

01 October 2026

UWC

Strong Finish to FY26

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UWC's FY26 net profit came in at RM93.8m, accounting for 100%/97% of our and consensus full-year estimates. The in-line outcome was underpinned by strong momentum in the semiconductor segment, which more than offset continued weakness in the life science & medical division. Stripping out forex impact, core net profit would have come in above expectations at RM103m, representing 109%/106% of our and consensus full-year estimates. We expect earnings momentum to strengthen progressively over the coming quarters, driven primarily by the semiconductor segment. Looking ahead, we expect semiconductor contributions to remain robust, supported by order ramps from both front-end and back-end customers. Following the results, we raise our TP to RM7.83 (from RM7.00) after rolling forward our valuation base year to CY27. Reiterate **OUTPERFORM**.

UWC's FY26 revenue of RM595m came in stronger than expected, accounting for 104%/106% of our and consensus full-year estimates, reflecting higher customer loadings as the semiconductor upcycle gains momentum on the back of AI-driven demand. Notably, outstanding orderbook rose 30% QoQ to RM350m (from RM270m), supported by a record-high RM267m in new orders secured during the quarter. With the strong orderbook providing visibility into subsequent quarters, we continue to see room for core earnings to catch up as semiconductor loadings across both front-end and back-end customers continue to ramp. No dividend was declared for the quarter.

YoY, FY26 revenue surged 54% to RM595mn, primarily driven by stronger semiconductor orders (+95% YoY), which more than offset continued weakness in the life science and medical segments (-39% YoY). The stronger topline translated into a 149% YoY increase in PBT, as higher loadings improved operating leverage—an effect we expect to be sustained in the coming quarters. Net profit rose 131% YoY to RM93.8mn, largely attributable to revenue growth and the resulting operating leverage.

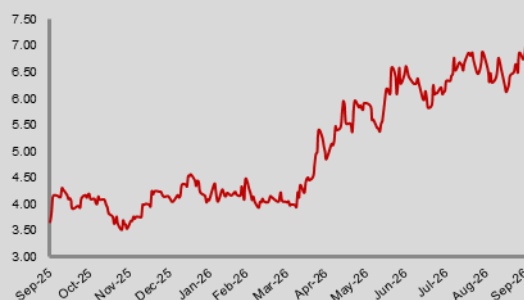
QoQ, group revenue increased 23% to RM186m, mainly supported by higher contributions from the semiconductor segment (+15% QoQ), and life science and medical segment (+16% QoQ) during the quarter. We believe the semiconductor segment improvement was driven largely by front-end and back-end activities, as multiple customers were ramping up during the quarter. PBT increased 49% QoQ to RM43.7m due to lower operating expenses and lower raw materials and consumables used despite higher revenue. Consequently, net profit increased by 43% QoQ to RM37.6m.

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 in CY2027, 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 normalize in due course after a

OUTPERFORM ↔

Price: **RM7.07**
Target Price: **RM7.83** ↑

Share Price Performance



KLCI 1,651.17
YTD KLCI chg -1.7%
YTD stock price chg 71.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	UWC MK EQUITY
Market Cap (RM m)	7,804.3
Shares Outstanding	1,103.3
52-week range (H)	7.12
52-week range (L)	3.51
3-mth avg. daily vol.	4,428,215
Free Float	40%
Beta	1.8

Major Shareholders

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

Summary Earnings Table

FYE July (RM m)	2026A	2027F	2028F
Turnover	595	818	956
EBIT	114	208	247
PBT	110	206	245
Net Profit	94	176	216
Consensus (CNP)		162	201
Earnings Revision	-	-	NEW
Core EPS (sen)	8.5	15.9	19.5
Core EPS Growth (%)	130.9	86.8	22.8
NDPS (sen)	-	-	-
BVPS (RM)	0.53	0.69	0.00
Core PER (x)	76.2	44.5	36.2
PBV (x)	13.3	10.2	9.8
Net Gearing (x)	0.09	0.07	0.06

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 maintained our FY27F profit forecast, and we take the opportunity to introduce our FY28 forecast. 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 RM7.83, based on an unchanged PER of 45x, while rolling forward our valuation base year to CY27. This implies +1SD above its historical forward PER. 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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01 October 2026

Results Highlights

FYE July (RM m)	4Q26	3Q26	QoQ Chg	4Q25	YoY Chg	FY26	FY25	YoY Chg
Revenue	186.2	151.5	23%	108.8	71%	594.9	386.2	54%
EBITDA	44.7	29.6	51%	19.9	124%	119.6	68.1	76%
EBIT	44.7	29.6	51%	12.9	246%	112.1	44.0	155%
PBT	43.7	29.3	49%	12.8	241%	109.8	45.0	149%
Taxation	(5.3)	(3.2)	66%	2.5	-311%	(15.3)	(5.3)	188%
MI	0.8	(0.2)	-484%	(1.1)	-172%	0.7	(0.9)	-178%
PATMI	37.6	26.3	43%	16.5	128%	93.8	40.6	131%
Core PATMI	32.5	25.3	28%	17.5	86%	103.1	49.3	109%
EPS (sen)	3.4	2.4	43%	1.49	129%	8.5	3.7	131%
EBITDA Margin	24%	20%	4.5 ppt	18%	5.7 ppt	20%	18%	2.5 ppt
EBIT Margin	24%	20%	4.5 ppt	12%	12.1 ppt	19%	11%	7.4 ppt
PBT Margin	23%	19%	4.1 ppt	12%	11.7 ppt	19%	12%	7.2 ppt
PATMI Margin	20%	17%	2.8 ppt	15%	5.1 ppt	16%	11%	5.3 ppt
Tax Rate	12%	11%	1.2 ppt	-20%	31.7 ppt	14%	12%	1.8 ppt

Source: Kenanga Research

Segmental Breakdown

FYE July (RM m)	4Q26	3Q26	QoQ Chg	4Q25	YoY Chg	FY26	FY25	YoY Chg
Semiconductor	142.2	123.4	15.2%	72.3	96.7%	458.5	235.4	94.7%
Life Science and Medical	10.9	9.5	15.7%	15.6	-29.8%	45.9	75.4	-39.1%
Others	33.1	18.6	77.4%	21.0	57.8%	90.5	75.4	20.1%
TOTAL	186.2	151.5	22.9%	108.8	71.1%	594.9	386.2	54.0%
% Rev. contribution								
Semiconductor	76%	81%	-5.1 ppt	66%	9.9 ppt	77%	61%	16.1 ppt
Life Science and Medical	6%	6%	-0.4 ppt	14%	-8.4 ppt	8%	20%	-11.8 ppt
Others	18%	12%	5.5 ppt	19%	-1.5 ppt	15%	20%	-4.3 ppt

Source: Kenanga Research

01 October 2026

Malaysian Technology Peers Comparison

Year Forward, 1-Cycle 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																	
AMBEST GROUP BHD	OP	1.37	1.80	31.4%	698.7	Y	06/2027	3.0	6.9	151.6%	128.0%	45.4	19.9	9.3	22.1%	0.0	0.0%
D&O GREEN TECHNOLOGIES BHD	MP	0.555	0.440	-20.7%	687.9	Y	12/2026	(1.7)	2.0	-287.6%	51.9%	N.A.	27.9	1.3	-22.7%	1.0	1.8%
FRONTKEN BHD	OP	4.98	5.72	14.9%	9,028.4	Y	12/2026	12.3	15.2	27.3%	22.9%	40.4	32.9	7.0	18.5%	4.0	0.8%
INARI AMERTRON BHD	OP	2.50	2.77	10.8%	9,663.2	Y	06/2027	8.1	8.7	61.3%	8.2%	31.0	28.6	3.4	11.0%	7.3	2.9%
KELINGTON GROUP BHD	OP	8.63	10.10	17.0%	7,597.8	Y	12/2026	21.7	27.3	30.6%	26.0%	39.8	31.6	9.7	27.8%	15.0	1.7%
LGMS BHD	OP	0.515	0.600	16.5%	234.8	Y	12/2026	2.2	3.0	-2.0%	38.0%	23.5	17.0	1.9	8.0%	2.0	3.9%
MALAYSIAN PACIFIC INDUSTRIES	MP	40.40	43.70	8.2%	8,055.7	Y	06/2027	134.1	149.1	41.9%	11.2%	30.1	27.1	3.4	11.6%	40.0	1.0%
NATIONGATE HOLDINGS BHD	OP	1.76	2.14	21.6%	3,961.2	Y	12/2026	1.8	10.3	-58.0%	462.4%	95.9	17.1	3.9	4.1%	2.0	1.1%
OPPSTAR BHD	UP	0.665	0.750	12.8%	430.2	Y	03/2027	2.1	2.3	-14.9%	8.8%	31.1	28.6	3.2	10.8%	0.0	0.0%
PIE INDUSTRIAL BHD	MP	1.66	1.51	-9.0%	637.5	Y	12/2026	5.9	8.4	0.4%	42.3%	28.1	19.7	1.0	3.5%	0.0	0.0%
SKP RESOURCES BHD	UP	0.365	0.270	-26.0%	548.2	Y	03/2027	2.5	3.5	-19.4%	42.0%	14.8	10.4	0.5	3.7%	0.0	0.0%
SKYECHIP BHD	OP	2.89	3.64	26.0%	5,190.5	Y	03/2027	3.6	4.6	34.8%	25.4%	79.4	63.3	9.7	18.4%	70.0	24.2%
UNISEM (M) BHD	UP	4.18	3.81	-8.9%	7,167.5	Y	12/2026	5.6	11.7	44.4%	107.5%	74.3	35.8	3.1	3.5%	0.0	0.0%
UWC BHD	OP	7.07	7.83	10.7%	7,804.0	Y	07/2027	15.9	19.6	87.2%	22.8%	44.4	36.1	10.4	26.6%	0.0	0.0%
PENTAMASTER CORP BHD	MP	5.08	5.60	10.2%	3,613.5	Y	12/2026	11.9	15.7	36.8%	31.6%	42.6	32.4	4.2	10.3%	2.0	0.4%
INFOMINA BHD	OP	1.71	1.90	11.1%	1,022.4	Y	05/2027	7.6	8.5	30.2%	11.6%	22.5	20.2	5.3	25.8%	3.0	1.8%
SECTOR AGGREGATE					65,642.9					32.2%	40.0%	42.6	30.4	4.5	10.7%		2.6%

Source: Kenanga Research

01 October 2026

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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