

In gold we trust; In AURA we buy

- AURA is a key beneficiary on gold price volatility and uptrend (gold financing) / downtrend (gold shops)
- Expansions in margins and number of branches the key drivers
- Initiated with BUY and a TP of THB21.4

Heading towards THB2.0b net profit mark by 2027E

We project net profit growth of 19% CAGR in 2024-27E, rising from THB1.135b in 2024 to THB1.907b in 2027E. Key catalysts are 1) sustained high margin at 4.1%-4.3% net profit margin in 2025E-27E on strategically improving product mix and competitive cost structure; 2) expansions in number of branches to extend both customer base and market presence; and 3) higher gold price towards USD5,000/oz by 2027E, based on our estimate.

Margin enhancement is the endgame

We believe in 2025E-27E, AURA will see higher net profit margins from 3.5% in 2024 to 4.2% in 2025, 4.3% in 2026E, and 4.1% in 2027E, driven by the higher revenue portions of the high-margin design product and the gold financing segment whose GPMs are 40%+ for the high-margin design segment and 9% for the gold financing segment vs only 4%-6% for Modern gold shops, AURA's conventional business.

Branch expansion underway

In 2025E-27E, we project AURA's number of branches to grow from 488 shops in 2024 to 1,070 shops in 2027E (AURA's target), comprising 1) Modern gold (Aurora + Seng Heng) from 267 in 2024 to 277 in 2025 and 450 in 2026; 2) Gold Financing (Thong Ma Ngerm Pai) from 210 in 2024 to 310 in 2025E and 540 in 2027E; and 3) High-value jewelry shops from 11 shops in 2024 to 57 in 2025E and 80 in 2027E.

Gold price volatility: a friend, not foe to AURA

We are bullish on gold price, projecting the average gold price to rise from USD2,386/oz in 2024 to USD3,541/oz in 2025E, USD3,962/oz in 2026E, and USD4,562/oz in 2027E, with a peak gold price hitting USD4,000/oz in 2026E and USD5,000/oz in 2027E. Key drivers are 1) demand growth to outpace supply; 2) rising geopolitical risks to drive demands from central banks and investment; and 3) dollar weakness and ETF fund inflow into gold. AURA's business model will enable AURA to gain on either gold price up or down, considering 1) gold price uptrend would benefit Gold Financing growth (clients sell more than buy gold); and 2) gold price downtrend will boost Gold Shop growth.

Initiated with BUY and a TP of THB21.4

We initiated coverage on AURA with BUY and a TP of THB21.4, based on 20x 2025E P/E, justified by its strong net profit growth and visibility on gold price uptrend/downtrend. We think Gold Financing will be a key growth driver in 2025E while Modern Gold Shops will be a chief catalyst in 2026E-27E when we project gold price to be volatile but still in the uptrend towards USD4,000/oz in 2026E and USD5,000/oz in 2027E.

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	21.40
VS. BB Consensus TP (%)	+2.4%
Share Price (THB)	16.60
Upside/Downside	+28.9%

Share Data

Market Cap (THB m)	22,144.40
Par (THB)	1.00
Free Float (%)	34.80
Issued shares (m shares)	1,334

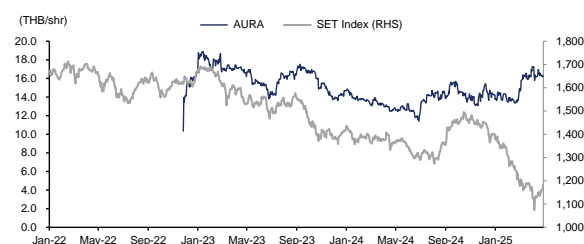
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	32,616	34,133	39,479	46,264
Net profit	1,135	1,430	1,691	1,907
Core net profit	1,135	1,430	1,691	1,907
vs Consensus (%)		10.4	7.6	5.8
Net profit growth (%)	33.5	26.0	18.3	12.8
Core net profit growth (%)	33.5	26.0	18.3	12.8
EPS (THB)	0.85	1.07	1.27	1.43
Core EPS (THB)	0.85	1.07	1.27	1.43
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.38	0.32	0.38	0.43
P/E (x)	17.16	15.49	13.10	11.61
P/BV (x)	3.04	3.02	2.58	2.22
ROE (%)	18.8	20.8	21.3	20.5
Dividend yield (%)	2.60	1.94	2.29	2.58

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(0.60)	16.08	16.08	13.70
Market	(0.23)	33.14	43.84	35.94
12M High/Low (THB)				17.80 / 11.70



Major Shareholders (%) as of 14 Mar 2025

Thum Enterprise Co., Ltd	32.23
Miss Nichanan Srirungthum	5.81
Mr. Aniwat Srirungthum	5.64

Company Profile

Retail business of gold jewelries, diamond and gemstone jewelries and other relating businesses providing one-stop service

Source: SETSMART, SET

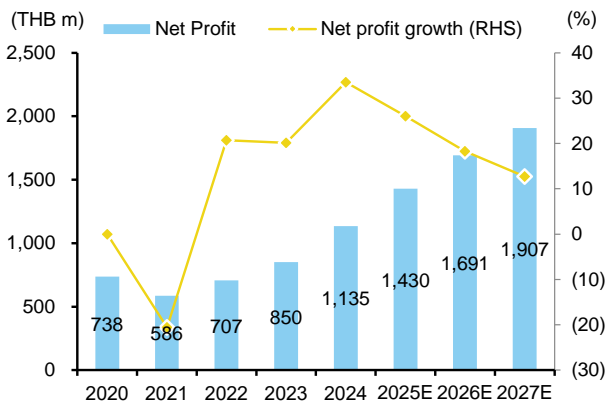
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Heading towards THB2.0b net profit mark by 2027E

Founded in 1940 by a family of Srirungtham with the first gold shop named “Sui Seng Heng Gold Shop” on Sukhumvit Soi 103 in 1973, AURORA Design Co., Ltd (AURA) was changed name to “Aurora Diamond Shop” Brand in 1990. The company has evolved not only in term of scales but also in term of scopes, increasing its number of branches, market presence, customer base, product variety, and businesses in the value chain.

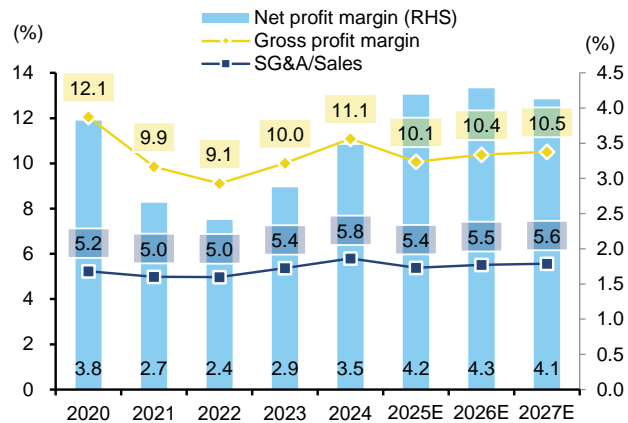
As a result, AURA’s net profit has grown remarkably from THB586m in 2021 to THB1,135m in 2024, roughly doubling net profit within only four years. Profitability has also been rising with gross profit margin ranging in 9.0%-11% and net profit margin in 2.4%-3.5% in 2020-24.

Exhibit 1: Net profit vs net profit growth



Sources: AURA; Globlex Research

Exhibit 2: Profitability



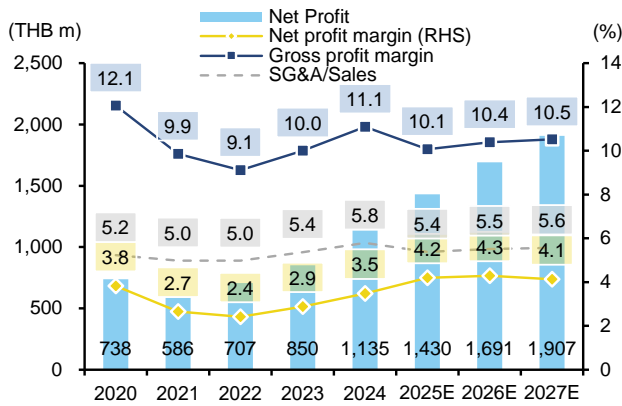
Sources: AURA; Globlex Research

We hence project net profit growth of 19% CAGR in 2024-27E, rising from THB1.135b in 2024 to THB1.907b in 2027E. Key catalysts are 1) sustained high margin at 4.1%-4.3% net profit margin in 2025E-27E on strategically improving product mix and competitive cost structure; 2) expansions in number of branches to extend both customer base and market presence; and 3) higher gold price towards USD5,000/oz by 2027E, based on our estimate.

Margin enhancement is the endgame

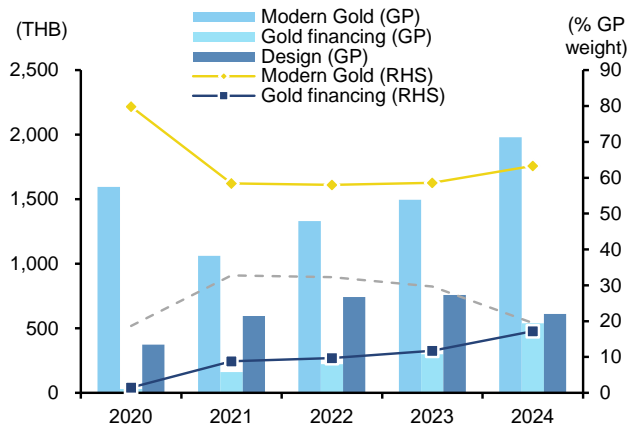
Since 2020, AURA has been highly successful in improving its profitability in every level including gross profit margin (GPM) and net profit margin (NPM) as well as the cost control of SG&A to sales ratio, resulting in the improving profitability.

Exhibit 3: Profitability and SG&A to sales ratio



Sources: AURA; Globlex Research

Exhibit 4: Gross profit and GPM by segment

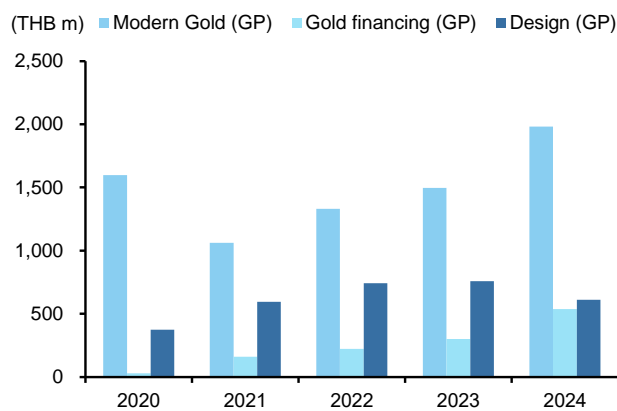


Sources: AURA; Globlex Research

We believe in 2025E-27E, AURA will see higher net profit margins from 3.5% in 2024 to 4.2% in 2025, 4.3% in 2026E, and 4.1% in 2027E, driven by the higher revenue portions of the high-margin design product and the gold financing segment whose GPMs are 40%+ for the high-margin design segment and 9% for the gold financing segment vs only 4%-6% for the Modern gold shops, AURA's conventional business.

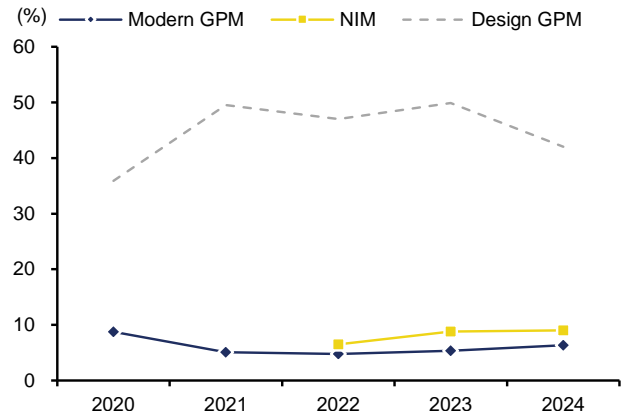
During 2020-25, AURA has successfully in boosting gross profits from all three segments, with the growth being most manifest for the gold financing. While gross profits from modern gold shops also rose substantially due to the higher gold price, the GPM has more or less stabilized in the range of 4.8%-8.7% and stood at 6.4% in 2024. The gross profit from design segment has been more volatile but still exceeded THB0.5b mark every year in 2020-24.

Exhibit 5: Gross profit by segment



Sources: AURA; Globlex Research

Exhibit 6: GPM by segment



Sources: AURA; Globlex Research

Exhibit 7: Gross profit and gross profit margin by segment

Gross profit (THB m)	2020	2021	2022	2023	2024
Modern Gold (GP)	1,597	1,062	1,331	1,495	1,981
Gold financing (GP)	30	160	222	300	538
Design (GP)	373	595	741	759	611
Total gross profit	2,000	1,817	2,295	2,554	3,130
GPM (%)	2020	2021	2022	2023	2024
Modern GPM	8.7	5.1	4.8	5.3	6.4
Design GPM	35.9	49.5	47.0	49.9	42.1
NIM			6.5	8.8	9.0
Gross profit weight (%)	2020	2021	2022	2023	2024
Modern Gold (RHS)	80	58	58	59	63
Gold financing (RHS)	2	9	10	12	17
Design (RHS)	19	33	32	30	20

Sources: AURA: Globlex Research

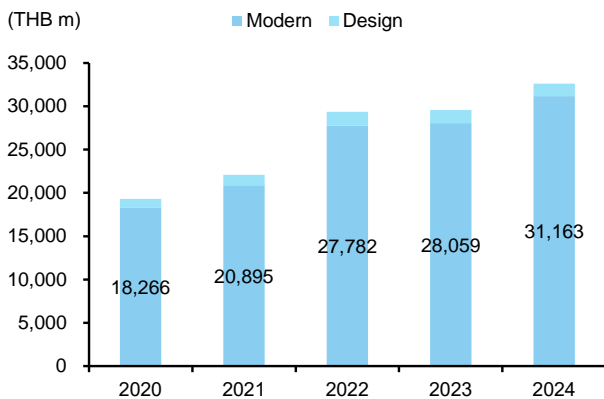
Among three main businesses, AURA has strategically grown each business unit in well-balanced and profitable ways, depending on the industry dynamics and the growth opportunity that have proven highly successful in the past five years.

While AURA operates in three core segments – Modern gold shop, Gold financing, and Design shop – its financial statement presented only two segments of Modern and Design as modern gold shop (AURORA and Seng Heng gold shops) and gold financing are integrated as “Modern” segment.

Revenue from design shops remain low at 5% of total revenue and AURA still focuses on expanding its modern segment (gold shops and financing) over the design shops as the competition is lower and the market is much larger than those of the design shop segment.

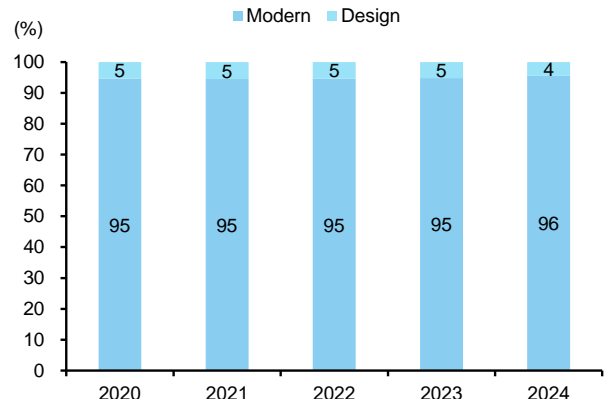
Given the much higher GPM of Design shop (40%+) than GPMs of Modern (Gold shop and financing), COGS of Design shops (Khong Kwan and Diamond) hence accounts for only 3%-4% of total COGS.

Exhibit 8: Revenue by segment



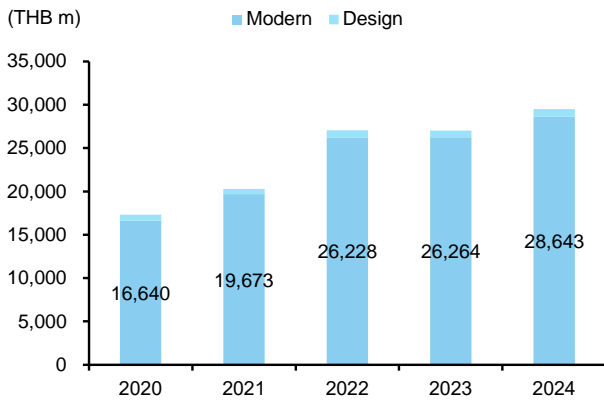
Sources: AURA: Globlex Research

Exhibit 9: Revenue by segment (%)



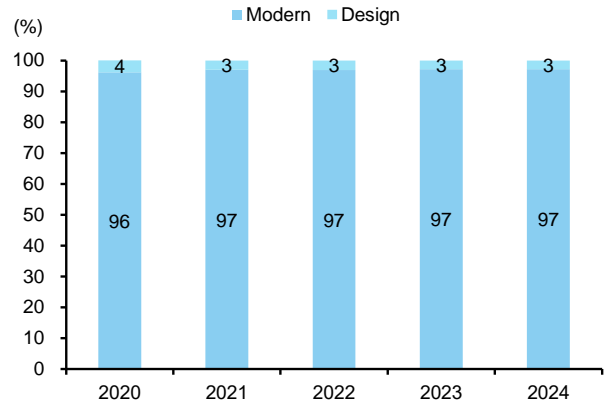
Sources: AURA: Globlex Research

Exhibit 10: COGS by segment



Sources: AURA; Globlex Research

Exhibit 11: COGS by segment (%)



Sources: AURA; Globlex Research

Expansion in number of outlets

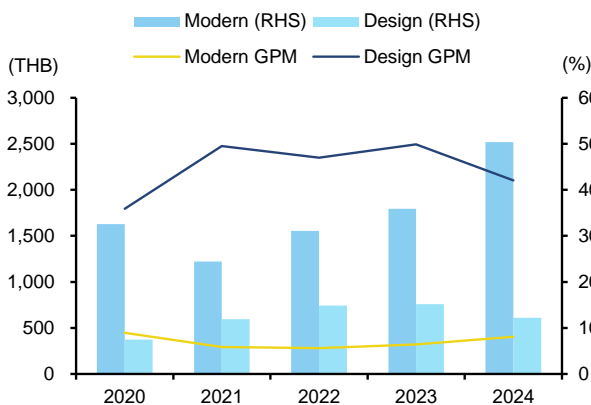
AURA has continued to surprise on the upside in its expansion plan, surpassing its target of 409 branches to reach 488 branches at the end of 2024. The expansion has been emphasized on the increase in the number of Gold Financing “Thong Ma Ngern Pai” while adding a small number of new branches for Modern gold shops (Aurora and Seng Heng) and Design shops (Khong Kwan and Diamond).

Exhibit 12: Number of outlets

	2020	2021	2022	2023	2024	2025E
Aurora	198	206	211	218	221	277
Seng Heng	1	15	29	43	46	48
Khong Kwan	1	2	3	2	3	18
Diamond	9	8	7	5	8	39
Thong Ma Ngern Pai	5	19	29	138	210	310
D'Ultimate	0	0	0	0	0	0
Total	214	250	279	406	488	692

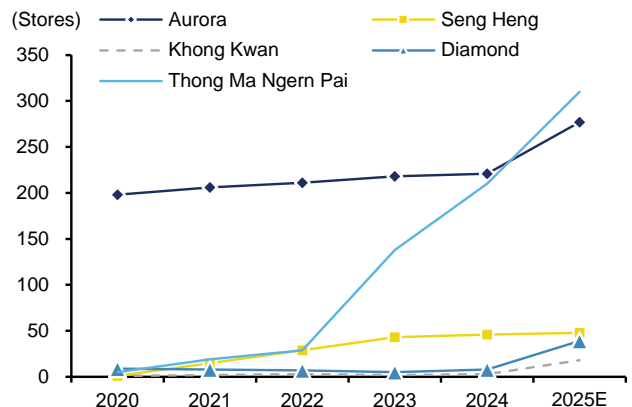
Sources: AURA; Globlex Research

Exhibit 13: Gross profit and GPM by segment



Sources: AURA; Globlex Research

Exhibit 14: Number of outlets



Sources: AURA; Globlex Research

In 2025E-27E, we project the number of branches for AURA’s shops to grow from 488 shops in 2024 to 1,070 shops in 2027E (AURA’s target), comprising

Modern gold (Aurora + Seng Heng) to rise from 267 in 2024 to 277 in 2025 and 450 in 2026

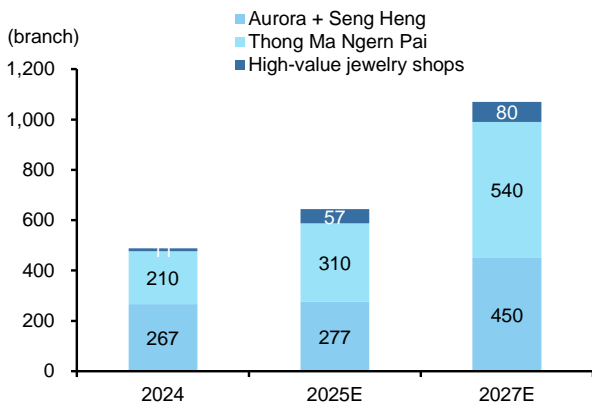
Gold Financing (Thong Ma Ngerm Pai) to increase from 210 in 2024 to 310 in 2025E and 540 in 2027E

High-value jewelry shops from 11 shops in 2024 to 57 in 2025E and 80 in 2027E

The higher increase in number of branches for Gold Financing in 2025E is in line with the gold price rise which we think will benefit AURA’s Gold Financing.

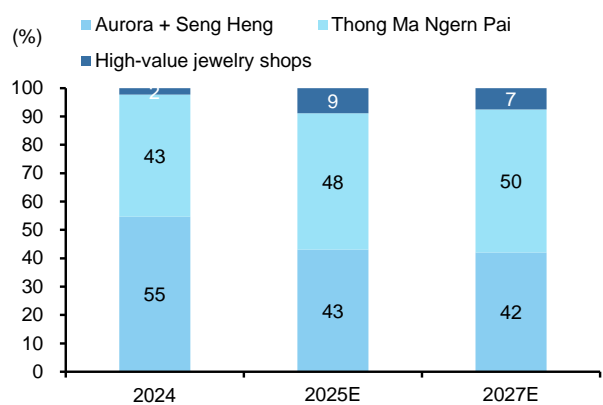
By 2026E-27E we think the gold price will be more volatile but still on the sideways uptrend, thereby benefiting more on Modern Gold shops to be in tandem with AURA’s more expansion in number of branches for Aurora and Seng Heng.

Exhibit 15: Number of branches by shop type



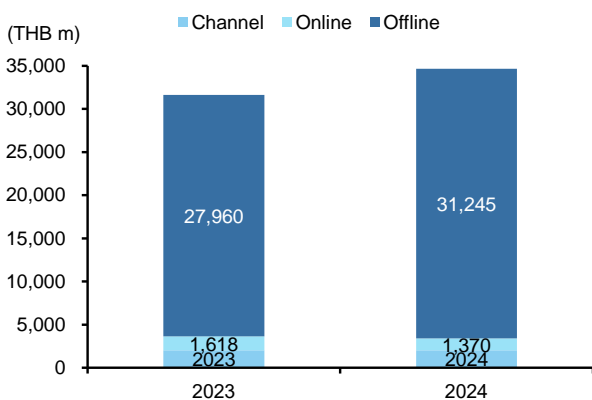
Sources: AURA; Globlex Research

Exhibit 16: Number of branches by shop type (%)



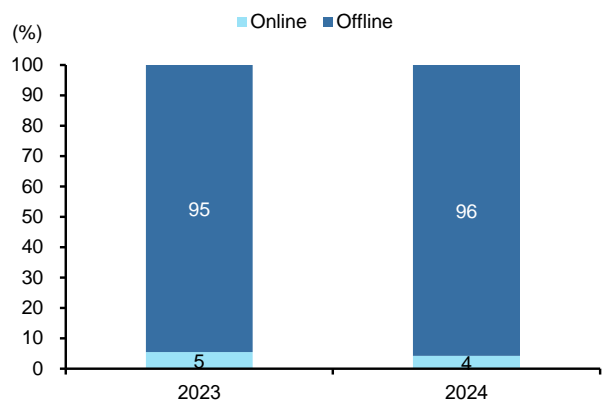
Sources: AURA; Globlex Research

Exhibit 17: Revenue by channel



Sources: AURA; Globlex Research

Exhibit 18: Revenue by channel (%)



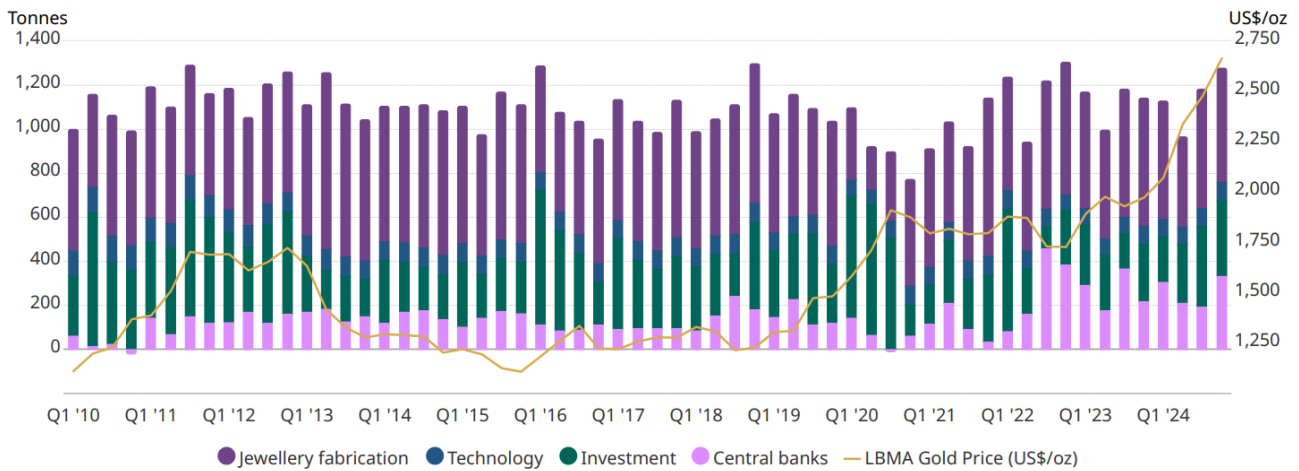
Sources: AURA; Globlex Research

Gold price uptrend to continue

Last but not least, we project global gold price to continue its uptrend towards USD5,000/oz by 2027E, premised on 1) demand growth to outpace supply; 2) rising geopolitical risks to drive demands from central banks and investment; and 3) dollar weakness and ETF fund inflow into gold.

Demand growth outpaces supply growth. In the past six quarters since 3Q22, gold price has been risen from USD1,729/oz in 3Q22 to peak at USD3,509 in April 2025, driven by the unprecedented rise in demands from the average 1,000t-1,100t/quarter to 1,100t-1,200t/quarter, triggered by higher demands for gold as a safe and currency-benchmark assets.

Exhibit 19: Global gold demand vs gold price



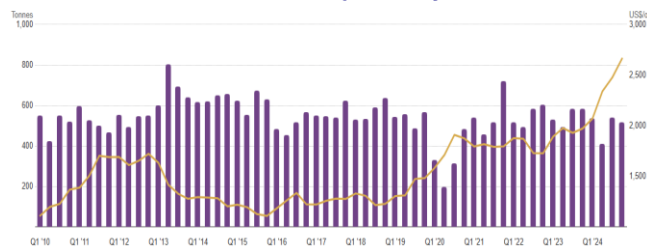
Data as of 31 December, 2024

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

Gold demand uptrend to continue. In particular, gold demands for central banks have jumped markedly from lower than 100t/quarter to 200t-400t/quarter, starting in 3Q22 after Russia invaded Ukraine in February 2022 and US and its allies have confiscated Russia's USD300b reserve put in EU and US financial institutions.

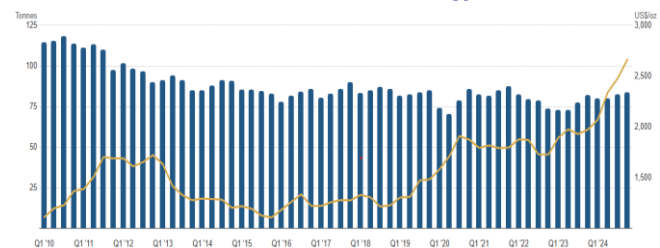
By 3Q22, global buying sprees by central banks have shot up from 34.3t in 45Q21 to 80t in 1Q22, 82.4t in 2Q22, 158.6t in 2Q22, and 456.9t in 3Q22. The gold purchases by central banks have ever since stayed higher than 200t on average per quarter, spurring gold price uptrend that has continued to date.

Exhibit 20: Gold demand for jewellery



Sources: ICE, Metals Focus, Refinitiv GFMS, World Gold Council

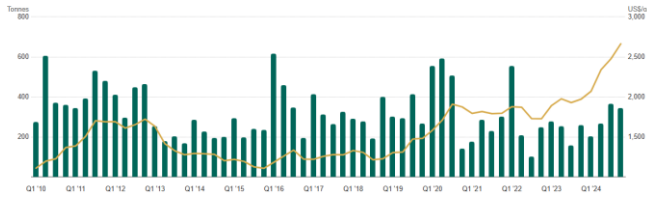
Exhibit 21: Gold demand for technology



Sources: ICE, Metals Focus, Refinitiv GFMS, World Gold Council

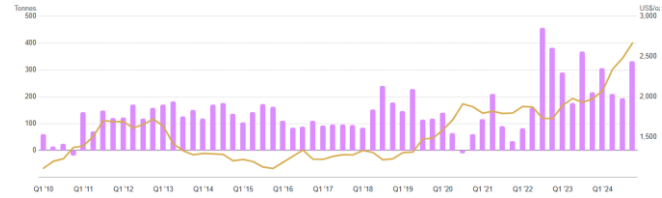
In addition, gold demands as a safe asset to hedge against geopolitical risk, inflation, and speculation as investment have steadily risen from 100.5t in 3Q22 to 364.8t in 3Q24 and 344t in 4Q24 as investors flocked to own gold to protect their investment against global risks.

Exhibit 22: Gold demand for Investment



Sources: ICE, Metals Focus, Refinitiv GFMS, World Gold Council

Exhibit 23: Gold demand for Central banks



Sources: ICE, Metals Focus, Refinitiv GFMS, World Gold Council

Gold ETF is a key driver for gold price. Gold-backed ETFs and similar products account for a significant part of the gold market, with institutional and individual investors using them to implement many of their investment strategies. Flows in ETFs often highlight short-term and long-term opinions and desires to holding gold. The data on this page tracks gold held in physical form by open-ended ETFs and other products such as close-end funds, and mutual funds. Most funds included in this list are fully backed by physical gold.

After four monthly inflows in a row, total AUM of global gold ETFs reached another month-end peak of USD345b and holdings rose 3% to 3,445t. Global gold markets saw a mild decline in volumes during March amid cooling OTC activities. North America (61%) and Europe (22%) represented the bulk (83%) of net inflows in 1Q25. Asia contributed 16% – impressive given that the region’s total assets under management (AUM) only account for 7% of the global total. Additionally, first quarter flows in Europe of USD4.6bn stood out as the strongest quarter since Q1 2020. As a result, and aided by gold’s price increase, AUM reached another all-time-high of USD345bn, representing an increase of 13% in March and 28% through the first quarter.

Additionally, collective holdings rose to 3,445t by the end of March, a 92t addition in the month and 226t higher through Q1, reaching the highest month-end level since May 2023 and 470t shy of the record of 3,915t in October 2020.

Exhibit 24: Gold price vs DXY



Sources: TradingEconomics

Exhibit 25: Strong EU/USD and tariff hike drive gold price



Sources: TradingEconomics

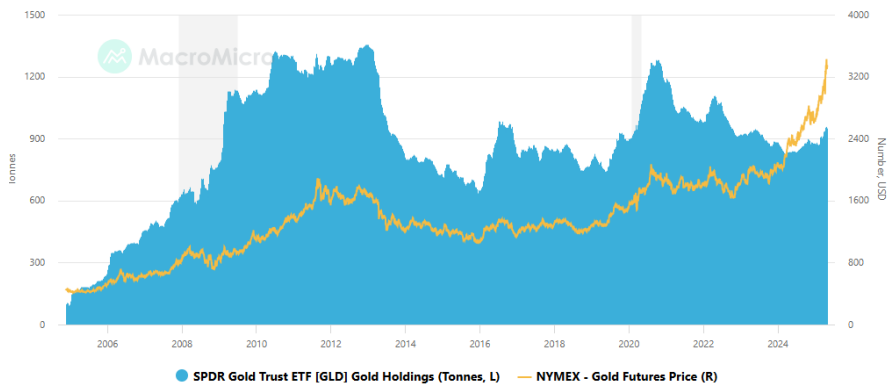
Strong euro and tariff fears drive gold on multiple new highs. Gold finished March at USD3,115/oz, a gain of 9.9% m-m. Even a materially weaker US dollar, primarily via euro strength, couldn't prevent a stellar performance and new highs across all other major currencies.

According to our Gold Return Attribution Model (GRAM), euro strength and thus US dollar weakness was once again a key driver of gold's performance, alongside an increase in geopolitical risk capturing tariff fears. Gold ETF buying continued apace in March with all regions contributing. US funds led the charge with USD6b (67t) of net inflows followed by Europe then Asia with approximately USD1b each. While ETF flows were positive, COMEX futures declined marginally by USD400m (5t) likely on profit taking.

Dollar weakness and ETF flows fuel gold. Gold continued its uptrend in April, hitting multiple new highs before pulling back to current USD3,335/oz. This performance was echoed across major currencies, all of which also registered new record highs. General interest in gold was bolstered by continued flows of gold into COMEX inventories, driven by continued tariff uncertainty.

According to our Gold Return Attribution Model (GRAM), US dollar weakness was one of the primary drivers of gold's performance, alongside an increase in geopolitical risk and a drop in interest rates. The flight-to-quality flows have boosted investment flow into the gold ETF activity, which saw massive net inflows of USD9.4b (100t) in March 2025 alone – the strongest month since March 2022 – led by US- and Asian-listed funds. SPDR gold trust ETF holding in gold is now standing at 946.27t on 28 April 2025, hovering at high levels that indicated high demands for gold driving gold price.

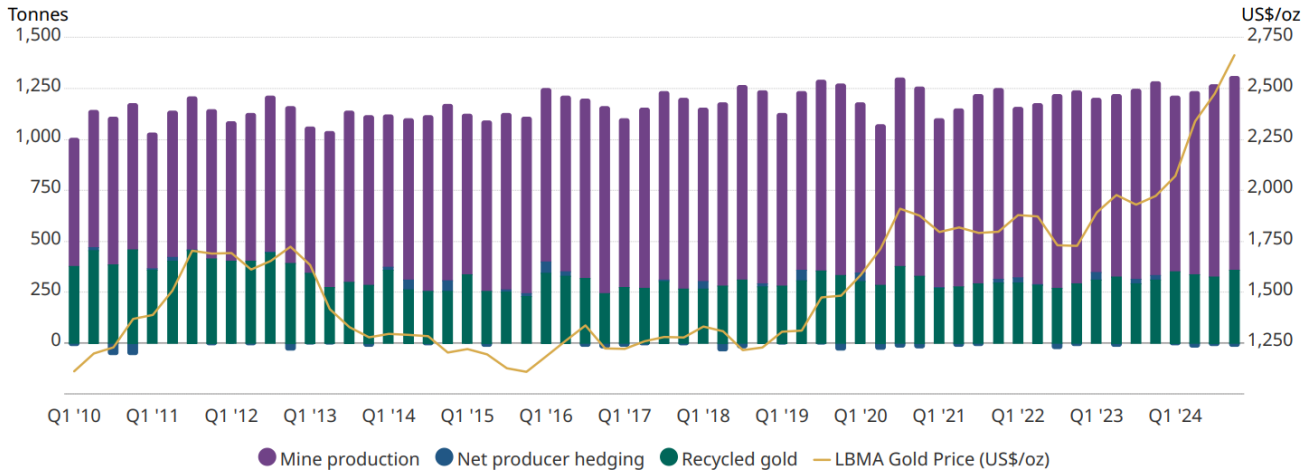
Exhibit 26: SPDR Gold Trust ETF holding vs gold price



Sources: MacroMicro

Gold supply remains limited. While gold demand has continued to rise, mainly from central banks, gold supply has been relatively limited, hovering around 1,100t-1,250t. However, gold supply from mining production worldwide has been capped at 900t-950t a quarter given the gold mining is inelastic to the change in gold price due to its limited resources. Meanwhile, gold supply from recycled gold has struggled to increase to 300t-350t a quarter despite the record high gold price.

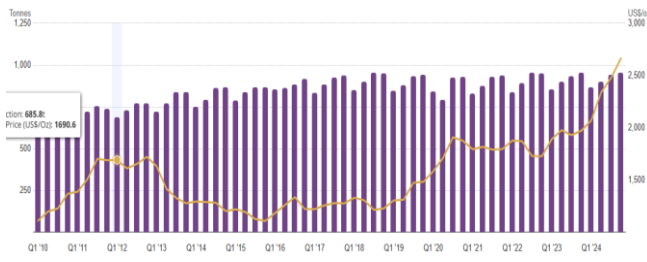
Exhibit 27: Global gold supply vs gold price



Data as of 31 December, 2024

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

Exhibit 28: Gold supply from mining



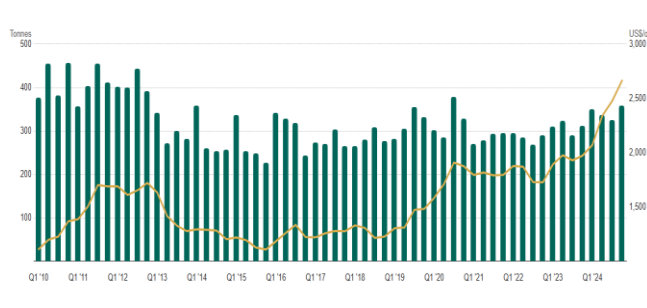
Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

Exhibit 29: Gold supply from net producer hedging



Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

Exhibit 30: Gold supply from recycled gold



Sources: ICE, Metals Focus, Refinitiv GFMS, World Gold Council

Exhibit 31: Gold price vs Bitcoin



Sources: ICE, Metals Focus, Refinitiv GFMS, World Gold Council

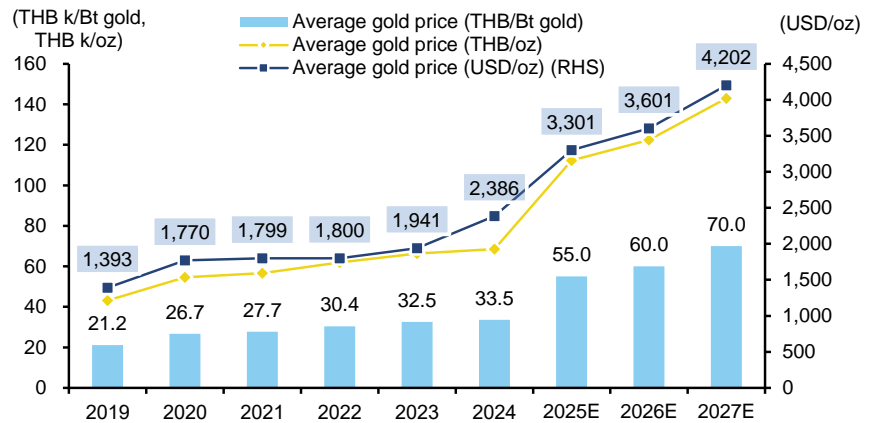
Gold price vs Bitcoin. In addition to multiple tailwinds from high demands, limited supply, strong EURO/USD, rising tariff risk, and weak USD, we think the gold price will be in uptrend in tandem with bitcoin price. While bitcoin price is more volatile than gold price, both bitcoin and gold price have been clearly moved in tandem in the uptrend since 2020 when gold price broke USD1,500/t and bitcoin price jumped to USD2,000/t.

Gold price volatility: a friend, not foe to AURA

We are bullish on gold price, projecting the average gold price to rise from USD2,386/oz in 2024 to USD3,541/oz in 2025E, USD3,962/oz in 2026E, and USD4,562/oz in 2027E, with a peak gold price hitting USD4,000/oz in 2026E and USD5,000/oz in 2027E.

In term of THB/Bt gold, we project gold price to increase from THB33,500/Bt gold in 2024 to THB59,000/Bt gold in 2025E, THB66,000/Bt gold in 2026E, and reaching THB76,000/Bt gold in 2027E.

Exhibit 32: Average gold price (THB/Bt gold, THB/oz, USD/oz)



Sources: AURA: Globlex Research

Exhibit 33: Gold price assumptions

	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Average gold price (THB k/Bt gold)	21.2	26.7	27.7	30.4	32.5	33.5	55.0	60.0	70.0
Average gold price (THB k/oz)	43.2	54.6	56.6	62.0	66.4	68.5	112.2	122.4	142.9
Average gold price (USD/oz)	1,393	1,770	1,799	1,800	1,941	2,386	3,301	3,601	4,202

Sources: AURA: Globlex Research; Bloomberg

Exhibit 34: Gold weight conversion (Bt gold to/from oz)

Gold weight conversion from oz to Bt gold				
1.00	Bt gold	=	15.244	gram
1.00	Bt gold	=	0.490	oz
1.00	oz	=	31.104	gram
1.00	kg	=	65.600	Bt gold
1.00	oz	=	2.040	Bt gold

Sources: World Gold Council

Gold price uptrend would benefit Gold Financing growth

Contrary to investors’ misperceptions, we believe the higher gold price volatility, the better for AURA’s net profit, both on the uptrend or downtrend.

AURA is one of few companies in Thailand that has a unique business model with an integrated gold shops for both selling and buying gold.

When gold price is on uptrend as it has been since 2020, customers normally will flock to sell their gold to either pawn shops or gold shops, including AURA’s Gold Financing arm (Thong Ma Ngerm Pai), which will act as a financing center similar to pawn shops.

In 2022-24 when the average gold price rose from USD1,800/oz in 2022 to USD2,386/oz in 2024, AURA’s Gold Financing unit has seen its gross profit and interest income more than double while Interest Yield and Net Interest Margin (NIM) increase, driven by number of new and repeated customers.

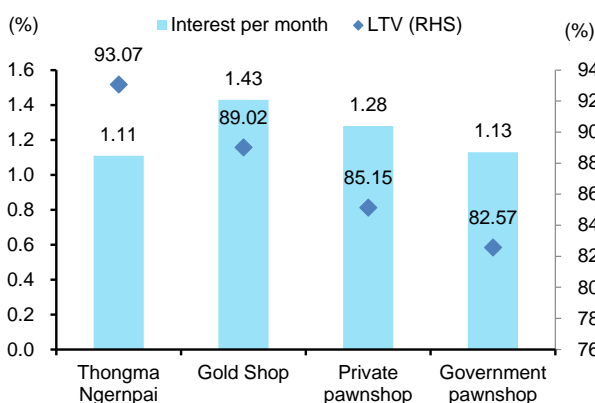
Exhibit 35: Gold Financing performance analysis

	2022	2023	2024	Unit
Gross profit	222	300	538	THB m
AR balance	1,746	2,724	4,881	THB m
Interest income	222	300	538	THB m
Interest yield	13.1	12.9	13.3	%
NIM	6.5	8.8	9.0	%
New & repeated customers	181	250	325	k transactions
Average gold price	1,800	1,941	2,386	USD/oz

Sources: AURA; Globlex Research

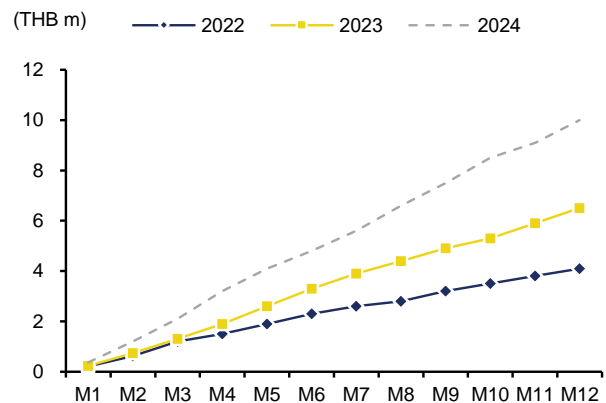
The key factors are AURA’s competitive interest rate charged to customers at lower rate than competitors (AURA’s 1.11% vs competitors’ 1.13%-1.43%) and the higher Loan-To-Value (LTV) at (AURA’s 93.07% vs competitors’ 82.57%-89.02%). These two factors enable AURA to enjoy significant growth y-y in AR per branch from 2022-24, which has rising 2x faster in 2024 than in 2022.

Exhibit 36: Comparison of monthly interest rate, LTV



Sources: AURA; Globlex Research

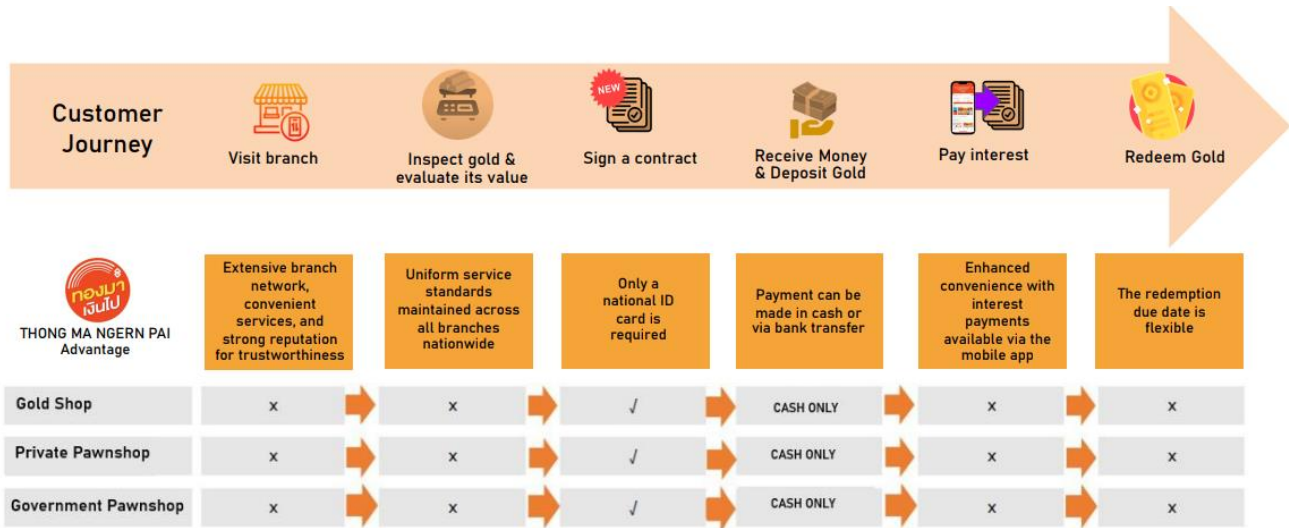
Exhibit 37: AR per branch by months after opening



Sources: AURA; Globlex Research

Furthermore, AURA differs its Gold Financing from industry by developing it in-house application that is not only friendly and easy-to-use but also offers functional, fast, and efficient applications for customers to sell or buy gold from AURA's shops.

Exhibit 38: AURA's key strength in Gold Financing business



Sources: AURA

Gold price downtrend will boost Gold Shop growth

On the other hand, when gold price declines and on the downtrend, Modern Gold shops (AURORA, Seng Heng) will primarily benefit as customers will rush to Gold Shops to buy and accumulate gold in anticipation of the rising gold price again in the future.

While during 2021-24 gold price has been on the uptrend, AURA has succeeded in boosting key operational metrics that prove to be the underlying drivers for AURA's strong net profit growth.

The accumulated number of transactions, customers, active members, and users using AURA's applications, have all grown markedly. But the clear trend is when the gold price drops, Gold shops will see higher number of customers coming to buy gold while when gold price rises, Gold Financing will witness greater number of customers visiting AURA's "Thong Ma Ngerm Pai". As a result, either gold price rises or drops will benefit AURA's net profit growth.

Exhibit 39: Accumulated metrics in operations

Since IPO on 29 November-2022	
Number of Aurora transactions	5.5 m transactions
Number of Aurora customers	1.4 m customers
Number of Aurora active members	1.0 m members
Number of users using applications	0.8 m users

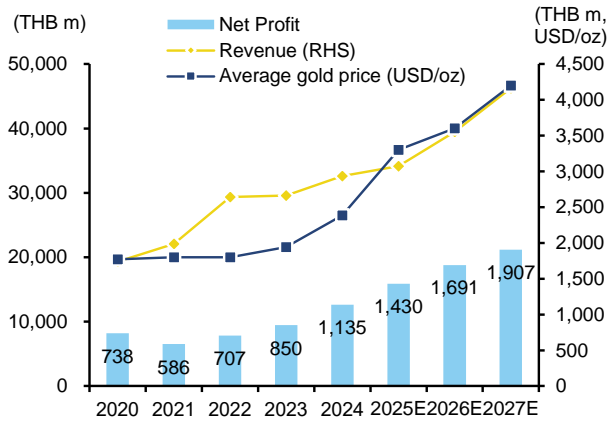
Sources: AURA

Exhibit 40: Key metrics in operations

	2021	2022	2023	2024
Number of customers	39	44	63	91
Number of transactions	175	227	387	558
Number of transactions per customers	4.5	5.2	6.1	6.1
Average gold price (USD/oz)	1,799	1,800	1,941	2,386

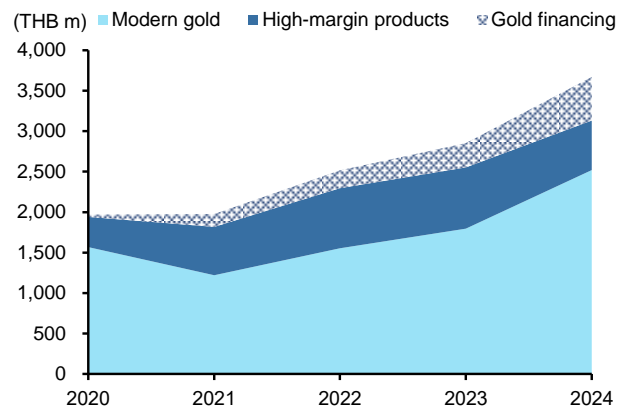
Sources: AURA; Bloomberg

Exhibit 41: Net profit, revenue, average gold price



Sources: AURA; Globlex Research; Bloomberg

Exhibit 42: Gross profit by segment

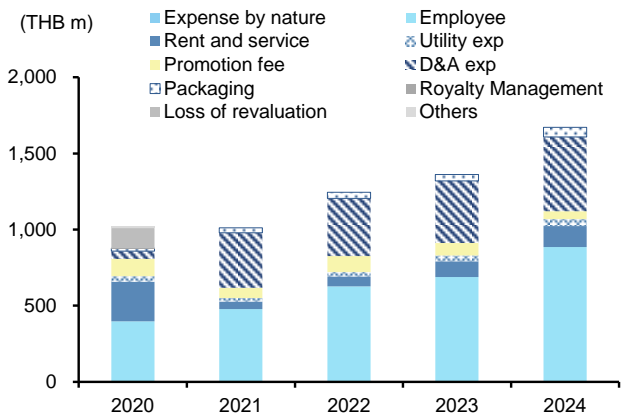


Sources: AURA; Globlex Research

Cost structure relatively unchanged. As AURA has grown its revenue and net profits from the expansion in number of branches, the cost structure has been relatively unchanged. Employee cost being the largest component accounting for 50% of total cost, followed by depreciation expense at 30%, rent and service at 8%, while remaining cost components are small.

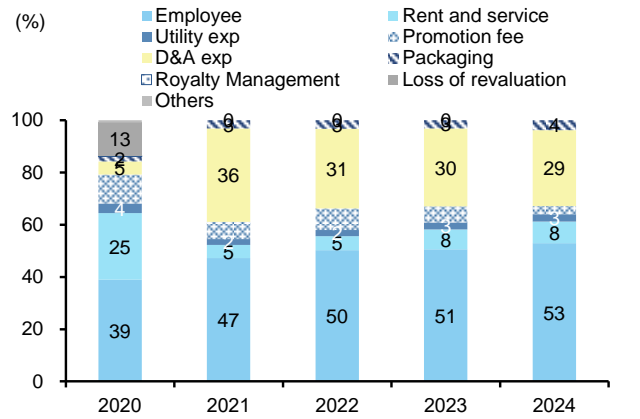
Hence, we think AURA should be able to at least retain its net profit margin at 4%+ in 2025E-27E, in line with our projected net profit margin at 4.1%-4.3% in 2025E-27E.

Exhibit 43: Cost structure



Sources: AURA; Globlex Research

Exhibit 44: Cost structure (%)



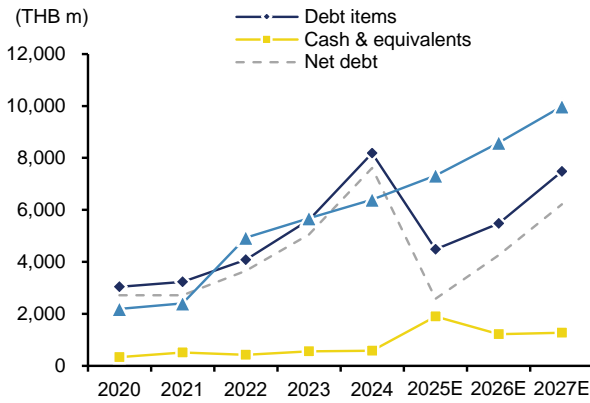
Sources: AURA; Globlex Research

Healthy balance sheet

We think AURA will have strong balance sheet with lower debt and rising cash flows thanks to higher net profit margins that will result in sufficient debt service coverage ratio and interest coverage ratio.

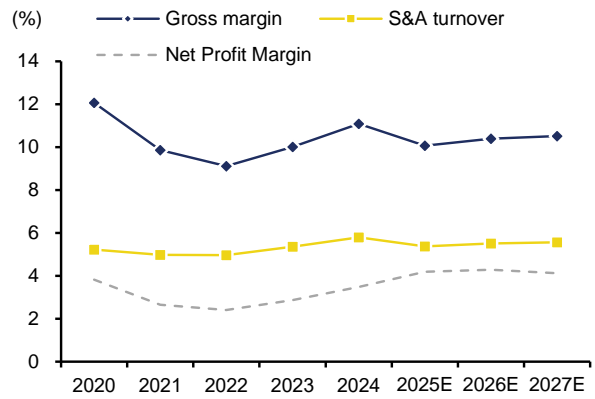
As we project equity to rise substantially in 2025E-27E, AURA hence should have higher debt capacity to fund its continued branch expansion and rising working capitals to accommodate growths for Gold Financing, in our view.

Exhibit 45: Debt, cash, and net debt



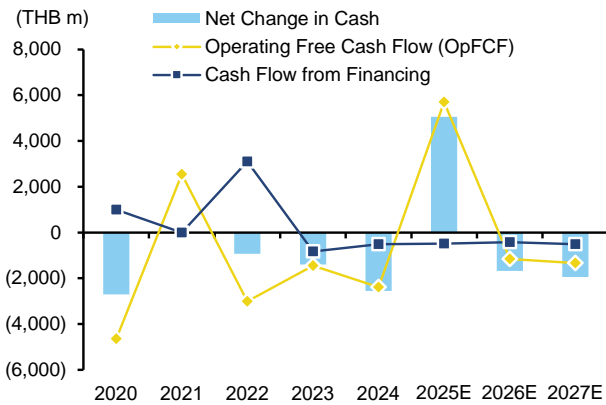
Sources : : AURA: Globlex Research

Exhibit 46: Profitability



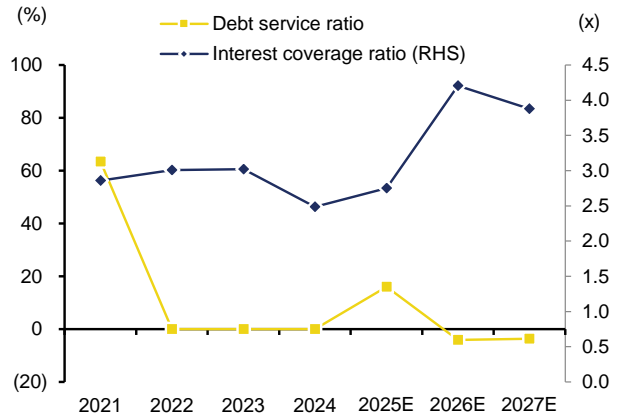
Sources : : AURA: Globlex Research

Exhibit 47: Net change in cash, CFF, OpFCF



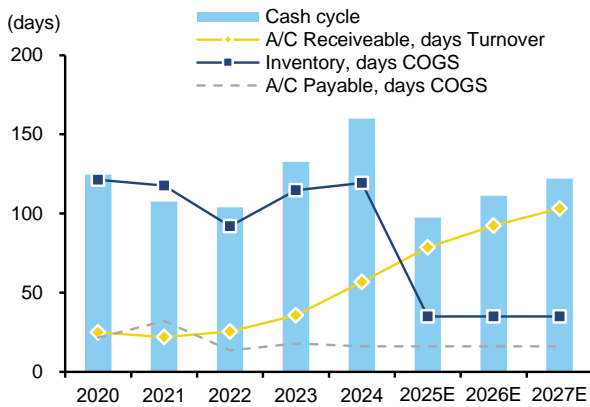
Sources : : AURA: Globlex Research

Exhibit 48: Interest coverage ratio, debt service ratio



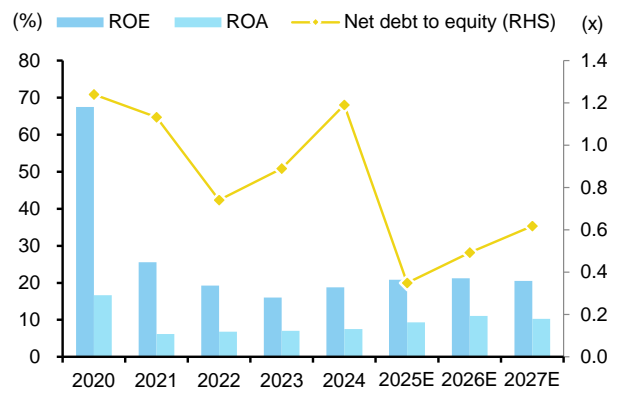
Sources : : AURA: Globlex Research

Exhibit 49: Cash cycle



Sources : AURA; Globlex Research

Exhibit 50: ROE, ROA, net debt to equity



Sources : AURA; Globlex Research

Initiated with BUY and a TP of THB21.4

We initiated coverage on AURA with a BUY and a TP of THB21.4, based on 20x 20-245E P/E, which is justified by AURA’s strong net profit growth and visibility on the gold price uptrend/downtrend. We think Gold Financing will be a key growth driver in 2025E while Modern Gold Shops will be a chief catalyst in 20-26E-27E when we project gold price to be volatile but still in the uptrend towards USD4,000/oz in 2026E and USD5,000/oz in 2027E.

Exhibit 51: Valuation

Prospective P/E (x)	EPS (THB/share)		
	2025E	2026E	2027E
	1.07	1.27	1.43
16	17.1	20.3	22.9
17	18.2	21.5	24.3
18	19.3	22.8	25.7
19	20.4	24.1	27.2
20	21.4	25.4	28.6
21	22.5	26.6	30.0
22	23.6	27.9	31.5
23	24.7	29.2	32.9

Sources: AURA; Globlex Research

Balance sheet (THB m)						Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets						Revenue					
Cash & ST investment	560	575	1,898	1,221	1,270		29,578	32,616	34,133	39,479	46,264
Account receivable	2,895	5,070	7,346	9,979	13,065		(26,619)	(28,998)	(30,696)	(35,378)	(41,399)
Inventories	8,369	9,479	2,943	3,392	3,970	Gross profit	2,960	3,617	3,437	4,101	4,865
Others	26	52	54	63	73	Operating expenses	(1,588)	(1,890)	(1,836)	(2,177)	(2,574)
Non-current assets						Operating profit	1,372	1,727	1,601	1,924	2,291
Net fixed assets	201	237	493	669	765	EBIT	966	1,240	1,237	1,480	1,768
Others	1,360	1,257	1,257	1,257	1,257	Depreciation	(406)	(487)	(364)	(444)	(524)
Total Assets	13,412	16,669	13,992	16,581	20,401	EBITDA	1,372	1,727	1,601	1,924	2,291
Current liabilities						Non-operating income					
Account payable	1,301	1,275	1,349	1,555	1,820	Other incomes	47	35	31	41	53
ST borrowing	3,932	6,709	3,000	4,000	6,000	Other non-op income	311	541	770	899	983
Others	761	743	778	899	1,054	Non-operating expense	(263)	(400)	(251)	(307)	(419)
Long-term liabilities						Interest expense	(263)	(400)	(251)	(307)	(419)
Long-term debts	1,684	1,480	1,480	1,480	1,480	Other non-op expense	0	0	0	0	0
Others	56	64	64	64	64	Equity income/(loss)	0	0	0	0	0
Total liabilities	7,734	10,270	6,670	7,997	10,417	Pre-tax Profit	1,062	1,416	1,787	2,114	2,384
Paid-up capital	1,334	1,334	1,334	1,334	1,334	Extraordinary items					
Retained earnings	1,115	1,837	2,760	4,022	5,422	Current taxation	(212)	(281)	(357)	(423)	(477)
Others	3,228	3,228	3,228	3,228	3,228	Minorities	0	0	0	0	0
Minority interest	0	0	0	0	0	Net Profit	850	1,135	1,430	1,691	1,907
Shareholders' equity	5,678	6,399	7,322	8,584	9,984	Core net profit	850	1,135	1,430	1,691	1,907
Key ratios						Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)						Operating cash flow					
Sales	0.7	10.3	4.7	15.7	17.2		(1,415)	(2,375)	5,459	(1,461)	(1,797)
Operating profit	13.0	25.9	(7.3)	20.2	19.1	Net profit	850	1,135	1,430	1,691	1,907
EBITDA	13.0	25.9	(7.3)	20.2	19.1	Depre. & amortization	406	487	364	444	524
Net profit	20.2	33.5	26.0	18.3	12.8	Change in working capital	(2,187)	(3,354)	4,365	(2,763)	(3,254)
Core net profit	20.2	33.5	26.0	18.3	12.8	Others	(484)	(642)	(700)	(833)	(974)
EPS	20.2	33.5	26.0	18.3	12.8	Investment cash flow	(996)	(2,437)	5,983	(740)	(953)
Core EPS	20.2	33.5	26.0	18.3	12.8	Net CAPEX	(467)	(523)	(10)	(10)	(10)
Profitability (%)						Change in LT investment	(573)	(2,051)	5,539	(1,248)	(1,443)
Gross margin	10.0	11.1	10.1	10.4	10.5	Change in other assets	45	137	454	518	500
Operation margin	4.6	5.3	4.7	4.9	5.0	Free cash flow	(2,410)	(4,811)	11,442	(2,201)	(2,750)
EBITDA margin	4.6	5.3	4.7	4.9	5.0	Financing cash flow	2,552	4,826	(10,119)	1,524	2,800
Net margin	2.9	3.5	4.2	4.3	4.1	Change in share capital	0	0	0	0	0
ROE	16.0	18.8	20.8	21.3	20.5	Net change in debt	0	0	0	0	0
ROA	7.0	7.5	9.3	11.1	10.3	Dividend paid	(827)	(507)	(507)	(429)	(507)
Stability						Others	3,379	5,333	(9,612)	1,953	3,307
Interest bearing debt/equity (x)	1.0	1.3	0.6	0.6	0.7	Net cash flow	142	14	1,323	(677)	49
Net debt/equity (x)	0.9	1.2	0.4	0.5	0.6	Per share (THB)					
Interest coverage (x)	3.7	3.1	4.9	4.8	4.2	EPS	0.64	0.85	1.07	1.27	1.43
Interest & ST debt coverage (x)	0.2	0.2	0.4	0.3	0.3	Core EPS	0.64	0.85	1.07	1.27	1.43
Cash flow interest coverage (x)	(0.2)	(0.2)	0.8	(0.2)	(0.2)	CFPS	0.94	1.22	1.34	1.60	1.82
Current ratio (x)	2.0	1.7	2.4	2.3	2.1	BVPS	4.26	4.80	5.49	6.43	7.48
Quick ratio (x)	0.6	0.6	1.8	1.7	1.6	Sales/share	22.17	24.45	25.59	29.59	34.68
Net debt (THB m)	5,056	7,614	2,582	4,259	6,210	EBITDA/share	1.03	1.29	1.20	1.44	1.72
Activity						DPS	0.62	0.38	0.32	0.38	0.43
Asset turnover (X)	2.4	2.2	2.2	2.6	2.5	Valuation					
Days receivables	35.7	56.7	78.6	92.3	103.1	P/E (x)	na	17.16	15.49	13.10	11.61
Days inventory	114.8	119.3	35.0	35.0	35.0	P/BV (x)	na	3.04	3.02	2.58	2.22
Days payable	17.8	16.0	16.0	16.0	16.0	Dividend yield (%)	4.03	2.60	1.94	2.29	2.58
Cash cycle days	132.6	160.0	97.5	111.2	122.0	Dividend payout ratio (%)	97.30	44.67	30.00	30.00	30.00

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.