



# ACM

R E S E A R C H

**LONG Recommendation**

Current Share Price: \$24.37

Target Share Price: \$54.34

**Upside: 123.0% IRR to 2032: 12.8%**

Date: 15 June 2025

By: Adam Bursic, Albin Pehrson, Cheng-Tao Lee

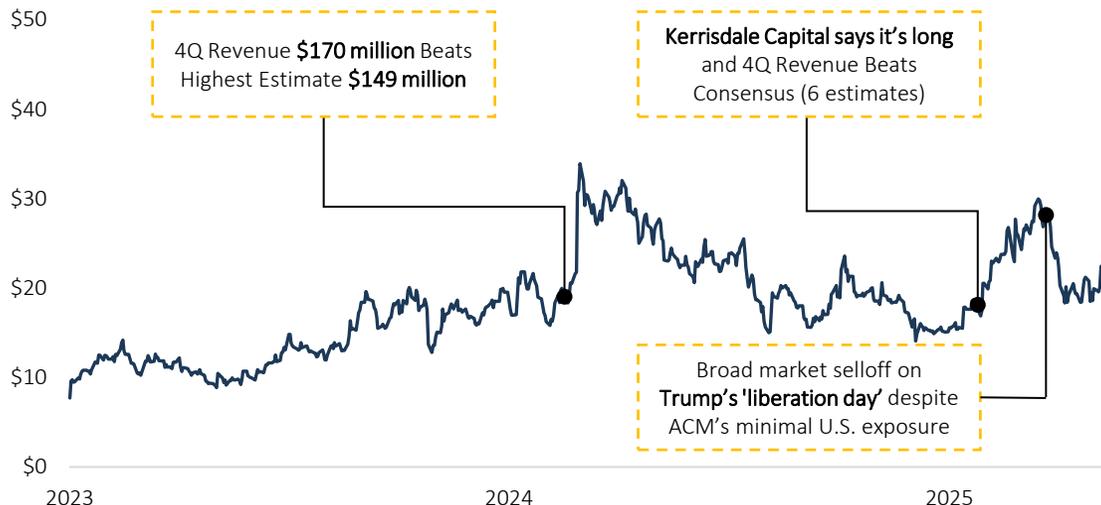
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### Share Price Performance



### Key Facts

- ACM Research (ACM) or (“the company”) holds an 82.1% stake in its operating subsidiary, ACM Shanghai (ACMS). As the third largest Chinese WFE maker, ACMS is leading in cleaning and ECP, while expanding their portfolio into Furnace and Advanced Packaging
- ACM holds a 19% share of China’s wafer cleaning market and dominates with a 66% share among domestic suppliers, firmly establishing its position in a highly oligopolistic market
- With over 537+ patents and cutting edge tools like SAPS and Tahoe, ACM stands out from the competition. ACM's portfolio covers 95% of cleaning applications

### Financials

- Share Price: \$24.37
- MCAP: \$1.53bn
- EV: \$1.27bn
- LTM EV/EBIT: 8.40x
- Net Debt/EBIT: -1.69x
- LTM ROIC: 9.97%

### Insider Ownership / Main Shareholders

#### Insider Ownership

- Management ownership 5.3%

#### Main Shareholders

- Vanguard 6.9%
- Blackrock 6.5%
- Shanghai Pudong 5.7%

### Investment Thesis

1

#### A Market Leader in a Growing Industry

- ACM Research is the number one Chinese player in the Chinese WFE cleaning market
- Positioned to gain from strong self-sufficiency trend and high switching costs
- Increasing market share toward 55-60% in a \$2.1 billion market growing at 9.6% CAGR

2

#### Deep IP Moat and Technological Leadership

- Leading megasonic tech ensures minimal damage to chips and 99%+ particle removal efficiency
- SPM tool Tahoe realizes cost savings of up to 80% per wafer compared to conventional tool
- Conservative revenue recognition principle masks business momentum

3

#### International Expansion and Tier-one Customer Base Data Learning

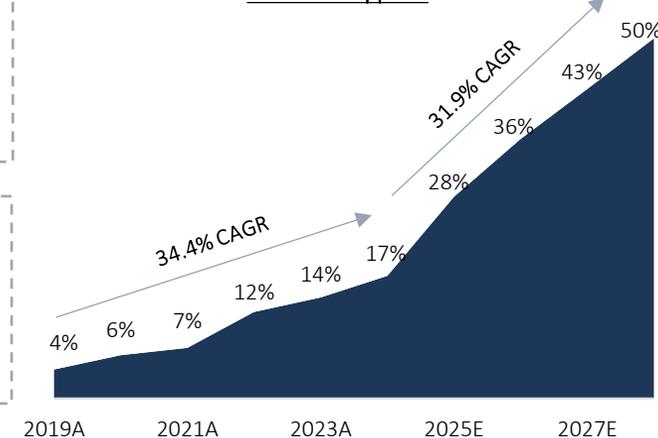
- ACM has made good progress on penetrating additional global top 10 CapEx spenders
- Set to capitalize on SK Hynix’s elevated CapEx spend in HBM with SAPS and verification completion
- TSMC ready to adopt horizontal plating, as the sole major supplier of horizontal plating tools ACM is set to take advantage. Orders expected in 2026 if evaluation successful

### Why Does the Opportunity Exist?

- China is accelerating efforts toward semiconductor self-sufficiency amid the ongoing U.S.-China chip war, aiming to bridge the technology gap by localizing its supply chain through targeted stimulus and policy support

- Market concerns about U.S.-China tensions, including risks of supply chain disruption and delisting, are overstated. The U.S.-China corporate entity is misunderstood, and exposure to U.S. supply chains is limited

Share of Chinese Semiconductor Demand Supplied by Domestic Suppliers



Sources: ACM Research Company Filings, Bloomberg, J.P. Morgan, Tegus, Kerrisdale Capital, Goldman Sachs

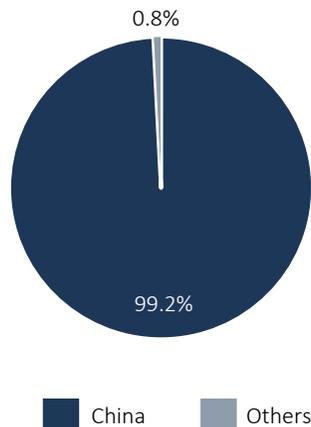


## ACM Research: The Leading Chinese Wafer Cleaning Equipment Provider

### Company Overview

- ACM Research is the Chinese leader in wafer cleaning equipment, holding a **19% share** of the \$2.1 billion Chinese wafer cleaning market
- Historically, ACM has operated in the lower end of the cleaning market. Since 2018 ACM has more than **ten-folded topline**, outpacing domestic competitors by **broadening their portfolio and going high-end**, positioning the company as **the sole high-end competitor** to global peers
- ACM Research sells to **every tier-one manufacturer in China**, including the three largest pure play foundries. SMIC, YMTC and Hua Hong Group account for up to 40% of ACM's revenue

### Revenue Breakdown by Geographic Segments



### Income Overview

#### Summary Financial Metrics

#### Revenue

- Last 5 years CAGR: **49%**

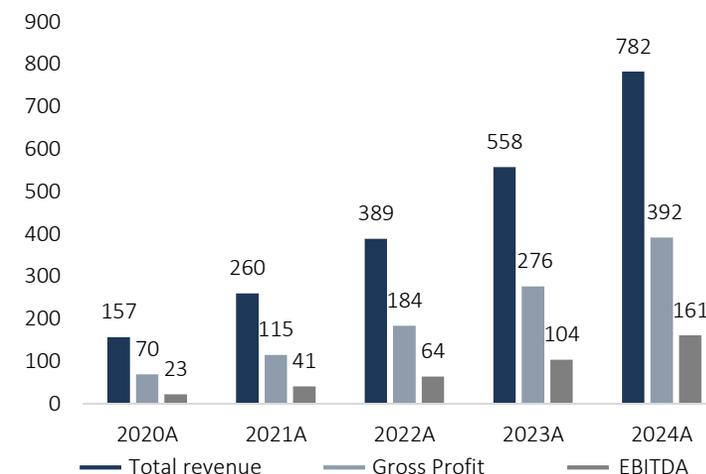
#### Gross Margin

- FY 2024: **50.1%**
- Last 5 Years Average: **47.09%**

#### EBITDA Margin

- FY 2024: **20.6%**
- Last 5 Years Average: **17.20%**

\$mm



### Revenue Breakdown

#### Cleaning

- 74% of Net sales (FY24)**. Includes single wafer cleaning, Tahoe and semi-critical cleaning equipment



#### ECP and Furnace

- 19% of Net sales (FY24)**. ECP (Front-end and packaging), furnace and other technologies



#### Advanced Packaging

- 7% of Net sales (FY24)**. Advanced Packaging (excluding ECP), services and spares

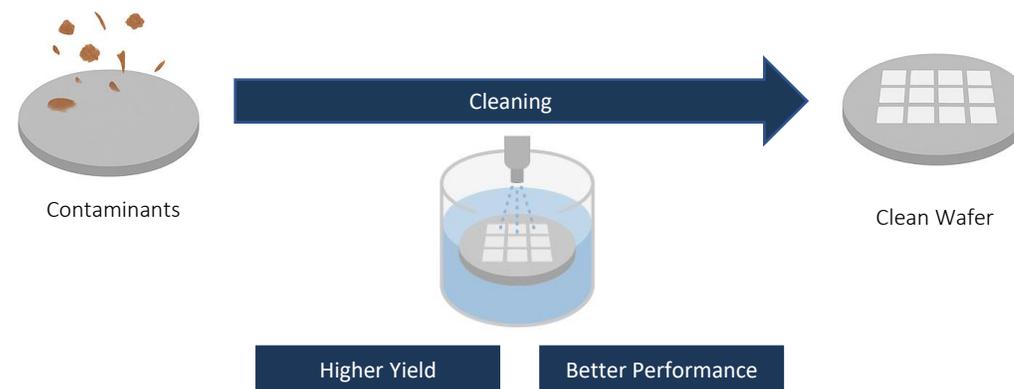


The distribution of cleaning has increased gradually over the last 3 years, from 70% to 74%

Within the three above segments, ACM **differentiates** itself from other equipment makers by owning an IP portfolio of more than **537+ internationally granted patents**, which offers technological edge. The cleaning segment has achieved a **35% CAGR since 2020**

### What is Wafer Cleaning? (Simplified)

The process of removing contaminants and impurities from silicon wafers by using specialized cleaning techniques, preparing them for advanced processes down the value chain like lithography



## An Essential Part of an Increasingly Localized Market

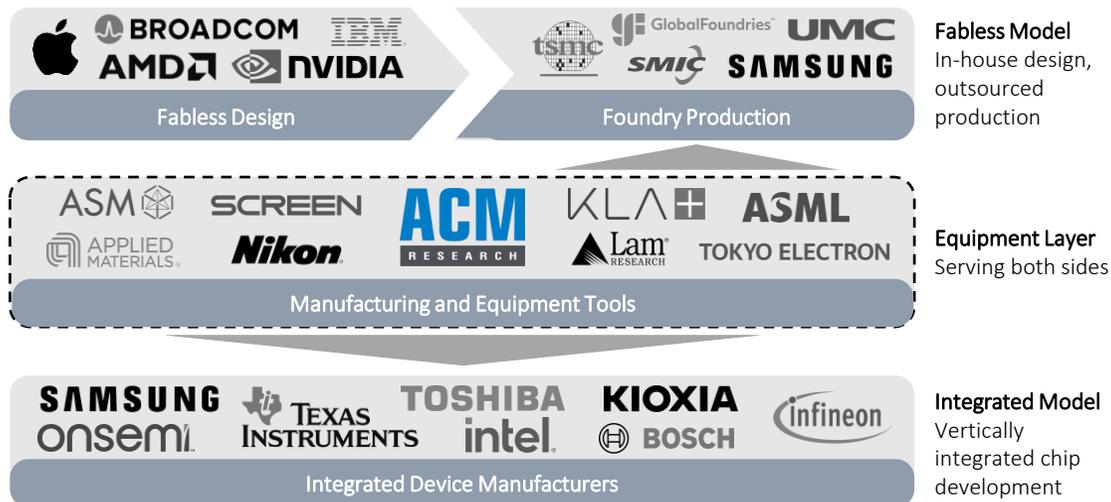
### Industry Overview

- **The Wafer Cleaning Industry:** Wafer cleaning is a critical part of the semiconductor manufacturing process, minimizing defects and improving yields. As China account for **35% of global chip demand but only supply 7%** they are localizing the supply chain. The domestic market is growing and market size is currently **\$2.1bn TAM**
- **China's Competitive Landscape:** International players SCREEN, Lam and Tokyo Electron dominate the Chinese wafer cleaning industry, together showcasing a **63% market share**. ACM holds a **19% market share** and **66% of the market among domestic suppliers** in cleaning
- **Ambitions to Secure Chip Supply:** Due to geopolitical risks, Chinese semiconductor firms increasingly favor domestic players in the semiconductor supply chain. This, together with governmental ambitions to increase self-sufficiency, indicate need for **investments of \$3-14 trillion** in the coming decade to meet domestic chip demand, according to Goldman Sachs

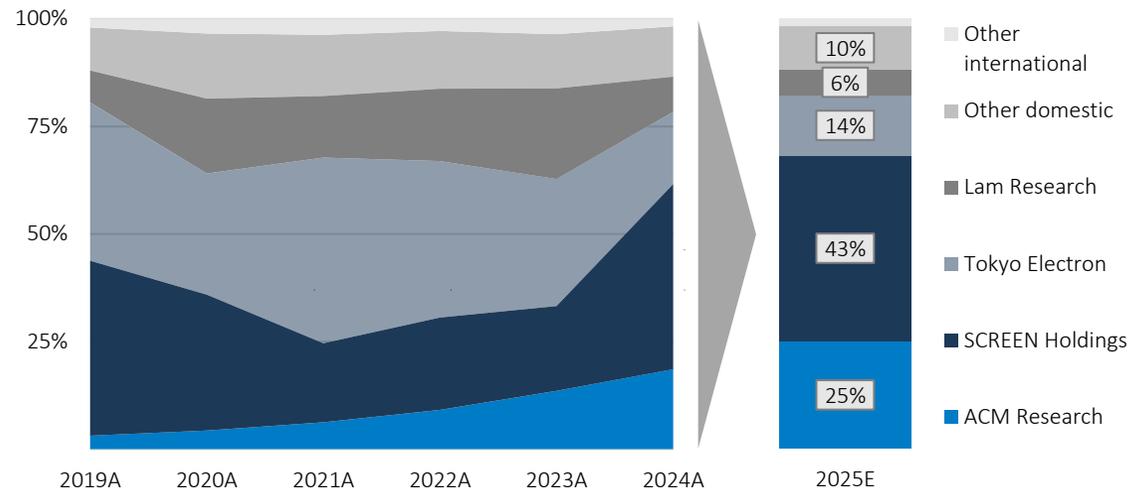
9.6% Estimated underlying Chinese wafer cleaning market CAGR until 2032

8.2% Estimated underlying Chinese semiconductor market CAGR through 2029

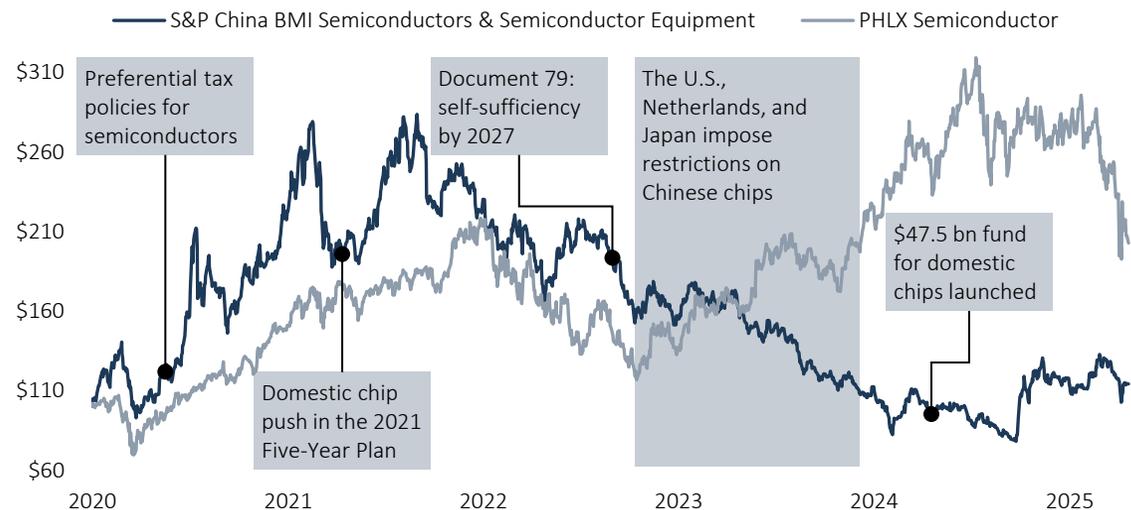
### In the Middle of the Value Chain



### Chinese Wafer Cleaning Equipment Market



### China's Continued Support in Domestic Semiconductor Market



Sources: ACM Research Company Filings, Statista, FactSet, Goldman Sachs

## Capturing Market Share as China Localizes Semiconductor Supply Chain

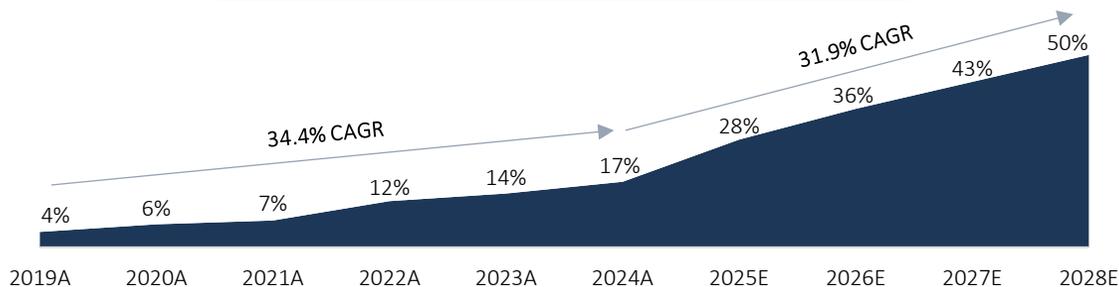
### Chinese Pursuit of Semiconductor Self-sufficiency

According to a Goldman Sachs report, China accounts for **35% of global chip demand** while domestic suppliers only **supply 7%**



ACM has grown topline at an above-market **49% CAGR** over the last 5 years, suggesting that the company has **benefitted disproportionately** from Chinese self-sufficiency efforts

Share of Chinese Semiconductor Demand Supplied by Domestic Suppliers



### ACM as the Winner on the Self-sufficiency Tailwind

1. Market leader among Chinese players

ACM's equipments are deeply embedded in the domestic supply chain, supplying to virtually all leading Chinese fabs (i.e. YMTC, **40% share of their cleaning opportunity**), and SMIC

2. Cleaning Specialization

Under China's S&T Plan and National IC Fund, **ACM was tasked with wafer cleaning**, while AMEC and Naura focused on etching and deposition to prevent overlap in localization efforts

3. High Switching Costs

High switching costs make fabs reluctant to change tools, benefitting ACM with a **sticky revenue base and growing share** as fabs favor trusted local suppliers over global peers

#### Quotation from former VP of Business Development at ACM

"The semiconductor manufacturer, the more and more they're concerned about when they're changing out the tool, there's a cost of change there. Unless you can say my tool is like 50% cheaper than yours and offer you cost of ownership 50% less, then those manufactures will take a look at it."

### Comprehensive Portfolio: Becoming a One-Stop Shop

ACM's product portfolio covers **95% of cleaning applications**, including single-wafer and wet bench solutions

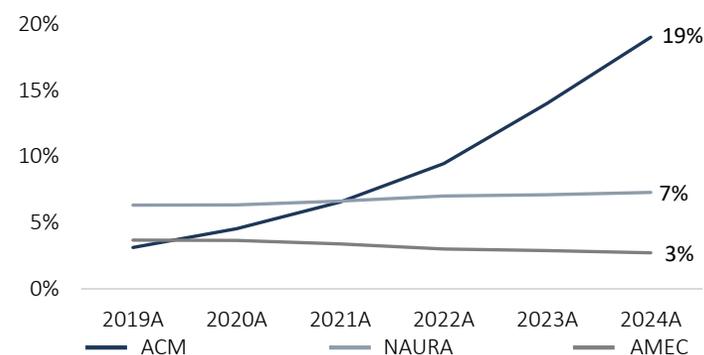


### Operating a Niche in an Oligopolistic WFE Market

#### Management's View

Management believes the company **can capture 55-60% share of the Chinese cleaning market** in the long run, which would add \$735 million incremental revenue in the unlikely case that cleaning WFE were to stagnate

Chinese WFE Cleaning Market Share of Domestic Suppliers



#### Domestic Peers in the Wafer Market



- Lack of IP in Cleaning
- Core Segment: Deposition
- Cleaning Market Share: 7.3%



- Lack of IP in Cleaning
- Core Segment: Etch
- Cleaning Market Share: 2.7%

Sources: ACM Research Company Filings, Bloomberg, Goldman Sachs, Tegus



## Set to Dominate through Innovation

### Technological and IP Edge over Competitors

“If I look at the cleaning segment in China, ACM is one of the only semi-cap players that has **real IP that is unique** [...] ACM, I think because of Dr. Wang, is very adamant about the importance of IP and developed their owned IP instead of copying other. **They are different.**”  
Former VP at ACMR - September 20, 2023

“All of ACM’s equipment is based on self-developed intellectual property (IP). This will enable the company to **gain more market share**, stand out amid domestic competition and **penetrate international markets** in the mid to long term”  
J.P. Morgan - April 2, 2025

“ACMR has 18 IP lawyers in house and **~500 global patents**, and the company incorporates proprietary design elements and technology into its tools. We think tier one success will confer a stamp of approval that can **accelerate additional new customer acquisition.**”  
Kerrisdale Capital - January 29, 2025

537+  
Issued patents globally across China, the U.S., Japan, Korea, etc.

55-60%  
ACMR’s potential share of the Chinese wafer cleaning market

### The Next Generation Cleaning Technology: Megasonix™

**Megasonics** (high-frequency sound waves) create bubbles to push unwanted particles from wafer surface

#### Problems caused abandonment

- Bursting bubbles cause damage to the wafer structure
- WFE companies, including Applied Materials, abandoned the approach



#### Semiconductor chip features continue to shrink

As feature sizes reach the 10 nm levels, particle as small as **1 nm** can be a killer defect

ACM Research created **Megasonix™** in 2011 and has developed it since

- Pioneering Megasonics technology
- Covered by over **285 patents** in the U.S., China, Japan, South Korea, Singapore, and Taiwan
- Handles advanced node structure, < 2 nm



“With **SAPS** and **TEBO** technology semiconductor manufacturers now have new tools in their fight to achieve **optimal wafer yields.**”

**+99% particle removing efficiency**



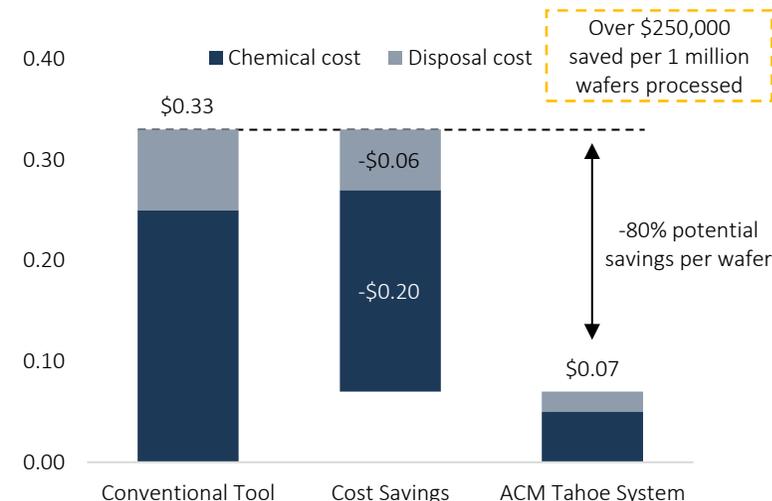
**Verified by SK Hynix**  
Tier-one global manufacturer and fourth highest semi capital spender

### Less Chemical Usage Leads to Cost Savings



#### Tahoe – Best of Both Worlds

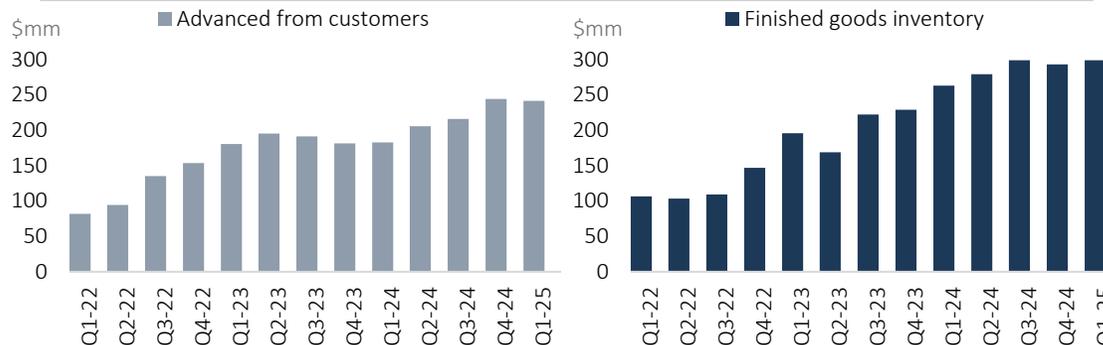
- Combines batch and single wafer to use less chemicals but keep top class precision
- “An attractive value proposition to the customer”



### ACM’s Revenue Recognition Masks Its Business Momentum

#### Highly Conservative Revenue Recognition Policies

- ACM defers revenue for first tool shipments until customer qualification, recording them as inventory instead
- First tools make up ~45–50% of total shipments and typically take 1–2 years to convert into revenue
- This creates a large inventory asset that gradually turns into revenue, despite variability in shipment timing
- The growth of finished goods inventory visualizes ACM’s expanding customer base and product portfolio



Sources: ACM Research Company Filings, Bloomberg, Tegus, J.P. Morgan, Kerrisdale Capital



## ACM is Ready to Accelerate in Several Key Markets

### Penetration of Major Customers Outside China in Progress

Tier One Wins can Unlock Global Growth

By gaining another global tier one customer, ACM could get a **stamp of approval on their cutting edge IP-backed products and unlock valuable production data** which is crucial for perfection of their equipment

Top 10 CapEx spenders account for **76%** of industry CapEx

| Rank (CapEx) | Company  | 2024 CapEx (\$bn) | ACMR Status                  |
|--------------|----------|-------------------|------------------------------|
| 2            | TSMC     | 30.6              | Engaged/Evaluating           |
| 3            | Intel    | 24.0              | Qualified/Evaluating         |
| 4            | SK Hynix | 12.0              | >10% customer from 2016-2019 |
| 5            | SMIC     | 7.6               | >10% customer from 2022-2024 |
| 9            | Infineon | 3.4               | Evaluating                   |
| 10           | UMC      | 2.5               | Customer                     |

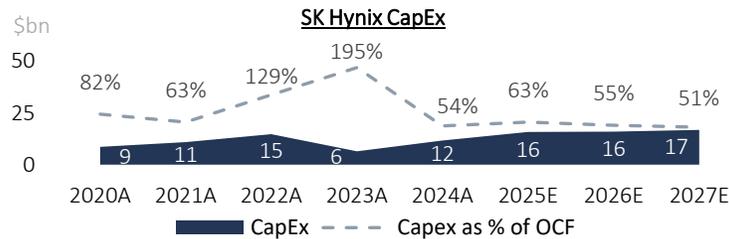
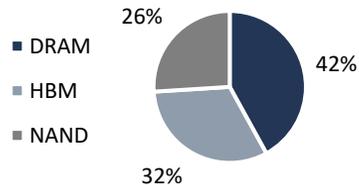
### Conditions are right for Expansion of South Korean Business



SK Hynix is capitalizing on the ongoing memory upgrade cycle and has insinuated that HBM capacity spend is a priority. **ACM is positioned to gain with HBM-suited SAPS**

- ACM has already undergone necessary verification with SK Hynix in China, facilitating potential expansion of business
- ACMR Korea has appointed SK Hynix Veteran David Kim, former VP of Environmental Safety, as CEO
- ACMR Korea is ramping up R&D and production capabilities to be able to supply SK Hynix and other engaged firms

SK Hynix Revenue Split Q4 2024



### Positioned for Growth in Taiwan

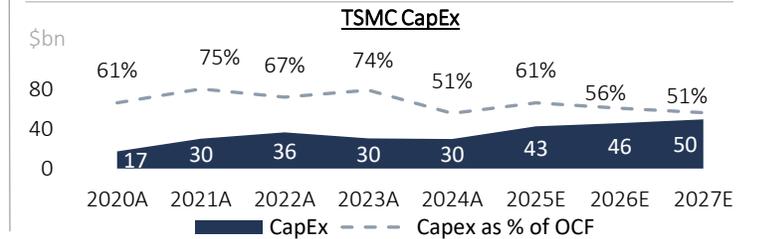


TSMC is currently engaged/evaluating ACM. **Orders expected in 2026 if successful**

- FO-PLP currently uses vertical plating. Horizontal plating could **offer up to 10% better panel uniformity** and less chemical pollution
- In 2024, ACM became **the world's only major firm to offer a horizontal plating tool**, and claims exceptional uniformity and precision

#### Application Potential of Horizontal Plating at TSMC

- TSMC is set to use horizontal plating. FO-PLP pilot line could be a major opportunity for ACM as the sole major supplier
- CoPoS capacity ramp-up. If FO-PLP pilot successful, there is potential for migration to larger wafer sizes and horizontal plating for AI-focused CoPoS

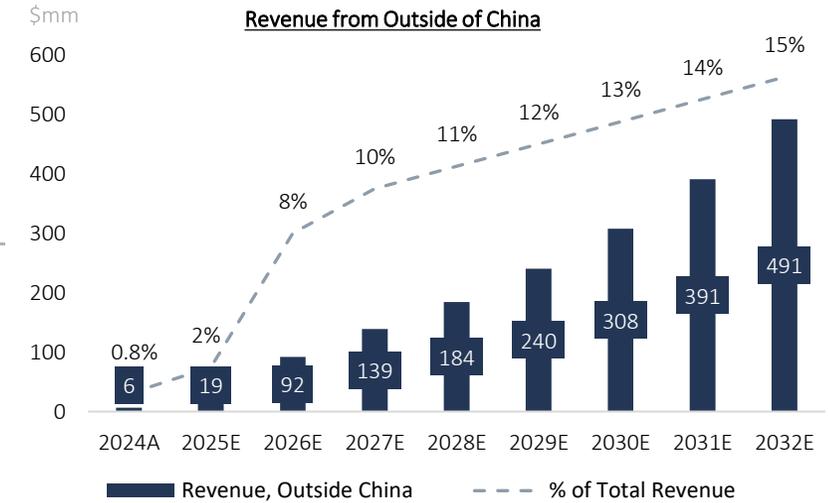


### Tier One Customer Acquisition Would Diversify Revenue Base

**Revenue Target, Outside China Management**

Short-term: \$100mn  
Long-term: \$1.5bn

We believe ACM will achieve one tier one win, top 10 CapEx spender, in late 2025 or 2026, propelling **outside of China sales toward 10% of total revenue 2027E**



Sources: ACM Research Company Filings, Bloomberg, J.P. Morgan, Kerrisdale Capital

## ACM: A Cash Flow Powerhouse Driving Shareholder Value

### DCF-Valuation Implies a 123.0% Upside

#### DCF Assumptions

|                         |         |
|-------------------------|---------|
| Tax rate                | 21.0%   |
| WACC                    | 10.4%   |
| Terminal Growth Rate    | 2.5%    |
| Shares Outstanding (mm) | 63.9    |
| Implied EV (\$mm)       | 3,472   |
| Net debt (\$mm)         | (255)   |
| Current price           | \$24.37 |
| Target price            | \$54.34 |
| Upside                  | 123.0%  |

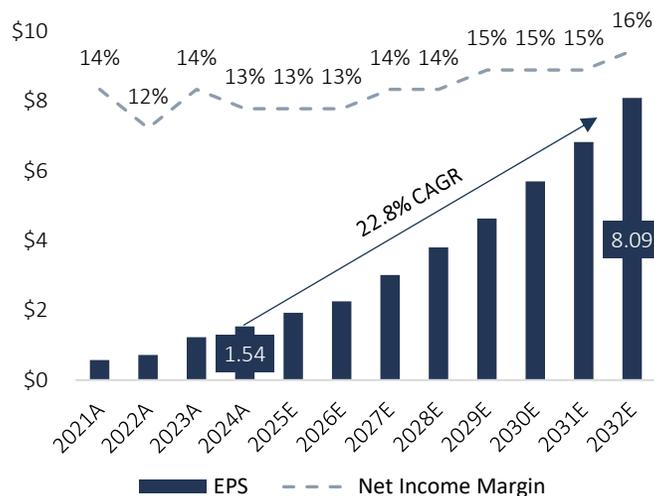
- DCF analysis is based on projected free cash flows over a 10 years
- Revenue is assumed to grow at a CAGR of 15% from 2024-2035
- The terminal value is derived using a 2.5% perpetuity growth rate, reflecting semiconductor long-term industry prospects driven by AI
- Capex and R&D as a % of revenue are expected to remain elevated near historical levels (~20%) to support innovation and expansion, aligned with China's semiconductor self-sufficiency goals
- The valuation suggests a potential upside of 123.0%, indicating that the stock is currently undervalued

#### Terminal Growth Rate

|      |       |       |       |       |       |       |
|------|-------|-------|-------|-------|-------|-------|
|      | 54.34 | 1.50% | 2.00% | 2.50% | 3.00% | 3.50% |
| WACC | 8.4%  | 61.05 | 65.10 | 69.84 | 75.45 | 82.20 |
|      | 9.4%  | 54.39 | 57.49 | 61.03 | 65.13 | 69.91 |
|      | 10.4% | 49.13 | 51.58 | 54.34 | 57.47 | 61.05 |
|      | 11.4% | 44.87 | 46.86 | 49.07 | 51.54 | 54.32 |
|      | 12.4% | 41.33 | 42.98 | 44.79 | 46.80 | 49.03 |

- Capital structure of 82% equity and 18% debt results in a WACC of 10.4%, incorporating a 12% cost of equity to reflect China related risk

### 22%+ EPS Growth and Steadily Increasing Margins



- ACM's **22%+ EPS growth profile** from 2024-2032, driven by growing Chinese semiconductors industry, localization efforts and market penetration, highlights its robust growth potential
- Currently trading at **11.5x 2028E P/E** and 8.4x 2028E EV/EBIT, the stock represents an **attractive valuation** relative to its growth trajectory

#### ACMRs Current Valuation

|              |              |              |
|--------------|--------------|--------------|
| P/E 25E'     | P/E 28E'     | P/E 32E'     |
| 13.1x        | 6.6x         | 3.1x         |
| EV/EBIT 25E' | EV/EBIT 28E' | EV/EBIT 32E' |
| 8.6x         | 4.3x         | 2.1x         |

### ACMR Trades at a Steep Discount to the Value of Its Stake in ACMS

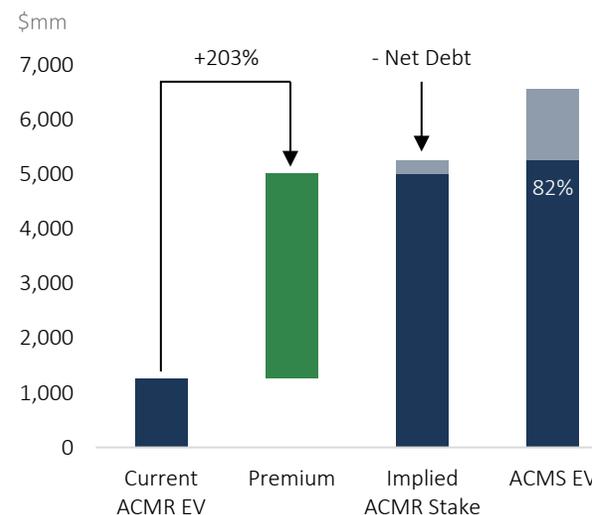
#### Value of ACMR Stake in ACMS (Shanghai)

|                                    |          |
|------------------------------------|----------|
| ACMS Enterprise Value (¥mm)        | ¥ 46,077 |
| USD/RMB                            | 7.17     |
| ACMS Enterprise Value (\$mm)       | \$ 6,426 |
| ACMR Ownership                     | 82.1%    |
| Value of ACMR Stake in ACMS (\$mm) | \$ 5,276 |
| Less Net Debt                      | \$ (256) |
| Implied ACMR Equity Value          | \$ 5,020 |
| Implied ACMR Share Price           | \$ 73.83 |
| ACMR Current Price                 | \$ 24.37 |
| Upside to Value of ACMS Ownership  | 203%     |

- ACMS trades at **23.8x** 2025E earnings, while ACMR, despite **owning 82.1% of ACMS**, trades at just **12.5x** earnings. This disconnect suggests a substantial holding company discount, despite ACMR's direct exposure to ACMS's growth
- Given ACMR's 82.1% ownership and ACMS's \$6.4 billion enterprise value, there is an implied upside of **over 200%**

- ACMR trades at **11.5x** 2025E EPS, below the peer average of **26.6x**, despite a strong 22.8% EPS growth profile until 2032E, comparable to higher-valued peers like AMEC (48.6x) and NAURA (30.6x)

### Potential Catalyst to Unlock Value



- Sell ACMS shares to fund dividends or share buyback at ACMR
- Public-to-private transaction in the U.S.
- Pursuing a "homecoming" listing and dual list its shares in Hong Kong would narrow the valuation gap, as China-based structures trade at much lower discounts

- ACM is a compelling M&A target for larger Chinese WFE players like AMEC and Naura
- Strategic fit: M&A is common in WFE to expand product/process breadth (e.g., AMAT/Semitool, Lam/SEZ, Lam/Novellus).
- Potential deal structure: Buyer acquires ACM Shanghai at a premium: 82% of proceeds go to ACMR shareholders

Sources: ACM Research Company Filings, Bloomberg

## Exaggerated Risks Presents a Prime Entry Point

### Misunderstood Corporate Entity Fuels Perception of Regulatory Risk

#### Exaggerated Risk Fuels Risk Premium

The market fears delisting due to ACM's U.S.-China corporate structure. Comments by the US Secretary of Treasury about delisting Chinese companies raised concerns about ACMR

#### Quotation from J.P. Morgan

"ACM Research is a US company, listed on NASDAQ in 2017 [...] It is neither a Chinese listing nor an ADR. We believe this misperception has created an entry point."

#### Consistent track record

ACM has been quick to adjust to new regulations, showcasing compliance and transparency

#### Misunderstood entity

ACMR is neither a direct listing of ACMS nor an ADR, it was founded and is listed solely in the U.S.

### Alternative in Case of Delisting



Delisting risk remains low. In a worst case scenario, a secondary Hong Kong listing could allow for share conversion and preserved value

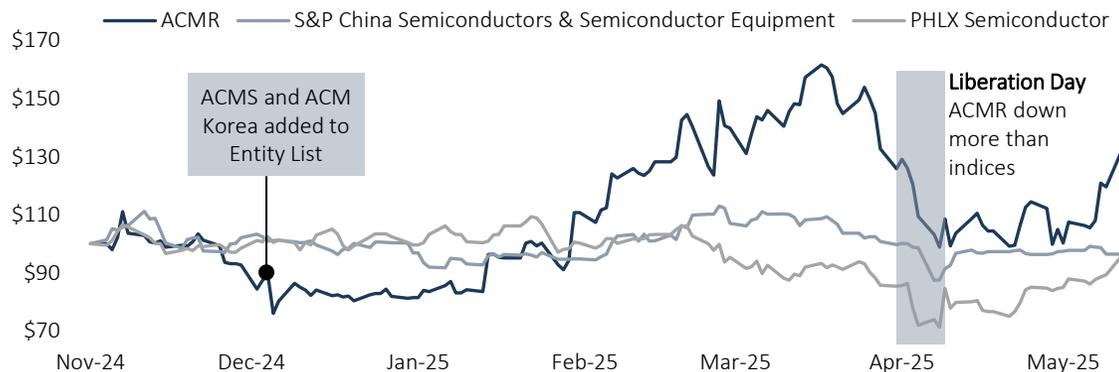
### Misplaced Fear of Supply Chain Disruption due to Trade Barriers

#### Import Restrictions

In 2024, ACMR's subsidiaries were added to the U.S. Entity List, regulations which restrict imports from U.S. suppliers

#### Management's View

Only a few percentage of the supply chain is exposed to the U.S. The addition of subsidiaries to the U.S. Entity list and elevated tariffs does not have a significant impact



### U.S. Efforts to beat China in the Chip War

Both U.S. parties see AI and chips as vital to national security, driving bipartisan support to restrict Chinese access and protect U.S. strategic advantage

**Trump administration:** Restricted Huawei and other firms via the Entity List, barred U.S. tech exports, and urged allies to limit China's chip access

**Biden administration:** Blocked AI chip and tool exports to China (2022), then tightened rules in 2023 to stop workarounds and expand licensing limits

U.S. Efforts Appear to Have the Opposite Effect

~ 50% of top AI researchers are of Chinese origin

The government has invested **more than \$107 billion** in Semiconductors and AI through ICF and the AI Fund since 2014

**Quotation from Jensen Huang, CEO of Nvidia**  
"China is not behind. China is right behind us. We are very close."

Huawei has already launched the Ascend 920 AI Chip, which **closely matches the capabilities of restricted NVIDIA Chips**

### Summary: Risk & Mitigation

Misunderstood Corporate Entity

ACM's strong compliance history and its status as a U.S. founded and listed company with shares in a Chinese subsidiary supports a low risk of delisting

Misplaced Fear of Supply Chain Disruption

Only a few percentage of the supply chain is exposed to the U.S., minimizing impact of disruption from restricted imports and tariffs

U.S. Efforts to beat China in Chips

Efforts appear to have had opposite effect as China has responded by increasing investment in domestic supply chain. ACM is well-positioned to capitalize on these localization efforts

Sources: ACM Research Company Filings, Bloomberg, J.P. Morgan, CNBC, WSJ

## Experienced and Founder-Led Leadership with Soul in the Game

### CEO



David Wang – CEO, President

**Years at ACM Research:**  
Founded ACM in 1998

**Background:**

- Ph.D. and MSc in Precision Engineering from Osaka University
- BSc in Precision Instruments from Tsinghua University
- Holds more than 100 patents

**Ownership:**

1,618,548 (\$39,444,014)

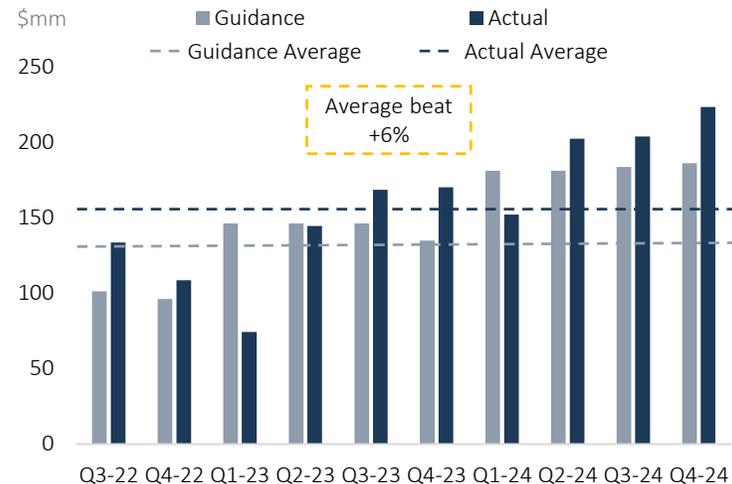


5.25% total insider ownership

“David Wang is a very hands-on guy. I really like the culture that he enforced [...] He is a very technical guy. Every Monday, he will have a whole day meeting, all the technical staff in the company to discuss the development, R&D issue, customer issue, and he is personally very involved in brainstorming the solution.”

- Former VP at ACMR

### Beating Guidance and Aligning with Shareholders



#### Incentives Align with Shareholder Interests

- Intended to enhance the ability of the Company and its Affiliates and to attract and retain highly qualified officers
- “Incorporating stock price growth as part of our long-term equity award design aligns our executives’ and stockholders’ interests”
- Ongoing engagement with stockholders regarding compensation policies

### Other Key Executives



Jian Wang – CEO ACMS

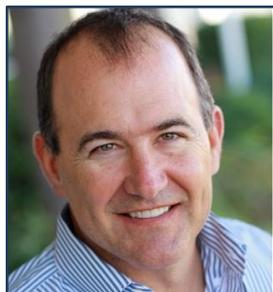
**Years at ACM:** 14

**Background:**

MSc in Computer Science from Northwestern Polytechnic University, MSc in Marine Engineering from Kobe University, and BSc in Mechanical Engineering from Southeast University

**Ownership:**

253,158 (\$6,169,460)



Mark McKechnie - CFO

**Years at ACM:** 7

**Background:**

Expertise in U.S. capital markets and technology with experience at Motorola and Intel. Former Evercore Partners, ThinkEquity, and BofA. Successfully led acquisition of Silver Springs by Itron. MBA from Kellogg

**Ownership:**

900 (\$21,933)



Haiping Dun – Board Director

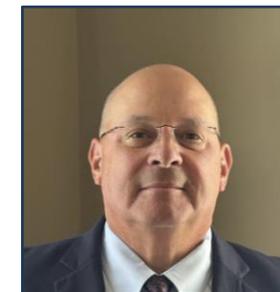
**Years at ACM:** 21

**Background:**

President at Champion Microelectronic Corp. and more than 20 years experience at Intel. Ph.D. in Materials Science and Engineering from Stanford, MSc in Physics from University of Washington

**Ownership:**

748,925 (\$18,251,302)



Charlie Pappis – Board Director

**Years at ACM:** Started 2025

**Background:**

Industry veteran with >40 years of leadership experience in global operations and customer engagement. Spent 30 years as manager at Applied Materials. Executive MBA from Stanford

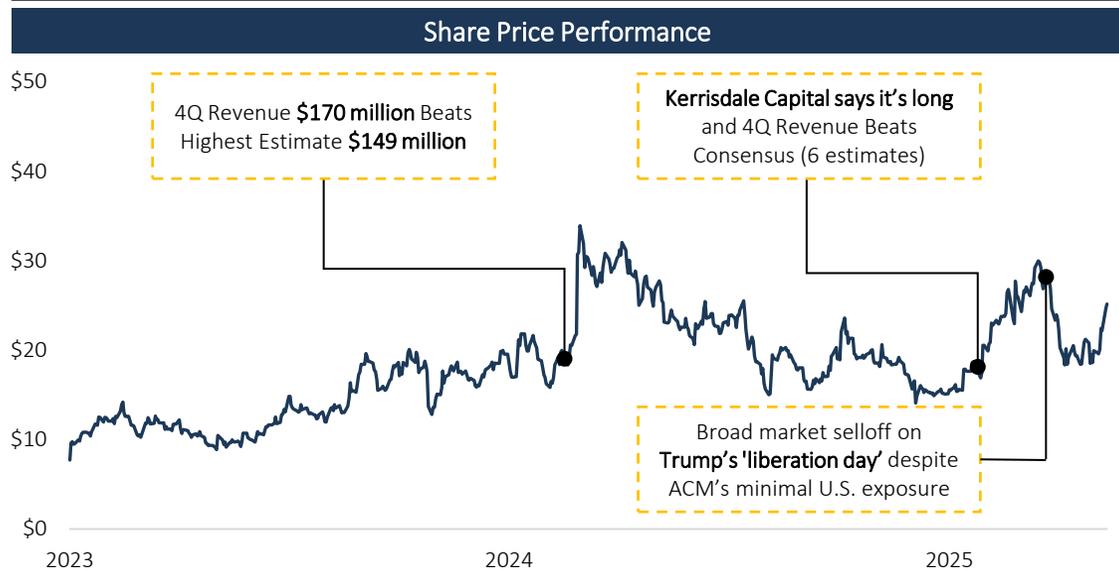
**Ownership:**

0 (\$0)

Sources: ACM Research Company Filings, Bloomberg, Tegus, FactSet



## A High-Growth WFE Cleaning Provider Positioned for 22.8% EPS Growth at an Attractive Valuation



### Key Facts

- ACM Research (ACM) or (“the company”) holds an 82.1% stake in its operating subsidiary, ACM Shanghai (ACMS). As the third largest Chinese WFE maker, ACMS is leading in cleaning and ECP, while expanding their portfolio into Furnace and Advanced Packaging
- ACM holds a 19% share of China’s wafer cleaning market and dominates with a 66% share among domestic suppliers, firmly establishing its position in a highly oligopolistic market
- With over 537+ patents and cutting edge tools like SAPS and Tahoe, ACM stands out from the competition. ACM's portfolio covers 95% of cleaning applications

### Financials

- Share Price: \$24.37
- MCAP: \$1.53bn
- EV: \$1.27bn
- LTM EV/EBIT: 8.40x
- Net Debt/EBIT: -1.69x
- LTM ROIC: 9.97%

### Insider Ownership / Main Shareholders

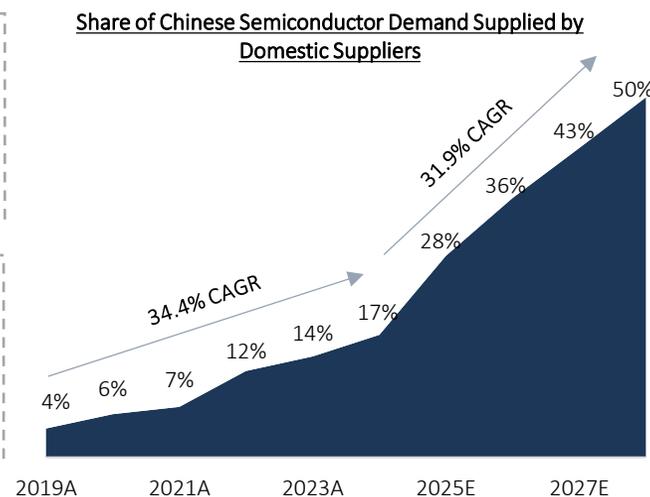
| Insider Ownership    |      |
|----------------------|------|
| Management ownership | 5.3% |
| Main Shareholders    |      |
| Vanguard             | 6.9% |
| Blackrock            | 6.5% |
| Shanghai Pudong      | 5.7% |

### Investment Thesis

- A Market Leader in a Growing Industry**
  - ACM Research is the number one Chinese player in the Chinese WFE cleaning market
  - Positioned to gain from strong self-sufficiency trend and high switching costs
  - Increasing market share toward 55-60% in a \$2.1 billion market growing at 9.6% CAGR
- Deep IP Moat and Technological Leadership**
  - Leading megasonic tech ensures minimal damage to chips and 99%+ particle removal efficiency
  - SPM tool Tahoe realizes cost savings of up to 80% per wafer compared to conventional tool
  - Conservative revenue recognition principle masks business momentum
- International Expansion and Tier-one Customer Base Data Learning**
  - ACM has made good progress on penetrating additional global top 10 CapEx spenders
  - Set to capitalize on SK Hynix’s elevated CapEx spend in HBM with SAPS and verification completion
  - TSMC ready to adopt horizontal plating, as the sole major supplier of horizontal plating tools ACM is set to take advantage. Orders expected in 2026 if evaluation successful

### Why Does the Opportunity Exist?

- China is accelerating efforts toward semiconductor self-sufficiency amid the ongoing U.S.-China chip war, aiming to bridge the technology gap by localizing its supply chain through targeted stimulus and policy support
- Market concerns about U.S.-China tensions, including risks of supply chain disruption and delisting, are overstated. The U.S.-China corporate entity is misunderstood, and exposure to U.S. supply chains is limited



Sources: ACM Research Company Filings, Bloomberg, J.P. Morgan, Tegus, Kerrisdale Capital, Goldman Sachs



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# ACM

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