

Auras Technology (3324.TW/3324 TT)

1Q24 EPS beat; AI server & liquid cooling sales to grow

Outperform · Maintained

Price as of April 30 (NT\$)	800
12M target price (NT\$)	920
Previous target price (NT\$)	660
Revised up (%)	39.4
Upside (%)	15.0

Key message

- 1Q24 preliminary EPS of NT\$4.51 beat, on growing margins and forex gains.
- The firm guides 2Q24 sales to grow 10% QoQ, in line with our expectations, and rising server & liquid cooling sales will improve margins.
- The GB200 launch by Nvidia (US) will further fuel liquid cooling adoption and drive 2025F EPS growth.

Trading data

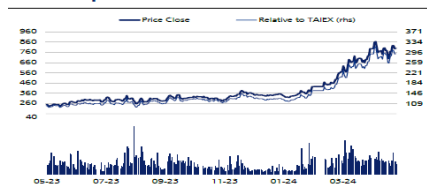
Mkt cap (NT\$/bn/US\$mn)	72.75 / 2,236
Outstanding shares (mn)	90.93
Foreign ownership (mn)	19.39
3M avg. daily trading (mn)	7.70
52-week trading range (NT\$)	231.5 –865

Performance	3M	6M	12M
Absolute (%)	103.8	168.9	222.6
Relative (%)	90.7	142.6	191.7

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	4.51F	4.41F	6.11F	6.07F

Share price chart



Source: TEJ

Event

Auras Technology reported preliminary 1Q24 EPS of NT\$4.51, beating our estimate on the back of stronger-than-expected margins and forex gains. The firm guides 2Q24F sales to grow 10% QoQ, with server sales being the main catalyst.

Impact

1Q24 EPS beat. Based on March preliminary EPS of NT\$1.58, we expect 1Q24 preliminary EPS of NT\$4.51, much better than our forecast, with pretax margin of 15.8%, up QoQ and YoY, and beating our projection. An improved product mix was the main driver, with the server sales weighting growing to 25% from 21% in 4Q23, and a forex gain of NT\$80-90mn. Although the liquid cooling sales weighting remained at a low single digit in 1Q24, this improved overall server gross margin, and the growth in server and liquid cooling sales during the rest of 2024F will continue to improve margins.

Bright 2Q24F & 2024F business outlook; liquid cooling sales will likely surpass air cooling sales in 2025F. The firm guides 2Q24F sales to grow 10% QoQ, largely in line with our forecast. Given liquid cooling sales growth from H100 AI server models, management expects the liquid cooling sales weighting to grow to 4-5% in 2Q24F, pushing the 2Q24F server sales weighting up to 30%, from 25% in 1Q24. This implies server sales growth of 25-30% QoQ and 70% YoY, in 2Q24. On a better product mix, and favorable exchange rates, we think 2Q24F gross margin will improve QoQ. As liquid cooling sales growth is stronger than expected, the firm is likely to revise up 2024F server sales growth, from previous guidance of 50% YoY. A recent copper price rise will likely be offset by a better product mix. We revise up our 2024F EPS to NT\$21.1, up 48% YoY. After small shipments of liquid cooling cold plate modules commenced in 2Q-3Q23, and coolant distribution units (CDU) in 2H23, Auras began production of manifolds with quick connectors in 1H24F. Coupled with some of AMD's (US) MI300X projects in 2H24F, some of which are designed for liquid cooling, Auras' liquid cooling sales weighting target of 5-10% for 2024F, up from 2% in 2023, may have upside. The content value of liquid cooling thermal solutions will rise to US\$30-80k for a rack, with cold plate modules at US\$200-400 per chip, coolant distribution units (CDU) at US\$20-30k per 1-8 racks, manifolds with quick connectors at US\$10-15k, rack chassis at around US\$5k, and fan doors and RDHx of US\$2-4k, which is much higher than the US\$80-100 for 3D VC and US\$30-40 for VC (air cooling). The firm will expand capacity in China and Thailand before 3Q24F, with a cold plate capacity up to 330k/month, and CDU capacity to 2-3k/month. In 2025F, we expect increasing GB200 AI server demand to boost liquid cooling sales, causing them to surpass air cooling sales. On solid gross margin of over 30% for liquid cooling products, we expect growing server and liquid cooling sales will improve 2025 EPS. On higher liquid cooling sales with higher margins, we revise up our 2025F EPS to NT\$32.71, up 55% YoY.

Valuation & Action

We maintain Outperform, on 2024-25F gross margin and EPS growth, and a CAGR of 51% in 2023-25F. We raise our target price from NT\$660 to NT\$920, on 30x 2025F fully diluted EPS.

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\$mn)	14,258	13,857	12,713	15,057	19,875
Gross profit (NT\$mn)	2,663	2,722	3,005	3,931	5,632
Operating profit (NT\$mn)	1,379	1,173	1,376	2,118	3,442
Net profit (NT\$mn)	1,133	1,264	1,232	1,820	2,822
EPS (NT\$)	13.12	14.68	14.28	21.10	32.71
Cash DPS (NT\$)	6.00	6.50	6.50	9.37	14.53
EPS growth (%)	1.9	11.9	(2.7)	47.8	55.0
PE (x)	61.0	54.5	56.0	37.9	24.5
PB (x)	14.9	12.7	10.7	9.3	7.7
EV/EBITDA (x)	36.9	41.3	37.3	26.8	17.0
Net debt to equity (%)	4.5	4.6	Net cash	1.6	0.6
Dividend yield (%)	0.8	0.8	0.8	1.2	1.8
Return on average equity (%)	24.3	24.5	20.2	25.5	33.6

Source: Company data; KGI Research estimates

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

NT\$m	1Q24F							2Q24F						
	Preliminary	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	3,149	3,211	(1.9)	(5.8)	(4.0)	3,206	(1.8)	3,401	3,467	(1.9)	8.0	31.0	3,529	(3.6)
Gross profits	787	787	0.1	(2.8)	7.5	789	(0.2)	867	884	(1.9)	10.2	62.0	890	(2.5)
Operating income	378	369	2.4	(1.6)	3.4	377	0.4	442	451	(1.9)	17.0	197.3	457	(3.2)
Pretax income	496	394	25.8	56.6	40.7	424	17.1	465	476	(2.3)	(6.2)	55.3	502	(7.3)
Net income	389	318	22.2	74.0	40.4	342	13.8	381	385	(1.2)	(2.2)	59.0	401	(5.2)
EPS (NT\$)	4.51	3.69	22.2	74.0	40.1	3.96	13.8	4.41	4.47	(1.2)	(2.2)	58.7	4.65	(5.2)
Gross margin (%)	25.0	24.5	0.5 ppts	0.8 ppts	2.7 ppts	24.6	0.4 ppts	25.5	25.5	0.0 ppts	0.5 ppts	4.9 ppts	25.2	0.3 ppts
OP margin (%)	12.0	11.5	0.5 ppts	0.5 ppts	0.9 ppts	11.7	0.3 ppts	13.0	13.0	0.0 ppts	1.0 ppts	7.3 ppts	13.0	0.0 ppts
Net margin (%)	12.4	9.9	2.4 ppts	5.7 ppts	3.9 ppts	10.7	1.7 ppts	11.2	11.1	0.1 ppts	(1.2)ppts	2.0 ppts	11.4	(0.2)ppts

Source: Bloomberg; KGI Research estimates

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

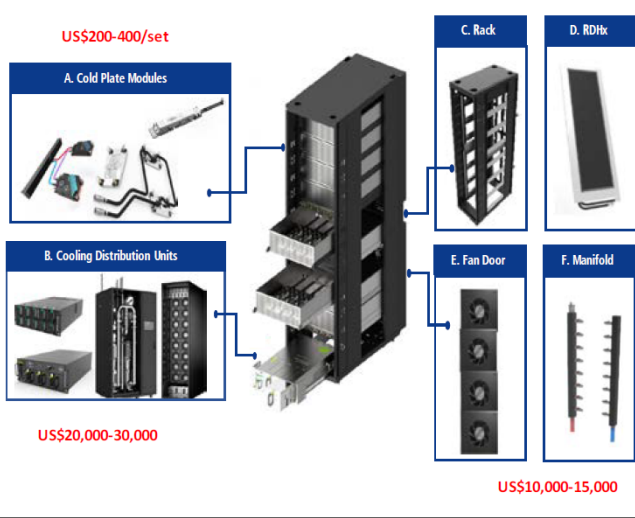
NT\$m	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	15,057	15,350	(1.9)	18.4	15,095	(0.3)	19,875	18,530	7.3	32.0	18,987	4.7
Gross profit	3,931	3,991	(1.5)	30.8	3,890	1.0	5,632	4,951	13.7	43.3	5,142	9.5
Operating income	2,118	2,152	(1.6)	53.9	2,057	3.0	3,442	2,883	19.4	62.5	2,995	14.9
Pretax income	2,300	2,253	2.1	46.7	2,232	3.0	3,553	2,943	20.7	54.4	3,153	12.7
Net income	1,820	1,782	2.1	47.8	1,763	3.3	2,822	2,335	20.9	55.0	2,501	12.9
EPS (NT\$)	21.10	20.66	2.1	47.8	20.43	3.3	32.71	27.06	20.9	55.0	28.99	12.9
Gross margin (%)	26.1	26.0	0.1 ppts	2.5 ppts	25.8	0.3 ppts	28.3	26.7	1.6 ppts	2.2 ppts	27.1	1.3 ppts
OP margin (%)	14.1	14.0	0.0 ppts	3.2 ppts	13.6	0.4 ppts	17.3	15.6	1.8 ppts	3.3 ppts	15.8	1.5 ppts
Net margin (%)	12.1	11.6	0.5 ppts	2.4 ppts	11.7	0.4 ppts	14.2	12.6	1.6 ppts	2.1 ppts	13.2	1.0 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	2Q24F
NB	23	31	34	36	36	33	32	27	36	39	36	33	31	39	39	37	35	33
DT	9	7	7	6	10	8	7	6	4	5	8	8	10	11	9	8	9	8
Gaming PC & VGA & MB	27	33	35	29	26	23	22	20	34	29	25	28	33	21	23	27	24	22
Server	17	16	16	22	23	29	30	33	17	20	25	26	23	23	25	21	25	30
Smartphone	19	9	4	4	3	4	5	3	5	3	3	3	2	4	3	4	4	3
Auto/others	5	4	4	3	2	2	4	10	4	4	3	1	1	2	1	3	3	3
Total	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	4,943	4,882	5,437	1,363	1,290	1,180	1,141	1,017	1,013	1,362	1,237	1,102	1,135
DT	922	855	934	869	1,271	1,170	1,068	1,287	151	165	267	285	328	286	314	268	283	283
Gaming PC & VGA & MB	2,716	4,031	5,045	4,036	3,305	3,537	3,356	3,890	1,287	959	834	955	1,082	545	803	903	756	756
Server	1,742	1,954	2,305	3,042	2,924	4,386	4,577	6,579	644	662	834	903	754	597	873	702	787	1,020
Smartphone	1,985	1,099	499	504	381	648	763	687	189	99	100	116	66	104	105	134	126	113
Auto/others	512	489	573	431	254	374	610	1,995	151	132	120	27	33	52	35	100	94	93
Total	10,248	12,214	14,258	13,857	12,713	15,057	15,255	19,875	3,786	3,309	3,335	3,428	3,280	2,596	3,492	3,344	3,149	3,401
Sales YoY (%)																		
NB	14	61	29	1	(8)	8	7	10	18	39	(9)	(25)	(25)	(22)	15	8	8	12
DT	(7)	(7)	9	(7)	46	(8)	(16)	10	(54)	(8)	20	38	117	73	18	(6)	(14)	(11)
Gaming PC & VGA & MB	14	48	25	(20)	(18)	7	2	10	1	(22)	(30)	(30)	(16)	(43)	(4)	(5)	(30)	39
Server	26	12	18	32	(4)	50	57	50	56	38	32	15	17	(10)	5	(22)	4	71
Smartphone	332	(45)	(55)	1	(24)	70	100	6	38	11	(32)	(7)	(65)	5	5	16	92	9
Others	34	(5)	17	(25)	(41)	47	140	433	10	47	(46)	(78)	(78)	(61)	(71)	275	188	79
Total	34	19	17	(3)	(8)	18	20	32	10	11	(10)	(17)	(13)	(22)	5	(2)	(4)	31
Sales QoQ (%)																		
NB									(11)	(5)	(9)	(3)	(11)	(0)	35	(9)	(11)	3
DT									(27)	9	61	7	15	(13)	10	(15)	6	0
Gaming PC & graphics cards									(5)	(25)	(13)	15	13	(50)	47	12	(16)	0
Server									(18)	3	26	8	(16)	(21)	46	(20)	12	30
Smartphone									53	(48)	1	15	(43)	58	1	28	(6)	(10)
Auto/others									22	(13)	(9)	(78)	22	58	(33)	187	(6)	(2)
Total									(8)	(13)	1	3	(4)	(21)	35	(4)	(6)	8

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	Major supplier	Cost (US\$)
Cold plate module	Cooler Master	1,500-2,500
	CoolIT Systems	(per server)
	AVC Auras	
CDU	CoolIT Systems	20,000-30,000
	Vertiv	(per rack; in-rack)
	nVent	
	AVC	
	Auras	
	Delta Hon Hai MGCooling	
Manifold & quick connector	CoolIT Systems	10,000-15,000
	AVC	(quick connector 4,000-6,000)
	Colder Product Co. (CPC)	
	CEJN	
	Parker	
	Staubli Kori	
RDHx & fan door		2,000-4,000
Rack		5000
Total		30,000-80,000

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	945	112.5	Outperform	155.0	5.16	6.58	7.74	18.9	27.5	17.6	21.8	17.1	14.5	4.2	4.0	3.7	21.5	24.0	26.2	3.1	4.2
	Nidec Corp*	6594 JP	28,020	7,373.0	Not rated	N.A.	78.19	250.15	319.94	(66.4)	219.9	27.9	94.3	29.5	23.0	3.1	2.8	2.5	3.4	10.1	11.4	0.9	1.0
	Sun Max Tech*	6591 TT	61	55.5	Not rated	N.A.	3.40	N.M.	N.M.	(50.7)	N.A.	N.A.	16.3	N.A.	N.A.	1.1	N.A.	N.A.	6.8	N.M.	N.M.	N.A.	N.A.
	Minebea Mitsumi*	6479 JP	8,116	2,981.5	Not rated	N.A.	187.62	124.37	187.20	10.3	(33.7)	50.5	15.9	24.0	15.9	1.9	1.8	1.7	13.1	7.8	10.9	1.3	1.3
Thermal module /cooling fan	AVC	3017 TT	7,699	654.0	Outperform	800.0	14.11	18.44	26.65	19.7	30.7	44.5	46.4	35.5	24.5	11.4	9.8	8.2	28.3	29.2	35.8	1.1	1.4
	Delta Elec	2308 TT	25,568	320.5	Neutral	297.0	12.86	13.10	15.15	2.2	1.9	15.6	24.9	24.5	21.2	4.3	3.9	3.5	17.5	16.7	17.6	2.0	2.0
	Vertiv	VRT US	35,488	94.8	Not rated	N.A.	1.21	2.34	2.99	505.0	93.1	28.1	78.3	40.6	31.7	18.0	17.0	16.1	26.6	42.2	52.3	0.0	0.1
	Dover Corporation	DOV US	24,743	180.0	Not rated	N.A.	7.56	9.10	9.94	1.2	20.3	9.2	23.8	19.8	18.1	4.9	4.5	4.0	22.5	26.1	20.6	1.1	1.2
Thermal module	Nidec CCI*	6230 TT	860	324.5	Not rated	N.A.	7.02	3.06	6.40	(1.1)	(56.4)	109.2	46.2	106.0	50.7	4.9	N.A.	N.A.	10.9	4.5	8.7	0.3	N.A.
	Auras	3324 TT	2,173	800.0	Outperform	920.0	14.28	21.10	32.71	(2.7)	47.8	55.0	56.0	37.9	24.5	10.7	9.3	7.7	20.2	25.5	33.6	0.8	1.2
	Foxconn Tech*	2354 TT	2,676	61.6	Not rated	N.A.	3.01	5.41	5.71	(0.3)	79.7	5.5	20.5	11.4	10.8	0.8	0.5	0.5	4.1	7.0	7.1	2.4	3.5
	Fujikura Ltd*	5803 JP	5,144	2,728.0	Not rated	N.A.	148.27	164.86	179.75	4.5	11.2	9.0	18.4	16.5	15.2	2.8	2.4	2.2	16.7	15.8	14.7	1.1	1.8
	Furukawa Elect*	5801 JP	1,525	3,387.0	Not rated	N.A.	254.45	32.64	178.38	77.4	(87.2)	446.6	13.3	103.8	19.0	0.8	0.8	0.8	6.2	0.6	4.2	2.4	1.8

Source: KGI Research; *Bloomberg consensus

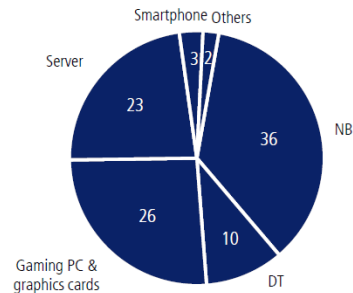
Figure 6: Company profile

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\$159.5, N), Dell (US), HP (US), Asustek (2357 TT, NT\$430, N), and Samsung (KR). 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: NB, gaming PCs, graphics cards, & server solutions contribute bulk of sales

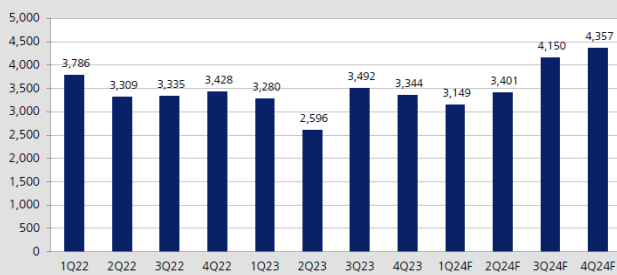
Sales weighting in 2023, percent



Source: Company data; KGI Research

Figure 8: Sales

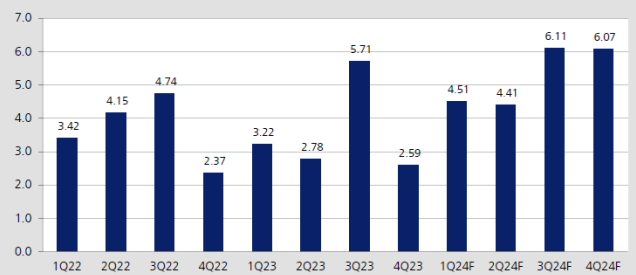
Sales, NT\$m



Source: KGI Research

Figure 9: EPS

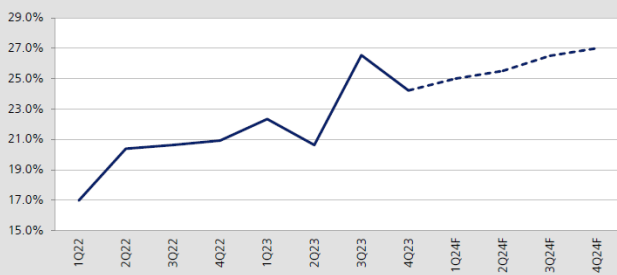
EPS, NT\$



Source: KGI Research

Figure 10: Gross Margin

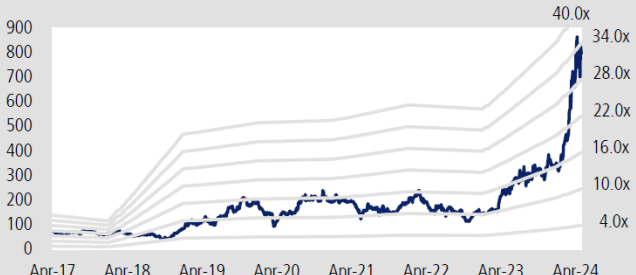
Gross margin, percent



Source: KGI Research

Figure 11: 12M forward PE band

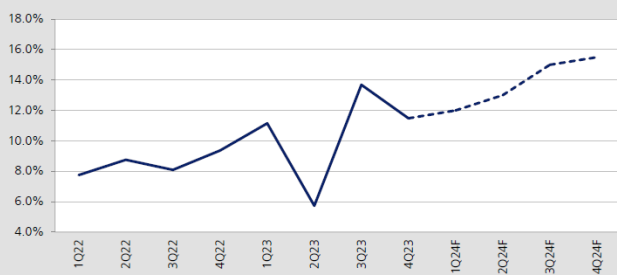
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 12: Operating Margin

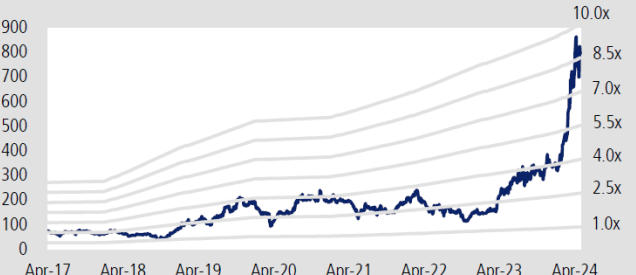
Operating margin, percent



Source: KGI Research

Figure 13: 12M forward PB band

Share price, NT\$ (LHS); PB ratio, x (RHS)



Source: TEJ; KGI Research estimates

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23A	Dec-23A	Mar-24F	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	3,149	3,401	4,150	4,357	12,713	15,057	19,875
Cost of goods sold	(2,548)	(2,061)	(2,565)	(2,534)	(2,362)	(2,534)	(3,050)	(3,181)	(9,708)	(11,127)	(14,244)
Gross profit	733	535	927	810	787	867	1,100	1,176	3,005	3,931	5,632
Operating expenses	(367)	(387)	(449)	(426)	(409)	(425)	(477)	(501)	(1,629)	(1,813)	(2,189)
Operating profit	366	149	478	384	378	442	622	675	1,376	2,118	3,442
Depreciation of fixed assets	(115)	(111)	(108)	(105)	(106)	(106)	(106)	(106)	(439)	(424)	(550)
Amortisation of intangible assets	(7)	(8)	(8)	(9)	(8)	(8)	(8)	(8)	(32)	(34)	(34)
EBITDA	487	268	594	498	492	557	737	790	1,847	2,576	4,027
Interest income	2	6	4	10	10	8	8	5	23	32	25
Investment income	0	-	-	-	-	3	3	5	0	10	10
Other non-op income	32	148	125	41	117	40	40	53	345	250	180
Non-operating income	34	154	128	51	127	50	50	64	368	292	215
Interest expense	(10)	(3)	(7)	(8)	(8)	(6)	(6)	(4)	(28)	(24)	(20)
Investment loss	-	(1)	(0)	(1)	(1)	(1)	(1)	(1)	(2)	(5)	(5)
Other non-op expenses	(37)	0	0	(109)	0	(20)	(20)	(40)	(146)	(80)	(80)
Non-operating expenses	(47)	(4)	(8)	(118)	(9)	(27)	(27)	(46)	(177)	(109)	(105)
Pre-tax profit	353	300	599	317	496	465	646	693	1,568	2,300	3,553
Current taxation	(76)	(58)	(101)	(93)	(92)	(84)	(116)	(168)	(329)	(460)	(711)
Minorities	0	(2)	(6)	0	(15)	(1)	(2)	(2)	(7)	(20)	(20)
Normalised net profit	277	239	492	224	389	381	527	523	1,232	1,820	2,822
Extraordinary items	(0)	(0)	(0)	(0)	-	-	-	-	-	-	-
Net profit	277	239	492	224	389	381	527	523	1,232	1,820	2,822
EPS (NT\$)	3.22	2.78	5.71	2.59	4.51	4.41	6.11	6.07	14.28	21.10	32.71
Margins (%)											
Gross profit margin	22.3	20.6	26.5	24.2	25.0	25.5	26.5	27.0	23.6	26.1	28.3
Operating margin	11.1	5.7	13.7	11.5	12.0	13.0	15.0	15.5	10.8	14.1	17.3
EBITDA margin	14.9	10.3	17.0	14.9	15.6	16.4	17.8	18.1	14.5	17.1	20.3
Pretax profit margin	10.7	11.5	17.1	9.5	15.8	13.7	15.6	15.9	12.3	15.3	17.9
Net profit margin	8.5	9.2	14.1	6.7	12.4	11.2	12.7	12.0	9.7	12.1	14.2
Sequential growth (%)											
Revenue growth	(4.3)	(20.9)	34.5	(4.2)	(5.8)	8.0	22.0	5.0			
Gross profit growth	2.2	(26.9)	73.1	(12.6)	(2.8)	10.2	26.8	7.0			
Operating profit growth	13.9	(59.3)	221.4	(19.6)	(1.6)	17.0	40.8	8.5			
EBITDA growth	7.7	(45.1)	121.9	(16.1)	(1.1)	13.0	32.4	7.2			
Pretax profit growth	34.8	(15.0)	99.9	(47.1)	56.6	(6.2)	38.7	7.4			
Net profit growth	35.8	(13.7)	105.6	(54.5)	74.0	(2.2)	38.6	(0.8)			
YoY growth (%)											
Revenue growth	(13.4)	(21.5)	4.7	(2.4)	(4.0)	31.0	18.8	30.3	(8.3)	18.4	32.0
Gross profit growth	14.0	(20.6)	34.7	13.0	7.5	62.0	18.7	45.2	10.4	30.8	43.3
Operating profit growth	24.7	(48.6)	77.3	19.6	3.4	197.3	30.2	75.9	17.3	53.9	62.5
EBITDA growth	11.9	(36.8)	49.2	10.0	1.1	108.0	24.1	58.6	8.0	39.5	56.3
Pretax profit growth	(5.4)	(33.8)	10.7	21.1	40.7	55.3	7.8	118.9	(3.7)	46.7	54.4
Net profit growth	(5.7)	(33.1)	20.6	9.6	40.4	59.0	7.2	134.1	(2.5)	47.8	55.0

Source: Company data; KGI Research estimates

Balance sheet

NTSmn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Total assets	11,895	11,743	12,612	14,297	17,275
Current assets	8,978	8,420	8,653	9,407	11,855
Cash & ST securities	1,494	1,492	1,450	1,072	1,084
Inventory	2,292	2,072	2,307	2,637	3,385
Accounts receivable	4,745	4,490	4,419	5,220	6,909
Other current assets	448	365	477	477	477
Non-current assets	2,917	3,323	3,959	4,890	5,420
LT investments	109	128	215	270	350
Net fixed assets	2,442	2,715	3,126	4,002	4,452
Other assets	366	480	618	618	618
Total liabilities	6,986	5,933	5,745	6,419	7,840
Current liabilities	5,670	5,620	4,787	5,695	7,096
Accounts payable	4,091	2,848	3,157	3,608	4,631
Interest bearing ST liabilities	416	1,498	232	431	353
Other current liabilities	1,162	1,273	1,398	1,656	2,112
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	7,878	9,436
Share capital	884	884	884	884	884
Retained earnings reserve	2,722	3,304	3,926	4,918	6,455
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%)	18.4%	32.0%
Operating profit growth	(11.7%)	(14.9%)	17.3%	53.9%	62.5%
EBITDA growth	(3.9%)	(10.0%)	8.0%	39.5%	56.3%
Net profit growth	1.9%	11.6%	(2.5%)	47.8%	55.0%
EPS growth	1.9%	11.9%	(2.7%)	47.8%	55.0%
Profitability					
Gross profit margin	18.7%	19.6%	23.6%	26.1%	28.3%
Operating margin	9.7%	8.5%	10.8%	14.1%	17.3%
EBITDA margin	13.3%	12.3%	14.5%	17.1%	20.3%
Net profit margin	7.9%	9.1%	9.7%	12.1%	14.2%
Return on average assets	10.3%	10.7%	10.1%	13.5%	17.9%
Return on average equity	24.3%	24.5%	20.2%	25.5%	33.6%
Stability					
Gross debt to equity	34.9%	30.2%	16.7%	14.1%	11.2%
Net debt to equity	4.5%	4.6%	Net cash	1.6%	0.6%
Interest coverage (x)	62.2	43.4	57.2	96.0	181.0
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	65.8	100.7
Cash flow/int. & ST debt (x)	3.3	0.8	7.6	3.5	5.3
Current ratio (x)	1.6	1.5	1.8	1.7	1.7
Quick ratio (x)	1.2	1.1	1.3	1.2	1.2
Net debt (NT\$m)	221	269	(218)	124	54
Per share data					
EPS (NT\$)	13.12	14.68	14.28	21.10	32.71
CFPS (NT\$)	16.72	14.41	22.85	18.47	23.04
BVPS (NT\$)	53.65	62.97	75.04	86.25	103.64
Adj BVPS (NT\$)	54.94	64.67	76.92	88.42	106.24
SPS (NT\$)	165.15	160.99	147.37	174.55	230.40
EBITDA/share (NT\$)	21.99	19.86	21.41	29.86	46.68
Cash DPS (NT\$)	6.00	6.50	6.50	9.37	14.53
Activity					
Sales / avg assets	1.29	1.17	1.04	1.12	1.26
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

NTSmn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue	14,258	13,857	12,713	15,057	19,875
Cost of goods sold	(11,595)	(11,135)	(9,708)	(11,127)	(14,244)
Gross profit	2,663	2,722	3,005	3,931	5,632
Operating expenses	(1,284)	(1,549)	(1,629)	(1,813)	(2,189)
Operating profit	1,379	1,173	1,376	2,118	3,443
Non-operating income	139	550	368	292	215
Interest income	2	10	23	32	25
Investment income	-	10	0	10	10
Other non-op income	138	529	345	250	180
Non-operating expenses	(97)	(95)	(177)	(109)	(105)
Interest expense	(23)	(38)	(28)	(24)	(20)
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	2,300	3,553
Current taxation	(268)	(341)	(329)	(460)	(711)
Minorities	(21)	(23)	(7)	(20)	(20)
Extraordinary items	-	(0)	(0)	-	-
Net profit	1,133	1,264	1,232	1,820	2,822
EBITDA	1,899	1,709	1,847	2,576	4,027
EPS (NT\$)	13.12	14.68	14.28	21.10	32.71

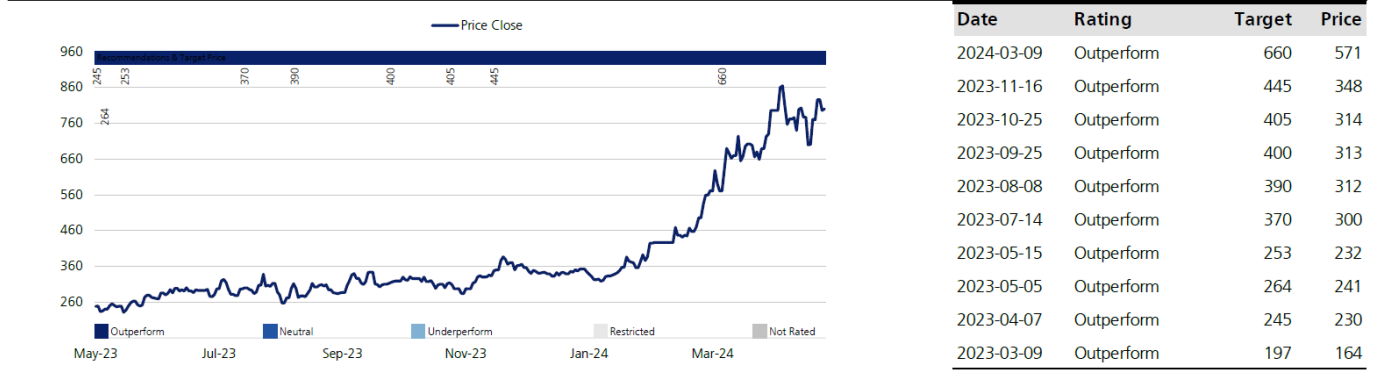
Cash flow

NTSmn	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Operations cash flow	1,444	1,241	1,971	1,594	1,988
Net profit	1,133	1,264	1,232	1,820	2,822
Depreciation & amortisation	520	536	470	458	584
Decrease in working capital	(202)	(758)	151	(679)	(1,413)
Other operating cash flow	(6)	199	117	(5)	(5)
Investing cash flow	(1,038)	(633)	(1,053)	(1,384)	(1,109)
Sale of ST investment	-	-	(89)	-	-
New investments	(84)	-	(100)	(50)	(75)
Capital expenditure	(1,030)	(615)	(835)	(1,300)	(1,000)
Others investing cashflow	75	(18)	(30)	(34)	(34)
Free cash flow	373	61	843	139	891
Financing cash flow	(303)	(629)	(1,007)	(587)	(867)
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)	(829)
Other financing cashflow	(51)	(52)	(43)	20	20
Forex effects	(14)	12	(29)		
Total cash generated	88	(10)	(118)	(377)	12

ROIC

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	9.0%	11.2%	12.8%	12.0%	11.0%
= Operating margin	9.7%	8.5%	10.8%	14.1%	17.3%
1 / (Working capital/revenue	0.2	0.2	0.2	0.2	0.2
+ Net PPE/revenue	0.2	0.2	0.2	0.3	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	2.3
Operating margin	9.7%	8.5%	10.8%	14.1%	17.3%
x Capital turnover	3.0	2.5	2.1	2.1	2.3
x (1 - tax rate)	81.2%	79.0%	79.0%	80.0%	80.0%
= After-tax ROIC	23.4%	16.5%	18.2%	23.3%	31.7%

Source: Company data; KGI Research estimates

Auras – Recommendation & target price history


Source: TEJ; KGI Research

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