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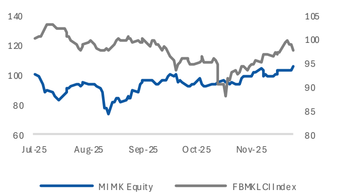
| Recommendation: | BUY |
|---|---|
| Current Price: | RM 3.01 |
| Previous Target Price: | RM 4.00 |
| Target Price: | RM 4.20 |
| Capital Upside/Downside: | 39.5% |
| Dividend Yield (%): | 1.0% |
| **Total Upside/Downside** | **40.6%** |

| Stock information | |
|---|---|
| Board | MAIN |
| Sector | Technology |
| Bursa / Bloomberg Code | 5286 / MIMK |
| Syariah Compliant | Yes |
| ESG Rating | ★★★ |
| Shares issued (m) | 886.2 |
| Market Cap (RM' m) | 2,667.5 |
| 52-Week Price Range (RM) | 3.56-1.4 |
| Beta (x) | 1.6 |
| Free float (%) | 36.8 |
| 3M Average Volume (m) | 2.3 |
| 3M Average Value (RM' m) | 7.1 |

| Top 3 Shareholders | (%) |
|---|---|
| Oh Kuang Eng | 45.2 |
| Yong Shiao Voon | 11.3 |
| Norges Bank | 5.2 |

**Share Price Performance**




| | 1M | 3M | 12M |
|---|---|---|---|
| Absolute (%) | -10.1 | -2.0 | 56.0 |
| Relative (%) | -10.3 | -8.9 | 41.8 |

**Earnings summary**

| FYE (Dec) | FY25 | FY26F | FY27F |
|---|---|---|---|
| Revenue (RM'm) | 625.0 | 688.3 | 751.2 |
| PATAMI (RM'm) | 93.8 | 122.1 | 136.2 |
| CNP (RM'm) | 115.1 | 122.1 | 136.2 |
| EPS - core (sen) | 12.9 | 13.8 | 15.4 |
| P/E (x) | 23.3 | 21.8 | 19.6 |

*Source: Company, Apex Securities*

# Mi Technovation Berhad

## Tremendous closing for FY25

- **MITECH reported 4Q25 core net profit of RM27.4m (-25% QoQ, 4.3x YoY), which brought FY25's sum to RM115.1m (+65% YoY). The results came in above our (113%) and consensus (114%) estimates due to stronger-than-expected contribution from SMBU.**
- **We expect SEBU's sales momentum to extend into FY26, driven by expanding WLCSP/WLP adoption, while a turnaround at Accurus China and improving demand at Accurus Taiwan should underpin steady earnings growth despite the ongoing appreciation of the MYR against the greenback.**
- **Increase our FY26F forecast by 4.5%, while keeping FY27F earnings broadly unchanged. Maintain BUY rating with a higher TP of RM4.20 (from RM4.00), based on an unchanged PE of 30.5x FY26F EPS of 13.8 sen.**

**Above estimates.** MITECH reported 4Q25 core net profit of RM27.4m (-25% QoQ, 4.3x YoY), which brought FY25's sum to RM115.1m (+65% YoY). The results came in above our (113%) and consensus (114%) estimates due to stronger-than-expected contribution from SMBU. 4QFY25 results were arrived after adjusting for fair value gain on investment properties (-RM7.5m), impairment loss on associate investment (RM6.5m) and forex loss (RM3.7m).

**QoQ.** Core earnings declined 25% mainly attributed to seasonally lower billings for Mi Series die sorter, which dragged SEBU's revenue (-50%) and PBT (-32%) contribution following a strong peak period in 3Q25. However, its bottom line was cushioned by increased PBT contribution from SMBU (+25%) likely driven by production ramp at Accurus China and robust solder ball demand for AI-related packaging applications.

**YoY/YTD.** Core net profit surged (4.3x YoY, +67% YTD) thanks to stellar revenue growth from both SEBU (+20% YoY, +40% YTD; higher unit sale and ASP of advanced Mi Series WLCSP die sorter, which is gaining market share amidst rising demand for advanced packaging solutions) and SMBU (+55% YoY, +31% YTD; robust advanced packaging demand boosting solder ball sales, coupled with increasing plant utilisation rate at Accurus China through 2026).

**Outlook.** We expect the positive momentum for equipment sales to continue in FY26, backed by the continued market expansion of WLCSP advanced packaging platform amidst rising WLCSP/WLP content per device as smaller sized packages are increasingly required to support a broader range of applications (i.e. robotics, smart glasses, earbuds). Management is unfazed by concerns over a potential slowdown in smartphone shipments amid surging memory prices. Meanwhile, Accurus China is poised to turnaround in FY26 with utilisation rates projected to exceed 60%, based on our estimates, while Accurus Taiwan should see steady improvement in FY26, driven by outsized solder sphere demand for advanced packaging lines serving domestic foundries and tier-1 OSATs. As such, we continue to see strong potential for Mi to deliver decent earnings growth in FY26F despite ongoing appreciation of MYR versus the USD.

**Forecast.** We increase our FY26F forecast by 4.5% as we impute slightly higher utilisation and margin assumptions for SMBU, while keeping our FY27F earnings broadly unchanged.

**Valuation.** We reiterate **BUY** rating with a higher target price of **RM4.20** (from RM4.00), based on an unchanged PE of 30.5x FY26F EPS of 13.8 sen. We like MITECH for its: (i) steady earnings growth trajectory, (ii) favourable positioning of directly serving Tier-1 OSATs, foundries and IDMs, as well as (iii) undemanding valuation of 22x FY26F P/E relative to ATE peers in Malaysia.


KDN PP13226/06/2024 (035469)

## Results Comparison

| FYE Dec (RM m) | 4QFY25 | 4QFY24 | yoy (%) | 3QFY25 | qoq (%) | FY25 | FY24 | yoy (%) |
|---|---|---|---|---|---|---|---|---|
| Revenue | 154.3 | 111.4 | *38.4* | 197.1 | *(21.7)* | 625.0 | 463.5 | *34.9* |
| EBITDA | 38.7 | 48.3 | *(20.0)* | 51.6 | *(25.0)* | 144.7 | 117.8 | *22.9* |
| EBIT | 32.3 | 42.0 | *(23.1)* | 44.3 | *(27.0)* | 116.9 | 92.4 | *26.5* |
| Profit before tax | 34.3 | 31.2 | *10.0* | 45.7 | *(25.0)* | 123.4 | 90.7 | *36.0* |
| Profit after tax | 24.6 | 20.7 | *19.2* | 35.7 | *(31.1)* | 93.7 | 66.7 | *40.4* |
| Net profit | 24.7 | 20.9 | *18.1* | 35.9 | *(31.3)* | 93.8 | 68.1 | *37.8* |
| Core net profit | 27.4 | 5.1 | *436.0* | 36.5 | *(24.9)* | 115.1 | 69.9 | *64.6* |
| Core EPS (sen) | 3.1 | 0.6 | *443.7* | 4.1 | *(24.5)* | 12.9 | 7.8 | *65.5* |
| | | | | | | | | |
| EBIT margin | 21% | 38% | | 22% | | 19% | 20% | |
| PBT margin | 22% | 28% | | 23% | | 20% | 20% | |
| Core net profit margin | 18% | 5% | | 19% | | 18% | 15% | |

*Source: Company, Apex Securities*

## Financial Highlights

**Income Statement**

| FYE Dec (RM m) | FY23 | FY24 | FY25A | FY26F | FY27F |
|---|---|---|---|---|---|
| **Revenue** | **356.0** | **463.5** | **625.0** | **688.3** | **751.2** |
| **EBITDA** | **92.5** | **117.8** | **144.7** | **177.6** | **193.4** |
| **EBIT** | **67.3** | **92.4** | **116.9** | **152.1** | **169.8** |
| **PBT** | **65.5** | **90.7** | **123.4** | **155.4** | **173.5** |
| Tax | -12.8 | -24.0 | -29.7 | -35.8 | -39.9 |
| **Profit After Tax** | **52.7** | **66.7** | **93.7** | **119.7** | **133.6** |
| Minority Interest | -2.4 | -1.4 | -0.1 | -2.4 | -2.7 |
| **Net Profit** | **55.1** | **68.1** | **93.8** | **122.1** | **136.2** |
| Exceptionals | -10.0 | 1.9 | 21.4 | 0.0 | 0.0 |
| **Core Net Profit** | **45.1** | **69.9** | **115.1** | **122.1** | **136.2** |

**Key Ratios**

| FYE Dec (RM m) | FY23 | FY24 | FY25A | FY26F | FY27F |
|---|---|---|---|---|---|
| Core EPS (sen) | 5.0 | 7.8 | 12.9 | 13.8 | 15.4 |
| P/E (x) | 59.7 | 38.5 | 23.3 | 21.8 | 19.6 |
| BVPS | 1.21 | 1.16 | 1.20 | 1.30 | 1.41 |
| P/B (x) | 2.5 | 2.6 | 2.5 | 2.3 | 2.1 |
| EV/EBITDA (x) | 25.9 | 20.3 | 16.5 | 13.5 | 12.4 |
| DPS (sen) | 4.0 | 6.0 | 3.0 | 3.5 | 3.5 |
| Dividend Yield (% ) | 1.3% | 2.0% | 1.0% | 1.2% | 1.2% |
| EBITDA margin (% ) | 26.0% | 25.4% | 23.2% | 25.8% | 25.7% |
| EBIT margin (% ) | 18.9% | 19.9% | 20.0% | 20.5% | 20.8% |
| PBT margin (% ) | 18.4% | 19.6% | 19.7% | 22.6% | 23.1% |
| PAT margin (% ) | 14.8% | 14.4% | 15.0% | 17.4% | 17.8% |
| NP margin (%) | 15.5% | 14.7% | 15.0% | 17.7% | 18.1% |
| CNP margin (% ) | 12.7% | 15.1% | 18.4% | 17.7% | 18.1% |
| ROE (% ) | 4.2% | 6.8% | 10.8% | 10.6% | 10.8% |
| ROA (% ) | 3.7% | 5.9% | 8.9% | 8.8% | 9.0% |
| Net gearing (% ) | NET CASH | NET CASH | NET CASH | NET CASH | NET CASH |

| Valuations | FY26F |
|---|---|
| Core EPS (sen) | 13.8 |
| P/E multiple (x) | 30.5 |
| **Fair Value (RM)** | **4.20** |
| ESG premium/discount | 0.0% |
| **Implied Fair Value (RM)** | **4.20** |

*Source: Company, Apex Securities*

**Balance Sheet**

| FYE Dec (RM m) | FY23 | FY24 | FY25A | FY26F | FY27F |
|---|---|---|---|---|---|
| Cash & bank balances | 324.6 | 276.3 | 314.6 | 284.7 | 373.0 |
| Receivables | 144.9 | 168.0 | 181.7 | 249.4 | 272.2 |
| Inventories | 130.6 | 157.4 | 167.3 | 233.8 | 255.1 |
| Other current assets | 100.8 | 73.0 | 87.3 | 87.3 | 87.3 |
| **Total Current Assets** | **700.9** | **674.6** | **751.0** | **855.2** | **987.6** |
| PPE | 196.0 | 181.5 | 203.9 | 188.4 | 174.9 |
| Other non-current assets | 325.0 | 322.7 | 345.6 | 345.6 | 345.6 |
| **Total Non-current assets** | **521.0** | **504.2** | **549.5** | **534.0** | **520.5** |
| Short-term Debt | 17.9 | 21.1 | 55.8 | 60.8 | 64.8 |
| Payables | 50.1 | 61.1 | 100.6 | 90.8 | 99.0 |
| Other Current Liabilities | 22.2 | 26.1 | 22.5 | 22.5 | 22.5 |
| **Total Current Liabilities** | **90.3** | **108.3** | **179.0** | **174.1** | **186.4** |
| Long-term Debt | 18.4 | 10.6 | 5.9 | 10.9 | 14.9 |
| Other non-current liabilities | 38.5 | 31.2 | 47.8 | 47.8 | 47.8 |
| **Total Non-current Liabilities** | **56.9** | **41.8** | **53.7** | **58.7** | **62.7** |
| Shareholder's equity | 1075.0 | 1030.2 | 1067.7 | 1158.8 | 1264.0 |
| Minority interest | -0.3 | -1.5 | 0.1 | -2.3 | -5.0 |
| **Total Equity** | **1074.7** | **1028.7** | **1067.8** | **1156.5** | **1259.0** |

**Cash Flow**

| FYE Dec (RM m) | FY23 | FY24 | FY25A | FY26F | FY27F |
|---|---|---|---|---|---|
| **Pre-tax profit** | **65.5** | **90.7** | **123.4** | **155.4** | **173.5** |
| Depreciation & amortisation | 25.2 | 25.4 | 27.8 | 25.5 | 23.6 |
| Changes in working capital | 19.1 | -47.7 | 9.1 | -144.1 | -35.8 |
| Tax paid | -18.0 | -20.7 | -33.7 | -35.8 | -39.9 |
| Others | -14.4 | -0.3 | 6.7 | 0.0 | 0.0 |
| **Operating cash flow** | **77.4** | **47.4** | **133.3** | **1.0** | **121.3** |
| Net capex | 17.6 | -17.9 | -38.9 | -10.0 | -10.0 |
| Others | -1.1 | -60.3 | 38.9 | 0.0 | 0.0 |
| **Investing cash flow** | **16.4** | **-78.2** | **0.0** | **-10.0** | **-10.0** |
| Borrowings | -48.5 | -1.9 | 32.2 | 10.0 | 8.0 |
| Others | -47.4 | -79.4 | -42.0 | -31.0 | -31.0 |
| **Financing cash flow** | **-95.9** | **-81.3** | **-9.9** | **-21.0** | **-23.0** |
| **Net cash flow** | **-2.1** | **-112.1** | **123.4** | **-30.0** | **88.3** |
| Currency translation differences | 6.4 | -18.2 | -27.6 | 0.0 | 0.0 |
| Beginning cash & cash equivalent | 418.4 | 422.7 | 292.4 | 388.2 | 358.2 |
| **Ending cash & cash equivalent** | **422.7** | **292.4** | **388.2** | **358.2** | **446.5** |
| Fixed deposits & MMF | -98.2 | -16.1 | -73.6 | -73.6 | -73.6 |
| **Cash and bank balances** | **324.6** | **276.3** | **314.6** | **284.7** | **373.0** |

## 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 **Thursday, 26 Feb, 2026**, 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.