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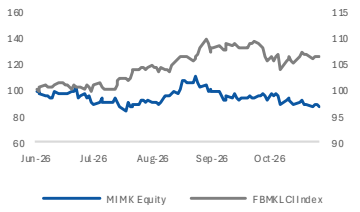
Recommendation:	↓	HOLD
Current Price:		RM 6.86
Previous Target Price:		RM 6.38
Target Price:	↑	RM 7.04
Capital Upside/Downside:		2.6%
Dividend Yield (%):		0.5%
Total Upside/Downside		**3.1%**

Stock information

Board	MAIN
Sector	Technology
Bursa/Bloomberg Code	5286/MIMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	898.2
Market Cap (RM'm)	6,162.0
52-Week Price Range (RM)	7.08-2.489
Beta (x)	0.9
Free float (%)	41.2
3M Average Volume (m)	4.1
3M Average Value (RM'm)	24.9

Top 3 Shareholders	(%)
Oh Kuang Eng	45.4
Yong Shiao Voon	7.9
Norges Bank	5.2

Share Price Performance



	1M	3M	12M
Absolute (%)	32.1	28.4	120.7
Relative (%)	35.4	37.2	121.1

Earnings summary

FYE (Dec)	FY25A	FY26F	FY27F
Revenue (RM'm)	625.0	917.7	1029.9
PATAMI (RM'm)	93.8	193.6	193.9
CNP (RM'm)	101.7	193.6	193.9
EPS - core (sen)	11.4	21.5	21.6
P/E (x)	60.1	31.8	31.8

Source: Company, Apex Securities

Mi Technovation Berhad

Record 3Q; Mi Material Now Carries Its Own Price Tag

- **MITECH posted a record 3QFY26 core net profit of RM69.0m (+114.3% YoY, +34.0% QoQ), lifting 9MFY26 core net profit to RM151.0m (+92.9% YoY). The results came in above our expectations at 110% of our previous full-year forecast and 89% of consensus, on another record SMBU quarter and a rebound in SEBU billings.**
- **SMBU revenue rose 17.3% QoQ to RM154.0m at a 35.8% PBT margin, with management guiding 4QFY26 revenue to exceed 3Q; SEBU recovered 13.0% QoQ at a 35.6% margin. Mi Material Holding (SMBU) listed on the SGX Mainboard on 28 Oct 2026 at S$1.80 (market cap S$891m), with MITECH retaining 73.7%.**
- **Raise FY26F/FY27F/FY28F core net profit by 40.6%/27.1%/24.1% to RM193.6m/RM193.9m/RM213.1m on higher SEBU volume, lower FY26F effective tax rate, partly offset by STBU and VTBU losses and 26.3% minority interest in Mi Material.**
- **We move to a sum-of-parts valuation with Mi Material marked at its SGX price, deriving a Higher TP of RM7.04 (from RM6.38). With the share price having run to RM6.86, we downgrade our rating from BUY to HOLD.**

Above estimates. Excluding an unrealised gain on foreign exchange (-RM2.2m), Mi reported a 3QFY26 CNP of RM69.0m (+34.0% QoQ, +114.3% YoY), bringing 9MFY26 CNP to RM151.0m (+92.9% YoY). **The result came in above expectations at 110% of our full-year forecast and 89% of consensus estimates**, driven by higher SMBU volumes and ASPs, a better product mix, and a lower effective tax rate of 18.8% (2QFY26: 23.6%) from the pioneer status at Mi Equipment and HNTE preferential tax at Suzhou.

QoQ. Revenue rose 13.3% QoQ to RM256.0m from RM226.0m in 2QFY26, with SEBU growing 7.0% QoQ to RM100.4m (2Q26: RM93.9m) and SMBU surging 17.3% QoQ to RM131.3m (1QFY26: RM82.9m), primarily driven by seasonal Mobility & Wearables strength and sustained HPC & Memory momentum. Core net profit grew 34.0% QoQ, ahead of the 13.9% PBT growth, on the lower tax charge.

YoY. Revenue surged +29.9% YoY to RM256.0m (3QFY25: RM197.1m), led by SMBU which more than doubled (+109.3% YoY) to RM154.0m on volume, ASPs and specialty alloy mix. SEBU revenue fell 18.7% YoY to RM100.4m against a high base of equipment deliveries in 3QFY25 (RM123.5m), reflecting customer purchasing cycles. Core net profit rose 88.0% YoY and core net margin improved to 27.0% (3QFY25: 18.6%).

YTD. 9MFY26 revenue grew 38.0% YoY to RM649.8m, with SMBU up 98.3% to RM368.2m (56.7% of group revenue) and SEBU down 2.3% to RM278.5m. Core net profit rose 92.9% YoY to RM151.0m (9MFY25: RM78.3m), primarily supported by higher sales volume and lower effective tax rate on pioneer and preferential tax incentives.

Outlook. Management expects SEBU momentum to continue into 4QFY26 on Mobility & Wearables and HPC & Memory demand, and guides FY26 SEBU revenue to double-digit growth, which implies a 4Q of at least c.RM100m. SMBU expects 4QFY26 revenue to exceed 3Q on HPC & Memory and continued Mobility & Wearables strength, with new programme qualifications in HPC & Memory. STBU has slipped: extended foundry lead times have prolonged Vanda 1 reliability testing, with the second wafer lot now targeted for mid-November and commercial production pushed to 3Q27 (from 1Q27); Vanda 2 remains on schedule. VTBU is on track for its FY26 delivery targets. We expect STBU and VTBU losses to remain elevated through FY27 as the EV powertrain unit scales and SiC certification completes.

Mi Material listed. Mi Material Holding (SGX: MIM) listed on the SGX Mainboard on 28 Oct 2026 at S$1.80 per share, valuing it at S$891m (c.RM2.8bn). The IPO comprised 93.4m new and cornerstone shares raising S$168.2m gross (S$157.9m net) for Mi Material and 26.0m vendor shares sold by MITECH for S$46.8m, while 8.98m shares were distributed in specie (1 for 100).

KDN PP13226/06/2024 (035469)

MITECH retains 73.7% (72.7% if the 5.0m-share over-allotment is exercised), so SMBU remains fully consolidated with a 26.3% minority interest from 28 Oct; the vendor gain is booked in equity rather than earnings. Proceeds fund seven new lines at Senai (three ready 4QFY26, four by end-2027), four additional Taiwan lines, a US R&D and demonstration centre and a Singapore R&D laboratory, lifting group solder sphere capacity from 6.6-8.9 trillion to 11.3-15.3 trillion p.a. Mi Material intends to pay at least 20% of net profit as dividends for the period to FY26 and for FY27. At the IPO price, MITECH's stake is worth c.RM2.06bn or RM2.30 per MITECH share.

Earnings Revision. We **raise our FY26F/FY27F/FY28F core net profit forecasts by 40.6%/27.1%/24.1%** to RM193.6m/RM193.9m/RM213.1m. The upgrade reflects (i) a recalibrated SMBU on the 9M run-rate and prospectus capacity plan; (ii) a higher SEBU volume and margin base (iii) a lower FY26F effective tax rate of 23%; partly offset by (iv) STBU and VTBU losses of RM37.6m/RM32.0m/RM30.0m, and (v) the 26.3% minority interest in Mi Material of RM6.4m/RM42.2m/RM46.6m.

Valuation & Recommendation. With Mi Material now separately quoted, we switch our valuation to a sum-of-parts, deriving a **higher TP of RM7.04** (from RM6.38). **With the share price having run to RM6.86, we downgrade our rating from BUY to HOLD**. We value (i) SEBU, STBU and VTBU at 37x FY28F PE (unchanged, +2SD of MITECH's three-year mean) on ex-Mi Material earnings of RM82.3m, or RM3,045m (RM3.39/share) and (ii) MITECH's 73.7% stake in Mi Material at 25x PE on FY28F attributable earnings of RM130.8m, or RM3,270m (RM3.64/share). This gives an SOP of RM6,319m on the enlarged 898.3m share base. Our 25x for Mi Material is above the 21-22x trailing multiples of listed solder sphere peers Shenmao and MK Electron. We think the premium is justified by Mi Material's top-three global position (24.0% SAM share), and the capacity-led growth from Senai.

Risks. Key risks include: (i) movements in Mi Material's SGX share price and any holding-company discount applied to MITECH; (ii) silver and tin price volatility, given SMBU ASPs embed raw-material pass-through; (iii) a slowdown in advanced packaging and HPC & Memory demand affecting SEBU and SMBU orders; (iv) customer concentration (Mi Material's top five direct customers were 41.4% of 1HFY26 revenue); (v) unfavourable forex movements; and (vi) prolonged STBU and VTBU losses or further certification delays.

Earnings Summary

FYE Dec (RM m)	FY24	FY25A	FY26F	FY27F	FY28F
Revenue	463.5	625.0	917.7	1029.9	1155.5
EBITDA	117.8	144.7	281.9	334.0	386.0
Pre-tax profit	90.7	123.4	259.7	306.6	337.3
Net profit	68.1	93.8	193.6	193.9	213.1
Core net profit	69.9	101.7	193.6	193.9	213.1
Core EPS (sen)	7.8	11.4	21.5	21.6	23.7
P/E (x)	87.7	60.1	31.8	31.8	28.9
P/B (x)	6.0	5.8	3.3	3.0	2.7
EV/EBITDA (x)	50.2	40.9	21.0	17.7	15.3
Dividend Yield (%)	0.9%	0.4%	0.5%	0.5%	0.5%
Net Gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	IET CASH

Source: Company, Apex Securities

Results Comparison

FYE Dec (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)
Revenue	256.0	197.1	*29.9*	226.0	*13.3*	649.8	470.7	*38.0*
EBITDA	89.5	51.6	*73.5*	79.0	*13.3*	214.4	106.1	*102.2*
EBIT	81.7	44.7	*82.6*	71.1	*14.9*	191.2	85.2	*124.4*
Profit before tax	82.3	46.1	*78.6*	72.3	*13.9*	194.5	89.7	*116.7*
Profit after tax	66.8	36.2	*84.8*	55.2	*21.0*	153.0	69.7	*119.5*
Net profit	66.8	36.4	*83.7*	55.2	*21.0*	153.0	69.7	*119.4*
Core net profit	69.0	32.2	*114.3*	51.5	*34.0*	151.0	78.3	*92.9*
Core EPS (sen)	7.8	3.6	*115.4*	5.8	*33.8*	17.0	8.8	*94.0*
EBIT margin	32%	23%		31%		29%	18%	
PBT margin	32%	23%		32%		30%	19%	
Core net profit margin	27%	16%		23%		23%	17%	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)
Revenue								
SEBU	100.4	123.5	*(18.6)*	93.9	*7.0*	278.5	284.9	*(2.3)*
SMBU	154.0	73.6	*109.3*	131.3	*17.3*	368.2	185.7	*98.3*
STBU and others	-	0.0	*nm*	-	*nm*	-	0.1	*(100.0)*
VTBU	1.6	-	*100.0*	0.8	*89.3*	3.1	-	*100.0*
Total	**256.0**	**197.1**	***29.9***	**226.0**	***13.3***	**649.8**	**470.7**	***38.0***
Profit before tax (PBT)								
SEBU	35.7	35.7	*0.1*	31.6	*13.0*	92.8	76.1	*21.9*
SMBU	55.2	18.0	*206.6*	50.4	*9.5*	129.9	38.3	*238.9*
STBU and others	2.2	(12.7)	*117.5*	(1.4)	*253.7*	(5.2)	(9.3)	*44.2*
VTBU	(9.4)	-	*100.0*	(6.0)	*57.8*	(23.0)	(12.4)	*(85.79)*
Total	**83.7**	**41.0**	***104.0***	**74.6**	***12.2***	**194.5**	**92.8**	***109.7***
PBT margin (%)								
SEBU	35.6%	28.9%		33.7%		33.3%	26.7%	
SMBU	35.8%	24.5%		38.4%		35.3%	20.6%	
STBU and others	nm	nm		nm		nm	nm	
VTBU	nm	nm		nm		nm	nm	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**463.5**	**625.0**	**917.7**	**1029.9**	**1155.5**
EBITDA	**117.8**	**144.7**	**281.9**	**334.0**	**386.0**
EBIT	**92.4**	**116.9**	**256.4**	**303.0**	**333.4**
PBT	**90.7**	**123.4**	**259.7**	**306.6**	**337.3**
Tax	-24.0	-29.7	-59.7	-70.5	-77.6
Profit After Tax	**66.7**	**93.7**	**200.0**	**236.1**	**259.7**
Minority Interest	-1.4	-0.1	6.4	42.2	46.6
Net Profit	**68.1**	**93.8**	**193.6**	**193.9**	**213.1**
Exceptionals	1.9	7.9	0.0	0.0	0.0
Core Net Profit	**69.9**	**101.7**	**193.6**	**193.9**	**213.1**

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	7.8	11.4	21.5	21.6	23.7
P/E (x)	87.7	60.1	31.8	31.8	28.9
BVPS	1.15	1.19	2.09	2.31	2.56
P/B (x)	6.0	5.8	3.3	3.0	2.7
EV/EBITDA (x)	50.2	40.9	21.0	17.7	15.3
DPS (sen)	6.0	3.0	3.5	3.5	3.5
Dividend Yield (%)	0.9%	0.4%	0.5%	0.5%	0.5%
EBITDA margin (%)	25.4%	23.2%	30.7%	32.4%	33.4%
EBIT margin (%)	19.9%	18.7%	27.9%	29.4%	28.8%
PBT margin (%)	19.6%	19.7%	28.3%	29.8%	29.2%
PAT margin (%)	14.4%	15.0%	21.8%	22.9%	22.5%
NP margin (%)	14.7%	15.0%	21.1%	18.8%	18.4%
CNP margin (%)	15.1%	16.3%	21.1%	18.8%	18.4%
ROE (%)	6.8%	9.5%	10.3%	9.3%	9.3%
ROA (%)	5.9%	7.8%	8.9%	8.1%	8.1%
Net gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Valuations	Equity Value	Valuation Method
SEBU and Others	3049.1	37.05x FY28F PER
SMBU (SGX)	3270.3	25.0x FY28F PER
SOP Value	6319.4	
Enlarged share base (m share)	898.3	
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)	FY24	FY25	FY26F	FY27F	FY28F
Cash & bank balances	276.3	314.6	970.6	964.9	971.4
Receivables	168.0	181.7	266.8	299.5	336.0
Inventories	157.4	167.3	245.6	275.6	309.3
Other current assets	73.0	87.3	87.3	87.3	87.3
Total Current Assets	**674.6**	**751.0**	**1570.3**	**1627.3**	**1704.0**
PPE	181.5	203.9	248.2	420.7	592.1
Other non-current assets	322.7	345.6	345.6	345.6	345.6
Total Non-current assets	**504.2**	**549.5**	**593.8**	**766.3**	**937.7**
Short-term Debt	21.1	55.8	60.8	64.8	68.8
Payables	61.1	100.6	147.8	165.8	186.1
Other Current Liabilities	26.1	22.5	22.5	22.5	22.5
Total Current Liabilities	**108.3**	**179.0**	**231.1**	**253.2**	**277.4**
Long-term Debt	10.6	5.9	10.9	14.9	18.9
Other non-current liabilities	31.2	47.8	47.8	47.8	47.8
Total Non-current Liabilities	**41.8**	**53.7**	**58.7**	**62.7**	**66.7**
Shareholder's equity	1030.2	1067.7	1616.0	1778.5	1960.1
Minority interest	-1.5	0.1	258.4	299.3	337.4
Total Equity	**1028.7**	**1067.8**	**1874.4**	**2077.7**	**2297.5**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**90.7**	**123.4**	**259.7**	**306.6**	**337.3**
Depreciation & amortisation	25.4	27.8	25.5	31.0	52.6
Changes in working capital	-47.7	9.1	-116.3	-44.6	-49.9
Tax paid	-20.7	-33.7	-59.7	-70.5	-77.6
Others	-0.3	6.7	0.0	0.0	0.0
Operating cash flow	**47.4**	**133.3**	**109.2**	**222.5**	**262.4**
Net capex	-17.9	-38.9	-69.8	-203.5	-224.0
Others	-60.3	38.9	0.0	0.0	0.0
Investing cash flow	**-78.2**	**0.0**	**-69.8**	**-203.5**	**-224.0**
Borrowings	-1.9	32.2	10.0	8.0	8.0
Others	-79.4	-42.0	606.6	-32.7	-39.9
Financing cash flow	**-81.3**	**-9.9**	**616.6**	**-24.7**	**-31.9**
Net cash flow	**-112.1**	**123.4**	**655.9**	**-5.7**	**6.5**
Currency translation differences	-18.2	-27.6	0.0	0.0	0.0
Beginning cash & cash equivalent	422.7	292.4	388.2	1044.2	1038.5
Ending cash & cash equivalent	**292.4**	**388.2**	**1044.2**	**1038.5**	**1045.0**
Fixed deposits & MMF	-16.1	-73.6	-73.6	-73.6	-73.6
Cash and bank balances	**276.3**	**314.6**	**970.6**	**964.9**	**971.4**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions 6,384.92 tCO2e 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^3 in 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

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(a) nil.