

Naura Technology (002371 CH)

NDR takeaways: Expanding product portfolio to reinforce domestic SME leadership

We held an NDR with Naura yesterday. The company's new orders rose by ~25% YoY in 2024 driven by strong IC orders, and the momentum continued in 1Q25. It expects no material impact from geopolitical tensions (i.e., the entity list) with new bookings expected to grow at a similar rate this year. The company is proactively expanding its product coverage, through internal R&D and external acquisitions. Its key IC equipment categories include etching, deposition, thermal processing, cleaning, and newly covered ion implantation (since Mar 2025). It also plans to acquire a 17.9% stake in Kingsemi ([link](#)), a photolithography coating equipment maker. This reinforced our positive stance on the company as China's leading SME player with the most comprehensive product portfolio. **Reiterate BUY** as Naura continues to benefit from China's accelerating semiconductor localization amid tightening export restrictions, while expanding its product breadth to strengthen its position as a one-stop equipment platform for customers. **TP remains unchanged at RMB512 based on 36.8x 25E PE.**

- **Industry consolidation remains a key theme, exemplified by Naura's intended acquisition of ~18% stake in Kingsemi (688037 CH, NR).** Kingsemi's 2024 revenue was RMB1.8bn (vs. Naura: RMB29.8bn), with a 37.7% GPM (vs. Naura: 42.9%). The company believes this strategic move enhances Naura's evolution into a comprehensive semiconductor equipment platform, combining organic growth with targeted M&A to deepen product coverage and customer penetration. The transaction is expected to close by 3Q25. The deal also validates our [prior view](#) that domestic semiconductor industry consolidation will gain pace in 2025E.
- **Naura remains confident in the domestic SME capex cycle, citing strong demand from both mature and advanced node projects.** SEMI estimated China se equipment capex topped US\$50bn (+35% YoY) in 2024, driven by front-loaded spending amid geopolitical uncertainty. SEMI projects China market size to decline to US\$38bn in 2025E after the 2024 peak. Naura expects a normalization of demand for overseas products, creating more space for local vendors. Mgmt. expects investment in domestic mature nodes to stabilize over the next 2–3 years, while advanced logic and memory, which already accounted over half of 2024 sales, will likely drive future upside. We forecast Naura's revenue to grow at a higher-than-peers' avg. rate of 30% to RMB38.9bn in 2025E, implying a 6% share gain based on SEMI's forecast.
- **Maintain BUY with TP unchanged at RMB512.** We view Naura as the best-positioned player in China's SME landscape, given its comprehensive product suite, growing industry partnerships, and rising exposure to advanced process nodes. We slightly lower 2025E NP by 2% on GPM revision while maintaining revenue forecast. The stock is currently trading at 31.2x 25E P/E. TP is based on 36.8x 25E P/E, close to 1SD above 3-yr hist. avg. of 31.2x, as we believe there is ongoing rerating of the sector amid increasing geopolitical uncertainties. TP reflects 1.1x PEG and 18% upside. Potential risks: declining domestic capex and intensified competition.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	22,079	29,838	38,909	48,481	58,243
YoY growth (%)	50.3	35.1	30.4	24.6	20.1
Gross margin (%)	41.1	42.9	43.4	44.0	45.0
Net profit (RMB mn)	3,899.1	5,621.2	7,426.9	9,508.6	12,268.5
YoY growth (%)	65.7	44.2	32.1	28.0	29.0
EPS (Reported) (RMB)	7.36	10.57	13.90	17.80	22.97
P/E (x)	58.9	41.0	31.2	24.4	18.9
ROE (%)	17.7	20.3	21.6	22.6	23.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price RMB512.00
Up/Downside 18.1%
Current Price RMB433.66

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Stock Data

Mkt Cap (RMB mn)	229,955.3
Avg 3 mths t/o (RMB mn)	2,201.9
52w High/Low (RMB)	486.69/283.86
Total Issued Shares (mn)	530.3

Source: FactSet

Shareholding Structure

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

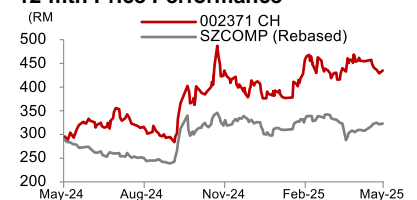
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-4.4%	-10.5%
3-mth	-4.9%	-2.7%
6-mth	-0.1%	1.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

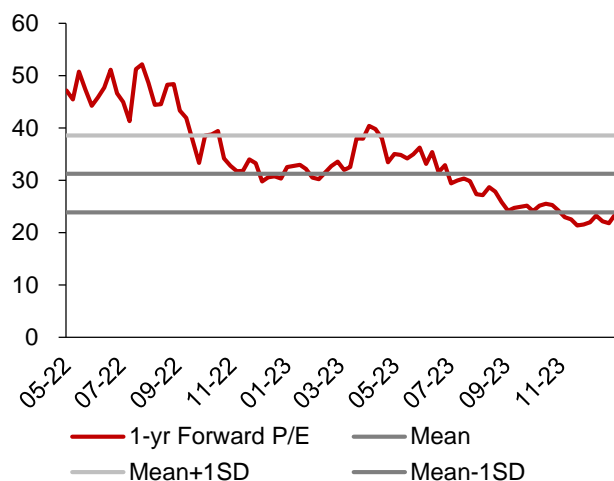
RMBmn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	38,909	48,481	58,243	39,030	48,443	NA	0%	0%	NA
Gross profit	16,901	21,353	26,185	17,296	21,956	NA	-2%	-3%	NA
Net profit	7,427	9,509	12,268	7,547	9,873	NA	-2%	-4%	NA
EPS (RMB)	13.90	17.80	22.97	14.21	18.59	NA	-2%	-4%	NA
Gross margin	43.4%	44.0%	45.0%	44.3%	45.3%	NA	-0.9 ppt	-1.3 ppt	NA
Net margin	19.1%	19.6%	21.1%	20.3%	21.2%	NA	-1.2 ppt	-1.6 ppt	NA

Source: Company data, CMBIGM estimates

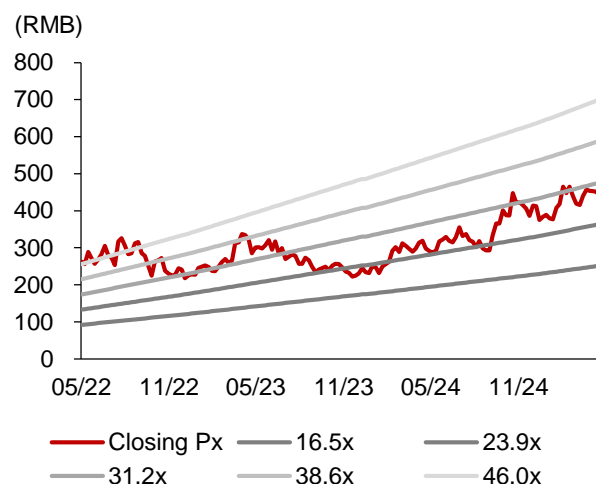
Figure 2: CMBIGM estimates vs. Bloomberg consensus

RMBmn	CMBIGM			BBG Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	38,909	48,481	58,243	38,762	48,201	58,932	0%	1%	-1%
Gross profit	16,901	21,353	26,185	16,987	21,229	25,818	-1%	1%	1%
Net profit	7,427	9,509	12,268	7,709	9,799	12,209	-4%	-3%	0%
EPS (RMB)	13.90	17.80	22.97	14.40	18.37	23.31	-3%	-3%	-1%
Gross margin	43.4%	44.0%	45.0%	43.8%	44.0%	43.8%	-0.4 ppt	0 ppt	1.1 ppt
Net margin	19.1%	19.6%	21.1%	19.9%	20.3%	20.7%	-0.8 ppt	-0.7 ppt	0.3 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 3: P/E band

Source: Bloomberg, CMBIGM estimates

Figure 4: P/E chart

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	14,688	22,079	29,838	38,909	48,481	58,243
Cost of goods sold	(8,250)	(13,005)	(17,051)	(22,009)	(27,128)	(32,058)
Gross profit	6,438	9,075	12,787	16,901	21,353	26,185
Operating expenses	(3,571)	(4,627)	(6,260)	(8,319)	(10,362)	(11,999)
Selling expense	(135)	(167)	(178)	(212)	(240)	(259)
SG&A expense	(2,224)	(2,836)	(3,196)	(4,012)	(4,806)	(5,540)
R&D expense	(1,845)	(2,475)	(3,669)	(4,785)	(5,865)	(6,930)
Others	633	852	784	691	549	730
Operating profit	2,867	4,448	6,527	8,582	10,991	14,186
Other income	14	22	18	20	22	24
Other expense	(27)	(4)	(34)	0	0	0
Pre-tax profit	2,854	4,466	6,511	8,602	11,013	14,210
Income tax	(313)	(433)	(817)	(1,079)	(1,382)	(1,783)
After tax profit	2,541	4,033	5,694	7,523	9,631	12,427
Minority interest	188	134	72	96	123	158
Net profit	2,353	3,899	5,621	7,427	9,509	12,268

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	31,117	38,226	46,211	56,204	67,046	83,450
Cash & equivalents	10,435	12,451	12,347	14,550	20,163	26,799
Account receivables	2,995	3,767	6,045	7,813	8,657	10,491
Inventories	13,041	16,992	23,479	28,377	31,825	38,439
Prepayment	1,551	1,480	889	1,513	1,775	2,139
Other current assets	3,096	3,535	3,451	3,951	4,626	5,582
Non-current assets	11,434	15,399	19,498	21,427	24,010	26,287
PP&E	2,484	3,352	6,205	6,840	7,764	8,706
Right-of-use assets	147	215	224	287	361	430
Deferred income tax	363	450	707	805	944	1,137
Intangibles	2,003	2,547	4,703	6,340	7,560	8,364
Goodwill	18	27	38	60	60	60
Other non-current assets	6,419	8,808	7,622	7,095	7,321	7,590
Total assets	42,551	53,625	65,709	77,631	91,056	109,737
Current liabilities	15,770	19,083	23,482	26,879	30,217	35,899
Short-term borrowings	227	23	3	124	197	311
Account payables	5,592	6,117	10,165	12,748	14,008	16,732
Tax payable	130	209	383	485	569	685
Other current liabilities	1,841	3,418	5,492	6,313	6,987	7,979
Contract liabilities	7,198	8,317	6,214	6,543	7,674	9,249
Accrued expenses	782	999	1,225	667	782	942
Non-current liabilities	6,797	9,717	10,002	11,716	13,009	14,628
Long-term borrowings	3,740	5,835	3,946	4,908	5,064	5,100
Bond payables	0	0	0	0	0	0
Deferred income	2	4	1	10	10	10
Other non-current liabilities	3,055	3,877	6,055	6,798	7,935	9,518
Total liabilities	22,567	28,800	33,484	38,596	43,226	50,527
Share capital	529	530	534	534	534	534
Retained earnings	5,159	8,776	13,894	20,667	29,339	40,561
Other reserves	14,058	15,061	16,653	16,595	16,595	16,595
Total shareholders equity	19,746	24,367	31,082	37,795	46,468	57,690
Minority interest	238	458	1,144	1,239	1,362	1,520
Total equity and liabilities	42,551	53,625	65,709	77,631	91,056	109,737

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,854	4,466	6,511	8,602	11,013	14,210
Depreciation & amortization	552	730	1,071	1,603	2,095	2,597
Tax paid	(313)	(433)	(817)	(1,079)	(1,382)	(1,783)
Change in working capital	(4,424)	(3,409)	(6,364)	(3,728)	(3,164)	(5,825)
Others	603	1,012	1,173	(1,680)	(167)	709
Net cash from operations	(728)	2,365	1,573	3,717	8,395	9,907
Investing						
Capital expenditure	(1,409)	(1,980)	(2,046)	(1,946)	(2,289)	(2,565)
Acquisition of subsidiaries/ investments	(15)	(81)	(173)	0	0	0
Net proceeds from disposal of short-term investments	0	3	0	0	0	0
Others	1	0	8	300	360	439
Net cash from investing	(1,423)	(2,058)	(2,212)	(1,646)	(1,929)	(2,127)
Financing						
Dividend paid	(241)	(388)	(615)	(737)	(936)	(1,150)
Net borrowings	3,453	1,888	132	1,029	228	150
Proceeds from share issues	157	212	1,280	(62)	0	0
Others	(24)	(66)	(57)	(85)	(88)	(88)
Net cash from financing	3,345	1,647	740	144	(796)	(1,088)
Net change in cash						
Cash at the beginning of the year	9,031	10,261	12,229	12,336	14,496	20,109
Exchange difference	37	14	5	(57)	(57)	(56)
Others	1,194	1,954	102	2,217	5,670	6,692
Cash at the end of the year	10,261	12,229	12,336	14,496	20,109	26,745

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

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