

# VSTECS BERHAD

(VST MK EQUITY, VSTE.KL)



**BUY**

(MAINTAINED)

Price: RM4.27

Target Price (% return): RM6.10 (45%)

52-week High/Low: RM4.53/RM2.45

**Technology**

Rationale for report: Initiation

## Tech proxy entering new inflection point

*Three waves are converging — AI infrastructure ramp-up, a long-awaited device replacement cycle and accelerating cloud adoption. VSTECS sits at the centre of this flow. As Malaysia’s leading distributor, rising tech spend channels through its ecosystem. These forces drive an estimated FY24–27F earnings CAGR of +28 %. Enterprise is now 63% of 9MFY25 earnings, bringing higher margins, larger deal sizes and stickier relationships. With improving momentum and visibility, we believe a re-rating is due. We initiate with a BUY and TP of RM6.10 (+45% upside).*

- Initiate BUY with a TP of RM6.10/share**. We value the stock a 16x target PE, towards the upper end of its 1-year average. This reflects limited forward PE benchmarking, as sell-side coverage only began recently, and consensus history is still shallow. We also think the company is due for a re-rating, as a proxy to Malaysia’s data centre (DC) capex cycle and broader tech spending. Our valuation implies a fair PEG of ~0.6x, broadly consistent with other DC beneficiaries such as SNS Network Technology and NationGate Holdings. Finally, a continued shift towards the higher-margin enterprise mix should lift ROE, further supporting a premium multiple.
- Funnel through with Malaysia’s rising IT spend flows**. We forecast a FY24-27F core earnings CAGR of +28% YoY. AI infrastructure needs are rising, hardware refreshes are accelerating with the shift to AI-ready devices and cloud adoption gaining speed. These forces push organisations to modernise and upgrade at scale, creating sustained demand visibility and a widening revenue opportunity for the tech supply chain.
- Pivot to Enterprise brings higher margins and stickier relationships**. Enterprise now contributes to 63% of 9MFY25 profits vs. 42% in FY20. Corporate clients operate on structured refresh cycles and multi-year IT roadmaps, providing better visibility and recurring demand. This shift reduces earnings volatility, strengthens pricing power and positions the group to capture mission-critical workloads. By contrast, the consumer segment has become increasingly commoditised, with thinner margins and pricing set by competitive pressure rather than value.
- Leveraging on wider group for structural edge**. It is 46% owned by HK listed VSTECS Holdings Limited. The group benefits from the scale, reach and partnerships of the wider VSTECS Group across Asia. This provides priority access to global principals, broader product breadth and stronger negotiating power. The shared expertise and infrastructure create advantages smaller distributors cannot match, reinforcing its position as the country’s leading IT funnel.

### Analyst (s)

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### Key Changes

Target Price:	↕
EPS:	↔

### Stock and Financial Data

Shares Outstanding (million)	356.6
Market Cap (RMmil)	1,522.5
Book Value (RM/Share)	1.41
P/BV (x)	3.0
ROE (%)	14.7
Net Gearing (%)	-
Free Float	21.4
Avg Daily Value (RMmil)	0.8

### Major Shareholders

VSTECS Holdings Ltd	(45.6%)
Sengin Sdn Bhd	(12.2%)
Dasar Technologies Sdn Bhd	(8.6%)

### Price performance

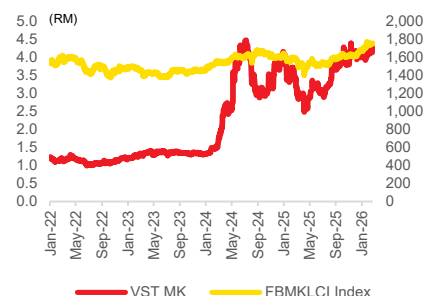
	3mth	6mth	12mth
Absolute(%)	2.2	9.5	19.0
Relative(%)	(5.7)	(0.2)	8.0

Source: VSTECS Berhad, AmInvestment Bank Bhd.

YE to December	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	2,901.7	3,536.7	4,138.8	4,828.8
Core net profit (RM mil)	63.6	94.9	112.8	132.1
FD Core EPS (sen)	17.8	26.6	31.6	37.1
FD Core EPS growth (%)	3.1	49.3	18.9	17.2
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	7.7	8.8	10.4	12.2
PE (x)	23.2	15.6	13.1	11.2
EV/EBITDA (x)	15.3	11.4	9.5	8.1
Div yield (%)	1.9	2.1	2.5	3.0
ROE (%)	14.7	17.7	18.5	19.0
Net Gearing (%)	nm	nm	nm	nm

Source: VSTECS Berhad, AmInvestment Bank Bhd.

### Price Chart



**Executive Summary**

We foresee VSTECS entering a multi-year growth cycle with a FY24-FY27F core earnings CAGR of +28% YoY, driven by three structural themes 1) AI infrastructure investments; 2) End-point device replacement cycle and 3) Rising cloud adoption.

*Malaysia is emerging as a strategic hub for AI*

Leading the charge, we forecast Enterprise revenues to grow at a FY24-27F CAGR of +26% YoY. Within this, we project AI related revenues to grow from 3% in FY25F to 9% in FY27F. Regional players are accelerating data centre construction across Johor and the Klang Valley. These facilities drive massive upstream capex during the build phase, but the sharper inflection comes once construction completes and the buildings are fitted with servers, networking gear, storage systems and AI-ready endpoints. This is where the group becomes the natural next beneficiary. As the country's leading distributor, services and solutions provider, VSTECS sits directly in the supply chain for the IT equipment that enables these data centres to go live, positioning it to capture the downstream wave of AI-driven infrastructure spend.

*Cleaner AI play: Picks and shovels distribution*

VSTECS is a "picks-and-shovels" way to play the AI/data-centre build-out: instead of betting on which contractor wins which job (lumpy tenders, cost overruns, long receivable cycles), they own the distribution layer that sells the hardware and software stack across many customers and many projects. It participates as AI adoption broadens into enterprise IT, so earnings are typically more diversified and scalable than project-based beneficiaries. Although semiconductor names can offer higher upside, they are far more exposed to the silicon cycle (inventory swings, customer concentration), which can also lead to sharper drawdowns when the cycle turns.

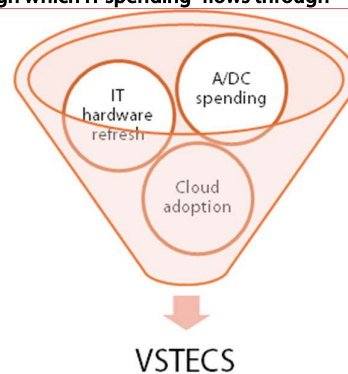
*Capturing the Next Wave of Hardware Upgrade*

We forecast ICT Distribution revenues to grow at a FY24-27F CAGR of +7% YoY. While near term sell in could be moderated by memory supply tightness, we think this is timing noise rather than demand destruction. Hardware across enterprises and consumers are ageing, with the last major upgrade cycle occurring during COVID. This is now colliding with a new structural refresh cycle: enterprises are shifting to AI-ready notebooks with NPUs (Neutral Processing Unit), replacing fleets ahead of the Windows 11 deadline and reinforcing networks and storage to handle heavier workloads. Smartphones are entering a similar phase as on-device AI becomes the next battleground. On top of this, VSTECS is widening its funnel and gaining market share with new product offerings such as Google Pixel and Starlink, positioning the group to capture rising hardware intensity across compute, connectivity and premium devices.

*Scaling with Malaysia's Cloud Modernisation Wave*

Completing its three main segments, we forecast ICT services revenue to grow at a FY24-27F CAGR of +25% YoY. Cloud adoption in Malaysia is accelerating as enterprises modernise legacy systems, strengthen cybersecurity and shift workloads to more scalable, cost-efficient architectures. The push is reinforced by government digitalisation targets, rising compliance requirements and the increasing need to integrate AI into business workflows. As cloud penetration deepens, VSTECS stands to benefit from recurring demand tied to ongoing expansion and optimisation cycles.

**EXHIBIT 1. Funnel through which IT spending flows through**



Source: AmInvestment Bank Bhd

**Valuations**

*Initiate with BUY rating and TP of RM6.10 /share*

We initiate on VSTECs with a BUY call and a target price of RM6.10/share. This is based on a target PE of 16.0x and to CY27 EPS. Our target multiple is at the upper end of its 1-year average, reflecting its limited forward PE benchmarking as sell-side coverage only began recently, and consensus history is still shallow. Our valuation implies a fair PEG of 0.6x. Higher valuations are also supported by rising ROEs, driven by growing higher margin Enterprise contributions. We also apply a 3.0% premium on the fundamental fair value based on the group's 4-star ESG rating.

*Rerating driven by DC's entering fit-out phase*

We believe the group is due for a valuation rerating, underpinned by data centres entering their fit-out phase, rising hardware intensity, and accelerating cloud adoption across Malaysia. As a listed proxy to domestic data-centre investments, VSTECs offers leveraged exposure to both near-term DC capex and longer-term enterprise digitalisation trends.

*Target PE in-line with sector comparables*

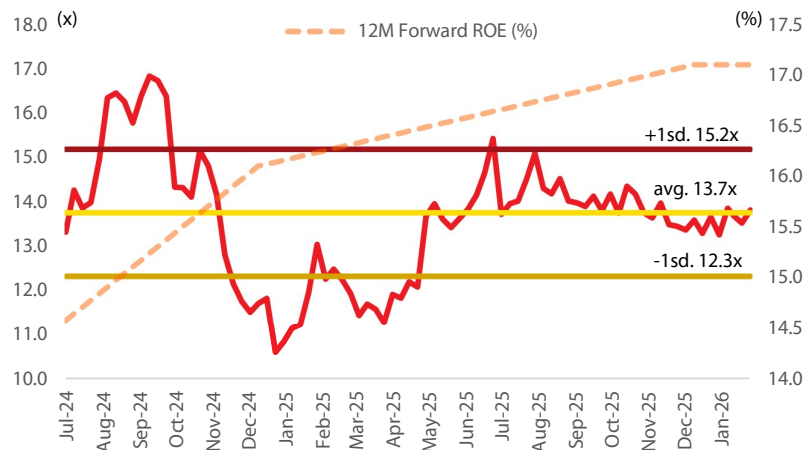
Our target PE is also in line with Malaysia's DC sector comparables. While its valuation against global peers shows VSTECs at a slight premium, we believe this is fair, given its strong growth potential, as DCs in Malaysia enter their fit-out phase.

**EXHIBIT 2. Valuations**

Target PE (x)	16.0x
CY27 EPS	37.0 sen
4-star ESG premium	3.0%
12-month target price	RM6.10

Source: AmInvestment Bank Bhd

**EXHIBIT 3. Forward PE & ROE**



\* Lack of reliable coverage/consensus prior to July 2024

Source: Bloomberg, AmInvestment Bank Bhd

**EXHIBIT 4. Peer Valuation**

Ticker	Name	Market Cap (RMmil)	12M Trailing	PE (x)			ROE (%)	
				12M Forward	5-year Median	Trailing (Normalized)	5-year Average	
VST MK Equity	VSTECs Berhad	1,526	17.9	17.1	21.3	16.9	14.5	
<i>Bursa-listed ICT Distributors with DC exposure</i>								
NATGATE MK Equity	Nationgate Holdings Berhad	2,308	12.7	15.5	21.3	20.8	32.1	
SNS MK Equity	SNS Network Technology Berhad	821	16.1	20.3	15.6	22.1	28.6	
	<i>Simple Average</i>		14.4	17.9	18.5	21.4	30.4	
<i>Global Distributor Peers</i>								
SNX US Equity	TD SYNnex	50,648	16.1	11.1	9.7	10.1	8.1	
DDR AU Equity	Dicker Data Ltd	5,139	22.5	21.6	19.7	33.3	37.7	
CDW US Equity	CDW Corporation	62,494	13.6	11.8	19.1	48.6	69.6	
NSIT US Equity	Inisght Enterprises	10,301	12.7	8.0	13.5	12.4	14.7	
INGM US Equity	Ingram Micro	19,791	11.4	7.6	6.8	11.8	N/A	
2347 TT Equity	Synnex Technology International	14,172	13.2	14.3	11.3	10.6	18.1	
	<i>Simple Average</i>		14.9	12.4	13.4	21.1	29.6	

Source: Bloomberg, AmInvestment Bank Bhd

Thesis 1: Malaysia as a strategic AI hub

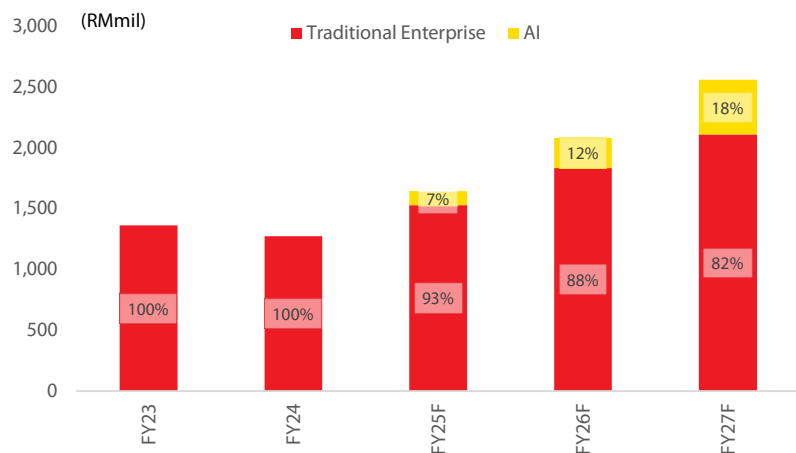
Enterprise revenue to grow at FY24-27F CAGR of +26% YoY

We expect VSTECS's higher-margin Enterprise segment contribution to grow at a FY24-FY27F CAGR of +26% YoY and account for 67% of group's FY27F PBT. Within this, AI related infrastructure to be a big driver of demand, contributing 30-40% of the segment's growth. As DC enters their fit-out phase, we project AI related infrastructure to growth from 3% in FY25 to 9% of FY27F revenues.

Assumptions for AI related revenues

We derive AI related revenues using a revenue intensity assumption of RM14mil/MW, representing estimated networking equipment spending. We assume the group primarily serves non hyperscaler customers, as hyperscalers usually purchase directly, while capturing 50% of the addressable market. For our MW assumption, we compiled each DC facility's type, IT capacity and operational or planned operational year. We further assume a five-year ramp-up period for each facility to reach full planned capacity, reflecting the typical phased commissioning of DCs.

EXHIBIT 5. Enterprise systems revenue forecast



Source: AmInvestment Bank Bhd

AI adoption driving demand for DCs

Rising AI adoption is driving unprecedented demand for DCs, often outpacing the growth of critical utilities like power and water. Companies are allocating larger IT budgets and prioritizing AI integration to optimize labour productivity and workflows. At the same time, stronger government initiatives and pipelines aimed at governing and accelerating AI adoption are further boosting infrastructure requirements across the region.

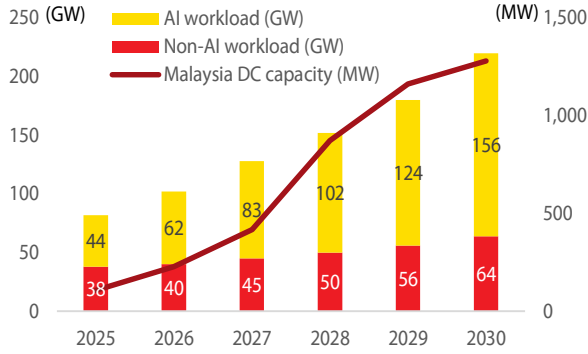
Malaysia's appeal lies in land availability and competitive power cost

Many AI and cloud providers—including hyperscalers—are turning to Malaysia, attracted by abundant land, competitive power costs, developed infrastructure, a stable political environment, and a supportive policy framework. As AI model complexity and data center capacity expands, power consumption rises in tandem. According to Epoch AI, the power required to train frontier models has doubled annually. With a growing pipeline of hyperscale facilities, the outlook for data center power demand appears increasingly challenging.

VSTECS at center of digital supply chain

Within this context, VSTECS stands out as a natural key beneficiary. Positioned at the center of the digital supply chain, supplying critical DC hardware—servers, storage systems, networking equipment— that underpins DC buildouts and higher-margin software solutions—cloud licensing, security and virtualization platforms—expanding recurring base.

**EXHIBIT 6. Global DC capacity demand & Malaysia DC capacity**



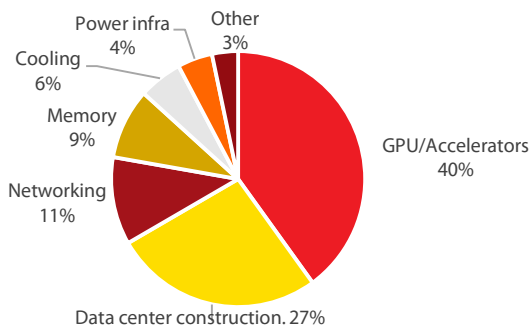
Source: McKinsey, AmInvestment Bank, Baxter, various DC websites

**EXHIBIT 7. VSTECs’s Enterprise Brand Portfolio**



Source: AmInvestment Bank Bhd, VSTECs

**EXHIBIT 8. Data center spend breakdown**



Source: AmInvestment Bank, Introl, Fusion Worldwide

**EXHIBIT 9. VSTECs DC Penetration Rate**

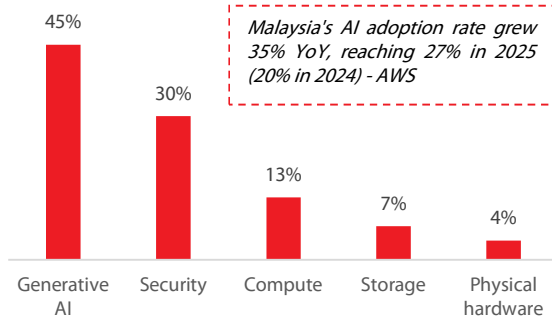
	VSTECs Est. Penetration Rate	VSTECs Brand Coverage
Networking	High	Cisco, Dell, Huawei, Juniper, NVIDIA
Other (Cybersecurity)	High	Cisco, Palo Alto, Kaspersky, F5 etc.
Other (Software)	High	VMware, Rubrik, Veeam Red Hat, IBM, SUSE
Memory/Storage	Medium	Dell, NetApp, Huawei, HPE, Pure Storage
GPU/Accelerators	Low	Dell, HPE, Lenovo, xFusion
DC Energy Systems	Medium	Huawei (Digital Power), Legrand, APC

Source: AmInvestment Bank Bhd, VSTECs

*Capturing AI DC growth without sacrificing margins*

As Malaysia’s 2024-2025 DC building boom is now moving into the installation phase, VSTECs is well-positioned to supply critical IT infrastructure to enterprises, banks and colocation operators. While hyperscalers typically procure directly from OEMs (e.g. Dell, HPE, Cisco), VSTECs captures the broader ecosystem’s demand for infrastructure. Focusing on higher-margin offerings—including networking, cybersecurity, virtualization, cloud licensing, and value-added integration—yielding sustainable, higher-margin revenue expansion.

**EXHIBIT 10. Priority area for 2025 IT budgets**



Source: AmInvestment Bank Bhd, Amazon Web Services

**EXHIBIT 11. Timeline of Malaysia’s AI initiatives/pipeline**

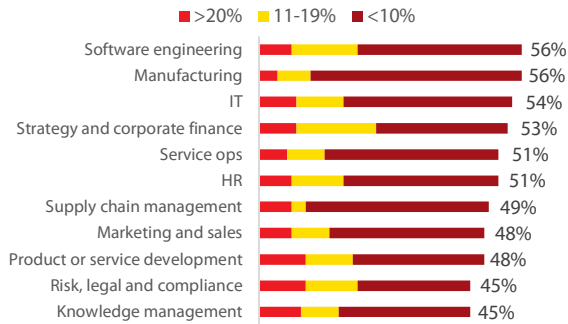
Timeline	Details
May-24	Establishment of Malaysian AI Consortium (MAIC)
Dec-24	Establishment of National AI Office (NAIO)
Oct-25	RM2.0bil allocated for establishing Sovereign AI (Budget 2026)
Apr-25	Establishment of MyMahir under TalentCorp
2022-2025	Establishment of Petronas, Microsoft, Deloitte, EY, & TM Centre of Excellence (CoE)
Drafting	Table AI Governance bill
Drafting	National AI Action Plan 2026-2030

Source: AmInvestment Bank Bhd, various

*AI adoption is at the forefront of enterprise optimization*

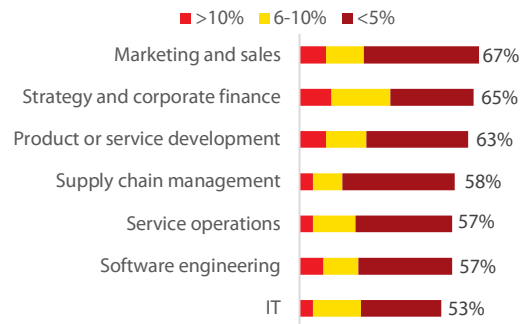
While most organizations remain in the early stages of AI adoption, current deployments are largely limited to discrete productivity enhancements and pilot initiatives. As model complexity improves and AI use-cases scale across core enterprise functions, eventually the impact would shift to a structural operating leverage. This should translate into a measurable uplift in enterprise-level EBIT, driven by cost rationalization, workflow automation, and improved asset utilization

**EXHIBIT 12. Cost savings from AI use by business units**



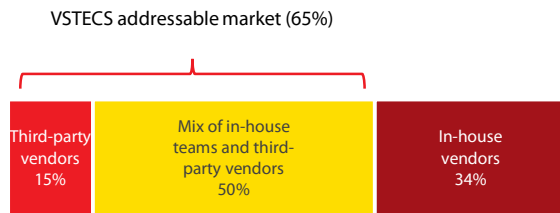
Source: AmInvestment Bank Bhd, McKinsey

**EXHIBIT 13. Revenue increase from AI use by business units**



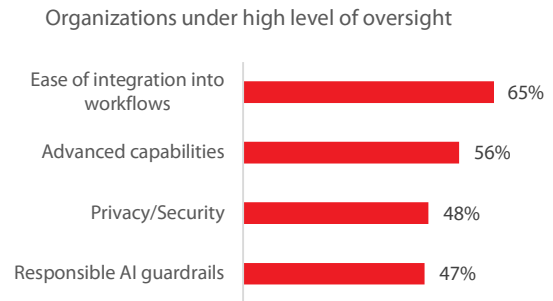
Source: AmInvestment Bank Bhd, McKinsey

**EXHIBIT 14. GenAI deployment teams**



Source: AmInvestment Bank Bhd, Amazon Web Services

**EXHIBIT 15. Important factors when evaluation GenAI solutions**



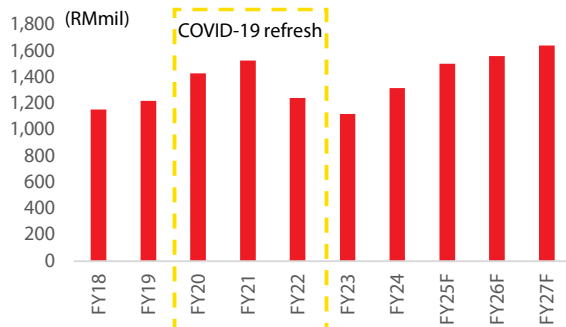
Source: AmInvestment Bank Bhd, Amazon Web Services

## Thesis 2: Mega Hardware Upgrade Cycle Approaching

*Distribution revenues to benefit from major hardware refresh cycle*

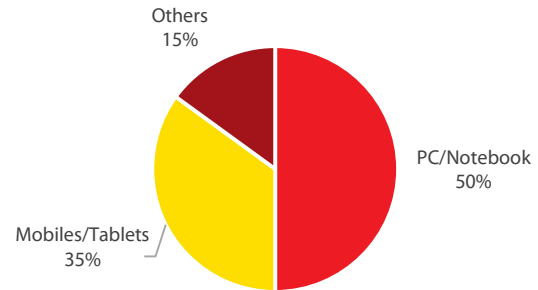
Supported by an impending major refresh cycle, we project Distribution revenues to deliver a FY24–27F CAGR of +7% YoY. Even with memory supply tightness creating potential near-term timing noise, we still expect FY26F revenue growth as the group gains market share through ongoing new product launches. While the memory shortage has prompted caution about PC and Smartphone price increases, the recent rally in MYR strength helps cushion the impact on affordability. Ultimately, we view these supply constraints as temporary rather than indicative of demand destruction, especially with hardware across enterprises and consumers now ageing significantly since the last major upgrade cycle during COVID.

**EXHIBIT 16. ICT distribution revenue forecast**



Source: AmInvestment Bank Bhd

**EXHIBIT 17. FY24 Est ICT distribution revenue breakdown**



Source: VSTECs, AmInvestment Bank Bhd

*Pandemic has created fleets of ageing hardware*

We believe that a major refresh cycle is approaching, as the unprecedented surge during the pandemic has created fleets of ageing hardware. Dell estimates about 30% of PCs are four years old or greater with many running outdated hardware, unable to support Windows 11, posing major security risks. For most businesses, workstations are upgraded every 3 to 5 years to meet modern business needs, ensuring sufficient computing power, up-to-date protection, minimizing lag or downtime, and compatibility. Following this timeline, much of the hardware organizations provisioned during the pandemic is now up for renewal.

*AI Notebooks and Windows 10 end-of-life support to support refresh wave*

The October 2025 end-of-life of Windows 10 represents a structural refresh catalyst for enterprise and commercial customers, removing the option to defer PC replacement without compromising security and compliance. This timing collides with the introduction of a new generation of AI-enabled PCs, which promises tangible productivity and workflow efficiency gains. Together, these forces have tipped the balance for organisations long wrestling with ageing PC fleets from the pandemic, driving an accelerating replacement cycle that is increasingly difficult to postpone.

*Gen-AI smartphones to reaccelerate near-term upgrade cycle*

The next major smartphone refresh cycle will be driven by the rise of Gen-AI devices, as consumers seek advanced on-device intelligence capabilities. This shift follows several years of muted demand after a surge during COVID-19 pandemic, where longer upgrade cycles, durable hardware, and heightened inflation suppressed shipments. Now, with features such as AI photo editing, real-time translation, and automated transcription becoming mainstream, user expectations are changing—re-accelerating the need for more powerful, capable devices.

*Leading ICT distributor in Malaysia*

ICT distribution sits at the core of VSTECs' business model, with PC/Notebooks accounting for ~50% of distribution revenue and Mobile & Tablet contributing ~40%. Backed by a 40-year operating track record, VSTECs has established itself as a leading regional ICT distributor, leveraging the scale, reach and relationships of the wider VSTECs Group to consistently one-up peers.

*Leveraging on wider VSTECS group*

This structural advantage enables VSTECS to secure priority access, selective exclusivity and superior commercial terms with leading global technology principals. As a result, the group has built a widening competitive moat across both Enterprise and Consumer segments, translating into sustained market share gains.

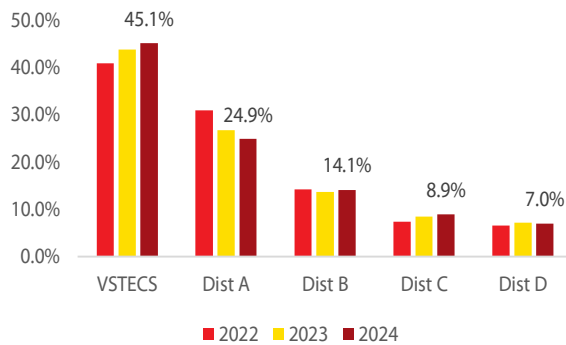
These strengths were further underscored by multiple high-profile principal appointments secured in 2024:

- First appointed distributor of Amazon Web Services (AWS) in Malaysia in 2024
- Appointed as a Starlink distributor in 2024
- Exclusive VMware distributor for ASEAN + China in 2024
- Appointed sole distributor of Google Pixel 9 in Malaysia in 2024, marking the first official Google Pixel launch in Malaysia
- Appointed as the exclusive SUSE distributor for Malaysia in 2024

*Widening funnel with Google Pixel and Starlink*

While the Consumer segment remains highly commoditised, VSTECS continues to derive meaningful benefit from its deep, long-standing relationships with both global vendors and downstream channel partners. These relationships support stable volumes, reliable execution and access to priority product launches. The recent addition of new growth drivers such as Google Pixel smartphones and Starlink connectivity solutions, alongside the structurally resilient demand profile of Apple products, provides incremental revenue avenues and helps offset margin compression.

**EXHIBIT 18. Top 5 ICT Distributors in Malaysia (by Market Cap)**



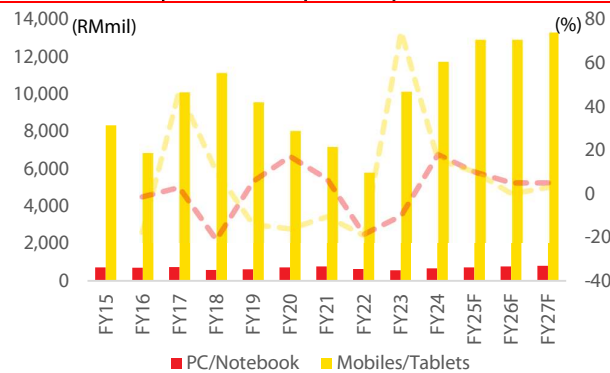
Source: VSTECS, SSM

**EXHIBIT 19. VSTECS's ICT Distribution Brand Portfolio**



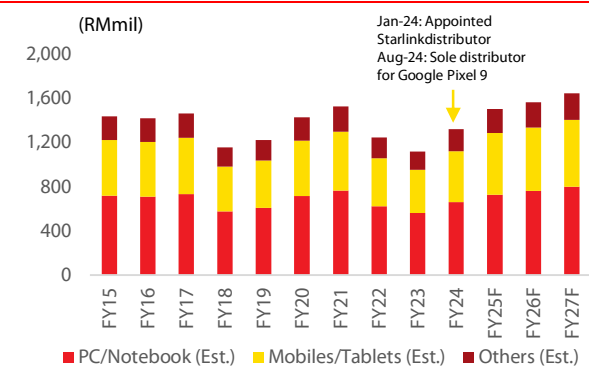
Source: VSTECS

**EXHIBIT 20. Malaysia PC & Smartphone Import Value**



Source: AmInvestment Bank Bhd, METS

**EXHIBIT 21. VSTECS ICT Distribution Revenue**



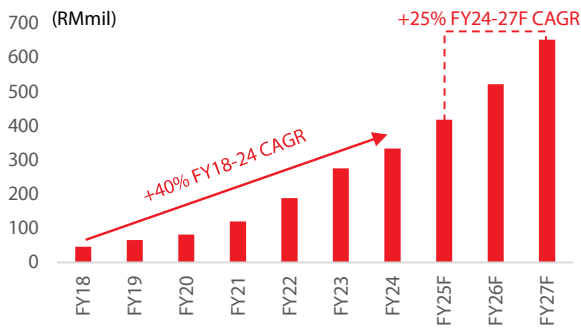
Source: VSTECS, AmInvestment Bank Bhd

Thesis 3: Scaling with Malaysia’s cloud modernisation wave

*Sticky and recurring business*

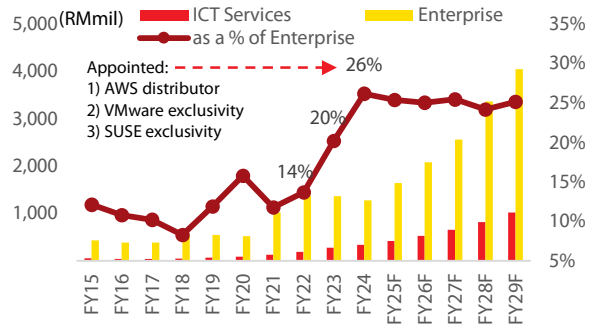
Completing its three main segments, we forecast ICT services revenue to grow at a FY24-27F CAGR of +25% YoY. The segment has been rising in profit contribution, with ICT Services accounting for 14% of FY24F PBT vs 5% in FY21. Growth in ICT Services carries a materially more recurring and sticky revenue profile relative to hardware-led distribution. The segment is underpinned by multi-year cloud subscriptions, managed services contracts, maintenance and support renewals, particularly within public-sector and large enterprise accounts where switching costs, compliance requirements and vendor accreditation create high barriers to exit.

EXHIBIT 22. ICT services revenue forecast



Source: AmInvestment Bank Bhd

EXHIBIT 23. ICT services revenue against Enterprise revenue



Source: VSTECs, AmInvestment Bank Bhd

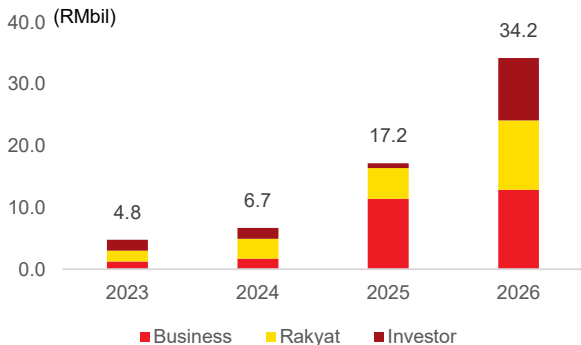
*ICT services grow in tandem with Enterprise revenues*

ICT services is largely a natural “attach” to the Enterprise business. Most Enterprise projects don’t stop at hardware or licences, but require implementation, integration, migration and ongoing managed support. Importantly, the shift toward AI-ready infrastructure should further lift this mix, as AI deployments are structurally more complex (data prep, workload orchestration, security, optimisation) and therefore tend to be more services-intensive, with potential for better margins versus commoditised resale.

*Cloud subscriptions another growth engine*

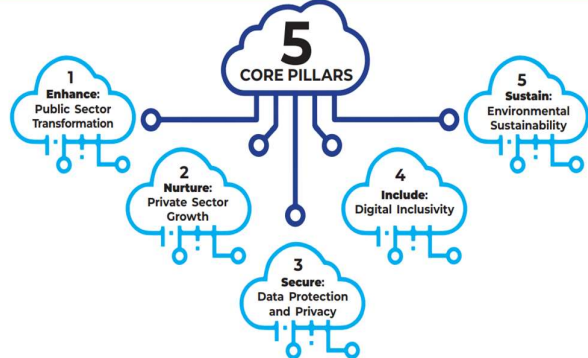
On top of that, recurring cloud subscriptions provide another durable engine for this segment, supporting a larger base of repeatable, annuity-like service revenue over time. Cloud adoption in Malaysia is accelerating as enterprises modernise legacy systems, strengthen cybersecurity and shift workloads to more scalable, cost-efficient architectures. The push is reinforced by government digitalisation targets, rising compliance requirements and the increasing need to integrate AI into business workflows.

EXHIBIT 24. Malaysia Digital Economy Budget



Source: AmInvestment Bank Bhd, MDEC

EXHIBIT 25. Core pillars of the National Cloud Computing Policy



Source: National Cloud Computing Policy, Ministry of Digital

*Cloud computing, a key alternative to CAPEX-heavy DCs*

Cloud computing enables access to additional computing power, cloud storage and databases without the need for building and maintaining CAPEX-heavy data centers and servers. Asia Development Bank Institute (ADBI) estimates every 1% increase in cloud adoption in Malaysia would contribute RM10.5bil to national GDP.

*Cloud enabler with capable team and top partners*

VSTECs is a cloud enabler with a team of over 40 vendor certified service engineers, the company has also partnered with the top cloud providers like AWS, Microsoft Azure and Alibaba Cloud to support corporates namely GLCs, financial services, hospitality and public sector departments. The team offers the full range of value-added services, from cloud migration and manages services to hybrid cloud deployment and cloud-native application development.

## Financial Statements

*Growth led by Enterprise and ICT Services*

We project VSTECs' revenue to expand at a strong FY24-27F CAGR of +19% YoY, driven by mix improvements and secular ICT spending growth. The underlying assumption is that ICT Distribution remains the largest revenue contributor but grows steadily, while Enterprise Systems and ICT Services provide outsized incremental growth. Segment PBT margin assumptions are held broadly constant in the forecast: 1.5% for ICT Distribution, ~5% for Enterprise Systems, and ~4% for ICT Services—reflecting a stable structural margin profile for each segment rather than margin volatility or compression.

*Strengthening ROE profile*

ROE profile signals a consistently value-accretive business, rising from 15% in FY24 to 19% in FY27F. This is driven not by leverage but purely by operating performance. This improvement reflects three stable assumptions embedded into the forecast: (i) margin expansion as Enterprise Systems and ICT Services deepen their mix contribution; (ii) steady capital efficiency, and (iii) a persistent net-cash balance sheet, ensuring ROE is not inflated by financial leverage but instead captures genuine returns on operating capital structure.

Income Statement (RMmil)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	2,727	2,902	3,537	4,139	4,829
Operating costs	-2,645	-2,812	-3,415	-3,994	-4,659
<b>Ebitda</b>	<b>82</b>	<b>90</b>	<b>122</b>	<b>145</b>	<b>170</b>
Depreciation	-3	-3	-3	-3	-3
Amortisation					
<b>Ebit</b>	<b>79</b>	<b>87</b>	<b>118</b>	<b>142</b>	<b>167</b>
Finance income	1	3	2	2	3
Finance costs	-1	0	0	0	0
JV/Associates	3	4	4	4	4
El	-6	-7			
<b>Pbt</b>	<b>83</b>	<b>93</b>	<b>125</b>	<b>148</b>	<b>174</b>
Taxation	-15	-23	-30	-36	-42
MI					
<b>Patami</b>	<b>67</b>	<b>71</b>	<b>95</b>	<b>113</b>	<b>132</b>
<b>Core net profit</b>	<b>62</b>	<b>64</b>	<b>95</b>	<b>113</b>	<b>132</b>
<b>EPS (sen)</b>	<b>17.3</b>	<b>17.8</b>	<b>26.6</b>	<b>31.6</b>	<b>37.1</b>
<b>DPS (sen)</b>	<b>6.6</b>	<b>7.7</b>	<b>8.8</b>	<b>10.4</b>	<b>12.2</b>
<b>Revenue Breakdown (RMmil)</b>					
<b>ICT Distribution</b>	<b>1,118</b>	<b>1,319</b>	<b>1,502</b>	<b>1,562</b>	<b>1,642</b>
PC/Notebook	559	660	725	762	800
Mobiles/Tablets	391	462	559	571	602
Others	168	198	218	229	240
<b>Enterprise Systems</b>	<b>1,362</b>	<b>1,274</b>	<b>1,643</b>	<b>2,081</b>	<b>2,560</b>
Traditional Enterprise	1,362	1,274	1,529	1,834	2,110
AI-related Infra (Est.)			114	246	451
<b>ICT Services</b>	<b>275</b>	<b>334</b>	<b>417</b>	<b>521</b>	<b>652</b>
<b>Growth rates (%)</b>					
ICT Distribution	-10%	18%	14%	4%	5%
Enterprise Systems	-1%	-6%	29%	27%	23%
ICT Services	46%	21%	25%	25%	25%
Patami margin (%)	2.3	2.2	2.7	2.7	2.7
ROE (%)	15.5	14.7	17.7	18.5	19.0
Dividend yield (%)	1.6	1.8	2.1	2.5	2.9

Source: VSTECs, AmInvestment Bank Bhd

*Maintains asset light model* | VSTECs maintains a healthy, well-managed balance sheet supported by an asset-light model that minimises fixed-asset needs, consistently generates internal cash to sustain operations and market-share expansion and has remained in a net-cash position since listing with a ~40-day cash conversion cycle reflecting prudent capital management and strong capacity to expand brand portfolio.

*Net cash balance sheet* | Its net cash position is underpinned by minimal debt drawdowns and strong operating cash generation. Net cash widens within our forecast period, assuming no change in capital structure or shareholder capital actions beyond dividends. Liquidity assumptions are conservative: the current ratio stays around ~2.1x, quick ratio around 1.4–1.5x, and cash ratio stabilises at 0.2x, reflecting inventory-heavy operations yet healthy liquidity buffers.

*Stable working capital assumptions* | Working-capital assumptions are deliberately stable: the model keeps debtor days at ~50–53, inventory days at ~28–29, and creditor days at ~40–41, implying no structural tightening or deterioration in receivables management, procurement cycles or inventory turnover. This means cash-conversion cycles do not materially improve, but also do not worsen, an important assumption that supports the forecasted normalisation of operating cash flow as the business scales.

#### EXHIBIT 26. Balance Sheet

Balance Sheet (RM 'mil)	FY23	FY24	FY25F	FY26F	FY27F
<b>ASSETS</b>					
Property, plant and equipment	4	4	4	4	5
Investment properties					
Right-of-use assets	6	4	2	2	1
Intangible assets	1	1	1	1	1
Investments in associate	27	29	30	32	33
Investments in joint venture	13	13	13	13	13
Other investments	0	0	0	0	0
Deferred tax assets	7	10	10	10	10
Receivables and deposits	3				
<b>Non-current assets</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>62</b>
Inventories	201	248	301	352	410
Receivables and deposits	397	451	550	644	751
Prepayments	13	9	9	9	9
Derivative financial assets		2	2	2	2
Tax recoverable	0	0	0	0	0
Cash and cash equivalents	151	106	92	98	106
Assets held for sale					
<b>Current assets</b>	<b>762</b>	<b>817</b>	<b>955</b>	<b>1,105</b>	<b>1,279</b>
<b>Total assets</b>	<b>823</b>	<b>878</b>	<b>1,015</b>	<b>1,166</b>	<b>1,342</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	90	90	90	90	90
Reserves	366	412	479	558	650
<b>Total Equity</b>	<b>456</b>	<b>502</b>	<b>569</b>	<b>648</b>	<b>740</b>
Borrowings	0	0	0	0	0
Lease liabilities	4	2	0	0	0
<b>Non-current liabilities</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
Borrowings	33	0	0	0	0
Lease liabilities	2	2	0	0	0
Payables and accruals	309	351	426	498	581
Contract liabilities	14	12	12	12	12
Derivative financial liabilities	2				
Tax payable	2	8	8	8	8
<b>Current liabilities</b>	<b>362</b>	<b>373</b>	<b>446</b>	<b>519</b>	<b>602</b>
<b>Total liabilities</b>	<b>366</b>	<b>376</b>	<b>446</b>	<b>519</b>	<b>602</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>823</b>	<b>878</b>	<b>1,015</b>	<b>1,166</b>	<b>1,342</b>

<b>Liquidity Ratios</b>					
Current ratio	2.1	2.2	2.1	2.1	2.1
Quick ratio	1.5	1.5	1.5	1.5	1.4
Net gearing (x)	-24.5	-20.3	-16.1	-15.1	-14.3
Cash ratio	0.4	0.3	0.2	0.2	0.2
Cash conversion cycle	43	40	39	40	40
Net debt/EBITDA (x)	-1.4	-1.1	-0.8	-0.7	-0.6
Debt to equity (%)	8.6	0.9	0.0	0.0	0.0

Source: VSTECs, AmInvestment Bank Bhd

*Steady cash flow supports dividend payout*

VSTECs exhibits a fundamentally strong cash-flow profile supported by steady free-cash-flow yields and low annual capex of roughly RM2m for ERP upgrades and its B2B partner portal. While operating cash flow can fluctuate due to working-capital timing around large enterprise and public-sector deployments, management has demonstrated strong normalised cash generation. Healthy cash levels can comfortably sustain its ~30% dividend payout.

**EXHIBIT 27. Cashflow Statement**

Cashflow Statement (RMmil)	FY23	FY24	FY25F	FY26F	FY27F
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation	83	93	125	148	174
<b>Adjustments for:</b>					
Depreciation of PPE	1	1	2	2	2
Depreciation of ROU assets	2	2	1	1	1
Dividend income from subsidiaries					
Dividend income from an associate					
Dividend income from a joint venture					
Gain on disposal of PPE	0	0			
Gain on derecognition of ROU assets	0				
Loss/(Gain) on foreign exchange					
- Unrealised	2	3			
Finance costs	1	0	0	0	0
Finance income	-1	-3	-2	-2	-3
Fair value changes on financial instruments	-3	-4			
Impairment loss on:					
- Trade receivables	1	1			
- Investment properties					
- Other receivables	1	1			
Inventories written down/(back)	-1	3			
Plant and equipment written off	0	0			
Share of profit of equity-accounted associate, net tax	-3	-3	-3	-3	-3
Share of profit of equity-accounted joint venture, net tax	-1	-1	-1	-1	-1
<b>Operating profit before working capital changes</b>	<b>82</b>	<b>93</b>	<b>122</b>	<b>145</b>	<b>170</b>
(Increase)/Decrease in inventories	54	-50	-53	-51	-59
(Increase)/Decrease in receivables	-51	-49	-99	-94	-107
(Decrease)/Increase in payables	43	38	75	72	83
Increase/(Decrease) in contract liabilities	3	-2			
<b>Cash generated from operations</b>	<b>130</b>	<b>31</b>	<b>45</b>	<b>72</b>	<b>87</b>
Income tax (paid)/refund	-23	-20	-30	-36	-42
<b>Net cash from operating activities/cash flows from operating activities</b>	<b>108</b>	<b>10</b>	<b>15</b>	<b>37</b>	<b>45</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of JV					
Acquisition of associate company					
Acquisition of investment properties					
Acquisition of PPE	-2	-1	-2	-2	-2
Proceeds from disposal of PPE	0	0			
Proceeds from disposal of investment properties					
Purchase of other assets					
(Advance to)/Repayment from subsidiaries					
Dividend income from subsidiaries					
Dividend income from associate	1	2	2	2	2
Dividend income from joint venture	1	1	1	1	1
<b>Net cash used in investing activities</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>

<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of bank borrowings			-1	0	0
Proceeds from borrowings					
(Repayment)/Utilisation of banker's acceptances	20	-33			
Interest paid	-1	0	0	0	0
Interest received	1	3	2	2	3
Dividends paid to owners of the Company	-22	-24	-28	-34	-40
Repayment of hire purchase liabilities	0	0			
Repurchase of treasury shares					
<b>Payment of lease liabilities</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>0</b>	<b>0</b>
<b>Net cash from/ (used in) financing activities</b>	<b>-4</b>	<b>-56</b>	<b>-30</b>	<b>-31</b>	<b>-37</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	<b>104.3</b>	<b>-44.5</b>	<b>-15</b>	<b>6</b>	<b>8</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>					
	<b>47</b>	<b>151</b>	<b>106</b>	<b>92</b>	<b>98</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>					
	<b>151</b>	<b>106</b>	<b>92</b>	<b>98</b>	<b>106</b>
<b>FCF (RMmil)</b>	106	9	13	35	43
<b>FCF Yield</b>	7%	1%	1%	2%	3%

Source: VSTECS, AmInvestment Bank Bhd

## Sensitivity Analysis

*Despite diversification, segmental demand risk persist*

VSTECS benefits from a broad and diversified customer base across consumer, commercial and public-sector channels. No major customer contributed to more than 10% of the group's revenues. Despite that, it remains inherently exposed to segment-specific demand risks:

- **PCs and notebooks**: Spending can weaken if consumer sentiment softens (e.g., slower replacement cycles, weaker household income, or muted back-to-school demand) or if corporates delay refresh programmes due to budget tightening or macro uncertainty. Every 1% decline in PC/Notebook sales, reduces earnings by 0.1%.
- **Smartphones**: Demand volatility is sensitive to OEM launch cycles, carrier promotions and discretionary income trends. Every 1% decline in Smartphones sales, reduces earnings by 0.1%.
- **Enterprise IT spending**: Can be affected by different drivers on the private- and public-sector fronts: private enterprises may delay infrastructure upgrades, cloud migration, networking projects or cybersecurity investments during periods of weaker corporate earnings or tighter capex budgets. On the public-sector side, spending is tied to fiscal cycles, tender timing, government digitalisation priorities and policy continuity. Every 1% decline in private and public sector spending, reduces earnings by 0.5%.

*Ringgit appreciation drives end-user buying power*

VSTECS has fully hedged its foreign exchange (FX) exposure, providing clear earnings visibility and effectively neutralising direct margin volatility from forex movements. However, the group's procurement ecosystem remains structurally tied to the USD, given that the majority of VSTECS's key principals—global PC brands, enterprise hardware vendors, and cloud infrastructure providers—are US-based. Product price lists and procurement contracts continue to be USD-denominated. A stronger ringgit is fundamentally positive for the group, influencing purchasing behaviour across consumer and enterprise channels:

- **Improved end-user affordability**: MYR strength lowers the effective local pricing of USD-denominated IT hardware, supporting volume growth in price-elastic segments such as PC, notebooks, smartphones and IT gadgets.
- **Stimulus to corporate and public-sector capex**: Currency stability typically increases procurement visibility and budget confidence, enabling enterprises and government agencies to proceed with planned ICT upgrades, particularly in networking and data-centre hardware.

## Background

VSTECs Berhad ("VSTECs") is a leading distributor of Information and Communication Technology (ICT) products and services in Malaysia, serving both the consumer and enterprise markets. The group distributes a comprehensive portfolio of ICT solutions, including notebooks, personal computers (PCs), smartphones, tablets, printers, software, networking and communication infrastructure, servers, and enterprise software. VSTECs represents more than 50 global principals, positioning the group as a key intermediary between international OEMs and Malaysia's downstream ICT ecosystem.

VSTECs operates one of the largest ICT distribution platforms in the country, supported by a nationwide reseller network of over 4,000 partners comprising retailers, system integrators, value-added resellers and corporate dealers. This extensive channel reach enables VSTECs to scale new product launches efficiently, penetrate diverse customer segments, and support both mass-market retail demand and complex enterprise-level deployments.

The group is organised across three core business segments:

- **ICT Distribution.** anchored by consumer devices and commercial computing products
- **Enterprise Systems.** covering servers, networking, data-centres, enterprise software; and
- **ICT Services.** which provides cloud-related services, managed solutions and recurring support offerings.

VSTECs Berhad was listed on the Main Market of Bursa Malaysia in 2010, the company is a 46%-owned associate of VSTECs Holdings (Singapore) Limited, which in turn is a wholly owned subsidiary of VSTECs Holdings Limited, a technology distribution group listed on the Hong Kong Stock Exchange. This association provides VSTECs Malaysia with regional scale, procurement leverage, and access to multinational vendor relationships, strengthening its competitive positioning relative to local peers.

## Investment thesis and catalysts

**Rising IT spend flows.** AI-driven infrastructure needs, faster hardware refresh cycles and ongoing cloud migration are pushing IT budgets higher, with data-centre fit-outs and enterprise upgrades accelerating. VSTECs is well placed to capture this uplift through its broad portfolio and strong positioning in enterprise and data-centre ecosystems.

**Stronger margins and stickier relationships from Enterprise clients.** Enterprise Systems and ICT Services earn higher margins (~4% vs. ~1.5–2% in Distribution) and offer longer project cycles, recurring services and deeper integration, leading to stronger visibility and customer stickiness. As Enterprise Systems grow toward becoming the largest segment, overall earnings quality improves.

**Leveraging wider-group scale for a structural edge.** VSTECs benefits from the regional scale and long-standing vendor partnerships of the wider group, enhancing procurement leverage, product breadth and access to exclusive mandates—strengthening execution, supporting margin stability and securing early participation in new tech cycles.

## Valuation Methodology

We value VSTECs based on a PE of **16.0x** and CY27 EPS. Our target PE is on the upper end of its 1-year average and reflects limited forward PE benchmarking as sell-side coverage only began recently and consensus history remains shallow. We also think the company is due for a re-rating as a proxy to Malaysia's DC capex cycle and broader tech spending. Our valuation implies a fair PEG of ~0.6x, in-line with similarly listed peer SNS Network Technology and at a meaningful discount to NationGate Holdings' 5-year average PE, reflecting VSTECs's distributor-centric risk profile. Finally, we also apply a +3.0% premium on our fundamental fair value based on the group's 4-star RSG rating.

We believe VSTECs's dominant market presence and channel reach, together with its deliberate shift toward higher-margin, stickier enterprise customers, more than offset structural commoditisation within the ICT Distribution business.

## Risk factors

**Global Memory Shortage.** Amid the AI infrastructure build-out, hyperscalers' surging demand for enterprise-grade memory, particularly high-bandwidth memory (HBM), has led major manufacturers such as Micron, Samsung and SK Hynix to reallocate production capacity toward higher-margin components. This supply shift has crowded out availability for consumer end-markets, resulting in a memory shortage for smartphones and PCs and driving a sharp increase in memory prices in recent months. In response to rising input costs, major PC vendors—including Lenovo, Dell, HP and Asus—have announced 15–20% price increases for PCs and notebooks, exacerbating affordability pressures.

The memory shortage collides with two industry forces, the Windows 10 end-of-life refresh cycle and aggressive AI-PC marketing efforts. IDC forecasts global PC unit shipments to decline by 4.9–8.9% YoY. Given that PCs and notebooks account for ~50–60% of ICT Distribution revenue, this poses near-term downside risk to our top-line forecasts. That said, we expect the impact to be offset by MYR strengthening and VSTECS's increasing exposure to higher-margin Enterprise and cloud-related segments.

**Delays in Public Sector.** Currently, approximately 50% of VSTECS's Enterprise Systems segment is derived from the public sector. Any delays in the roll-out, approval or funding of government projects could disrupt revenue timing, leading to potential downside risk to our earnings forecasts despite demand remaining intact.

**Geopolitical and supply-chain risks.** As a distributor of leading global technology brands, VSTECS is exposed to supply-chain disruptions, trade tensions and vendor-concentration risks. Near-term growth is expected to be driven by lumpy colocation data-centre projects, and any disruption to project execution, hardware availability or cross-border logistics could delay deliveries, potentially leading to temporary build-ups in inventory and receivables, and increased working-capital volatility.

**EXHIBIT 28. ESG Rating Assessment**

We accord a discount/premium of -6%, -3%, 0%, +3% and +6% on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-star.

No	ESG Assessment	Parameters	Weightage	Rating					Rationale
Environmental assessment									
1	GHG emissions	Operational emission intensity (tCO <sub>2</sub> e/RMmil)	25%	*	*	*	*	0.19 tCO <sub>2</sub> e/RMmil; 89.8% contributed by employee commuting	
2	Waste management	Waste generated and diverted from disposal (tonnes)	25%	*	*	*	*	Primarily municipal waste 22.7k tonnes of waste generated, 13.4k waste diverted from disposal	
3	Water management	Water utilised per-employee & water intensity	25%	*	*	*	*	8.75 m <sup>3</sup> water utilised per person and 1.33 m <sup>3</sup> per RMmil	
4	Energy consumption	Total energy consumption (GJ) and % of renewable	25%	*	*	*	*	6.3k GJ and 22% of renewable energy	
Weighted score for environmental assessment			100%	*	*	*	*		
Social assessment									
1	Occupational health and safety	Lost time incident rate	20%	*				LTIR of 2429.2 is exceptionally high	
2	Employee training	Avg. training hours per employee group	20%	*	*	*		13.4 hours for management, 13.8 hours for execs, 10.7 hours for non-exec. Uptrend	
3	CSR Initiatives	Amount donated	20%	*	*			RM69k donated for CSR initiatives	
4	Women representation	% of total employee group	20%	*	*	*	*	38% for management, 53% for execs, 60% for non-exec	
5	Employee turnover	Full-time employee turnover rate %	20%	*	*	*	*	13.50% Full-time employee turnover rate	
Weighted score for social assessment			100%	*	*	*	*		
Governance assessment									
1	Board women representation	% of board directors	15%	*	*	*	*	Female chairman and 43% female directors	
2	Independent board	% of board directors	25%	*	*	*	*	67% independent directors in all board committees	
3	Board tenure	avg. tenure of independent directors	20%	*	*	*	*	3 years avg tenure of independent directors, maximum 5.25 years	
4	Anti-bribery & corruption compliance	Anti-corruption training hours by employee group	20%	*	*	*	*	115 hours by management, 259 hours by executives, 67 hours by non-exec	
5	Regulatory compliance	Incidents relating to non-compliance with law and regulations	20%	*	*			0 fines or regulatory actions for FYE24, but RM800 LHDN compounds in 2019 and 2021	
Weighted score for governance assessment			100%	*	*	*	*		

Source: AmInvestment Bank Bhd

## Financial Summary

### Income Statement (RMmil)

YE to December	FY23	FY24	FY25F	FY26F	FY27F
Revenue	2,727.2	2,901.7	3,536.7	4,138.8	4,828.8
EBITDA	82.4	90.0	121.5	144.8	170.0
Depreciation/Amortisation	(3.1)	(3.4)	(3.0)	(2.7)	(2.6)
Operating income (EBIT)	79.3	86.5	118.5	142.1	167.4
Other income & associates	3.3	3.9	3.9	3.9	3.9
Net interest	0.2	2.7	2.4	2.4	2.5
Exceptional items	-	-	-	-	-
<b>Pretax profit</b>	<b>82.8</b>	<b>93.1</b>	<b>124.8</b>	<b>148.4</b>	<b>173.9</b>
Taxation	(15.4)	(22.6)	(30.0)	(35.6)	(41.7)
Minorities/pref dividends	-	-	-	-	-
<b>Net profit</b>	<b>67.4</b>	<b>70.6</b>	<b>94.9</b>	<b>112.8</b>	<b>132.1</b>
Core net profit	61.6	63.6	94.9	112.8	132.1

### Balance Sheet (RMmil)

YE to December	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	3.7	4.1	4.1	4.3	4.8
Intangible assets	0.6	0.6	0.6	0.6	0.6
Other long-term assets	56.5	55.9	55.9	56.4	57.1
<b>Total non-current assets</b>	<b>60.8</b>	<b>60.5</b>	<b>60.6</b>	<b>61.3</b>	<b>62.5</b>
Cash & equivalent	150.9	106.4	91.7	97.5	105.9
Stock	200.8	247.7	300.9	351.9	410.5
Trade debtors	396.9	451.3	550.0	643.7	751.0
Other current assets	13.2	12.0	12.0	12.0	12.0
<b>Total current assets</b>	<b>761.8</b>	<b>817.4</b>	<b>954.6</b>	<b>1,105.1</b>	<b>1,279.4</b>
Trade creditors	309.0	350.8	426.1	498.3	581.2
Short-term borrowings	35.3	2.3	-	-	-
Other current liabilities	17.8	20.3	20.3	20.3	20.3
<b>Total current liabilities</b>	<b>362.1</b>	<b>373.4</b>	<b>446.4</b>	<b>518.6</b>	<b>601.5</b>
Long-term borrowings	4.0	2.1	-	-	-
Other long-term liabilities	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>4.0</b>	<b>2.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shareholders' funds</b>	<b>456.4</b>	<b>502.4</b>	<b>568.8</b>	<b>647.8</b>	<b>740.3</b>
Minority interests	-	-	-	-	-
BV/share (RM)	1.28	1.41	1.60	1.82	2.08

### Cash Flow (RMmil)

YE to December	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	82.8	93.1	124.8	148.4	173.9
Depreciation/Amortisation	3.1	3.4	3.0	2.7	2.6
Net change in working capital	(13.8)	(138.8)	(149.1)	(155.4)	(209.7)
Others	35.4	52.7	36.1	41.1	78.5
<b>Cash flow from operations</b>	<b>107.6</b>	<b>10.5</b>	<b>14.9</b>	<b>36.8</b>	<b>45.3</b>
Capital expenditure	(1.7)	(1.2)	(1.8)	(2.1)	(2.4)
Net investments & sale of fixed assets	0.3	0.2	-	-	-
Others	1.8	2.6	2.6	2.6	2.6
<b>Cash flow from investing</b>	<b>0.5</b>	<b>1.6</b>	<b>0.8</b>	<b>0.5</b>	<b>0.2</b>
Debt raised/(repaid)	(13.5)	(33.8)	(0.5)	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(22.1)	(23.5)	(28.5)	(33.8)	(39.6)
Others	31.8	0.9	(1.5)	2.4	2.5
<b>Cash flow from financing</b>	<b>(3.8)</b>	<b>(56.5)</b>	<b>(30.4)</b>	<b>(31.5)</b>	<b>(37.1)</b>
<b>Net cash flow</b>	<b>104.3</b>	<b>(44.5)</b>	<b>(14.7)</b>	<b>5.8</b>	<b>8.4</b>
<b>Net cash/(debt) b/f</b>	<b>46.6</b>	<b>150.9</b>	<b>106.4</b>	<b>91.7</b>	<b>97.5</b>
<b>Net cash/(debt) c/f</b>	<b>150.9</b>	<b>106.4</b>	<b>91.7</b>	<b>97.5</b>	<b>105.9</b>

### Key Ratios

YE to December	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	(1.6)	6.4	21.9	17.0	16.7
EBITDA growth (%)	3.7	9.1	35.1	19.2	17.4
Pretax margin (%)	3.0	3.2	3.5	3.6	3.6
Net profit margin (%)	2.5	2.4	2.7	2.7	2.7
Interest cover (x)	nm	nm	nm	nm	nm
Effective tax rate (%)	18.6	24.2	24.0	24.0	24.0
Dividend payout (%)	2,997.8	3,003.8	3,300.0	3,300.0	3,300.0
Debtors turnover (days)	51	53	52	53	53
Stock turnover (days)	30	28	28	29	29
Creditors turnover (days)	38	41	40	41	41

Source: Company, AmInvestment Bank Bhd.

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