NASDAQ:ACMR Q1 2026 Earnings Call Transcript

Generated on 11/25/2026

Operator | Conference Operator:

Good day, ladies and gentlemen. Thank you for standing by and welcome to the ACM Research first quarter 2026 earnings conference call. Currently, all participants are in listen only mode. Later, we'll conduct a question and answer session and instructions will follow at that time. As a reminder, we're recording today's call. If you have any objections, you may disconnect at this time. Now I'll turn the call over to Mr. Steven Palayo, Managing Director of the Blue Shirt Group. Steven, please go ahead.

Steven Palayo | Managing Director, Blue Shirt Group:

Thank you. Good day, ladies and gentlemen. Thank you for standing by, and welcome to ACM Research's first quarter 2026 earnings conference call. Currently, all participants are in a listen-only mode. Later, we will conduct a question and answer session, and instructions will follow at that time. As a reminder, we are recording today's call. If you have any objections, you may disconnect at this time. Oops, sorry, I'm repeating there. We released first quarter 2026 results before the U.S. market opened today. The release is available on our website as well as from Newswire Services. There's also a supplemental slide deck posted to the investor section of our website that we will reference during our prepared remarks. On the call with me today are our CEO, Dr. David Wong, our CFO, Mark McKechnie, and Lisa Fang, our CFO of our operating subsidiary, ACM Shanghai. Before we continue, please turn to slide two. Let me remind you that remarks made during this call may include predictions, estimates, or other information that might be considered forward-looking. These forward-looking statements represent ACM's current judgment for the future. However, they are subject to risks and uncertainties that could cause actual results to differ materially. Those risks are described under risk factors and elsewhere in ACM's filings with the Securities and Exchange Commission. Please do not place undue reliance on these forward-looking statements, which reflect ACM's opinions only as of the date of this call. ACM is not obliged to update you on any revisions to these forward-looking statements. Certain financial results that we provide on this call will be on a non-GAAP basis, which is on short-term investments. For our GAAP results and reconciliation between GAAP and non-GAAP amounts, you should refer to our earnings release, which is posted on the IR section of our website and on slide 13. Also, unless otherwise noted, the following figures refer to the first quarter of 2026, and the comparisons are to the first quarter of 2025. So with that, I'm going to now turn the call over to David Wang. David?

Dr. David Wong | CEO, ACM Research:

Thanks, Stephen. Hello, everyone, and welcome to ACM's first quarter 2026 earnings conference call. We started the year with a solid Q1 report with a revenue of 34% and a gross margin above the middle point of our long-term target range. Revenue growth for the quarter was driven by the continual strength in our ECP and advanced packaging business. With a global boom in AI, the market demands solutions for enabling high-speed, high-density, and low-power consumption semiconductor devices manufacturing. Many of these have not yet been invented. It is clear that ACM focuses on world-class differentiated tool based on our own IP is the right strategy to win in global market. We are happy to see 2026 as a big year for new product. Our investment in our proprietary R&D over the past five years, together with our fully functioning line at Lingong, is beginning to deliver significant benefit. For instance, we now have an industrial leading offering across multiple product category. that enable our global customer to effectively solving their evolving production challenges. As we progress through 2026, we expect to see an increased impact to our financials for our new

product. With regard to revenue, we anticipate incremental contribution from new product cycle from Tahoe, single wafer SPM, and our vertical furnace product. With regard to the shipment, we expect to increase shipment of our evaluation tool across a range of customers for our panel-level horizontal plating, panel low-pressure flask cleaning, high-throughput track, and PECVD tools. This quarter, at Semicon China, we announced the ACM planetary family. This organized ACM tool portfolio into eight product families. aligned with the key steps in the semiconductor manufacturing process. This represents ACM's comprehensive world-class multi-product offering and the global reach of our company. We encourage you to view the video on our IR website. Now onto our business results. Please turn to slide three. First quarter revenue was $231 million, upwards 34%. The ECP category was the primary growing driver, with revenue up more than three times year over year. Next, advanced packaging services fail path category was growth 62%. This was a positive offset by cleaning, which declined by 6%. We had a little contribution from new cleaning product in our Q1 2026 revenue, but as I will discuss later in the call, we have a significant ramp ahead to our single wafer SPM tools, which we're delivering in Q1. Shipments for the first quarter were $241 million, upper 54%. The solid growth reflects strong customer demand and execution across our product portfolio. And it also includes contribution from the initial ramp of single wafer SPM tools. For reference, shipment of the cleaning category grew by 32%, for the quarter. I also know that about 15% of Q1 shipment were from catch-up of a product that had been rescheduled from Q4 of last year. For 2026, we continue to expect the shipment growing to outpace revenue growth. Growth margin was 46.5% for the first quarter, above the middle point of our long-term range, 42 to 48%. We ended the first quarter with a gross cash of $1.3 billion and net cash $924 million. This balance including $110 million of gross proceeds from February sale of ACM Shanghai shares. The capital providing a solid foundation for continual investment in our global operations. Now I will provide a detail on product. Please turn to slide four. Revenue from single wafer cleaning, Tahoe semi-critical cleaning tool was down 6%. We continue to believe ACM's full product offering in cleaning is amongst the best in the world. As noted in a prior course, we believe cleaning technology becomes even more important as the industry moving to more advanced production technology. This trend play directly to ACM's strengths, particularly in differentiated technology such as N2 bubbling, Single Wafer SPM Clinic, Tahoe, and others. I'm pleased to announce today that we expect a significant production ramping of our single SPM production product line, with more than 15 to 20 units to be delivered by year-end across our customer base. This is a result of many years of R&D by our team to develop a better solution than their current market leaders. As noted for the past several investor calls, ACM proprietary approach delivered excellent particle performance with fewer than 15 particles at 15 nanometers, much better than market leader, while other players need a periodical DI water cleaning of the process chamber and the surrounding environment to remove residue generated by the hot SPM films. Our system does not. Instead, our unique nozzle design providing a maintenance-free solution, as the chamber does not need to be taken offline for a periodical DI water cleaning. This not only improved tool uptime, but also enhanced particle cleaning performance at the 13 nanoparticle and beyond. Such fine particle removal is very critical for manufacturer-advanced node GAA logic devices and memory devices such as HPM. It is no surprise that we're also seeing strong interest in our SPM tool from multiple global customers. SPM cleaning process tool has occupied 30% of the cleaning market. We believe our innovative hot SPM tool will take a significant market share in the next few years. Revenue for ECP, furnace, and other technology grow 205%. Growing was driven by strong momentum in electroplating, supported by our leading position and expanding engagement across both front-end and advanced packaging applications. In advanced packaging, our panel-level horizontal plating solution is gaining additional traction in Asia and with global customers. We began development of our panel-level horizontal electroplating platform in 2022. well ahead of the industrial, and delivered the world's first horizontal plating tool, 515 by 510 millimeter, to a customer in the fourth quarter last year. Since then, we have continued to expand customer engagement and build a backlog, supporting both 515 by 510 millimeter and the 310 by 310 millimeter format panels. In April, we present a keynote at the Taiwan Electronic Equipment Forum on 3D IC Packaging Technology, highlighting our role in enabling next-generation AI-driving packaging solutions. We are confident that a successful customer evaluation will lead to volume production order for 515 by 510 and additional evaluation of 310 by 310 later this year. For vertical furnace business, tools are under evaluation at multiple customer sites, and we continue to expect a more meaningful revenue contribution later this year. We continue to see a solid advance across key applications, including LPCVD, oxidation, thermal

ALD, P-ALD, and ultra-high temperature anneal, supported by our ongoing technology development. Revenue from advanced packaging, which is called ECP, but including service and spell, was up 62%. This category including coders, developer, etcher, stripper, scrubber, and vacuum cleaning flux tools, supporting a broad range of advanced packaging applications. We're also providing backend plating tool, including in the ECP category. Last quarter, we announced multiple advanced packaging equipment orders from leading global customers. In Q1, we shipped our panel-level vacuum cleaning system to a leading global semiconductor packaging manufacturer outside mainland China. We also completed shipment of a multiple wafer-level advanced packaging system to a leading offset customer in Singapore. ACM is unique. is uniquely positioned with a comprehensive set of wide-process solution and plating technology to address key process steps in advanced packaging. Our integrated process capability provides valuable insight into next-generation packaging challenges. As industry evolves towards 2.5D and 3D integration, including TSV-based architecture and heterogeneous integration, we believe Our capability position us to supporting this increasingly complex requirements. We are making good progress with our new track and PCVD platforms. In April, we ship our first PCVD silicon carbon nitride system to a semiconductor manufacturer. Now in customer evaluation process. This is a big deal. We achieved a greater results in our million line and the tool is now being evaluated at the customer side. The system incorporates ACM proprietary three-station rotating architecture and one-station, one RF technology, enabling strong film uniformity, interface control, process stability, and a small full printer. We believe this positions us for growth in back-end of line and advanced packaging. For high throughput, 300 WPH KF track tool. We deliver our first tool evaluation last September and are progressing toward mass production qualification this year. And we continue to see growing interest from multiple customer for both standalone and their configuration integrate with the scanner. ACM culture is deeply rooted in differentiated R&D. We bring innovative solution to the ever-evolving challenges. faced by major global semiconductor manufacturers. Our current success is driven by good decision-making and the future success depends on today's innovation. We are committed to our strategy to providing a long-term roadmap of a world-class tool across our growing product portfolio. We remain confident in our $4 billion revenue target. and our longer-term goal of becoming a top-tier supplier of capital equipment to the global semiconductor industry. Next, let me provide an update on our production facility. First, on Ninggao, please turn to slide eight. The first building is in volume production, and we plan to open the second building later this year. Together, the two facilities, we can support up to $3 billion in annual output on strategic note i will now discuss our linda mini line which went into full operation in the second half of last year we now have a fully experiment r d line in a class 100 environment running our own tool and those of other vendors this is a big deal it is accelerating our own r d effort and it will also speed up our joint r d collaboration with our customer in asia We expect this to have a meaningful impact on our operating model. For new product, rather than delivering multiple tools for extended customer evaluation, we now process custom wafer or new product in a link on mini line to validate the tool to meet the customer's specific requirement before shipment. We expect this approach to shorten qualification cycle of a new product at a customer site. shorten the time of conversion to revenue, and enhance overall capital efficiency. We now already see early benefit across multiple products. I will give a few examples. Our first shipment of the PECVD silicon carbon nitride system completes the customer-specific validation and link-down to shipment. expect this to reduce on-site quantification time and enable faster ramp to production. We tested and improved our single-wafer SPM tool for several months, hand-in-hand with our leading customer and confirmed 50-nano particle performance. This leads to volume orders from numerous different customers. We are confident that we can produce each customer-specific production environment in our lab resulting in shorter qualification, an order of few quarter, rather than more than a year. Next, our Oregon facility, present to slide nine. We continue to advance investment in Oregon. We remain on track for in-house demo lab with the multiple tools and the capability to produce US-made tool in Oregon by year end of 2026. This is important for our global customer, and we believe it will strengthen our position as a key local partner in Z-scale production. Our global initiatives are beginning to take off. By the end of 2026, we expect to have more than 20 tools installed outside of our mainland China market. This includes about 10 customers in five countries, although it's still an early day for our global deployment. are growing and we remain confident that our investment in global sales and service team will deliver good results. ACM Shanghai continues to play a critical role in our overall strategy, serving as a leading supplier to the semiconductor industry in Asia and as

a key source of capital to support our global expansion. We completed a minority share sale last February. generating approximately $110 million in gross proceeds. And in April, this fund was transferred to our U.S. account. We intend to deploy this capital to support our U.S. expansion and broader global growth initiatives. In April, ACM Shanghai announced a proposed eight-year secondary listing in Hong Kong. Now let's look at our outlook for the full year 2026. Please turn to slide 10. In mid-January, we introduced our 2026 revenue outlook in the range of 1.08 to 1.175 billion. This implies 25% year-over-year growth at this point. We iterate this outlook today. We are expecting our annual shipment growth will outpace our revenue growth in 2026. Now let me turn the call over to our CFO, Mark, who will reveal details of our first quarter results. Mark, please.

Mark McKechnie | CFO, ACM Research:

Thank you, David. Good day, everyone. Please turn to slide 11. Unless I note otherwise, I will refer to non-GAAP financial measures which exclude stock-based compensation and unrealized gain loss on short-term investments. Reconciliation of these non-GAAP measures to comparable GAAP measures is included in our earnings release. Also, unless otherwise noted, the following figures refer to the first quarter of 2026, and comparisons are with the first quarter of 2025. I will now provide the financial highlights. Revenue was $231.3 million, up 34.2%. Revenue for single-way for cleaning, Tahoe, and semi-critical cleaning was $122.5 million, down 5.5%, and it represented about 53% of sales for the quarter. As David noted, this included very little contribution from new products. We expect significant shipments of SPM to ramp through the year, followed by revenue contribution in later quarters. For the full year 2026, we do anticipate the mix and cleaning will normalize towards the 65% level, similar to the mix in 2025. Revenue for ECP front-end packaging, furnace, and other technologies was $84.2 million, up 204.9%, and represented 36.4% of sales for the quarter. The majority was ECP front end, and we had very little contribution from furnace. Revenue from advanced packaging, excluding ECP services and spares, was $24.5 million, up 62%, and represented 10.6% of sales for the quarter. Total shipments were $240.7 million, up 53.6%. As David noted, this was driven by solid demand and good execution, and also cleaning shipments grew by 32%. Approximately 15% of the shipments were catch-up from tools that were originally scheduled for Q4 delivery. For 2026, we continue to expect shipment growth to outpace revenue growth. Gross margin was 46.5% versus 48.2%. Q1 gross margin was above the midpoint of our long-term target model of 42% to 48%, and a good recovery from the low 40% range in Q3 and Q4 of 2025. Favorable product mix and a slightly lower impact from the inventory provision led to the recovery. We maintain our 42% to 48% target range and note that product mix can cause fluctuations on a quarterly basis. Operating expenses were $65.8 million, up 38.5%. R&D was 15% of sales, sales and marketing was 8.3% of sales, and G&A was 5.1% of sales. 2026, we planned for R&D in the 16% to 18%, sales and marketing in the 8% to 9% range, and G&A in the 5% to 6% range. Operating income was $41.8 million versus $35.6 million. Operating margin was 18.1% as compared to 20.7%. Long-term, we look to grow our R&D spending in line with revenue, but to show operating leverage in SG&A. Income tax expense was $3.8 million versus $2.2 million. For 2026, we expect our effective tax rate in the 8% to 10% range. Net income attributable to ACM Research was $24.3 million versus $31.3 million. Net income was $24.3 million versus $31.3 million. I just said that. Okay. Our non-GAAP net income excluded $5.6 million in stock-based compensation expense for the first quarter. We anticipate SBC will increase in Q2 due to option grants related to ACM Shanghai stock that were granted in Q1. Net income for the diluted share was $0.34 versus $0.46. Now onto the balance sheet and cash flow items. Cash and cash equivalents, restricted cash, and time deposits were $1.25 billion at the end of the first quarter of 2026 versus $1.13 billion at the end of 2025. Net cash, which includes short-term and long-term debt, was $924.2 million at quarter end versus $844.5 million at year end 2025. Total inventory was $738 million versus $702.6 million at year end 2025. Raw materials were $377.9 million, up $28.3 million quarter over quarter. We made additional strategic purchases to support production plans and to mitigate potential supply chain risk. Work in process was $81.6 million, up $22.2 million quarter over quarter. Finished goods inventory was $278.4 million, down $13.1 million quarter over quarter. Finished goods inventory primarily consists of first tools under evaluation at our customer sites, along with finished goods located at ACM's facilities. Cash used by operations was $29.5

million. Capital expenditures were $22 million. For the full year 2026, we now expect to spend about $175 million in capital expenditures. That includes our prepared remarks. Let's open the call for any questions that you may have. Operator, please go ahead.

Operator | Conference Operator:

Thank you. At this time, we'll conduct the question and answer session, as mentioned. As a reminder, you'll need to press star 1-1 on your telephone and wait for your name to be announced. To withdraw your question, please press star 11 again. Please stand by while we compile our question. Your first question comes to the line. With Roth Capital, your line is now open.

Suji | Analyst, Roth Capital:

Hi, David. Hi, Mark. Can you talk about the cleaning segment and what drove the decline year over year in 1Q and then how it's going to ramp up, what caused that pause. It would be helpful to understand that.

Dr. David Wong | CEO, ACM Research:

Okay, thanks, Suji. Actually, let's put it this way. In 2025, we started to see our cleaning product has been going through many applications, including those mature nodes and all the advanced nodes. So in 2025, we're facing some difficulty and also problem for those new applications. And with the 12 months, our problem solving with customer, especially most important in Lingang production started using. So those kind of problem actually were mostly solving already. And that really show that is, I want to say, last whole year progress also are difficult. That's what I can see impact our Q1 revenue. However, as I said, since we're solving most of the issue, even today, our performance, you know, some two performance, even out of pace of leading supplier in foreign global. So we see that they're really growing for our revenue. They can see that their first quarter, our revenue, I mean, our shipment from the Canadian product is at 32%. increase year over year, right? I'll give another picture of probably backlog increase from this first six months versus last one year, first six months. Well, almost like a 50% increase too for the POC. So that's really show the momentum continually. And also in my script, I specifically mentioned about this SPM process. It's really Our proprietary technology is really gaining customer interest, especially reaching excellent results at a 15 nanoparticle size. That really shows our technology is better than the leading supplier. So we have confidence you can take care of significant market share in the SPM business. We're expecting 15 to 20 tools will deliver to the customer you know, in Asia or in China too.

Unknown | Conference Moderator:

So anyway, that's, I think, you know, the answer for you. Very helpful, Color.

Suji | Analyst, Roth Capital:

And then David, just kind of following through on that, with shipments expected to outpace revenue in 26, would we think that 27 should be an above-trend year? I mean, obviously not guiding, but just trying to understand if the implications of that.

Dr. David Wong | CEO, ACM Research:

Well, I mean, 27 is a little bit far away, right? But I want to see that our length of this way. In 2026, we gained a lot of PO or the customer interest for our cleaning tool, obviously, the copper plating tool. Copper plating, you can see it grows a lot. Also, we see the interest, people were interested in our furnace and the PCBD and the track system. I want to say that in 2027, we see our new product, including horizontal copper plating for panel two. we're getting to the revenue and achievement picture in 2027. So as I mentioned in a couple of earnings calls, with our new product sort of playing into the product line, we see a lot of bigger growth in the next few years.

Unknown | Conference Moderator:

And we're supporting ACM's multi-product strategy and continue to grow our long-term revenue. Thanks, David. That helps paint a picture. I'll pass it on.

Unknown | Conference Moderator:

Thanks, Suji. Thank you. Oh, next question, operator, please. Yes.

Operator | Conference Operator:

Yes, thank you. Your next question comes in the line of Dennis Patachin with Needham & Company. Your line is now open.

Dennis Patachin | Analyst, Needham & Company:

Much appreciated. Just one question from us today. So it looks like the ECP, the front-end packaging, Ernest and other technology segments have been seeing pretty sustained strength, you know, up very significantly both year over year and quarter over quarter. Can you tell us more about, you know, what's doing well in that segment? What kind of customers are adopting which tools? Just a similar code would be great. Thank you.

Dr. David Wong | CEO, ACM Research:

Yeah, I want to say that this, you know, pleading business has been growing a lot, right? Obviously, front end growing and also can see HBM is also driving. And obviously, advanced packaging for all the 2.5D and application also growing and driving too. So that's really driving factor for the copper plating and also our advanced packaging wet process tool, including code developer, wet etcher, PR stripper, and cleaning.

Dennis Patachin | Analyst, Needham & Company:

I much appreciate it. Thank you. Thank you. Great. Thanks, Thomas. Yeah.

Operator | Conference Operator:

Okay, thank you. Seeing no more questions in the queue, let me turn the call back to Stephen Paleo for closing remarks.

Steven Palayo | Managing Director, Blue Shirt Group:

Great, thank you. Before we conclude, I just want to give everyone a quick reminder on our upcoming investor conferences. On June 17th, we will present at the 16th Annual Roth London Conference at the Four Seasons Park Lane in London. Attendance at the conference is by invitation only. For interested investors, please contact your respective sales representative to register and schedule one-on-one meetings with the management team. This concludes the call, and you may now disconnect. Take care.