

# Wanye Enterprises (600641 CH)

## Corp Day Takeaways: Positive outlook on "1+N" product platform

We hosted an investor call with Wanye Enterprises during our Technology Corporate Day. Mgmt. was optimistic on booming demand from domestic semiconductor equipment driven by localization and domestic foundries' rapid capacity expansion. Its subsidiary, Kaishitong, is a domestic ion implanter leader with major focus on low-energy large beam ion implanter and high-energy ion implanter, and mgmt. expected strong order visibility in 2023. Mgmt. believed the company will leverage its leading technology, R&D expertise and "1+N" product platform to drive future growth.

- Kaishitong's ion implanter to accelerate client penetration; good order visibility in FY23E.** Kaishitong obtained batch orders including 12-inch low-energy large beam ion implanter and low-energy large beam ultra-low temperature ion implanter from major customers, with order amount exceeding RMB680mn in 1Q22. On 26 Apr 2022, Kaishitong successfully delivered the first batch of multiple sets of large beam ion implanters' orders to customers. Mgmt. expected fast penetration into customers once product competence is verified, and remained confident on order visibility going into 2023.
- Jiixin Semiconductor to benefit from robust 8 & 12-inch production demand.** Subsidiary Jiixin Semiconductor offers an established front-end equipment product line, including etching, film deposition, rapid heat treatment, annealing and cleaning equipment. Mgmt. expected strong demand from domestic 8-inch & 12-inch capacity expansion, and targeted an annual output of 2,450 new equipment (95%+ of total equipment) and 50 re-manufactured equipment in the future.
- "1+N" product platform strategy to drive growth momentum.** Mgmt. believed the dual layout of Kaishitong's ion implanter and Jiixin Semiconductor's products provides a solid foundation of "1+N" platform strategy, which offers customers with greater flexibility in selecting various front-end equipment. We believe this strategy will provide long-term growth opportunities and further drive market share gain in front-end equipment market.

### Earnings Summary

(YE 31 Dec)	FY17	FY18	FY19	FY20	FY21
Revenue (RMB mn)	2,096	2,679	1,869	931	880
YoY growth (%)	-34.3	27.8	-30.3	-50.2	-5.5
Net income (RMB mn)	1,699	972	573	315	377
EPS (RMB)	2.1	1.2	0.8	0.4	0.4
YoY growth (%)	137.1	-42.7	-38.0	-53.3	17.1
Consensus EPS (RMB)	NA	NA	NA	NA	NA
P/E (x)	5.2	7.2	24.0	89.0	80.0
P/B (x)	1.9	1.2	2.4	3.0	4.5
Yield (%)	2.9	0.9	0	0.6	0.7
ROE (%)	28.9	15.7	9.1	4.7	4.9
Net gearing (%)	-12.4	-38.7	-30.7	-17.5	-16.5

Source: Company data, Bloomberg, Wind, CMBIGM estimates

**NOT RATED**

Current Price

RMB18.18

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### Stock Data

Mkt. Cap. (HK\$m)	17,415
Avg. 3mths t/o (HK\$m)	247.51
52W High/Low (HK\$)	39.69/ 13.80
Total Issued Shares (mn)	958

Source: Bloomberg

### Shareholding Structure

Shanghai Pudong Tech Invest	28.44%
SH Sanlin Wanye Enterprise	11.13%
National Integrated Circuit Industry Investment Fund	5.07%

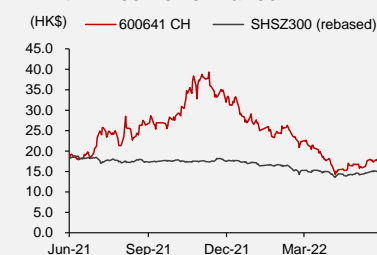
Source: Bloomberg

### Share Performance

	Absolute	Relative
1-mth	8.0%	0.2%
3-mth	-18.7%	-19.5%
6-mth	-47.1%	-39.1%

Source: Bloomberg

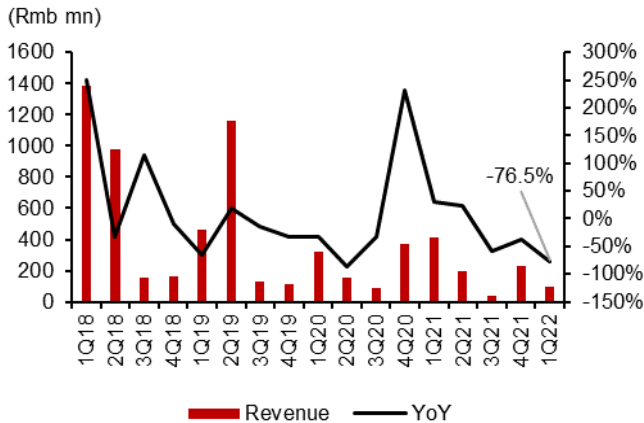
### 12-mth Price Performance



Source: Bloomberg

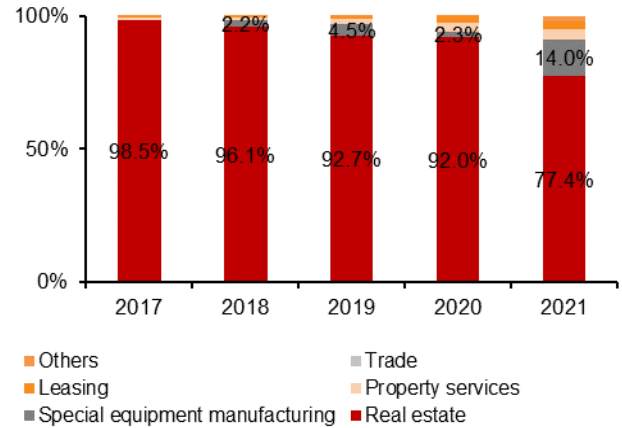
## Focus Charts

**Figure 1: 1Q18-1Q22 revenue & YoY**



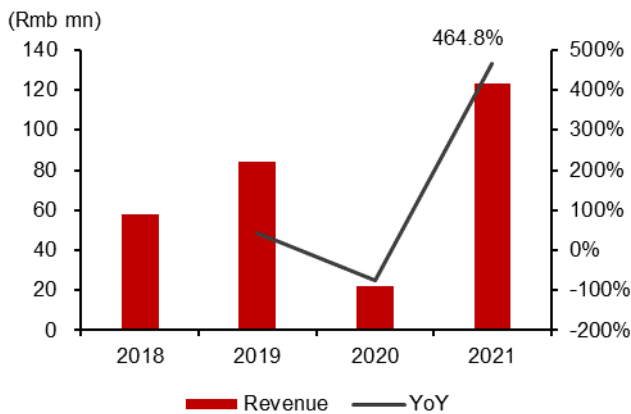
Source: Company data, CMBIGM estimates

**Figure 2: 2017-2021 revenue mix**



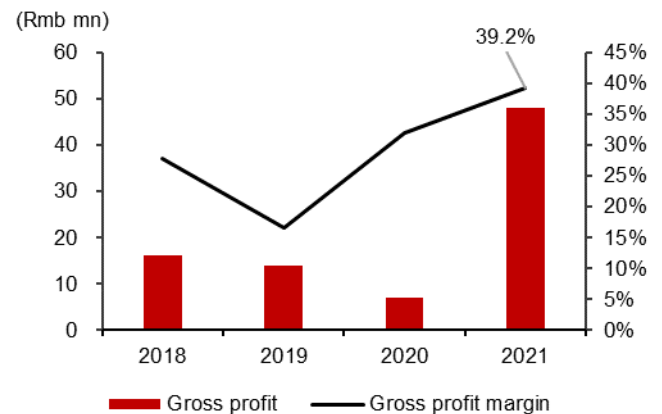
Source: Company data, CMBIGM estimates

**Figure 3: 2018-2021 special equipment manufacturing revenue & YoY**



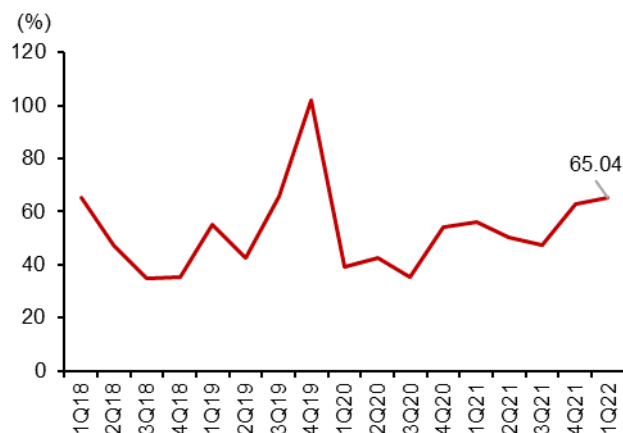
Source: Company data, CMBIGM estimates

**Figure 4: 2018-2021 special equipment manufacturing gross profit & margin**



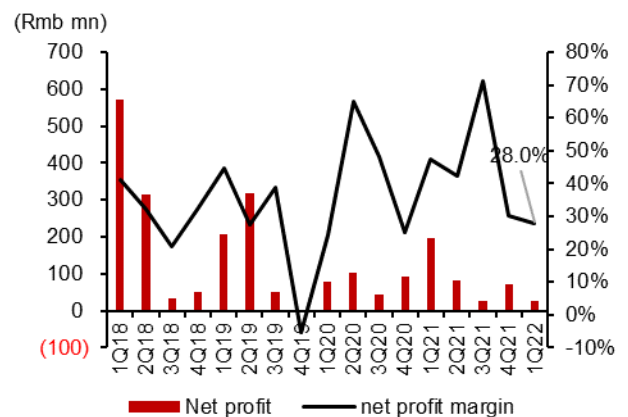
Source: Company data, CMBIGM estimates

**Figure 5: 1Q18-1Q22 gross profit margin**



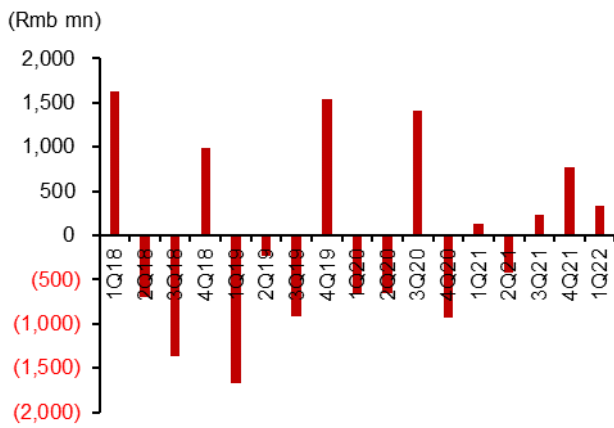
Source: Company data, CMBIGM estimates

**Figure 6: 1Q18-1Q22 net profit & margin**



Source: Company data, CMBIGM estimates

**Figure 7: 1Q18-1Q22 cash flow from operation**



Source: Company data, CMBIGM estimates

**Figure 8: 1Q18-1Q22 ROE & ROA**



Source: Company data, CMBIGM estimates

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