

GREATECH TECHNOLOGY

(GREATEC MK EQUITY, GREA.KL)

25 Aug 2025

New order wins to accelerate

Company Report

BUY

(Maintained)

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Rationale for report: Company Result

Price RM1.94
Fair Value RM2.55
52-week High/Low RM2.48/RM1.10

Key Changes

Fair value ↔
EPS ⓘ

YE to December	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	752.4	826.1	911.8	1,059.9
Core net profit (RM mil)	153.9	161.7	195.8	230.5
FD Core EPS (sen)	6.1	6.4	7.8	9.2
FD Core EPS growth (%)	(7.0)	5.0	21.1	17.7
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	-	-	-	-
PE (x)	31.7	30.1	24.9	21.1
EV/EBITDA (x)	24.0	22.1	18.1	15.1
Div yield (%)	-	-	-	-
ROE (%)	18.7	16.3	16.8	16.7
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million)	2,511.4
Market Cap (RMmil)	4,872.1
Book Value (RM/Share)	0.36
P/BV (x)	5.4
ROE (%)	18.7
Net Gearing (%)	-
Major Shareholders	Tan Eng Kee (52.3%) Khor Lean Heng (5.9%) AIA Bhd (4.2%)
Free Float	26.2
Avg Daily Value (RMmil)	6.8

Price performance	3mth	6mth	12mth
Absolute (%)	21.3	7.2	(19.7)
Relative (%)	16.5	5.2	(17.7)



Investment Highlights

Greatech is targeting RM700mil in new orders, potentially lifting its order book to RM900mil by year end and positioning it for stronger FY26F earnings. With US tariffs finalised, we expect a resumption of Capex and the narrowing of its valuation gap. 1H25 core profit came in above our expectations, as we revise FY25F earnings upwards by 25%. We reiterate BUY at an unchanged TP of RM2.55/share.

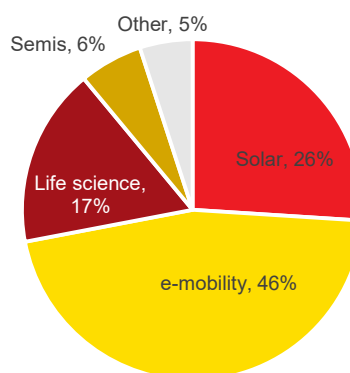
- **BUY at unchanged TP of RM2.55/share.** This is based on a target PE of 30x and blended CY26/27 EPS, to capture a 12-months view. With US tariffs now finalised, we expect customer Capex activity to resume and its valuation gap to narrow.
- **Above Am's expectations, but within consensus.** Driven by higher e-mobility revenues, Greatech's 1H25 core profit increased 18% YoY to RM83mil. We deem this above ours, but within consensus expectations, forming 64% and 46% of estimates. We had previously preemptively assumed a delay in capex, due to tariff driven uncertainties. As this did not happen, we reraise our FY25F earnings by 25%.
- **Targeting to secure RM700mil new orders in next three months.** We estimate this would lift its order book to ca. RM900mil by year end This momentum is expected to be driven primarily by a replenishment of solar-related orders, alongside anticipated contributions from the medical and energy storage industries. Including 1H25 new orders secured of RM235mil (+34% YoY), this would position the group for much stronger FY26F earnings. A resumption in customer Capex is expected, following the finalisation of US tariffs.
- **Near term margins could be hit by one-offs.** This is due to potential tariffs related costs and manpower restructuring in Slovakia. The group is currently negotiating with a major customer to determine who will bear the additional costs arising from US tariffs. Encouragingly, this situation is expected to be isolated, as customers for other projects are anticipated to absorb tariff-related costs. In Slovakia, where operations are currently loss-making, the group also plans to implement a restructuring initiative aimed at reducing manpower expenses.

EXHIBIT 1: 2Q25 EARNINGS SUMMARY

FYE Dec	2Q25	2Q24	YoY (%)	1Q25	QoQ (%)	1H25	1H24	YoY (%)
Revenue	233	206	13.0	175	32.7	408	358	14.1
EBITDA	35	44	-20.4	37	-4.9	72	62	16.9
Depreciation and amortisation	8	5	68.7	7	12.6	16	10	63.3
EBIT	43	49	-11.4	44	-2.0	88	71	23.2
Finance income	3	4	-15.7	2	>100	5	6	-13.1
Finance costs	-1	0	nm	0	-169.3	-1	0	-109.1
EI	-17	0	nm	-3	-531.9	-20	10	nm
PBT	29	52	-44.7	43	-32.7	72	87	-17.3
Tax	-3	-4	24.2	-6	50.2	-9	-7	-38.4
PATAMI	26	48	-46.4	37	-29.8	62.9	80.4	-21.8
Core net profit	43	49	-11.8	40	8.7	82.7	70.0	18.1
EPS (sen)	1.0	3.9	-73.3	1.5	-29.9	2.5	6.4	-61.0
DPS (sen)	0.0	0.0	nm	0.0	nm	0.0	0.0	nm
Profitability ratios								
Ebitda margin (%)	15.1	21.4	-6.3ppt	21.0	-6.0ppt	17.6	17.2	0.4ppt
Ebit margin (%)	18.7	23.8	-5.1ppt	25.3	-6.6ppt	21.5	19.9	1.6ppt
Pbt margin (%)	12.4	25.4	-13.0ppt	24.5	-12.1ppt	17.6	24.3	-6.7ppt
Tax rate (%)	1.3	1.9	-0.6ppt	3.4	-2.2ppt	2.2	1.8	0.4ppt
Core profit margin (%)	18.5	23.7	-5.2ppt	22.6	-4.1ppt	20.3	19.6	0.7ppt
New orders secured ('mil)	85	61	40.1	145	-41.3	231	173	33.5
Orderbook ('mil)	608	865	-30	755	-20	608	865	-30

Source: Greatech, AmlInvestment Bank

EXHIBIT 2: REVENUE BREAKDOWN



Source: Greatech, AmlInvestment Bank

EXHIBIT 3: ORDER BOOK

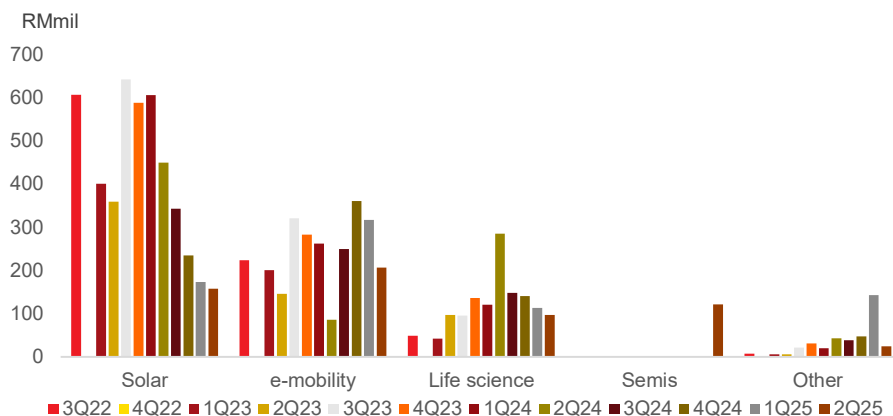


Source: Greatech, AmlInvestment Bank

EXHIBIT 4: NEW ORDERS SECURED



Source: Greatech, AmlInvestment Bank

EXHIBIT 5: ORDERBOOK BREAKDOWN BY SECTOR

Source: Greatech, AmlInvestment Bank

EXHIBIT 6: CHANGE IN EARNINGS

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	620	826	33.2	884	912	3.1	1,073	1,060	-1.2
Earnings	129	162	25.1	191	196	2.7	234	230	-1.5
New orders secured	700	850	21.4	1,000	1,000	0.0	1,100	1,100	0.0

Source: AmlInvestment Bank

EXHIBIT 7: VALUATIONS

Target PE (x)	30.0x
Blended CY26/27 EPS	8.5sen
ESG premium	-
12-month target price	RM2.55

Source: AmlInvestment Bank

Company profile

Greatech is an automation solutions provider. By pursuing automation, companies can increase productivity, reduce labour cost, improve quality & consistency and enhance safety.

Its products include both single automated equipment and production line systems, which consists of multiple automated equipment. The group serves four main segments, solar, e-mobility, life science and semicon automation.

To produce production line systems, ample floor space and a sizeable workforce is required, due to the large nature of these lines. The group has a total floor space of 1.4m sqft and a workforce of 1.5k people.

Another competitive advantage is its in-house machining capabilities. This allows the group to fabricate its own metal structures (for its equipment) and provides a faster time to market (vs. relying on external fabricators).

Investment thesis and catalysts

Clean energy play. Under the Paris Agreement (reached in 2015), targets are to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C. More than half of the group's revenue comes from the solar and e-mobility segment, which are products that aim to reduce environmental impacts through better energy efficiency, resource conservation and usage of renewable sources. Underpinning strong demand, its US solar customer has an order backlog that lasts until 2030. Meanwhile, although EV sales growth has recently slowed, long term prospects are intact given improving infrastructure development, environmental awareness, cost savings (both operational and investments) and increased investments.

Beneficiary of US reshoring. Given its American customer base, the group is a capex beneficiary of deglobalisation and reshoring activities, which is driven by geopolitical tensions, efforts to build supply chain resilience and economic incentives. Legislative measures such as the CHIPS and Science Act and Inflation Reduction Act provides funding and tax incentives to encourage domestic manufacturing. Additionally, tariffs on overseas competition help shield US manufacturers from foreign competition.

Life science to be new pillar of growth. To sustain growth, management continues to explore new revenue verticals. Apart from solar and e-mobility, management is also nurturing its life science division. The group inaugurated its new base in Ireland in 2023, following the acquisition of Allied Automation Limited (AAL) for an enterprise value of EUR1.0mil. AAL is an automation company for leading medical device and life science companies, where the group foresees a surge in demand, due to rising healthcare needs driven by an aging population.

Valuation methodology

We value Greatech based on a target PE of 30x and blended CY26/27 EPS. Our target PE is based on the group's 5-year average. As the bulk of country specific tariffs has now been finalised, we expect valuations to rerate back to the mean, on the assumption that customer Capex will resume.

Risk factors

Due to its large single customer dependency, any changes to its solar customer's expansion plans could impact the group's future prospects.

We estimate every 1% increase/decrease in the USD/MYR rate, increases/decreases the group's earnings by 2%.

EXHIBIT 8: FINANCIAL DATA

Income Statement (RMmil, YE 31 December)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	658.7	752.4	826.1	911.8	1,059.9
EBITDA	186.1	194.5	206.5	246.2	286.2
Depreciation/Amortisation	(15.3)	(22.7)	(25.4)	(28.5)	(32.0)
Operating income (EBIT)	170.8	171.8	181.2	217.7	254.1
Other income & associates	-	-	-	-	-
Net interest	6.4	6.7	9.1	12.7	17.0
Exceptional items	(11.2)	1.1	-	-	-
Pretax profit	166.1	179.6	190.2	230.4	271.1
Taxation	(11.7)	(24.6)	(28.5)	(34.6)	(40.7)
Minorities/pref dividends	-	-	-	-	-
Net profit	154.4	155.0	161.7	195.8	230.5
Core net profit	165.5	153.9	161.7	195.8	230.5
Balance Sheet (RMmil, YE 31 December)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	444.0	485.8	543.0	605.7	679.7
Intangible assets	11.7	10.2	10.2	10.2	10.2
Other long-term assets	-	-	-	-	-
Total non-current assets	455.7	496.0	553.3	616.0	689.9
Cash & equivalent	187.9	232.8	321.1	435.9	563.7
Stock	53.0	68.9	76.5	82.2	95.6
Trade debtors	162.8	151.4	166.2	183.4	213.2
Other current assets	138.9	163.1	163.1	163.1	163.1
Total current assets	542.6	616.2	727.0	864.7	1,035.7
Trade creditors	120.1	85.7	95.2	102.3	118.9
Short-term borrowings	3.3	2.9	2.4	1.9	1.6
Other current liabilities	95.4	82.9	82.9	82.9	82.9
Total current liabilities	218.9	171.5	180.4	187.0	203.3
Long-term borrowings	18.5	17.4	14.8	12.7	10.9
Other long-term liabilities	9.5	14.0	14.0	14.0	14.0
Total long-term liabilities	28.0	31.5	28.9	26.7	25.0
Shareholders' funds	751.4	909.3	1,071.0	1,266.8	1,497.3
Minority interests	-	-	-	-	-
BV/share (RM)	0.60	0.36	0.43	0.50	0.60
Cash Flow (RMmil, YE 31 December)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	166.1	179.6	190.2	230.4	271.1
Depreciation/Amortisation	15.3	22.7	25.4	28.5	32.0
Net change in working capital	(188.0)	(65.2)	(13.0)	(15.9)	(26.5)
Others	(11.0)	(29.1)	(37.6)	(47.3)	(57.7)
Cash flow from operations	(17.6)	107.9	165.0	195.8	219.0
Capital expenditure	(122.6)	(62.3)	(82.6)	(91.2)	(106.0)
Net investments & sale of fixed assets	(2.3)	0.3	-	-	-
Others	-	-	-	-	-
Cash flow from investing	(124.9)	(62.0)	(82.6)	(91.2)	(106.0)
Debt raised/(repaid)	(1.9)	(3.0)	(3.2)	(2.6)	(2.1)
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	-	-	-	-	-
Others	6.5	7.0	9.1	12.7	17.0
Cash flow from financing	4.6	4.1	5.9	10.1	14.9
Net cash flow	(137.9)	49.9	88.3	114.7	127.9
Net cash/(debt) b/f	326.7	187.4	-	-	-
Net cash/(debt) c/f	187.4	232.8	88.3	114.7	127.9
Key Ratios (YE 31 December)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	20.6	14.2	9.8	10.4	16.2
EBITDA growth (%)	27.5	4.5	6.2	19.2	16.2
Pretax margin (%)	25.2	23.9	23.0	25.3	25.6
Net profit margin (%)	23.4	20.6	19.6	21.5	21.7
Interest cover (x)	nm	nm	nm	nm	nm
Effective tax rate (%)	7.0	13.7	15.0	15.0	15.0
Dividend payout (%)	-	-	-	-	-
Debtors turnover (days)	76	76	70	70	68
Stock turnover (days)	21	30	32	32	31
Creditors turnover (days)	52	50	40	40	38

Source: Company, AmlInvestment Bank Bhd estimates

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