19 November, 2026 **BIMB Securities Research**

BIMB SECURITIES

Results Review | Technology | Equity

VSTECS Berhad (VST MK)

INLINE

BUY

Share Price	**RM1.30**	
Target Price	**RM2.07**	**+59.2%**

A Strong Finish in Sight

- **3QFY26 CNP surged to RM32.5mn (+29.4% YoY, +43.2% QoQ), bringing 9MFY26 earnings to RM76.9mn (+15.4% YoY), broadly in line with our and consensus expectations.**
- **Enterprise Systems remained the key growth engine, benefiting from healthy demand from the public-sector and supportive DC spending.**
- **Maintain our BUY with unchanged TP of RM2.07 which implies 17.2x FY27F PER.**

Within expectation. 9MFY26 CNP came in at RM76.9mn (+15.4% YoY), broadly in line with our estimates, representing 66%/67% of our and consensus full-year forecasts. We expect the balance to be delivered in 4QFY26, in line with the group's historical earnings seasonality.

3QFY26 CNP surged to RM32.5mn (+29.4% YoY, +43.2% QoQ) on revenue of RM1.1bn (+14.3% YoY, +5.2% QoQ). The sharp improvement in performance was spearheaded by the Enterprise Systems division, where robust project execution and healthy demand across key customer segments drove a strong uplift in earnings. Public sector contracts continued to form the backbone of the segment, complemented by resilient demand for enterprise infrastructure solutions and private-sector data-centre investments.

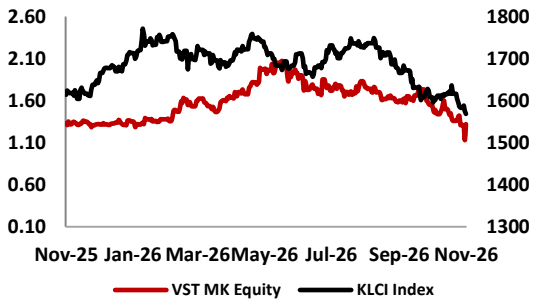
Outlook. Earnings recovery has largely tracked our expectations, but we believe the market continues to underappreciate the improving quality of VST earnings profile. Although the increasing mix of recurring and cloud-based revenue may weigh on margins in the short term, it should provide greater earnings visibility and support a more resilient earnings base over the longer run. Looking ahead, demand should remain underpinned by healthy enterprise IT spending, ongoing digitalisation initiatives across both the public and private sectors, as well as the emergence of AI device replacement cycle.

Dividend. Declared an interim dividend of 0.93 sen per share for FY26. We expect three further dividend distributions, bringing total FY26 DPS to 3.3 sen, implying a dividend yield of 2.5%.

Earnings. No change.

Our call. Maintain **BUY** on VST with an unchanged TP of **RM2.07** pegged to 17.2x FY27F PER (+0.5SD above its 3-year historical average), applied to our FY27F EPS of 12 sen.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(16.1)	(26.1)	(2.2)
vs FBM KLCI	(13.9)	(18.3)	(0.7)

Stock Data	
Mkt Cap (RM)	1,786.3
Free float (%)	37.0
Issued shares (m)	1,069.7
52w H/L (RM)	2.18 / 1.12
3m avg daily volume (m)	1,784,779

Major Shareholders (%)	
VSTECS Holdings Ltd	45.6
Sengin Sdn Bhd	12.2
CGS INTERNATIONAL	5.3

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Turnover	2901.7	3608.2	4284.8	4976.4	5541.0
EBITDA	90.0	124.5	148.9	172.6	192.3
Pretax Profit	93.1	129.2	152.5	169.0	187.6
Core Profit	**70.6**	**98.5**	**116.3**	**128.9**	**143.1**
EPS (sen)	6.6	9.2	10.9	12.0	13.4
PER (x)	19.7	14.1	12.0	10.8	9.7
DPS (sen)	2.6	3.6	3.3	3.6	4.0
D. Yield (%)	5.9	8.3	2.5	2.8	3.1
P/B (x)	2.8	2.4	2.1	1.9	1.6
Key Ratios (%)					
ROE	14.3	18.7	17.8	17.3	16.9
EBITDA margin	3.1	3.4	3.5	3.5	3.5
Pretax margin	3.2	3.6	3.6	3.4	3.4
Net margin	2.4	2.7	2.7	2.6	2.6

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Table 1: Quarterly figures

FYE 30 Dec (RM'mn)	Quarterly			Change (%)	
	3QFY25	2QFY26	3QFY26	QoQ Chg	YoY Chg
Revenue	991.9	1078.2	1133.9	5.2	14.3
EBITDA	34.4	39.0	42.4	8.7	23.3
PBT	35.0	40.0	40.7	1.8	16.4
PAT	25.8	30.3	30.3	0.0	17.6
Core PATAMI	25.1	22.7	32.5	43.2	29.4
Core EPS (sen)	2.3	2.1	3.0	43.2	29.4
				Chg (ppts)	
EBITDA margin (%)	3.5	3.6	3.7	0.1	0.3
PBT margin (%)	3.5	3.7	3.6	-0.1	0.1
Core PATAMI margin (%)	2.5	2.1	2.9	0.8	0.3
Effective tax rate (%)	26.3	24.2	25.5	5.5	-2.9

Table 2: Earnings vs expectations

RM mn, FYE Dec	YTD 9MFY26	BIMBSec FY26F	% full year	Consensus FY26F	% full year
Revenue	3,259.0	4,284.8	76.1%	4,344.0	75.0%
EBITDA	112.8	148.9	75.7%	146.7	76.9%
PATAMI	76.9	116.3	66.1%	114.8	67.0%
EBITDA margin	3.5%	3.5%		3.4%	
PATAMI margin	2.4%	2.7%		2.6%	

Source: Company, Bloomberg, BIMB Securities

Income Statement

FYE 31 Dec (RM mn)	2024	2025	2026F	2027F	2028F
Revenue	**2901.7**	**3608.2**	**4284.8**	**4976.4**	**5541.0**
Gross Profit	**172.3**	**228.7**	**271.6**	**315.4**	**351.2**
EBITDA	**90.0**	**124.5**	**148.9**	**172.6**	**192.3**
Depreciation & Amortisation	-3.4	-4.4	-5.7	-6.7	-7.8
EBIT	**86.5**	**120.1**	**143.2**	**165.9**	**184.5**
Net Finance Income/ (Cost)	2.7	2.3	2.3	2.1	2.1
Associates & JV	3.9	6.8	7.0	1.0	1.0
Pre-tax Profit	**93.1**	**129.2**	**152.5**	**169.0**	**187.6**
Tax	-22.6	-30.7	-36.2	-40.1	-44.5
Profit After Tax	**70.6**	**98.5**	**116.3**	**128.9**	**143.1**
Minority Interest	0.0	0.0	0.0	0.0	0.0
PATAMI	**70.6**	**98.5**	**116.3**	**128.9**	**143.1**
Exceptionals	1.1	9.0	0.0	0.0	0.0
Core Net Profit	**71.7**	**107.5**	**116.3**	**128.9**	**143.1**

Balance Sheet

FYE 31 Jan (RM mn)	2024	2025	2026F	2027F	2028F
Non-Current Asset	**60.5**	**63.8**	**65.2**	**66.9**	**68.3**
Current Asset	**817.4**	**1025.1**	**1194.7**	**1375.3**	**1550.1**
Total Asset	**877.9**	**1088.9**	**1259.9**	**1442.2**	**1618.4**
Non-Current Liabilities	**2.1**	**0.4**	**0.4**	**0.4**	**0.4**
Current Liabilities	**373.4**	**515.0**	**515.0**	**604.7**	**696.7**
Total Liabilities	**375.5**	**515.4**	**605.1**	**697.1**	**773.2**
Total Equity	**502.4**	**573.5**	**654.9**	**745.1**	**845.3**
Total liabilities & equity	**877.9**	**1088.9**	**1259.9**	**1442.2**	**1618.4**

Cash Flow

FYE 31 Jan (RM mn)	2024	2025	2026F	2027F	2028F
Cash flow from operating activities (CFO)	**10.5**	**-15.2**	**34.3**	**46.1**	**77.8**
Cash flow from investing activities (CFI)	**1.6**	**4.8**	**-7.2**	**-8.3**	**-9.3**
Cash flow from financing activities (CFF)	**-56.5**	**-7.0**	**-31.9**	**-35.4**	**-39.2**
Net change in cash & cash equivalent	**-44.5**	**-17.4**	**-4.7**	**2.4**	**29.3**

Source: Company, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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