

Naura Technology (002371 CH)

Solid Q3 earnings signal intact growth trajectory

Naura announced 3Q24 results. Q3 revenue was RMB8.0bn, up 30.1% YoY and 23.8% QoQ, driven by significant growth in semiconductor equipment sales (up 47.0% in 9M24). NP was RMB1.7bn, up 55.0% YoY and 1.7% QoQ. GPM was 42.3%, up 5.9ppts from 3Q23 but declined 5.1ppts sequentially, mainly due to 1) higher photovoltaic (PV) equipment sales that had a lower GPM and 2) seasonal fluctuations in gross margins of semiconductor equipment business. Overall, Q3 was a solid quarter with robust revenue and net profit growth. **Maintain BUY, with TP adjusted to RMB426, reflecting 30x rollover 2025E P/E (vs. prev. 35.8x).**

■ **9M24 results showed Naura is on track with stellar growth.** 9M24 revenue grew 39.5% YoY, benefiting from continuously strong sales of domestic semiconductor equipment (up 47.0% YoY in 9M24) due to China's semi localization trend. 2025E bookings remain a key focus for most investors but have not been announced yet (2024 bookings were announced in Jan, 2024). We maintain our sales growth forecasts for 2024/25E at 39.7%/26.5% YoY.

■ **Margin decreased 5.1ppts QoQ in 3Q24, a similar seasonality observed in 3Q23** (down 7.0ppts) in addition to a negative impact from increased PV equipment sales. We revise down our 2024/25E GPM forecast by 1.3ppts/1.1ppts to reflect the seasonality trend in 2024/25E, but we expect GPM to continue its upward trend (43.7%/44.3%) in 2024/25E on a favourable product mix. We slightly lower our NP forecasts by 3%/4% in 24/25E considering continued investments in R&D.

■ **Maintain BUY with TP adjusted to RMB426, based on 30x rollover 2025E P/E**, close to its historical 2-year forward P/E. New TP also reflects 1.0x PEG. Potential risks include 1) worsening China-US trade relations, 2) heightened geopolitical tensions, 3) slower-than-expected R&D.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	14,688	22,079	30,856	39,030	48,443
YoY growth (%)	51.7	50.3	39.7	26.5	24.1
Gross margin (%)	43.8	41.1	43.7	44.3	45.3
Net profit (RMB mn)	2,352.7	3,899.1	5,806.1	7,546.5	9,872.6
YoY growth (%)	118.4	65.7	48.9	30.0	30.8
EPS (Reported) (RMB)	4.46	7.36	10.93	14.21	18.59
P/S (x)	14.0	9.3	6.7	5.3	4.3
P/E (x)	87.1	52.8	35.5	27.4	20.9
ROE (%)	12.8	17.7	21.3	22.5	23.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price RMB426.00
 (Previous TP RMB405.00)
Up/Downside 9.6%
Current Price RMB388.70

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Stock Data

Mkt Cap (RMB mn)	206,114.5
Avg 3 mths t/o (RMB mn)	2,171.1
52w High/Low (RMB)	405.00/216.52
Total Issued Shares (mn)	530.3

Source: FactSet

Shareholding Structure

Beijing Sevenstar Huadian Technology Gro	33.6%
Beijing Electronics Holding	9.4%

Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	16.6%	2.7%
3-mth	16.1%	-8.0%
6-mth	20.3%	7.9%

Source: FactSet

12-mth Price Performance

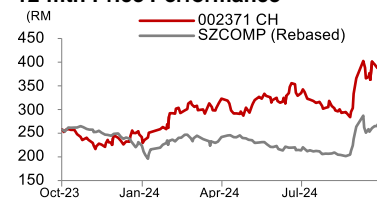
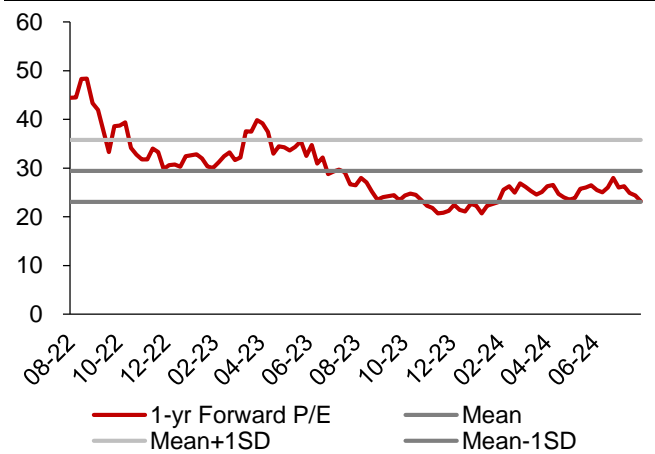
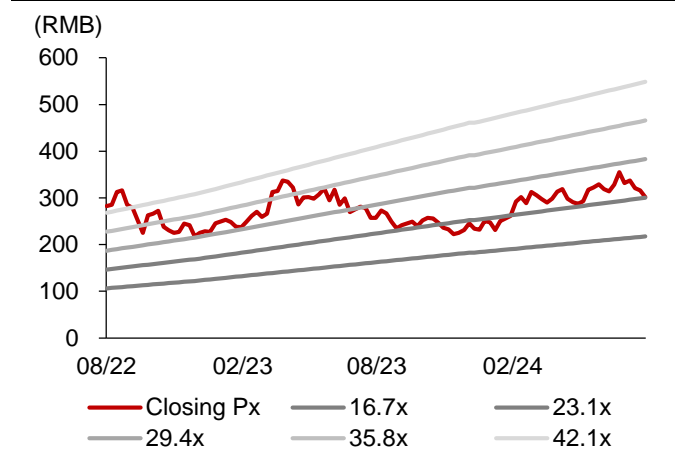


Figure 1: 1-yr forward PE band

Source: Company data, Bloomberg

Figure 2: PE chart

Source: Company data, Bloomberg

Figure 3: Earnings revisions

RMBmn	New			Old			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	30,856	39,030	48,443	30,856	39,030	48,443	0%	0%	0%
Gross profit	13,475	17,296	21,956	13,890	17,714	22,248	-3%	-2%	-1%
Net profit	5,806	7,547	9,873	6,013	7,875	10,330	-3%	-4%	-4%
EPS (RMB)	10.93	14.21	18.59	11.32	14.83	19.45	-3%	-4%	-4%
Gross margin	43.7%	44.3%	45.3%	45.0%	45.4%	45.9%	-1.3 ppt	-1.1 ppt	-0.6 ppt
Net margin	18.8%	19.3%	20.4%	19.5%	20.2%	21.3%	-0.7 ppt	-0.8 ppt	-0.9 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs. Bloomberg consensus

RMBmn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	30,856	39,030	48,443	29,996	39,146	48,504	3%	0%	0%
Gross profit	13,475	17,296	21,956	13,132	17,207	21,471	3%	1%	2%
Net profit	5,806	7,547	9,873	5,722	7,652	9,782	1%	-1%	1%
EPS (RMB)	10.93	14.21	18.59	10.81	14.35	18.24	1%	-1%	2%
Gross margin	43.7%	44.3%	45.3%	43.8%	44.0%	44.3%	-0.1 ppt	0.4 ppt	1.1 ppt
Net margin	18.8%	19.3%	20.4%	19.1%	19.5%	20.2%	-0.3 ppt	-0.2 ppt	0.2 ppt

Source: Company data, CMBIGM estimates, Bloomberg consensus

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	9,683	14,688	22,079	30,856	39,030	48,443
Cost of goods sold	(5,867)	(8,250)	(13,005)	(17,381)	(21,734)	(26,487)
Gross profit	3,817	6,438	9,075	13,475	17,296	21,956
Operating expenses	(2,580)	(3,571)	(4,627)	(6,674)	(8,453)	(10,383)
Selling expense	(84)	(135)	(167)	(203)	(237)	(270)
SG&A expense	(1,705)	(2,224)	(2,836)	(3,532)	(4,312)	(5,158)
R&D expense	(1,297)	(1,845)	(2,475)	(3,703)	(4,606)	(5,619)
Others	507	633	852	763	701	664
Operating profit	1,236	2,867	4,448	6,801	8,843	11,573
Other income	18	14	22	20	22	24
Other expense	(2)	(27)	(4)	0	0	0
Pre-tax profit	1,253	2,854	4,466	6,821	8,865	11,597
Income tax	(59)	(313)	(433)	(1,023)	(1,330)	(1,740)
After tax profit	1,193	2,541	4,033	5,797	7,535	9,858
Minority interest	116	188	134	(9)	(11)	(15)
Net profit	1,077	2,353	3,899	5,806	7,547	9,873
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	22,323	31,117	38,226	44,723	50,314	59,110
Cash & equivalents	9,068	10,435	12,451	10,866	11,125	12,852
Account receivables	1,899	2,995	3,767	6,377	7,524	8,933
Inventories	8,035	13,041	16,992	23,009	25,818	31,509
Prepayment	658	1,551	1,480	1,446	1,439	1,543
Other current assets	2,663	3,096	3,535	3,025	4,409	4,272
Non-current assets	8,732	11,434	15,399	19,153	22,927	26,921
PP&E	2,423	2,484	3,352	5,735	6,755	7,870
Right-of-use assets	68	147	215	266	306	326
Deferred income tax	473	363	450	493	566	665
Intangibles	2,063	2,003	2,547	5,536	8,037	10,208
Goodwill	17	18	27	27	27	27
Other non-current assets	3,689	6,419	8,808	7,095	7,235	7,825
Total assets	31,054	42,551	53,625	63,876	73,241	86,030
Current liabilities	11,268	15,770	19,083	24,041	26,119	29,133
Short-term borrowings	0	227	23	23	49	81
Account payables	3,499	5,592	6,117	11,026	12,553	15,022
Tax payable	110	130	209	107	122	144
Other current liabilities	2,096	1,841	3,418	3,075	3,430	4,296
Contract liabilities	5,046	7,198	8,317	8,962	8,991	8,448
Accrued expenses	517	782	999	848	972	1,142
Non-current liabilities	2,588	6,797	9,717	9,327	9,696	10,415
Long-term borrowings	0	3,740	5,835	5,297	5,103	5,053
Bond payables	0	0	0	0	0	0
Deferred income	0	2	4	4	4	4
Other non-current liabilities	2,587	3,055	3,877	4,026	4,589	5,358
Total liabilities	13,856	22,567	28,800	33,368	35,814	39,548
Share capital	526	529	530	531	531	531
Retained earnings	2,924	5,159	8,776	14,168	21,098	30,169
Other reserves	13,448	14,058	15,061	15,360	15,360	15,360
Total shareholders equity	16,898	19,746	24,367	30,059	36,989	46,060
Minority interest	301	238	458	449	438	423
Total equity and liabilities	31,054	42,551	53,625	63,876	73,241	86,030

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,253	2,854	4,466	6,821	8,865	11,597
Depreciation & amortization	460	552	730	946	1,594	2,197
Tax paid	(59)	(313)	(433)	(1,023)	(1,330)	(1,740)
Change in working capital	(3,133)	(4,424)	(3,409)	(3,613)	(3,316)	(3,592)
Others	703	603	1,012	(2,325)	(2,798)	(3,510)
Net cash from operations	(777)	(728)	2,365	805	3,014	4,953
Investing						
Capital expenditure	(447)	(1,409)	(1,980)	(1,792)	(2,160)	(2,761)
Acquisition of subsidiaries/ investments	0	(15)	(81)	0	0	0
Net proceeds from disposal of short-term investments	0	0	3	0	0	0
Others	0	1	0	221	341	504
Net cash from investing	(447)	(1,423)	(2,058)	(1,571)	(1,819)	(2,258)
Financing						
Dividend paid	(114)	(241)	(388)	(589)	(781)	(963)
Net borrowings	(602)	3,453	1,888	(523)	(168)	(17)
Proceeds from share issues	8,497	157	212	299	0	0
Others	(101)	(24)	(66)	1	0	0
Net cash from financing	7,680	3,345	1,647	(812)	(949)	(980)
Net change in cash						
Cash at the beginning of the year	2,578	9,031	10,261	12,229	10,665	10,923
Exchange difference	(4)	37	14	11	12	12
Others	6,457	1,194	1,954	(1,575)	247	1,715
Cash at the end of the year	9,031	10,261	12,229	10,665	10,923	12,651
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	59.9%	51.7%	50.3%	39.7%	26.5%	24.1%
Gross profit	71.8%	68.7%	40.9%	48.5%	28.4%	26.9%
Operating profit	84.8%	131.9%	55.1%	52.9%	30.0%	30.9%
Net profit	100.7%	118.4%	65.7%	48.9%	30.0%	30.8%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	39.4%	43.8%	41.1%	43.7%	44.3%	45.3%
Operating margin	12.8%	19.5%	20.1%	22.0%	22.7%	23.9%
Return on equity (ROE)	9.1%	12.8%	17.7%	21.3%	22.5%	23.8%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Current ratio (x)	2.0	2.0	2.0	1.9	1.9	2.0
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	181.0	87.1	52.8	35.5	27.4	20.9
P/E (diluted)	181.0	87.4	53.0	35.5	27.4	20.9

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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