

Aurora Design Pcl.

April 22, 2025

AURA

Shifting gear to an exponential expansion mode



Highlights

- ▶ Management showed it has over-delivered on performance since its IPO and unveiled more upbeat financial guidance for next three years.
- ▶ Mgt's 2025 and 2027 guidance looks aggressive and implies an upside risk to our 2025 and 2027 net profit projections of 16% and 15%.
- ▶ Market has underappreciated AURA's financial track record over the past two years, the upside risk to our profit forecasts from management's new strategic direction, and the company's benefits from the elevated gold price during the Trump administration. Under the new guidance, the stock is trading at undemanding PERs of 15.8x for 2025 and 10.9x for 2027.

Investment Fundamentals

Year end Dec 31	2023A	2024A	2025E	2026E
Company Financials				
Revenue (Btmn)	29,878	33,154	35,831	39,409
Core profit (Btmn)	839	1,132	1,219	1,504
Net profit (Btmn)	859	1,129	1,219	1,504
Net EPS (Bt)	0.64	0.85	0.91	1.13
DPS (Bt)	0.31	0.42	0.45	0.52
BVPS (Bt)	4.26	4.80	5.13	5.74
Net EPS growth (%)	21.14	31.38	7.96	23.45
ROA (%)	7.09	7.51	6.96	7.65
ROE (%)	16.20	18.69	18.40	20.75
Net D/E (x)	0.89	1.19	1.22	1.34
Valuation				
P/E (x)	23.91	17.25	18.39	14.90
P/BV (x)	3.62	3.04	3.27	2.93
EV/EBITDA (x)	15.32	11.96	13.49	11.92
Dividend yield (%)	2.02	2.88	2.67	3.09

Analyst

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OUTPERFORM

Maintain Rating

Valuation: PER and DCF

Sector: Fashion
Market Cap: Bt22,411mn
30-day avg turnover: Bt41.29mn

Target Price/Upside:

Bt20.10/19.64%

Maintain Target Price

Price (Apr 21, 2025)

Bt16.80

No. of shares on issue: 1,334mn

CG Scoring (IOD-Y2023): Excellent

Anti-Corruption Indicator: N/A

Investment Topics

- ▶ **Event.** On April 21, AURA unveiled its 3-year business plan with 10 sell side analysts participating in the meeting.
- ▶ **What's new for growth?** First, management is targeting net profit growth of 20%-30% per year during 2025-27. Second, AURA maintained its target for branches at 644 in 2025 and is aiming to reach 1,050 branches in 2027. Third, it raised its estimated 2025 gold financial portfolio size from Bt6.5bn to Bt7.5bn and set a 2027 target of Bt20bn. Fourth, it has secured a syndicated loan facility of Bt5bn and plans to issue a 2-year tenure THB bond of Bt2bn in 3Q25.
- ▶ **What's new for margin expansion?** First, management has turned bullish on the gold price trajectory in 2025-27 under the Trump administration, which implies the gold price will stay elevated. AURA is in a better position than non-network gold shops to capture retail demand to resell their gold jewelry for self-financing. Second, AURA has gradually raised its goldsmith fee by Bt300, which would improve its gross profit by 5%, based on our estimates. Third, the company is working to expand its credit terms with gold suppliers from 1 month to 2 months. If successful, its borrowing requirements would fall by Bt3.2bn in 2026, based on our calculations. Last, AURA will invest in a gold melting facility, which should improve the efficiency of its gold resale and sale cycle, implying 2.2% higher gross profit, based on our calculations.
- ▶ **Our view.** We have a positive view of AURA based on management's aggressive operating guidance for the next three years. Based on our interpretation of AURA's 2025 and 2027 net profit growth guidance, our 2025 and 2027 net profit growth projections have 15%-16% upside risk. Meanwhile, we expect AURA to report a buoyant net profit in 1Q25 of Bt320mn-Bt330mn, or growth of 17%-20% YoY and 3%-6% QoQ. AURA is scheduled to post its 1Q25 financial statement on May 14.

Valuation and Recommendation

- ▶ **Outperform.** We maintain our 2025-27 core profit projections, our end-2025 target price of Bt20.1 and our Outperform call on AURA. Under the new guidance, AURA's current share price of Bt16.8 implies a 2025 PER of 15.8x and 2027 PER of 10.9x, vs. 3-year CAGR for net profit of 21.6% and 2025 ROE of 20.6%. It seems the market has underappreciated 1) management's over-delivery on 3-year operating target since its IPO in late 2022; and 2) the company's competitive advantage in winning market share in the gold retailing, gold financing, and non-gold jewelry retailing businesses.
- ▶ **Risks:** 1) Unexpected equity call owing to capital inadequacy; 2) changes in accounting standards; and 3) a deep and sharp fall in gold price.

About AURA: The company engages in 1) the retail distribution (sale and resale) of gold jewelry, diamonds, gems, and k-gold; and 2) service of sale with the right of redemption for jewelry. AURA operates 406 jewelry retail chain throughout the country. The major shareholder is the Srirungthum family with a holding stake of 64.38%.

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Fig 1 Management's operating guidance vs. KS estimates for 2025

	2024A	2025AURA		2025KS	AURA vs. KS
		Previous	New		
No of branches					
Aurora + Seng Heng	267	277	277	282	-1.8%
Thong Ma Ngern Pai (TMNP)	210	310	310	264	17.4%
High value jewelry shops	11	57	57	14	307.1%
Total branches	488	644	644	560	15.0%
Gold financing portfolio (Btmn)	4,880	6,500	7,500	6,180	21.4%
Net profit % YoY	33.5%	+20%+/-	20%-30%	7.4%	12.6-22.6%
KS interpretation					
Net profit	1,134	1,361	1,418	1,219	16.3%

Source: Company, KS Research

Fig 2 Management's 3-year business plan vs. KS estimates for 2027

	2024A	2025AURA	2027AURA	2025KS	2027KS
No of branches					
Aurora + Seng Heng	267	277	294	282	306
Thong Ma Ngern Pai (TMNP)	210	310	651	264	335
High value jewelry shops	11	57	105	14	19
Total branches	488	644	1,050	560	660
Gold financing portfolio (Btmn)	4,880	7,500	20,000	6,180	9,005
Net profit % YoY	33.5%	20%-30%	20%-25%	7.4%	18.4%
KS interpretation					
Net profit	1,134	1,418	2,041	1,219	1,781

Source: Company, KS Research

Fig 3 Management's profit growth tactics

	Goldsmith fee	Strategic upstream partner	
		Wholesaler	Gold melting facility
Company's target	+Bt300	1 month to 2 months	1% higher margin
Base	Gold retailing transaction	Gold inventory	Gold resale transaction
Benefits	Higher GP	Lower debt requirement	Higher GP
KS assumption			
	Gold retailing in Bt gold	A/P in Btmn	Gold resale in Bt gold
2026E	808,842	1,595	242,653
Impactions (max)			
Btmn	Gross profit	Loan + debenture	Gross profit
2026E change	243	-3,190	107
2026E base case	4,825	10,735	4,825
% upside	5.0%	-29.7%	2.2%

Source: Company, KS Research

Fig 4 AURA's competitiveness in gold financing business



Source: Company, KS Research

Fig 5 Accumulated growth rate of local gold jewelry price and global spot price of gold from 2006 to present



Fig 6 Accumulated growth rate of local gold jewelry price and global spot price of gold from 2021 to present

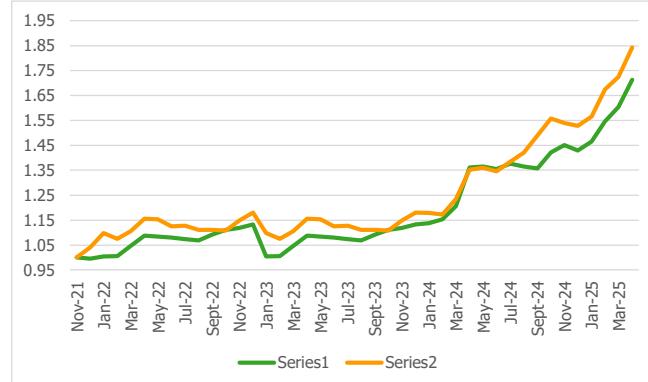


Fig 7 Valuation summary

	Retail	Lending	Aggregate	Explanation
2026 operating asset + net working cap	18,459	8,899	18,337	
2026 debt	5,582	5,153	11,492	
2026 equity	3,981	3,676	6,845	
2026 core profit (Btmn)	972	533	1,219	
Assigned PER (x)	19.5			2025 simple average PER of commerce sector with 10% discount
PER based value	18,945			
Assigned PBV (x)		1.7		
PBV based value		7,864		Gordon model: R = 9.4%, G = 10%, Payout = 50%, ROE = 15.4%
Total equity value	18,945	7,864	26,809	
No of share (m)	1,334	1,334	1,334	
Bt per share	14.20	5.89	20.10	

Source: Company, KS Research

Fig 8 Trailing PER band



Fig 9 Trailing PBV band



KS ESG analysis: Aurora Design PCL.

ESG score : Unrated
SETESG certified: No
DJSI certified: No

2023 Awards

- SET Awards 2023
- World Branding Awards 2017-2023
- Thailand Social Awards 2019-2023
- DDAY SHINING STAR

Company overview

- AURA is a leading retail business which provides a wide range of gold, diamond, gemstone jewelry, and related services. The company is one-stop destination for all jewelry needs. About 94% of its revenue comes from modern gold, while design gold and diamond jewelry contribute at around 5% of total

Analyst opinion

- AURA is aware of the importance of conducting business according to sustainable growth. As a result, the company has been preparing and developing in operations, employees, and related activities toward sustainability. This includes in all ESG aspects. However, in terms of methodology and evaluation, the company provides unclear report in detail how it would achieve to long-term goals of sustainability.

Environmental aspect

	unit	2022	2023
1. Total greenhouse gas emissions	MTCO2e	1,011	4,164
2. Electricity consumption	MWh	622,215	787,780
3. Fuel consumption	Liters	3,043	277,513
4. Water consumption	Cubic meters	7,180	1,919
5. Total waste generated	Kilograms	0	0

Analyst comment

- Even though the company has been pushing its business operation to follow sustainable growth, it has significant increase in greenhouse gas emission and fuel consumption from operations. Electricity consumption increases due to installation of solar. Additionally, the water consumption reduces from automatic water management system. Also, there is a packaging recycle project to manage waste generated as well.

Social aspect

	unit	2022	2023
1. Total employee compensation	Bt mn	528.34	630.95
2. Employee turnover rate	%	37.92	55.78
3. Gender diversity	% female	84.10	85.74
4. Human rights training programs	Yes/No	No	Yes
5. Significant labor dispute	Yes/No	No	No

Analyst comment

- Higher employee compensation comes from an increase in the number of employees. This conforms with higher turnover rate. In terms of gender diversity, the proportion of female employees is high due to the nature of the business. In addition, the company provides training courses which realize to the importance of human rights. There is no significant labor dispute.

Governance aspect

	unit	2022	2023
1. % of independent directors	%	42.86	42.86
2. Number of female directors	%	14.29	14.29
3. Loss time injury incidents by employee	Cases	2	2
4. Employee participating provident fund	%	37.60	34.11
5. Corporate governance policy	Yes/No	Yes	Yes

Analyst comment

- The number of independent directors meet the minimum criteria with less portion of female directors. Loss time injury incident cases remain the same level at low rate, as the company has good safety management system. In addition, the number of provident fund members slightly decreases from the higher rate of turnover.

Materiality assessment

- The company has no conduct of materiality assessment.

Year-end 31 Dec

Income Statement (Btmn)	2023A	2024A	2025E	2026E	2027E	Cashflow (Btmn)	2023A	2024A	2025E	2026E	2027E
Revenue	29,878	33,154	35,831	39,409	42,315	Net profit	859	1,129	1,219	1,504	1,781
Cost of sales and services	-27,025	-29,485	-31,733	-34,584	-36,874	Depreciation & amortization	406	487	309	269	231
Gross Profit	2,853	3,669	4,098	4,825	5,441	Change in working capital	-2,268	-3,330	-2,575	-2,564	-2,033
SG&A	-1,588	-1,890	-2,126	-2,352	-2,510	Others	250	389	305	376	445
Other income	0	0	0	0	0	CF from operation activities	-753	-1,325	-743	-414	425
EBIT	1,265	1,778	1,972	2,473	2,931	Capital expenditure	-125	-137	-181	-136	-102
EBITDA	1,672	2,265	2,282	2,742	3,162	Investment in subs and affiliates	0	0	0	0	0
Interest expense	-263	-400	-490	-631	-744	Others	0	1	0	0	0
Equity earnings	0	0	0	0	0	CF from investing activities	-125	-136	-181	-136	-102
EBT	1,071	1,410	1,523	1,881	2,227	Cash dividend	-107	-414	-609	-752	-891
Income tax	-212	-281	-305	-376	-445	Net proceeds from debt	1,388	2,388	2,411	1,877	1,537
NPAT	859	1,129	1,219	1,504	1,781	Capital raising	0	0	0	0	0
Minority Interest	0	0	0	0	0	Others	-262	-399	-490	-631	-744
Core Profit	839	1,132	1,219	1,504	1,781	CF from financing activities	1,019	1,575	1,312	494	-98
Extraordinary items	-20	3	0	0	0	Net change in cash	142	114	388	-56	225
FX gain (loss)	0	0	0	0	0	Key Statistics & Ratios					
Reported net profit	859	1,129	1,219	1,504	1,781	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	0.64	0.85	0.91	1.13	1.34
Cash & equivalents	560	575	502	446	671	Core EPS	0.63	0.85	0.91	1.13	1.34
ST investments	0	0	0	0	0	DPS	0.31	0.42	0.45	0.52	0.62
Accounts receivable	2,895	5,070	6,489	8,101	9,456	BV	4.26	4.80	5.13	5.74	6.46
Inventories	8,369	9,479	9,314	10,415	11,217	EV	19.19	20.31	23.06	24.51	25.50
Other current assets	26	52	26	26	26	Free Cash Flow	-0.66	-1.10	-0.69	-0.41	0.24
Total current assets	11,851	15,175	16,331	18,988	21,370	Valuation analysis					
Investment in subs & others	105	206	105	105	105	Reported P/E (x)	23.91	17.25	18.39	14.90	12.58
Fixed assets-net	225	261	705	814	897	Core P/E (x)	24.48	17.21	18.39	14.90	12.58
Other assets	1,231	1,027	1,196	1,086	975	P/BV (x)	3.62	3.04	3.27	2.93	2.60
Total assets	13,412	16,669	18,337	20,994	23,346	EV/EBITDA (x)	15.32	11.96	13.49	11.92	10.76
Short-term debt	3,932	6,709	5,827	7,202	8,343	Price/Cash flow (x)	-27.30	-14.70	-30.18	-54.11	52.78
Accounts payable	1,301	1,275	1,446	1,595	1,719	Dividend yield (%)	2.02	2.88	2.67	3.09	3.68
Other current assets	761	743	761	761	269	Profitability ratios					
Total current liabilities	5,994	8,726	8,034	9,558	10,576	Gross margin (%)	9.55	11.07	11.44	12.24	12.86
Long-term debt	1,684	1,480	3,030	3,532	3,929	EBITDA margin (%)	5.59	6.83	6.37	6.96	7.47
Other liabilities	56	64	427	246	228	EBIT margin (%)	4.46	5.46	5.62	6.37	7.02
Total liabilities	7,734	10,270	11,492	13,337	14,733	Net profit margin (%)	2.88	3.40	3.40	3.82	4.21
Paid-up capital	1,334	1,334	1,334	1,334	1,334	ROA (%)	7.09	7.51	6.96	7.65	8.03
Share premium	3,228	3,228	3,228	3,228	3,228	ROE (%)	16.20	18.69	18.40	20.75	21.90
Reserves & others, net	0	0	0	0	0	Liquidity ratios					
Retained earnings	1,115	1,837	2,283	3,094	4,050	Current ratio (x)	1.98	1.74	2.03	1.99	1.97
Minority interests	0	0	0	0	0	Quick ratio (x)	0.58	0.65	0.87	0.89	0.94
Total shareholders' equity	5,678	6,399	6,845	7,657	8,612	Leverage Ratios					
Total equity & liabilities	13,412	16,669	18,337	20,993	23,346	Liabilities/Equity ratio (x)	1.36	1.60	1.68	1.74	1.71
Key Assumptions						Net debt/EBITDA (x)	3.02	3.36	3.66	3.75	3.67
SG&A to sales (%)	5.3%	5.7%	5.9%	6.0%	5.9%	Net debt/equity (x)	0.89	1.19	1.22	1.34	1.35
Revenue breakdown per outlet (Btmn)						Int. coverage ratio (x)	5.08	4.52	4.11	3.98	3.99
Gold retail	108	108	114	118	124	Growth					
Sales contract	4	3	4	4	4	Revenue (%)	1.00	10.96	8.07	9.99	7.38
Revenue proportion by channels (%)						EBITDA (%)	16.33	35.52	0.72	20.20	15.29
Gold retail	99.00%	98.29%	97.75%	97.38%	96.89%	Reported net profit (%)	21.14	31.38	7.96	23.45	18.40
Sales contract	1.00%	1.71%	2.25%	2.62%	3.11%	Reported EPS (%)	21.14	31.38	7.96	23.45	18.40
						Core profit (%)	15.28	34.86	7.67	23.45	18.40
						Core EPS (%)	15.28	34.86	7.67	23.45	18.40

Source: Company, KS Research

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