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Recommendation:	BUY
Current Price:	RM2.78
Previous Target Price:	N/A
Target Price:	RM4.00
Capital Upside/Downside:	43.9%
Dividend Yield (%):	1.0%
Total Upside/Downside	45.0%

Stock information	
Board	MAIN
Sector	Technology
Bursa/Bloomberg Code	5286/MIMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	889.3
Market Cap (RM'm)	2,472.1
52-Week Price Range (RM)	3.35-1.4
Beta (x)	1.5
Free float (%)	37.1
3M Average Volume (m)	3.2
3M Average Value (RM'm)	9.1

Top 3 Shareholders	(%)
Oh Kuang Eng	45.0
Yong Shiao Voon	11.3
Norges Bank	5.2

Share Price Performance

	1M	3M	12M
Absolute (%)	-14.2	14.9	28.1
Relative (%)	-16.7	10.6	22.4

Earnings summary

FYE (Dec)	FY24	FY25F	FY26F
Revenue (RM'm)	463.5	600.3	671.8
PATAMI (RM'm)	68.1	101.0	116.8
CNP (RM'm)	69.9	101.0	116.8
EPS - core (sen)	7.8	11.3	13.1
P/E (x)	35.4	24.4	21.1

Source: Company, Apex Securities

Mi Technovation Berhad

At the heart of the advanced packaging boom

- **MITECH is structured around three divisions: (i) SEBU, which designs and manufactures semiconductor assembly and testing equipment; (ii) SMBU, which produces solder spheres via Accurus; and (iii) SSBU, which aims to develop new semiconductor solutions.**
- **We project MITECH's FY25–27F earnings to grow at a c.25% CAGR, driven by stronger SEBU revenue from higher shipment volumes and ASPs, alongside improving contributions from Accurus on rising solder ball demand and the turnaround of Accurus China.**
- **We initiate coverage on MITECH with a BUY rating and a TP of RM4.00, based on 30.5x FY26F EPS of 13.1 sen. We like MITECH for its: (i) steady earnings growth trajectory, (ii) favourable positioning in directly serving Tier-1 OSATs, foundries and IDMs, and (iii) undemanding valuation of 21x FY26F P/E relative to ATE peers in Malaysia.**

Key Investment Highlights

Leadership in WLCSP sorting drives sustained share gains. Mi Series WLCSP die-sorting platform boasts a proprietary horizontal turret system that achieves better performance than conventional rotary pick-and-place technology. Its latest flagship, the MiND.X (AI)-enabled Mi Quantum and Quantum Plus, is capable of delivering industry-leading throughput of >50k UPH, further strengthening the Mi Series' positioning among tier-1 OSAT and IDM customers. We estimate the Mi Quantum family carries an ASP roughly double that of the legacy Mi20 model. Its Mi Series commands over one-third of market share globally and is expected to drive further share gains and underpin SEBU's performance.

Si Series and Ai Series may unlock the next leg of growth for SEBU. Management anticipates rising adoption of the new SiC-based KGD test handler in 2026, alongside stronger demand for silicon-based KGD testers, reflecting the higher testing intensity required for advanced chip stacking and packaging. We estimate its unit shipment to grow from 10 units in FY25F to 14/16 in FY26/FY27F. Additionally, we view that its Ai Series could mark a breakthrough for SEBU in the HPC/memory space with its LAB (Ai5) and LCB (Ai20), which are targeted for customer adoption in 2027. If successfully commercialised, we believe Ai Series would elevate MITECH's positioning in the advanced packaging domain.

Accurus tapping on advanced packaging boom. Accurus is among the largest solder ball manufacturers in Taiwan and has been gaining market share, supported by an increasing preference among major foundries and OSAT players for locally based suppliers. Beyond tier-1 OSATs, Taiwan's leading foundry is also expanding its advanced packaging capacity to meet surging CoWoS demand, which is in turn lifting demand for solder balls. Although Accurus China is currently reporting minor losses (RM3.9m in 9MFY25) due to underutilisation (c.50%) for its Ningbo facility. MITECH targets breakeven by 4Q25, with profitability expected in 2026 as utilisation ramps up alongside accelerating demand for solder balls to support China's growing advanced packaging requirements, particularly for AI applications.

Undemanding valuation relative to ATE peers. MITECH is trading at an undemanding valuation of 21x our forecasted FY26F earnings, a discount to its ATE peers valued at an average of c.32x. We opine that the valuation gap reflects MITECH's shorter track record on Bursa Malaysia, having listed only in 2018 compared with peers like ViTrox (43x of FY26F EPS), Pentamaster (32x FY26F EPS). We see scope for MITECH to rerate and narrow the valuation gap, supported by: (i) steady earnings growth driven by both SEBU and SMBU; and (ii) its growing capability to serve leading foundries and Tier-1 OSATs through its equipment offerings and solder ball supply.

We **initiate coverage on MITECH** with a **BUY** rating and a target price of **RM4.00**, based on 30.5x FY26F EPS of 13.1 sen. We like MITECH for its: (i) steady earnings growth trajectory (3-year CAGR of 25% over FY25-27F), (ii) favourable positioning in directly serving Tier-1 OSATs, foundries and IDMs, as well as (iii) undemanding valuation of 21x FY26F P/E relative to ATE peers in Malaysia.

KDN PP13226/06/2024 (035469)

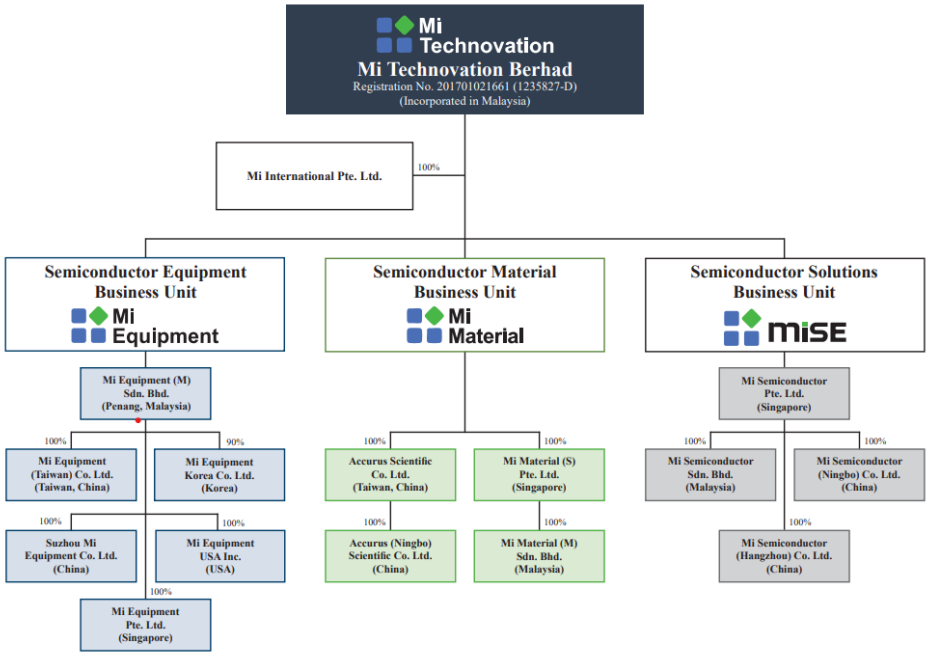
Company background

Brief history. The roots of Mi Technovation's Berhad (MITECH) can be traced back to Nov 2012 when Mr. Oh Kuang Eng incorporated MiE Technology Pte Ltd by setting its headquarter and global sales and service support in Singapore. The founding of the company by Mr. Oh was built on his vision to tap on the growing market potential of wafer level chip scale packaging (WLCSP) assembly and packaging equipment, which led to its specialisation and niche in the design, development, manufacture and sale of WLCSP sorting machines with inspection and testing capabilities for the semiconductor industry. Since then, the group has grown by leaps and bounds over the years with expansion of market footprint across the globe via continued enhancement of its back-end die sorting machines and expansion of product offerings within the sector. MITECH successfully listed on the Main Market of Bursa Malaysia on 20 June 2018 and subsequently rebranded as Mi Technovation Berhad on 27 Dec 2018.

Bread and butter. Today, the group has established multiple machine series within its **Semiconductor Equipment Business Unit (SEBU)**. In addition to its core Mi series' advanced packaging die sorter, SEBU also offers Si Series (final test handler), Vi Series (vision inspection machine) and Ai Series (precision bonding machine). Its SEBU has shipped its equipment across the semiconductor value chain, especially to Integrated Device Manufacturers (IDMs) and OSAT providers around the globe.

Extending branches in the semiconductor value chain. Since Apr 2021, the **Semiconductor Material Business Unit (SMBU)**, represents another key revenue pillar as the group ventured into solder ball manufacturing business through the acquisition of the Taiwanese company Accurus Scientific Co. Ltd. Accurus has production facilities in Taiwan's Tainan (headquarter) and China's Ningbo, with its third manufacturing site under construction in Johor, Malaysia, while Singapore serves as a sales and marketing office. Meanwhile, the **Semiconductor Solutions Business Unit (SSBU)**, operating through Mi Semiconductor Ningbo (MISE), is the group's newest division aimed at expanding its offerings in the semiconductor value chain through strategic ventures. Given its minimal revenue contribution and continued investment in R&D staff and development activities, SSBU remains in a loss-making position. We understand that the division is presently developing high-power modules for wide-bandgap applications, targeting end markets such as automotive and renewable energy.

Figure 1: Corporate structure and key business units



Source: Company

Business Overview

Semiconductor Equipment Business Unit (SEBU) (61% of 9MFY25's revenue)
MITECH's SEBU is responsible for the design, development, manufacture and sale of back-end semiconductor equipment for assembly and packaging, visual inspection, die bonding, final testing and factory automation processes. SEBU also provides post sales maintenance services and technical support for the machines and the sales of associated spare parts and components.

SEBU's core income generator, **Mi Series** comprises WLCSP die-sorting machines designed to sort die from wafer to carrier tape for bare die, flip chips and WLCSP packages. Its latest flagship Mi Quantum family delivers industry-leading performance with outputs of >50k UPH, enabled by its proprietary horizontal turret technology. Global IDMs and Tier-1 OSATs are among its key customers, particularly for mobility (i.e. handsets) and wearables applications.

SEBU's product offerings are also expanded into **Vi Series**, **Si Series** and **Ai Series** as an effort to alleviate the concentration risk of Mi Series and broaden its exposure to other key growth levers such as high-performance computing (HPC) & memory as well as automotive & renewable energy. **Vi Series** is an infrared inspection system that is designed for inspecting internal structures and defects on wafer-level packaging. Currently, the Vi Series machines are mainly used in mobility and wearables applications.

Meanwhile, the **Si Series**, equipped with high-precision pick-and-place technology, offers test handlers for known-good dies (KGD) and power modules across wafer, packaged and die levels. These solutions are deployed in automotive (EV) and renewable energy industries, particularly for silicon carbide (SiC) devices. KGD testing is also becoming increasingly critical for HPC and memory applications to ensure only good dies advance into 2.5D/3D multi-die packages to safeguard yield and reliability.

Lastly, **Ai Series** features precision bonding machine (laser-assisted bonding/laser compression bonding) used for attaching semiconductor dies to substrates or interposers in advanced packaging. We gathered that these machines are currently in the qualification phase and aim to target mobility and wearables applications for fan-out CSP, as well as HPC and memory applications for 2.5D/3D modules.

Figure 2: Mi Series

Source: Company

Figure 3: Vi Series

Figure 4: Ai Series

Figure 5: Si Series

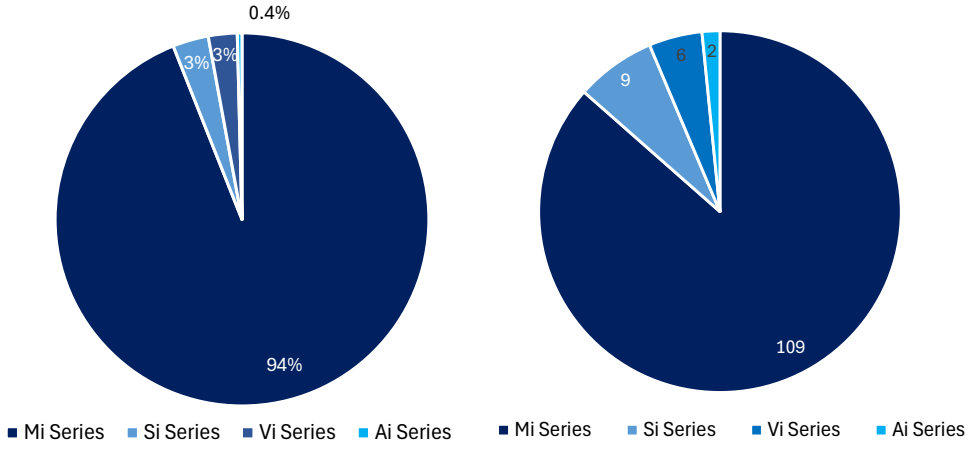
Source: Company

Figure 6: Summary SEBU's production sites, product groups and target markets

Country	Products	Target Market Segment
Malaysia (Penang)	**Mi Series & Vi Series** Adv packaging (WLP, WLCSP, FOWLP, Flip Chip, EMI, Display devices) die and package sorting machine with vision inspection, AI application and other process functions. Wafer and package inspection both in 2D and 3D mode.	**Mobility and Wearable Segment** • Telecommunications industry (5G market) for smartphones, tablets, and wireless wearable devices • IoT industry Bluetooth, near field sensing, sensor applications which require high functionality, mobility and low power consumption in small form factor **HPC segment** • GPU and CPU for HPC applications in AI and Blockchain • High Bandwidth Memory (HBM)
Korea (Gyeonggi)	**Ai Series (Die bonder)** High precision bonding machine for extra fine pitch with thin die and substrate thickness	**HPC segment** • GPU and CPU for HPC applications in AI and Blockchain • High Bandwidth Memory (HBM)
China (Suzhou)	**Si Series (Final Test Equipment)** Final test equipment for Optical Sensors, High Power Devices, Automotive Chips, KGD (Known Good Dies) and fine pitch devices	**Automotive and Renewable Energy segment** • Electric vehicles • Power devices • LiDAR sensors

Source: Company

Figure 7: SEBU's 9MFY25 breakdown by revenue (left) and unit shipments (right)



Source: Company

Semiconductor Material Business Unit (SMBU) (39% of 9MFY25's revenue)
SMBU is largely anchored by Accurus, which is primarily involved in the design, manufacturing and sale of solder spheres (solder balls). These are critical components used to electrically interconnect flip-chip semiconductors, and are widely applied in advanced packaging technologies such as ball grid array (BGA), wafer-level packaging (WLP), and 2.5D/3D packaging. Accurus currently operates two manufacturing sites—in Tainan, Taiwan, and Ningbo, China. Accurus Taiwan, which contributes roughly 80% of SMBU's revenue, runs 20 production lines. Meanwhile, the Ningbo facility operates six production lines and remains in a minor loss-making position (9MFY25: –RM3.9m).

To establish a footprint in Southeast Asia, Accurus is constructing its first Malaysian facility in Senai, Johor on a build-up area of 50k sqft. Phase 1 will house three production lines with a monthly capacity of 90,000 kk (capex of c.RM30m for construction and equipment). Phase 2 will add four more lines with a capacity of 120,000 kk per month (capex of c.RM10m for additional equipment), bringing total planned capacity to seven lines. Construction of the facility is targeted for completion by May-26, with production equipment to be ready by Sep-26. Sample submission is expected to begin by end of 2026.

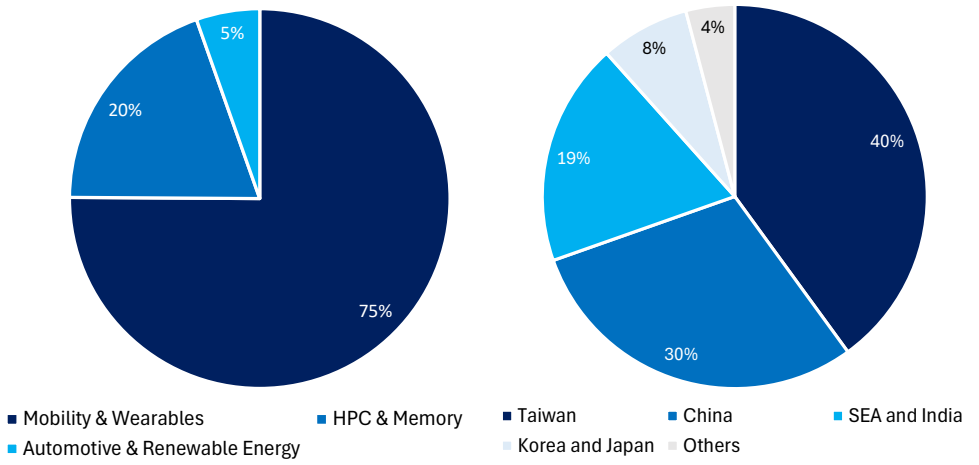
Figure 8: SMBU's solder sphere

Source: Company

Semiconductor Solutions Business Unit (SSBU) (0.02% of 9MFY25's revenue)
The Semiconductor Solutions Business Unit (SSBU) is the Group's newest division, established to broaden its participation across the semiconductor value chain through strategic collaboration and technology synergies. Operating from its R&D and manufacturing facility in Hangzhou, China, SSBU focuses on high-power modules and devices for wide-bandgap applications, targeting the automotive and renewable energy segments. The unit has expanded its market presence through strategic partnerships and equity interests in established players in China and Taiwan. In April 2024, SSBU (via Mi Semiconductor Ningbo) increased its investment in Talentek Microelectronics (Hefei) Limited, raising the Group's stake to 30.75% as at 31 December 2024, while in August 2024, Mi Semiconductor Pte. Ltd. acquired a 20% interest in Victron Technology Co. Ltd. These collaborations strengthen SSBU's access to the high-power module and device market. SSBU achieved a critical milestone in Jun-25, completing the first power module prototype on its new in-house Power Module Pilot production line in Hangzhou.

Industry and geographical exposure. MITECH's 9MFY25 revenue stood at RM470.7m, contributed by SEBU (61%) and SMBU (39%). By application, the Mobility & Wearables segment accounted for 75% of the Group's top line, supported by its strong positioning in Mi Series die-sorting equipment for WLCSP processes and Accurus strong market share among Taiwanese foundries and Tier-1 OSATs in mobile device applications. Geographically, revenue is primarily derived from Taiwan (40%), underpinned by Accurus's main operational base there and the strong adoption of Mi Series equipment by major Tier-1 OSATs. China is also a dominant contributor at 30% as the nation races toward self-sufficiency in semiconductor supply chain, spilling over to growing demand for back-end semiconductor equipment, coupled with its large handset and wearables market where MITECH commands a strong foothold.

Figure 8: Group 9M25 revenue breakdown by applications (left) and geography (right)



Source: Company

Industry Overview

Burgeoning advanced packaging demand driven by AI boom and device miniaturisation…
According to Yole Group, the global advanced semiconductor packaging market was valued at roughly USD45bn in 2024 and is projected to grow at a CAGR of 9.4% to reach USD80bn by 2030. The leading growth driver for the advanced packaging market is the rapid proliferation of AI applications. Since generative AI gained widespread popularity (e.g., OpenAI's ChatGPT, Google's Gemini), demand for advanced process capacity at 7nm and below has surged to support increasingly powerful training workloads and larger model architectures. Alongside the rapid build-out of leading-edge logic fabs, advanced packaging technologies, particularly 2.5D/3D platforms and the adoption of High Bandwidth Memory (HBM) have become critical to meet the massive data throughput and memory bandwidth requirements of AI and high-performance computing (HPC) applications. These trends are accelerating the shift toward more sophisticated packaging solutions to support next-generation AI workloads.

Meanwhile, the accelerating shift toward more compact and power-efficient device architectures, driven by the rollout of 5G and the proliferation of Edge AI, is expected to continue expanding the adoption of WLCSP and FOWLP packaging processes, which enable smaller form factors alongside improved power and thermal efficiency. Beyond mobile handsets, device miniaturisation is also gaining traction across other electronics, including compact, battery-powered devices such as smartwatches, wireless earbuds and emerging smartglasses, sustaining demand for advanced packaging platforms like WLCSP and FOWLP despite the gradual maturation of the handset market.

Figure 9: Advanced packaging market size (USD' bn)

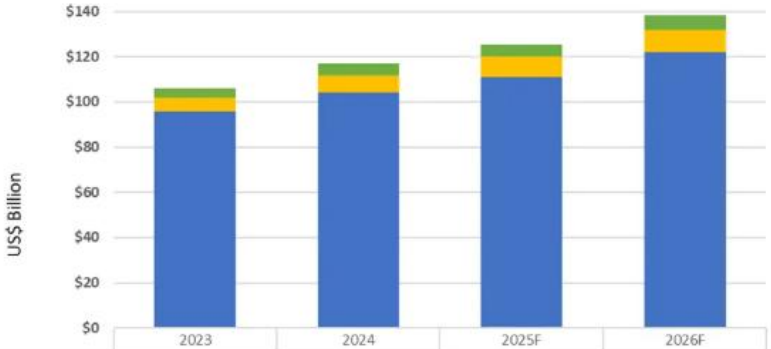
Source: Yole Group

...backing demand growth for back-end semiconductor equipment

Citing SEMI, the back-end equipment market is expected to maintain the strong trajectory that started in 2024. After posting a solid 20.3% YoY increase last year, semiconductor test equipment sales are projected to grow another 23.2% in 2025, reaching a record USD9.3bn. Assembly and packaging equipment, which expanded 25.4% in 2024, is also forecast to rise 7.7% to USD5.4bn in 2025. Growth is set to continue into 2026, with test equipment up another 5.0% and assembly and packaging machines advancing 15.0%, marking a third straight year of expansion. The positive momentum is primarily propelled by increases in the complexity of device architectures and the robust performance requirements for AI and high-bandwidth memory (HBM) semiconductors.

MITECH's SEBU currently derives the bulk of its revenue stream from the mobility and wearables markets (83% of 9M25 revenue) which are expanding at a steady pace due to market share grab and continued expansion of WLP processes. However, SEBU is expanding its efforts to deepen its exposure to the robust HPC and memory markets (14% of 9M25 revenue) through its Mi Series intelligent sorting solutions (DDR memory packages) and its smart-binning equipment (HBM and HPC modules). In addition, MITECH is developing NPIs to enhance its foothold in the AI and HPC markets, including the Ai Series laser bonding machines designed for 2.5D/3D packaging applications.

Figure 10: SEMI 2025 Mid-Year Total equipment forecast by segment (USD' bn)



	2023	2024	2025F	2026F
A&P Equipment	4.03	5.05	5.44	6.25
Test Equipment	6.27	7.54	9.30	9.77
Wafer Fab Equipment	95.61	104.27	110.77	122.10

Source: SEMI

Solder sphere market boosted by rising packaging requirements

In tandem with continuous advancement of semiconductor packaging technology from traditional wire-bond to flip-chip and WLP architectures, the global solder ball market is projected to grow from an estimated USD305m in 2025 to USD458m by 2032, implying a CAGR of 7.1% during the forecast period (Intel Market Research). The push toward thinner, lighter and denser electronics such as smartphones alongside various wearables and IoT devices, has led to finer-pitch interconnects and higher I/O density, directly lifting usage of micro-solder balls. This trend is further accelerated by the industry's migration toward Fan-Out WLP, advanced SiP modules, and chiplet-based architectures, each demanding ultra-precise, high-reliability solder spheres for electrical and mechanical interconnection.

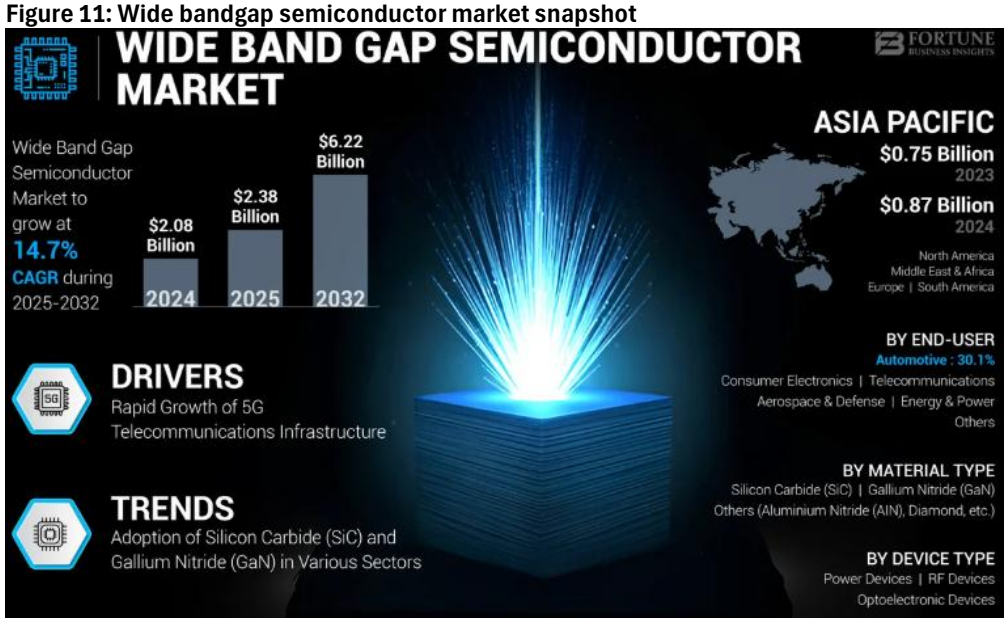
Meanwhile, the ongoing bonanza in the HPC and AI space is powering a structural uplift in solder ball demand, driven by the adoption of advanced packages such as 2.5D/3D integration, HBM stacks, CoWoS. These drive the requirement for substantially more interconnect points, tighter tolerances and higher-performance solder materials, with better thermal efficiency to handle the higher heat density of AI and HPC devices. For instance, HBM modules utilise thousands of micro-bumps per stack, while chiplet-based GPUs and accelerators continue to scale their I/O complexity with each generation. As such, we view that the continuous capacity expansion of leading foundries and OSATs for advanced packages will continue supporting the demand growth for high-reliability solder balls, bolstered by rising die complexity and sustained investment in cutting-edge advanced packaging technologies.

Wide-bandgap applications aided by EV advancement and renewable energy

The global wide bandgap (WBG) semiconductor industry encompasses the production and development of materials such as silicon carbide (SiC) and gallium nitride (GaN), which are increasingly deployed in power electronics across automotive, telecommunications and industrial applications. According to Fortune Business Insights, the WBG semiconductor market size is expected to display a strong CAGR of 14.7% from an estimated USD2.4bn in 2025 to USD6.2bn by 2032. Thanks to its superior thermal conductivity, higher switching speeds and significantly lower power losses vis-à-vis traditional silicon-based semiconductors, SiC and GaN are seeing accelerated adoption, particularly in electric vehicles (EVs). In EV powertrains, these materials are now critical to high-efficiency power inverters, onboard chargers and fast-charging infrastructure, enabling improved energy efficiency and extended driving range. Similarly, WBG semiconductors are gaining traction in renewable energy systems, such as solar and wind power inverters, where they enhance power-conversion efficiency, reduce heat generation and improve overall system durability.

The Si Series, comprising a range of test-handling machines, is the second-largest contributor to SEBU, accounting for approximately 3% of 9MFY25 revenue and 7% of unit shipments. Management aims to capitalise on the expanding WBG semiconductor market by leveraging its Si Series known-good-die (KGD) test handlers, which are purpose-built for SiC devices and equipped with high-temperature, high-current and high-voltage testing solutions, coupled with advanced AOI system.

Figure 11: Wide bandgap semiconductor market snapshot



Source: Fortune Business Insights

Investment Highlights

Leadership in WLCSP sorting to drive sustained share gains

MITECH boasts its Mi Series WLCSP die-sorting platform, which deploys a proprietary horizontal turret system that enables parallel processing and generally achieves higher throughput than conventional rotary pick-and-place technology. We understand that its latest flagship models — the MiND.X (AI)-enabled Mi Quantum and Quantum Plus — are capable of delivering industry-leading throughput of >50k UPH, further strengthening the Mi Series' positioning among tier-1 OSAT and IDM customers. For perspective, the Mi Quantum models carry an ASP roughly double that of the legacy Mi20 model (which MITECH continues to sell). The Mi Series equipment currently commands a majority share among tier-1 OSATs in Taiwan and roughly one-third of the global market.

We believe the Mi Quantum and Quantum Plus models will enable MITECH to gain further market share from competitors (mainly in Japan and Germany) and continue to anchor SEBU's performance in the coming years. The Mi Series is well positioned to benefit from the expanding market for advanced packaging test and assembly equipment driven by the continued migration to advanced packaging platforms and miniaturisation of electronic devices, including the emergence of smart glasses and other next-generation wearables. Overall, we expect unit shipments for the Mi Series to grow by 5–10%, alongside a blended ASP uplift over FY25–FY27F.

Si Series and Ai Series present new growth levers

We see significant potential for SEBU from its new products and ongoing NPI developments. We believe the Si Series die-level testing machines could gain further traction in the coming years. Management anticipates rising adoption of the new SiC-based KGD test handler in 2026, alongside stronger demand for silicon-based KGD testers, reflecting the higher testing intensity required ahead of advanced chip stacking and packaging. We estimate its unit shipment to grow from 10 units in FY25F to 14/16 in FY26/FY27F.

Additionally, we view that its Ai Series could mark a breakthrough for SEBU in the HPC/memory space with its laser assisted bonder (Ai5) and laser compression bonder (Ai20), which are targeted for customer adoption in 2027. While TCB remains the industry workhorse for advanced packaging today, laser-assisted bonding could emerge as an alternative due to its lower thermal stress and higher precision, enabling finer-pitch, high-density interconnects required in HBM stacks and 3D IC architectures. We understand MITECH's LAB and LCB solutions are under assessment and qualification by certain customers. If successfully commercialised, we believe Ai Series would elevate MITECH's positioning in the advanced packaging domain by giving it exposure to the rapidly expanding die bonding market. That said, we conservatively expect contributions from the Ai Series to remain minimal in the near term, projecting only 2/3/5 units of shipment in FY25/26/27F, pending further visibility and updates on the progress on Ai Series.

Accurus riding on advanced packaging boom

We believe the Group's solder sphere manufacturing arm, Accurus, is well positioned to buoy MITECH's earnings growth over the coming years. Accurus Taiwan is among the largest solder ball manufacturers in Taiwan and has been gaining market share, supported by an increasing preference among major foundries and OSAT players for locally based suppliers over its Japanese competitors. Beyond tier-1 OSATs, Taiwan's leading wafer foundry is also aggressively expanding its advanced packaging capacity to meet surging CoWoS demand driven by the rapid adoption of AI accelerators, which is in turn lifting demand for solder balls. Accurus Taiwan's 20 production lines are operating at near-full utilisation and delivered approximately RM30m in PAT to SMBU in 9MFY25.

Meanwhile, Accurus China reported a net loss of approximately RM3.9m in 9MFY25, primarily due to underutilisation at only c.50% for its six production lines at its Ningbo facility, including three new lines added in 2024. However, management targets breakeven by 4Q25, with profitability expected in 2026 as utilisation ramps up alongside accelerating demand for solder balls to support China's growing advanced packaging requirements, particularly for AI applications. Also, China's ongoing push towards supply-chain localisation should further benefit domestic suppliers such as Accurus China.

Over a longer horizon, Accurus's production capacity will be further enhanced by its first Malaysian facility in Senai, Johor. Phase 1, scheduled for completion in 2H26, will comprise three production lines with a combined monthly capacity of 90,000 kk. Phase 2 will add a further four lines with an additional 120,000 kk of monthly capacity (timing to be determined), bringing total planned capacity to seven lines. We expect the Johor plant to begin contributing from 2027 onwards and view it as a strong multi-year growth catalyst for Accurus. The expansion also makes both geographical and strategic sense, as Johor's location enables Accurus to leverage Malaysia's geopolitical neutrality to serve a broader global customer base, in our view.

Strong commitment to R&D and constant pursuit of innovation

Echoing Andy Grove's maxim that "only the paranoid survives", MITECH demonstrates a strong commitment to R&D and proactively seeks business avenues to enhance and futureproof its position in the semiconductor value chain. This is demonstrated by its entry into solder ball business (SMBU) and formation of SSBU in Jul-22, which is currently led by the Group CEO Mr. Oh with his full involvement in the unit. SSBU's revenue contribution remains immaterial at RM111k in 9MFY25, mainly from service and sample sales, while the unit incurred a YTD net loss of RM15.9m due primarily to ongoing R&D staff costs and development-related expenditure.

With R&D activities now centred in Hangzhou, SSBU is developing high-power modules and devices for wide-bandgap applications, anchored by the in-house design of a SiC and Insulated-Gate Bipolar Transistor (IGBT) modules engineered for superior thermal stability. SSBU intends to commercialise this technology as a full-stack solution, encompassing power modules and system-level offerings. Target end-markets include automotive and industrial high-voltage applications, with MITECH seeking to establish itself as a design-led solutions provider. SSBU has achieved a key milestone with the completion of its first power module prototype on its in-house pilot production line in Hangzhou. The power modules are currently in the prototype and qualification phases, with commercialisation targeted for late 2026 or 2027. While it is now premature to assess the potential contribution from this initiative, management estimates the addressable market at USD300–400m, indicating ample potential for the group.

At the Group level, MITECH holds 128 granted patents and utility models (UM), up from 112 as of 31 December 2024, with a further 80 pending approvals as of 30 September 2025. The Group places strong emphasis on intellectual property development with the aim to cement its technological edge and protect its innovations from competitive replication.

Undemanding valuation relative to ATE peers

MITECH is trading at an undemanding valuation of 21x our forecasted FY26F earnings, a discount to its equipment making peers valued at an average of c.32x (Figure#14). We reckon valuation gap reflects MITECH's shorter track record on Bursa Malaysia, having listed only in 2018 compared with established peers like ViTrox (43x of FY26F EPS), Pentamaster (32x FY26F EPS). Both players command long-standing records of solid execution and management credibility, which have fostered a loyal institutional investor base and earned a valuation premium over other ATE peers. We see scope for MITECH to rerate and narrow the valuation gap, underpinned by (i) anticipated steady earnings growth driven by continued market share gains and ASP uplift within SEBU, alongside a turnaround of Accurus China and (ii) its growing capability of serving leading foundries and Tier-1 OSATs through bundled offerings of solder ball supply and advanced packaging solutions.

Financial Highlights

Historical performance. Despite grappling with the Covid-19 pandemic and movement control orders (MCO), MITECH delivered a stellar performance in FY21, posting record-high revenue and core earnings of RM376m and RM60m, respectively. This was boosted by robust demand for electronic devices driven by remote work and study arrangements, as well as the consolidation of Accurus from April 2021 onwards.

MITECH's earnings momentum began to moderate in FY22, with core earnings declining 9% YoY, mainly due to a 27% drop in SEBU revenue as demand for handsets and wearable devices tapered off, leading to softer semiconductor equipment spending industry-wide. This was partially offset by strong growth in SMBU revenue (+65%), supported by a full-year contribution from Accurus and sustained demand for solder balls.

The global semiconductor downturn deepened in FY23, weighing on contributions from both SSBU (-5%) and SMBU (-12%), and resulting in a further 18% decline in core earnings for the year. FY24 marked a clear inflection point for MITECH, with core earnings rebounding 55% to RM70m, driven by a recovery in semiconductor equipment spending. SEBU benefited from a

42% increase in revenue on higher orders and deliveries of die sorting machines, while SMBU recorded stronger solder ball sales across key markets, particularly China and Korea.

9MFY25 results in review; on track for a record year. MITECH's 9MFY25 core earnings jumped 35% YoY to RM87.7m, propelled by robust billings growth from SEBU (+45% YoY; lifted by stronger sales of Mi Series die sorter for the Mobility & Wearables markets) and SMBU (+21%; buoyed by increased solder ball demand from foundries and OSATs for advanced packaging applications, alongside continued production ramp at Accurus China). We expect a seasonally weaker 4Q25 with core earnings estimated at RM13-16m (-64% to -56% QoQ, 1.5x to 2.1x YoY) following the post–equipment spending peak in 2Q-3Q. With a greater YoY showing, MITECH is on track to deliver a record FY25, with full-year core earnings expected to reach RM100m, based on our estimates.

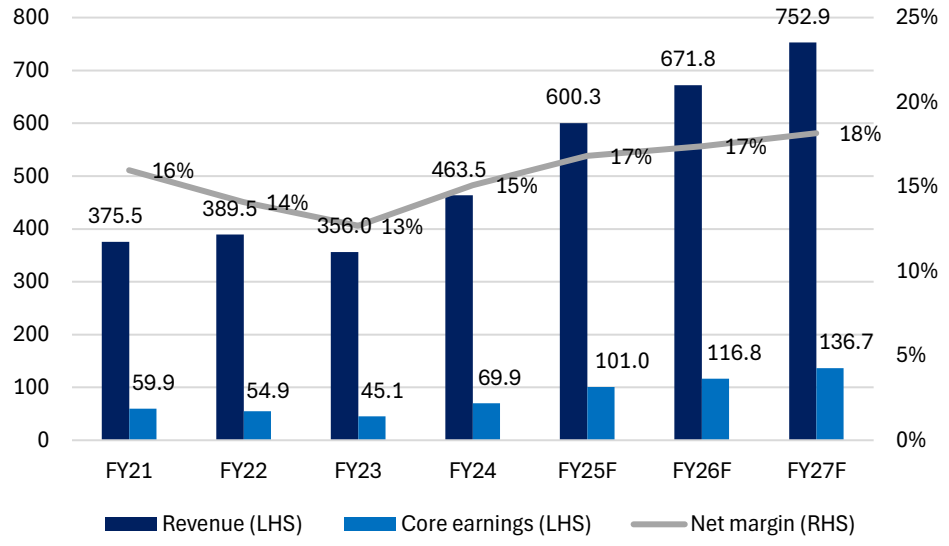
Figure 12: 9MFY25 results comparison

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
Revenue	197.1	117.7	*67.4*	154.1	*27.9*	470.7	352.0	*33.7*
EBITDA	51.6	(0.9)	*nm*	26.5	*94.9*	106.1	69.5	*52.7*
EBIT	44.3	(7.0)	*nm*	19.3	*130.0*	84.6	50.3	*68.0*
Profit before tax	45.7	(4.3)	*nm*	20.8	*119.8*	89.1	59.5	*49.7*
Profit after tax	35.7	(7.4)	*nm*	16.0	*122.7*	69.1	46.1	*50.0*
Net profit	35.9	(7.2)	*nm*	15.6	*130.9*	69.1	47.2	*46.5*
Core net profit	36.5	22.3	*63.7*	32.4	*12.8*	87.7	64.8	*35.3*
Core EPS (sen)	4.1	2.5	*64.4*	3.6	*12.8*	9.8	7.3	*35.8*
EBIT margin	22%	-6%		12%		18%	14%	
PBT margin	23%	-4%		13%		19%	17%	
Core net profit margin	19%	19%		21%		19%	18%	

Source: Company, Apex Securities

Earnings outlook. We project MITECH's FY25/26/27F earnings to grow by 44%/16%/17%, translating into an estimated 3-year CAGR of c.25%. This growth is lifted by: (i) stronger SEBU revenue, driven by higher sales volumes and blended ASP uplift from Mi Series advanced packaging die sorters and smart binning equipment, as the flagship Mi Quantum Family continues to gain market share alongside the expansion of the WLCSP market; and (ii) improving earnings contribution from Accurus, supported by rising solder ball demand for advanced packaging applications and a turnaround at Accurus China as greater economies of scale take place in 2026–2027 following successful customer qualifications.

Figure 13: Financial performance and earnings forecast (RM' m)



Source: Apex Securities, Company

Balance sheet. As of 30 Sep 2025, MITECH's net cash position stood at a healthy RM291.0m (end-FY24: RM297.9m; inclusive of short-term investments), underpinned by strong cash flow generation and disciplined capital management. Its ample cash reserves provide the group flexibility for potential M&A opportunities and expansion plans such as the ongoing construction of solder ball production facility at Senai, Johor by Accurus. Also, the cash reserves allow MITECH to continue investing in R&D efforts to innovate new product offerings and fortify its technological edge against its competitors.

Valuation & Recommendation

Initiating Coverage. We initiate coverage on MITECH with a BUY rating and a target price of RM4.00, based on 30.5x FY26F EPS of 13.1 sen, and ascribe a three-star ESG rating. We like MITECH for: (i) its steady earnings growth trajectory (3-year CAGR of c.25% over FY25–27F), supported by increasing contributions from both SEBU and SMBU; (ii) its favourable positioning in directly serving Tier-1 OSATs and ODMs through the provision of WLCSP die sorters, alongside Accurus' direct exposure to leading foundries via the sale of solder spheres for AI and advanced packaging applications; and (iii) its undemanding valuation of 21x FY26F P/E relative to close peers (ViTrox: 43x FY26F; Pentamaster: 32x FY26F), which caps downside risk while offering scope for rerating as MITECH continues to demonstrate its ability to defend its leading position in WLCSP die sorting and unlock new growth levers (e.g. Ai Series and SSBU). Our target multiple of 30.5x implies a +1SD premium to its 5-year historical average P/E of 23x and is slightly below the sector average forward P/E of 32x for Bursa-listed technology equipment peers in Malaysia (see Figure 14).

Figure 14: Peers comparison

Stock	Mkt Cap	Price	Rating	TP (RM)	Potential upside	FYE	P/E (x)		P/B (x)		Yield (%)	
							FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Mi Technovation	2,472	2.78	BUY	4.00	43.9%	DEC	24.5	21.2	2.2	2.1	1.0%	1.2%
Equipment Peers												
ViTrox Corp	7,952	4.24	BUY	5.10	20.3%	DEC	60.3	43.2	7.1	6.3	0.3%	0.5%
Greatech	4,099	1.57	NR	NR	NA	DEC	34.7	23.6	4.0	3.4	0.1%	0.1%
Pentamaster	2,739	3.85	NR	NR	NA	DEC	41.8	32.4	3.5	3.2	0.6%	0.6%
THMY Group*	817	0.92	NR	NR	NA	MAR	54.1	38.3	11.5	9.2	NA	NA
QES Group	325	0.39	HOLD	0.42	7.7%	DEC	26.1	19.9	1.8	1.6	1.1%	1.5%
Simple Average							**43.4**	**31.5**	**5.6**	**4.7**	**0.5%**	**0.7%**

**refers to FY26 and FY27*
Apex Securities, Bloomberg

Investment Risk

High forex exposure. Majority of the group's revenue is denominated in foreign currencies like USD, CNY and TWD while earnings are reported in RM. This exposes the group to foreign exchange volatility, with financial performance at risk in the event of a sharp appreciation of the RM against the USD, TWD and CNY.

Tariff risks and geopolitical uncertainties. Escalating US-China geopolitical tensions, particularly surrounding the semiconductor sector, could weigh on global investment sentiment and dampen equipment demand. Also, any escalation in US tariff measures may adversely affect MITECH's profitability via slower order flow from its customers.

Cyclical risk of the semiconductor industry. The semiconductor industry is inherently cyclical, with capital spending closely tied to end-market demand, inventory cycles and utilisation rates. A sharper-than-expected slowdown in semiconductor demand could result in order deferrals, lower plant utilisation and weaker billings for MITECH, particularly for its SEBU segment, which is more sensitive to fluctuations in customer capex. This could, in turn, weigh on revenue visibility and earnings performance.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	**356.0**	**463.5**	**600.3**	**671.8**	**752.9**
EBITDA	**92.5**	**117.8**	**153.5**	**173.2**	**197.2**
EBIT	**67.3**	**92.4**	**129.9**	**150.3**	**176.0**
PBT	**65.5**	**90.7**	**128.6**	**148.7**	**174.1**
Tax	-12.8	-24.0	-29.6	-34.2	-40.0
Profit After Tax	**52.7**	**66.7**	**99.0**	**114.5**	**134.1**
Minority Interest	-2.4	-1.4	-2.0	-2.3	-2.7
Net Profit	**55.1**	**68.1**	**101.0**	**116.8**	**136.7**
Exceptionals	-10.0	1.9	0.0	0.0	0.0
Core Net Profit	**45.1**	**69.9**	**101.0**	**116.8**	**136.7**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Core EPS (sen)	5.0	7.8	11.3	13.1	15.4
P/E (x)	55.1	35.5	24.5	21.2	18.1
BVPS	1.21	1.16	1.24	1.33	1.45
P/B (x)	2.3	2.4	2.2	2.1	1.9
EV/EBITDA (x)	23.6	18.6	14.2	12.6	11.1
DPS (sen)	4.0	6.0	2.8	3.3	3.8
Dividend Yield (%)	1.4%	2.2%	1.0%	1.2%	1.4%
EBITDA margin (%)	26.0%	25.4%	25.6%	25.8%	26.2%
EBIT margin (%)	18.9%	19.9%	20.0%	20.5%	20.8%
PBT margin (%)	18.4%	19.6%	21.4%	22.1%	23.1%
PAT margin (%)	14.8%	14.4%	16.5%	17.0%	17.8%
NP margin (%)	15.5%	14.7%	16.8%	17.4%	18.2%
CNP margin (%)	12.7%	15.1%	16.8%	17.4%	18.2%
ROE (%)	4.2%	6.8%	9.2%	9.8%	10.6%
ROA (%)	3.7%	5.9%	7.9%	8.4%	9.1%
Net gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Assumptions

USD/RM	4.56	4.57	4.20	4.15	4.15

Revenue mix by segment

SEBU	49%	53%	57%	58%	59%
SMBU	51%	46%	43%	42%	41%
SSBU	0%	1%	0%	0%	0%

Valuations	FY26F
Core EPS (sen)	13.1
P/E multiple (x)	30.5
Fair Value (RM)	**4.00**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**4.00**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & bank balances	324.6	276.3	280.6	348.0	420.9
Receivables	144.9	168.0	217.6	243.5	272.8
Inventories	130.6	157.4	203.9	228.2	255.7
Other current assets	100.8	73.0	73.0	73.0	73.0
Total Current Assets	**700.9**	**674.6**	**775.0**	**892.6**	**1022.5**
PPE	196.0	181.5	182.9	170.0	158.8
Other non-current assets	325.0	322.7	322.7	322.7	322.7
Total Non-current assets	**521.0**	**504.2**	**505.6**	**492.8**	**481.5**
Short-term Debt	17.9	21.1	26.1	31.1	35.1
Payables	50.1	61.1	79.1	88.6	99.3
Other Current Liabilities	22.2	26.1	26.1	26.1	26.1
Total Current Liabilities	**90.3**	**108.3**	**131.3**	**145.8**	**160.5**
Long-term Debt	18.4	10.6	15.6	20.6	24.6
Other non-current liabilities	38.5	31.2	31.2	31.2	31.2
Total Non-current Liabilities	**56.9**	**41.8**	**46.8**	**51.8**	**55.8**
Shareholder's equity	1075.0	1030.2	1106.0	1193.6	1296.1
Minority interest	-0.3	-1.5	-3.5	-5.8	-8.4
Total Equity	**1074.7**	**1028.7**	**1102.5**	**1187.8**	**1287.7**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	**65.5**	**90.7**	**128.6**	**148.7**	**174.1**
Depreciation & amortisation	25.2	25.4	23.6	22.9	21.3
Changes in working capital	19.1	-47.7	-78.0	-40.8	-46.2
Tax paid	-18.0	-20.7	-29.6	-34.2	-40.0
Others	-14.4	-0.3	0.0	0.0	0.0
Operating cash flow	**77.4**	**47.4**	**44.6**	**96.6**	**109.1**
Net capex	17.6	-17.9	-25.0	-10.0	-10.0
Others	-1.1	-60.3	0.0	0.0	0.0
Investing cash flow	**16.4**	**-78.2**	**-25.0**	**-10.0**	**-10.0**
Borrowings	-48.5	-1.9	10.0	10.0	8.0
Others	-47.4	-79.4	-25.2	-29.2	-34.2
Financing cash flow	**-95.9**	**-81.3**	**-15.2**	**-19.2**	**-26.2**
Net cash flow	**-2.1**	**-112.1**	**4.3**	**67.4**	**72.9**
Currency translation differences	6.4	-18.2	0.0	0.0	0.0
Beginning cash & cash equivalent	418.4	422.7	292.4	296.7	364.1
Ending cash & cash equivale	**422.7**	**292.4**	**296.7**	**364.1**	**437.0**
Fixed deposits & MMF	-98.2	-16.1	-16.1	-16.1	-16.1
Cash and bank balances	**324.6**	**276.3**	**280.6**	**348.0**	**420.9**

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

As of **Monday, 22 Dec, 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.