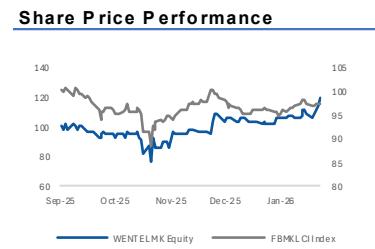


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Recommendation:	BUY
Current Price:	RM 0.25
Previous Target Price:	RM 0.50
Target Price:	RM 0.48
Capital Upside/ Downside:	92.0%
Dividend Yield (%):	0.0%
Total Upside/ Downside	92.8%

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)	287.5
52-Week Price Range (RM)	0.36-0.21
Beta (x)	0.9
Freefloat (%)	22.4
3M Average Volume (m)	1.3
3M Average Value (RM' m)	0.4

Top 3 Shareholders	(%)
Fatt Wong Kim	36.8
Wentel Corp Sdn Bhd	16.4
Bank Kim Wah	13.3



	1M	3M	12M
Absolute (%)	-12.3	-19.4	-10.7
Relative (%)	-13.6	-24.6	-18.3

Earnings summary				
FYE (Dec)	FY25A	FY26F	FY27F	
Revenue (RM'm)	142.7	154.9	175.3	
PATAMI (RM'm)	23.0	27.7	33.1	
CNP (RM'm)	25.7	27.7	33.1	
EPS - core (sen)	2.2	2.4	2.9	
P/E(x)	11.2	10.4	8.7	

Source: Company, Apex Securities

Wentel Engineering Holdings Berhad

Closing FY25 with a bang

- Wentel posted a record high quarterly core earnings of RM6.9m (+7% QoQ, +22% YoY), bringing FY25's sum to RM25.7m (+27% YoY). The results came in slightly above our FY25 estimates at 106% due to lower-than-expected ETR.
- Order flows from its security screening and E&E customers to remain stable in 1H26. Wentel's FY26 earnings growth is skewed toward 2H26 in view of an anticipated rebound in front-end WFE sales. The new Lot 815 plant should provide incremental capacity to meet rising orders.
- Trim our forecasts FY26/27F earnings by 3%/2% on lower USDMYR assumptions (4.03/4.00) but partly offset by a lower FY26/27F ETR of 22% (from 24%) on tax incentives arising from its new plant investment. Maintain BUY with a slightly lower TP of RM0.48 (from RM0.50).

Slight beat. Wentel registered record high quarterly core earnings of RM6.9m (+7% QoQ, +22% YoY), bringing FY25's sum to RM25.7m (+27% YoY). The results came in slightly above our FY25 estimates at 106% due to lower-than-expected effective tax rate. 4QFY25 results were arrived after excluding net EIs of RM2.7m, comprising forex loss (RM2.6m), impairment loss on receivables (RM0.2m) and gain on disposal of PPE (-RM0.1m).

QoQ. Despite broadly flattish revenue as gain from metal parts fabrication (+7%; improving order flows from E&E customers) offset by slightly weaker semi-finished metal products (-3%; weaker USD versus MYR), core net profit was up 7% thanks to lower tax expenses (-82%; overprovision of deferred tax in the previous FY).

YoY/YTD. Core earnings rose 22% YoY/27% YTD, mainly attributed to increased demand from key security-screening customers amid heightened trade tensions and national security concerns. Also, the effective tax rate for FY25 (20.5%; overprovision of deferred tax in FY24) is meaningfully lower than FY24 (27.8%; higher non-deductible expenses such as listing fees).

Outlook. We expect Wentel's order flows from its major security screening equipment customers and semiconductor equipment manufacturers (E&E) to remain broadly stable in 1H26, in line with guidance from key WFE players, which have flagged flattish front-end demand amid inventory digestion in China, tighter export controls and "cleanroom constraints". We expect Wentel's FY26 earnings growth to skew toward 2H26 in view of a rebound in front-end WFE sales led by the memory supercycle and robust capex outlook from leading foundries. Meanwhile, the new Lot 815 plant should provide incremental capacity to support rising orders. Nonetheless, the recent appreciation of MYR against the greenback may dampen its earnings growth, though there is upside risk to our ETR assumptions arising from tax incentives tied to the new plant investment.

Earnings Revision. We trim our FY26/27F earnings by 3%/2% on weaker RM-translated revenue and margins from lowered USDMYR assumptions (4.03/4.00), but is partly offset by a lower FY26/27F ETR of 22% (from 24%) on tax incentives arising from its new plant investment.

Valuation. Maintain **BUY** call with slightly lower TP of **RM0.48** (from RM0.50), based on a 20x PE multiple applied to FY26F EPS of 2.4 sen. We like Wentel for its (i) deepening exposure to the higher-margin E&E segment, (ii) undemanding valuation of ~10x FY26F PE on a healthy FY25–27F earnings CAGR of c.14%, and (iii) ample rerating potential as the Group delivers earnings growth and demonstrates successful scaling of its E&E segment.

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)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	FY25	FY24	yoy (%)
Revenue	38.2	28.9	32.1	38.4	(0.6)	142.7	112.4	27.0
EBITDA	7.0	9.4	(25.6)	8.9	(21.2)	32.3	27.9	16.0
Operating profit	6.3	8.5	(26.4)	8.2	(23.6)	29.4	25.1	17.0
Profit before tax	6.1	8.4	(28.1)	8.1	(25.6)	29.0	20.8	39.2
Profit after tax	5.7	6.6	(13.6)	6.2	(7.6)	23.0	15.0	53.3
Reported PATAMI	5.7	6.6	(13.6)	6.2	(7.6)	23.0	15.0	53.3
Core PATAMI	6.9	5.7	21.7	6.4	6.9	25.7	20.3	26.8
Core EPS (sen)	0.6	0.5	21.7	0.6	6.9	2.2	1.8	26.8
EBIT margin	16%	29%		21%		21%	22%	
PBT margin	16%	29%		21%		20%	19%	
Core net profit margin	18%	20%		17%		18%	18%	

Source: Company, Apex Securities

Revenue breakdown

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)
Segmental breakdown								
Fabrication of semi-finished metal products	30.0	20.9	43.4	31.0	(3.1)	108.7	83.5	30.2
Fabrication of metal parts	6.0	7.2	(16.4)	5.6	7.1	26.1	22.9	13.9
Assembly of finished products	2.2	0.8	166.5	1.9	18.1	7.9	6.0	32.2
Geographical breakdown								
Malaysia	28.5	18.7	52.1	26.7	6.6	100.3	80.7	24.3
Singapore	9.2	9.9	(6.6)	11.1	(16.7)	40.2	30.9	29.9
US	0.5	0.3	53.7	0.5	(7.2)	2.3	0.8	173.5

Source: Company, Apex Securities

Results Note

Monday, 16 Feb, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25A	FY26F	FY27F
Revenue	98.8	112.4	142.7	154.9	175.3
Gross Profit	24.8	31.6	40.3	46.5	55.2
EBITDA	22.5	23.8	32.3	43.0	51.4
EBIT	19.2	21.0	29.4	35.5	42.5
PBT	18.8	20.8	29.0	35.5	42.4
Tax	-4.7	-5.8	-5.9	-7.8	-9.3
Profit After Tax	14.1	15.0	23.0	27.7	33.1
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	14.1	15.0	23.0	27.7	33.1
Exceptionals	-1.2	5.2	2.7	0.0	0.0
Core Net Profit	12.9	20.2	25.7	27.7	33.1

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25A	FY26F	FY27F
Core EPS (sen)	1.1	1.8	2.2	2.4	2.9
P/E (x)	22.4	14.2	11.2	10.4	8.7
BVPS	0.09	0.16	0.18	0.21	0.23
P/B (x)	2.8	1.5	1.4	1.2	1.1
EV/EBITDA (x)	11.6	10.9	8.1	6.0	5.1
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%	28.2%	30.0%	31.5%
EBITDA margin (%)	22.8%	21.1%	22.6%	27.8%	29.3%
EBIT margin (%)	19.5%	18.7%	20.6%	22.9%	24.2%
PBT margin (%)	13.0%	18.0%	18.0%	22.9%	24.2%
PAT margin (%)	14.3%	13.4%	16.1%	17.9%	18.9%
NP margin (%)	14.3%	13.4%	16.1%	17.9%	18.9%
CNP margin (%)	13.0%	18.0%	18.0%	17.9%	18.9%
ROE (%)	12.6%	10.8%	12.3%	11.7%	12.2%
ROA (%)	10.9%	9.4%	11.1%	10.5%	11.1%
Net gearing (%)		NET CASH	NET CASH	NET CASH	NET CASH

Assumptions

RM/USD	4.56	4.57	4.27	4.03	4.00
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Revenue mix by customer group

Security	66%	69%	68%	65%	63%
E&E	15%	18%	21%	23%	26%
CNC machine	17%	11%	10%	10%	9%
Medical & Others	2%	2%	2%	1%	1%

Valuations

FY26F

Core EPS (sen)	2.4
P/E multiple (x)	20.0
Fair Value (RM)	0.48
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.48

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25A	FY26F	FY27F
Cash & bank balances	18.6	31.5	42.5	52.7	69.4
Receivables	24.7	28.6	40.9	43.8	48.7
Inventories	15.5	21.9	24.0	29.4	35.0
Other current assets	14.5	60.2	6.5	6.5	6.5
Total Current Assets	73.3	142.2	113.9	132.3	159.7
PPE	42.8	67.0	115.3	127.8	133.9
Other non-current assets	1.5	4.9	3.4	3.4	3.4
Total Non-current assets	44.3	71.9	118.8	131.3	137.3
Short-term Debt	1.5	1.4	0.0	0.8	0.0
Payables	11.2	20.4	19.2	20.9	22.8
Other Current Liabilities	1.4	1.4	2.4	2.4	2.4
Total Current Liabilities	14.1	23.3	21.6	24.1	25.2
Long-term Debt	1.4	0.0	0.0	0.8	0.0
Other non-current liabilities	0.2	4.4	1.7	1.7	1.7
Total Non-current Liabilities	1.6	4.4	1.7	2.5	1.7
Shareholder's equity	101.9	186.5	209.3	237.1	270.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	101.9	186.5	209.3	237.1	270.1

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25A	FY26F	FY27F
Pre-tax profit	18.8	20.8	29.0	35.5	42.4
Depreciation & amortisation	3.3	2.7	2.9	7.5	8.9
Changes in working capital	-0.3	-1.8	-15.2	-6.6	-8.8
Tax paid	-6.1	-5.1	-6.0	-7.8	-9.3
Others	1.5	-1.4	0.6	0.0	0.0
Operating cash flow	17.2	15.3	11.4	28.6	33.2
Net capex	-19.0	-26.9	-51.4	-20.0	-15.0
Others	-3.7	-47.8	56.2	0.0	0.0
Investing cash flow	-22.7	-74.7	4.8	-20.0	-15.0
Borrowings	-1.5	-1.5	-3.2	1.5	-1.5
Others	-2.2	69.1	0.1	0.0	0.0
Financing cash flow	-3.7	67.6	-3.1	1.5	-1.5
Net cash flow	-9.2	8.2	13.1	10.1	16.7
Currency translation differences	0.1	-0.3	-0.1	0.0	0.0
Beginning cash & cash equivalent	35.8	26.7	34.6	47.6	57.7
Ending cash & cash equivalent	26.7	34.6	47.6	57.7	74.4
Fixed deposits	-8.0	-3.0	-5.0	-5.0	-5.0
Cash and bank balances	18.6	31.5	42.5	52.7	69.4

Results Note

Monday, 16 Feb, 2026

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.