

P.I.E Industrial Berhad (7095)



Better loading volume in 4QFY24

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BUY ↔

TP: RM 6.95 (29%) ↔

Current Share Price: RM 5.40

Result Report

Growth

**Investment Horizon
12 months**

Valuation

Our target price is based on:

FY25F PE of 21x, which is +1.5SD above its 5-year mean to reflect a premium for AI proxy

Results Review

PIE's 9MFY24 core net profit of RM47.7mil came below expectation at 51% of our and 57% of consensus. The shortfall was primarily due to lower revenue from the EMS segment, likely impacted by reduced orders from Customer N and unfavourable forex effects. Thus, we cut our FY24F earnings by 19% to reflect the strategic shift toward reducing orders from lower-margin customers and reserving capacity and resources for higher-margin opportunities.

On a QoQ basis, 3QFY24 core net profit increased 19% due to a higher margin of product mix and taking into account forex losses of RM12mil.

Outlook

We maintain positive on PIE's prospect as future orders are intact. We understand that there are more orders from Customer A in 4QFY24 as easing of IC shortage and technical design issue. Thus, the group has dedicated both Plant 3 and Plant 5 for customer A in anticipation of the increased orders. Coupled with new products, switches and servers from customer H, we are likely to expect better revenue and earnings growth in FY25F-FY26F. We maintain our TP of **RM6.95** based on an unchanged 21x FY25F PER, to reflect the strong recovery from its EMS segment.

Peer Comparison

Name	Last price (RM)	Market Cap (RM'm)	FYE	Earnings Growth			PE		Div. Yield 1-yr Fwd	ROE Hist.
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd		
V.S. INDUSTRY BERHAD	1.03	3986.6	07/2025	2.9	28.8	20.4	16.3	12.7	2.6	11.1
SKP RESOURCES BHD	1.09	1703.0	03/2025	26.1	20.4	17.4	14.0	11.6	3.3	10.8
AURELIUS TECHNOLOGIES BHD	2.93	1270.1	12/2023	69.7	20.3	19.4	20.1	16.7	2.5	17.4
NATIONGATE HOLDINGS BHD	2.26	5145.3	12/2024	66.7	52.2	76.6	46.1	29.7	0.5	18.9
Simple Avg				41.3	30.4	33.5	24.1	17.7	2.2	14.5
PIE INDUSTRIAL BHD	5.4	2073.8	12/2024	14.0	48.4	27.5	24.5	16.7	1.0	12.9

As 8 November 2024

Results Summary

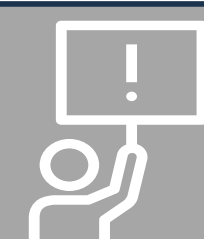
FYE 31 Dec (RMm)	3QFY23	2QFY24	3QFY24	QoQ (%)	YoY (%)	9MFY23	9MFY24	YoY (%)
Revenue	300.8	240.2	244.5	1.8	-18.7	919.8	723.9	-21.3
Gross profit	23.7	24.8	26.7	7.6	12.7	49.9	67.2	34.6
EBITDA	30.0	28.7	18.0	-37.3	-40.1	78.3	65.5	-16.3
Depreciation	-4.8	-5.8	-5.8	1.0	20.5	-17.6	-16.6	-6.0
EBIT	25.2	22.9	12.1	-47.0	-51.8	60.7	49.0	-19.3
Pretax Profit	24.7	22.3	10.8	-51.5	-56.2	58.7	46.0	-21.6
Taxation	-4.3	-5.1	-2.2	-57.2	-48.4	-13.1	-10.5	-19.8
Net Profit	20.4	17.1	8.6	-49.8	-57.8	45.6	35.5	-22.1
Core PAT	20.4	17.3	20.6	19.0	1.0	45.6	47.7	4.6
Margin (%)								
GP	7.9	10.3	10.9			5.4	9.3	
EBITDA	10.0	11.9	7.3			8.5	9.1	
Pretax	8.2	9.3	4.4			6.4	6.4	
Net Profit	6.8	7.2	8.4			5.0	6.6	

Financial Exhibits

FYE 31 Dec	FY2022A	FY2023A	FY2024E	FY2025E	FY2026E
Revenue (RMm)	1,165.3	1,216.9	1,140.0	2,014.1	2,333.0
EBITDA (RMm)	107.1	111.9	118.0	179.0	215.9
Pretax profit (RMm)	82.1	89.5	93.5	153.1	189.0
Net profit (RMm)	70.0	73.6	77.6	127.0	156.8
EPS (sen)	18.2	19.2	20.2	33.1	40.8
PER (x)	29.2	27.8	26.4	16.1	13.1
Core net profit (RMm)	70.0	73.6	77.6	127.0	156.8
Core EPS (sen)	18.2	19.2	20.2	33.1	40.8
Core EPS growth (%)	3.5	5.1	5.4	63.8	23.5
Core PER (x)	29.2	27.8	26.4	16.1	13.1
Net DPS (sen)	7.0	7.0	9.0	12.0	14.0
Dividend Yield (%)	1.3	1.3	1.7	2.3	2.6
ROE (%)	12.5	12.1	11.9	17.3	18.8
P/BV (x)	3.7	3.4	3.1	2.8	2.4

Key Assumptions

Revenue growth	Before			After		
	FY2024E	FY2025E	FY2026E	FY2024E	FY2025E	FY2026E
Customer N	-40%	0%	0%	-70%	0%	0%
Customer A	80%	65%	15%	80%	65%	15%
Customer H		New	50%		New	50%



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