

October 27, 2023

# ASE Technology Holding Co Ltd (ADR)

## ASX-US USD 7.40

Industry Group: Semiconductor Equipment & Testing  
 52 Week Range: USD 4.97 - USD 9.03  
 Market Cap: USD 16206.74 Mil.

### Data as of Last Available Filing

Annual: 2022-12-31  
 Semi Annual: N/A  
 Quarterly: 2023-09-30

## Peer Group

Amkor Technology, Inc. (AMKR-US)  
 United Microelectronics Corp (ADR) (UMC-US)  
 Taiwan Semiconductor Mfg. Co. Ltd. (ADR) (TSM-US)  
 Advanced Micro Devices, Inc. (AMD-US)  
 Infineon Technologies AG (ADR) (IFNNY-US)  
 ChipMOS Technologies Inc - ADR (IMOS-US)  
 ASE Technology Holding Co Ltd (ADR) (ASX-US)

ASE Technology Holding Co Ltd (ADR) :ASX-US: Earnings Analysis: Q3, 2023 By the Numbers

**ASE Technology Holding Co Ltd (ADR) reports financial results for the quarter ended September 30, 2023.**

We analyze the earnings along side the following peers of ASE Technology Holding Co Ltd (ADR) - Amkor Technology, Inc., United Microelectronics Corp (ADR), Taiwan Semiconductor Mfg. Co. Ltd. (ADR), Advanced Micro Devices, Inc., Infineon Technologies AG (ADR) and ChipMOS Technologies Inc - ADR (AMKR-US, UMC-US, TSM-US, AMD-US, IFNNY-US and IMOS-US) that have also reported for this period.

## Highlights

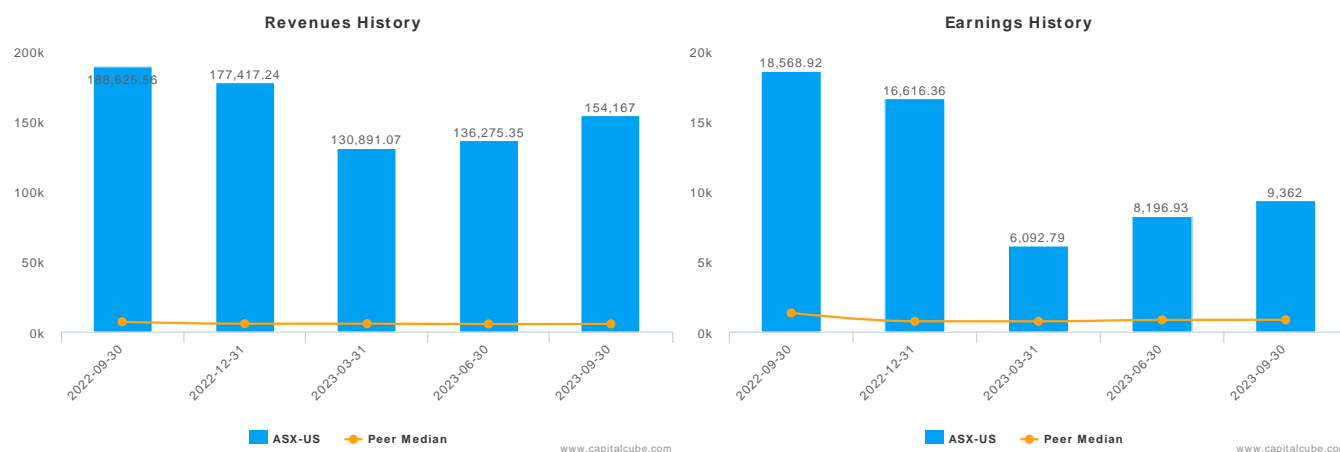
- # Summary numbers: Revenues of TWD 154167 million, Net Earnings of TWD 9362 million.
- # Gross margins narrowed from 20.13% to 16.16% compared to the same period last year, operating (EBITDA) margins now 16.85% from 19.81%.
- # Year-on-year change in operating cash flow of 12.15% is about the same as the change in earnings, likely no significant movement in accruals or reserves.
- # Narrowing of operating margins contributed to decline in earnings.

The table below shows the preliminary results and recent trends for key metrics such as revenues and net income growth:

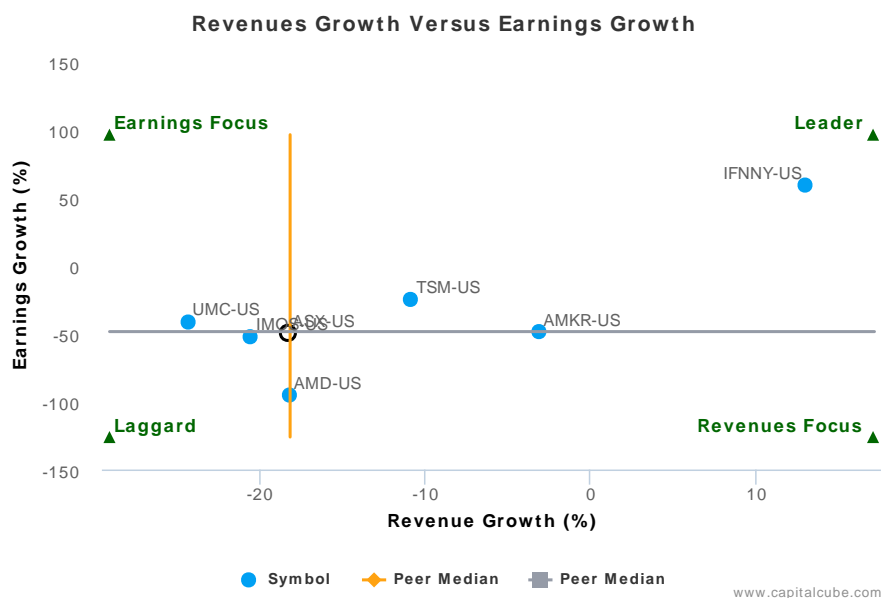
	2023-09-30	2023-06-30	2023-03-31	2022-12-31	2022-09-30
<b>Relevant Numbers (Quarterly)</b>					
Revenues (mil)	154167	136275.35	130891.07	177417.24	188625.56
Revenue Growth (%YOY)	-18.27	-15.06	-9.35	2.59	25.2
Earnings (mil)	9362	8196.93	6092.79	16616.36	18568.92
Earnings Growth (%YOY)	-49.58	-50.79	-54.48	-47.65	25.09
Net Margin (%)	6.07	6.01	4.65	9.37	9.84
EPS	2.02	1.78	1.34	3.76	3.99
Return on Equity (%)	3.26	2.98	2.13	5.64	6.74
Return on Assets (%)	5.45	4.86	3.53	9.2	10.24

## Access our Ratings and Scores for ASE Technology Holding Co Ltd (ADR)

### Market Share Versus Profits

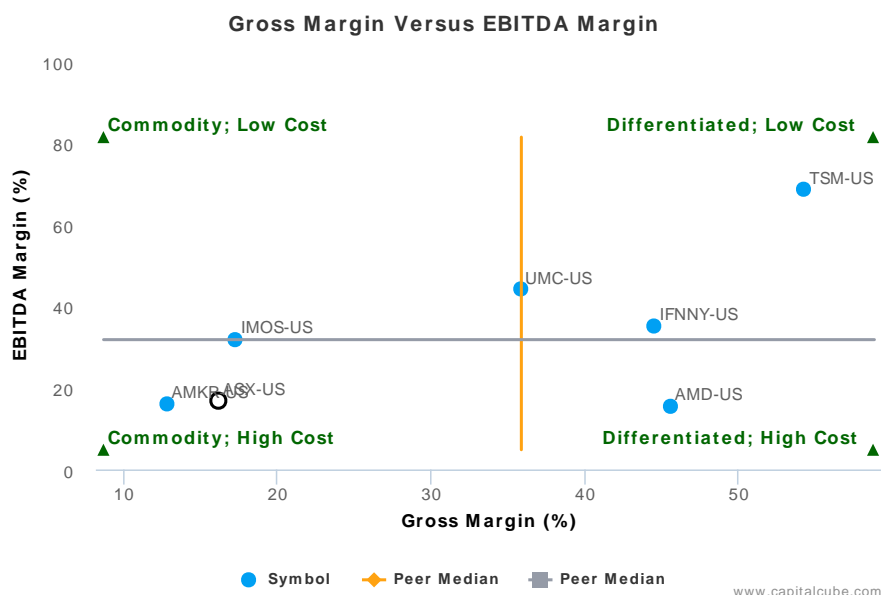


ASX-US's change in revenue this period compared to the same period last year of -18.27% is almost the same as its change in earnings, and is about average among the announced results thus far in its peer group, suggesting that ASX-US is holding onto its market share. Also, for comparison purposes, revenues changed by 13.13% and earnings by 14.21% compared to the immediate last period.

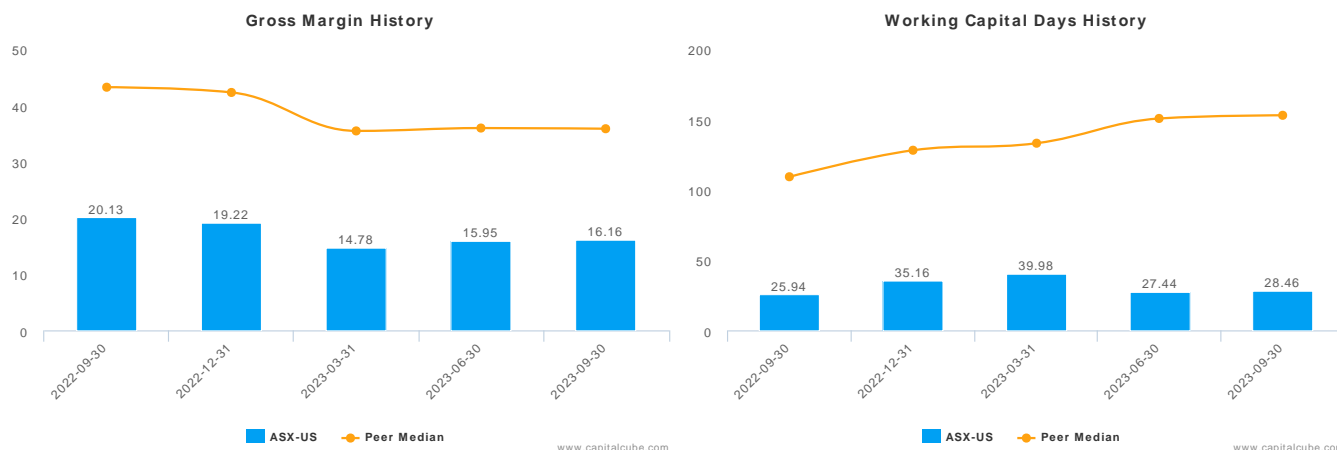


## Earnings Growth Analysis

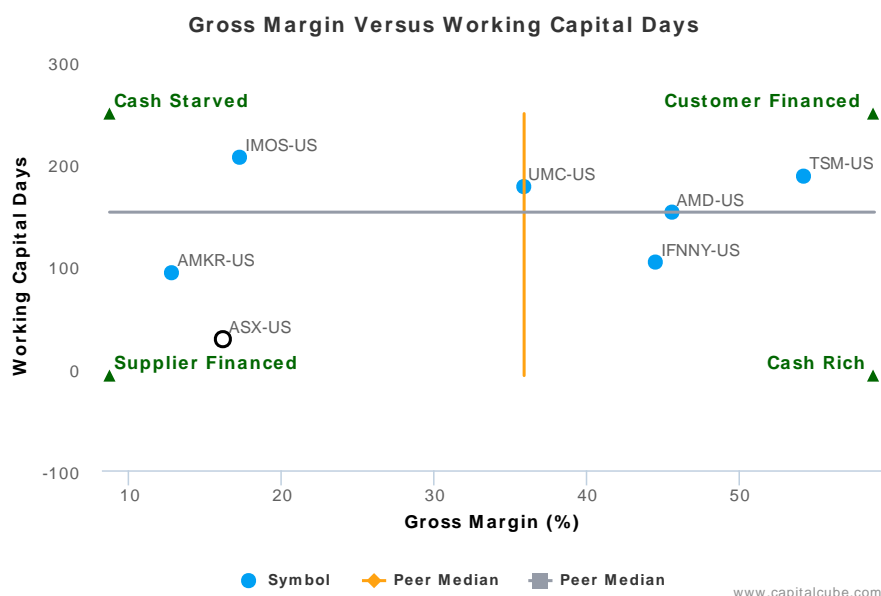
The company's year-on-year decline in earnings was influenced by a weakening in gross margins from 20.13% to 16.16%, as well as issues with cost controls. As a result, operating margins (EBITDA margins) went from 19.81% to 16.85% in this time frame. For comparison, gross margins were 15.95% and EBITDA margins were 17.51% in the previous period.



## Gross Margin Trend



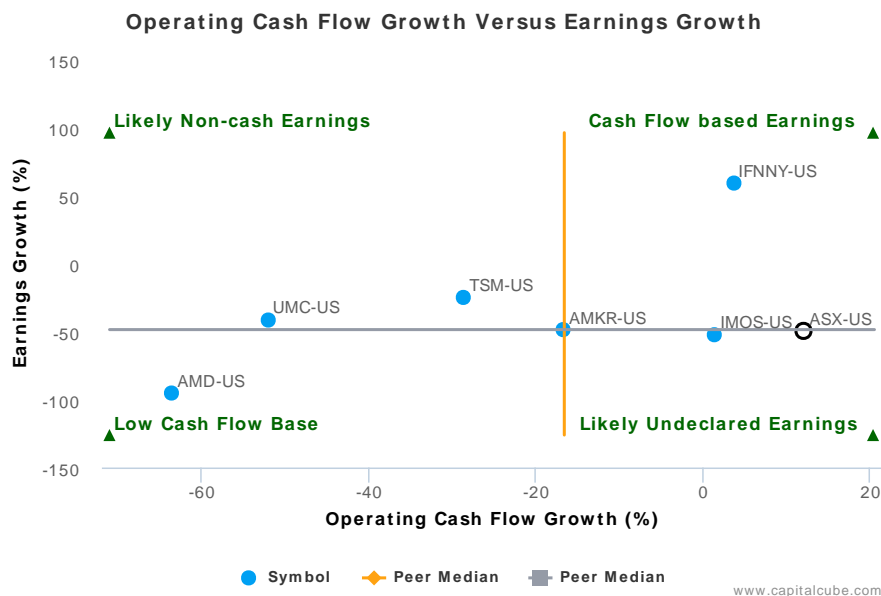
ASX-US's decline in gross margins has not produced any significant offsetting improvement in its working capital. This leads Capital Cube to conclude that the decline in gross margins are likely from operating issues and not trade-offs with the balance sheet. Working capital days are currently 28.46 days, compared to last year's level of 25.94 days.



## Cash Versus Earnings - Sustainable Performance?

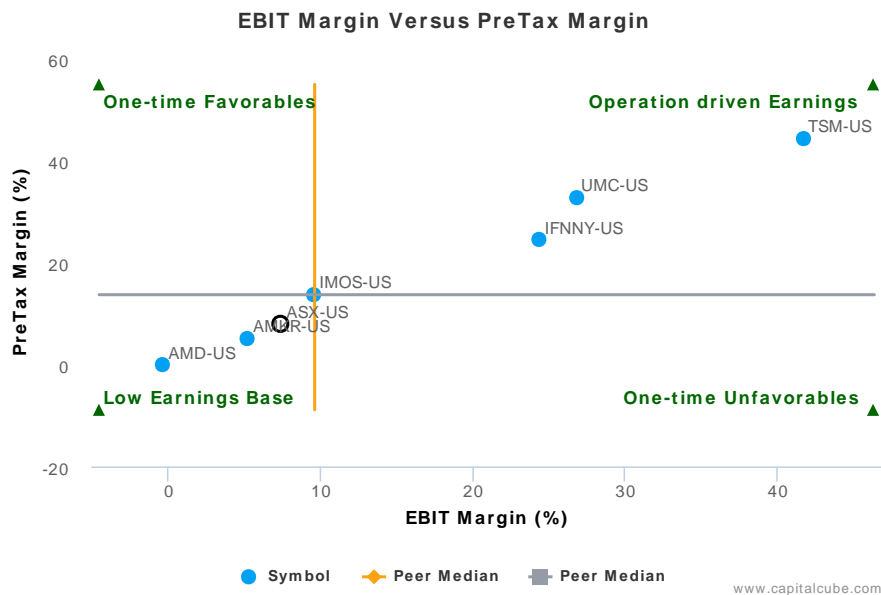
It is important to examine a company's cash versus earnings numbers to gauge whether its performance is sustainable.

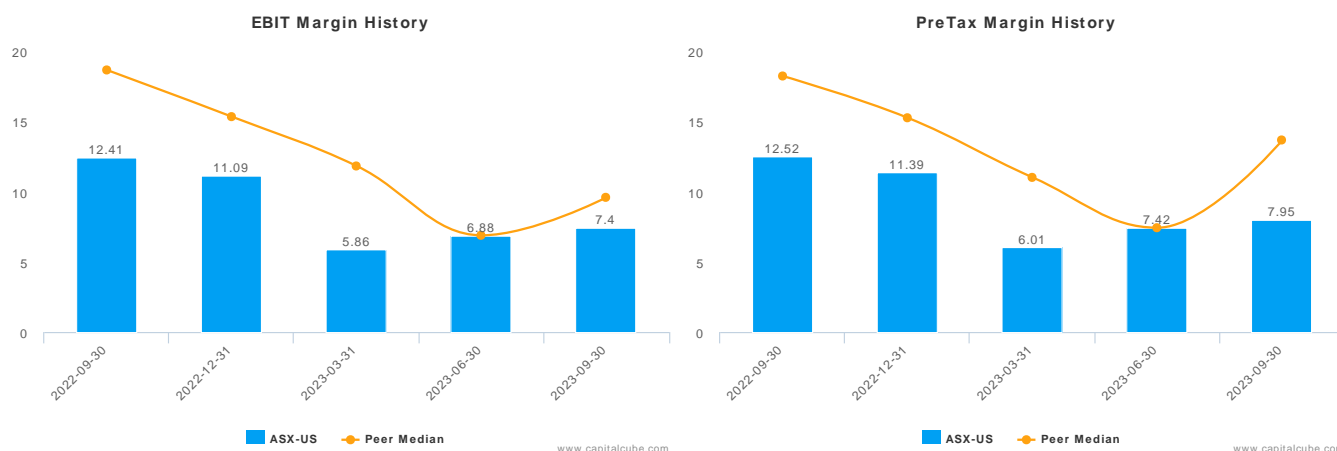
ASX-US's change in operating cash flow of 12.15% compared to the same period last year is about the same as its change in earnings this period. Additionally, this change in operating cash flow is about average among its peer group. This suggests that the company did not use accruals or reserves to manage earnings this period, and that, all else being equal, the earnings number is sustainable.



## Margins

The company's decline in earnings has been influenced by the following factors: (1) Decline in operating margins (EBIT margins) from 12.41% to 7.40% and (2) one-time items that contributed to a decrease in pretax margins from 12.52% to 7.95%





## Access our Ratings and Scores for ASE Technology Holding Co Ltd (ADR)

### ESG Performance

Investors are more conscientious about investing in companies with good Environmental, Social and Governance (ESG) practices. We give companies that self-report annually on these metrics a score that is calculated as a sum of the 3 individual pillar scores. ESG scores are calculated out of 100 and are also presented as a letter grade.

Beyond the ESG score, we also analyze the Controversies score of the company. This is calculated based on controversies related to the company in the media - bad press can be costly to companies. A Controversies score of 100 is good - meaning no controversies whereas a Controversies score of 0 is bad and adversely affects the ESG Score.

Company	Symbol	Total ESG Score	Environmental Score	Social Score	Governance Score
Amkor Technology, Inc.	AMKR-US	C+	C-	B-	C+
United Microelectronics Corp (ADR)	UMC-US	N/A	N/A	N/A	N/A
Taiwan Semiconductor Mfg. Co. Ltd. (ADR)	TSM-US	N/A	N/A	N/A	N/A
Advanced Micro Devices, Inc.	AMD-US	B+	B+	B+	B
Infineon Technologies AG (ADR)	IFNNY-US	N/A	N/A	N/A	N/A
ChipMOS Technologies Inc - ADR	IMOS-US	N/A	N/A	N/A	N/A
ASE Technology Holding Co Ltd (ADR)	ASX-US	N/A	N/A	N/A	N/A
<b>Peer Median</b>		<b>B-</b>	<b>C+</b>	<b>B</b>	<b>B-</b>

### Company Profile

ASE Technology Holding Co., Ltd. is mainly engaged in the general investment business. The Company provides customers with three types of services. Integrated Circuit (IC) services consists of packaging services, including packaging and module design, IC packaging, and multi-chip packaging; testing services, including previous testing, wafer pin testing and finished product testing, as well as materials, including substrate design and manufacturing. Electronic manufacturing service business are involved in the development and design of communication, consumer electronics, computers, storage, industrial, automotive electronics and other types of electronic products, the material procurement business, logistics, maintenance and other after-sales services. Other services include real estate development, construction, home sales property management and shopping mall rental business. The Company distributes its products to the United States, Taiwan, Europe, Asia and other regions.

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