

Research Team

(603) 7890 8888

research.dept@apexsecurities.com.my

Recommendation:	SUBSCRIBE
Current Price:	RM 0.29
Previous Target Price:	N.A.
Target Price:	RM 0.33
Capital Upside/Downside:	13.8%
Dividend Yield (%):	0.0%
Total Upside/Downside:	13.8%

Stock information

Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	AMS
Syariah Compliant	Yes
Shares issued (m)	612.0
Market Cap (RM m)	177.5
Free float (%)	26.1

Top 3 Shareholders

	(%)
AMS Metal Group	51.3
Wisdom Partners	22.6

IPO Timetable

	Date
Opening of IPO application	27/3/2026
Closing of IPO application	10/4/2026
Ballotting of IPO application	14/4/2026
Allotment of IPO shares	21/4/2026
Listing of IPO on Bursa Malaysia	23/4/2026

AMS Advanced Material Berhad

Riding the Semiconductor Wave

- **With a track record spanning more than two decades, AMS is an established provider of semi-finished aluminium and copper products. The Group is currently executing a strategic shift toward value-added precision processing to serve the high-growth Semiconductor and Engineering Support Industries (ESI).**
- **We forecast a net profit CAGR of 28.0% between FY25 and FY28F, driven by a structural shift toward high-complexity processing works that are projected to expand core PATAMI margins to 8.3% by FY28F.**
- **The Group is forecast to achieve a net cash position in FY26F, strengthening its balance sheet capacity to finance strategic initiatives. These include the establishment of a new Licensed Manufacturing Warehouse (LMW) in Penang and entry into the sustainable, high-margin aluminium scrap segment.**
- **We recommend SUBSCRIBE to AMS Advanced Material Berhad's IPO with a target price of RM0.33 (13.8% upside) based on a P/E multiple of 14x pegged to FY27F core EPS of 2.3 sen.**

Key Investment Highlights

Established Aluminium Midstream Specialist. AMS is an established trader and processor of semi-finished aluminium and copper products with over 20 years of operating history. The Group serves as a critical intermediary in the value chain, sourcing bulk materials from global suppliers (including the People's Republic of China, United Kingdom, and Singapore) and providing value-added precision processing services. This "break-bulk" model, supported by 7 warehousing and processing facilities, allows the Group to achieve significant economies of scale and cost efficiencies, enabling it to meet diverse customer specifications.

Strategic Pivot into Manufacturing and the Recycling Segment. AMS is pivoting toward sustainability-linked initiatives to drive long-term margin expansion. Key strategies include the establishment of a **new Licensed Manufacturing Warehouse (LMW) plant in Penang** and venturing into the collection and processing of aluminium scrap via **AMS Ecogreen**. This recycling initiative introduces a new growth avenue aligned with global sustainability trends, potentially enhancing the Group's margin profile through circular material utilisation. These moves transition AMS to an integrated player capable of capturing a larger share of the value chain.

Strategic Exposure to High-Growth Niche Segments. AMS has established a strong presence in high-value industries, particularly aerospace, semiconductors and ESI. The Group's capability to supply high-grade aluminium with superior tensile strength and tighter specifications has enabled it to build a loyal 796 active customers base across Malaysia, Thailand, Singapore and Vietnam. In addition, its exposure to a broad range of end-user industries, including construction and automotive, provides diversification across multiple demand drivers. This balanced industry exposure acts as a natural hedge against cyclicality in any single sector, enhancing earnings resilience. In line with IMR's projected 6.4% CAGR for Malaysia's aluminium market over the 2025-2029 period, and supported by the Group's execution track record, we forecast a core PATAMI 3-year CAGR of 28.0% over the FY25-FY28F period.

IPO proceeds. To support growth, the Group intends to allocate c.45.8% of IPO proceeds towards strategic expansion, comprising RM8.1m (24.7%) for a new LMW plant and office in Penang to deepen its footprint in the semiconductor & ESI sector and RM6.9m (21.0%) for a venture into high-margin aluminium architectural products. The remaining proceeds will be deployed toward regional scaling via a new Kuantan distribution point (RM2.5m; 7.6%), repayment of borrowings (RM8.2m; 24.9%), and general working capital (RM2.7m; 8.1%), with RM4.4m (13.5%) set aside for listing-related expenses.

Valuation & Recommendation. We recommend **SUBSCRIBE** with a TP of **RM0.33**, premised on a target PE multiple of 14x applied to FY27F core EPS of 2.3 sen, which implies a 13.8% upside to the IPO price.

Earnings Summary

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	99.2	129.7	150.4	180.7	216.2
EBITDA	9.0	13.9	18.0	24.8	29.9
Pre-tax profit	7.5	11.0	13.8	18.2	22.7
Net profit	6.1	8.6	10.8	14.4	18.0
Core net profit	6.1	8.6	10.8	14.4	18.0
Core EPS (sen)	1.0	1.4	1.8	2.3	2.9
P/E (x)	29.2	20.7	16.4	12.4	9.9
P/B (x)	8.4	4.5	2.3	1.9	1.6
EV/EBITDA (x)	20.0	13.2	8.8	6.0	4.6
Dividend Yield (%)	0.0%	0.6%	0.0%	0.0%	0.0%
Net Gearing (%)	0.2	0.1	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

Company Background

AMS Advanced Material Berhad’s (AMS) journey began in 2006 with the establishment of AMS SG in Singapore, initially focusing on the trading of semi-finished aluminium products. The Group’s early years were dedicated to building foundational technical capabilities and establishing a foothold in the regional metal trading ecosystem. A pivotal milestone occurred in 2012 when AMS SG achieved ISO 9001:2015 accreditation, a certification that underscored the Group’s commitment to quality management and served as a credential to secure a broader customer base within industries requiring stringent material standards.

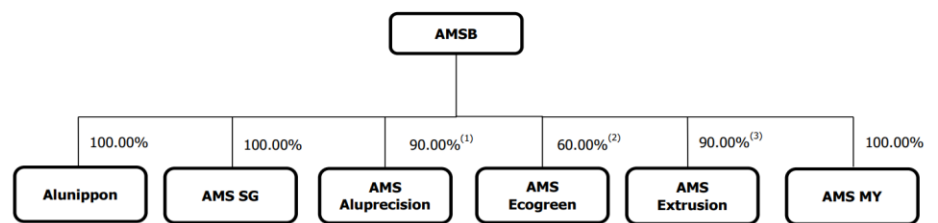
The Group’s strategic expansion into the Malaysian market commenced in 2014 with the incorporation of Wisdom Partners and AMS MY, broadening its portfolio to include semi-finished copper products specifically for the HVAC sector. In 2015, the appointment of Keh Teng Yang as Managing Director marked a strategic inflection point as the Group began to sharpen its focus on value-added services and deepened its market penetration. This evolution continued in 2017 with the establishment of AMS Extrusion, which introduced specialised aluminium extrusion profiles to serve customers across industries such as construction, semiconductor and ESI.

In 2018, AMS Metal Group was established to consolidate several operating entities under a single corporate structure, and the Group was subsequently recognised as the First Runner-Up in the Ambank BizRace 2019 competition. After being recognised in the Ambank BizRace in 2019, the Group relocated its administrative and finance functions to a new head office in Penang in 2022 to better support the northern region’s semiconductor hub.

To support its next phase of growth and proposed listing on the ACE Market, AMS Advanced Material Berhad (AMS) was incorporated on 4 September 2023 as an investment holding company. The Group also established AMS Aluprecision in 2023 to supply semi-finished aluminium products to customers in the semiconductor & ESI space, and AMS Ecogreen in 2024 to undertake the collection and processing of scrap aluminium materials.

According to the Independent Market Research (IMR) report, AMS holds an **estimated market share of ~1.6%** within Malaysia’s semi-finished aluminium products industry in FY25.

Figure 1: Corporate Structure



Source: AMS Prospectus, Apex Securities

Business Overview

Figure 2: Principal Activities

Principal activities	Trading of semi-finished aluminium and copper products	Processing of semi-finished aluminium products
Products and services	<ul style="list-style-type: none"> Semi-finished aluminium products <ul style="list-style-type: none"> Extrusion profiles Sheets and coils Plates and rods Semi-finished copper products <ul style="list-style-type: none"> Tube coils (pancakes) Sheets Others ⁽¹⁾ 	<ul style="list-style-type: none"> Semi-finished aluminium products <ul style="list-style-type: none"> Sheets and coils Plates and rods Services <ul style="list-style-type: none"> Cutting Shearing
Geographical markets in FPE 2025	<ul style="list-style-type: none"> Malaysia, Thailand, Singapore and Vietnam 	
Customer base	<ul style="list-style-type: none"> Manufacturers Contractors and fabricators Traders 	
Industries served		

Source: AMS Prospectus

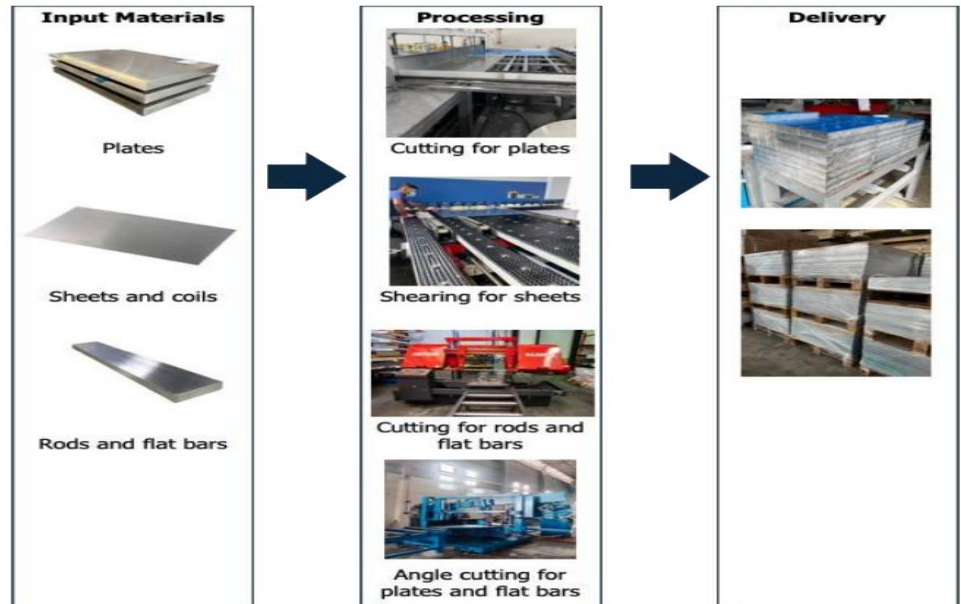
AMS is principally involved in the trading of semi-finished aluminium and copper products and the processing of semi-finished aluminium products. The Group acts as a critical intermediary in the industry supply chain, sourcing bulk input materials such as aluminium plates, sheets, coils, rods, flat bars and extrusion profiles from global suppliers and distributing them to industrial customers across multiple sectors. In addition to trading activities, AMS also covers cutting and shearing of plates, sheets, coils, rods, flat bars services to customise ready-to-use metal components according to customers' specifications and delivers to them accordingly.

Moreover, AMS serves a diversified range of high-growth and resilient industries, providing essential semi-finished metal products to the aerospace, automotive and transportation, construction and building materials, consumer and home furnishing products as well as semiconductor and ESI. By supplying specialised materials across supply chains, the Group has established a robust regional presence, serving a diversified customer base of 796 customers across **Malaysia, Singapore, Thailand, and Vietnam** as of the LPD (28 February 2026). This wide geographical footprint and industry exposure not only allow the Group to tap into major Southeast Asian industrial hubs but also serve as a natural hedge, reducing dependency on the cyclical nature of any single market or customer segment.

In the **processing segment**, which accounts for **RM69.1m or 53.3% of total revenue in FY25**, AMS strengthens its value proposition through extensive in-house capabilities that transform semi-finished aluminium into production-ready components by cutting the plates, rods, flat bars and coils and shearing the sheets. These value-added services enhance customer convenience by effectively reducing their capital expenditure and material wastage, fostering long term loyalty across its 796 strong client base. The Group utilises high precision machinery to perform vertical plate sawing, capable of handling thicknesses up to 600mm, alongside the shearing of sheets and customised cutting of rods and flat bars to meet exacting client specifications.

Despite maintaining high technical self-sufficiency, the Group strategically outsources niche processes (such as specialised coil slitting and shearing) to third-party providers. These services accounted for a negligible 0.30% of the processing segment's cost of sales in FY25. This hybrid operational model allows AMS to maintain a lean cost structure while ensuring the flexibility to scale its customisation capabilities in line with regional industrial demand.

Figure 3: Processing of semi-finished aluminium products



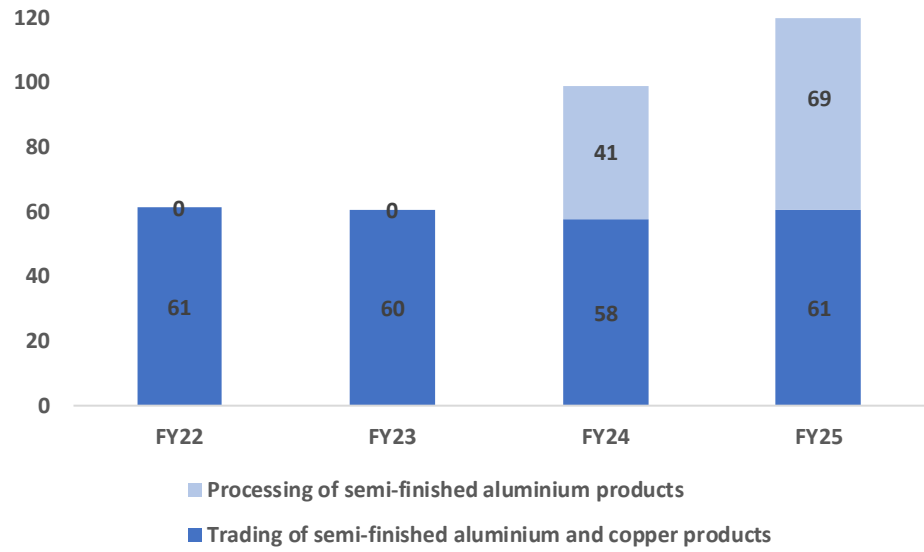
Source: AMS Prospectus

In its **trading segment** which accounts for **RM60.6m or 46.7% of total revenue in FY25**, AMS serves as a critical supply chain intermediary, managing a sophisticated inventory of internationally recognised alloy grades tailored for specialised industrial applications. The Group's portfolio spans across the 1000 to 7000 aluminium series, where the high-strength 7000 series alloys are commonly used in aerospace and defence structures and marine-grade, corrosion-resistant 5000 series alloys used in ships and boats, storage and pressure tanks, food and beverage packaging and electronic casings. Within the copper category, the Group distributes high-purity C11000 grade copper, which offers nearly 100% electrical conductivity for electrical systems. Additionally, it provides C12200 grade copper with added phosphorus for improved oxidation and corrosion resistance, making it suitable for high-performance HVAC and plumbing systems.

AMS supplies these alloys in various forms, including plates, sheets, coils, rods, flat bars and extrusion profiles, alongside specialised surface finishes, such as milled finish, anodising and colour coating. The Group's advantage lies in its capability to source materials from **SIRIM and CIDB-compliant suppliers**, ensuring products adhere to stringent construction and engineering sectors' requirements for immediate industrial application.

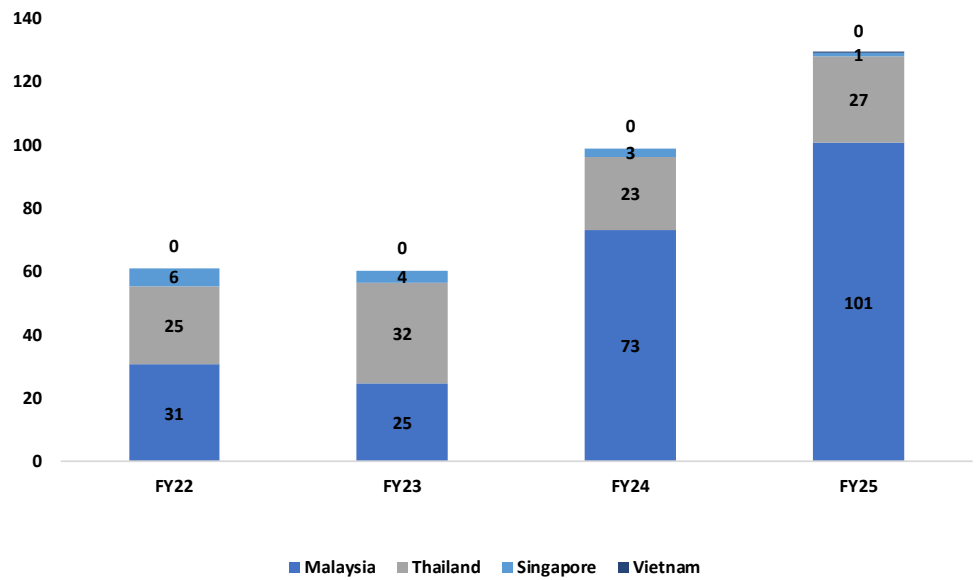
The Group's recent financial performance highlights a successful shift toward higher-margin segments. In FY25, revenue growth was catalysed by a significant increase in orders from the **semiconductor and aerospace sectors**, which fetch superior margins due to the niche nature of high-grade aluminium plates and the requirement for precision processing. This growth was supported by a revised marketing strategy that deliberately reduced its focus on lower-margin copper sheets in favour of higher-value aluminium applications. Moving forward, AMS's plans to expand into **aluminium architectural product manufacturing and scrap processing** are expected to further diversify revenue streams.

Figure 4: Revenue Breakdown by Business Segment



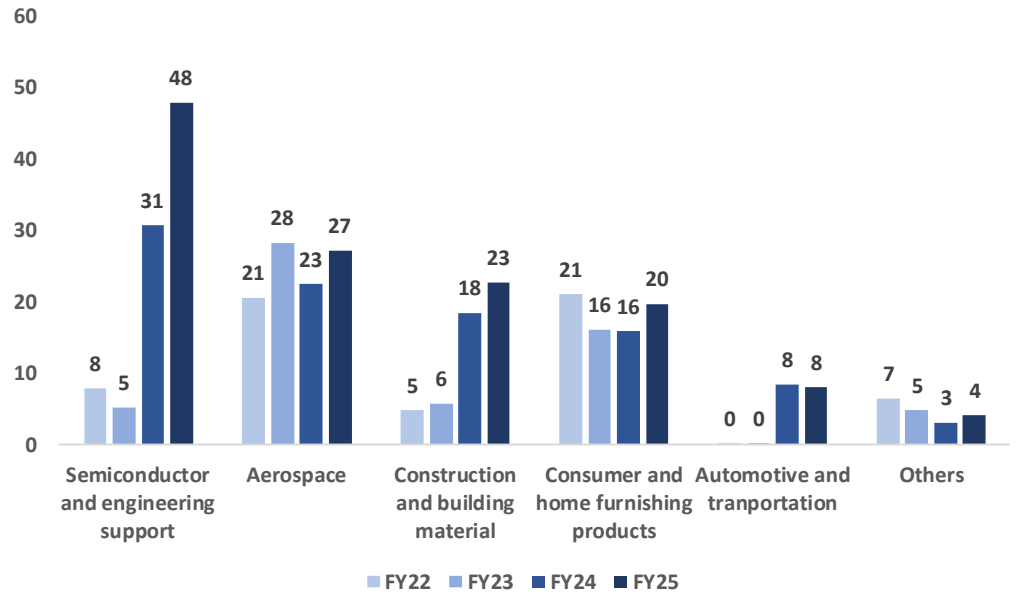
Source: AMS Prospectus, Apex Securities

Figure 5: Revenue Breakdown by Geography



Source: AMS Prospectus, Apex Securities

Figure 6: Revenue Breakdown by Customer's Industry



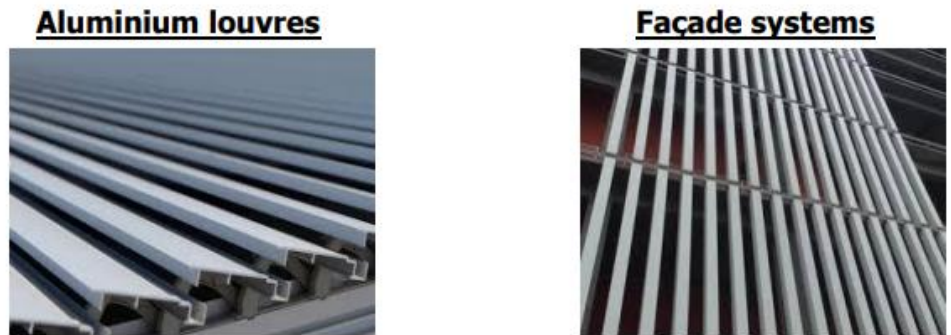
Source: AMS Prospectus, Apex Securities

Figure 7: Aluminium Architectural Products for Interior Application



Source: AMS Prospectus

Figure 8: Aluminium Architectural Products for Exterior Application



Aluminium mesh profiles



Aluminium mesh profiles



Source: AMS Prospectus

Looking forward, AMS intends to enhance its operational capacity to accelerate its transition from a material distributor into a specialised manufacturer. **24.7% of the IPO proceeds (RM8.1m)** will be allocated for the establishment of a **new Licensed Manufacturing Warehouse (LMW)** in Penang. This expansion is crucial in deepening the Group's import, processing and distribution of semi-finished aluminium products to better serve the high-growth semiconductor and engineering industries, **allowing for improved logistics efficiency and closer proximity to its primary customer base while benefiting from the tax incentives associated with LMW status.** To further diversify its revenue stream, **21.0% of the proceeds (RM6.9m)** will be utilised for the Group's expansion into the **manufacturing of aluminium architectural products.** The venture, which encompasses the production of ceiling systems, louvres, facade systems and mesh profiles, is expected to command higher profit margins.

Furthermore, the Group intends to allocate **7.6% of the proceeds (RM2.5m)** for the **establishment of a new distribution point in Kuantan, Pahang.** This strategic expansion aims to improve delivery lead times and enhance responsiveness to underserved markets across the East Coast, which includes Pahang, Terengganu, and Kelantan. Additionally, **24.9% of the proceeds (RM8.2m)** is earmarked for the **repayment of borrowings.** **8.1% of the proceeds (RM2.7m)** will be utilised for **general working capital,** while **13.5% (RM4.4m)** will be set aside for **listing-related expenses.**

Figure 9: IPO Utilisation

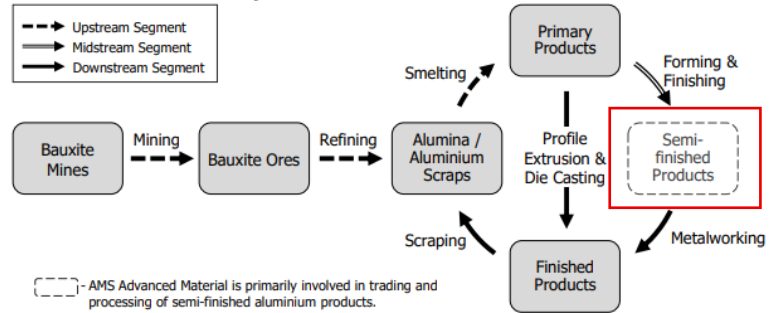
Details of Utilisation	Estimated time frame for utilisation	RM'm	(%)
Setting up new plant and warehouse	Within 24 months	8.1	24.7%
Expansion into aluminium architectural products	Within 24 months	6.9	21.0%
Setting up new distribution point	Within 24 months	2.5	7.6%
Repayment of borrowings	Within 3 months	8.2	24.9%
Working capital	Within 18 months	2.7	8.1%
Estimated listing expenses	Within 1 month	4.4	13.5%
Total		32.8	100%

Source: AMS Prospectus, Apex Securities

Industry Overview

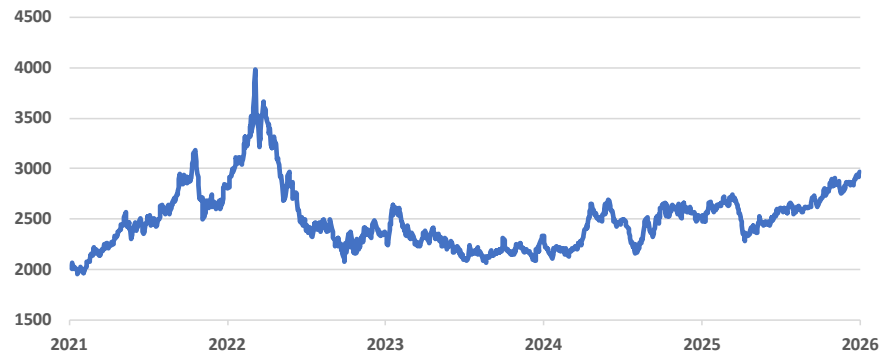
According to the Independent Market Research (IMR) report by Protégé Associates, the Malaysian aluminium industry, measured by the sales value of semi-finished aluminium products, recorded a market size of RM7.9bn in 2024. Despite volatility arising from global supply chain disruptions and fluctuations in LME prices, the market is projected to expand to RM10.7bn by 2029, implying a CAGR of 6.4% over 2025-2029. Growth is expected to be supported by rising demand and broad application of aluminium across key end-user industries including aerospace, semiconductor and ESI, construction and automotive, alongside ongoing infrastructure development and industrial expansion. As of FY25, AMS generated revenue of RM129.7m, representing **c.1.6%** share of the domestic aluminium industry.

Figure 10: The Aluminium Industry Value Chain



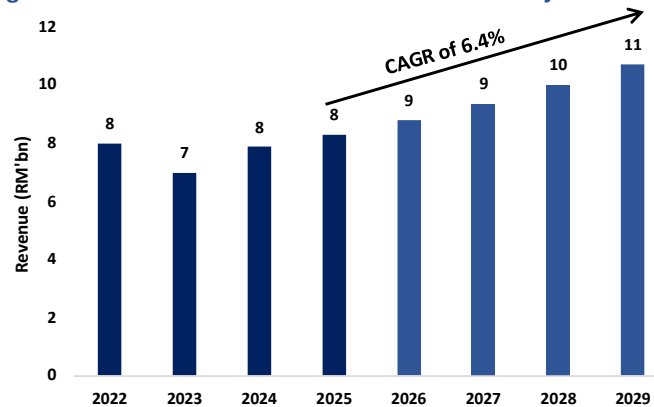
Source: IMR, Apex Securities

Figure 11: LME Aluminium Price Trend in USD/MT



Source: Bloomberg, Apex Securities

Figure 12: Market Size and Growth Outlook for Malaysia's Aluminium Industry (2022-2029)



Source: IMR, Apex Securities

The aluminium value chain comprises upstream (bauxite mining, alumina refining and smelting), midstream (processing into semi-finished products), and downstream (fabrication into finished products) segments. AMS operates primarily within the midstream segment, focusing on the trading and processing of semi-finished aluminium and copper products, positioning the Group as an intermediary between global suppliers and domestic end-users. This segment remains highly fragmented, comprising a mix of manufacturers, traders and distributors, with competition largely centred on pricing, product range, and value-added services such as cutting, bending and processing.

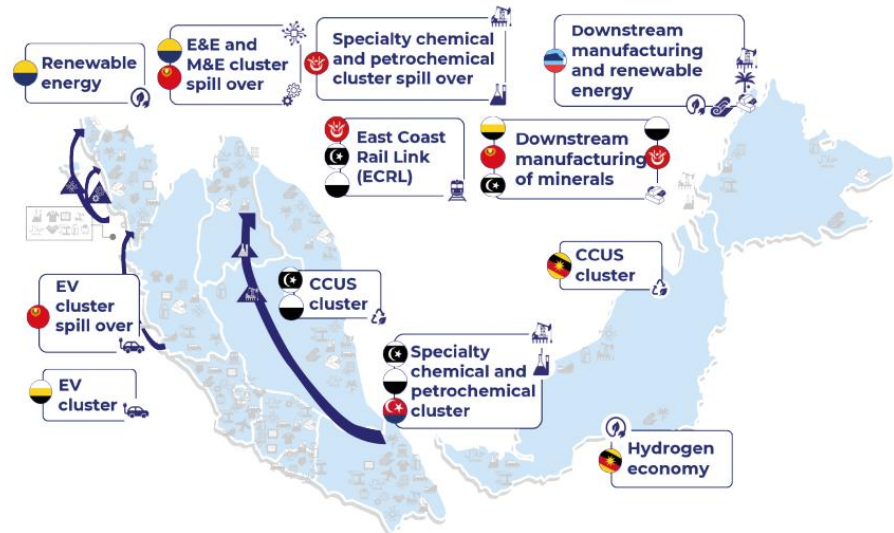
A key emerging trend is the rapid expansion of the aluminium scrap recycling market, driven by global ESG initiatives and the lower energy intensity of secondary aluminium production. Malaysia has emerged as a notable regional hub for aluminium scrap, with imports valued at **RM3.5bn in 2024**, reflecting a **CAGR of 15.3%** since 2022. This shift towards a circular economy presents significant opportunities for industry players to integrate scrap collection and sorting

into their operations. By venturing into scrap aluminium processing, AMS is well-positioned to meet the rising demand for low-carbon materials from multinational corporations and environmentally conscious end-users.

Demand for aluminium is closely linked to growth in key end-user industries. The **aerospace and semiconductor sectors** continue to expand, supported by rising global demand for aircraft, electronics, and data centre infrastructure. In the **aerospace sector**, which recorded a revenue of **RM25.1bn in 2024**, aluminium remains indispensable due to its high strength-to-weight ratio, particularly for aircraft structures and cabin interiors. Similarly, the **semiconductor and ESI** serve as a key growth catalyst, with Malaysia's approved investments in semiconductors reaching **RM48.1bn in 2024**. As global manufacturers adopt the "China Plus One" strategy, Malaysia's established E&E ecosystem continues to drive demand for precision-cut aluminium plates and enclosures for advanced manufacturing equipment.

The construction sector is benefiting from infrastructure projects such as rail developments, ports, and industrial parks, which drive demand for aluminium in structural and architectural applications. Large-scale projects like the **ECRL, RTS Link, LRT3, and Penang International Airport expansion** are generating a multiplier effect on construction and industrial activities. The ECRL, expected to commence operations in January 2027, will specifically benefit industrial hubs in Kuantan, reinforcing AMS's strategic decision to establish a new distribution point to capture the underserved East Coast market. Furthermore, the automotive sector, particularly **electric vehicles (EVs)**, is a key growth driver as aluminium is increasingly used to improve energy efficiency and reduce vehicle weight. This trend is supported by national frameworks such as the **New Industrial Masterplan 2030 (NIMP)** and the **National Energy Transition Roadmap (NETR)**.

Figure 13: Regional Industrial Clusters and Economic Spillover Map under NIMP 2030



Source: NIMP

While Malaysia relies heavily on imports for its copper requirements, the domestic market for semi-finished copper products remains robust, with imports reaching **RM4.6bn in 2025**. This demand is predominantly anchored by the E&E industry's need for high-conductivity wiring, circuit boards and connectors, alongside the construction sector's utilisation of copper in plumbing and HVAC systems. As Malaysia accelerates its transition toward green energy, including a **targeted RM20.8bn in green mobility and renewable energy investments**, copper's role in wind turbines, solar panels, and EV motors and batteries is expected to support sustained growth for specialised traders and distributors like AMS.

Overall, the Malaysian aluminium industry presents a resilient growth profile, providing a favourable operating environment for midstream players such as AMS.

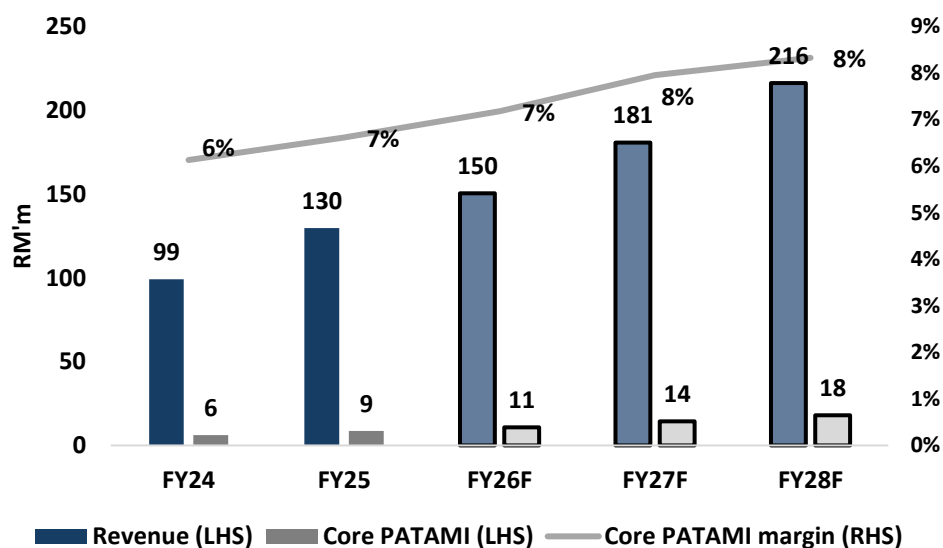
Financial Highlights

AMS has demonstrated robust top-line growth and margin expansion, with **revenue increasing from RM61.3m in FY22 to RM129.7m in FY25**, representing a **3-year CAGR of 28.4%**. This significant growth was primarily driven by the Group's entry into the high-value processing of semi-finished aluminium products segment in FY24, which contributed RM69.1m (53.3% of total revenue in FY25). The Group's **Gross Profit (GP) margin** has also shown a consistent uptrend, improving from **14.2% in FY22 to 15.6% in FY25**. This margin resilience is attributed to the shift towards higher margin value-added precision processing industries, particularly within Semiconductor & ESI, which grew from RM7.9m in FY22 to RM47.9m in FY25. **Net profit (PAT) increased from RM4.2m to RM8.9m** over the same period, maintaining a healthy **PAT margin of 6.8%** in FY25.

Looking ahead, we forecast core earnings to grow by 25.9%/33.1%/25.2% to RM10.8m/RM14.4m/RM18.0m over FY26F-FY28F respectively. Earnings growth reflects the Group's (i) strategic pivots toward the Semiconductor & ESI segment that carry superior margins and (ii) focus on doing high-complexity work which commands higher premiums, resulting in the shift away from the lower-margin industries and trading activities. This structural pivot, coupled with a projected revenue expansion to over RM200m by FY28F, reinforces the sustainability of the Group's earnings and supports an expansion in overall core PATAMI margins from 7.2% in FY26F to 8.3% by FY28F.

Post-listing, AMS is forecasted to maintain a highly resilient financial profile, transitioning into a net cash position in FY26F. This conservative capital structure provides the Group with substantial balance sheet capacity to fund the machinery and capacity expansion in the future. The Group does not have a fixed dividend policy. Given its expansionary focus, we do not factor in any dividend payout in our forecasts.

Figure 14: Revenue, Earnings and Margins from FY24 to FY28F



Source: Company, Apex Securities

Sensitivity Analysis

Given that AMS's profitability is highly sensitive to the execution of its high-value processing shift toward the Semiconductor and ESI segment, alongside the management of direct material costs, we have performed a sensitivity analysis to assess the resilience of our FY27F base case earnings. Our core projection of RM14.4m in Core PATAMI for FY27F is predicated on two primary assumptions: **a Gross Margin of 23.5% in the Semiconductor and ESI segment and the segmental growth rate of 34.8%**.

The analysis reveals that the Group's bottom line is highly sensitive to cost fluctuations. Holding the Semiconductor and ESI segment growth constant at our base case of 34.8%, every **100-basis point shift** in the Gross Margin results in an approximately **±4.6% swing** in FY27F core earnings. This sensitivity underscores the critical importance of AMS's ability to maintain its competitive edge in value-added precision processing industries, manage potential volatility in raw material prices and its ability to pass on potential increases in material and transportation costs.

Furthermore, the pace of the Group's strategic expansion remains a key determinant of financial performance. Maintaining a gross margin of 23.5% in the Semiconductor and ESI segment, every **250-basis point variance** in the Semiconductor and ESI growth rate shifts net earnings by approximately **±2.0%**. These results highlight the inherent operating leverage within AMS's business model. While the Group scales its revenue toward the RM200m mark, its ultimate profitability is notably responsive to the successful capture of market share within the Semiconductor and ESI segment.

Figure 15: FY27 Core Net Profit Sensitivity Based on Different Semiconductor & ESI Industry Revenue Growth and Gross Margins Assumptions

Semiconductor and ESI Growth (%)	Gross Margin (%)				
	21.5%	22.5%	23.5%	24.5%	25.5%
29.8%	12.5	13.2	13.8	14.4	15.1
32.3%	12.8	13.4	14.1	14.7	15.4
34.8%	13.0	13.7	14.4	15.0	15.7
37.3%	13.3	14.0	14.7	15.3	16.0
39.8%	13.6	14.3	14.9	15.6	16.3

Source: Company, Apex Securities

Figure 16: FY27 Percentage Change in Core Net Profit Based on Different Semiconductor & ESI Industry Revenue Growth and Gross Margins Assumptions

Semiconductor and ESI Growth (%)	Gross Margin (%)				
	21.5%	22.5%	23.5%	24.5%	25.5%
29.8%	-12.9%	-8.5%	-4.0%	0.4%	4.9%
32.3%	-11.1%	-6.5%	-2.0%	2.5%	7.0%
34.8%	-9.2%	-4.6%	0.0%	4.6%	9.2%
37.3%	-7.4%	-2.7%	2.0%	6.7%	11.4%
39.8%	-5.5%	-0.8%	4.0%	8.8%	13.6%

Source: Company, Apex Securities

Peers Comparison

AMS does not have any directly comparable listed peers on Bursa Malaysia specifically engaged in the value-added precision processing of semi-finished aluminium products. The companies selected for comparison represent the midstream aluminium industry in Malaysia, but their scope and specialisation differ from AMS's core product offerings to high-value industries.

Figure 16: Selected Peers Engaged in the Midstream Aluminium Industry, listed on Bursa Malaysia

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E(x)		Dividend Yield (%)*	Revenue (RM'm)*	Core Net Profit (RM'm)*
					FY25	FY26F			
AMS Advanced Material Berhad	ACE	Sep	0.29	177.5	20.7	16.4	0.0%	129.7	8.6
Winstar Capital Berhad	ACE	Dec	0.52	162.3	14.7	13.3	0.0%	235.4	10.6
LB Aluminium Berhad	MAIN	Apr	0.51	221.8	3.7	n.a	5.0%	1064.2	36.6
Average ex-AMS					9.2	13.3	2.5%	649.8	23.6

*Figure taken from last audited financial statement

Source: Bloomberg, Apex Securities

Valuation & Recommendation

We recommend **Subscribe** on AMS Advanced Material Berhad's IPO, with a target price of **RM0.33**, representing a potential upside of 13.8% from the IPO price of **RM0.29**. Our valuation is based on a target P/E multiple of 14x applied to our FY27F core EPS of 2.3 sen.

The assigned target multiple of 14x is derived from a 5% premium to the simple average forward P/E of 13.3x from selected listed peers. We view it as a grounded benchmark that reflects a fair valuation for the Group's higher-margin profile compared to other aluminium players. We believe the Group remains attractive given its healthy balance sheet transitioning into a Net Cash position in FY26F, and its above-average industry margins with a projected core PATAMI margin reaching 8.0% in FY27F. Furthermore, the Group's strong exposure to the high-growth Semiconductor & ESI segment provides superior earnings visibility and growth prospects.

Investment Risks

High Customer Concentration and Margin Sensitivity. The Group exhibits significant revenue dependence on a single major customer (Customer A), contributing up to **21.0% of total revenue in FY25**. This concentration risk is amplified by the customer's exposure to the **higher-margin aerospace segment**, which requires specialised, high-tensile aluminium grades. In the absence of long-term contractual arrangements, any adverse change in this relationship, including order reductions, repricing or shifts in procurement strategy, could result in a dual impact on both revenue stability and gross margin profile. As such, earnings quality remains sensitive to the continuity of orders from this key customer.

Aluminium Price Volatility and Cost Pass-through Risk. Aluminium products account for a dominant share of the Group's cost base, ranging from 82.1% to 95.3% of total purchases over FY22 – FY25, thereby exposing the Group to fluctuations in global aluminium prices. This also increases exposure to procurement and cost control risks, particularly if suppliers adjust prices upward in response to market conditions. Although the Group sources its aluminium products primarily from China and Malaysia, purchases are denominated in multiple currencies, comprising **approximately 44.6% in USD, 30.9% in RMB and 24.5% in MYR in FY25**. As such, the Group's cost base is influenced not only by macroeconomic conditions and supply-demand dynamics as well as foreign exchange movements. While the Group adopts a cost-plus pricing mechanism to pass on increases in raw material costs, margin compression may arise due to timing mismatches between inventory procurement and sales realisation, particularly during periods of heightened price volatility. Consequently, any inability to fully or promptly pass through cost increases may adversely impact gross margins, increase working capital requirements, and reduce earnings consistency.

Absence of Long-term Contracts and Earnings Visibility. The Group secures most of its sales through purchase orders basis, limiting forward earnings visibility. The Group's financial performance depends on its ability to continuously secure new orders and maintain its positioning within industry supply chains. Fluctuations in order size, specifications, delivery lead times and customer spending may result in revenue and earnings volatility across reporting periods.

Financial Highlights

Income Statement

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	99.2	129.7	150.4	180.7	216.2
Gross Profit	13.1	20.2	24.8	32.3	41.0
EBITDA	9.0	13.9	18.0	24.8	29.9
Depreciation & Amortisation	-0.8	-1.6	-2.8	-5.3	-5.7
EBIT	8.2	12.3	15.2	19.5	24.2
Net Finance Income/ (Cost)	-0.8	-1.3	-1.4	-1.3	-1.5
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	7.5	11.0	13.8	18.2	22.7
Tax	-1.3	-2.1	-2.7	-3.5	-4.4
Profit After Tax	6.2	8.9	11.1	14.7	18.3
(-) Minority Interest	0.1	0.3	0.3	0.3	0.3
Net Profit	6.1	8.6	10.8	14.4	18.0
(-) Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	6.1	8.6	10.8	14.4	18.0

Key Ratios

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue Growth (%)	64.0%	30.8%	16.0%	20.1%	19.7%
CNP Growth (%)	137.8%	41.0%	25.9%	33.1%	25.2%
Core EPS (sen)	1.0	1.4	1.8	2.3	2.9
P/E (x)	29.2	20.7	16.4	12.4	9.9
P/B (x)	8.4	4.5	2.3	1.9	1.6
EV/EBITDA (x)	20.0	13.2	8.8	6.0	4.6
DPS (sen)	0.0	0.2	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.6%	0.0%	0.0%	0.0%
EBITDA margin (%)	9.1%	10.7%	12.0%	13.7%	13.8%
EBIT margin (%)	8.3%	9.5%	10.1%	10.8%	11.2%
PBT margin (%)	7.5%	8.5%	9.1%	10.1%	10.5%
PAT margin (%)	6.2%	6.8%	7.4%	8.1%	8.5%
NP margin (%)	6.1%	6.6%	7.2%	8.0%	8.3%
CNP margin (%)	6.1%	6.6%	7.2%	8.0%	8.3%
ROE (%)	28.9%	21.8%	13.7%	15.4%	16.1%
ROA (%)	8.2%	9.6%	8.5%	9.6%	10.2%
Gearing (%)	64.2%	59.6%	19.4%	18.0%	16.2%
Net gearing (%)	16.6%	11.6%	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.023
P/E multiple (x)	14.0
Fair Value (RM)	0.33
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.33

Source: Company, Apex Securities

Balance Sheet

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Current Assets	71.0	84.9	111.5	136.3	165.2
Cash	10.0	18.9	35.7	46.0	57.9
Receivables	33.4	32.1	37.3	44.8	53.6
Inventories	19.3	33.7	38.5	45.5	53.7
Other current assets	8.3	0.2	0.0	0.0	0.0
Non-Current Assets	2.8	4.4	15.0	12.8	10.9
Fixed Assets	2.8	4.4	15.0	12.8	10.9
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Current Liabilities	51.1	47.7	43.4	50.2	57.5
Short-term debt	12.7	23.0	15.3	16.8	18.1
Payables	34.1	22.3	25.5	30.1	35.5
Other current liabilities	4.2	2.4	2.6	3.3	3.9
Non-Current Liabilities	1.7	2.3	4.6	5.7	7.0
Long-term debt	0.8	0.5	0.0	0.0	0.0
Other non-current liabilities	0.9	1.9	4.6	5.7	7.0
Shareholder's equity	20.9	38.8	77.7	92.1	110.1
Minority interest	0.1	0.5	0.8	1.1	1.4
Total Equity	21.0	39.3	78.6	93.2	111.5

Cash Flow

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Operating cash flow	6.7	-5.3	8.5	11.7	14.3
Pre-tax profit	7.5	11.0	13.8	18.2	22.7
Depreciation & amortisation	0.8	1.6	2.8	5.3	5.7
Changes in working capital	-0.9	-16.6	-6.9	-9.9	-11.6
Others	-0.6	-1.3	-1.1	-1.9	-2.6
Investing cash flow	-0.9	5.9	-13.4	-3.0	-3.8
Net capex	-0.8	-0.5	-13.4	-3.0	-3.8
Others	-0.1	6.4	0.0	0.0	0.0
Dividends paid	0.0	-1.0	0.0	0.0	0.0
Others	1.6	7.4	21.7	1.5	1.5
Financing cash flow	1.56	6.41	21.7	1.5	1.5
Net cash flow	7.4	7.0	16.8	10.3	11.9
Forex	-2.4	-0.2	0.0	0.0	0.0
Others	0.2	0.0	0.0	0.0	0.0
Beginning cash & cash equivalent	4.6	9.5	16.3	33.1	43.4
Ending cash & cash equivalent	9.7	16.3	33.1	43.4	55.3
Fixed deposits with licensed banks	0.3	2.6	2.6	2.6	2.6
Total cash & deposits	10.00	18.90	35.7	46.0	57.9

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Waste	★★★	Maximises material efficiency with 100% recycling of aluminium and copper semi-finished materials. Also prioritises second-hand pallets and refurbishment of electronic devices.
Water	★★★	Maintains minimal water usage and intention to explore water conservation methods in the future.
Energy	★★★	Implements energy-saving measures including inverter technology, equipment shutdown protocols and efficient appliances.
Compliance	★★★	In compliance with local environmental regulations.

Social

Diversity	★★★	Maintains a balanced workforce across race, gender and age, with inclusive workplace practices and active employee engagement initiatives.
Human Rights	★★★	Prohibit the employment of child labour and any form of forced labour across all operations.
Occupational Safety and Health	★★★	Mandates safety outfits for production floor workers and utilises marked guiding strips to ensure safe pathways. Provides annual medical subsidies to support healthcare needs.

Governance

Policies	★★★	Adopt anti-bribery and anti-corruption policy to promote ethical business conduct.
Management	★★★	30% of its Board members are women directors, half of its Board members are Independent Directors.
Committee	★★★	Its independent non-executive chairperson is not a member of any of its board committees.

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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Friday, 10 Apr, 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.