2 September, 2026 **BIMB Securities Research**

BIMB SECURITIES

Company Update | Technology | Equity

VSTECS Berhad (VST MK)

Unlocking Value Through ISATEC Disposal

- **Disposal of 40% ISATEC stake for RM48.8mn, with the disposal price representing a 103.6% gross premium to carrying value and expected to generate a one-off net gain of c.RM22.0mn upon completion.**
- **Proceeds to support growth, with RM45.9mn (94% of proceeds) earmarked for working capital.**
- **We maintain our BUY recommendation with a lower TP of RM2.07 which implies 17.2x FY27F PER.**

Disposing ISATEC for RM48.8mn. VST has announced the disposal of its entire 40.0% stake in associate company ISATEC Sdn Bhd to Skyform Pte Ltd for a cash consideration of RM48.8mn. The transaction allows VST to fully monetise its minority investment in ISATEC, which was acquired in 2019 at a total cost of RM18.8mn. The disposal is expected to be completed in 1QFY27.

Net disposal gain of RM22mn. The divestment will generate a disposal consideration of RM48.8mn represents a 103.6% premium to the investment's carrying value of RM23.9mn. After accounting for disposal expenses of RM2.9mn, it is expected to book a one-off net gain of c.RM22.0mn.

Our view. Slight negative to the bottom line but unlocks value from a non-core, non-controlling investment at an attractive valuation while strengthening the group's liquidity position. The group intends to allocate RM45.9mn, equivalent to 94% of the disposal proceeds, towards working capital requirements, which should support larger projects and businesses with longer working capital cycles. The transaction also enhances VST's financial flexibility by allowing management to redeploy capital into its core.

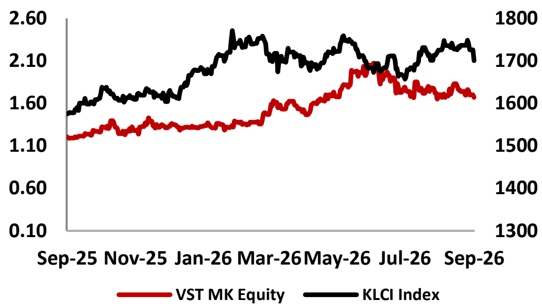
Earnings. We slightly tweak our earnings forecasts lower for FY27-FY28 by -3.5%/-3.3% due to the absent of earnings contribution from ISATEC.

Our call. Maintain **BUY** on VSTECS with an unchanged TP of **RM2.07** (from RM2.14) pegged to 17.2x FY27F PER (+0.5SD above its three-year historical average), applied to our FY27F EPS of 12 sen.

BUY

Share Price	**RM1.67**	
Target Price	**RM2.07**	**+24.0%**

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(1.8)	(18.5)	38.6
vs FBM KLCI	(0.4)	(19.4)	26.5

Stock Data	
Mkt Cap (RM)	1,786.3
Free float (%)	37.0
Issued shares (m)	1,069.7
52w H/L (RM)	2.18 / 1.19
3m avg daily volume (m)	2,544,199

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

FYE Jun (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)	25.3	18.1	15.4	13.9	12.5
DPS (sen)	2.6	3.6	3.3	3.6	4.0
D. Yield (%)	4.6	6.5	2.0	2.2	2.4
P/B (x)	3.6	3.1	2.7	2.4	2.1

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	3.5	3.5
Net margin	2.5	3.0	2.7	2.7	2.7

Source: Bloomberg, BIMB Securities

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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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