

Auras Technology (3324.TW/3324 TT)

Liquid cooling to fuel strong sales growth after 2Q25F

Outperform · Maintained

Price as of October 29 (NT\$)	652
12M target price (NT\$)	990
Previous target price (NT\$)	920
Revised up (%)	7.6
Upside (%)	51.8

Key message

- 2H24 sales are weaker than we had expected, due to a product transition of AI server GPUs.
- The firm guides moderate QoQ growth in 4Q24F sales, but is positive on 2025F sales growth and margins improvement, mainly on liquid cooling sales growth.
- Liquid cooling sales will boost the firm's server sales weighting to over 50% in 2025F, while new RTX-50 GPUs will also fuel gaming sales growth in 2025F.

Trading data

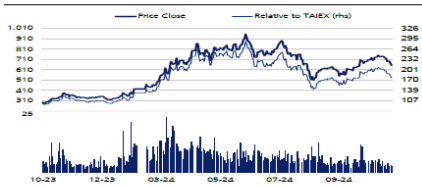
Mkt cap (NT\$bn/US\$mn)	59.67 / 1,859
Outstanding shares (mn)	91.53
Foreign ownership (mn)	14.22
3M avg. daily trading (mn)	3.89
52-week trading range (NT\$)	283.5–955

Performance	3M	6M	12M
Absolute (%)	-0.8	-18.1	119.5
Relative (%)	-4.2	-30	77.4

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	7.24A	4.70F	5.58F

Share price chart



Source: TEJ

Event

Auras Technology reported a QoQ decline in 3Q24 sales, missing the firm's most recent guidance. Management guides moderate QoQ growth for 4Q24F sales, below consensus and our forecast. However, the firm expects 2025F sales growth on liquid cooling projects.

Impact

2H24F sales slower on AI GPU transition. The firm registered a 3Q24 sales decline of 1.5% QoQ, but growth of 21% YoY, missing guidance of flat to moderate QoQ growth, but beating our forecast. On more liquid cooling shipments pull-in in 2Q24 by Supermicro (US), 3Q24 liquid cooling sales fell QoQ, with a weighting of 16%, versus 20% in 2Q24. As a result, 3Q24 server sales fell by 10% QoQ. However, 3Q24 NB and desktop sales were better than we had expected, with double digit QoQ growth. Given an unfavorable product mix and exchange rate trends, we expect 3Q24F gross margin to slide QoQ. We cut 3Q24F EPS to NT\$4.7, down 35% QoQ, to reflect forex losses of NT\$80-90mn. With an AI server GPU model transition, and soft NB demand expected, it guides moderate 4Q24 sales growth QoQ. Only gaming GPU thermal sales will grow in 4Q24F, reflecting the upcoming rollout of Nvidia's (US) new RTX-50 GPU. We adjust 2024F sales growth to 26% YoY, and EPS to NT\$22.02, up 54% YoY.

Server liquid cooling the main sales driver in 2025F. The firm will offer 2025F guidance during an investor meeting on November 13. We anticipate server liquid cooling to be the main catalyst for 2025F sales growth. After shipping liquid cooling cold plates, primarily to Supermicro in 2024, for a sales weighting of 10-15%, we forecast a liquid cooling sales weighting of 30-40% in 2025F, thanks to greater GB200/ B200 AI server shipments. Auras will ship cold plate, manifold and coolant distribution unit (CDU) in 2025F to US CSPs, including Meta and Amazon Web Services (AWS) and enterprises such as Supermicro and Dell, with sales ramping up significantly after 2Q25F. This will boost the server sales weighting to 50-55% in 2025F, up from around 40% in 2024F. Furthermore, RTX-50 GPU launches in 1Q25F will fuel gaming and GPU thermal sales, as they will use vapor chamber (VC) designs more, which carry higher ASP and gross margin. Coupled with a better outlook for commercial PCs, we estimate 2025F sales growth of 47%, and EPS growth of 74%, to NT\$38.3, on margin improvement. The upward revision to sales and EPS is to reflect better visibility on orders, and an expectation that YoY sales growth will accelerate notably in 2H25F, on a GB200 AI server ramp-up.

Valuation & Action

We maintain Outperform, on solid 2024-25F gross margin and EPS growth. Our target price is raised from NT\$920 to NT\$990, on 28x 2025F fully diluted EPS of NT\$35.35.

Risks

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

Key financials and valuations

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue (NT\$mn)	14,258	13,857	12,713	15,996	23,456
Gross profit (NT\$mn)	2,663	2,722	3,005	4,286	6,660
Operating profit (NT\$mn)	1,379	1,173	1,376	2,241	4,102
Net profit (NT\$mn)	1,133	1,264	1,232	1,925	3,343
EPS (NT\$)	13.12	14.68	14.28	22.02	38.30
Cash DPS (NT\$)	6.00	6.50	6.50	9.91	17.21
EPS growth (%)	1.9	11.9	(2.7)	54.2	73.9
PE (x)	49.7	44.4	45.7	29.6	17.0
PB (x)	12.2	10.4	8.7	7.5	6.1
EV/EBITDA (x)	30.1	33.7	30.4	20.9	12.1
Net debt to equity (%)	4.5	4.6	Net cash	3.2	5.3
Dividend yield (%)	0.9	1.0	1.0	1.5	2.6
Return on average equity (%)	24.3	24.5	20.2	26.9	38.9

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 3Q24 & 4Q24 forecast revisions vs. consensus

NT\$mn	3Q24F							4Q24F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	4,217	4,112	2.6	(1.5)	20.8	4,350	(3.0)	4,344	4,667	(6.9)	3.0	29.9	4,540	(4.3)
Gross profits	1,126	1,090	3.3	(7.4)	21.5	1,194	(5.7)	1,173	1,307	(10.2)	4.2	44.8	1,249	(6.1)
Operating income	590	576	2.6	(14.0)	23.5	651	(9.3)	634	747	(15.1)	7.4	65.1	712	(11.0)
Pretax income	503	721	(30.2)	(35.8)	(16.0)	678	(25.8)	649	598	8.4	29.0	104.8	696	(6.7)
Net income	411	590	(30.4)	(35.0)	(16.5)	525	(21.8)	487	489	(0.4)	18.6	117.8	566	(13.9)
EPS (NT\$)	4.70	6.49	(27.5)	(35.0)	(17.6)	6.01	(21.8)	5.58	5.37	3.8	18.6	115.3	6.48	(13.9)
Gross margin (%)	26.7	26.5	0.2 ppts	(1.7)ppts	0.2 ppts	27.4	(0.7)ppts	27.0	28.0	(1.0)ppts	0.3 ppts	2.8 ppts	27.5	(0.5)ppts
OP margin (%)	14.0	14.0	0.0 ppts	(2.0)ppts	0.3 ppts	15.0	(1.0)ppts	14.6	16.0	(1.4)ppts	0.6 ppts	3.1 ppts	15.7	(1.1)ppts
Net margin (%)	9.7	13.8	(4.0)ppts	(5.0)ppts	(4.4)ppts	12.1	(2.3)ppts	11.2	11.9	(0.7)ppts	1.5 ppts	4.5 ppts	12.5	(1.3)ppts

Source: Bloomberg; KGI Research estimates

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

NT\$mn	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	15,996	16,213	(1.3)	25.8	15,938	0.4	23,456	21,893	7.1	46.6	21,469	9.3
Gross profit	4,286	4,380	(2.1)	42.6	4,323	(0.9)	6,660	6,234	6.8	55.4	6,133	8.6
Operating income	2,241	2,350	(4.6)	62.8	2,362	(5.1)	4,102	3,809	7.7	83.1	3,773	8.7
Pretax income	2,431	2,573	(5.5)	55.1	2,669	(8.9)	4,204	3,912	7.5	72.9	3,915	7.4
Net income	1,925	2,039	(5.6)	56.3	2,094	(8.1)	3,343	3,110	7.5	73.7	3,078	8.6
EPS (NT\$)	22.02	22.61	(5.6)	54.2	23.95	(8.1)	38.30	34.20	7.5	73.9	35.26	8.6
Gross margin (%)	26.8	27.0	(0.2)ppts	3.2 ppts	27.1	(0.3)ppts	28.4	28.5	(0.1)ppts	1.6 ppts	28.6	(0.2)ppts
OP margin (%)	14.0	14.5	(0.5)ppts	3.2 ppts	14.8	(0.8)ppts	17.5	17.4	0.1 ppts	3.5 ppts	17.6	(0.1)ppts
Net margin (%)	12.0	12.6	(0.5)ppts	2.3 ppts	13.1	(1.1)ppts	14.3	14.2	0.0 ppts	2.2 ppts	14.3	(0.1)ppts

Source: Bloomberg; KGI Research estimates

Figure 3: Product mix forecasts

Sales weighting (%)	2019	2020	2021	2022	2023	2024F	2025F	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1-3Q24
NB	23	31	34	36	36	29	22	31	39	39	37	35	26	30	28	30
DT	9	7	7	6	10	8	6	10	11	9	8	9	8	9	7	9
Gaming PC & VGA & MB	27	33	35	29	26	17	15	33	21	23	27	24	15	14	16	17
Server	17	16	16	22	23	40	53	23	23	25	21	25	46	42	44	39
Smartphone	19	9	4	4	3	3	2	2	4	3	4	4	3	2	3	3
Auto/others	5	4	4	3	2	2	2	1	2	1	3	3	2	3	2	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Sales (NT\$mn)																
NB	2,357	3,786	4,902	4,975	4,577	4,691	5,160	1,017	1,013	1,362	1,237	1,103	1,113	1,265	1,209	3,482
DT	922	855	934	869	1,271	1,322	1,388	328	286	314	268	284	343	380	316	1,006
Gaming PC & VGA & MB	2,716	4,031	5,045	4,036	3,305	2,694	3,583	1,082	545	803	903	756	642	590	705	1,989
Server	1,742	1,954	2,305	3,042	2,924	6,433	12,351	754	597	873	702	788	1,970	1,771	1,903	4,529
Smartphone	1,985	1,099	499	504	381	458	503	66	104	105	134	126	128	84	119	339
Auto/others	512	489	573	431	254	399	471	33	52	35	100	95	86	127	92	307
Total	10,248	12,214	14,258	13,857	12,713	15,996	23,456	3,280	2,596	3,492	3,344	3,152	4,283	4,217	4,344	11,652
Sales YoY (%)																
NB	14	61	29	1	(8)	2	10	(25)	(22)	15	8	8	10	(7)	(2)	3
DT	(7)	(7)	9	(7)	46	4	5	117	73	18	(6)	(14)	20	21	18	8
Gaming PC & VGA & MB	14	48	25	(20)	(18)	(19)	33	(16)	(43)	(4)	(5)	(30)	18	(26)	(22)	(18)
Server	26	12	18	32	(4)	120	92	17	(10)	5	(22)	4	230	103	171	104
Smartphone	332	(45)	(55)	1	(24)	20	10	(65)	5	5	16	92	24	(19)	(11)	24
Others	34	(5)	17	(25)	(41)	57	18	(78)	(61)	(71)	275	188	65	262	(8)	156
Total	34	19	17	(3)	(8)	26	47	(13)	(22)	5	(2)	(4)	65	21	30	24
Sales QoQ (%)																
NB								(11)	(0)	35	(9)	(11)	1	14	(4)	
DT								15	(13)	10	(15)	6	21	11	(17)	
Gaming PC & graphics cards								13	(50)	47	12	(16)	(15)	(8)	19	
Server								(16)	(21)	46	(20)	12	150	(10)	7	
Smartphone								(43)	58	1	28	(6)	2	(34)	41	
Auto/others								22	58	(33)	187	(6)	(9)	48	(27)	
Total								(4)	(21)	35	(4)	(6)	36	(2)	3	

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	40,000-60,000 (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			70,000-90,000

US\$200-400/set (A, B)
US\$40,000-60,000 (B)
US\$10,000-15,000 (E, F)

Source: Auras; KGI Research

Figure 5: Peer comparison – Valuations

Sector	Company	Ticker	Market cap. (US\$m)	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	843	98.9	Outperform	130.0	5.16	5.83	7.23	18.9	13.0	24.0	19.2	17.0	13.7	3.7	3.5	3.3	21.5	21.4	24.8	3.5	4.2
	Nidec Corp*	6594 JP	24,824	3,184.0	Not rated	N.A.	32.13	125.07	165.43	(72.3)	289.3	32.3	99.1	25.5	19.2	2.7	2.4	2.1	2.8	10.1	11.2	1.1	1.2
	Sun Max Tech*	6591 TT	60	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	7,628	2,732.0	Not rated	N.A.	178.23	123.27	188.41	4.8	(30.8)	52.8	15.3	22.2	14.5	1.8	1.7	1.4	12.5	7.7	10.4	1.5	1.5
Thermal module /cooling fan	AVC	3017 TT	7,476	626.0	Outperform	885.0	14.11	21.40	31.61	19.7	51.7	47.7	44.4	29.2	19.8	10.9	9.2	7.5	28.3	24.1	41.6	1.1	1.7
	Delta Elec	2308 TT	32,859	406.0	Outperform	528.0	12.86	15.27	19.54	2.2	18.8	28.0	31.6	26.6	20.8	5.3	4.6	4.0	17.3	18.5	20.6	1.6	1.9
	Vertiv	VRT US	42,642	113.6	Not rated	N.A.	1.21	2.64	3.37	505.0	118.0	27.7	93.9	43.1	33.7	21.5	21.1	18.9	26.6	43.4	53.5	0.0	0.1
	Dover Corporation	DOV US	26,404	192.5	Not rated	N.A.	7.56	8.17	9.43	1.2	8.1	15.4	25.5	23.6	20.4	5.3	4.6	4.3	22.5	23.5	19.9	1.1	1.1
Thermal module	Nidec CCI*	6230 TT	562	209.0	Not rated	N.A.	7.02	N.M.	N.M.	(1.1)	N.A.	N.A.	29.8	N.A.	N.A.	3.1	N.A.	N.A.	10.9	N.M.	N.M.	0.5	N.A.
	Auras	3324 TT	1,847	652.0	Outperform	990.0	14.28	22.02	38.30	(2.7)	54.2	73.9	45.7	29.6	17.0	12.2	7.5	6.1	20.2	26.9	38.9	1.0	1.5
	Foxconn Tech*	2354 TT	3,230	73.3	Not rated	N.A.	3.01	2.98	2.96	(0.3)	(1.0)	(0.7)	24.4	24.6	24.8	1.0	0.7	0.7	4.1	4.0	3.9	2.0	2.0
	Fujikura Ltd*	5803 JP	10,211	5,279.0	Not rated	N.A.	148.27	164.86	257.41	4.5	11.2	56.1	35.6	32.0	20.5	5.4	4.6	3.7	16.7	15.8	19.2	0.6	0.9
	Furukawa Elect*	5801 JP	1,718	3,718.0	Not rated	N.A.	225.80	32.64	214.14	57.5	(85.5)	556.1	16.5	113.9	17.4	0.9	0.9	0.8	5.5	0.6	4.6	2.2	1.6

Source: KGI Research; *Bloomberg consensus

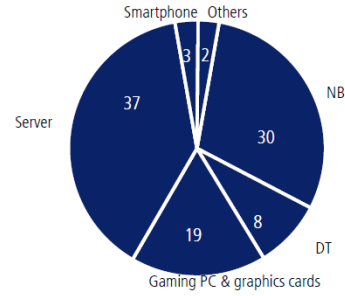
Figure 6: Company profile

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\$182, Outperform), Dell (US), HP (US), Asustek (2357 TT, NT\$584, 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

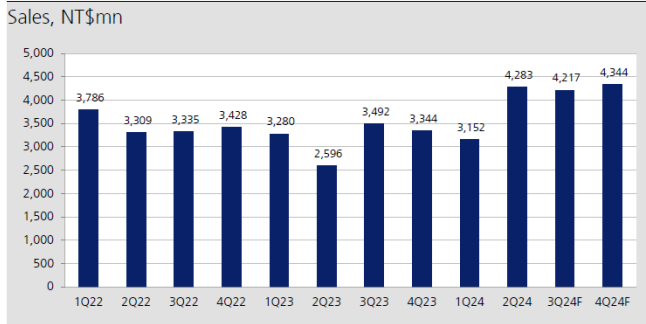
Figure 7: Server sales up to a weighting of 37% in 1Q-3Q24

Sales weighting in 1Q-3Q24, percent



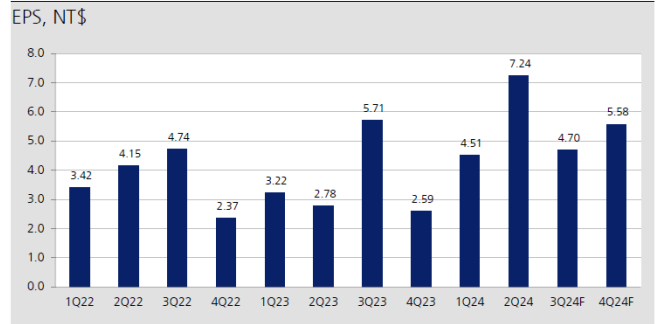
Source: Company data; KGI Research

Figure 8: Sales



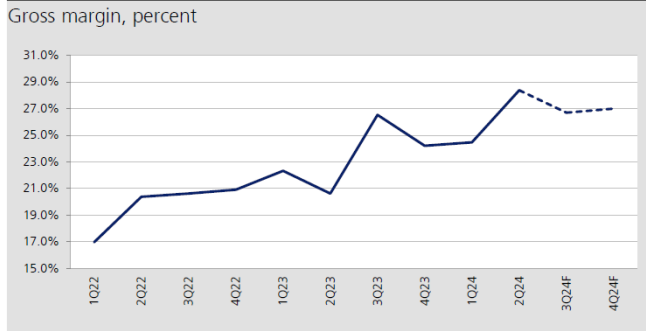
Source: KGI Research

Figure 9: EPS



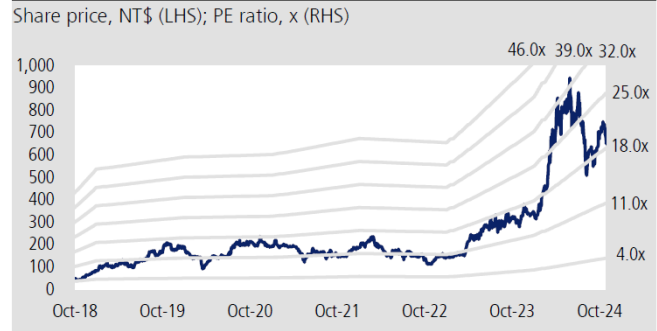
Source: KGI Research

Figure 10: Gross Margin



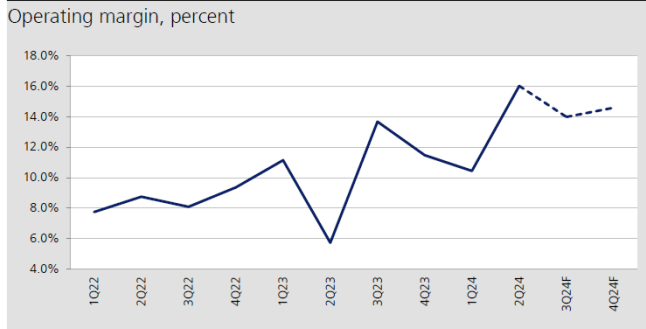
Source: KGI Research

Figure 11: 12M forward PE band



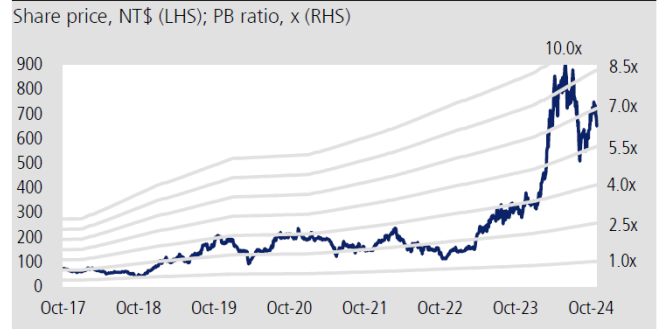
Source: TEJ; KGI Research estimates

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-24A	Sep-24F	Dec-24F	Dec-23A	Dec-24F	Dec-25F
Income statement (NT\$mn)											
Revenue	3,280	2,596	3,492	3,344	3,152	4,283	4,217	4,344	12,713	15,996	23,456
Cost of goods sold	(2,548)	(2,061)	(2,565)	(2,534)	(2,380)	(3,067)	(3,091)	(3,171)	(9,708)	(11,710)	(16,797)
Gross profit	733	535	927	810	771	1,216	1,126	1,173	3,005	4,286	6,660
Operating expenses	(367)	(387)	(449)	(426)	(442)	(529)	(536)	(539)	(1,629)	(2,045)	(2,558)
Operating profit	366	149	478	384	329	687	590	634	1,376	2,241	4,102
Depreciation of fixed assets	(115)	(111)	(108)	(105)	(106)	(112)	(116)	(129)	(439)	(462)	(586)
Amortisation of intangible assets	(7)	(8)	(8)	(9)	(8)	(9)	(8)	(8)	(32)	(34)	(34)
EBITDA	487	268	594	498	443	808	714	771	1,847	2,737	4,722
Interest income	2	6	4	10	7	10	7	6	23	30	20
Investment income	0	-	-	-	3	(1)	3	6	0	10	10
Other non-op income	32	148	125	41	163	95	30	11	345	300	180
Non-operating income	34	154	128	51	173	104	40	23	368	340	210
Interest expense	(10)	(3)	(7)	(8)	(6)	(7)	(6)	(5)	(28)	(24)	(23)
Investment loss	-	(1)	(0)	(1)	-	-	(1)	(4)	(2)	(5)	(5)
Other non-op expenses	(37)	0	0	(109)	-	-	(120)	-	(146)	(120)	(80)
Non-operating expenses	(47)	(4)	(8)	(118)	(6)	(7)	(127)	(9)	(177)	(149)	(108)
Pre-tax profit	353	300	599	317	496	783	503	649	1,568	2,431	4,204
Current taxation	(76)	(58)	(101)	(93)	(92)	(149)	(91)	(154)	(329)	(486)	(841)
Minorities	0	(2)	(6)	0	(8)	(2)	(2)	(8)	(7)	(20)	(20)
Normalised net profit	277	239	492	224	396	632	411	487	1,232	1,925	3,343
Extraordinary items	(0)	(0)	(0)	(0)	(0)	0	-	(0)	-	-	-
Net profit	277	239	492	224	396	632	411	487	1,232	1,925	3,343
EPS (NT\$)	3.22	2.78	5.71	2.59	4.51	7.24	4.70	5.58	14.28	22.02	38.30
Margins (%)											
Gross profit margin	22.3	20.6	26.5	24.2	24.5	28.4	26.7	27.0	23.6	26.8	28.4
Operating margin	11.1	5.7	13.7	11.5	10.4	16.0	14.0	14.6	10.8	14.0	17.5
EBITDA margin	14.9	10.3	17.0	14.9	14.1	18.9	16.9	17.8	14.5	17.1	20.1
Pretax profit margin	10.7	11.5	17.1	9.5	15.7	18.3	11.9	14.9	12.3	15.2	17.9
Net profit margin	8.5	9.2	14.1	6.7	12.6	14.8	9.7	11.2	9.7	12.0	14.3
Sequential growth (%)											
Revenue growth	(4.3)	(20.9)	34.5	(4.2)	(5.8)	35.9	(1.5)	3.0			
Gross profit growth	2.2	(26.9)	73.1	(12.6)	(4.8)	57.6	(7.4)	4.2			
Operating profit growth	13.9	(59.3)	221.4	(19.6)	(14.3)	108.6	(14.0)	7.4			
EBITDA growth	7.7	(45.1)	121.9	(16.1)	(11.0)	82.3	(11.6)	8.0			
Pretax profit growth	34.8	(15.0)	99.9	(47.1)	56.6	57.9	(35.8)	29.0			
Net profit growth	35.8	(13.7)	105.6	(54.5)	77.0	59.7	(35.0)	18.6			
YoY growth (%)											
Revenue growth	(13.4)	(21.5)	4.7	(2.4)	(3.9)	65.0	20.8	29.9	(8.3)	25.8	46.6
Gross profit growth	14.0	(20.6)	34.7	13.0	5.3	127.0	21.5	44.8	10.4	42.6	55.4
Operating profit growth	24.7	(48.6)	77.3	19.6	(9.9)	361.8	23.5	65.1	17.3	62.8	83.1
EBITDA growth	11.9	(36.8)	49.2	10.0	(9.0)	201.9	20.3	54.9	8.0	48.2	72.5
Pretax profit growth	(5.4)	(33.8)	10.7	21.1	40.7	161.5	(16.0)	104.8	(3.7)	55.1	72.9
Net profit growth	(5.7)	(33.1)	20.6	9.6	42.7	164.1	(16.5)	117.8	(2.5)	56.3	73.7

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	14,591	18,683
Current assets	8,978	8,420	8,653	9,739	13,238
Cash & ST securities	1,494	1,492	1,450	941	615
Inventory	2,292	2,072	2,307	2,775	3,992
Accounts receivable	4,745	4,490	4,419	5,545	8,154
Other current assets	448	365	477	477	477
Non-current assets	2,917	3,323	3,959	4,852	5,446
LT investments	109	128	215	270	350
Net fixed assets	2,442	2,715	3,126	3,964	4,477
Other assets	366	480	618	618	618
Total liabilities	6,986	5,933	5,745	6,655	8,907
Current liabilities	5,670	5,620	4,787	5,932	8,163
Accounts payable	4,091	2,848	3,157	3,797	5,462
Interest bearing ST liabilities	416	1,498	232	431	353
Other current liabilities	1,162	1,273	1,398	1,703	2,349
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	7,935	9,776
Share capital	884	884	884	884	884
Retained earnings reserve	2,722	3,304	3,926	4,975	6,796
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%)	25.8%	46.6%
Operating profit growth	(11.7%)	(14.9%)	17.3%	62.8%	83.1%
EBITDA growth	(3.9%)	(10.0%)	8.0%	48.2%	72.5%
Net profit growth	1.9%	11.6%	(2.5%)	56.3%	73.7%
EPS growth	1.9%	11.9%	(2.7%)	54.2%	73.9%
Profitability					
Gross profit margin	18.7%	19.6%	23.6%	26.8%	28.4%
Operating margin	9.7%	8.5%	10.8%	14.0%	17.5%
EBITDA margin	13.3%	12.3%	14.5%	17.1%	20.1%
Net profit margin	7.9%	9.1%	9.7%	12.0%	14.3%
Return on average assets	10.3%	10.7%	10.1%	14.2%	20.1%
Return on average equity	24.3%	24.5%	20.2%	26.9%	38.9%
Stability					
Gross debt to equity	34.9%	30.2%	16.7%	14.0%	10.8%
Net debt to equity	4.5%	4.6%	Net cash	3.2%	5.3%
Interest coverage (x)	62.2	43.4	57.2	101.4	182.1
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	60.4	77.4
Cash flow/int. & ST debt (x)	3.3	0.8	7.6	3.2	4.8
Current ratio (x)	1.6	1.5	1.8	1.6	1.6
Quick ratio (x)	1.2	1.1	1.3	1.2	1.1
Net debt (NT\$mn)	221	269	(218)	255	523
Per share data					
EPS (NT\$)	13.12	14.68	14.28	22.02	38.30
CFPS (NT\$)	16.72	14.41	22.85	16.73	20.59
BVPS (NT\$)	53.65	62.97	75.04	86.90	107.50
Adj BVPS (NT\$)	54.94	64.67	76.92	87.91	108.90
SPS (NT\$)	165.15	160.99	147.37	182.99	268.72
EBITDA/share (NT\$)	21.99	19.86	21.41	31.31	54.09
Cash DPS (NT\$)	6.00	6.50	6.50	9.91	17.21
Activity					
Sales / avg assets	1.29	1.17	1.04	1.18	1.41
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	15,996	23,456
Cost of goods sold	(11,595)	(11,135)	(9,708)	(11,710)	(16,797)
Gross profit	2,663	2,722	3,005	4,286	6,660
Operating expenses	(1,284)	(1,549)	(1,629)	(2,045)	(2,558)
Operating profit	1,379	1,173	1,376	2,241	4,102
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)	(149)	(108)
Interest expense	(23)	(38)	(28)	(24)	(23)
Investment loss	(3)	(1)	(2)	(5)	(5)
Other non-op expenses	(71)	(55)	(146)	(120)	(80)
Pre-tax profit	1,421	1,628	1,568	2,431	4,204
Current taxation	(268)	(341)	(329)	(486)	(841)
Minorities	(21)	(23)	(7)	(20)	(20)
Extraordinary items	-	(0)	(0)	-	-
Net profit	1,133	1,264	1,232	1,925	3,343
EBITDA	1,899	1,709	1,847	2,737	4,722
EPS (NT\$)	13.12	14.68	14.28	22.02	38.30

Cash flow

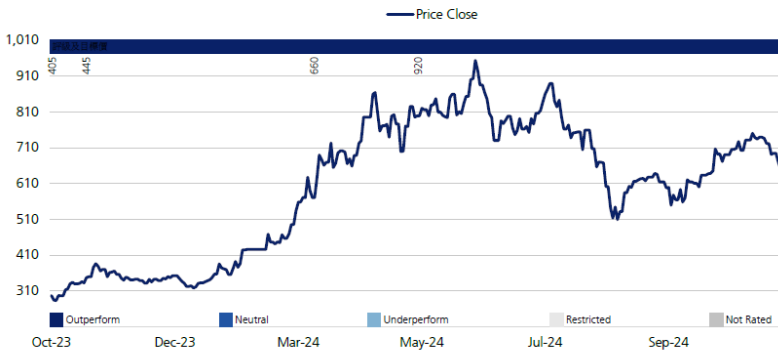
NT\$mn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Operations cash flow	1,444	1,241	1,971	1,463	1,797
Net profit	1,133	1,264	1,232	1,925	3,343
Depreciation & amortisation	520	536	470	496	620
Decrease in working capital	(202)	(758)	151	(954)	(2,161)
Other operating cash flow	(6)	199	117	(5)	(5)
Investing 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	1	607
Financing cash flow	(303)	(629)	(1,007)	(587)	(915)
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)	(876)
Other financing cashflow	(51)	(52)	(43)	20	20
Forex effects	(14)	12	(29)		
Total cash generated	88	(10)	(118)	(508)	(326)

ROIC

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	9.0%	11.2%	12.8%	12.8%	10.9%
= Operating margin	9.7%	8.5%	10.8%	14.0%	17.5%
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	2.1	2.5
Operating margin	9.7%	8.5%	10.8%	14.0%	17.5%
x Capital turnover	3.0	2.5	2.1	2.1	2.5
x (1 - tax rate)	81.2%	79.0%	79.0%	80.0%	80.0%
= After-tax ROIC	23.4%	16.5%	18.2%	24.0%	34.5%

Source: Company data; KGI Research estimates

Auras – Recommendation & target price history



Date	Rating	Target	Price
2024-07-30	Outperform	920	671
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

Source: TEJ; KGI Research

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