NOMURA

Global Markets Research

7 October 2026

NAURA Technology 002371.SZ 002371 CH

EQUITY: TECHNOLOGY

China's semiconductor equipment platform player

High sales growth certainty with market share gain; expanding product offerings; resume coverage with Buy

Resuming coverage on NAURA with Buy rating and target price of CNY900.00.

We resume coverage of NAURA with a Buy rating. Our target price of CNY900.00 is based on a 10.5x forward EV/Sales multiple and 2027F revenue forecast of CNY61.7bn. Our multiple is close to 1SD above its 5-year average as we think it deserves a higher valuation given its higher-than-industry sales growth. We see NAURA as the most direct beneficiary of China's semiconductor localization trend, with market share gains ahead. Driven by a strong customer base, install-base stickiness, and new market entry, we forecast a ~25% revenue CAGR in 2025-2028F, reaching ~CNY76.6bn in 2028F, and a net profit CAGR of ~33% in 2025-2028F helped by sales growth and margin improvement (more advanced tools, new products). Key risks include less aggressive wafer fab capacity expansion in China, slower market share gain, intensified competition, and easing of equipment export control from the US, Japan, and the Netherlands.

A dominant company gaining market share; product offerings expanding

NAURA covers etch, deposition (PVD, CVD, ALD, epi, ECP), heat treatment, cleaning, ion implantation, track, and bonding equipment – it has the most comprehensive product offerings in China. Currently, it has ~11-12% market share in the China WFE market (we estimate), with a higher market share in PVD (>40%), etching (No.1 in ICP), heat treatment (>45%) and stripping (~30%). It is also actively expanding product categories, entering into ion implantation market, hybrid bonding market, and track (coating/developing, by acquiring Kingsemi [688037 CH, Not rated]). We estimate these new markets to lift NAURA's addressable market by ~13% in 2026F.

Strong customer base; technology advancement and install-base stickiness the key moats; key beneficiary of localization rate increasing

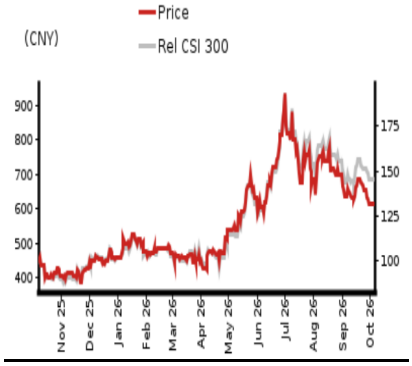
NAURA's customers include major domestic foundries, memory makers, and IDMs such as SMIC (981 HK, Neutral), YMTC (unlisted), CXMT (688825 CH, Buy), Hua Hong Grace (1347 HK, Neutral), HLMC (unlisted), etc. We view its strong customer base, install-base stickiness and related service & parts revenue potentials as key moats. NAURA has also done well in advanced process nodes. Most of its products can be deployed in production lines up to 28nm, and some products have become baseline tools in leading domestic 14nm lines, according to management. We believe sales from advanced processes (including advanced logic 14nm & below, and memory) accounted for 60-70% of sales from integrated circuits in 2025F vs below 50% in 2024. We believe equipment localization rate in China is now 26-27%, and we see more upside as domestic equipment purchases at some new fabs already exceeded 40%, and NAURA is a key beneficiary, in our view.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (CNY)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	39,353	0	49,524	0	61,657	0	76,644
Reported net profit (mn)	5,522	0	7,509	0	10,448	0	13,768
Normalised net profit (mn)	5,522	0	7,509	0	10,448	0	13,768
FD normalised EPS	7.64		10.36		14.41		18.99
FD norm. EPS growth (%)	-2.4		35.6		39.1		31.8
FD normalised P/E (x)	80.6	–	59.5	–	42.7	–	32.4
EV/EBITDA (x)	68.0	–	48.9	–	34.2	–	25.4
Price/book (x)	11.8	–	10.0	–	8.2	–	6.7
Dividend yield (%)	0.1	–	0.2	–	0.2	–	0.3
ROE (%)	16.1		18.2		21.1		22.7
Net debt/equity (%)	net cash		net cash		net cash		net cash

Source: Company data, Nomura estimates

Rating From Suspended	**Buy**
Target price From N/A	**CNY 900.00**
Closing price 30 September 2026	**CNY 615.97**
Implied upside	**+46.1%**
Market Cap (USD mn)	66,672.0
ADT (USD mn)	1,115.5

Relative performance chart



Source: LSEG, Nomura

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Key data on NAURA Technology

Performance

(%)	1M	3M	12M		
Absolute (CNY)	-12.0	-30.4	36.2	M cap (USDmn)	66,672.0
Absolute (USD)	-11.8	-29.5	44.6	Free float (%)	49.0
Rel to CSI 300	-6.2	-17.9	42.3	3-mth ADT (USDmn)	1,115.5

Income statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	30,075	39,353	49,524	61,657	76,644
Cost of goods sold	-17,162	-23,571	-29,293	-35,167	-43,220
Gross profit	12,913	15,782	20,231	26,490	33,425
SG&A	-7,143	-10,742	-13,198	-15,969	-19,084
Employee share expense					
Operating profit	5,770	5,040	7,033	10,521	14,340
EBITDA	6,841	6,607	9,122	12,952	17,087
Depreciation	-379	-505	-558	-600	-642
Amortisation	-692	-1,062	-1,532	-1,831	-2,105
EBIT	5,770	5,040	7,033	10,521	14,340
Net interest expense	-63	-229	-200	-180	-165
Associates & JCEs	2	-1	36	0	0
Other income	824	1,034	1,181	1,102	1,012
Earnings before tax	6,533	5,845	8,050	11,443	15,187
Income tax	-819	-436	-741	-1,144	-1,519
Net profit after tax	5,714	5,409	7,309	10,298	13,668
Minority interests	-92	113	200	150	100
Other items					
Preferred dividends					
Normalised NPAT	5,622	5,522	7,509	10,448	13,768
Extraordinary items					
Reported NPAT	5,622	5,522	7,509	10,448	13,768
Dividends	-567	-552	-751	-1,045	-1,377
Transfer to reserves	5,055	4,970	6,758	9,404	12,392
Valuations and ratios					
Reported P/E (x)	78.6	80.6	59.4	42.7	32.4
Normalised P/E (x)	78.6	80.6	59.4	42.7	32.4
FD normalised P/E (x)	78.7	80.6	59.5	42.7	32.4
Dividend yield (%)	0.2	0.1	0.2	0.2	0.3
Price/cashflow (x)	285.1	208.7	76.0	41.0	31.3
Price/book (x)	10.6	11.8	10.0	8.2	6.7
EV/EBITDA (x)	64.3	68.0	48.9	34.2	25.4
EV/EBIT (x)	76.2	89.2	63.4	42.1	30.3
Gross margin (%)	42.9	40.1	40.9	43.0	43.6
EBITDA margin (%)	22.7	16.8	18.4	21.0	22.3
EBIT margin (%)	19.2	12.8	14.2	17.1	18.7
Net margin (%)	18.7	14.0	15.2	16.9	18.0
Effective tax rate (%)	12.5	7.5	9.2	10.0	10.0
Dividend payout (%)	10.1	10.0	10.0	10.0	10.0
ROE (%)	20.3	16.1	18.2	21.1	22.7
ROA (pretax %)	12.1	8.0	9.0	12.0	14.5
Growth (%)					
Revenue	34.2	30.9	25.8	24.5	24.3
EBITDA	146.1	-3.4	38.1	42.0	31.9
Normalised EPS	93.9	-2.4	35.6	39.1	31.8
Normalised FDEPS	94.4	-2.4	35.6	39.1	31.8

Source: Company data, Nomura estimates

Cashflow statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	6,841	6,607	9,122	12,952	17,087
Change in working capital	-4,952	-8,501	-10,389	-7,025	-17,910
Other operating cashflow	-337	4,027	7,144	4,952	15,078
Cashflow from operations	1,552	2,133	5,877	10,879	14,254
Capital expenditure	-2,082	-2,262	-2,300	-2,420	-2,550
Free cashflow	-530	-128	3,577	8,459	11,704
Reduction in investments	-166	-495	-52	-38	-40
Net acquisitions	-6	-2,017	0	0	0
Dec in other LT assets	-977	-716	140	-186	-441
Inc in other LT liabilities	0	645	303	318	333
Adjustments	984	915	-2,406	-2,122	-1,922
CF after investing acts	-696	-1,795	1,562	6,430	9,635
Cash dividends	-414	-567	-552	-751	-1,045
Equity issue	438	473	0	0	0
Debt issue	133	7,156	-2,531	-2,502	-2,482
Convertible debt issue					
Others	577	-469	-193	-173	-158
CF from financial acts	734	6,593	-3,276	-3,426	-3,684
Net cashflow	38	4,798	-1,714	3,004	5,951
Beginning cash	12,347	12,385	17,183	15,469	18,473
Ending cash	12,385	17,183	15,469	18,473	24,424
Ending net debt	-8,345	-3,891	-4,708	-10,214	-18,647

Balance sheet (CNYmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	12,385	17,183	15,469	18,473	24,424
Marketable securities	0	42	46	51	56
Accounts receivable	6,236	8,217	9,422	10,849	12,249
Inventories	23,635	28,627	35,576	39,576	49,232
Other current assets	4,414	5,252	5,956	6,743	7,698
Total current assets	46,669	59,321	66,469	75,692	93,659
LT investments	332	986	1,054	1,087	1,122
Fixed assets	6,314	7,568	8,283	8,864	9,365
Goodwill	38	2,386	2,386	2,386	2,386
Other intangible assets	4,710	10,520	12,181	13,457	14,417
Other LT assets	8,302	9,019	8,878	9,065	9,506
Total assets	66,366	89,801	99,251	110,553	130,455
Short-term debt	94	319	223	156	109
Accounts payable	10,276	11,803	14,039	15,637	22,491
Other current liabilities	13,435	14,058	16,744	19,084	21,657
Total current liabilities	23,805	26,180	31,006	34,878	44,258
Long-term debt	3,946	12,973	10,538	8,103	5,668
Convertible debt					
Other LT liabilities	6,075	6,720	7,023	7,340	7,674
Total liabilities	33,826	45,873	48,567	50,321	57,599
Minority interest	1,458	6,202	6,002	5,852	5,752
Preferred stock					
Common stock	534	725	725	725	725
Retained earnings	13,895	18,802	25,608	35,097	47,545
Proposed dividends					
Other equity and reserves	16,653	18,200	18,350	18,559	18,834
Total shareholders' equity	31,082	37,726	44,683	54,380	67,104
Total equity & liabilities	66,366	89,801	99,251	110,553	130,455
Liquidity (x)					
Current ratio	1.96	2.27	2.14	2.17	2.12
Interest cover	92.0	22.0	35.2	58.4	86.9
Leverage					
Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash
Per share					
Reported EPS (CNY)	7.83	7.64	10.37	14.42	19.01
Norm EPS (CNY)	7.83	7.64	10.37	14.42	19.01
FD norm EPS (CNY)	7.83	7.64	10.36	14.41	18.99
BVPS (CNY)	58.25	52.06	61.66	75.05	92.61
DPS (CNY)	1.06	0.76	1.04	1.44	1.90
Activity (days)					
Days receivable	60.7	67.0	65.0	60.0	55.2
Days inventory	432.0	404.6	400.0	390.0	376.0
Days payable	109.5	171.0	161.0	154.0	161.4
Cash cycle	383.3	300.7	304.0	296.0	269.7

Source: Company data, Nomura estimates

Company profile

NAURA Technology Group (NAURA, 002371 CH), founded in 2001, is the strong domestic supplier of semiconductor process equipment in China with the most comprehensive product offerings covering almost all front-end fab equipment types except for lithography and process control. Products include equipment for etching (CCP, ICP), deposition (PVD, CVD, ALD, Epi), heat treatment (oxidation, diffusion, RTP), cleaning, plus fast-expanding footprint in ion implantation, coating/developing, and bonding tools.

Valuation Methodology

Our target price of CNY900.00 is based on 10.5x forward EV/Sales multiple, and our 2027F revenue forecasts. The reason for choosing EV/Sales include: (1) Chinese equipment vendors are now at sales expansion and market share gain stage, where revenue growth is focused; (2) EV/Sales is relatively market neutral, allowing comparison globally across different markets; (3) the relative low volatility of EV/Sales makes it more reliable and referrible. The benchmark index is CSI300.

Risks that may impede the achievement of the target price

Downside risks include: (1) less aggressive wafer fab capacity expansion in China; (2) slower market share gain for NAURA; (3) subsitution from overseas customers; (4) easing of equipment export control from US, Japan, Netherlands.

ESG

NAURA publishes annual ESG report, preparing in line with the Shenzhen Stock Exchange's sustainability disclosure guidelines as well as GRI Standards, ISO 26000 and CASS-ESG 6.0. Governance is anchored by a board-level ESG steering structure: the board, chaired by the chairman, serves as the highest ESG decision-making body, supported by an ESG steering committee, an executive committee and a dedicated ESG office. On the environmental front, NAURA's greenhouse-gas intensity fell 14.3% year over year to 3.84 tCO2e per CNY million of revenue (Scope 1 and 2 emissions of roughly 172,000 tCO2e), helped by 58.2 GWh of purchased green electricity and a 7.5 MW rooftop solar array generating about 8.4 GWh annually. Eleven subsidiaries now hold ISO 50001 energy-management certification, 24 hold ISO 14001, hazardous-waste compliant disposal reached 100%, and the company recorded zero environmental penalties, with its microelectronics subsidiary certified as a national-level green factory. Socially, NAURA's 21,101 employees (about 24.5% female) benefit from its fifth equity-incentive plan covering 2,293 people, 23 subsidiaries are ISO 45001-certified with zero workplace fatalities, and cumulative rural-revitalization investment of CNY15.13 million has benefited more than 45,000 people, complemented by NAURA scholarships at Tsinghua, Beihang and Xidian universities. Notably, ESG is embedded in the products: green-design principles reduce the energy and consumables consumption of NAURA's tools across their life cycle, which a meaningful lever given semiconductor equipment's outsized share of fab energy use.

Investment summary

NAURA Technology Group (NAURA), founded in 2021, is a dominant domestic supplier of semiconductor process equipment (SPE) in China with the most comprehensive product offerings covering almost all front-end fab equipment types except for lithography and process control. Products include equipment for etching (CCP, ICP), deposition (PVD/CVD/ALD), heat-treatment (oxidation/diffusion, RTP), cleaning equipment, plus a fast-expanding footprint in ion implantation and coating/developing (track, through investment in KingSemi) and bonding tools. We resume coverage of NAURA with a **Buy** rating and a 12-month target price of **CNY900.00**.

The positives sit on four major basis, in our view.

- NAURA is the largest beneficiary of China's semiconductor-equipment localization drive, in our view. We estimate that China's WFE self-sufficiency rate is around 26-27% now, and NAURA holds ~12% of the domestic market, with market share gains potential. SMIC (981 HK, Neutral), Hua Hong (1347 HK, Neutral), YMTC (unlisted), CXMT (688825 CH, Buy) and others are actively expanding capacity amid China's strong semiconductor demand, especially for advanced nodes and memory process. In addition, new build lines generally have a higher domestic equipment percentage as chipmakers are actively increasing their equipment localization rate.
- The company is advancing the technology value chain, moving its etch and deposition tools from 28nm/14nm mass production toward 7nm and below, and adding higher-ASP products (high-k ALD, 90:1 high-aspect-ratio etch, HBM-related hybrid bonding) that deepen its content per fab.
- New market entry is expanding its TAM. The KingSemi (688037 CH, Not rated) acquisition and the 2025 entry into Ion Implantation and bonding widen the addressable market, transforming NAURA from a four-category vendor into a platform covering wide range of equipment types.
- Strong customer base (covering China's most major fabs, memory makers, IDMs), technology advancement (higher sales percentage from advanced process), install-base stickiness (high cost of changing equipment at customer, related services & parts revenue potentials) are key moats for NAURA, in our view.

We estimate China's WFE market size will increase 27% to USD55.4b in 2026F and further to USD103.5bn in 2030F. The total WFE spending in China is expected to total USD407.3bn during 2026-2030F. During this period of strong momentum, we believe Chinese vendors are bracing for stronger growth driven by the domestic localization push, technology capabilities advancement, and the extra equipment required due to China's no-EUV roadmap.

Financially, NAURA grew revenue from CNY14.7bn in 2022 to CNY39.4bn in 2025, representing a three-year CAGR of 39%. Net profit, however, was flat in 2025 (CNY5.5bn, -1.8% y-y) as the company stepped up R&D, headcount and product-validation spending, and consolidated KingSemi. We view 2025-2026F as a deliberate margin trough rather than a structural worsening. As validated tools convert into volume production and the mix shifts toward IC equipment, we forecast net profit growth to re-accelerate to an ~36% CAGR during 2025-28F.

We resume coverage of NAURA with a **Buy** rating. Our target price of **CNY900** is based on **10.5x EV/Sales** on 2027F sales revenue forecast, largely in line with NAURA's historical forward EV/Sales band. We believe the premium over global equipment peers is justifiable given its faster growth and market share gains in China. Key risks are primarily concerns over US sanctions escalation, a slowdown in domestic capex spending, intensifying competition, and slower-than-expected margin recovery.

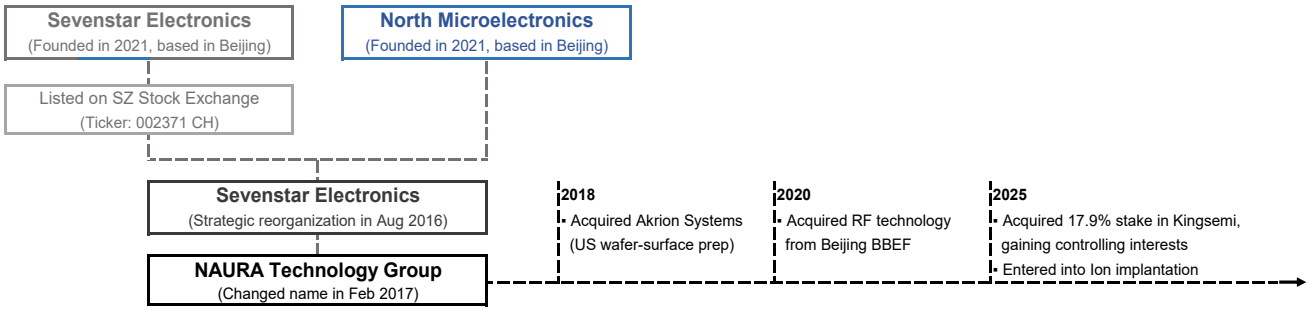


Company overview: China's semiconductor equipment platform player

Company history and shareholding structure

NAURA was founded in 2001 as Sevenstar Electronics (七星华创), a maker of semiconductor equipment and precision electronic components, and listed on the Shenzhen Stock Exchange in 2010 under ticker 002371. In August 2016, Sevenstar completed a strategic share-issuance reorganisation with Beijing North Microelectronics (北方微电子), a specialist in etching, PVD and CVD tools, and the combined entity was renamed NAURA Technology Group in February 2017. The merger fused Sevenstar's furnaces, cleaning and deposition lines with North Micro's etch and deposition expertise, creating the platform we see today. Subsequent inorganic moves sharpened the portfolio: the 2018 acquisition of Akrion Systems (a US wafer-surface-preparation firm) strengthened cleaning, the 2020 acquisition of RF technology from Beijing BBEF added RF capability, and in 2025 NAURA took a 17.9% stake in Kingsemi (芯源微; 688037 CH, Not rated), becoming its largest shareholder and adding coating/developing (i.e. Track) and bonding tools.

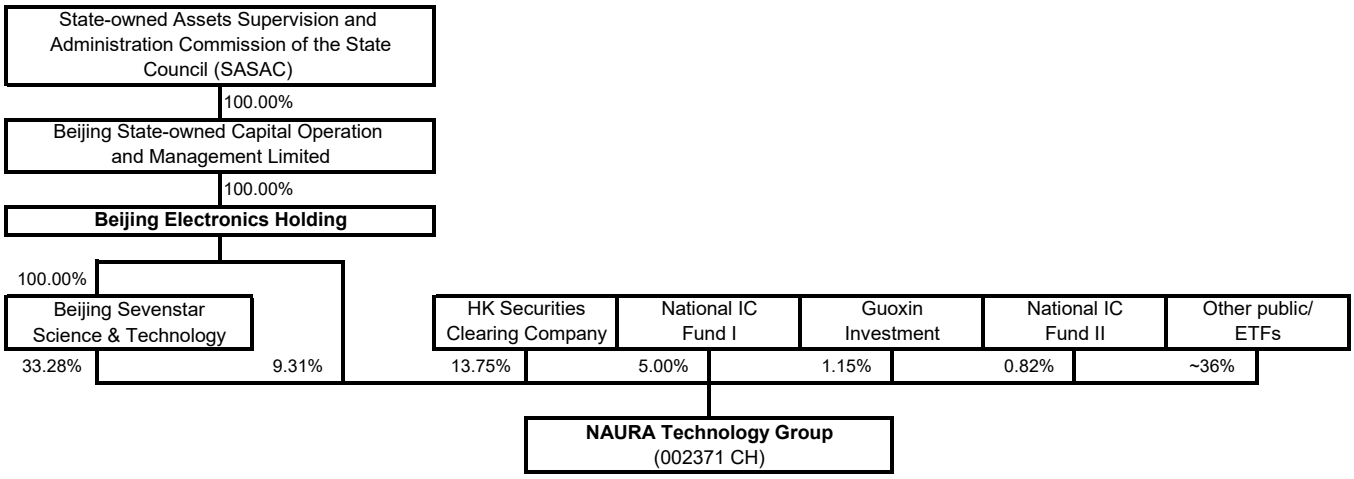
Fig. 1: NAURA – corporate history



Source: Company data, Nomura research

Controlling shareholder is anchored in the state: Beijing Electronics Holding Co., Ltd. is the controlling entity, holding ~43% in aggregate directly and through Beijing Sevenstar Science & Technology; the National Integrated Circuit Industry Investment Fund (the "Big Fund") is the second-largest shareholder. This state ownership is a strategic asset — it aligns NAURA squarely with national policy on semiconductor self-sufficiency and provides patient capital for a business whose R&D cycles are long and capital-intensive.

Fig. 2: NAURA – shareholding structure (as of 31 Dec 2025)



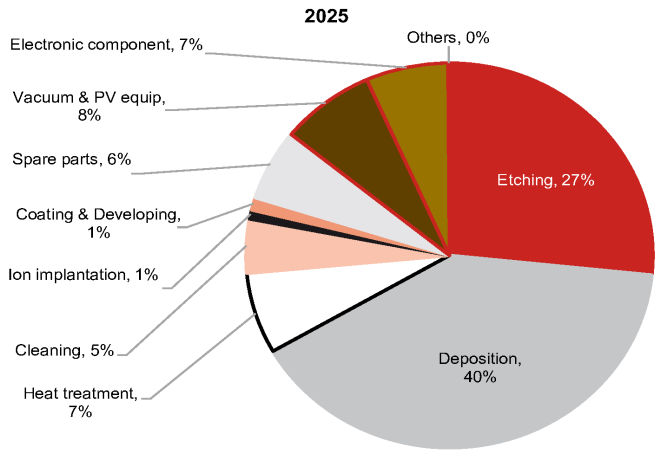
Source: Company data, Nomura research

Business segments and product portfolio

NAURA has two main segments. 1) Electronic Process Equipment (including semiconductor equipment, photovoltaic (PV) equipment, vacuum equipment and lithium-battery equipment) which contributed 93% of 2025 revenue (+33% y-y. 2) The other

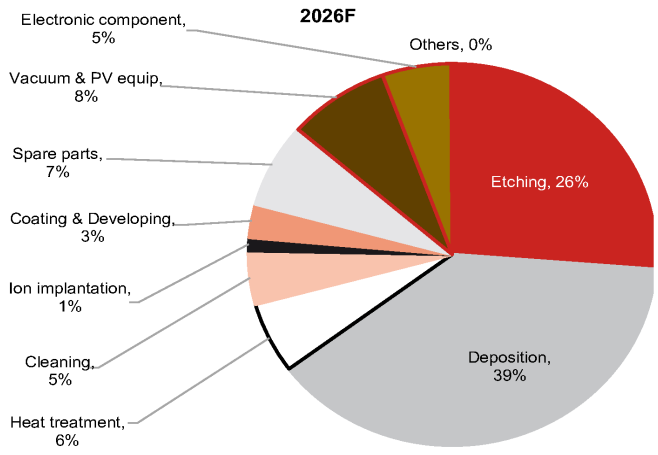
segment is Electronic Components (precision resistors, tantalum capacitors, quartz crystal devices, microwave modules) which contributed the remaining 7% (+23% y-y). The semiconductor-equipment business, within the Electronic Process Equipment segment, is the major growth engine for the company, in our view. By our estimates, deposition and etching were the largest two products with revenue contribution of 27% and 40% in 2025, respectively. Heat treatment and cleaning accounted for 7% and 5% of total revenue in 2025. Contributions from ion implantation and coating/developing are also increasing quickly.

Fig. 3: NAURA – revenue split (2025)



Source: Company data, Nomura estimates

Fig. 4: NAURA – revenue split (2026F)



Source: Company data, Nomura estimates

NAURA's semiconductor equipment portfolio is the most comprehensive in China. Its four core categories are:

- **Etching:** ICP and CCP etchers covering silicon, metal and dielectric etch, including high-aspect-ratio (HAR) capability for 3D NAND and deep-silicon etch for power devices.
- **Deposition:** PVD (the domestic leader, with >60% domestic share, according to Gartner), LPCVD/APCVD/PECVD/HDPCVD and ALD, including a newly developed high-k ALD for advanced logic gates.
- **Heat treatment:** vertical furnaces, oxidation/diffusion and rapid-thermal-anneal equipment (>60% share at leading 28nm lines).
- **Cleaning:** single-wafer and bench wet-cleaning platforms.

On top of these, 2025 marked two important portfolio extensions for the company: NAURA formally entered the Ion Implantation market in March 2025 (the Sirius MC 313 series), and the Kingsemi acquisition added coating/developing (track) and wafer-bonding equipment. Track tools and ion implanters were among the last large front-end categories that heavily relied on imports, so these moves have materially widened NAURA's addressable market.

Fig. 5: NAURA has the most comprehensive product matrix among Chinese players

		NAURA	AMEC	ACM Research	Piotech	Hwatsing	E-Town Semi	SiCarrier	KingSemi	SMEE	Kingstone	PNC	Skyverse	Jingce	RSIC
Heat treatment	Oxidation/diffusion	√		√				√							
	RTP	√					√	√							
Lithography										√					
Track		√		√					√						
Etching	CCP	√	√					√							
	ICP	√	√				√	√							
Ion Implantation		√				√					√				
Deposition	PVD	√						√							
	CVD	√	√	√	√			√							
	ALD	√	√		√			√							
	MOCVD		√												
	ECD	√		√											
CMP						√									
Cleaning		√		√		√			√			√			
Stripping		√					√		√						
Process control								√					√	√	√

Source: Company data, Nomura research

Fig. 6: NAURA – product offerings and key applications

Equipment Category	Sub-product / Platform	Wafer Size	Device / Application Types	Process Node	Key Applications / Notes
Etch Equipment	ICP Etch (Silicon Etch)	12" (also 6"/8")	Logic; Memory (DRAM / 3D NAND); Power devices	90–40nm STI & gate; advanced FinFET / STI / Gate	Silicon etch; 2,000+ chambers shipped; mainstream baseline tool
	CCP Etch (Dielectric Etch)	12"	Logic; Memory	Advanced nodes testing	Dielectric etch; dual-frequency coupled CCP; 12" bevel / edge etch for yield
	Metal Etch	12"	Logic; Memory	28nm–14nm	Al / Cu metal etch; mainstream customer-preferred tool
	Deep-Si / TSV Etch (High Aspect Ratio)	12"	Advanced packaging (3D IC, Chiplet); CIS; MEMS	N/A (structural)	High-aspect-ratio TSV etch; supports Chiplet process
	Ion Beam Etch (IBE)	6"/8"	Compound semiconductor; emerging / R&D	N/A	Specialty ion-beam etch
Thin Film Deposition	PVD (Physical Vapor Deposition)	12"	Logic; Memory; Advanced packaging	28nm–14nm	Cu / Al / Ti / hard-mask / Silicide / Metal Gate; 1,000th tools delivered
	CVD (PECVD / LPCVD)	12"	Logic; Memory	28nm–14nm	Dielectric & hard-mask; 12" advanced LPCVD poly-Si furnace
	ALD (Atomic Layer Deposition)	12"	Logic; Memory (3D NAND, DRAM)	28nm and below; 5nm-adapt	High-k / metal gate & advanced-node conformal films
	EPI (Epitaxy)	6"/8"/12"	Power (SiC, GaN-on-Si); RF; Logic	N/A (substrate / epi)	SiC epi, GaN epi, Si epi; 20+ products, ~1,000 chambers shipped
	Electroplating (ECP)	12"	Advanced packaging (bump / TSV / RDL); Logic Cu	N/A	Ausip T830 Cu plating; fills domestic blank
	MOCVD	6"/8"	LED; Power	N/A	Compound semiconductor epitaxy
Thermal Processing / Furnace	Vertical Furnace	12" (also 8")	Logic; Memory; Power	28nm and above	Mid/high-temp oxidation & anneal, low-temp alloy, LPCVD, batch ALD; 500+ units shipped
	Horizontal Furnace	6"/8"	PV (PERC / TOPCon / HJT); Power	N/A	Oxidation/diffusion, PECVD, LPCVD; 20+ processes
	RTP (Rapid Thermal Processing)	12"	Logic; Memory	Advanced nodes	Spike anneal / rapid thermal processing
Wet Clean	Batch (Bench) Clean	12"/8"	Logic; Memory; Power	28nm and above	RCA, Gate, phosphoric acid, recycle
	Single-wafer Clean	12"	Logic (back-end); Memory	Advanced nodes	Al / Cu full process; >60% penetration in domestic back-end
Ion Implant	Vertical Implanter (Sirius MC 313)	12"	Logic; Memory	28nm and above	First domestic 12" vertical implanter; breaks Axcelis monopoly
Coater/Developer (Track)	Track (via Kingsemi)	12"/8"	Logic; Memory; Advanced packaging	28nm and above	Kingsemi; completing etch–film–clean–track loop
Bonding	Hybrid Bonding (Qomola HPD30)	12"	Advanced packaging (Chiplet, HBM); 3D IC	N/A	Hybrid bonding; fills domestic blank

Source: Company data, Nomura research

Customer base, R&D & technology roadmap

NAURA's customers include many big names in China's semiconductor industry, including SMIC (981 HK, Neutral) and HuaHong Group (including Hua Hong Grace [1347 HK, Neutral] and HLMC (unlisted]) (foundry), YMTC (unlisted) and CXMT (688825 CH, Buy) (memory), CR Micro (688396 CH, Not rated) (power), Sanan Optoelectronics (600703 CH, Rating suspended) (compound/LED), and LONGi (601012 CH, Neutral) (PV). The reported customer concentration is moderate, with the top-five customers accounting for ~39% of 2025 revenue, but we believe this number is under-estimated because NAURA reports its top-five customers at company level (instead of group level), meaning that a large foundry customer with different subsidiaries and fabs will be reported as seperate customers.

By our estimates, memory makers account for 30-35% of NAURA's customer base, with YMTC and CXMT being the key ones. Logic foundries account for another 30-35%, with key customers being SMIC, HuaHong Group (including Hua Hong Grace and HLMC), and

Nexchip (688249 CH, Not rated). Power and IDM contributes around 15-20% (GTA [unlisted], Silan [600460 CH, Neutral], Sanan, CR Micro, SiEn [unlisted]), and others include photovoltaic (LONGi), display and LED (BOE [000725 CH, Buy], Sanan).

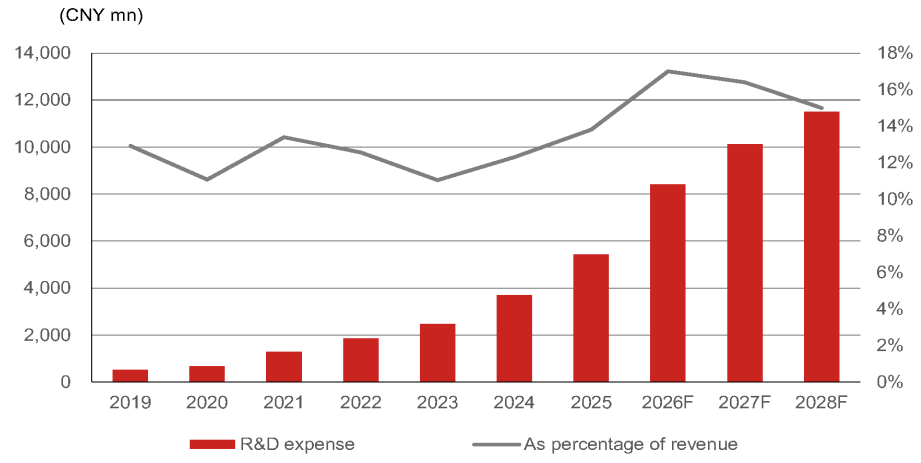
Fig. 7: NAURA key customers

Tier	Customer	Type / Segment	Relationship	Key Details
Tier 1	**SMIC (中芯国际)**	Logic foundry (advanced & mature)	#1 strategic customer; >10 yrs	>60% of SMIC's domestic-equipment procurement for new fabs; 28nm etch >60% line share, deposition and heat >30% share; 14nm in baseline production
	YMTC (长江存储)	Memory — NAND flash	Strategic anchor customer	~35% of YMTC 3D NAND tool procurement; CNY12.0bn multi-tool order covering 8 equipment types; custom etch/deposition lifted yield >5%
	CXMT (长鑫存储)	Memory — DRAM	Strategic memory customer	DRAM capacity expansion; ICP etch >50% line share; key supplier across etch, deposition, furnace, cleaning
Tier 2	**Hua Hong Grace (华虹宏力)**	Specialty foundry (power analog, embedded, MCU)	Long-term partner	Major share in Hua Hong expansion
	XMC (武汉新芯)	Specialty / NOR Flash / CIS	Established supplier	Coverage in NOR / CIS specialty fabs
	HLMC (上海华力)	Advanced logic foundry (28/14nm)	Key logic customer	Equipment for advanced logic nodes
	GTA Semiconductor (积塔半导体)	Analog / power / automotive	Growing customer	Shanghai Lingang capacity expansion beneficiary; Power & analog process equipment;
	CR Micro (华润微)	Power IDM (MOSFET / IGBT)	Power customer	Si power equipment; >50% domestic share in SiC/GaN power tools
	SiEn (青岛芯恩)	Power and analog	Established customer	Power and analog
	Nexchip (晶合集成)	Mature logic (DDIC, CIS)	Established customer	Phase 4 expansion purchase beneficiary
	Beijing Yandong Micro (燕东微)	Specialty / power	Established customer	Specialty & power process tools
Tier 3	**Sanan Optoelectronics (三安光电)**	Compound semi (SiC / GaN / LED)	Compound-sector leader	SiC / GaN epi & etch; >50% domestic share in SiC/GaN power equipment
	Silan Microelectronics (士兰微)	Power IDM (IGBT / MOSFET / SiC)	Power customer	Power device equipment
	HC SemiTek (华灿光电)	LED / compound semi	Compound customer	LED chip process equipment (ICP etch, PECVD)
	BOE (京东方)	Display (OLED / LCD)	Display customer	OLED etch / PVD / clean equipment
	LONGi (隆基绿能)	Photovotaic	Key PV and vacuum customer	Non-semiconductor

Source: Company data, Nomura research

R&D is the foundation of the company. R&D expense in 2025 reached CNY5.4bn (+47% y-y), accounting for ~14% of total revenue, among the highest R&D intensities in the global equipment industry. This spending is related to its technology roadmap: extending etch and deposition from 14nm mass production toward 7nm and below, pushing HAR etch from 60:1 toward 90:1 or even 100:1 for higher-layer 3D NAND, industrializing high-k ALD, and developing HBM-related hybrid-bonding solutions for advanced packaging.

Fig. 8: NAURA R&D expense and as percentage of revenue



Source: Company data, Nomura estimates



Competitive advantages and growth drivers

As the largest semiconductor supplier in China with the most comprehensive product offerings, NAURA has several important competitive edges.

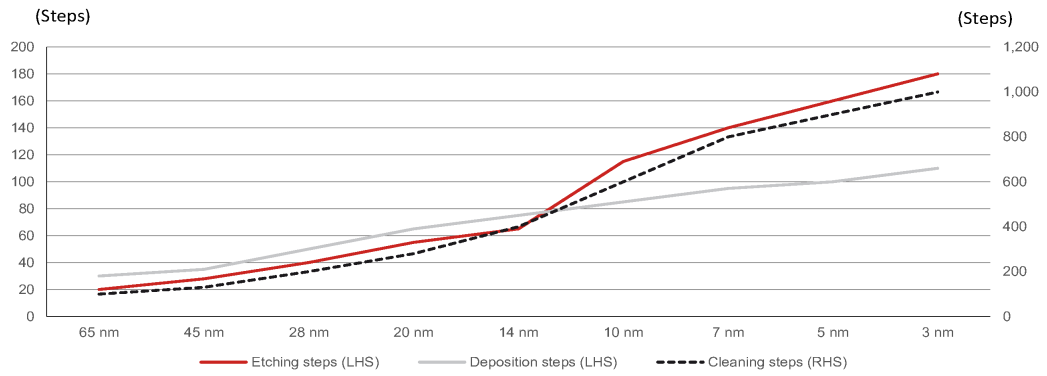
Although many other suppliers are now expanding product offerings aiming to become platform suppliers, most of them are still having specialties. AMEC specializes in CCP dielectric etch and MOCVD, Piotech in PECVD/ALD, Hwatsing in CMP, ACM Research in cleaning, and E-Town in stripping and RTP. NAURA spans etch, deposition, heat treatment, cleaning, and now implant, track, and bonding. We believe this matters for two reasons: (1) fabs increasingly prefer to qualify a single vendor across multiple process steps to reduce integration risk and qualification cost; and (2) broad product coverage gives NAURA ability to benefit from growth across different product types.

Technology advancement and node migration increase equipment demand

By our estimates, etching and deposition should grow at a faster pace than lithography's, as China has no availability of EUV lithography equipment. Multi-pattern in advanced nodes would require more etching and deposition steps, which rapidly increases the TAM of etching and deposition equipment. Furthermore, more etching and deposition steps generally mean more cleaning steps are needed.

The step-count penalty (more steps needed) of multi-patterning is large. For example, a 7nm-class IC requires roughly **140 etch steps**, versus about **40** at 28 nm — a ~3.5x inflation. On a per-fab basis, a 12-inch advanced line consumes roughly **60 etching tools per 10k wpm**, versus **~25 for a mature-node line** — a 2.4× increase. Coupled with etching, more deposition steps and cleaning steps are also required.

Fig. 9: Step count estimates of etching, deposition, cleaning by process nodes



Source: SEMI, TEL, The Industry Cleaning Association of China, Nomura research

Fig. 10: Equipment demand by process and platform

Equipment Type	Mature Logic (90nm)	Advanced Logic (14nm FinFET)	DRAM (1x/1y)	3D NAND (128L+)
Lithography (Scanner)	3–5	6–8	6–8	6–8
Track (Coater/Developer)	5–7	8–12	8–10	8–10
Etch	20–30	50–80	40–80	55–90
CVD / ALD	20–30	35–55	45–60	85–135
PVD (Sputtering)	15–25	15–30	15–30	10–15
Electroplating / ECP (Cu)	2–4	2–4	2–4	2–4
Heat treatment	15–25	30–45	25–35	35–50
Ion Implanter	4–6	7–12	10–14	8–15
Cleaning	15–20	20–35	20–35	30–50
Stripping / Ashing	6–12	12–18	12–18	12–18
CMP (Chemical Mechanical Polish)	8–12	15–25	15–25	15–25
Metrology & Inspection	15–25	30–50	30–50	30–50

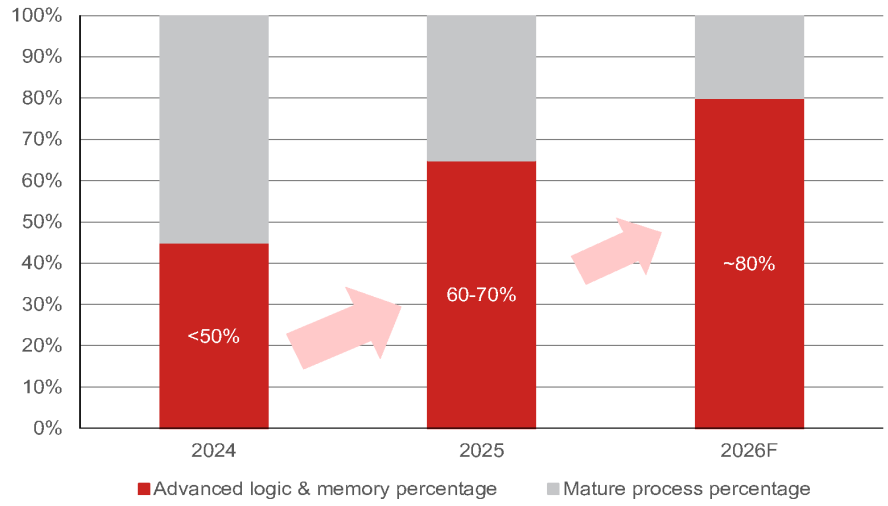
Note: numbers varies across different fabs, products and platforms, roughy estimates above Source: Nomura estimates

Technology strength in certain categories

In PVD, NAURA is a domestic leader with >60% domestic share (according to Gartner) and 1,000+ cumulative chambers – its 14nm TiN hard-mask PVD is in volume production, according to management. In heat treatment equipment, it holds a >60% share at leading 28nm lines. In etch, its ICP platform is now in 14nm mass production with 7nm in customer qualification. These positions reflect years of accumulated process know-how that cannot be replicated quickly, which is a key moat in the industry where customer qualification cycles run 18–36 months.

NAURA has been progressing well in advanced process nodes. Most of its products can be deployed in production lines up to 28nm, and some products have become baseline tools in leading domestic 14nm lines, such as PVD, CVD, metal etch, furnace, and cleaning. By our estimates, in 2025, sales from advanced logic (14nm & below) and memory accounted for 60-70% of total sales from integrated circuits. This ratio was below 50% in 2024.

Fig. 11: NAURA sales from advanced process as percentage of IC



Source: Company data, Nomura estimates

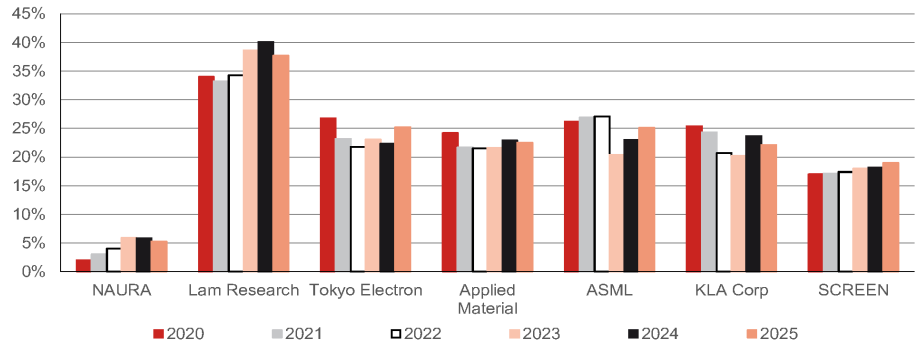
This is also one of the most important earnings drivers. Advanced tools usually come with higher prices. With more expensive products sold, mix and ASP would improve. NAURA's etch and deposition tools are progressing from 28nm/14nm mass production toward 7nm and below. The high-aspect-ratio etch is advancing from 60:1 toward 90:1 to 100:1 to serve 300+ layer 3D NAND. High-k ALD is being industrialized for advanced logic gates, and HBM-related hybrid-bonding solutions target the fastest-growing equipment sub-market in advanced packaging. These advancement increases both tool ASP and the number of etch/deposition steps per wafer, and thus increases NAURA's content per fab.

Installed-base stickiness and services

This benefits especially leading players with large install base and customer base. Once a tool is qualified into a fab and running in volume, switching costs are high, as re-qualification is expensive and process recipes are tightly linked to the equipment. NAURA' s growing installed base therefore generates a recurring stream of spare parts, upgrades and services. This compounding installed-base dynamic has underpinned the decades-long dominance of Applied Materials (AMAT US, Not rated) and Lam Research (LRCX US, Not rated), and it is now forming around NAURA, in our view.

With more install base and customer adoption, service revenue will grow accordingly. Currently, we estimate NAURA's revenue percentage from services and spare parts is only around 5-6%, far below that of global peers. Lam Research, a global leader in etching and deposition in terms of revenue, has the highest services & spare parts revenue percentage of 35-40% (company data). Considering NAURA is now expanding market share and customer base in China, we expect its services & spare parts revenue o catch up quickly.

Fig. 12: Revenue from services and spare parts percentage of total

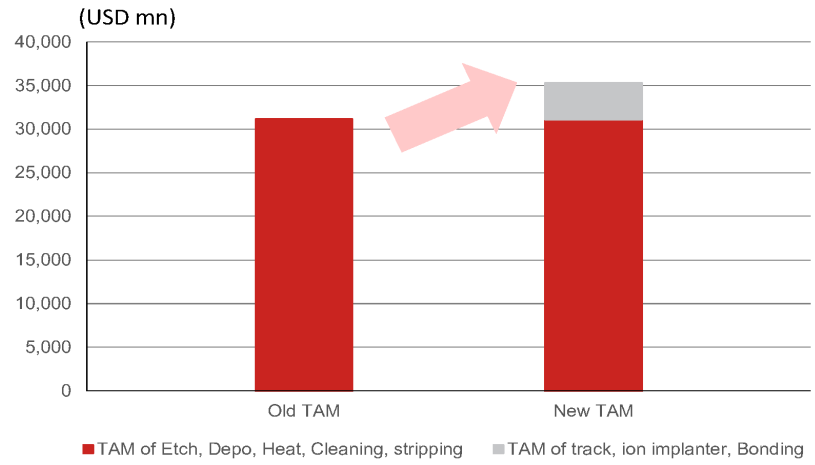


Source: Company data, Nomura research

Further platform expansion: Kingsemi acquisition, ion implantation, and bonding equipment

Having already established itelf as a platform-type supplier in China, NAURA took two additional strategic moves in 2025 that significantly expanded its addressable market. The Kingsemi acquisition adds photoresist coating/developing (i.e., track, a key category in which China has been almost entirely import-dependent) as well as bonding equipment. NAURA announced its entry into ion implantation (Sirius MC 313) in March 2025, targeting a market still >90% controlled by Applied Materials (AMAT US, Not rated) and Axcelis (ACLS US, Not rated). Apart from temporary bonder and debonder acquired from Kingsemi, NAURA has announced its entry into the hybrid bonding market (12-inch W2W and D2W hybrid bonder). The equipment categories mentioned above offer high localization potential, and align with NAURA's existing fab customer base for cross-selling. We estimate that adding track, implanter, and bonder capabilities could expand NAURA's addressable market by around 13% in 2026F.

Fig. 13: NAURA – semiconductor equipment China TAM estimate (2026F)



Source: Nomura estimates

China's localization push: the strongest growth catalyst

China is the world's largest wafer fab equipment (WFE) market, yet its self-sufficiency rate remains low, at around 26-27% (significantly lower in lithography and ion implantation equipment). Export controls have transformed localization from an economic consideration into a strategic imperative. Domestic fabs are now actively sourcing and qualifying Chinese equipment across all front-end processes. As a dominant domestic vendor, we believe NAURA stands to benefit significantly from this trend.

The localisation opportunity has two layers: (1) increasing semiconductor device localization drives domestic capacity expansion, which in turn expands the total addressable WFE market; (2) rising equipment localization rates would further amplify sales growth of the domestic equipment vendor market and drive market share gains.

We estimate NAURA's market share in China was around 11-12% in 2025, and expect it to increase further by above 13% in 2026F. Based on our projections: (1) if NAURA achieves 15% market share in 2030F, it would deliver a sales CAGR of ~22% during 2025-2030F; (2) if NAURA manages to reach 20% market share, it would achieve a sales CAGR of ~29% over the same period. Additionally, further capacity additions would provide incremental upside to these scenarios.

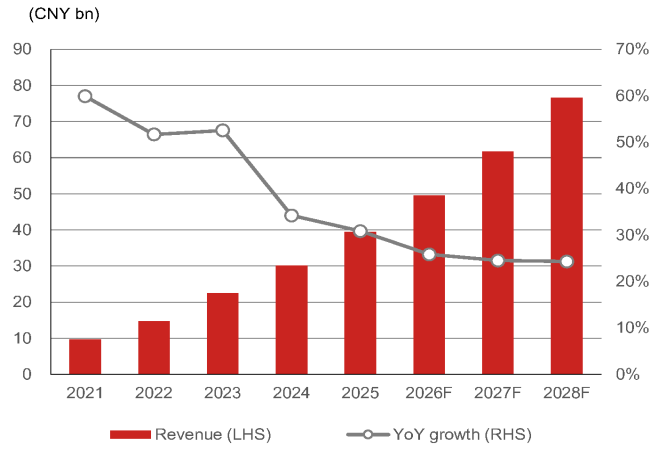
Financial analysis and outlook

Fast revenue growth to continue

NAURA has delivered strong revenue growth since 2016, achieving a 42.5% CAGR during 2016-2025. The company's revenue mainly comes from two segments: electronic process equipment (93% of total revenue in 2025, including semiconductor equipment, vacuum & lithium battery equipment), and electronic components (7% of total revenue in 2025, including hybrid integrated circuits, electronic parts, and other products).

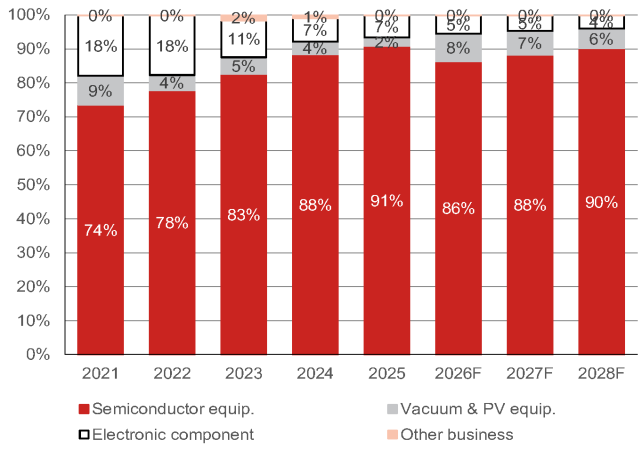
Given the positive outlook for China's semiconductor equipment industry and NAURA's potential for market share gains driven by its comprehensive product portfolio and the localization push, we forecast a 24.9% revenue CAGR for 2025-2028F, outperforming China's overall WFE market. By segment, we project electronic process equipment and electronic components to clock CAGRs of 26.0% and 5.7%, respectively.

Fig. 14: NAURA – revenue forecasts



Source: Company data, Nomura estimates

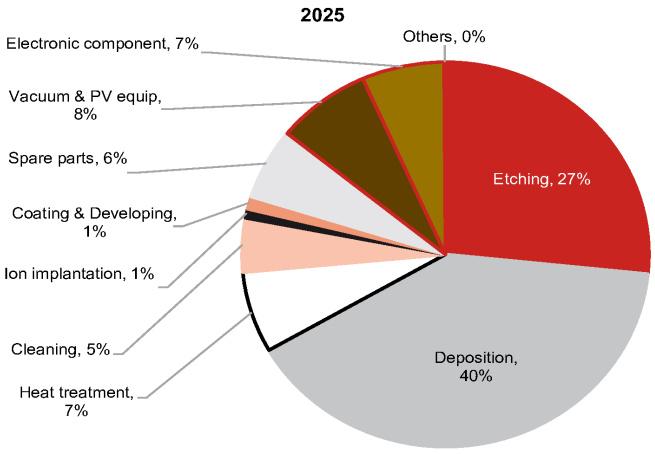
Fig. 15: NAURA – revenue breadown by segment



Note: NAURA moved PV equipment into Vacuum segment from mid-2025
Source: Company data, Nomura estimates

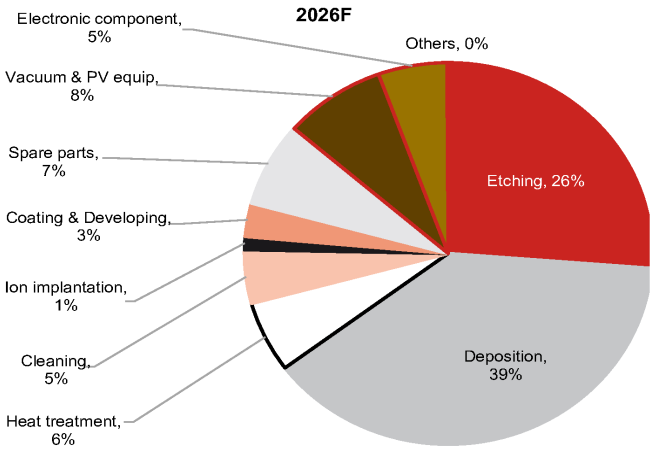
By equipment type, we estimate that, deposition equipment accounted for the largest share at 40% of total revenue in 2025, followed by etching equipment at 27%. Heat treatment and cleaning accounted for 7% and 5%, respectively, in 2025. NAURA's entry into ion implantation, contributed an estimated ~1% of total revenue in 2025F, while the Kingsemi acquisition, added track equipment (coating/developing), contributing ~2% of total revenue in 2025F.

Fig. 16: NAURA – revenue split by equipment (2025)



Source: Company data, Nomura estimates

Fig. 17: NAURA – revenue split by equipment (2026F)



Source: Company data, Nomura estimates

We forecast etching and deposition equipment to achieve a mid-20% CAGR in 2025-

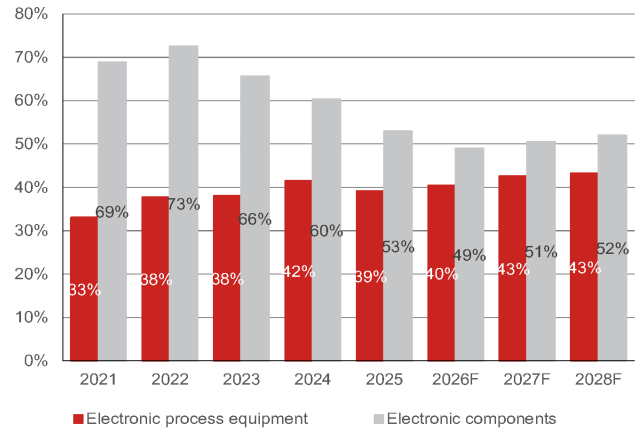
2028F led by market share gains. Ion implanter, as a new growth driver, is expected to grow at a CAGR of above 49% during 2025-2028F, propelled by China's domestic localization push, considering the currently low localization rate in this category.

Margins stable across segments

NAURA's gross margin has been largely stable over the past years. Notably, the electronic components segment's gross margin was on a downtrend during 2022-2025 (from 73% to 53%) mainly due to imbalanced supply-demand for some products (such as resistors, capacitors, microwave modules, etc.). The group's overall gross margin has remained at above 40% since 2022. With increased sales and a more stable market, we forecast NAURA's gross margin will remain above 40%, with a modest upward trajectory.

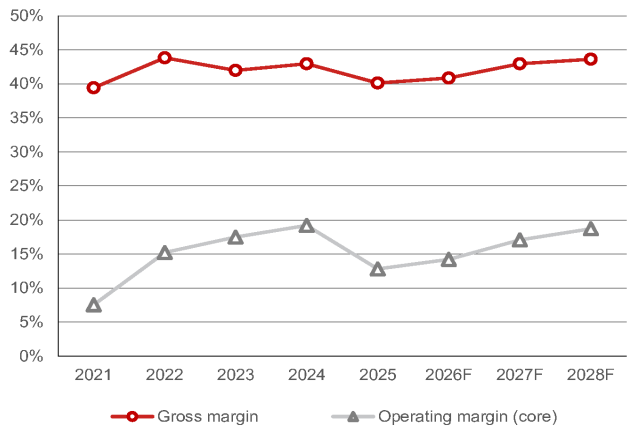
R&D expense represents the largest component of operating expenses. Historically, NAURA's R&D expense ratio (as a percentage of revenue) has ranged between 11-13%, reaching a high level of 13.8% in 2025. To sustain technology strength and support continued market share expansion, we expect the R&D ratio to remain at around 13%. NAURA's core operating profit (defined as gross profit *less* taxes & surcharges, S&M, G&A, R&D) declined in 2025, mainly due to a lower gross margin, and an increased opex ratio (driven by increased R&D and sales investments).

Fig. 18: NAURA – gross margins by segment



Source: Company data, Nomura estimates

Fig. 19: NAURA – gross margin and core operating margin



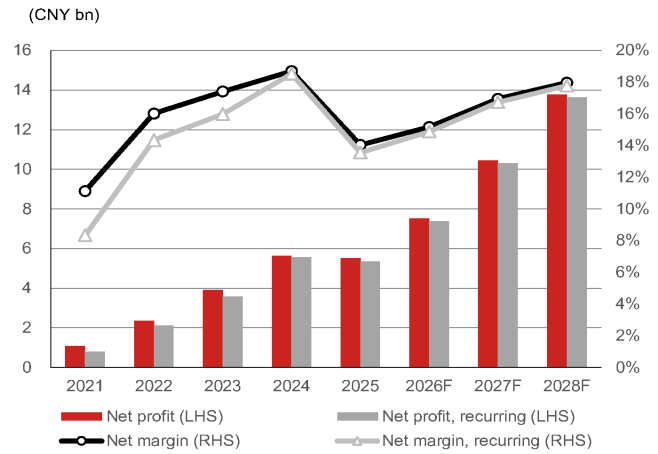
Source: Company data, Nomura estimates

Net profit and EPS

NAURA's net profit attributable to shareholders (net profit, or "NP") was CNY5.5bn in 2025, representing a 59% CAGR in 2020-25. Net profit margin was 14.0% in 2025. Net profit margin dipped slightly in 2025 due to the decline in operating profit (mentioned earlier). With sales growth and gross margin trending upward, we forecast net margin to improve gradually, reaching 16.9% in 2028F. We forecast NAURA's net profit to clock an ~33% CAGR during 2025-28F.

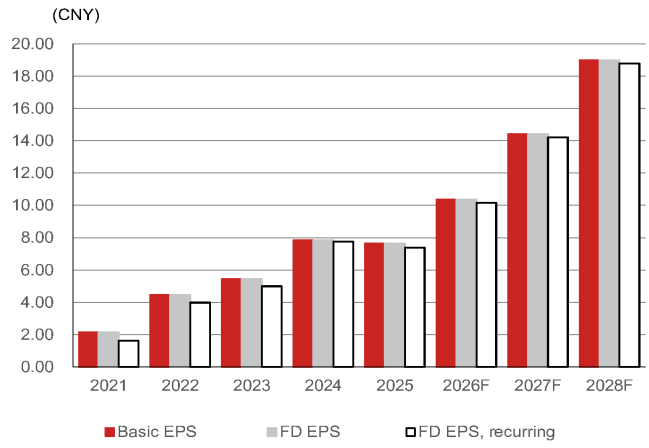
The company reported basic and diluted EPS of CNY7.64 in 2025 (based on weighted average share counts of 722mn (basic) and 723mn (diluted), representing a dilution effect of approximately 0.1%).

Fig. 20: NAURA – net profit and net margin



Source: Company data, Nomura estimates

Fig. 21: NAURA – basic and diluted EPS



Source: Company data, Nomura estimates

While our 2026F financial forecasts are slightly below Bloomberg consensus, our 2027F/ 2028F forecasts are quite lower than the consensus, as we remain relatively conservative; however, our sales growth forecasts significantly exceed the industry's, and we expect further upside potential. Our operating profit/ net profit estimates are lower than the consensus, as we believe that the company will incur higher R&D expenses to introduce new products and maintain market share gain momentum. That being said, we expect both net profit and recurring net profit to clock significant growth.

Fig. 22: Financial forecasts – Nomura versus consensus

(CNY mn)	2026F	2027F	2028F
Revenue - Nomura est	**49,524**	**61,657**	**76,644**
Revenue - consensus	50,271	66,081	86,381
Revenue - diff	*-1.5%*	*-6.7%*	*-11.3%*
Gross margin - Nomura est	**40.9%**	**43.0%**	**43.6%**
Gross margin - consensus	40.3%	40.9%	41.1%
Gross margin - diff	*0.5%*	*2.1%*	*2.5%*
Operating profit (as reported) - Nomura est	**8,007**	**11,411**	**15,165**
Operating profit (as reported) - consensus	8,251	12,326	17,344
Operating profit (as reported) - diff	*-3.0%*	*-7.4%*	*-12.6%*
Net profit - Nomura est	**7,509**	**10,448**	**13,768**
Net profit - consensus	7,521	11,134	15,719
Net profit - diff	*-0.2%*	*-6.2%*	*-12.4%*
Net profit, recurring - Nomura est	**7,364**	**10,312**	**13,627**
Net profit, recurring - consensus	n.a.	n.a.	n.a.
Net profit, recurring - diff	*n.a.*	*n.a.*	*n.a.*

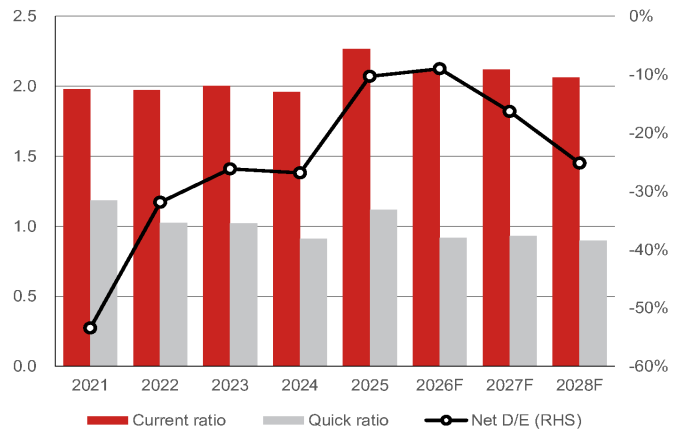
Source: Bloomberg Finance L.P., Nomura estimates

Balance sheet – strong financial position

NAURA has maintained a net cash position, with its net debt-to-equity ratio consistently below 0%. The company raised new bank borrowings in 2025 to fund increased R&D investment and M&A activities, which elevated the net debt-to-equity ratio in 2025. With no further debt issuances expected, we anticipate the net debt-to-equity ratio to decline. Regarding liquidity, the current ratio was below 2.0x prior to 2025, while the quick ratio was below 1.5x. We attribute these relatively modest ratios to the company's high contract liabilities from customer pre-orders.

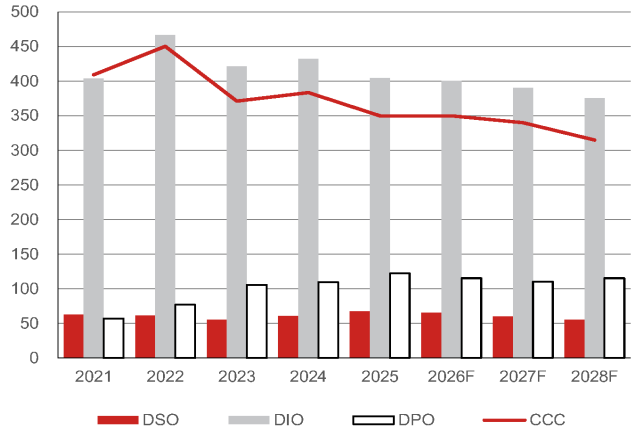
Working capital has remained stable, though inventory days (DIO) has been elevated at over 400 days, resulting in a positive and extended cash conversion cycle (CCC). This is typical in the semiconductor equipment industry, where lengthy manufacturing and assembly lead times delay revenue recognition, and where companies maintain substantial component and parts inventories in advance of production.

Fig. 23: NAURA – liquidity and solvency ratios



Source: Company data, Nomura estimates

Fig. 24: NAURA – working capital ratios

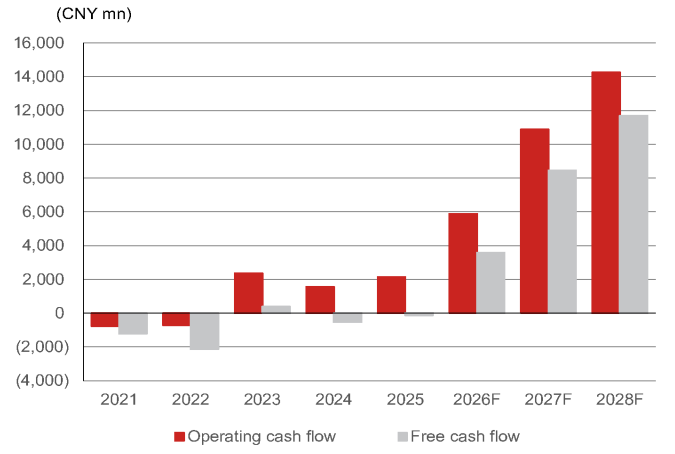


Source: Company data, Nomura estimates

Cash flow – positive cash flows

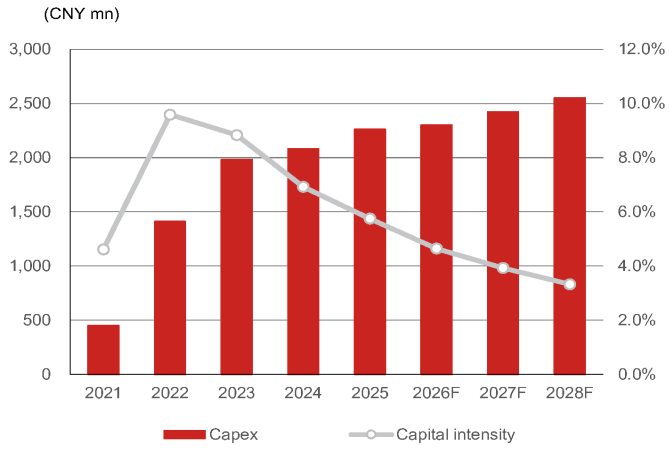
Operating cash flow was negative in 2021 and 2022, mainly due to an increase in working capital days. We expect operating cash flow to remain positive going forward. The capex ratio has declined since 2022, as sales growth has outpaced capital expenditure increases. With market share gains as the primary goal, we anticipate capex to increase over the next few years in order to support equipment delivery capacity. However, with robust sales growth expected to continue, we project capital intensity will continue to decline.

Fig. 25: NAURA – cash flows



Source: Company data, Nomura estimates

Fig. 26: NAURA – capex and capital intensity



Source: Company data, Nomura estimates

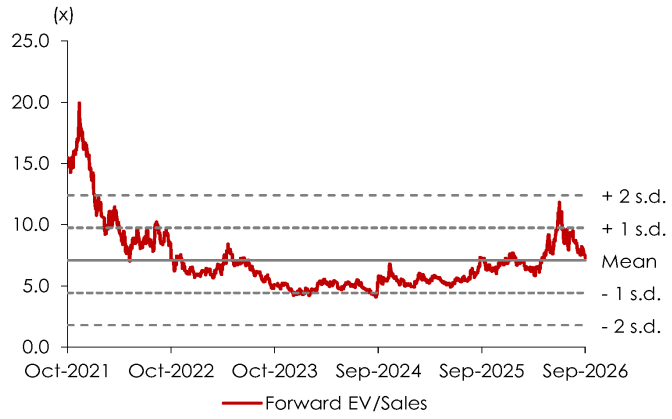
NAURA valuation – further upside potential

As a manufacturing company, NAURA's valuation is fundamentally driven by sales and profitability, with P/E multiples typically assigned to value such businesses. However, Chinese equipment vendors, including NAURA, are currently in a rapid expansion phase, where sales growth and market share gains are the primary strategic focus. Therefore, we believe revenue-based valuation multiples are more appropriate for assesing their value.

We choose **EV/Sales** as our primary valuation multiple to value Chinese SPE (semiconductor production equipment) companies, for two key reasons: (1) Chinese vendors are in a mid-ramp, high-R&D investment phase where profitability is suppressed by heavy investments and one-off items, making earnings multiples overstate their relative value; and (2) Chinese players are currently focussed on revenue expansion and capturing market share, particularly driven by the localization story.

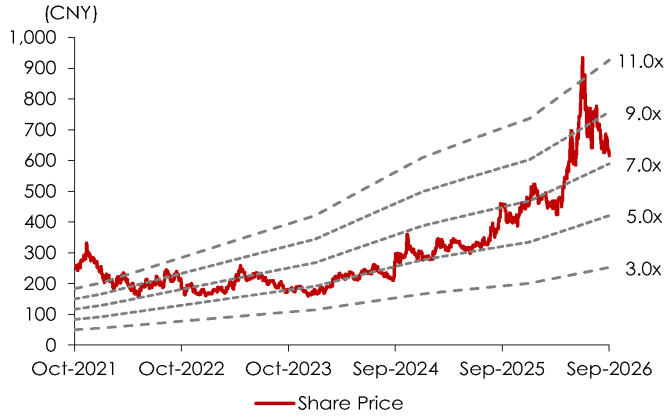
Over the past five years, NAURA has largely traded in a 5-25x forward EV/Sales range (five-year average: 7.2x), with peak valuations occuring in 2021, when the global chips shortage story dominated the China A-shares market, and almost all semiconductor-related companies traded at peak levels. Following subsequent de-rating, NAURA has largely traded in the 5-11x forward EV/Sales range over the past three years (3-year average: 5.9x).

Fig. 27: NAURA – 5-year EV/Sales trend



Source: Bloomberg Finance L.P., Nomura estimates

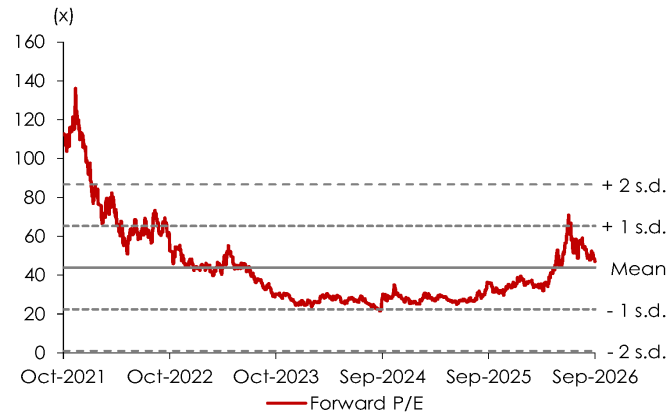
Fig. 28: NAURA – 5-year EV/Sales band



Source: Bloomberg Finance L.P., Nomura estimates

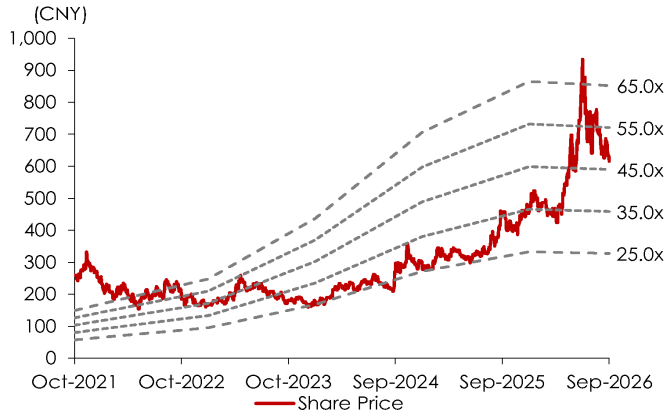
P/E multiples exhibit significantly greater volatility than EV/Sales. Over the past five years, NAURA's forward P/E has ranged from 20-140x (average: 45x). Volatility was significant, with the average minus 2SD falls below zero. This extreme volatility is also another reason that we choose EV/Sales as the primary valuation methodology.

Fig. 29: NAURA – 5-year P/E trend



Source: Bloomberg Finance L.P., Nomura estimates

Fig. 30: NAURA – 5-year P/E band

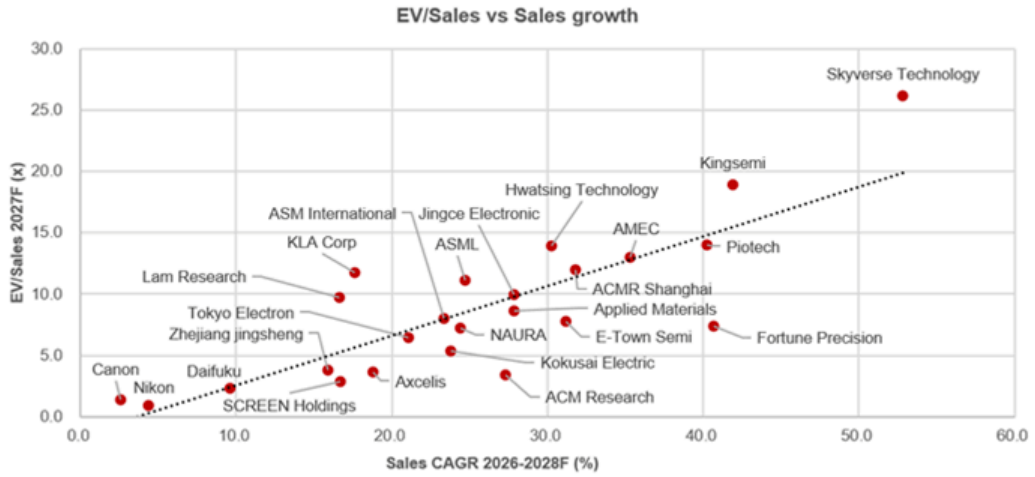


Source: Bloomberg Finance L.P., Nomura estimates

EV/Sales is capital-structure neutral (EV includes net debt, making it comparable across different leverage levels and tax regimes), and is less affected by depreciation, amortization and R&D capitalization policies. For cross-market and cross-lifecycle comparison of hardware companies, EV/Sales is a clean benchmark. However, its limitation is equally apparent: the metric says nothing about profitability, and must therefore be evaluated alongside margin trends and revenue growth.

Chinese equipment vendors generally trade at a premium to global peers. On an EV/Sales basis, global leaders trade at 2-10x 2027F EV/Sales (average: 5.7x), while domestic players largely trade at 6-30x (average: 14.5x). We attribute the premium valuation to: (1) stronger sales and earnings growth driven by market share gains, especially in the domestic China market; and (2) the localization narrative drives positive investor sentiment toward Chinese equipment manufacturers.

Fig. 31: EV/Sales vs revenue growth rate of global major equipment vendors



Source: Company data, Nomura estimates

We believe NAURA is currently trading below fair value, and warrants a higher valuation based on three factors: (1) we expect the company's sales growth rate to exceed the industry average; (2) NAURA has the widest product portfolio, with market share gains expected in the China WFE (wafer fab equipment) market, and; (3) new product launches and entry into new markets is further expanding its total addressable market (TAM).

We resume coverage of NAURA with a **Buy** rating. Our target price of **CNY900.00** is based on a **10.5x forward EV/Sales** multiple and our 2027F revenue forecast of ~CNY61.7bn. Our target multiple is close to 1SD above its 5-year average, as we think it deserves a higher valuation given its higher-than-industry sales growth.

Fig. 32: NAURA – Valuation and target price

Valuation table		
Target EV/sales	**10.5 x**	We use 10.5x EV/sales as our target multiple, based on: (1) EV/sales relavance with sales CAGR and our forecast for revenue; (2) we forecast NAURA's sales revenue to outperform the industry growth; (3) NAURA's wide product coverage and dominant market share in China; (4) new product launches, new market entry is further expanding its total addressable market
Valuation base	2027F	
Revenue in 2027F (CNY mn)	61,657	
Enterprise value (CNY mn)	648,016	
Nebt debt in 2027F (CNY mn)	(10,214)	
Minority in 2027F (CNY mn)	5,852	
Equity value (CNY mn)	652,379	
Wtd avg diluted shares in 2027F (mn)	725	
Target price (CNY)	**900.00**	

Source: Nomura estimates

Key catalysts include: (1) accelerated wafer fab capacity expansion in China; (2) continued market share gains for NAURA; (3) deeper penetration into overseas customers, and; (4) tightening equipment export controls from US, Japan, and the Netherlands, which would further benefit domestic Chinese suppliers.

Financial statements

Fig. 33: NAURA Technology – income statement forecasts

FYE 31 Dec (CNY mn)	2023	2024	2025	2026F	2027F	2028F	1Q26	2Q26	3Q26F	4Q26F
Income Statement										
Revenue	**22,406**	**30,075**	**39,353**	**49,524**	**61,657**	**76,644**	**10,323**	**9,839**	**14,272**	**15,090**
COGS	(13,005)	(17,162)	(23,571)	(29,293)	(35,167)	(43,220)	(6,114)	(5,969)	(8,359)	(8,851)
Gross profit	**9,401**	**12,913**	**15,782**	**20,231**	**26,490**	**33,425**	**4,209**	**3,869**	**5,913**	**6,240**
Opex	(5,479)	(7,143)	(10,742)	(13,198)	(15,969)	(19,084)	(2,656)	(2,276)	(3,867)	(4,400)
Taxes and surcharges	(167)	(179)	(237)	(297)	(370)	(460)	(60)	(63)	(85)	(89)
S&M expense	(1,084)	(1,101)	(1,636)	(1,808)	(2,220)	(2,759)	(421)	(340)	(500)	(547)
Admin expense	(1,752)	(2,164)	(3,433)	(3,566)	(4,316)	(5,288)	(773)	(598)	(999)	(1,196)
R&D expense	(2,475)	(3,699)	(5,435)	(7,528)	(9,064)	(10,577)	(1,402)	(1,275)	(2,284)	(2,567)
Operating profit (core)	**3,922**	**5,770**	**5,040**	**7,033**	**10,521**	**14,340**	**1,553**	**1,594**	**2,046**	**1,840**
Finance cost	18	(63)	(229)	(200)	(180)	(165)	(71)	(67)	(31)	(31)
Investment income	1	3	(6)	20	-	-	(23)	42	0	0
Impairment loss	(100)	(235)	(316)	(130)	(130)	(110)	(39)	(9)	(41)	(41)
Other gains	606	1,071	1,313	1,284	1,200	1,100	375	135	300	474
Operating profit (as reported)	4,448	6,546	5,802	8,007	11,411	15,165	1,795	1,694	2,275	2,243
Non-operating items	18	(13)	43	43	32	22	20	14	4	4
Pretax income	**4,466**	**6,533**	**5,845**	**8,050**	**11,443**	**15,187**	**1,815**	**1,709**	**2,279**	**2,247**
Income tax	(433)	(819)	(436)	(741)	(1,144)	(1,519)	(247)	(48)	(225)	(221)
Minority interests	(134)	(92)	113	200	150	100	67	75	29	29
Net profit (attr. to SH)	**3,899**	**5,622**	**5,522**	**7,509**	**10,448**	**13,768**	**1,635**	**1,735**	**2,084**	**2,055**
Basic EPS (RMB)	5.45	7.83	7.64	10.37	14.42	19.01	2.26	2.39	2.88	2.84
Diluted EPS (RMB)	**5.43**	**7.83**	**7.64**	**10.36**	**14.41**	**18.99**	**2.25**	**2.39**	**2.88**	**2.84**
Recurring net profit (attr. To SH)	**3,581**	**5,571**	**5,336**	**7,364**	**10,312**	**13,627**	**1,627**	**1,714**	**2,044**	**1,979**
Recurring FD EPS (CNY)	**4.99**	**7.76**	**7.38**	**10.16**	**14.23**	**18.80**	**2.24**	**2.36**	**2.82**	**2.73**
YoY Growth (%)										
Revenue	*52.5*	*34.2*	*30.9*	*25.8*	*24.5*	*24.3*	*25.8*	*24.0*	*27.9*	*25.2*
Gross profit	*46.0*	*37.4*	*22.2*	*28.2*	*30.9*	*26.2*	*19.2*	*18.1*	*31.5*	*39.3*
Operating profit (core)	*75.5*	*47.1*	*(12.6)*	*39.5*	*49.6*	*36.3*	*(8.0)*	*11.7*	*1.5*	*N/A*
Net income (attr. to SH)	*65.7*	*44.2*	*(1.8)*	*36.0*	*39.1*	*31.8*	*3.4*	*6.6*	*8.4*	*424.7*
Diluted EPS	*22.1*	*44.0*	*(2.4)*	*35.6*	*39.1*	*31.8*	*2.8*	*6.1*	*8.4*	*424.4*
Recurring net profit (attr. To SH)	*70.0*	*55.6*	*(4.2)*	*38.0*	*40.0*	*32.1*	*3.6*	*6.4*	*6.4*	*746.3*
Recurring FD EPS	*25.3*	*55.4*	*(4.8)*	*37.6*	*40.0*	*32.1*	*3.0*	*5.9*	*6.4*	*745.7*
Margins (%)										
Gross margin	42.0	42.9	40.1	40.9	43.0	43.6	40.8	39.3	41.4	41.3
Opex	24.5	23.8	27.3	26.7	25.9	24.9	25.7	23.1	27.1	29.2
Operating margin (core)	17.5	19.2	12.8	14.2	17.1	18.7	15.0	16.2	14.3	12.2
Pretax margin	19.9	21.7	14.9	16.3	18.6	19.8	17.6	17.4	16.0	14.9
Net margin	17.4	18.7	14.0	15.2	16.9	18.0	15.8	17.6	14.6	13.6
Recurring net margin	16.0	18.5	13.6	14.9	16.7	17.8	15.8	17.4	14.3	13.1
Segment revenue										
Electronic process equipment	**19,611**	**27,707**	**36,731**	**46,769**	**58,737**	**73,550**	**10,038**	**9,167**	**13,416**	**14,147**
YoY Growth (%)	*62.3*	*41.3*	*32.6*	*27.3*	*25.6*	*25.2*	*26.0*	*25.8*	*29.9*	*27.0*
Percentage of total (%)	88	92	93	94	95	96	97	93	94	94
Electronic component	**2,433**	**2,094**	**2,579**	**2,708**	**2,871**	**3,043**	**264**	**651**	**853**	**940**
YoY Growth (%)	*(5.5)*	*(13.9)*	*23.2*	*5.0*	*6.0*	*6.0*	*15.2*	*2.0*	*4.8*	*4.8*
Percentage of total (%)	11	7	7	5	5	4	3	7	6	6
Other businesses	**362**	**274**	**43**	**47**	**49**	**52**	**21**	**21**	**3**	**3**
YoY Growth (%)	*1,132.0*	*(24.2)*	*(84.4)*	*10.0*	*5.0*	*5.0*	*169.6*	*169.6*	*(80.5)*	*(80.5)*
Percentage of total (%)	2	1	0	0	0	0	0	0	0	0
Segment gross margin (%)										
Electronic process equipment	38.0	41.5	39.2	40.4	42.6	43.3	40.5	39.0	40.5	41.1
Electronic component	65.7	60.3	53.0	49.0	50.5	52.0	57.5	41.7	56.0	45.3

Source: Company data, Nomura estimates

Fig. 34: NAURA Technology – Balance sheet forecasts

FYE 31 Dec (CNY mn)	2023	2024	2025	2026F	2027F	2028F
Cash and cash equivalent	12,229	12,385	17,183	15,469	18,473	24,424
Restricted cash	222	11	154	169	186	205
Financial assets - S/T	-	-	42	46	51	56
Notes receivable	945	855	1,073	1,288	1,546	1,855
Account receivable	3,767	6,236	8,217	9,422	10,849	12,249
Prepayment	1,480	909	863	1,036	1,243	1,491
Other receivables	65	114	112	168	252	378
Inventory	16,992	23,635	28,627	35,576	39,576	49,232
Contract assets	285	479	542	650	715	786
Other current assets	2,241	2,046	2,508	2,645	2,802	2,983
Current assets	**38,226**	**46,669**	**59,321**	**66,469**	**75,692**	**93,659**
Financial assets - L/T	106	213	635	666	700	735
Equity method investment	3	66	300	336	336	336
PP&E - net	3,352	6,314	7,568	8,283	8,864	9,365
Construction in progress	2,027	53	452	653	1,008	1,479
Right-of-use assets	215	241	268	245	227	214
Intangible assets	2,547	4,710	10,520	12,181	13,457	14,417
Development costs	6,323	5,968	6,716	6,268	5,955	5,736
Goodwill	27	38	2,386	2,386	2,386	2,386
L/T Accrued expenses	125	182	172	171	170	169
Deferred tax asset	450	712	1,239	1,301	1,366	1,434
Other non-current assets	223	1,199	224	293	389	524
Non-current assets	**15,399**	**19,696**	**30,480**	**32,783**	**34,860**	**36,796**
Total assets	**53,625**	**66,366**	**89,801**	**99,251**	**110,553**	**130,455**
S/T Borrowing	23	94	319	223	156	109
Notes payables	1,741	2,025	3,741	3,928	4,124	4,330
Account payables	6,117	10,276	11,803	14,039	15,637	22,491
Advanced receipts	53	50	47	48	49	50
Contract liabilities	8,317	6,220	4,291	6,118	7,615	9,147
Employee benefits payables	999	1,253	1,690	2,142	2,548	3,123
Tax payables	209	384	586	615	646	678
Other payables	367	398	1,219	1,317	1,422	1,536
Non-current liabilities within 1 year	39	2,127	1,552	1,552	1,552	1,552
Other current liabilities	1,218	977	932	1,025	1,128	1,240
Total current liabilities	**19,083**	**23,805**	**26,180**	**31,006**	**34,878**	**44,258**
L/T Borrowing	5,835	3,946	12,973	10,538	8,103	5,668
Lease liabilities	142	171	172	178	186	193
Deferred income	3,735	5,835	5,915	6,211	6,521	6,847
Deferred tax liabilities	4	1	487	487	487	487
Other non-current liabilities	-	68	147	147	147	147
Total non-current liabilities	**9,717**	**10,021**	**19,693**	**17,561**	**15,443**	**13,342**
Total liabilities	**28,800**	**33,826**	**45,873**	**48,567**	**50,321**	**57,599**
Share capital	530	534	725	725	725	725
Capital reserve	14,971	16,427	17,966	17,966	17,966	17,966
Treasury stock	(45)	-	-	-	-	-
Other comprehensive income	7	11	(31)	(31)	(31)	(31)
Statutory reserves	128	216	265	415	624	900
Retained earnings	8,776	13,895	18,802	25,608	35,097	47,545
Other capital adjustments	-	-	-	-	-	-
Equity attributable to Company	**24,367**	**31,082**	**37,726**	**44,683**	**54,380**	**67,104**
Minority interests	458	1,458	6,202	6,002	5,852	5,752
Total equity	**24,825**	**32,540**	**43,928**	**50,684**	**60,232**	**72,855**
Total equity and liabilities	**53,625**	**66,366**	**89,801**	**99,251**	**110,553**	**130,455**

Source: Company data, Nomura estimates

Fig. 35: NAURA Technology – Statement of cash flow forecasts

FYE 31 Dec (CNY mn)	2023	2024	2025	2026F	2027F	2028F
Profit before taxation	**4,466**	**6,533**	**5,845**	**8,050**	**11,443**	**15,187**
Provision for impairemnt loss	100	228	316	-	-	-
D&A expenses	**730**	**1,071**	**1,567**	**2,090**	**2,431**	**2,747**
Depreciation of PP&E	229	315	441	485	533	579
Depreciation of Right-of-use assets	97	64	64	73	67	63
Amortization of Intangible assets	368	631	981	1,430	1,731	2,004
Amortization of Accrued expenses	36	61	81	102	100	101
Finance cost	151	168	255	200	180	165
Investment income	-	(1)	5	16	-	-
Share of JV and associate	(1)	(2)	1	(36)	-	-
Inventory - decrease	(3,968)	(6,550)	(5,056)	(6,949)	(3,999)	(9,656)
Account receivables - decrease	(1,166)	(1,787)	(2,866)	(1,205)	(1,428)	(1,400)
Account payables - increase	1,810	2,234	1,197	2,235	1,598	6,855
Deferred tax asset - decrease	(87)	(258)	(527)	(62)	(65)	(68)
Deferred tax liabilities - increase	2	(3)	486	-	-	-
Tax paid	(517)	(1,080)	(477)	(741)	(1,144)	(1,519)
Others	847	1,000	1,387	2,278	1,863	1,944
Net cash flows from operating activities	**2,365**	**1,552**	**2,133**	**5,877**	**10,879**	**14,254**
Capex - total	**(1,980)**	**(2,082)**	**(2,262)**	**(2,300)**	**(2,420)**	**(2,550)**
investments related - net	(70)	(166)	(495)	(52)	(38)	(40)
Acquisition - net	(8)	(6)	(2,017)	-	-	-
Disposal of assets	0	7	841	-	-	-
Others	-	-	3	(1,963)	(1,990)	(2,029)
Net cash flows from Investing activities	**(2,058)**	**(2,248)**	**(3,929)**	**(4,315)**	**(4,448)**	**(4,619)**
Share issuance	99	438	473	-	-	-
Capital injection from MI	113	842	12	-	-	-
Debt raised (repaid)	1,888	133	7,156	(2,531)	(2,502)	(2,482)
Interest paid	(152)	(203)	(341)	(200)	(180)	(165)
Dividend paid	**(236)**	**(414)**	**(567)**	**(552)**	**(751)**	**(1,045)**
Others	(66)	(66)	(126)	7	7	7
Net cash flows from financing activities	**1,647**	**729**	**6,607**	**(3,276)**	**(3,426)**	**(3,684)**
Net cash flows	**1,954**	**33**	**4,812**	**(1,714)**	**3,004**	**5,951**
Effect of FX	14	5	(14)	-	-	-
Cash and cash equivalents - beg	10,261	12,347	12,385	17,183	15,469	18,473
Cash and cash equivalents - end	**12,229**	**12,385**	**17,183**	**15,469**	**18,473**	**24,424**
Free cash flow (FCF)	**385**	**(530)**	**(128)**	**3,577**	**8,459**	**11,704**

Source: Company data, Nomura estimates

Key risks

Customer concentration: NAURA's key customer base is concentrated among major domestic foundries, memory makers, and IDMs. Therefore, its customers' capex outlook and capacity expansion plans directly impact its order and sales outlook.

Chinese fab capex slowdown: A slowdown in Chinese fab capex, particularly among memory manufacturers (YMTC, CXMT) and advanced logic producers (SMIC, HLMC) would negatively impact the order and sales outlook of Chinese equipment vendors, including NAURA.

Component shortage and supply constraints: While the overall component localization rate exceeds 50%, critical and high-end equipment components are still mainly supplied by overseas suppliers (Japan, Europe, US). Thererfore, a failure to acquire adequate component supplies (overseas suppliers, or domestic alternatives) could disrupt equipment delivery schedules, and hence impact sales.

Intensified competition: AMEC's expertise in etching and LPCVD, Piotech's expertise in PECVD/ALD, ACM Research's capabilities in cleaning and ECD (along with its new PECVD pipeline), and Hwatsing's Plasma-enhanced chemical vapor deposition (PECVD) / ALD (Atomic layer deposition) pipeline, are all increasing competition in the etching and Chemical vapor deposition (CVD) segments.

US sanctions escalation: Escalating US export controls on critical high-end tools could potentially impact Chinese fab capacity expansion plans, and consequently impact the order and sales outlook of equipment suppliers.

Technology strength and R&D: Leading-edge deposition processes demand high performance in uniformity and precision, which requires substantial R&D investment to maintain technological strength and competitive moats. Therefore, a failure to sustain R&D momentum will potentially cause market share loss and margin compression.

Appendix A-1

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Analyst Certification

We, Clint Su and Donnie Teng, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

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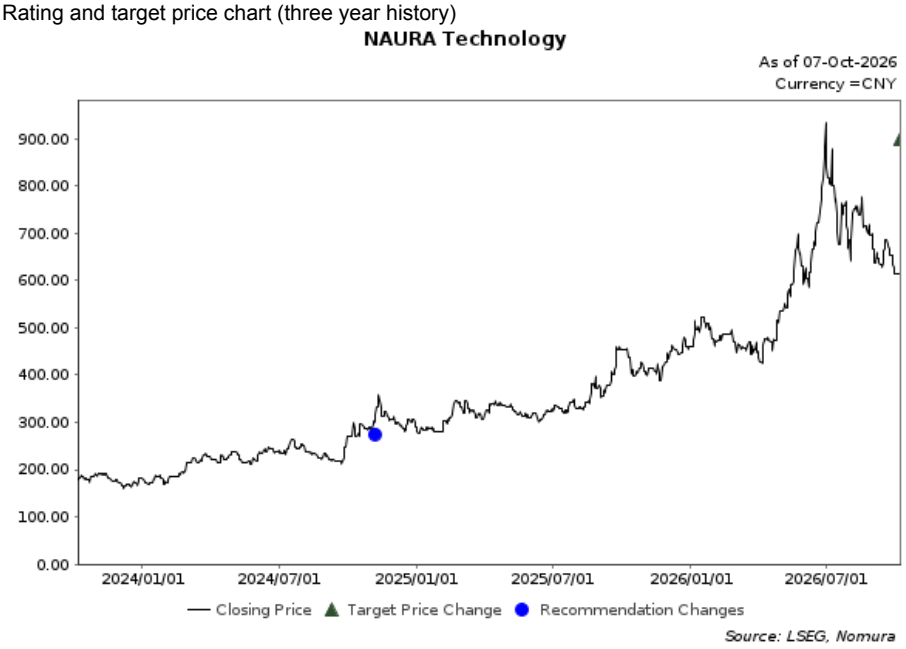
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Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
NAURA Technology	002371 CH	CNY 615.97	30-Sep-2026	Buy	N/A	

NAURA Technology (002371 CH) **CNY 615.97 (30-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
07-Oct-26	Buy		615.97
07-Oct-26		900.00	615.97
29-Oct-24	Suspended		287.93

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our target price of CNY900.00 is based on 10.5x forward EV/Sales multiple, and our 2027F revenue forecasts. The reason for choosing EV/Sales include: (1) Chinese equipment vendors are now at sales expansion and market share gain stage, where revenue growth is focused; (2) EV/Sales is relatively market neutral, allowing comparison globally across different markets; (3) the relative low volatility of EV/Sales makes it more reliable and referrible. The benchmark index is CSI300.
Risks that may impede the achievement of the target price Downside risks include: (1) less aggressive wafer fab capacity expansion in China; (2) slower market share gain for NAURA; (3) subsitution from overseas customers; (4) easing of equipment export control from US, Japan, Netherlands.

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