Aurelius Expected To Deliver Despite Weaker US Dollar

Maybank IBG has reaffirmed its “BUY” rating on Aurelius Technology, maintaining a target price (TP) of RM1.17. The firm anticipates the company will deliver financial results in line with its estimates, as seasonal year-end strength helps to offset near-term volatility from a weaker US Dollar.

The brokerage’s long-term conviction is strengthened by ATECH’s management strategy to scale up utilisation at its fifth production facility (P5) by onboarding new and existing customers. The TP of RM1.17 is based on a valuation of 21x FY26E Earnings Per Share (EPS), which is close to one standard deviation above the sector’s five-year forward mean.

P5 Facility Set for Significant Ramp-Up

Operational momentum at the P5 facility is expected to accelerate significantly, with the lead automotive brand transitioning into full mass production. Furthermore, three additional automotive marques are now in the conditional mass production phase, following successful qualifications by another two of 13 targeted brands.

ATECH has set an ambitious target of achieving a 30% utilisation rate (UR) for P5 in 2026, up from the current 15% baseline, driven by both new and existing customers. While this automotive segment represents a new growth lever for ATECH, Maybank IBG expects a gradual gestation period before it meaningfully contributes to the bottom line.

Resilient Core Business Amidst Headwinds

The report notes that ATECH's core Commercial and Industrial (C&I) segment remains resilient, supported by ongoing active repricing strategies aimed at mitigating the impact of US Dollar weakness. Customer F, a key account, is expected to remain a significant growth driver into 2026, with seven production lines currently running at high utilisation.

Meanwhile, the older P1-P3 facilities continue to provide stable earnings, running at a high utilization rate of approximately 85-90%. The firm acknowledged that volumes in the Oil & Gas (O&G) and Point of Sale (POS) segments are expected to remain muted due to cyclical headwinds and protracted customer expansion timelines. ATECH is actively pivoting to new opportunities to counter this cyclicality.

Investment Thesis Reaffirmed

Maybank IBG is maintaining its earnings forecasts unchanged. The firm favors ATECH for its exposure to trade diversion, its niche global customer base, and its stable growth outlook.

Key risks to the recommendation include a reduction in customer order volumes, adverse USD currency movements, rising operating costs such as labor and utilities, and the absence of tax incentives.