Taiwan | Information Technology | 13 July 2026

Daiwa Capital Markets Hong Kong Limited

AURAS Technology (3324 TT)

Target price: **TWD1,640.00** (from TWD1,670.00)

Share price (13 Jul): **TWD905.00** | Up/downside: **+81.2%**

5 4 3 2 **1**

Buy (unchanged)

2Q26 results preview: stronger 2H26 outlook vs. 1H26

- Gross margin likely slightly down QoQ due to VGA and PC segments
- Solid order visibility with multiple thermal components and applications
- Reiterating our Buy (1) rating; trimming our 12-month TP to TWD1,640

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What's new: Based on our recent check with management, we see a brighter-than-expected order outlook for 2H26, thanks to stronger-than-expected demand for GB300 and ASICs. We reaffirm our Buy (1) rating, as we believe Auras' progress and speciality in liquid-cooling development and projects will continue to gain order share in GPU and ASIC AI servers. See our memo, 7 July 2026.

What's the impact: **2Q26 results preview (see page 2).** Auras recorded an all-time high quarterly revenue of TWD8,699m (+1.7% QoQ and +63.9% YoY) for 2Q26. For its upcoming 2Q26 results, we now expect its EPS to be TWD12.33 vs. our previous forecast of TWD13.38 and the Bloomberg consensus forecast of TWD13.29, mainly on slightly weaker-than-expected gross margin of 29% (Daiwa forecast vs. previous forecast of 29.8% and the Bloomberg consensus forecast of 29.5%) due to lower-than-expected utilisation rates in the VGA and PC segments. We now expect its 3Q26 revenue to be TWD9,400m (+8.1% QoQ and +57.8% YoY vs. previous TWD9,900m and the Bloomberg consensus forecast of TWD9,427m). In our view, this revenue momentum is likely to mainly come from GB300 and one US CSP project. However, looking to 4Q26, we forecast its revenue of TWD10,790m (vs. our previous TWD9,979m and Bloomberg consensus forecast of TWD9,955m). We expect some revenue upside potential from the transition of liquid cooling from air cooling to CPU projects.

Stronger 2H26 outlook vs. 1H26, with rising liquid-cooling revenue exposure; complete thermal solutions. Auras maintained its revenue guidance of 60-70% YoY growth for 2026, mainly due to orders for DIMM cold plates and one ASIC project in 2H26. For its product offering, Auras has solid, comprehensive solutions in cold plate modules, manifolds (inner manifolds, rack manifolds, and building manifolds), and CDUs (air-to-liquid and liquid-to-liquid), helping it gain share from peers. We raise our 2026-28E EPS by 1-3%, mainly on higher revenue and operating margin assumptions.

What we recommend: We reiterate our Buy (1) call and trim our 12M TP to TWD1,640 (from TWD1,670), still based on a target PER of 25x, close to the midpoint of its past-3-year range of 11-38x (average PER: 20x), on our 1-year forward EPS. Key downside risks: softer-than-expected end-market demand, lower-than-expected penetration rate of new specs and delays in liquid-cooling development.

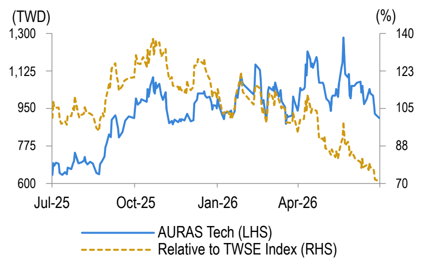
How we differ: Our 2027-28E EPS are 4-16% above Bloomberg consensus, as we are more aggressive on revenue and gross and operating margins.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	0.7	0.8	0.8
Net profit change	(1.0)	(0.5)	1.9
Core EPS (FD) change	0.5	1.0	3.4

Source: Daiwa forecasts

Share price performance



12-month range	640.00-1,280.00
Market cap (USDbn)	2.62
3m avg daily turnover (USDm)	132.64
Shares outstanding (m)	93
Major shareholder	Management (20.1%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	37,441	46,096	55,458
Operating profit (m)	6,776	9,404	12,090
Net profit (m)	5,239	7,182	9,238
Core EPS (fully-diluted)	55.961	76.712	98.671
EPS change (%)	102.8	37.1	28.6
Daiwa vs Cons. EPS (%)	(0.9)	4.4	16.1
PER (x)	16.2	11.8	9.2
Dividend yield (%)	2.8	3.9	5.0
DPS	25.5	35.0	45.0
PBR (x)	5.7	4.5	3.6
EV/EBITDA (x)	11.8	8.8	6.8
ROE (%)	40.8	43.6	44.3

Source: FactSet, Daiwa forecasts

Flash

Auras: revenue and earnings forecasts revisions

	2026E			2027E			2028E		
(TWDm)	New	Previous	Change	New	Previous	Change	New	Previous	Change
Sales	**37,441**	**37,173**	0.7%	**46,096**	**45,749**	0.8%	**55,458**	**55,023**	0.8%
Gross profit	**11,232**	**11,338**	-0.9%	**14,520**	**14,411**	0.8%	**17,747**	**17,607**	0.8%
Gross margin	*30.0%*	*30.5%*	-0.5pp	*31.5%*	*31.5%*	0pp	*32.0%*	*32.0%*	0pp
Operating profit	**6,776**	**6,727**	0.7%	**9,404**	**9,104**	3.3%	**12,090**	**11,555**	4.6%
Operating margin	*18.1%*	*18.1%*	0pp	*20.4%*	*19.9%*	0.5pp	*21.8%*	*21.0%*	0.8pp
Net profit	**5,239**	**5,290**	-1.0%	**7,182**	**7,219**	-0.5%	**9,238**	**9,065**	1.9%
Net margin	*14.0%*	*14.2%*	-0.2pp	*15.6%*	*15.8%*	-0.2pp	*16.7%*	*16.5%*	0.2pp
Fully-diluted EPS (TWD)	**55.96**	**55.67**	0.5%	**76.71**	**75.97**	1.0%	**98.67**	**95.40**	3.4%

Source: Daiwa forecasts

Auras: 2Q26 results preview

(TWDm)	Daiwa's 2Q26 forecasts	Our previous forecasts	Differ	Bloomberg consensus	Differ
Revenue	8,699	8,742	-0.5%	8,790	-1.0%
Gross profit	2,523	2,605	-3.2%	2,590	-2.6%
Operating profit	1,483	1,565	-5.3%	1,579	-6.1%
Profit before tax	1,529	1,611	-5.1%	1,601	-4.5%
Net profit	1,138	1,235	-7.8%	1,232	-7.6%
EPS	12.33	13.38	-7.9%	13.29	-7.3%
Margin					
Gross margin	29.0%	29.8%	-0.8pp	29.5%	-0.5pp
Operating margin	17.0%	17.9%	-0.9pp	18.0%	-0.9pp
Pre-tax margin	17.6%	18.4%	-0.9pp	18.2%	-0.6pp
Net margin	13.1%	14.1%	-1pp	14.0%	-0.9pp

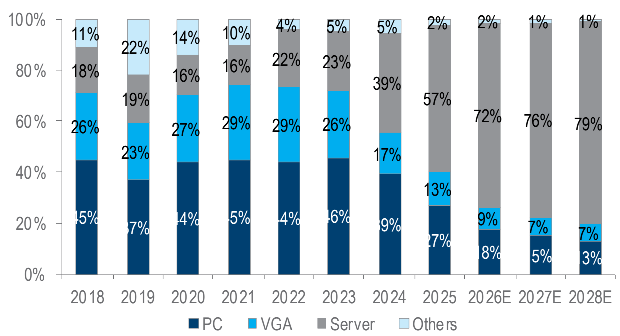
Source: Company, Bloomberg, Daiwa forecasts

Auras: quarterly and annual P&L

	2026E				2027E				2026E	2027E	2028E
(TWDm)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E			
Revenue	8,552	8,699	9,400	10,790	10,400	10,800	12,100	12,796	37,441	46,096	55,458
Gross profit	2,537	2,523	2,820	3,353	3,172	3,326	3,812	4,210	11,232	14,520	17,747
Operating profit	1,520	1,483	1,670	2,103	2,022	2,096	2,512	2,774	6,776	9,404	12,090
Pre-tax profit	1,570	1,529	1,716	2,149	2,073	2,147	2,562	2,825	6,964	9,607	12,294
Net profit	1,164	1,138	1,290	1,647	1,529	1,589	1,926	2,138	5,239	7,182	9,238
Basic EPS (TWD)	12.61	12.33	13.97	17.84	16.56	17.21	20.85	23.15	56.74	77.78	100.05
Margin											
Gross margin	29.7%	29.0%	30.0%	31.1%	30.5%	30.8%	31.5%	32.9%	30.0%	31.5%	32.0%
Operating margin	17.8%	17.0%	17.8%	19.5%	19.4%	19.4%	20.8%	21.7%	18.1%	20.4%	21.8%
Pre-tax margin	18.4%	17.6%	18.3%	19.9%	19.9%	19.9%	21.2%	22.1%	18.6%	20.8%	22.2%
Net margin	13.6%	13.1%	13.7%	15.3%	14.7%	14.7%	15.9%	16.7%	14.0%	15.6%	16.7%
YoY											
Revenue	93.7%	63.9%	57.8%	42.0%	21.6%	24.1%	28.7%	18.6%	60.9%	23.1%	20.3%
Gross profit	109.9%	81.9%	59.0%	67.3%	25.1%	31.9%	35.2%	25.6%	76.3%	29.3%	22.2%
Operating profit	169.7%	134.0%	68.3%	96.7%	33.1%	41.4%	50.4%	31.9%	107.9%	38.8%	28.6%
Pre-tax profit	135.6%	625.2%	42.4%	79.8%	32.0%	40.5%	49.3%	31.4%	112.5%	38.0%	28.0%
Net profit	127.7%	620.0%	32.5%	77.3%	31.4%	39.6%	49.3%	29.8%	103.7%	37.1%	28.6%
QoQ											
Revenue	12.6%	1.7%	8.1%	14.8%	-3.6%	3.8%	12.0%	5.8%			
Gross profit	26.6%	-0.5%	11.8%	18.9%	-5.4%	4.9%	14.6%	10.5%			
Operating profit	42.1%	-2.4%	12.6%	25.9%	-3.9%	3.7%	19.8%	10.4%			
Pre-tax profit	31.3%	-2.6%	12.2%	25.2%	-3.5%	3.6%	19.3%	10.2%			
Net profit	25.3%	-2.2%	13.3%	27.7%	-7.2%	3.9%	21.2%	11.0%			

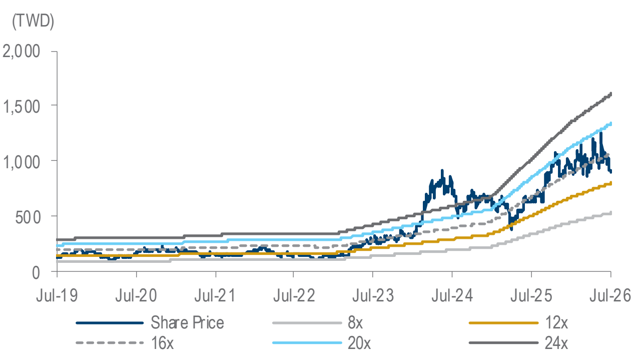
Source: Company, Daiwa forecasts

Auras: product mix



Source: Company, Daiwa forecasts

Auras: 1-year forward PER



Source: Bloomberg, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server revenue YoY growth (%)	17.7	37.7	(5.8)	109.7	117.9	102.0	30.0	25.0
PC revenue YoY growth (%)	20.5	(4.9)	(4.6)	5.4	1.7	5.0	5.0	5.0
VGA revenue YoY growth (%)	26.6	(2.3)	(17.6)	(20.5)	18.1	5.0	5.0	5.0
Others revenue YoY growth (%)	(15.2)	(58.5)	5.2	35.7	(37.7)	10.0	10.0	10.0

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server	2,257	3,107	2,927	6,139	13,375	27,018	35,123	43,904
PC	6,422	6,106	5,824	6,138	6,242	6,554	6,882	7,226
Other Revenue	5,579	4,643	3,962	3,502	3,659	3,868	4,091	4,328
Total Revenue	**14,258**	**13,857**	**12,713**	**15,779**	**23,276**	**37,441**	**46,096**	**55,458**
Other income	0	0	0	0	0	0	0	0
COGS	(11,595)	(11,135)	(9,708)	(11,753)	(16,904)	(26,208)	(31,576)	(37,711)
SG&A	(771)	(914)	(951)	(1,201)	(1,702)	(2,583)	(3,042)	(3,438)
Other op.expenses	(513)	(635)	(678)	(914)	(1,411)	(1,873)	(2,074)	(2,218)
Operating profit	**1,379**	**1,173**	**1,376**	**1,911**	**3,259**	**6,776**	**9,404**	**12,090**
Net-interest inc./(exp.)	(22)	(29)	(5)	9	(34)	(96)	(96)	(96)
Assoc/forex/extraord./others	64	483	197	446	53	284	300	300
Pre-tax profit	**1,421**	**1,628**	**1,568**	**2,366**	**3,277**	**6,964**	**9,607**	**12,294**
Tax	(268)	(341)	(329)	(434)	(580)	(1,323)	(1,825)	(2,336)
Min. int./pref. div./others	(21)	(23)	(7)	(39)	(126)	(401)	(600)	(720)
Net profit (reported)	**1,133**	**1,264**	**1,232**	**1,893**	**2,572**	**5,239**	**7,182**	**9,238**
Net profit (adjusted)	**1,133**	**1,264**	**1,232**	**1,893**	**2,572**	**5,239**	**7,182**	**9,238**
EPS (reported)(TWD)	**13.117**	**14.676**	**14.281**	**21.227**	**28.256**	**56.742**	**77.782**	**100.046**
EPS (adjusted)(TWD)	**13.117**	**14.676**	**14.281**	**21.227**	**28.256**	**56.742**	**77.782**	**100.046**
EPS (adjusted fully-diluted)(TWD)	**12.596**	**14.044**	**13.678**	**20.688**	**27.598**	**55.961**	**76.712**	**98.671**
DPS (TWD)	**6.000**	**6.500**	**6.350**	**10.000**	**12.000**	**25.534**	**35.002**	**45.021**
EBIT	**1,379**	**1,173**	**1,376**	**1,911**	**3,259**	**6,776**	**9,404**	**12,090**
EBITDA	**1,899**	**1,709**	**1,847**	**2,420**	**3,931**	**7,447**	**10,076**	**12,762**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	1,421	1,628	1,568	2,366	3,277	6,964	9,607	12,294
Depreciation and amortisation	520	536	470	509	672	672	672	672
Tax paid	(149)	(271)	(368)	(468)	(417)	(1,323)	(1,825)	(2,336)
Change in working capital	(233)	(769)	296	(667)	(3,812)	(3,706)	(3,874)	(2,752)
Other operational CF items	(115)	116	6	(97)	(315)	96	96	96
Cash flow from operations	**1,444**	**1,240**	**1,971**	**1,643**	**(594)**	**2,703**	**4,677**	**7,974**
Capex	(1,030)	(615)	(835)	(1,436)	(2,234)	(2,000)	(2,000)	(2,000)
Net (acquisitions)/disposals	96	11	(85)	(41)	(370)	(376)	(376)	(376)
Other investing CF items	(105)	(28)	(134)	(90)	(90)	0	0	0
Cash flow from investing	**(1,038)**	**(633)**	**(1,053)**	**(1,567)**	**(2,695)**	**(2,376)**	**(2,376)**	**(2,376)**
Change in debt	677	(61)	(386)	1,608	2,762	0	0	0
Net share issues/(repurchases)	(447)	0	0	167	155	0	0	0
Dividends paid	(482)	(517)	(577)	(571)	(903)	(1,108)	(2,358)	(3,232)
Other financing CF items	(51)	(52)	(43)	160	(64)	0	0	0
Cash flow from financing	**(303)**	**(629)**	**(1,007)**	**1,364**	**1,950**	**(1,108)**	**(2,358)**	**(3,232)**
Forex effect/others	0	0	0	0	0	0	0	0
Change in cash	**102**	**(22)**	**(89)**	**1,441**	**(1,338)**	**(781)**	**(57)**	**2,366**
Free cash flow	414	625	1,136	208	(2,828)	703	2,677	5,974

Source: FactSet, Daiwa forecasts

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	1,494	1,484	1,366	2,809	1,439	657	600	2,966
Inventory	2,301	2,081	2,391	2,934	6,179	7,949	10,494	11,947
Accounts receivable	4,849	4,570	4,613	5,462	10,128	14,538	18,919	22,148
Other current assets	334	286	284	475	842	842	842	842
Total current assets	**8,978**	**8,420**	**8,653**	**11,680**	**18,587**	**23,987**	**30,856**	**37,904**
Fixed assets	2,442	2,715	3,126	4,083	6,150	6,750	7,350	7,950
Goodwill & intangibles	125	173	187	212	197	197	197	197
Other non-current assets	350	435	646	951	1,190	1,190	1,190	1,190
Total assets	**11,895**	**11,743**	**12,612**	**16,926**	**26,125**	**32,125**	**39,593**	**47,241**
Short-term debt	416	1,498	232	475	2,678	2,678	2,678	2,678
Accounts payable	4,938	3,668	4,136	5,019	9,311	11,813	14,891	16,847
Other current liabilities	315	454	419	407	534	122	122	122
Total current liabilities	**5,670**	**5,620**	**4,787**	**5,902**	**12,523**	**14,612**	**17,691**	**19,647**
Long-term debt	350	255	172	313	630	630	630	630
Other non-current liabilities	967	58	786	1,423	1,477	1,477	1,477	1,477
Total liabilities	**6,986**	**5,933**	**5,745**	**7,638**	**14,630**	**16,719**	**19,798**	**21,754**
Share capital	884	884	895	918	931	923	923	923
Reserves/R.E./others	3,859	4,682	5,741	8,043	10,154	13,671	17,461	22,432
Shareholders' equity	**4,743**	**5,566**	**6,635**	**8,961**	**11,085**	**14,594**	**18,384**	**23,356**
Minority interests	166	244	231	327	410	811	1,411	2,131
Total equity & liabilities	**11,895**	**11,743**	**12,612**	**16,926**	**26,125**	**32,125**	**39,593**	**47,241**
EV	83,671	84,746	83,502	82,540	86,512	87,695	88,352	86,706
Net debt/(cash)	**(728)**	**269**	**(961)**	**(2,020)**	**1,869**	**2,651**	**2,708**	**342**
BVPS (TWD)	**53.654**	**62.968**	**74.140**	**97.655**	**119.093**	**158.055**	**199.102**	**252.946**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	16.7	(2.8)	(8.3)	24.1	47.5	60.9	23.1	20.3
EBITDA (YoY)	(3.9)	(10.0)	8.0	31.1	62.4	89.5	35.3	26.7
Operating profit (YoY)	(11.7)	(14.9)	17.3	38.8	70.6	107.9	38.8	28.6
Net profit (YoY)	1.9	11.6	(2.5)	53.6	35.9	103.7	37.1	28.6
Core EPS (fully-diluted) (YoY)	(0.2)	11.5	(2.6)	51.3	33.4	102.8	37.1	28.6
Gross-profit margin	18.7	19.6	23.6	25.5	27.4	30.0	31.5	32.0
EBITDA margin	13.3	12.3	14.5	15.3	16.9	19.9	21.9	23.0
Operating-profit margin	9.7	8.5	10.8	12.1	14.0	18.1	20.4	21.8
Net profit margin	7.9	9.1	9.7	12.0	11.1	14.0	15.6	16.7
ROAE	24.3	24.5	20.2	24.3	25.7	40.8	43.6	44.3
ROAA	10.3	10.7	10.1	12.8	11.9	18.0	20.0	21.3
ROCE	26.5	17.7	18.6	22.0	26.2	40.4	45.0	46.6
ROIC	29.9	18.1	18.2	23.7	26.0	34.9	37.6	40.5
Net debt to equity	n.a.	4.8	n.a.	n.a.	16.9	18.2	14.7	1.5
Effective tax rate	18.8	21.0	21.0	18.4	17.7	19.0	19.0	19.0
Accounts receivable (days)	122.0	124.1	131.8	116.5	122.2	120.2	132.5	135.1
Current ratio (x)	1.6	1.5	1.8	2.0	1.5	1.6	1.7	1.9
Net interest cover (x)	63.6	40.9	255.1	n.a.	95.8	70.4	97.7	125.6
Net dividend payout	45.7	44.3	44.5	47.1	42.5	45.0	45.0	45.0
Free cash flow yield	0.5	0.7	1.3	0.2	n.a.	0.8	3.2	7.1

Source: FactSet, Daiwa forecasts

Company profile

Founded in 1998 and listed on Taiwan's OTC stock board in May 2005, AURAS Technology (Auras) is a leading global thermal solutions provider that offers a one-stop shopping model. Its major clients include Quanta, Compal, HP, Lenovo, Dell, Amazon and Meta. Major applications for the company's products are notebooks (consumer, commercial and gaming), desktops, VGA, servers and others.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	The CEO and Chairperson of Auras are the same individual, and we see the Chairperson has served as Auras' vice president for 14 years, which is a positive sign from an executive perspective. We see no issue with its board quality.
G	Capital management	2	Auras' dividend payout ratio was 42-46% over 2019-25, which we consider reasonable as the company is at a fast-growing stage.
G	Related party & transaction	2	Cost of goods generated from related-party transactions was less than 1% of total COGS during 2022-25, and we found no suspicious activity.
E	Supply chain management	1	Auras has a complete process to select and review its supply chain to make sure its supply-chain management meets ESG requirements. For example, those who submit ICP testing report and have ISO9001, QC080000 and ESG-related certifications would be the preferred choice as suppliers.
E	Data security	2	To protect business information, Auras introduced the ISO 27001 management system in 2022, improving its information security system. Thus, when the company's business activities are affected by major disasters or equipment failure, Auras can effectively reduce the damage to an acceptable level, and ensure that the information operation process can be rebuilt.

Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.

Update Date: 6 May 2026

Source: Daiwa, Company

Important Disclosures and Disclaimer

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Rating	Percentage of total
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