

Naura Technology (002371 CH)

Intact long-term growth trajectory despite seasonal fluctuations; Maintain BUY

Naura delivered solid 2Q25 results with revenue of RMB7.9bn, up 22% YoY but down 3% QoQ, due to a high base in 1Q25 (the second-highest quarter in company history) that led to seasonal fluctuations. Gross margin contracted to 41.3% (-6.0ppt YoY, -1.7ppt QoQ), primarily on low margin from electronic Components segment. Net profit came in at RMB1.6bn (-2% YoY, +3% QoQ), while net margin improved to 20.5% (vs. 18.8% in FY24 and 19.3% in 1Q25), indicating operational resilience and cost discipline. We remain constructive on Naura's growth trajectory, forecasting revenue to grow by 32%/26% in 2025/26E, driven by its strategic role in China's semiconductor equipment localization effort. **Reiterate BUY with a TP of RMB460.**

■ **A domestic semicap leader riding the localization tailwind.** We believe the growth of Naura's semiconductor equipment segment remains intact, with revenue exceeding RMB13bn in 1H25 (vs. RMB21bn+ in FY24, with an estimated market share of 5%+ domestically in our view). By product category, etching, deposition, thermal processing and cleaning equipment generated over RMB5bn, RMB6.5bn, RMB1bn, and RMB0.5bn, respectively in 1H25, per our estimates. These four categories accounted for 80%+ of total sales (vs. ~70% in 1H24) in 1H25. We estimate the semiconductor equipment sales increased by ~50% YoY in 1H25.

■ **Accelerated platform expansion through R&D and acquisition, which should enhance market penetration and profitability.** Naura has expanded into ion implantation market since March 2025 and introduced several 12-inch products. Meanwhile, the company has completed the acquisition of Kingsemi (688037 CH, NR), adding capabilities in coating/developing, bonding and cleaning equipment (Kingsemi's cleaning product sales were not included in Naura's 1H25 sales). Naura has obtained a 17.87% stake of Kingsemi, making it the largest shareholder, as of June 2025. We expect these efforts will drive strong semiconductor equipment sales growth of 47%/31% in 2025/26E, allowing Naura to gain market share through an expanded product portfolio while improving profitability from greater product synergies.

■ **Maintain BUY, with a new TP of RMB460**, based on 35x rolled-over 2026E P/E, in line with the 5-year historical average (previously 36.8x 25E P/E). We view Naura as the best-positioned player in China's semicap market, supported by its broad product portfolio and the accelerating drive for supply chain localization. Key risks include: (1) weaker-than-expected domestic capex, (2) geopolitical headwinds and supply chain disruptions, and (3) intensifying competition.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	22,079	29,967	39,473	49,588	59,236
YoY growth (%)	50.3	35.7	31.7	25.6	19.5
Gross margin (%)	41.1	43.0	41.8	42.7	43.3
Net profit (RMB mn)	3,899.1	5,630.9	7,297.0	9,398.5	11,502.0
YoY growth (%)	65.7	44.4	29.6	28.8	22.4
ROE (%)	17.7	20.3	21.2	22.3	22.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price RMB460.00
 (Previous TP RMB379.26)
Up/Downside 23.5%
Current Price RMB372.50

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Stock Data

Mkt Cap (RMB mn)	268,945.0
Avg 3 mths t/o (RMB mn)	2,251.7
52w High/Low (RMB)	396.93/210.27
Total Issued Shares (mn)	722.0

Source: FactSet

Shareholding Structure

Beijing Sevenstar Huadian Technology Gro	33.3%
Beijing Electronics Holding	9.4%

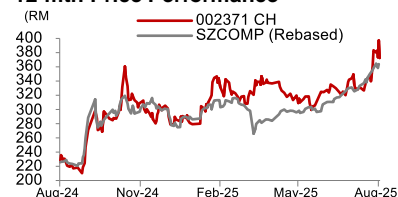
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	8.0%	-1.8%
3-mth	18.3%	-3.6%
6-mth	12.4%	-6.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: CMBI estimates vs. BBG consensus

RMB mn	CMBI estimates			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	39,473	49,588	59,236	38,841	48,443	59,044	1.6%	2.4%	0.3%
Gross Profit	16,485	21,175	25,643	16,837	21,124	25,833	-2.1%	0.2%	-0.7%
Net profit	7,297	9,398	11,502	7,632	9,752	12,157	-4.4%	-3.6%	-5.4%
EPS (RMB)	10.12	13.03	15.95	11.56	14.64	17.75	-12.5%	-11.0%	-10.2%
Gross Margin	41.8%	42.7%	43.3%	43.3%	43.6%	43.8%	-1.6 ppt	-0.9 ppt	-0.5 ppt
Net Margin	18.5%	19.0%	19.4%	19.6%	20.1%	20.6%	-1.2 ppt	-1.2 ppt	-1.2 ppt

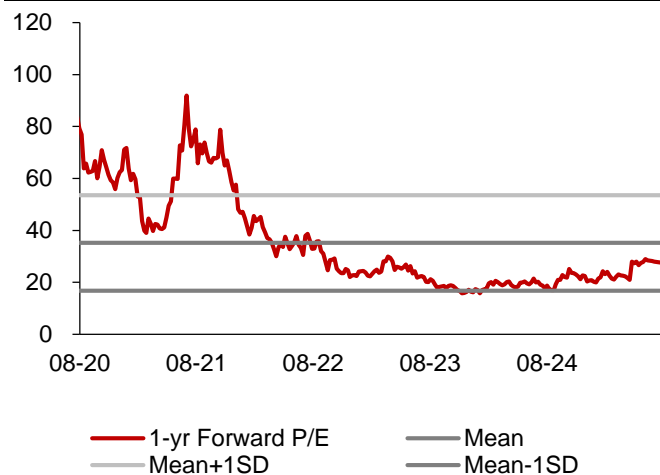
Source: Bloomberg data, CMBIGM estimates

Figure 2: Earnings revision

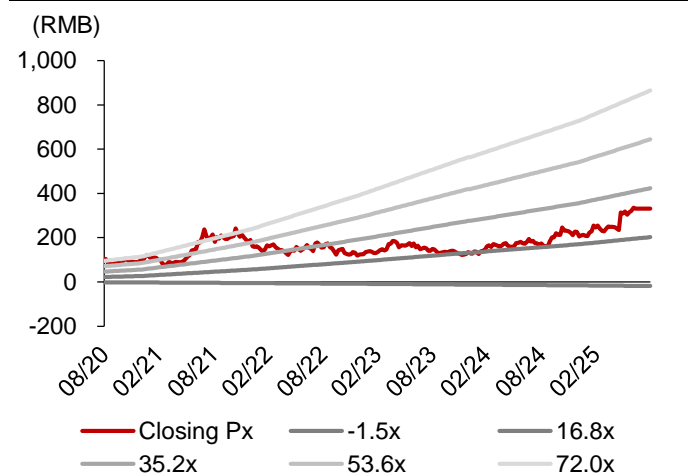
RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	39,473	49,588	59,236	38,909	48,481	58,243	1.5%	2.3%	1.7%
Gross Profit	16,485	21,175	25,643	16,887	21,332	26,209	-2.4%	-0.7%	-2.2%
Net profit	7,297	9,398	11,502	7,427	9,509	12,269	-1.7%	-1.2%	-6.2%
EPS (RMB)	10.12	13.03	15.95	13.90	17.80	22.97	-27.2%	-26.8%	-30.6%
Gross Margin	41.8%	42.7%	43.3%	43.4%	44.0%	45.0%	-1.6 ppt	-1.3 ppt	-1.7 ppt
Net Margin	18.5%	19.0%	19.4%	19.1%	19.6%	21.1%	-0.6 ppt	-0.7 ppt	-1.6 ppt

Source: Company data, CMBIGM estimates

Note: EPS dilution due to share capital expansion in 1H25

Figure 3: Forward P/E chart

Source: Company data, CMBIGM estimates

Figure 4: P/E band

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	14,688	22,079	29,967	39,473	49,588	59,236
Cost of goods sold	(8,250)	(13,005)	(17,092)	(22,989)	(28,413)	(33,593)
Gross profit	6,438	9,075	12,875	16,485	21,175	25,643
Operating expenses	(3,571)	(4,627)	(6,308)	(8,360)	(10,704)	(12,823)
Selling expense	(135)	(167)	(178)	(215)	(246)	(264)
SG&A expense	(2,224)	(2,836)	(3,231)	(3,624)	(4,156)	(4,609)
R&D expense	(1,845)	(2,475)	(3,683)	(5,167)	(6,888)	(8,524)
Others	633	852	784	647	586	575
Operating profit	2,867	4,448	6,566	8,125	10,471	12,820
Other income	14	22	21	24	24	24
Other expense	(27)	(4)	(34)	0	0	0
Pre-tax profit	2,854	4,466	6,553	8,149	10,495	12,844
Income tax	(313)	(433)	(817)	(815)	(1,050)	(1,284)
After tax profit	2,541	4,033	5,736	7,334	9,446	11,560
Minority interest	188	134	105	37	47	58
Net profit	2,353	3,899	5,631	7,297	9,398	11,502

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	31,117	38,226	46,211	59,219	65,722	73,895
Cash & equivalents	10,435	12,451	12,347	14,959	16,055	17,393
Account receivables	2,995	3,767	6,045	8,447	10,030	12,366
Inventories	13,041	16,992	23,479	30,686	33,457	37,410
Prepayment	1,551	1,480	889	1,675	1,871	2,111
Other current assets	3,096	3,535	3,451	3,452	4,309	4,616
Non-current assets	11,434	15,399	19,498	26,705	30,265	34,419
PP&E	2,484	3,352	6,205	7,314	7,167	6,933
Right-of-use assets	147	215	224	107	15	(43)
Deferred income tax	363	450	707	890	995	1,123
Intangibles	2,003	2,547	4,703	8,846	9,761	10,921
Goodwill	18	27	38	60	60	60
Other non-current assets	6,419	8,808	7,622	9,486	12,268	15,425
Total assets	42,551	53,625	65,709	85,923	95,988	108,315
Current liabilities	15,770	19,083	23,482	34,918	35,237	36,227
Short-term borrowings	227	23	3	8,728	9,181	9,492
Account payables	5,592	6,117	10,165	11,249	9,769	8,638
Tax payable	130	209	383	536	599	676
Other current liabilities	1,841	3,418	5,492	6,425	6,774	7,361
Contract liabilities	7,198	8,317	6,214	7,242	8,090	9,129
Accrued expenses	782	999	1,225	738	824	930
Non-current liabilities	6,797	9,717	10,002	11,981	13,113	13,934
Long-term borrowings	3,740	5,835	3,946	4,470	4,750	4,526
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	7,500	8,353	9,398
Total liabilities	22,567	28,800	33,484	46,899	48,350	50,161
Share capital	529	530	534	722	722	722
Retained earnings	5,159	8,776	13,894	20,527	29,094	39,553
Other reserves	14,058	15,061	16,653	16,595	16,595	16,595
Total shareholders equity	19,746	24,367	31,082	37,843	46,410	56,869
Minority interest	238	458	1,144	1,180	1,228	1,285
Total equity and liabilities	42,551	53,625	65,709	85,923	95,988	108,315

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,854	4,466	6,553	8,149	10,495	12,844
Depreciation & amortization	552	730	1,071	1,204	1,801	2,033
Tax paid	(313)	(433)	(817)	(815)	(1,050)	(1,284)
Change in working capital	(4,424)	(3,409)	(6,364)	(6,705)	(6,379)	(7,176)
Others	603	1,012	1,173	(478)	(1,477)	(1,772)
Net cash from operations	(728)	2,365	1,616	1,355	3,390	4,645
Investing						
Capital expenditure	(1,409)	(1,980)	(2,046)	(1,860)	(2,254)	(2,426)
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	(4,081)	290	297
Net cash from investing	(1,423)	(2,058)	(2,212)	(5,941)	(1,964)	(2,130)
Financing						
Dividend paid	(241)	(388)	(615)	(759)	(1,011)	(1,230)
Net borrowings	3,453	1,888	132	8,195	731	88
Proceeds from share issues	157	212	1,280	125	0	0
Others	(24)	(66)	(57)	(94)	(98)	(98)
Net cash from financing	3,345	1,647	740	7,466	(378)	(1,241)
Net change in cash						
Cash at the beginning of the year	9,031	10,261	12,229	12,336	14,905	16,001
Exchange difference	37	14	5	(313)	48	62
Others	1,194	1,954	102	2,883	1,048	1,275
Cash at the end of the year	10,261	12,229	12,336	14,905	16,001	17,338
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	51.7%	50.3%	35.7%	31.7%	25.6%	19.5%
Gross profit	68.7%	40.9%	41.9%	28.0%	28.5%	21.1%
Operating profit	131.9%	55.1%	47.6%	23.7%	28.9%	22.4%
Net profit	118.4%	65.7%	44.4%	29.6%	28.8%	22.4%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	43.8%	41.1%	43.0%	41.8%	42.7%	43.3%
Operating margin	19.5%	20.1%	21.9%	20.6%	21.1%	21.6%
Return on equity (ROE)	12.8%	17.7%	20.3%	21.2%	22.3%	22.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	2.0	2.0	2.0	1.7	1.9	2.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						

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

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