

AMS Advanced Material Berhad (AMS)

Well-Positioned To Ride On Malaysia's Semiconductor Upcycle

- AMS Advanced Material Berhad is Malaysia-based aluminium specialist principally engaged in (i) the trading of semi-finished aluminium and copper products and also (ii) the processing of semi-finished aluminium products, including precision cutting, slitting and shearing.
- We project 3-year earnings CAGR of 20.8%, with core PATMI expected to reach RM10.5m-RM15.1m over the next three years, supported by (i) the group's niche positioning to ride on the semiconductor and aerospace upcycles, (ii) strong ESI exposure and (iii) strategic entry into the aluminium architectural industry.
- We assign a fair value of RM0.38 per share for AMS, indicating a 31.0% upside from the IPO price of RM0.29. This valuation is based on a PE multiple of 18.0x, pegged to FY27F EPS of 2.09 sen.

Investment highlights

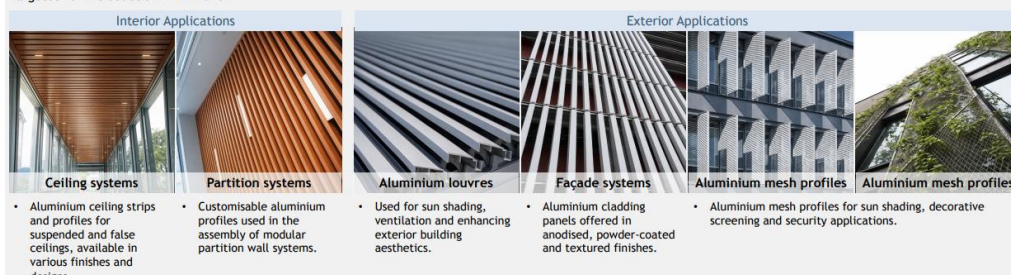
Processing segment to lead stronger revenue growth. The processing of semi-finished aluminium products segment only commenced in FY24, yet already contributed RM69.1m in revenue (53.3% of total) in FY25. As the product mix shifts toward higher-grade and higher-specification plates, particularly for semiconductor and aerospace clients, we expect the processing segment to scale and support better margins improvement. This could be further underpinned by the upcoming new LMW plant in Penang, which will unlock its capacity to take on export-oriented manufacturers with larger and more consistent order volumes.

Riding the country's semiconductor supercycle. Malaysia's semiconductor industry remains a primary demand engine for precision aluminium products. AMS supplies aluminium plates and profiles used as structural and tooling materials by engineering supporting industries (ESI). Penang, Malaysia's premier semiconductor hub contributing ~36% of national exports in 2025, is AMS's home turf, giving the Group proximity advantage to key customers. The planned new LMW plant in Penang will also further cement AMS's position as a preferred local supplier to export-oriented manufacturers.

Construction architecture plays through aluminium architectural products. Targeted in 2H26, AMS will manufacture and trade aluminium architectural products like ceiling systems, louvres, façade systems, and mesh solutions, which are generally products offered in premium finishes, including anodised, commanding better margins than raw profiles. This will also allow AMS to further tap into Malaysia's construction and architectural sectors.

Fig #1 Aluminium architectural products

Targeted for introduction in 2H 2026



Source: AMS Advanced Material Berhad

IPO Note – Not rated

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Non-Rated

Share price	RM0.29
Target price	RM0.38
Previous TP	-
Capital upside	31.0%
Dividend return	-
Total return	31.0%

Company profile

Started in 2006, AMS Advanced Material Berhad is a Malaysia-based aluminium specialist primarily involved in (i) the trading of semi-finished metal products and also (ii) the processing of semi-finished aluminium.

Stock information

Bursa Code	0399
Bloomberg ticker	AMS MK
Listing market	ACE
Share issued (m)	612.0
Market Cap (m)	177.5
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders

	%
AMS Metal Group	51.3
Wisdom Partners	22.6

Earnings snapshot

FYE (Sep)	FY25	FY26f	FY27f
PATMI (m)	8.6	10.5	12.8
EPS (sen)	1.4	1.7	2.1
P/E (x)	20.7	17.0	13.9

Timetable of IPO

Opening of application	27 March
Closing of application	10 April
Balloting of application	14 April
Allotment of the IPO shares	21 April
Listing on the ACE market	23 April



New revenue stream through aluminium scrap recycling. Via AMS Ecogreen, AMS intends to collect and process scrap aluminium from its existing customer base and export to markets, including China. This initiative monetises scrap that would otherwise leave the value chain, adds a recurring and high-frequency revenue stream, which will also strengthen customer stickiness given its full-cycle aluminium solution. Aluminium scrap commands strong global pricing, and China remains the world's largest recycled aluminium consumer.

High-margin and niche positioning in the aluminium industry. According to the IMR report, AMS holds an estimated 1.6% market share of the RM8.31bn Malaysian aluminium industry, against FY25 revenue of RM129.7m. While small in absolute terms, AMS differentiates itself through its processing capabilities and niche positioning in high-spec aluminium serving semiconductor and aerospace clients, which are segments that generally commands better margins than commodity trading.

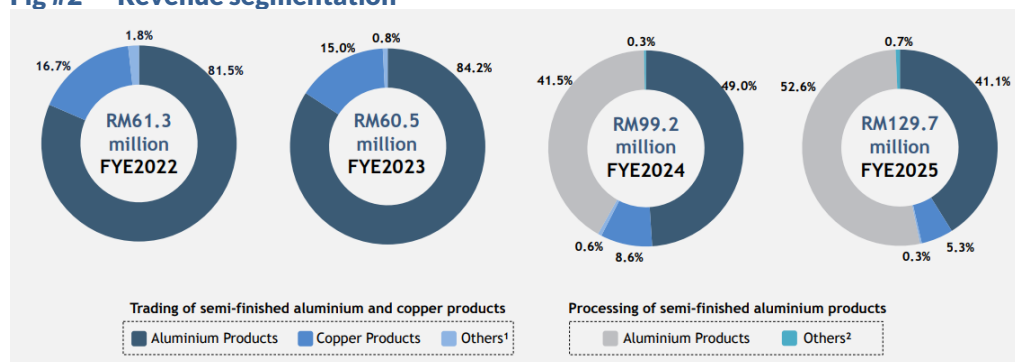
Company background

Started since 2006, AMS Advanced Material Berhad (AMS) has an established track record of approximately 20 years in the aluminium industry. AMS specializes in the midstream segment of the metal supply chain, acting as an intermediary between primary producers and end-user manufacturers. The Group's business model focuses on sourcing, stockholding, and value-added processing, with revenue generated through two main operational segments:

- i. **Trading of semi-finished aluminium and copper products.** This segment involves the sourcing and distribution of materials such as plates, sheets, coils, rods, flat bars, and extrusion profiles.
- ii. **Processing of semi-finished aluminium products.** This segment focuses on providing value-added services such as precision cutting, shearing, and machining to customize materials to meet specific customer dimensions and requirements.

As at the LPD, the Group has established a wide customer base of 796 active clients across Malaysia, Singapore, Thailand, and Vietnam. The Group's operations are supported by a network of 7 warehousing and processing facilities strategically located to serve key industrial sectors, including the semiconductor, aerospace, automotive, and construction industries.

Fig #2 Revenue segmentation



Source: AMS Advanced Material Berhad

Fig #3 Corporate milestones

Year	Milestones
2006	<ul style="list-style-type: none"> Establishment of AMS SG in Singapore by Tan Siew Hong, the wife of Tan Chee Yuen, the Group's Promoter and substantial shareholder, to focus on the trading of semi-finished aluminium products.



	<ul style="list-style-type: none"> Tan Chee Yuen was appointed as Executive Director of AMS SG. He was instrumental to the growth of the business and development by securing funding and attracting viable business opportunities.
2012	<ul style="list-style-type: none"> AMS SG was accredited with ISO 9001:2015 certificate from VE International Certification Group of Companies for "general sales and stock of aluminium and steel as well as the provision of metal product services."
2013	<ul style="list-style-type: none"> Tan Chee Yuen was involved in the day-to-day operations of the Group until 2013 when he was redesignated as Non-Executive Director to pursue his interests outside of the Group, mainly in accounting software, property development and hotel businesses. Keh Teng Yang then assumed active management of AMS SG.
2014	<ul style="list-style-type: none"> Wisdom Partners (formerly known as AMS Light Metal Sdn Bhd) was incorporated on 18 February 2014, to undertake the trading and processing of semi-finished aluminium products. AMS MY (formerly known as AMS Hardware Sdn Bhd) was incorporated on 2 November 2014 in Malaysia to supply semi-finished copper products that are commonly used as raw material to produce consumer and commercial HVAC systems.
2016	<ul style="list-style-type: none"> AMS Aluminium & Glass was incorporated on 3 June 2016 to undertake the manufacturing and assembly of aluminium built-in home furnishing products (i.e. kitchen cabinet and door systems).
2017	<ul style="list-style-type: none"> AMS Extrusion (formerly known as Alux Home Sdn Bhd) was incorporated on 2 March 2017 to undertake trading of aluminium extrusion. By working with manufacturers in Malaysia and China, this complements the Group's existing portfolio of semi-finished aluminium products, where aluminium extrusion was introduced to cater to specific design requirements for customers in the construction and building materials, semiconductor and engineering supporting industries.
2018	<ul style="list-style-type: none"> AMS Metal Group was established to consolidate various companies such as AMS SG, AMS MY and AMS Extrusion under a single holding company.
2022	<ul style="list-style-type: none"> Penang Property 1 was rented as the Group's new head office in Penang, to enhance our support for the semiconductor and engineering supporting industries. Prior to this, the Group's administrative and finance functions were centralised at Johor Property, while the respective companies managed their own operating activities.
2023	<ul style="list-style-type: none"> AMS Aluprecision was incorporated on 14 July 2023 to supply semi-finished aluminium products to customers that are in the semiconductor and engineering support industries. AMSB holds 90.00% equity interest while the remaining 10.00% equity interest is held by Chew Soon Yuan, the Group's Head of Business Unit – AMS Aluprecision. This ownership structure is intended to serve as an incentive for the key senior management to drive the growth and performance of AMS Aluprecision. AMSB was incorporated on 4 September 2023 to facilitate Listing. On 1 October 2023, AMSB then acquired the shares of AMS SG, AMS MY, AMS Extrusion, AMS Aluprecision, AMS Aluminium & Glass and Alunippon from AMS Metal Group.
2024	<ul style="list-style-type: none"> AMS Ecogreen was incorporated on 21 November 2024 to undertake the business of collection, processing and sale of scrap aluminium materials.



2025	<ul style="list-style-type: none"> Penang Property 2 located next to the Group's head office, Penang Property 1 was rented to expand the Group's operations.
2026	<ul style="list-style-type: none"> Listing on the ACE Market

Source: AMS Advanced Material Berhad

Substantial Shareholders and Key Management

1. Keh Teng Yang – Managing Director

He was appointed to the Board on 4 September 2023. He graduated with a Bachelor Degree in Engineering (Mechanical – Aeronautics) with First Class Honours from Universiti Teknologi Malaysia in 2001, and a Master of Science in Manufacturing Systems and Technology in 2002. He has over 19 years of experience in the aluminium industry. His career includes roles at DaimlerChrysler SEA, Alcoa Singapore, and Volvo East Asia before joining AMS SG as Executive Director in 2013. He is responsible for the Group's overall strategic direction and daily operations.

2. Leoh Cheng Cheng – Executive Director, CFO

A Malaysian female, aged 48, she was appointed to the Board on 2 May 2025. She graduated with a Bachelor of Accounting from Universiti Malaya in 2002 and is a member of the Malaysian Institute of Accountants and CPA Australia. She previously held audit roles at KPMG PLT and KPMG Services Pte Ltd before joining the Group as Finance Manager in 2016. She oversees all financial, accounting, taxation, and human resource matters.

3. Lee Boon Kean – Head of Business Unit, AMS MY

He is primarily responsible for managing the Group's sales operations and supporting the sales team in planning and implementing sales strategies for AMS MY. He graduated with a Bachelor of Arts in Business Administration from the University of Abertay Dundee, Scotland, United Kingdom, in 2004. He began his career in 2005 as a Sales Engineer with M-CKD Precision Sdn Bhd before joining AMS SG as a Sales Manager in 2009. He has held his current position as Head of Business Unit – AMS MY.

4. Chia Tze Hang – Head of Business Unit, AMS Extrusion

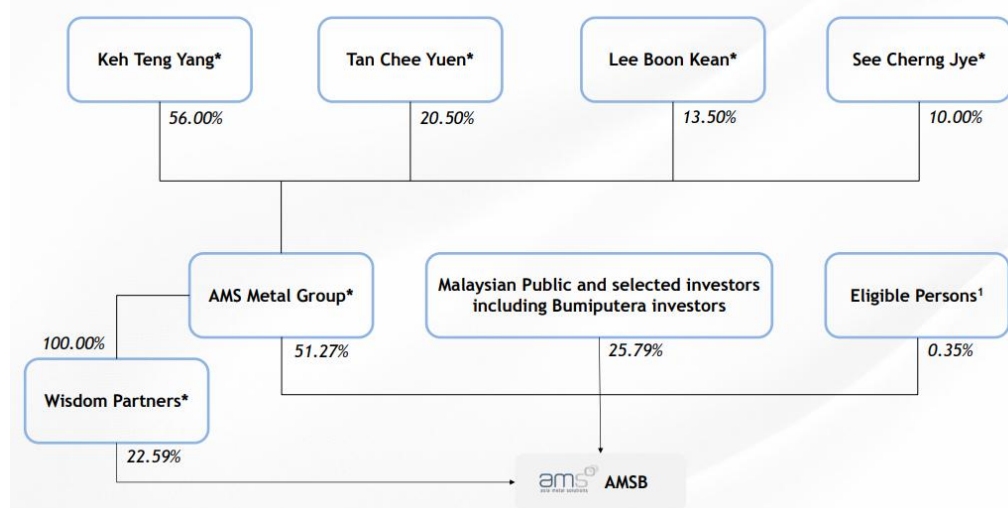
He is responsible for managing sales operations and implementing sales strategies for AMS Extrusion. He graduated with a Bachelor of Arts (Honours) of Marketing from the University of Hertfordshire, United Kingdom, in 2011. His career includes roles at LB Aluminium Berhad and Everpress Aluminium Industries Sdn Bhd before joining Wisdom Partners as Senior Sales Manager in 2018. He was transferred to AMS Extrusion in June 2019.

5. Chew Soon Yuan – Head of Business Unit, AMS Aluprecision

He manages the sales operations and implements sales strategies for AMS Aluprecision. He graduated with an Advanced Diploma in Business Studies (Marketing) from Tunku Abdul Rahman College in March 2010. He has extensive experience in sales and marketing from roles at M-Pos Corporation (M) Sdn Bhd, Mydeal Sdn Bhd, Safeguards Records Management Sdn Bhd, UA Materials Sdn Bhd, and Garmco (S) Pte Ltd. He was appointed to his current position in July 2023.



Fig #4 Post-IPO structure



Source: AMS Advanced Material Berhad

Fig #5 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Setting up of a new LMW plant cum warehouse and office in Penang	8.1	24.7	Within 24 months
Expansion into manufacturing of aluminium architectural products	6.9	21.1	Within 24 months
Setting up of new distribution point in Kuantan, Pahang	2.5	7.6	Within 24 months
Repayment of borrowing	8.2	24.9	Within 3 months
Working capital	2.7	8.2	Within 18 months
Estimated listing expenses	4.4	13.5	Within 1 month
Total	32.8	100.0	

Source: AMS Advanced Material Berhad

Business overview

Trading of semi-finished aluminium and copper products (46.7% of FY25 revenue)

This segment involves the sourcing and distribution of materials that serve as raw inputs for manufacturing, including aluminium plates, sheets, coils, rods, and extrusion profiles, as well as copper tube coils and copper sheets. The Group sources these materials from both local and foreign suppliers to break bulk and supply smaller, specialized quantities to customers across various industries, including aerospace, automotive, construction, and electronics.

Processing of semi-finished aluminium products (53.3% of FY25 revenue)

This segment focuses on providing value-added services where semi-finished aluminium is customized to meet specific customer requirements through precision cutting and shearing. The Group maintains a network of 7 warehousing and processing facilities across Malaysia and Singapore, housing specialized in-house machinery such as precision plate saws, vertical and horizontal saw machines, and circular saw machines to handle various material thicknesses and dimensions.

Fig #6 Principal business activities

Trading of Semi-Finished Aluminium and Copper Products	Processing of Semi-Finished Aluminium Products
Supplies semi-finished materials used as raw materials for further manufacturing and fabrication to produce finished products	Provides value-added processing services according to customers' requirements
Common Product Offering <ul style="list-style-type: none"> Aluminium alloys grades: 1100, 3003, 5052, 5083, 6061, 6063 Copper product grades: C11000, C12200 Surface finishes: milled, anodised, colour-coated 	Services <ul style="list-style-type: none"> Cutting Shearing Materials <ul style="list-style-type: none"> Plates, sheets, coils, rods and flat bars

Source: AMS Advanced Material Berhad



Fig #7 SWOT analysis of AMS

Strength	Weakness
<ul style="list-style-type: none"> • Strong growth footprint in semiconductor and aerospace segments • Wide customer base of 796 clients • Rapid processing of semi-finished aluminium products ramp 	<ul style="list-style-type: none"> • Relatively small market share • Customer concentration risk (21% FY25 revenue from customer A)
Opportunity	Threat
<ul style="list-style-type: none"> • Architectural aluminium manufacturing • Aluminium scrap recycling • Semiconductor and aerospace upcycle 	<ul style="list-style-type: none"> • Business disruption in customer A could affect AMS's revenue • Tariffs or trade tensions affecting semiconductor capex • Fluctuations in aluminium prices

Source: M+ Research

Financials

Revenue and income highlights. The group reported a revenue increase of RM30.5m (30.8% YoY), increasing from RM99.2m in FY24 to RM129.7m in FY25, with increase in revenue contribution from both segments. Revenue from the processing of semi-finished aluminium products segment increased from RM41.5m in FY24 to RM69.1m in FY25, as the group managed to secure new customers and offered several plates with higher grade. Similarly, the trading of semi-finished aluminium products segment also increased from RM57.7m in FY24 to RM60.6m in FY25, mainly due to higher sales volume of aluminium products purchased from Customer A. Following the increase in revenue, core PAT attributed to shareholders also increased from RM6.1m to RM8.6m during the same period.

Balance sheet. Total assets increased from RM73.8m in FY25 to RM89.3m in FY25, mainly driven by the increase in inventories and cash and bank balances. However, total liabilities reduced from RM52.8m to RM50.0m over the same period, largely due to the reduction in trade payables. Meanwhile, total equity increased from RM21.0m to RM39.3m, thanks to increase in both share capital and retained earnings. The group was in a net gearing position of 0.2x prior to listing.

Cash flow. Despite higher PBT, net cash from operating activities turned from an inflow of RM6.7m in FY24 to an outflow of RM5.3m in FY24, mainly due to the negative changes in working capital. However, cash flow from investing activities turned from a net outflow of RM0.9m in FY24 to a net inflow of RM5.9m in FY25, mainly due to the spike in net changes in amount due from related parties. Cash flow from financing activities recorded a higher inflow of RM6.4m in FY25 compared with RM1.6m in FY24, following the drastic increase in bank borrowings drawdown from RM12.7m in FY24 to RM81.4m in FY25. Overall, the group generated a net increase of RM7.0m in cash and cash equivalents in FY25.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 20.8%, with core PATMI expected to reach RM10.5m, RM12.8m and RM15.1m over the next three years. This growth is underpinned by (i) the group's niche positioning to ride on the semiconductor and aerospace upcycles, (ii) strong ESI exposure and (iii) strategic entry into the aluminium architectural industry.



Fig #8 Financial Highlights

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	99.2	129.7	159.5	190.4	220.6
EBITDA	9.0	13.9	17.5	21.6	25.8
EBIT	8.2	12.3	14.7	17.4	20.4
PBT	7.5	11.0	13.4	16.4	19.4
PAT	6.2	8.9	10.8	13.2	15.7
PATMI – Core	6.1	8.6	10.5	12.8	15.1
PATMI – Reported	6.1	8.6	10.5	12.8	15.1
% change YoY – Core PATMI	138%	41%	22%	22%	18%
Core EPS (sen)	1.0	1.4	1.7	2.1	2.5
P/E (x)	29.2	20.7	17.0	13.9	11.7
EV/EBITDA (x)	16.3	10.6	8.4	6.8	5.7
DPS (sen)	-	0.2	-	-	-
Yield (%)	0%	1%	0%	0%	0%
BVPS (RM/share)	0.0	0.1	0.1	0.2	0.2
P/B (x)	8.5	4.6	2.2	1.9	1.6
ROE (%)	32%	29%	18%	15%	15%
Net Gearing (x)	0.2	0.2	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of **RM0.38 per share for AMS**, representing a **31.0% upside from the IPO price of RM0.29**. This valuation is based on a PE multiple of 18.0x, pegged to FY27f EPS of 2.09 sen.

We believe the assigned P/E multiple is fair, given that the peers average forward P/E and historical P/E in the aluminium and copper sector stood between 18.0x to 20.5x.

Fig #9 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
AMS Advanced Material Berhad	ACE	Sep	0.29	177.5	*20.7	**13.9	*28.7	*6.6
Press Metal Aluminium Holdings	MAIN	Dec	7.95	65,505.0	31.2	27.6	23.5	13.0
PMB Technology Bhd	MAIN	Dec	1.58	2,952.1	N/A	N/A	(0.9)	(1.5)
LB Aluminium BHD	MAIN	Apr	0.51	219.6	3.6	N/A	13.4	3.4
Winstar Capital Bhd	ACE	Dec	0.52	162.3	14.6	13.3	9.4	4.4
Tong Herr Resources Bhd	MAIN	Dec	1.22	187.3	32.5	N/A	1.1	1.0
Ta Win Holdings BHD	MAIN	Jun	0.01	36.7	N/A	N/A	(45.5)	(14.3)
TSA GROUP BHD	ACE	Dec	0.84	259.8	16.2	N/A	8.8	6.1
Mycron Steel Bhd	MAIN	Jun	0.24	78.5	9.8	N/A	1.5	(0.2)
Avg ex-AMS Advanced Material Berhad				8,675.2	18.0	20.5	1.4	1.5

Source: M+ Research (*FY25, **FY27f)

Investment risks

Dependency on one major customer. The Group faces customer concentration risk, particularly through its reliance on Customer A, an aerospace-related client that contributed 21.0% (RM27.2m) of total revenue in FY25. Because the Group operates on a purchase order basis without long-term service agreements, it remains vulnerable to the loss of this major account or a significant reduction in their order volumes.



Absence of long-term contracts. The Group does not have long-term contracts with its customers, with sales conducted on a purchase order basis. This subjects the Group to fluctuations in order volumes and the risk of customers reducing or ceasing their purchases without prior notice.

Dependency on major suppliers. The Group is exposed to supplier concentration risk, as it is dependent on two major suppliers, Supplier A and Supplier B, who each contributed more than 10.0% of total purchases during the period under review. Specifically, in FY25, Supplier A and Supplier B accounted for 11.7% and 14.0% of total purchases respectively. As the Group does not maintain long-term written contracts and operates solely on a purchase order basis, any major disruption, sudden cessation of supply, or inability to procure materials at favourable prices could lead to inventory shortages and higher operational costs, materially impacting the Group's delivery schedules and financial performance.

Foreign exchange fluctuation. The Group is exposed to currency risks as a portion of its raw material purchases are denominated in USD, while its reporting currency is RM. Any significant depreciation of the RM against the USD would increase procurement costs.

Fluctuations in global metal prices. The Group's business and financial performance are affected by fluctuations in the global market prices of aluminium and copper. Any significant increase in these prices that the Group is unable to pass on to customers in a timely manner, or if the Group chooses to absorb the costs to maintain competitive pricing, may lead to lower profit margins.

Environmental, Social and Governance (ESG) Practices

Environmental:

- Committed to minimizing the ecological footprint and promoting sustainable practices.
- Implementing energy efficiency measures, including the use of inverter technology, low-energy consumption appliances (e.g., refrigerators, air conditioners), and enforcing best practices like shutting down devices when not in use.
- Effectively managing waste by ensuring aluminium and copper materials are 100% recycled.
- Prioritizing the use of recycled or second-hand pallets and discouraging the use of disposable plastic utensils.
- Donating used electronic devices to second-hand shops for refurbishment to extend their lifecycle and reduce waste.
- Established AMS Ecogreen to undertake the collection, processing, and sale of scrap aluminium materials which is currently in the process of obtaining relevant authority licenses.

Social:

- Emphasizing well-being through mandatory safety outfits for production workers and marked guiding strips for safe pathways to minimize accidents.
- Providing employees with an annual medical subsidy budget to support healthcare needs.
- Maintaining a balanced workforce across race, gender, and age
- Organizing annual team building, staff trips, lunches, and recreational sports to promote inclusion.



- Investing in targeted training, including 2024 sessions on finance (tax, e-invoicing, MFRS updates), management (DISC profiling), and technical skills (OSHA, LMW logistics, manufacturing processes).
- Protecting customer privacy through Non-Disclosure Agreements (NDAs) and confidentiality protocols with plans being underway for all staff to sign PDPA agreements.

Governance:

- Adopting recommendations from the Malaysian Code on Corporate Governance, including ensuring the Independent Non-Executive Chairman does not participate in Board Committee.
- Establishing an Audit and Risk Management Committee composed entirely of Independent Directors.
- Ensuring that at least half of the Board are Independent Directors and maintaining at least 30% women representation on the Board.
- Enforcing a zero-tolerance approach to bribery and corruption with policies aligned with the MACC Act 2009, Whistleblower Protection Act 2010, and PDPA 2010.
- Implementing a comprehensive Code of Ethics and Conduct for directors, senior management, and employees, alongside a conflict of interest policy to identify and mitigate personal or financial conflicts.

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

