

INFOMINA

(INFOM MK EQUITY, INFOM.KL)

BUY

(MAINTAINED)

Price: RM1.38

Target Price (% return): RM1.80 (+30%)

52-week High/Low: RM1.55/RM0.69

Technology

Rationale for report: Company Result

Rising sun of growth

The story is strengthening on two fronts: visibility and a new growth leg. The order book nearly doubled QoQ to a record RM555mil, backed by chunky wins, which tightens the runway for earnings delivery. At the same time, Japan is moving from "option" to "driver", with revenue doubling QoQ. We expect Japan to scale to 8% of FY26F and 14% of FY27F revenues. Valuation still looks attractive, with the stock at a ~20% discount to its 5-year average.

- **We retain BUY at a TP of RM1.80/share.** This is still anchored to a 24x target PE, applied to CY27 EPS. Valuation remains supportive, with the group trading at a 20% discount to its 5-year average, which we see as attractive given improving demand visibility and rising Japan exposure.
- **Japan gaining traction.** Operationally, margins were lower this quarter as Japan costs are now charged out, rather than being capitalised previously. That said, results were still broadly on track, with 1H core profit of RM16m (flat YoY) in line at 50% of our full-year estimates. Importantly, traction in Japan is improving, where revenue doubled QoQ to RM4mil. We expect Japan's contribution to keep rising, forming 8% of FY26F and 14% of FY27F revenues. Japan offers an annual revenue opportunity of RM80mil.
- **What stood out most?** Order book rose 91% QoQ to a record RM555mil, materially improving earnings visibility. Recent wins include Siam Commercial Bank (RM137mil), KDN (RM66mil) and Metropolitan Bank & Trust Company (RM137mil). The tender book also includes RM54mil tied to its AI business (about 6% of the tender pipeline). While still relatively small, incremental AI wins could still be meaningful to profits, given the higher margin profile of the segment.
- **Optimising balance sheet.** The group declared a 1.35 sen dividend. If maintained on a half-yearly basis, this implies an annualised ~2% dividend yield. With a net cash position of RM96mil, balance-sheet strength remains a key support, while also leaving room for potential M&A opportunities.

Analyst (s)

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Key Changes

Target Price: ↔
EPS: ↔

Stock and Financial Data

Shares Outstanding (million)	601.3
Market Cap (RMmil)	829.7
Book Value (RM/Share)	0.25
P/BV (x)	5.5
ROE (%)	14.3
Net Gearing (%)	-
Free Float	20.4
Avg Daily Value (RMmil)	1.0

Major Shareholders

INFOMINA HOLDINGS	(55.4%)
Chee Meng Yee	(6.6%)
Leong Ping Lim	(5.9%)

Price performance	3mth	6mth	12mth
Absolute(%)	(7.4)	62.4	6.2
Relative(%)	(13.0)	44.4	(3.3)

Source: Infomina, AmInvestment Bank Bhd.

YE to May	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	196.7	208.7	265.8	292.9
Core net profit (RM mil)	32.8	32.5	42.9	47.4
FD Core EPS (sen)	5.5	5.4	7.1	7.9
FD Core EPS growth (%)	(0.8)	(0.8)	32.0	10.5
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	1.2	1.4	1.8	2.0
PE (x)	25.3	25.5	19.3	17.5
EV/EBITDA (x)	18.0	17.4	13.3	11.8
Div yield (%)	1.1	1.2	1.6	1.8
ROE (%)	14.3	19.8	22.2	20.8
Net Gearing (%)	nm	nm	nm	nm

Source: Infomina, AmInvestment Bank Bhd.

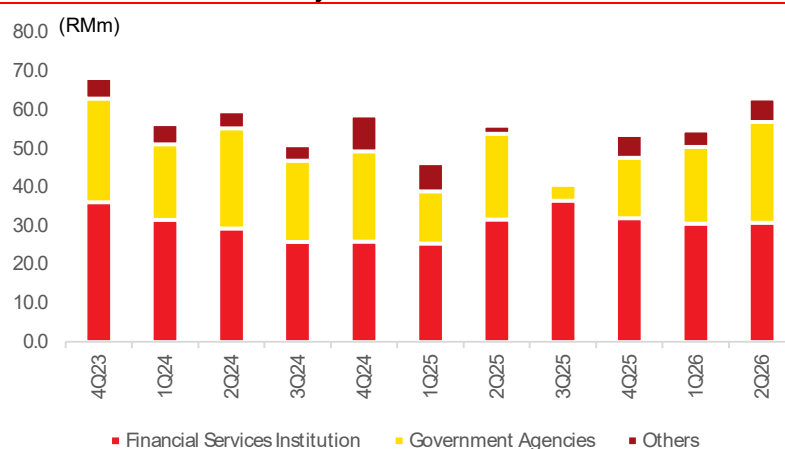
Price Chart



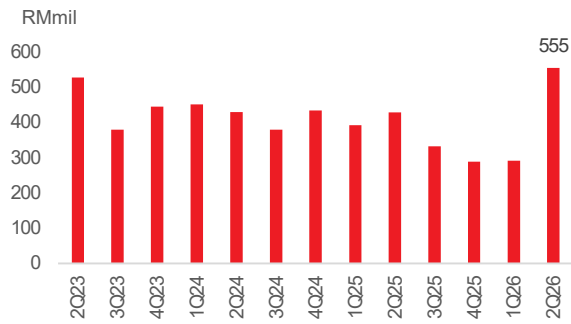
EXHIBIT 1. 2Q26 Results Summary

FYE July (RMmil)	2Q26	2Q25	YoY (%)	1Q26	QoQ (%)	1H26	1H25	YoY (%)
Revenue	62.9	46.6	35.0	54.6	15.2	117.5	92.8	26.7
Ebitda	9.0	8.8	2.2	8.8	2.0	17.8	18.1	-1.5
Depreciation & amortisation	1.0	0.5	82.7	0.5	93.4	1.5	1.1	38.6
Ebit	10.0	9.3	6.9	9.3	7.0	19.3	19.2	0.8
Finance income	0.3	0.2	84.2	0.4	-9.9	0.7	0.3	>100
Finance cost	-0.1	-0.1	40.6	-0.1	13.2	-0.2	-0.4	55.8
JV/Associates	0.0	0.0	nm	0.0	nm	0.0	0.0	nm
El	0.1	0.1	-1.6	0.3	-60.5	0.4	0.1	>100
Pbt	10.3	9.5	8.9	9.9	4.4	20.3	19.1	5.8
Taxation	-2.0	-1.4	-42.0	-1.8	-12.9	-3.8	-3.0	-24.6
MI	0.0	0.0	-4,100.0	0.0	10.6	-0.1	0.0	-2,866.7
Patami	8.3	8.1	2.6	8.1	2.6	16.4	16.1	1.7
Core Patami	8.2	8.0	2.7	7.8	5.2	15.9	16.0	-0.5
EPS (sen)	1.4	1.3	3.0	1.3	>100	2.7	2.7	1.9
DPS (sen)	1.4	1.2	12.5	0.0	nm	1.4	1.2	12.5
Profitability ratio (%)								
Ebitda margin	14.3	18.9	-4.6	16.1	-11.5	15.1	19.5	-4.3
Ebit margin	15.9	20.0	-4.2	17.1	-7.1	16.4	20.6	-4.2
Pbt margin	16.4	20.4	-3.9	18.1	-9.3	17.2	20.6	-3.4
Tax rate	19.4	14.9	4.5	18.0	nm	18.7	15.9	2.8
Patami margin	13.0	17.1	-4.1	14.2	-8.7	13.6	17.3	-3.7
Revenue breakdown ('mil)								
Renewal	51	41	26.4	44	16.8	95	81	18.2
Turnkey	12	6	93.3	11	8.4	22	12	82.8
Orderbook ('mil)	555	429	29.4	291	90.8			
Renewal	475	354	34.2	224	>100			
Turnkey	81	76	6.9	67	21.0			
Tenderbook ('mil)	955	850	12.3	972	-1.8			

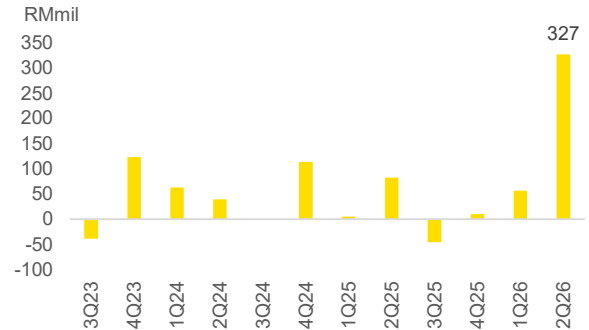
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 2. Revenue breakdown by clients

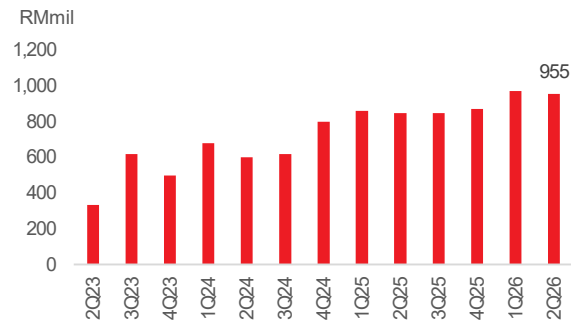
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 3. Order Book

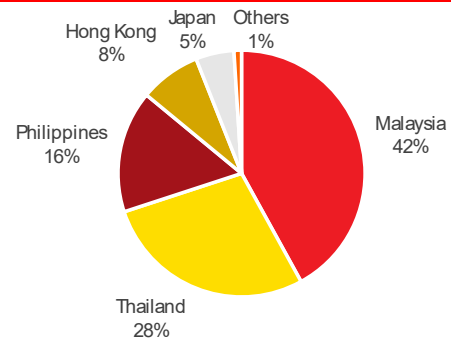
Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 4. New Orders Secured

Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 5. Tender Book

Source: Infomina, AmInvestment Bank Bhd.

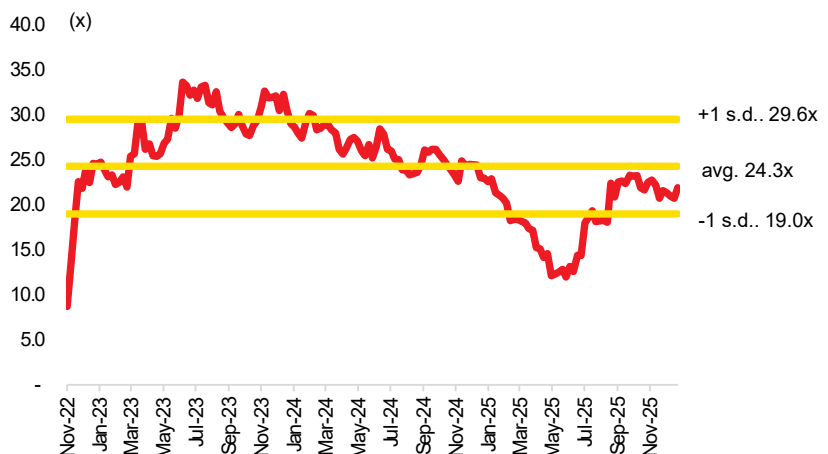
EXHIBIT 6. Tender Book Breakdown

Source: Infomina, AmInvestment Bank Bhd.

EXHIBIT 7. Valuations

Target PE (x)	24.0x
CY27 EPS	7.6sen
ESG premium	-
12-month target price	RM1.80/share

Source: AmInvestment Bank Bhd.

EXHIBIT 8. 5-Year Forward PE

Source: AmInvestment Bank Bhd., Bloomberg

Company profile

Infomina is a tech company that specialises in mainframe systems, which are powerful and reliable computers that handle huge volumes of transactions and data in real time. The group excels in the full lifecycle of mainframe solutions, from design and implementation (turnkey projects) to ongoing operations, maintenance, support and consulting services (renewal contracts). Its expertise span across multiple countries in Asia, which includes Malaysia, Thailand, HK, Philippines and Japan.

Investment thesis and catalysts

Sticky revenues. Renewal income has grown at a 36% YoY CAGR since FY20. Mainframes may sound dated but they power critical functions like payments and ID databases. Once embedded, they are expensive and risky to replace, ensuring long term contracts and steady renewals.

Breakout year in FY27. Earnings are forecast to surge 32% YoY to RM43mil, supported by two major contract renewals and strong traction in Japan. Already 10 clients have come onboard from a pool of 40+, and Japan could contribute 14% of FY27F revenues.

AI growth option. The group is extending into artificial intelligence and data analytics, targeting recurring income from credit risk, fraud and cybersecurity solutions. Its partnership with Geolytik adds geospatial capabilities, helping enterprises optimise site selection and customer targeting.

Valuation methodology

We value Infomina based on a target PE of 24.0x and CY27 EPS, to capture a 12-month view. Our target PE is in line with the group's 5-year average. Although PE has derated in recent times, we believe expectations of record FY27F earnings and upside optionalities from its new AI venture, will help rerate valuations back to its mean.

Risk factors

Dependence on mainframe renewals. Infomina's core revenues remain heavily reliant on long term renewal contracts tied to mainframe systems. A structural decline in mainframe demand or a shift to cloud-native alternatives could erode renewal growth over time. Any delay or non-renewal of large contracts would also create earnings volatility, given the high concentration of revenue in a relatively small client base. That said, mainframes remain deeply entrenched in running critical functions, making them costly and risky to replace. This ensures renewals stay sticky, with built-in annual fee escalations.

Counterparty and overage risks. Non-payment is a potential risk, especially in relation to overages, where customers are billed for usage beyond their contracted limits. If clients dispute or delay payment of these additional charges, it could affect cash flows. That said, the risk is relatively low given Infomina's clientele of banks and government agencies with strong credit profiles, and the fact that overages are contractually defined, leaving limited room for disputes.

Income Statement (RMmil)

YE to May	FY24	FY25	FY26F	FY27F	FY28F
Revenue	225.2	196.7	208.7	265.8	292.9
EBITDA	43.5	41.0	41.4	54.6	60.5
Depreciation/Amortisation	(1.9)	(2.1)	(1.7)	(1.9)	(2.2)
Operating income (EBIT)	41.6	38.9	39.8	52.7	58.3
Other income & associates	-	-	-	-	-
Net interest	0.4	0.3	0.9	1.0	1.0
Exceptional items	-	(11.7)	-	-	-
Pretax profit	42.0	27.4	40.7	53.7	59.3
Taxation	(8.9)	(6.3)	(8.1)	(10.7)	(11.9)
Minorities/pref dividends	-	-	-	-	-
Net profit	33.1	21.1	32.5	42.9	47.4
Core net profit	33.1	32.8	32.5	42.9	47.4

Balance Sheet (RMmil)

YE to May	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	5.9	4.0	4.4	5.2	5.9
Intangible assets	1.4	1.3	1.3	1.3	1.3
Other long-term assets	5.0	5.8	5.8	5.8	5.8
Total non-current assets	12.2	11.0	11.5	12.2	13.0
Cash & equivalent	70.0	94.7	110.7	103.8	120.3
Stock	-	-	-	-	-
Trade debtors	172.0	171.0	181.4	231.0	254.6
Other current assets	8.4	4.4	4.4	4.4	4.4
Total current assets	250.4	270.1	296.6	339.3	379.4
Trade creditors	38.5	37.3	40.0	50.5	55.6
Short-term borrowings	3.3	1.0	0.8	0.6	0.5
Other current liabilities	70.8	85.5	85.5	85.5	85.5
Total current liabilities	112.7	123.7	126.3	136.6	141.5
Long-term borrowings	2.8	2.1	1.6	1.2	0.9
Other long-term liabilities	4.2	3.9	3.9	3.9	3.9
Total long-term liabilities	7.0	6.0	5.5	5.2	4.9
Shareholders' funds	142.9	151.5	176.3	209.8	246.0
Minority interests	-	-	-	-	-
BV/share (RM)	0.24	0.25	0.29	0.35	0.41

Cash Flow (RMmil)

YE to May	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	42.0	27.4	40.7	53.7	59.3
Depreciation/Amortisation	1.9	2.1	1.7	1.9	2.2
Net change in working capital	(43.7)	(1.1)	(7.7)	(39.1)	(18.5)
Others	(8.6)	8.0	(9.3)	(11.9)	(13.1)
Cash flow from operations	(8.5)	36.4	25.3	4.6	29.9
Capital expenditure	(2.0)	-	(2.1)	(2.7)	(2.9)
Net investments & sale of fixed assets	0.1	-	-	-	-
Others	(2.1)	2.7	-	-	-
Cash flow from investing	(4.0)	2.7	(2.1)	(2.7)	(2.9)
Debt raised/(repaid)	(0.7)	(0.7)	(0.7)	(0.5)	(0.4)
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	-	(7.2)	(7.7)	(9.4)	(11.3)
Others	3.2	(2.0)	1.2	1.2	1.2
Cash flow from financing	2.5	(9.9)	(7.2)	(8.8)	(10.5)
Net cash flow	(9.9)	29.2	16.0	(6.9)	16.5
Net cash/(debt) b/f	73.4	63.0	90.5	106.5	99.6
Net cash/(debt) c/f	63.0	90.5	106.5	99.6	116.1

Key Ratios

YE to May	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	(10.4)	(12.6)	6.1	27.3	10.2
EBITDA growth (%)	(13.7)	(5.8)	1.1	31.8	10.7
Pretax margin (%)	18.6	13.9	19.5	20.2	20.2
Net profit margin (%)	14.7	10.7	15.6	16.2	16.2
Interest cover (x)	nm	nm	nm	nm	nm
Effective tax rate (%)	21.3	23.1	20.0	20.0	20.0
Dividend payout (%)	-	-	-	-	-

Debtors turnover (days)	275	318	308	283	303
Stock turnover (days)	-	-	-	-	-
Creditors turnover (days)	95	70	68	62	66

Source: Company, AmInvestment Bank Bhd.

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