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China Semiconductors

NAURA Technology Group Co Ltd

Rating

Outperform

Price Target

002371.CH **650.00 CNY**

NAURA 4Q25: Disappointing results but pressure on GPM/NPM should be temporary

NAURA released [2025 earnings] on Apr 17th, 2026. 4Q25 rev reached RMB 12.1bn, YoY 27%, missed consensus by 1%. GPM dropped to 37%, NPM dropped to 3%, much weaker than expected. We believe the stock will react negatively on Monday, and might remain weak until 2H where the company expects the profitability should start to improve. **We remain positive that the 2026 order growth could be very strong, maintain Outperform for the year, but the stock might perform better in 2H26.**

4Q25 revenue at RMB 12.1bn, YoY 27% & QoQ 8%, with Kingsemi already consolidated. Top line slightly weaker than consensus, but WFE growth for the full year reached >50% YoY, indicating that the weakness is mainly coming from non-WFE such as solar.

GPM/OPM/NPM all missed, but should be temporary. Over the past quarter, IR toned down on profitability and expect 2025 net profit to be flat over 2024, but the result is even weaker than guidance. The company attributes the weak GPM to low margin from solar and NAND business. Solar order already drops to zero in 2025, so this won't impact 2026 GPM, and weaker NAND GPM should also improve as the equipment become repeating shipment, just like AMEC/Piotech, so both should be temporary. At the same time, the company increased R&D spending aggressively with full year R&D expense grow 47%, also increased the stock incentive to core technical employee in 2025, leading to the significant decrease in net income.

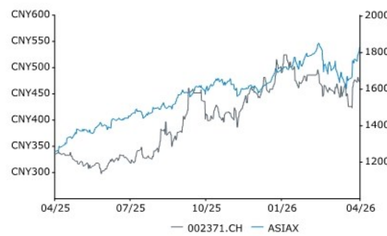
Order growth is expected to be strong in 2026. With the aggressive capacity expansion for China memory/logic customers this year, we project local vendor's new order growth could reaccelerate to 50%+ YoY, so we are still very positive on the sector outlook. However, the weaker profitability probably will drive investors to shift to other local semicap names such as AMEC/Piotech where we expect profitability to gradually improve in 2026. They also benefit more from the memory order upside in 1H26. NAURA expects the profitability to improve in 2H26, we also expect logic order to pick up faster by then, so we expect the stock to work better in 2H rather than 1H.

Close Date	17 Apr 2026
002371.CH Close Price (CNY)	469.91
Price Target (CNY)	650.00
Upside/(Downside)	38%
52-Week Range	534.00/297.10
ASIAX	1,823.23
FYE	Dec
Div Yield	0.2%
Market Cap (CNY) (M)	340,606
EV (CNY) (M)	350,931

Performance	YTD	1M	6M	12M
Absolute (%)	2.4	1.6	17.6	39.9
ASIAX (%)	11.5	5.8	14.6	44.7
Relative (%)	(9.1)	(4.2)	3.0	(4.9)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Reported EPS	F25A	F26E	F27E
002371.CH (CNY)	8.74	10.89	13.31

Financials	F25A	F26E	F27E	CAGR
Gross Margin (%)	41.3	42.2	40.1	--
Net Income Margin (%)	15.8	15.6	15.3	--
Revenues (M)	39,929	50,227	62,814	25.4%

Valuation Metrics	F25A	F26E	F27E
Reported P/E (x)	53.8	43.2	35.3
EV/EBITDA (x)	45.0	35.8	29.8

Source: Bloomberg, Bernstein estimates and analysis.

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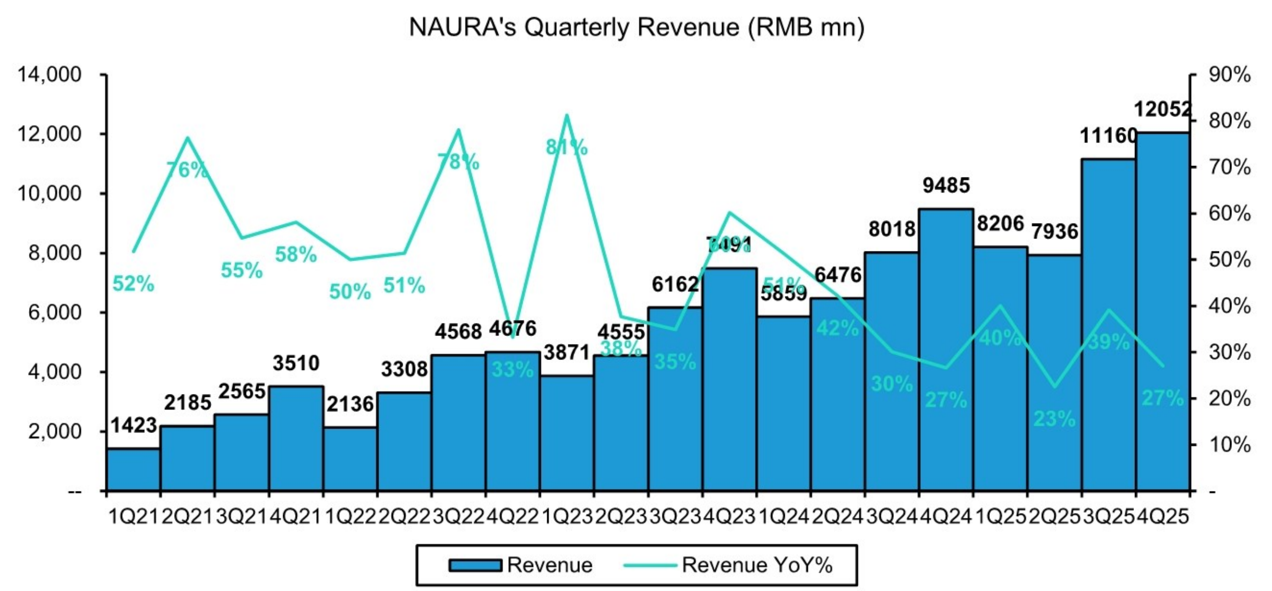
EXHIBIT 1: **NAURA FY25 miss our projection**

(CNY M)	2025 Actual	2024 Actual	YoY	2025E Bernstein	2025E Consensus	Difference vs. Bernstein	Difference vs. Consensus
Revneue	**39,353**	**30,075**	**30.9%**	**39,929**	**39,255**	**-1.4%**	**0.2%**
Gross Profit	**15,782**	**12,913**	**22.2%**	**16,474**	**16,416**	**-4.2%**	**-3.9%**
Gross profit margin%	40.1%	42.9%	*-283bps*	41.3%	41.8%	*-120bps*	*-172bps*
Operating profit	**5,802**	**6,546**	**-11.4%**	**6,792**	**8,032**	**-14.6%**	**-27.8%**
Operating profit margin%	14.7%	21.8%	*-702bps*	17.0%	20.5%	*-226bps*	*-572bps*
Net Profit	**5,522**	**5,714**	**-3.4%**	**6,299**	**7,024**	**-12.3%**	**-21.4%**
Net profit margin%	*14.0%*	*19.0%*	*-497bps*	*15.8%*	*17.9%*	*-174bps*	*-386bps*
Basic EPS (in CNY)	**7.64**	**7.83**	**-2.4%**	**8.74**	**9.77**	**-12.5%**	**-21.8%**

2024 results are adjusted by the company.
Source: company report, Bernstein analysis

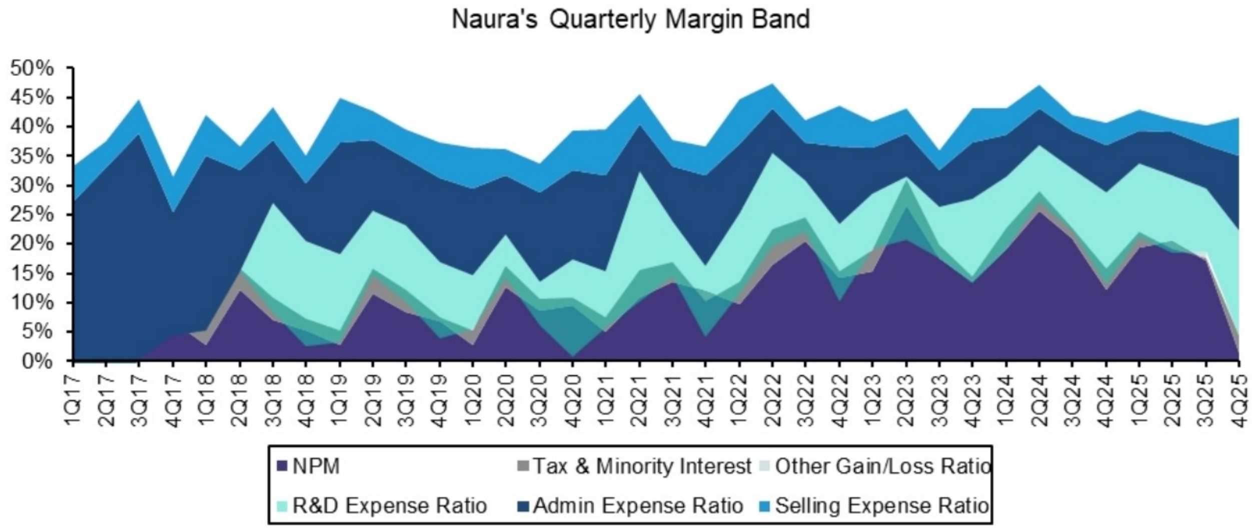
(CNY M)	4q25 Actual	3Q25 Actual	4q24 Actual	QoQ	YoY	4q25E Bernstein	4q25E Consensus	Difference vs. Bernstein	Difference vs. Consensus
Revenue	12,052	11,160	9,485	8%	27%	12,628	12,180	-4.6%	-1.1%
Gross Profit	**4,477**	**4,498**	**3,852**	**0%**	**16%**	**5,170**	**5,030**	**-13.4%**	**-11.0%**
Gross profit margin%	*37.2%*	*40.3%*	*40.6%*	*-316bps*	*-346bps*	*40.9%*	*41.3%*	*-379bps*	*-415bps*
Operating profit	**527**	**1,953**	**1,493**	**-73%**	**-65%**	**1,515**	**1,463**	**-65.3%**	**-64.0%**
Operating profit margin%	*4.4%*	*17.5%*	*15.7%*	*-1314bps*	*-1137bps*	*12.0%*	*12.0%*	*-763bps*	*-764bps*
Net Profit (attributable)	**392**	**1,922**	**1,159**	**-80%**	**-66%**	**1,169**	**1,680**	**-66.5%**	**-76.7%**
Net profit margin%	*3.3%*	*17.2%*	*12.2%*	*-1398bps*	*-897bps*	*9.3%*	*13.8%*	*-601bps*	*-1054bps*
Basic EPS (in CNY)	**0.54**	**2.66**	**1.61**	**-79.7%**	**-66.4%**	**1.62**	**2.51**	**-66.7%**	**-78.5%**

EXHIBIT 3: **NAURA's 4Q25 revenue hit a record high, at 12bn**



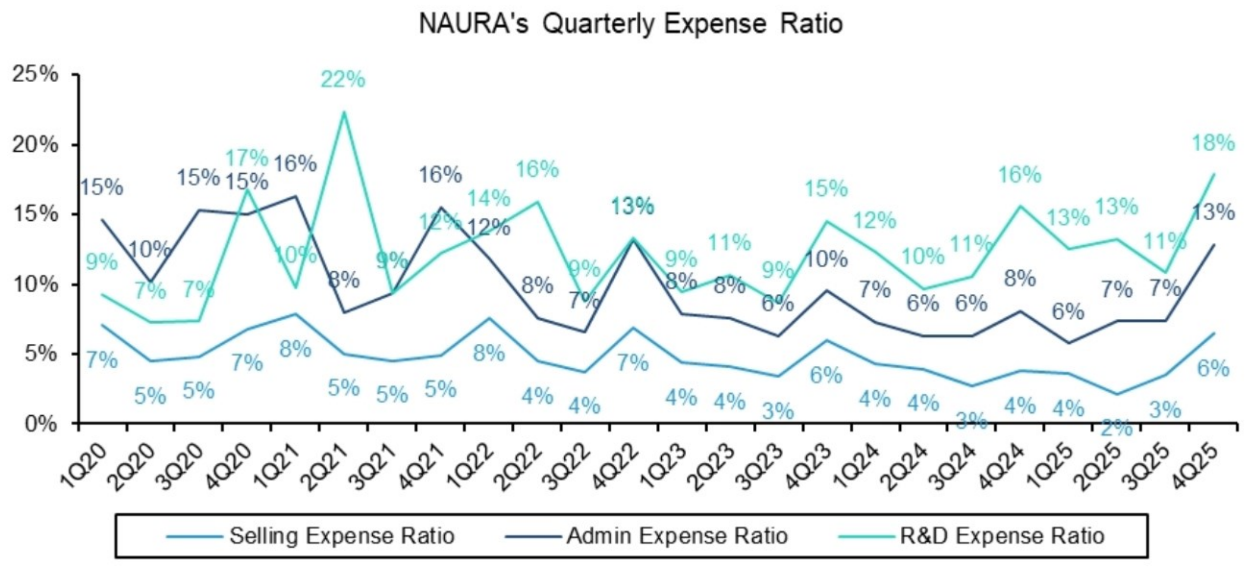
Source: Company reports, Bernstein analysis

EXHIBIT 4: **NAURA's 4Q GPM trended down; meanwhile, R&D and SG&A all surged**



Source: company reports, Bernstein analysis

EXHIBIT 5: **R&D ratio and SG&A ratio both rose significantly in 4Q**



Source: company report, Bernstein analysis

INVESTMENT IMPLICATIONS

We rate NAURA Outperform.

BERNSTEIN TICKER TABLE

			17 Apr 2026		TTM		Reported EPS			Reported P/E (x)		
			Closing	Price	Rel.							
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
002371.CH (NAURA)	O	CNY	469.91	650.00	(4.9)%	CNY	8.74	10.89	13.31	53.8	43.2	35.3
ASIAX			1,823.23									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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VALUATION METHODOLOGY

NAURA Technology Group Co Ltd

We value NAURA at a PT of CNY650 with 48x Price to EPS multiple, based on our estimate of 2027 earnings per share of RMB 13.31 (was16.04).

RISKS

NAURA Technology Group Co Ltd

Downside risks:

- Prolonged down cycles in LED and photovoltaic (PV) industries could negatively impact NAURA's non-Wafer Fab Equipment and electronic components businesses.

- The capital expenditure for fabs in China did not meet the expected targets.

- Slower-than-expected domestic equipment localization progress due to unforeseen technical difficulties in specific manufacturing processes or production capacity bottlenecks of domestic equipment manufacturers

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

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- Outperform: Stock will outpace the market index by more than 15 pp

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- Outperform (OP): Stock will outpace the relevant index by more than 10 pp
- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
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Those denoted as ‘Feature’ (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

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Underperform	SELL	12.6%	14.9%

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As of March 31, 2026. All figures are updated quarterly.

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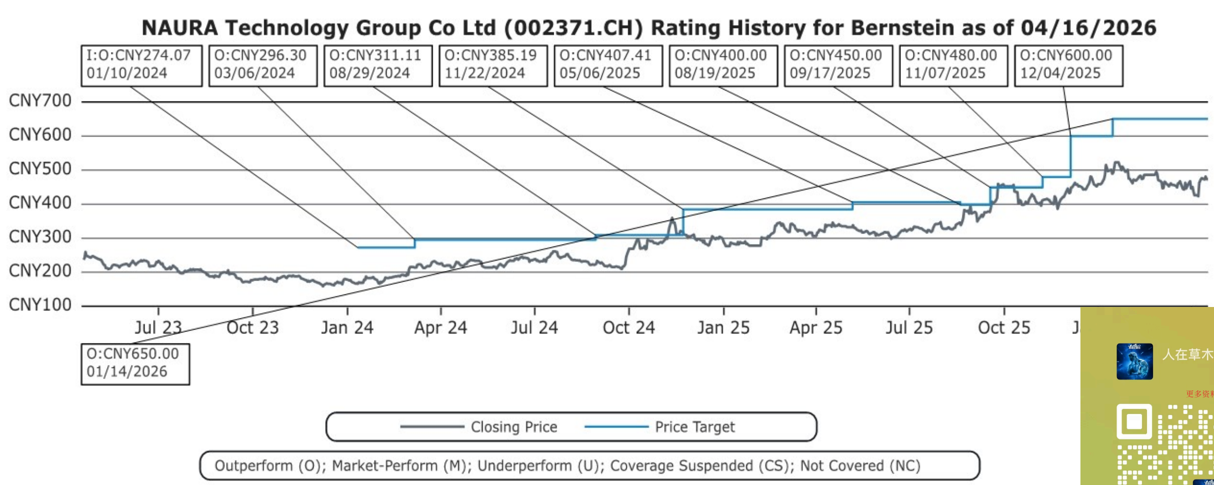

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