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Recommendation:	BUY
Current Price:	RM 1.07
Previous Target Price:	RM 4.17
Target Price:	↔ RM 1.39
Capital Upside/Downside:	29.9%
Dividend Yield (%):	2.5%
Total Upside/Downside:	32.4%

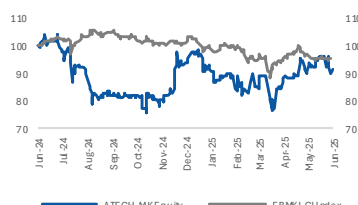
Stock information

Board	MAIN
Sector	EMS
Bursa / Bloomberg Code	5302 / ATECHMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,300.6
Market Cap (RM' m)	1,391.6
52-Week Price Range (RM)	1.297-0.9
Beta (x)	0.8
Free float (%)	81.3
3M Average Volume (m)	1.4
3M Average Value (RM' m)	1.4

Top 3 Shareholders

(%)

Aberdeen Group Plc	21.1
Main Stream Holdings Sdn. Bhd	11.3
Kumpulan Wang Persaraan Diperbadan	5.1

Share Price Performance

	1M	3M	12M
Absolute (%)	-0.3	7.0	-11.6
Relative (%)	1.1	7.0	-7.4

Earnings summary

FYE (Dec)	FY24	FY25F	FY26F
Revenue (RM'm)	600.7	713.1	794.7
PATAMI (RM'm)	61.0	72.1	79.1
CNP (RM'm)	61.9	72.1	79.1
EPS - core (sen)	4.8	5.5	6.1
P/E(x)	22.7	19.5	17.8

Source: Company, Apex Securities

Aurelius Technologies Berhad

Bonus Issue Enhance Liquidity; Fundamentals Remain Intact

- **ATECH's 2 for 1 bonus share issue and 1 for 1 free warrant issue exercise have been completed, with the warrants listed yesterday. We view this corporate exercise positively as it enhances trading liquidity, although potential dilution from the warrants has yet to be factored in due to the current discount to the exercise price.**
- **Orderbook remains strong at c.RM500m, anchored by its largest communication customer. Customer F's production is robust (7 SMT lines at 80–85% utilisation), and P5 plant ramp-up for automotive is progressing, supporting growth into 2H 2025.**
- **Reiterate BUY with unchanged TP of RM1.39, post-bonus adjustment (25.0x FY25F EPS of 5.5 sen). Fully diluted TP would be RM1.26. Earnings growth outlook supported by resilient volume loading and defensive industrial-centric portfolio.**

Bonus shares & warrant listing. ATECH's 2 for 1 bonus issue of shares and 1 for 1 bonus issue of free warrants were recently completed, with the warrants officially listed yesterday. The warrants carry an exercise price of RM1.16 and a five-year tenure, expiring in June 2030. We view this corporate exercise positively as it is expected to enhance trading liquidity and may attract greater institutional interest, particularly among investors seeking entry points into high-growth technology names with improved float.

Valuation adjustments. Our valuation has been updated to reflect the enlarged share base of 1.3bn shares following the bonus issue. However, we excluded the potential dilution from the bonus warrants at this stage, as we do not anticipate any immediate conversion given that the current share price remains below the exercise price (implying a premium of RM0.36). We will revisit a fully diluted valuation should warrant conversion becomes likely or materially impacts earnings. As such, our target price remains unchanged at RM1.39. For reference, should we account for full dilution, the adjusted target price would be RM1.26.

Volume loading remains resilient. Operationally, ATECH continues to maintain high utilisation across its key plants, with P1–P3 running at 85–90% capacity. The newly commissioned P5 facility is currently operating at 20% utilisation and is expected to ramp up further in 2H 2025, in line with increased production of automotive-related products. We remain confident that Atech will secure additional automotive customers to capitalize on the available capacity at P5.

Orderbook. ATECH's order book remains healthy at c.RM500m, based on a USD/MYR exchange rate of 4.25. Over 50% of this is anchored by its largest communication customer, which continues to benefit from sustained global investments in secure communication infrastructure by government agencies and enterprises. Importantly, the reported order book excludes contributions from Customer F (semiconductor) and POS machine customers. Customer F's production remains strong, with all 7 SMT lines operating at 80–85% utilisation, indicating continued demand momentum.

Outlook. Outlook remains positive, supported by resilient customer loading patterns and strong retention across its diversified MNC customer base. Its industrial-centric portfolio adds a layer of defensiveness, making it less vulnerable to short-term cyclical fluctuations. Looking ahead, we are optimistic that earnings growth in FY25F and FY26F will be driven by the ramp up of the automotive segment and the strong recovery in utilization across Customer F's production lines.

Valuation. We reiterate our **BUY** recommendation on ATECH with a target price of **RM1.39** post-bonus share issue, based on a valuation of 25.0x FY25F adjusted EPS of 5.5 sen. This valuation excludes any ESG premium or discount, in line with the company's current three-star ESG rating.

Risks. Lingering uncertainties related to Trump-era tariffs and a stronger MYR against the USD, which may weigh on earnings.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY22*	FY23**	FY24	FY25F	FY26F
Revenue	482.4	385.6	600.7	713.1	794.7
Gross Profit	60.2	50.0	82.9	110.5	123.2
Other income	1.4	6.6	5.1	2.0	0.5
Administrative expenses	-17.1	-12.0	-21.6	-21.8	-24.2
Selling and Distribution expenses	-0.4	-0.4	-0.3	-0.7	-0.8
Operating Profit	44.2	44.2	66.2	90.1	98.6
Finance income/(costs)	-3.9	1.6	4.0	4.8	5.4
Pre-tax Profit	40.3	45.8	70.2	94.9	104.1
Tax	-3.0	-7.5	-9.2	-22.8	-25.0
Profit After Tax	37.2	38.2	61.0	72.1	79.1
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	37.2	38.2	61.0	72.1	79.1
Exceptionals	0.0	0.0	0.8	0.0	0.0
Core Net Profit	37.2	38.2	61.9	72.1	79.1

Key Ratios

FYE Sep	FY22*	FY23**	FY24	FY25F	FY26F
EPS (sen)	2.9	2.9	4.8	5.5	6.1
P/E(x)	37.7	36.7	22.7	19.5	17.8
P/B(x)	6.1	4.3	2.9	2.5	2.2
DPS (sen)	0.9	2.0	6.0	2.6	2.6
Dividend Yield (%)	0.8%	1.9%	5.6%	2.4%	2.4%
GP margin (%)	12.5%	13.0%	13.8%	15.5%	15.5%
Operating margin (%)	9.2%	11.5%	11.0%	12.6%	12.4%
PBT margin (%)	8.4%	11.9%	11.7%	13.3%	13.1%
PAT margin (%)	7.7%	9.9%	10.2%	10.1%	10.0%
NP margin (%)	7.7%	9.9%	10.2%	10.1%	10.0%
CNP margin (%)	7.7%	9.9%	10.3%	10.1%	10.0%
ROE(%)	16.1%	11.6%	12.7%	12.6%	12.2%
ROA (%)	8.9%	7.8%	9.2%	10.5%	10.2%
Gearing (%)	40.5%	6.6%	0.7%	0.1%	0.1%
Net gearing (%)	22.5%	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY25F
Core EPS (RM)	0.055
P/E multiple (x)	25.0
Fair Value (RM)	1.39
ESG premium/discount	0.0%
Implied Fair Value (RM)	1.39

Source: Company, Apex Securities

*11 months data due to change in FYE to 31 Dec

**Based on FYE 31 Jan

Balance Sheet

FYE Dec (RM m)	FY22*	FY23**	FY24	FY25F	FY26F
Cash	41.7	67.0	158.1	162.2	181.9
Receivables	131.8	99.1	144.2	128.4	143.1
Inventories	101.7	154.9	132.6	138.6	154.5
Other current assets	26.9	42.9	35.1	18.7	18.2
Total Current Assets	302.2	364.0	470.0	447.9	497.5
Fixed Assets	115.4	122.3	199.5	236.5	276.4
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	1.8	0.9	0.0	0.0	0.0
Total Non-current assets	117.2	123.2	199.5	236.5	276.4
Short-term Debt	72.7	5.2	1.6	0.3	0.3
Payables	69.0	94.1	113.6	90.1	100.4
Other Current Liabilities	15.3	28.1	49.0	15.1	15.1
Total Current Liabilities	157.1	127.4	164.1	105.4	115.7
Long-term Debt	21.1	16.7	1.9	0.2	0.2
Other non-current liabilities	9.6	12.9	15.2	7.7	7.9
Total Non-current Liabilities	30.7	29.5	17.1	7.9	8.1
Shareholder's equity	231.6	330.3	488.3	571.0	650.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	231.6	330.3	488.3	571.0	650.1

Cash Flow

FYE Dec (RM m)	FY22*	FY23**	FY24	FY25F	FY26F
Pre-tax profit	40.3	45.8	70.2	94.9	104.1
Depreciation & amortisation	8.5	11.7	12.9	19.1	23.6
Changes in working capital	-9.5	13.5	8.0	-17.7	-19.7
Others	1.7	-5.6	-15.5	-17.9	-19.5
Operating cash flow	41.0	65.3	75.6	78.4	88.5
Net capex	-39.6	-17.7	-89.5	-64.2	-63.6
Others	-1.3	-9.3	24.2	70.6	21.6
Investing cash flow	-40.9	-26.9	-65.3	6.4	-42.0
Changes in borrowings	-19.3	-72.5	-18.4	-37.5	0.0
Issuance of shares	0.0	77.2	130.8	0.0	0.0
Dividends paid	-7.2	-16.9	-33.9	-25.2	-27.7
Others	-0.19	-1.21	0.00	0.00	0.00
Financing cash flow	-26.65	-13.46	77.76	-62.69	-27.65
Net cash flow	-26.60	24.85	88.11	22.13	18.87
Forex	-1.32	0.48	0.93	0.80	0.80
Others	0.00	0.00	0.00	0.00	1.00
Beginning cash	69.64	41.71	50.24	139.28	162.21
Ending cash	41.71	67.04	139.28	162.21	181.89
FD with more than 3 months	0.00	0.00	18.80	0.00	0.00
Cash and Bank equivalents	41.71	67.04	158.08	162.21	181.89

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★★	Disclosed Scope 1 and Scope 2 GHG emissions (3,588.06 tCO ₂ e); emissions intensity per revenue tracked; aligned with Bursa Malaysia's Sustainability Reporting Guide .
Waste & Effluent	★★★	Identified waste as a material sustainability matter; disclosed general initiatives (e.g., scheduled waste management) but lacks detailed breakdown of waste type or recycling rates .
Energy	★★★	Monitored energy consumption, particularly from electricity and diesel; reported usage figures; no mention of renewable energy initiatives .
Water	★★★	Water use is briefly acknowledged as part of environmental impact, but lacks specific data or conservation efforts .
Compliance	★★★	No environmental non-compliance incidents or fines recorded; demonstrates adherence to environmental laws and standards .

Social

Diversity	★★★	Promotes an inclusive workplace with equal opportunities and fair employment practices.
Human Rights	★★★	Upholds freedom of association, minimum wage compliance, and anti-discrimination policies; no reported violations .
Occupational Safety and Health	★★	Reported zero workplace fatalities; OSH Committee established; incident data tracked and addressed (2 minor injuries); certified to ISO 45001 .
Labour Practices	★★★	Conducted 3,956 training hours in FYE 2024 across all staff levels; strong emphasis on upskilling with fair employment policies and workplace inclusiveness.

Governance

CSR Strategy	★★★	Community engagement mainly through corporate donations and ad-hoc initiatives; no structured long-term CSR roadmap.
Management	★★★	ESG risks identified through materiality matrix; Board oversight via Sustainability Committee; integrated ESG metrics into risk management .
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★**Recommendation Framework:****BUY:** Total returns* are expected to exceed 10% within the next 12 months.**HOLD:** Total returns* are expected to be within +10% to – 10% within the next 12 months.**SELL:** Total returns* are expected to be below -10% within the next 12 months.**TRADING BUY:** Total returns* are expected to exceed 10% within the next 3 months.**TRADING SELL:** Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.**ESG Rating Framework:**

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.