INFOMINA

(INFOM MK EQUITY, INFOM.KL)

BUY

(MAINTAINED)

Price: RM1.85

Target Price (% return): RM2.25 (+22%)

52-week High/Low: RM1.92/RM1.00

Technology

Rationale for report: Company Result

What's next?

With its order book already doubling the prior year, investors entered FY27 questioning what comes next for Infomina. Management has provided the answer, announcing its expansion into four new markets: Australia, New Zealand, South Korea and India. We raise our FY28/29 earnings forecasts by 17%/22%, respectively, lifting our FY26-29F earnings CAGR to 20% (from 13%). We maintain BUY with a higher TP of RM2.25 (from RM1.85), as geographical expansion opens up new avenues for growth.

- **BUY call remains at higher TP to RM2.25/share.** This is based on an unchanged target PE of 24x and rolling forward our valuation base year to FY28F. We raise our FY28/29 earnings by 17%/22% to factor in higher renewal revenues, with its new expansion into ANZ (Australia and New Zealand).
- **Major contract renewals underpin FY27 growth.** 1QFY27 earnings rose 34% YoY to RM10mil, in line with expectations at 24% of Am's and consensus estimates. The order book doubled YoY to RM614mil, growing a further 9% QoQ, supported by recent contract wins from JPJ (RM20mil), a Malaysian financial institution (RM62mil) and Panasonic in Japan (RM22mil).
- **Entry into ANZ presents annual revenue opportunity of RM50mil.** Infomina's ability to distribute and support Broadcom's mainframe software portfolio now extends to four new markets: Australia, New Zealand, South Korea and India. ANZ alone present potential annual revenue of RM50mil. Importantly, revenue conversion could be faster than in Japan. The group takes over support responsibilities when existing contracts expire. Contract tenures in ANZ are three years vs. eight years in Japan.
- **Multiple growth levers remain unpriced.** Beyond ANZ, India and South Korea offer further upside, with management still assessing the revenue potential in these markets. The group has also secured rights to distribute non-mainframe software, which could eventually rival its existing mainframe business in scale. Meanwhile, its RM25.5mil acquisition of a 51% stake in Blue Fortress expands its enterprise solutions portfolio into cybersecurity and digital trust, adding another avenue for growth.

YE to May	FY26	FY27F	FY28F	FY29F
Revenue (RM mil)	278.0	272.6	340.8	369.1
Core net profit (RM mil)	35.0	43.7	56.0	60.9
FD Core EPS (sen)	5.8	7.3	9.3	10.1
FD Core EPS growth (%)	2.0	24.9	28.0	8.8
Consensus Net Profit (RM mil)	35.1	44.0	49.7	52.8
DPS (sen)	1.5	1.8	2.3	2.5
PE (x)	31.8	25.4	19.9	18.3
EV/EBITDA (x)	21.9	17.4	13.5	12.0
Div yield (%)	1.3	1.7	2.1	2.3
ROE (%)	22.4	24.4	25.7	23.2
Net Gearing (%)	nm	nm	nm	nm

Source: Infomina, AmInvestment Bank Bhd.

Analyst (s)

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Key Changes

Target Price:	▲
EPS:	▲

Stock and Financial Data

Shares Outstanding (million)	601.3
Market Cap (RMmil)	1,112.3
Book Value (RM/Share)	0.27
P/BV (x)	6.9
ROE (%)	22.4
Net Gearing (%)	-
Free Float	26.3
Avg Daily Value (RMmil)	0.8

Major Shareholders

INFOMINA HOLDINGS	(51.9%)
Chee Meng Yee	(6.8%)
Leong Ping Lim	(6.0%)

Price performance	3mth	6mth	12mth
Absolute(%)	31.2	66.7	36.0
Relative(%)	38.6	72.9	34.7

Source: Infomina, AmInvestment Bank Bhd.

Price Chart

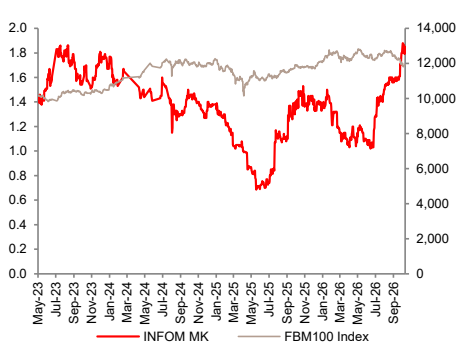
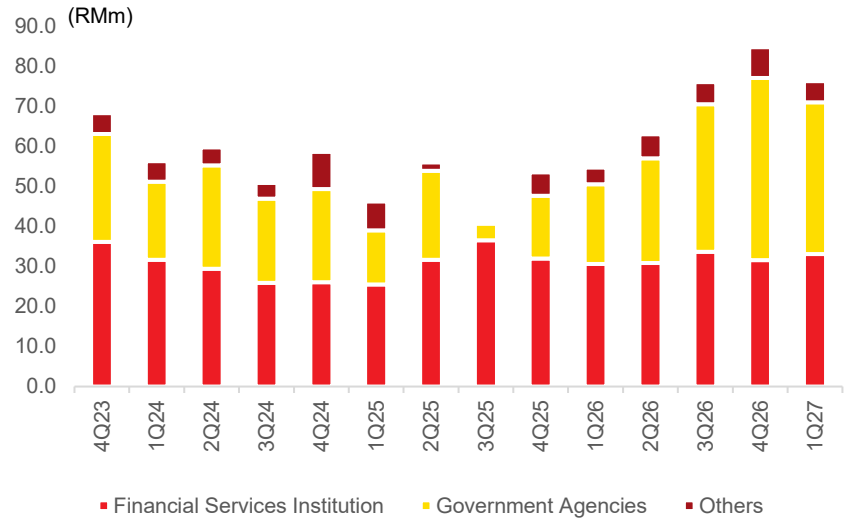


EXHIBIT 1. 1Q27 Earnings Summary

Income Statement (reported)	1Q27	1Q26	YoY (%)	4Q26	QoQ (%)
Revenue	76.2	54.6	39.5	84.6	-10.0
Ebitda	**13.7**	**9.8**	**39.4**	**13.3**	**3.1**
Depreciation & amortisation	-1.2	-0.5	-127.7	-0.9	-23.0
Ebit	**12.6**	**9.3**	**34.6**	**12.4**	**1.6**
Finance income	0.2	0.4	-35.9	0.3	-23.7
Finance cost	-0.4	-0.1	-346.2	-0.2	-75.0
JV/Associates	0.0	0.0	nm	0.0	nm
EI	0.2	0.3	-42.4	0.5	-65.4
Pbt	**12.6**	**9.9**	**26.7**	**12.9**	**-3.0**
Taxation	-2.3	-1.8	-26.6	-2.9	23.3
MI	0.2	0.0	nm	-0.1	nm
Patami	**10.6**	**8.1**	**30.6**	**9.9**	**6.4**
Core Patami	**10.4**	**7.8**	**33.5**	**9.4**	**10.4**
EPS (sen)	1.8	1.3	31.3	1.7	5.4
DPS (sen)	0.0	0.0	nm	0.7	nm
Proftability ratio (%)					
Ebitda margin	18.0	18.0	0.0	15.7	14.5
Ebit margin	16.5	17.1	-0.6	14.6	12.9
Pbt margin	16.5	18.1	-1.7	15.3	7.8
Tax rate	18.0	18.0	0.0	22.7	nm
Patami margin	13.6	14.2	-0.6	11.1	22.6
Revenue breakdown ('mil)					
Renewal	58	44	32.8	69	-15.8
Turnkey	9	11	-11.7	15	-38.2
AI & Data	9	0	nm	0	nm
Orderbook ('mil)	**614**	**291**	**>100**	**565**	**8.7**
Renewal	478	224	>100	487	-1.8
Turnkey	136	67	>100	78	74.2
Tenderbook ('mil)	1,565	972	61.0	1,594	-1.8

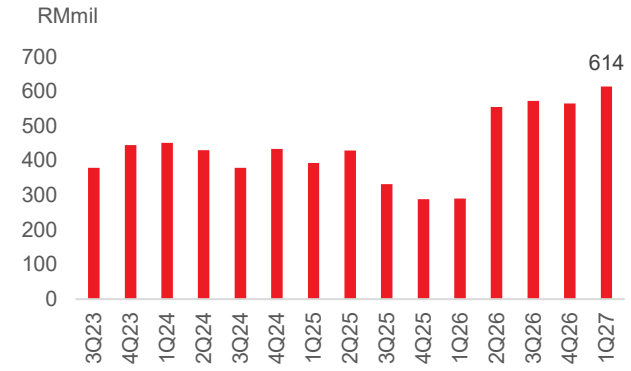
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 2. Revenue breakdown by clients



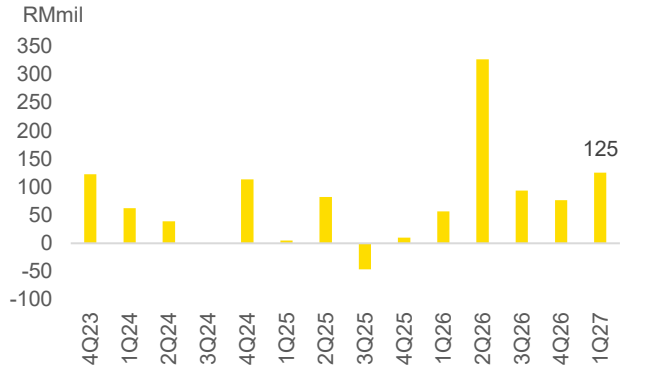
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 3. Order Book



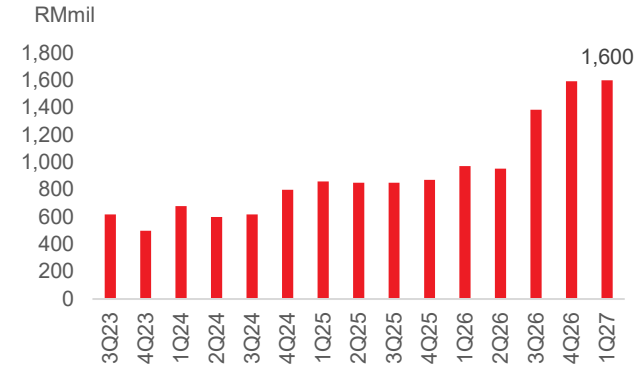
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 4. New Orders Secured



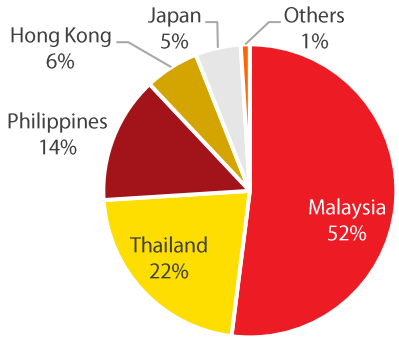
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 5. Tender Book



Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 6. Tender Book Breakdown



Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 7. Valuations

Target PE (x)	24.0x
FY28F	9.3sen (from 7.7sen)
ESG premium	-
12-month target price	RM2.25/share

Source: AmInvestment Bank Bhd.

EXHIBIT 8. Change in earnings

	FY27F			FY28F			FY29F		
RMmil	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	272.6	272.6	-	296.2	340.8	+15%	307.8	340.8	+20%
Earnings	43.7	43.7	-	47.9	56.0	+17%	49.9	60.9	+22%
Revenue breakdown									
Turnkey	39.7	39.7	-	42.3	42.3	-	44.3	44.3	-
Renewal	232.9	232.9	-	253.9	298.5	+18%	263.5	324.8	+23%

Source: AmInvestment Bank Bhd.

Company profile

Infomina is a tech company that specialises in mainframe systems, which are powerful and reliable computers that handle huge volumes of transactions and data in real time. The group excels in the full lifecycle of mainframe solutions, from design and implementation (turnkey projects) to ongoing operations, maintenance, support and consulting services (renewal contracts). Its expertise span across multiple countries in Asia, which includes Malaysia, Thailand, HK, Philippines and Japan.

Investment thesis and catalysts

Sticky revenues. Renewal income has grown at a 66% YoY CAGR since FY21. Mainframes may sound dated but they power critical functions like payments and ID databases. Once embedded, they are expensive and risky to replace, ensuring long term contracts and steady renewals.

Breakout year in FY27. Earnings are forecasted to surge 25% YoY to RM44mil, supported by two major contract renewals and strong traction in Japan. Already 10 clients have come onboard from a pool of 40+, and Japan could contribute 14% of FY27F revenues.

AI growth option. The group is extending into artificial intelligence and data analytics, targeting recurring income from credit risk, fraud and cybersecurity solutions. Its partnership with Geolytik adds geospatial capabilities, helping enterprises optimise site selection and customer targeting.

Valuation methodology

We value Infomina based on a target PE of 24.0x and FY28 EPS, to capture a 12-month view. Our target PE is in line with the group's 5-year average. Although PE has derated in recent times, we believe expectations of record FY28F earnings and upside optionalities from its new AI venture, will help rerate valuations back to its mean

Financial Summary

Income Statement (RMmil)

YE to May	FY25	FY26	FY27F	FY28F	FY29F
Revenue	196.7	278.0	272.6	340.8	369.1
EBITDA	42.0	46.1	56.3	71.6	77.8
Depreciation/Amortisation	(2.1)	(3.4)	(2.1)	(2.4)	(2.8)
Operating income (EBIT)	39.9	42.7	54.3	69.2	75.0
Other income & associates	-	-	-	-	-
Net interest	0.3	0.8	0.4	0.8	1.1
Exceptional items	(13.2)	0.1	-	-	-
Pretax profit	**27.0**	**43.7**	**54.7**	**70.0**	**76.2**
Taxation	(5.9)	(8.4)	(10.9)	(14.0)	(15.2)
Minorities/pref dividends	-	(0.1)	-	-	-
Net profit	**21.2**	**35.1**	**43.7**	**56.0**	**60.9**
Core net profit	34.3	35.0	43.7	56.0	60.9

Balance Sheet (RMmil)

YE to May	FY25	FY26	FY27F	FY28F	FY29F
Fixed assets	4.0	4.9	5.6	6.6	7.5
Intangible assets	1.3	16.2	16.2	16.2	16.2
Other long-term assets	5.8	7.4	7.4	7.4	7.4
Total non-current assets	**11.0**	**28.6**	**29.2**	**30.2**	**31.1**
Cash & equivalent	94.7	124.0	149.8	157.0	186.3
Stock	-	-	-	-	-
Trade debtors	171.0	218.0	213.7	267.3	289.4
Other current assets	4.4	19.3	19.3	19.3	19.3
Total current assets	**270.1**	**361.3**	**382.8**	**443.5**	**495.0**
Trade creditors	37.3	97.2	90.6	112.8	122.1
Short-term borrowings	1.0	19.9	15.4	11.8	9.1
Other current liabilities	85.5	103.7	103.7	103.7	103.7
Total current liabilities	**123.7**	**220.9**	**209.7**	**228.4**	**234.9**
Long-term borrowings	2.1	2.7	2.1	1.6	1.2
Other long-term liabilities	3.9	4.1	4.1	4.1	4.1
Total long-term liabilities	**6.0**	**6.8**	**6.2**	**5.7**	**5.4**
Shareholders' funds	**151.5**	**162.0**	**195.9**	**239.4**	**285.7**
Minority interests	-	0.2	0.2	0.2	0.2
BV/share (RM)	0.25	0.27	0.33	0.40	0.48

Cash Flow (RMmil)

YE to May	FY25	FY26	FY27F	FY28F	FY29F
Pretax profit	27.0	43.7	54.7	70.0	76.2
Depreciation/Amortisation	2.1	3.4	2.1	2.4	2.8
Net change in working capital	(1.1)	0.2	(2.3)	(31.3)	(12.9)
Others	8.4	(8.1)	(13.3)	(16.3)	(17.5)
Cash flow from operations	**36.4**	**39.2**	**41.2**	**24.8**	**48.5**
Capital expenditure	-	(0.8)	(2.7)	(3.4)	(3.7)
Net investments & sale of fixed assets	-	0.1	-	-	-
Others	2.7	(14.8)	-	-	-
Cash flow from investing	**2.7**	**(15.5)**	**(2.7)**	**(3.4)**	**(3.7)**
Debt raised/(repaid)	(0.7)	(0.7)	(5.2)	(4.0)	(3.1)
Equity raised/(repaid)	-	0.1	-	-	-
Dividends paid	(7.2)	(8.1)	(9.8)	(12.5)	(14.6)
Others	(2.0)	19.5	2.3	2.3	2.3
Cash flow from financing	**(9.9)**	**10.8**	**(12.7)**	**(14.2)**	**(15.4)**
Net cash flow	**29.2**	**34.5**	**25.7**	**7.2**	**29.4**
Net cash/(debt) b/f	**63.0**	**90.5**	**115.8**	**141.5**	**148.7**
Net cash/(debt) c/f	**90.5**	**115.8**	**141.5**	**148.7**	**178.1**

Key Ratios

YE to May	FY25	FY26	FY27F	FY28F	FY29F
Revenue growth (%)	(12.6)	41.4	(2.0)	25.0	8.3
EBITDA growth (%)	(3.5)	9.7	22.2	27.1	8.6
Pretax margin (%)	13.7	15.7	20.1	20.5	20.6
Net profit margin (%)	10.8	12.6	16.0	16.4	16.5
Interest cover (x)	nm	nm	nm	nm	nm
Effective tax rate (%)	21.7	19.2	20.0	20.0	20.0
Dividend payout (%)	-	-	-	-	-
Debtors turnover (days)	318	255	289	258	275
Stock turnover (days)	-	-	-	-	-
Creditors turnover (days)	70	88	126	109	116

Source: Company, AmInvestment Bank Bhd.

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