

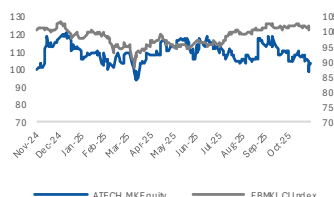
Brian Chin Haoyan
(603) 7890 8888 (ext 2064)
brianchin@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 0.98
Previous Target Price:	RM 1.27
Target Price:	↔ RM 1.27
Capital Upside/ Downside:	29.6%
Dividend Yield (%):	4.1%
Total Upside/ Downside:	33.6%

Stock information	
Board	MAIN
Sector	EMS
Bursa / Bloomberg Code	5302 / ATECHMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,300.7
Market Cap (RM' m)	1,274.7
52-Week Price Range (RM)	1.21-0.9
Beta (x)	0.9
Free float (%)	66.9
3M Average Volume (m)	1.0
3M Average Value (RM' m)	1.1

Top 3 Shareholders	(%)
Main Stream Holdings Sdn. Bhd	15.1
Employees Provident Fund Board	11.8
Aberdeen Group Plc	10.6

Share Price Performance



	1M	3M	12M
Absolute (%)	-6.7	-3.9	-1.0
Relative (%)	-6.4	-5.7	-1.6

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)	18.9	17.3	15.5

Source: Company, Apex Securities

Aurelius Technologies Berhad

Steady delivery despite tariff woes

- **ATECH posted 3Q25 core earnings of RM16.0m (-20% QoQ, -1.5% YoY), bringing 9M25 core bottom line to RM51.5m (+13% YoY) – accounting for 70% of both our and consensus FY25F forecasts. We deem the results within expectation as we anticipate seasonal strength in 4Q.**
- **Core earnings rose 13% YTD, driven by stronger revenue from Communication & IoT products (+10% on higher volumes from a key customer and improved demand for mission-critical devices) and Semiconductor Components (+42% on output ramp-up for Customer F).**
- **We maintain our forecasts and BUY rating with an unchanged TP of RM1.27, based on 20x FY26F EPS of 6.3 sen.**

Results in line. ATECH posted 3Q25 core earnings of RM16.0m (-20% QoQ, -1.5% YoY), bringing 9M25 core profit to RM51.5m (+13% YoY) – accounting for 70% of both our and consensus FY25F forecasts. We deem the results within our expectations as we anticipate seasonal strength in 4Q.

QoQ. Revenue slipped 7% no thanks to a slump in contribution from electronic devices (-48%; likely stemmed from earlier order pull-ins ahead of US tariff implementation in Aug). However, core earnings declined at a faster clip (-20%) due to weaker operating leverage and production efficiency resulting from a higher public holiday count and staff costs.

YoY. Revenue fell 9%, dragged by plunge in revenue from Electronic Devices (-57%; aforementioned reason in QoQ para, coupled with a higher base from its oil and gas customer in 3Q24), though it was mitigated by a gain in Semiconductor Components (+60%; successful production ramp for Customer F). Despite the lower group revenue, core earnings remained broadly stable (-1.5%), supported by better gross margin (+2.83%-pts) as Semiconductor Component yields significantly higher margins.

YTD. Core earnings rose 13% thanks to higher revenue contribution from Communication & IoT products (+10%; higher volume allocation from key customer and improved demand for mission-critical communication devices) and Semiconductor Components (+42%; stronger run rate amidst output ramp for Customer F). However, it was partially offset by softer revenue from Electronics Devices (-37%; US tariffs uncertainties and higher revenue base from its oil & gas customer in 9M24).

Dividend. Declared third interim dividend of 0.95 sen (ex-date: 12 Dec), bringing 9M25 DPS declared to 3.0 sen (after adjusting for two-for-one bonus issue).

Outlook. We expect loading volumes from its key US-based communication customer to remain steady, supported by resilient demand for mission-critical communication devices. In our view, these products will be largely shielded from tariff exposure as they are primarily supplied to US government agencies. Meanwhile, the rising run rate from Customer F (5G and IoT modules), driven by improved production efficiency, should continue to support the group's margins. We understand ATECH is working on mass production for its new automotive customer (tyre pressure monitoring system), while currently undergoing qualification tests by various automotive OEMs. As such, we see further room for economies of scale for its new plant P5, which remains underutilised at roughly 10–20%.

Earnings Revision. Unchanged, as results were in line.

Valuation. We maintain **BUY** rating with an unchanged TP of **RM1.27**, based on 20x 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, solid margin delivery and its continuous efforts in diversifying its customer base. The group also stands to benefit from supply chain diversification amid heightened geopolitical uncertainties.

Risk. Prolonged USD weakness against RM and delays in production ramp for new customers.

Results Note

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Results Comparison

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
Revenue	151.5	165.7	(8.6)	162.9	(7.0)	462.3	443.7	4.2
Gross Profit	21.6	18.9	14.1	26.0	(17.1)	70.1	62.5	12.2
Pre-tax profit	21.0	1.0	2,090.1	20.8	1.0	62.6	43.2	44.7
Net profit	16.1	0.8	1,960.6	16.4	(1.7)	48.5	32.5	49.2
Core net profit	16.0	16.3	(1.5)	20.2	(20.4)	51.5	45.8	12.5
Core EPS (sen)	1.2	1.3	(1.5)	1.5	(20.4)	4.0	3.5	12.5
DPS (sen)	1.0	1.0	(8.1)	1.2	(20.8)	3.0	1.9	55.2
GP margin (%)	14.2	11.4		16.0		15.2	14.1	
PBT margin (%)	13.8	0.6		12.7		13.5	9.7	
Core net profit margin (%)	10.6	9.8		12.4		11.1	10.3	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
Revenue								
Communication and IoT products	131.9	136.7	(3.5)	135.5	(2.7)	392.0	355.0	10.4
Electronics devices	9.9	22.9	(56.9)	19.1	(48.3)	44.2	70.2	(37.1)
Semiconductor Components	9.8	6.1	60.0	8.3	17.6	26.1	18.5	41.6
Total	151.5	165.7	(8.6)	162.9	(7.0)	462.3	443.7	4.2
Geographical								
Revenue								
Malaysia	41.7	50.5	(17.4)	35.7	16.8	110.6	127.4	(13.2)
Americans	82.4	85.7	(3.9)	102.3	(19.5)	272.8	225.8	20.8
Asia Pacific (excluding Malaysia)	16.4	17.6	(6.7)	16.9	(2.6)	50.9	57.8	(12.0)
Europe	11.0	12.0	(7.7)	8.1	36.9	28.0	32.7	(14.4)
Total	151.5	165.7	(8.6)	162.9	(7.0)	462.3	443.7	4.2

Source: Company, Apex Securities

Results Note

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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 Dec	FY23*	FY24	FY25F	FY26F	FY27F
Core EPS (sen)	3.3	5.2	5.7	6.3	6.9
P/E (x)	29.7	18.9	17.3	15.5	14.1
BVPS (sen)	0.3	0.4	0.4	0.4	0.4
P/B (x)	3.9	2.6	2.5	2.4	2.2
DPS (sen)	1.6	2.9	4.0	4.1	4.5
Dividend Yield (%)	1.5%	2.7%	3.7%	3.8%	4.2%
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%	14.5%	15.2%	15.8%
ROA (%)	8.0%	9.8%	10.5%	10.8%	11.3%
Gearing (%)	6.6%	0.7%	1.7%	5.3%	3.2%
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 31Dec

Balance Sheet

FYE Dec (RM m)	FY23*	FY24	FY25F	FY26F	FY27F
Cash and cash equivalent	88.8	159.7	149.2	188.5	190.4
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	478.7	533.6	562.4
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	510.5	539.2	570.8
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	330.3	488.3	510.5	539.2	570.8

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	-51.6	-53.4	-58.6
Others	-69.0	-0.7	0.0	0.0	0.0
Financing cash flow	-12.8	77.8	-46.6	-33.4	-68.6
Net cash flow	9.1	88.1	-10.5	39.3	1.9
Forex	-0.6	0.9	0.0	0.0	0.0
Beginning cash	41.7	50.2	139.3	128.8	168.0
Ending cash	50.2	139.3	128.8	168.0	169.9
Fixed deposits/short-term investments	38.5	20.5	20.5	20.5	20.5
Cash and Bank equivalents	88.8	159.7	149.2	188.5	190.4

Results Note

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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.