



GREATECH TECHNOLOGY

(GREATEC MK EQUITY, GREA.KL)

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Trust the process

Company Report

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Rationale for report: Company Result

BUY

(Maintained)

Price	RM1.79
Target price	RM2.50
52-week High/Low	RM2.45/RM1.10

Key Changes

Target price ↓
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	108.3	178.5	210.1
FD Core EPS (sen)	6.1	4.3	7.1	8.4
FD Core EPS growth (%)	(7.0)	(29.7)	64.9	17.7
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	-	-	-	-
PE (x)	29.2	41.5	25.2	21.4
EV/EBITDA (x)	22.0	29.3	18.2	15.2
Div yield (%)	-	-	-	-
ROE (%)	18.7	11.2	16.1	16.1
Net Gearing (%)	nm	nm	nm	nm

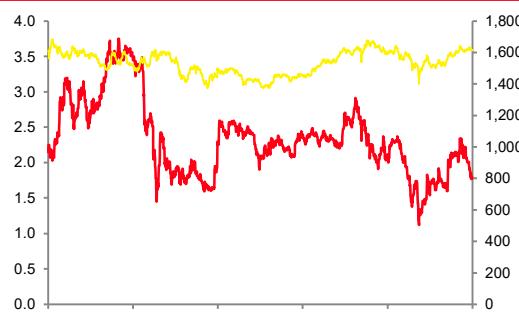
Stock and Financial Data

Shares Outstanding (million)	2,511.4
Market Cap (RMmil)	4,495.4
Book Value (RM/Share)	0.36
P/BV (x)	4.9
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)	9.6

Price performance	3mth	6mth	12mth
Absolute (%)	(15.6)	11.9	(15.6)
Relative (%)	(16.1)	6.6	(16.3)



— GREATEC MK — FBMKLCI Index

Investment Highlights

Greatech may have stumbled this quarter, but it could be standing at the edge of its next inflection. Margins disappointed on higher labour and freight costs, and with tariff risks on an existing e-mobility project, profitability will likely remain under pressure into 4Q25. But beneath the miss, momentum is shifting. Order book has finally bottomed and already grew this quarter — with a further RM300mil of potential wins from medical and data centre customers expected next. DC is a positive surprise and could scale to up to RM500mil going forward. Trading at a trough PB of 3.6x, sentiment may still be reflecting the past, just as the next chapter begins.

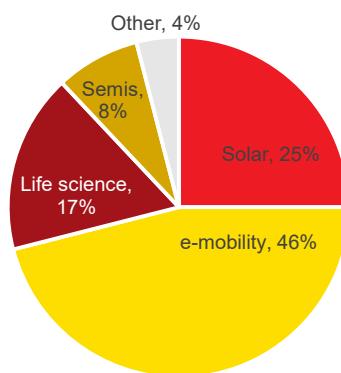
- **Retain BUY at slightly lower TP of RM2.50/share (from RM2.55).** Our target PE is unchanged at 30x. The impact of lower earnings is offset by us rolling forward our valuation base year to CY27. The group currently trades at a trough PB of just 3.6x, a level we believe undervalues its future revenue potential. Management's push into new sectors and reduced reliance on single segments strengthens resilience and sets the stage for more scalable growth ahead.
- **Weaker than expected margins.** Despite higher 9M25 revenues (+10% YoY), earnings declined 13% YoY as net profit margins (-4.5pp YoY) missed expectations. 3Q25 core profit margins stood at 10% vs. its usual ~20% range. This was attributed to a higher headcount and freight costs, as goods for B1 customer was shipped during the quarter. Margins are anticipated to remain weak in 4Q25, as it may have to share the cost of tariffs for an existing e-mobility project. We then expect margins to recover from 1Q26 onwards. To reflect this, we cut earnings by 9-33%.
- **Surprise DC proxy.** We estimate DC-related work to contribute around 30% of FY26 revenue and potentially scale up to RM500mil annually, with repeat orders extending for up to five years. In the latest quarter, the group secured RM160mil in new orders, with a further RM150mil expected by Jan 2026 — tied to a submodule production line. Importantly, margins on this project are expected to stay healthy and in line with group averages.
- **Order book has bottomed.** The order book has bottomed and is now rebuilding, with new wins up +86% YoY to RM514mil. We expect an additional RM300mil by Jan 2026, which would lift the order book to around RM800mil. People ultimately drive the business and we believe management is steering it in the right direction. Their ambition is evident, targeting RM1.5bil in new orders next year vs. our RM1bil forecast. While this is not yet our base case, it signals strong intent. Revenue is now more balanced, no longer heavily reliant on solar (60% of FY22), having expanded into pharma, medical, data centre and consumer electronics.

EXHIBIT 1: 3Q25 EARNINGS SUMMARY

FYE Dec	3Q25	3Q24	YoY (%)	2Q25	QoQ (%)	9M25	9M24	YoY (%)
Revenue	193	189	2.0	233	-17.2	601	547	9.9
EBITDA	-90	46	nm	35	nm	-18	108	nm
Depreciation and amortisation	116	5	>100	8	>100	132	15	>100
EBIT	26	51	-49.7	43	-40.6	114	123	-7.4
Finance income	2	2	7.3	3	-34.0	7	8	-7.7
Finance costs	-1	0	nm	-1	12.1	-2	-1	-132.0
EI	0	-24	nm	-17	nm	-20	-14	-42.8
PBT	27	29	-5.1	29	-4.9	99	116	-14.3
Tax	-9	-6	-41.8	-3	-183.9	-18	-13	-40.0
PATAMI	19	23	-17.4	26	-26.8	81.8	103.4	-20.8
Core net profit	19	47	-60.0	43	-56.2	101.6	117.2	-13.3
EPS (sen)	0.8	0.9	-17.6	1.0	-27.2	3.3	7.3	-55.6
DPS (sen)	0.0	0.0	nm	0.0	nm	0.0	0.0	nm
Profitability ratios								
Ebitda margin (%)	-46.9	24.6	-71.5ppt	15.1	-62.0ppt	-3.1	19.8	-22.8ppt
Ebit margin (%)	13.4	27.2	-13.8ppt	18.7	-5.3ppt	18.9	22.4	-3.5ppt
Pbt margin (%)	14.3	15.3	-1.1ppt	12.4	1.8ppt	16.5	21.2	-4.7ppt
Tax rate (%)	4.4	3.2	1.2ppt	1.3	3.1ppt	2.9	2.3	0.6ppt
Core profit margin (%)	9.8	25.0	-15.2ppt	18.5	-8.7ppt	16.9	21.4	-4.5ppt
New orders secured ('mil)	283	104	>100	85	>100	231	173	33.5
Orderbook ('mil)	698	780	-11	608	15	698	780	-11

Source: Greatech, AmlInvestment Bank

EXHIBIT 2: 3Q25 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, AmInvestment Bank

EXHIBIT 6: CHANGE IN EARNINGS

RMmil	Old	FY25F		Old	FY26F		Old	FY27F	
		New	%		New	%		New	%
Revenue	826	826	0.0	912	912	0.0	1,060	1,060	0.0
Earnings	162	108	-33.0	196	179	-8.8	230	210	-8.9

Source: AmInvestment Bank

EXHIBIT 7: VALUATIONS

Target PE (x)	30.0x
CY27 EPS	8.4sen
ESG premium	-
12-month target price	RM2.50 (from RM2.55)

Source: AmInvestment Bank

EXHIBIT 8: 5-YEAR FORWARD PRICE-TO-BOOK RATIO



EXHIBIT 9: 5-YEAR FORWARD PE RATIO



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 CY27 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 10: 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	144.6	227.9	265.0
Depreciation/Amortisation	(15.3)	(22.7)	(25.4)	(28.5)	(32.0)
Operating income (EBIT)	170.8	171.8	119.2	199.5	232.9
Other income & associates	-	-	-	-	-
Net interest	6.4	6.7	8.2	10.6	14.2
Exceptional items	(11.2)	1.1	-	-	-
Pretax profit	166.1	179.6	127.4	210.0	247.1
Taxation	(11.7)	(24.6)	(19.1)	(31.5)	(37.1)
Minorities/pref dividends	-	-	-	-	-
Net profit	154.4	155.0	108.3	178.5	210.1
Core net profit	165.5	153.9	108.3	178.5	210.1
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	269.6	365.7	473.2
Stock	53.0	68.9	84.2	84.5	98.2
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	683.1	796.7	947.8
Trade creditors	120.1	85.7	104.7	105.1	122.1
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	189.9	189.8	206.6
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	1,017.6	1,196.1	1,406.2
Minority interests	-	-	-	-	-
BV/share (RM)	0.60	0.36	0.41	0.48	0.56
Cash Flow (RMmil, YE 31 December)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	166.1	179.6	127.4	210.0	247.1
Depreciation/Amortisation	15.3	22.7	25.4	28.5	32.0
Net change in working capital	(188.0)	(65.2)	(11.1)	(17.2)	(26.4)
Others	(11.0)	(29.1)	(27.3)	(42.1)	(51.3)
Cash flow from operations	(17.6)	107.9	114.3	179.3	201.5
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	8.2	10.6	14.2
Cash flow from financing	4.6	4.1	5.0	8.0	12.1
Net cash flow	(137.9)	49.9	36.8	96.1	107.6
Net cash/(debt) b/f	326.7	187.4	-	-	-
Net cash/(debt) c/f	187.4	232.8	36.8	96.1	107.6
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	(25.7)	57.7	16.2
Pretax margin (%)	25.2	23.9	15.4	23.0	23.3
Net profit margin (%)	23.4	20.6	13.1	19.6	19.8
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	34	34	31
Creditors turnover (days)	52	50	42	42	39

Source: Company, AmlInvestment Bank Bhd estimates

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