

26 February 2026

Pentamaster Corporation

Execution Year Begins

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PENTA's FY25 performance came in within expectations, with net profit of RM62m matching both our and consensus full-year estimates. Looking ahead, management views FY26 as an execution year, particularly for ATE, with prototype deliveries tied to AI ICs, advanced packaging and silicon photonics that could support broader conversion and potential mass-production programmes in FY27. We make no changes to FY26F earnings and introduce FY27F numbers. We maintain **OUTPERFORM** with an unchanged TP of RM4.25, based on 35x FY26F PER.

YoY, FY25 revenue declined 6% to RM584m, while PBT and PATAMI fell 9% and 5% to RM96m and RM62m, respectively, mainly due to lower turnover along with softer EBIT margin of 16.4% (vs. 16.9% in FY24) as administrative and distribution expenses increased. Its FAS (Factory Automation Solutions) segment's revenue contracted 23% to RM308m (about 45% of group revenue) as the medical segment normalised. This was partly offset by stronger ATE (Automated Test Equipment) performance, which grew 18% YoY to RM265m (about 53% of group revenue), supported by firmer demand for electro-optical smart-sensor test solutions, a semiconductor cycle recovery, and higher automotive-related contributions. Meanwhile, the smart-control solutions segment remained immaterial (2% of group revenue) and stayed loss-making, weighed by fixed-cost absorption.

QoQ, 4QFY25 revenue increased 7.5%, supported by stronger contributions from both the ATE and FAS segments. The improvement in ATE was mainly driven by higher project values delivered across the automotive, electro-optical, and semiconductor segments, while FAS growth was primarily attributable to the fulfilment of project deliveries, particularly in the electro-optical industries. The stronger topline, together with certain non-recurring income from project cancellation charges and the monetisation of previously written-off inventory in the ATE segment, lifted PBT and PAT by 59% and 18%, respectively.

Outlook. PENTA views FY25 as a transition year, with management strengthening its technology and engineering capabilities ahead of a potentially stronger AI-driven capex cycle. FY26 is expected to be an execution year, particularly for ATE, with prototype deliveries for next-generation semiconductor test, inspection and handling solutions supporting AI ICs, advanced packaging and silicon photonics; successful qualification in FY26 could support broader programme conversion and potential mass-production opportunities in FY27. Management remains constructive on ATE, supported by opportunities in power semiconductors, electro-optical applications and advanced packaging, while execution on prototype deliveries, qualification timelines and order conversion will be the key factors to watch.

Forecasts. As the result came in within expectations, we maintain our FY26 forecasts unchanged. We also introduce our FY27 estimates.

Valuations. We maintain our TP at RM4.25, based on an unchanged targeted FY26F PER of 35x which sits ~1SD below the large-cap ATE (ex-Pentamaster)'s 5-year average, providing a peer-relative discount due to its thinner margins, while still about 1SD above PENTA's own 5-year mean, reflecting its improving mix, new products execution and earnings visibility.

OUTPERFORM ↔

Price: RM3.23
Target Price: RM4.25 ↔

Share Price Performance



KLCI	1,747.81
YTD KLCI chg	4.0%
YTD stock price chg	-16.8%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	PENT MK EQUITY
Market Cap (RM m)	2,297.6
Shares Outstanding	711.3
52-week range (H)	4.46
52-week range (L)	1.86
3-mth avg. daily vol.	1,372,977
Free Float	60%
Beta	1.3

Major Shareholders

Chuah Choon Bin	19.7%
Bank Julius Baer & C	19.7%
EPF	14.1%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	584	699	756
EBIT	96	132	149
PBT	96	131	147
PATAMI	62	86	93
Consensus	-	84	103
Earnings Revision	-	-	NEW
EPS (sen)	8.7	12.1	13.1
EPS Growth (%)	-5	39	8
NDPS (sen)	0.0	2.0	2.0
BVPS (RM)	1.1	1.2	1.3
Core PER (x)	37.1	26.7	24.7
Price/BV (x)	2.9	2.7	2.4
Net Gearing (x)	Net	Net	Net
	Cash	Cash	Cash
Net Div. Yield (%)	-	0.6	0.6

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Investment case. We like PENTA for: (i) its strong positioning to benefit from the ongoing ATE upcycle, (ii) incremental capacity from Campus 3, alongside its full-stack customisation capabilities (ATE + FAS), which should strengthen customer stickiness, and (iii) a visible advanced packaging pipeline, with revenue mix gradually shifting towards higher-value tools. Maintain **OUTPERFORM**.

Risks to our call include: (i) weaker-than-expected demand in medical/automotive/electro-optical end-markets, (ii) adverse product-mix shifts that compress margins, and (iii) execution or R&D shortfalls such as failure to develop, acquire or scale technologies aligned with market needs.

Results Highlights								
FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Turnover	159.1	148.1	7.5%	130.7	21.8%	583.7	623.0	-6.3%
Gross Profit	58.7	39.0	50.6%	38.9	50.9%	171.7	178.5	-3.8%
EBIT	35.0	21.5	62.6%	21.4	63.8%	95.8	106.0	-9.6%
Interest exp.	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
PBT/(LPT)	35.4	22.2	59.3%	21.1	67.5%	95.8	105.4	-9.1%
Taxation	(6.2)	1.8	-450.7%	(0.4)	1599.7%	(5.1)	(1.5)	231.3%
Net Profit	20.2	17.1	18.0%	14.2	42.5%	62.0	65.2	-5.0%
EPS (sen)	2.8	2.4	18.0%	2.0	42.5%	8.7	9.2	-5.0%
DPS (sen)	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
Gross Margin	36.9%	26.3%		29.8%		29.4%	28.6%	
EBITDA Margin	22.0%	14.5%		16.4%		16.4%	17.0%	
EBIT Margin	22.2%	15.0%		16.2%		16.4%	16.9%	
PBT Margin	12.7%	11.6%		10.8%		10.6%	10.5%	
NP Margin	-17.5%	7.9%		-1.7%		-5.3%	-1.5%	
Tax Rate	36.9%	26.3%		29.8%		29.4%	28.6%	

Source: Kenanga Research

Customer/Application Breakdown								
FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Automotive (ATE)	32.4	23.5	38%	14.9	117%	150.9	142.8	6%
Medical (FAS)	73.0	79.7	-8%	76.5	-5%	195.2	311.0	-37%
Electro-Optical (ATE)	20.4	7.5	173%	13.6	51%	87.5	80.7	8%
Consumer and industrial products (FAS)	17.4	21.1	-17%	10.1	73%	75.8	35.0	117%
Semiconductor (ATE)	13.4	11.5	17%	15.2	-12%	63.2	52.9	19%
RE (FAS)	2.5	4.9	-49%	0.0	NA	11.1	0.0	NA
Others	0.0	0.0	NA	0.4	-95%	0.0	0.6	-100%
TOTAL	159.1	148.1	7%	130.7	22%	583.7	623.0	-6%

Source: Kenanga Research

Segmental Breakdown								
FYE: Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
ATE	47.8	38.7	23%	37.2	28%	265.0	224.4	18%
FAS	111.3	99.6	12%	93.0	20%	307.9	398.0	-23%
SCSS	-	9.7	-100%	0.4	-100%	10.7	0.6	1716%
TOTAL	159.1	148.1	7%	130.7	22%	583.7	623.0	-6%

Source: Kenanga Research

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Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 25 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.				
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%
M'SIAN PACIFIC INDUSTRIES BHD	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%
P.I.E. 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%
Simple Average					33,669.0					13.9%	15.5%	26.1	22.6	2.7	8.7%		1.5%

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	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Technology & Innovation	★	★	★		
	Waste & Water Management	★	★	★		
	Product Quality & IP	★	★	★	★	
	Green Building	★	★	★		
	Biodiversity & Conservation	★	★			
	Supply Chain Management	★	★	★		
	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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