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## P.I.E. Industrial 4QFY25 in the red on key customer weakness

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PIE's FY25 net profit of RM22.6m was below expectation, making up only 74%/66% of our/consensus estimate. The earnings miss this quarter was likely due reduced orders in the EMS segment as Customer A's shipments were disrupted after its end-products were held by the U.S. Customs and Border Protection (CBP) for additional inspection, prompting the customer to temporarily divert part of its ASEAN production to Mexico and the U.S. for smoother clearance. Notably, GPM contracted 2.8 ppts QoQ to 0.4% in 4QFY25 due to an unfavourable sales mix. Looking forward, with tariff uncertainty now largely settled and the China+1 shift accelerating, management is intensifying engagement with prospective customers to secure new programmes and backfill the remaining capacity at Plants 5 and 6. We maintain our earnings forecasts and target price of RM3.37, with an unchanged MARKET PERFORM rating, pending further insights from today results' briefing.

PIE's 4QFY25 net loss of RM3.3m (-119% YoY, -173% QoQ) came in below expectations, with FY25 earnings accounting for only 74% of our full-year forecast, and 66% of consensus estimates. The negative deviation from our projections was primarily due to weaker-than-expected EMS activity, following a key customer's decision to shift part of its production to Mexico and the U.S. in the previous quarter to facilitate smoother U.S. customs clearance. The softness was largely anticipated, as the excess capacity left by Customer A led to lower plant utilisation and an unfavourable product mix, which continued to exert pressure on margins.

**YoY**, FY25 revenue dropped 9.9% to RM879m, due to lower product orders from customers for electronics manufacturing services (EMS) and raw wire and cable products, partially offset by higher sales revenue in wire harness in Thailand. PBT contracted by 45% to RM0.1m, mainly due to an unfavourable product mix since 2QFY25 and higher losses from foreign exchange transactions amid weakening USD. Consequently, net profit fell by a narrower 58% to RM22.6m.

**QoQ**, 4QFY25 revenue fell 16% QoQ, driven by softer order volumes in the EMS segment, most notably from its key customer as production was largely diverted to Mexico and the U.S. Coupled with a largely fixed cost base, this continued to weigh on margins. As a result, GPM contracted 1.6 ppts to 2.6%, weighed down by the reduced contribution from Customer A, whose consignment-based orders typically carry higher margins. Consequently, the group slipped into a net loss of RM3.3m (-173% QoQ), dragged by lower revenue and weaker margins.

**Outlook.** Amid persistent U.S.–China trade tensions, the shift in manufacturing away from China has intensified. PIE has reported encouraging traction from “China+1” initiatives, with multiple ongoing discussions for potential new business. Notably, the group is in advanced discussions with a major potential server customer, which is expected to utilise the newly completed Plant 6 for production. Should this materialise, mass production could commence as early as 2Q26. Meanwhile, the expansion of Plant 5 has been completed, and management is currently in discussions with several customers to onboard new product assembly programmes at the facility. For PIT Thailand, revenue contribution from cable assembly and wire harness (currently ~4% of group revenue) is expected to increase, supported by improving business prospects in Thailand. With the completion of its new

## MARKET PERFORM ↔

Price : RM1.54

Target Price : RM2.54 ↔

### Share Price Performance



KLCI	1,716.61
YTD KLCI chg	-2.0%
YTD stock price chg	-52.5%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PIE MK EQUITY
Market Cap (RM m)	591.4
Shares Outstanding	384.0
52-week range (H)	4.77
52-week range (L)	1.50
3-mth avg. daily vol.	266,846
Free Float	23%
Beta	1.1

### Major Shareholders

Pan Global Holding Co Ltd	51.4%
AmanahRaya Trustees	6.2%
Fing Wong Nyok	6.1%

### Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	975	1,039	1,371
EBIT	62	68.1	86.4
PBT	58	65.5	83.0
<b>Net Profit</b>	<b>53</b>	<b>54.0</b>	<b>68.5</b>
Consensus	-	53.2	74.7
Earnings Revision	-	-	-
EPS (sen)	13.8	14.1	17.8
EPS growth (%)	-27.8	1.93	11.9
NDPS (sen)	0	0	0
BV/Share (RM)	1.7	1.9	2.0
Core PER (x)	33.2	26.7	13.1
P/BV (x)	2.8	2.4	2.1
Gearing (x)	-0.1	-0.1	-0.2
Net Dvd Yield (%)	-	-	-

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factory block, PIT has expanded its manufacturing capacity in anticipation of incoming orders.

**Forecasts.** We are maintaining our financial forecasts for now, awaiting further insights from today results briefing.

**Valuations.** We reiterate our target price of RM2.54, derived from FY26F EPS and an unchanged 17.2x PER, consistent with its five-year forward average. 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 PIE for: (i) its comprehensive skill set, making it a top-choice EMS provider for MNCs, (ii) various competitive advantages it enjoys as a unit of Foxconn, and (iii) its diversified and evolving client base, from those involved in communication devices and power tools to the latest DeFi equipment. Maintain **MARKET OUTPERFORM**.

**Risks to our call include:** (i) loss of orders from/non-renewal of contracts by its key customer, (ii) labour shortage and rising labour cost and (iii) unfavourable currency movements.

Results Highlight								
FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Turnover	171.6	204.9	-16.3%	251.5	-31.8%	879.2	975.4	-9.9%
Gross Profit	4.5	8.6	-48.1%	14.8	-69.9%	48.7	82.0	-40.6%
EBITDA	8.6	14.4	-40.2%	19.4	-55.6%	65.1	85.0	-23.3%
EBIT	0.8	6.6	-88.6%	13.0	-94.2%	34.3	62.0	-44.7%
PBT/(LPT)	0.1	5.9	-98.5%	11.9	-99.3%	32.1	57.9	-44.6%
Taxation	(4.2)	(1.6)	164.6%	4.7	-187.6%	(11.0)	(5.7)	92.4%
MI	0.8	0.1	576.1%	0.7	13.8%	1.6	1.0	56.0%
Net Profit	(3.3)	4.5	-172.9%	17.3	-118.9%	22.6	53.1	-57.5%
Core EPS (sen)	(0.9)	1.2	-172.9%	4.5	-118.9%	5.9	13.8	-57.5%
DPS (sen)	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
Gross Margin	2.6%	4.2%		5.9%		5.5%	8.4%	
EBITDA Margin	5.0%	7.0%		7.7%		7.4%	8.7%	
EBIT Margin	0.4%	3.2%		5.2%		3.9%	6.4%	
PBT Margin	0.1%	2.9%		4.7%		3.6%	5.9%	
NP Margin	-1.9%	2.2%		6.9%		2.6%	5.4%	
Tax Rate	4720.5%	26.4%		-40.0%		34.4%	9.9%	

Source: Kenanga Research

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## Malaysian Technology Peers Comparison

Name	Rating	Last Price	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.
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D&O GREEN TECHNOLOGIES BHD	MP	0.470	0.810	72.3%	582.6	Y	12/2026	1.1	2.7	-66.1%	149.3%	43.5	17.4	0.8	-19.5%	1.0	2.1%
INARI AMERTRON BHD	OP	1.42	2.05	44.4%	5,403.3	Y	06/2026	5.7	7.5	-14.6%	30.6%	24.7	18.9	1.9	7.2%	5.0	3.5%
KELINGTON GROUP BHD	OP	5.47	6.15	12.4%	4,292.5	Y	12/2026	20.5	21.9	23.4%	6.8%	26.7	25.0	6.1	26.1%	13.0	2.4%
LGMS BHD	MP	0.510	0.650	27.5%	232.6	Y	12/2026	2.2	2.7	-18.7%	23.0%	23.3	18.9	2.3	10.3%	2.0	3.9%
MALAYSIAN PACIFIC INDUSTRIES	MP	31.96	35.30	10.5%	6,372.8	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	MP	0.865	0.850	-1.7%	1,957.2	Y	12/2026	4.7	5.7	7.8%	21.1%	18.4	15.2	1.8	10.2%	2.0	2.3%
OPPSTAR BHD	MP	0.250	0.280	12.0%	160.3	Y	03/2026	(1.6)	1.0	-184.7%	-40.0%	N.A.	25.4	1.3	-8.0%	0.0	0.0%
PIE INDUSTRIAL BHD	MP	1.54	2.54	64.9%	591.4	Y	12/2026	7.9	14.8	-42.7%	86.5%	19.5	10.4	0.9	4.7%	0.0	0.0%
SKP RESOURCES BHD	MP	0.490	0.530	8.2%	765.6	Y	03/2026	5.7	4.4	-24.4%	-22.5%	8.7	11.2	0.7	8.0%	0.0	0.0%
UNISEM (M) BHD	UP	3.14	2.22	-29.3%	5,065.1	Y	12/2026	7.6	9.2	94.1%	21.8%	41.5	34.1	2.4	5.8%	6.0	1.9%
UWC BHD	OP	4.50	4.38	-2.7%	4,964.1	Y	07/2026	10.0	13.9	172.6%	38.8%	44.9	32.4	8.3	22.6%	0.0	0.0%
PENTAMASTER CORP BHD	OP	3.30	4.25	28.8%	2,347.3	Y	12/2026	12.1	13.1	39.0%	8.1%	27.2	25.2	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>33,450.1</b>					<b>14.1%</b>	<b>22.2%</b>	<b>27.8</b>	<b>22.7</b>	<b>2.7</b>	<b>8.1%</b>		<b>1.4%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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