Auras (3324.TWO): Liquid cooling components ride on AI server ramp up and dollar content increase; New products ramping up in 2H26E; Buy

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Auras' Jul revenue was up 117% YoY / 39% MoM, driven by AI server liquid and air cooling components. We expect revenues in 3Q26 / 4Q26 to grow at +19% / 6% QoQ, driven by next-generation GPU and ASIC AI servers, higher liquid cooling component dollar content, growing AI infrastructure trend, rising penetration of liquid-cooled AI servers as computing density increases, and Auras' capacity expansion, supporting the company to better capture rising demand. Maintain Buy.

Exhibit 1: Auras monthly revenue preview

	Jul-26	Aug-26 (E)	Sep-26 (E)	Oct-26 (E)	Nov-26 (E)	Dec-26 (E)	3Q26E	4Q26E
Rev (NT$m)	3,765	3,257	3,310	3,409	3,614	3,947	10,332	10,970
YoY	117%	73%	41%	46%	48%	40%	73%	44%
MoM/QoQ	39%	-14%	2%	3%	6%	9%	19%	6%
GS (NT$m)								
Actual vs. GS								

Source: Company data, Goldman Sachs Global Investment Research

2Q26 miss: Auras' 2Q26 revenue was largely in line with our estimate and Bloomberg consensus, while GM was QoQ down, which we attribute to the trial production of new liquid cooling components for next-generation ASIC and GPU AI servers. Despite the GM miss in 2Q26, we expect GM to improve in 2H26 driven by better product mix toward liquid cooling components. 2Q26 opex ratio was lower than our estimate, reflecting operational efficiency improvement; along with higher than expected tax expense, this led 2Q26 net income to come in 23% / 21% below our estimate / Bloomberg consensus.

Exhibit 2: 2Q26 result snapshot

NT$m	2Q25	1Q26	2Q26	QoQ	YoY	GS	Act / GS	Cons.	Act / Cons.
Revenues	5,306	8,552	8,700	2%	64%	9,108	-4%	8,815	-1%
GP	1,387	2,537	2,472	-3%	78%	2,800	-12%	2,585	-4%
OP	633	1,521	1,390	-9%	120%	1,580	-12%	1,588	-12%
Net income	158	1,164	969	-17%	513%	1,257	-23%	1,232	-21%
Margins									
GM	26.1%	29.7%	28.4%			30.7%		29.3%	
OPM	11.9%	17.8%	16.0%			17.3%		18.0%	
NM	3.0%	13.6%	11.1%			13.8%		14.0%	

Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Earnings revision: We factor in Auras' Jul revenue and 2Q26 result and raise our 2026-28E revenues by 5% / 7% / 11%, mainly on higher AI server liquid cooling component shipments, benefiting from the rising liquid cooling solution penetration rate and dollar content increase in AI servers. We slightly cut our 2026E GM to reflect the impact of trail production in 2Q26 and keep our 2027-28E GMs largely unchanged. Our estimates still show a GM uptrend in coming years, reflecting our positive view that Auras' product mix upgrade toward AI server liquid cooling will drive margin expansion. Our 2026-28E opex ratios are slightly revised down, mainly on higher revenue scale, along with higher tax rates, leading our 2026-28E net income estimates to -3% / +1% / +7%.

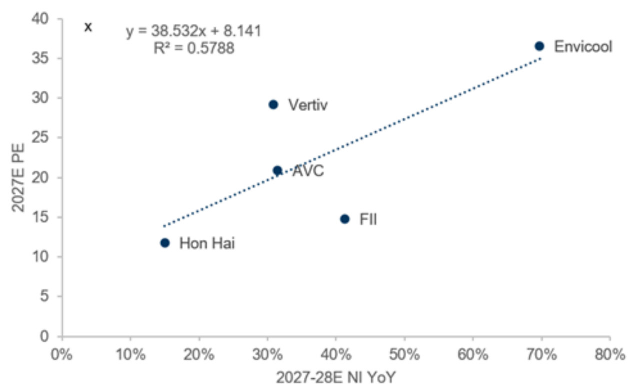
Exhibit 3: Earnings revision

	2026E			2027E			2028E		
NT$m	Old	New	Diff %	Old	New	Diff %	Old	New	Diff %
Revenues	36,706	38,554	5%	44,329	47,531	7%	50,121	55,499	11%
GP	11,410	11,459	0%	13,939	14,809	6%	15,937	17,695	11%
OP	6,511	6,781	4%	8,289	8,868	7%	9,772	10,952	12%
Net income	5,180	4,999	-3%	6,603	6,678	1%	7,790	8,332	7%
Margins									
GM	31.1%	29.7%		31.4%	31.2%		31.8%	31.9%	
OPM	17.7%	17.6%		18.7%	18.7%		19.5%	19.7%	
NM	14.1%	13.0%		14.9%	14.0%		15.5%	15.0%	

Source: Goldman Sachs Global Investment Research

Valuation: We continue to use near-term P/E to derive target price and update our 2027E target P/E to 19.4x (vs. 17.9x previously), mainly on higher 2027-28E net income growth. Our target P/E is still derived from peers' correlation between trading P/E vs. forward year NI YoY. With the updated target P/E and earnings estimates, our 12M TP is raised to NT$1,353 (vs. NT$1,283 previously). Our new TP implied P/E is at 19.4x, still in line with the company's trading P/E avg. **Maintain Buy.**

Exhibit 4: Peers 2027E PE vs. 2027-28E NI YoY

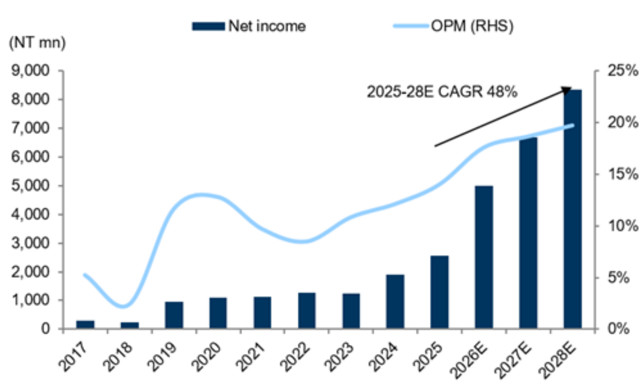


Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: Auras 12M forward PE ratio

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: Auras net income and OPM trend



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: Auras QFII holdings

Source: TEJ

Exhibit 8: Auras P&L summary

NT$m	2022	2023	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E
Income statement															
Revenue	13,857	12,713	15,779	23,276	38,554	47,531	55,499	4,415	5,306	5,958	7,597	8,552	8,700	10,332	10,970
Gross profit	2,722	3,005	4,026	6,372	11,459	14,809	17,695	1,208	1,387	1,773	2,004	2,537	2,472	3,114	3,336
OP income	1,174	1,376	1,911	3,261	6,781	8,868	10,952	564	633	994	1,069	1,521	1,390	1,863	2,007
Net income	1,264	1,232	1,893	2,572	4,999	6,678	8,332	511	158	974	929	1,164	969	1,381	1,485
EPS, diluted (NT$)	13.90	13.53	20.54	27.33	52.19	69.72	86.98	5.45	1.73	10.33	9.82	12.15	10.12	14.41	15.51
Margins															
Gross margin	19.6%	23.6%	25.5%	27.4%	29.7%	31.2%	31.9%	27.4%	26.1%	29.8%	26.4%	29.7%	28.4%	30.1%	30.4%
Operating margin	8.5%	10.8%	12.1%	14.0%	17.6%	18.7%	19.7%	12.8%	11.9%	16.7%	14.1%	17.8%	16.0%	18.0%	18.3%
Net margin	9.1%	9.7%	12.0%	11.1%	13.0%	14.0%	15.0%	11.6%	3.0%	16.3%	12.2%	13.6%	11.1%	13.4%	13.5%
Ratios															
Opex ratio	-11%	-13%	-13%	-13%	-12%	-13%	-12%	-15%	-14%	-13%	-12%	-12%	-12%	-12%	-12%
Tax rate	21%	21%	18%	18%	21%	21%	21%	21%	22%	15%	18%	19%	21%	21%	21%
YoY															
Revenue	-3%	-8%	24%	48%	66%	23%	17%	40%	24%	41%	84%	94%	64%	73%	44%
Gross profit	2%	10%	34%	58%	80%	29%	19%	57%	14%	60%	116%	110%	78%	76%	66%
OP income	-15%	17%	39%	71%	108%	31%	23%	71%	-8%	83%	205%	170%	120%	87%	88%
Net income	12%	-3%	54%	36%	94%	34%	25%	29%	-75%	145%	99%	128%	513%	42%	60%
QoQ															
Revenue								7%	20%	12%	28%	13%	2%	19%	6%
Gross profit								30%	15%	28%	13%	27%	-3%	26%	7%
OP income								61%	12%	57%	8%	42%	-9%	34%	8%
Net income								9%	-69%	516%	-5%	25%	-17%	42%	8%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Auras

Our 12m target price for Auras is based on a near-term P/E, consistent with our Taiwan Technology coverage. We base our 12-m TP of NT$1,353 on a target P/E multiple of 19.4x forward year EPS (2027E). Our target P/E is derived from the correlation between P/E and EPS growth of its peers in technology hardware, based on the company's 2027E-28E EPS YoY growth at 23%. Key downside risks: 1) Slower-than-expected liquid cooling penetration; (2) Soft AI server demand; (3) Weaker-than-expected PC market; and (4) Potential competition from existing and new suppliers.

3324.TWO	12m Price Target: **NT$1,353.00**	Price: **NT$1,010.00**	Upside: **34.0%**

Buy

Market cap: NT$96.7bn / $3.0bn
Enterprise value: NT$101.0bn / $3.1bn
3m ADTV: NT$3.0bn / $95.1mn
Taiwan
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (NT$ mn) New	**23,276.3**	**38,553.8**	**47,531.3**	**55,499.1**
Revenue (NT$ mn) Old	23,273.6	36,705.8	44,328.6	50,120.9
EBITDA (NT$ mn)	3,932.5	7,687.4	10,023.1	12,383.1
EPS (NT$) New	**27.33**	**52.19**	**69.72**	**86.98**
EPS (NT$) Old	27.37	56.20	71.65	84.52
P/E (X)	26.2	19.4	14.5	11.6
P/B (X)	6.1	7.1	5.6	4.5
Dividend yield (%)	1.4	2.5	3.3	4.1
CROCI (%)	22.4	32.9	35.5	38.6

	6/26	9/26E	12/26E	3/27E
EPS (NT$)	10.12	14.41	15.51	16.47

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Aug 2026 close.

Disclosure Appendix

Reg AC

We, Verena Jeng, Allen Chang and Yifan Hu, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

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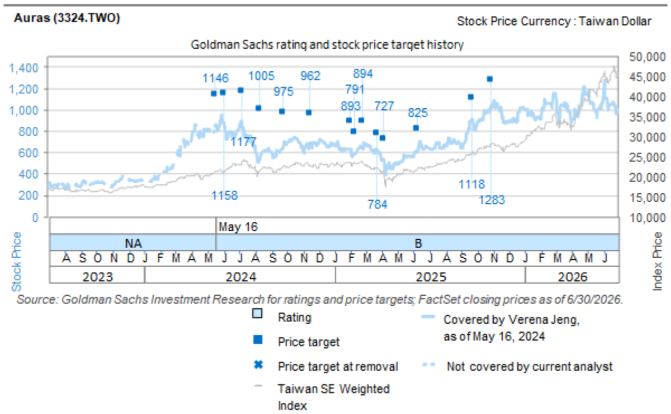

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Target price history table(s)

Auras (3324.TWO)

Date of report	Target price (NT$)	Closing price (NT$)
29-Oct-25	1,283.00	1,005.00
21-Sep-25	1,118.00	892.00
08-Jun-25	825.00	609.00
06-Apr-25	727.00	544.00
24-Mar-25	784.00	612.00
25-Feb-25	894.00	637.00
09-Feb-25	791.00	591.00
31-Jan-25	893.00	-
15-Nov-24	962.00	663.00
25-Sep-24	975.00	646.00
12-Aug-24	1,005.00	585.00
09-Jul-24	1,177.00	825.00
03-Jun-24	1,158.00	865.00
16-May-24	1,146.00	850.00

Price targets shown in table(s) are unadjusted for corporate actions.

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