Engineering Tomorrow's Semiconductor Industry

STRATUS GLOBAL HOLDINGS BERHAD — Fair Value: RM1.73 (116.25%)

Company Description

Stratus Global Holdings Berhad ("Stratus") is a Penang-based factory automation solutions provider specialising in cleanroom automated material handling systems ("AMHS") for the semiconductor industry. Its portfolio spans conveyor-based AMHS, hybrid AMHS and automated storage-and-retrieval systems ("ASRS"), integrated with proprietary transport control software. With a 28-year track record since 1998, the Group serves front-end and back-end semiconductor multinationals across 11 countries in Asia, Europe and North America from its Bayan Lepas facilities.

Investment Highlight

- **Pure-play leverage to the semiconductor and AI capex super cycle.** AMHS demand is directly tied to fab capacity expansion, throughput and rising process complexity. The global semiconductor AMHS market grew at an 8.39% compound annual growth rate ("CAGR") to USD2.98 billion ("bn") in 2025, with Asia Pacific contributing 73%. Global semiconductor sales rose at an 11.49% CAGR (2022–2025). As chipmakers scale 300mm-wafer capacity and advanced packaging for artificial intelligence ("AI"), Stratus is positioned as an infrastructure enabler of that build-out.
- **Deep 28-year moat with proprietary, certified end-to-end technology.** Since 1998, the Group has developed a full in-house suite – conveyor-based AMHS, hybrid AMHS, ASRS and its proprietary Intelli Move transport control software – spanning design, fabrication, installation and commissioning. Solutions are engineered for ISO Class 3/5 cleanrooms and certified to ISO 9001/14001/45001, SEMI, CE and UL standards. This technical depth and reference ability create high switching costs and are difficult for new entrants to replicate.
- **Blue-chip multinational customer base with long-standing, repeat relationships.** The Group primarily serves front-end semiconductor multinationals (("IDMs") and foundries) and is expanding into back-end players ("OSATs"), with an installed base built over nearly three decades. Long relationships have generated repeat orders and reference ability – critical in an industry where customers weigh proven track record heavily. Diversification into the back-end value chain broadens the addressable market and reduces reliance on any single production stage.
- **Clear, fully-funded growth roadmap with an immediate capacity trigger.** With its two Bayan Lepas plants running near full capacity, growth is currently constrained by floor space. The RM285 million("mn") raise directly removes that bottleneck: RM122.6mn for a new adjacent facility (fabrication, warehousing and a research and development ("R&D")/demonstration centre), RM45.0mn for R&D and RM20.0mn for overseas offices. Because the expansion targets an identified constraint, incremental capacity should translate more directly into revenue potential than speculative capex.

Valuation / Recommendation

We derive a fair value of RM1.73 based on 30x (a 15% discount to the initial forward PE of 36x) multiple to its FYE2028F EPS of 5.71sen. We believe that the discount is reasonable, given Stratus' significant exposure to the semiconductor industry and its reliance on five major customers. The initial public offering ("IPO") aims to raise approximately RM285mn from the public issue of 356.25mn new shares. A total of 65.83% is allocated for business expenditure, 28.91% is set for working capital, while the remaining 5.26% is allocated for listing expenses. The Group's strong order book, expanding automotive and electric vehicle ("EV") exposure, scalable capacity, and established original equipment manufacturer ("OEM") relationships support sustainable long-term growth.

IPO TIMELINE	
Opening Date	2 Jul 2026
Closing of Application	10 Jul 2026
Listing Date	21 Jul 2026
IPO Price (RM)	0.80
Expected Return	77.50%
Market/ Sector	Technology
Bursa Code	5356

IPO Details	Shares(mn)
Public Issue	356.25
Enlarged share	1250.00
	RM(mn)
Market Cap	1000.00
Shariah compliant	Yes

Substantial Shareholders	Shares(mn)	(%)
Jiyuan Holdings S/B	520.00	41.60
Beh Lai Lien	114.86	9.19
Tan Chan Chin	66.61	5.33

Utilisation of IPO Proceeds	RM(mn)	(%)
Business expansion		
• Expansion of our Group's facility	122.60	43.02
• Overseas business expansion	20.00	7.02
• R&D expenditure	45.00	15.79
Working capital	82.40	28.91
Estimated listing expenses	15.00	5.26
Total	**285.00**	**100.00**

Allocation	Shares(mn)	(%)
Public Issue		
Malaysian Public via balloting process:		
• Public investors	12.50	1.00
• Bumiputera public investors	12.50	1.00
Eligible Directors	5.80	0.46
Eligible employees	23.70	1.90
Persons who have contributed to the success of Group	0.50	0.04
Private placement to selected investors	145.00	11.60
Private placement to Bumiputera investors approved by MITI	156.25	12.50
Total	**356.25**	**28.50**
Total enlarged share capital upon listing	**1250.00**	

Key Financial Summary

FYE Mar (RMmn)	2025A	2026A	2027F	2028F	2029F
Revenue	220.28	197.06	221.21	250.60	**284.02**
Gross Profit	118.17	102.16	117.24	137.83	**156.21**
Pre-tax Profit	88.29	62.52	72.75	87.43	**99.09**
Core Net Profit	66.16	51.09	59.44	71.43	**80.96**
Core EPS (Sen)	5.29	4.09	4.76	5.71	**6.48**
P/E (x)	15.11	19.57	16.82	14.00	**12.35**
DPS (Sen)	1.70	1.07	1.19	1.43	**1.62**
Dividend Yield (%)	2.12	1.34	1.49	1.79	**2.02**

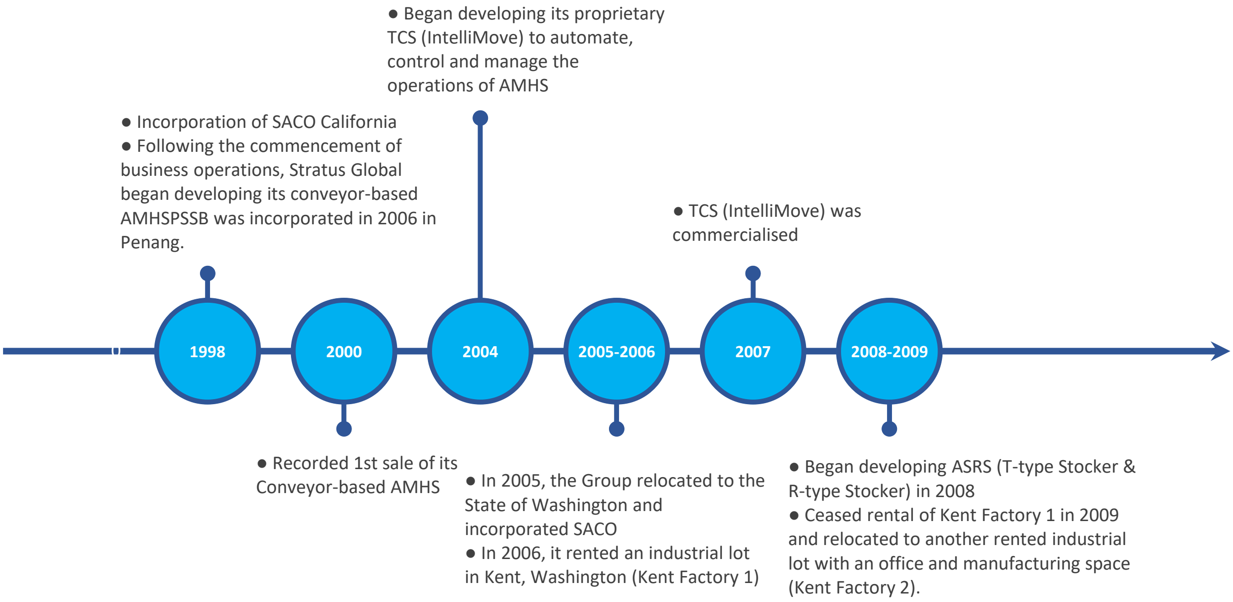
Source: Company Prospectus, S&P Global, Eco Asia Research Estimates

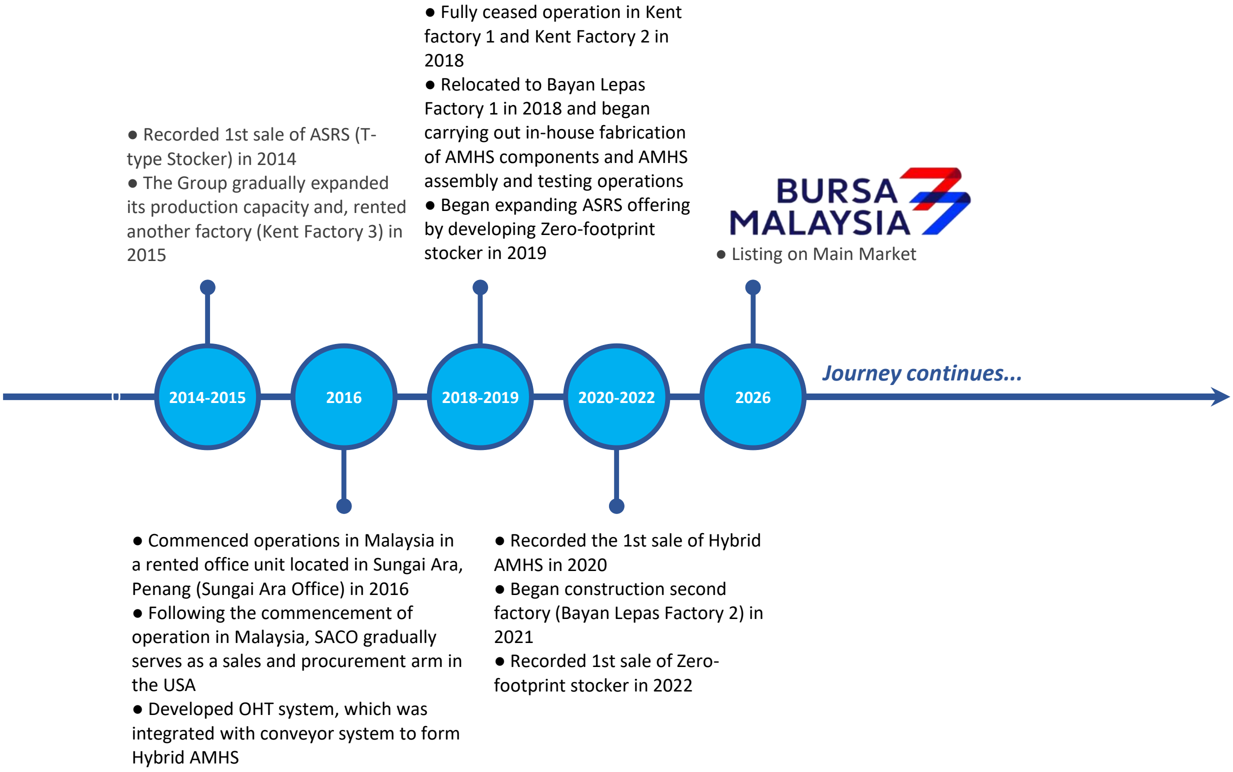
EPS, P/E and DPS from 2025A to 2026A (pre-IPO) are on pro-forma basis for comparative purposes only.

Company Background

Stratus was incorporated in Malaysia on 7 May 2025 as a private limited company, and converted to a public company on 25 November 2025. It is an investment-holding company whose subsidiaries provide cleanroom AMHS solutions. The business traces its origins to 1998 in California, USA, before completing the relocation of operations to Penang, Malaysia, in 2018.

Key Milestones



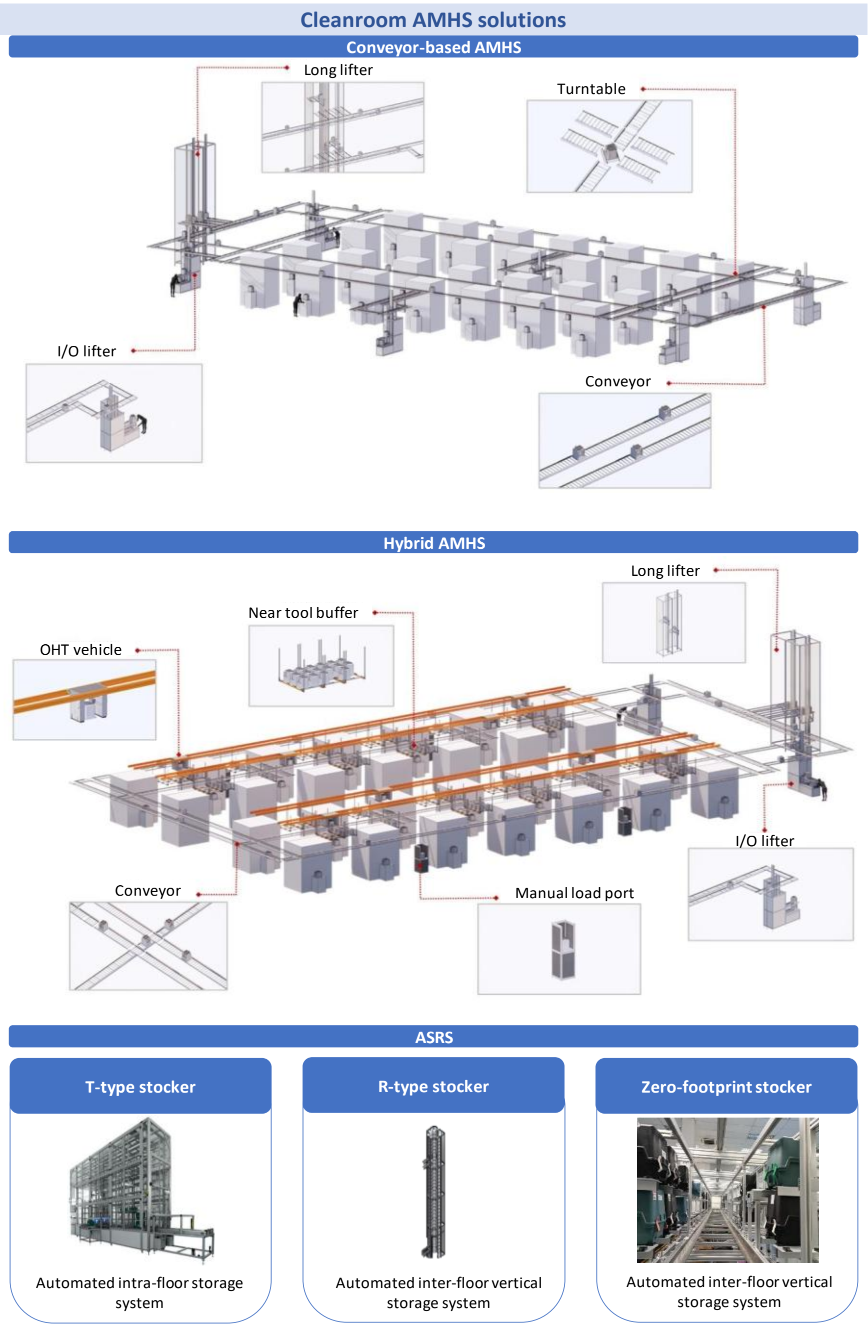


Business activities

The Group operates through three AMHS solution segments, all underpinned by its proprietary IntelliMove control software. Revenue is secured on a project-by-project basis via purchase orders, spanning design, fabrication, installation and commissioning:

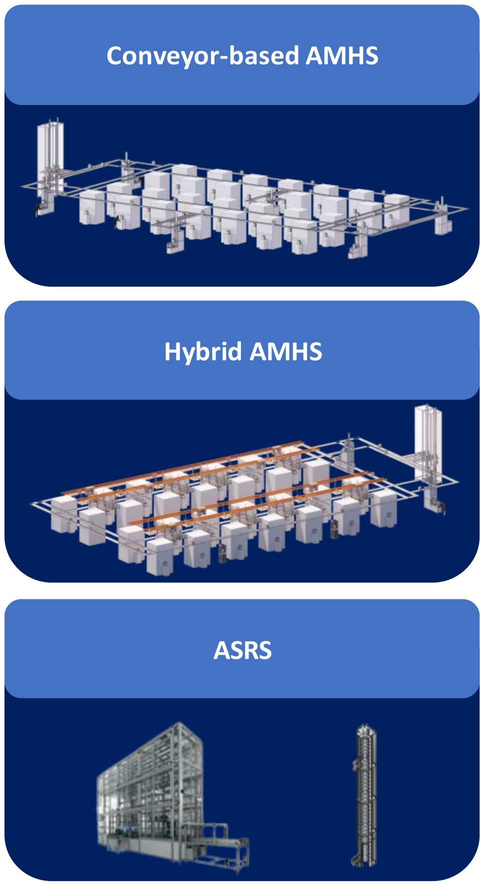
1. **Conveyor-based AMHS:** Overhead conveyor lines that rapidly transfer critical materials between production areas within semiconductor cleanrooms.
2. **Hybrid AMHS:** Integrates conveyor lines with ceiling-mounted overhead hoist transport (OHT) vehicles for fully automated, labour-light material handling.
3. **ASRS:** Automated storage-and-retrieval systems – T-type, R-type and zero-footprint stockers – providing compact, high-density storage of wafer carriers.

POWERING FAB AUTOMATION AND THROUGHPUT



Source: Company Prospectus

Business Segments



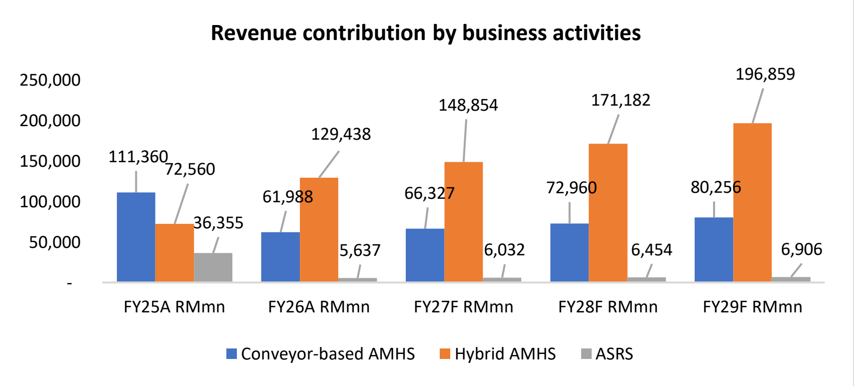
Customer Base

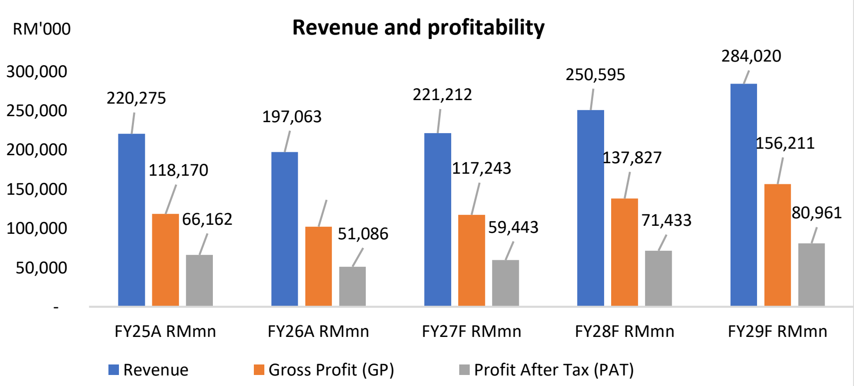
Multinational semiconductor production companies

Source: Company Prospectus

Revenue and Profitability

Stratus's revenue from FYE2023 to FYE2026 was mainly derived from the Hybrid AMHS segment, which accounted around 66.00% of its total revenue (as of FYE2026). The following shows revenue contributions by business activities as well as the revenue and profitability from FYE2025A to FYE2026A, FYE2027F, FYE2028F and FYE2029F:





Future Plans and Strategies

The Group intends to strengthen its market position by leveraging its established competitive advantages while continuously enhancing its technological capabilities to capitalise on the growing opportunities within the global AMHS solutions industry:

1) **Expansion of Operational Facilities:** To establish a new facility to enhance its execution capacity and operational efficiency. The expansion is expected to strengthen project delivery capabilities, improve production readiness, and support the increasing demand for AMHS projects.
2) **Geographical Expansion:** To establish sales and engineering support offices in Japan, Taiwan, Germany, and the United States. The expansion aims to facilitate closer engagement with customers, enhance responsiveness to client requirements, and improve access to local market intelligence
3) **Expansion Within the Semiconductor Value Chain:** To expand from the front-end into selected back-end semiconductor production applications by leveraging its established engineering expertise, technical capabilities, and customer relationships. This strategic expansion is expected to diversify revenue streams, broaden its service offerings, and strengthen its long-term growth prospects within the semiconductor value chain.

Key Risks

Customer and industry concentration. More than 89% of revenue during the review period came from major customers in the semiconductor industry. The loss of, or reduced orders from, a single key customer – or a downturn in the semiconductor cycle – could materially affect earnings. The planned back-end expansion partly mitigates this, but concentration remains Stratus's single largest structural risk for investors.

Project-based model drives earnings lumpiness. Revenue is recognised project-by-project, with timing dependent on delivery, installation, commissioning and customer acceptance. This makes quarterly and annual results inherently volatile – as seen in the FYE2026 revenue and profit decline – reducing earnings visibility and making the shares sensitive to any single delayed or completed large contract.

Absence of long-term contracts. Sales are transacted via purchase orders without long-term supply commitments or guaranteed recurring volumes. While project agreements govern scope, they do not assure repeat orders. This limits forward-earnings visibility and exposes the Group to shifts in customer procurement cycles and capex budgets, which can move sharply with the semiconductor cycle.

Foreign-exchange exposure. All sales are denominated in USD while the majority of cost of goods sold is in RM, giving only a partial natural hedge. The Group is also exposed to SGD, EUR, JPY and RMB. USD weakness contributed directly to the FYE2026 revenue decline, illustrating that currency swings – and billing-versus-settlement timing – can meaningfully affect reported results.

Industry Outlook

The outlook for Malaysia's semiconductor-automation ecosystem is compelling. The global semiconductor AMHS market grew at an 8.39% CAGR to USD2.98bn in 2025, with Asia Pacific supplying 73% of demand, while global semiconductor sales expanded at an 11.49% CAGR – structurally lifted by AI, data-centre build-out and Electrical and Electronics ("E&E") digitalisation. Malaysia sits at the centre of this: Penang attracted USD12.8bn (RM61bn) in Foreign Direct Investment ("FDI") in 2023, surpassing the prior seven years combined, anchored by Intel's USD7bn advanced-packaging facility. The government's commitment is explicit – the National Semiconductor Strategy, launched in 2024, allocates at least RM25bn in incentives and targets RM500bn of investment to move the nation up the value chain. Geopolitical "friend-shoring" has placed Malaysia in a strategic sweet spot as a neutral, resilient production base. As semiconductor manufacturing plants ("fabs") and OSATs expand capacity, demand for automated material-handling infrastructure should rise in tandem – a durable tailwind for Stratus Global.

DEFINITION OF RATINGS

Eco Asia Investment Advice uses the following rating system:

STOCK RECOMMENDATION

BUY Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL Share price may fall by more than 15% in the next 3 months.
SELL Share price may fall by more than 10% over the next 12 months.
NOT RATED Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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