Pentech Holdings Berhad (PENTECH)

AI, Cloud and Beyond

- **Pentech Holdings Berhad is a Malaysia-based enterprise ICT solutions provider principally engaged in (i) the integration of enterprise ICT infrastructure covering data centres, networking, and security, (ii) the supply of hardware and software and also (iii) the provision of cloud and managed services.**
- **We project 3-year earnings CAGR of 17.1%, with core PATMI expected to reach RM12.5m-RM17.0m over the next three years, supported by (i) increasing revenue contribution seen in the cloud and managed services segment (9.0% in FY22 vs. 20.7% in FY25), (ii) margin uplift as the Group structurally pivots into cloud and managed services and (iii) anticipated continuous demand for enterprise ICT infrastructure solutions and cybersecurity services due to the ongoing AI and digitalisation trend.**
- **We assign a fair value of RM0.40 per share for PENTECH, indicating an 100.0% upside from the IPO price of RM0.20. This valuation is based on a PE multiple of 16.5x, pegged to FY27f EPS of 2.4 sen.**

Investment highlights

In-house technical expertise to provide end-to-end enterprise ICT infrastructure systems. PENTECH has the in-house technical expertise to execute complex engineering and system designs for the integration of enterprise ICT infrastructure systems. This allows PENTECH to take on complex solution projects and offer enterprise clients the convenience of a single point of service over boutique vendors that usually focus on only selling standalone hardware or software and/or providing selected segment of ICT services on standalone basis only.

Total architecture agility due to contractual brand independence. While PENTECH maintains strategic partnerships with global tech giants, including Dell, Lenovo, HPE, Microsoft, PureStorage, and Fortinet, the Group is not contractually locked into any exclusive lines. Hence, unlike many conventional technology vendors which are bound by single-vendor distribution boundaries, we like PENTECH's contractual brand independence, which allows the Group to select the best suitable solutions for hardware, software, services, and/or platforms to meet each customer's specific needs.

Structural pivot toward high-margin cloud and managed services. PENTECH's cloud and managed services segment showed a 3-year CAGR of 40.1%, representing 20.7% of its total revenue in FY25 (vs. 9.0% in FY22). By building a new 24/7 Security Operations Centre (SOC) in Kuala Lumpur and upgrading its underlying Operations Command Centre (OCC) infrastructure, coupled with the expansion into specialized cybersecurity business units and automated, AI-powered cloud applications, will catalyse PENTECH toward more high-margin recurring revenues moving forward.

Established track record with high-compliance corporate clients. PENTECH has a solid 20-year history in Malaysia's ICT sector, starting with basic hardware sales in 2006, before expanding into large-scale enterprise IT infrastructure, with a track record in data center, network, and security setups. We like PENTECH's ability to design custom systems that meet strict security, data protection, and uptime rules, making it a highly trusted partner for large corporations and a reliable deployment partner for companies in heavily regulated sectors, including manufacturing, healthcare, and finance.

IPO Note – Not rated

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Non-Rated

Share price	**RM0.20**
Target price	**RM0.40**
Previous TP	**-**
Capital upside	100.0%
Dividend return	-
Total return	100.0%

Company profile

Through its subsidiary started in 2006, Pentech Holdings Berhad is a Malaysia-based enterprise ICT solutions provider principally engaged in (i) the integration of enterprise ICT infrastructure, (ii) the supply of hardware and software and (iii) the provision of cloud and managed services.

Stock information

Bursa Code	0457
Bloomberg ticker	PENTECH MK
Listing market	ACE
Share issued (m)	620.0
Market Cap (m)	124.0
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders

	%
Evernorth Capital Sdn Bhd	60.0
Yeoh Chin Ming	4.9
Ho Huang Ken	3.7
Toh Say Yee	3.7

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	10.6	12.5	14.7
EPS (sen)	1.7	2.0	2.4
P/E (x)	11.7	9.9	8.4

Timetable of IPO

Opening of application	20 May
Closing of application	29 May
Balloting of application	4 June
Allotment of the IPO shares	11 June
Listing on the ACE market	15 June

Market share expansion fuelled by national digitalization policies. Although PENTECH currently holds a market share of less than 1% in Malaysia's large and diversified ICT services industry, we believe its market share is poised for growth, underpinned by strong government support including the MyDIGITAL blueprint, 13th Malaysia Plan, and Budget 2026, which will encourage more local businesses to automate and digitalize.

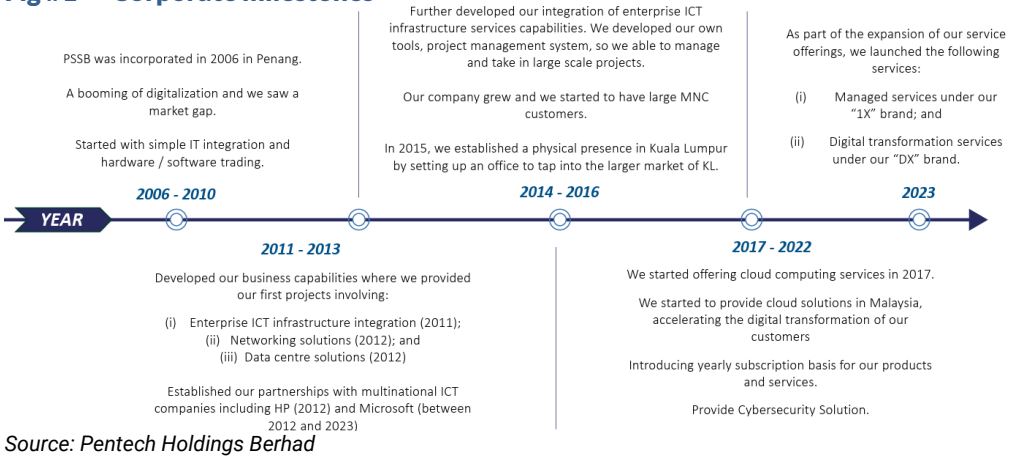
Company background

Started since 2006, Pentech Holdings Berhad is an enterprise ICT solutions provider with four key business segments, including:

i. **Integration of enterprise ICT infrastructure.** This segment involves the end-to-end systems integration of core digital environments, covering enterprise data centres, network connectivity and cybersecurity systems.
ii. **Supply of hardware and software.** This segment focuses on providing customers with third-party computing hardware, devices, and licensed software suites on a standalone basis, independent of other managed services.
iii. **Provision of cloud and managed services.** This segment delivers third-party cloud platforms (PaaS and SaaS) alongside ongoing operational support to manage, optimize, and run a client's specific ICT infrastructure and applications.
iv. **Other services.** This segment provides auxiliary technical support helpdesks to end-users 24/7, as well as digital transformation solutions such as custom corporate intranets.

The Group principally operates through two distribution channels: direct sales to end-customers (including financial institutions, healthcare providers, manufacturers, logistics and property companies, as well as government agencies and GLCs) and indirect sales through ICT partner companies that sub-distribute the Group's solutions. The head office is in Penang, complemented by an operational branch in Kuala Lumpur serving the large enterprise client base in the Klang Valley.

Fig #1 Corporate milestones

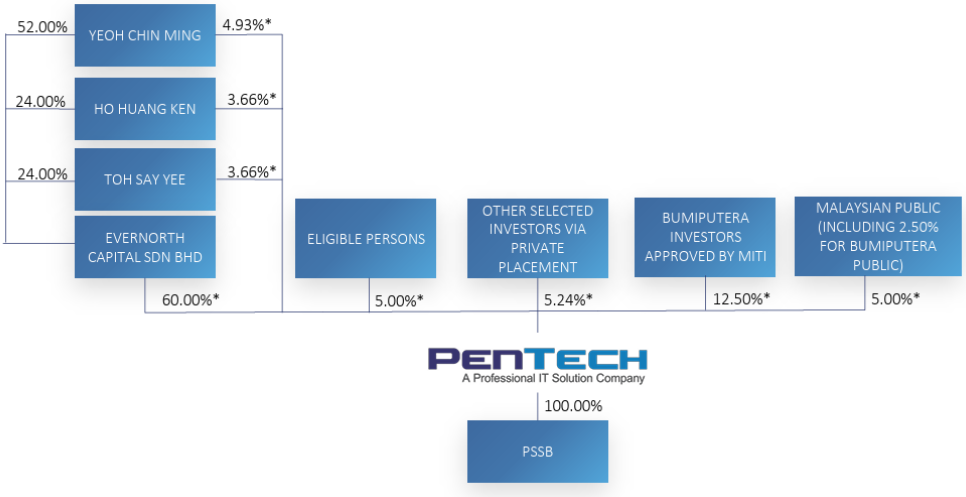


Source: Pentech Holdings Berhad

Substantial Shareholders and Key Management

Name	Designation	Background
Mohamad Hashim Bin Abdul Ghani	**Independent Non-Executive Chairman**	Aged 71. Bachelor of Economics (Hons), Universiti Kebangsaan Malaysia (1979). 36-year career with MIDA covering investment promotion, industry facilitation and cross-border investment. Postings include Stockholm and Tokyo. Currently INEC of Critical Holdings Berhad (Main Market).
Yeoh Chin Ming	**Non-Independent Managing Director / CEO**	Aged 52. Bachelor of IT (Systems Science), UKM (1999); MBA in Marketing, Nottingham Trent University, UK (2006). 27+ years in ICT across HP, Microsoft and PSSB. PSSB CEO since 2022; led expansion from SME to large/MNC clients.
Ooi Hooi Yin	**Chief Financial Officer**	Aged 49. Female. Appointed 2025. Oversees all accounting, finance and treasury functions. Extensive corporate finance and audit background.
Ho Huang Ken	**Chief Sales Officer**	Aged 46. Co-founder of PSSB (2006). 22+ years in ICT sales and operations. Responsible for management and recruitment of sales team and formulation of sales strategies. Mr Ho is also a substantial shareholder.
Lim Wei Ghee	**Chief Technology Officer**	Aged 50. Oversees the Group's technology direction, technical capabilities, and systems engineering team (69 personnel as at LPD).
Quah Chea Siang	**Head of Enterprise Business Development**	Aged 43. Leads enterprise business development, focusing on expanding the Group's client base and identifying new growth opportunities in the enterprise ICT market.

Fig #2 Post-IPO Structure



Source: Pentech Holdings Berhad

Fig #3 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Establishment of new SOC	9.4	27.3	Within 36 months
Upgrade of Group's OCC infrastructure	8.1	23.6	Within 36 months
Business expansion to provide additional ICT services	6.7	19.6	Within 36 months
Marketing expenses and promotional activities	3.5	10.2	Within 36 months
Working capital requirements	2.2	6.3	Within 24 months
Estimated listing expenses	4.5	13.1	Within 3 months
Total	34.4	100.0	

Source: Pentech Holdings Berhad

Business overview

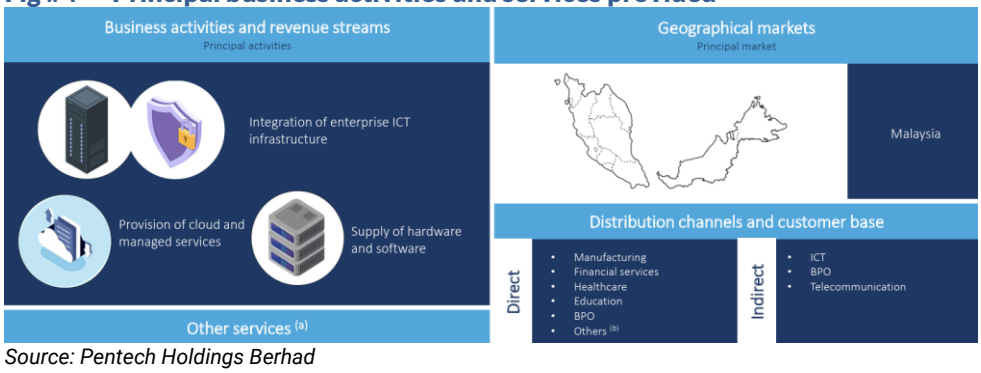
Integration of enterprise ICT infrastructure (51.3% of FY25 revenue)
This segment involves comprehensive engineering, design, and systems integration of core digital environments. It encompasses enterprise data centres, through the integration of third-party hardware, virtualization software, infrastructure management tools, and vital supporting systems like uninterruptible power supplies (UPS) and cooling, alongside business continuity planning. Additionally, the Group designs and deploys network infrastructure (LAN/WAN) and multi-layered network and cybersecurity setups to protect client endpoints, data and systems.

Supply of hardware and software (25.2% of FY25 revenue)
This segment involves providing customers with commercial-grade hardware and software utilities on a standalone basis, completely independent of the Group's outsourced managed service lines. Product offerings include essential hardware components such as servers, data storage systems, network equipment, server racks, desktops, and laptops, as well as licensed software suites ranging from operating systems and security programs to collaboration and management tools.

Provision of cloud and managed services (20.7% of FY25 revenue)
The Group acts as an intermediary to license third-party owned and operated cloud solutions, primarily Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) environments accessed on-demand via the internet. This segment also allows the Group to deliver managed cloud utility operations and full outsourced infrastructure management on behalf of clients.

Other services (2.8% of FY25 revenue)
This segment provides supplementary digital support services designed to sustain ongoing client relationships, including round-the-clock technical support services operating 24/7, acting as the initial point of contact to log and remotely rectify end-user system queries or application disruptions, and also engineering custom corporate intranets that serve as centralized information, news, workflow approval, and document-sharing hubs for enterprise workforces.

Fig #4 Principal business activities and services provided



Source: Pentech Holdings Berhad

Fig #5 SWOT analysis of PENTECH

Strength	Weakness
• Proven capabilities to fulfil the strict operational, security and data protection criteria of blue-chip MNCs clients in highly regulated industries • In-house engineering and design capabilities to provide full integration of enterprise ICT infrastructure system • Brand independent and can offer most suitable solutions to clients without any single-vendor contractual bindings	• Single-digit margin (c.5% PAT margin in most of the past financial years) • Heavy revenue concentration on non-recurrent projects (79.33% of FY25 revenue)
Opportunity	**Threat**
• SOC establishment opens up cybersecurity managed services revenue, one of Malaysia's fastest-growing ICT sub-sectors • OCC upgrade enables higher-margin recurring managed services contracts with longer tenure • Acceleration in cloud adoption • Malaysia's digital economy push and MyDigital Blueprint	• Competitive environment from other ICT infrastructure providers • Cybersecurity incidents on integrated client infrastructure

Source: M+ Research

Financials

Revenue and income highlights. The group reported a revenue increase of RM44.0m (23.3% YoY), increasing from RM188.9m in FY24 to RM232.9m in FY25, with contributions across all four segments. Revenue from the integration of enterprise ICT infrastructure segment increased from RM105.3m in FY24 to RM119.5m in FY25, primarily driven by the increase in systems integration for network infrastructure and data centre. Similarly, the supply of hardware and software segment also increased from RM42.6m in FY24 to RM58.7m in FY25 due to the increase in orders for hardware supply, while the provision of cloud and managed services segment also increased from RM35.8m in FY24 to RM48.1m in FY25, following higher demand of PaaS and SaaS from customers in the manufacturing, BPO and logistics sectors. Other services increased from RM5.3m to RM6.5m during the same period due to more provision of technical services on the back of increased demand. Following the increase in revenue, PAT also saw an increase from RM10.0m in FY24 to RM10.6m in FY25.

Balance sheet. Total assets increased from RM64.0m in FY24 to RM82.7m in FY25, mainly driven by the increase in trade and other receivables and cash and short-term deposits. Meanwhile, total liabilities also increased from RM41.6m to RM51.2m over the same period, largely due to the increase in trade and other payables. Lastly, total equity increased from RM22.4m to RM31.5m, thanks to the increase in retained earnings. The group was in a net cash position prior to listing.

Cash flow. Following a higher PBT, net cash from operating activities increased from RM8.8m in FY24 to RM12.6m in FY25. Net cash used in investing activities increased from RM0.3m in FY24 to RM0.5m in FY25, mainly due to higher purchase of property, plant and equipment and absence of proceeds from disposal of equity instruments.

Cash flow used in financing activities reduced drastically from RM6.7m in FY24 to RM1.1m in FY25 due to the absence of dividends paid. The group generated a net increase of RM11.0m in cash and cash equivalents in FY25.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 17.1%, with core PATMI expected to reach RM12.5m, RM14.7m and RM17.0m over the next three years. This growth is underpinned by (i) increasing revenue contribution seen in the cloud and managed services segment (9.0% in FY22 vs. 20.7% in FY25), (ii) margin uplift as the Group structurally pivots into cloud and managed services, with a 50.9% proceeds allocation for the establishment of a new SOC and the upgrade of existing OCC infrastructure, and (iii) anticipated continuous demand for enterprise ICT infrastructure solutions and cybersecurity services due to the ongoing AI and digitalisation trend.

Fig #6 Financial Highlights

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	188.9	232.9	260.5	287.8	313.7
EBITDA	14.4	15.5	18.3	22.2	26.7
EBIT	13.1	14.1	16.5	19.4	22.6
PBT	13.4	14.5	16.9	19.8	23.0
PAT	10.0	10.6	12.5	14.7	17.0
PATMI – Core	10.0	10.6	12.5	14.7	17.0
PATMI – Reported	10.0	10.6	12.5	14.7	17.0
% change YoY – Core PATMI	27%	6%	18%	17%	16%
Core EPS (sen)	1.6	1.7	2.0	2.4	2.7
P/E (x)	12.4	11.7	9.9	8.4	7.3
EV/EBITDA (x)	7.0	6.6	5.5	4.6	3.8
DPS (sen)	1.0	0.2	-	-	-
Yield (%)	5%	1%	0%	0%	0%
BVPS (RM/share)	0.0	0.1	0.1	0.1	0.2
P/B (x)	5.5	3.9	1.6	1.4	1.1
ROE (%)	49%	39%	23%	17%	17%
Net Gearing (x)	CASH	CASH	CASH	CASH	CASH

M+ Global Research

Valuations

We assign a fair value of RM0.40 per share for PENTECH, representing an 100.0% upside from the IPO price of RM0.20. This valuation is based on a PE ratio of 16.5x, pegged to FY27f EPS of 2.4 sen.

We believe the ascribed P/E multiple is fair, given that PENTECH's peers' average forward and historical P/E multiples are trading between 15.9x–17.7x, supported by the following factors:-

(i) **Strong growth momentum in AI cloud offerings.** PENTECH is positioned for a high-margin expansion into AI-powered cloud services, structurally backed by a 50.9% IPO proceeds allocation specifically dedicated to building a new SOC and upgrading core OCC infrastructure.

(ii) **Secular tailwinds from national AI and digitalization policies**. The accelerating AI and digitalization trend nationwide, including government policies like MyDIGITAL blueprint, Budget 2026 and AI Nation by 2030, act as primary growth drivers for

PENTECH's enterprise ICT services and cloud and managed services moving forward.

(iii) **Rising cybersecurity services demand.** The ongoing AI and digitalization trend will naturally require more comprehensive cybersecurity services from PENTECH to protect the clients' advanced workloads, which will enhance PENTECH's customer stickiness and better support the Group's recurring income moving forward.

Fig #7 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
Pentech Holdings Berhad	**ACE**	**Dec**	**0.20**	**124.0**	***11.7**	****9.6**	***39.3**	***4.5**
Cloudpoint Technology Bhd	MAIN	Dec	0.55	289.7	13.3	11.4	25.3	11.8
Infoline Tec Group Bhd	MAIN	Mar	0.35	127.1	8.5	N/A	22.1	15.2
Infomina Bhd	ACE	May	1.15	691.4	31.3	20.5	14.3	10.8
Avg ex-Pentech Holdings Berhad				**369.4**	**17.7**	**15.9**	**20.5**	**12.6**

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

Investment risks

High concentration on non-recurrent projects. PENTECH derives 79.33% of its revenue from fixed lump-sum contracts. A failure to continually replace completed infrastructure projects with an active, fresh tender pipeline could badly affect its top-line.

Dependency on distributors' terms. The business relies heavily on standard commercial terms from its distributors, including Ingram Micro, Tec D, and VSTECS. Any unexpected alteration to pricing structures, rebates, or allocation priorities directly compromises operating margins.

Cybersecurity deficit liabilities. As a provider of remote managed network integrations and secure corporate cloud setups, PENTECH faces systemic digital threats. Any down-line breach on client systems attributed to network configurations carries negative legal and reputational exposures.

Environmental, Social and Governance (ESG) Practices

Environmental:

- PENTECH coordinates a centralized IT lifecycle policy where non-refurbished retired client assets are funnelled strictly to certified recycling collectors, averting ecological data security leaks.
- PENTECH has integrated motion-sensor lighting arrays within core operational hubs to reduce baseline power draws. Workers are also encouraged to switch off all lights and electronic devices when not in use, particularly during lunch breaks and at the end of the workday.
- Management actively employs execution software suites to institutionalize a digital-first, low-paper workflow culture across corporate offices.

Social:

- PENTECH enforces safe tracking paths and strict site execution standards governed by an active Safety and Health Committee in full compliance with OSHA 1994 parameters.
- The group maintains a strict localized hiring strategy that prioritizes equitable career access across gender, age, and diverse ethnic cohorts.
- Continuous technical upgrade programs and professional certifications are regularly provided to employees ensure talent management.

Governance:

- Aligns closely with corporate governance best practices, with women making up 57.14% (4 out of 7) of its Board of Directors.
- The Group maintains a formal Enterprise Risk Management structure designed in strict accordance with internationally recognized frameworks.
- The Group established and enforced active whistleblowing, anti-bribery and data privacy policies across all operating units.

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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