

# 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 semi 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%  |

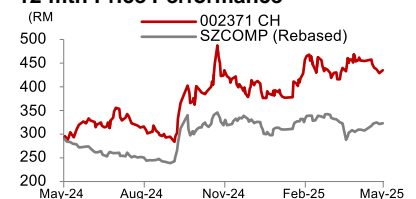
Source: Bloomberg

### 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**

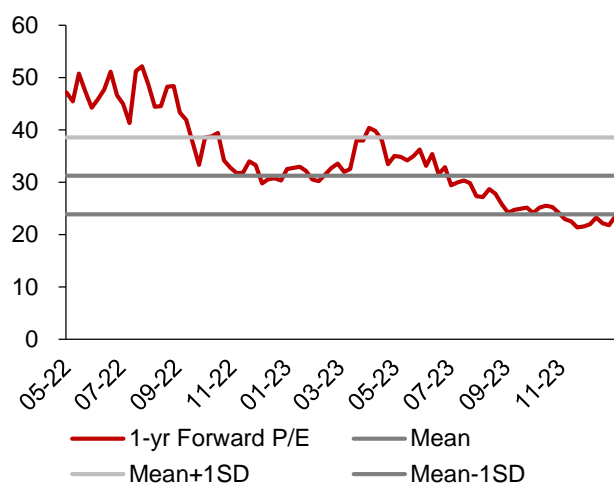
| RMBmn        | New    |        |        | Old    |        |       | Diff (%) |          |       |
|--------------|--------|--------|--------|--------|--------|-------|----------|----------|-------|
|              | FY25E  | FY26E  | FY27E  | FY25E  | FY26E  | FY27E | FY25E    | FY26E    | FY27E |
| 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

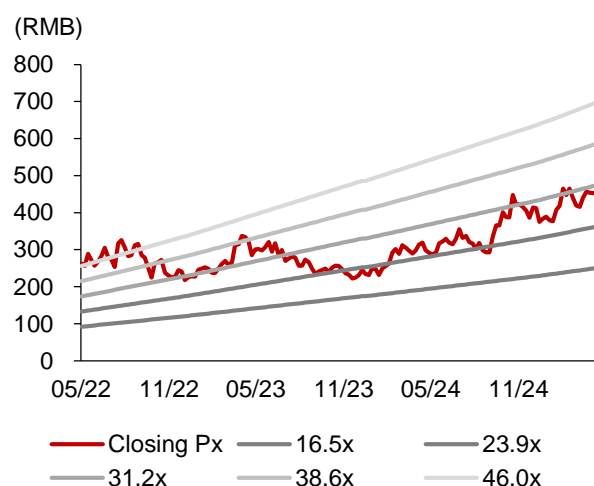
**Figure 2: CMBIGM estimates vs. Bloomberg consensus**

| 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)        |                |                |                |                |                 |                 |
| <b>Revenue</b>            | <b>14,688</b>  | <b>22,079</b>  | <b>29,838</b>  | <b>38,909</b>  | <b>48,481</b>   | <b>58,243</b>   |
| Cost of goods sold        | (8,250)        | (13,005)       | (17,051)       | (22,009)       | (27,128)        | (32,058)        |
| <b>Gross profit</b>       | <b>6,438</b>   | <b>9,075</b>   | <b>12,787</b>  | <b>16,901</b>  | <b>21,353</b>   | <b>26,185</b>   |
| <b>Operating expenses</b> | <b>(3,571)</b> | <b>(4,627)</b> | <b>(6,260)</b> | <b>(8,319)</b> | <b>(10,362)</b> | <b>(11,999)</b> |
| 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             |
| <b>Operating profit</b>   | <b>2,867</b>   | <b>4,448</b>   | <b>6,527</b>   | <b>8,582</b>   | <b>10,991</b>   | <b>14,186</b>   |
| Other income              | 14             | 22             | 18             | 20             | 22              | 24              |
| Other expense             | (27)           | (4)            | (34)           | 0              | 0               | 0               |
| <b>Pre-tax profit</b>     | <b>2,854</b>   | <b>4,466</b>   | <b>6,511</b>   | <b>8,602</b>   | <b>11,013</b>   | <b>14,210</b>   |
| Income tax                | (313)          | (433)          | (817)          | (1,079)        | (1,382)         | (1,783)         |
| <b>After tax profit</b>   | <b>2,541</b>   | <b>4,033</b>   | <b>5,694</b>   | <b>7,523</b>   | <b>9,631</b>    | <b>12,427</b>   |
| Minority interest         | 188            | 134            | 72             | 96             | 123             | 158             |
| <b>Net profit</b>         | <b>2,353</b>   | <b>3,899</b>   | <b>5,621</b>   | <b>7,427</b>   | <b>9,509</b>    | <b>12,268</b>   |

| BALANCE SHEET                       | 2022A         | 2023A         | 2024A         | 2025E         | 2026E         | 2027E          |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
| YE 31 Dec (RMB mn)                  |               |               |               |               |               |                |
| <b>Current assets</b>               | <b>31,117</b> | <b>38,226</b> | <b>46,211</b> | <b>56,204</b> | <b>67,046</b> | <b>83,450</b>  |
| 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          |
| <b>Non-current assets</b>           | <b>11,434</b> | <b>15,399</b> | <b>19,498</b> | <b>21,427</b> | <b>24,010</b> | <b>26,287</b>  |
| 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          |
| <b>Total assets</b>                 | <b>42,551</b> | <b>53,625</b> | <b>65,709</b> | <b>77,631</b> | <b>91,056</b> | <b>109,737</b> |
| <b>Current liabilities</b>          | <b>15,770</b> | <b>19,083</b> | <b>23,482</b> | <b>26,879</b> | <b>30,217</b> | <b>35,899</b>  |
| 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            |
| <b>Non-current liabilities</b>      | <b>6,797</b>  | <b>9,717</b>  | <b>10,002</b> | <b>11,716</b> | <b>13,009</b> | <b>14,628</b>  |
| 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          |
| <b>Total liabilities</b>            | <b>22,567</b> | <b>28,800</b> | <b>33,484</b> | <b>38,596</b> | <b>43,226</b> | <b>50,527</b>  |
| 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         |
| <b>Total shareholders equity</b>    | <b>19,746</b> | <b>24,367</b> | <b>31,082</b> | <b>37,795</b> | <b>46,468</b> | <b>57,690</b>  |
| Minority interest                   | 238           | 458           | 1,144         | 1,239         | 1,362         | 1,520          |
| <b>Total equity and liabilities</b> | <b>42,551</b> | <b>53,625</b> | <b>65,709</b> | <b>77,631</b> | <b>91,056</b> | <b>109,737</b> |

| CASH FLOW  | 2022A          | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>YE 31 Dec (RMB mn)</b>                            |                |                |                |                |                |                |
| <b>Operating</b>                                     |                |                |                |                |                |                |
| 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            |
| <b>Net cash from operations</b>                      | <b>(728)</b>   | <b>2,365</b>   | <b>1,573</b>   | <b>3,717</b>   | <b>8,395</b>   | <b>9,907</b>   |
| <b>Investing</b>                                     |                |                |                |                |                |                |
| 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            |
| <b>Net cash from investing</b>                       | <b>(1,423)</b> | <b>(2,058)</b> | <b>(2,212)</b> | <b>(1,646)</b> | <b>(1,929)</b> | <b>(2,127)</b> |
| <b>Financing</b>                                     |                |                |                |                |                |                |
| 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)           |
| <b>Net cash from financing</b>                       | <b>3,345</b>   | <b>1,647</b>   | <b>740</b>     | <b>144</b>     | <b>(796)</b>   | <b>(1,088)</b> |
| <b>Net change in cash</b>                            |                |                |                |                |                |                |
| 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          |
| <b>Cash at the end of the year</b>                   | <b>10,261</b>  | <b>12,229</b>  | <b>12,336</b>  | <b>14,496</b>  | <b>20,109</b>  | <b>26,745</b>  |

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

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