Auras Technology (3324.TW/3324 TT)

Strong liquid cooling market to fuel sales & margins

Outperform • Maintained

Price as of March 30 (NT$)	956
12M target price (NT$)	1,340
Previous target price (NT$)	1,255
Revised up (%)	6.8
Upside (%)	40.2

Key message

1. 1Q-2Q26F sales growth are each revised to 5-10% QoQ growth, driven by strong liquid cooling demand for the GB300.
2. The liquid-cooling sales weighting will expand from 51% in 4Q25 to 60-70% in 1H26F and 65-70% in 2026F, pushing the server sales weighting up to 70-75% in 2026F, and boosting margins.
3. A Thailand capacity expansion will support liquid cooling sales growth in 2026-27F.

Trading data

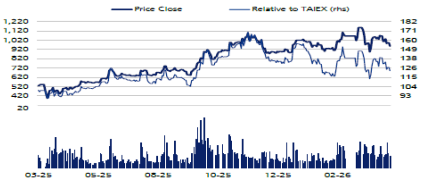
Mkt cap (NT$bn/US$mn)	88.98 / 2,785
Outstanding shares (mn)	93.08
Foreign ownership (mn)	20.11
3M avg. daily trading (mn)	3.14
52-week trading range (NT$)	397.0 –1,155

Performance	3M	6M	12M
Absolute (%)	-7.2	13.8	62.6
Relative (%)	-20.5	-12.1	12.1

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2024	4.51A	7.24A	4.43A	5.18A
2025	5.66A	1.75A	10.66A	10.21A
2026	12.67F	13.90F	16.30F	18.24F

Share price chart



Source: TEJ

Event

Auras Technology will benefit from growing liquid cooling demand in 2026-27F, supported by the firm's capacity expansion in Thailand. The current valuation is attractive amid solid EPS growth.

Impact

1H26 sales to upbeat. Auras' first-two-month sales grew by 95% YoY, thanks to growing GB300 liquid cooling shipments. Stemming from our expectation of strong March sales, and on strong AI server demand from CSPs and enterprises, we raise our 1Q26 sales forecast to 7% QoQ, and expect 2Q26F sales growth of 5-10% QoQ. This will raise the firm's liquid cooling sales weighting to nearly 60% in 1Q26F, and 60-70% in 2Q26F, versus 51% in 4Q25 and 34% in 2025. The server sales weighting will also grow from 72% in 4Q25 to 75-80% in 1Q26F, which will widen gross margin from 4Q25. 4Q25 gross margin of 26.4% (down 3.4ppts QoQ) was impacted by one-off inventory impairment and a scrap loss in Thailand, which will not repeat in 2026F, as Thailand factory production gets smoother. 1Q26 gross margin should recover to 29-30% and rise in 2Q26F on a better product mix and growing sales. We thus revise up our 1H26F sales and earnings projections, and we expect Auras' results to beat consensus.

Growing liquid cooling sales to fuel 2026F earnings growth. Management indicates that the AI server order outlook is very bright, and sales growth will backed by improving efficiency and yield rate at the Thailand factory, after a cold plate and manifold capacity expansion. While we saw the liquid-cooling TAM grow more strongly than expected during GTC 2026, with GB and Vera Rubin (VR) AI server racks, CPU rack, storage and networking racks featuring liquid-cooling cold plates, quick-disconnectors (QD) and inner manifolds, ASIC liquid-cooling demand is also growing, which will drive Auras' liquid-cooling sales growth. We expect GB300 cold plate and manifold sales to Super Micro Computer (US), Meta (US) and AWS (US), manifold sales to Oracle (US) and Dell (US), and some ASIC liquid cooling sales in 2H26F to grow the firm's liquid-cooling sales by more than 200% YoY, with a weighting of 65% in 2026F. Despite GPU and CPU cold plate pricing pressure for VR in 2H26F, we think liquid cooling content value per rack will continue to grow, while other ASIC and HGX DIMM liquid cooling sales will boost liquid cooling sales growth in 2027F. The firm's cold plate capacity will expand to 300k units/ month at the first stage and again by 200-300k/ month in the second stage, while rack manifold capacity will expand to 4.5-5 units/month (3k in Vietnam and 1.5-2k/month in Taiwan) to meet the strong order outlook. We think Auras' fundraising (CB6 and CB7) is to support financial demands, and will increase outstanding shares by 7-8%. On higher sales and margins, we raise 2026F EPS to NT$61.11 (up 116% YoY) and NT$81.75 (up 34% YoY) in 2027F.

Valuation & Action

We maintain Outperform on solid EPS growth from rising liquid-cooling sales, and adjust our target price from NT$1,255 to NT$1,340, based on 24x 2026F fully diluted EPS.

Risks

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

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT$mn)	12,713	15,779	23,276	37,189	47,387
Gross profit (NT$mn)	3,005	4,026	6,372	11,198	14,360
Operating profit (NT$mn)	1,376	1,911	3,259	7,165	9,575
Net profit (NT$mn)	1,232	1,893	2,572	5,562	7,440
EPS (NT$)	14.28	21.23	28.26	61.11	81.75
Cash DPS (NT$)	6.50	10.00	12.00	25.83	34.55
EPS growth (%)	(2.7)	48.7	33.1	116.2	33.8
PE (x)	66.9	45.0	33.8	15.6	11.7
PB (x)	12.7	9.8	8.0	6.2	4.8
EV/EBITDA (x)	44.7	34.7	22.3	11.4	8.7
Net debt to equity (%)	Net cash	Net cash	28.4	28.9	16.7
Dividend yield (%)	0.7	1.0	1.3	2.7	3.6
Return on average equity (%)	20.2	24.3	25.7	43.9	45.5

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 1Q-2Q26F forecast revisions vs. consensus

	1Q26F							2Q26F						
NT$mn	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	8,129	7,379	10.2	7.0	84.1	7,785	4.4	8,780	8,117	8.2	8.0	65.5	8,481	3.5
Gross profits	2,398	2,199	9.1	19.7	98.5	2,330	2.9	2,634	2,354	11.9	9.8	89.9	2,549	3.3
Operating income	1,439	1,350	6.6	34.6	155.4	1,367	5.2	1,668	1,477	12.9	15.9	163.2	1,552	7.5
Pretax income	1,431	1,357	5.5	19.7	114.8	1,379	3.8	1,660	1,484	11.9	16.0	687.6	1,546	7.4
Net income	1,153	1,099	5.0	24.1	125.7	1,091	5.7	1,265	1,144	10.6	9.7	700.1	1,233	2.6
EPS (NT$)	12.67	12.04	5.3	24.1	123.8	11.99	5.7	13.90	12.53	11.0	9.7	694.2	13.55	2.6
Gross margin (%)	29.5	29.8	(0.3)ppts	3.1 ppts	2.1 ppts	29.9	(0.4)ppts	30.0	29.0	1.0 ppts	0.5 ppts	3.9 ppts	30.1	(0.1)ppts
OP margin (%)	17.7	18.3	(0.6)ppts	3.6 ppts	4.9 ppts	17.6	0.1 ppts	19.0	18.2	0.8 ppts	1.3 ppts	7.1 ppts	18.3	0.7 ppts
Net margin (%)	14.2	14.9	(0.7)ppts	2.0 ppts	2.6 ppts	14.0	0.2 ppts	14.4	14.1	0.3 ppts	0.2 ppts	11.4 ppts	14.5	(0.1)ppts

Source: Bloomberg; KGI Research estimates

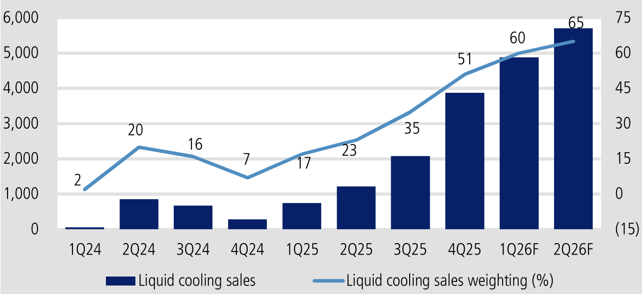
Figure 2: Breakdown of 2026-27F forecast revisions vs. consensus

	2026F						2027F			
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	KGI forecast	YoY (%)	Consensus	Diff. (%)
Sales	37,189	34,246	8.6	59.8	35,158	5.8	47,387	27.4	44,209	7.2
Gross profit	11,198	9,812	14.1	75.7	10,573	5.9	14,360	28.2	13,682	5.0
Operating income	7,165	6,223	15.1	119.9	6,404	11.9	9,575	33.6	8,519	12.4
Pretax income	7,134	6,250	14.1	117.7	6,432	10.9	9,551	33.9	8,586	11.2
Net income	5,562	4,945	12.5	116.2	5,115	8.7	7,440	33.8	6,725	10.6
EPS (NT$)	61.11	54.15	12.8	116.2	56.19	8.7	81.75	33.8	73.89	10.6
Gross margin (%)	30.1	28.7	1.5 ppts	2.7 ppts	30.1	0.0 ppts	30.3	0.2 ppts	30.9	(0.6)ppts
OP margin (%)	19.3	18.2	1.1 ppts	5.3 ppts	18.2	1.1 ppts	20.2	0.9 ppts	19.3	0.9 ppts
Net margin (%)	15.0	14.4	0.5 ppts	3.9 ppts	14.5	0.4 ppts	15.7	0.7 ppts	15.2	0.5 ppts

Source: Bloomberg; KGI Research estimates

Figure 3: Liquid-cooling sales continue to rise

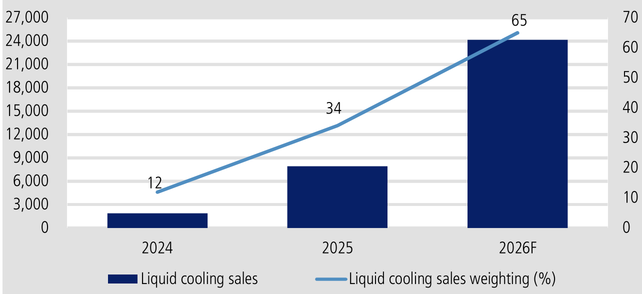
Liquid-cooling sales, NT$mn (LHS); sales weighting, percent (RHS)



Source: Auras; KGI Research estimates

Figure 4: Liquid-cooling sales weighting to reach 65% in 2026F

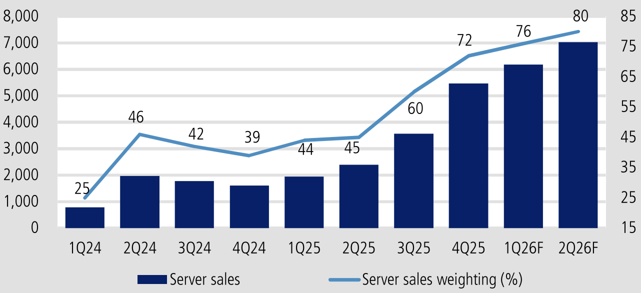
Liquid cooling sales, NT$mn (LHS); sales weighting, percent (RHS)



Source: Auras; KGI Research estimates

Figure 5: The server sales weighting continues to grow

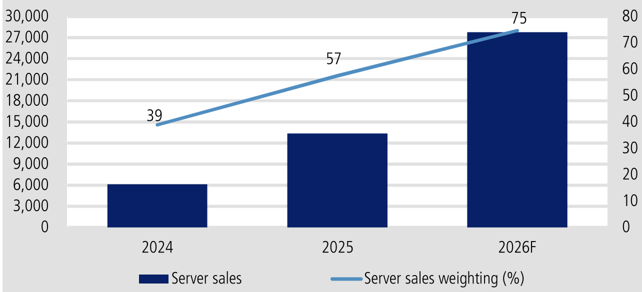
Server sales, NT$mn (LHS); sales weighting, percent (RHS)



Source: Auras; KGI Research estimates

Figure 6: Server sales growth to be driven by liquid-cooling sales growth in 2025-26F

Server sales, NT$mn (LHS); sales weighting, percent (RHS)



Source: Auras; KGI Research estimates

Figure 7: The server sales weighting continues to grow

Sales weighting (%)	2023	2024	2025	2026F	2026F guidance	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
NB & DT	46	39	27	16	18	44	34	39	40	35	31	27	19
Graphics cards & Motherboards	26	17	14	8	9	24	15	14	16	17	21	11	9
Server	23	39	57	75	72	25	46	42	39	44	45	60	72
Auto/others	5	5	2	1	1	7	5	5	5	4	3	2	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100
Sales (NT$mn)													
NB & DT	5,848	6,138	6,242	5,930	6,285	1,387	1,456	1,646	1,650	1,545	1,645	1,609	1,444
Graphics cards & Motherboards	3,305	2,650	3,176	3,080	3,142	756	642	591	660	751	1,114	655	655
Server	2,924	6,139	13,375	27,753	25,138	788	1,970	1,772	1,609	1,943	2,388	3,575	5,470
Auto/others	636	852	483	426	349	221	214	211	206	177	159	119	76
Total	12,713	15,779	23,276	37,189	34,915	3,152	4,283	4,219	4,125	4,415	5,306	5,958	7,597
Sales YoY (%)													
NB & DT	0	5	2	(5)	1	3	12	(2)	10	11	13	(2)	(13)
Graphics cards & Motherboards	0	(20)	20	(3)	(1)	(30)	18	(26)	(27)	(1)	73	11	(1)
Server	0	110	118	108	88	4	230	103	129	147	21	102	240
Others	(64)	34	(43)	(12)	(28)	124	37	51	(12)	(20)	(26)	(44)	(63)
Total	(8)	24	48	60	50	(4)	65	21	23	40	24	41	84
Sales QoQ (%)													
NB & DT						(8)	5	13	0	(6)	6	(2)	(10)
Graphics cards & Motherboards						(16)	(15)	(8)	12	14	48	(41)	0
Server						12	150	(10)	(9)	21	23	50	53
Auto/others						(6)	(3)	(1)	(2)	(14)	(10)	(25)	(36)
Total						(6)	36	(1)	(2)	7	20	12	28

Source: Company data; KGI Research estimates

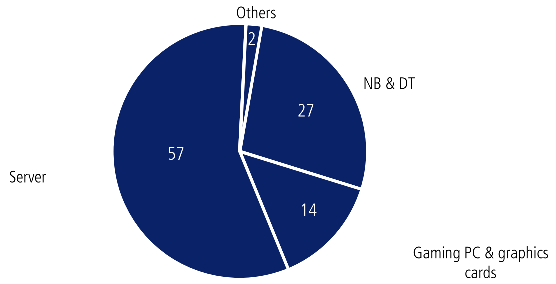
Figure 8: Company profile

Established in 1998, Auras Technology is a top-three thermal solution maker in Taiwan, serving the PC, graphics card, gaming PC, server, and smartphone industries. Top clients include MSI (2377 TT, NT$88.3, OP), Dell (US), HP (US), Asustek (2357 TT, NT$562, OP), and Apple (US). The 2025 application sales mix was PC (27%), graphics cards/ gaming PCs (14%), servers (57%), and others (2%). 2026-27F sales growth will be driven by server sales.

Source: KGI Research

Figure 9: The server sales weighting rose to 57% in 2025

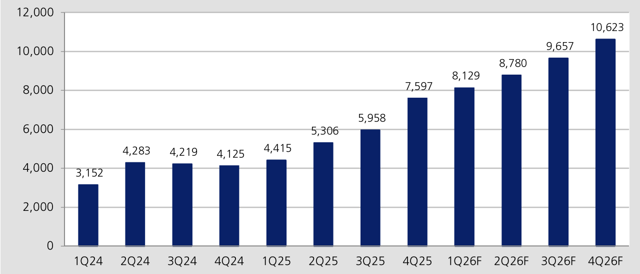
Sales weighting in 2025, percent



Source: Company data; KGI Research

Figure 10: Sales

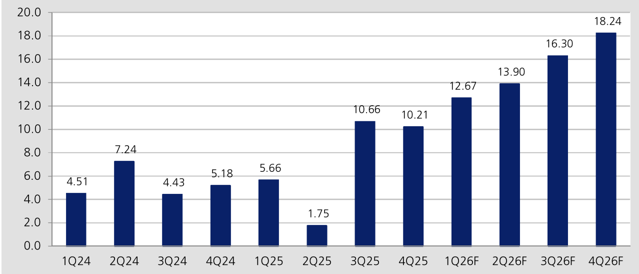
Sales, NT$mn



Source: KGI Research

Figure 11: EPS

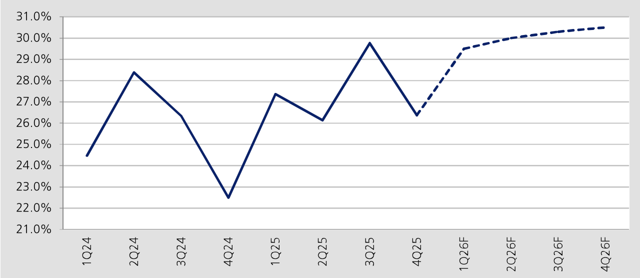
EPS, NT$



Source: KGI Research

Figure 12: Gross Margin

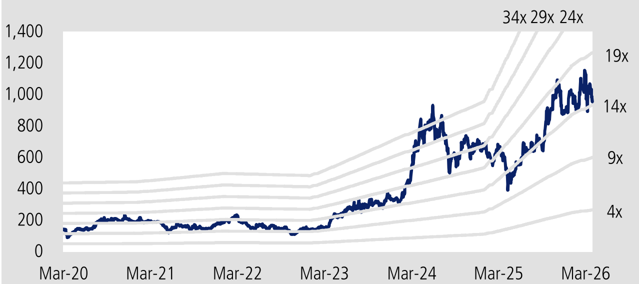
Gross margin, percent



Source: KGI Research

Figure 13: 12M forward PE band

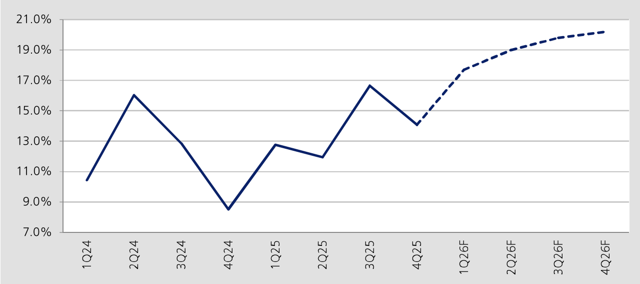
Share price, NT$ (LHS); PE ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 14: Operating Margin

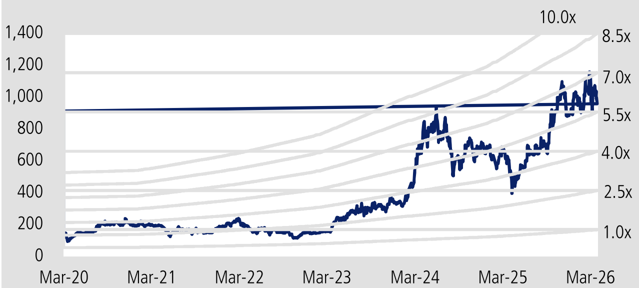
Operating margin, percent



Source: KGI Research

Figure 15: 12M forward PB band

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



Source: TEJ; KGI Research estimates

Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25A	Sep-25A	Dec-25A	Mar-26F	Jun-26F	Sep-26F	Dec-26F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT$mn)											
Revenue	**4,415**	**5,306**	**5,958**	**7,597**	**8,129**	**8,780**	**9,657**	**10,623**	**23,276**	**37,189**	**47,387**
Cost of goods sold	(3,207)	(3,920)	(4,184)	(5,594)	(5,731)	(6,146)	(6,731)	(7,383)	(16,904)	(25,991)	(33,027)
Gross profit	**1,208**	**1,387**	**1,773**	**2,004**	**2,398**	**2,634**	**2,926**	**3,240**	**6,372**	**11,198**	**14,360**
Operating expenses	(645)	(753)	(781)	(934)	(959)	(966)	(1,014)	(1,094)	(3,113)	(4,033)	(4,784)
Operating profit	**563**	**634**	**992**	**1,069**	**1,439**	**1,668**	**1,912**	**2,146**	**3,259**	**7,165**	**9,575**
Depreciation of fixed assets	(142)	(147)	(159)	(176)	(171)	(171)	(171)	(171)	(624)	(685)	(716)
Amortisation of intangible assets	(11)	(12)	(12)	(13)	(11)	(11)	(11)	(11)	(48)	(44)	(44)
EBITDA	**717**	**792**	**1,164**	**1,258**	**1,621**	**1,850**	**2,094**	**2,328**	**3,931**	**7,894**	**10,335**
Interest income	8	13	6	8	5	5	5	5	36	20	24
Investment income	-	-	12	-	3	3	3	3	-	10	10
Other non-op income	110	69	216	143	31	31	31	31	243	125	125
Non-operating income	**118**	**83**	**234**	**152**	**39**	**39**	**39**	**39**	**279**	**155**	**159**
Interest expense	(12)	(14)	(17)	(27)	(25)	(25)	(25)	(25)	(70)	(101)	(99)
Investment loss	(4)	(4)	(4)	1	(1)	(1)	(1)	(1)	(11)	(5)	(5)
Other non-op expenses	-	(487)	(0)	(0)	(20)	(20)	(20)	(20)	(179)	(80)	(80)
Non-operating expenses	**(15)**	**(506)**	**(21)**	**(26)**	**(47)**	**(47)**	**(47)**	**(47)**	**(260)**	**(186)**	**(184)**
Pre-tax profit	**666**	**211**	**1,205**	**1,196**	**1,431**	**1,660**	**1,904**	**2,138**	**3,277**	**7,134**	**9,551**
Current taxation	(137)	(47)	(175)	(221)	(258)	(365)	(381)	(423)	(580)	(1,427)	(1,910)
Minorities	(18)	(6)	(56)	(46)	(20)	(30)	(40)	(55)	(126)	(145)	(200)
Normalised net profit	**511**	**158**	**974**	**929**	**1,153**	**1,265**	**1,483**	**1,660**	**2,572**	**5,562**	**7,440**
Extraordinary items	0	0	0	0	-	-	-	-	-	-	-
Net profit	**511**	**158**	**974**	**929**	**1,153**	**1,265**	**1,483**	**1,660**	**2,572**	**5,562**	**7,440**
EPS (NT$)	5.66	1.75	10.66	10.21	12.67	13.90	16.30	18.24	28.26	61.11	81.75
Margins (%)											
Gross profit margin	27.4	26.1	29.8	26.4	29.5	30.0	30.3	30.5	27.4	30.1	30.3
Operating margin	12.8	11.9	16.7	14.1	17.7	19.0	19.8	20.2	14.0	19.3	20.2
EBITDA margin	16.2	14.9	19.5	16.6	19.9	21.1	21.7	21.9	16.9	21.2	21.8
Pretax profit margin	15.1	4.0	20.2	15.7	17.6	18.9	19.7	20.1	14.1	19.2	20.2
Net profit margin	11.6	3.0	16.3	12.2	14.2	14.4	15.4	15.6	11.1	15.0	15.7
Sequential growth (%)											
Revenue growth	7.0	20.2	12.3	27.5	7.0	8.0	10.0	10.0			
Gross profit growth	30.2	14.8	27.9	13.0	19.7	9.8	11.1	10.7			
Operating profit growth	60.3	12.5	56.6	7.7	34.6	15.9	14.6	12.2			
EBITDA growth	45.1	10.4	47.0	8.1	28.9	14.1	13.2	11.2			
Pretax profit growth	16.4	(68.4)	471.5	(0.8)	19.7	16.0	14.7	12.3			
Net profit growth	9.5	(69.1)	515.9	(4.6)	24.1	9.7	17.3	11.9			
YoY growth (%)											
Revenue growth	40.1	23.9	41.2	84.2	84.1	65.5	62.1	39.8	47.5	59.8	27.4
Gross profit growth	56.6	14.1	59.6	115.9	98.5	89.9	65.0	61.7	58.3	75.7	28.2
Operating profit growth	71.1	(7.7)	82.7	204.2	155.4	163.2	92.7	100.7	70.6	119.9	33.6
EBITDA growth	61.8	(2.0)	72.5	154.6	126.1	133.6	79.9	85.1	62.4	100.8	30.9
Pretax profit growth	34.3	(73.1)	134.6	108.8	114.8	687.6	58.1	78.8	38.5	117.7	33.9
Net profit growth	29.2	(75.0)	144.5	99.0	125.7	700.1	52.3	78.7	35.9	116.2	33.8

Source: Company data; KGI Research estimates

Balance sheet

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	**12,612**	**16,926**	**26,125**	**35,780**	**44,875**
Current assets	**8,653**	**11,680**	**18,587**	**27,812**	**36,512**
Cash & ST securities	1,450	2,933	1,560	1,510	3,278
Inventory	2,307	2,810	6,057	9,314	11,835
Accounts receivable	4,419	5,429	10,068	16,087	20,498
Other current assets	477	508	901	901	901
Non-current assets	**3,959**	**5,246**	**7,537**	**7,968**	**8,363**
LT investments	215	393	730	746	757
Net fixed assets	3,126	4,083	6,150	6,564	6,949
Other assets	618	770	657	657	657
Total liabilities	**5,745**	**7,638**	**14,630**	**20,974**	**25,634**
Current liabilities	**4,787**	**5,902**	**12,523**	**18,467**	**22,571**
Accounts payable	3,157	3,775	7,594	11,676	14,837
Interest bearing ST liabilities	232	475	2,678	3,252	3,385
Other current liabilities	1,398	1,651	2,251	3,539	4,348
Non-current liabilities	**959**	**1,736**	**2,107**	**2,507**	**3,063**
Long-term debt	916	1,675	2,021	2,421	2,977
Other L-T liabilities	-	17	8	8	8
Total equity	**6,866**	**9,288**	**11,494**	**14,806**	**19,241**
Share capital	884	915	928	928	928
Retained earnings reserve	3,926	5,121	6,597	9,763	13,999
Minority interests	231	327	410	555	755
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	(8.3%)	24.1%	47.5%	59.8%	27.4%
Operating profit growth	17.3%	38.8%	70.6%	119.9%	33.6%
EBITDA growth	8.0%	31.1%	62.4%	100.8%	30.9%
Net profit growth	(2.5%)	53.6%	35.9%	116.2%	33.8%
EPS growth	(2.7%)	48.7%	33.1%	116.2%	33.8%
Profitability					
Gross profit margin	23.6%	25.5%	27.4%	30.1%	30.3%
Operating margin	10.8%	12.1%	14.0%	19.3%	20.2%
EBITDA margin	14.5%	15.3%	16.9%	21.2%	21.8%
Net profit margin	9.7%	12.0%	11.1%	15.0%	15.7%
Return on average assets	10.1%	12.8%	11.9%	18.0%	18.5%
Return on average equity	20.2%	24.3%	25.7%	43.9%	45.5%
Stability					
Gross debt to equity	16.7%	23.1%	40.9%	38.3%	33.1%
Net debt to equity	Net cash	Net cash	28.4%	28.9%	16.7%
Interest coverage (x)	57.2	77.1	47.9	71.3	97.8
Interest & ST debt coverage (x)	0.9	0.8	0.5	0.7	0.7
Cash flow interest coverage(x)	70.6	52.8	(8.2)	10.8	44.8
Cash flow/int. & ST debt (x)	7.6	3.2	(0.2)	0.3	1.3
Current ratio (x)	1.8	2.0	1.5	1.5	1.6
Quick ratio (x)	1.3	1.5	1.0	1.0	1.1
Net debt (NT$mn)	(218)	(659)	3,260	4,284	3,205
Per share data					
EPS (NT$)	14.28	21.23	28.26	61.11	81.75
CFPS (NT$)	22.85	18.43	(6.27)	12.01	48.60
BVPS (NT$)	75.04	97.91	119.49	153.62	199.28
Adj BVPS (NT$)	76.92	100.51	121.79	156.57	203.11
SPS (NT$)	147.37	176.99	255.74	408.60	520.64
EBITDA/share (NT$)	21.41	27.14	43.19	86.73	113.55
Cash DPS (NT$)	6.50	10.00	12.00	25.83	34.55
Activity					
Sales / avg assets	1.04	1.07	1.08	1.20	1.18
Days receivable	126.9	125.9	157.9	157.9	157.9
Days inventory	86.7	87.5	130.8	130.8	130.8
Days payable	118.7	117.6	164.0	164.0	164.0
Cash cycle	94.9	95.9	124.7	124.7	124.7

Source: Company data; KGI Research estimates

Profit & loss

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	**12,713**	**15,779**	**23,276**	**37,189**	**47,387**
Cost of goods sold	(9,708)	(11,753)	(16,904)	(25,991)	(33,027)
Gross profit	**3,005**	**4,026**	**6,372**	**11,198**	**14,360**
Operating expenses	(1,629)	(2,115)	(3,113)	(4,033)	(4,784)
Operating profit	**1,376**	**1,911**	**3,259**	**7,165**	**9,575**
Non-operating income	**368**	**576**	**279**	**155**	**159**
Interest income	23	40	36	20	24
Investment income	0	3	-	10	10
Other non-op income	345	533	243	125	125
Non-operating expenses	**(177)**	**(120)**	**(260)**	**(186)**	**(184)**
Interest expense	(28)	(31)	(70)	(101)	(99)
Investment loss	(2)	(10)	(11)	(5)	(5)
Other non-op expenses	(146)	(79)	(179)	(80)	(80)
Pre-tax profit	**1,568**	**2,366**	**3,277**	**7,134**	**9,551**
Current taxation	(329)	(434)	(580)	(1,427)	(1,910)
Minorities	(7)	(39)	(126)	(145)	(200)
Extraordinary items	-	0	(0)	-	-
Net profit	**1,232**	**1,893**	**2,572**	**5,562**	**7,440**
EBITDA	**1,847**	**2,420**	**3,931**	**7,894**	**10,335**
EPS (NT$)	14.28	21.23	28.26	61.11	81.75

Cash flow

NT$mn	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	**1,971**	**1,643**	**(571)**	**1,093**	**4,423**
Net profit	1,232	1,893	2,572	5,562	7,440
Depreciation & amortisation	470	509	672	729	759
Decrease in working capital	151	(825)	(4,058)	(5,192)	(3,771)
Other operating cash flow	117	67	243	(5)	(5)
Investing cash flow	**(1,053)**	**(1,567)**	**(2,695)**	**(1,155)**	**(1,149)**
Sale of ST investment	(89)	(44)	(376)	-	-
New investments	(100)	(22)	-	(11)	(5)
Capital expenditure	(835)	(1,436)	(2,234)	(1,100)	(1,100)
Others investing cashflow	(30)	(65)	(84)	(44)	(44)
Free cash flow	**843**	**(230)**	**(2,985)**	**125**	**3,504**
Financing cash flow	**(1,007)**	**1,364**	**1,950**	**11**	**(1,506)**
Increase in short term debt	(305)	65	2,357		
Increase in long term loans	(81)	1,544	405	974	689
New ordinary shares issued	-	-	-		
Ordinary dividends paid	(577)	(571)	(903)	(1,108)	(2,396)
Other financing cashflow	(43)	160	(64)	145	200
Forex effects	**(29)**	**3**	**(55)**		
Total cash generated	**(118)**	**1,443**	**(1,370)**	**(50)**	**1,768**

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	12.8%	13.4%	13.4%	10.8%	10.1%
= Operating margin	**10.8%**	**12.1%**	**14.0%**	**19.3%**	**20.2%**
1 / (Working capital/revenue	0.2	0.2	0.3	0.3	0.3
+ Net PPE/revenue	0.2	0.3	0.3	0.2	0.1
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	**2.1**	**2.0**	**1.7**	**2.1**	**2.2**
Operating margin	10.8%	12.1%	14.0%	19.3%	20.2%
x Capital turnover	2.1	2.0	1.7	2.1	2.2
x (1 - tax rate)	79.0%	81.6%	82.3%	80.0%	80.0%
= After-tax ROIC	**18.2%**	**20.1%**	**19.8%**	**32.1%**	**36.1%**

Source: Company data; KGI Research estimates

Auras Technology – Recommendation & target price history

Date	Rating	Target	Price
2025-11-15	Outperform	1,255	990
2025-10-27	Outperform	1,205	981
2025-09-08	Outperform	940	710
2025-08-09	Outperform	888	743
2025-06-27	Outperform	791	650
2025-05-07	Outperform	640	510
2025-02-25	Outperform	800	637
2025-02-04	Outperform	800	556
2025-02-04	Outperform	800	556
2024-11-14	Outperform	990	700

Source: TEJ; KGI Research

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