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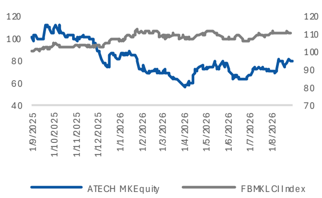
Recommendation:	↓	HOLD
Current Price:		RM 0.805
Previous Target Price:		RM 0.870
Target Price:	↓	RM 0.720
Capital Upside/Downside:		-10.6%
Dividend Yield (%):		3.0%
Total Upside/Downside:		**-7.6%**

Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	5302 / ATECH MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,300.7
Market Cap (RM' m)	1,047.0
52-Week Price Range (RM)	1.108-0.57
Beta (x)	0.9
Free float (%)	62.8
3M Average Volume (m)	2.5
3M Average Value (RM' m)	1.9

Top 3 Shareholders	(%)
Main Stream Holdings Sdn. Bhd	15.1
Employees Provident Fund Board	12.9
Aberdeen Group Plc	10.6

Share Price Performance



	1M	3M	12M
Absolute (%)	11.8	1.9	-18.8
Relative (%)	11.7	-0.6	-25.9

Earnings summary

FYE (Dec)	FY25A	Y26F	FY27F
Revenue (RM'm)	627.1	558.7	713.1
PATAMI (RM'm)	65.1	36.5	51.7
CNP (RM'm)	70.3	41.6	56.8
EPS - core (sen)	5.0	2.8	4.0
P/E (x)	16.1	28.7	20.3

Source: Company, Apex Securities

Aurelius Technologies Berhad

FX and Supply Chain Headwinds Delay the Recovery Runway

- **ATECH's 1HFY26 core net profit of RM23.0m (-35.1% YoY) coming in below expectations at 40% of our FY26F forecast and 37% of market consensus, dragged by supply chain disruption and weaker USD against MYR.**
- **We stay cautious into 2HFY26. Although 2QFY26 performance improved QoQ, in line with management's initial guidance last quarter, this remains tied to persistent USD/MYR weakness eroding translated export revenue and continued supply chain disruptions, including PCB and memory component shortages.**
- **We cut our FY26F/FY27F/FY28F core net profit forecasts by 27%/16%/17% from RM57.0m/RM67.6m/RM73.7m to RM41.6m/RM56.8m/RM61.1m.**
- **We downgrade our call from BUY to HOLD with a lower TP of RM0.72 (previously RM0.87), based on an unchanged 18x PE multiple applied to our lower FY27F core EPS of 4.0sen (previously 4.8sen).**

Below expectations. ATECH's 2QFY26 recorded a core net profit of RM11.2m, after adjusting exceptional items including net forex gain (-RM0.3m) and fair value loss on investment (RM0.2m). 1HFY26 core net profit came in as RM23.0m, which is below our estimates, accounting for only 40% of our FY26F core net profit forecast and 37% of market consensus.

QoQ. Revenue rose 8.5% QoQ to RM141.5m (1QFY26: RM130.4m), attributable to higher production volumes from its largest segment, Communications and IoT products. Nevertheless, Core net profit declined 5.0% QoQ to RM11.2m (1QFY26: RM11.8m), mainly due to adjustments of exceptional items.

YoY. Revenue fell 13.2% YoY to RM141.5m (2QFY25: RM162.9m), mainly due to weaker revenue contribution across major segments. Core net profit declined 44.4% YoY to RM 11.2m (2QFY25: RM20.2m), mainly due to selective supply chain disruptions hampering production, and weaker USD against the RM, which reduces the RM-translated value of the Group's largely USD-denominated export revenue from Americas, Asia Pacific and Europe.

YTD. For 1HFY26, revenue fell 12.5% YoY to RM271.9m (1HFY25: RM310.8m), dragged by supply chain disruption and weaker USD against RM. Core net profit declined 35.1% YoY to RM23.0m (1YFY25: RM 35.5m), mainly due to lower revenue contribution across all major segments, although partly offset by RM7.4m from Automotive segment.

Dividend. The Group declared a second interim single-tier dividend of 0.55sen per share for FYE 2026 amounting to RM7.2 million, with an ex-date of 15 Sep 2026.

Outlook. We stay cautious on ATECH's recovery into 2HFY26, underpinned by three factors: (i) the RM472.3m order book as at 10 August 2026, with no material rescheduling or cancellation reported to date, anchors near-term revenue visibility, though this rests mostly on already-qualified Automotive customers now in commercial production, while the broader NPI pipeline for advanced IoT, automotive electronics and AI (including physical AI)-related products, together with new-customer diversification under "P5", remains pre-commercialisation and pending conversion into firm orders; (ii) the precision plastics expansion, with factory layout planning targeted for completion by end-June/mid-July 2026 and construction commencing only in late-4QFY26 (per our 1QFY26 note; not reconfirmed in the 2QFY26 filing), should start contributing from FY2027F onward, making this largely a FY2027F story rather than an immediate earnings driver; and (iii) the Automotive segment, a maiden contributor with no FY25 base, adds diversification away from the core Communications and IoT and Semiconductor Components segments rather than near-term core growth, with commercial production ramp for already-qualified customers ongoing alongside audits for new end-customers.

KDN PP13226/06/2024 (035469)

Earnings Revision. We **cut our FY26F/FY27F/FY28F core net profit forecasts by 27%/16%/17%** from RM57.0m/RM67.6m/RM73.7m to RM41.6m/RM56.8m/RM61.1m, considering three factors where (i) Persistent USD/MYR weakness eroding translated export revenue, and (ii) Continued supply chain disruptions that caused orders to delay.

Valuation & Recommendation. We **downgrade our call from BUY to HOLD** with a **lower TP of RM0.72** (previously RM0.87), based on an unchanged 18x PE multiple applied to our lower FY27F core EPS of 4.0sen (previously 4.8sen), based on (i) lower earnings base, and (ii) persistent USD/MYR weakness and supply chain disruptions continue to weigh on revenue and margins.

Risks. FX volatility, Prolonged or worsening supply chain disruptions, Escalation of the Iran conflict and Strait of Hormuz disruptions, Orderbook execution risks

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	141.5	162.9	*(13.2)*	130.4	*8.5*	271.9	310.8	*(12.5)*
Gross Profit	16.3	26.0	*(37.4)*	15.6	*4.4*	31.9	48.6	*(34.3)*
Pre-tax profit	14.6	20.8	*(29.5)*	12.0	*21.6*	26.7	41.6	*(35.8)*
Net profit	11.3	16.4	*(31.2)*	9.2	*22.7*	20.4	32.5	*(37.0)*
Core net profit	11.2	20.2	*(44.4)*	11.8	*(5.0)*	23.0	35.5	*(35.1)*
Core EPS (sen)	0.9	1.5	*(44.4)*	0.9	*(5.0)*	1.8	2.7	*(35.1)*
DPS (sen)	0.6	0.9	*(35.3)*	0.7	*(15.4)*	1.2	4.5	*(73.0)*
GP margin (%)	11.5	16.0		12.0		11.7	15.6	
PBT margin (%)	10.4	12.7		9.2		9.8	13.4	
Core net profit margin (%)	7.9	12.4		9.0		8.5	11.4	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
Communication and IoT products	126.6	135.5	*(6.6)*	112.6	*12.4*	239.2	260.1	*(8.0)*
Electronics devices	7.7	19.1	*(59.4)*	9.0	*(13.8)*	16.7	34.3	*(51.2)*
Semiconductor Components	3.3	8.3	*(60.6)*	5.2	*(37.6)*	8.5	16.4	*(47.9)*
Electronic components for automotive	3.8	-	*nm*	3.6	*7.6*	7.4	-	*nm*
Total	**141.5**	**162.9**	***(13.2)***	**130.4**	***8.5***	**271.9**	**310.8**	***(12.5)***
Geographical								
Revenue								
Malaysia	26.6	35.7	*(25.5)*	28.5	*(6.8)*	55.1	69.0	*(20.1)*
Americas	99.2	102.3	*(3.0)*	83.0	*19.5*	182.2	190.4	*(4.3)*
Asia Pacific (excluding Malaysia)	10.4	16.9	*(38.6)*	11.4	*(9.4)*	21.8	34.4	*(36.7)*
Europe	5.3	8.1	*(33.9)*	7.4	*(28.3)*	12.8	17.0	*(24.7)*
Total	**141.5**	**162.9**	***(13.2)***	**130.4**	***8.5***	**271.9**	**310.8**	***(12.5)***

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**600.7**	**627.1**	**558.7**	**713.1**	**735.5**
Gross Profit	**82.9**	**95.8**	**61.5**	**78.4**	**80.9**
Other income	5.1	5.4	3.5	5.0	5.0
Administrative expenses	-21.6	-17.7	-22.3	-23.5	-20.6
Selling and Distribution expenses	-0.3	-0.2	-0.2	-0.3	-0.3
Operating Profit	**66.2**	**83.3**	**42.4**	**59.6**	**65.0**
Finance income/(costs)	4.7	1.1	5.5	5.5	5.5
Pre-tax Profit	**70.2**	**84.2**	**47.4**	**64.6**	**70.0**
Tax	-9.2	-19.1	-10.9	-12.9	-14.0
Profit After Tax	**61.0**	**65.1**	**36.5**	**51.7**	**56.0**
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	**61.0**	**65.1**	**36.5**	**51.7**	**56.0**
Exceptionals	3.4	5.1	5.1	5.1	5.1
Core Net Profit	**64.4**	**70.3**	**41.6**	**56.8**	**61.1**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	5.2	5.0	2.8	4.0	4.3
P/E (x)	15.6	16.1	28.7	20.3	18.7
BVPS (sen)	0.4	0.4	0.4	0.4	0.4
P/B (x)	2.1	2.0	2.0	1.9	1.8
DPS (sen)	2.9	3.0	1.7	2.4	2.6
Dividend Yield (%)	3.7%	3.8%	2.1%	3.0%	3.3%
GP margin (%)	13.8%	15.3%	11.0%	13.0%	13.0%
Operating margin (%)	11.0%	13.3%	7.6%	8.4%	8.8%
PBT margin (%)	11.7%	13.4%	8.5%	9.1%	9.5%
PAT margin (%)	10.2%	10.4%	6.5%	7.2%	7.6%
NP margin (%)	10.2%	10.4%	6.5%	7.2%	7.6%
CNP margin (%)	10.7%	11.2%	7.4%	8.0%	8.3%
ROE (%)	13.2%	13.7%	7.9%	10.3%	10.7%
ROA (%)	9.8%	10.1%	5.6%	7.1%	7.5%
Gearing (%)	0.7%	1.6%	5.4%	3.4%	1.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.040
P/E multiple (x)	18.0
Fair Value (RM)	**0.72**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.72**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and cash equivalent	159.7	160.9	186.4	149.6	149.7
Receivables	148.2	154.7	162.4	207.3	213.8
Inventories	134.6	140.5	147.5	188.3	194.2
Other current assets	18.0	18.0	18.0	18.0	18.0
Total Current Assets	**460.5**	**474.0**	**514.3**	**563.1**	**575.7**
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
Total Non-current assets	**199.5**	**223.6**	**225.7**	**232.6**	**239.0**
Short-term Debt	1.6	4.1	14.1	9.1	4.1
Payables	149.0	155.5	163.3	208.4	214.9
Other Current Liabilities	4.1	4.1	4.1	4.1	4.1
Total Current Liabilities	**154.6**	**163.7**	**181.5**	**221.6**	**223.1**
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
Total Non-current Liabilities	**29.6**	**17.1**	**19.6**	**29.6**	**24.6**
Shareholder's equity	488.3	514.4	529.0	549.6	572.0
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	**488.3**	**514.4**	**529.0**	**549.6**	**572.0**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**70.2**	**84.2**	**47.4**	**64.6**	**70.0**
Depreciation	12.9	16.0	17.9	18.1	18.6
Changes in working capital	8.0	-5.9	-7.0	-40.5	-5.9
Income tax paid	-6.62	-19.10	-10.89	-12.92	-14.00
Others	-8.9	0.0	0.0	0.0	0.0
Operating cash flow	**75.6**	**75.2**	**47.4**	**29.2**	**68.7**
Net capex	-89.5	-40.0	-20.0	-25.0	-25.0
Others	24.2	0.0	0.0	0.0	0.0
Investing cash flow	**-65.3**	**-40.0**	**-20.0**	**-25.0**	**-25.0**
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	-21.9	-31.0	-33.6
Others	-0.7	0.0	0.0	0.0	0.0
Financing cash flow	**77.8**	**-34.1**	**-1.9**	**-41.0**	**-43.6**
Net cash flow	**88.1**	**1.1**	**25.5**	**-36.8**	**0.1**
Forex	0.9	0.0	0.0	0.0	0.0
Beginning cash	50.2	139.3	140.4	165.9	129.1
Ending cash	**139.3**	**140.4**	**165.9**	**129.1**	**129.2**
Fixed deposits/short-term investments	*20.5*	*20.5*	*20.5*	*20.5*	*20.5*
Cash and Bank equivalents	**159.7**	**160.9**	**186.4**	**149.6**	**149.7**

Source: Company, Apex Securities

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions 6,384.92 tCO_2e in FY25
Waste & Effluent	★★★	A total of 33.23 tonnes of hazardous and non-hazardous waste were recycled in FY25
Energy	★★★	24.0% of total electricity was derived from renewable sources, including a solar PV system in Taiwan and a Power Purchase Agreement (PPA) in Malaysia
Water	★★★	Water consumption 30,647 m^3in FY25

Social

Diversity	★★★	The workforce consists of 63% male and 37% female employees. The Board consists of 25% female directors (2 out of 8)
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	0.14 per 200,000 hours worked, with 1 reported injury incident
Labour Practices	★★★	Completed 9,150.5 total training hours, averaging 16.4 hours (approximately 2 days) per employee in FY25

Governance

Supply Chain	★★★	77% of spending was on local suppliers
Management	★★	100% of employees (except certain support roles) received training on anti-bribery and corruption policies
Human Rights	★★★	0 substantiated complaints concerning human rights violations

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 **Tuesday, 01 Sep, 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.