Zetrix AI Berhad

(0138 | ZETRIX MK) Main | Technology

SHARIAH Compliant | 4 Stars | FTSE4Good

Corporate Update

Zetrix Continues to Chart the Growth

BUY

Unchanged Target Price **RM1.25**

No let up in earnings growth. We are keeping our Buy recommendation on Zetrix as we sustained our target price of RM1.25 post the 2QFY25 quarterly results announcement. Note that we roll forward our valuation-based year to FY26. Despite higher EPS, there is not change to our target price as we pegged a more palatable target PER of 10.3x which is the two-year rolling average PER. This, we view, is more reflective of the period whereby contribution from Zetrix become more pronounce. Notwithstanding this, we view that the group's outlook remains promising. The contribution from the provision of e-government services serve as a stable revenue base while the Zetrix platform serve as the group's growth avenue. We anticipate contribution from Zetrix platform to outperform the former once the Ztrade takes centerstage.

Double-digit earnings growth. Zetrix's 2QFY25 normalised earnings came in at RM204.2m, an improvement of +23.4%yoy. This was mainly led by the improvement in revenue to RM307.9m (+27.1%yoy).

High revenue contribution was a result of: i) contribution from web3 applications service fees on the Zetrix blockchain platform such as the Malaysia Blockchain infrastructure, Ztrade, Zcert and Digital ID registration and transaction and ii) contribution from the sale of Zetrix tokens.

In-line with expectations. On a cumulative basis, the 1HFY25 normalised earnings amounted to RM401.6m, an increase of +25.0%yoy due to the aforementioned reasons. All in, Zetrix's 1HFY25 financial performance came in within ours and consensus, expectations, making up 50.6% and 53.2% of full year FY25 earnings estimates respectively.

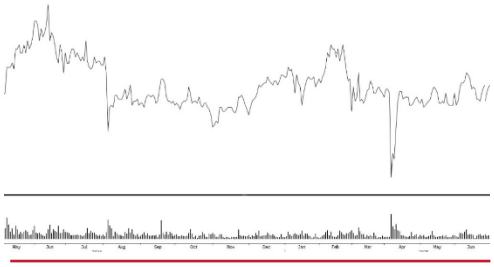
Consistent dividend. The group also announced 2QFY25 dividend of 0.25sen which is comparable to that of 2QFY24. This is also within our expectations.

Target price sustained at RM1.25. We roll forward our valuation-based year to FY26. Our target PER also revised to 10.3x (from 11. 7x previously) which is the two-year rolling average PER. We view that this valuation multiple is reflective of the period when contribution from the Zetrix platform become more meaningful.

All in, our target price is sustained at RM1.25 as we pegged the revised target PER of 10.3x against FY26 EPS of 12.1sen.

RETURN STATISTICS	
Price @ 22nd August 2025 (RM)	0.895
Expected share price return (%)	+39.7
Expected dividend yield (%)	+4.1
Expected total return (%)	+43.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.8	-8.6
3months	-6.3	-5.0
12 months	-5.3	-2.8

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	1,143.8	1,292.6	1,465.2
Operating Profit	835.4	945.8	1,069.4
Profit Before Tax	818.2	930.1	1,054.5
Core PATAMI	793.5	902.0	1,012.3
Core EPS	10.7	12.1	13.6
DPS	3.2	3.6	4.1
Dividend Yield	3.6	4.1	4.6

KEY STATISTICS	
FBM KLCI	1,597.47
Issue shares (m)	7,530.40
Estimated free float (%)	66.18
Market Capitalisation (RM'm)	6,845.65
52-wk price range	RM0.68 – RM1.06
3-mth average daily volume (m)	52.48
3-mth average daily value (RM'm)	48.20
Top Shareholders (%)	
Wong Thean Soon	13.60
Asia Internet Holdings Sdn Bhd	13.46
Kumpulan Wang Persaraan Diperbadan	4.92

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ZETRIX AI BHD: 2QFY25 RESULTS SUMMARY

Financial year ending 31st Dec	Quarterly			Cumulative		
(in RM'm, unless otherwise stated)	2Q25	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue	307.9	27.1	2.6	607.9	475.2	27.9
EBITDA	229.8	17.6	9.3	440.0	380.3	15.7
Depreciation and amortisation	-13.9	2.1	20.4	-25.4	-27.7	-8.4
EBIT	216.0	18.7	8.7	414.7	352.6	17.6
Interest expense	-17.6	3.3	0.3	-35.2	-31.5	11.9
Interest income	0.2	-72.4	121.0	0.3	1.0	-74.4
Share of results of JV and associates	0.3	-38.4	-30.7	0.7	0.6	20.3
PBT	198.8	19.8	9.5	380.4	322.7	17.9
Taxation	-0.5	-24.5	1,575.0	-0.5	-1.2	-58.1
NCI	-0.8	885.5	1,052.1	-0.9	0.2	-616.9
PATANCI	199.1	20.4	9.6	380.8	321.4	18.5
Normalised PATANCI	204.2	23.4	3.4	401.6	321.4	25.0
Normalised EPS (sen)	2.69	21.4	2.8	5.29	4.31	22.9
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	74.6	-6.0	4.6	72.4	80.0	-9.5
EBIT margin (%)	70.1	-4.9	3.9	68.2	74.2	-8.1
Normalised PATANCI margin (%)	66.3	-2.0	0.5	66.1	67.6	-2.3
Effective tax rate (%)	0.2	-0.1	0.2	0.1	0.4	-64.5

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	774.3	1,016.9	1,143.8	1,292.6	1,465.2
EBITDA	588.2	821.8	899.1	1,020.0	1,161.4
EBIT	526.8	767.0	835.4	945.8	1,069.4
PBT	488.3	702.2	818.2	930.1	1,054.5
PATANCI	487.7	697.5	793.5	902.0	1,012.3
Normalised PATANCI	485.5	707.1	793.5	902.0	1,012.3
Normalised EPS (sen)	6.7	9.5	10.7	12.1	13.6
Normalised EPS Growth (%)	69.8	41.1	12.9	13.7	12.2
PER (x)	13.4	9.5	8.4	7.4	6.6
Dividend Per Share (sen)	1.9	2.7	3.2	3.6	4.1
Dividend yield (%)	2.2	3.0	3.6	4.1	4.6

Source: Company, MBSBR

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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