STOCK IDEA

Retail Research

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21 July 2025

WENTEL ENGINEERING HOLDINGS (WENTEL | 0298)

Last Price: RM0.325 | Technical Call: BUY | Target Price: RM0.40

Bursa Code: **WENTEL, 0298**	Support 1: **RM0.315**	Entry: **RM0.315–0.325**
Sector: **Industrial**	Support 2: **RM0.30**	Target: **RM0.36, RM0.40**
Market Cap: **RM374mil**	Resistance 1: **RM0.36**	Exit: **RM0.295**
Shariah Compliant: **Yes**	Resistance 2: **RM0.40**	

Company Profile. Wentel Engineering (Wentel) is primarily engaged in the fabrication of semi-finished metal products, metal parts, and the assembly of finished products. These activities are supported by in-house capabilities, including computer numerical control (CNC) machines, advanced manufacturing equipment, and surface treatment & coating facilities. The group serves core markets in Malaysia and Singapore, with capabilities tailored to support a diverse range of industries—including security screening systems, semiconductor equipment, CNC machinery, and medical diagnostic equipment.

Growth Strategies. (i) Leveraging rising global security concerns, tighter regulations, and increased investments in AI-driven screening, the group is poised to benefit from sustained demand for security equipment and precision metal components, particularly amid new tariffs and inspection protocols. (ii) Riding on Singapore's multi-year E&E upcycle and Malaysia's growing role in the semiconductor supply chain. Growth is driven by steady order flows, an expanding MNC client base, and rising demand for high-precision fabrication in electronics and test equipment. (iii) Expanding production capacity with a new plant by 1H2026 to boost efficiency, streamline the supply chain, and support growing demand across industries.

Financial Performance. In 1QFY25, Wentel posted higher revenue of RM31.2mil (+21% YoY) and a PAT of RM6.1mil (+11.6x YoY), largely driven by increased fabrication of metal parts, spurred by the robust recovery in the semiconductor industry and the absence of one-off non-deductible listing expenses of RM4.1mil recorded in the preceding year.

Valuation. Wentel is trading at an FY26F P/E of 13x, below the Bursa Industrial Production Index's 21.7x. In comparison, Coraza Integrated Technology—a metal fabricating company specializing in sheet metal fabrication, precision engineering, and electro-mechanical assembly—trades at a higher FY26F P/E of 17x.

Technical Analysis. We expect further upside for Wentel after it closed above the RM0.315 resistance and surged to a 10-month high a few sessions ago. With the 20-day and 50-day EMAs having formed a bullish crossover since mid-May, the stock appears positive in the near term. A bullish bias may emerge above the RM0.315 level, with a stop-loss set at RM0.295, below the 50-day EMA. On the upside, near-term resistance is seen at RM0.36, followed by RM0.40.

Source: AmInvestment Bank, Bloomberg, Company Reports

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