

AMS Advanced Material Berhad (0399)

Capturing the Semi Upcycle

Bloomberg Ticker: AMS MK | Investment Horizon: 12 Months

Recommendation

We recommend a **Neutral** rating for AMS Advanced Material Berhad (AMS) with a **Target Price** of **RM0.320**, representing a **10.3% upside**. AMS is a processor and supplier of semi-finished aluminium products, serving customers across various industries such as semiconductor, aerospace, construction, and other sectors through value-added processing. We favour AMS for its (i) strong positioning in precision-processed aluminium products that enhances customer stickiness, (ii) structural upside from the semiconductor recovery and ASEAN localisation trend, and (iii) ongoing machinery expansion that supports operating leverage, earnings growth, and margin accretion.

Investment Highlights

Riding the semiconductor recovery and localisation trend. AMS is well positioned to benefit from the semiconductor recovery, driven by stronger chip sales, renewed wafer fabrication equipment (WFE) spending, and rising demand for precision aluminium materials. As projects move from first article (FA) to mass production, order frequency and material usage should increase, benefiting AMS through its local processing capabilities, inventory readiness, and reliable turnaround time. AMS is poised for stronger order inflows, supported by robust orders from semiconductor customers driven by AI, telecommunications, and photonics. With the semiconductor segment accounting for 37% of FY25 revenue, we expect its contribution to rise to 47% in FY26F. This should support solid group revenue growth of 18%–21% in FY26F–FY28F, underpinned by a better product mix, margin expansion, and healthy order visibility of more than four months.

Machinery Expansion to Deepen Value-Added Capabilities. AMS's machinery expansion will strengthen its value-added processing capabilities by enabling it to deliver more customised, ready-to-use aluminium products. This should improve customer efficiency, shorten production cycles, and enhance AMS's relevance in industries where precision and turnaround time are critical. The expansion also reinforces AMS's competitive positioning by making it a more integrated and stickier supplier within customers' production workflows. As order volumes and processing intensity ramp up, the Group is expected to benefit from stronger operating leverage, 3%–5% segmental GP margin expansion from economies of scale, and sustained growth in its semi-finished segment, for which we project segmental revenue growth of 19%–22% over FY26F–FY28F.

Expanding into Recycled Aluminium for Margin Upside. AMS's venture into aluminium scrap collection and processing through AMD Ecogreen provides exposure to the growing recycled aluminium market, supported by rising ESG adoption and demand for lower-carbon materials. Compared with pure scrap trading, value-added recycling offers stronger margin potential, while also diversifying earnings and enhancing supply resilience. The segment is expected to commence in 1HFY26, subject to final licence approval, and could improve the Group's blended margins over time. We estimate that this segment could make a more meaningful contribution of RM1mn–RM3mn annually to the Group's earnings by 2030. However, as the required operating licence is still pending, which we believe may be obtained before end-2026, and market penetration will take time, we have yet to factor any contribution from this segment into our forecasts.

FYE 30 Sept	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	99.2	129.7	153.9	187.0	220.9
EBITDA (RM'mn)	9.0	13.9	16.4	20.9	23.8
Pretax profit (RM'mn)	7.5	11.0	14.1	17.8	20.4
Net profit (RM'mn)	6.2	8.9	11.4	14.4	16.5
EPS (sen)	1.2	1.5	1.9	2.4	2.7
PE ratio (x)	23.8	20.0	15.9	12.5	10.9
Core net profit (RM'mn)	6.1	8.6	11.2	14.2	16.3
Core EPS (sen)	1.2	1.4	1.8	2.3	2.7
Core EPS growth (%)	137.8	15.0	30.1	26.9	15.2
Core PE ratio (x)	23.8	20.7	15.9	12.5	10.9
Net DPS (sen)	0.0	0.2	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.6	0.0	0.0	0.0
ROE (%)	29.3	22.6	13.7	14.8	14.5
P/BV (x)	6.9	4.5	2.1	1.8	1.6

Neutral

Target Price: RM0.320 (+10.3%)

Current Share Price: RM0.290

Ace Market
Industrial Products & Services

Tan Jia Hui

Research Analyst

jiahui@tradeviewcapital.my

Valuation

Our target price is based on:

FY27F PE of 14x, in line with the simple average forward PE of its foreign indirect peers, given their similar business models to AMS.

Listing Timeline

Subscription Start Date	27 March 2026
Subscription Deadline	10 April 2026
Ballot Result	14 April 2026
Listing date	23 April 2026

Listing Details

Shariah Compliant	Yes
New Shares (mn)	113.0
Fund Raised (RM'mn)	32.8
Offer for Sale (mn)	47.0
Offer for Sale (RM'mn)	13.6
Market Capitalization (RM'mn)	177.5

Offering	Total (mn)	Total (%)
Eligible Persons	2.2	0.35
Malaysia Public (Bumi)	15.3	2.5
Malaysia Public (Non- Bumi)	15.3	2.5
MITI	76.5	12.5
Selected Investors	50.7	8.3
Total	160	26.2

Investment Thesis

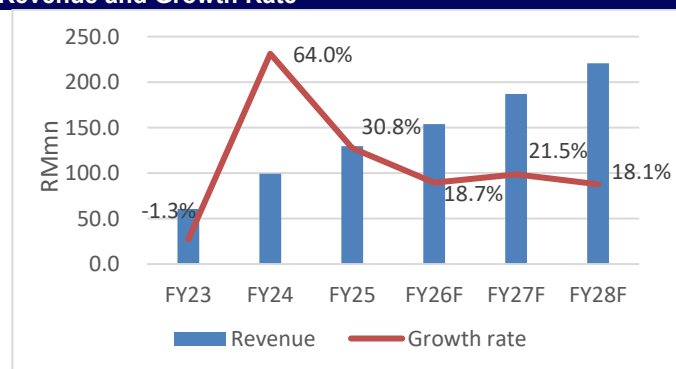
Riding the WFE Rebound and ASEAN Localisation Wave

AMS stands to benefit from the ongoing recovery in the global semiconductor cycle as the industry transitions from a two-year inventory correction into a renewed wafer fabrication equipment (WFE) upcycle driven by AI, automotive electrification and supply chain diversification. According to the Semiconductor Industry Association (SIA), global semiconductor sales improved in 2HCY2025, registering 4%–7% MoM growth, compared with 1%–3% MoM growth in 1HCY2025. As front-end wafer fabrication and back-end capacities expand, semiconductor manufacturers are increasing equipment build volumes, directly lifting demand for precision aluminium sheets, plates and processed materials used in structural frames and component parts. The World Semiconductor Trade Statistics (WSTS) projects global semiconductor sales to approach nearly USD1tn in 2026, up from USD791.7bn in 2025, supported by modern and emerging technologies such as AI, IoT and 6G, which continue to drive robust chip demand.

Projects that remained at the First Article (FA) or qualification stage during the downturn are now transitioning into mass production, leading to repeat builds, higher procurement frequency and improved order visibility. This FA-to-mass production conversion materially increases material consumption intensity and shortens lead-time requirements, favouring suppliers with local inventory, processing capabilities and reliable turnaround. At the same time, geopolitical-driven localisation and dual-sourcing strategies structurally benefit regional suppliers, positioning AMS as a preferred material partner in Malaysia supported by bulk sourcing capability and value-added processing.

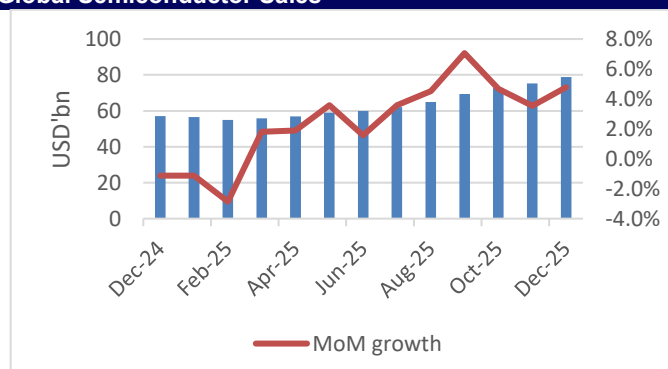
Meanwhile, AMS is poised for stronger order inflows, supported by robust semiconductor demand driven by AI, telecommunications, and photonics. The semiconductor segment, which contributed 37% of FY25 revenue, is expected to increase its share to 47% in FY26F. We forecast revenue growth of 18%–21% for FY26F–FY28F, with profit margins of 7%–8%, supported by a stronger product mix and margin expansion from the semiconductor and engineering support sector, making AMS a leveraged proxy to both the semiconductor capex recovery and the broader localisation trend. We are positive on growth, which is also supported by order visibility of more than four months, especially robust demand from selective main customers.

Revenue and Growth Rate



Source: Company Prospectus, Tradeview Research

Global Semiconductor Sales



Source: SIA, Tradeview Research

Machinery Expansion to Unlock Operating Leverage and Customer Stickiness

The Group's planned expansion of machinery to enhance its value-added processing capabilities represents a strategic move to deepen its role within the semi-finished materials value chain. By investing in additional cutting, slitting, shearing and precision processing equipment, AMS will be able to provide more customised, ready-to-use aluminium products tailored to customers' specific dimensional and technical requirements. This reduces the need for customers to perform secondary processing in-house, effectively shortening their production cycle and accelerating work progress on their end. In industries such as semiconductor engineering support and industrial manufacturing, where turnaround time and precision are critical, the ability to receive pre-processed materials directly improves operational efficiency, lowers handling costs and enhances overall supply chain reliability.

Beyond operational efficiency, the expansion of value-added services strengthens AMS' competitive differentiation by embedding the Group deeper into customers' production workflows. Offering integrated sourcing and processing solutions increases customer stickiness, supports repeat orders and positions the Group as a one-stop material partner rather than merely a trading intermediary. This enhanced capability also broadens the addressable customer base, allowing AMS to serve manufacturers that require tighter tolerances, higher specification materials and shorter lead times. At the same time, the semi-finished segment continues to demonstrate growth momentum, supported by industrial recovery and increasing semiconductor-related activity. As volume expands and processing intensity increases, the Group stands to benefit from improved operating leverage, stronger margin capture and sustained growth within the semi-finished materials segment. We project this segment to grow at 19%-22% in FY26F-FY28F thanks to the order visibility from customers.

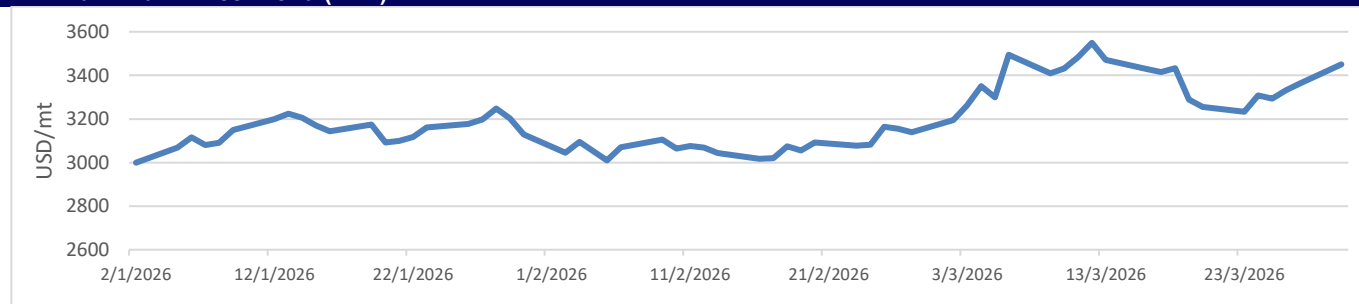
Capturing Value from the Growing Recycled Aluminium Market

The Group's venture into the collection, processing and sale of aluminium scrap materials through AMD Ecogreen represents a strategic expansion into the recycled aluminium value chain, positioning it to benefit from the structural shift toward sustainable and lower-carbon materials. Industry gross margins for basic scrap trading typically range between 3%-8%, while value-added scrap processing operations can command healthier margins of approximately 8%-15%, depending on spread dynamics and processing intensity. By focusing on collection and processing rather than pure arbitrage trading, the Group has the potential to capture higher spreads through sorting, cleaning and preparation activities. Although this segment may exhibit short-term volatility due to aluminium price fluctuations, the medium to long-term outlook remains supported by rising ESG requirements, increasing recycled content adoption across industrial and semiconductor supply chains, and energy cost advantages of recycled aluminium versus primary production. Compared with integrated aluminium producers, which utilise recycled inputs primarily within large-scale primary production, the Group's model is less capital intensive and more flexible, allowing it to monetise scrap spreads while enhancing supply resilience within its semi-finished aluminium ecosystem. As scale improves and sourcing networks deepen, the recycled segment could provide margin uplift and earnings diversification alongside the Group's core semi-finished operations. That said, the business is still pending final licence approval from the relevant authorities before it can begin collecting aluminium scrap from its existing customer base of more than 700 clients. We believe this venture could enhance the Group's blended margins over time. The segment is expected to commence operations in 1H FY26, with processed materials targeted for both domestic and export markets. We estimate that this segment has the potential to contribute RM1mn–RM3mn annually to the Group's earnings by 2030. However, as it is still pending the required operating licence, which we believe may be obtained before end-2026, we have not yet incorporated any financial contribution from this segment into our forecasts.

Benefiting from Firm Aluminium Price Trend

LME aluminium has remained on a firm uptrend, rising from a low of US\$2,978.8/mt on 31 Dec 2025 to US\$3,449.8/mt as at 30 Mar 2026, with prices briefly peaking at US\$3,549.4/mt on 12 Mar 2026. Amid escalating geopolitical tensions involving Iran, Israel and the US, aluminium prices could remain elevated in the near term. Against this backdrop, we are positive on AMS, as a stronger aluminium price environment should support revenue growth while allowing the Group to pass through higher raw material costs to customers, particularly for its value-added products, thereby preserving margins and potentially enhancing profitability. Thus, we are projecting a better core profit margin of 7.2% in FY26F compared with 6.6% in FY25.

LME Aluminium Price Trend (YTD)



Source: Bloomberg, Tradeview Research

Company Overview

AMS Advanced Material Berhad (AMS) was incorporated in Malaysia on 4 September 2023 under the Companies Act 2016 as a private limited company under the name AMS Advanced Material Sdn Bhd. The Group is principally an investment holding company with subsidiaries involved in the trading and processing of semi-finished aluminium and copper products. The Group operates primarily in Malaysia and Singapore and supplies materials used across various industries including semiconductor engineering support, aerospace, automotive, construction and consumer products. AMS sources aluminium and copper materials from regional and international suppliers before distributing them to manufacturers, fabricators and traders. The Group also provides value-added processing services such as cutting, slitting and shearing to deliver customised materials that meet specific customer requirements.

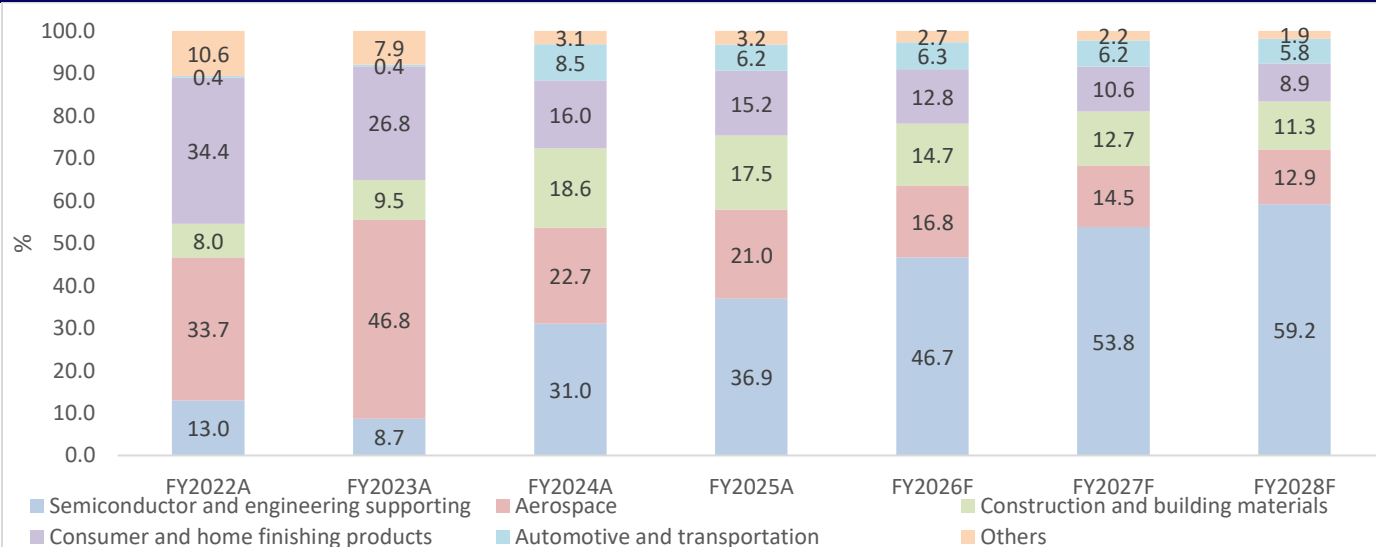
AMS primarily engages in the trading and processing of semi-finished metal products, particularly aluminium and copper. Its business model centres on bulk sourcing of metal materials from suppliers and supplying them in customised dimensions and specifications to industrial customers. In addition to material trading, the Group performs downstream processing services that allow customers to receive ready-to-use materials, improving production efficiency and reducing the need for additional processing on the customer's end. Through its sourcing network, warehousing infrastructure and processing capabilities, AMS positions itself as a material supply partner serving multiple manufacturing sectors.

Process Flow of Semi-Finished Aluminium Products



Source: Company presentation slide

Segmental breakdown



Source: Company prospectus, Tradeview Research

Utilisation of the RM32.8mn from the IPO Proceeds

Purposes	RM'mn	%	Estimated timeframe for utilisation from the listing date
Setting up of a new LMW plant cum warehouse and office in Penang	8.1	24.73	24 months
Expansion into manufacturing of aluminium architectural products	6.9	21.05	24 months
Setting up of new distribution point in Kuantan, Pahang	2.5	7.63	24 months
Repayment of borrowings	8.2	24.92	3 months
Working capital	2.7	8.15	18 months
Estimated listing expenses	4.4	13.52	1 month

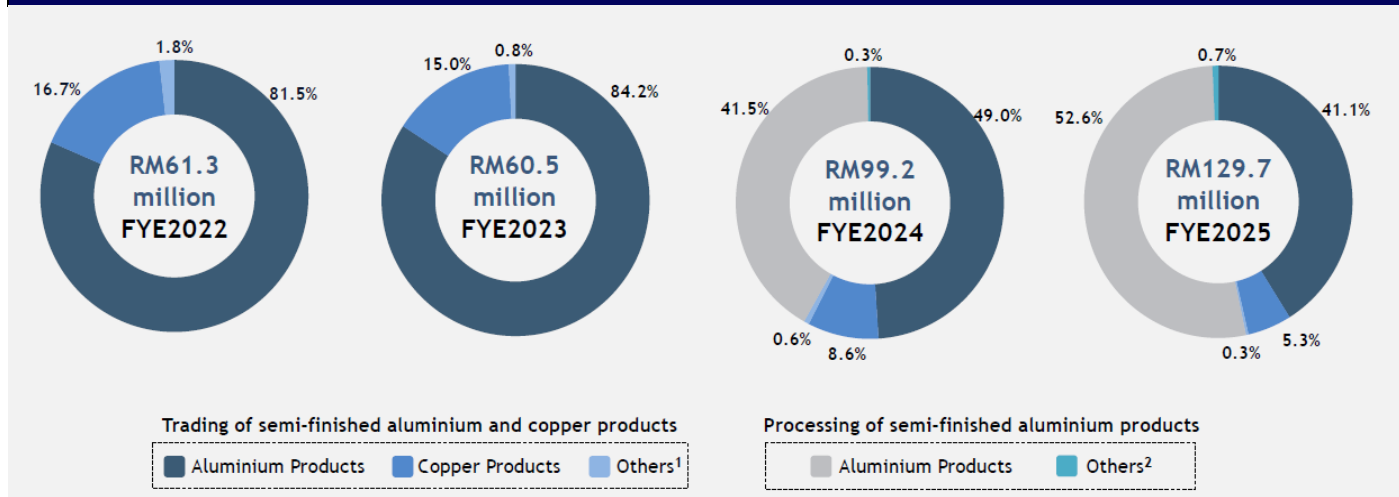
Source: Company Prospectus, Tradeview Research

Business Segments

Segments	Description
Trading of Semi-Finished Metal Products	- Procurement and distribution of semi-finished aluminium and copper products such as sheets, coils, plates, rods and copper tube coils. - Procures bulk quantities from suppliers and sells them to manufacturers, contractors, traders and fabricators - Sectors: semiconductor equipment manufacturing, aerospace engineering support, automotive components, construction materials and consumer products - Customised surface finishes
Processing of Semi-Finished Aluminium Products	- Value-added processing services: cutting, slitting and shearing of aluminium materials - Enhances operational efficiency

Source: Company Prospectus, Tradeview Research

Revenue by Business Segments

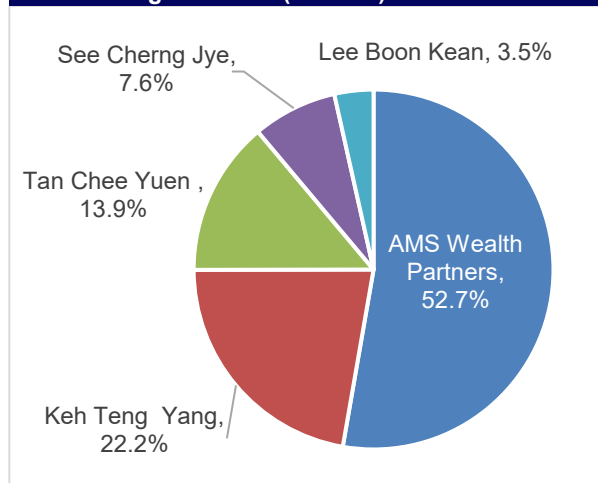


Source: Company Prospectus, Tradeview Research

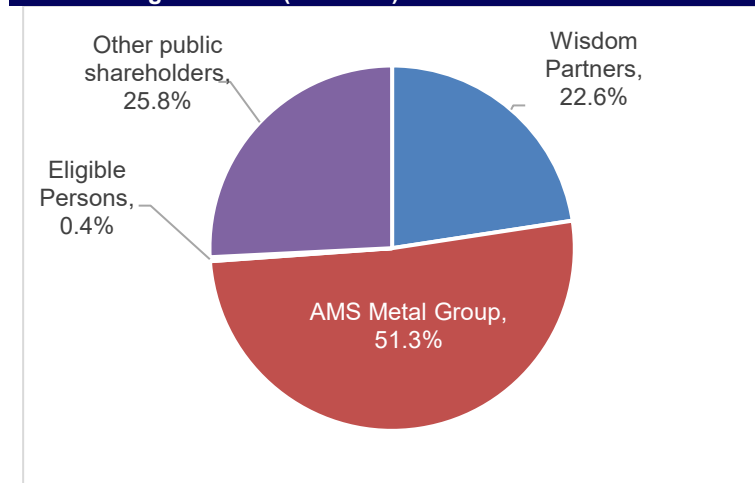
Management Team

Name and Designation	Profile
Keh Teng Yang Promoter Managing Director	He was appointed on 4 September 2023. He holds a Bachelor's degree in Engineering (Mechanical - Aeronautics) with First Class Honours from Universiti Teknologi Malaysia in 2001 and obtained a Master of Science in Manufacturing Systems and Technology in 2002. He oversees the Group's strategic direction, business development and overall operations. He has extensive experience in the aluminium trading and metal materials industry, particularly in procurement, supplier network development and customer relationship management. Under his leadership, the Group has expanded its sourcing network and strengthened its presence in the regional semi-finished metal supply market. He is the spouse of Leoh Cheng Cheng.
Leoh Cheng Cheng Promoter Executive Director Chief Financial Officer	She was appointed on 2 May 2025. She graduated with a Bachelor of Accounting from Universiti Malaya in 2002. She has been a member of CPA Australia since 2007 and a member of the Malaysian Institute of Accountants since 2025. She oversees financial management, corporate planning and regulatory compliance. She is responsible for managing the Group's financial reporting, internal controls and funding strategies. Her role is critical in supporting AMS' financial discipline and preparation for its public listing. She is the spouse of Keh Teng Yang.
Chia Tze Hang Head of Business Unit, AMS Extrusion	He serves as the Head of Business Unit for AMS Extrusion, where he oversees the operational management and development of the Group's aluminium extrusion segment. He is responsible for driving production efficiency, product development and customer engagement within the extrusion business. His role focuses on strengthening AMS' downstream capabilities and expanding the Group's presence in value-added aluminium products.
Chew Soon Yuan Head of Business Unit, AMS Aluprecision	He leads the AMS Aluprecision business unit and oversees the operational execution and growth strategy of the Group's precision aluminium processing activities. He is responsible for managing production processes, maintaining quality standards and ensuring timely delivery of customised aluminium components to customers. His leadership supports AMS' expansion into higher precision and value-added aluminium processing solutions.

Shareholding Structure (Pre-IPO)



Shareholding Structure (Post-IPO)



- AMS Wealth Partners - owned by Keh Teng Yang (55.56%), Tan Chee Yuen (31.11%) and Lee Boon Kean (13.33%). Subsequently, on 21 March 2025, as part of its winding-up process, AMS Wealth Partners distributed its entire shareholding in AMS Metal Group to its shareholders, namely Keh Teng Yang, Tan Chee Yuen and Lee Boon Kean in the proportion of their respective shareholdings in AMS Wealth Partners.
- Wisdom Partners is a wholly owned subsidiary of AMS Metal Group. On 28 March 2025, Wisdom Partners emerged as the Promoter and substantial shareholder of our Group due to the Capitalisation of Debt.

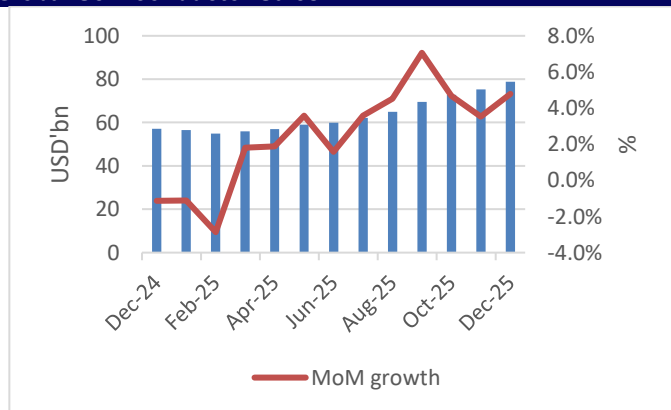
Industry Outlook

Semiconductor and WFE. The global semiconductor industry has entered a new upcycle following a prolonged inventory correction during 2022-2024. Industry demand is being supported by structural drivers such as artificial intelligence (AI), high-performance computing, data centres, automotive electrification and industrial automation. Global semiconductor sales reached approximately USD791.7bn in 2025, while the World Semiconductor Trade Statistics (WSTS) forecasts the market to approach nearly USD1tn by 2026. At the same time, semiconductor capital expenditure remains robust, particularly in wafer fabrication equipment (WFE), as chipmakers continue to expand front-end wafer fabrication capacity and invest in advanced packaging technologies. This expansion is supportive for upstream material suppliers as semiconductor manufacturing equipment requires extensive use of precision aluminium components for structural frames, chambers, handling systems and enclosure modules. As semiconductor equipment manufacturers increase production volumes to support new fabrication facilities and capacity expansions, demand for semi-finished aluminium products and processed aluminium components is expected to increase correspondingly.

Aerospace. The aerospace industry continues to exhibit strong long-term demand, supported by the ongoing recovery in global air travel and significant aircraft backlogs from major manufacturers. Global passenger traffic is expected to continue expanding in the coming years, while aircraft manufacturers maintain multi-year order backlogs that provide strong visibility for aircraft production. Aluminium remains a critical material in aircraft manufacturing due to its lightweight characteristics, durability and structural strength. Across the aerospace supply chain, aluminium sheets, plates and precision-machined components are widely used in airframe structures, interior modules and engineering support equipment. As aircraft production rates gradually increase to meet rising travel demand and fleet replacement cycles, the aerospace sector is expected to remain a key driver of aluminium consumption, benefiting upstream suppliers of aluminium materials.

Recycled Aluminium Market. The recycled aluminium market is gaining increasing importance within the global aluminium supply chain as industries accelerate efforts to reduce carbon emissions and adopt circular economy practices. Recycled aluminium requires significantly less energy to produce compared to primary aluminium and therefore carries a substantially lower carbon footprint. As environmental regulations tighten and ESG considerations become more prominent across manufacturing industries, demand for recycled aluminium continues to rise. Industries such as automotive, aerospace, electronics and construction are progressively incorporating higher recycled content into their production processes. This trend is expected to support long-term growth in aluminium scrap collection, processing and recycling activities. As a result, companies operating within the recycled aluminium value chain stand to benefit from the structural shift toward sustainable material sourcing.

Global Semiconductor Sales



Source: Company Prospectus, Tradeview Research

Aluminium Price (USD/T)



Source: Trading Economics

Valuation

We recommend a **Neutral** rating and a **Target Price of RM0.32**, based on **14x FY27F PE**, broadly in line with the simple average forward PE of its foreign indirect peers, which we view as more comparable given their similar business models. The 14x multiple implies a slight **5.2% premium** to domestic manufacturing peers, which we believe is reasonable, as these companies have higher production costs and serve different aluminium end-markets compared to AMS. We do not benchmark AMS against domestic listed peers, as their business activities are not directly comparable. In our view, the valuation is justified by AMS's similar double-digit earnings growth and stronger profit margins relative to peers, despite its smaller market capitalisation.

We like AMS for its exposure to the recovering semiconductor cycle, growing value-added processing capabilities and diversified industrial customer base. The Group should benefit from stronger demand from semiconductor engineering support customers, while its expansion into processing services is expected to improve pricing power, margins and customer stickiness. On top of that, its venture into recycled aluminium provides an additional structural growth angle tied to ESG and circular economy trends.

Peer Comparison

Company	Share price (LC)	Mkt Cap (RMmn)	FYE	EPS Growth (%)			P/E (x)		Net Dividend Yield (%)	ROE (%)
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
Domestic Peers										
Winstar Capital Bhd	0.52	162.3	12/2025	N/A	33.3	14.6	13.3	10.0	N/A	9.4
LB Aluminium BHD	0.505	219.6	04/2025	N/A	N/A	3.6	N/A	N/A	N/A	13.4
Simple Avg				N.A	33.3	9.1	13.3	10.0	N.A	11.4
Foreign Peers (Aluminium Trading + value added)										
Reliance Inc	306.10	63,156.6	12/2025	25.9	5.8	21.0	17.1	16.1	1.6	10.3
Kaiser Aluminium Corp	130.39	8,533.6	12/2025	25.0	21.0	21.5	17.3	14.3	2.4	14.3
Ryerson Holding Corp	22.65	4,707.8	12/2025	176.3	89.1	N/A	19.0	10.1	N/A	-7.2
UACJ Corp	2,815.0	13,178.6	03/2025	12.8	19.1	18.3	17.0	14.3	1.6	8.7
Kloeckner & Co SE	12.18	5,657.1	12/2025	175.9	72.4	N/A	29.7	17.2	1.7	-3.3
Simple Avg				83.2	41.5	20.3	20.0	14.4	2.0	5.8
AMS Advanced Material Holdings Bhd	0.29	177.5	09/2026	28.2	26.4	20.0	15.6	12.3	0.0	22.6

Source: Bloomberg estimates, Tradeview Research (As of 7th April 2026)

Margins Comparison

Company	Gross Margin (%)				EBITDA Margin (%)				Profit margin (%)			
	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F
Reliance Inc	29.9	28.7	29.1	29.7	10.8	9.8	10.2	10.4	6.7	5.2	6.1	6.2
Kaiser Aluminium Corp	10.9	13.1	13.3	14.0	7.1	9.5	9.1	9.7	1.4	3.3	3.3	4.0
Jati Tinggi Group Bhd	17.8	17.1	18.6	19.4	2.5	2.2	3.5	3.9	-0.4	-1.2	0.7	1.4
UACJ Corp	11.5	13.3	12.1	11.7	7.5	9.4	8.8	8.6	1.3	2.8	2.6	2.7
KloECKner & Co SE	16.6	18.8	19.0	19.6	1.8	2.4	3.5	4.0	-1.4	-0.8	0.6	1.0
Winstar Capital Bhd	17.9	19.5	N/A	N/A	10.3	10.8	10.6	11.1	4.9	4.4	4.3	5.0
LB Aluminium BHD	12.9	16.9	N/A	N/A	7.3	10.8	N/A	N/A	3	3.4	N/A	N/A
APERAM SA	7.2	5.6	10.8	13.0	5.5	4.5	7.4	9.5	3.8	0.1	2.3	4.3
Outokumpu Oyj	4.1	3.5	9.4	12.5	3.0	1.5	6.6	8.2	-1.0	-2.5	1.6	3.4
Simple Average	14.3	15.2	16.1	17.1	6.2	6.8	7.4	8.2	2.0	1.6	2.7	3.5
AMS Advanced Material Holdings Bhd	13.2	15.0	15.2	15.2	9.1	10.7	10.6	11.2	6.1	6.6	7.2	7.6

Source: Bloomberg estimates, Tradeview Research (As of 7th April 2026)

SWOT Analysis

Strengths - Value-added processing capabilities enhance customer stickiness - Diversified clientele portfolio - Exposure to growth sectors	Weaknesses - Partly reliant on lower-margin trading activities - Smaller scale compared with integrated aluminium producers - Earnings sensitive to raw material price movement
Opportunities - Rising global semiconductor equipment spending - Expansion of value-added processing capabilities - Growth in recycled aluminium and ESG-driven demand	Threats - Geopolitical tensions disrupt global demand - Competition from other metal traders and processors - Cyclical demand from key end markets - Aluminium price volatility and supply disruptions

Investment Risk

- Raw material price volatility.** AMS is exposed to fluctuations in aluminium and copper prices. Sharp movements in metal prices can affect inventory values, procurement costs and customer ordering behaviour, especially if the Group cannot immediately pass through higher costs.
- Margin compression risk.** As part of its business remains linked to semi-finished materials trading, gross margins may come under pressure during periods of intense competition, narrow spreads or weaker demand. This is particularly relevant in lower value-added trading activities.
- Customer concentration and sector exposure risk.** Although AMS serves multiple industries, a meaningful portion of growth expectations appears tied to semiconductor engineering support and aerospace-related demand. Any slowdown in these sectors, delays in project conversion, or weaker-than-expected capex recovery could affect revenue momentum.
- Execution risk on expansion plans.** AMS's investment case partly depends on successfully scaling its value-added processing capacity and new recycling-related activities. Delays in machinery deployment, lower-than-expected utilisation, or weaker customer take-up could reduce the anticipated margin uplift.

Financial Overview

Financial Review

AMS delivered a strong 28.4% revenue CAGR over FY22–FY25, primarily driven by maiden contributions from its semi-finished aluminium product processing segment, alongside secured new customers from the semiconductor and engineering support sectors. In FY25, revenue grew 30.8% YoY, underpinned by robust demand from the semiconductor and engineering support sectors, which expanded 150% YoY, as well as positive growth from other segments. FY25 earnings rose 44% YoY, supported by a 1.8ppt expansion in gross profit margin to 15.0%, mainly attributable to customers in the semiconductor and engineering support sectors progressing from first article (FA) development into mass production, coupled with a more favourable product mix. Consequently, EBITDA margin also improved by 1.6ppt to 10.7%.

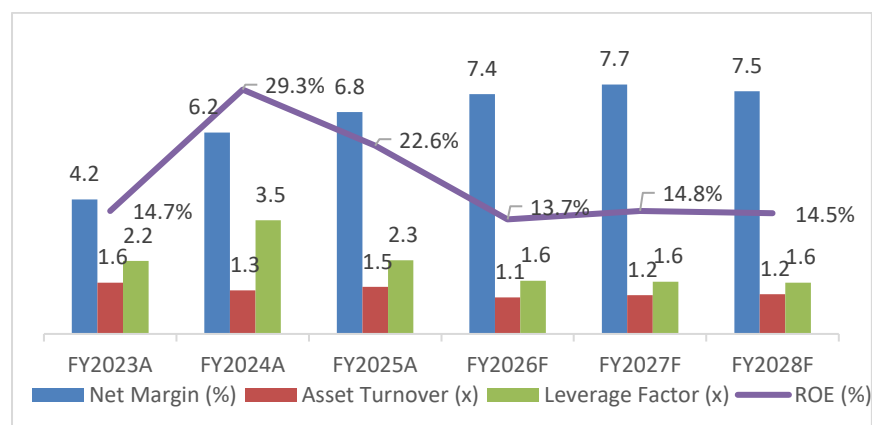
Financial Forecast

We project AMS's core earnings to be RM11.2mn in FY26F and RM14.2mn in FY27F, underpinned by (i) a more favourable product mix driven by robust demand from the semiconductor sector, supported by more than four months of order visibility, (ii) stronger pricing power and margin expansion from its value-added processing capabilities, (iii) geographic expansion into other states to capture greater market share and serve a wider range of industries, and (iv) effective cost pass-through amid higher raw material prices, which should help preserve margins.

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Revenue (RM'mn)	99.2	129.7	153.9	187.0	220.9
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Net profit (RM'mn)	6.2	8.9	11.4	14.4	16.5
EPS (sen)	1.2	1.5	1.9	2.4	2.7
PE ratio (x)	23.8	20.0	15.9	12.5	10.9
Core net profit (RM'mn)	6.1	8.6	11.2	14.2	16.3
Core EPS (sen)	1.2	1.4	1.8	2.3	2.7
Core EPS growth (%)	137.8	15.0	30.1	26.9	15.2
Core PE ratio (x)	23.8	20.7	15.9	12.5	10.9
Net DPS (sen)	0.0	0.2	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.6	0.0	0.0	0.0
ROE (%)	29.3	22.6	13.7	14.8	14.5
P/BV (x)	6.9	4.5	2.1	1.8	1.6

EPS and DPS are divided by the enlarged issued shares of 612,008,041 upon listing

DuPont Analysis



We project healthy ROE from FY26F to FY28F, as the company continues to generate good profits. The dip in FY26F is mainly attributed to an increase in shareholders' equity following the IPO exercise.

Key Assumptions

Revenue growth	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Semiconductor and engineering supporting	486%	150%	50%	40%	30%
Aerospace	-20%	5%	-5%	5%	5%
Construction and building materials	223%	25%	0%	5%	5%
Consumer and home finishing products	-2%	0%	0%	0%	0%

Sensitivity Analysis

Case 1: Changes in net profit against PE to derive target price

Core Net Profit in FY27F: RM14.2mn

PE in FY27F: 14x

Net Profit (RM'mn) / PE (x)	12	13	14	15	16	17
5.2	0.10	0.11	0.12	0.13	0.14	0.14
8.2	0.16	0.17	0.19	0.20	0.21	0.23
11.2	0.22	0.24	0.26	0.27	0.29	0.31
14.2	0.28	0.30	0.32	0.35	0.37	0.39
17.2	0.34	0.37	0.39	0.42	0.45	0.48
20.2	0.40	0.43	0.46	0.50	0.53	0.56

Case 2: Changes in net profit margin against revenue growth to derive FY27F earnings

Revenue in FY26F: RM153.9

Revenue growth in FY27F: 21.5%

Profit margin in FY27F: 7.6%

Net Profit margin (%) / Revenue growth (%)	15.5	18.5	21.5	24.5	27.5	30.5
5.6	10.0	10.2	10.5	10.7	11.0	11.2
6.6	11.7	12.0	12.3	12.6	13.0	13.3
7.6	13.5	13.9	14.2	14.6	14.9	15.3
8.6	15.3	15.7	16.1	16.5	16.9	17.3
9.6	17.1	17.5	18.0	18.4	18.8	19.3

Financial Exhibits

Income Statement

FYE 30 Sept	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	60.5	99.2	129.7	153.9	187.0	220.9
Operating expenses	(56.0)	(90.2)	(115.8)	(137.5)	(166.1)	(197.0)
EBITDA	4.5	9.0	13.9	16.4	20.9	23.8
Depreciation	(0.4)	(0.8)	(1.6)	(1.7)	(2.5)	(2.8)
EBIT	4.1	8.2	12.3	10.2	18.3	21.0
Net int income/(expense)	(1.0)	(0.8)	(1.3)	(0.6)	(0.6)	(0.6)
Exceptional gains / (losses)	0.0	0.0	0.0	4.4	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	3.1	7.5	11.0	14.1	17.8	20.4
Tax	(0.6)	(1.3)	(2.1)	(2.7)	(3.4)	(3.9)
Minority interest	0.0	(0.1)	(0.3)	(0.2)	(0.2)	(0.2)
Net profit	2.5	6.2	8.9	11.4	14.4	16.5
Core net profit	2.6	6.1	8.6	11.2	14.2	16.3

Balance Sheet Statement

FYE 30 Sept	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	0.6	2.8	4.4	14.3	19.5	19.7
Other long term assets	0.0	0.0	0.0	0.0	0.0	0.0
Total non-current assets	0.6	2.8	4.4	14.3	19.5	19.7
Cash and equivalents	4.6	9.7	16.3	49.8	55.0	63.7
Inventories	9.4	19.3	33.7	34.2	37.4	44.2
Receivables	15.3	33.4	32.1	37.5	44.8	52.3
Other current assets	8.5	8.6	2.8	0.2	0.2	0.2
Total current assets	37.8	71.0	84.9	121.8	137.4	160.4
Payables	7.2	34.1	22.3	26.4	32.0	37.6
Short term borrowings	10.8	12.7	23.0	23.0	23.0	23.0
Other current liabilities	1.3	4.2	2.4	2.3	2.3	2.3
Total current liabilities	19.2	51.1	47.7	51.8	57.3	62.9
Long term borrowings	1.9	0.8	0.5	0.5	0.5	0.5
Other long term liabilities	0.2	0.9	1.9	1.9	1.9	1.9
Total long term liab.	2.1	1.7	2.3	2.3	2.3	2.3
Shareholders' Funds	17.1	21.0	39.3	82.8	97.4	114.2
Minority Interest	0.3	0.1	0.5	0.8	1.0	1.2

Cash Flow Statement

FYE 30 Sept	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	3.1	7.5	11.0	14.1	17.8	20.4
Depreciation	0.4	0.8	1.6	1.7	2.5	2.8
Working capital changes	(2.0)	(0.9)	(16.6)	(1.8)	(5.0)	(8.6)
Cash tax paid	(0.9)	(1.1)	(1.9)	(2.7)	(3.4)	(3.9)
Others	1.1	0.5	0.6	0.0	0.0	0.0
C/F from operation	1.6	6.7	(5.3)	11.4	11.9	10.7
Capex	(0.2)	(0.8)	(0.5)	(10.6)	(6.8)	(2.0)
Others	(0.1)	(0.1)	6.4	0.0	0.0	0.0
C/F from investing	(0.2)	(0.9)	5.9	(10.6)	(6.8)	(2.0)
Debt raised/(repaid)	(1.9)	(0.1)	9.0	0.0	0.0	0.0
Dividends paid	(1.1)	0.0	(1.0)	0.0	0.0	0.0
Others	(1.5)	1.6	(1.6)	32.8	0.0	0.0
C/F from financing	(4.5)	1.6	6.4	32.8	0.0	0.0
Net change in cash flow	(3.1)	7.4	7.0	33.5	5.1	8.7
Free Cash Flow	1.5	5.9	(5.8)	0.8	5.1	8.7



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TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

IPO Note:

SUBSCRIBE: Total stock return expected to exceed +15% over 12-month period

NEUTRAL: Total stock return expected to below +15% over 12-month period