

10 February 2026

Malaysian Pacific Industries

Staying Efficient

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MPI delivered a decent 1HFY26 performance, underpinned by stronger turnover and margin expansion driven by a more favourable product mix. Against a volatile industry backdrop, management remains focused on automation-led cost optimisation while sharpening its longer-term positioning in AI, EV and renewable energy end-markets. We maintain our FY26/FY27F earnings forecasts for now, pending further colour from today's briefing. We also retain our TP of RM31.70, based on CY26F PER of 29.3x, and reiterate our MARKET PERFORM rating.

MPI posted a decent 1HFY26, with net profit of RM110m (+57% YoY), coming in at 55% of our, and 54% of consensus, full-year forecast. The strong YoY growth was mainly driven by higher turnover and improved margins, underpinned by a more favourable product mix.

YoY, 1HFY26 revenue rose 21%, supported by broad-based growth across all regions - Asia, the US and Europe expanded by +22%, +37% and +10%, respectively, with management attributing the momentum mainly to robust AI server-related demand. In our view, the gradual recovery in automotive and firmer demand for AI-linked power management solutions also likely contributed, further strengthening MPI's positioning in these end-markets. Reflecting the stronger top line and better margin profile, PBT surged 61% YoY to RM160m.

QoQ, revenue declined 1.3%, weighed by softer contributions across most regions, partially offset by higher US contribution. Despite the weaker revenue base, gross profit increased 10.5% to RM97m, supported by improved mix, while GP margin expanded 160bps to 15.4%. As a result, net profit rose 7.6% to RM57m, although the gains were partly diluted by higher operating costs.

Outlook. Looking ahead, MPI continues to flag a volatile global semiconductor environment, citing risks such as US tariffs affecting parts of Europe, rising commodity prices, and a weaker USD. Nevertheless, the group remain focused on cost optimisation through increased automation and process improvements, while refining its strategy to deepen exposure to renewable energy, EVs, and AI-driven demand. Management expects sustained AI server demand and a continued automotive recovery to underpin performance in FY26.

Forecasts. We maintain our FY26/27F earnings forecast for now, pending more insights from today's briefing.

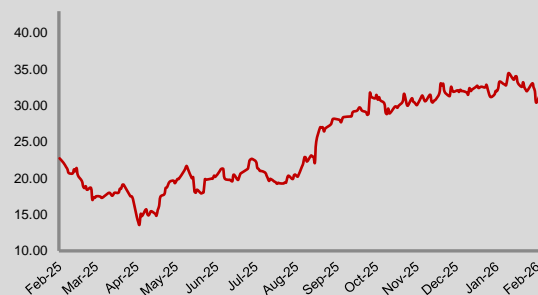
Valuations. We also retain our TP at RM31.70, based on CY26F PER of 29.3x, anchored to the FY20 valuation band when policy signals during the first Trump administration helped alleviate the initial trade-war overhang. Maintain **MARKET PERFORM**.

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: **RM31.58**
Target Price: **RM31.70** ↔

Share Price Performance



KLCI	1,751.30
YTD KLCI chg	4.2%
YTD stock price chg	-2.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MPI MK EQUITY
Market Cap (RM m)	6,297.0
Shares Outstanding	199.4
52-week range (H)	34.58
52-week range (L)	13.30
3-mth avg. daily vol.	349,327
Free Float	36%
Beta	1.5

Major Shareholders

Hong Leong Co Malaysia Bhd	57.7%
EPF	12.2%
Norges Bank	4.5%

Summary Earnings Table

FY Jun (RM m)	2025A	2026F	2027F
Turnover	2,131	2,405	2,462
EBIT	175	245	271
PBT	211	284	310
Net Profit	154	201	230
Consensus	-	204	245
Earnings Revision	-	-	-
Core EPS (sen)	77.3	100.9	115.6
EPS Growth (%)	-6	30	15
NDPS (sen)	35.0	35.0	35.0
BV/Share (RM)	10.5	11.1	11.9
Core PER (x)	40.8	31.3	27.3
P/BV (x)	3.0	2.8	2.7
Gearing (x)	N.Cash	N.Cash	N.Cash
Net Dvd. Yield (%)	1.1	1.1	1.1



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Results Highlights

FYE Jun (RM m)	2Q26	1Q26	QoQ chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Turnover	626.6	634.8	-1.3%	530.5	18.1%	1,261.5	1,047.1	20.5%
Gross Profit	96.7	87.4	10.5%	61.2	57.9%	184.1	119.6	54.0%
EBIT	72.0	68.2	5.6%	49.9	44.3%	140.2	82.3	70.3%
Interest Exp.	9.2	10.1	-8.6%	8.8	4.3%	19.3	16.7	15.4%
PBT/(LPT)	81.2	78.3	3.8%	58.7	38.3%	159.5	99.1	61.0%
Taxation	(6.8)	(9.2)	-26.3%	(6.7)	1.9%	(16.0)	(6.5)	146.5%
PATAMI	57.1	53.1	7.6%	40.0	42.6%	110.1	70.2	57.0%
Core EPS (sen)	28.7	26.7	7.6%	20.1	43.0%	55.4	35.2	57.4%
DPS	0.0	10.0	NA	0.0	0.0%	10.0	10.0	0.0%
Gross Margin	15.4%	13.8%		11.5%		14.6%	11.4%	
EBIT Margin	11.5%	10.7%		9.4%		11.1%	7.9%	
PBT Margin	13.0%	12.3%		11.1%		12.6%	9.5%	
NP Margin	9.1%	8.4%		7.5%		8.7%	6.7%	

Source: Company, Kenanga Research

Segmental Breakdown

FYE Jun (RM m)	2Q26	1Q26	QoQ chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Revenue	626.1	634.7	-1.4%	530.1	18.1%	1,261.46	1,047.1	20.5%
Asia	344.7	349.0	-1.2%	301.6	14.3%	693.7	570.9	21.5%
USA	115.8	113.0	2.5%	75.3	53.7%	228.8	167.2	36.8%
Europe	165.6	172.1	-3.8%	153.0	8.3%	337.7	308.2	9.6%
Segment profit	62.1	78.9	-21.2%	53.0	17.3%	141.0	86.2	63.6%
Asia	21.2	40.6	-47.8%	26.2	-19.2%	61.8	38.4	61.0%
USA	16.3	14.6	12.0%	8.6	89.9%	30.9	16.2	90.2%
Europe	24.6	23.7	3.9%	18.2	35.6%	48.3	31.6	53.0%
Segment profit margin	9.9%	12.4%		10.0%		11.2%	8.2%	
Asia	6.2%	11.6%		8.7%		8.9%	6.7%	
USA	14.1%	12.9%		11.4%		13.5%	9.7%	
Europe	14.9%	13.8%		11.9%		14.3%	10.2%	

Source: Company, Kenanga Research

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Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 9 Feb. (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	0.560	0.810	44.6%	694.1	Y	12/2025	1.1	2.7	-66.1%	149.3%	51.8	20.8	0.9	-19.5%	MP	0.560
INARI AMERTRON BHD	OP	1.56	2.20	41.0%	5,936.0	Y	06/2026	6.8	7.6	1.5%	10.9%	22.9	20.6	2.1	9.3%	OP	1.56
KELINGTON GROUP BHD	OP	4.91	6.15	25.3%	3,847.5	Y	12/2025	20.4	20.4	25.3%	21.4%	24.1	24.0	5.6	27.1%	OP	4.91
LGMS BHD	MP	0.520	0.730	40.4%	237.1	Y	12/2025	2.2	2.7	-18.7%	23.0%	23.7	19.3	2.4	10.3%	MP	0.520
M'SIAN PACIFIC INDUSTRIES BHD	MP	31.58	31.70	0.4%	6,297.0	Y	06/2026	100.8	115.3	30.5%	14.4%	31.3	27.4	2.8	9.4%	MP	31.58
NATIONGATE HOLDINGS BHD	OP	1.01	1.80	78.2%	2,285.3	Y	12/2025	6.7	6.4	-13.7%	-4.3%	15.2	15.8	2.2	15.9%	OP	1.01
OPPSTAR BHD	MP	0.260	0.400	53.8%	166.8	Y	03/2026	(1.3)	1.1	-166.9%	-12.0%	N.A.	22.8	1.3	-6.3%	MP	0.260
P.I.E. INDUSTRIAL BHD	MP	1.80	2.80	55.6%	691.3	Y	12/2025	7.9	14.8	-42.7%	86.5%	22.7	12.2	1.0	4.7%	MP	1.80
SKP RESOURCES BHD	OP	0.615	1.18	91.9%	960.9	Y	03/2026	7.2	8.2	-4.2%	14.5%	8.6	7.5	0.8	10.1%	OP	0.615
UNISEM (M) BHD	UP	3.12	1.90	-39.1%	5,032.8	Y	12/2025	3.6	6.5	-3.6%	78.1%	86.0	48.3	2.3	2.6%	UP	3.12
UWC BHD	OP	4.29	4.38	2.1%	4,731.4	Y	07/2026	10.0	13.9	172.6%	38.8%	42.8	30.9	7.9	22.6%	OP	4.29
PENTAMASTER CORP BHD	OP	3.16	4.25	34.5%	2,247.8	Y	12/2025	8.7	12.1	-4.9%	38.9%	36.3	26.1	2.8	8.0%	OP	3.16
INFOMINA BHD	OP	1.25	1.90	52.0%	751.6	Y	05/2026	5.6	7.6	60.7%	34.8%	22.2	16.4	3.8	18.3%	OP	1.25
Simple Average					33,879.3					7.5%	24.3%	28.5	23.0	2.8	8.7%		

Source: Kenanga Research

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Stock ESG Ratings:

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