21 Apr 2026

CMB International Global Markets | Equity Research | Company Update

Naura Technology (002371 CH)

Building for the next leg of WFE growth

Naura reported FY25 revenue of RMB39.4bn, up 31% YoY and broadly in line with our and Bloomberg consensus, while net profit declined 1.8% YoY to RMB5.5bn, below expectations due to heavier R&D investment and opex associated with increased hiring and Kingsemi consolidation. While 4Q margin came under pressure, we view this primarily as a result of intensified product validation rather than deterioration in end demand. Encouragingly, the Company continued to deliver strong top-line momentum on robust IC equipment growth (50%+ YoY) and ongoing product expansion into higher-value process steps. We remain positive on Naura's positioning as a core beneficiary of China's WFE localization trend and domestic foundry capex expansion. Maintain BUY and raise TP to RMB540, based on 35x 2027E P/E (prev. 35x 2026E P/E), as we look through near-term margin headwinds and focus on the sequential recovery and the anticipated earnings inflection in 2027E.

- **Naura's etching and deposition segment revenue both exceeded RMB10bn in FY25**, driving IC equipment revenue growth of more than 50% YoY, per mgmt. We believe this performance shows Naura's strengthening position in China's domestic WFE supply chain. Looking ahead, new product offerings such as 12-inch PVD, vertical furnace systems and HBM-related hybrid bonding solutions should support deeper penetration into logic, memory and advanced packaging, providing a broader and higher-quality growth runway into 2026E and beyond. We expect IC equipment sales to grow by over 40% YoY in 2026E.
- **Near-term profitability softened on investment and validation but should improve as scale benefits emerge.** Naura's 4Q margins were pressured by elevated component upgrade costs during client validation for new products and weaker profitability in non-IC segments such as PV. At the same time, Naura continued to invest aggressively for future growth, with R&D expenses up 46% YoY and admin expenses rising 102% YoY following the Kingsemi consolidation and headcount expansion. We expect profitability to improve progressively as validated tools move into volume production, product mix shifts further toward IC equipment, and operating leverage strengthens into 2H26.
- **Maintain BUY with TP revised to RMB540, based on its three-year historical forward average P/E.** We remain bullish on China's WFE sector, as accelerating domestic substitution and sustained capex from logic and memory foundries continue to reinforce a strong multi-year growth backdrop. With the most comprehensive WFE portfolio among domestic peers, Naura is positioned to capture this opportunity across a broadening range of process steps. We expect margin expansion to reaccelerate from 2027E onward, driven by a more favorable mix shift toward higher-margin advanced-node products and stronger operating leverage as scale continues to build.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	30,075	39,353	51,977	65,752	81,559
YoY growth (%)	36.2	30.9	32.1	26.5	24.0
Gross margin (%)	42.9	40.1	40.1	41.5	43.0
Net profit (RMB mn)	5,621.8	5,522.0	7,739.4	11,048.9	15,594.7
YoY growth (%)	44.2	(1.8)	40.2	42.8	41.1
EPS (Reported) (RMB)	7.83	7.64	10.71	15.30	21.59
P/E (x)	60.2	61.6	44.0	30.8	21.8
ROE (%)	20.3	16.1	18.7	22.1	25.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**RMB540.00**
(Previous TP	RMB460.00)
Up/Downside	**14.6%**
Current Price	**RMB471.23**

China Semiconductors

Kevin ZHANG
(852) 3761 8727
kevinzhang@cmbi.com.hk

Aaron GUO
(852) 3916 3715
aaronguo@cmbi.com.hk

Stock Data

Mkt Cap (RMB mn)	340,387.8
Avg 3 mths t/o (RMB mn)	3,682.8
52w High/Low (RMB)	523.88/299.42
Total Issued Shares (mn)	722.3

Source: FactSet

Shareholding Structure

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

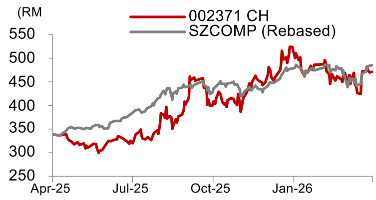
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	0.5%	-5.8%
3-mth	-8.4%	-11.2%
6-mth	17.8%	3.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMBmn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	51,977	65,752	81,559	49,588	59,236	N/A	4.8%	11.0%	N/A
Gross profit	20,851	27,316	35,082	21,174	25,649	N/A	-1.5%	6.5%	N/A
Net profit	7,739	11,049	15,595	9,399	11,502	N/A	-17.7%	-3.9%	N/A
EPS (RMB)	10.71	15.30	21.59	13.03	15.95	N/A	-17.8%	-4.1%	N/A
Gross margin	40.1%	41.5%	43.0%	42.7%	43.3%	N/A	-2.6 ppt	-1.8 ppt	N/A
Net margin	14.9%	16.8%	19.1%	19.0%	19.4%	N/A	-4.1 ppt	-2.6 ppt	N/A

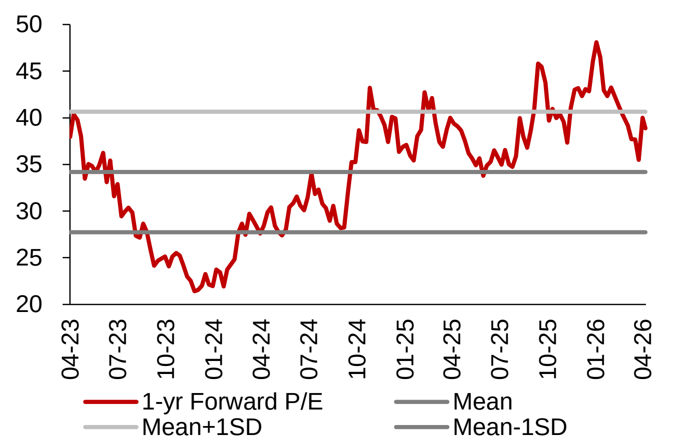
Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs. BBG consensus

	CMBIGM			BBG Consensus			Diff (%)		
RMBmn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	51,977	65,752	81,559	51,002	65,354	82,362	1.9%	0.6%	-1.0%
Gross profit	20,851	27,316	35,082	20,560	26,047	32,777	1.4%	4.9%	7.0%
Net profit	7,739	11,049	15,595	8,225	11,062	15,554	-5.9%	-0.1%	0.3%
EPS (RMB)	10.71	15.30	21.59	11.35	15.27	19.59	-5.6%	0.2%	10.2%
Gross margin	40.1%	41.5%	43.0%	40.3%	39.9%	39.8%	-0.2 ppt	1.7 ppt	3.2 ppt
Net margin	14.9%	16.8%	19.1%	16.1%	16.9%	18.9%	-1.2 ppt	-0.1 ppt	0.2 ppt

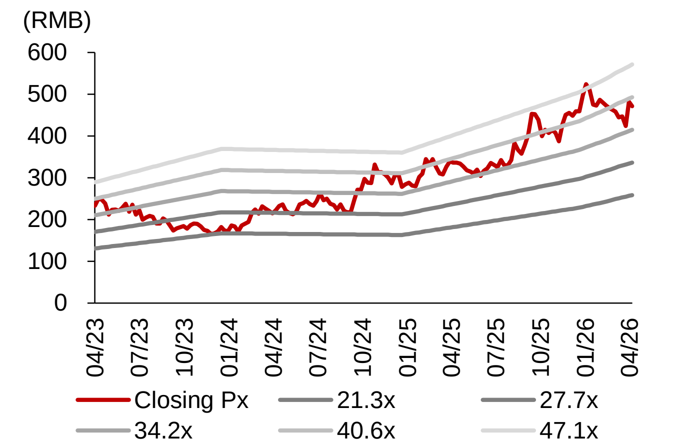
Source: Bloomberg consensus, CMBIGM estimates

Figure 3: Forward P/E chart



Source: Bloomberg data, CMBIGM estimates

Figure 4: P/E band



Source: Bloomberg data, CMBIGM estimates

Figure 5: Peers table

		Mkt Cap	P/E (x)			GPM%		
Company	**Ticker**	**(US$mn)**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Domestic peers								
AMEC	688012 CH	28,873	62.0	44.3	32.8	41.0	41.5	40.7
PIOTECH	688072 CH	16,185	67.3	46.7	31.5	41.2	43.2	41.7
ACMR	688082 CH	11,085	37.4	29.9	20.9	48.5	48.9	48.2
		Average	***55.6***	***40.3***	***28.4***	***43.6***	***44.6***	***43.5***
Overseas peers								
ASML	ASML NA	569,721	40.2	30.8	26.7	52.6	54.0	55.1
TEL	8035 JT	131,337	30.4	26.1	22.9	45.2	47.2	48.1
Lam Research	LRCX US	334,171	42.9	32.6	28.9	49.6	49.7	50.2
		Average	***46.7***	***35.1***	***27.3***	***46.4***	***47.4***	***47.3***

Source: Bloomberg consensus as of 17 Apr 2026, CMBIGM

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**22,079**	**30,075**	**39,353**	**51,977**	**65,752**	**81,559**
Cost of goods sold	(13,005)	(17,162)	(23,571)	(31,127)	(38,435)	(46,477)
Gross profit	**9,075**	**12,913**	**15,782**	**20,851**	**27,316**	**35,082**
Operating expenses	**(4,627)**	**(6,366)**	**(9,980)**	**(12,322)**	**(14,911)**	**(17,729)**
Selling expense	(167)	(179)	(237)	(287)	(330)	(369)
SG&A expense	(2,836)	(3,265)	(5,069)	(5,925)	(6,970)	(7,993)
R&D expense	(2,475)	(3,699)	(5,435)	(7,173)	(9,074)	(11,255)
Others	852	777	762	1,063	1,462	1,887
Operating profit	**4,448**	**6,546**	**5,802**	**8,528**	**12,405**	**17,353**
Other income	22	22	51	0	0	0
Other expense	(4)	(35)	(8)	0	0	0
Pre-tax profit	**4,466**	**6,533**	**5,845**	**8,528**	**12,405**	**17,353**
Income tax	(433)	(819)	(436)	(636)	(926)	(1,295)
After tax profit	**4,033**	**5,714**	**5,409**	**7,892**	**11,480**	**16,058**
Minority interest	134	92	(113)	152	431	463
Net profit	**3,899**	**5,622**	**5,522**	**7,739**	**11,049**	**15,595**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**38,226**	**46,669**	**59,321**	**67,285**	**81,490**	**105,909**
Cash & equivalents	12,451	12,396	17,337	15,718	21,620	35,134
Account receivables	3,767	6,236	8,217	10,296	13,123	15,926
Inventories	16,992	23,635	28,627	36,185	39,633	46,954
Prepayment	1,480	909	863	980	1,168	1,466
Other current assets	3,535	3,494	4,277	4,106	5,946	6,429
Non-current assets	**15,399**	**19,696**	**30,480**	**34,667**	**40,030**	**46,648**
PP&E	3,352	6,314	7,568	7,795	8,132	8,551
Right-of-use assets	215	241	268	224	209	203
Deferred income tax	450	712	1,239	1,406	1,676	2,104
Intangibles	2,547	4,710	10,520	13,008	15,944	19,395
Goodwill	27	38	2,386	2,386	2,386	2,386
Other non-current assets	8,808	7,681	8,498	9,848	11,683	14,008
Total assets	**53,625**	**66,366**	**89,801**	**101,952**	**121,521**	**152,556**
Current liabilities	**19,083**	**23,805**	**26,180**	**38,792**	**45,978**	**58,330**
Short-term borrowings	23	94	319	7,920	9,711	13,759
Account payables	6,117	10,276	11,803	16,339	18,411	23,609
Tax payable	209	384	586	665	792	995
Other current liabilities	3,418	5,577	7,491	7,078	8,970	9,806
Contract liabilities	8,317	6,220	4,291	4,872	5,807	7,290
Accrued expenses	999	1,253	1,690	1,919	2,287	2,871
Non-current liabilities	**9,717**	**10,021**	**19,693**	**11,910**	**13,636**	**17,415**
Long-term borrowings	5,835	3,946	12,973	4,390	4,827	6,562
Bond payables	0	0	0	0	0	0
Deferred income	4	1	487	487	487	487
Other non-current liabilities	3,877	6,074	6,233	7,034	8,323	10,367
Total liabilities	**28,800**	**33,826**	**45,873**	**50,702**	**59,614**	**75,745**
Share capital	530	534	725	725	725	725
Retained earnings	8,776	13,895	18,802	25,940	36,167	50,608
Other reserves	15,061	16,653	18,200	18,231	18,231	18,231
Total shareholders equity	**24,367**	**31,082**	**37,726**	**44,896**	**55,122**	**69,563**
Minority interest	458	1,458	6,202	6,354	6,785	7,248
Total equity and liabilities	**53,625**	**66,366**	**89,801**	**101,952**	**121,521**	**152,556**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**4,466**	**6,533**	**5,845**	**8,528**	**12,405**	**17,353**
Depreciation & amortization	730	1,071	1,567	2,453	3,071	3,829
Tax paid	(433)	(819)	(436)	(636)	(926)	(1,295)
Change in working capital	(3,409)	(6,364)	(6,766)	(5,508)	(4,311)	(4,704)
Others	1,012	1,152	1,923	(1,386)	(1,411)	(1,036)
Net cash from operations	**2,365**	**1,572**	**2,133**	**3,450**	**8,829**	**14,147**
Investing						
Capital expenditure	(1,980)	(2,046)	(3,436)	(4,382)	(5,346)	(6,386)
Acquisition of subsidiaries/ investments	(81)	(173)	0	0	0	0
Net proceeds from disposal of short-term investments	3	0	0	0	0	0
Others	0	8	(3,645)	1,244	1,408	1,624
Net cash from investing	**(2,058)**	**(2,212)**	**(7,081)**	**(3,138)**	**(3,937)**	**(4,762)**
Financing						
Dividend paid	(388)	(615)	(822)	(936)	(1,175)	(1,613)
Net borrowings	1,888	132	8,677	(982)	2,227	5,783
Proceeds from share issues	212	1,280	1,730	0	0	0
Others	(66)	(68)	(41)	(17)	(48)	(48)
Net cash from financing	**1,647**	**729**	**9,544**	**(1,936)**	**1,004**	**4,122**
Net change in cash						
Cash at the beginning of the year	10,261	12,229	12,385	17,183	15,565	21,466
Exchange difference	14	5	(14)	5	6	7
Others	1,954	33	4,812	(1,623)	5,896	13,506
Cash at the end of the year	**12,229**	**12,267**	**17,183**	**15,565**	**21,466**	**34,980**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	50.3%	36.2%	30.9%	32.1%	26.5%	24.0%
Gross profit	40.9%	42.3%	22.2%	32.1%	31.0%	28.4%
Operating profit	55.1%	47.2%	(11.4%)	47.0%	45.5%	39.9%
Net profit	65.7%	44.2%	(1.8%)	40.2%	42.8%	41.1%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	41.1%	42.9%	40.1%	40.1%	41.5%	43.0%
Operating margin	20.1%	21.8%	14.7%	16.4%	18.9%	21.3%
Return on equity (ROE)	17.7%	20.3%	16.1%	18.7%	22.1%	25.0%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	2.0	2.0	2.3	1.7	1.8	1.8

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	86.4	60.2	61.6	44.0	30.8	21.8

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

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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