

26 February 2026

# NationGate Holdings

## A Surprise Loss

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NATGATE's 4QFY25 reported net profit of RM6.4m was largely supported by forex gains and fair value gains on financial instruments; excluding these, the group would have recorded a core net loss. The weaker underlying performance came as a surprise to both us and the street, and may reflect a relatively high-cost base coupled with lower operating leverage in the absence of meaningful AI server contributions — an area we intend to seek further clarification on during today's briefing. Looking ahead, we expect the data computing segment to remain the key revenue driver, with the product mix skewing more towards CPU-based server shipments rather than GPU-driven AI servers. We maintain our earnings forecasts and target price of RM1.15 (18x FY26F PER), as well as the **OUTPERFORM** rating, pending further insights from today's results briefing.

NATGATE's 4QFY25 adjusted net loss of RM16.5m came in below expectations, with FY25 only achieving 65%/69% of our/consensus full-year estimate, mainly due to weaker-than-expected underlying margins amid the absence of meaningful AI server contributions, which led to lower operating leverage against a relatively fixed cost base. For the quarter, the group declared an interim dividend of 0.25 sen per share and a special single-tier dividend of 1.0 sen per share, bringing total FY25 DPS to 2.0 sen. Our 4QFY25's core net loss of RM16.7m was derived after adjusting for RM26.6m in forex gain and RM28.1m of fair value gain on derivative financial instruments, as well as RM0.4m of allowance for slow moving inventories.

**YoY, FY25** revenue surged by 135% to RM7.6b (+RM4.4b), primarily driven by the growth from the data computing segment. Despite the jump in turnover, GP and PBT dropped by 14.2 and 3.4%, respectively, as the core net loss in the current quarter weighed down on the whole financial year, with margins declined due to the high cost of key components in the data computing segment. Notably, adjusted net profit dropped by 43% to RM99.5m as margin compression from a lower-margin product mix and reduced operating leverage diluted the earnings conversion despite strong revenue expansion.

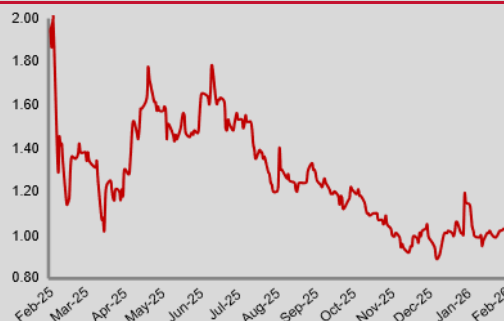
**QoQ**, the group's revenue increased by 25% to RM1.2b, driven mainly by stronger contributions from the data computing segment (+30% QoQ). However, as this segment carries relatively lower margins, the stronger topline translated into only a modest 4% increase in gross profit to RM38.1m, implying some margin dilution at the gross level. Despite the muted gross profit growth, PBT rose a stronger 52% to RM23.3m, largely attributable to higher foreign exchange gains following the strengthening of MYR against USD during the quarter, which more than offset the softer margin expansion. Nonetheless, after excluding the forex gain, fair value gain on derivative financial instruments, and the allowance for slow-moving inventories — which collectively amounted to RM54.3m — the group registered a core net loss of RM16.5m for the quarter.

**Outlook.** We expect the data computing segment to remain a key revenue contributor in FY26, supported by ongoing CPU demand, while AI server visibility remains constrained amid geopolitical uncertainties. As AI deployments gradually shift from model training towards inferencing applications, infrastructure requirements may increasingly involve general-purpose and storage-optimised servers to accommodate higher data movement and retrieval needs, including video, images and other LLM-generated outputs.

# OUTPERFORM ↔

**Price:** RM1.01  
**Target Price:** RM1.15 ↔

### Share Price Performance



KLCI	1,747.81
YTD KLCI chg	4.0%
YTD stock price chg	13.5%

### Stock Information

Shariah Compliant	Yes
	NATGATE MK
	EQUITY
Bloomberg Ticker	2,285.3
Market Cap (RM m)	2,262.6
Shares Outstanding	2.07
52-week range (H)	0.85
52-week range (L)	10,977,080
3-mth avg. daily vol.	37%
Free Float	1.8
Beta	

### Major Shareholders

Ooi Eng Leong	48.3%
Geok Tan Ah	6.5%
Amanah Saham Nasional	5.5%

### Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Turnover	5,271	7,023	5,725
EBIT	237	248	246
PBT	231	242	240
<b>Net Profit</b>	160	165	176
<b>Adj NP</b>	176	165	176
Consensus	-	143	173
Earnings Revision	-	-	-
Core EPS (sen)	7.0	9.2	9.4
EPS Growth (%)	140.0	-15.5	6.6
NDPS (sen)	2.0	2.0	2.0
BV/Share (RM)	0.4	0.4	0.5
Core PER (x)	20.5	15.3	13.0
P/BV (x)	3.6	2.2	2.0
Gearing (x)	-1.0	-0.1	-0.2
Net Dvd Yield (%)	1.4	2.0	2.0

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This evolving workload mix could help sustain CPU-based server shipments.

In addition, rising data throughput requirements associated with inferencing workloads may provide some support to networking demand, particularly optical transceivers. During today's briefing, we will seek further clarity on (i) the sustainability of CPU demand within data computing, and (ii) the outlook for networking components.

**Forecasts.** We made no changes to our earnings forecast, pending further insights from today results briefing.

**Valuations.** We maintain our TP at **RM1.15** based on an unchanged 18x FY26F PER, slightly below NATGATE's mean valuation since its listing in January 2023, to reflect broader sector-wide uncertainties arising from ongoing supply-chain relocation dynamics.. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

**Investment case.** We like NATGATE for its: (i) exposure to the fast-growing industrial and commercial products used in the networking and telecommunication sectors, and (ii) value-added services such as chip-on-board (COB) that enhance customer stickiness and yield better margins. Maintain **OUTPERFORM**.

**Risks to our call include:** (i) heavy reliance on the networking segment which contributes c.90% of group revenue, (ii) competition from foreign EMS players that have presence in Malaysia, and (iii) adverse impact from component shortage which could delay delivery schedule.

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<b>Results Highlights</b>								
<b>FYE Dec (RM ms)</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	1,203.9	965.4	24.7%	3,031.6	-60.3%	7,612.3	3,238.6	135.0%
Gross Profit	38.1	36.7	3.7%	127.9	-70.2%	139.1	162.2	-14.2%
EBITDA	43.2	31.1	38.9%	92.7	-53.4%	134.3	128.9	4.2%
EBIT	30.1	18.1	66.3%	79.6	-62.2%	107.5	104.1	3.3%
PBT/(LPT)	23.3	15.4	51.6%	78.9	-70.4%	97.8	101.2	-3.4%
Taxation	(8.2)	(1.1)	657.3%	(11.6)	-29.7%	(54.2)	(51.5)	5.2%
MI	(8.8)	(1.6)	431.4%	(3.2)	172.5%	(17.2)	(19.0)	-9.4%
Net Profit	6.4	12.7	-49.6%	64.1	-90.0%	125.1	160.2	-21.9%
Adj NP	(16.5)	10.0	-264.5%	98.4	-116.8%	99.5	176.1	-43.5%
EPS (sen)	0.3	0.5	-49.6%	2.8	-90.9%	5.2	7.2	-27.8%
DPS (sen)	1.3	0.3	NM	1.3	0.0%	2.0	2.0	0.0%
Gross Margin	3.2%	3.8%	-0.6%	4.2%	-1.1%	1.8%	5.0%	-3.2%
EBITDA Margin	3.6%	3.2%	0.4%	3.1%	0.5%	1.8%	4.0%	-2.2%
EBIT Margin	2.5%	1.9%	0.6%	2.6%	-0.1%	1.4%	3.2%	-1.8%
PBT Margin	1.9%	1.6%	0.3%	2.6%	-0.7%	1.3%	3.1%	-1.8%
Adj NP Margin	-1.4%	1.0%	-2.4%	3.2%	-4.6%	1.3%	5.4%	-4.1%
Tax Rate	-35.1%	-7.0%	-28.1%	-14.7%	-20.4%	-55.4%	-50.9%	-4.5%

Source: Kenanga Research

<b>Segmental Breakdown</b>								
<b>FYE Dec (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>
Networking & Telecommunication								
Industrial Instruments	124.3	120.0	4%	112.6	10%	499.6	420.3	19%
Data Computing	24.2	23.9	1%	28.0	-13%	103.1	103.8	-1%
Consumer Electronics	1,016.2	783.5	30%	2,862.2	-64%	6,878.5	4,638.4	48%
Automotive	13.6	7.1	91%	3.1	333%	25.0	12.8	95%
Semiconductor	15.0	11.4	31%	11.4	32%	51.3	48.1	7%
Others	-	-	-	-	-	-	6.9	-100%
<b>TOTAL</b>	<b>10.6</b>	<b>19.4</b>	<b>-46%</b>	<b>14.2</b>	<b>-26%</b>	<b>54.7</b>	<b>40.4</b>	<b>35%</b>
<b>% Rev. contribution</b>								
Networking & Telecommunication	10.3%	12.4%	-2%	3.7%	6.6%	6.6%	8.0%	-1.4%
Industrial Instruments	2.0%	2.5%	0%	0.9%	1.1%	1.4%	2.0%	-0.6%
Data Computing	84.4%	81.2%	3%	94.4%	-10.0%	90.4%	88.0%	2.4%
Consumer Electronics	1.1%	0.7%	0%	0.1%	1.0%	0.3%	0.2%	0.1%
Automotive	1.2%	1.2%	0%	0.4%	0.9%	0.7%	0.9%	-0.2%
Semiconductor	0.0%	0.0%	0%	0.0%	0.0%	0.0%	0.1%	-0.1%
Others (medical devices, IoT, household electronic products & etc.)	0.9%	2.0%	-1%	0.5%	0.4%	0.7%	0.8%	0.0%

Source: Kenanga Research

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### Malaysian Technology Peers Comparison

Name	Rating	Last Price (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	0.510	0.810	58.8%	632.1	Y	12/2025	1.1	2.7	-66.1%	149.3%	47.2	18.9	0.9	-19.5%	1.0	2.0%
INARI AMERTRON BHD	OP	1.50	2.20	46.7%	5,707.7	Y	06/2026	6.8	7.6	1.5%	10.9%	22.0	19.8	2.1	9.3%	7.0	4.7%
KELINGTON GROUP BHD	OP	5.12	6.15	20.1%	4,017.8	Y	12/2026	20.5	21.9	23.4%	6.8%	25.0	23.4	5.7	26.1%	13.0	2.5%
LGMS BHD	MP	0.495	0.650	31.3%	225.7	Y	12/2026	2.2	2.7	-18.7%	23.0%	22.6	18.4	2.3	10.3%	2.0	4.0%
MALAYSIAN PACIFIC INDUSTRIES	MP	32.00	35.30	10.3%	6,380.7	Y	06/2026	104.4	120.3	35.2%	15.2%	30.6	26.6	2.9	9.7%	35.0	1.1%
NATIONGATE HOLDINGS BHD	OP	1.01	1.15	13.9%	2,285.3	Y	12/2026	6.7	6.4	-13.7%	-4.3%	15.2	15.8	2.2	15.9%	2.0	2.0%
OPPSTAR BHD	MP	0.270	0.280	3.7%	173.2	Y	03/2026	(1.6)	1.0	-184.7%	-40.0%	N.A.	27.4	1.4	-8.0%	0.0	0.0%
PIE INDUSTRIAL BHD	MP	1.70	2.54	49.4%	652.9	Y	12/2025	7.9	14.8	-42.7%	86.5%	21.5	11.5	1.0	4.7%	0.0	0.0%
SKP RESOURCES BHD	MP	0.510	0.530	3.9%	796.8	Y	03/2026	5.7	4.4	-24.4%	-22.5%	9.0	11.6	0.7	8.0%	0.0	0.0%
UNISEM (M) BHD	UP	3.18	2.22	-30.2%	5,129.6	Y	12/2026	7.6	9.2	94.1%	21.8%	42.0	34.5	2.4	5.8%	6.0	1.9%
UWC BHD	OP	4.22	4.38	3.8%	4,654.2	Y	07/2026	10.0	13.9	172.6%	38.8%	42.1	30.4	7.8	22.6%	0.0	0.0%
PENTAMASTER CORP BHD	OP	3.23	4.25	31.6%	2,297.6	Y	12/2026	12.1	13.1	39.0%	8.1%	26.7	24.7	2.7	10.4%	2.0	0.6%
INFOMINA BHD	OP	1.19	1.90	59.7%	715.5	Y	05/2026	5.6	7.6	60.7%	34.8%	21.1	15.7	3.6	18.3%	1.0	0.8%
<b>SECTOR AGGREGATE</b>					<b>33,669.0</b>					<b>13.9%</b>	<b>15.5%</b>	<b>26.1</b>	<b>22.6</b>	<b>2.7</b>	<b>8.7%</b>		<b>1.5%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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