西牛证券 WESTBULL SECURITIES | RESEARCH

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Pentamaster Corporation Berhad | 7160.KL

Challenging operating environment

STOCK RATING	TARGET PRICE
HOLD	MYR 3.69

Pentamaster Corporation Berhad (7160.KL) delivered a subdued performance in 1H 2025, with revenue declining 19.2% YoY to MYR 276.5mn. While Q2 2025 showed marginal improvement, the FAS segment experienced a dramatic 51.4% YoY decline, primarily driven by reduced project deliveries within the medical segment. Conversely, the ATE segment demonstrated resilience with a 25.2% YoY rebound, supported by strong performance in the Electro-Optical and Semiconductor segments. Gross margin compressed to 26.8% due to the smaller business scale of the FAS segment, both ATE and FAS segments reported similar margin profiles in 1H 2025

Growth normalization of the Medical segment: The Medical segment's contribution declined substantially due to the project cycle of the primary customer, a rebound may be realized in 2H 2025, according to the latest delivery schedule. Besides, potential new orders from existing customers should partially offset the impacts of the major project completion.

Sustained momentum in the Electro-Optical and Consumer & Industrial segments: The Electro-Optical segment delivered robust 12.3% YoY growth in 1H 2025, benefiting from upgraded ambient light sensors and proximity sensors in smartphones and wearable devices. We may see stronger momentum next year due to a further upgrade of the sensors in the new product line. Besides, the Consumer & Industrial segment surged 120.3% YoY, driven by onshoring activities and data center expansion.

Remaining cautious in the Automotive segment: The automotive segment reported a marginal 0.2% YoY decline despite strong NEV sales momentum in 1H 2025. However, the US tariffs on vehicles and broader trade tensions continue to create uncertainty for automotive OEMs, and potential impacts and uncertainties have resulted in cautious customer order placement behaviour.

Challenging operating environment: Given the challenging operating environment and tempered near-term prospects, we anticipate a moderate decline in FY 2025 performance, and we have revised our estimates accordingly. New order momentum may offset the impacts of major customer project completions, leading to mild growth in FY 2026. We, thus, revise the rating to "HOLD" with a TP of MYR 3.69 per share.

COMPANY UPDATE

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Pentamaster Corporation Berhad (7160.KL)	
Stock Rating	HOLD (BUY)
Target Price	MYR 3.69 (MYR 3.85)
Current Price	MYR 3.70
52-Week Range	MYR 1.86 – 4.62
Market cap. (MYR, bn)	MYR 2.6

MYR, mn	2024 (A)	2025 (E)	2026 (E)	2027 (E)
Revenue	623.0	587.3	604.1	663.6
Gross Profit	178.5	161.5	172.3	197.3
Gross Margin	28.6%	27.5%	28.5%	29.7%
Profit Attr.	65.2	67.4	68.0	81.5
ROE	10.0%	9.2%	9.4%	10.3%

Performance	1 mth	3 mth	6 mth	1 year
Absolute	1.9%	44.0%	12.1%	-13.6%
Relative to KLSE	-2.6%	39.6%	9.9%	-11.5%



Peers comparison

		Mkt. Cap. (HKD, mn)	P/E (x)	Fw. P/E (x)	P/B (x)	P/S (x)	Revenue (HKD, mn)	GM (%)	ROE (%)
00522.HK	ASMPT	31,234.4	126.5	29.4	1.9	2.3	13,229.1	40.0	1.5
COHU.US	Cohu	7,467.2	-	182.9	1.2	2.4	3,135.1	44.9	(10.1)
ROK.US	Rockwell	308,404.1	36.5	31.6	11.4	4.9	64,566.5	38.6	28.5
TER.US	Teradyne	143,253.8	39.4	29.8	6.5	6.6	22,003.0	58.5	16.9
2360.TW	Croma	55,862.7	31.0	26.8	9.0	8.6	5,247.8	59.0	30.5
6337.JP	Tesec	535.9	26.9	-	0.7	1.7	301.4	38.3	2.6
6503.JP	Mitsubishi	415,934.5	21.1	22.8	1.9	1.4	282,478.6	30.6	9.4
6857.JP	Advantest	441,991.4	35.2	32.9	13.9	8.8	39,888.1	57.1	44.1
6954.JP	Fanuc	230,551.8	26.4	26.6	2.4	5.2	40,779.4	37.0	9.1
300604.CH	Chang Chuan Technology	35,315.3	47.9	-	8.6	7.5	3,946.6	54.9	19.6
688001.CH	HYC Technology	14,129.4	-	67.6	3.8	7.1	1,975.3	42.1	(13.5)
SCHN.FR	Schneider	312,701.5	31.5	30.6	6.9	2.9	99,580.5	73.7	22.1
ABBN.SW	ABB	967,302.1	29.5	22.2	8.7	3.7	256,322.4	37.4	30.4
SIE.GR	Siemens	1,717,500.0	23.5	21.9	3.1	2.4	643,201.5	39.3	17.9
GTB.MK	Globetronics	395.3	-	10.5	0.7	-	189.0	37.5	-
VITRO.MK	VitroX	14,281.6	78.8	-	7.2	12.4	943.9	-	9.5
	Average	*293,553.8*	*42.6*	*41.2*	*5.5*	*5.2*	*92,361.8*	*45.9*	*14.6*
7160.KL	Pentamaster	4,929.9	52.4	-	3.5	4.8	1,064.7	28.6	6.8

Source: Bloomberg, West Bull Securities

Risk factors

- Persistent automotive sector weakness due to tariff uncertainties
- Continued macroeconomic volatility affects capital investment decisions
- New orders from the medical customers are not as meaningful as expected
- A change in the schedule of the new product line of the smartphone customer

Financial Statement

PnL

(MYR, mn)	2024 (A)	2025 (E)	2026 (E)	2027 (E)
Revenue	**623.0**	**587.3**	**604.1**	**663.6**
YoY growth	*-10.0%*	*-5.7%*	*2.9%*	*9.8%*
COGS	(444.5)	(425.8)	(431.8)	(466.4)
Gross profit	**178.5**	**161.5**	**172.3**	**197.3**
Other income	13.9	13.0	-	-
Operating expenses	(86.4)	(88.3)	(83.0)	(88.3)
Operating profit	**106.0**	**86.2**	**89.4**	**109.0**
Finance expenses	-	11.7	9.0	10.2
JV & Ass.	(0.6)	(1.0)	-	-
Profit before tax	**105.4**	**96.9**	**98.4**	**119.2**
Tax	(1.5)	(1.9)	(2.7)	(4.4)
Net profit	**103.9**	**94.9**	**95.7**	**114.8**
YoY growth	*-26.0%*	*-8.6%*	*0.8%*	*19.9%*

Balance Sheet

(MYR, mn)	2024 (A)	2025 (E)	2026 (E)	2027 (E)
PPE	457.3	498.9	541.7	553.6
Others	86.8	80.3	74.2	67.4
Non-current assets	**544.2**	**579.2**	**616.0**	**621.0**
Inventories	121.8	114.6	115.9	120.7
Trade receivables	167.9	186.2	191.5	196.9
Cash & cash equivalents	448.7	346.0	390.6	499.4
Others	69.2	69.4	74.6	79.3
Current assets	**807.6**	**716.3**	**772.5**	**896.3**
Total assets	**1,351.7**	**1,295.4**	**1,388.4**	**1,517.4**
LT borrowings	-	-	-	-
Others	13.4	14.6	13.0	17.0
Non-current liabilities	**13.4**	**14.6**	**13.0**	**17.0**
Trade payables	128.9	106.8	114.4	126.4
ST borrowings	-	-	-	-
Others	128.4	194.5	194.5	200.9
Current liabilities	**257.3**	**301.3**	**308.8**	**327.3**
Total liabilities	**270.7**	**315.9**	**321.8**	**344.3**
Non-controlling interests	333.0	229.4	253.0	282.2
Controlling interests	748.0	750.1	813.5	890.9
Total equities	**1,081.0**	**979.5**	**1,066.6**	**1,173.1**

Cash Flow (MYR, mn)	2024 (A)	2025 (E)	2026 (E)	2027 (E)
Profit before tax	105.4	96.9	98.4	119.2
Finance expenses	-	-	-	-
Finance income	(12.8)	(11.7)	(9.0)	(10.2)
D&A	21.6	18.1	26.4	27.1
Others	19.2	0.6	(0.0)	(2.8)
Change in working capital	5.0	40.7	(2.8)	11.7
CFO	**138.4**	**144.6**	**112.9**	**145.0**
CAPEX	(44.6)	(144.5)	(63.1)	(32.1)
Others	5.4	8.3	9.0	10.2
CFI	**(39.2)**	**(136.1)**	**(54.1)**	**(22.0)**
Shares issuance	-	-	-	-
Net borrowings	-	-	-	-
Interest expenses	-	-	-	-
Dividend paid	(14.2)	(70.3)	(10.1)	(10.1)
Others	(18.4)	(40.8)	(4.1)	(4.1)
CFF	**(32.6)**	**(111.1)**	**(14.2)**	**(14.2)**
FCFE	**(26.6)**	**0.1**	**49.8**	**112.9**
FCFF	**(26.6)**	**0.1**	**49.8**	**112.9**

Financial Ratio	2024 (A)	2025 (E)	2026 (E)	2027 (E)
Gross margin	28.6%	27.5%	28.5%	29.7%
Operating margin	17.0%	14.7%	14.9%	16.4%
Net profit margin	16.7%	16.2%	15.8%	17.3%
Return on Equity	10.0%	9.2%	9.4%	10.3%
Return on Asset	7.8%	7.2%	7.1%	7.9%
Current ratio	313.8%	237.7%	250.1%	273.9%
Quick ratio	266.5%	199.7%	212.6%	237.0%
Cash ratio	174.3%	114.8%	126.5%	152.6%
Debt-to-Equity ratio	0.0%	0.0%	0.0%	0.0%
Net Debt-to-Equity ratio	-41.5%	-35.3%	-36.6%	-42.6%
Inventory turnover days	128.3	101.3	97.4	92.6
Receivable turnover days	106.7	110.0	114.1	106.8
Payable turnover days	101.4	101.0	93.5	94.2

Source: Company data, West Bull Securities

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