

P.I.E Industrial Berhad (7095)



Steady Start, Accelerating Ahead

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HOLD ↔

TP: RM 4.24 (-8%) ↔

Current Share Price: RM 4.59

Growth

Investment Horizon
12 months

Valuation

Our target price is based on:

FY25F PE of 18x, which is +1SD above its 5-year mean to reflect a premium for AI proxy

Result Report

Results Review



We deem PIE’s 1QFY25 core earnings of RM15.9m within expectation, reflecting 18% of our expectation and consensus. We expect subsequent quarters’ earnings to be stronger due to strong demand for EMS orders and new onboard customers. Notably that 1Q is always the weakest quarter. On QoQ basis, 1QFY25 core earnings rose by 15%, primarily due to (i) higher demand from EMS products, especially from customer A, (ii) improved product mix margins, and (iii) reduced administrative and distribution expenses.

Outlook



We are cautiously optimistic about the outlook on PIE despite lingering uncertainties in trade tariffs and macroeconomic conditions. We believe that geopolitical tension and trade diversion will benefit PIE in terms of product allocations and execution capabilities. Also, the company has strong support from its parent company, Foxconn. We understand that orders from customers A and H are still ongoing, and more potential customers will likely come on board in 2HFY25 which will fulfil the capacity after plant 5 expansion of 50% floor space is ready in 2Q25. However, policy uncertainties could slow progress, tempering earnings growth in the near term. We make no changes to our forecasts and maintain a HOLD call with TP of RM4.24, which is based on FY25F PE of 18x, above its 5-year mean to reflect a premium for AI proxy and more new customers.

Key Assumptions

Revenue growth	Before			After		
	FY2025F	FY2026F	FY2027F	FY2025F	FY2026F	FY2027F
Customer N	0%	0%	N.A	0%	0%	N.A
Customer A	50%	15%	15%	50%	15%	15%
Customer H	New	50%	0%	New	50%	0%

Results Summary

FYE 31 Dec (RMm)	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)
Revenue	239.2	251.5	271.8	8.0	13.6
Gross profit	15.6	14.8	22.3	50.5	43.2
EBITDA	18.9	19.4	26.0	34.0	37.6
Depreciation	-5.0	-6.4	-7.5	16.9	50.2
EBIT	13.9	13.0	18.5	42.4	33.1
Pretax Profit	12.9	11.9	17.9	51.0	38.4
Taxation	-3.1	4.7	-3.0	-163.4	-3.8
Net Profit	9.8	16.6	14.9	-10.3	51.8
Core Net Profit	8.7	13.8	15.9	14.6	83.3
Margin (%)					
GP	6.5	5.9	8.2		
EBITDA	7.9	7.7	9.6		
Pretax	5.4	4.7	6.6		
Net Profit	3.6	5.5	5.8		

Financial Exhibits

FYE 31 Dec	FY2023A	FY2024E	FY2025E	FY2026E	FY2027E
Revenue (RMm)	1,216.9	975.4	1,659.8	1,879.4	1,998.8
EBITDA (RMm)	111.9	85.0	139.9	165.8	177.9
Pretax profit (RMm)	89.5	57.9	108.9	131.2	139.6
Net profit (RMm)	73.6	52.1	90.4	108.9	115.9
EPS (sen)	19.2	13.6	23.5	28.4	30.2
PER (x)	20.4	28.7	16.6	13.8	12.9
Core net profit (RMm)	73.6	60.2	90.4	108.9	115.9
Core EPS (sen)	19.2	15.7	23.5	28.4	30.2
Core EPS growth (%)	5.1	(18.1)	50.1	20.4	6.5
Core PER (x)	20.4	24.9	16.6	13.8	12.9
Net DPS (sen)	7.0	9.0	12.0	14.0	14.0
Dividend Yield (%)	1.8	2.3	3.1	3.6	3.6
ROE (%)	12.1	7.9	13.0	14.5	14.0
P/BV (x)	2.5	2.4	2.2	2.0	1.8



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Tradeview Research Investment Rating System

Equity:

- BUY: Total stock return expected to exceed +15% over 12-month period
- HOLD: Total stock return to be between -15% and +15% over a 12-month period
- SELL: Total stock return expected to below -15% over a 12-month period
- 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