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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 3.39
Previous Target Price:	RM 4.00
Target Price:	RM 4.00
Capital Upside/ Downside:	18.0%
Dividend Yield (%):	0.8%
<b>Total Upside/ Downside</b>	<b>18.9%</b>

**Stock information**

Board	MAIN
Sector	Technology
Bursa/ Bloomberg Code	5286/ MIMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	888.1
Market Cap (RM' m)	3,010.7
52-Week Price Range (RM)	3.45-1.4
Beta (x)	1.6
Free float (%)	36.9
3M Average Volume (m)	2.8
3M Average Value (RM' m)	8.4

**Top 3 Shareholders**

	(%)
Oh Kuang Eng	45.1
Yong Shiao Voon	11.3
NorgesBank	5.2

**Share Price Performance**

	1M	3M	12M
Absolute (%)	22.4	25.6	54.1
Relative (%)	19.0	17.8	41.0

**Earnings summary**

FYE (Dec)	FY24	FY25F	FY26F
Revenue (RM' m)	463.5	600.3	671.9
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)	43.3	29.9	25.8

Source: Company, Apex Securities

# Mi Technovation Berhad

## Diversification strategy falling into place

We expect Mi Series' FY26F shipments to clinch another record of c.150 units (+20% YoY), underpinned by continued WLCSP/WLP content expansion per device to support a broader range of wearable and industrial applications, alongside sustained market share gains and upgrade cycle toward the Mi Quantum Series. Ai Series laser bonders remain at the R&D stage, with only two units slated for shipment in FY26 ahead of mass production in FY27. The group reiterated confidence in turning around Accurus China by 4Q25 and achieving profitability in FY26. MiSE has completed its first-gen SiC MOSFET design, to be manufactured by a Taiwanese foundry, targeting discrete/module builds by mid-26 and commercialisation in FY27. Maintain our forecasts and BUY rating with a target price of RM4.00 (30.5x FY26F EPS).

**Positive momentum for Mi Series to sustain through FY26.** After an estimated c.125–130 Mi Series shipments in FY25e, we expect FY26F shipments to clinch another record c.150 units. Management attributes the positive momentum to the continued expansion of the advanced packaging platform backed by rising WLCSP/WLP content per device, while smaller sized chips are increasingly required to support a broader range of applications (i.e. drones, robotics, smart glasses, earbuds). As such, management remains unfazed by concerns over a potential slowdown in smartphone shipments amid surging memory prices. Additionally, we expect sustained market share gains and a continued upgrade cycle toward the flagship Mi Quantum Series leveraging on its industry leading throughput of UPH >50k.

**Ai Series to anchor SEBU's next growth leg.** Although SEBU's Ai Series laser compression bonder and laser assisted bonder (focusing on chip-to-substrate) are still at R&D stage with only two units slated for shipment in FY26, we reckon SEBU's laser bonder could see mass production in FY27. While laser bonders command a higher ASP than the mainstream thermal compression bonder (TCB), they offer greater throughput driven by ultra-fast and localised heating, which lowers cost per package and improves overall manufacturing economics. Also, the reduced thermal stress makes laser bonding more suitable for advanced processors and AI accelerators, which are becoming larger yet thinner where warpage control and yield are increasingly critical. We gathered that MITECH is engaging two customers at the R&D stage, with the Ai5 platform expected to carry a potential price tag of roughly double that of its flagship Mi Quantum Series.

**An expansionary phase for SMBU.** Management reiterated its confidence in turning around Accurus China by 4Q25 and achieving profitability in FY26. Meanwhile, Accurus Taiwan is operating at full capacity, supporting advanced packaging lines for domestic foundries and tier-1 OSATs. The new Senai plant, designated to serve existing/new customers in SEA region, has received encouraging enquiries ahead of its construction completion. Customer qualification is expected to commence in 3Q26 with mass production slated in early-27.

**SSBU: from lab to market.** Mi Semiconductor (MiSE) has successfully designed and developed its first-generation silicon carbide (SiC) MOSFET, which will be manufactured by a Taiwanese foundry, with assembly and test to be carried out by an OSAT partner in Taiwan and in house power module assembly line in Hangzhou. Subsequently, they are slated to be built into discrete and module by mid-26 with targeted commercialisation in FY27. In the meantime, MiSE is already developing its second-generation SiC MOSFET, with the R&D wafer scheduled for tape-out in early-26. Management views this segment as a crucial growth pillar for the group in its push toward the RM1bn group revenue mark. To be conservative, we assume nil revenue contribution from this segment until FY27F, pending commercialisation.

We maintain our forecasts and reiterate **BUY** rating with 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 of directly serving Tier-1 OSATs, foundries and IDMs, as well as (iii) undemanding valuation of 26x FY26F P/E relative to ATE peers in Malaysia.

# Company Update

Monday, 19 Jan, 2026

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	356.0	463.5	600.3	671.9	742.2
EBITDA	92.5	117.8	153.5	173.2	194.1
EBIT	67.3	92.4	129.9	150.3	172.8
PBT	65.5	90.7	128.6	148.7	171.0
Tax	-12.8	-24.0	-29.6	-34.2	-39.3
Profit After Tax	52.7	66.7	99.0	114.5	131.6
Minority Interest	-2.4	-1.4	-2.0	-2.3	-2.6
Net Profit	55.1	68.1	101.0	116.8	134.3
Exceptionals	-10.0	19	0.0	0.0	0.0
Core Net Profit	45.1	69.9	101.0	116.8	134.3

### Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Core EPS (sen)	5.0	7.8	11.3	13.1	15.1
P/E (x)	67.2	43.3	29.9	25.8	22.5
BVPS	1.21	1.16	1.24	1.33	1.44
P/B (x)	2.8	2.9	2.7	2.5	2.3
EV/EBITDA (x)	29.5	23.2	17.8	15.8	14.1
DPS (sen)	4.0	6.0	2.8	3.3	3.8
Dividend Yield (%)	1.2%	1.8%	0.8%	1.0%	1.1%
EBITDA margin (%)	26.0%	25.4%	25.6%	25.8%	26.1%
EBIT margin (%)	18.9%	19.9%	20.0%	20.5%	20.8%
PBT margin (%)	18.4%	19.6%	21.4%	22.1%	23.0%
PAT margin (%)	14.8%	14.4%	16.5%	17.0%	17.7%
NP margin (%)	15.5%	14.7%	16.8%	17.4%	18.1%
CNP margin (%)	12.7%	15.1%	16.8%	17.4%	18.1%
ROE (%)	4.2%	6.8%	9.2%	9.8%	10.4%
ROA (%)	3.7%	5.9%	7.9%	8.4%	8.9%
Net gearing (%)	NET CASH NET CASH NET CASH NET CASH NET CASH				

### Assumptions

USD/RM	4.56	4.57	4.20	4.05	4.05
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### Revenue mix by segment

SEBU	49%	53%	57%	58%	58%
SMBU	51%	46%	43%	42%	42%
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	425.2
Receivables	144.9	168.0	217.6	243.5	269.0
Inventories	130.6	157.4	203.9	228.2	252.1
Other current assets	100.8	73.0	73.0	73.0	73.0
Total Current Assets	700.9	674.6	775.0	892.7	1019.3
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	97.9
Other Current Liabilities	22.2	26.1	26.1	26.1	26.1
Total Current Liabilities	90.3	108.3	131.3	145.8	159.1
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	1294.3
Minority interest	-0.3	-1.5	-3.5	-5.8	-8.4
Total Equity	1074.7	1028.7	1102.5	1187.8	1285.9

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	65.5	90.7	128.6	148.7	171.0
Depreciation & amortisation	25.2	25.4	23.6	22.9	21.3
Changes in working capital	19.1	-47.7	-78.0	-40.8	-40.1
Tax paid	-18.0	-20.7	-29.6	-34.2	-39.3
Others	-14.4	-0.3	0.0	0.0	0.0
Operating cash flow	77.4	47.4	44.6	96.6	112.8
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	-33.6
Financing cash flow	-95.9	-81.3	-15.2	-19.2	-25.6
Net cash flow	-2.1	-112.1	4.3	67.4	77.2
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 equivalent	422.7	292.4	296.7	364.1	441.3
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	425.2

## 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.