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Greater China Technology Semiconductors | Asia Pacific

Catalyst Preview: What's Ahead for China WFE

Where relevant and meaningful, we have identified and previewed near-term catalysts for key Chinese WFE companies (Naura, AMEC and ACM Research) that could affect share prices.

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GREATER CHINA TECHNOLOGY SEMICONDUCTORS
Asia Pacific
Industry View **Attractive**

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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AlphaSignals Catalyst Event Preview

Company / Catalyst	Date	Importance	Surprise
NAURA Technology Group Co Ltd 002371.SZ			
3Q26 earnings release	29 Oct 2026	High	↓ Modest downside surprise

Takeaways:

- We see potential downside risk to 3Q26 earnings due to selective component shortages, which could delay equipment deliveries and revenue recognition.
- While underlying customer demand remains robust, supply chain constraints could lead to a modest earnings miss, with some shipments potentially pushed into 4Q26.

Stronger-than-expected backlog	4Q26	Very High	↑ Meaningful upside surprise

Takeaways:

- Our industry checks suggest NAURA's 2026 backlog could reach Rmb80bn, above market expectations of ~Rmb70bn, implying ~14% upside.
- A stronger backlog could improve 2027 revenue visibility and potentially drive upward revisions to market earnings expectations.

Advanced Micro-Fabrication Equipment Inc 688012.SS			
3Q26 earnings release	30 Oct 2026	High	| In-line

Takeaways:

- We expect 3Q26 earnings to be broadly in line with market expectations, supported by resilient etch equipment shipments and relatively manageable component shortages.
- Compared with some domestic WFE peers, AMEC's etch business appears less affected by supply chain bottlenecks, supporting steadier equipment deliveries and revenue recognition.

Thin-film deposition equipment order ramp-up	4Q26	High	↑ Modest upside surprise

Takeaways:

- We expect further customer adoption and repeat orders for AMEC's emerging thin-film deposition portfolio, particularly tungsten CVD and ALD equipment.
- Progress in customer qualifications and volume-production adoption could accelerate revenue contributions from deposition tools in 2027, diversifying AMEC's revenue base beyond etch.

ACM Research Inc ACMR.O			
3Q26 earnings release and 2027 revenue guidance	04 Nov 2026	High	| In-line

Takeaways:

- We expect 3Q26 earnings to be broadly in line with market expectations, supported by strong shipments of backend packaging and ECP equipment.

Company / Catalyst	Date	Importance	Surprise
• We expect management to provide an initial 2027 revenue outlook, with continued strength in advanced packaging and ECP equipment supporting robust growth.			
New orders for ECP, PECVD and KrF Track equipment	1Q27	Very High	↑ Modest upside surprise

Takeaways:

- We expect additional orders for ACM Research's ECP equipment, while PECVD and KrF Track tools are undergoing customer evaluation and could secure initial or incremental orders.
- Faster-than-expected commercialization of PECVD and Track equipment could provide upside risk to 2027 growth expectations.

Source:

Valuation Methodology and Risks

NAURA Technology Group Co Ltd (002371.SZ)

We use a residual income model to value NAURA. Our base case assumptions are:

- WACC of 10.1%, derived from a risk-free rate of 2.0%, beta of 1.35 and a market risk premium of 6.0%.
- Intermediate growth rate of 15%, reflecting opportunities in domestic advanced node capacity expansion.
- Terminal growth rate of 5%.

Risks to Upside

- Stronger-than-expected semi capex cycle in China
- Faster-than-expected R&D, leading to substantial market share increases for NAURA
- Tight production capacity in chips, leading to faster capacity expansion by fabs

Risks to Downside

- Slowdown in China's semi capex cycle
- NAURA's market share declines
- Weakening demand in automotive, factory automation, and IoT, resulting in oversupply of chips

Advanced Micro-Fabrication Equipment Inc (688012.SS)

Base case, residual income model. We assume a 6.2% cost of equity, a medium-term growth rate of 14% and a terminal growth rate of 4.0%. We believe these assumptions are justified, given AMEC's structural position in the Chinese semiconductor equipment industry, allowing it to grasp opportunities coming from any fab expansions.

Risks to Upside

- Stronger-than-expected semi market
- Faster-than-expected product development
- Acceleration in China's local demand

Risks to Downside

- Weak semi demand, leading vendors to compete on pricing
- Slower-than-expected product development
- Deceleration in China's local demand

ACM Research Inc (ACMR.O)

Base case, residual income model. Key assumptions: a 10.1% WACC (beta 1.35, risk-free rate 2%, and cost of equity of 6%), a medium-term growth rate of 13%, and a terminal growth rate of 4.0%. Dividend payout ratio is 80%, reflecting long-term shareholder payback with stronger cash flow.

Risks to Upside

- Stronger-than-expected equipment demand from China given faster capacity ramp-up
- Accelerating global semiconductor demand

Risks to Downside

- Weaker-than-expected equipment demand from China given slower capacity ramp-up
- Decelerating global semiconductor demand

