

# VSTECs BERHAD

(VST MK EQUITY, VSTE.KL)

**BURSA RISE+**

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Supported by Capital Market Development Fund

**BUY**

Price: RM4.95

Target Price (% return): RM6.40 (32%)

52-week High/Low: RM5.03/RM2.45

**Technology**

Rationale for report: Company Update

**Analyst (s)**

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## Glimpse into the future

*Humanoid robotics adds a new layer of future optionality to the VSTECs story. We think the Agibot tie-up is strategically relevant because it extends VSTECs' role as Malaysia's technology distribution funnel into a potentially new device category. Near term, humanoid robotics is unlikely to move earnings meaningfully, but it strengthens the group's positioning with principals. Over time, if robotics adoption broadens, VSTECs is well placed to commercialise it using the same scale, channels and execution model that already underpin its core ICT franchise.*

- **Maintain BUY with TP of RM6.40/share.** This is based on a target PE of 16x and CY27 EPS. The main earnings drivers remain unchanged: rising AI infrastructure spend, a hardware refresh cycle and faster cloud adoption in Malaysia. These three themes still support our FY24–27F core earnings CAGR of 28%, with enterprise and services mix lifting margins and improving earnings quality over time. The humanoid robotics angle is not what drives our numbers today, but rather adds a strategic upside to an already improving base business.
- **Humanoids as a new layer of addressable market expansion.** Goldman Sachs forecasts that the humanoid segment could scale to US\$38bil by 2035. Relative to the size of today's smartphone and notebook market, we believe this could increase VSTECs' TAM by 5%. As humanoids move from prototypes into early commercial deployment across factories, warehouses and service environments, the group is well positioned to intermediate this emerging category. It can leverage its vendor relationships and enterprise channels to create a new growth vector on top of its core distribution business.
- **Early functionality is visible, but practical utility is still developing.** Our visit to VSTECs reinforced both the promise and the limitations of the current product. We were able to speak to the Agibot robot directly, and it responded to simple verbal prompts, interacted in a basic conversational manner, gestured naturally and performed a short dance routine. The demonstration showed that the robot can already handle scripted engagement, stage presence and simple human-facing interaction, making it suitable today for exhibitions, launches, showroom demos and entertainment-led venues. That said, it is still far from a true productivity machine: complex autonomous task execution, repeatability, precision handling and real-world workflow integration remain limited at this stage.
- **Well placed to commercialise an emerging category.** VSTECs Astar entered into an agreement to distribute Agibot's humanoid robotics solutions in Malaysia. The group brings nationwide reach, a reseller network of over 5,000 partners, enterprise relationships, technical support capabilities and a track record of scaling new principal mandates. Those advantages make it better placed than a pure gadget reseller to seed early adoption, run demos, provide after-sales support and identify viable commercial use cases as the category develops.

Quick Take

YE to December	FY25	FY26F	FY27F	FY28F
FD Core EPS (sen)	28.5	33.1	38.9	48.3
PE (x)	17.4	14.9	12.7	10.2

Source: VSTECs, AmInvestment Bank Bhd.

**EXHIBIT 1. VSTECS Agibot humanoid robot demo**

Source: Company, AmInvestment Bank Bhd.

**EXHIBIT 2. Valuations**

Target PE (x)	16.0x
Blended CY26/27 EPS	38.90
ESG Premium	+3%
Target price	RM6.40

Source: AmInvestment Bank Bhd.

**VALUATION MATRIX**

YE to December	FY25	FY26F	FY27F	FY28F
FD Core EPS (sen)	28.5	33.1	38.9	48.3
PE (x)	17.4	14.9	12.7	10.2
FD Core EPS (sen)	28.5	33.1	38.9	48.3
FD Core EPS growth (%)	30.8	16.4	17.5	24.1
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	10.8	10.9	12.8	15.9
PE (x)	17.4	14.9	12.7	10.2
EV/EBITDA (x)	14.2	11.5	9.7	8.2
Div yield (%)	2.2	2.3	2.7	3.3
ROE (%)	18.3	19.3	19.9	21.4
Net Gearing (%)	nm	nm	4.3	19.8

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