

24 June 2026

UWC

3QFY26 In Line; Stronger Quarters Ahead

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UWC's 9MFY26 net profit came in at RM56.1m, accounting for only 57% of our and consensus full-year estimates. The shortfall was mainly due to unfavourable foreign currency movements affecting revenue derived in USD, as the USD/MYR weakened by 6.3% over the period. Stripping out the forex impact, core net profit stood at RM70.6m, which made up 72% of our and consensus full-year estimates. We consider the result as in-line, and we expect core earnings to improve further over the coming quarters, with stronger performance anticipated in 4QFY26. The in-line outcome was driven by a strong momentum in the semiconductor segment, which more than offset continued weakness in the life science & medical division. Looking ahead, we expect semiconductor contributions to remain robust, supported by order ramps from both front-end and back-end semiconductor customers. Following the results, we raise our TP to RM7.00 (from RM4.70) after increasing our target PER to 44x FY27F EPS from 33x previously, representing 1SD above its historical forward PER. Reiterate **OUTPERFORM** rating.

UWC's 9MFY26 revenue of RM408.7mn met our/consensus forecasts, accounting for 75%/77% of full-year estimate. Although net profit of RM56.2mn came in below expectations, we consider the result as in-line, as the subdued bottom line was due to unfavourable forex. Nonetheless, we took comfort from the fact that revenue and core earnings are reflecting the expected growth trajectory. We expect core earnings to catch up in the coming quarters as semiconductor segment loadings—both front-end and back-end—continue to ramp up. No dividend was declared for the quarter.

YoY, 9MFY26 revenue surged 47% to RM409mn, primarily driven by stronger semiconductor orders (+94% YoY), which more than offset continued weakness in the life science and medical segments (-42% YoY). The stronger topline translated into a 109% YoY increase in PBT, as higher loadings improved operating leverage—an effect we expect to be sustained in the coming quarters. Net profit rose 133% YoY to RM56mn, largely attributable to revenue growth and the resulting operating leverage.

QoQ, group revenue increased 11% to RM152m, mainly supported by higher contributions from the semiconductor segment (+18% QoQ), which more than offset weakness in the life science and medical segment (-23% QoQ) during the quarter. We believe the semiconductor segment improvement was driven largely by front-end and back-end activities, as multiple customers were ramping up during the quarter. PBT increased 116% QoQ to RM29m due to lower operating expenses and lower raw materials and consumables used despite higher revenue. Consequently, net profit increased by 105% QoQ to RM26.3m.

Outlook. We continue to see the semiconductor segment as the anchor for the group's next leg of growth, supported by strengthening contributions from both its front-end and back-end exposures. On the front-end, we believe the wafer fabrication equipment (WFE) cycle still has further room to run, supported by ongoing capacity expansion plans from key industry players such as [TSMC](#), SpaceX's Terafab initiative, [SK Hynix](#) and [Samsung](#). Importantly, TSMC could further increase its capital spending next year, while Samsung and SK Hynix have begun pulling forward portions of their memory capex plans amid improving demand visibility, signalling a more constructive outlook for front-end semiconductor spending. At the back-end, we expect growth from the new manipulator program to normalise in due course after a

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Price: **RM6.10**

Target Price: **RM7.00** ↑

Share Price Performance



KLCI	1679.92
YTD KLCI chg	0.0%
YTD stock price chg	48.1%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UWC MK EQUITY
Market Cap (RM m)	6,730.3
Shares Outstanding	1,103.3
52-week range (H)	6.60
52-week range (L)	1.82
3-mth avg. daily vol.	4,428,215
Free Float	40%
Beta	2.0

Major Shareholders

Lau Chee Kheong	30.2%
Ng Chai Eng	27.1%
Aberdeen Group	5.1%

Summary Earnings Table

FYE July (RM m)	2025A	2026F	2027F
Turnover	386.2	569.7	815.8
EBIT	42.9	109.7	207.7
PBT	39.7	108.7	205.9
Net Profit	40.6	94.3	175.7
Consensus	-	98.1	186.8
Earnings Revision	-	-5%	+12%
Core EPS (sen)	3.7	8.5	15.9
EPS Growth (%)	166	132	86
NDPS (sen)	0	0	0
BV/Share (RM)	0.6	0.7	0.9
Core PER (x)	89.2	48.9	26.2
P/BV (x)	0.4	0.5	0.7
Gearing (x)	0.1	0.0	0.0

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period of rapid expansion, with order volumes having more than doubled year-on-year. Nevertheless, rising AI-related test intensity could provide an additional growth catalyst, as increasingly complex chips require more extensive testing, supporting demand for advanced test handling equipment. To accommodate this surging demand, the group is expanding production capacity and initiating new clean room construction projects to support more front-end semiconductor business.

Forecasts. We trimmed our FY26F profit by 5% but raised FY27F forecast by 12% as we factor in contribution from the ramp-up by multiple front-end customers in FY27. We see potential for margins to expand once new front-end customers begin ramping up orders, driven by improved economies of scale and yield enhancements.

Valuations. We raise our TP to RM7.00 by applying a higher target PER of 44x to FY27F EPS (from 33x previously), equivalent to +1SD above its historical forward PER (consistent with the valuation multiples assigned to other front-end exposed names under coverage; Frontken and KGB). We believe the premium valuation is justified as the stars are aligning for UWC across both its front-end and back-end semiconductor exposures. On the front-end, the Group stands to benefit from sustained WFE spending driven by AI-related investments and capacity expansions by leading semiconductor players. On the back-end, rising test intensity from increasingly complex AI chips should support a stronger earnings growth trajectory over the medium term. 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 UWC for its: (i) meaningful exposure to the front-end semiconductor value chain via wafer fab equipment (WFE); (ii) strong engineering capability that enables the group to execute critical subsystem assembly on top of its traditional component fabrication scope; and (iii) long-standing presence in the back-end semiconductor value chain, where it continues to serve several high-profile test-equipment customers. Maintain **OUTPERFORM**.

Risks to our call include: (i) potential delays in production ramp-up or yield improvement, which may dampen operating leverage and weigh on profitability; (ii) supply-chain disruptions or shortages in critical components that could delay deliveries and pressure margins; and (iii) a weaker-than-expected global semiconductor cycle, which may reduce order visibility and slow revenue ramp-up for UWC.

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Results Highlights								
FYE July (RM m)	3Q26	2Q26	QoQ Chg	3Q25	YoY Chg	9M26	9M25	YoY Chg
Revenue	151.5	136.4	11%	95.6	58%	408.7	277.4	47%
EBITDA	29.6	14.0	111%	16.0	85%	74.9	48.1	56%
EBIT	29.6	14.0	111%	9.6	208%	67.4	31.1	117%
PBT	29.3	13.6	116%	9.8	200%	66.1	32.2	109%
Taxation	(3.2)	(0.6)	470%	(1.8)	76%	(10.0)	(7.8)	28%
MI	(0.2)	0.2	-208%	(0.0)	2040%	(0.1)	0.2	-144%
PATMI	26.3	12.8	105%	8.0	231%	56.2	24.1	133%
Core PATMI	25.3	25.1	1%	12.3	106%	70.6	31.9	122%
EPS (sen)	2.4	1.2	106%	0.72	232%	5.1	2.2	133%
EBITDA Margin								
EBIT Margin	20%	10%	9.3 ppt	17%	2.8 ppt	18%	17%	1.0 ppt
PBT Margin	20%	10%	9.3 ppt	10%	9.5 ppt	16%	11%	5.3 ppt
PATMI Margin	19%	10%	9.4 ppt	10%	9.1 ppt	16%	12%	4.9 ppt
Tax Rate	17%	9%	8.0 ppt	8%	9.1 ppt	14%	9%	5.1 ppt

Source: Kenanga Research

Segmental Breakdown								
FYE July (RM m)	3Q26	2Q26	QoQ Chg	3Q25	YoY Chg	9M26	9M25	YoY Chg
Semiconductor	123.4	104.5	18.0%	59.9	106.1%	316.3	163.2	93.8%
Life Science and Medical	9.5	12.3	-23.1%	18.4	-48.7%	34.9	59.8	-41.6%
Others	18.6	19.6	-4.9%	17.3	7.9%	57.5	54.4	5.6%
TOTAL	151.5	136.4	11.0%	95.6	58.5%	408.7	277.4	47.3%
% Rev. contribution								
Semiconductor	81%	77%	4.8 ppt	63%	18.8 ppt	77%	59%	18.6 ppt
Life Science and Medical	6%	9%	-2.8 ppt	19%	-13.1 ppt	9%	22%	-13.0 ppt
Others	12%	14%	-2.1 ppt	18%	-5.8 ppt	14%	20%	-5.6 ppt

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.
TECHNOLOGY																	
D&O GREEN TECHNOLOGIES BHD	MP	0.325	0.440	35.4%	402.8	Y	12/2026	(2.6)	2.0	-385.8%	-0.3%	N.A.	16.3	0.7	-16.6%	1.0	3.1%
FRONTKEN BHD	OP	4.90	5.10	4.1%	8,883.4	Y	12/2026	12.8	13.9	31.9%	8.7%	38.4	35.3	6.9	19.1%	4.0	0.8%
INARI AMERTRON BHD	OP	2.18	2.42	11.0%	8,328.7	Y	06/2026	4.8	8.0	-28.1%	64.6%	45.1	27.4	3.0	5.9%	5.0	2.3%
KELINGTON GROUP BHD	OP	7.28	9.05	24.3%	6,299.5	Y	12/2026	21.4	24.5	29.1%	14.1%	34.0	29.8	8.2	27.5%	15.0	2.1%
LGMS BHD	OP	0.450	0.580	28.9%	205.2	Y	12/2026	2.9	3.6	30.4%	21.8%	15.4	12.7	1.6	10.5%	2.0	4.4%
MALAYSIAN PACIFIC INDUSTRIES	MP	46.50	38.90	-16.3%	9,272.0	Y	06/2026	104.7	134.1	35.6%	28.0%	44.4	34.7	4.2	9.7%	40.0	0.9%
NATIONGATE HOLDINGS BHD	MP	0.730	0.780	6.8%	1,651.7	Y	12/2026	3.5	5.2	-20.1%	49.3%	20.9	14.0	1.6	7.6%	2.0	2.7%
OPPSTAR BHD	UP	0.595	0.430	-27.7%	384.0	Y	03/2027	1.2	2.0	-50.9%	58.2%	48.2	30.5	3.0	6.3%	0.0	0.0%
PIE INDUSTRIAL BHD	MP	1.56	1.45	-7.1%	599.1	Y	12/2026	5.9	8.4	0.4%	42.3%	26.4	18.5	0.9	3.5%	0.0	0.0%
SKP RESOURCES BHD	UP	0.300	0.300	0.0%	467.8	Y	03/2027	2.5	3.5	-19.4%	42.0%	12.1	8.6	0.4	3.7%	0.0	0.0%
SKYECHIP BHD	OP	3.02	2.00	-33.8%	5,423.9	Y	03/2027	2.6	3.4	30.1%	32.1%	116.1	87.9	31.3	31.2%	70.0	23.2%
UNISEM (M) BHD	UP	4.49	2.47	-45.0%	7,242.7	Y	12/2026	5.4	9.5	39.6%	74.6%	82.5	47.2	3.3	4.1%	0.0	0.0%
UWC BHD	OP	6.10	7.00	14.8%	6,730.3	Y	07/2026	8.6	15.9	132.3%	86.3%	71.3	38.3	11.8	18.0%	0.0	0.0%
PENTAMASTER CORP BHD	MP	4.78	3.95	-17.4%	3,400.1	Y	12/2026	12.1	13.1	39.0%	8.1%	39.4	36.5	3.9	10.4%	2.0	0.4%
INFOMINA BHD	OP	1.03	1.90	84.5%	619.3	Y	05/2026	5.6	7.6	60.7%	34.8%	18.3	13.6	3.1	18.3%	1.0	1.0%
SECTOR AGGREGATE					59,910.6					14.2%	42.3%	46.9	33.0	5.6	10.6%		2.7%

Source: Kenanga Research

Stock ESG Ratings:

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