Corporate Update

NEXG Berhad

(5216 |NEXG MK) Main | Technology

4 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM0.58**

Steady Earnings Growth

Active effort to expand its business. We are keeping our **BUY** recommendation for Nexg with an unchanged **target price of RM0.58** post the 4QFY25 results announcement. While there was a setback in 4QFY25 results owing to lower demand for its products and services, full year FY25 normalised remains on expansionary mode with a double-digit growth of +12.5%yoy. This was supported by higher revenue as well as healthier profit margin.

We expect continuous revenue improvement in the coming quarters. This is premised on higher extension contract awarded to the group for its existing products and services.

Moreover, we anticipate the group to win more projects as it capitalises on upcoming opportunities to further expand and diversify the business, especially the non-government income portfolio. The latter would also help to put the group in a more favourable risk profile.

Lower demand. Nexg's 4QFY25 normalised earnings contracted by -19.3%yoy to RM30.9m. This was mainly led by lower revenue supply of smart cards, passport and personalisation services which declined by -15.0%yoy to RM88.1m.

Kept pace with expectation. On a cumulative basis, full year FY25 normalised earnings amounted to RM101.1m, an increase of +12.5%yoy. While +1.4%yoy improvement in revenue to RM373.5m lent a hand to the bottomline, the higher earnings growth was also contributed by lower operating expenses of RM236.5m (-4.1%yoy).

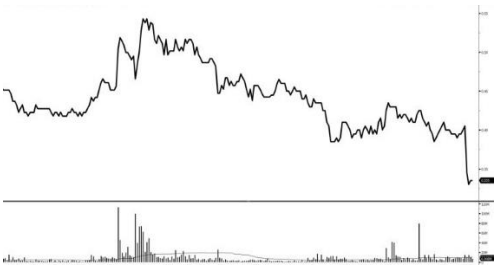
All in, Nexg's FY25 financial performance kept pace with ours but below consensus expectation, making up 103.5% and 103.3% of FY25 full year earnings estimates respectively.

No change in earnings estimate and target price. We made no changes to our FY26 to FY28 earnings estimates at this juncture. Our target price of RM0.58 also remain unchanged, which is premised on pegging CY25 EPS of 3.7sen against target PER of 15.6x.

In a net cash position. The group's 1Q25 cash reserved improved to RM73.2m (+155.9%yoy) from RM28.6m a year ago. Coupled with lower 1Q25 borrowings of RM52.3m (-12.6%yoy), the group has a net cash position of RM20.9m. This is opposed to a net debt of RM31.2m as at 1Q24.

RETURN STATISTICS	
Price @ 28th May 2025 (RM)	0.365
Expected share price return (%)	+58.9
Expected dividend yield (%)	+2.1
Expected total return (%)	+61.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-2.1
3months	46.9	16.7
12 months	-32.1	-27.9

INVESTMENT STATISTICS

FYE MAR (RM'm)	2026E	2027F	2028F
Revenue	421.2	458.4	488.1
Operating Profit	149.0	163.0	174.4
PBT	147.2	165.0	181.0
Core PATAMI	107.4	120.4	132.1
Core EPS (sen)	3.8	4.3	4.7
DPS (sen)	0.8	0.8	0.8
Dividend Yield	2.1%	2.1%	2.1%

KEY STATISTICS

FBM KLCI	1,523.48
Issue shares (m)	2,796.07
Estimated free float (%)	59.32
Market Capitalisation (RM'm)	1,044.79
52-wk price range (rm)	RM0.21 – RM0.58
3-mth average daily volume (m)	28.42
3-mth average daily value (RM'm)	8.26
Top Shareholders (%)	
MUCHTAR POPI RIANDANI	8.67
Urusharta Jamaah Sdn Bhd	5.86
Kuantum Juang Sdn Bhd	4.73

Analyst

Foo Chuan Loong, **Martin**

martin.foo@midf.com.my

03-2173 8353

DATASONIC GROUP BERHAD: 4QFY25 RESULTS SUMMARY

FYE 31st Mar (all in RM'm unless stated otherwise)	Quarterly results			Cumulative		
	4QFY25	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Revenue	103.8	-10.3	6.0	373.5	368.3	1.4
EBITDA	54.3	8.8	47.5	154.2	129.6	18.9
Depreciation and amortisation	-0.4	-43.1	41.5	-1.3	-4.9	-74.3
EBIT	53.9	9.6	47.6	152.9	124.7	22.6
Interest expense	-0.6	-27.1	24.4	-2.5	-3.2	-23.3
Interest income	0.4	67.1	2.8	1.3	1.0	33.1
PBT	53.7	10.4	47.5	151.8	122.5	23.9
Taxation	-9.7	-2.9	2.6	-36.1	-30.2	19.4
MI	-0.1	n.m.	n.m.	-0.1	0.0	n.m.
PATANCI	43.8	13.5	62.6	115.5	92.3	25.2
Normalised PATANCI	30.9	-19.3	17.8	101.1	89.9	12.5
Normalised EPS (sen)	1.11	-18.4	18.1	3.63	3.19	13.7
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	52.3	9.2	14.7	41.3	35.2	17.3
EBIT margin (%)	51.9	9.4	14.6	40.9	33.9	20.9
Normalised PATANCI margin (%)	29.8	-3.3	3.0	27.1	24.4	11.0
Effective tax rate (%)	18.1	-2.5	-7.9	23.8	24.7	-3.7

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	368.3	373.5	421.2	458.4	488.1
EBIT	124.7	152.9	149.0	163.0	174.4
PBT	122.5	151.8	147.2	165.0	181.0
PATANCI	92.2	115.5	107.4	120.4	132.1
Normalised PATANCI	89.2	101.1	107.4	120.4	132.1
Normalised EPS (sen)	3.2	3.6	3.8	4.3	4.7
Normalised EPS Growth (%)	24.1	14.6	5.1	12.1	9.7
PER (x)	11.5	10.1	9.6	8.5	7.8
Dividend Per Share (sen)	3.0	0.8	0.8	0.8	0.8
Dividend yield (%)	8.2	2.1	2.1	2.1	2.1

Source: Company, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology