 (C2W pre-treatment)	Dione300 F eX (low-stress W2W fusion bonding)
Piotech status (2025 / 1H26)	W2W in volume production with repeat orders; gen-2 eX shipped for customer qualification; C2W Pleione300 in customer validation	Passed advanced-logic customer validation; first revenue recognised in 2025

Source: Company data, Nomura research

3D integration is not just about bonder: Hybrid bonding is a deposition-intensive process, and Piotech's core franchise (thin-film deposition) is also heavily used in the bonding process. Before any wafer can be bonded, a dielectric layer is deposited: the TSV liner (SiO2/SiN insulation plus Ti/Ta barrier) by CVD or ALD; the hybrid-bond dielectric (SiCN/SiO2) by PECVD; and RDL passivation by PECVD. Each of these is a Piotech-addressable deposition step that precedes and feeds its bonders.

The compounding insight is that deposition step count scales roughly linearly with stacking levels. Every added tier re-runs the full dielectric-deposition → CMP → activation → bond → thinning → metrology cycle. Two structural tailwinds reinforce this. First, as TSV diameter shrinks toward ~1µm and aspect ratio toward 20:1, ALD displaces conventional CVD for the liner and Piotech's ALD is the largest domestic installed base. Second, Huawei's 1.5µm → 480nm pitch roadmap makes planarization and cleanliness the binding constraint, raising the value of precise deposition and CMP at every tier.

Fig. 18: Bonding and CVD in 3D integration



Source: Piotech, Nomura research

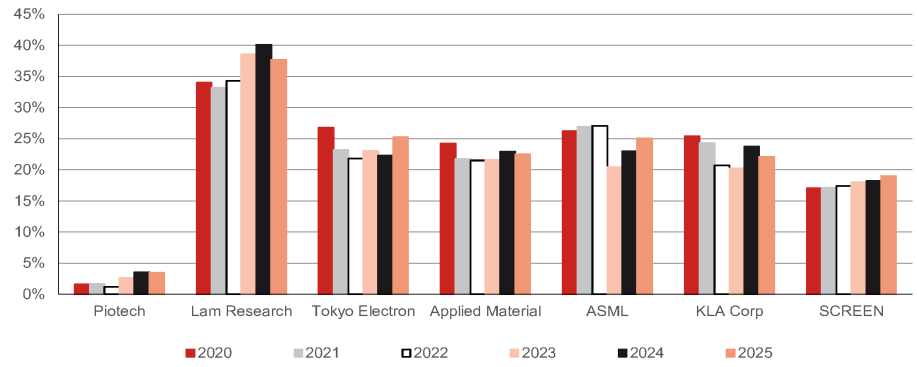
Installed-base stickiness and services

We believe this benefits especially leading players, with a large installed base and customer base. Once a tool is qualified into a fab and running in volume, switching costs are high, as re-qualification is expensive and process recipes are tightly coupled to the equipment.

In our view, Piotech's growing installed base therefore generates a recurring stream of spare parts, upgrades, and services. This compounding installed-base dynamic is the same one that has underpinned the decades-long dominance of Applied Materials (AMAT US, Not rated) and Lam Research (LRCX US, Not rated), and is now forming around Piotech, in our view.

With more installed base and customer adoption, we believe service revenue will grow accordingly. Currently, Piotech's revenue percentage is only around 2-4%, far below global peers. Lam Research, a global leader in etching and deposition, has the highest services & spare parts revenue percentage of 35-40% (source: company data). Considering Piotech is now expanding its market share and customer base in China, we expect its services & spare parts revenue to catch up quickly.

Fig. 19: Revenue from services and spare parts as a percentage of total



Source: Company data, Nomura research

Production site expansion supporting future demand

Piotech now has three main operating production sites: Shenyang Phase 1 (the old site and headquarters), Shanghai Lingang Phase 1, and Shanghai Lingang Phase 2 (production started in 3Q25). A new factory, Shenyang Phase 2, is under construction, with target production starting in early 2028F. With all four factories operating, total capacity would reach ~2,000 units per year, according to management.

Fig. 20: Piotech production sites and designed capacity

Production sites	Designed capacity (unit)	Status
Shenyang Phase 1	~300	In operation
Shanghai Lingang Phase 1	~80	In operation
Shanghai Lingang Phase 2	~400	In operation from 3Q25
Shenyang Phase 2	>1,000	In construction, target starting in early 2028F

Source: Company data, Nomura research

Enough production sites are a prerequisite of order delivery and sales growth. That being said, key component sourcing and talent acquisition are two other important aspects of delivery capacity. Piotech, in our view, has enjoyed good relationships with key component suppliers, especially those of difficult products such as electrostatic chucks, valves, pumps, and MFC. In addition, domestic suppliers of these components are being tested, which we believe could potentially further enhance Piotech's delivery capacity once qualified.

China's localization push: one of the most promising drivers

By our estimates, China is the world largest WFE market, but its self-sufficiency rate remains low, around 26-27% (and far lower in lithography and ion implanter). Export controls have converted localization from a cost decision into a strategic necessity, in our view. Domestic fabs are now actively sourcing and qualifying Chinese tools across every

front-end step. As a prominent player in domestic vendor in deposition, we believe Piotech will be a key beneficiary of this trend.

In localization, there are two layers to consider: (1) an increase in the semiconductor device localization rate would drive more domestic capacity expansion, which we expect would further translate into higher WFE TAM; and (2) in addition, an increase in the equipment localization rate would further reflect domestic equipment vendor market sales growth and market share gains.

We estimate that Piotech's market share in China was around 2.0% in 2025, and expect it to further increase to 2.4% in 2026F. By our estimates, (1) if Piotech achieves a 4% market share in 2030F, it would have a sales CAGR of ~34% during 2025-30F; (2) if Piotech achieves a 5% market share in 2030F, it would have a sales CAGR of ~41% in 2025-30F. In addition, if more capacity is added, upside would increase.

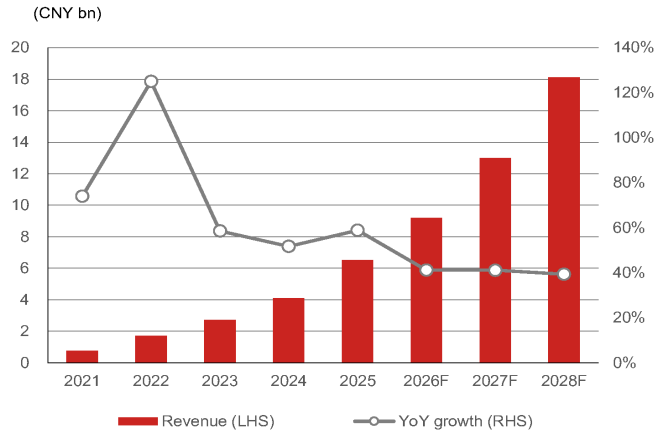
Financial analysis and outlook

Solid revenue momentum; PECVD remains major contributor

Piotech has seen rapid revenue growth since 2019, generating a CAGR of 72% during 2019-25. PECVD has been the major revenue contributor since the beginning, with its contribution being 99% in 2019, but falling to 79% in 2025, along with rapid growth in ALD and the ramping up of bonders. Bonding tools started their revenue contribution from 2023, and then grew quickly.

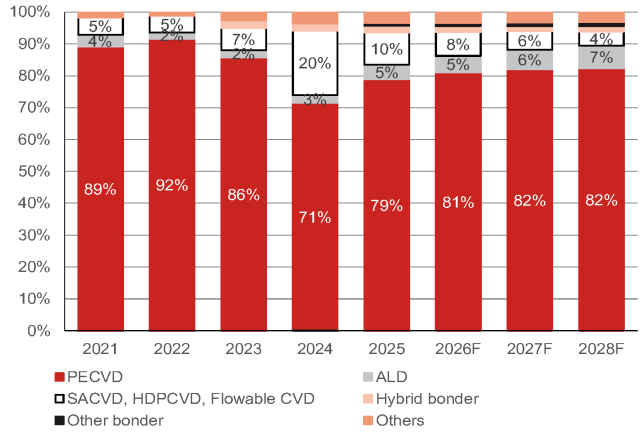
Based on the positive outlook driven by strong technological edges in CVD and growing demand for bonders, as well as the localization push, we forecast a revenue CAGR of **40.6% over 2025-28F**, outperforming China's WFE market. By segment, we forecast PECVD and ALD to record 43% and 62% CAGRs, respectively, in 2025-28F, driven by domestic memory and foundry capacity expansion as well as technology advancements, and given the importance of deposition in the roadmap, we think PECVD will remain a key revenue driver and contributor. We expect the company to record a 40% CAGR for bonders over 2025-28F, with hybrid bonding and other bonders (including fusion bonder, temporary bonder, laser debonder) witnessing CAGRs of ~30% and ~59%, respectively, given hybrid bonding is now in an early stage of volume production for most applications.

Fig. 21: Piotech revenue forecasts



Source: Company data, Nomura estimates

Fig. 22: Piotech revenue breakdown by segment



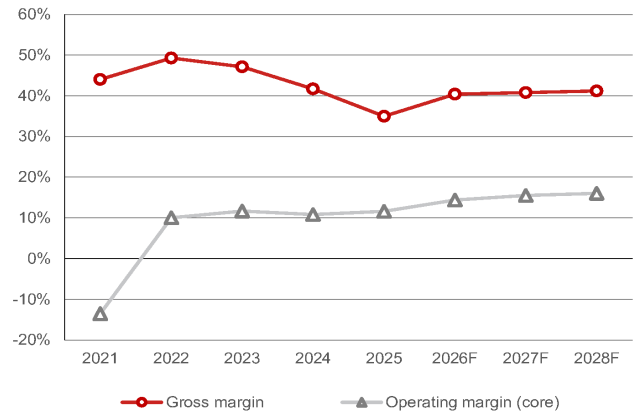
Source: Company data, Nomura estimates

Margins stabilizing, mix improvement to drive margin uptrend

Piotech's gross margin saw a downward trend during 2022-25 (it fell from 49% to 35%), mainly due to a product-mix shift toward ALD and 3D integration, which are still at the qualification stage, with low initial ASP and gross margins. The group gross margin has remained stable above 35% since 2022. With higher sales and a more stable market environment, we forecast the corporate gross margin to increase to 40.4% in 2026F, and to further increase to 41.2% in 2028F. Bonders usually have higher margins, mainly helped by hybrid bonding.

R&D expense has been the largest part of operating expenses, and also the main reason core OPM was negative back in 2021. Piotech's R&D expense ratio (as a percentage of revenue) has declined from 38% in 2021 to 12% in 2025, but the actual amount kept increasing at a CAGR of ~44% over the past five years. To maintain its technology strength and expanding market share, we expect R&D expenses to keep increasing, with the R&D expense ratio likely to be maintained at 12-13%. We estimate Piotech's core operating profit (gross profit less taxes & surcharges, S&M, G&A, R&D) margin to exceed 14% in 2026F, helped by a GPM recovery, and to further increase to 16% in 2028F.

Fig. 23: Piotech gross margins and core operating margins



Source: Company data, Nomura estimates

Fig. 24: Piotech gross margins by segment



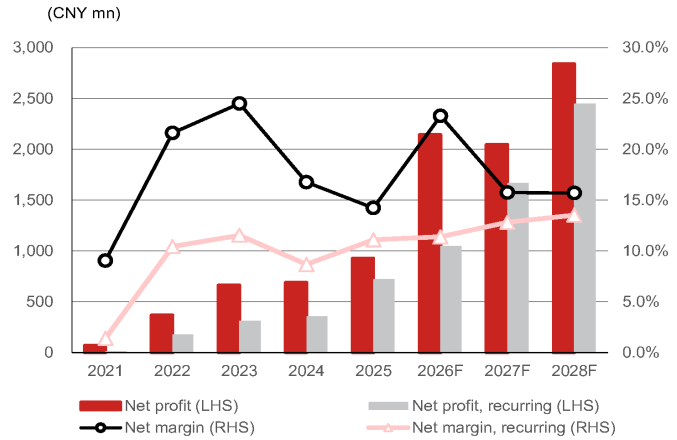
Source: Company data, Nomura estimates

Net profit and EPS

Piotech's net profit attributable to shareholders (net profit, or "NP") was CNY663mn in 2023, CNY688mn in 2024, and CNY927mn in 2025, representing a 34.7% y-y growth in 2025. Net profit margin was 16.8% in 2024 and 14.2% in 2025. We expect net profit to be 23.3% in 2026F mainly due to sales growth, margin improvement, and a fair value gain resulting from the company's investment measured at FVTPL. Excluding these non-recurring items, we estimate its recurring net margin to be 11.4% in 2026F (vs 8.7%/11.1% in 2024/25). With sales growth and gross margin trending up, we forecast its recurring net margin to improve gradually, reaching 13.5% in 2028F.

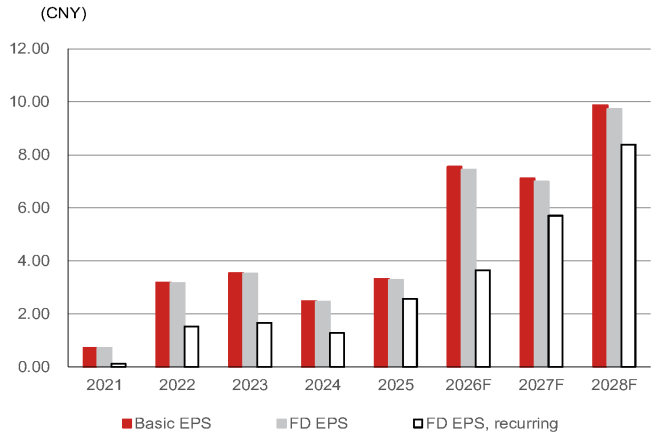
Basic and diluted EPS of the company was CNY3.32 in 2025 (basic and diluted weighted average number of shares at 279mn and 282mn, respectively, dilution effect of around 1.2%).

Fig. 25: Piotech net profit and net margin



Source: Company data, Nomura estimates

Fig. 26: Piotech basic, diluted, and recurring diluted EPS



Source: Company data, Nomura estimates

Our forecast for 2026F is largely in line with the Bloomberg consensus. Our 2027F and 2028F revenue forecasts are lower than the consensus, as we stay relatively conservative, but we believe Piotech's sales growth will be significantly higher than industry growth, and we believe further upside potential exists. As for operating profit and net profit, our estimates are lower than the consensus as we believe the company's significantly high investment and fair value gains (CNY976mn in 1H26) are not recurrent. That being said, recurring net profit is seeing significant growth.

Fig. 27: Financial forecast comparison – Nomura versus consensus

(CNY mn)	2026F	2027F	2028F
Revenue - Nomura est	**9,203**	**12,990**	**18,104**
Revenue - consensus	9,226	13,559	20,954
Revenue - diff	*-0.2%*	*-4.2%*	*-13.6%*
Gross margin - Nomura est	**40.4%**	**40.8%**	**41.2%**
Gross margin - consensus	39.9%	40.6%	41.0%
Gross margin - diff	*0.5%*	*0.2%*	*0.2%*
Operating profit (as reported) - Nomura est	**2,266**	**2,254**	**3,161**
Operating profit (as reported) - consensus	2,199	3,173	5,262
Operating profit (as reported) - diff	*3.1%*	*-29.0%*	*-39.9%*
Net profit - Nomura est	**2,142**	**2,044**	**2,840**
Net profit - consensus	2,117	3,019	5,109
Net profit - diff	*1.2%*	*-32.3%*	*-44.4%*
Net profit, recurring - Nomura est	**1,048**	**1,665**	**2,450**
Net profit, recurring - consensus	n.a.	n.a.	n.a.
Net profit, recurring - diff	*n.a.*	*n.a.*	*n.a.*

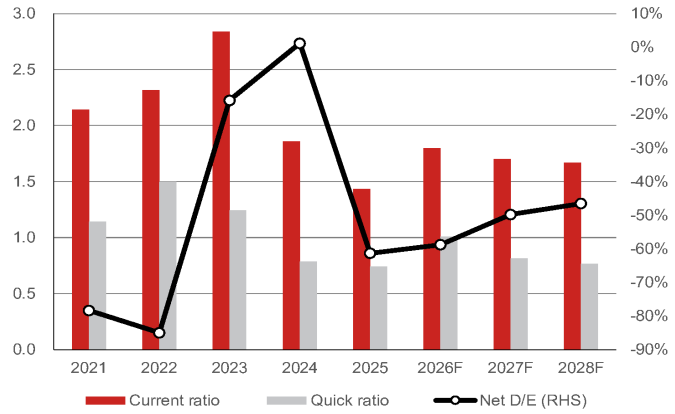
Source: Bloomberg Finance L.P., Nomura estimates

Balance sheet: financial position improving

Piotech's net debt to equity ratio has remained under 0%, except 2024, when a long-term debt was raised. In 2025, the net debt to equity ratio dropped to -61% with increased cash level increase and a decline in debt. We do not expect it to raise any further debt, and the net debt to equity ratio is likely to remain below -40%. As for liquidity, we find that the current ratio has been below 2.0 since 2024, while the quick ratio has been below 1.0. We attribute these to the company's high contract liabilities for pre-orders.

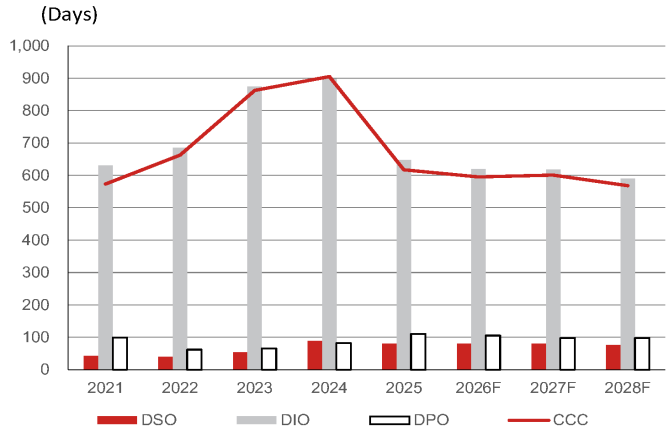
Inventory days (DIO) has been at a very high level (over 600 days), resulting in a positive and high cash conversion cycle (CCC). Although it is very common in the semiconductor equipment industry for the DIO to be usually high as takes a long time to manufacture and assemble the equipment before revenue can be recognized, while components and parts are stockpiled in advance, we think Piotech's level is still higher than peers, meaning the company's manufacturing and delivery cycle is longer than others. The bright side is that the DIO is seeing a decline.

Fig. 28: Piotech liquidity and solvency ratios



Source: Company data, Nomura estimates

Fig. 29: Piotech working capital days



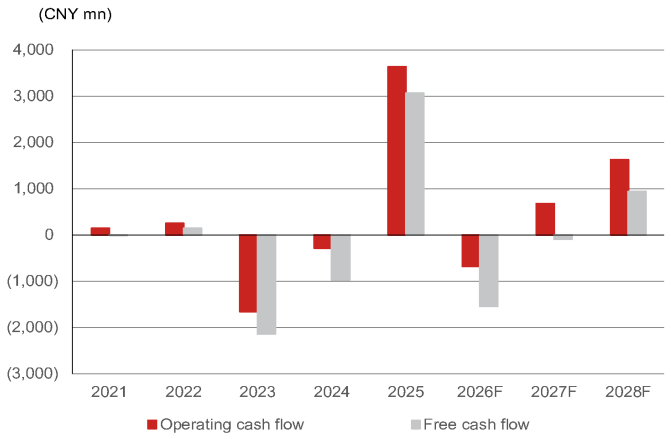
Source: Company data, Nomura estimates

Cash flow to improve with normalized working capital days and profit growth

Operating cash flow was positive back in 2021 and 2022, mainly due to a decrease in working capital days. 2023 saw negative operating cash flow due to significantly higher DSO and DIO. 2025 saw large positive operating cash flow helped by significantly lower DIO, as well as higher DPO. We expect operating cash flow to turn positive from 2027F helped by profit growth and normalized working capital days. The capex ratio has been largely declining since 2023, thanks to fast sales growth, outpacing the capex increase.

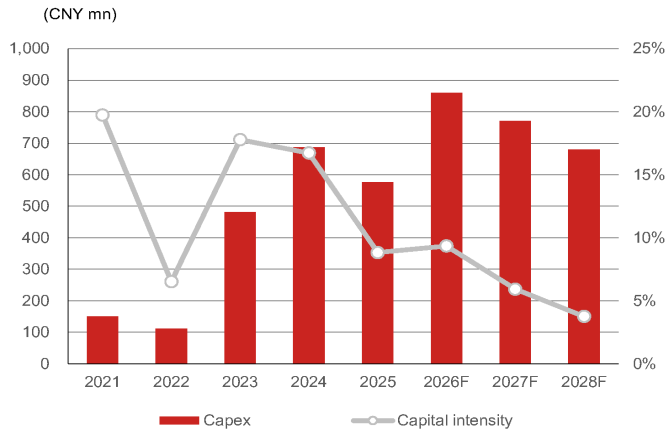
With market share gain as the primary goal, and the new Shenyang Phase 2 production site being constructed, we expect the company's capex to increase in 2026F, to support its equipment delivery.

Fig. 30: Piotech operating cash flow and free cash flow



Source: Company data, Nomura estimates

Fig. 31: Piotech capex and capital intensity



Source: Company data, Nomura estimates

Piotech valuation: premium to local peers, but justified by high sales growth

Being a manufacturing company, sales and profit drive valuation. P/E is normally used to value these kinds of companies. However, Chinese equipment vendors, including Piotech, are now in a fast expansion stage, in our view, with sales growth and market share gains being the key focus. Therefore, we think a sales-related valuation multiple should be more suitable for their valuation.

We choose **EV/sales** as our major valuation multiple to value Chinese SPE companies, mainly considering: (1) Chinese vendors are at mid-ramp, high-R&D phases whose profits are depressed by heavy investment and one-off items, so earnings multiples overstate their relative value; and (2) Chinese players are now at sales expansion and market share driven stages, where sales growth and market share gain are the main focus for them, especially with the localization story.

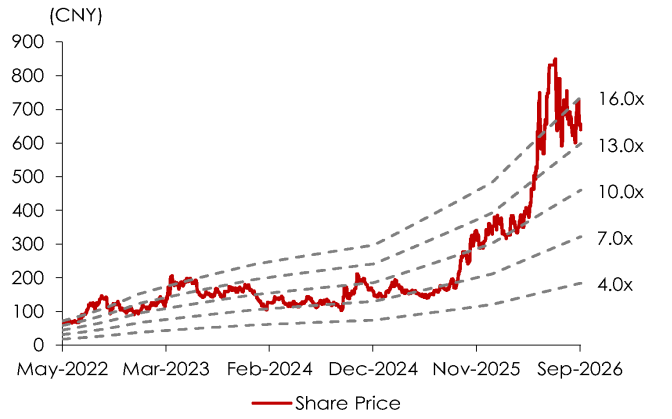
Historically, within the latest five-year period (2021-26), Piotech has largely traded at 6-20x forward EV/sale (average: 11.0x), with the highest valuation in May-June 2026, when the semiconductor megatrend was going on and Huawei's Tau Scaling Law kicked in.

Fig. 32: Piotech – EV/sales trend since IPO



Source: Bloomberg Finance L.P., Nomura estimates

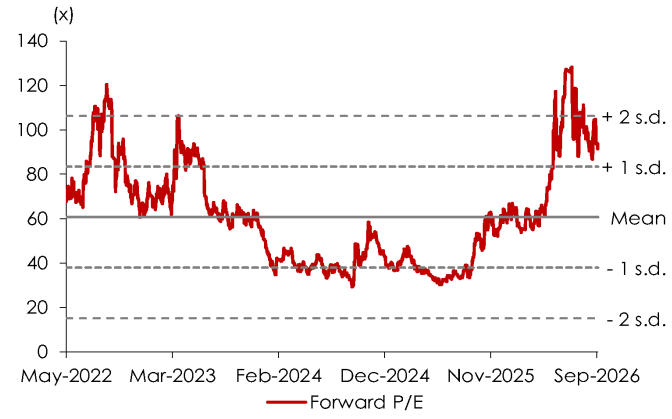
Fig. 33: Piotech – EV/sales band since IPO



Source: Bloomberg Finance L.P., Nomura estimates

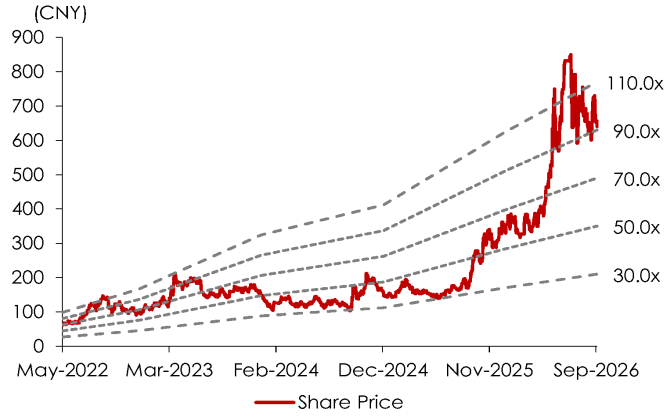
P/E multiple would be much more volatile than EV/sales, in our view. In the latest five-year period, (2021-26) Piotech's forward P/E was in the range of 30-145x with an average of 62x. Volatility was significant, with an average of -2SD near 10x. This is another reason we have chosen EV/sales as our main valuation method.

Fig. 34: Piotech – P/E trend since IPO



Source: Bloomberg Finance L.P., Nomura estimates

Fig. 35: Piotech – P/E band since IPO



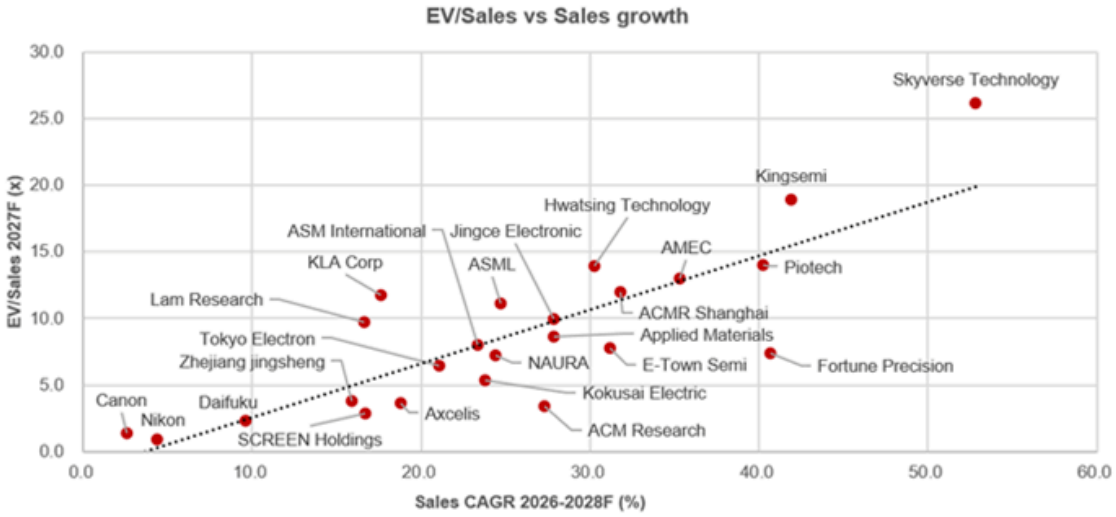
Source: Bloomberg Finance L.P., Nomura estimates

EV/sales is capital-structure neutral (EV includes net debt, so it is comparable across different leverage and tax regimes), and less affected by depreciation, amortization and

R&D capitalization policy. For cross-market, cross-lifecycle comparison of hardware companies, EV/sales is a clean proxy. But its limitation is equally clear: it says nothing about profitability, so it should always be read alongside margin and revenue growth, in our view.

China equipment vendors generally trade at higher valuations than global peers. On an EV/sales basis, global leaders trade at 2-10x 2027F EV/sales, with an average of 5.7x, while domestic playesrs largely trade at 6-30x, with an average of 14.5x. We think the main reason for the premium are: (1) stronger sales and earnings growth especially in the China market given their market share gains; and (2) the localization story driving stronger sentiment.

Fig. 36: EV/sales vs revenue growth rate of global major equipment vendors



Source: Bloomberg Finance L.P., Nomura estimates

Piotech has been trading at a premium (20-50%) over local peers because of its faster growth in sales and strong capabilities in PECVD and strong customer base, in our view. We believe this valuation premium will continue to exist for the next few years, as we believe the positives remain. Therefore, we believe Piotech deserves a higher valuation, given that: (1) we expect the company's sales growth rate to be higher than the industry average; (2) the company has top-level PECVD and ALD equipment among domestic vendors, with sizeable domestic market shares, which forms a high entry barrier for new players; and (3) China's memory and advanced process fab capacity expansion needs more CVD products and 3D integration tools.

We initiate coverage of Piotech with a **Buy** rating. Our target price of **CNY913.00** is based on a target multiple of **20.0x forward EV/sales**, and our total revenue forecast of CNY13.0bn in 2027F.

Fig. 37: Piotech – Valuation and target price

Valuation table		
Target EV/sales	**20.0 x**	We use 20.0x EV/sales as our target multiple, based on: (1) EV/sales relavance with sales CAGR and our forecast for revenue; (2) we forecast Piotech's sales revenue to outperform the industry growth; (3) Piotech's technology strength in PECVD and 3D integration; (4) high exposure to memory makers, which have faster capacity expansion pace
Valuation base	2027F	
Revenue in 2027F (CNY mn)	12,990	
Enterprise value (CNY mn)	259,409	
Nebt debt in 2027F (CNY mn)	(7,640)	
Minority in 2027F (CNY mn)	461	
Equity value (CNY mn)	266,589	
Wtd avg diluted shares in 2027F (mn)	292	
Target price (CNY)	**913.00**	

Source: Nomura estimates

Financial statements

Fig. 38: Piotech – Income statement forecasts

FYE 31 Dec (CNY m)	2023	2024	2025	2026F	2027F	2028F	1Q26	2Q26	3Q26F	4Q26F
Income Statement										
Revenue	**2,705**	**4,103**	**6,519**	**9,203**	**12,990**	**18,104**	**1,112**	**1,800**	**3,126**	**3,164**
COGS	(1,431)	(2,393)	(4,241)	(5,484)	(7,689)	(10,646)	(649)	(1,070)	(1,871)	(1,895)
Gross profit	**1,274**	**1,711**	**2,279**	**3,719**	**5,301**	**7,458**	**464**	**731**	**1,255**	**1,269**
Opex	(959)	(1,266)	(1,523)	(2,393)	(3,286)	(4,553)	(325)	(472)	(793)	(803)
Taxes and surcharges	(18)	(11)	(32)	(46)	(65)	(91)	(8)	(7)	(16)	(16)
S&M expense	(176)	(290)	(407)	(598)	(831)	(1,150)	(90)	(97)	(204)	(207)
Admin expense	(189)	(210)	(314)	(598)	(779)	(1,086)	(70)	(181)	(172)	(174)
R&D expense	(576)	(756)	(770)	(1,150)	(1,611)	(2,227)	(157)	(187)	(401)	(406)
Operating profit (core)	**316**	**444**	**756**	**1,326**	**2,014**	**2,905**	**138**	**259**	**462**	**467**
Finance cost	12	(65)	(85)	(35)	(25)	(10)	(10)	(7)	(9)	(9)
Investment income	4	9	56	50	45	45	15	7	14	14
Impairment loss	(25)	(50)	(204)	(185)	(185)	(185)	(30)	(20)	(68)	(68)
Other gains	422	341	353	1,110	405	406	476	559	38	38
Operating profit (as reported)	729	679	875	2,266	2,254	3,161	590	798	437	442
Non-operating items	(0)	(0)	0	1	1	1	0	0	0	0
Pretax income	**729**	**679**	**876**	**2,267**	**2,255**	**3,161**	**590**	**798**	**437**	**442**
Income tax	(65)	9	39	(155)	(225)	(316)	(27)	(39)	(44)	(44)
Minority interests	(1)	1	12	30	15	(5)	8	13	4	4
Net profit (attr. to SH)	**663**	**688**	**927**	**2,142**	**2,044**	**2,840**	**571**	**772**	**397**	**402**
Basic EPS (CNY)	3.54	2.48	3.32	7.56	7.11	9.87	2.03	2.74	1.39	1.41
Diluted EPS (CNY)	**3.52**	**2.46**	**3.29**	**7.44**	**7.00**	**9.73**	**2.00**	**2.70**	**1.37**	**1.39**
Recurring net profit (attr. to SH)	**312**	**356**	**723**	**1,048**	**1,665**	**2,450**	**102**	**265**	**361**	**320**
Recurring FD EPS (CNY)	**1.66**	**1.27**	**2.56**	**3.64**	**5.70**	**8.39**	**0.36**	**0.93**	**1.25**	**1.10**
YoY Growth (%)										
Revenue	*58.6*	*51.7*	*58.9*	*41.2*	*41.1*	*39.4*	*57.0*	*44.6*	*38.0*	*37.6*
Gross profit	*51.7*	*34.2*	*33.2*	*63.2*	*42.5*	*40.7*	*229.0*	*51.1*	*60.9*	*45.2*
Operating profit (core)	*84.7*	*40.7*	*70.2*	*75.4*	*51.9*	*44.2*	*N/A*	*43.8*	*20.2*	*41.8*
Net profit (attr. to SH)	*79.8*	*3.9*	*34.7*	*131.2*	*(4.6)*	*38.9*	*N/A*	*220.1*	*(14.0)*	*8.6*
Diluted EPS	*11.2*	*(30.1)*	*33.4*	*126.6*	*(5.9)*	*38.9*	*N/A*	*215.0*	*(16.1)*	*5.6*
Recurring net profit (attr. to SH)	*75.2*	*14.1*	*103.1*	*45.0*	*58.8*	*47.1*	*N/A*	*21.4*	*(14.0)*	*20.8*
Recurring FD EPS	*8.4*	*(23.2)*	*101.2*	*42.1*	*56.5*	*47.1*	*N/A*	*19.5*	*(16.1)*	*17.5*
Margins (%)										
Gross margin	47.1	41.7	35.0	40.4	40.8	41.2	41.7	40.6	40.1	40.1
Opex	35.4	30.9	23.4	26.0	25.3	25.2	29.2	26.2	25.4	25.4
Operating margin (core)	11.7	10.8	11.6	14.4	15.5	16.0	12.4	14.4	14.8	14.8
Pretax margin	26.9	16.5	13.4	24.6	17.4	17.5	53.0	44.3	14.0	14.0
Net margin	24.5	16.8	14.2	23.3	15.7	15.7	51.3	42.9	12.7	12.7
Recurring net margin	11.5	8.7	11.1	11.4	12.8	13.5	9.2	14.7	11.5	10.1
Segment revenue										
Deposition	**2,570**	**3,863**	**6,103**	**8,630**	**12,205**	**17,006**	**1,000**	**1,665**	**2,959**	**3,005**
YoY Growth (%)	*52.5*	*50.3*	*58.0*	*41.4*	*41.4*	*39.3*	*53.8*	*42.1*	*39.6*	*39.1*
Percentage of total (%)	95	94	94	94	94	94	90	92	95	95
Wafer bonders	**64**	**96**	**193**	**260**	**357**	**528**	**33**	**56**	**90**	**81**
YoY Growth (%)	*N/A*	*48.8*	*101.6*	*34.8*	*37.1*	*48.1*	*101.3*	*77.2*	*17.0*	*19.2*
Percentage of total (%)	2	2	3	3	3	3	3	3	3	3
Segment gross margin (%)										
Deposition	46.8	40.9	33.9	39.5	39.9	40.4	40.1	39.6	39.4	39.4
Wafer bonders	46.7	41.1	37.3	41.6	41.4	41.1	42.3	40.0	41.9	41.9

Source: Company data, Nomura estimates

Fig. 39: Piotech – balance sheet forecasts

FYE 31 Dec (CNY mn)	2023	2024	2025	2026F	2027F	2028F
Cash and cash equivalent	2,668	2,852	5,091	8,984	8,676	9,406
Restricted cash	8	151	209	251	301	361
Financial assets - ST	29	193	890	934	981	1,030
Notes receivable	-	12	9	10	11	12
Account receivable	530	1,473	1,407	2,627	3,067	4,373
Prepayment	192	108	16	75	83	91
Other receivables	8	12	4	7	8	8
Inventory	4,556	7,216	7,826	10,806	15,232	19,187
Contract assets	6	8	7	7	7	7
Other current assets	460	662	822	986	1,085	1,193
Current assets	**8,457**	**12,687**	**16,279**	**24,687**	**29,449**	**35,669**
Financial assets - LT	261	474	574	688	757	833
Equity method investment	228	249	300	290	285	281
PP&E - net	613	893	1,691	2,209	2,731	3,131
Construction in progress	117	729	413	533	497	429
Right-of-use assets	6	16	14	14	13	13
Intangible assets	92	176	185	231	339	482
Development costs	-	-	77	165	195	190
L/T Accrued expenses	6	29	37	37	35	35
Deferred tax asset	11	48	168	201	221	244
Other non-current assets	179	13	84	85	86	88
Total non-current assets	**1,512**	**2,627**	**3,544**	**4,454**	**5,160**	**5,726**
Total assets	**9,969**	**15,314**	**19,824**	**29,141**	**34,609**	**41,395**
S/T Borrowing	70	119	186	186	186	186
Notes payables	85	858	1,326	1,591	1,750	1,925
Account payables	986	1,387	1,730	2,057	2,847	3,943
Contract liabilities	1,382	2,983	4,852	6,495	9,052	11,768
Non-current liabilities within 1 year	67	735	2,003	2,003	2,003	2,003
Other current liabilities	393	749	1,270	1,383	1,472	1,568
Total current liabilities	**2,982**	**6,831**	**11,366**	**13,715**	**17,311**	**21,393**
L/T Borrowing	1,871	2,794	850	850	850	850
Lease liabilities	2	8	7	7	8	8
Deferred income	401	354	418	501	551	607
Deferred tax liabilities	6	28	42	50	55	60
Other non-current liabilities	116	-	26	27	28	30
Total non-current liabilities	**2,396**	**3,185**	**1,342**	**1,435**	**1,492**	**1,555**
Total liabilities	**5,378**	**10,015**	**12,708**	**15,150**	**18,803**	**22,948**
Share capital	188	280	282	291	291	291
Capital reserve	3,313	3,482	3,958	8,806	8,806	8,806
Treasury stock	-	(197)	(197)	(197)	(197)	(197)
Statutory reserves	79	79	91	306	510	794
Retained earnings	1,014	1,637	2,476	4,311	5,937	8,288
Other capital adjustments	(0)	(0)	(0)	(0)	(0)	(0)
Equity attributable to Company	**4,594**	**5,280**	**6,610**	**13,516**	**15,346**	**17,981**
Minority interests	(2)	19	506	476	461	466
Total equity	**4,592**	**5,299**	**7,115**	**13,991**	**15,806**	**18,447**
Total equity and liabilities	**9,969**	**15,314**	**19,824**	**29,141**	**34,609**	**41,395**

Source: Company data, Nomura estimates

Fig. 40: Piotech – statement of cash flow forecasts

FYE 31 Dec (CNY mn)	2023	2024	2025	2026F	2027F	2028F
Profit before taxation	**729**	**679**	**876**	**2,267**	**2,255**	**3,161**
Provision for impairemnt loss	25	50	204	-	-	-
D&A expenses	**52**	**91**	**155**	**235**	**304**	**375**
Depreciation of PP&E	44	76	124	193	255	317
Depreciation of Right-of-use assets	2	5	7	6	6	5
Amortization of Intangible assets	5	7	10	16	22	32
Amortization of L/T Accrued expenses	2	3	14	20	22	20
Fair value change gains	(94)	(204)	(55)	(960)	(250)	(250)
Finance cost	49	96	89	35	25	10
Investment income (excl. JV/asso.)	(4)	(9)	(56)	(50)	(45)	(45)
Share of JV and associate	2	7	6	10	5	4
Deferred tax asset - decrease	(10)	(37)	(120)	(34)	(20)	(22)
Deferred tax liabilities - increase	6	22	14	8	5	5
Inventory - decrease	(2,425)	(2,737)	(981)	(2,981)	(4,425)	(3,956)
Account receivables - decrease	(559)	(1,248)	(65)	(1,221)	(441)	(1,307)
Account payables - increase	457	2,789	3,315	327	791	1,096
Tax paid	(70)	(6)	(67)	(155)	(225)	(316)
Others	186	226	318	1,837	2,700	2,865
Net cash flows from operating activities	**(1,657)**	**(283)**	**3,633**	**(681)**	**678**	**1,620**
Capex - total	**(481)**	**(686)**	**(575)**	**(860)**	**(770)**	**(680)**
investments related - net	(356)	(201)	(757)	841	174	166
Acquisition & invest in JV/asso. - net	-	-	-	10	5	4
Disposal of assets	0	0	0	-	-	-
Others	1	(5)	4	(146)	(156)	(167)
Net cash flows from Investing activities	**(836)**	**(892)**	**(1,329)**	**(155)**	**(747)**	**(676)**
Share issuance	71	67	191	4,856	-	-
Capital injection of MI	0	1	498	-	-	-
Debt raised (repaid)	1,333	1,637	(608)	-	-	-
Interest paid	(30)	(72)	(158)	-	-	-
Dividend paid	(33)	(66)	(75)	(93)	(214)	(204)
Others	(2)	(206)	88	(35)	(25)	(10)
Net cash flows from financing activities	**1,339**	**1,361**	**(64)**	**4,729**	**(239)**	**(214)**
Net cash flows	**(1,154)**	**187**	**2,240**	**3,893**	**(308)**	**730**
Effect of FX	(3)	(3)	(1)	-	-	-
Cash and cash equivalents - beg	3,825	2,668	2,852	5,091	8,984	8,676
Cash and cash equivalents - end	**2,668**	**2,852**	**5,091**	**8,984**	**8,676**	**9,406**
Free cash flow (FCF)	**(2,138)**	**(969)**	**3,058**	**(1,541)**	**(92)**	**940**

Source: Company data, Nomura estimates

Key risks

Slowdown in Chinese fab capex, particularly for memory makers (YMTC, CXMT) and advanced logic (SMIC, HLMC), could impact the order and sales outlooks of Chinese equipment vendors.

Customer concentration: Piotech's top five customers account for over 70% of its total revenue, with the two memory makers being its two largest clients. A slowdown in capex at these large customers could have a significant impact on Piotech's outlook.

Component shortage and constraint: Though the overall component localization rate is over 50%, critical and high-end equipment components are still mainly supplied by overseas suppliers (based in Japan, Europe, and the US). Failure to acquire enough component supplies (from overseas suppliers, or domestic alternatives) could impact delivery of equipment, and hence impact sales.

Intensified competition: NAURA's (002371 CH, Buy) broader platform [after the acquisition of Kingsemi (688037 CH, Not rated)], AMEC's (688012 CH, Buy) growing CVD/ALD share, ACM Research's (ACMR US, Buy) new PECVD pipeline, and Hwatsing's (688120 CH, Not rated) PECVD/ALD pipeline, would intensify the competition in the PECVD area. But PECVD is the kind of equipment with hundreds of SKUs and are closely-bonded with fabs, which provides Piotech with first-mover and customer-relation advantages.

Acquisition integration risk on Wuxi Shangji: Closing conditions (audit, regulatory approval), goodwill impairment risk if synergies fail to materialize, and customer overlap that may trigger antitrust review are all worth monitoring.

Escalation in US sanctions: US export controls on critical high-end tools may potentially impact Chinese fabs' capacity expansion pace, and hence impact the order and sales outlook of equipment suppliers.

Technology strength and R&D: Leading-edge deposition demands high performance in uniformity and precision, which requires a large amount of R&D to maintain strength and moats. Failure to do so could potentially cause market share loss and margin contraction.

Appendix A-1

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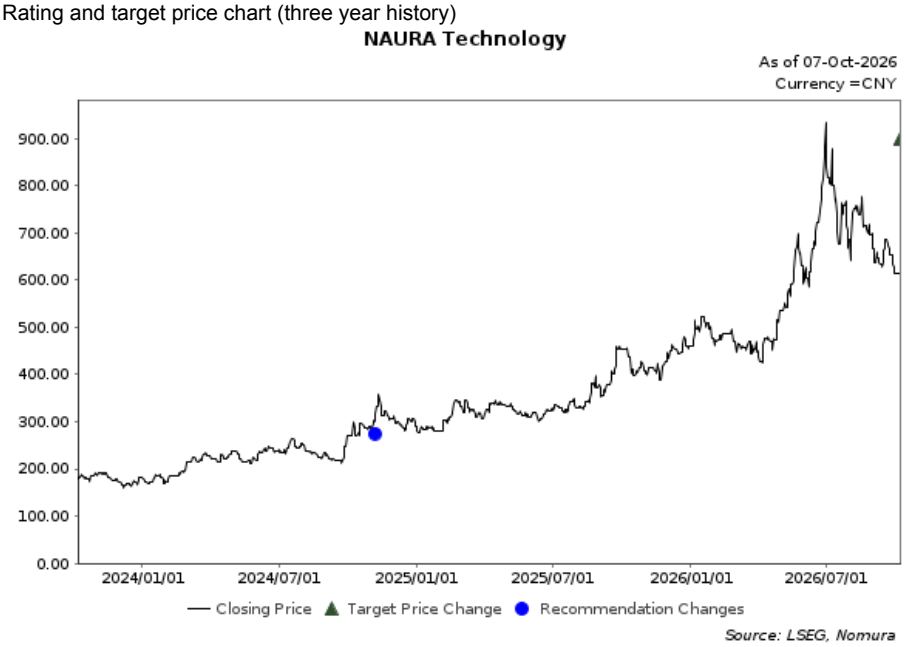
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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
NAURA Technology	002371 CH	CNY 615.97	30-Sep-2026	Suspended	N/A	
Advanced Micro-Fabrication Equipment China	688012 CH	CNY 318.55	30-Sep-2026	Suspended	N/A	
Piotech Inc.	688072 CH	CNY 640.00	30-Sep-2026	Buy	N/A	
ACM Research	ACMR US	USD 75.35	06-Oct-2026	Suspended	N/A	

NAURA Technology (002371 CH) **CNY 615.97 (30-Sep-2026)** Suspended (Sector rating: N/A)

Rating and target price chart (three year history)



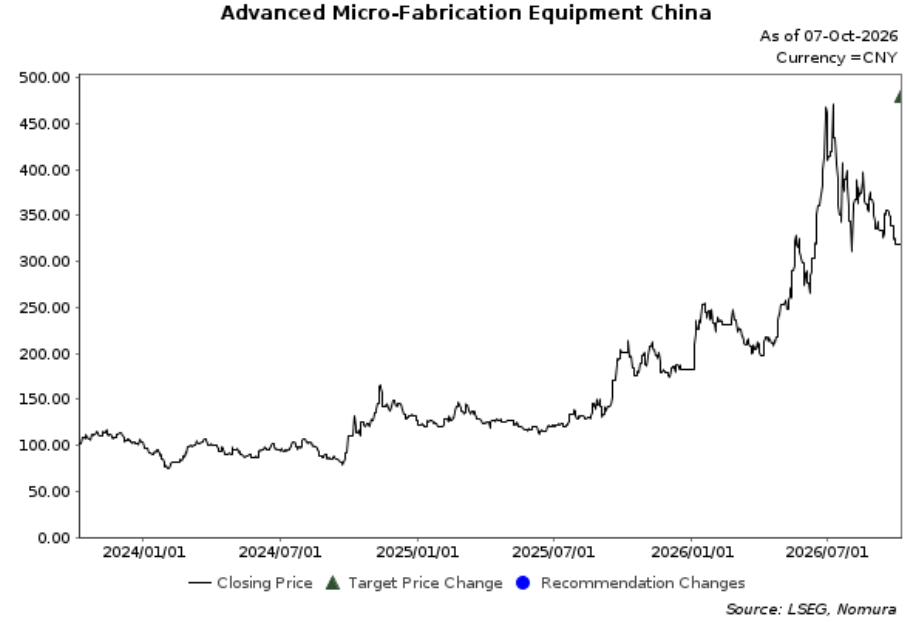
Date	Rating	Target price	Closing price
07-Oct-26	Buy		615.97
07-Oct-26		900.00	615.97
29-Oct-24	Suspended		287.93

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology N/A
Risks that may impede the achievement of the target price N/A

Advanced Micro-Fabrication Equipment China (688012 CH) **CNY 318.55 (30-Sep-2026)** Suspended (Sector rating: N/A)

Rating and target price chart (three year history)



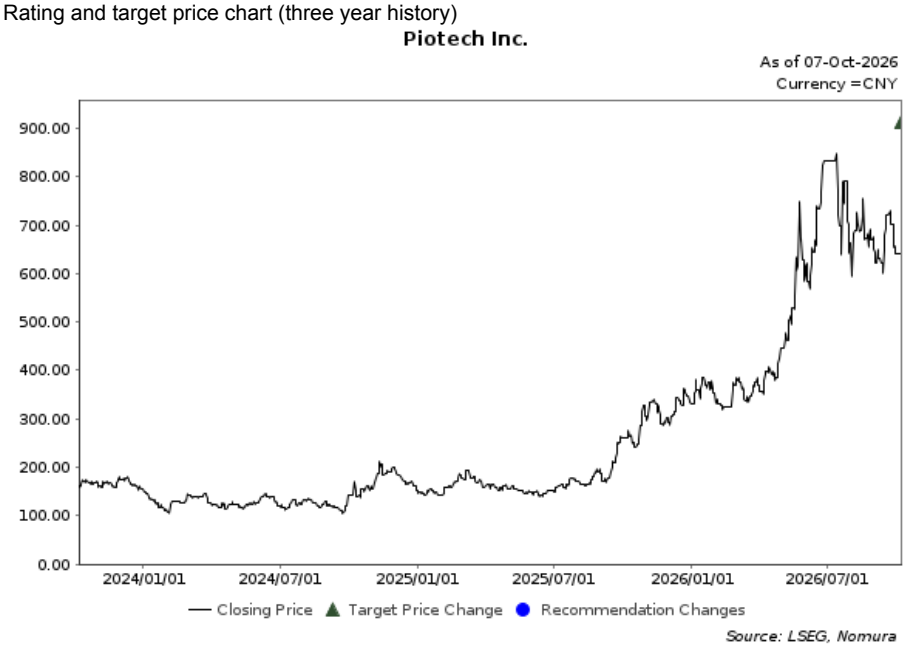
Date	Rating	Target price	Closing price
07-Oct-26	Buy		318.55
07-Oct-26		480.00	318.55

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology N/A
Risks that may impede the achievement of the target price N/A

Piotech Inc. (688072 CH) **CNY 640.00 (30-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



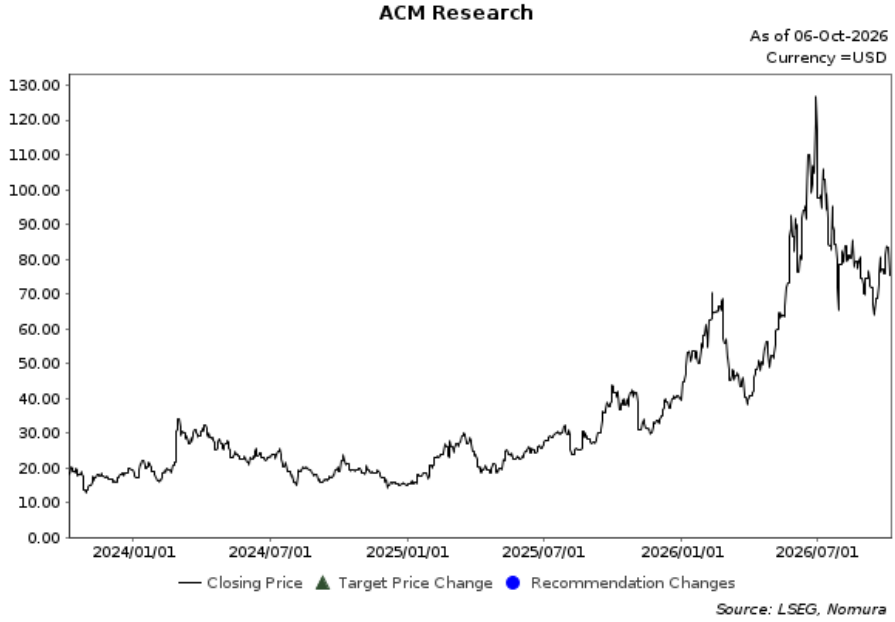
Date	Rating	Target price	Closing price
07-Oct-26	Buy		640.00
07-Oct-26		913.00	640.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our target price of CNY913.00 is based on 20.0x forward EV/sales multiple, and our revenue forecasts for 2027F. The reason for choosing EV/Sales include: (1) Chinese equipment vendors are now at sales expansion and market share gain stage, where revenue growth is focused; (2) EV/Sales is relatively market neutral, allowing comparison globally across different markets; (3) the relative low volatility of EV/Sales makes it more reliable and referrible. The benchmark index is CSI300.
Risks that may impede the achievement of the target price Downside risks include: (1) less aggressive wafer fab capacity expansion in China; (2) slower market share gain for Piotech; (3) substitution from overseas customers; (4) intensified competition; (5) easing of equipment export control from US, Japan, Netherlands.

ACM Research (ACMR US) **USD 75.35 (06-Oct-2026)** Suspended (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology N/A
Risks that may impede the achievement of the target price N/A

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