Research Team
(603) 7890 8888
researchteam@apexsecurities.com.my

Recommendation:		BUY
Current Price:		RM5.52
Previous Target Price:		RM7.04
Target Price:	↔	RM7.04
Capital Upside/Downside:		27.5%
Dividend Yield (%):		0.3%
Total Upside/Downside		**27.8%**

Stock information

Board	MAIN
Sector	Technology
Bursa / Bloomberg Code	0097 / VITRO MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,893.2
Market Cap (RM' m)	10,450.7
52-Week Price Range (RM)	5.55-2.76
Beta (x)	1.3
Free float (%)	33.5
3M Average Volume (m)	1.9
3M Average Value (RM' m)	8.6

Top 3 Shareholders	(%)
Chu Jenn Weng	25.7
Siaw Kok Tong	17.3
Yeoh Shih Hoong	8.3

Share Price Performance

	1M	3M	12M
Absolute (%)	28.7	21.3	82.8
Relative (%)	28.1	24.9	60.3

Earnings summary

FYE (Dec)	FY25	FY26F	FY27F
Revenue (RM'm)	843.1	1105.3	1230.3
PATAMI (RM'm)	133.2	237.1	289.4
CNP (RM'm)	133.2	237.1	289.4
EPS - core (sen)	7.0	12.5	15.3
P/E (x)	78.4	44.0	36.1

Source: Company, Apex Securities

ViTrox Corporation Berhad

Riding the AI Wave at Full Speed

- **Supply Constraints Cap Upside: Management highlighted material and manpower shortages as key constraints. MVST had a backlog of over 70 units but could only ship ~60 in 1Q. RM300m in POs for Q1 could not be fully fulfilled. Despite this, order visibility remains strong with backlog fully booked until October at RM125m for MVST alone.**
- **AI Drives 50% of Order Book: AI-related orders now constitute approximately 50% of the total order book. Key growth drivers include AI server manufacturing, advanced packaging, and data centre buildouts. CSP capex exceeding $500bn for AI servers underpins multi-year demand visibility. Humanoid robotics production is also set to commence soon, adding a new vertical.**
- **Maintain BUY, TP RM7.04: We make no changes to our earnings forecast. Target price of RM7.04 is based on 46x FY27F EPS of 15.3 sen, representing +1SD above ViTrox's 5-year historical average PE of 40x.**

Results Recap. 1QFY26 core net profit of RM60.8m (+120% YoY, +36% QoQ) exceeded both our and consensus expectations, coming in at 31% of our full-year FY26 forecast of RM194.8m. The outperformance was driven by stronger-than-expected billings from both ABI and MVS segments, alongside improving margins and a significantly lower effective tax rate of 17.6% (4QFY25: 24.9%) as the MIDA pioneer tax incentive for VTSB took full effect. Revenue surged 89% YoY to RM267.1m, while EBIT margin expanded to 23.1% (1QFY25: 20.4%). Some of the newer products qualify for additional tax incentives, which should further support the declining effective tax rate trajectory – **management targets ~10% by Q3 and single digits by Q4.**

MVST. Q2 revenue is forecast at c.RM85–95m, with potential upside pending resolution of capacity constraints. Management expects to deliver 70–90 units in Q2 (vs. ~60 in Q1), with monthly production capacity ramped to ~40 units from 30 previously. **The segment is fully booked until October with a backlog of RM125m.**

Growth is primarily driven by China (consumer electronics, IoT, data computing), the Philippines, and Malaysia. ViTrox has also successfully penetrated a major Chinese player, though margins will be less lucrative, it will be compensated by higher volumes. Service revenue is expected to sustain above **RM30m/quarter**, with the next major growth cycle anticipated in approximately 2 years. Overseas sales continue to dominate at 86% of total revenue. New AI-enabled features such as auto-setup and AI-assisted retesting should allow ViTrox to continue to command premium pricing.

ABI. ABI is in a significant ramping phase following the earlier MVST-led upcycle momentum, carrying a strong order backlog of RM233m with Q2 revenue projected at **c.RM150–160m**. Key demand drivers include the AI server market, which requires larger-format platforms such as the XLDN model at higher ASPs but longer build times. The AXI product mix stands at ~70% V810 and ~30% QX1, expected to shift to 50:50 or 60:40 in favour of QX1 by 2H2026 as demand accelerates for higher-speed inspection of increasingly complex AI data centre boards.

A key CSP customer is also planning to set up 100 SMT lines, translating into 33 AXI purchase orders, with many customers booking through 2027. At current capacity, production will reach 60 units/month – 40 allocated for scanning equipment and 20 for QX1. X-ray inspection is currently supply-constrained, benefiting ViTrox given its leading detection rate versus their competitors.

China. Management disclosed plans to accelerate the establishment of ViTrox China within the next 6 months. **The entity will be 100% owned by ViTrox (not a JV)**, utilizing a local partnership to fulfil "made in China" requirements. The approach will involve leasing rather than building factory space. This is a strategic response to Chinese government incentives encouraging Tier 1

KDN PP13226/06/2024 (035469)

OSATs in China to procure domestically-manufactured equipment. Management views this as a significant growth opportunity to further deepen penetration into the Chinese market.

Supply Chain. The company faces shortages across manpower and materials including chips from companies like Intel (necessitating alternatives like AMD for example), memory, GPUs, CPUs, and cameras. ViTrox procures 6 months ahead but demand continues to outstrip supply, with management now extending procurement to 9 months. Each machine takes 4–8 weeks to complete, but some customers want delivery within 4 weeks, forcing build-ahead inventory.

The company is also actively mitigating bottlenecks through supplier diversification and module redesign, absorbing some cost increases while passing most to customers. The constraint lies in materials and labour – currently ~300 subcontractors on the production floor with a need for an additional 200+. In terms of orderflow, there are no signs of orders slowing, this is supported by the ongoing capex cycle at major fabs and hyperscalers.

Outlook. We view the current capacity constraints as a positive signal rather than a structural concern – they reflect the strength of underlying demand rather than operational weakness. With ViTrox actively ramping production capacity, extending procurement lead times to 9 months, and diversifying its supplier base, we expect these bottlenecks to be progressively resolved over the coming quarters. More importantly, the supply-constrained environment affords ViTrox greater bargaining power on pricing and customer commitments, supporting both ASP expansion and longer-term order visibility. **We continue to remain strongly positive on ViTrox's growth trajectory.** AI-related orders now comprise approximately 50% of the order book, with demand not yet including the recent surge in the CPU segment. The 1QFY26 book-to-bill ratio stood at 1.3x, with contract liabilities nearly tripling QoQ to RM90.3m, underscoring robust demand. Key growth verticals beyond AI servers include humanoid robotics, automotive, and physical AI applications representing the next wave beyond digital AI. Furthermore, rising complexity in AI data centre boards drives higher inspection requirements, naturally benefiting ViTrox's product suite.

Forecast. We make no changes to our earnings forecast.

Valuation & Recommendation. Maintain **BUY with a TP of RM7.04 (46x FY27F EPS of 15.3 sen),** implying **27.8% total upside from RM5.52**. Our target multiple represents +1SD above ViTrox’s 5-year historical average PE of 40x, reflecting: (i) rising exposure to high-growth segments such as HPC/AI server manufacturing and advanced semiconductor packaging; and (ii) strong double-digit earnings growth over the forecast horizon. At the current share price, the stock trades at ~44x FY26F core PE, which we view as undemanding given the strong earnings trajectory and structural demand drivers. The post-briefing picture reinforces the bull case: capacity being expanded, order books robust through 2027, AI driving 50% of orders, and China expansion providing a new growth vector. Re-rating potential is significant as earnings execution gains visibility in coming quarters.

Risks. Appreciation of RM against USD, US semiconductor tariffs and geopolitical uncertainties, slowdown in semiconductor and DC upcycle, potential escalation of trade tensions impacting global semiconductor supply chains.

Earnings Summary

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	574.9	552.3	843.1	1105.3	1230.3
EBITDA	156.8	120.2	196.5	277.7	331.5
Pre-tax profit	141.6	103.3	176.6	262.5	313.5
Net profit	128.3	90.4	133.2	237.1	289.4
Core net profit	126.6	107.7	133.2	237.1	289.4
Core EPS (sen)	6.7	5.7	7.0	12.5	15.3
P/E (x)	82.5	96.9	78.4	44.0	36.1
P/B (x)	10.9	10.2	9.4	8.0	6.8
EV/EBITDA (x)	64.5	84.1	51.5	36.4	30.5
Dividend Yield (%)	0.3%	0.2%	0.3%	0.5%	0.6%
Net Gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Source: Company, Apex Securities

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)
Revenue	267.1	141.1	*89.2*	290.4	*(8.0)*
EBITDA	65.8	32.6	*101.8*	65.7	*0.1*
Operating profit	61.7	28.8	*114.1*	61.7	*(0.1)*
Profit before tax	61.7	27.4	*124.9*	60.9	*1.3*
Tax expenses	(10.9)	(3.5)	*210.2*	(15.2)	*(28.3)*
Profit after tax	50.8	23.9	*112.4*	45.7	*11.1*
Reported PATMI	51.2	24.2	*111.9*	46.8	*9.5*
Core PATMI	60.8	27.7	*119.7*	44.6	*36.3*
Core EPS (sen)	3.2	1.5	*119.6*	2.4	*36.3*
DPS (sen)	-	-		-	
EBIT margin	23%	20%		21%	
PBT margin	23%	19%		21%	
Effective tax rate	-18%	-13%		-25%	
Core net profit margin	23%	20%		15%	

Source: Company, Apex Securities

KDN PP13226/06/2024 (035469)

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	**574.9**	**552.3**	**843.1**	**1105.3**	**1230.3**
EBITDA	**156.8**	**120.2**	**196.5**	**277.7**	**331.5**
EBIT	**145.7**	**107.4**	**181.2**	**265.3**	**317.4**
PBT	**141.6**	**103.3**	**176.6**	**262.5**	**313.5**
Tax	-14.0	-13.9	-44.9	-26.2	-25.1
Profit After Tax	**127.6**	**89.4**	**131.7**	**236.2**	**288.4**
Minority Interest	-0.7	-0.9	-1.5	-0.9	-1.0
Net Profit	**128.3**	**90.4**	**133.2**	**237.1**	**289.4**
Exceptionals	-1.7	17.4	0.0	0.0	0.0
Core Net Profit	**126.6**	**107.7**	**133.2**	**237.1**	**289.4**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Core EPS (sen)	6.7	5.7	7.0	12.5	15.3
P/E (x)	82.5	96.9	78.4	44.0	36.1
BVPS	0.51	0.54	0.59	0.69	0.81
P/B (x)	10.9	10.2	9.4	8.0	6.8
EV/EBITDA (x)	64.5	84.1	51.5	36.4	30.5
DPS (sen)	1.7	1.2	1.8	2.5	3.1
Dividend Yield (%)	0.3%	0.2%	0.3%	0.5%	0.6%
EBITDA margin (%)	27.3%	21.8%	23.3%	25.1%	26.9%
EBIT margin (%)	25.3%	19.4%	23.0%	24.0%	25.8%
PBT margin (%)	24.6%	18.7%	21.0%	23.7%	25.5%
PAT margin (%)	22.2%	16.2%	15.6%	21.4%	23.4%
NP margin (%)	22.3%	16.4%	15.8%	21.5%	23.5%
CNP margin (%)	22.0%	19.5%	15.8%	21.5%	23.5%
ROE (%)	13.2%	10.5%	11.9%	18.1%	18.8%
ROA (%)	10.9%	8.9%	10.0%	14.8%	15.5%
Net gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Assumptions

RM/USD	4.56	4.57	4.30	4.05	4.05

Valuations	**FY27F**
Core EPS (RM)	15.3
P/E multiple (x)	46.0
Fair Value (RM)	**7.04**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**7.04**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash & cash equivalent	389.0	340.1	242.1	242.3	395.9
Receivables	191.1	237.0	361.8	474.3	527.9
Inventories	198.6	201.4	270.1	398.0	443.0
Other current assets	22.9	44.4	44.4	44.4	44.4
Total Current Assets	**801.6**	**822.9**	**918.3**	**1158.9**	**1411.2**
PPE	210.3	222.1	248.8	281.4	297.3
Investment properties	46.6	55.6	55.6	55.6	55.6
Other non-current assets	107.9	108.3	108.3	108.3	108.3
Total Non-current assets	**364.8**	**386.0**	**412.7**	**445.3**	**461.2**
Short-term Debt	13.5	13.0	8.0	18.0	25.5
Payables	115.2	101.4	136.0	200.4	223.0
Other Current Liabilities	25.7	33.6	33.6	33.6	33.6
Total Current Liabilities	**154.3**	**148.0**	**177.5**	**251.9**	**282.1**
Long-term Debt	48.9	34.9	29.9	39.9	47.4
Other non-current liabilities	5.7	7.0	7.0	7.0	7.0
Total Non-current Liabilities	**54.7**	**41.9**	**36.9**	**46.9**	**54.4**
Shareholder's equity	958.9	1021.5	1120.4	1310.1	1541.6
Minority interest	-1.5	-2.4	-3.9	-4.8	-5.8
Total Equity	**957.4**	**1019.1**	**1116.6**	**1305.4**	**1535.9**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	**141.6**	**103.3**	**176.6**	**262.5**	**313.5**
Depreciation & amortisation	11.1	12.8	13.3	12.4	14.1
Changes in working capital	3.5	-72.0	-158.9	-176.0	-76.0
Others	2.2	-4.2	-44.9	-26.2	-25.1
Operating cash flow	**158.4**	**39.9**	**-13.8**	**72.7**	**226.4**
Net capex	-75.1	-35.9	-40.0	-45.0	-30.0
Others	2.4	-2.9	0.0	0.0	0.0
Investing cash flow	**-72.7**	**-38.8**	**-40.0**	**-45.0**	**-30.0**
Dividends paid	-51.0	-32.6	-34.2	-47.4	-57.9
Others	-16.2	-16.4	-10.0	20.0	15.0
Financing cash flow	**-67.2**	**-49.0**	**-44.2**	**-27.4**	**-42.9**
Currency translation differences	0.1	-0.9	0.0	0.0	0.0
Net cash flow	**18.6**	**-48.9**	**-98.1**	**0.2**	**153.6**
Beginning cash & cash equivalent	370.4	389.0	340.1	242.1	242.3
Ending cash & cash equivalent	**389.0**	**340.1**	**242.1**	**242.3**	**395.9**

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 **Monday, 27 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.