Pentamaster Corporation

Samurai Set to Shine

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PENTA's growth outlook remains encouraging, supported by robust AI Compute and medical automation demand, with Samurai advanced packaging equipment commercialization from FY27 providing an additional growth catalyst. Management maintains its RM1b FY27 revenue aspiration, underpinned by a RM520m order book and potential margin expansion from higher-value equipment. Meanwhile, we trim our FY26/FY27 PATAMI forecasts by 6%/4% to RM80m/RM108m, reflecting higher taxation and minority interests despite improved gross margin assumptions. Accordingly, we lower our TP by 4% to RM5.40, based on an unchanged 35.7x FY27F PER. Maintain MARKET PERFORM.

Further insights into 3QFY26 results – higher taxation and MI weigh on earnings. Management clarified that the spike in 3QFY26 distribution costs to RM10.7m (2QFY26: c.RM3m) was mainly due to urgent air freight for US FAS projects, with additional costs recoverable from customers, resulting in minimal net earnings impact. Meanwhile, the higher effective tax rate of 28.7% (2QFY26: 19.3%) reflected additional tax provisions following stronger-than-expected FAS profitability. Management guided for an FY26 effective tax rate of c.18%, potentially declining to 10%–12% in FY27, subject to tax incentive approvals. Separately, minority interests rose 26% QoQ to RM11.3m, further moderating PATAMI growth (7.5% QoQ to RM20.5m) despite stronger operating performance.

Orderbook and production capacity. PENTA's outstanding order book stood at c.RM520m (vs. RM550m in the preceding quarter), with AI Compute and medical automation accounting for the majority (at 70%–80%). Confirmed Samurai orders remained below RM20m, while an additional c.RM40m of potential orders were pending formal purchase orders. To support growing demand, PENTA plans to convert 120,000 sq ft of existing space at Campus 3 into additional production capacity, involving estimated renovation costs of RM30m–RM40m. Campus 1 is nearing full utilization, while Campus 3 is operating at c.60%, providing room for further expansion. Management highlighted engineering talent availability as a key constraint to scaling operations.

Samurai advanced packaging equipment – key growth catalyst from FY27. Management remains optimistic about its Samurai advanced packaging equipment platforms, covering ZANX (2D/3D wafer inspection), BAYAN (panel/substrate testing), LUMON (silicon-photonics probing), AERO-20 (chiplet/die testing), PINTAR (HPC burn-in), SINARA (X-ray inspection) and MASON (system-level testing). Among these, PINTAR, BAYAN and ZANX have attracted the strongest customer interest. Management anticipates potential 4QFY26 orders of c.USD3.5m for PINTAR from China and c.RM40m for ZANX optical transceiver applications, subject to PO confirmation. Samurai revenue contribution is expected to remain modest in 4QFY26 before a meaningful ramp-up in FY27. Management targets sustainable gross margins above 40% at commercial production volumes, with Samurai potentially contributing c.50% of FY27 AI Compute revenue, depending on order conversion and delivery schedules.

Financial guidance and segment outlook. Management reiterated its RM1b FY27 revenue aspiration, supported by sustained AI Compute and medical automation demand, alongside Samurai commercialisation. FAS is expected to remain the key near-term growth driver, while ATE could benefit from a new smartphone equipment cycle in 1HFY27 and broader Samurai production ramp-up. For FY26, management expects AI Compute to

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Price : **RM4.88**
Target Price : **RM5.40** ↓

Share Price Performance



KLCI	1,616.58
YTD KLCI chg	-3.8%
YTD stock price chg	25.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PENT MK Equity
Market Cap (RM m)	3,471.2
Shares Outstanding	711.3
52-week range (H)	6.08
52-week range (L)	2.84
3-mth avg. daily vol.	3,952,236
Free Float	61%
Beta	1.51

Major Shareholders

Chuah Choon Bin	19.7%
Bank Julius Baer & C	19.7%
EPF	9.6%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	584	777	873
EBIT	96	145	194
PBT	96	147	192
PATAMI	62	80	108
Consensus	-	72	111
Earnings Revision (%)	-	-6%	-2%
EPS (sen)	8.7	11.2	15.1
EPS Growth (%)	-5	29	35
NDPS (sen)	0.0	2.0	2.0
BV/Share (RM)	1.1	1.2	1.3
Core PER (x)	56.0	43.4	32.2
P/BV (x)	4.4	4.1	3.7
Gearing (x)	Net Cash	Net Cash	Net Cash
Dvd Yield (%)	0.0%	0.4%	0.4%

contribute 20%–25% of revenue, followed by medical (30%–35%) and electro-optical (15%–18%). Looking ahead, AI Compute and medical applications could collectively account for 60%–70% or more of FY27 revenue. Management also targets group gross margins above 30%, supported by an improving product mix, while its i-FLEX platform could unlock new opportunities in humanoid robotics from FY27.

Forecasts. We have trimmed our FY26/FY27 PATAMI forecasts by 6%/4% to RM80m/RM108m, respectively, following the 3QFY26 results. Despite raising our FY26/FY27 gross margin assumptions to 27.5%/30.0% (from 26.5%/28.5%), the positive impact was more than offset by higher effective tax rate assumptions and increased profit attributable to non-controlling interests.

Valuations. Accordingly, we lower our TP by 4% to RM5.40, based on an unchanged FY27F PER of 35.7x, in line with the average ATE valuation during the current upcycle. No ESG adjustment is applied to our TP, given our 3-star ESG rating (see Page 4). 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.

Income Statement

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Revenue	692	623	584	777	873
EBITDA	109	82	130	175	227
Dep & Amor	18	22	28	30	33
Operating Profit	141	106	96	145	194
Other Income	33	30	22	36	52
Interest Exp	0	0	0	0	0
PBT	141	105	96	147	192
Taxation	-1	-2	-5	-27	-35
Minority Interest	-51	-39	-29	-40	-48
Net Profit	89	65	62	80	110
PATAMI	89	65	62	80	110

Balance Sheet

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Fixed Assets	305	467	516	515	526
Intangible Assets	40.1	36.3	29.2	30.6	31.8
Other FA	46	41	38	38	38
Inventories	191	122	120	164	178
Receivables	241	231	292	388	436
Other CA	5	7	13	29	34
Cash	491	449	248	263	353
Total Assets	1,318	1,352	1,256	1,428	1,599
Payables	118	129	87	119	129
ST Borrowings	-	-	-	-	-
Other ST Liability	185	128	101	105	111
LT Borrowings	-	-	-	-	-
Other LT Liability	9	13	8	37	48
MI	306	333	271	311	359
Net Assets	**699**	**748**	**790**	**856**	**951**
Shr. Equity	79	79	79	79	79
Reserves	620	669	711	776	872
Total Equity	**699**	**748**	**790**	**856**	**951**

Cashflow Statement

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
Operating CF	215.9	138.4	-25.6	60.3	149.5
Investing CF	-110.0	-145.6	-136.5	-31.3	-44.9
Financing CF	-36.5	-32.6	-34.7	-14.2	-14.2

Financial Data & Ratios

FY Dec	2023A	2024A	2025A	2026F	2027F
Growth (%)					
Turnover	15.2	-10.0	-6.3	33.1	12.4
EBITDA	-24.4	-24.8	57.6	35.1	29.6
Operating Profit	5.7	-25.0	-9.6	50.8	34.1
PBT	7.1	-25.5	-9.1	53.4	30.8
PATAMI	8.1	-26.8	-5.0	29.0	37.2
Profitability (%)					
EBITDA Margin	15.8	13.2	22.2	22.5	26.0
Operating Margin	20.4	17.0	16.4	18.6	22.2
PBT Margin	20.4	16.9	16.4	18.9	22.0
Core Net Margin	12.9	10.5	10.6	10.3	12.6
Effective Tax Rate	-0.7	-1.5	-5.3	-18.3	-18.0
ROA	6.8	4.8	4.9	5.6	6.9
ROE	8.9	6.0	5.8	6.9	8.4
DuPont Analysis					
Net Margin (%)	12.9%	10.5%	10.6%	10.3%	12.6%
Assets Turnover (x)	0.5x	0.5x	0.5x	0.5x	0.5x
Leverage Factor (x)	1.3x	1.3x	1.2x	1.2x	1.2x
ROE (%)	8.9	6.0	5.8	6.9	8.4
Leverage					
Debt/Asset (x)	0.0	0.0	0.0	0.0	0.0
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0
Net Cash/(Debt)	491	449	248	263	353
Net Debt/Equity (x)	-0.7	-0.6	-0.3	-0.3	-0.4
Valuations					
Core EPS (sen)	12.5	9.2	8.7	11.2	15.4
DPS (sen)	2.0	2.0	0.0	2.0	2.0
BVPS (RM)	0.98	1.05	1.11	1.20	1.34
PER (x)	38.9	53.2	56.0	43.4	31.7
Div. Yield (%)	0.4%	0.4%	0.0%	0.4%	0.4%
P/BV (x)	5.0	4.6	4.4	4.1	3.7
EV/EBITDA (x)	35.8	47.2	28.5	21.1	16.7

Source: Kenanga Research

Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 6 Nov (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.
AMBEST GROUP BHD	OP	1.13	1.80	59.3%	576.3	Y	06/2027	3.0	6.9	151.6%	128.0%	37.4	16.4	7.7	22.1%	0.0	0.0%
D&O GREEN TECHNOLOGIES BHD	MP	0.410	0.440	7.3%	508.2	Y	12/2026	(1.7)	2.0	-287.6%	51.9%	N.A.	20.6	1.0	-22.7%	1.0	2.4%
FRONTKEN BHD	OP	4.72	5.72	21.2%	8,557.1	Y	12/2026	12.3	15.2	27.3%	22.9%	38.3	31.1	6.7	18.5%	4.0	0.8%
INARI AMERTRON BHD	OP	2.12	2.77	30.7%	8,216.3	Y	06/2027	8.1	8.7	61.3%	8.2%	26.3	24.3	2.9	11.0%	7.3	3.4%
KELINGTON GROUP BHD	OP	7.64	10.10	32.2%	6,726.2	Y	12/2026	21.7	27.3	30.6%	26.0%	35.2	28.0	8.6	27.8%	15.0	2.0%
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	36.20	43.70	20.7%	7,218.2	Y	06/2027	134.1	149.1	41.9%	11.2%	27.0	24.3	3.0	11.6%	40.0	1.1%
NATIONGATE HOLDINGS BHD	OP	1.82	2.14	17.6%	4,096.3	Y	12/2026	1.8	10.3	-58.0%	462.4%	99.2	17.6	4.1	4.1%	2.0	1.1%
OPPSTAR BHD	UP	0.520	0.750	44.2%	336.4	Y	03/2027	2.1	2.3	-14.9%	8.8%	24.3	22.3	2.5	10.8%	0.0	0.0%
PIE INDUSTRIAL BHD	MP	1.49	1.51	1.3%	572.2	Y	12/2026	5.9	8.4	0.4%	42.3%	25.2	17.7	0.9	3.5%	0.0	0.0%
SKP RESOURCES BHD	UP	0.320	0.270	-15.6%	477.0	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	2.42	3.64	50.4%	4,346.4	Y	03/2027	3.6	4.6	34.8%	25.4%	66.5	53.0	8.1	18.4%	70.0	28.9%
UNISEM (M) BHD	UP	3.70	3.55	-4.1%	6,344.5	Y	12/2026	5.0	10.9	27.5%	133.8%	74.4	33.8	2.4	2.8%	2.0	0.5%
UWC BHD	OP	6.29	7.83	24.5%	6,943.0	Y	07/2027	15.9	19.6	87.2%	22.8%	39.5	32.2	9.3	26.6%	0.0	0.0%
PENTAMASTER CORP BHD	MP	4.88	5.40	10.7%	3,471.2	Y	12/2026	11.2	15.1	29.0%	34.6%	43.4	32.2	4.1	9.7%	2.0	0.4%
INFOMINA BHD	OP	1.76	2.40	36.4%	1,050.8	Y	05/2027	7.6	9.6	30.5%	26.5%	23.1	18.2	5.5	26.1%	3.0	1.7%
Simple Average					**59,098.6**					**30.9%**	**41.5%**	**38.7**	**27.3**	**4.1**	**10.7%**		**3.1%**

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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