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SMRT Holdings Berhad

Strong Connections, Measured Growth

Initiate Coverage

Research Team Coverage / research@mersec.com.my

Thursday, November 19, 2026

Last Price: RM0.135

Fair Value: RM0.130

Valuation / Recommendation

We initiate coverage on SMRT Holdings Berhad with a HOLD recommendation and a target price of RM0.130, based on a target P/E of 3.7x ascribed to our FY28E EPS of 3.5 sen. The target multiple represents an 80% discount to the global peer average forward P/E of 18.7x. SMRT's established IoT connectivity infrastructure and recurring managed services provide earnings stability, while its diversification into financial services and regional expansion offer potential growth opportunities. Nevertheless, we remain cautious on its near-term earnings outlook amid slower utility project deployments and uncertainties surrounding the pace of recovery.

Investment Highlights

Mission-Critical Connectivity Driving Customer Stickiness. SMRT's reliable connectivity solutions, supported by network uptime exceeding 99.96%, are essential to customers operating mission-critical infrastructure. High switching barriers arising from system integration requirements and potential operational disruptions could strengthen customer retention and support long-term relationships.

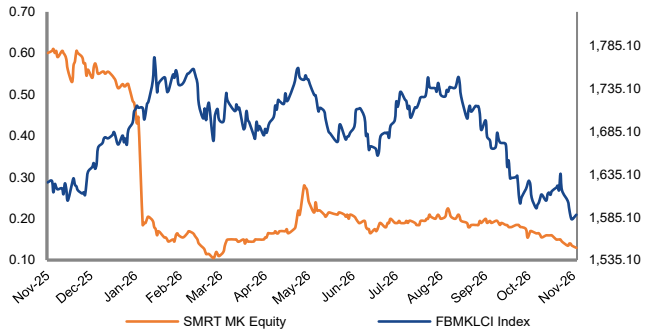
Expanding Installed Base Creating Recurring Revenue Opportunities. With over 28,000 connected sites, SMRT benefits from an established network generating recurring income through connectivity management and maintenance services. New infrastructure deployments could further expand its managed site portfolio, strengthening revenue visibility and supporting operating leverage over time.

Financial Services Opening New Growth Avenues. SMRT's expansion into financial services, supported by its acquisition of a 37.5% stake in Singapore-based Novus Technologies, could broaden its customer base beyond the utilities sector. The investment provides access to digital banking and payment infrastructure solutions, creating potential cross-selling opportunities, strengthening regional market penetration and supporting longer-term revenue diversification.

Financial Highlights. We expect SMRT's PATAMI to register a two-year CAGR of 12.3% (FY27E–FY29E), supported by an 8.5% revenue CAGR, driven by the expansion of recurring managed connectivity services, diversification into financial services and a gradual recovery in project implementation activities. We forecast GP margins to improve gradually from c.64% in FY27E to c.66% in FY29E, while PBT/PATAMI margins are expected to strengthen from c.35%/26% to c.37%/28%, respectively, supported by a more favourable revenue mix and improving operating leverage.

Key risks include: (i) high customer concentration, (ii) dependence on project deployment schedules and contract awards, (iii) reliance on the Malaysian market and power utility sector, (iv) cybersecurity threats and network service disruptions, and (v) competitive pressures and rapid technological advancements.

Share Price Performance



Business Overview

SMRT Holdings Berhad is a leading provider of IoT-driven digital infrastructure and managed connectivity solutions, delivering project implementation and recurring managed services across the utilities, financial services and retail digitalisation sectors. The Group maintains a regional presence spanning Malaysia, Indonesia, the Philippines, Singapore, Cambodia and Sri Lanka. SMRT is listed on the Main Market of Bursa Malaysia under the Technology sector.

Return Information	
KLCI (pts)	1,566.73
YTD KLCI chg	-6.7%
YTD Stock Price chg	-74.8%

Price Performance	1M	3M	12M
Absolute	-23.5%	-36.6%	-78.5%
Relative to KLCI	-1.2%	-8.0%	-2.4%

Stock Information	
Market Cap (RM m)	61.5
Issued Shares (m)	455.4
52-week High (RM)	0.63
52-week Low (RM)	0.10
Free Float	26%
Beta	1.9
3-mth Average Vol.(m)	3,606,114
Shariah Compliant	Yes
Bloomberg Ticker	SMRT MK EQUITY

Top 4 Shareholders	%
Special Flagship	15.7%
Citigroup Nominees/Bank of Singapore	13.3%
Victory Platinum	4.4%

FY June (RM m)	FY26A	FY27E	FY28E
Revenue	51.4	53.3	57.8
EBITDA	20.6	19.4	21.6
EBIT	17.7	20.0	20.8
PBT	19.9	18.4	19.4
Core Net Profit	**17.0**	**14.0**	**15.8**
Core EPS (sen)	3.71	3.06	3.45
Core EPS Growth (%)	(38.1%)	(17.7%)	12.9%
Net DPS (sen)	-	-	-
Net Div. Yield (%)	-	-	-
BVPS (RM)	0.24	0.28	0.31
PER	3.6	4.4	3.9
PBV (x)	0.6	0.5	0.4
Net Gearing	Net Cash	Net Cash	Net Cash

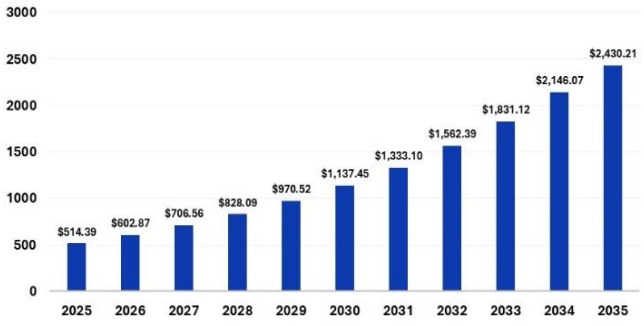
Company Overview

SMRT Holdings Berhad ("SMRT", the "Company" or the "Group") is a **pure-play Internet of Things ("IoT")-driven digital infrastructure and managed connectivity solutions provider** with operations spanning Malaysia, Indonesia, the Philippines, Singapore, Cambodia and Sri Lanka. Through its principal subsidiary, **N'osairis Technology Solutions Sdn Bhd ("NTS")**, the Group specialises in providing **fully integrated, end-to-end IoT solutions**, encompassing equipment installation, data collection and transmission, remote monitoring, maintenance, as well as 24/7/365 network surveillance and operations monitoring. These solutions enable customers to remotely monitor and manage infrastructure across multiple locations, improve operational efficiency and maintain reliable network connectivity. The Group primarily serves customers across the **power utilities, water utilities, financial services and retail digitalisation sectors**, managing **close to 30,000 sites** through three 24/7/365 service operations centres, supported by more than 90 engineering, product development and operations personnel, while maintaining **service uptime exceeding 99.96%**. Following its **strategic restructuring in 2023**, which involved the divestment of its education and training businesses and full consolidation of NTS, SMRT transitioned into a focused IoT solutions provider. The Group operates through **two main revenue streams, namely project implementation and managed services**, with the former generating one-off revenue from initial IoT deployments, while the latter provides recurring income from ongoing connectivity management, remote monitoring and maintenance services. Managed services contracts typically span **three to five years**, with automatic renewal provisions, providing greater revenue visibility. In FY2025, **managed services accounted for approximately 62% of Group revenue**, while project implementation contributed the remaining 38%. This business model enables SMRT to generate recurring income from its existing managed sites, while new project deployments provide opportunities to expand its managed site base and secure additional long-term service contracts. Beyond Malaysia, the Group has established operations in **Indonesia and the Philippines**, extending its geographical presence across Southeast Asia.

Industry Overview

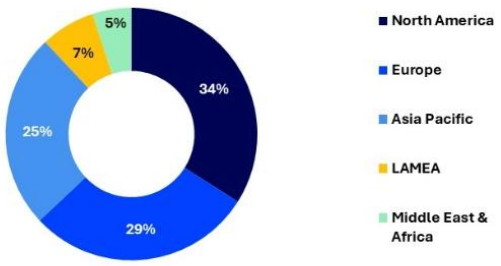
Robust Global Industrial IoT Growth, Led by Accelerating Asia-Pacific Adoption. The global Industrial Internet of Things ("IIoT") industry is poised for robust expansion, underpinned by accelerating digital transformation, increasing industrial automation and growing demand for real-time monitoring and connected infrastructure solutions. According to *Precedence Research*, the global IIoT market was valued at approximately USD514.4bn in 2025 and is projected to reach USD2,430.2bn by 2035, representing a CAGR of 16.8% between 2026 and 2035 (refer to Figure 1). This growth is supported by increasing adoption of IoT-enabled infrastructure, artificial intelligence ("AI")-driven predictive maintenance and expanding 5G connectivity across manufacturing, energy, utilities and transportation. Regionally, North America accounted for the largest market share of approximately 34.0% in 2025, while Asia-Pacific is expected to register the fastest growth over the forecast period. The region's expansion is supported by rising investments in smart manufacturing, industrial automation and government-led digitalisation initiatives, particularly across China, Japan and other emerging Asian economies. Notably, the growing adoption of integrated IoT solutions and demand for specialised systems integration and maintenance services are expected to create opportunities for infrastructure solution providers. Against this backdrop, SMRT is positioned to capitalise on the industry's structural growth through its IoT infrastructure deployment and managed-services operations across Malaysia, Indonesia and the Philippines.

Figure 1: Industrial IoT Market Size, 2026-2035 (USD Bn)



Source: Precedence Research

Figure 2: Industrial IoT Market Share, By Region, 2025 (%)

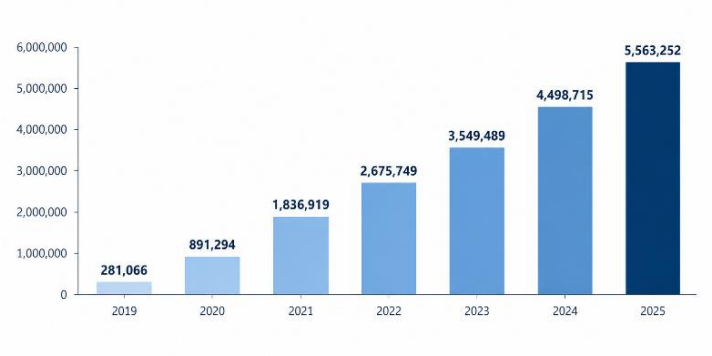


Source: Precedence Research

Malaysia's Smart Grid Modernisation Driving IoT Infrastructure Demand. Malaysia's ongoing electricity grid modernisation is expected to support demand for Industrial Internet of Things ("IIoT") solutions, underpinned by increasing investments in smart metering, distribution automation and digital infrastructure. According to *Tenaga Nasional Berhad ("TNB")*, approximately RM42.8bn has been allocated for capital expenditure under Regulatory Period 4 ("RP4") spanning 2025–2027, supporting grid expansion, modernisation and renewable energy integration. As part of its digitalisation initiatives, TNB's cumulative smart meter installations increased from approximately 4.5m units in 2024 to 5.6m units in 2025, representing a 23.7% YoY increase (refer to Figure 3). Meanwhile, the number of substations equipped with distribution automation reached 38,007 in 2025, with TNB targeting automation coverage of 61% by 2027 and 84% by 2030. These initiatives aim to improve real-time network monitoring, operational efficiency and electricity supply reliability. Looking ahead, the *National Energy Transition Roadmap ("NETR")* is expected to further accelerate grid modernisation, with Malaysia targeting a 70% renewable energy share of installed capacity by 2050, requiring continued investments in grid connectivity and automation technologies. Against this backdrop, the expansion of smart utility infrastructure is expected to create opportunities for IoT solutions providers through infrastructure deployment, systems integration and recurring maintenance services, providing a supportive industry outlook for SMRT's utility-related operations.

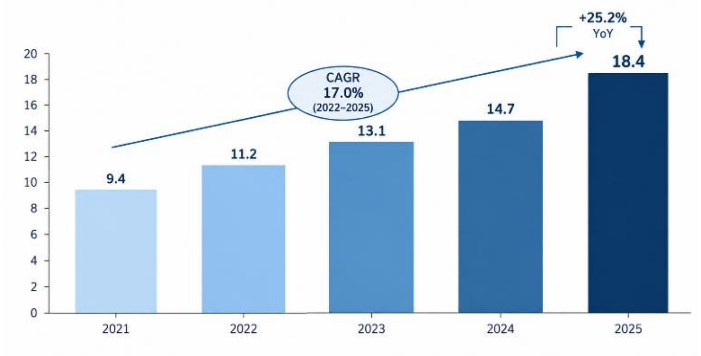
Financial Services Digitalisation Presents Opportunities for Revenue Diversification. The ongoing digital transformation of Southeast Asia's financial services industry is expected to support demand for reliable, secure and integrated digital infrastructure, driven by increasing adoption of digital banking, electronic payments and technology-enabled financial services. According to *Bank Negara Malaysia ("BNM")*, electronic payment transactions in Malaysia increased by 25.2% YoY to 18.4bn in 2025, reflecting the growing reliance on digital financial services. Meanwhile, BNM's *Financial Sector Blueprint 2022–2026* emphasises the importance of strengthening digital infrastructure, operational resilience and cybersecurity to support the financial sector's continued transformation. As financial institutions increasingly depend on interconnected infrastructure, demand for reliable network connectivity, remote equipment monitoring and ongoing maintenance services is expected to strengthen. These developments present opportunities for IoT infrastructure solutions providers to extend their services beyond traditional utility applications. Against this backdrop, SMRT is expanding its presence in the financial services sector, particularly in the Philippines, to diversify its revenue streams and reduce reliance on the Malaysian power utility segment. Leveraging its existing IoT infrastructure solutions and managed-services capabilities, this expansion could strengthen the Group's regional footprint and support long-term revenue diversification.

Figure 3: TNB's Cumulative Smart Meters Installed, 2019-2025



Source: TNB's Annual Report 2025, Mercury Securities

Figure 4: Malaysia's E-Payment Transaction Volume, 2021-2025



Source: BNM's Annual Report, Mercury Securities

Industry Headwinds. Despite favourable long-term growth prospects, the industrial IoT industry faces several challenges that could affect its growth and profitability. IoT infrastructure projects often require significant upfront investment, while lengthy installation and implementation processes may lead to project delays and higher operating costs. Additionally, the increasing use of connected devices across critical infrastructure and financial institutions raises concerns over cybersecurity threats, data privacy and system disruptions, requiring continuous investment in security measures. According to *BNM's Financial Stability Review for 2H2025*, cybersecurity remained a key operational concern for financial institutions heading into 2026, reflecting the growing risk of cyberattacks and reliance on external technology providers. Meanwhile, competition from established technology companies and regional systems integrators could pressure pricing and profit margins, while rising equipment costs, foreign exchange fluctuations and higher labour expenses may further increase project costs. Furthermore, the industry's reliance on customers' capital expenditure budgets and project deployment schedules could result in fluctuations in revenue and earnings. Nevertheless, growing demand for IoT infrastructure and recurring maintenance services continues to support the industry's long-term growth outlook.

Investment Merits

Mission-Critical Connectivity Driving Customer Stickiness. SMRT's competitive strength lies in its ability to provide reliable and continuous connectivity services for customers operating mission-critical infrastructure, particularly within the utilities and financial services sectors. Unlike conventional connectivity services, these applications require high network availability, uninterrupted data transmission and prompt technical support to ensure operational continuity. With network uptime exceeding 99.96%, the Group has demonstrated its ability to meet these operational requirements, reinforcing its credibility as a dependable managed connectivity partner. We believe this reliability is particularly important for customers whose daily operations depend heavily on stable network connectivity, potentially strengthening long-term customer relationships.

Furthermore, the integration of SMRT's connectivity solutions into customers' existing infrastructure could create higher switching barriers, as changing service providers may involve additional integration costs, technical adjustments and potential operational disruptions. Its continuous network monitoring and maintenance capabilities further strengthen customer dependence on consistent service delivery, supporting contract retention opportunities. While customer relationships remain subject to service quality and competitive pricing, we believe SMRT's established operational track record and technical expertise provide an advantage in retaining existing customers and securing additional connectivity requirements over time.

Expanding Installed Base Creating Recurring Revenue Opportunities. A key investment merit of SMRT lies in its ability to generate recurring income from its established network of managed connectivity sites. Unlike one-time infrastructure deployment projects, managed connectivity services provide opportunities for continuous revenue generation through network monitoring, maintenance and technical support. With more than 28,000 connected sites under management, the Group has established an operating base that supports ongoing service demand. This recurring revenue characteristic provides greater earnings visibility and helps cushion the impact of fluctuations in project implementation activities, which are typically influenced by customer procurement cycles and deployment schedules.

More importantly, new infrastructure deployments could create opportunities to expand SMRT's recurring revenue base as additional connected sites require ongoing connectivity management and maintenance. This creates a complementary relationship between project implementation and managed services, where new deployments may provide future recurring income opportunities beyond the initial project phase. As its managed site portfolio expands, the Group could benefit from better utilisation of its existing network management infrastructure and technical resources, potentially supporting operating leverage over time. We view this business model positively, as it provides a pathway towards more sustainable revenue generation while gradually reducing reliance on one-time project activities.

Financial Services Opening New Growth Avenues. SMRT's strategic expansion into financial services represents an opportunity to diversify its customer base beyond the traditionally dominant utilities sector. Financial institutions increasingly rely on interconnected digital infrastructure to support branch operations, transaction processing and other critical banking services, creating potential demand for reliable managed connectivity solutions. We believe SMRT could leverage its established expertise in managing distributed networks to address these requirements, particularly as financial institutions continue to strengthen their digital infrastructure. This expansion could provide an additional avenue for securing new deployment projects and growing its recurring managed services portfolio.

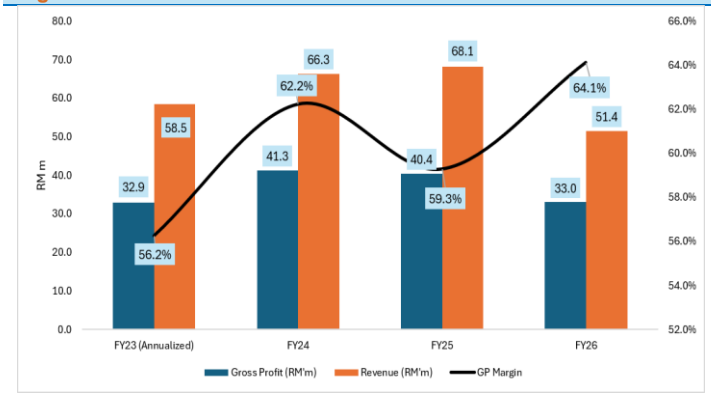
Supporting this strategy, SMRT completed the acquisition of a 37.5% equity stake in Singapore-based Novus Technologies Pte Ltd for approximately RM22.5m in December 2025, strengthening its exposure to digital banking and payment infrastructure solutions. Novus specialises in self-service and retail transaction infrastructure, including automated teller machines (ATMs), point-of-sale (POS) systems and agent banking solutions, with an established presence across regional markets. We believe the investment complements SMRT's existing IoT connectivity capabilities, potentially creating cross-selling opportunities through the integration of managed connectivity and digital financial infrastructure solutions. Furthermore, access to Novus's regional customer network could accelerate SMRT's penetration into financial services while broadening its geographical reach. Although meaningful earnings contributions will depend on the successful execution of these synergies, we view the acquisition as a strategic step towards strengthening SMRT's longer-term growth prospects and reducing its reliance on utilities-related projects.

Financial Highlights

Revenue Performance and Mix. SMRT's revenue performance reflects its transformation into a pure-play Internet of Things (IoT) solutions provider, supported by recurring managed connectivity services and one-time project implementation activities. Revenue increased from RM58.5m in FY2023 (annualised) to RM66.3m in FY2024, before rising to RM68.1m in FY2025. However, revenue declined by 24.5% YoY to RM51.4m in FY2026, mainly due to lower project-based deployment orders in the Malaysian power utility sector, driven by customers' rollout schedules and procurement cycles. Nevertheless, recurring managed connectivity revenue continued to grow, supported by an expanding base of managed sites, which approached 30,000 as at 30 June 2026.

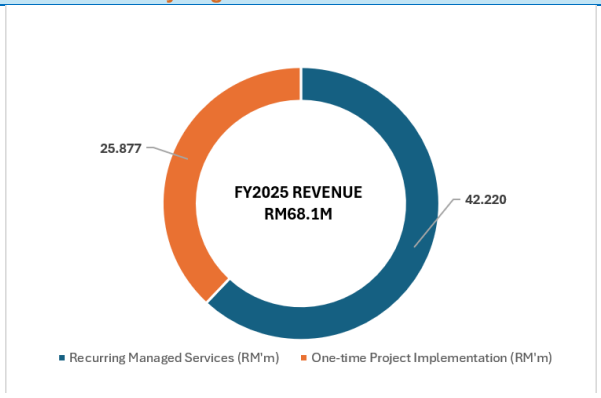
In terms of revenue mix, recurring managed services contributed approximately 62.0% of total revenue in FY2025, with one-time project implementation accounting for the remaining 38.0%. In FY2026, recurring managed services accounted for a larger share of Group revenue, supported by growth in managed sites and lower project-based revenue. This shift towards recurring income is favourable, as managed services generally provide higher margins, greater earnings visibility and cash flow stability. Geographically, overseas revenue contribution increased from 16.6% in FY2025 to 17.9% in FY2026, despite declining to RM9.2m from RM11.3m due partly to unfavourable currency movements. Operations in Indonesia and the Philippines remained stable, supporting the Group's regional diversification and recurring revenue base.

Figure 5: Revenue Profile from 2023-2026



Source: SMRT, Mercury Securities

Figure 6: Revenue by Segment



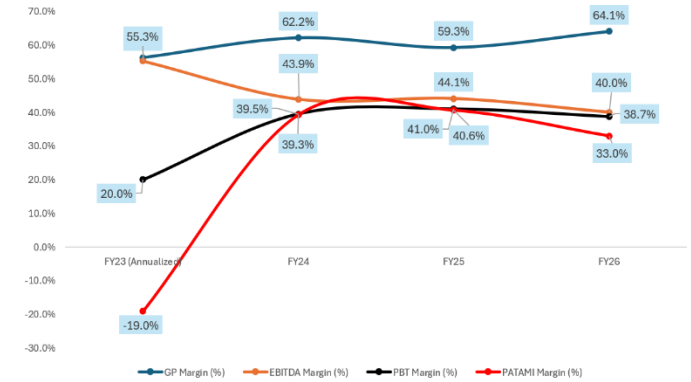
Source: SMRT, Mercury Securities

Profitability remained healthy. Gross profit declined by 18.3% YoY from RM40.4m in FY2025 to RM33.0m in FY2026, reflecting lower project deployment activities. Nevertheless, GP margin improved from 59.3% in FY2025 to 64.1% in FY2026, representing a 4.8 percentage point increase. This improvement was mainly supported by a more favourable revenue mix, with recurring managed connectivity services contributing a larger share of revenue. Despite the 24.5% YoY decline in revenue, the Group maintained strong gross margins, highlighting the resilience of its higher-margin recurring services business amid weaker project implementation activities. The growing proportion of recurring income also reduces dependence on one-off deployments, providing a more stable foundation for profitability over the longer term.

Earnings Moderation. Following its earnings growth in FY2024 and FY2025, SMRT's PATAMI declined by 38.6% YoY to RM17.0m in FY2026, from RM27.7m in FY2025. The decline was mainly attributable to lower project-based revenue, a 14.0% increase in administrative expenses to RM15.1m and higher tax expenses following the expiry of its pioneer status tax incentive in November 2025. Consequently, PBT margin moderated from 41.0% in FY2025 to 38.7% in FY2026, while PATAMI margin declined from 40.6% to 33.0%. Nevertheless, the Group maintained healthy profitability, supported by its growing recurring managed services base. The earnings decline also highlights the Group's sensitivity to fluctuations in project deployment volumes, despite improvements in its revenue mix. Moving forward, continued expansion in managed connectivity services and diversification into financial services could improve earnings visibility and support longer-term profitability.

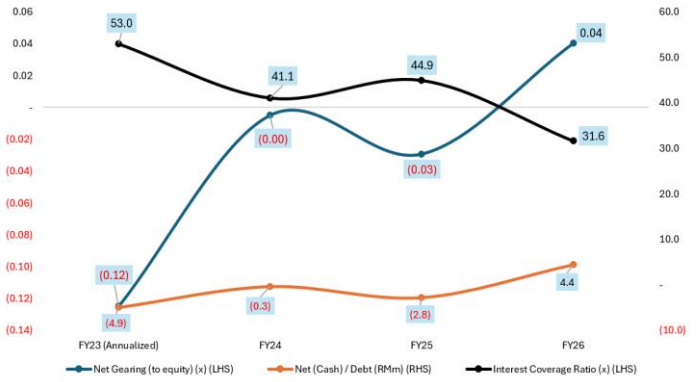
Balance sheet and cash flows. SMRT maintained a healthy balance sheet, supported by strong liquidity and manageable debt levels. As at FY2026, the Group held RM31.6m in cash, bank deposits and short-term investments, compared with RM32.5m in FY2025. Working capital remained sizeable at RM73.8m, translating into a healthy current ratio of 10.3x (FY2025: 11.2x). Total assets increased by 13.7% YoY to RM127.0m, mainly supported by its RM23.5m investment in an associate, RM26.2m in short-term investments and RM20.0m in contract assets. Meanwhile, total liabilities declined to RM16.4m from RM17.2m in FY2025, with total borrowings remaining manageable at RM9.3m, excluding lease liabilities. The Group's relatively low gearing and substantial liquid assets indicate its ability to meet financial obligations without significant reliance on external financing. Overall, its strong liquidity position provides financial flexibility to support ongoing operations, strategic investments and future expansion.

Figure 7: Profitability Margins



Source: SMRT, Mercury Securities

Figure 8: Balance Sheet Strength and Leverage Profile



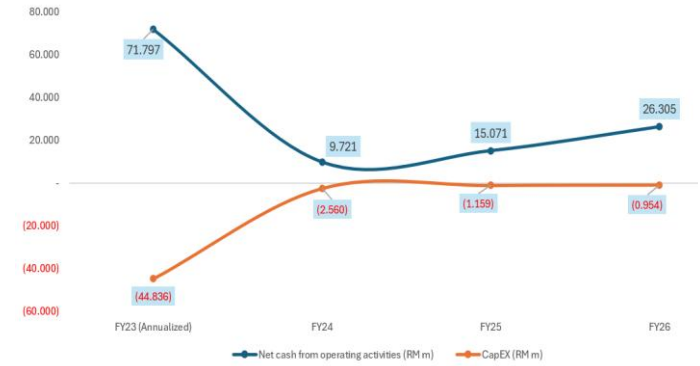
Source: SMRT, Mercury Securities

On the cash flow front, SMRT's net operating cash flow increased by 74.5% YoY to RM26.3m in FY2026 (FY2025: RM15.1m), mainly supported by favourable working capital movements, particularly lower receivable balances. Free cash flow strengthened to approximately RM25.4m from RM13.9m in FY2025, supported by improved operating cash generation and modest capital expenditure. However, net cash used in investing activities increased to RM31.8m (FY2025: RM10.4m), primarily due to the RM22.6m investment in Novus Technologies and additional short-term investments. Meanwhile, net financing cash outflows amounted to RM1.8m, mainly reflecting loan repayments, lease payments and financing costs. The higher investing outflows reflect SMRT's efforts to expand its regional presence and diversify its business beyond existing utility customers. Despite these investments, the Group maintained positive free cash flow, demonstrating its ability to fund operations while preserving financial flexibility for future growth initiatives.

Working capital trend. SMRT's working capital position remained healthy in FY2026, although inventory and contract asset balances increased during the year. Inventories rose to RM3.6m from RM2.2m in FY2025, while contract assets increased to RM20.0m from RM17.5m. Nevertheless, trade and other receivables declined significantly by 29.9% YoY to RM26.2m, supported by improved collections, with trade receivables falling to RM15.5m from RM30.5m. Meanwhile, trade and other payables decreased to RM5.3m from RM7.1m, reflecting lower outstanding obligations. The reduction in trade receivables suggests improved collection efficiency, although higher contract assets may continue to tie up working capital until the related amounts are billed and collected. Despite these movements, the Group maintained a strong current ratio of 10.3x and generated positive operating cash flow of RM26.3m, indicating sufficient liquidity to meet short-term obligations. Moving forward, efficient receivables collection and contract asset management remain important in supporting cash flow stability as SMRT expands its managed connectivity services.

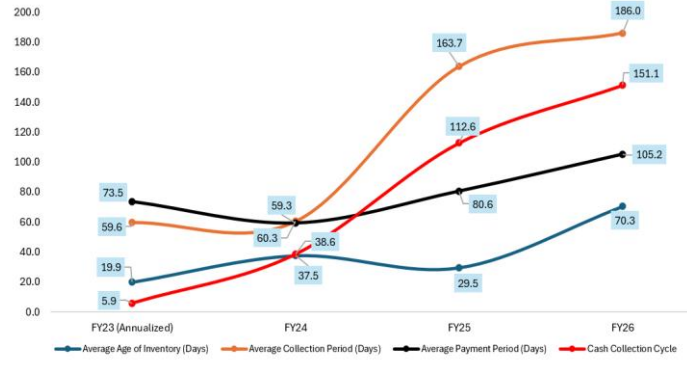
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Figure 9: Capex vs. Net Operating Cash Flow



Source: SMRT, Mercury Securities

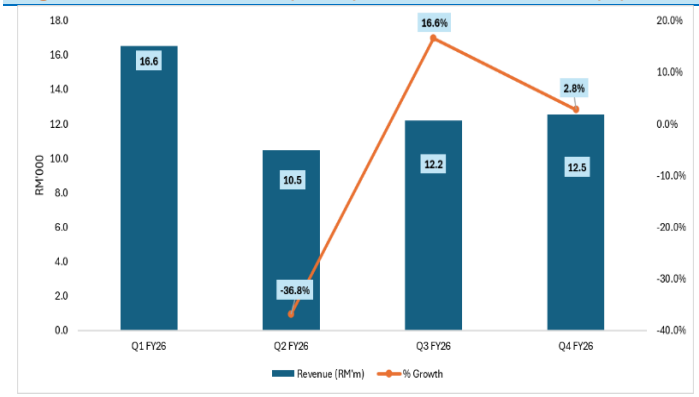
Figure 10: Capex vs. Net Operating Cash Flow



Source: SMRT, Mercury Securities

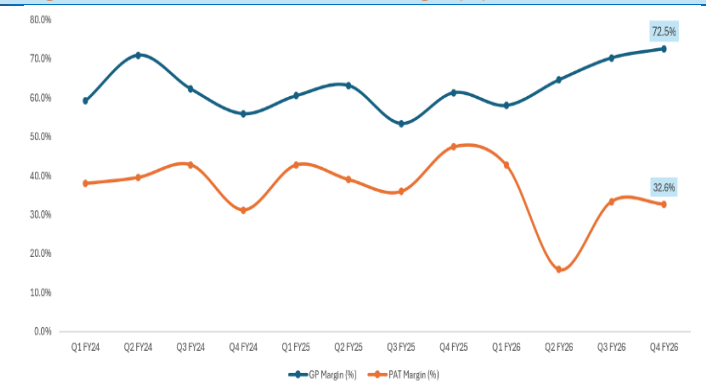
Quarterly results. Quarterly Performance. On a quarterly basis, SMRT's revenue declined sharply by 36.8% QoQ to RM10.5m in 2QFY26, following a stronger 1QFY26 performance of RM16.6m, before staging a gradual recovery of 16.6% QoQ to RM12.2m in 3QFY26 and a further 2.8% QoQ to RM12.5m in 4QFY26. The sequential recovery suggests improving revenue stability towards the financial year-end, although quarterly revenue remained below FY25 levels, reflecting continued softness in project implementation activities. Despite the weaker topline, GP margin strengthened to 72.5% in 4QFY26 from 55.3% in 2QFY26, potentially reflecting a more favourable revenue mix amid lower one-time project implementation activities. Meanwhile, PAT recovered from RM1.7m in 2QFY26 to RM4.1m in 4QFY26, with PAT margin improving from 15.9% to 32.6% over the same period. Overall, the quarterly trend suggests gradual revenue stabilisation and improving profitability following the weaker 2QFY26 performance, although a sustained earnings recovery remains dependent on stronger project deployment activities and continued growth in recurring managed services.

Figure 11: SMRT Revenue (RM m) and QoQ Growth Rate (%)



Source: SMRT, Mercury Securities

Figure 12: SMRT QoQ GP and PAT Margin (%)

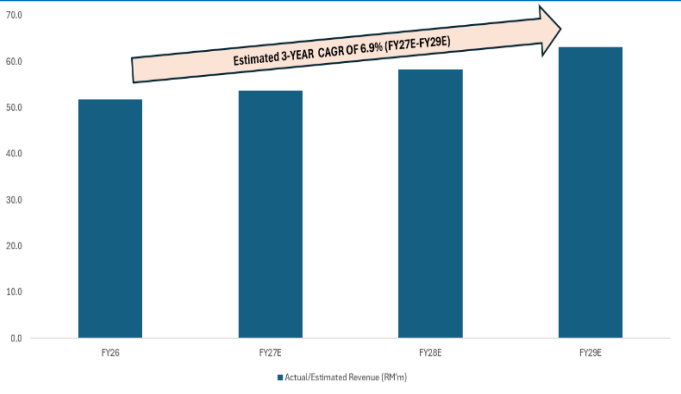


Source: SMRT, Mercury Securities

Moving Forward. We expect SMRT to stage a gradual earnings recovery over FY27E–FY29E, supported by the continued expansion of its recurring managed connectivity services, diversification into the financial services sector and a gradual recovery in project implementation activities. Revenue is projected to increase from RM51.4m in FY26 to RM53.3m in FY27E, RM57.8m in FY28E and RM62.8m in FY29E, representing YoY growth of 3.7%, 8.4% and 8.5%, respectively. Our projections are underpinned by sustained demand for managed connectivity solutions, alongside the Group's efforts to broaden its customer base beyond the utilities sector, particularly within financial services. The continued expansion of its active site network is expected to support recurring revenue growth, providing greater earnings visibility and reducing reliance on the more volatile project implementation segment. Meanwhile, a gradual recovery in project deployment activities could further support topline growth as customer demand and implementation schedules normalise.

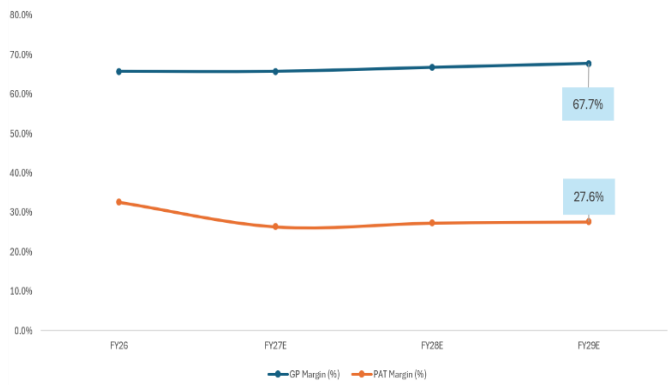
On profitability, we forecast gross profit margins to remain relatively stable at approximately 64%–66% over FY27E–FY29E, supported by the growing contribution from recurring managed services and a relatively stable cost structure. EBITDA is projected to increase from RM19.4m in FY27E to RM21.6m in FY28E and RM23.4m in FY29E, with EBITDA margins improving gradually from 36.3% to 37.3%, reflecting better operating leverage as revenue recovers. Meanwhile, PBT is expected to grow from RM18.4m in FY27E to RM20.8m in FY28E and RM23.2m in FY29E, translating into PBT margins of approximately 34.5%, 35.9% and 37.0%, respectively. We project PATAMI of RM14.0m, RM15.8m and RM17.6m over FY27E–FY29E, representing YoY growth of -17.7%, 12.9% and 11.8%, respectively. PATAMI margins are expected to improve gradually from 26.2% in FY27E to 28.1% in FY29E, supported by recurring revenue growth, improving cost absorption and a gradual recovery in project implementation activities.

Figure 13: Revenue (RM m) and YoY Growth Rate (%)



Source: SMRT, Mercury Securities

Figure 14: GP and PAT Margin (%)



Source: SMRT, Mercury Securities

Valuation/Recommendation.

We assign a **HOLD** recommendation on SMRT with a Target Price (TP) of **RM0.130**, derived from a **target P/E multiple of 3.7x** applied to our **projected FY27E EPS of 3.5 sen**. This represents an **80% discount** to the selected global comparable peers' average forward P/E of 18.7x, based on their FY28 and FY29 averages of 20.5x and 16.8x, respectively. Our peer selection focuses on companies involved in IoT connectivity and system integration, given the limited availability of direct Malaysian comparables. We believe this steep discount is justified by SMRT's smaller market capitalisation, weaker near-term earnings visibility and uncertainty surrounding its recovery. Lower one-off deployment orders, particularly in the Malaysian utilities sector, have weighed on earnings, while new financial services contributions remain insufficient to offset the slowdown.

Nevertheless, SMRT's recurring managed services revenue provides earnings stability, while its gross profit, EBITDA, PBT and PAT margins exceed the selected peers' averages, demonstrating stronger profitability despite its smaller scale. However, we remain cautious on its near-term outlook given uncertainties surrounding project deployment schedules and the pace of customer diversification. As such, we believe a conservative valuation is appropriate until clearer signs of earnings stabilisation, stronger project execution and meaningful contributions from new growth segments emerge. Over the longer term, SMRT's established recurring revenue base and expansion into financial services could support earnings recovery and a potential valuation rerating as visibility improves.

Figure 15: Best Forward P/E of Selected Global Peers

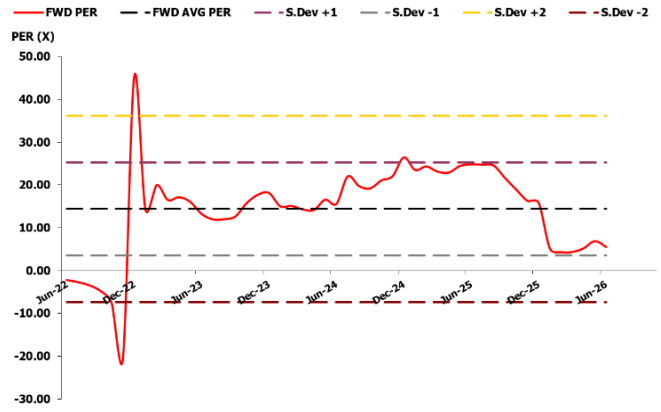
Company	Bloomberg Ticker	FYE	Share Price (RM)	Mkt Cap (RM m)	Best Forward P/E (x)	
					2028	2029
Digi International Inc	DGII US Equity	Dec	66.96	2,541.01	18.2	n/a
Itron Inc	ITRI US Equity	Dec	98.50	4,320.25	12.7	10.8
Advantech Co Ltd	2395 TT Equity	Dec	613.00	532,725.20	19.9	22.8
Soracom Inc	147A JT Equity	Dec	974.00	44,725.14	31.2	n/a
Simple Avg.				**146,077.90**	**20.5**	**16.8**

Figure 16: Peers Margins Comparison (as per the latest Financial Year recorded)

Company	Bloomberg Ticker	Margin (%)				%			
		GP	EBITDA	PBT	PAT	ROE	ROA	ROC	Interest Coverage Ratio
Digi International Inc	DGII US Equity	63.8	21.8	13.6	10.0	7.5	5.6	6.0	8.9
Itron Inc	ITRI US Equity	37.7	15.9	14.5	12.7	16.5	7.1	9.2	13.9
Advantech Co Ltd	2395 TT Equity	39.8	18.0	17.9	14.9	30.1	20.3	27.9	128.6
Soracom Inc	147A JT Equity	49.4	9.4	5.4	5.1	6.3	6.9	5.9	85.9
Simple Avg.		**47.7**	**16.3**	**12.8**	**10.7**	**15.1**	**10.0**	**12.2**	**59.4**
SMRT Holdings Berhad	SMRT MK EQUITY	**65.7**	**36.8**	**38.3**	**32.6**	**16.5**	**14.1**	**15.5**	**30.5**

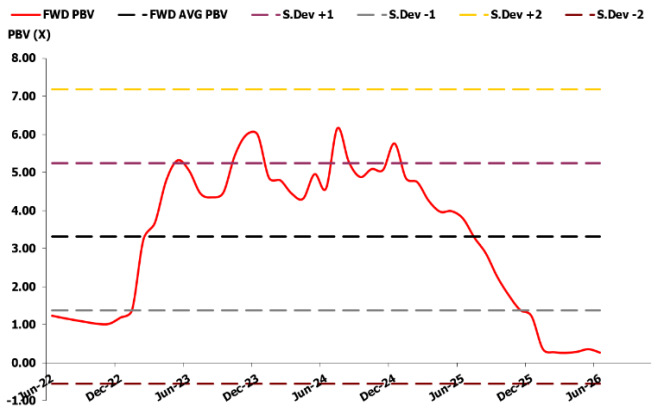
Source: Bloomberg, Mercury Securities

Figure 17: SMRT Historical P/E Band



Source: SMRT, Mercury Securities

Figure 18: SMRT Historical PBV Band



Source: SMRT, Mercury Securities

Company Background

SMRT Holdings Berhad ("SMRT", the "Company" or the "Group") is a **pure-play Internet of Things ("IoT")-driven digital infrastructure and managed connectivity solutions provider** with operations across Malaysia, Indonesia, the Philippines, Singapore, Cambodia and Sri Lanka. The Group was transferred to the **Main Market of Bursa Malaysia on 20 October 2026**, marking another milestone in its corporate development. hrough its principal subsidiary, N'osairis Technology Solutions Sdn Bhd ("NTS"), SMRT provides fully integrated, end-to-end IoT solutions, encompassing equipment installation, data collection and transmission, remote monitoring, maintenance, and 24/7/365 network surveillance and operations monitoring. These solutions enable customers to remotely monitor and manage infrastructure across multiple locations, improve operational efficiency and maintain reliable network connectivity. The Group primarily serves the **power utilities, water utilities, financial services and retail digitalisation sectors.** Currently, SMRT **manages close to 30,000 sites,** supported by three 24/7/365 service operations centres and more than 90 engineering, product development and operations personnel, while maintaining **service uptime exceeding 99.96%** across its customer base.

SMRT's transformation into a pure-play IoT solutions provider began in 2023, following a strategic restructuring aimed at streamlining its operations and sharpening its focus on the technology sector. As part of this exercise, the **Group completed its exit from the education sector through the disposal of its entire 100% equity interest in SMR Education Sdn Bhd**, alongside the divestment of its other education and training businesses. Concurrently, SMRT strengthened its IoT division by **acquiring the remaining 36% equity interest in NTS**, bringing its ownership to 100% and establishing NTS as its core operating subsidiary. This restructuring marked a significant shift from a diversified business model towards a focused IoT solutions business, allowing the Group to concentrate its resources on expanding its digital infrastructure and managed-services operations.

Following the restructuring, SMRT operates through **two main revenue streams, namely project implementation and managed services**, which complement each other by combining one-off project revenue with recurring income.

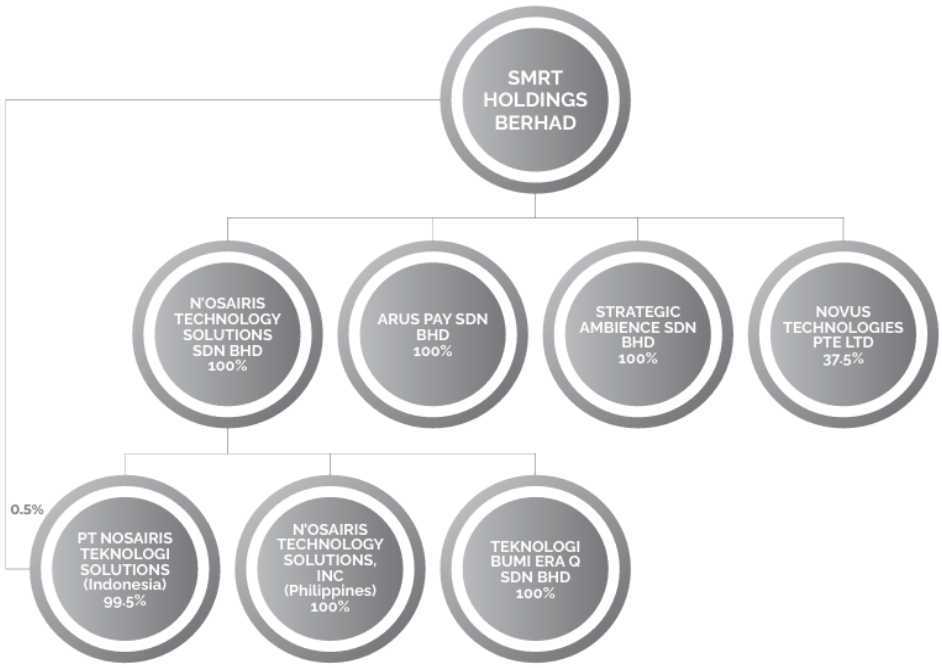
i) **Project Implementation:** Involves the initial installation and deployment of IoT infrastructure, including equipment installation, system integration and network connectivity setup. Revenue is generated from the execution of these projects, which also expand the Group's installed base of managed sites and create opportunities for subsequent managed-services contracts.

ii) **Managed Services:** Provides recurring revenue through ongoing connectivity management, remote monitoring, network surveillance and maintenance of deployed IoT infrastructure. These contracts typically span **three to five years**, with automatic renewal provisions, supporting greater revenue visibility and stability.

In FY2025, **managed services accounted for approximately 62% of Group revenue**, while project implementation contributed the remaining 38%. This business model allows SMRT to generate recurring income from its existing managed sites, while new project deployments provide opportunities to secure additional long-term service contracts.

Beyond Malaysia, SMRT has established operations in **Indonesia and the Philippines**, strengthening its regional presence and broadening its customer base. The Group is also expanding into the **financial services digital infrastructure segment** to reduce its reliance on the Malaysian power utility sector. In line with this strategy, SMRT acquired a **37.5% equity interest in Singapore-based Novus Technology Pte Ltd**, strengthening its capabilities in digital and payments technology solutions and supporting further diversification across Southeast Asia such as Singapore, Cambodia and Sri Lanka.

Figure 19: Corporate Structure



Source: SMRT

Figure 20: Customers List



Source: Company

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SWOT Analysis

S STRENGTHS	W WEAKNESS
Established IoT Infrastructure and Recurring Revenue Base. The Group manages over 28,000 sites, supported by 24/7 service operations centres, providing a foundation for recurring managed connectivity income. **Strong In-House Technical Capabilities.** Proprietary IoT solutions, engineering expertise and continuous R&D support customised infrastructure monitoring and connectivity services across critical industries. **Healthy Cash Generation and Balance Sheet.** FY2026 operating cash flow of RM24.9m and relatively low borrowings provide financial flexibility to support business expansion and technology investments.	**High Customer Concentration**. Two major customers contributed approximately 86.9% of FY2025 revenue, exposing the Group to significant earnings risks from changes in key customer demand. **Geographical Concentration in Malaysia.** The domestic market accounted for 81.9% of FY2026 revenue, limiting geographical diversification and increasing reliance on Malaysian infrastructure spending. **Dependence on Project Deployment Orders.** Revenue remains sensitive to customer procurement cycles and call-out orders, as reflected in the 24.0% YoY revenue decline in FY2026.
T **THREATS**	**O** **OPPORTUNITIES**
Cybersecurity and Network Disruptions. Cyberattacks, system failures or prolonged connectivity outages could disrupt critical customer operations, affecting service reliability and customer retention. **Intensifying Competition and Technological Changes.** Rapid technological advancements and competitive pricing could pressure margins and require continuous investment in product development. **Changes in Infrastructure Spending and Procurement.** Delays in utility infrastructure projects, shifts in customer investment priorities or changes in procurement requirements could affect future contract awards and deployments.	**Growing Demand for IoT and Digital Infrastructure.** Increasing digitalisation across utilities, financial services and smart infrastructure provides opportunities for wider adoption of remote monitoring and managed connectivity solutions. **Regional Expansion in Southeast Asia.** Established operations in Indonesia and the Philippines provide opportunities to expand customer deployments and diversify revenue beyond Malaysia. **Expansion of Recurring Managed Services.** A growing installed site base and increasing demand for ongoing monitoring and maintenance services could strengthen recurring revenue and improve earnings visibility.

Figure 21: Key Management Team

Name and Designation	Age	Profile
Tan Sri Datuk Seri Dr. Mazlan Bin Yusoff Independent Non-Executive Chairman	63	Appointed to the Board on 8 September 2025, Tan Sri Datuk Seri Dr. Mazlan brings over 35 years of experience in Malaysia's public administration and diplomatic service. He previously served as Secretary-General of the Ministry of Higher Education and Director-General of MAMPU. His extensive expertise in governance, strategic leadership and digital transformation strengthens the Group's corporate oversight and strategic direction.
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar Non-Independent Non-Executive Director	70	Appointed to the Board on 13 August 2004, Tan Sri Dato' Dr. R Palan brings over 40 years of leadership experience in education, human capital development and corporate management. An established entrepreneur, he has founded multiple businesses, including two publicly listed corporations. He contributes extensive experience in business development, corporate strategy and organisational leadership to the Group.
Maha Ramanathan Palan Group Managing Director	32	Appointed to the Board on 23 July 2018, Maha Ramanathan Palan spearheaded the Group's strategic turnaround, transforming SMRT from a diversified loss-making business into a profitable regional Internet of Things (IoT) solutions provider by FY2021. He oversees the Group's strategic direction, business expansion and transformation initiatives, driving growth across its core markets in ASEAN.
Chu Kheh Wee, Danny Executive Director	56	Appointed to the Board on 31 December 2019, Danny Chu brings extensive experience in corporate finance, financial reporting, restructuring and fundraising. A Chartered Accountant and founder of Executive Prosight Resources, he has been involved in various IPOs, mergers and acquisitions, and corporate restructuring exercises. His financial and corporate advisory expertise supports the Group's strategic and corporate development initiatives.
Lim Kwee Yong Senior Independent Non-Executive Director	55	Appointed to the Board on 10 March 2020, Lim Kwee Yong brings extensive experience in financial management, treasury, internal controls and risk management. A Chartered Accountant, she previously held senior finance positions at Cenviro and Wasco Energy Group, and currently serves as Executive Director and CFO of Econas Sdn Bhd. She chairs the Group's Audit and Risk Management Committee, strengthening financial oversight and corporate governance.

Ng Kit Ching (Jasmine) Independent Non-Executive Director	52	Appointed to the Board on 5 August 2020, Jasmine Ng brings over 28 years of experience in financial services, fintech and digital transformation. She previously held senior leadership positions at Maybank Group, NEM Malaysia, Razer Fintech and ReGov Technologies. Her expertise in blockchain, digital innovation and financial technology supports the Group's strategic development in IoT and technology-driven solutions.
Ir Hjh Kamaliah Binti Abdul Kadir Independent Non-Executive Director	66	Appointed to the Board on 5 April 2024, Ir Hjh Kamaliah is a Professional Engineer with extensive experience in Malaysia's power and utilities industry. She previously served on the boards of TNB Research and TNB Energy Services, contributing to strategic planning and corporate governance. Her engineering and utilities expertise provides valuable industry insights into the Group's IoT solutions for the power sector.
Professor Subramanian Amamalay Non-Independent Non-Executive Director	67	Appointed to the Board on 11 April 2022, Adjunct Professor Subramanian brings over 30 years of experience in management, leadership development and corporate consulting. He previously served as the Group's Non-Independent Non-Executive Chairman before being redesignated in September 2025. His expertise in organisational transformation, talent development and strategic management supports the Group's long-term business development.
Au Wong Lian (Kit Au) Group Chief Executive Officer	54	Appointed as Group CEO on 8 November 2024, Kit Au brings over 30 years of experience in technology, telecommunications, cloud and managed services. He previously held senior leadership positions at Microsoft Malaysia, Logicalis Malaysia and Time dotCom Berhad, where he spearheaded enterprise business transformation. He oversees the Group's business operations, strategic growth initiatives and regional expansion, driving innovation and operational excellence.
Parthiban Sekaran Chief Operating Officer, N'osairis Technology Solutions Sdn Bhd ("NTS"), A wholly-owned subsidiary of The Company	45	Joined NTS on 3 March 2020 and was promoted to COO on 1 August 2022, Parthiban brings over 17 years of experience in technology and telecommunications. He previously served as Head of Regional Operations at Time dotCom, overseeing technical operations. He currently leads NTS' operations, project management and engineering functions, ensuring efficient project delivery, operational scalability and customer satisfaction.
Bakhtiar Effandi Director of Special Projects	51	Joined NTS on 30 July 2021 and was promoted to Director of Special Projects on 23 March 2023, Bakhtiar brings over 20 years of experience in the technology industry. He previously held positions at Touch 'n Go, IBM and Hewlett Packard. He oversees the Group's regional expansion and internal transformation initiatives, having successfully driven automation efforts that improved operational efficiency and customer response times.
Kumara Rashu Director of Engineering	41	Joined NTS on 9 February 2026 as Director of Engineering, Kumara Rashu brings over 18 years of experience in the telecommunications and ICT industry. A Cisco Certified Internetwork Expert (Service Provider) and TM Scholar, he previously held senior technical and leadership roles at Maxis, PCCW Solutions Singapore, Ooredoo Myanmar, TIME dotCom and Telekom Malaysia. He leads NTS' pre-sales, engineering, solution architecture and technical strategy, supporting the Group's regional expansion.

Major Customers

SMRT's customer base primarily comprises companies in the power utilities, financial services, water utilities and retail digitalisation sectors. In FY2026, Malaysia remained the Group's largest market, contributing 82.1% of total revenue, while overseas operations accounted for 17.9%. The Group's two major customers contributed RM31.2m or 60.6% of revenue, down from RM59.2m or 86.9% in FY2025, indicating lower customer concentration despite continued reliance on key customers.

In Malaysia, the power utility sector remains a key customer segment, supported by IoT-based remote monitoring and managed connectivity solutions. Revenue is dependent on customers' deployment schedules and call-out orders under existing contracts. In FY2026, lower deployment orders from domestic power utility customers contributed to a 24.5% YoY decline in Group revenue to RM51.4m. Nevertheless, recurring managed connectivity revenue continued to grow, while new financial services infrastructure deployments through Reachful Malaysia, involving 24/7 ATM connectivity and managed services, helped diversify its domestic customer base.

Overseas, SMRT primarily serves customers in Indonesia and the Philippines through recurring managed connectivity services. In FY2026, overseas revenue declined to RM9.2m from RM11.3m in FY2025, partly due to unfavourable currency movements, although underlying operations remained stable with continued growth in managed sites. The Group also expanded its regional exposure through its 37.5% investment in Singapore-based Novus Technologies, which operates in Sri Lanka, Cambodia and the Philippines, supporting further customer diversification and recurring revenue opportunities.

Key Risks

High Customer Concentration. SMRT's revenue is highly concentrated among a limited number of major customers, with two customers collectively contributing RM59.2m or approximately 86.9% of Group revenue in FY2025. Any reduction in spending, contract non-renewal or loss of a major customer could significantly affect the Group's revenue and profitability. While SMRT continues to diversify its customer base across financial services and overseas markets, its earnings remain sensitive to the business requirements and investment decisions of its key customers.

Dependence on Project Deployment Schedules and Contract Awards. The Group's revenue from IoT infrastructure deployments is dependent on customer implementation schedules, procurement cycles and call-out orders under existing contractual arrangements. Delays in project execution or lower deployment orders could result in fluctuations in revenue recognition and earnings visibility. This was evident in FY2026, when lower one-off project orders, particularly within the Malaysian power utility segment, contributed to a 24.0% YoY decline in revenue to RM51.7m. Although recurring managed services provide a more stable income base, the Group remains exposed to fluctuations in project-based revenue.

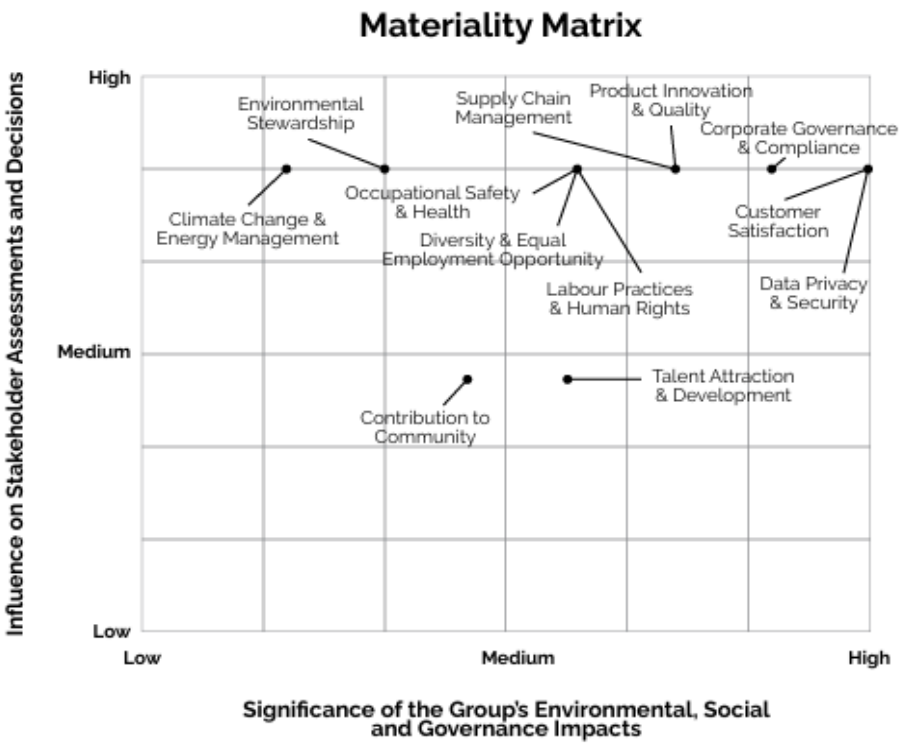
Reliance on Malaysian Market and Power Utility Sector. Malaysia accounted for 81.9% of SMRT's total revenue in FY2026, reflecting its significant exposure to domestic customer demand, particularly within the power utility sector. Any slowdown in infrastructure investments, changes in utility procurement priorities or delays in customer deployment programmes could adversely affect the Group's financial performance. While its expanding operations in Indonesia and the Philippines provide opportunities for diversification, the domestic market remains the primary revenue contributor.

Cybersecurity Threats and Network Service Disruption. As a provider of IoT-based remote monitoring and managed connectivity solutions, SMRT relies heavily on secure and reliable network infrastructure to support customers across critical sectors. Cyberattacks, system failures or prolonged network disruptions could interrupt service delivery, affect customer operations and damage the Group's reputation, potentially resulting in customer losses or additional recovery costs. Although SMRT has implemented cybersecurity safeguards, network monitoring systems and data protection measures, operational reliability remains critical to maintaining customer confidence and recurring service contracts.

Competitive Pressure and Rapid Technological Advancements. The IoT and managed connectivity industry operates in a competitive and rapidly evolving technological environment, requiring continuous investment in product development and service capabilities. Increasing competition, pricing pressure or failure to keep pace with technological advancements could weaken SMRT's ability to secure new contracts and retain existing customers. While the Group continues to invest in proprietary research and development and advanced IoT solutions, sustained innovation remains important to preserving its competitive position and profitability.

Sustainability Review

Figure 22: Materiality Matrix



Source: SMRT's Annual Report 2026

SMRT's materiality assessment identifies 12 sustainability matters that remain relevant to its business operations and stakeholder expectations. Among these, Corporate Governance & Compliance, Product Innovation & Quality, Customer Satisfaction, and Data Privacy & Security are particularly important given the Group's role as an IoT solutions and managed connectivity provider. Its sustainability priorities focus on maintaining reliable technology services, safeguarding customer information, strengthening employee capabilities and upholding ethical business practices.

The Group continues to strengthen its sustainability practices through initiatives aimed at improving resource efficiency, protecting customer information, developing its workforce and maintaining sound corporate governance.

Environmental (E)

1. Climate Change and Energy Management

- SMRT's operations are relatively less energy-intensive than those of heavy industries, with energy consumption primarily associated with its offices, equipment and technology infrastructure.
- Energy efficiency initiatives include IoT-enabled monitoring devices, LED lighting, energy-efficient appliances and preventive equipment maintenance.
- The Group's IoT solutions also support customers in monitoring infrastructure performance and resource consumption to improve operational efficiency.
- Moving forward, SMRT aims to improve electricity tracking and enhance future greenhouse gas (GHG) emissions disclosures..

2. Waste Management

- The Group generates scheduled waste, including electronic equipment and other technology-related components, alongside non-scheduled waste such as packaging materials and office waste.
- Scheduled waste is handled by licensed contractors approved by the Department of Environment (DOE), while obsolete electronic equipment is assessed for reuse or recycling before disposal.
- In FY2026, SMRT recorded zero major environmental non-compliance incidents and continued promoting paperless practices.
- Moving forward, SMRT remains focused on responsible electronic waste disposal, resource recovery and reducing waste from its operations.

3. Water Management

- Water usage is primarily limited to sanitary facilities and employee amenities, as the Group's technology-based operations are not water-intensive.
- SMRT reported that its premises are not located in water-stressed regions, reducing its direct exposure to water scarcity risks.
- Water conservation initiatives include water-saving signage and employee awareness programmes to encourage responsible consumption.
- Moving forward, SMRT aims to promote responsible water consumption and maintain resource conservation practices across its facilities.

Social (S)

1. Data Privacy and Security

- In FY2026, SMRT recorded zero substantiated complaints concerning customer privacy breaches or losses of customer data.
- The Group appointed two Data Protection Officers and further adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework, focusing on its Identify and Protect functions.
- Cybersecurity measures include role-based access controls, encryption, audit logs and employee awareness training, while the Group maintains compliance with the Payment Card Industry Data Security Standard (PCI DSS).
- Moving forward, SMRT will continue strengthening cybersecurity measures to safeguard customer information and maintain service reliability.

2. Talent Attraction and Development

- Total employee training hours increased to 258 hours in FY2026, compared with 236 hours in FY2025, representing an increase of approximately 9.3%.
- Employees participated in 11 training programmes in FY2026, compared with nine programmes in FY2025, reflecting continued investment in workforce capabilities.
- The Group supports employee development through annual performance reviews, career progression opportunities, competitive remuneration, performance-based bonuses and flexible working arrangements.
- Moving forward, SMRT remains focused on developing technical expertise and strengthening workforce capabilities to support its expanding technology operations.

3. Occupational Safety and Health (OSH)

- SMRT recorded zero lost-time injuries and zero work-related fatalities in FY2026.
- Workplace safety is supported by its Safety, Health and Environmental (SHE) Policy, regular inspections, risk assessments and established safety procedures.
- In FY2026, the Group conducted four safety programmes and training sessions attended by 16 employees, alongside maintaining an Emergency Response Team (ERT).
- Moving forward, SMRT will continue strengthening preventive safety measures, employee awareness and emergency preparedness to maintain a safe working environment.

Governance (G)

SMRT's corporate governance framework is guided by the Malaysian Code on Corporate Governance (MCCG) 2021, Bursa Malaysia's listing requirements and the Companies Act 2016. The Board oversees the Group's strategic direction, risk management and internal controls, supported by established corporate policies and governance committees.

1. **Ethical Conduct and Regulatory Compliance**

- In FY2026, SMRT recorded zero confirmed incidents of corruption, with all 138 employees completing anti-corruption training, representing 100% participation.
- The Group maintains an Anti-Bribery and Anti-Corruption (ABC) Policy, Anti-Money Laundering (AMLA) Policy and Code of Conduct to strengthen ethical business practices.
- Its Whistle-Blowing Policy provides confidential reporting channels for suspected misconduct, while zero substantiated complaints concerning human rights violations were recorded in FY2026.
- Moving forward, SMRT remains committed to strengthening regulatory compliance, ethical conduct and accountability across its operations.

2. Risk Management Internal Controls

- The Board and Audit and Risk Management Committee (ARMC) oversee the effectiveness of the Group's risk management and internal control framework.
- The Group maintains internal control procedures covering financial reporting, operational risks, regulatory compliance, information security and business continuity.
- In FY2026, the Board reviewed the Group's internal control and management information systems and considered them adequate in all material aspects.
- Moving forward, SMRT continues to strengthen its risk management practices through periodic reviews, internal audits and ongoing risk assessments.

3. Board Independence and Diversity

- As at 30 June 2026, SMRT's Board comprised eight directors, including four Independent Non-Executive Directors, representing 50.0% board independence.
- Female directors accounted for 37.5% of the Board, exceeding the MCCG's recommended minimum of 30.0% female representation.
- The Board is chaired by an Independent Non-Executive Chairman and supported by three principal governance committees, namely the ARMC, Nomination Committee and Remuneration Committee.
- Moving forward, SMRT remains committed to maintaining board independence, gender diversity and effective corporate governance practices.

As at the latest practicable date (LPD), the Group has adopted key MCCG recommendations, with strong board independence and gender diversity:

Key MCCG Governance Indicators	
MCCG Governance Application	Practices Partially Adopted
Independent Directors	4 out of 8 (50% of the Board)
Women Directors	3 out of 8 (37.5% of the Board)
Compliance with 30% women target	Achieved

Source: SMRT's Annual Report 2026, Mercury Securities

The composition of the Board reflects the Group's emphasis on diversity and independence in decision-making. The Group continues to enhance its governance practices through structured stakeholder engagement, ESG integration and alignment with MCCG principles.

Overall ESG Performance. SMRT's FY2026 ESG performance reflected continued progress in environmental management, cybersecurity, workforce development and corporate governance. Environmental efforts focused on energy efficiency, waste management and water conservation, with zero major environmental non-compliance incidents. Social performance remained strong, with zero customer privacy complaints, lost-time injuries and fatalities, while employee training hours increased to 258 hours. Responsible procurement was supported by 100% supplier evaluations and 69.3% local procurement spending. Governance remained sound, with zero corruption incidents, 100% employee anti-corruption training, 50.0% board independence and 37.5% female representation. Overall, SMRT remains committed to responsible operations, service reliability and sustainable growth.

Income Statement

FY June (RM m)	2024A	2025A	2026A	2027E	2028E
Revenue	66.3	68.1	51.4	53.3	57.8
EBITDA	29.1	30.1	20.6	19.4	21.6
Depreciation & Amortz	(2.2)	(2.1)	(2.0)	(1.7)	(1.6)
Operating Profit	26.9	27.9	18.6	17.7	20.0
Interest Inc/(Exp)	(0.7)	0.0	0.4	(0.2)	(0.2)
Assoc Earnings	0.0	0.0	0.0	0.0	0.0
Profit Before Tax	26.2	27.9	19.9	18.4	20.8
Taxation	(0.2)	(0.2)	(2.9)	(4.4)	(5.0)
Net Profit	26.0	27.7	17.0	14.0	15.8
Core PATAMI	26.0	27.7	17.0	14.0	15.8

Balance Sheet

Fixed Assets	4.9	4.1	3.0	3.1	2.8
Intangible Assets	0.0	0.0	0.0	0.0	0.0
ROU Assets	0.0	0.2	0.1	0.0	0.0
Other Fixed Assets	0.0	0.0	0.0	0.0	0.0
Inventories	2.6	2.2	3.6	3.7	4.0
Receivables	17.3	37.4	26.2	34.3	37.3
Other Current Assets	32.5	37.7	47.1	49.8	53.6
Cash	10.9	12.6	4.9	1.3	5.2
Total Assets	**85.3**	**111.6**	**127.0**	111.4	123.4
Payables	6.2	7.1	5.3	7.1	7.7
ST Borrowings	0.8	0.8	0.8	0.8	0.8
Other ST Liability	0.0	0.1	0.1	0.1	0.1
LT Borrowings	9.8	9.0	8.5	7.7	6.9
Other LT Liability	0.0	0.1	0.0	0.0	0.0
Net Assets	**68.5**	**94.5**	**112.3**	**95.7**	**107.9**
Shareholders' Equity	68.5	94.5	110.5	127.5	141.5
Minority Interests	-	-	-	-	-
Total Equity	**68.5**	**94.5**	**110.5**	**127.5**	**141.5**

Cashflow Statement

FY Dec (RM m)					
Operating CF	9.7	15.1	26.3	4.8	11.8
Investing CF	(12.9)	(10.4)	(31.8)	(4.0)	(3.3)
Financing CF	(1.9)	(1.5)	(1.8)	(1.8)	(1.8)
Change In Cash	(5.2)	3.1	(7.3)	(1.0)	6.7
Free CF	7.2	13.9	25.4	4.0	11.3

Financial Data & Ratios

FY June (RM m)	2024A	2025A	2026A	2027E	2028E
Growth					
Turnover	-24.4%	2.7%	-24.5%	3.7%	8.4%
EBITDA	-40.0%	3.3%	-31.5%	-5.9%	11.4%
Operating Profit	50.0%	3.9%	-33.4%	-4.8%	12.7%
PBT	49.2%	6.6%	-28.7%	-7.6%	12.9%
Core Net Profit	-256.2%*	6.3%	-38.6%	-17.7%	12.9%
Profitability					
Gross Profit Margin	62.2%	59.3%	64.1%	64.1%	65.1%
EBITDA Margin	43.9%	44.1%	40.0%	36.3%	37.3%
Operating Margin	40.5%	41.0%	36.2%	33.2%	34.5%
PBT Margin	39.5%	41.0%	38.7%	34.5%	35.9%
Core Net Margin	39.3%	40.6%	33.0%	26.2%	27.3%
Effective Tax Rate	0.6%	0.9%	14.6%	24.0%	24.0%
ROA	38.0%	29.3%	15.4%	13.3%	9.9%
ROE	30.5%	24.8%	13.4%	15.3%	11.3%
Leverage					
Debt/Asset (x)	0.1	0.1	0.1	0.1	0.1
Debt/Equity (x)	0.2	0.1	0.1	0.1	0.1
Net (Cash)/Debt	(0.3)	(2.8)	4.4	7.3	2.5
Net Debt/Equity (x)	(0.0)	(0.0)	0.0	0.0	0.0
Valuations					
Core EPS (sen)	5.7	6.0	3.7	3.1	3.4
NDPS (sen)	0.0	0.0	0.0	0.0	0.0
BV/sh (RM)	0.1	0.2	0.2	0.3	0.3
PER (x)	2.4	2.2	3.6	4.4	3.9
Div. Yield (%)	0.0	0.0	0.0	0.0	0.0
PBV (x)	0.9	0.7	0.6	0.5	0.4

Source: Mercury Securities

**n.m. – Not meaningful due to a turnaround from net loss in FY23A to net profit in FY24A.*

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