

Research Team

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.79
Previous Target Price:	RM 1.00
Target Price:	RM 0.87
Capital Upside/ Downside:	10.1%
Dividend Yield (%):	3.0%
<b>Total Upside/ Downside:</b>	<b>13.2%</b>

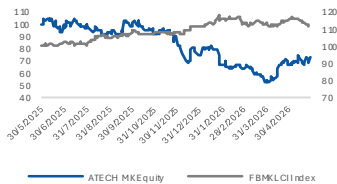
Stock information

Board	MAIN
Sector	EMS
Bursa / Bloomberg Code	5302 / ATECHK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,300.7
Market Cap (RM' m)	1,027.5
52-Week Price Range (RM)	1.163-0.57
Beta (x)	0.9
Free float (%)	66.9
3M Average Volume (m)	1.4
3M Average Value (RM' m)	1.0

Top 3 Shareholders

Main Stream Holdings Sdn. Bhd	15.1
Employees Provident Fund Board	12.3
Aberdeen Group Plc	10.6

Share Price Performance



	1M	3M	12M
Absolute (%)	9.0	17.8	-25.9
Relative (%)	11.5	19.9	-33.8

Earnings summary

FYE (Dec)	FY25	FY26F	FY27F
Revenue (RM'm)	627.1	647.0	723.6
PATAMI (RM'm)	65.1	51.9	62.5
CNP (RM'm)	70.3	57.0	67.6
EPS - core (sen)	5.0	4.0	4.8
P/E(x)	15.8	19.8	16.5

Source: Company, Apex Securities

# Aurelius Technologies Berhad

## Soft Quarter, recovery back-end loaded

- ATECH delivered 1QFY26 core earnings of RM8.2m (-46% YoY, -56% QoQ), coming in at just 11% of our and consensus FY26F forecast of RM73.2m. The shortfall was driven by USD/MYR weakness, selective supply chain disruptions (gold, memory shortages) and gross margin compression to 12.0% (4QFY25: 15.6%).
- Management flagged a more measured recovery with the meaningful inflexion expected after mid-year. GP margins may stay pressured on operational cost headwinds (component costs, human capital), though order replenishment is expected to improve from 2QFY26. No material rescheduling or cancellation of existing orders.
- Cut FY26F/27F core net profit forecasts by 22%/16% to RM57.0m/RM67.6m and introduce FY28F forecast of RM73.7m. Maintain BUY with a lower TP of RM0.87 (from RM1.00) – based on an unchanged PE valuation applied to our rolled-forward FY27F EPS of 4.8 sen.

**Results Miss.** ATECH delivered 1QFY26 core net profit of RM8.2m (-46.3% YoY, -56.3% QoQ), coming in materially below our and consensus' expectations at just 11% of full-year forecasts of RM73.2m, versus historical 1Q seasonality of c.20% of FY contribution. The reported PATAMI of RM9.2m was arrived at after adjusting out non-cash items including an unrealised forex gain (RM1.9m) and a fair value loss on short-term investments (RM1.0m). The miss versus our prior expectations was driven by (i) a sharper-than-expected revenue contraction stemming from the persistent USD/MYR weakness which translated billed USD revenue into a smaller RM equivalent, alongside selective supply chain disruptions affecting parts availability, (ii) gross margin compression to 12.0% (1QFY25: 15.2%, 4QFY25: 15.6%) on the combination of FX dilution, rising labour costs and weaker fixed cost absorption from lower volume throughput, and (iii) administrative expenses of RM6.3m (+24% YoY) which management attributes mainly to forex-related losses booked through opex rather than underlying cost inflation.

**QoQ.** Revenue and core PATAMI dropped 20.9% and 56.3% sequentially from a high 4QFY25 base (RM164.8m revenue, RM18.8m core), consistent with the group's seasonality pattern where 4Q is typically the strongest quarter and 1Q the softest. The sequential decline was steeper than last year's 1Q-vs-4Q drop of just 7.8%, although management noted that 1QFY25 was an unusually strong base – making this year's decline partly a normalisation rather than a demand deterioration signal. Gross margin slipped to 12.0% (4QFY25: 15.6%) on persistent USD/MYR weakness, while a RM3.6m realised forex loss and fewer effective working days (Chinese New Year, Ramadan) further weighed on profitability.

**YoY.** Revenue fell 11.8% YoY to RM130.4m, with all three legacy segments softer: Communication & IoT products (-9.6% to RM112.6m; 86.4% of group), Electronics devices (-41.0% to RM9.0m; 6.9%) and Semiconductor components (-34.9% to RM5.2m; 4.0%). Management attributed the decline to sluggish underlying demand and selective supply chain disruptions – notably shortages in critical raw materials (gold, memory) – rather than order rescheduling. Partially offsetting, the newly-disclosed automotive segment contributed maiden revenue of RM3.6m (2.7% of group) from initial TPMS and IoT auto-module ramp. Core net margin compressed to 6.3% (1QFY25: 10.3%) on USD/MYR translation drag, difficulty passing through component cost inflation in a weak USD environment, and rising labour costs driven by the Kulim mega-plant construction cycle intensifying regional talent competition. Geographically, Americas remained the largest market at RM83.0m (-5.8% YoY), while Asia-Pacific ex-Malaysia and Europe declined 34.9% and 16.3% respectively.

**Dividend.** Declared first interim DPS of 0.65 sen for FY26 (1QFY25: 3.60 sen), payable 7 July 2026 for an amount totalling RM8.5 million.

**Balance sheet and cashflow.** Despite weaker earnings, operating cash flow surged to RM30.4m (1QFY25: RM9.3m) on a meaningful working capital release – trade receivables declined RM23.6m to RM123.2m and inventories eased to RM107.0m. Financing activities consumed RM46.6m, comprising the full repayment of all bankers' acceptances/OFCL (RM34.3m) and the FY25 third

interim dividend (RM12.4m), while investing activities generated a net RM11.1m primarily from short-term investment liquidation. ATECH ended the quarter debt-free, with cash plus short-term investments of RM200.1m (end-FY25: RM216.4m; 4QFY25 net cash: RM182.2m post borrowings) – equivalent to c.RM0.15/share. Working capital metrics improved: inventory days fell to c.85 (FY25: c.90) and receivables days to c.86 (FY25: c.95). Capital commitments eased to RM15.4m (end-FY25: RM17.6m), signalling moderating capex intensity post-P5.

**Outlook.** Management is cautiously optimistic on FY26 but flagged a more measured recovery, with the meaningful inflexion expected after mid-year. Order replenishment remains sluggish though no material rescheduling or cancellation has occurred – the softness reflects supply chain disruptions, particularly shortages in gold (PCB) and memory components. Price adjustments are ongoing but tempered by competitiveness considerations amid a stronger MYR, while GP margins may stay pressured on operational cost headwinds (component costs and human capital). 2QFY26 should improve sequentially, with NPI commercialisation from prospect customers expected after 2Q26. On automotive, audits for new end-customers continue alongside commercial production ramp for already-qualified customers. On precision plastics, factory layout planning targets end-June / mid-July completion with construction commencing late-4Q26; initial NPIs are already running at a partner plant to internalise the group's annual plastic parts purchases.

**Earnings Revision.** We cut FY26F/27F core net profit by 22%/16% to RM57.0m/RM67.6m (from RM73.2m/RM80.0m), reflecting persistent component shortages, sustained GP margin pressure from operational cost headwinds, and a slower automotive ramp on customer-side supply issues. We also introduce our FY28F core net profit forecast of RM73.7m. In terms of recovery profile we expect: 2QFY26 modest improvement, 3QFY26 broadly stable, 4QFY26 meaningful step-up on NPI commercialisation, automotive ramp and year-end customer budget execution.

**Valuation.** Post adjustments, **Maintain BUY** with a lower **TP of RM0.87** (from RM1.00), based on an unchanged PE multiple applied to our rolled-forward FY27F core EPS of 4.8 sen justified by (i) commendable core net margin profile of c.10%+ historically vs industrial EMS peers, (ii) strong net cash position of RM200m sustaining a 3% dividend yield, and (iii) optionality from automotive ramp, new customer pilot lines, and precision plastics upstream diversification. At RM0.79, the stock trades at 19.8x FY26F and 16.5x FY27F core PE. Near-term earnings visibility remains constrained, but we believe the current price largely reflects these headwinds. **Catalysts:** 2QFY26 sequential improvement, NPI commercialisation, automotive ramp progress, and precision plastics construction commencement.

### Earnings Summary

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	600.7	627.1	647.0	723.6	763.6
Gross Profit	82.9	95.8	82.5	92.3	97.4
Pre-tax Profit	70.2	84.2	64.8	78.1	85.6
Net profit	61.0	65.1	51.9	62.5	68.5
Core net profit	64.4	70.3	57.0	67.6	73.7
Core EPS (sen)	17	18	15	17	19
P/E (x)	15.3	15.8	19.8	16.5	15.0
P/B (x)	2.1	2.0	1.9	1.8	1.7
Dividend Yield (%)	3.7%	3.8%	3.0%	3.6%	4.0%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

# Results Note

Wednesday, 03 Jun, 2026

## Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	130.4	147.9	(11.8)	164.8	(20.9)	130.4	147.9	(11.8)
GrossProfit	15.6	22.5	(30.8)	25.7	(39.3)	15.6	22.5	(30.8)
Pre-tax profit	12.0	20.8	(42.1)	21.7	(44.4)	12.0	20.8	(42.1)
Net profit	9.2	16.1	(43.0)	16.6	(44.7)	9.2	16.1	(43.0)
Corenet profit	8.2	15.3	(46.3)	18.8	(56.3)	8.2	15.3	(46.3)
CoreEPS (sen)	0.6	1.2	(46.3)	1.4	(56.3)	0.6	1.2	(46.3)
DPS (sen)	0.7	3.6	(81.9)	2.0	(67.5)	0.7	3.6	(81.9)
GP margin (%)	12.0	15.2		15.6		12.0	15.2	
PBT margin (%)	9.2	14.1		13.2		9.2	14.1	
Corenet profit margin (%)	6.3	10.3		11.4		6.3	10.3	

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
<b>Revenue</b>								
Communication and IoT products	112.6	124.6	(9.6)	144.8	(22.2)	112.6	124.6	(9.6)
Electronics devices	9.0	15.2	(41.0)	11.6	(22.6)	9.0	15.2	(41.0)
Semiconductor Components	5.2	8.1	(34.9)	8.4	(37.6)	5.2	8.1	(34.9)
Electronic components for automotive	3.6	-	nm	-	nm	3.6	-	nm
<b>Total</b>	<b>130.4</b>	<b>147.9</b>	<b>(11.8)</b>	<b>164.8</b>	<b>(20.9)</b>	<b>130.4</b>	<b>147.9</b>	<b>(11.8)</b>
<b>Geographical Revenue</b>								
Malaysia	28.5	33.3	(14.3)	42.2	(32.5)	28.5	33.3	(14.3)
Americans	83.0	88.1	(5.8)	95.2	(12.8)	83.0	88.1	(5.8)
Asia Pacific (excluding Malaysia)	11.4	17.6	(34.9)	16.7	(31.4)	11.4	17.6	(34.9)
Europe	7.4	8.9	(16.3)	10.8	(31.1)	7.4	8.9	(16.3)
<b>Total</b>	<b>130.4</b>	<b>147.9</b>	<b>(11.8)</b>	<b>164.8</b>	<b>(20.9)</b>	<b>130.4</b>	<b>147.9</b>	<b>(11.8)</b>

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Revenue</b>	<b>600.7</b>	<b>627.1</b>	<b>647.0</b>	<b>723.6</b>	<b>763.6</b>
<b>Gross Profit</b>	<b>82.9</b>	<b>95.8</b>	<b>82.5</b>	<b>92.3</b>	<b>97.4</b>
Other income	5.1	5.4	3.5	5.0	5.0
Administrative expenses	-21.6	-17.7	-25.9	-23.9	-21.4
Selling and Distribution expenses	-0.3	-0.2	-0.2	-0.3	-0.3
<b>Operating Profit</b>	<b>66.2</b>	<b>83.3</b>	<b>59.9</b>	<b>73.1</b>	<b>80.7</b>
Finance income/(costs)	4.7	1.1	5.5	5.5	5.5
<b>Pre-tax Profit</b>	<b>70.2</b>	<b>84.2</b>	<b>64.8</b>	<b>78.1</b>	<b>85.6</b>
Tax	-9.2	-19.1	-13.0	-15.6	-17.1
<b>Profit After Tax</b>	<b>61.0</b>	<b>65.1</b>	<b>51.9</b>	<b>62.5</b>	<b>68.5</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>61.0</b>	<b>65.1</b>	<b>51.9</b>	<b>62.5</b>	<b>68.5</b>
Exceptionals	3.4	5.1	5.1	5.1	5.1
<b>Core Net Profit</b>	<b>64.4</b>	<b>70.3</b>	<b>57.0</b>	<b>67.6</b>	<b>73.7</b>

### Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	5.2	5.0	4.0	4.8	5.3
P/E(x)	15.3	15.8	19.8	16.5	15.0
BVPS (sen)	0.4	0.4	0.4	0.4	0.5
P/B(x)	2.1	2.0	1.9	1.8	1.7
DPS (sen)	2.9	3.0	2.4	2.9	3.2
Dividend Yield (%)	3.7%	3.8%	3.0%	3.6%	4.0%
GP margin (%)	13.8%	15.3%	12.8%	12.8%	12.8%
Operating margin (%)	11.0%	13.3%	9.3%	10.1%	10.6%
PBT margin (%)	11.7%	13.4%	10.0%	10.8%	11.2%
PAT margin (%)	10.2%	10.4%	8.0%	8.6%	9.0%
NP margin (%)	10.2%	10.4%	8.0%	8.6%	9.0%
CNP margin (%)	10.7%	11.2%	8.8%	9.3%	9.6%
ROE (%)	13.2%	13.7%	10.7%	12.1%	12.5%
ROA (%)	9.8%	10.1%	7.6%	8.7%	9.1%
Gearing (%)	0.7%	1.6%	5.3%	3.3%	1.4%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

	FY27F
Core EPS (RM)	0.048
P/E multiple (x)	18.0
<b>Fair Value (RM)</b>	<b>0.87</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>0.87</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and cash equivalent	159.7	160.9	192.5	183.2	185.2
Receivables	148.2	154.7	162.4	181.6	191.7
Inventories	134.6	140.5	147.5	165.0	174.1
Other current assets	18.0	18.0	18.0	18.0	18.0
<b>Total Current Assets</b>	<b>460.5</b>	<b>474.0</b>	<b>520.5</b>	<b>547.8</b>	<b>568.9</b>
Fixed Assets	199.5	223.6	225.7	232.6	239.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
<b>Total Non-current assets</b>	<b>199.5</b>	<b>223.6</b>	<b>225.7</b>	<b>232.6</b>	<b>239.0</b>
Short-term Debt	1.6	4.1	14.1	9.1	4.1
Payables	149.0	155.5	163.3	182.6	192.7
Other Current Liabilities	4.1	4.1	4.1	4.1	4.1
<b>Total Current Liabilities</b>	<b>154.6</b>	<b>163.7</b>	<b>181.5</b>	<b>195.8</b>	<b>200.9</b>
Long-term Debt	1.9	4.4	14.4	9.4	4.4
Other non-current liabilities	27.8	12.7	5.2	20.2	20.2
<b>Total Non-current Liabilities</b>	<b>29.6</b>	<b>17.1</b>	<b>19.6</b>	<b>29.6</b>	<b>24.6</b>
Shareholder's equity	488.3	514.4	535.1	560.1	587.5
Minority interest	0.0	0.0	0.0	0.0	0.0
<b>Equity</b>	<b>488.3</b>	<b>514.4</b>	<b>535.1</b>	<b>560.1</b>	<b>587.5</b>

### Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Pre-tax profit</b>	<b>70.2</b>	<b>84.2</b>	<b>64.8</b>	<b>78.1</b>	<b>85.6</b>
Depreciation	12.9	16.0	17.9	18.1	18.6
Changes in working capital	8.0	-5.9	-7.0	-17.4	-9.1
Income tax paid	-6.62	-19.10	-12.97	-15.61	-17.13
Others	-8.9	0.0	0.0	0.0	0.0
<b>Operating cash flow</b>	<b>75.6</b>	<b>75.2</b>	<b>62.8</b>	<b>63.2</b>	<b>78.1</b>
Net capex	-89.5	-40.0	-20.0	-25.0	-25.0
Others	24.2	0.0	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>-65.3</b>	<b>-40.0</b>	<b>-20.0</b>	<b>-25.0</b>	<b>-25.0</b>
Changes in borrowings	-18.4	5.0	20.0	-10.0	-10.0
Issuance of shares	130.8	0.0	0.0	0.0	0.0
Dividends paid	-33.9	-39.1	-31.1	-37.5	-41.1
Others	-0.7	0.0	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>77.8</b>	<b>-34.1</b>	<b>-11.1</b>	<b>-47.5</b>	<b>-51.1</b>
<b>Net cash flow</b>	<b>88.1</b>	<b>1.1</b>	<b>31.7</b>	<b>-9.3</b>	<b>2.0</b>
Forex	0.9	0.0	0.0	0.0	0.0
Beginning cash	50.2	139.3	140.4	172.1	162.8
<b>Ending cash</b>	<b>139.3</b>	<b>140.4</b>	<b>172.1</b>	<b>162.8</b>	<b>164.7</b>
Fixed deposit s/ short-term investments	20.5	20.5	20.5	20.5	20.5
<b>Cash and Bank equivalents</b>	<b>159.7</b>	<b>160.9</b>	<b>192.5</b>	<b>183.2</b>	<b>185.2</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Disclosed Scope 1 and Scope 2 GHG emissions (3,588.06 tCO <sub>2</sub> e); emissions intensity per revenue tracked; aligned with Bursa Malaysia's Sustainability Reporting Guide.
Waste & Effluent	★★★	Identified waste as a material sustainability matter; disclosed general initiatives (e.g., scheduled waste management) but lacks detailed breakdown of waste type or recycling rates.
Energy	★★★	Monitored energy consumption, particularly from electricity and diesel; reported usage figures; no mention of renewable energy initiatives.
Water	★★★	Water use is briefly acknowledged as part of environmental impact, but lacks specific data or conservation efforts.
Compliance	★★★	No environmental non-compliance incidents or fines recorded; demonstrates adherence to environmental laws and standards.

### Social

Diversity	★★★	Promotes an inclusive workplace with equal opportunities and fair employment practices.
Human Rights	★★★	Upholds freedom of association, minimum wage compliance, and anti-discrimination policies; no reported violations.
Occupational Safety and Health	★★	Reported zero workplace fatalities; OSH Committee established; incident data tracked and addressed (2 minor injuries); certified to ISO 45001.
Labour Practices	★★★	Conducted 3,956 training hours in FYE 2024 across all staff levels; strong emphasis on upskilling with fair employment policies and workplace inclusiveness.

### Governance

CSR Strategy	★★★	Community engagement mainly through corporate donations and ad-hoc initiatives; no structured long-term CSR roadmap.
Management	★★★	ESG risks identified through materiality matrix; Board oversight via Sustainability Committee; integrated ESG metrics into risk management.
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to -10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain + dividend yield

### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of Wednesday, 03 Jun, 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.