Zetrix AI Berhad

(0138 | ZETRIX MK) Main | Technology

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.24**

Corporate Update

1Q26 Earnings on Track

Healhty margin from the offering of innovative services. We are keeping our Buy recommendation on Zetrix as we retain our target price of RM1.24 post the 1QFY26 quarterly results announcement. As seen in the 1QFY26 results performance, 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.

Due to growing contribution from the Zetrix platform, the profit margin as improved towards the 70% level. At current price point, dividend yield is also attractive at more than 5%.

Double-digit earnings gwowth. Zetrix's 1QFY26 normalised earnings came in at RM272.1m, an improvement of +49.6%yoy. This was mainly led by the improvement in revenue to RM386.3m (+28.8%yoy). Nonetheless, the improvement in earnings was partially negated by the RM9.1m impairment loss from the recognition of the investment in HeiTech Padu as a result of mark-to-market practice.

High revenue contribution was a result of:

I) contribution from web3 application service fees on the Zetrix blockchain platform ("Zetrix") such as the Malaysia Blockchain Infrastructure ("MBI"), ZTrade, ZCert, global voting applications and Digital ID registrations and transactions; and

II) contribution from the sale of Zetrix layer-1 nodes.

In addition, we note that the operating expenses reduced by more than -41.4%yoy to RM43.3m. This was more than enough to made up the higher depreciation and amortisation cost of RM36.9m (+220.6%yoy).

In-line with expectation. All in, Zetrix's 1QFY26 financial performance came in within our expectations, making up 24.8% of full year FY26 earnings estimates.

Earnings and target price. We made no change to our earnings estimates and target price at this juncture.

Dividend. No dividend was announced at this juncture. Nonetheless, we maintain our dividend estimates which translates to dividend yield of more than 5%.

RETURN STATISTICS	
Price @ 25th May 2026 (RM)	0.80
Expected share price return (%)	+54.0
Expected dividend yield (%)	+5.3
Expected total return (%)	+59.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-8.1	-7.7
3months	7.4	-2.3
12 months	-13.6	-22.5

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,555.2	1,780.3	2,043.6
Operating Profit	1,148.7	1,328.2	1,534.1
Profit Before Tax	1,133.1	1,313.3	1,520.3
Core PATAMI	1,098.8	1,260.7	1,474.4
Core EPS	14.3	16.4	19.1
DPS	4.3	4.9	5.7
Dividend Yield	5.3	6.1	7.1

KEY STATISTICS	
FBM KLCI	1,708.50
Issue shares (m)	7,800.96
Estimated free float (%)	63.55
Market Capitalisation (RM'm)	6,301.14
52-wk price range	RM0.63 – RM1.03
3-mth average daily volume (m)	95.74
3-mth average daily value (RM'm)	77.23
Top Shareholders (%)	
Wong Thean Soon	15.17
Asia Internet Holdings Sdn Bhd	14.73
Kumpulan Wang Persaraan Diperbadan	4.92

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ZETRIX AI BHD: 1QFY26 RESULTS SUMMARY

Financial year ending 31st Dec (in RM'm, unless otherwise stated)	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)
Revenue	386.3	300.0	28.8	385.7	0.1
EBITDA	333.8	210.2	58.8	330.1	1.1
Depreciation and amortisation	-36.9	-11.5	220.6	-24.5	50.8
EBIT	297.0	198.7	49.5	305.7	-2.8
Interest expense	-26.2	-17.6	48.7	-23.2	12.9
Interest income	0.6	0.1	654.3	0.2	241.3
Share of results of JV and associates	0.1	0.4	-76.1	0.1	-27.9
PBT	271.5	181.6	49.5	282.8	-4.0
Taxation	-0.4	0.0	1,360.7	-0.5	-10.9
NCI	-0.2	-0.1	216.9	-0.4	-35.7
PATANCI	271.3	181.6	49.4	282.7	-4.0
Normalised PATANCI	272.1	181.8	49.6	291.1	-6.6
Normalised EPS (sen)	3.49	2.41	44.9	3.78	-7.6
			+/- ppts		+/- ppts
EBITDA margin (%)	86.4	70.1	16.4	85.6	0.8
EBIT margin (%)	76.9	66.2	10.6	79.2	-2.4
Normalised PATANCI margin (%)	70.4	60.6	9.8	75.5	-5.1
Effective tax rate (%)	0.2	0.0	0.1	0.2	0.0

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,016.9	1,335.3	1,555.2	1,780.3	2,043.6
EBITDA	821.8	1,031.5	1,231.2	1,419.3	1,641.4
EBIT	767.0	965.8	1,148.7	1,328.2	1,534.1
PBT	702.2	884.3	1,133.1	1,313.3	1,520.3
PATANCI	697.5	883.9	1,098.8	1,260.7	1,474.4
Normalised PATANCI	707.1	901.6	1,098.8	1,260.7	1,474.4
Normalised EPS (sen)	9.5	11.7	14.3	16.4	19.1
Normalised EPS Growth (%)	41.1	23.8	21.9	14.7	16.9
PER (x)	8.5	6.9	5.6	4.9	4.2
Dividend Per Share (sen)	2.7	3.1	4.3	4.9	5.7
Dividend yield (%)	3.3	3.9	5.3	6.1	7.1

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