

EcoSys (Malaysia) Berhad (0477)

Proprietary Technology, Attractive Valuation

Bloomberg Ticker: ECOSYS MK | Investment Horizon: 12 Months

Recommendation

We initiate coverage on EcoSys (Malaysia) Berhad with a **BUY** recommendation and a **target price of RM0.600**, offering **122% upside** to its RM0.270 IPO price. EcoSys is a specialized provider of ultra-high-purity (UHP) components for front-end semiconductor equipment and a developer of proprietary abatement systems. Our positive outlook is anchored by: (i) margin-accretive abatement demand spurred by India's solar-cell expansion; (ii) entrenched relationships with global semiconductor OEMs alongside cleanroom expansion to capture AI-driven equipment demand; and (iii) an attractive IPO valuation with strong insider alignment.

Investment Highlights

Solar-led abatement growth lifts Group earnings. India's solar-cell manufacturing capacity expansion is boosting repeat orders from EcoSys's existing customers. With abatement operations previously fully utilised, the factory relocation expanded assembly space by ~49%, while the redesigned Marathon series doubled monthly output. As a result, we forecast an 18.1% abatement revenue CAGR over FY25–FY28F, lifting its Group revenue contribution from 42% to ~51%. Improved component selection and assembly efficiency should also expand abatement GP margins from 29.9% in FY25 to 40–42% over FY26F–FY28F, driving overall Group GP margin from 23.9% to 29–31% and supporting core earnings growth by 45.8%, from RM11.2mn in FY25 to RM16.3mn in FY26F.

Net-zero upside backed by Customer A-led UHP growth. Beyond solar, EcoSys is developing a net-zero-oriented abatement system for semiconductor fabs seeking lower emissions and utility consumption. Management targets commercialisation in 2H FY27 at an ASP over 50% higher than its current average. In tandem, EcoSys plans to expand UHP cleanroom capacity by at least 50% in FY27 to meet rising demand forecasts from Customer A and mitigate the risk of incremental allocations moving to other suppliers. Customers A and B have historically contributed ~50%–60% of Group revenue, while EcoSys supplies 90% of Customer A's relevant modules directly and via Customer B. Notably, our forecasts factor in only UHP and the existing solar-abatement business, leaving material FY28F earnings upside if the net-zero abatement system is commercialised successfully.

Attractive IPO pricing backed by shareholder conviction. EcoSys's RM0.270 IPO price (13.8x FY25 PE vs 22.9x for the KLTEC Index) was set with reference to FY24 earnings, offering an attractive valuation discount. Our RM0.600 target price applies 19.0x FY27F PE, which is one standard deviation below the Index's three-year average to reflect EcoSys's smaller market capitalisation, lower liquidity and slower FY27F earnings growth. Notably, with no offer for sale, Managing Director Chan Chee Wei and pre-IPO investor Solarvest will retain substantial post-listing stakes of 52.2% and 22.3%, respectively. We view these high retained stakes and Solarvest's voluntary six-month lock-up as a strong signal of confidence in EcoSys's growth prospects.

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	88.8	108.9	121.0	135.6	149.6
EBITDA (RM'mn)	13.0	15.6	19.8	26.4	29.3
Pretax profit (RM'mn)	9.6	12.1	17.2	23.8	26.6
Net profit (RM'mn)	9.2	11.2	13.0	18.0	20.1
EPS (sen)	1.6	2.0	2.3	3.1	3.5
PER (x)	16.7	13.8	11.9	8.6	7.7
Core net profit (RM'mn)	9.2	11.2	16.3	18.0	20.1
Core EPS (sen)	1.6	2.0	2.9	3.1	3.5
Core EPS growth (%)	-29.0	21.1	45.8	10.2	11.6
Core PER (x)	16.7	13.8	9.5	8.6	7.7
Net DPS (sen)	0.2	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.6	0.0	0.0	0.0	0.0
ROE (%)	19.7	19.8	12.7	14.9	14.3
P/BV (x)	3.3	2.7	1.5	1.3	1.1

BUY

Target Price: RM0.600 (+122%)

Current Share Price: RM0.270

Ace Market
Technology

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Valuation

Our target price is based on:

FY27F PE of 19.0x, which is one standard deviation below the KLTEC Index's three-year average, reflecting EcoSys's smaller market capitalisation and likely lower trading liquidity, as well as slower core earnings growth in FY27F following the FY26F step-up.

Listing Timeline

Subscription Start Date	23 September 2026
Subscription Deadline	29 September 2026
Ballot Result	1 October 2026
Listing date	14 October 2026

Listing Details

Shariah Compliant	Yes
New Shares (mn)	145.7
Fund Raised (RM'mn)	39.3
Offer for Sale (mn)	0.0
Offer for Sale (RM'mn)	0.0
Market Capitalization (RM'mn)	154.3

Offering	Total (mn)	Total (%)
Malaysia Public (Bumi)	14.3	2.5
Malaysia Public (Non- Bumi)	14.3	2.5
Pink Form	11.4	2.0
Selected Investors	34.3	6.0
MITI	71.4	12.5
Total	145.7	25.5

Investment Thesis

India's solar-cell expansion underpins near-term abatement demand

Localisation policy directs investment towards cell manufacturing. India's production incentives, import protection and domestic-sourcing requirements are accelerating investment in local solar-cell lines. (Refer to page 10-11 for details on India's Solar-Manufacturing Localisation Policies and Major Indian Solar Players' Expansion Commitments) CRISIL expects India's cell-manufacturing capacity to approach 60GW by March 2027, from approximately 29.7GW in early 2026. EcoSys already supplies Customers F, G, H, I and J as they expand their production lines. Management indicated in September 2026 that Customer F had progressed to its third phase and the others to their second, with further opportunities extending over the next two to three years. EcoSys's familiarity with their process requirements and ability to configure systems accordingly should support repeat abatement orders.

List of Customers

Customer	A	B	C	D	E	F	G	H	I	J	K
Industry	Semicon	Semicon	Semicon	Semicon	Semicon	Solar	Solar	Solar	Solar	Solar	Semicon
Length of Relationship (years)	14	9	10	10	14*	6	2	2	1	<1	10

* Facility was sold to another company Source: Company Prospectus

TOPCon and HJT drive abatement demands. Customers' shift from conventional PERC cells towards tunnel oxide passivated contact (TOPCon) and heterojunction technology (HJT) creates more demanding exhaust streams. TOPCon adds deposition and doping processes that generate hazardous gases and silicon-containing residues, while HJT's double-sided deposition produces silane- and hydrogen-rich exhaust. EcoSys configures its solar systems for these gas flows and powder loads, including blockage prevention to limit production interruptions.

Management observed that a 1GW solar-cell facility needs ~15 abatement systems when several process tools share one machine, rising to ~30 systems for larger customers adopting one-to-one backup configurations. For HJT customer projects, higher hydrogen consumption, larger panels and increased throughput can even double the requirement from 50 to 100 abatement systems.

PERC, TOPCon, & HJT Comparison

Comparison	Passivated Emitter and Rear Cell (PERC)	Tunnel Oxide Passivated Contact (TOPCon)	Heterojunction Technology (HJT)
Module efficiency	~21%	~23%	~23%
Bifaciality	~70%	~80%	Up to ~90%
Relative abatement requirement	Generally lower for the compared process configurations	Higher treatment demands from additional deposition and doping	More demanding where high hydrogen flows and double-sided deposition increase exhaust throughput
Reason for technology migration	Lower efficiency and bifaciality constrain competitiveness	Higher efficiency and bifaciality, with scope to adapt existing PERC manufacturing infrastructure	Higher efficiency and bifaciality potential in the cited comparison, but more specialised manufacturing

Source: Solar Stack, SolarInfo

China's export restrictions favour alternative suppliers. China's restrictions on solar-manufacturing technology, equipment and technical support give Indian manufacturers greater incentive to qualify alternative suppliers. EcoSys's Malaysian manufacturing base and existing solar-abatement products position it to compete for these orders. However, restricted access to Chinese production equipment could also delay the commissioning of new solar-cell factories. We therefore retain a conservative delivery outlook, with forecast solar-abatement sales representing ~4.8–7.3GW of cell-manufacturing capacity annually over FY26F–FY28F.

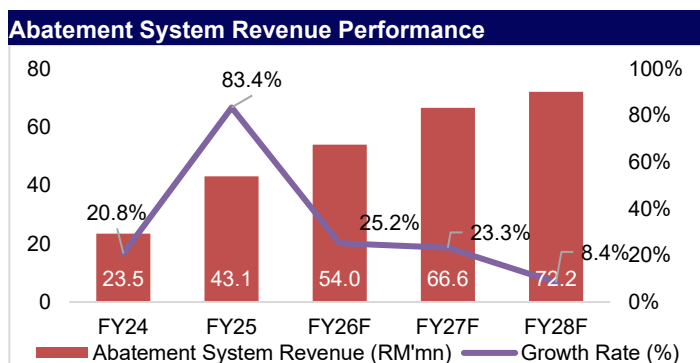
IPO funding and collection safeguards support India expansion. EcoSys is allocating part of IPO proceeds to abatement components and modules to bridge the timing gap between supplier payments and customer collections. The proceeds will also fund a dedicated sales and service centre in India, targeted for establishment in 4Q26, to strengthen customer relationships as manufacturers undertake successive expansion phases.

This funding is particularly relevant in India, where trade-credit insurer Allianz Trade assessed debt-collection complexity as “Very High” (10th of 52 markets). EcoSys collects deposits of 50%–70% before shipment and will conduct commissioning in India for Indian customers as an additional safeguard to secure timely payment. Together, advance collections, local commissioning and IPO-funded component purchases should limit cash-flow pressure from delayed payments and help sustain subsequent deliveries as the Indian business scales.

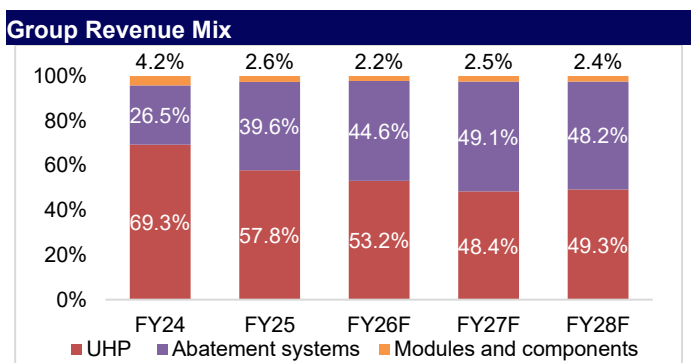
Product Redesign and Expanded Capacity Support a Higher-Margin Mix

Order traction and capacity gains support abatement growth. With abatement operations previously fully utilised, EcoSys’s October 2025 relocation to Simpang Ampat increased available assembly space by ~49%. The subsequent commercial Marathon redesign improved exhaust-treatment performance and doubled maximum monthly output from 30 units to 60.

The redesigned Marathon series is gaining traction, with purchase orders in hand for a high-double-digit number of systems awaiting delivery. Against this demand backdrop, we forecast abatement revenue to rise from RM46.0mn in FY25 to RM75.8mn in FY28F, an 18.1% CAGR, lifting its share of Group revenue from 42.2% in FY25 to ~50% over FY26F–FY28F. Higher system deliveries should also expand the installed base and support follow-on modules and components revenue, with management estimating annual replacement-parts spending at ~5% of a machine’s ASP.

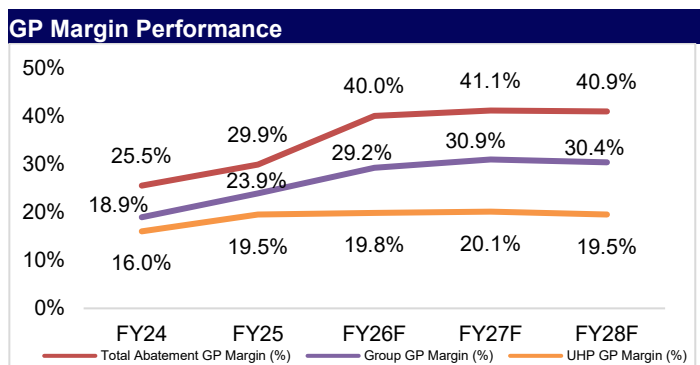


Source: Company Prospectus, Tradeview Research

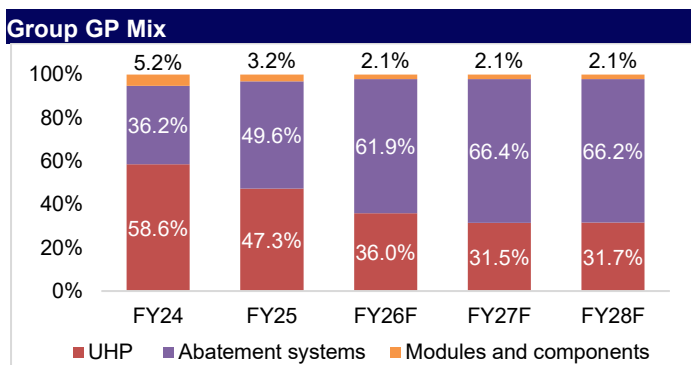


Source: Company Prospectus, Tradeview Research

Higher abatement margins lift Group profitability. The redesign’s component and assembly improvements underpin our forecast for a ~10ppt increase in abatement GP margin from 29.9% in FY25 to 40%–42% over FY26F–FY28F. Despite accounting for ~50% of Group revenue, abatement should contribute 64%–69% of Group GP over FY26F–FY28F. The higher abatement sales mix and stronger segment profitability lift our Group GP-margin forecast from 23.9% in FY25 to 29%–31% over FY26F–FY28F. However, tax normalisation following the expiry of EcoSys’s pioneer status in November 2025 partly offsets the GP improvement, limiting the increase in core earnings margin to approximately 2–4ppts, from 10.3% in FY25 to 13%–14% over FY26F–FY28F.



Source: Company Prospectus, Tradeview Research

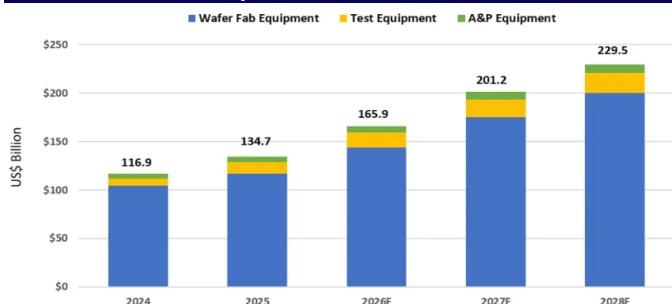


Source: Company Prospectus, Tradeview Research

UHP Expansion Restores Growth

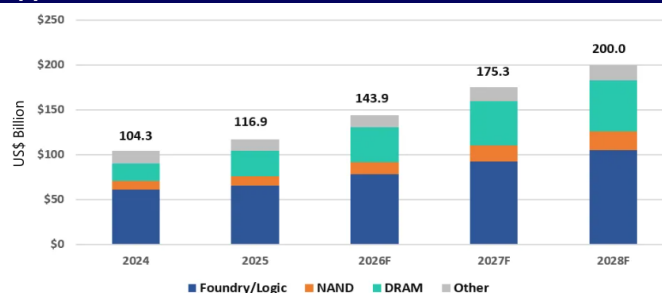
Deposition exposure links EcoSys to the semiconductor-equipment upcycle. According to [SEMI's 2026 Mid-Year Total Semiconductor Equipment Forecast](#), worldwide wafer-fab equipment sales are expected to rise 23.1% to US\$143.9bn in 2026, followed by growth of 21.8% in 2027 and 14.1% in 2028 to US\$200.0bn. (Refer to page 9 for details on Major Semiconductor Fabs' CAPEX and Expansion Milestones) Investment in leading-edge logic, high-bandwidth memory (HBM), advanced DRAM and NAND is driving the upcycle.

SEMI 2026 Mid-Year Total Semiconductor Equipment Forecast - OEM Perspective



Source: SEMI

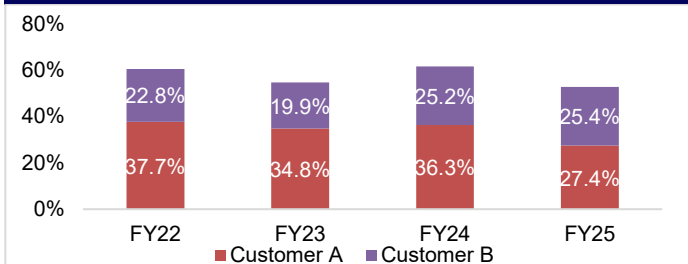
SEMI 2026 Mid-Year Wafer Fab Equipment Forecast by Application



Source: SEMI

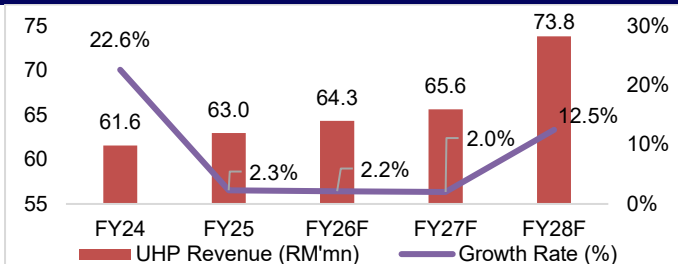
EcoSys supplies UHP components and sub-assemblies, including fluid-delivery connections to process chambers, directly to Customer A and through Customer B. Customer A is a leading global supplier of front-end wafer-processing equipment with a strong position in atomic layer deposition (ALD), while Customer B is a major contract manufacturer serving the semiconductor-equipment industry. Together, Customers A and B contributed 52.8% of EcoSys's FY25 Group revenue, with most orders placed through Customer B ultimately relating to Customer A. Customer A expects the single-wafer ALD market to grow from US\$3.0bn in 2024 to US\$5.1bn–6.1bn in 2030, a 9%–13% CAGR, providing a specific growth channel for EcoSys within the wider semiconductor-equipment upcycle.

Customer A & Customer B Revenue Contribution



Source: Company Prospectus, Tradeview Research

UHP Revenue Performance



Source: Company Prospectus, Tradeview Research

Engineering flexibility and long qualification cycles reinforce its supplier position.

Customer A follows a 2+1 sourcing model comprising two external suppliers and in-house production. Management indicates that EcoSys supplies 90% of the relevant modules required by Customer A, with the balance fulfilled internally and by a US-based peer. EcoSys's position is reinforced by: (i) dedicated attention to Customer A and a track record of on-time delivery; (ii) engineering know-how that enables it to provide functionally equivalent designs when complex customer specifications would otherwise delay delivery; (iii) lengthy supplier-qualification processes that discourage frequent switching; and (iv) technical familiarity accumulated since the relationship began in 2012, including continued involvement in new-product introduction.

Cleanroom expansion supports UHP growth. UHP production is currently operating at maximum capacity with overtime and cleanroom orbital-welding utilisation reached 97.9% in FY25. Customer A's demand forecasts extend into mid-2027, while its revenue target of more than €5.7bn by 2030 implies at least 12% CAGR from 2024. Although management prioritises higher-margin abatement, it plans to begin cleanroom expansion at end-FY26, increasing cleanroom capacity by at least 50% upon completion in FY27 to meet Customer A's higher forecasts and reduce the risk of incremental allocations shifting to competitors.

We forecast UHP revenue to remain broadly flat in FY26F–FY27F while cleanroom capacity constrains output, followed by double-digit growth in FY28F after the expansion. UHP GP margin is forecast to improve from 19.5% in FY25 to 20.1% in FY27F amid AI-driven equipment demand, before returning to 19.5% in FY28F to reflect potential electricity-supply constraints on AI-related investment.

Decarbonisation creates a second abatement growth phase

New fabs and replacement demand broaden the opportunity. Expanding semiconductor fabs and the industry's decarbonisation commitments position abatement as a longer-term growth driver for EcoSys beyond its near-term Indian solar opportunity. According to [SEMI's 3Q26 World Fab Forecast](#), total installed fab capacity is forecast to grow by 5% in 2026 and 6% in 2027. (Refer to page 9 for details on Major Semiconductor Wafer-Fab Expansion and Conversion Pipeline) Additional deposition, etching and chamber-cleaning equipment increases the number of exhaust streams requiring treatment, while more complex manufacturing processes raise the treatment burden within existing fabs.

Fab decarbonisation creates demand for lower-power abatement. The SEMI-led Semiconductor Climate Consortium has a non-binding collective ambition to reduce direct operational emissions by 43% from 2019 levels by 2030 and reach net zero by 2050. These objectives strengthen the incentive for fabs to upgrade systems that leave residual process-gas emissions or consume substantial fuel and electricity. (Refer to page 11 for details on Major Fab Decarbonisation Commitments and Abatement Initiatives)

In a market served by established suppliers including Edwards, EBARA and Kanken, management sees an opening for a system that combines stringent exhaust treatment with lower power use. EcoSys is developing a net-zero-oriented system that targets high gas-decomposition efficiency, lower electricity and water use, and fewer treatment by-products, aiming to reduce both residual exhaust emissions and the system's operating carbon footprint.

Acquired IP and microwave-plasma expertise underpin product development. EcoSys entered abatement in 2011 through the acquisition of Applied Materials' CDO, Vector, Marathon and Guardian product lines and related intellectual property. It subsequently expanded in-house R&D and launched the 91 Series in 2022, adding patented microwave-plasma technology to its combustion, thermal and wet-treatment portfolio. The microwave-plasma technology generates high-energy electrons to break down difficult-to-decompose greenhouse gases, including perfluorinated compounds (PFCs) and nitrogen trifluoride (NF₃), from semiconductor etching and chamber cleaning without combustion fuel. Downstream wet scrubbing absorbs and neutralises residual soluble gases and removes particulates.

EcoSys's R&D spans reactor design, mechanical engineering, electrical systems and controls, while engagement with existing semiconductor customers helps it refine the next-generation system around fab requirements ahead of potential qualification for new installations and retrofits. As of August 2026, it held 48 patents, 36 trademarks and three wordmarks, while most proprietary systems were certified as compliant with relevant SEMI and CE requirements, except for certain customer-specific configurations. Together, its engineering capabilities, commercial product record and customer input underpin our confidence in its ability to develop next-generation systems.

Commercialisation offers a second growth phase beyond our forecasts. The net-zero-oriented abatement system is targeted for initial commercialisation in 2HFY27 and a more meaningful ramp-up from FY28. However, the product remains under R&D and has yet to secure commercial orders, so our forecasts exclude any contribution. Successful commercialisation would allow EcoSys to serve both existing and new semiconductor customers through new-fab installations and retrofits at operating fabs. With management targeting both an ASP more than 50% above the average of its existing abatement models and higher product margins, a delivery ramp from FY28 could materially lift our FY28F earnings forecast.

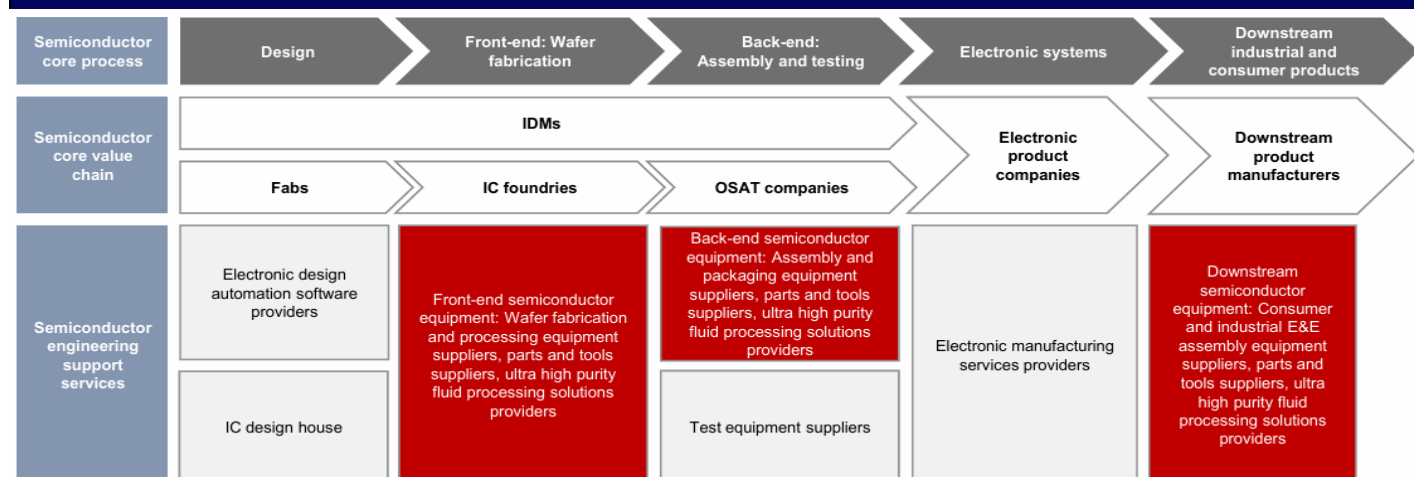
Company Overview

EcoSys (Malaysia) Berhad was incorporated on 26 June 2023 as HT Advance Tech R&D Sdn Bhd, and renamed EcoSys (Malaysia) Sdn Bhd on 30 May 2024. The Group traces its operating history to the 2005 acquisition of EcoSys PLT by Managing Director Chan Chee Wei and Voon Sin Choo through HTM Technology Sdn Bhd. The business commenced trading and servicing parts and modules for front-end semiconductor manufacturing equipment in 2006, before entering the Ultra High Purity (UHP) segment through the acquisition of SIW Engineering in 2009. In the same year, EcoSys PLT became a distributor for Brooks Instrument's mass flow controllers and gas-panel refurbishment services.

The Group's abatement business was established in 2011 through BHT, a joint venture formed with Flowtech Trading Co Ltd to acquire Applied Materials, Inc.'s EcoSys abatement-system product line (comprising the CDO, Vector, Marathon and Guardian series) together with all related intellectual property. BHT became wholly owned by EcoSys PLT in 2012 and began manufacturing abatement systems in Singapore. Its regional presence subsequently expanded to Taiwan in 2012 and China in 2014, while the EcoSys range was rebranded in 2015 as the Group increased its focus on in-house R&D. Abatement-system manufacturing in China commenced in 2018, followed by the establishment of SIW Manufacturing in 2019 to undertake the UHP business in Malaysia and the gradual relocation of operations to Bayan Lepas, Penang, in 2020. In 2022, the Group launched its "91 Series", introduced patented microwave-plasma abatement technology and enhanced its thermal, combustion and wet-abatement systems. It entered India's solar PV manufacturing market in 2024 and relocated to its owned 24,613 sq ft Simpang Ampat Factory in 2025 to support both segments.

Today, EcoSys serves the pan-semiconductor industry through two segments. UHP fabricates precision-engineered components and sub-assembly modules, while abatement covers the development, customisation, assembly, installation, testing, commissioning and maintenance of exhaust-treatment systems. Its UHP capabilities include metal and plastic machining, weldments, manifolds and gas panels produced in cleanroom and non-cleanroom environments, including an ISO Class 5 cleanroom. The Group serves front-end equipment manufacturers, IDMs, foundries, solar PV manufacturers and industrial-gas-system providers across Asia and the US, and owns the EcoSys brand together with 48 patents, 36 trademarks and three wordmarks protecting its abatement technologies and products.

EcoSys's UHP Segment in the Pan-Semiconductor Industry Value Chain



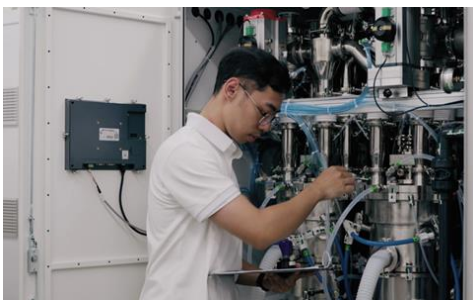
Source: Company presentation slide

Utilisation of the RM39.3mn from the IPO Proceeds

Purposes	RM'mn	%	Estimated timeframe for utilisation from the listing date
Expansion of abatement segment	17.0	43.2	36 months
Repayment of bank borrowings	8.0	20.3	12 months
Enhancement of operational capabilities	4.9	12.6	36 months
Expansion of geographical coverage	1.5	3.9	24 months
Working capital	2.4	6.0	12 months
Estimated listing expenses	5.5	14.0	1 month

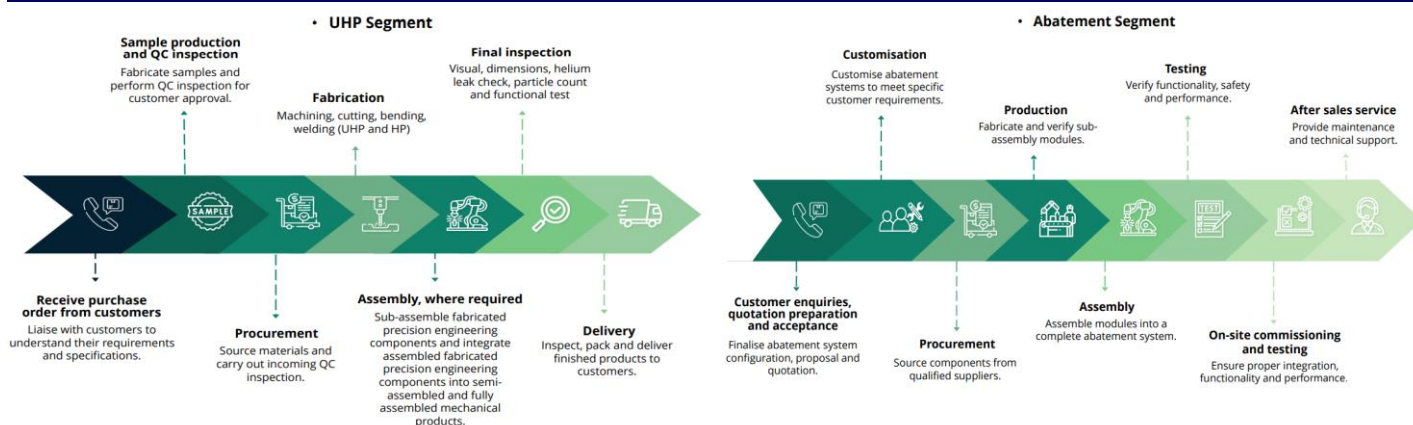
Source: Company Prospectus

Business Segments

Segments	Description	Visualization / Services
UHP Segment	- Fabricates metal and plastic parts and performs welding for components used in the assembly of ultra-high purity fluid processing solutions. - Produces sub-assembly modules comprising weldments and manifolds in cleanroom and non-cleanroom environments.	 Fabricates precision Engineering Components  Produces sub-assembly modules
Abatement segment	Designs, develops, customises, assembles, installs, tests, commissions and maintains abatement systems, which are used to capture, treat and neutralise harmful gases emitted during manufacturing processes.	 

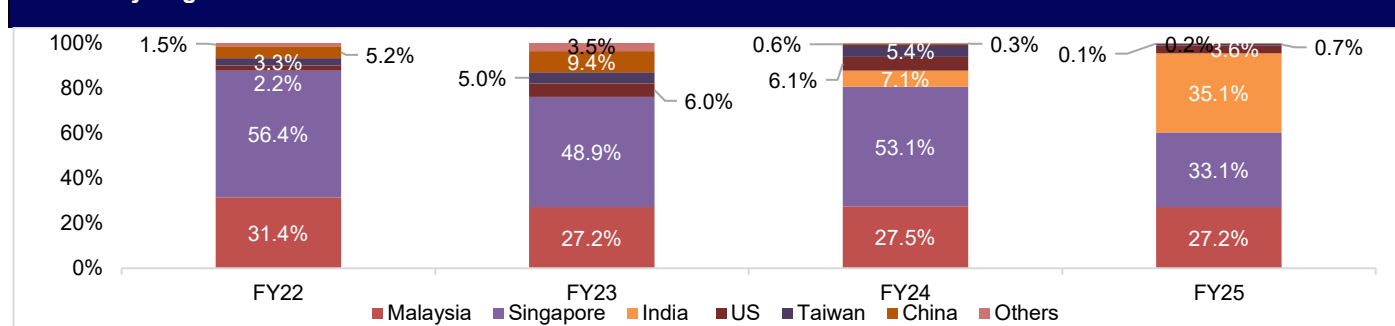
Source: Company Prospectus, Company presentation slide, Tradeview Research

Business Operations Process Flow



Source: Company presentation slide

Revenue by Region

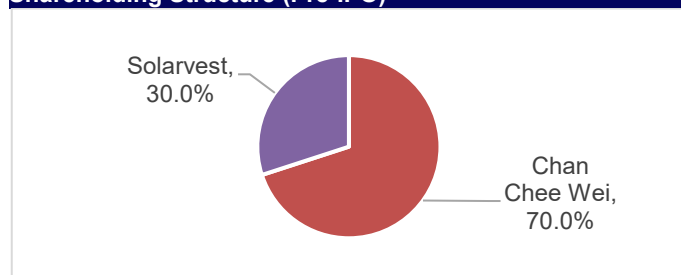


Source: Company Prospectus, Tradeview Research

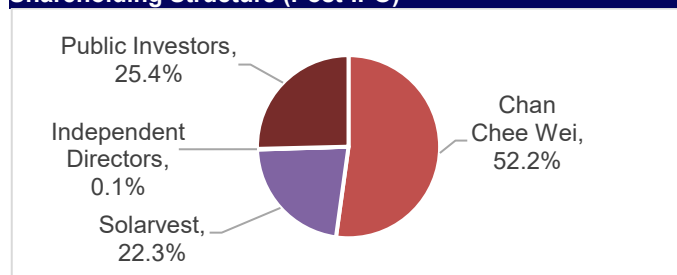
Management Team

Name and Designation	Profile
Chan Chee Wei Promoter Executive Director CEO	Chan Chee Wei was appointed to the Board on 26 June 2023. He holds a Bachelor of Computer Science from Universiti Sains Malaysia (1997). He began his career at Malitnet Computer Services Sdn Bhd in 1997 before joining RES Malaysia Sdn Bhd and later Winpac Technologies Sdn Bhd in managerial roles. In 2001, he relocated to Singapore to join Kinetics Process Systems Pte Ltd and subsequently Celerity Singapore Pte Ltd, where he was appointed Director in 2003 to drive regional growth across Southeast Asia. In 2005, he ventured into the semiconductor industry through the acquisition of EcoSys PLT and later expanded the business through acquisitions of SIW Engineering and Anhui Automation, as well as the establishment of several related companies, including BHT, SIW Taiwan, Kaisu, SIW Manufacturing and Anhui Trading. Over the years, he has been instrumental in leading the Group's R&D activities, product innovation, technological advancement and overall business growth strategy.
Gan Teck Hooi Non-Independent Non-Executive Chairman	Gan Teck Hooi was appointed to the Board on 14 October 2025. He obtained a Diploma in Accounting from the London Chamber of Commerce and Industry Examinations Board in 1994 and has been a fellow member of the ACCA and the MIA since 2002. He began his career in audit before holding senior finance and management positions at companies including Rohas-Euco Industries Bhd, TSH Resources Berhad, Hexagon Holdings Berhad and Poney Group. In 2014, he founded ICFO Solutions and later co-founded Rodrell Sdn Bhd. He currently serves as CFO of Beaks Development Sdn Bhd and is also an Independent Non-Executive Director of Solarvest Holdings Berhad.
Liew Chee Ing Non-Independent Non-Executive Director	Liew Chee Ing was appointed to the Board on 14 October 2025. He holds a Bachelor's Degree in Mechanical Engineering from Universiti Teknologi Malaysia (2011). He began his career with Schlumberger Limited in 2011 as an Offshore Field Engineer, where he held various operational, technical and business development roles across more than 10 countries before leaving in 2017 as Drilling Services Manager. In 2018, he joined Sarawak Energy Berhad to lead corporate development initiatives before joining Solarvest Holdings Berhad in 2021 as Chief Strategy Officer and subsequently Executive Director cum Chief Strategy Officer in 2023.
Prakash A/L Manogaran COO	Prakash A/L Manogaran is responsible for overseeing factory operations. He obtained a Diploma in Electrical/Electronic Engineering from the Workers Institute of Technology in 1991, a Bachelor of Engineering in Mechatronic Engineering from Generale Polytechnic Institute, Canada in 2002, and a Master of Manufacturing Systems Engineering from Universiti Putra Malaysia in 2011. He began his career with Advanced Micro Devices Product Sdn Bhd in 1991 and subsequently held engineering and operational roles at Penang Seagate Industries (M) Sdn Bhd, Silterra Malaysia Sdn Bhd, Flextronics Technology Sdn Bhd, Infineon Technologies (Kulim) Sdn Bhd and Intel Corporation. Over the years, he has accumulated extensive experience in factory operations, equipment engineering, industrial planning and employee training within the semiconductor manufacturing industry.
Ooi Eng Ghee CFO	Ooi Eng Ghee joined the Group as CFO in 2023. He is responsible for overseeing the accounting and financial functions. He graduated with a Bachelor of Commerce in Accounting from Nelson Polytechnic, New Zealand in 1997 and has been a member of the MIA since 2003. He began his career with Chan & Chan, Singapore in 1998 before holding finance and accounting roles at companies including FoodBex Global Pte Ltd, Chee Wah Corporation Berhad, Ya Horng Electronic (M) Berhad, Maxonic Marketing Sdn Bhd and BW Yee Seng Steel Industries Sdn Bhd.

Shareholding Structure (Pre-IPO)



Shareholding Structure (Post-IPO)



Industry Outlook

AI investment drives a multi-year semiconductor-equipment upcycle. Industry association SEMI forecasts worldwide wafer-fab equipment (WFE) sales of US\$143.9bn in 2026, up 23.1%, followed by growth of 21.8% in 2027 and 14.1% to US\$200.0bn in 2028. This represents a 17.9% CAGR over 2026–2028. Leading-edge logic, high-bandwidth memory (HBM), advanced DRAM and NAND are driving the expansion, with foundry and logic remaining the largest spending segment.

Major Semiconductor Fabs' CAPEX and Expansion Milestones

Fab	Bloomberg Consensus Capex	Expansion milestones and demand focus
TSMC	FY27: US\$75.1bn FY28: US\$86.9bn FY29: US\$90.1bn	Taiwan: New Tainan 3nm fab targets volume production in 1H2027, alongside phased 2nm capacity additions in Hsinchu and Kaohsiung. US: Arizona Fab 2 targets 3nm volume production in 2H2027. Japan: JASM Fab 2 targets 3nm volume production in 2028. Germany: The TSMC-led ESMC joint venture targets initial production in 2028, serving automotive and industrial applications.
Samsung Electronics	FY27: US\$69.2bn FY28: US\$78.7bn FY29: US\$94.1bn	South Korea: Pyeongtaek P5 targets operations from 2028, expanding memory-production capacity to meet AI-driven demand. US: Taylor Fab 1 targets mass production in 2027, with a gradual ramp in 2nm capacity. Taylor Fab 2 construction is scheduled to begin by end-2026, targeting mass production by 2030.
Micron	FY27: US\$49.6bn FY28: US\$60.9bn FY29: US\$62.1bn	Singapore: New NAND wafer fab targets initial output in 2H2028; the separate HBM advanced-packaging facility targets initial output in early 2027. Taiwan: Tongluo targets meaningful product shipments in mid-2027. Japan: DRAM fab expansion targets initial output in late 2028. US: Idaho Fab 1 and Fab 2 target initial wafer output in mid-2027 and late 2028, respectively; the first New York fab targets 2030.
SK hynix	FY27: US\$46.0bn FY28: US\$53.5bn FY29: US\$67.7bn	South Korea: M15X is ramping DRAM capacity. Yongin Y1 targets its first cleanroom opening in February 2027; Cheongju M17, focused on NAND, targets December 2028; and Yongin Y2, focused on HBM and next-generation DRAM, targets June 2029. US: The Indiana advanced-packaging and testing facility targets HBM supply to customers from 2H2029.
Intel	FY27: US\$26.1bn FY28: US\$27.3bn FY29: US\$26.9bn	US: Arizona Fab 52 supports the Intel 18A production ramp for client and server processors. Ohio's published schedule targets operations in 2030–2031 for Mod 1 and 2032 for Mod 2. Ireland: The Leixlip expansion adds equipment within existing cleanroom space to increase Intel 3 capacity for Xeon server processors.

Source: Bloomberg estimates, Multiple Sources, Tradeview Research

More complex devices increase deposition requirements. Gate-all-around transistors require thin films to cover the surfaces of stacked channels with precise thickness and uniformity. Atomic layer deposition (ALD) provides this conformal coverage through sequential, self-limiting surface reactions, making it increasingly important as device geometries become more complex. Additional deposition, etching and chamber-cleaning steps increase demand for process-gas delivery and exhaust treatment across the front-end equipment supply chain.

Wafer-capacity expansion extends the equipment cycle. SEMI's 3Q26 World Fab Forecast projects installed capacity across all wafer sizes to increase by 5% in 2026 and 6% in 2027. Fab expansions require gas-delivery and abatement infrastructure as process equipment is installed, while technology conversions at existing fabs create further equipment requirements.

Major Semiconductor Wafer-Fab Expansion and Conversion Pipeline

Manufacturer / project	Disclosed monthly capacity	Production timetable and process focus
TSMC — Arizona Fabs 1 and 2 combined	Over 50,000 wafers/month	3nm volume production targets 2H27.
TSMC / JASM — Japan Fab 2	15,000 wafers/month	Revised plan targets 3nm production in 2028.
ESMC — TSMC-led joint venture, Dresden, Germany	40,000 wafers/month at full capacity	Initial production targets 2028. Planned 28/22nm and 16/12nm technologies serve automotive and industrial applications.
Micron — Hiroshima DRAM expansion, Japan	40,000 wafers/month	Groundbreaking held in FY26; initial output targets late 2028, supporting advanced DRAM technology transitions.
Micron — Tongluo conversion and expansion, Taiwan	50,000 wafers/month	Meaningful product shipments from the acquired facility target mid-2027. Construction of a second cleanroom is underway, supporting leading-edge DRAM and EUV equipment installation.
Micron — New York, US	Over 200,000 wafers/month	Construction underway; initial wafer output targets 2030. First fab in its planned New York DRAM campus.
VSMC — Vanguard International Semiconductor / NXP joint venture, Singapore	44,000 wafers/month by 2029	Entered risk production in September 2026; volume production targets 1Q27. Supports 130–40nm mixed-signal, analogue and power-management technologies.
UMC — Singapore Fab 12i expansion	30,000 wafers/month for the new phase	Ramping from 2026, focused on 22/28nm processes.

Source: Multiple Sources

India's solar deployment supports a larger domestic manufacturing base. India added 44.6GW of solar capacity in FY26, taking cumulative installations to 150.3GW in March 2026. Installed capacity subsequently reached ~168GW in August 2026, including ~124GW of ground-mounted projects. The Central Electricity Authority's 2023 National Electricity Plan envisaged solar capacity of 185.6GW by March 2027 and 364.6GW by March 2032. Domestic module-manufacturing capacity reached ~172GW by March 2026, supporting the expansion in installations and demand for locally produced cells.

Localisation policies direct investment upstream. India's production incentives favour integrated solar manufacturing, while import duties and domestic-sourcing rules strengthen the case for local cell production. From 1 June 2026, ALMM List II requires approved domestic cells for eligible utility-scale, open-access, net-metering and government-backed projects, subject to exemptions and transitional relief through December 2026. The planned extension to ingots and wafers from June 2028 would push localisation further upstream, giving module manufacturers added incentive to source domestic cells or build their own capacity.

India's Solar-Manufacturing Localisation Policies

Policy	Requirement / support
Production Linked Incentive scheme	US\$2.49bn programme supporting high-efficiency solar-module manufacturing. Incentives run for five years after commissioning and favour integrated manufacturing.
Domestic Content Requirement	Indian-made cells and modules are required under specified government-supported schemes, including applicable components of PM-KUSUM, PM-Surya Ghar and the CPSU programme.
ALMM List II for cells	Applies to covered projects from 1 June 2026, subject to defined exemptions. Transitional relief permits qualifying net-metering and open-access projects to commission without List II cells through 31 December 2026.
Import duties	From February 2025, solar cells attract 20% Basic Customs Duty plus 7.5% Agriculture Infrastructure Development Cess; modules attract 20% plus 20%, respectively. These are customs components, not an all-in landed-tax calculation.

Source: Multiple Sources, Tradeview Research

Cell-manufacturing investment is accelerating. CRISIL's June 2026 outlook expects domestic cell capacity to nearly double to ~60GW by March 2027. ICRA's November 2025 assessment identified a pipeline approaching 100GW by December 2027, based on manufacturers' announced plans. Reliance, Waaree, Premier Energies, RenewSys, Vikram Solar and other manufacturers are investing in cell production, while companies including ReNew are extending upstream into wafers.

Major India Solar Players' Expansion Commitments

Company	Disclosed investment	Cell capacity, technology and expansion timing
Reliance / REC	US\$7.79bn committed to the broader Jamnagar new-energy Ecosystem, including activities beyond solar manufacturing.	Targets 20GWp of integrated solar manufacturing over the quarters following its April 2026 update. HJT cell and module lines were being commissioned.
Premier Energies	The new 7GW cell plant cost ~US\$341.9mn. A separate 10GW ingot-wafer programme entails ~US\$612.5–622.9mn.	The 7GW TOPCon G12R cell plant entered trial production in September 2026, increasing installed cell capacity from 3.6GW to 10.6GW. Ingot-wafer capacity is targeted at 5GW by December 2027 and another 5GW by December 2028.
RenewSys	US\$622.9mn phased Telangana investment programme over five years from 2024.	Its Hyderabad facility has 452MW of ALMM-enlisted TOPCon cell capacity. An additional 4.5GW G12R cell line is planned for FY27, including 2.25GW under execution.
Avaada	US\$1.42bn Butibori programme covering cells, modules, batteries and electrolyzers.	Its first 3GW TOPCon cell line was operational in July 2026. Another 3GW was targeted for September 2026; completion was not confirmed in the reviewed update. The longer-term roadmap includes 12GW of cells and 13.6GW of modules by FY27.
GREW	US\$311.5mn announced for a 3GW cell-and-module facility in Madhya Pradesh.	Targets 8GW of cell capacity by end-2026, alongside an ~11GW module-capacity roadmap.

Luminous	~US\$124.6mn for solar-cell and battery facilities during 2025–2027.	The new 1.2GW Gopalpur cell plant targets its first production batch in May 2027.
Waaree Energies	US\$285.9mn of additional investment approved in July 2025 to enlarge the planned cell and ingot-wafer facilities by 4GW each.	5.4GW of existing cell capacity, with a new 10GW cell facility targeted for 2HFY27. The 10GW ingot-wafer facility is targeted for FY28. Group module capacity reached ~25.8GW in FY26.
Vikram Solar	~US\$539.9mn of FY27 capex, including US\$51.9mn spent in 1QFY27 and US\$487.9mn planned for the remaining quarters.	The Gangaikondan integrated site includes 9GW of cells, 6GW of modules and 9GW of ingot-wafer capacity. Initial cell production is targeted for 4QFY27, with full integration by 2030.
Emmvee	US\$343.2mn term-loan sanction from the Indian Renewable Energy Development Agency.	Adds 6GW of cells and 6GW of modules, increasing cell capacity from 2.94GW to 8.94GW and module capacity from 10.3GW to 16.3GW by FY28.

Source: Multiple Sources

Emissions commitments support abatement upgrades. Semiconductor processes use hazardous gases, including hydrogen fluoride and phosphine, and greenhouse gases such as sulphur hexafluoride and other fluorinated compounds. Treatment requirements extend from safe handling and destruction of process gases to reducing residual emissions, utility consumption and treatment by-products. The SEMI-led Semiconductor Climate Consortium has a non-binding collective ambition to reduce direct operational emissions by 43% from 2019 levels by 2030 and achieve net zero by 2050. According to Providence's IMR report, the global abatement-solutions market increased from RM4.3bn in 2021 to RM5.5bn in 2025 and is projected to reach RM6.0bn in 2027. Micron's Singapore central-abatement project illustrates the scope for operating improvements, with expected reductions of more than 90% in fuel consumption and more than 35% in related costs.

Major Fab Decarbonisation Commitments and Abatement Initiatives

Manufacturer	Targets, investment and operating initiatives
TSMC	Retains net zero by 2050 and 100% renewable electricity by 2040, with a 60% renewable-electricity target for 2030. Contracted renewable capacity rose from 4.4GW in 2024 to 7.3GW in 2025. It plans to retrofit or replace on-site electric-heating treatment equipment across its fabs by 2028 to improve nitrous-oxide treatment. Advanced-process expansion and insufficient renewable supply contributed to missing its 2025 unit-emissions target.
Samsung	Targets net-zero Scope 1 and 2 emissions by 2050. Samsung's wider environmental programme exceeds KRW7trn through 2030 and includes process-gas mitigation. The semiconductor division had 52 integrated process-gas treatment systems operating in 2025 and plans further deployment.
Intel	Targets net-zero Scope 1 and 2 emissions by 2040 and upstream Scope 3 by 2050. Scope 1 and 2 emissions in 2025 were 16% below 2019, while renewable electricity reached 99%. Its transition measures include process optimisation, alternative chemistries and improved greenhouse-gas abatement.
Micron	Targets a 42% reduction in Scope 1 emissions by 2030 versus 2020 and net-zero Scope 1 and 2 emissions by 2050. It has deployed US\$498mn since 2021 under an ~US\$1bn environmental commitment through 2028. A Singapore central-abatement project is expected to reduce abatement fuel use by more than 90% and related costs by more than 35%.
UMC	Targets a 42% reduction in Scope 1 and 2 emissions by 2030 versus 2020 and net zero by 2050; the reduction reached 37% in 2025. It plans up to NT\$800mn during 2026–2031 for higher-efficiency greenhouse-gas abatement, compared with ~NT\$30mn spent in 2025.
STMicroelectronics	Targets carbon neutrality across Scope 1 and 2 and selected Scope 3 categories by end-2027. Its climate-adverse process-gas abatement rate increased from 76% in 2024 to 83% in 2025, with at least 90% targeted by 2030. Renewable electricity reached 86% in 2025.

Source: Company Prospectus, Tradeview Research

Valuation

We initiate coverage on EcoSys (Malaysia) Berhad with a **BUY** recommendation and a **target price of RM0.600**, based on **19.0x FY27F PE**. The multiple is one standard deviation below the KLTEC Index's three-year average, reflecting EcoSys's smaller market capitalisation and likely lower trading liquidity, as well as slower core earnings growth in FY27F following the FY26F step-up.

We believe SOTP is better suited to EcoSys because abatement's proprietary IP, own-brand products and higher margins distinguish it from UHP. However, few comparable proprietary-equipment peers are under analyst coverage. Benchmarking abatement against much larger manufacturers would imply a blended multiple we cannot justify while EcoSys's forecast core earnings growth and margins remain below those of the selected peers.

Abatement's growing profit contribution supports Group margins, although the UHP cleanroom constraint moderates FY27F core earnings growth. We expect growth to improve in FY28F as the expanded cleanroom fully contributes, with upside to FY27F if it comes online earlier than forecast. We would apply a higher multiple only if EcoSys successfully commercialises its next-generation semiconductor abatement system, which would also lead us to materially raise our FY28F earnings forecast.

We like EcoSys for its proprietary abatement technology, customer-specific engineering expertise and longstanding semiconductor customer relationships. Key growth drivers include (i) repeat orders from expanding Indian solar customers, (ii) cleanroom expansion to accommodate rising demand from Customer A, and (iii) potential commercialisation of next-generation semiconductor abatement systems.

Peer Comparison

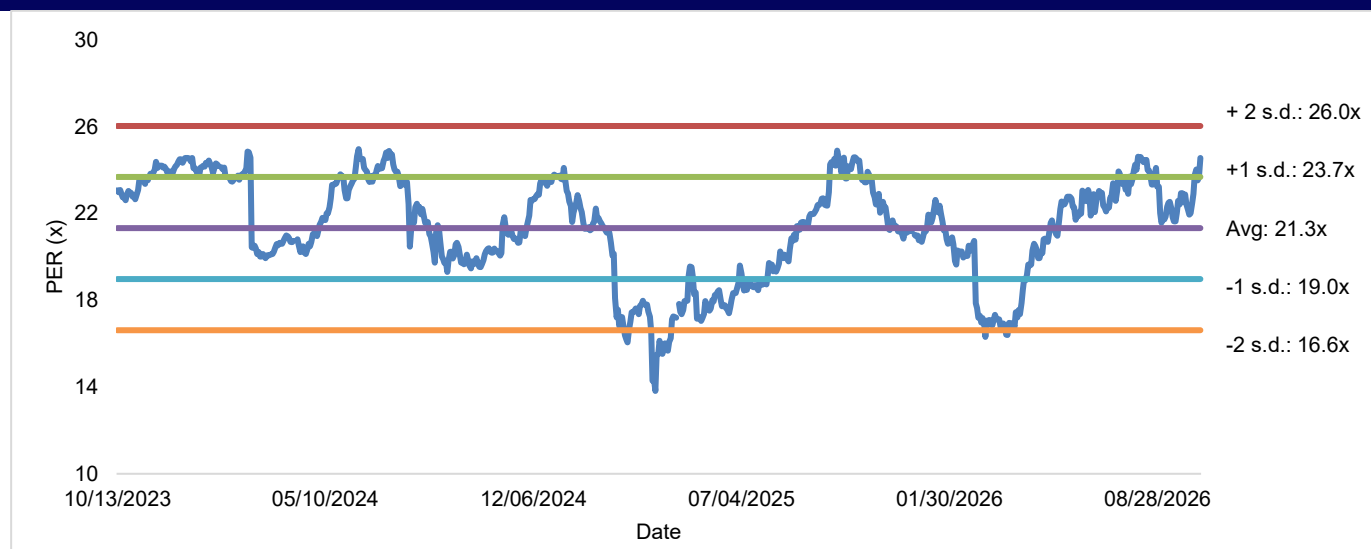
Name	Last Price	Market Cap (RM'mn)	FYE	Earnings Growth		P/E (x)			Div. Yield	ROE	
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.	
Domestic Precision Machining Peers				MYR							
Coraza Integrated Technology Bhd	1.35	670.4	12/2025	33.3	39.5	36.9	35.5	25.5	N/A	12.4	
CPE Technology Bhd	1.33	892.8	06/2026	-22.6	82.5	48.9	55.4	30.6	0.5	5.5	
Kobay Technology BHD	2.01	651.6	06/2026	N/A	N/A	13.1	N/A	N/A	N/A	12.8	
Northeast Group Bhd	1.10	814.0	09/2025	79.9	12.0	39.3	22.0	19.6	N/A	9.9	
Ambest Group Bhd	1.31	668.1	12/2025	147.9	123.3	N/A	43.7	19.6	N/A	19.5	
SFP Tech Holdings Bhd	0.29	687.4	12/2025	N/A	N/A	123.9	N/A	N/A	N/A	2.4	
Simple Avg					59.6	64.3	52.4	39.2	23.8	0.5	10.4
Domestic and Foreign Proprietary-Equipment Peers				MYR							
Mi Technovation Bhd	7.02	6,305.9	12/2025	86.0	7.8	43.1	36.4	33.8	0.8	13.4	
Pentamaster Corp Bhd	5.82	4,139.9	12/2025	21.7	47.2	55.8	54.9	37.3	0.3	9.5	
TT Vision Holdings Bhd	0.27	127.1	12/2025	N/A	N/A	N/A	N/A	N/A	N/A	-21.7	
Elsoft Research Bhd	0.33	219.7	12/2025	-6.7	28.6	51.7	46.4	36.1	3.1	3.9	
VisDynamics Holdings Bhd	0.67	171.0	10/2025	N/A	N/A	83.8	N/A	N/A	N/A	3.8	
				JPY							
Ebara Corp	4,785.00	56,357.9	12/2025	33.0	19.1	27.8	21.6	18.2	1.5	15.6	
				SEK							
Atlas Copco AB	210.70	404,988.1	12/2025	13.2	20.8	38.6	34.4	28.4	1.5	25.7	
Simple Avg					29.4	24.7	50.1	38.7	30.8	1.4	7.2
EcoSys (Malaysia) Bhd	0.27	154.3	12/2025	45.8	10.2	13.8	9.5	8.6	0.0	19.8	

Source: Bloomberg estimates, Tradeview Research (As of 12th October 2026)

Name	Gross Margin (%)				EBITDA Margin (%)				Core Earnings Margin (%)			
	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F
Coraza Integrated Technology Bhd	19.3	29.7	29.0	28.7	10.4	19.3	24.5	24.5	4.0	8.8	9.8	10.4
CPE Technology Bhd	25.7	30.9	N/A	N/A	23.2	27.9	21.1	27.3	12.3	18.3	13.2	17.0
Kobay Technology BHD	23.9	24.2	N/A	N/A	13.5	5.9	N/A	N/A	4.3	-4.4	N/A	N/A
Northeast Group Bhd	38.5	33.7	N/A	N/A	31.8	28.0	35.6	36.2	15.2	17.2	23.3	22.8
Ambest Group Bhd	30.2	29.2	28.5	33.4	27.4	25.8	22.7	26.7	14.9	12.1	16.1	18.3
SFP Tech Holdings Bhd	45.3	41.1	N/A	N/A	23.7	33.0	N/A	N/A	6.7	3.8	N/A	N/A
Mi Technovation Bhd	N/A	N/A	40.0	49.7	26.1	28.9	28.2	27.2	15.7	15.0	20.2	19.7
Pentamaster Corp Bhd	28.6	29.4	26.4	29.1	17.8	21.8	21.3	22.6	10.5	10.6	10.3	12.4
TT Vision Holdings Bhd	32.1	13.4	N/A	N/A	2.5	-27.5	N/A	N/A	6.7	-33.5	N/A	N/A
Elsoft Research Bhd	16.1	-11.0	N/A	N/A	9.6	49.7	45.9	50.0	15.9	59.9	38.5	42.7
VisDynamics Holdings Bhd	50.6	55.5	N/A	N/A	-78.8	-3.3	N/A	N/A	-95.2	-10.4	N/A	N/A
Ebara Corp	33.1	32.6	32.9	33.7	14.8	15.5	16.1	17.7	8.2	8.0	9.4	9.7
Atlas Copco AB	42.8	42.9	42.8	43.5	26.5	25.8	26.3	27.0	16.8	15.7	16.3	17.2
Simple Avg	32.2	29.3	33.3	36.4	11.4	19.3	26.9	28.8	2.8	9.3	17.5	18.9
EcoSys (Malaysia) Bhd	18.9	23.9	29.2	30.9	14.6	14.3	16.3	19.5	10.4	10.3	13.5	13.3

Source: Bloomberg estimates, Tradeview Research (As of 12th October 2026)

Bursa Malaysia Technology Index's Rolling PER (x) over the past 3 years



SWOT Analysis

Strengths - Patented Proprietary abatement systems - Strong technical expertise in UHP fabrication - Long-standing relationships with multiple semiconductor customers	Weaknesses - Heavy dependence on Customer A - High reliance on imported materials and foreign currency transactions - Near-term abatement growth depends heavily on Indian solar customers
Opportunities - India's solar-cell expansion - AI-driven semiconductor boom - Next-generation product commercialisation targeting fabs' decarbonisation programmes	Threats - Delayed Indian factory commissioning - Intense competition from larger global semiconductor abatement solution providers - Semiconductor investment cuts

Investment Risk

- Challenging execution and collection conditions in India.** India is expected to contribute most of EcoSys's FY26 and FY27 abatement revenue, concentrating near-term growth in a market where payment collection and contract execution can be less predictable. Although Indian customers generally pay 50%–70% before shipment, the remaining balance depends on installation, commissioning and customer acceptance, while the final 10% retained against warranty obligations may be difficult to collect. EcoSys also faces rising local service costs and potential pricing pressure as customers progress into subsequent expansion phases. Project delays, acceptance disputes or prolonged collection periods could therefore increase working-capital requirements, delay cash conversion and erode abatement margins.
- Exposure to the semiconductor capital-equipment cycle.** EcoSys's UHP business and future semiconductor abatement sales depend on investment by front-end equipment manufacturers and semiconductor fabs. A downturn in semiconductor demand, customer inventory adjustments or a reduction or delay in fab CAPEX could reduce orders, defer abatement-system qualification and lower production utilisation.
- Foreign-exchange exposure despite a partial natural hedge.** Foreign-currency transactions accounted for 99.7% of revenue and 97.0% of purchases in FY25. EcoSys partially offsets this exposure by retaining foreign-currency receipts and settling same-currency payments where possible. However, sales remain predominantly USD-denominated while a growing share of procurement costs is denominated in RMB, creating currency and timing mismatches between invoicing and settlement. The Group does not use financial hedging instruments. Sharp movements in the USD, RMB or RM could therefore cause earnings volatility despite the partial natural hedge.

Financial Overview

Financial Review

EcoSys's revenue declined 29.7% YoY to RM73.8mn in FY23 as major UHP customers had front-loaded bulk purchases in FY22 amid post-COVID port congestion and extended lead times, resulting in lower order quantities in FY23. Revenue subsequently rebounded at a 21.5% CAGR over FY23–FY25. FY24 revenue grew 20.4%, led by a 22.6% increase in UHP revenue on higher orders from Customers A and B, while abatement revenue rose 15.6% as system deliveries increased from 81 to 99 units and EcoSys secured its first major Indian customer. In FY25, revenue increased 22.7%, driven by 68.6% growth in abatement revenue as deliveries nearly doubled from 99 to 194 systems following higher orders from Indian solar customers. UHP revenue grew by only 2.3% as cleanroom capacity had become a constraint.

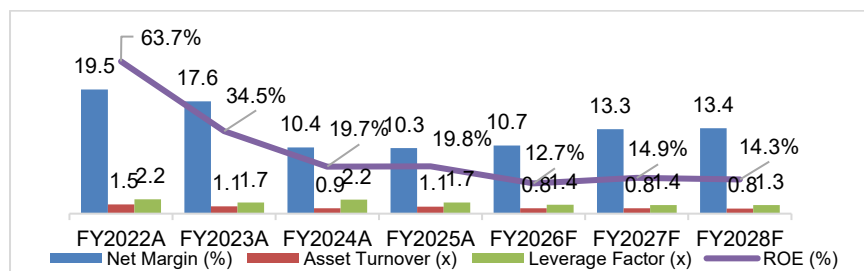
Earnings in FY25 rose 21.1% YoY, mainly due to an improvement in GP margin from 18.9% to 23.9%. The improvement reflected a higher contribution from the abatement segment and stronger margins across both segments. UHP GP margin increased from 16.0% to 19.5% following stronger pricing as customers sought to secure capacity from qualified suppliers amid robust demand, alongside lower fixed costs and economies of scale, while abatement GP margin rose from 25.5% to 29.9% on lower material costs and better operating leverage.

Financial Forecast

We forecast EcoSys's core earnings at RM16.3mn in FY26F and RM18.0mn in FY27F, driven by (i) higher abatement system deliveries, (ii) GP margin expansion from the Marathon series redesign, and (iii) a mix shift towards the higher-margin abatement segment. FY26F core earnings would otherwise have been stronger, but the expiry of EcoSys's pioneer status in November 2025 is expected to normalise its effective tax rate from 7.2% in FY25 to 24%–26% over FY26F–FY28F.

FYE 31 Dec	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	88.8	108.9	121.0	135.6	149.6
EBITDA (RM'mn)	13.0	15.6	19.8	26.4	29.3
Pretax profit (RM'mn)	9.6	12.1	17.2	23.8	26.6
Net profit (RM'mn)	9.2	11.2	13.0	18.0	20.1
EPS (sen)	1.6	2.0	2.3	3.1	3.5
PER (x)	16.7	13.8	11.9	8.6	7.7
Core net profit (RM'mn)	9.2	11.2	16.3	18.0	20.1
Core EPS (sen)	1.6	2.0	2.9	3.1	3.5
Core EPS growth (%)	-29.0	21.1	45.8	10.2	11.6
Core PER (x)	16.7	13.8	9.5	8.6	7.7
Net DPS (sen)	0.2	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.6	0.0	0.0	0.0	0.0
ROE (%)	19.7	19.8	12.7	14.9	14.3
P/BV (x)	3.3	2.7	1.5	1.3	1.1

DuPont Analysis



We project healthy ROE from FY26F to FY28F, as the company benefits from improving net margins. The dip in FY26F is mainly attributed to an increase in shareholders' equity following the IPO exercise.

Key Assumptions

Operating Stats	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
UHP Segmental Growth Rate	22.6%	2.3%	2.2%	2.0%	12.5%
Abatement Segmental Growth Rate	15.6%	68.6%	23.3%	23.3%	8.4%
Blended Abatement GP margin	25.50%	29.9%	40.0%	41.1%	40.9%

Sensitivity Analysis

Case 1: Changes in Abatement GP margin against Abatement Segmental Growth Rate to derive core earnings

Abatement GP margin in FY27F: 41.1%

Abatement Segmental Growth Rate in FY27F: 23.3%

Abatement GP margin (%) / Abatement Segmental Growth Rate (%)	31.1%	36.1%	41.1%	46.1%	51.1%	56.1%
8.3%	11.6	13.9	16.2	18.5	20.8	23.2
13.3%	12.0	14.4	16.8	19.2	21.7	24.1
18.3%	12.3	14.9	17.4	19.9	22.5	25.0
23.3%	12.7	15.3	18.0	20.6	23.3	25.9
28.3%	13.1	15.8	18.6	21.3	24.1	26.8
33.3%	13.5	16.3	19.2	22.0	24.9	27.7

Case 2: Changes in core net profit against PE to derive target price

Core Net Profit in FY27F: RM18.0mn

Core Net profit (RM'mn) / PE (x)	14.0	16.0	18.0	20.0	22.0	24.0
16.0	0.39	0.45	0.50	0.56	0.62	0.67
17.0	0.42	0.48	0.54	0.60	0.65	0.71
18.0	0.44	0.50	0.57	0.63	0.69	0.76
19.0	0.47	0.53	0.60	0.67	0.73	0.80
20.0	0.49	0.56	0.63	0.70	0.77	0.84
21.0	0.51	0.59	0.66	0.74	0.81	0.88

Financial Exhibits

Income Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	105.0	73.8	88.8	108.9	121.0	135.6	149.6
Operating expenses	(79.2)	(56.2)	(75.8)	(93.3)	(101.3)	(109.1)	(120.3)
EBITDA	25.7	17.6	13.0	15.6	19.8	26.4	29.3
Depreciation & amortisation	(2.7)	(3.4)	(2.6)	(2.7)	(2.1)	(2.2)	(2.3)
EBIT	23.0	14.1	10.4	12.9	17.7	24.3	27.0
Net int income/(expense)	(0.9)	(0.4)	(0.1)	0.1	2.9	(0.6)	(0.9)
Exceptional gains / (losses)	0.0	0.0	0.0	0.0	(3.4)	0.0	0.0
Associates' contribution	0.4	0.0	(0.6)	(1.0)	(0.1)	0.1	0.4
Pretax profit	22.5	13.7	9.6	12.1	17.2	23.8	26.6
Tax	(2.0)	(0.7)	(0.3)	(0.9)	(4.2)	(5.8)	(6.5)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	20.5	13.0	9.2	11.2	13.0	18.0	20.1
Core net profit	20.5	13.0	9.2	11.2	16.3	18.0	20.1

Balance Sheet Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	6.3	5.2	16.6	17.5	17.5	19.0	19.7
Other long term assets	3.9	2.8	8.1	6.8	6.8	6.8	6.8
Total non-current assets	10.2	8.0	24.7	24.3	24.4	25.8	26.5
Cash and equivalents	9.9	10.8	9.0	8.3	40.2	48.4	62.2
Inventories	26.5	26.9	41.8	38.5	47.1	52.8	58.3
Receivables	25.2	19.0	27.0	27.1	31.8	36.4	40.5
Other current assets	0.0	0.3	0.5	0.5	0.5	0.5	0.5
Total current assets	61.6	57.0	78.2	74.4	119.6	138.0	161.5
Payables	23.6	17.3	35.1	20.3	26.5	29.5	33.2
Short term borrowings	4.5	3.3	6.6	7.7	7.7	7.7	7.7
Other current liabilities	4.6	3.2	3.3	2.9	2.7	3.0	3.4
Total current liabilities	32.8	23.8	45.0	30.9	36.9	40.2	44.4
Long term borrowings	5.8	3.1	11.0	11.2	4.7	3.2	3.2
Other long term liabilities	1.1	0.4	0.1	0.0	0.0	0.0	0.0
Total long term liabilities	7.0	3.5	11.1	11.3	4.8	3.3	3.3
Shareholders' Funds	32.1	37.7	46.8	56.6	102.3	120.3	140.4
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	22.5	13.7	9.6	12.1	17.2	23.8	26.6
Depreciation & amortisation	2.7	3.4	2.6	2.7	2.1	2.2	2.3
Working capital changes	(4.0)	(9.0)	(8.7)	(8.0)	(7.3)	(6.9)	(5.5)
Cash tax paid	(0.8)	(2.0)	(1.6)	(1.4)	(4.2)	(5.8)	(6.5)
Others	(4.1)	(2.3)	0.6	1.4	0.0	0.0	0.0
C/F from operation	16.3	3.8	2.4	6.8	7.7	13.2	16.9
Capex	(0.6)	(0.4)	(13.5)	(3.1)	(2.1)	(3.6)	(3.0)
Others	0.0	6.5	(1.4)	(4.9)	0.0	0.0	0.0
C/F from investing	(0.6)	6.1	(14.8)	(8.0)	(2.1)	(3.6)	(3.0)
Debt raised/(repaid)	(2.7)	(4.4)	11.2	1.1	(6.5)	(1.5)	0.0
Dividends paid	(2.4)	(9.4)	(1.0)	0.0	0.0	0.0	0.0
Others	(7.1)	4.4	0.6	(0.3)	32.8	0.0	0.0
C/F from financing	(12.2)	(9.4)	10.7	0.8	26.3	(1.5)	0.0
Net change in cash flow	3.5	0.6	(1.7)	(0.5)	31.9	8.1	13.9
Free Cash Flow	15.7	3.4	(11.0)	3.7	5.6	9.6	13.9



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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

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