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Supercomnet Technologies

A Weak 4QFY25, Expect a Stronger FY26

By Raymond Choo Ping Khoo | pkchoo@kenanga.com.my

SCOMNET's FY25 results missed expectations with net profit falling 16% YoY to RM26m. 4QFY25 was impacted by delayed shipments delivery to a key customer. This delayed order is expected to be booked in 1QFY26. The medical segment remains its key anchor driver accounting for over 80% of revenue, with new product launches (e.g., EEG wires) and expansion into new markets expected to boost performance in 2HCY26. In terms of Magnetar EEG Electrode Cable for Customer A, 3,000 sets have been supplied to customer A for an exhibition which are sellable. It expects small-batch production in 1QCY26-2QCY26, with mass production targeted for 3QCY26. Similarly, smart cable for critical care monitoring production has grown consistently over the past few months. We maintain our forecasts, TP of RM1.00 and OUTPERFORM call.

SCOMNET's FY25 net profit fell 16% YoY to RM26m which missed our and consensus forecasts by 13% and 10%, respectively. The weak results were due to lower-than-expected contribution from medical and industrial segment.

QoQ, 4QFY25 revenue fell 19% due to lower contribution from medical segment (-8%) which accounts for 91% of group topline due to delayed shipments delivery from a key customer. This delayed order is expected to be booked in 1QFY26. EBITDA fell 36% due to forex loss, shipment delayed and one-off bonus payment earmarked in 4QFY25. This brought 4QFY25 net profit to RM5m (-39%). No dividend was declared as expected.

YoY, its FY25 revenue rose 7% due to lower sales volume from medical segment which accounted for >86% of group. However, FY25 net profit fell 16% due to deferred timing in product deliveries as mentioned above, adverse forex due to strengthening of MYR against the USD, and higher labour costs following the revision of the minimum wages in 1HFY25.

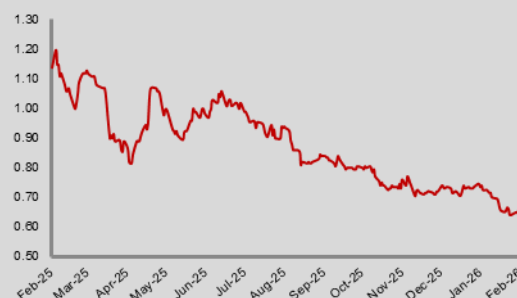
Outlook. The medical segment remains its key anchor driver accounting for >80% of revenue, with new product launches (e.g., EEG wires) and expansion into new markets expected to boost performance in 2HCY26. Its new business opportunities have broadened following Customer E's sale of its critical care division to new Customer B. Specifically, the main products include transcatheter heart valves of which Scomnet is currently carrying out research and developing production capabilities. Given Customer E's longstanding relationship with Scomnet, it is looking to retain Scomnet as its supplier. Customer A is also setting up a new plant in Mexico to serve the South American market. It currently controls around 5% of the global endoscope market. Major examples include the soft-launch of AI smart cables for existing Customer E and new Customer G, the electroencephalogram (EEG) cable for Customer A as well as the syringe infusion system for Customer I. In terms of Magnetar EEG Electrode Cable for Customer A, 3,000 sets have been supplied to customer A for an exhibition which are sellable. It expects small-batch production in 1QCY26-2QCY26, with mass production targeted for 3QCY26. Similarly, smart cable for critical care monitoring production has grown consistently over the past few months.

Valuation and forecasts. We maintain our forecasts and TP of RM1.00 based on 20x FY27F EPS, at 30% discount to proxy peers' average of 32x (Scomnet historically trades at 25-40% discount to both Ambu A/S and Edwards Lifesciences Corp). We like SCOMNET for: (i) the bright prospects of disposable endoscopes and ECG cables, (ii) its solid business model from product conceptualisation, design and

OUTPERFORM ↔

Price: RM0.60
Target Price: RM1.00 ↔

Share Price Performance



KLCI	1,754.01
YTD KLCI chg	4.4%
YTD stock price chg	-16.1%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCT MK EQUITY
Market Cap (RM m)	513.5
Shares Outstanding	855.8
52-week range (H)	1.22
52-week range (L)	0.60
3-mth avg. daily vol.	677,361
Free Float	33%
Beta	1.2

Major Shareholders

Shiue Jong-Zone	13.7%
Chih-Yu Hsueh	12.8%
Shiue Jyh-Jeh	12.0%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	140.1	172.4	198.8
EBITDA	38.9	53.4	62.2
PBT	33.5	46.8	55.2
Net Profit	26.0	36.0	42.5
Core Net Profit	26.0	36.0	42.5
Consensus (NP)	-	32.3	31.0
Earnings Revision	-	-	-
EPS (sen)	3.0	4.2	4.9
EPS Growth (%)	(16.8)	38.0	18.1
NDPS (sen)	2.3	2.3	2.3
PER (x)	19.8	14.3	12.2
PBV (x)	1.2	1.2	1.1
Net Gearing (%)	Cash	Cash	Cash
Net Div. Yield (%)	3.8	3.8	3.8

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manufacturing of OEM and ODM tubing cable assemblies and devices, hence keeping most of the margins to the group, and (ii) the superior margins of its business model. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see next page).

Key risks to our recommendation include: (i) product approval from the relevant regulatory authorities and (ii) lower-than-expected order in the public segment.

Results Highlights								
	4Q	3Q	Q-o-Q	4Q	Y-o-Y	12M	12M	Y-o-Y
FYE Dec (RM m)	FY25	FY25	Chg (%)	FY24	Chg (%)	FY24	FY25	Chg (%)
Turnover	30.6	37.6	(18.5)	38.2	(19.7)	149.9	140.1	(6.5)
EBITDA	7.5	11.7	(36.0)	13.5	(44.6)	45.6	38.9	(14.8)
Dep & Amortisation	(1.5)	(1.5)	(1.4)	(1.5)	3.3	(5.9)	(6.0)	2.6
Net Interest expense	0.1	0.2	(33.0)	0.2	(46.9)	1.0	0.7	(28.9)
PBT	6.1	10.3	(41.1)	12.3	(50.4)	40.7	33.5	(17.6)
Tax	(1.4)	(2.6)	(47.7)	(3.1)	(56.5)	(9.6)	(7.5)	(21.8)
PATAMI	4.7	7.7	(38.9)	9.1	(48.3)	31.1	26.0	(16.4)
EPS (sen)	0.6	0.9	(38.9)	0.6	0.0	3.7	3.0	(18.4)
EBITDA margin	24.4	31.0		35.3		30.4	27.7	
PBT margin	19.9	27.5		32.1		27.2	23.9	
Effective tax rate	22.4	25.3		25.6		23.6	22.4	

Source: Company, Kenanga Research, Bursa Malaysia

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)
								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.
Stocks Under Coverage																
DUOPHARMA	OP	1.49	1.72	15%	1,433	Y	12/2025	9.9	11.5	52%	16%	15.1	13.0	1.9	12.8%	3.3
IHH HEALTHCARE BHD	MP	9.08	8.50	-6%	80,232	Y	12/2025	21.6	24.3	13%	12%	42.0	37.4	2.6	6.2%	10.0
KOTRA INDUSTRIES BHD	OP	4.14	4.90	18%	614	Y	06/2026	28.7	32.5	-5%	13%	14.4	12.7	2.2	15.3%	25.5
NOVA WELLNESS GROUP BHD	OP	0.400	0.470	18%	127	Y	06/2026	3.6	3.8	49%	4%	11.1	10.6	1.1	10.1%	1.6
PHARMANIAGA BERHAD	UP	0.300	0.200	-33%	1,967	Y	12/2026	1.0	1.1	34%	8%	30.3	28.0	3.9	13.9%	0.0
SCOMNET BERHAD	OP	0.600	1.00	67%	513	Y	12/2026	4.2	4.9	38%	18%	14.3	12.2	1.2	7.1%	2.3

Source: Company, Bloomberg, Kenanga Research

Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	☆
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	☆	
SPECIFIC	Product Quality & Safety	★	★	★	
	Effluent/Waste Management	★	★	☆	
	Automation & Innovation	★	★	★	
	Energy Efficiency	★	★	★	☆
	Supply Chain Management	★	★	★	☆
	Legal & Regulatory Compliance	★	★	★	
OVERALL		★	★	★	

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

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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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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my Email: research@kenanga.com.my