

22 August 2025

# Malaysian Pacific Industries

## Waiting for a Turn

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MPI's FY25 results were broadly in line with expectations. With the near-term outlook still cautious amid macro volatility, geopolitics and US tariff risks, management is focused on risk mitigation and cost optimisation. While a sentiment-led upturn would benefit MPI, earnings could trail peers given its meaningful automotive exposure (~35% of revenue) amid prolonged weakness in the global auto end market. We leave FY26F estimates unchanged and maintain our MARKET PERFORM call with TP at RM18.40 (23x FY26F PER).

MPI posted an FY25 net profit of RM154m (-7% YoY), broadly in line with expectations. No dividend was declared for the quarter, and full-year DPS was 35 sen, unchanged from FY24.

YoY, MPI's FY25 revenue grew by 1.7%, supported by robust performance in the industrial and consumer & communications segments, particularly in Asia and Europe, which recorded 7% and 3% growth, contributing 54% and 29% of total revenue, respectively. However, this was offset by a 14% decline in sales from the US, where the automotive segment weakened, dragging regional revenue down to RM363m. Meanwhile, PBT dipped by 22%, due to the reversal of ESS provisions in FY24.

QoQ, its revenue grew by 9%, thanks to a higher contribution from Asia (38%) although partially offset by a lower performance in the US (39%) and Europe (41%). GP margin weakened by 250 bps to 10.5%, while PBT margin was lower by 170 bps to 9.5%, primarily due to higher other operating income.

**Outlook.** While the global semiconductor industry is likely to remain challenged by volatile market conditions, persistent geopolitical tensions, and US trade tariffs, management remains focused on risk mitigation and cost optimisation through automation and process enhancements. We believe MPI should benefit if industry sentiment improves in the coming months. However, its earnings may lag peers' given its relatively high exposure to the automotive segment (c. 35% of group revenue in the previous quarter) as a result of a prolonged global automotive weakness as well as rising competition in China.

**Forecasts.** We make no changes to our FY26F earnings forecasts. Growth is expected to be supported by higher demand in the industrial segment (power packaging for AI servers) and the consumer communications segment (5G, IoT power packaging, MEMS and sensors). We also introduce our FY27F estimates.

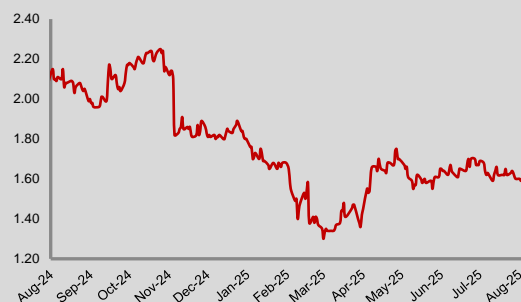
**Valuations.** We maintain our TP at RM18.40, based on an unchanged 23x FY26F PER, in line with peers' forward multiples. Our MARKET PERFORM call is also retained, pending today's briefing.

**Risks to our call are:** (i) slower-than-expected recovery in the global semiconductor sector, (ii) supply chain disruptions from escalating trade tensions (iii) further deterioration in the Sino-US chip war, and (iv) a weakening USD.

# MARKET PERFORM ↔

Price: RM22.14  
Target Price: RM18.40 ↔

### Share Price Performance



KLCI	1,592.87
YTD KLCI chg	-3.0%
YTD stock price chg	-30.2%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MPI MK EQUITY
Market Cap (RM m)	4,414.7
Shares Outstanding	199.4
52-week range (H)	36.82
52-week range (L)	13.30
3-mth avg. daily vol.	223,912
Free Float	35%
Beta	1.4

### Major Shareholders

Hong Leong Co Malaysia Bhd	56.2%
EPF	10.3%
Norges Bank	2.9%

### Summary Earnings Table

FY Jun (RM m)	2025A	2026F	2027F
Turnover	2,131	2,274	2,381
EBIT	175	189	202
PBT	211	218	231
<b>Net Profit</b>	154	160	172
Consensus	-	172	208
Earnings Revision	-	-	NEW
Core EPS (sen)	77.3	80.3	86.2
EPS Growth (%)	-6	4	7
NDPS (sen)	35.0	35.0	35.0
BV/Share (RM)	10.46	10.90	11.41
Core PER (x)	28.6	27.6	25.7
P/BV (x)	2.1	2.0	1.9
Gearing (x)	N.Cash	N.Cash	N.Cash
Net Dvd. Yield (%)	1.6	1.6	1.6

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**Results Highlights**

<b>FYE Jun (RM m)</b>	<b>4Q25</b>	<b>3Q25</b>	<b>QoQ chg</b>	<b>4Q24</b>	<b>YoY Chg</b>	<b>FY25</b>	<b>FY24</b>	<b>YoY Chg</b>
Turnover	564.0	519.9	8.5%	532.8	5.9%	2,131.0	2,094.9	1.7%
Gross Profit	59.2	67.4	-12.2%	43.4	36.3%	246.2	237.4	3.7%
EBIT	43.8	48.9	-10.4%	108.5	-59.6%	175.1	223.5	-21.6%
Interest Exp.	9.8	9.3	5.5%	8.2	20.1%	35.8	30.4	17.7%
PBT/(LPT)	53.6	58.2	-7.9%	116.6	-54.0%	210.9	253.9	-16.9%
Taxation	(1.0)	(3.7)	-73.8%	(7.7)	-87.3%	(11.2)	(20.6)	-45.6%
Net Profit	43.5	40.1	8.6%	83.0	-47.5%	153.8	164.4	-6.5%
Core EPS (sen)	21.9	20.1	9.0%	41.7	-47.4%	77.3	82.7	-6.5%
DPS	0.0	25.0	NA	0.0	0.0%	35.0	35.0	0.0%
Gross Margin	10.5%	13.0%		8.1%		11.6%	11.3%	
EBIT Margin	7.8%	9.4%		20.4%		8.2%	10.7%	
PBT Margin	9.5%	11.2%		21.9%		9.9%	12.1%	
NP Margin	7.7%	7.7%		15.6%		7.2%	7.8%	

Source: Company, Kenanga Research

**Segmental Breakdown**

<b>FYE Jun (RM m)</b>	<b>4Q25</b>	<b>3Q25</b>	<b>QoQ chg</b>	<b>4Q24</b>	<b>YoY Chg</b>	<b>FY25</b>	<b>FY24</b>	<b>YoY Chg</b>
<b>Revenue</b>	<b>564.0</b>	<b>519.9</b>	<b>8.5%</b>	<b>532.8</b>	<b>5.9%</b>	<b>2,131.0</b>	<b>2,094.7</b>	<b>1.7%</b>
Asia	302.1	284.6	6.1%	281.7	7.2%	1,157.6	1,080.7	7.1%
USA	102.6	93.0	10.3%	94.9	8.0%	362.8	421.0	-13.8%
Europe	158.8	141.7	12.1%	156.1	1.7%	608.7	592.7	2.7%
<b>Segment profit</b>	<b>45.6</b>	<b>50.0</b>	<b>-8.8%</b>	<b>105.3</b>	<b>-56.7%</b>	<b>181.7</b>	<b>227.4</b>	<b>-20.1%</b>
Asia	27.7	20.1	37.8%	49.2	-43.7%	86.2	76.3	12.9%
USA	6.9	11.3	-39.2%	23.3	-70.5%	34.4	64.8	-46.9%
Europe	11.0	18.5	-40.7%	32.8	-66.5%	61.1	86.3	-29.2%
<b>Segment profit margin</b>	<b>8.1%</b>	<b>9.6%</b>		<b>19.8%</b>		<b>8.5%</b>	<b>10.9%</b>	
Asia	9.2%	7.1%		17.5%		7.4%	7.1%	
USA	6.7%	12.2%		24.6%		9.5%	15.4%	
Europe	6.9%	13.1%		21.0%		10.0%	14.6%	

Source: Company, Kenanga Research

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### Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 21 Aug (RM)	Target Price (RM)	Upside	Mkt Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) – Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net. Div. Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
D&O GREEN TECHNOLOGIES BHD	MP	0.995	1.18	18.6%	1,233.3	Y	12/2025	4.0	5.3	24.8%	34.3%	25.0	18.6	1.3	5.3%	1.0	1.0%
INARI AMERTRON BHD	MP	1.91	2.00	4.7%	7,237.0	Y	06/2025	6.8	7.6	-17.2%	11.8%	28.2	25.3	2.6	6.1%	6.0	3.1%
KELINGTON GROUP BHD	OP	4.63	5.15	11.2%	3,511.7	Y	12/2025	21.1	20.5	29.6%	17.1%	22.0	22.6	5.1	27.5%	11.0	2.4%
LGMS BHD	MP	0.725	0.860	18.6%	330.6	Y	12/2025	2.3	2.9	-15.4%	25.0%	31.8	25.4	3.4	10.8%	2.0	2.8%
M'SIAN PACIFIC INDUSTRIES BHD	MP	22.14	18.40	-16.9%	4,414.7	Y	06/2026	80.3	86.1	4.0%	7.3%	27.6	25.7	2.0	7.5%	35.0	1.6%
NATIONGATE HOLDINGS BHD	OP	1.23	2.21	79.7%	2,801.0	Y	12/2025	9.2	9.4	19.5%	2.3%	13.3	13.0	2.6	21.1%	2.0	1.6%
OPPSTAR BHD	MP	0.465	0.500	7.5%	298.2	Y	03/2026	1.4	1.7	-27.4%	21.1%	33.1	27.3	2.1	6.5%	1.0	2.2%
P.I.E. INDUSTRIAL BHD	MP	3.39	3.85	13.6%	1,301.9	Y	12/2025	14.1	17.8	1.7%	26.9%	24.1	19.0	1.9	8.2%	0.0	0.0%
SKP RESOURCES BHD	OP	0.910	1.24	36.3%	1,421.8	Y	03/2026	8.6	9.2	13.9%	6.3%	10.5	9.9	1.2	12.0%	0.0	0.0%
UNISEM (M) BHD	UP	2.54	1.23	-51.6%	4,097.2	Y	12/2025	3.8	5.3	2.0%	38.8%	66.2	47.7	1.9	2.8%	8.0	3.1%
Simple Average					<b>26,647.3</b>					<b>7.0%</b>	<b>12.9%</b>	<b>24.1</b>	<b>21.4</b>	<b>2.4</b>	<b>10.8%</b>		<b>1.8%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★	★	
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	☆		
	Corruption-Free Pledge	★	★	★	★	
	Carbon-Neutral Initiatives	★	★	★	☆	
<b>SPECIFIC</b>	Foreign Worker Welfare	★	★	★	★	
	Supply Chain Auditing	★	★	★	☆	
	Waste disposal / pollution control	★	★	★		
	Energy Efficiency	★	★	★	☆	
	Work Site Safety	★	★	★	★	
	Digital Transformation	★	★	★	☆	
<b>OVERALL</b>		★	★	★	★	

☆ denotes half-star  
★ -10% discount to TP  
★★ -5% discount to TP  
★★★ TP unchanged  
★★★★ +5% premium to TP  
★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%  
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%  
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%  
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%  
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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