

Brian Chin Haoyan

(603) 7890 8888 (ext 2064)

brianchin@apexsecurities.com.my

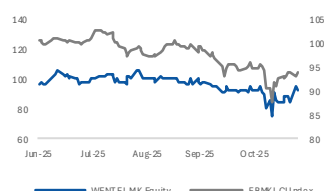
Recommendation:	BUY
Current Price:	RM0.305
Previous Target Price:	RM0.50
Target Price:	↔ RM0.50
Capital Upside/Downside:	63.9%
Dividend Yield (%):	0.0%
Total Upside/Downside	63.9%

Stock information

Board	ACE
Sector	Technology
Bursa / Bloomberg Code	0298 / WENTEL.MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,150.0
Market Cap (RM'm)	350.8
52-Week Price Range (RM)	0.36-0.21
Beta (x)	1.1
Free float (%)	22.4
3M Average Volume (m)	4.2
3M Average Value (RM'm)	1.4

Top 3 Shareholders

	(%)
Fatt Wong Kim	36.8
Wentel Corp Sdn Bhd	16.4
Ban Kim Wah	13.3

Share Price Performance

	1M	3M	12M
Absolute (%)	-3.2	-6.2	7.0
Relative (%)	-3.1	-7.9	6.4

Earnings summary

FYE (Dec)	FY24	FY25F	FY26F
Revenue (RM'm)	112.4	135.2	158.0
PATAMI (RM'm)	15.0	24.2	28.6
CNP (RM'm)	20.2	24.2	28.6
EPS - core (sen)	1.8	2.1	2.5
P/E(x)	17.3	14.5	12.3

Source: Company, Apex Securities

Wentel Engineering Holdings Berhad

Solid showing in 3Q25

- Wentel posted 3Q25 core net profit of RM6.4m (+4% QoQ, +12% YoY), bringing 9M25's sum to RM18.8m (+29% YoY). The results were in line with our FY25F estimates at 77% of our forecasts.
- Revenue grew 10% QoQ, driven by higher contribution from fabrication of semi-finished metal products (revenue +21% QoQ; buoyed by security screening equipment). However, core earnings rose at a slower clip (+3.6% QoQ) due to higher revenue mix of security screening segment, which typically carries lower gross margins relative to fabrication of metal parts (mainly for E&E).
- Maintain our forecasts and BUY call with unchanged TP of RM0.50, based on a 20x PE multiple applied to FY26F EPS of 2.5 sen.

Results inline. Wentel posted 3Q25 core net profit of RM6.4m (+4% QoQ, +12% YoY), bringing 9M25's sum to RM18.8m (+29% YoY). The results were in line with our FY25F estimates at 77% of our forecasts. 3Q25 results were arrived after excluding net forex loss of RM0.25m.

QoQ. Revenue grew 10% primarily driven by higher contribution from fabrication of semi-finished metal products (revenue +21%; buoyed by security screening equipment). However, core earnings rose at a slower clip (+3.6%) due to higher revenue mix of security screening segment, which typically carries lower gross margins relative to fabrication of metal parts (mainly for E&E).

YoY. Core earnings rose 12%, underpinned by a 48% jump in revenue from the fabrication of semi-finished products due to stronger demand from key security-screening customers amid heightened trade tensions and national-security concerns. This was partly offset by a 10% decline in revenue in the fabrication of metal parts segment due to a temporary order slowdown from E&E customers.

YTD. Core net profit jumped 29%, boosted by better revenue contribution in both fabrication of semi-finished metal products (+26%; aforementioned reason in YoY paragraph) and metal parts (+28%; improved demand for both front- and back-end semiconductor equipment).

Outlook. Wentel's performance should remain resilient in the coming quarter, with earnings likely skewed to the upside versus 3Q25, on the back of guided resilient demand for security screening equipment and pick-up in the E&E segment from both front- and back-end semiconductor equipment customers. Meanwhile, its new plant (Lot 815), set to be operational in 1H26 and doubling its operational floor space to 334k sqft, should unlock additional capacity for Wentel to meet increasing orders and support new product innovations (NPIs) for its key security-screening system and E&E customers in FY26 and beyond.

Earnings Revision. Unchanged, as results were inline.

Valuation. Maintain **BUY** call with an unchanged TP of **RM0.50**, based on a 20x PE multiple applied to FY26F EPS of 2.5 sen. We like Wentel for its (i) favourable earnings growth trajectory (3-year CAGR of 19% over FY25-27F), (ii) deepening exposure to the higher margin E&E segment and (iii) undemanding valuation of c.12x FY26F PE.

Risks. Key downside risks include high forex exposure, tariff risks and geopolitical uncertainties as well as customer concentration risk.

Results Note

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Results Comparison

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
Revenue	38.4	28.9	32.8	34.9	10.2	104.5	83.5	25.2
EBITDA	8.9	5.2	72.2	7.5	19.4	25.3	18.4	37.3
Operating profit	8.2	4.6	79.8	6.7	21.7	23.1	16.6	39.2
Profit before tax	8.1	4.5	79.8	6.7	22.1	22.9	12.4	85.0
Profit after tax	6.2	3.4	80.8	5.0	23.1	17.3	8.4	106.0
Reported PATAMI	6.2	3.4	80.8	5.0	23.1	17.3	8.4	106.0
Core PATAMI	6.4	5.8	11.9	6.2	3.6	18.8	14.6	28.7
Core EPS (sen)	0.6	0.5	11.9	0.5	3.6	1.6	1.3	28.7
EBIT margin	21%	16%		19%		22%	20%	
PBT margin	21%	16%		19%		22%	15%	
Core net profit margin	17%	20%		18%		18%	18%	

Source: Company, Apex Securities

Revenue breakdown

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
Segmental breakdown								
Fabrication of semi-finished metal products	31.0	20.9	47.9	25.6	21.0	78.7	62.6	25.7
Fabrication of metal parts	5.6	6.2	(9.8)	7.0	(19.6)	20.1	15.8	27.7
Assembly of finished products	1.9	1.8	4.5	2.3	(19.1)	5.7	5.1	10.8
Geographical breakdown								
Malaysia	26.7	20.9	27.9	23.8	12.4	71.9	62.0	16.0
Singapore	11.1	7.8	41.3	10.5	6.0	30.9	21.0	47.0
US	0.5	0.2	163.6	0.8	(27.9)	1.8	0.5	252.8

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	98.8	112.4	135.2	158.0	181.7
Gross Profit	24.8	31.6	40.6	49.0	58.1
EBITDA	22.5	23.8	35.3	43.6	52.1
EBIT	19.2	21.0	31.9	37.8	44.9
PBT	18.8	20.8	31.8	37.6	44.6
Tax	-4.7	-5.8	-7.6	-9.0	-10.7
Profit After Tax	14.1	15.0	24.2	28.6	33.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	14.1	15.0	24.2	28.6	33.9
Exceptionals	-1.2	5.2	0.0	0.0	0.0
Core Net Profit	12.9	20.2	24.2	28.6	33.9

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Core EPS (sen)	1.1	1.8	2.1	2.5	2.9
P/E (x)	27.3	17.3	14.5	12.3	10.3
BVPS	0.09	0.16	0.18	0.21	0.24
P/B (x)	3.4	1.9	1.7	1.5	1.3
EV/EBITDA (x)	14.4	13.6	9.2	7.4	6.2
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Gross margin (%)	25.2%	28.1%	30.0%	31.0%	32.0%
EBITDA margin (%)	22.8%	21.1%	26.1%	27.6%	28.6%
EBIT margin (%)	19.5%	18.7%	23.6%	23.9%	24.7%
PBT margin (%)	13.0%	18.0%	23.5%	23.8%	24.6%
PAT margin (%)	14.3%	13.4%	17.9%	18.1%	18.7%
NP margin (%)	14.3%	13.4%	17.9%	18.1%	18.7%
CNP margin (%)	13.0%	18.0%	17.9%	18.1%	18.7%
ROE (%)	12.6%	10.8%	11.5%	12.0%	12.4%
ROA (%)	10.9%	9.4%	9.9%	10.4%	10.9%
Net gearing (%)	NET CASH NET CASH NET CASH NET CASH NET CASH				

Assumptions

RMUSD	4.56	4.57	4.30	4.20	4.20
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Revenue mix by customer group

Security	66%	69%	68%	65%	62%
E&E	15%	18%	21%	24%	28%
CNC machine	17%	11%	10%	10%	9%
Medical & Others	2%	2%	2%	1%	1%

Valuations

	FY26F
Core EPS (sen)	2.5
P/E multiple (x)	20.0
Fair Value (RM)	0.50
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.50

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & bank balances	18.6	31.5	22.8	29.1	43.1
Receivables	24.7	28.6	34.0	39.5	45.2
Inventories	15.5	21.9	33.5	39.6	47.0
Other current assets	14.5	60.2	60.2	60.2	60.2
Total Current Assets	73.3	142.2	150.5	168.4	195.4
PPE	42.8	67.0	88.6	102.9	110.7
Other non-current assets	1.5	4.9	4.9	4.9	4.9
Total Non-current assets	44.3	71.9	93.6	107.8	115.6
Short-term Debt	1.5	1.4	2.4	3.2	2.4
Payables	11.2	20.4	24.2	26.2	28.6
Other Current Liabilities	1.4	1.4	1.4	1.4	1.4
Total Current Liabilities	14.1	23.3	28.0	30.8	32.4
Long-term Debt	1.4	0.0	1.0	1.8	1.0
Other non-current liabilities	0.2	4.4	4.4	4.4	4.4
Total Non-current Liabilities	1.6	4.4	5.4	6.1	5.4
Shareholder's equity	101.9	186.5	210.7	239.3	273.2
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	101.9	186.5	210.7	239.3	273.2

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	18.8	20.8	31.8	37.6	44.6
Depreciation & amortisation	3.3	2.7	3.3	5.8	7.2
Changes in working capital	-0.3	-1.8	-13.3	-9.6	-10.6
Tax paid	-6.1	-5.1	-7.6	-9.0	-10.7
Others	1.5	-1.4	0.0	0.0	0.0
Operating cash flow	17.2	15.3	14.3	24.8	30.5
Net capex	-19.0	-26.9	-25.0	-20.0	-15.0
Others	-3.7	-47.8	0.0	0.0	0.0
Investing cash flow	-22.7	-74.7	-25.0	-20.0	-15.0
Borrowings	-1.5	-1.5	2.0	1.5	-1.5
Others	-2.2	69.1	0.0	0.0	0.0
Financing cash flow	-3.7	67.6	2.0	1.5	-1.5
Net cash flow	-9.2	8.2	-8.7	6.3	14.0
Currency translation differences	0.1	-0.3	0.0	0.0	0.0
Beginning cash & cash equivalent	35.8	26.7	34.6	25.8	32.1
Ending cash & cash equivalent	26.7	34.6	25.8	32.1	46.1
Fixed deposits	-8.0	-3.0	-3.0	-3.0	-3.0
Cash and bank balances	18.6	31.5	22.8	29.1	43.1

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions rose 7.4% yoy to 6.7m/kg in FY23
Waste & Effluent	★★★	Co2 emissions reduced from 3.0m kg in FY21 to 2.5m kg in FY23
Energy	★★★	Energy consumption reduced from 8,014,556 kWh to 7,810,114 kWh
Water	★★★	Water consumption rose 5.4% yoy to 112,658m3 in FY23
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	73% of average employees age below 40, 21% of employees are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	292 hours of OSH trainings completed, one worksite incidence in FY23
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Donation to Sekolah Semangat Maju and participated in the Pesta Makanan Amal 2023
Management	★★	Average board members age @ 53, 2/9 female board composition, 4/9 Independent Directors
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.