Pentamaster Corporation

FAS Takes the Lead

By Cheow Ming Liang / cheowml@kenanga.com.my

PENTA's 1HFY26 results were within expectations, with PATAMI rising 50% YoY to RM37m, representing 43% and 45% of our and consensus full-year forecasts, respectively. The stronger performance was driven by robust FAS growth and improved operating leverage. While ATE remained soft due to weaker automotive demand and project timing, healthy AI Compute and medical orders should support stronger 2HFY26 performance and double-digit FY26 revenue growth. Longer-term catalysts include the commercialisation of its "9 Samurai" advanced packaging solutions from 2027. We maintain our FY26–FY27 forecasts, TP of RM4.68 based on 35.7x FY27F PER, and MARKET PERFORM rating, pending today's briefing.

YoY, 1HFY26 revenue grew 31% to RM361m, while PBT and PATAMI increased 62% and 50% to RM62m and RM37m, respectively, driven by stronger contributions from its Factory Automation Solutions (FAS) segment. FAS revenue more than doubled to RM206m, accounting for 57% of group revenue, supported by higher deliveries of electro-optical automation solutions for smartphone feature assembly and medical projects. Segment PBT rose 63% to RM55m on improved operating leverage and economies of scale. Conversely, Automated Test Equipment (ATE) revenue declined 25% to RM134m due to weaker automotive, particularly EV-related, and electro-optical demand, partly offset by stronger semiconductor orders for advanced IC and sensor test-handling equipment. ATE PBT fell 46% to RM18m, reflecting lower revenue and an unfavourable sales mix. The Healthcare segment generated RM21m in revenue, supported by increased sales of intravenous catheters and other medical devices. Nevertheless, it recorded an LBT of RM12m, reflecting its early commercialisation stage, high fixed costs and insufficient revenue scale.

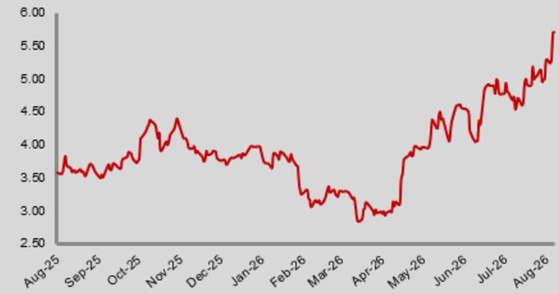
QoQ, 2QFY26 revenue edged up to RM181m, as stronger contributions from the FAS and Healthcare segments were largely offset by weaker ATE performance. FAS revenue rose 22% to RM113m, driven by higher deliveries across medical, consumer and industrial applications, as well as the newly introduced AI Compute sub-segment. The new classification better reflects the group's exposure to the AI computing ecosystem, including advanced packaging, AI servers, AI accelerators and high-bandwidth memory, with part of the revenue reclassified from the consumer and industrial products sub-segments. Consequently, FAS PBT increased 34% to RM32m, while its margin improved to 28.0% from 25.5% in the preceding quarter. In contrast, ATE revenue declined 45% to RM47m, mainly due to lower automotive and semiconductor contributions, arising from smaller project values and delivery timing. Segment PBT fell 66% to RM4.6m, with its margin narrowing to 9.6% from 15.9% previously.

Outlook. Looking ahead to 2HFY26, management continues to see healthy order book momentum, particularly within the FAS segment, supported by sustained demand from AI Compute and medical customers. This provides improved revenue visibility and underpins the group's expectation of strong double-digit revenue growth in FY26, driven mainly by the execution of its existing project pipeline. Within **FAS**, the group is advancing its next-generation AI-embedded micro-precision automation platform, i-FLEX, while exploring opportunities in Physical AI, including automation solutions for humanoid robot manufacturing and assembly. These initiatives could broaden its addressable market and diversify its exposure to emerging high-technology applications. For **ATE**, the group remains focused on advanced packaging equipment and

MARKET PERFORM ↔

Price:	**RM5.71**
Target Price:	**RM4.68** ↔

Share Price Performance



KLCI	1,737.15
YTD KLCI chg	3.4%
YTD stock price chg	47.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PENT MK Equity
Market Cap (RM m)	4,061.6
Shares Outstanding	711.3
52-week range (H)	5.71
52-week range (L)	2.84
3-mth avg. daily vol.	5,214,536
Free Float	60%
Beta	1.41

Major Shareholders

Chuah Choon Bin	19.7%
Bank Julius Baer & C	19.7%
EPF	11.4%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	584	711	756
EBIT	96	130	149
PBT	96	131	147
PATAMI	62	86	93
Consensus	-	81	104
Earnings Revision	-	-	-
EPS (sen)	8.7	12.0	13.1
EPS Growth (%)	-5	38	9
NDPS (sen)	-	2.0	2.0
BVPS (RM)	1.1	1.2	1.3
Core PER (x)	65.5	47.4	43.6
Price/BV (x)	5.1	4.7	4.3
Net Gearing (x)	Net Cash	Net Cash	Net Cash
Net Div. Yield (%)	-	0.4	0.4

solutions. Prototype deployments, customer engagements and qualification activities are expected to continue through 2026, with broader commercialisation and a more meaningful production ramp-up targeted from 2027. This should strengthen its longer-term exposure to AI, high-performance computing and advanced semiconductor applications.

Forecasts. We made no changes to our FY26/FY27 earnings forecasts for now, pending today's briefing.

Valuations. We are keeping our TP at RM4.68, based on unchanged FY27 PER of 35.7x, aligned with the average ATE PER during the current upcycle trend. Maintain **MARKET PERFORM**.

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) its visible advanced packaging pipeline, with revenue mix gradually shifting towards higher-value tools.

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)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Turnover	180.9	180.4	0.3%	144.9	24.8%	361.2	276.5	30.6%
Gross Profit	43.7	45.9	-4.8%	39.0	11.9%	89.5	74.0	21.0%
EBIT	34.1	26.1	30.6%	17.9	90.4%	60.2	39.2	53.5%
Interest exp.	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
PBT/(LPT)	34.7	27.1	27.7%	17.6	96.4%	61.8	38.2	61.8%
Taxation	(6.7)	(1.3)	425.6%	(0.3)	1904.8%	(8.0)	(0.7)	1103.9%
PATAMI	19.0	17.9	6.1%	11.6	63.9%	37.0	24.7	49.8%
EPS (sen)	2.7	2.5	6.1%	1.6	63.9%	5.2	3.5	49.8%
DPS (sen)	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
Gross Margin	24.1%	25.4%		26.9%		24.8%	26.8%	
EBIT Margin	18.9%	14.5%		12.4%		16.7%	14.2%	
PBT Margin	19.2%	15.0%		12.2%		17.1%	13.8%	
PATAMI Margin	10.5%	9.9%		8.0%		10.2%	8.9%	
Tax Rate	-19.3%	-4.7%		-1.9%		-12.9%	-1.7%	

Source: Kenanga Research

Customer/Application Breakdown

FYE Dec (RM m)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Automotive (ATE)	14.0	25.8	-46%	44.1	-68%	39.8	95.1	-58%
Medical (FAS)	48.8	21.8	124%	35.6	37%	70.6	42.5	66%
Electro-Optical (ATE)	50.5	65.6	-23%	32.8	54%	116.1	59.6	95%
Consumer and industrial products (FAS)	23.3	14.7	59%	16.9	37%	37.9	37.3	2%
Semiconductor (ATE)	11.1	52.3	-79%	11.9	-7%	63.5	38.3	66%
RE (FAS)	0.2	0.2	-15%	3.6	-95%	0.4	3.8	-89%
AI (FAS)	33.0	0.0	NA	0.0	NA	33.0	0.0	NA
Others	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
TOTAL	**180.9**	**180.4**	**0%**	**144.9**	**25%**	**361.2**	**276.5**	**31%**

Source: Kenanga Research

Segmental Breakdown (ex. Inter-segment revenue)

FYE: Dec (RM m)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
ATE	47.5	86.8	-45%	82.7	-43%	134.3	178.5	-25%
FAS	113.0	92.6	22%	61.2	85%	205.6	97.0	112%
HEALTHCARE	20.4	1.0	1968%	1.0	1953%	21.4	1.0	2052%
TOTAL	**180.9**	**180.4**	**0%**	**144.9**	**25%**	**361.2**	**276.5**	**31%**

Source: Kenanga Research

Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 6 Aug (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	0.345	0.440	27.5%	427.6	Y	12/2026	(2.6)	2.0	-385.8%	-0.3%	N.A.	17.3	0.8	-16.6%	1.0	2.9%
FRONTKEN BHD	OP	5.25	5.72	9.0%	9,517.9	Y	12/2026	12.3	15.2	27.3%	22.9%	42.6	34.6	7.4	18.5%	4.0	0.8%
INARI AMERTRON BHD	OP	2.45	2.72	11.0%	9,399.8	Y	06/2026	4.8	8.0	-28.1%	64.6%	50.7	30.8	3.4	5.9%	5.0	2.0%
KELINGTON GROUP BHD	OP	8.85	9.05	2.3%	7,811.3	Y	12/2026	21.4	24.5	29.1%	14.1%	41.3	36.2	10.0	27.5%	15.0	1.7%
LGMS BHD	OP	0.520	0.580	11.5%	237.1	Y	12/2026	2.9	3.6	30.4%	21.8%	17.8	14.6	1.8	10.5%	2.0	3.8%
M'SIAN PACIFIC INDUSTRIES BHD	MP	47.66	43.70	-8.3%	9,503.3	Y	06/2026	104.7	134.1	35.6%	28.0%	45.5	35.6	4.3	9.7%	40.0	0.8%
NATIONGATE HOLDINGS BHD	MP	1.39	0.780	-43.9%	3,144.3	Y	12/2026	3.5	5.2	-20.1%	49.3%	39.8	26.7	3.0	7.6%	2.0	1.4%
OPPSTAR BHD	UP	0.625	0.430	-31.2%	404.1	Y	03/2027	1.2	2.0	-50.9%	58.2%	50.7	32.0	3.1	6.3%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	MP	1.56	1.51	-3.2%	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	0.320	0.270	-15.6%	488.5	Y	03/2027	2.5	3.5	-19.4%	42.0%	13.0	9.1	0.5	3.7%	0.0	0.0%
SKYECHIP BHD	OP	3.03	2.00	-34.0%	5,441.9	Y	03/2027	2.6	3.4	30.1%	32.1%	116.5	88.2	31.4	31.2%	70.0	23.1%
UNISEM (M) BHD	UP	4.58	3.81	-16.8%	7,853.4	Y	12/2026	5.6	11.7	44.4%	107.5%	81.4	39.2	3.4	3.5%	0.0	0.0%
UWC BHD	OP	6.79	7.00	3.1%	7,491.6	Y	07/2026	8.6	15.9	132.3%	86.3%	79.3	42.6	13.1	18.0%	0.0	0.0%
PENTAMASTER CORP BHD	MP	5.71	4.68	-18.0%	4,061.6	Y	12/2026	12.1	13.1	39.0%	8.1%	47.1	43.6	4.7	10.4%	2.0	0.4%
INFOMINA BHD	OP	1.52	1.90	25.0%	911.1	Y	05/2027	7.6	8.5	30.2%	11.6%	20.0	17.9	4.7	25.8%	3.0	2.0%
Simple Average					**67,292.5**					**13.4%**	**46.3%**	**52.4**	**35.8**	**6.2**	**11.0%**		**2.6%**

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	★ ★ ★
	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.***

Published by:

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 E-mail: research@kenanga.com.my