

Auras Technology (3324.TW/3324 TT)

Liquid cooling server sales to boost margins & EPS

Outperform · Maintained

Price as of July 30 (NT\$)	671
12M target price (NT\$)	920
Previous target price (NT\$)	920
Unchanged (%)	0.0
Upside (%)	37.1

Key message

1. Stronger server sales in 2Q24, mainly of liquid cooling cold plates will improve gross margin and prompt EPS to beat our forecast.
2. The firm guides lower 3Q24F sales on component constraints, but we expect 4Q24F sales to rebound.
3. Liquid cooling sales will grow significantly in 2025F on GB200 mass production, coupled with new RTX-50 GPU launches, pushing up 2025F EPS growth.

Trading data

Mkt cap (NT\$bn/US\$m)	61.31 / 1,881	
Outstanding shares (mn)	91.37	
Foreign ownership (mn)	15.23	
3M avg. daily trading (mn)	5.48	
52-week trading range (NT\$)	257.5 -955	

Performance	3M	6M	12M
Absolute (%)	-16.1	71	114.7
Relative (%)	-25.1	47.8	86.2

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	3.42A	4.15A	4.74A	2.37A
2023	3.22A	2.78A	5.71A	2.59A
2024	4.51A	6.49F	5.37F	6.27F

Share price chart



Source: TEJ

Event

Auras Technology reported much higher 2Q24 sales QoQ, on stronger liquid cooling sales. 2Q24 gross and operating margin are very likely to beat our forecast. We expect lower 3Q24F sales QoQ, on liquid cooling component constraints, but 4Q24-2025F liquid cooling sales will rebound, and fuel overall sales and EPS growth.

Impact

2Q24 EPS will be a strong beat on margins improvement. The firm registered 2Q24 sales growth of 36% QoQ, much higher than guidance, of 10% QoQ growth, or consensus. The server sales weighting rose to 46% in 2Q24, with sales growth of 150% QoQ and 230% YoY, thanks to better-than-expected liquid cooling sales, mainly of cold plate module sales to Supermicro (US). The firm's liquid cooling sales weighting surged to 20% of total sales in 2Q24, up from 2% in 1Q24 and 2023. Given the high gross margin on liquid cooling products, we expect a better product mix should result in a 2Q24 gross margin expansion of 3-4ppts QoQ, to 28.3%. Coupled with a lower operating expenses ratio, near 12%, we revise up 2Q24F EPS to NT\$6.49, up 44% QoQ and 134% YoY. 2Q24 financial results will be released on August 8-9.

3Q24F server sales to slow on component constraints until 4Q24-2025F. The firm guides 3Q24 server sales to decline QoQ, due to liquid cooling component constraints, mainly for universal quick disconnectors (UQD). GPU and gaming sales will fall QoQ, given inventory control before the new RTX-50 series GPU launches in 4Q24-1Q25F. 3Q24F notebook, desktop and smartphone sales will increase QoQ, on positive seasonality. However, the firm's product mix will be unfavorable in 3Q24F, and we expect 3Q24F sales, margins and EPS to trend down QoQ. With higher liquid cooling demand and new products like AI PCs, RTX-50 GPUs in 4Q24-1Q25F, as well as a capacity expansion for cold plates, coolant distribution units (CDU) and manifolds in Thailand to 300-330k/month, 2-3k/month and 2-3k/month, respectively, we expect 4Q24F sales to grow by 10-15% QoQ. We expect 2024F sales to grow by 28% YoY, and 2025F sales growth of 35% YoY. We forecast Auras' server sales weighting will expand to 41% in 2024F and 51% in 2025F, prompting margins and EPS growth. Currently, the firm's main liquid cooling clients are Supermicro and Lenovo (CN), while it may ship liquid cooling products to Dell (US), Meta (US) and other US CSPs in 2025F. We think Auras' liquid cooling sales weighting will surpass a target of 5-10% for 2024F, and rise to over 20% in 2025F. Gross margin expansion will continue in 2025F, and we raise our forecast to 27% in 2024F and 28.5% in 2025F. With several new products expected to roll out in 2025F, higher overall sales will improve operating margin to 14.5% in 2024F and 17.4% in 2025F. We revise up 2024F EPS to NT\$22.68, up 59% YoY, and 2025F EPS to NT\$34.19, up 51% YoY. A recent convertible bond issuance of NT\$1.5bn will result in minimal EPS dilution of 2-2.1%.

Valuation & Action

We maintain Outperform, on solid 2024-25F gross margin and EPS growth, and maintain our target price of NT\$920, on 28x 2025F fully diluted EPS of NT\$32.87.

Risks

Material price hikes; weak NB, graphics card or server demand.

Key financials and valuations

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue (NT\$m)	14,258	13,857	12,713	16,213	21,893
Gross profit (NT\$m)	2,663	2,722	3,005	4,380	6,234
Operating profit (NT\$m)	1,379	1,173	1,376	2,350	3,809
Net profit (NT\$m)	1,133	1,264	1,232	2,045	3,109
EPS (NT\$)	13.12	14.68	14.28	22.68	34.19
Cash DPS (NT\$)	6.00	6.50	6.50	10.52	16.00
EPS growth (%)	1.9	11.9	(2.7)	58.8	50.7
PE (x)	51.1	45.7	47.0	29.6	19.6
PB (x)	12.5	10.7	8.9	7.7	6.3
EV/EBITDA (x)	31.0	34.6	31.3	21.6	13.8
Net debt to equity (%)	4.5	4.6	Net cash	3.0	3.3
Dividend yield (%)	0.9	1.0	1.0	1.6	2.4
Return on average equity (%)	24.3	24.5	20.2	28.4	36.2

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2Q24 & 3Q24 forecast revisions vs. consensus

NT\$m	2Q24F							3Q24F						
	Revision	Previous	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	4,283	3,401	25.9	35.9	65.0	3,957	8.2	4,112	4,150	(0.9)	(4.0)	17.8	4,618	(11.0)
Gross profits	1,212	867	39.8	57.1	126.4	1,052	15.3	1,090	1,100	(0.9)	(10.1)	17.6	1,257	(13.3)
Operating income	698	442	57.9	112.0	369.5	572	22.1	576	622	(7.5)	(17.5)	20.4	713	(19.3)
Pretax income	721	465	54.9	45.3	140.6	629	14.7	598	646	(7.3)	(17.0)	(0.1)	741	(19.3)
Net income	590	381	55.1	49.2	146.6	500	18.1	489	527	(7.3)	(17.2)	(0.6)	590	(17.2)
EPS (NT\$)	6.49	4.41	47.1	44.0	133.5	5.50	18.1	5.37	6.11	(12.1)	(17.2)	(5.9)	6.49	(17.2)
Gross margin (%)	28.3	25.5	2.8 ppts	3.8 ppts	7.7 ppts	26.6	1.7 ppts	26.5	26.5	0.0 ppts	(1.8)ppts	(0.0)ppts	27.2	(0.7)ppts
OP margin (%)	16.3	13.0	3.3 ppts	5.9 ppts	10.6 ppts	14.4	1.9 ppts	14.0	15.0	(1.0)ppts	(2.3)ppts	0.3 ppts	15.4	(1.4)ppts
Net margin (%)	13.8	11.2	2.6 ppts	1.2 ppts	4.6 ppts	12.6	1.1 ppts	11.9	12.7	(0.8)ppts	(1.9)ppts	(2.2)ppts	12.8	(0.9)ppts

Source: Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2024-25 forecast revisions vs. consensus

NT\$m	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	16,213	15,057	7.7	27.5	16,171	0.3	21,893	19,875	10.2	35.0	22,682	(3.5)
Gross profit	4,380	3,931	11.4	45.8	4,335	1.0	6,234	5,632	10.7	42.3	6,424	(3.0)
Operating income	2,350	2,118	10.9	70.7	2,368	(0.8)	3,809	3,442	10.6	62.1	3,902	(2.4)
Pretax income	2,581	2,300	12.2	64.6	2,675	(3.5)	3,911	3,553	10.1	51.5	3,981	(1.8)
Net income	2,045	1,820	12.3	66.0	2,109	(3.1)	3,109	2,822	10.2	52.1	3,217	(3.4)
EPS (NT\$)	22.68	21.10	12.3	58.8	23.40	(3.1)	34.19	32.71	10.2	50.7	35.38	(3.4)
Gross margin (%)	27.0	26.1	0.9 ppts	3.4 ppts	26.8	0.2 ppts	28.5	28.3	0.1 ppts	1.5 ppts	28.3	0.2 ppts
OP margin (%)	14.5	14.1	0.4 ppts	3.7 ppts	14.6	(0.2)ppts	17.4	17.3	0.1 ppts	2.9 ppts	17.2	0.2 ppts
Net margin (%)	12.6	12.1	0.5 ppts	2.9 ppts	13.0	(0.4)ppts	14.2	14.2	0.0 ppts	1.6 ppts	14.2	0.0 ppts

Source: Bloomberg; KGI Research estimates

Figure 3: Product mix forecasts

Sales weighting (%)	2019	2020	2021	2022	2023	2024F	2024F guidance	2025F	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24F	4Q24F
	NB	23	31	34	36	36	29	32	23	36	39	36	33	31	39	39	37	35	26	28
DT	9	7	7	6	10	8	7	6	4	5	8	8	10	11	9	8	9	8	8	8
Gaming PC & VGA & MB	27	33	35	29	26	17	22	14	34	29	25	28	33	21	23	27	24	15	15	15
Server	17	16	16	22	23	41	30	51	17	20	25	26	23	23	25	21	25	46	43	45
Smartphone	19	9	4	4	3	3	5	3	5	3	3	3	2	4	3	4	4	3	3	3
Auto/others	5	4	4	3	2	2	4	3	4	4	3	1	1	2	1	3	3	2	2	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Sales (NT\$m)																				
NB	2,357	3,786	4,902	4,975	4,577	4,668	4,882	5,042	1,363	1,290	1,180	1,141	1,017	1,013	1,362	1,237	1,103	1,114	1,169	1,282
DT	922	855	934	869	1,271	1,322	1,068	1,388	151	165	267	285	328	286	314	268	284	343	343	353
Gaming PC & VGA & MB	2,716	4,031	5,045	4,036	3,305	2,694	3,356	3,098	1,287	959	834	955	1,082	545	803	903	756	642	610	685
Server	1,742	1,954	2,305	3,042	2,924	6,652	4,577	11,175	644	662	834	903	754	597	873	702	788	1,970	1,773	2,121
Smartphone	1,985	1,099	499	504	381	526	763	553	189	99	100	116	66	104	105	134	126	128	135	137
Auto/others	512	489	573	431	254	351	610	637	151	132	120	27	33	52	35	100	95	86	81	90
Total	10,248	12,214	14,258	13,857	12,713	16,213	15,255	21,893	3,786	3,309	3,335	3,428	3,280	2,596	3,492	3,344	3,152	4,283	4,112	4,667
Sales YoY (%)																				
NB	14	61	29	1	(8)	2	7	8	18	39	(9)	(25)	(25)	(22)	15	8	8	10	(14)	4
DT	(7)	(7)	9	(7)	46	4	(16)	5	(54)	(8)	20	38	117	73	18	(6)	(14)	20	9	32
Gaming PC & VGA & MB	14	48	25	(20)	(18)	(19)	2	15	1	(22)	(30)	(30)	(16)	(43)	(4)	(5)	(30)	18	(24)	(24)
Server	26	12	18	32	(4)	128	57	68	56	38	32	15	17	(10)	5	(22)	4	230	103	202
Smartphone	332	(45)	(55)	1	(24)	38	100	5	38	11	(32)	(7)	(65)	5	5	16	92	24	29	2
Others	34	(5)	17	(25)	(41)	38	140	81	10	47	(46)	(78)	(78)	(61)	(71)	275	188	65	133	(11)
Total	34	19	17	(3)	(8)	28	20	35	10	11	(10)	(17)	(13)	(22)	5	(2)	(4)	65	18	40
Sales QoQ (%)																				
NB									(11)	(5)	(9)	(3)	(11)	(0)	35	(9)	(11)	1	5	10
DT									(27)	9	61	7	15	(13)	10	(15)	6	21	0	3
Gaming PC & graphics cards									(5)	(25)	(13)	15	13	(50)	47	12	(16)	(15)	(5)	12
Server									(18)	3	26	8	(16)	(21)	46	(20)	12	150	(10)	20
Smartphone									53	(48)	1	15	(43)	58	1	28	(6)	2	5	1
Auto/others									22	(13)	(9)	(78)	22	58	(33)	187	(6)	(9)	(5)	10
Total									(8)	(13)	1	3	(4)	(21)	35	(4)	(6)	36	(4)	14

Source: Company data; KGI Research estimates

Figure 4: Thermal solution transition to liquid cooling to create much higher content value for thermal plays

Parts of liquid cooling solution	Overseas Major suppliers	Domestic suppliers	Cost (US\$)
Cold plate module	CoolIT Systems Motivair	Cooler Master Taisol AVC Auras FCN Delta	1,500-2,500 (per server)
CDU/sidecar	CoolIT Systems Vertiv nVent Motivair	AVC Auras Delta Kaori Hon Hai Lite-On MGCooling Cooler Master KENMEC FCN	10,000-50,000 (per rack; in-rack)
Manifold & quick connector	CoolIT Systems Colder Product Co. (CPC) CEJN Parker Staubli Motivair	AVC Kaori Lotes Delta FCN	10,000-15,000 (quick connector 4,000-6,000)
RDHx & fan door	nVent CoolIT Systems Motivair	KENMEC Delta MGCooling	2,000-4,000
Rack			5,000
Total			40,000-80,000

US\$200-400/set (A. Cold Plate Modules)
US\$10,000-50,000 (B. Cooling Distribution Units)
US\$10,000-15,000 (C. Rack, D. RDHx, E. Fan Door, F. Manifold)

Source: Auras; KGI Research

Figure 5: Peer comparison – Valuations

Sector	Company	Ticker	Market cap. (US\$mn)	Share price (LCY)	Rating	Target Price (LCY)	EPS (LCY)			EPS YoY (%)			PE (x)			PB (x)			ROE (%)			Cash yield (%)	
							2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F	2023	2024F
Cooling fan	Sunonwealth	2421 TT	799	96.0	Outperform	160.0	5.16	6.32	8.02	18.9	22.5	26.8	18.6	15.2	12.0	3.6	3.4	3.1	21.5	23.1	27.3	3.6	4.7
	Nidec Corp*	6594 JP	25,599	6,641.0	Not rated	N.A.	64.26	250.15	323.36	(72.3)	289.3	29.3	103.3	26.5	20.5	2.8	2.5	2.1	2.8	10.1	11.0	1.1	1.1
	Sun Max Tech*	6591 TT	58	51.0	Not rated	N.A.	3.40	N.M.	N.M.	(50.7)	N.A.	N.A.	15.0	N.A.	N.A.	1.0	N.A.	N.A.	6.8	N.M.	N.M.	5.4	N.A.
	Minebea Mitsumi*	6479 JP	9,945	3,602.0	Not rated	N.A.	178.23	123.27	195.33	4.8	(30.8)	58.5	20.2	29.2	18.4	2.3	2.2	1.9	12.5	7.7	10.8	1.1	1.1
Thermal module /cooling fan	AVC	3017 TT	7,455	639.0	Outperform	800.0	14.11	18.91	26.66	19.7	34.0	41.0	45.3	33.8	24.0	11.1	9.5	8.0	28.3	30.4	36.2	1.1	1.5
	Delta Elec	2308 TT	31,626	400.0	Outperform	490.0	12.86	14.21	18.13	2.2	10.5	27.6	31.1	28.1	22.1	5.2	4.6	4.1	17.3	17.4	19.6	1.6	1.8
	Vertiv	VRT US	29,262	78.0	Not rated	N.A.	1.21	2.55	3.25	505.0	110.5	27.5	64.5	30.6	24.0	14.8	14.6	13.1	26.6	49.0	60.5	0.0	0.1
	Dover Corporation	DOV US	25,632	186.5	Not rated	N.A.	7.56	9.14	9.76	1.2	20.9	6.8	24.7	20.4	19.1	5.1	4.6	4.3	22.5	26.4	20.2	1.1	1.1
Thermal module	Nidec CCI*	6230 TT	678	258.0	Not rated	N.A.	7.02	N.M.	N.M.	(1.1)	N.A.	N.A.	36.8	N.A.	N.A.	3.9	N.A.	N.A.	10.9	N.M.	N.M.	0.4	N.A.
	Auras	3324 TT	1,857	671.0	Outperform	920.0	14.28	22.68	34.19	(2.7)	58.8	50.7	47.0	29.6	19.6	8.9	7.7	6.3	20.2	28.4	36.2	1.0	1.6
	Foxconn Tech*	2354 TT	2,794	64.9	Not rated	N.A.	3.01	2.88	2.94	(0.3)	(4.3)	2.1	21.6	22.5	22.1	0.9	0.6	0.6	4.1	3.8	3.8	2.3	2.3
	Fujikura Ltd*	5803 JP	5,651	2,954.5	Not rated	N.A.	148.27	164.86	195.09	4.5	11.2	18.3	19.9	17.9	15.1	3.0	2.6	2.2	16.7	15.8	15.4	1.0	1.7
	Furukawa Elect*	5801 JP	1,825	3,996.0	Not rated	N.A.	225.80	32.64	181.28	57.5	(85.5)	455.5	17.7	122.4	22.0	0.9	0.9	0.8	5.5	0.6	3.8	2.0	1.5

Source: KGI Research; *Bloomberg consensus

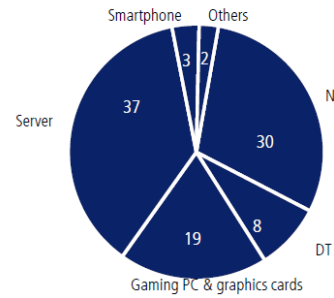
Figure 6: Company profile

Established in 1998, Auras is a top-three thermal solution maker in Taiwan, serving the NB/DT, graphics card, gaming PC, server, and smartphone industries. Top clients include MSI (2377 TT, NT\$171.5, Outperform), Dell (US), HP (US), Asustek (2357 TT, NT\$447, Outperform), and Apple (US). 2023 application sales mix was NB (36%), DT (10%), graphics cards/ gaming PC (29%), server (23%), smartphone (3%), and others (2%). 2024-25F sales growth will be driven by server sales.

Source: KGI Research

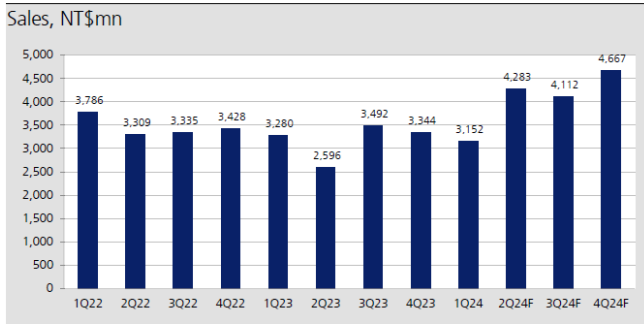
Figure 7: Server sales hike to a weighting of 37% in 1H24

Sales weighting in 1H24, percent



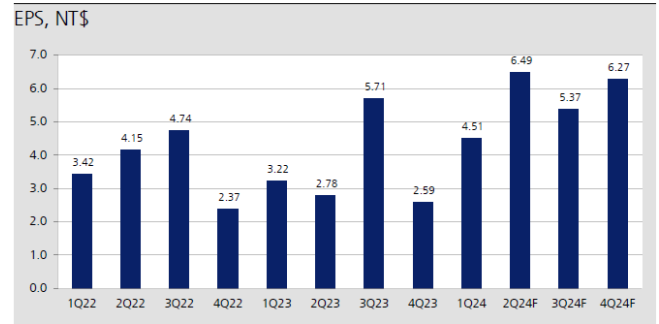
Source: Company data; KGI Research

Figure 8: Sales



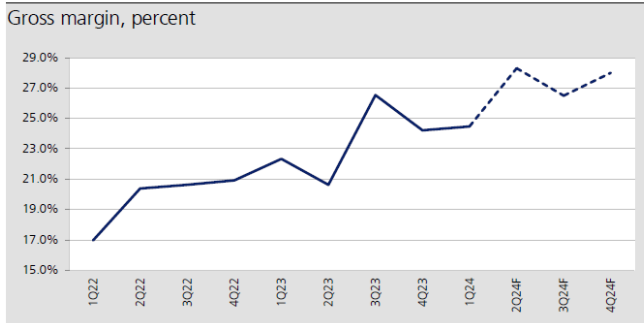
Source: KGI Research

Figure 9: EPS



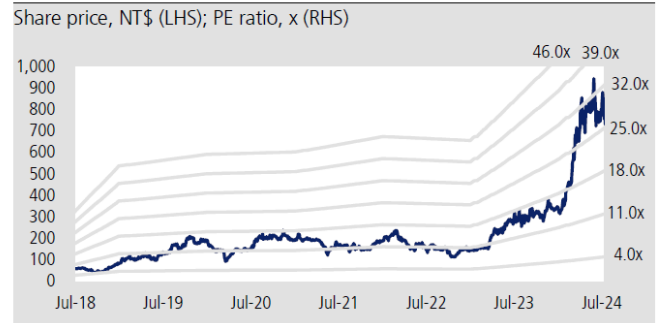
Source: KGI Research

Figure 10: Gross Margin



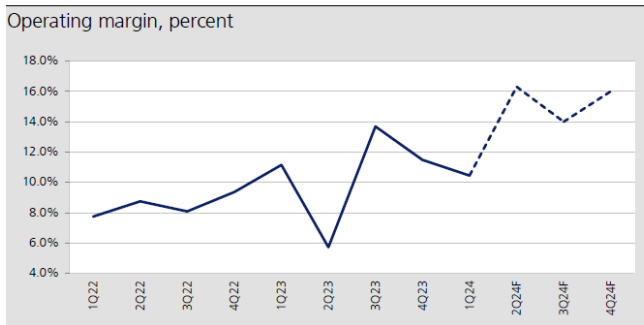
Source: KGI Research

Figure 11: 12M forward PE band



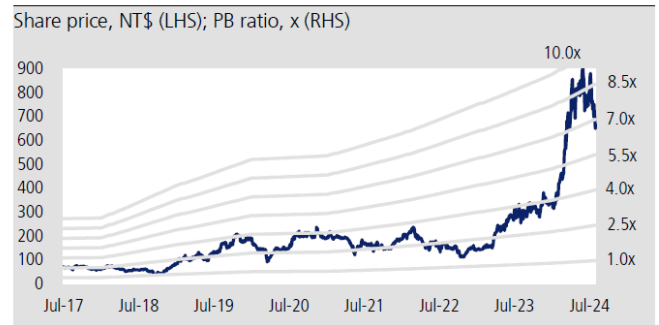
Source: TEJ; KGI Research estimates

Figure 12: Operating Margin



Source: KGI Research

Figure 13: 12M forward PB band



Source: TEJ; KGI Research estimates

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23A	Dec-23A	Mar-24A	Jun-24F	Sep-24F	Dec-24F	Dec-23A	Dec-24F	Dec-25F
Income statement (NT\$m)											
Revenue	3,280	2,596	3,492	3,344	3,152	4,283	4,112	4,667	12,713	16,213	21,893
Cost of goods sold	(2,548)	(2,061)	(2,565)	(2,534)	(2,380)	(3,071)	(3,022)	(3,360)	(9,708)	(11,834)	(15,658)
Gross profit	733	535	927	810	771	1,212	1,090	1,307	3,005	4,380	6,234
Operating expenses	(367)	(387)	(449)	(426)	(442)	(514)	(514)	(560)	(1,629)	(2,030)	(2,426)
Operating profit	366	149	478	384	329	698	576	747	1,376	2,350	3,809
Depreciation of fixed assets	(115)	(111)	(108)	(105)	(106)	(106)	(106)	(106)	(439)	(424)	(556)
Amortisation of intangible assets	(7)	(8)	(8)	(9)	(8)	(8)	(8)	(9)	(32)	(34)	(34)
EBITDA	487	268	594	498	443	813	690	862	1,847	2,807	4,398
Interest income	2	6	4	10	7	8	8	8	23	30	20
Investment income	0	-	-	-	3	3	3	2	0	10	10
Other non-op income	32	148	125	41	163	40	40	57	345	300	180
Non-operating income	34	154	128	51	173	50	50	67	368	340	210
Interest expense	(10)	(3)	(7)	(8)	(6)	(6)	(6)	(6)	(28)	(24)	(23)
Investment loss	-	(1)	(0)	(1)	-	(1)	(1)	(3)	(2)	(5)	(5)
Other non-op expenses	(37)	0	0	(109)	-	(20)	(20)	(40)	(146)	(80)	(80)
Non-operating expenses	(47)	(4)	(8)	(118)	(6)	(27)	(27)	(48)	(177)	(109)	(108)
Pre-tax profit	353	300	599	317	496	721	598	765	1,568	2,581	3,911
Current taxation	(76)	(58)	(101)	(93)	(92)	(130)	(108)	(187)	(329)	(516)	(782)
Minorities	0	(2)	(6)	0	(8)	(1)	(2)	(9)	(7)	(20)	(20)
Normalised net profit	277	239	492	224	396	590	489	570	1,232	2,045	3,109
Extraordinary items	(0)	(0)	(0)	(0)	(0)	-	-	0	-	-	-
Net profit	277	239	492	224	396	590	489	570	1,232	2,045	3,109
EPS (NT\$)	3.22	2.78	5.71	2.59	4.51	6.49	5.37	6.27	14.28	22.68	34.19
Margins (%)											
Gross profit margin	22.3	20.6	26.5	24.2	24.5	28.3	26.5	28.0	23.6	27.0	28.5
Operating margin	11.1	5.7	13.7	11.5	10.4	16.3	14.0	16.0	10.8	14.5	17.4
EBITDA margin	14.9	10.3	17.0	14.9	14.1	19.0	16.8	18.5	14.5	17.3	20.1
Pretax profit margin	10.7	11.5	17.1	9.5	15.7	16.8	14.6	16.4	12.3	15.9	17.9
Net profit margin	8.5	9.2	14.1	6.7	12.6	13.8	11.9	12.2	9.7	12.6	14.2
Sequential growth (%)											
Revenue growth	(4.3)	(20.9)	34.5	(4.2)	(5.8)	35.9	(4.0)	13.5			
Gross profit growth	2.2	(26.9)	73.1	(12.6)	(4.8)	57.1	(10.1)	19.9			
Operating profit growth	13.9	(59.3)	221.4	(19.6)	(14.3)	112.0	(17.5)	29.7			
EBITDA growth	7.7	(45.1)	121.9	(16.1)	(11.0)	83.4	(15.1)	24.9			
Pretax profit growth	34.8	(15.0)	99.9	(47.1)	56.6	45.3	(17.0)	27.9			
Net profit growth	35.8	(13.7)	105.6	(54.5)	77.0	49.2	(17.2)	16.7			
YoY growth (%)											
Revenue growth	(13.4)	(21.5)	4.7	(2.4)	(3.9)	65.0	17.8	39.5	(8.3)	27.5	35.0
Gross profit growth	14.0	(20.6)	34.7	13.0	5.3	126.4	17.6	61.3	10.4	45.8	42.3
Operating profit growth	24.7	(48.6)	77.3	19.6	(9.9)	369.5	20.4	94.4	17.3	70.7	62.1
EBITDA growth	11.9	(36.8)	49.2	10.0	(9.0)	203.7	16.2	73.0	8.0	52.0	56.7
Pretax profit growth	(5.4)	(33.8)	10.7	21.1	40.7	140.6	(0.1)	141.6	(3.7)	64.6	51.5
Net profit growth	(5.7)	(33.1)	20.6	9.6	42.7	146.6	(0.6)	155.0	(2.5)	66.0	52.1

Source: Company data; KGI Research estimates

Balance sheet

NT\$mn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Total assets	11,895	11,743	12,612	14,750	18,144
Current assets	8,978	8,420	8,653	9,860	12,630
Cash & ST securities	1,494	1,492	1,450	958	821
Inventory	2,292	2,072	2,307	2,804	3,721
Accounts receivable	4,745	4,490	4,419	5,621	7,610
Other current assets	448	365	477	477	477
Non-current assets	2,917	3,323	3,959	4,890	5,514
LT investments	109	128	215	270	350
Net fixed assets	2,442	2,715	3,126	4,002	4,546
Other assets	366	480	618	618	618
Total liabilities	6,986	5,933	5,745	6,750	8,430
Current liabilities	5,670	5,620	4,787	6,026	7,686
Accounts payable	4,091	2,848	3,157	3,837	5,091
Interest bearing ST liabilities	416	1,498	232	431	353
Other current liabilities	1,162	1,273	1,398	1,758	2,242
Non-current liabilities	1,317	313	959	724	744
Long-term debt	1,299	255	916	681	701
Other L-T liabilities	9	0	(0)	(0)	(0)
Total equity	4,909	5,810	6,866	8,000	9,714
Share capital	884	884	884	884	884
Retained earnings reserve	2,722	3,304	3,926	5,040	6,734
Minority interests	166	244	231	251	271
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Growth					
Revenue growth	16.7%	(2.8%)	(8.3%)	27.5%	35.0%
Operating profit growth	(11.7%)	(14.9%)	17.3%	70.7%	62.1%
EBITDA growth	(3.9%)	(10.0%)	8.0%	52.0%	56.7%
Net profit growth	1.9%	11.6%	(2.5%)	66.0%	52.1%
EPS growth	1.9%	11.9%	(2.7%)	58.8%	50.7%
Profitability					
Gross profit margin	18.7%	19.6%	23.6%	27.0%	28.5%
Operating margin	9.7%	8.5%	10.8%	14.5%	17.4%
EBITDA margin	13.3%	12.3%	14.5%	17.3%	20.1%
Net profit margin	7.9%	9.1%	9.7%	12.6%	14.2%
Return on average assets	10.3%	10.7%	10.1%	14.9%	18.9%
Return on average equity	24.3%	24.5%	20.2%	28.4%	36.2%
Stability					
Gross debt to equity	34.9%	30.2%	16.7%	13.9%	10.9%
Net debt to equity	4.5%	4.6%	Net cash	3.0%	3.3%
Interest coverage (x)	62.2	43.4	57.2	107.5	169.5
Interest & ST debt coverage (x)	0.8	0.5	0.9	0.8	0.9
Cash flow interest coverage(x)	62.1	32.3	70.6	61.1	87.9
Cash flow/int. & ST debt (x)	3.3	0.8	7.6	3.2	5.4
Current ratio (x)	1.6	1.5	1.8	1.6	1.6
Quick ratio (x)	1.2	1.1	1.3	1.2	1.2
Net debt (NT\$mn)	221	269	(218)	239	317
Per share data					
EPS (NT\$)	13.12	14.68	14.28	22.68	34.19
CFPS (NT\$)	16.72	14.41	22.85	16.41	22.45
BVPS (NT\$)	53.65	62.97	75.04	87.64	106.79
Adj BVPS (NT\$)	54.94	64.67	76.92	85.97	103.84
SPS (NT\$)	165.15	160.99	147.37	179.86	240.75
EBITDA/share (NT\$)	21.99	19.86	21.41	31.14	48.37
Cash DPS (NT\$)	6.00	6.50	6.50	10.52	16.00
Activity					
Sales / avg assets	1.29	1.17	1.04	1.19	1.33
Days receivable	121.5	118.3	126.9	126.9	126.9
Days inventory	72.1	67.9	86.7	86.7	86.7
Days payable	128.8	93.4	118.7	118.7	118.7
Cash cycle	64.8	92.8	94.9	94.9	94.9

Source: Company data; KGI Research estimates

Profit & loss

NT\$mn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue	14,258	13,857	12,713	16,213	21,893
Cost of goods sold	(11,595)	(11,135)	(9,708)	(11,834)	(15,658)
Gross profit	2,663	2,722	3,005	4,380	6,234
Operating expenses	(1,284)	(1,549)	(1,629)	(2,030)	(2,426)
Operating profit	1,379	1,173	1,376	2,350	3,809
Non-operating income	139	550	368	340	210
Interest income	2	10	23	30	20
Investment income	-	10	0	10	10
Other non-op income	138	529	345	300	180
Non-operating expenses	(97)	(95)	(177)	(109)	(108)
Interest expense	(23)	(38)	(28)	(24)	(23)
Investment loss	(3)	(1)	(2)	(5)	(5)
Other non-op expenses	(71)	(55)	(146)	(80)	(80)
Pre-tax profit	1,421	1,628	1,568	2,581	3,911
Current taxation	(268)	(341)	(329)	(516)	(782)
Minorities	(21)	(23)	(7)	(20)	(20)
Extraordinary items	-	(0)	(0)	-	-
Net profit	1,133	1,264	1,232	2,045	3,109
EBITDA	1,899	1,709	1,847	2,807	4,398
EPS (NT\$)	13.12	14.68	14.28	22.68	34.19

Cash flow

NT\$mn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Operations cash flow	1,444	1,241	1,971	1,479	2,041
Net profit	1,133	1,264	1,232	2,045	3,109
Depreciation & amortisation	520	536	470	458	590
Decrease in working capital	(202)	(758)	151	(1,018)	(1,652)
Other operating cash flow	(6)	199	117	(5)	(5)
Investing cash flow	(1,038)	(633)	(1,053)	(1,384)	(1,209)
Sale of ST investment	-	-	(89)	-	-
New investments	(84)	-	(100)	(50)	(75)
Capital expenditure	(1,030)	(615)	(835)	(1,300)	(1,100)
Others investing cashflow	75	(18)	(30)	(34)	(34)
Free cash flow	373	61	843	(15)	851
Financing cash flow	(303)	(629)	(1,007)	(587)	(969)
Increase in short term debt	327	(71)	(305)	-	-
Increase in long term loans	350	10	(81)	(36)	(58)
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(482)	(517)	(577)	(571)	(931)
Other financing cashflow	(51)	(52)	(43)	20	20
Forex effects	(14)	12	(29)		
Total cash generated	88	(10)	(118)	(492)	(137)

ROIC

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	9.0%	11.2%	12.8%	12.5%	11.1%
= Operating margin	9.7%	8.5%	10.8%	14.5%	17.4%
1 / (Working capital/revenue	0.2	0.2	0.2	0.2	0.2
+ Net PPE/revenue	0.2	0.2	0.2	0.2	0.2
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	3.0	2.5	2.1	2.2	2.4
Operating margin	9.7%	8.5%	10.8%	14.5%	17.4%
x Capital turnover	3.0	2.5	2.1	2.2	2.4
x (1 - tax rate)	81.2%	79.0%	79.0%	80.0%	80.0%
= After-tax ROIC	23.4%	16.5%	18.2%	25.0%	33.0%

Source: Company data; KGI Research estimates

Auras – Recommendation & target price history



Date	Rating	Target	Price
2024-04-30	Outperform	920	800
2024-03-09	Outperform	660	571
2023-11-16	Outperform	445	348
2023-10-25	Outperform	405	314
2023-09-25	Outperform	400	313
2023-08-08	Outperform	390	312
2023-07-14	Outperform	370	300
2023-05-15	Outperform	253	232
2023-05-05	Outperform	264	241
2023-04-07	Outperform	245	230

Source: TEJ; KGI Research

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