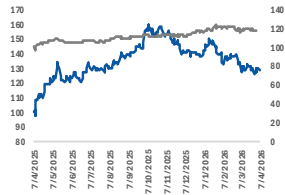


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KLTEC Index vs FBM KLCI



Company	Rating	Price	Target
ATECH	BUY	0.63	1.00
EG	BUY	1.15	2.02
FRCB	BUY	4.00	4.60
INRI	HOLD	1.49	1.41
MI	BUY	2.99	4.20
QES	BUY	0.38	0.48
Ramssol	BUY	0.84	1.25
Vitro	BUY	4.39	5.30
Wentel	BUY	0.24	0.48

Technology Sector

Overweight (↔)

AI proxies Outperform, MYR the headwind

- Three beats (MI, QES, ViTrox), three in line (ATECH, EG, Ramssol) and one miss (Inari) in the 4QCY25 results season, with Frontken and Wentel registering slight beats. AI-driven advanced packaging and optical module demand drove outperformers, while MYR appreciation weighed broadly across our coverage.
- Global AI capex cycle remains firmly intact, with GPU rental pricing up 40% since October 2025, Micron's 2QFY26 revenue nearly tripling year-on-year and TSMC guiding close to 30% revenue growth in 2026. MYR appreciation and Iran-related geopolitical risks are the key headwinds to navigate.
- Maintain Overweight. Sector valuations have de-rated below the 5-year mean, offering a compelling entry point for selective positioning. Top picks are ViTrox (BUY; TP: RM5.30), MI Technovation (BUY; TP: RM4.20) and Frontken (BUY; TP: RM4.60).

Results Review. The latest quarterly results revealed a split picture across our coverage universe, with companies benefiting from advanced packaging demand, AI-linked equipment upcycles and optical module ramp-ups outperforming those weighed down by RM appreciation and consumer electronics softness. Overall, 3 companies beat expectations (MI, QES, ViTrox), 3 were in line (ATECH, EG, Ramssol) and 1 missed (Inari), with Frontken and Wentel registering slight beats. The appreciating MYR remains the key common headwind across this predominantly export-oriented coverage, with limited near-term ability to pass through adverse FX movements to customers.

CY2026 Outlook. We expect the structural demand recovery across our coverage universe to broaden in 2026, underpinned by continued investment in AI infrastructure, optical connectivity, advanced packaging and semiconductor back-end equipment. Commentary from site visits and results briefings across our covered companies point to a consistent theme: **(i) order pipelines remain healthy, (ii) capacity expansion plans are progressing, and (iii) customer qualification cycles are gradually converting into revenue.** EG's 800G optical module ramp at PG2 (targeted June 2026), Frontken's 2nm node cleaning services expansion, ViTrox's growing NPI pipeline and MI's WLCSP platform all reinforce the view that AI-driven semiconductor demand continues to flow through the Malaysian technology supply chain. Meanwhile, Ramssol's expanding orderbook and multi-pillar growth strategy across PeopleTech, AutoTech and AI.Tech add a differentiated software-driven growth angle largely uncorrelated to the semiconductor upcycle.

Iran Conflict Analysis. The US and Iran agreed to a two-week ceasefire on 8 April 2026 brokered by Pakistan, with USDMYR breaching below **c.4.00** and oil futures sinking on the news. Under a permanent resolution, RM strength toward **c.3.85** would be the dominant earnings headwind for our export-oriented coverage, with input cost relief on helium, bromine and sulphuric acid only materialising with a lag. Under escalation, USDMYR recovery toward **c.4.10** provides near-term FX relief but semiconductor cost re-inflation and capex deferrals would erode the benefit progressively. Our base case is a rolling extension of negotiations. **Frontken and ATECH** are the clearest relative beneficiaries under escalation, while **Inari** faces the most asymmetric downside under either scenario. Refer to the sector outlook section for our detailed scenario analysis.

Key risks. The appreciating RM remains the most pervasive headwind across our predominantly export-oriented coverage. A strengthening RM is a major margin headwind given the difficulty of passing FX movements through to customers under existing pricing arrangements, while in contrast, raw material cost increases are typically easier to pass through, although with a delay. On execution, ATECH's P5 remains underutilised at **c.20%** amid slower automotive volume ramp, QES's Batu Kawan facility continues to weigh on Manufacturing profitability, and MI's Accurus China restructuring should remain loss-making near term. Order book momentum and utilisation trajectories will be the primary earnings determinants over **FY26–FY28**.

Recommendation. We maintain our **OVERWEIGHT** sector stance, favouring names with stronger earnings visibility, lower FX sensitivity and clearer capacity ramp narratives. Our preferred picks are **ViTrox (BUY; TP: RM5.30)**, on AI-driven inspection demand and Pioneer Status tax tailwinds; **MI (BUY; TP: 4.20)**, on WLCSP platform expansion, rising solder sphere demand and a nascent AI series qualification pipeline; and **Frontken (BUY; TP: RM4.60)**, set for another record year driven by 2nm node ramp and ASP escalation. We remain cautious on Inari, where near-term RF volumes remain uncertain pending the next handset launch cycle outcome.

4QCY25 Results Review

AI and advanced packaging lead the pack; FX and RF headwinds weigh on laggards.

The latest quarterly results revealed a clear divergence between companies leveraged to advanced packaging demand, AI-linked equipment upcycles and optical module ramp-ups, versus those more exposed to FX headwinds and consumer electronics softness. Overall, 3 companies delivered results above expectations (MI, QES, ViTrox), 3 were in line (ATECH, EG, Ramssol) and 1 missed (Inari), with Frontken and Wentel registering slight beats. Sector earnings still grew solidly YoY on the back of an ongoing recovery in advanced packaging and AI-driven semiconductor demand, though MYR appreciation remained a common drag.

On the stronger peers, **ViTrox** posted a standout quarter with 4QFY25 core profit surging **+49% YoY** on broad-based ABI and MVS strength, further aided by newly secured Pioneer Status tax incentives. **MI** impressed with FY25 core earnings surging **+65% YoY**, driven by strong WLCSP die sorter demand in SEBU and robust solder ball sales for AI-related packaging applications in SMBU. **QES** delivered a record 4QFY25 with core earnings more than doubling QoQ (**+132%**), driven by a superior Equipment product mix and meaningfully narrowing Manufacturing losses at Batu Kawan.

Frontken and **Wentel** both edged ahead of our individual estimates. Frontken's 4Q25 core net profit grew **+9%** YoY, underpinned by sustained advanced node cleaning demand from its key Taiwan foundry customer amid surging AI accelerator orders, driving a more favourable product mix and net margin expansion. The slight miss against our forecast reflected softer Taiwan contribution from MYR/TWD headwinds and weaker Malaysia O&G activity rather than any structural deterioration. Wentel similarly delivered record quarterly core earnings of **RM6.9m (+22% YoY)**, on rising security screening demand amid heightened global trade tensions, with a lower-than-expected effective tax rate providing an additional bottom-line uplift.

Among the in-line names, **ATECH** delivered resilient 4Q25 core earnings of **RM18.8m (+17% QoQ)** on seasonally stronger Communication and IoT billings and an oil and gas order recovery, though YoY earnings remained flat as forex headwinds and higher tax expenses diluted profitability. **EG's** sequential improvement was anchored by the ongoing optical module ramp at PG2 and a better 5G wireless access and photonics product mix, with management guiding for a stronger 2HFY26 recovery driven by 800G optical module mass production and AEC/DAC contributions ramping from 3QFY26. **Ramssol** rounded off the in-line performers with FY25 core earnings growing **+70% YTD** on robust PeopleTech demand and a full-year A.I.Tech contribution, with an expanding orderbook of **RM170.9m** and a growing pipeline across PeopleTech, AutoTech and AI.Tech underpinning a solid multi-year growth trajectory.

On the flip side, **Inari** was the key disappointment, with **1HFY26** core net profit declining **19% YoY** as RF shipment contraction driven by Customer B's portfolio optimisation away from lower-value discrete products, combined with RM appreciation continue to weigh on earnings.

Conclusion. The **4QCY25** results season reinforced the increasingly bifurcated nature of our coverage universe. MI, QES and ViTrox outperformed on AI-driven advanced packaging and equipment demand, while Frontken and Wentel edged ahead on semiconductor cleaning and security screening tailwinds respectively. ATECH, EG and Ramssol delivered steady in-line showings underpinned by resilient order flows, while Inari was the sole meaningful miss as RF portfolio restructuring at Customer B and persistent MYR strength weighed on earnings. Structural demand across AI infrastructure, optical modules and advanced packaging remains intact, although FX movements and facility ramp execution will be the key swing factors **over FY26-FY28**.

April Site Visit Review

AI hardware and DC infrastructure the emerging growth frontier...

Our recent site visits across six companies reinforced the broadly constructive demand backdrop, with management commentary consistently pointing to healthy order pipelines and improving capacity utilisation. The key thematic takeaways were the accelerating pivot toward AI hardware, data centre infrastructure and advanced packaging as the next major earnings drivers.

THMY (NR) stood out as a structurally differentiated play with limited global competition, targeting a top-line of **RM80–100m** with potential EBITDA expansion of up to **c.45%** and quarterly order intake scaling from **RM12–15m to RM17–20m in FY27**. The group's transition toward systems-level integration expands its addressable market meaningfully, with Pioneer Status tax incentives representing a further earnings uplift if approved within the guided **9–18 month timeline**. Greatech (NR) is pivoting toward DC infrastructure, with BK3 and BK4 ground floors already partially converted for DC projects and first deliveries expected April–May. DC cooling and power network modules are emerging as core growth pillars, with net margins guided at **c.15–20%**, a meaningful step-up from FY25's **c.11% net margin**.

MI's visit reinforced multi-year growth confidence, with MI Quantum now **at c.40%** of sales and management **targeting 50%, implying further margin expansion**. The AI series qualification pipeline and potential SGX IPO for its materials subsidiary are key re-rating catalysts to watch, while the Senai expansion provides strategic alternative sourcing capacity outside Taiwan and China. QES came away more constructive than expected, with the orderbook recovering to **RM110m from a RM86m trough**, Manufacturing increasingly anchored by MedTech OIS orders, and a China collaboration under a "China Plus One" framework potentially utilising c.50% of BKIP's capacity with targeted FY27 revenue contribution.

ATECH and Inari provided useful near-term demand channel checks. **ATECH's P5 utilisation** is tracking toward **c.50%** by 2QFY26 from the current **c.20%**, with **2–3 MPIs** expected to commercialise soon, underpinning a gradual but increasingly visible FY27–FY28 ramp. Inari's visit highlighted advanced packaging and photonics as the next earnings vector, with the FY27 handset cycle expected to drive **c.30–35% growth toward RM1bn** in revenue while the advanced packaging chiplet platform currently in pilot line is a longer-dated but high-conviction structural opportunity.

Conclusion. Our site visits reinforced that the most compelling opportunities are centred on AI hardware, DC infrastructure and advanced packaging, where THMY, Greatech, MI and QES are best positioned for multi-year structural demand. Near-term delivery hinges on facility ramp execution, customer qualification conversion and MYR trajectory. Inari's FY27 handset ramp and QES's China collaboration optionality represent the key upside not yet fully reflected in our base case estimates.

Riding the AI wave, but headwinds are building

AI capex cycle remains firmly intact, underpinning Malaysian tech demand...

As compiled in Appendix 5 below, which summarises the outlook commentaries of major global technology companies following their recent results, there remains a strong and broad-based emphasis on expanding capacity across AI accelerators, HBM and server DRAM, advanced packaging and semiconductor manufacturing equipment. This reflects sustained hyperscaler and enterprise commitment to building out AI infrastructure, with no signs of meaningful capex moderation. **Nvidia** continues to guide for robust demand driven by expanding inference workloads and the transition of data centres into "AI factories", while **TSMC** expects revenue to grow close to **c.30% YoY** in 2026, driven primarily by AI-related demand for leading-edge nodes and advanced packaging. On the memory side, **Micron** confirmed that its entire **2026 HBM supply is fully contracted**, while **SK Hynix** is prioritising high-value AI memory products and ramping HBM3E and HBM4. Equipment vendors echo the same theme, with **Applied Materials** expecting over **c.20%** semiconductor equipment growth in 2026 and **ASML** reporting **record bookings of €13.2bn (~RM61.5bn at 4.66 EUR/MYR)**, pointing to multi-year AI-related demand for advanced lithography.

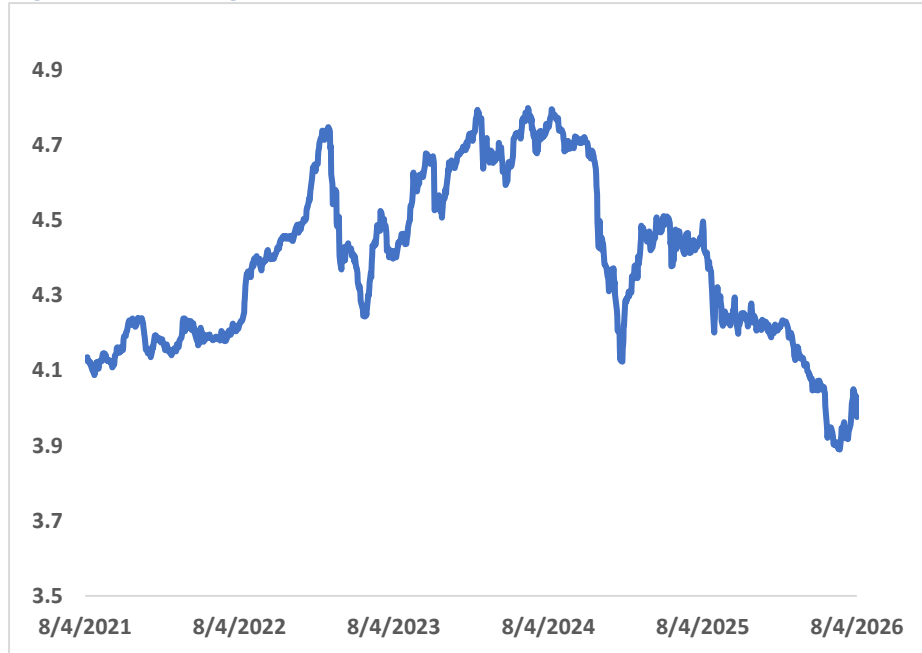
Against this backdrop, we expect AI to remain the key structural growth driver for the Malaysian technology sector in 2026, supporting continued demand across the semiconductor supply chain. Locally, this is most visible in **Frontken's** 2nm node cleaning ramp, **ViTrox's** expanding AI server and advanced packaging inspection pipeline, **MI's** growing WLCSP platform serving tier-1 OSATs and foundries, and **EG's** 800G optical module mass production commencement at PG2 targeted for June 2026. Companies with direct exposure to AI-related components, equipment and manufacturing services are best positioned to capture this sustained upcycle, and we continue to favour these names within our coverage.

Ringgit strength emerges as the defining margin headwind for exporters...

The Ringgit has strengthened significantly YTD against major currencies, emerging as the most consistently cited concern among company executives during recent quarterly briefings. With USDMYR already breaching below **4.00** following the latest Middle East de-escalation developments, the pressure has intensified further. Export-

oriented technology companies typically have revenue effectively US\$-linked, but passing through adverse FX movements to customers remains difficult under existing pricing arrangements. Passing through adverse FX movements remains difficult under existing pricing arrangements - a challenge not unique to our coverage, with **Sam Engineering (NR)** similarly flagging the untimeliness of price adjustments given current FX levels remain within its negotiated pricing band. For most names under our coverage, every **1% RM appreciation against the USD translates to a 1-2% negative earnings impact**. Our Economist projects USDMYR to average **4.03** in 2026 (2025: 4.28), as geopolitical tensions and reduced expectations of Fed rate cuts are likely to sustain USD strength and drive ringgit volatility. Frontken remains least exposed, with **c.90%** of operating profit denominated in TWD. On the cost side, elevated raw material prices present an additional headwind, though these are more amenable to pass-through, albeit with a lag.

Figure 1: RM Strengthened back below MYR4.00/USD Levels



Source: Bloomberg, Apex Securities

Figure 2: RM Strengthened to a 5-Year High against the TWD



Source: Bloomberg, Apex Securities

The Iran conflict: Latest developments and Scenario Analysis...

In a dramatic development on 8 April 2026, the US and Iran agreed to a two-week ceasefire brokered by Pakistan, hours before Trump's deadline threatened large-scale strikes on Iranian infrastructure. Iran committed to reopening the Strait of Hormuz, oil futures sank, and the Ringgit strengthened further on the news. Peace talks are expected in Islamabad with VP Vance leading the US delegation. The ceasefire is explicitly temporary. Fundamental disputes on uranium enrichment remain unresolved, making the outcome of the two-week negotiation window the most important near-term macro variable for our coverage.

Beyond helium and bromine, the Gulf states account for approximately **c.44%** of global sulphur production, a key input for sulphuric acid used in silicon wafer cleaning and etching, introducing a broader front-end wafer fabrication cost risk. Iran has also identified **18 US tech firms** with regional operations as legitimate targets should the conflict escalate, including Nvidia, Apple, Microsoft, Google and Meta, whose capex deployment timelines are key demand anchors for our coverage universe. A further complication is the deepening smartphone crisis, with IDC and Counterpoint now projecting global shipments to contract more than **c.10% yoy** in 2026, compounding Inari's near-term RF volume headwinds given its **c.60%** smartphone revenue exposure.

We present **two scenarios** for investors to consider as the two-week ceasefire window unfolds:

Scenario 1: Ceasefire converts into a permanent or durable agreement

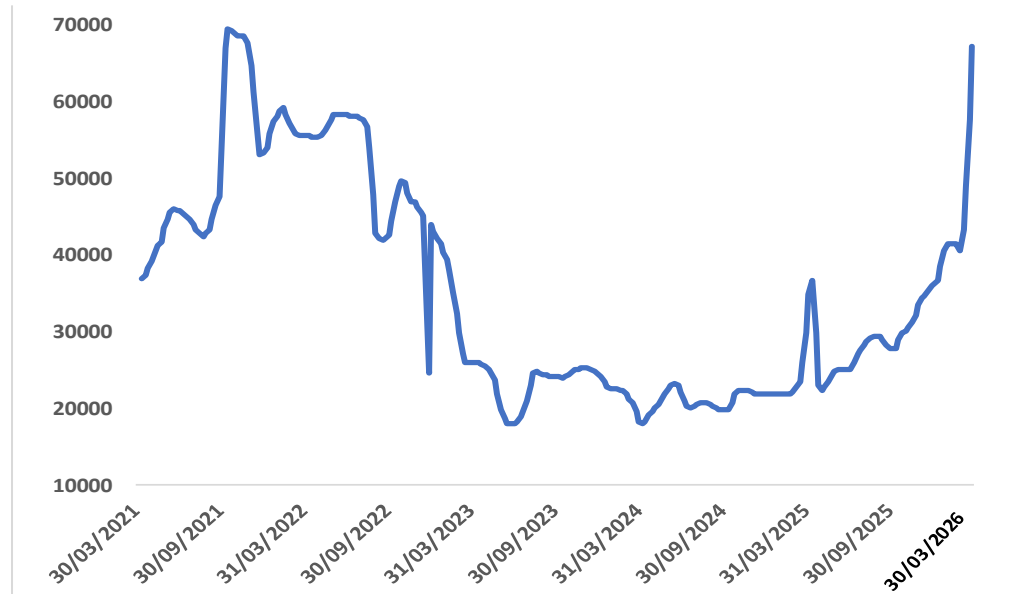
A durable resolution would reinforce the dovish RM trajectory already underway, with USDMYR potentially drifting toward **c.3.85** as risk sentiment improves and emerging market capital flows recover. For our export-oriented coverage, every **additional 1% RM appreciation** translates to a **c.1-2% core earnings drag** with limited near-term pass-through ability. Input cost relief would be real but gradual. Helium supply from Qatar's Ras Laffan would require meaningful infrastructure restoration time before export volumes recover as current infrastructure damage has already led to export volumes cut by **c.15%**, while bromine and sulphuric acid contract repricing cycles mean cost relief would only flow through with a lag regardless of when a deal is struck. On order flows, reduced geopolitical risk premium would bring deferred equipment upgrade and capacity expansion decisions back to the table, a positive for ViTrox's NPI pipeline, QES's orderbook, and MI's AI series qualification timeline. However, customers repricing new multi-year agreements under a more benign input cost environment may push for lower USD-denominated rates, particularly for Frontken on advanced node cleaning contracts. O&G revenues would soften as Brent retraces below **c.USD100/bbl**, weighing on Frontken's Malaysia segment over the medium term as well as ATECH's oil exploration devices revenue. The net sector verdict is **earnings-negative near term on FX**, transitioning to **broadly neutral over c.12-18 months** as input cost relief and order activity recover.

Scenario 2: Ceasefire collapses and conflict resumes

A breakdown in negotiations would reverse RM appreciation quickly, with USDMYR likely recovering toward **c.4.10**, providing near-term earnings relief. However, helium, bromine and sulphuric acid supply disruption would re-intensify, semiconductor process costs would re-inflate, and equipment capex deferrals would follow as end-customers manage supply chain uncertainty. Any Iranian strikes on the **18 identified US tech firms** would further disrupt hyperscaler capex timelines, with knock-on effects on ViTrox, MI and QES order pipelines. Inari faces the most asymmetric downside with RF disruption, smartphone shipment contraction and cost inflation compounding simultaneously. The net sector verdict is earnings-positive near term on FX relief, but the benefit erodes progressively as input cost re-inflation and equipment capex deferrals accumulate, leaving the net outcome **broadly neutral to negative**.

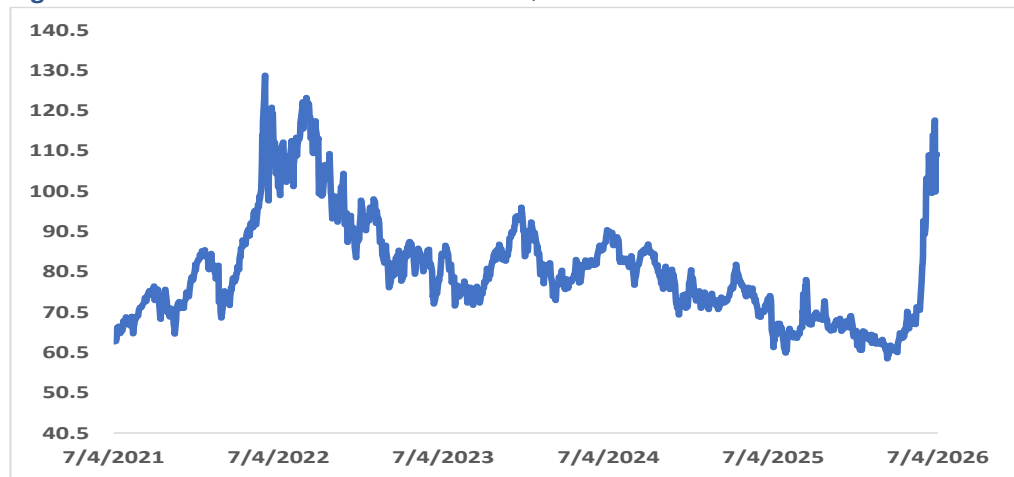
Our View. The more likely base case is a rolling extension of negotiations rather than a clean permanent deal, sustaining current RM strength without delivering full input cost relief. Frontken and ATECH are the clearest relative beneficiaries under an escalation scenario, with Frontken on refurbishment demand and O&G exposure, and ATECH's oil exploration devices segment seeing incremental uplift as elevated oil prices accelerate operator monitoring capex. Regardless of which scenario prevails, we continue to favour ViTrox, MI Technovation and Frontken as top picks, with the conflict outcome determining the pace of earnings delivery rather than the direction of the multi-year growth thesis.

Figure 3: CHCN Bromine Index surges to a 5-year high following the Iran Conflict



Source: Bloomberg, Apex Securities

Figure 4: Brent Crude Oil Prices falls below \$100/bbl



Source: Bloomberg, Apex Securities

Overall Sector Outlook

Navigating the Structural Demand Surge

The overall sector outlook remains **constructive**, underpinned by structural demand for AI servers, advanced nodes and advanced packaging, alongside ongoing onshoring and supply-chain repositioning:

- **ViTrox** should sustain robust FY26 growth driven by strong AI-related demand for advanced inspection systems, a healthy 1.1x book-to-bill ratio, and a more favourable effective tax rate following its newly awarded 5+5 year Pioneer Status.
- **MI Tech** continues to build momentum across both divisions as WLCSP die sorter demand (benefits from rising advanced packaging content per device, while SMBU's solder ball operations ride robust AI packaging output. MI Quantum now accounts for 40% of sales, with management targeting 50%.
- **Frontken** is positioned for multi-year expansion as its key foundry customer accelerates 2nm production ramp, driving a richer product mix, incremental capacity additions, and ASP escalation from increasingly complex cleaning services.
- **QES** enters FY26 with an orderbook recovery to RM110m, underpinned by MedTech OIS demand at Batu Kawan. Glenmarie at c.60% utilisation and BKIP at c.30% provide meaningful headroom for incremental revenue without step-change capex.

- **EG** is approaching a significant earnings inflection - 800G optical module mass production at PG2 is targeted for June 2026, with AEC/DAC ramping from 3QFY26, setting up a strong 2HFY26 recovery.
- **ATECH** maintains a resilient base with Customer F generating approximately RM3m/month, while P5 tracks toward c.50% utilisation by 2QFY26 and 2-3 automotive MPis approach commercialisation.
- **Ramssol's** RM170.9m orderbook, underpinned by PeopleTech HRMS momentum, A.I.Tech enterprise software demand, and the pending AmBank MOA conversion, sustains multi-year earnings visibility.
- **Wentel's** order flows remain broadly stable across security screening and E&E customers, with the earnings catalyst weighted toward 2H26 as the memory supercycle-driven WFE rebound materialises.

On the other hand, **Inari** faces a more challenging near-term backdrop as Customer B optimises its RF portfolio toward premium high-band modules, compressing near-term volumes. The FY27 handset cycle (implying c.30-35% growth toward RM1bn revenue) and photonics expansion at Customer B provide medium-term support, but we remain cautious on near-term earnings trajectory given ongoing MYR appreciation.

Global AI Capex: The Demand Signal has never been clearer...

Globally, the latest technology earnings form a coherent picture, AI infrastructure investment is not slowing, and the cycle has more duration than the market currently ascribes. GPU rental pricing has surged approximately **40%** since October 2025, on-demand capacity is sold out across all GPU types, and forward bookings extend through August-September 2026 (SemiAnalysis). Three forces are driving this simultaneously: (i) **Anthropic's ARR nearly tripling** in a single quarter to over **USD30bn**; (ii) **the explosive growth of multi-agent workloads** consuming compute at parabolic rates; and (iii) **sustained capital raises** by Anthropic, OpenAI, and a cohort of Neoclouds all translating directly into GPU procurement.

Micron's 2QFY26 result cemented the AI memory supercycle thesis, revenue of **USD23.86bn** nearly tripled year-on-year, 3QFY26 guidance of USD33.5bn implies over 200% year-on-year growth, and HBM supply for all of calendar 2026 is fully contracted. **TSMC** guides close to 30% revenue growth in 2026 on AI chipmaker demand, Nvidia characterises the current period as an "agentic AI inflection point", and **ASML** reported record net bookings of €13.2bn in 4Q25. These data points translate directly into our coverage through advanced packaging inspection (ViTrox, MI), WFE-adjacent parts (Wentel, QES), and fab services (Frontken).

In contrast, non-AI segments, analog, power, automotive, and consumer, reported stabilisation rather than acceleration. Texas Instruments, Onsemi, Microchip, and Skyworks all pointed to normalisation, with RF and mobile markets continuing to lag the AI segment- a dynamic that maps directly onto Inari's near-term earnings pressure.

Valuation and Recommendation

Valuation discount too wide to ignore

Sector valuations have de-rated materially YTD, driven by the sharp appreciation of the MYR against the USD, the primary revenue currency for most Malaysian technology exporters. Investor sentiment has been further weighed down by geopolitical risks stemming from the Iran conflict, disruption to shipping through the Strait of Hormuz, and a lingering tariff overhang. Consequently, the KLTEC index is trading at **41.8x P/E**, **below its 5-year mean and the -1SD level of its historical range**, which we view as an attractive entry point for selective positioning in AI-related names.

Figure 5: KLTEC Index nearing the 5-year Low



Source: Bloomberg, Apex Securities

Figure 6: KLTEC 5-Year PE Band Trading Below 1SD



Source: Bloomberg, Apex Securities

Note: The PE Band is based on its current 41.8x PE ratio.

Maintain OVERWEIGHT

Overall, we maintain an **OVERWEIGHT** stance on the technology sector. While macro headwinds including FX volatility, tariff uncertainty, and geopolitical risks remain key overhangs, sector valuations now sit meaningfully below historical averages, offering selective value opportunities. We expect AI-proxied names to sustain their earnings growth premium, underpinned by the structural AI capex cycle confirmed by global technology earnings and independent market data. Importantly, their stronger earnings growth profiles provide a natural buffer against negative FX translation impact.

Our preferred picks are **ViTrox (BUY; TP: RM5.30)**, **MI Technovation (BUY; TP: RM4.20)**, and **Frontken (BUY; TP: RM4.60)**. ViTrox remains the highest-conviction AI inspection proxy, with a 1.1x book-to-bill ratio, renewed Pioneer Status, and accelerating demand across both ABI and MVS segments as advanced packaging complexity rises. MI Technovation benefits on two fronts: WLCSP die sorter demand from SEBU gains market share as advanced packaging content per device rises, while SMBU's solder ball operations ride robust AI packaging output. MI Quantum now accounts for c.40% of sales with management guiding toward 50%, pointing to further margin expansion ahead. Frontken is positioned for multi-year growth as its key foundry customer accelerates the 2nm production ramp, unlocking a richer product mix, incremental capacity, and ASP escalation. Its predominantly TWD-denominated earnings base also offers relative insulation from MYR/USD headwinds.

Key Risks

Key risks to our **Overweight** stance centre around MYR appreciation, geopolitical supply chain disruption, and capacity ramp execution. A rapidly strengthening MYR remains the most pervasive headwind, with every 1% appreciation against the USD estimated to translate into a **1-2%** negative earnings impact for most export-oriented names, given the difficulty of passing FX movements through to customers under existing pricing arrangements. The ongoing Iran conflict adds a second-order risk via potential helium and bromine supply disruption, which could inflate back-end semiconductor costs, with Inari the most exposed given its RF concentration. On execution, MI Technovation's Johor plant completion, QES's Batu Kawan utilisation ramp, and EG Industries' 800G mass production timeline are the key milestones to monitor. Going forward, investors should track orderbook momentum, AI server and advanced packaging demand, MYR trajectory, and capacity readiness, which will collectively shape earnings trajectories across the sector over FY26 to FY28.

Appendix 1: Peers Comparison

Stock	Mkt Cap (RM' m)	Price (RM)	Rating	Target	FYE	P/E (x)		P/B (x)		Yield (%)	
						FY26	FY27	FY26	FY27	FY26	FY27
OSAT											
Inari Amertron*	5,670	1.49	HOLD	1.41	JUN	27.6	21.3	2.0	2.2	3.6%	4.2%
MPI*	5,862	29.40	NR	NR	JUN	29.3	24.8	2.8	2.6	1.2%	1.3%
Unisem	4,533	2.81	NR	NR	DEC	36.0	26.3	2.1	2.0	2.4%	2.8%
Simple Average (OSAT Players)						31.0	24.1	2.3	2.3	2.4%	2.8%
Equipment											
Mi Technovation	2,646	2.99	BUY	4.20	DEC	22.5	19.9	2.4	2.2	1.7%	1.9%
ViTrox Corp	8,311	4.39	BUY	5.30	DEC	43.0	36.9	6.6	5.8	0.6%	0.7%
Greotech	5,155	2.05	NR	NR	DEC	28.9	24.4	4.3	3.8	0.1%	0.1%
Pentamaster	2,234	3.14	NR	NR	DEC	28.3	22.4	2.6	2.4	0.7%	0.8%
THMY Group	888	1.00	NR	NR	DEC	58.8	41.7	12.5	10.0	0.0%	0.0%
QES Group	312	0.38	HOLD	0.42	DEC	16.3	13.4	1.4	1.3	1.9%	2.1%
Simple Average (Equipment Players)						33.0	26.5	5.0	4.3	0.8%	0.9%
Support players											
Frontken	6,615	4.00	BUY	4.60	DEC	33.1	28.8	5.6	5.0	1.3%	1.3%
UWC*	4,677	4.24	NR	NR	JUL	48.7	33.1	8.1	6.6	0.1%	0.1%
UMS Integration	4,601	5.18	NR	NR	DEC	78.5	65.6	10.4	10.0	0.9%	1.0%
SAM Engineering*	2,126	3.14	NR	NR	MAR	41.3	26.6	N/A	N/A	0.5%	0.8%
Wentel Engineering	270	0.24	BUY	0.48	DEC	10.2	8.4	1.1	1.1	0.0%	0.0%
Simple Average (Support Players)						42.4	32.5	6.3	5.7	0.6%	0.6%
EMS											
Nationgate	1,697	0.75	NR	NR	DEC	15.0	11.9	2.3	2.1	2.8%	2.9%
V.S. Industry*	752	0.20	NR	NR	JUL	6.5	4.5	0.3	0.3	8.2%	11.3%
Uchitech	1,195	2.58	NR	NR	DEC	13.6	12.5	6.5	6.5	8.5%	8.5%
SKP Resources*	602	0.39	NR	NR	MAR	7.1	7.7	0.6	0.6	7.5%	6.5%
Aurelius Tech	813	0.63	BUY	1.00	DEC	11.6	10.6	1.4	1.3	5.4%	6.1%
PIE Industrial	534	1.39	NR	NR	DEC	16.7	12.8	0.8	0.8	2.5%	5.0%
EG Industries*	1,046	1.15				9.6	7.7	0.7	0.8	0.4%	0.4%
Simple Average (EMS)						11.4	9.7	1.8	1.8	5.1%	5.8%
Simple Average (broader tech)						29.4	23.2	3.8	3.5	2.2%	2.5%

Source: Apex Securities, Bloomberg

Appendix 2: 4QCY25 Results Review Scorecard

Company	Scorecard	Rating	Old TP	New TP	Comments
Vitrox (Vitro MK)	Above	BUY (maintain)	RM4.95	(↑) RM5.30	We maintain BUY with a higher TP of RM5.30 (from RM4.95), based on 46x PE on mid-FY26F EPS of 11.5 sen (+1SD above 5-year historical average of 40x). The premium multiple reflects ViTrox's rising exposure to HPC/AI server manufacturing and advanced packaging, alongside strong double-digit earnings growth supported by the AI-driven semiconductor capex upcycle.
MI (MI MK)	Above	BUY (maintain)	RM4.00	(↑) RM4.20	We raise our FY26F forecast by 4.5% on higher SMBU utilisation and margin assumptions, while keeping FY27F broadly unchanged. We reiterate BUY with a higher TP of RM4.20 (from RM4.00), based on 30.5x FY26F EPS of 13.8 sen. We like MITECH for its steady earnings growth, direct exposure to Tier-1 OSATs, foundries and IDMs, and undemanding valuation of 22x FY26F P/E relative to Malaysian ATE peers.
QES (QES MK)	Above	BUY (UPGRADE)	RM0.42	(↑) RM0.48	We raise our FY26/27F forecasts by 14%/22% on higher GP margin assumptions across both Distribution and Manufacturing segments. Consequently, we upgrade to BUY (from HOLD) with a higher TP of RM0.48, based on an unchanged 20x PE on FY26F EPS — representing +0.5SD above its 5-year mean and a discount to the ATE peer average of 30x FY26F PE.
Frontken (FRCB MK)	Within	BUY (maintain)	RM5.18	(↓) RM4.60	We trim our FY26/27F forecasts by 8%/11% reflecting a lower TWD/MYR assumption and more conservative margin expectations for Malaysia and Singapore. Post-revisions, and after factoring in the enlarged share base of 1.66bn shares from warrant conversion, we maintain BUY with a lower TP of RM4.60, based on an unchanged 38x PE on FY26F core EPS of 12.1 sen.
Wentel (Wentel MK)	Above	BUY (maintain)	RM0.50	(↓) RM0.48	We trim FY26/27F earnings by 3%/2% on lower USD/MYR assumptions, partly offset by a lower ETR of 22% (from 24%) on new plant tax incentives. Maintain BUY with a slightly lower TP of RM0.48 (from RM0.50), based on 20x PE on FY26F EPS of 2.4 sen, supported by deepening E&E exposure, undemanding valuation of ~10x FY26F PE and a c.14% FY25–27F earnings CAGR.
ATECH (ATECH MK)	Within	BUY (maintain)	RM1.12	(↓) RM1.00	We cut FY26/27F forecasts by 4%/5% on lower revenue and margin assumptions from forex headwinds. Maintain BUY with a lower TP of RM1.00 (from RM1.12), based on 19x PE on FY26F EPS. We like ATECH for its resilient earnings profile, stable key customer demand, solid margins and ongoing customer diversification, with additional upside from supply chain realignment amid rising geopolitical tension
EG (EG MK)	Within	BUY (maintain)	RM1.85	(↑) RM2.02	No changes to FY26–28F forecasts; core earnings of RM108.0m / RM130.2m / RM154.0m imply a 3-year EPS CAGR of 28%. We maintain BUY with a TP of RM2.02 (14.5x FY27F EPS of 13.9 sen), implying 91% total upside. At ~9.2x FY26F PE, EG looks undemanding relative to its 28% EPS CAGR and peers, with meaningful rerating potential as PG2 ramps ahead of schedule, mix shifts toward higher-margin 800G, and the FY27–28 growth runway becomes more visible from 4QFY26.
Ramssol (Ramssol MK)	Within	BUY (maintain)	RM1.45	(↓) RM1.25	We trim FY26/27F forecasts by 11%/10% on more conservative PeopleTech and A.I.Tech assumptions following delays in new project revenue recognition. Post-adjustments and accounting for the enlarged share base from the recent placement, we maintain BUY with a lower TP of RM1.25 (from RM1.45), based on 20x partially diluted FY26F EPS of 6.3 sen.
INARI (INRI MK)	Below	HOLD (Downgrade)	RM2.00	(↓) RM1.41	We cut FY26/27/28F forecasts by 10%/16%/24% on more conservative RF volume assumptions and cautious margin outlook amid forex headwinds. Maintain HOLD with a lower TP of RM1.41 (from RM2.00), based on a lowered 25x PE (from 30x) on FY27F core EPS of 5.6 sen, reflecting modest derating amid softer sales visibility and lingering earnings execution risks.

Source: Apex Securities, Companies

Appendix 3: April Site Visit Scorecard

Company	Scorecard	Rating	Old TP	New TP	Comments
THMY (THMY MK)	Positive	NR	NA	NA	Structurally differentiated AI test solutions provider with limited global competition. Quarterly order intake scaling from RM12–15m to RM17–20m in FY27, top-line target of RM80–100m and potential EBITDA expansion of c.45%. Transition toward systems-level integration broadens addressable market. Pioneer Status application represents meaningful earnings upside.
Greatech (GREATEC MK)	Positive	NR	NA	NA	Accelerating pivot toward DC infrastructure with BK3 and BK4 ground floors converted for DC projects. First deliveries expected April–May with net margins guided at c.15–20%, a step-up from FY25's c.11%. EV revenue target revised to RM200–300m, reflecting a more disciplined margin-focused approach. Better guidance expected by May 2026.
MI (MI MK)	Positive	BUY (Maintain)	RM4.00	(↑) RM4.20	Visit reinforced multi-year growth confidence. MI Quantum at 40% of sales targeting 50%, implying further margin expansion. AI series qualification underway — a successful outcome opens a new high-value revenue stream. Senai expansion provides strategic alternative sourcing capacity. Potential SGX IPO for materials subsidiary a re-rating catalyst.
QES (QES MK)	Positive	BUY (maintain)	RM0.42	(↑) RM0.48	More constructive than expected. Orderbook recovered to RM110m from RM86m trough, with Manufacturing anchored by MedTech OIS orders. China "Plus One" collaboration could utilise c.50% of BKIP capacity with FY27 revenue contribution-upside optionality not in base case. Glenmarie showing early semiconductor recovery signs at c.60% utilisation.
ATECH (ATECH MK)	Neutral	BUY (maintain)	RM1.12	(↓) RM1.00	P5 utilisation tracking toward c.50% by 2QFY26 from c.20% as automotive qualifications progress, with 2–3 of 8–10 MPIs expected to commercialise. Communication and IoT franchise remains resilient. TP trimmed to RM1.00 on lower revenue and margin assumptions from forex headwinds, though supply chain realignment provides medium-term upside.
INARI (EG MK)	Neutral	HOLD (maintain)	RM2.00	(↓) RM1.41	FY27 handset cycle and advanced packaging chiplet platform are the key re-rating catalysts. Wafer processing and testing at c.100% share for relevant product lines, with FY27 expected to drive c.30–35% growth toward RM1bn revenue. Near-term outlook remains pressured by RF portfolio restructuring at Customer B and MYR strength

Source: Apex Securities, Companies

Appendix 4: Iran Conflict Scenario Analysis Summary

Factor	Scenario 1: Ceasefire holds	Scenario 2: Escalation resumes
USDMYR direction	Further strengthen toward 3.85	Reversal toward 4.10-4.20
FX earnings impact	Negative near term	Positive near term
Helium / bromine / sulphur costs	Gradual relief	Re-intensifies immediately
US tech firm operations	Normalise gradually; capex resumes	Disruption risk; capex deferrals
Smartphone market	Modest stabilisation	Contraction worsens beyond 10% yoy
Order flow and capex	Deferred decisions return gradually	Discretionary capex re-deferred
O&G revenues	Softens on oil price normalisation	Strengthens above USD100/bbl
Most exposed	Inari (FX plus smartphone)	Inari (supply chain, RF, smartphone)
Relative beneficiaries	ViTrox, MI Technovation (order recovery)	Frontken (O&G and refurbishment) ATECH (oil exploration)
Net sector verdict	Earnings-negative near term on FX; broadly neutral over 12-18 months as input cost relief and order activity recover	Earnings-positive near term on FX relief; erodes progressively as input cost re-inflation and capex deferrals accumulate

Appendix 5: Global Tech Company Outlooks

Company	FYE	Outlook Summary
Nvidia	Jan	Guides next-quarter revenue of USD78bn ($\pm 2\%$), implying 14% qoq and 77% yoy growth, driven by continued hyperscaler and enterprise demand for AI infrastructure, particularly from the ramp of Blackwell GPUs and expanding inference workloads. Gross margins expected at 75% (± 50 bps). Management characterised the current period as an "agentic AI inflection point" as customers transition deployments from training to large-scale inference and reasoning workloads, which require significantly higher compute intensity. Continues to see strong long-term growth as data centres evolve into "AI factories", supported by hyperscaler investment, enterprise AI adoption, and sovereign AI initiatives.
TSMC	Dec	Expects revenue to grow close to 30% yoy in 2026, significantly outpacing the Foundry 2.0 industry growth outlook of 14%, driven primarily by strong AI-related demand. Leading-edge nodes and advanced packaging expected to remain key growth drivers as AI chipmakers expand compute capacity. Management plans 2026 capex of USD52-56bn (2025: USD40.9bn), primarily allocated to advanced process technologies and advanced packaging capacity. 1QFY26 revenue guided at USD34.6-35.8bn (+4% qoq, +38% yoy at midpoint) with gross margin of 63-65%. AI accelerators expected to remain the primary driver of wafer demand.

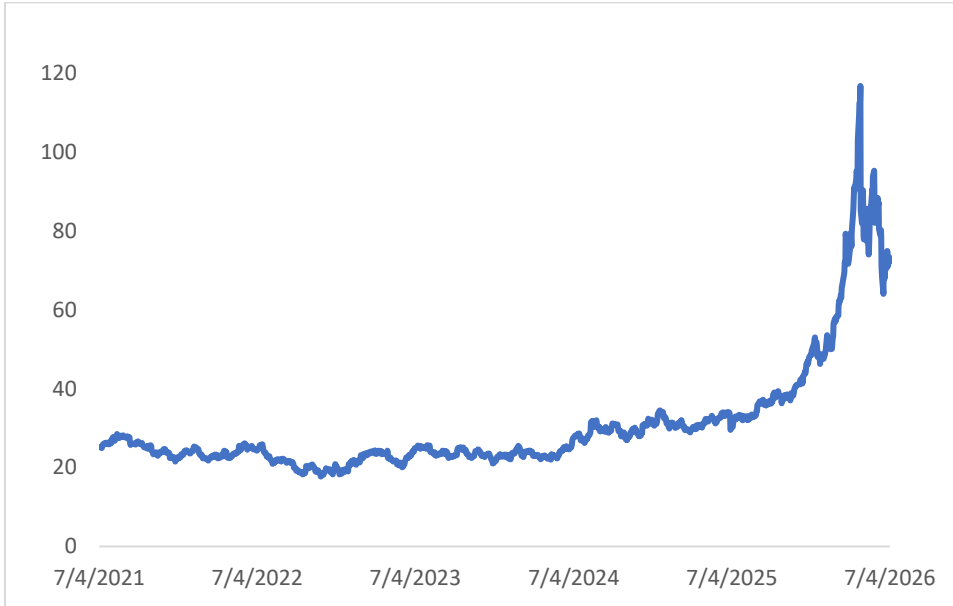
Intel	Dec	Guides 1QFY26 revenue of USD11.7-12.7bn (-11% qoq, -4% yoy at midpoint), reflecting typical seasonality and ongoing supply constraints. Non-GAAP EPS expected around breakeven. Management expects conditions to improve from 2Q onwards as supply increases and new products ramp, particularly on the Intel 18A process node. Continues to invest heavily in manufacturing capacity (2025 capex: USD17.7bn), supporting long-term foundry expansion and AI infrastructure strategy.
Samsung	Dec	Expects continued strong demand for AI-related memory, particularly HBM, server DRAM, and enterprise SSDs as hyperscalers expand AI data-centre capacity. Plans to prioritise high-value memory products and ramp next-generation HBM4, while advancing 2nm gate-all-around process technology and advanced packaging. Memory capex will increase in 2026 to support AI demand, following KRW52.7tn capex in 2025.
Micron	Aug	Delivered 2QFY26 revenue of USD23.86bn (nearly tripling yoy), with adjusted EPS of USD12.20 beating consensus by 31%. 3QFY26 revenue guided at USD33.5bn (implying over 200% yoy growth) with gross margin approaching 81% and operating margin reaching 69% in 2Q, up 44ppts yoy, reflecting genuine pricing power. HBM supply for all of calendar 2026 is fully contracted under pricing and volume agreements. HBM4 volume production for Nvidia's Vera Rubin platform has commenced, with HBM4e ramping in 2027. FY26 capex guided above USD25bn, stepping up further in FY27 as construction-related capex rises by over USD10bn yoy.
SK Hynix	Dec	Expects continued strong memory demand driven by AI infrastructure, particularly for HBM, server DRAM, and enterprise SSDs. HBM demand remains significantly above supply, with the company prioritising high-value AI memory products and ramping HBM3E and next-generation HBM4 shipments to meet growing demand from AI accelerator customers. DRAM and NAND demand growth expected to exceed 20% and high-teens respectively in 2026. Plans to increase capex in 2026 while maintaining a capex-to-revenue ratio in the mid-30% range.
Broadcom	Oct	Expects 2QFY26 revenue of USD22bn, implying 14% qoq and 47% yoy growth, underpinned by sustained AI semiconductor demand from hyperscale customers deploying custom AI accelerators and high-performance networking solutions. AI semiconductor revenue projected to reach USD10.7bn (+27% qoq), reflecting continued expansion of custom AI chips (XPU) and networking infrastructure supporting large-scale AI clusters. Hyperscalers remain in an aggressive AI build-out phase, supporting ongoing investment in compute and networking capacity.
Alphabet	Dec	Expects continued strong growth driven by AI and cloud demand, supported by accelerating adoption of its Gemini AI platform and enterprise cloud solutions. Google Cloud backlog has reached USD240bn as enterprises scale AI workloads. Plans 2026 capex of USD175-185bn, significantly higher than USD91.4bn in 2025, primarily allocated to servers, data centres, and networking capacity for AI compute.
Microsoft	Jun	Azure cloud revenue grew 31% yoy in the most recent quarter, with AI services contributing an accelerating share of growth. Management guided Azure growth to accelerate further in the coming quarters as AI workloads scale, and committed to over USD80bn in data centre capex for FY25, with FY26 spend expected to step up further. Copilot and AI-integrated enterprise software are driving ARPU expansion across the Microsoft 365 suite.
Meta	Dec	Guiding 2025 total capex of USD60-65bn, with FY26 capex expected to increase further as AI infrastructure investment intensifies. AI-driven improvements to ad targeting have delivered measurable revenue uplift, with management attributing a significant portion of revenue acceleration to AI-optimised recommendation and delivery systems. Llama open-source model adoption is expanding rapidly, reinforcing Meta's position as a key demand driver for GPU compute.
Apple	Sep	Guides 2QFY26 revenue growth of 13-16% yoy, with gross margin expected at 48-49%. Services remains a key structural growth driver, with management expecting services revenue to grow at a yoy rate similar to 1QFY26 (+14% yoy). Management flagged rising memory component costs amid strong AI-driven semiconductor demand, which could exert pressure on hardware margins. iPhone installed base exceeds 2.5bn active devices, underpinning ecosystem monetisation.

Skyworks	Sep	Guides 2QFY26 revenue of USD875-925m (-13% qoq, -6% yoy at midpoint), implying a 20% qoq decline in mobile revenue due to typical seasonality. Gross margin expected at 44.5-45.5%. Broad markets (automotive, industrial, infrastructure) expected to be flat qoq but grow high-single-digit yoy, accounting for 44% of total revenue, reflecting ongoing diversification beyond mobile. Near-term performance remains tied to the mobile product cycle.
Texas Instruments	Dec	Guides 1QFY26 revenue of USD4.32-4.68bn (+2% qoq, +11% yoy at midpoint). Data-centre demand grew 70% yoy in 4QFY25, driven by increasing power-management needs in AI systems. Recovery remains uneven, with order trends in industrial and infrastructure improving as inventory corrections normalise. 2026 capex guided at USD2-3bn, reflecting moderation from the recent heavy fab investment cycle.
Analog Devices	Oct	Guides 2QFY26 revenue of USD3.5bn (\pm USD100m) (+11% qoq, +33% yoy) with adjusted EPS of USD2.88 (+56% yoy). Record bookings in data-centre applications and sustained strength in industrial demand, reflecting rising AI-related infrastructure needs. TTM free cash flow of USD4.6bn. Capex expected to remain modest at 4-6% of revenue, consistent with asset-light manufacturing strategy.
Qualcomm	Sep	Guides 2QFY26 revenue of USD10.2-11.0bn (-13% qoq, -2% yoy at midpoint). Near-term headwinds from industry-wide memory supply constraints affecting handset production. Automotive remains a key offset, with management expecting over 35% yoy growth in 2QFY26, reinforcing the longer-term shift toward a more diversified earnings mix beyond smartphones.
AMD	Dec	Guides 1QFY26 revenue of USD9.8bn (\pm USD300m) (-5% qoq, +32% yoy at midpoint) with non-GAAP gross margin of 55%. Strong momentum in the data-centre segment, led by EPYC CPUs and Instinct GPUs, with the company targeting over 60% annual growth in data-centre revenue over the next several years as AI deployments scale. Client, gaming, and embedded segments expected to decline seasonally.
ASML	Dec	Guides 1QFY26 revenue of EUR8.2-8.9bn (-12% qoq, +11% yoy at midpoint) with gross margin of 51-53%. FY26 revenue expected at EUR34-39bn (+12% yoy). 4QFY25 net bookings of EUR13.2bn (including EUR7.4bn EUV) with a EUR38.8bn backlog, providing multi-year visibility as customers expand advanced logic and memory capacity to support AI demand.
Applied Materials	Oct	Expects over 20% semiconductor equipment growth in 2026, supported by accelerating AI-driven investment, particularly in HBM, advanced packaging, and leading-edge logic. Guides 2QFY26 revenue of USD7.65bn (\pm USD500m) (+9% qoq, +8% yoy at midpoint). Strong momentum in memory and advanced packaging, with DRAM expected to be the fastest-growing segment in 2026 as AI infrastructure demand drives higher semiconductor capital spending.
Lam Research	Jun	Guides 3QFY26 revenue of USD5.7bn (\pm USD300m) (+7% qoq, +21% yoy at midpoint) with gross margin of 49%. Robust demand tied to AI infrastructure build-outs. Expects significant yoy growth in wafer fabrication equipment spending in 2026, supporting multi-year expansion in semiconductor manufacturing capacity, particularly in DRAM, advanced logic, and NAND.
ARM	Mar	Guides 4QFY26 revenue of USD1.47bn (\pm USD50m) (+18% qoq and yoy at midpoint). Strong momentum in AI-driven data-centre deployments, alongside continued adoption of Armv9 and Compute Subsystems across major smartphone OEMs. Hyperscalers and semiconductor partners are expanding Arm-based compute platforms, supporting longer-term royalty and licensing revenue growth.

Source: Apex Securities, Companies

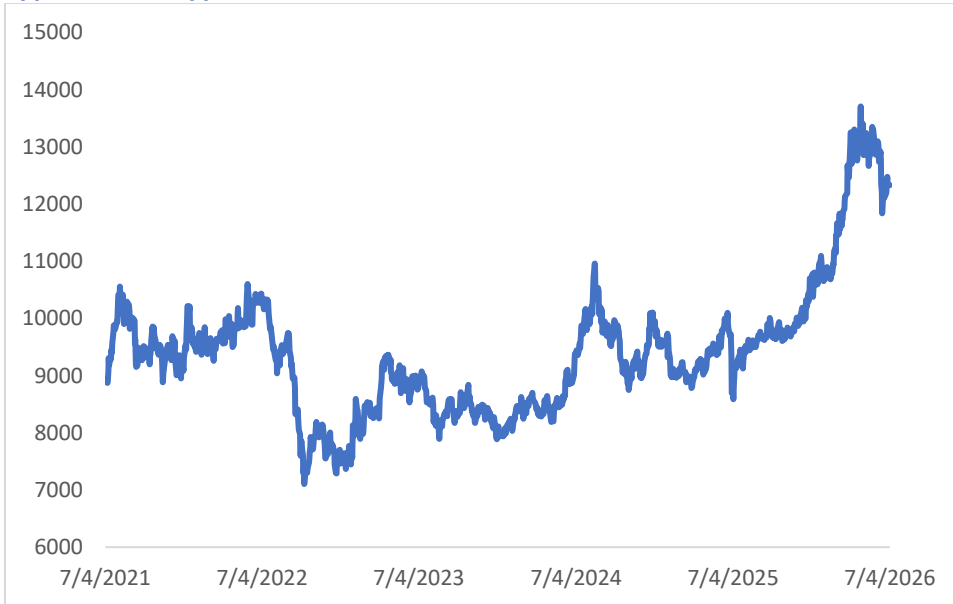
Appendix 6: Raw Material Prices

Appendix 6A: Silver surged to historical highs earlier this year...



Source: Apex Securities, Bloomberg
Note: Measured in USD/troy oz.

Appendix 6B: Copper rose to ATH levels in Jan 2026...



Source: Apex Securities, Bloomberg
Note: Measured in USD/MT.

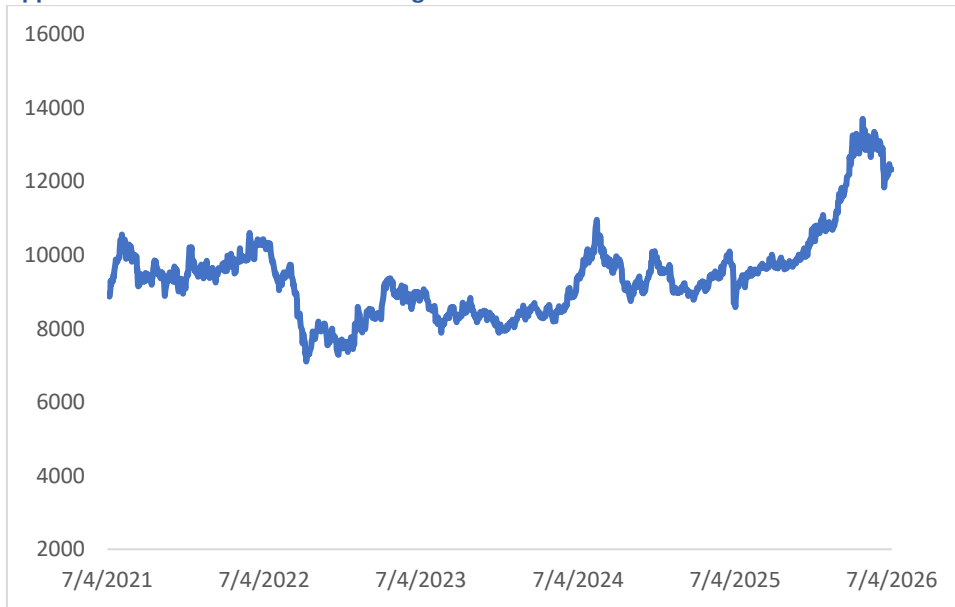
Appendix 6C: Tin prices rose to record highs



Source: Apex Securities, Bloomberg

Note: Measured in USD/MT.

Appendix 6D: Aluminium Prices at Highest levels since 2022...



Source: Apex Securities, Bloomberg

Note: Measured in USD/MT.

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.
