

Research Team

(603) 7890 8888 (ext 2069)

research.dept@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.02
Previous Target Price:	RM 1.39
Target Price:	RM 1.27
Capital Upside/ Downside:	24.5%
Dividend Yield (%)	3.3%
Total Upside/ Downside:	27.8%

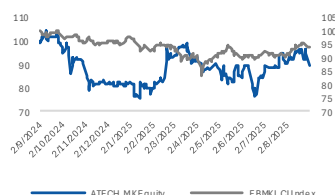
Stock information

Board	MAIN
Sector	EMS
Bursa / Bloomberg Code	5302 / ATECHMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,300.6
Market Cap (RM' m)	1,326.6
52-Week Price Range (RM)	1.21-0.9
Beta (x)	0.8
Freefloat (%)	64.3
3M Average Volume (m)	1.2
3M Average Value (RM' m)	1.3

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 (%)	-4.7	-7.0	1.7
Relative (%)	-7.2	-10.9	8.3

Earnings summary

FYE (Dec)	FY24	FY25F	FY26F
Revenue (RM'm)	600.7	661.8	733.1
PATAMI (RM'm)	61.0	73.8	82.1
CNP (RM'm)	64.4	73.8	82.1
EPS - core (sen)	5.2	5.7	6.3
P/E(x)	19.7	18.0	16.2

Source: Company, Apex Securities

Aurelius Technologies Berhad

Solid showing

- ATECH recorded 2QFY25 core earnings of RM20.2m (+32% QoQ, +22% YoY), bringing 1HFY25 core bottom line to RM35.5m (+20% YoY). The results were inline with our (49%) and street (49%) expectations.
- 2Q25/1H25 core net profit escalated +22% YoY/+20% YTD mainly due to stronger revenue contribution from Communication and IoT products (+10% YoY/+19% YTD; increased order allocation from its key communication customer) as well as improved core net margin.
- Maintain BUY rating with a lower TP of RM1.27 (from RM1.39), based on 20x (from 25x) on rolled over FY26F EPS of 6.3 sen.

Results inline. ATECH recorded 2QFY25 core earnings of RM20.2m (+32% QoQ, +22% YoY), bringing 1HFY25 core bottom line to RM35.5m (+20% YoY). The results were inline with our (49%) and street (49%) expectations.

QoQ. Revenue rose 10% thanks to stronger sales in Communication & IoT segment (+9%; higher volume loading from its main communication customer and automotive clients) and Electronic Devices (+25%; likely due to incremental order from newly onboarded fintech customer). However, core earnings grew at a faster clip (+32%) attributed to gross margin expansion (+0.8%-pts) resulting from better economies of scale and product mix.

YoY/YTD. Core net profit escalated (+22% YoY/+20% YTD) mainly due to stronger revenue contribution from Communication and IoT products (+10% YoY/+19% YTD; increased order allocation from its key communication customer, partially owing to market share gains) as well as improved core net margin (+1.52%-pts YoY/+0.8%-pts YTD; aided by better economies of scale and cost optimisation efforts).

Dividend. Declared second interim dividend of 0.85 sen per share (ex-date: 23 Sep) (none in 2QFY24), bringing 1HFY25 DPS declared to 2.05 sen per share (after adjusting for two-for-one bonus issue).

Outlook. Despite the prevailing forex headwinds stemmed from appreciation of RM against USD, we expect the impact to be cushioned by stronger loading volume from its key US-based communication customer, supported by steady rise in demand for mission-critical communication devices from the US as well as increased order allocation to ATECH from the client. Additionally, we expect continued positive momentum for Customer F (semiconductor component) due to planned expansion in new customer-consigned production lines. We note that ATECH is the sole contract manufacturer for Customer F outside of China, positioning the group as a beneficiary of the customer's supply chain diversification strategy. The group's orderbook stood at RM436m as at mid-August versus RM495m as at mid-May 2025.

Earnings Revision. With the change of analyst, we have revamped our financial model and revised our FY25/26 forecasts to RM73.8m/RM82.1m, representing a slight adjustment of +2.3%/+3.8%, respectively against our previous projections. Also, we introduce the FY27F earnings at RM90.2m.

Valuation. Post earnings adjustments, we maintain **BUY** rating but with a lower TP of **RM1.27** (from RM1.39), based on 20x (from 25x) on rolled over FY26F EPS of 6.3 sen, with a 0% ESG premium/discount reflecting its three-star ESG rating. Our ascribed 20x PE valuation is in line with its 2-year historical mean and implies a c.20% premium to an average 16.5x forward PE among Bursa-listed EMS peers. We like ATECH as an industrial-centric EMS provider with resilient earnings profile, backed by stable demand growth from its key customer and production ramp for its new semiconductor client.

Risk. Prolonged USD weakness against RM and delays in production ramp for Customer F.

Results Note

Tuesday, 02 Sep, 2025

Results Comparison

FYE Sep (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	162.9	152.3	7.0	147.9	10.2	310.8	278.0	11.8	
Gross Profit	26.0	23.4	11.1	22.5	15.5	48.6	43.6	11.3	
Pre-tax profit	20.8	21.3	(2.3)	20.8	(0.2)	41.6	42.3	(1.6)	
Net profit	16.4	16.0	2.1	16.1	1.6	32.5	31.8	2.2	
Core net profit	20.2	16.5	21.9	15.3	31.8	35.5	29.5	20.2	
Core EPS (sen)	1.5	1.3	21.9	1.2	31.8	2.7	2.3	20.2	
DPS (sen)	0.85	-	nm	1.2	(29.2)	2.1	0.9		
GP margin (%)	16.0	15.4		15.2		15.6	15.7		
PBT margin (%)	12.7	14.0		14.1		13.4	15.2		
Core net profit margin (%)	12.4	10.9		10.3		11.4	10.6		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue									
Communication and IoT products	135.5	123.0	10.1	124.6	8.8	260.1	218.3	19.2	
Electronics devices	19.1	22.4	(14.7)	15.2	25.3	34.3	47.3	(27.5)	
Semiconductor Components	8.3	6.8	21.4	8.1	3.1	16.4	12.4	32.5	
Total	162.9	152.3	7.0	147.9	10.2	310.8	278.0	11.8	
Geographical Revenue									
Malaysia	35.7	45.1	(20.9)	33.3	7.3	69.0	77.0	(10.4)	
Americans	102.3	76.8	33.3	88.1	16.1	190.4	140.1	35.9	
Asia Pacific (excluding Malaysia)	16.9	20.5	(17.9)	17.6	(3.9)	34.4	40.0	(14.0)	
Europe	8.1	9.8	(17.9)	8.9	(9.3)	17.0	20.7	(18.2)	
Total	162.9	152.3	7.0	147.9	10.2	310.8	277.8	11.9	

Source: Company, Apex Securities

Peer comparison

Stock	Price (26-Aug)	Rating	FYE	EPS		P/E (x)		BVPS		P/B (x)		DPS		Yield	
				FY 25	FY 26	FY 25	FY 26	FY 25	FY 26	FY 25	FY 26	FY 25	FY 26	FY 25	FY 26
V.S. Industry	0.69	NR	Jul	0.03	0.052	23.0	13.3	0.608	0.632	1.1	1.1	0.01	1.9%	0.02	3.3%
SKP Resources*	0.90	NR	Mar	0.09	0.101	10.0	8.9	0.657	0.703	1.4	1.3	0.05	5.1%	0.05	5.7%
PIE Industrial	3.38	NR	Dec	0.14	0.223	24.1	15.2	1.79	1.97	1.9	1.7	0.06	1.7%	0.08	2.2%
Nationgate	1.22	NR	Dec	0.096	0.103	12.7	11.8	0.495	0.57	2.5	2.1	0.02	2.0%	0.03	2.0%
Uchi Technologies	3.27	NR	Dec	0.213	0.225	15.4	14.5	0.44	0.493	7.4	6.6	0.22	6.7%	0.22	6.8%
EG Industries	1.16	NR	Jun	0.083	0.115	14.0	10.1	0.545	0.665	2.1	1.7	NA	NA	NA	NA
Average						16.5	12.3			2.7	2.4		3.5%		4.0%

Source: Bloomberg, Apex Securities

*refers to FY26 and FY27

Results Note

Tuesday, 02 Sep, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23*	FY24	FY25F	FY26F	FY27F
Revenue	385.6	600.7	661.8	733.1	793.6
Gross Profit	49.9	82.9	105.9	119.5	129.4
Other income	6.6	6.6	5.1	4.5	3.5
Administrative expenses	-12.0	-21.6	-22.2	-24.9	-26.2
Selling and Distribution expenses	-0.4	-0.3	-0.3	-0.4	-0.4
Operating Profit	44.2	66.2	87.9	97.7	107.8
Finance income/(costs)	3.3	4.7	4.8	5.5	5.5
Pre-tax Profit	45.8	70.2	92.2	102.7	112.7
Tax	-7.5	-9.2	-18.4	-20.5	-22.5
Profit After Tax	38.2	61.0	73.8	82.1	90.2
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	38.2	61.0	73.8	82.1	90.2
Exceptionals	0.7	3.4	0.0	0.0	0.0
Core Net Profit	39.0	64.4	73.8	82.1	90.2

Key Ratios

FYE Sep	FY23*	FY24	FY25F	FY26F	FY27F
Core EPS (sen)	3.3	5.2	5.7	6.3	6.9
P/E (x)	30.9	19.7	18.0	16.2	14.7
BVPS (sen)	0.3	0.4	0.4	0.4	0.5
P/B (x)	4.0	2.7	2.6	2.4	2.3
DPS (sen)	1.6	2.9	3.4	3.8	4.2
Dividend Yield (%)	1.5%	2.7%	3.2%	3.5%	3.9%
GP margin (%)	12.9%	13.8%	16.0%	16.3%	16.5%
Operating margin (%)	11.5%	11.0%	13.3%	13.3%	13.6%
PBT margin (%)	11.9%	11.7%	13.9%	14.0%	14.2%
PAT margin (%)	9.9%	10.2%	11.1%	11.2%	11.4%
NP margin (%)	9.9%	10.2%	11.1%	11.2%	11.4%
CNP margin (%)	10.1%	10.7%	11.1%	11.2%	11.4%
ROE (%)	11.8%	13.2%	14.2%	14.9%	15.4%
ROA (%)	8.0%	9.8%	10.4%	10.7%	11.1%
Gearing (%)	6.6%	0.7%	1.6%	5.2%	3.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations FY26F

Core EPS (RM)	0.063
P/E multiple (x)	20.0
Fair Value (RM)	1.27
ESG premium/discount	0.0%
Implied Fair Value (RM)	1.27

Source: Company, Apex Securities

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

Balance Sheet

FYE Dec (RM m)	FY23*	FY24	FY25F	FY26F	FY27F
Cash and cash equivalent	88.8	159.7	156.6	200.0	206.4
Receivables	108.1	148.2	163.2	171.4	185.5
Inventories	153.7	134.6	148.2	155.7	168.5
Other current assets	12.8	18.0	18.0	18.0	18.0
Total Current Assets	363.3	460.5	486.1	545.1	578.4
Fixed Assets	122.3	199.5	223.6	225.7	232.6
Other non-current assets	0.9	0.0	0.0	0.0	0.0
Total Non-current assets	123.2	199.5	223.6	225.7	232.6
Short-term Debt	5.1	1.6	4.1	14.1	9.1
Payables	120.2	149.0	164.1	172.3	186.5
Other Current Liabilities	12	4.1	4.1	4.1	4.1
Total Current Liabilities	126.6	154.6	172.3	190.5	199.7
Long-term Debt	16.8	1.9	4.4	14.4	9.4
Other non-current liabilities	13.9	27.8	12.7	5.2	20.2
Total Non-current Liabilities	30.7	29.6	17.1	19.6	29.6
Shareholder's equity	330.3	488.3	517.8	550.7	586.8
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	330.3	488.3	517.8	550.7	586.8

Cash Flow

FYE Dec (RM m)	FY23*	FY24	FY25F	FY26F	FY27F
Pre-tax profit	45.8	70.2	92.2	102.7	112.7
Depreciation	11.7	12.9	16.0	17.9	18.1
Changes in working capital	13.2	8.0	-13.6	-7.4	-12.8
Income tax paid	-2.80	-6.62	-18.45	-20.53	-22.54
Others	-2.8	-8.9	0.0	0.0	0.0
Operating cash flow	65.1	75.6	76.1	92.6	95.5
Net capex	-17.7	-89.5	-40.0	-20.0	-25.0
Others	-25.5	24.2	0.0	0.0	0.0
Investing cash flow	-43.1	-65.3	-40.0	-20.0	-25.0
Changes in borrowings	-4.1	-18.4	5.0	20.0	-10.0
Issuance of shares	77.1	130.8	0.0	0.0	0.0
Dividends paid	-16.9	-33.9	-44.3	-49.3	-54.1
Others	-69.0	-0.7	0.0	0.0	0.0
Financing cash flow	-12.8	77.8	-39.3	-29.3	-64.1
Net cash flow	9.1	88.1	-3.1	43.4	6.4
Forex	-0.6	0.9	0.0	0.0	0.0
Beginning cash	41.7	50.2	139.3	136.2	179.5
Ending cash	50.2	139.3	136.2	179.5	185.9
Fixed deposits/short-term investments	38.5	20.5	20.5	20.5	20.5
Cash and Bank equivalents	88.8	159.7	156.6	200.0	206.4

Results Note

Tuesday, 02 Sep, 2025

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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Monday, 01 Sep, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.