

01 August 2025

Unisem (M)

Waiting for Gopeng to Deliver

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UNISEM's 1HFY25 net profit of RM15m missed expectations, impacted by margin compression from an unfavourable product mix and elevated operating costs. While Chengdu's utilisation remained healthy at 85%, Gopeng continued to operate below optimal capacity. Looking ahead, the group expects lower sequential revenue growth of 0%–5% (USD terms) and is targeting breakeven for its Malaysia operations within 1–2 quarters. We cut our FY25F earnings by 15% to RM62m but keep FY26F unchanged. Our TP is raised to RM1.23 (from RM1.05) after rolling forward our valuation base year, based on an unchanged 23x PER. Maintain UNDERPERFORM.

UNISEM's 1HFY25 net profit of RM15m (-40% YoY) came in below expectations, accounting for 21% of our forecast and 20% of the consensus estimate. The underperformance was mainly due to margin pressure arising from an unfavourable product mix and elevated operating costs.

YoY, revenue grew 18% to RM899m, underpinned by robust contributions from the automotive and industrial segments. Automotive benefited from higher volumes from key customers, while the industrial division saw growth in power management products. However, gross margin narrowed to 5.6% (from 7.4%) due to a higher mix of lower-margin leadless packages and cost escalations from workforce expansion (7.2k vs. 6.3k a year ago), and duplicate costs from running both Gopeng and Simpang Pulai plants. Consequently, net profit shrank 40% YoY to RM15m. Notably, the group recorded a forex gain of RM7.8m in 1HFY25 vs. a RM1.5m loss a year ago.

QoQ, revenue improved 12% to RM475m (+15% in USD terms to USD110m), while net profit jumped 52% to RM9m, lifted by higher forex gains of RM6m (vs. RM2m in 1QFY25). Operationally, the Chengdu plant maintained a healthy utilisation rate of 85%, with approximately 65% of its revenue derived from non-China clients. In contrast, the Gopeng facility remains underutilised, with only around 35% of its floor space currently fitted for pilot production lines. Geographically, revenue contribution by plant stood at approximately 65% from Chengdu, 30% from Simpang Pulai, and 5% from Gopeng.

Outlook. The group expects modest sequential revenue growth of 0%–5% (in USD terms) for the upcoming quarter, constrained by tariff-related uncertainties and global trade restrictions. A strategic customer migration from Simpang Pulai to Gopeng is currently underway, aimed at streamlining the cost structure and enhancing operational efficiency, with breakeven for the Malaysia operations targeted within 1–2 quarters post-consolidation of leaded package production at Gopeng. While the group is not directly impacted by US tariffs—given its ex-factory sales terms and localised end-market consumption (i.e. China for Chengdu, Asia for Malaysia)—it remains cautious amid persistent geopolitical tensions and trade policy headwinds, which may weigh on consumer sentiment and disrupt global demand flows.

Forecasts. We revise our FY25F earnings forecast lower by 15% to RM62m to reflect the weaker-than-expected 1HFY25 results, while keeping our FY26 estimates unchanged.

UNDERPERFORM ↔

Price : RM2.33
Target Price : RM1.23 ↑

Share Price Performance



KLCI 1,513.25
YTD KLCI chg -7.9%
YTD stock price chg -22.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UNI MK EQUITY
Market Cap (RM m)	3,758.5
Shares Outstanding	1,613.1
52-week range (H)	3.73
52-week range (L)	1.81
3-mth avg. daily vol.	756,516
Free Float	24%
Beta	0.9

Major Shareholders

Huatian Technology S	44.4%
Jayvest Holdings Sdn	11.0%
Chia Sin Tet	10.6%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	1,581	1,808	1,823
EBIT	89	94	117
PBT	82	83	105
Net Profit (NP)	61	62	86
Consensus (NP)		75	116
Earnings Revision	-	-14.8%	-
EPS (sen)	3.8	3.8	5.3
EPS Growth (%)	-25.8	2.0	38.8
DPS (sen)	8	8	8
BV/Share (RM)	1.4	1.4	1.3
PER (x)	62.0	60.7	43.7
Price/BVPS (x)	1.7	1.7	1.8
Net Gearing (x)	Net	Net	Net
Dividend Yield (%)	Cash 3.4%	Cash 3.4%	Cash 3.4%



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Valuations. Correspondingly, we raise our target price to RM1.23 (from RM1.05 previously) after rolling forward our valuation base to FY26F, based on an unchanged PER of 23x, in line with its peers' average. There is no adjustment to TP based on ESG given a 3-star ESG rating as appraised by us (see Page 4). Maintained **UNDERPERFORM**

Risks to our call include: (i) a stronger-than-expected recovery in global consumer electronics demand; (ii) moderate US-Sino chip wars, and (iii) a steep depreciation of the MYR against the USD

Results Highlight								
FYE Dec (RM m)	2Q25	1Q25	QoQ Chg	2Q24	Chg	6M25	6M24	YoY Chg
Turnover	475.2	423.6	12.2%	394.6	20.4%	898.8	759.4	18.4%
GP	23.6	26.5	-11.0%	28.5	-17.0%	50.2	55.9	-10.3%
EBITDA	76.2	70.7	7.8%	70.5	8.1%	146.9	132.5	10.8%
EBIT	17.1	14.4	18.5%	21.5	-20.3%	31.6	34.1	-7.4%
PBT/(LPT)	14.5	11.7	24.2%	21.0	-31.2%	26.1	32.8	-20.3%
Taxation	(5.3)	(5.7)	-5.5%	(4.3)	24.6%	(11.0)	(7.6)	45.1%
MI	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
Net Profit	9.1	6.0	52.0%	16.8	-45.5%	15.1	25.2	-40.0%
EPS (sen)	0.6	0.4	52.0%	1.0	-45.5%	0.9	1.6	-40.0%
DPS (sen)	2.0	2.0	0.0%	2.0	0.0%	4.0	4.0	0.0%
Gross Margin	5.0%	6.3%		7.2%		5.6%	7.4%	5.0%
EBITDA Margin	16.0%	16.7%		17.9%		16.3%	17.5%	16.0%
EBIT Margin	3.6%	3.4%		5.4%		3.5%	4.5%	3.6%
PBT Margin	3.0%	2.8%		5.3%		2.9%	4.3%	3.0%
NP Margin	1.9%	1.4%		4.2%		1.7%	3.3%	1.9%

Source: Kenanga Research

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Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 31 Jul. (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	1.05	1.18	12.4%	1,301.5	Y	12/2025	4.0	5.3	24.8%	34.3%	26.4	19.7	1.4	5.3%	1.0	1.0%
INARI AMERTRON BHD	MP	2.11	2.00	-5.2%	7,994.7	Y	06/2025	6.8	7.6	-17.2%	11.8%	31.2	27.9	2.9	6.1%	6.0	2.8%
KELINGTON GROUP BHD	OP	4.24	4.33	2.1%	3,204.4	Y	12/2025	20.4	19.5	25.2%	13.6%	20.8	21.8	4.7	26.7%	11.0	2.6%
LGMS BHD	MP	0.860	1.00	16.3%	392.2	Y	12/2025	2.9	3.3	7.3%	15.2%	29.7	25.8	3.9	13.5%	2.0	2.3%
M'SIAN PACIFIC INDUSTRIES BHD	MP	20.14	18.40	-8.6%	4,015.9	Y	06/2025	72.8	80.1	15.0%	10.0%	27.7	25.1	1.8	6.8%	35.0	1.7%
NATIONGATE HOLDINGS BHD	OP	1.55	2.21	42.6%	3,529.7	Y	12/2025	9.2	9.4	19.5%	2.3%	16.8	16.4	3.3	21.1%	2.0	1.3%
OPPSTAR BHD	MP	0.520	0.500	-3.8%	333.5	Y	03/2026	1.4	1.7	-27.4%	21.1%	37.0	30.6	2.4	6.5%	1.0	1.9%
P.I.E. INDUSTRIAL BHD	MP	3.82	4.60	20.4%	1,467.0	Y	12/2025	17.8	21.3	28.4%	19.8%	21.5	18.0	2.1	10.2%	0.0	0.0%
SKP RESOURCES BHD	OP	0.945	1.24	31.2%	1,476.4	Y	03/2026	8.6	9.2	13.9%	6.3%	10.9	10.3	1.2	12.0%	0.0	0.0%
UNISEM (M) BHD	UP	2.33	1.23	-47.2%	3,758.5	Y	12/2025	3.8	5.3	2.0%	38.8%	60.7	43.8	1.7	2.8%	8.0	3.4%
Simple Average					27,473.7					9.6%	12.5%	25.0	22.2	2.5	11.1%		1.7%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★	☆	
	Workers Safety & Wellbeing	★	★	★	☆	
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emission Management	★	★	★		
SPECIFIC	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★	☆	
	Effluent/Water Management	★	★	★	☆	
	Energy Efficiency	★	★	★		
	Waste Management	★	★	☆		
	Technology & Innovation	★	★	★		
OVERALL		★	★	★		

☆ 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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