

ISF Group Berhad (0390)

Dual Catalysts: Data Centre and JS-SEZ

Bloomberg Ticker: ISF MK | Investment Horizon: 12 Months

Recommendation

We recommend a **Subscribe** rating for ISF Group Berhad (ISF), with a **target price of RM0.470, representing a 42% upside**. ISF is a specialised water and wastewater engineering contractor serving a wide range of end-user premises. We favour ISF for its (i) strong exposure to Malaysia's DC super cycle, (ii) entrenched positioning in Johor driven by RTS and JS-SEZ developments, and (iii) improving margin profile as it transitions towards higher-value projects.

Investment Highlights

DC Construction Boom. ISF is well positioned to benefit from Malaysia's DC super cycle, as DC developments require complex water and wastewater systems that sit within ISF's core expertise, while its expansion into turnkey DC water systems further increases addressable revenue per project. ISF has already benefitted from this trend, with DC-related revenue rising from RM1.0mn in FY22 to RM11.7mn in FY24. A typical DC incurs RM3.5–4.0bn of construction cost per 100MW, and assuming 550–600MW of new DC construction in FY26, an estimated 10% attributable to plumbing works and 75% relevant to ISF, this implies an addressable market of RM1.4–1.7bn. Assuming a 4.8–5.1% market share, we forecast DC revenue of RM73.1mn in FY26 and eventually RM86.1mn in FY27 (94.7% CAGR from FY24 to FY27). This outlook is supported by ISF's RM180.0mn total DC-related tender book as of December 2025, limited competition, and our assumption of TNB implementing 2.0GW of power capacity rollout annually, supporting Malaysia's DC capacity expansion to 4.0–4.5GW by 2030.

JS-SEZ-Led Construction Momentum in Johor. Johor's construction upcycle is being driven by the RTS Link and the Johor–Singapore Special Economic Zone (JS-SEZ), translating into stronger residential, industrial and DC development activity. In 1H25, Johor residential transaction volume rose 12.9%, alongside continued policy support including national affordable housing initiatives, including PRR Masai in Johor. ISF's residential-related order book stood at RM68.7mn as of December 2025, underpinning our forecast for residential revenue to grow almost 3-fold to at least RM30.0mn in FY26 and FY27 from RM11.1mn in FY24. With 50% of historical revenue derived from Johor on average, ISF is well positioned to benefit from JS-SEZ- and RTS-driven developments, supporting our forecast for revenue to reach RM183.0mn by FY27, representing a 49.6% CAGR from FY24.

Structural Margin Upside Backed by Diversified Exposure. We expect structural margin improvement as ISF's revenue mix continues to shift towards higher-margin industrial and DC projects, which delivered GP margins of 54.9% and 47.2% respectively in 7M FY25. This is reinforced by ISF's transition towards a greater role as main contractor, supporting our forecast for GP margin of at least 42% and core PAT margin of at least 23.0% over FY25–FY27. Beyond margins, ISF's diversified end-user exposure across DCs, industrial, residential, commercial, infrastructure and other projects enhance revenue resilience and mitigates potential DC rollout bottlenecks. Earnings visibility remains supported by a RM120.7mn order book and a RM460.0mn tender book, which we believe is sufficient to sustain earnings growth.

FYE 31 Dec (RM'mn)	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
Revenue (RM'mn)	38.7	54.7	99.3	146.3	183.0
EBITDA (RM'mn)	6.1	12.8	31.7	42.3	60.1
Pretax profit (RM'mn)	5.7	12.7	30.5	40.6	57.5
Net profit (RM'mn)	4.4	9.6	23.2	30.9	43.7
EPS (sen)	0.4	1.0	2.3	3.1	4.4
PER (x)	75.3	34.2	14.2	9.2	7.5
Core net profit (RM'mn)	4.4	9.6	23.2	35.7	43.7
Core EPS (sen)	0.4	1.0	2.3	3.6	4.4
Core EPS growth (%)	369.6	119.9	140.7	53.9	22.5
Core PER (x)	75.3	34.2	14.2	9.2	7.5
Net DPS (sen)	0.0	0.1	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.4	0.0	0.0	0.0
ROE (%)	29.2	65.7	23.4	23.8	25.2
P/BV (x)	22.0	22.5	3.3	2.5	1.9

Subscribe

Target Price: RM0.470 (+42%)

Current Share Price: RM0.330

**Ace Market
Construction**

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Valuation

Our target price is based on:

FY26F PE of 13.2x, in line with the simple average forward PE of its domestic DC Mechanical, Electrical and Plumbing peers, justified by ISF's expanding DC and JS-SEZ exposure as well as structurally higher margins from its shift towards higher-margin DC and industrial projects.

Listing Timeline

Subscription Start Date	8 January 2026
Subscription Deadline	14 January 2026
Ballot Result	20 January 2026
Listing date	28 January 2026

Listing Details

Shariah Compliant	Yes
New Shares (mn)	185.3
Fund Raised (RM'mn)	61.1
Offer for Sale (mn)	90.0
Offer for Sale (RM'mn)	29.7

Offering	Total (mn)	Total (%)
Malaysia Public (Bumi)	25.0	2.5
Malaysia Public (Non- Bumi)	25.0	2.5
Pink Form	15.0	1.5
Selected Investors	85.3	8.5
MITI	125.0	12.5
Total	275.3	27.5

Investment Thesis

Malaysia's Data Centre Supercycle

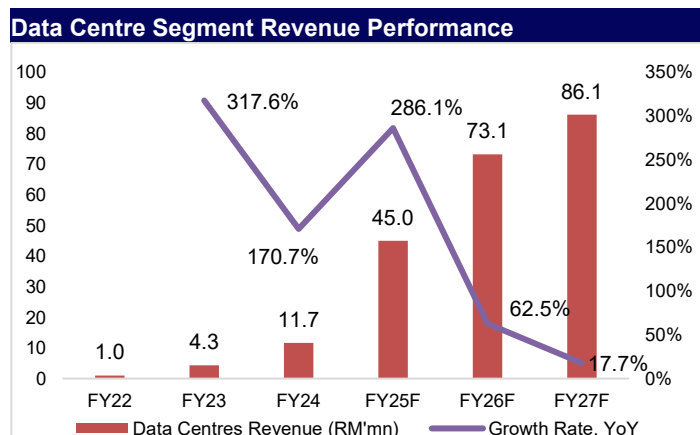
DC revenue tailwind. DC developments require complex water and wastewater systems, including water storage tanks, rainwater harvesting systems and oil separators, all of which fall within ISF's core expertise. ISF is also expanding into turnkey DC water systems, including water treatment plants, which increases its addressable revenue per DC beyond standard piping work. Structurally, ISF has already benefitted from this trend, with DC-related revenue rising more than 11-fold from RM1.0mn in FY22 to RM11.7mn in FY24.

According to DC industry reports published by Arizton Advisory & Intelligence, a typical DC in Malaysia incurs RM3.5–4.0bn of construction cost per 100MW. Assuming 550–600MW of new DC construction in FY26, with our estimated 10% of total build cost attributable to plumbing works and 75% of this scope relevant to ISF, this implies an addressable market of RM1.4–1.7bn in FY26.

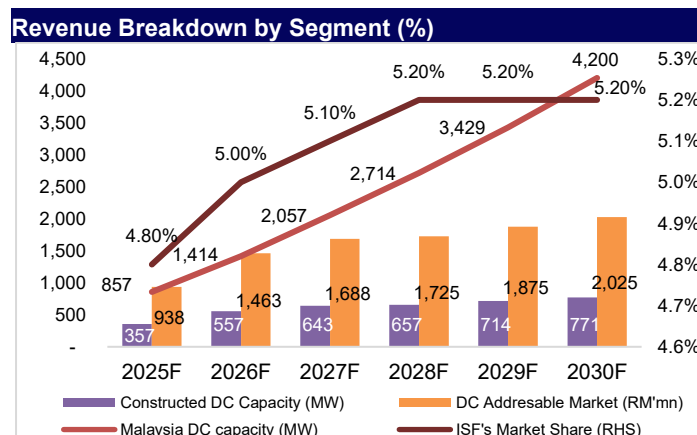
Assuming ISF captures 4.8–5.1% market share, we forecast the DC segment to generate RM73.1mn of revenue in FY26, rising to RM86.1mn by FY27, representing a 94.7% CAGR from FY24 DC revenue of RM11.7mn. This reflects a modest increase from our estimated FY24 market share of 4.0–4.5%, supported by ISF's DC execution track record and expansion into higher-value turnkey water systems, including potential water treatment projects typically sized at RM5.0–10.0mn per project.

Our DC build assumption is based on our assumption of TNB implementing 2.0GW of power capacity rollout annually, which appears achievable given that TNB implemented 1.9GW of new power capacity within 9 months in FY25. Besides, there are 12 DC projects with a combined 2.2GW are currently under construction and a further 8 projects requiring 1.1GW of electricity supply agreements had been signed as of September 2025. Malaysia's DC capacity currently stands at 850–900MW, and we expect this to expand to 4.0–4.5GW by 2030, supported by new DC developments beyond Johor, such as Penang and Perak.

Robust DC tender pipeline. Our forecast is further supported by ISF's RM180.0mn total DC-related tender book, which accounts for around 40% of its RM460.0mn total tender book. While the reported DC-related order book of RM16.1mn appears modest, this does not fully reflect underlying demand given DC projects typically have much shorter tender and award cycles as well as low competitive intensity with only 3–4 recurring competitors bidding alongside ISF, as noted by management.



Source: Company Prospectus, Tradeview Research



Source: Company Prospectus, Tradeview Research

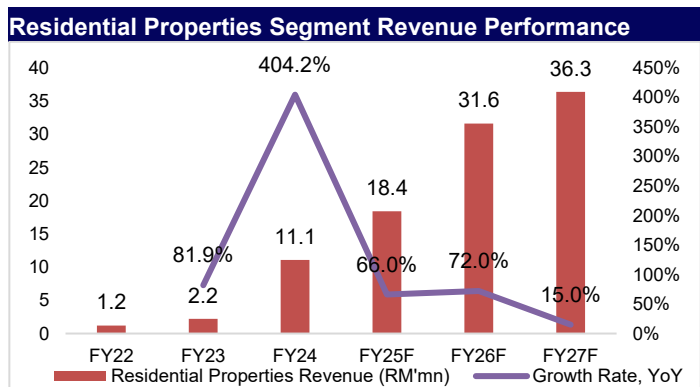
JS-SEZ Catalyst for Johor Development

RTS and JS-SEZ fuel Johor property boom. We believe the Johor property market has entered a new growth phase driven by infrastructure catalysts such as the Rapid Transit System (RTS) Link and the Johor–Singapore Special Economic Zone (JS-SEZ). This is already evident in stronger development activity and investor interest along the RTS–JS-SEZ corridor.

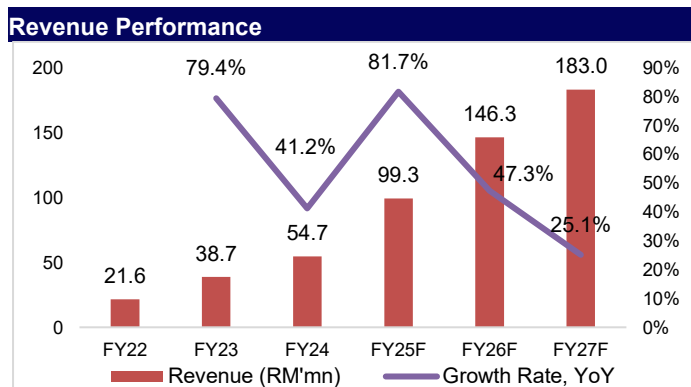
Johor's residential market recorded a 12.9% increase in transaction volume and a 9.3% rise in value during the first six months of 2025, with 21,061 residential transactions valued at RM9.9bn, averaging RM467,955 per transaction. Meanwhile, Johor's industrial sector posted a 12.3% increase in transaction volume, with transaction value reaching RM3.6bn across 732 transactions. At the policy level, the Government has committed to implementing several affordable housing initiatives. Under Budget 2026, the Government allocated RM672m for continued PRR and RMR residential projects, including PRR Masai in Johor, which should further support residential demand and construction activity in the state.

ISF's residential properties-related order book stood at RM68.7mn as of December 2025. In the foreseeable future, we remain optimistic that ISF's residential property segment will continue to provide meaningful revenue contribution, leveraging on JS-SEZ-related developments. As a result, we forecast the residential properties segment to grow almost 3-fold to contribute at least RM30.0mn of revenue in FY26 and FY27 compared to RM11.1mn in FY24.

JS-SEZ tailwinds. ISF is well positioned to benefit from the construction upcycle in Johor, given its strong local footprint, with more than 50% of revenue on average derived from Johor over FY22–FY24. Leveraging on JS-SEZ- and RTS-driven property, industrial and DC developments in the state, we forecast ISF total revenue to reach RM183.0mn in FY27, representing a 49.6% CAGR from FY24 revenue of RM54.7mn.



Source: Company Prospectus, Tradeview Research



Source: Company Prospectus, Tradeview Research

Key Johor Completed and On-Going Projects

Projects	Details	Location	Contract Value	Duration
Johor Data Centre 1 Water Supply Project	Design, supply, installation, testing and commissioning of water supply infrastructure piping and connection to the existing mains water supply network	Iskandar Puteri, Johor	RM30.8mn	Jan 2024 - Dec 2025
Johor Serviced Apartment 5 Project	Supply, installation, testing, and commissioning of cold water and sanitary piping systems (phase 1 and 2), and road drainage works and sanitary wares and fittings installation services (phase 1)	Johor Bahru, Johor	RM15.9mn	July 2024 - Oct 2027
Johor Data Centre 1 Project	Fabricate, supply, deliver, installation and testing and commissioning of cold water and sanitary piping systems and rainwater downpipes for building A, B and C	Iskandar Puteri, Johor	RM9.9mn	Feb 2023 - Jan 2025
Johor Shopping Centre Project	Supply, installation, testing, and commissioning of cold water and sanitary piping systems	Johor Bahru, Johor	RM8.4mn	Sep 2025 – Oct 2027
RTS Link Project	Supply, installation, testing and commissioning of cold water and sanitary piping systems	Johor Bahru, Johor	RM8.2mn	Oct 2023 – Mar 2026

Source: Company Prospectus

Broad-Based Demand and Margin Expansion

Mix shift to higher-margin projects. We expect structural margin improvement as ISF's revenue mix continues to shift towards higher-margin industrial and DC projects, which delivered GP margins of 54.9% and 47.2% respectively in 7M FY25. These projects typically involve higher technical specifications, much shorter completion timelines, and higher performance bond requirements, supporting better pricing.

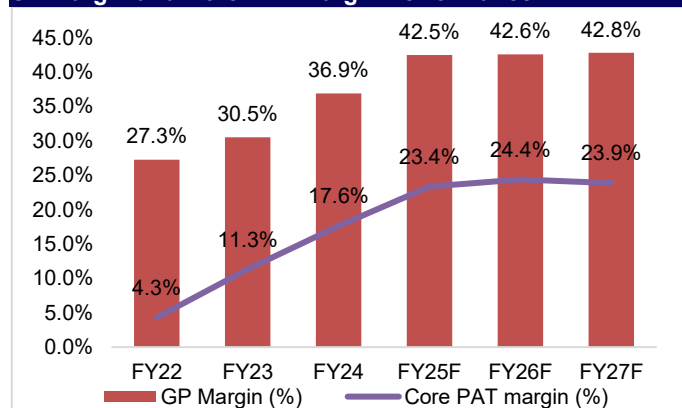
ISF has also progressively transitioned from acting mainly as a subcontractor to tendering more projects as a main contractor, with revenue from indirect customers declining from 91.7% in FY22 to 78.3% in FY24, supported by its execution track record and technical capabilities. As a result, we expect ISF to secure more higher-margin industrial and DC projects, forecasting a GP margin of at least 42% and a core PAT margin of at least 23.0% over FY25–FY27. Additional margin upside could materialise if resin prices continue to decline, lowering COGS.

Beyond margin expansion, a broad customer mix and geographical expansion enhance resilience. ISF serves a wide range of end-user premises, including industrial properties, DCs, residential and commercial properties, workers' accommodations, colleges, hospitals, power plants and mass transit facilities. This diversified customer base broadens ISF's addressable market and reduces sensitivity to cyclical in any single end-user segment. At the same time, it addresses our concerns regarding potential DC rollout bottleneck arising from power and water constraints.

On top of that, ISF has deployed part of its IPO proceeds to build new offices in Selangor or Negeri Sembilan (Q4 2026 commencement) and in Penang (Q2 2027 commencement). This allows ISF to gain better exposure to a wider addressable market, particularly in the northern and central regions, as well as to support after-sales services in these regions.

RM120.7mn order book and RM460.0mn tender book provide visibility. As of December 2025, ISF reported a total order book of RM120.7mn, with a book-to-bill ratio above 1, diversified across residential (56.9%), commercial (17.8%), DC (13.9%), industrial (9.1%) and others (2.3%), alongside a sizeable RM460.0mn tender book. While management expects win rates to normalise to around 35% from historical levels of around 40% for smaller projects, JS-SEZ- and DC-driven construction momentum supports the required tender book of RM472.9mn, RM696.9mn and RM871.6mn over FY25–FY27 to meet our revenue forecasts, based on an estimated 60% order book recognition within one year.

GP Margin and Core PAT Margin Performance



Source: Company Prospectus, Tradeview Research

GP Margin Performance by Segment

	FY22	FY23	FY24	FY25F	FY26F	FY27F
Industrial properties	25.2%	31.9%	44.6%	45.0%	45.0%	45.0%
Data centres	36.5%	34.8%	38.7%	49.0%	49.0%	49.0%
Residential properties	19.5%	27.8%	22.3%	30.0%	30.0%	30.0%
Commercial properties	32.3%	22.3%	39.3%	38.0%	38.0%	38.0%
Others	33.0%	28.1%	21.8%	27.0%	27.0%	27.0%

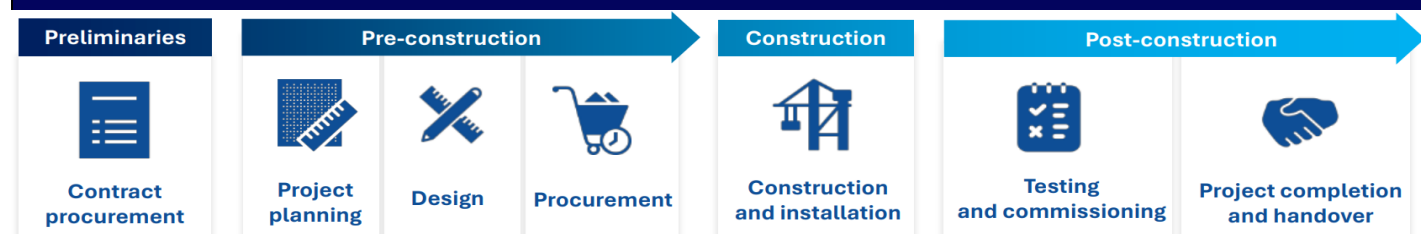
Source: Company Prospectus, Tradeview Research

Company Overview

ISF Group Berhad (ISF) traces its origins to a subsidiary incorporated in 2000, which commenced operations in 2001 as a trader of plumbing materials operating from its current head office. ISF secured its first end user piping projects in 2015, comprising hypermarket projects in Johor and Pahang as well as its first hospitality project for a hotel in Johor. ISF expanded its operational scale in 2016 after upgrading its CIDB registration to G5, which enabled participation in higher value projects. In the same year, ISF achieved a key milestone by securing its first data centre (DC) project in Johor involving cold water, sanitary piping and rainwater harvesting systems, alongside its first oil and gas related projects at the Pengerang Integrated Petroleum Complex. In 2017, ISF further strengthened its market positioning by upgrading to CIDB G7 status with no contract value limits, securing its first education sector project, and acquiring a 118,413 sq ft land parcel in Pontian, Johor earmarked for a future head office and storage facility. From 2018 to 2021, ISF broadened its geographical footprint beyond Johor into Melaka, Negeri Sembilan, Penang, Selangor and Kuala Lumpur, undertaking projects across manufacturing, medical devices, power generation and commercial properties.

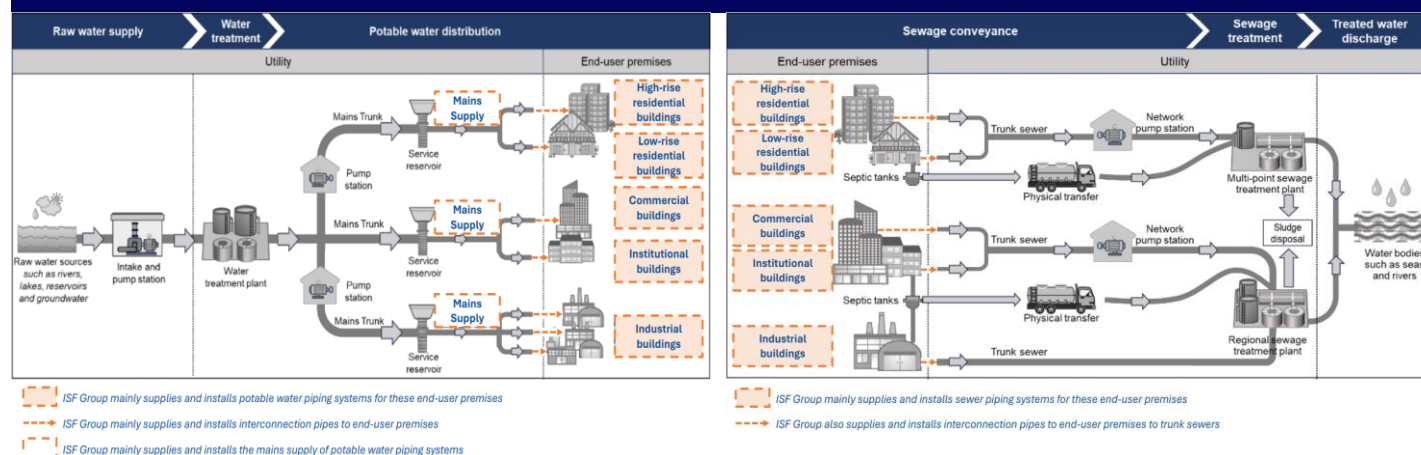
ISF entered a higher growth phase from 2022 onwards, marked by the execution of larger and more complex contracts. Key projects included a RM51.2mn semiconductor manufacturing facility in Bayan Lepas, Penang and major water supply infrastructure works in Johor in 2022, alongside the establishment of the SILC office in Iskandar Puteri. In 2023, ISF deepened its exposure to mission critical and public infrastructure segments with a RM21.8mn DC project in Johor and its first public transport infrastructure contract under the RTS Link. Momentum continued into 2024 and 2025, with ISF securing multiple large scale serviced apartment, hotel and DC projects across Johor, Penang and Kuala Lumpur, including DC water supply and reclamation works. These milestones reflect ISF's evolution from a plumbing materials trader into an established piping solutions provider with proven capabilities across industrial, infrastructure and DC developments in Malaysia.

Figure 1: Business Operations Process Flow



Source: Company presentation slide

Figure 2: Areas Involved in the Potable Water Supply System & Sewer System



Source: Company presentation slide

Utilisation of the RM61.1mn from the IPO Proceeds

Purposes	RM'mn	%	Estimated timeframe for utilisation from the listing date
Establish and expand operational facilities	11.4	18.56	36 months
Develop the existing business activities	2.1	3.35	24 months
Expand workforce	1.9	3.03	24 months
Loan repayments	1.2	1.96	6 months
Working capital	39.9	65.25	24 months
Estimated listing expenses	4.8	7.85	3 months

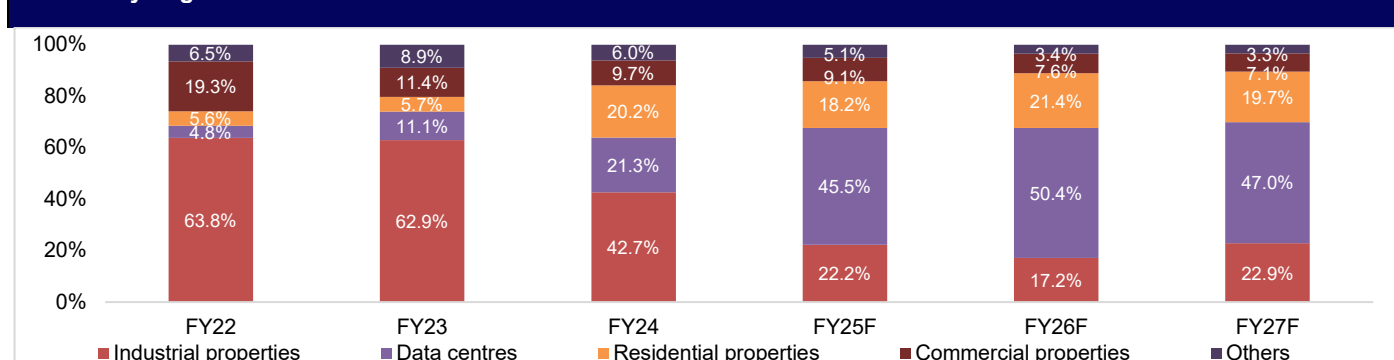
Source: Company Prospectus

Business Segments

Segments	Description	Visualization / Services	
End-user Premises Piping	- Provide end to end supply, installation, testing and commissioning of internal and external piping systems within property boundaries for industrial, data centre, residential, commercial and institutional projects - Capabilities include supply of materials, construction and installation, retrofits and upgrades, limited in house design for selected projects, and testing and commissioning	 Process control panels for end-user premises piping system	 Parts of cold and hot water systems
Infrastructure Piping	- Execute supply, construction, installation, testing and commissioning of water mains and sewer distribution piping located outside end user premises, typically to connect or reroute to metering or service points - Capabilities include trenching and pipe jacking, hot tapping, road reinstatement and project management as main contractor or subcontractor	 Rerouting existing water mains pipe	 Trenching and installing water supply infrastructure piping
Maintenance and Repair	- Provide preventive and corrective maintenance and repair services in Johor for general and specialised piping systems to prevent breakdowns and restore functionality - Services include scheduled inspections and testing, troubleshooting, parts replacement and emergency breakdown response		

Source: Company Prospectus, Company presentation slide, Tradeview Research

Revenue by Segment

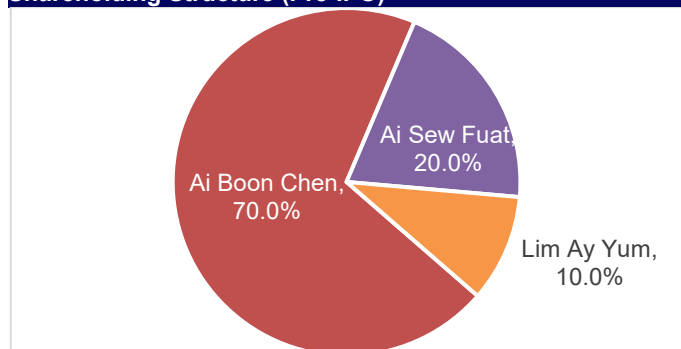


Source: Company Prospectus, Tradeview Research

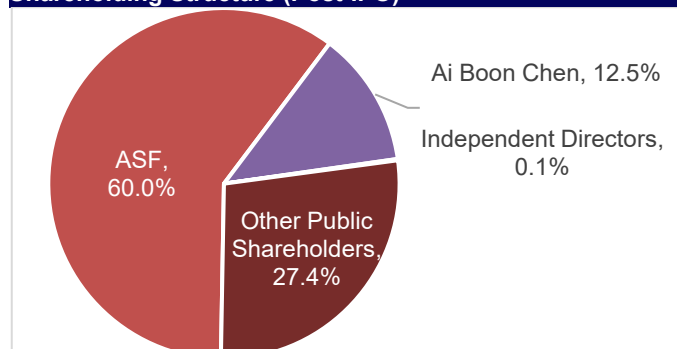
Management Team

Name and Designation	Profile
Ai Boon Chen Promoter Managing Director	Ai Boon Chen was appointed to the Board on 25 March 2025 and holds a Bachelor of Engineering in Mechanical from Universiti Teknologi Malaysia and an MBA from the University of Gloucestershire. He joined Yeo Plumber Sdn Bhd (YPSB) in 2012 and progressed from Project Engineer to Project Manager and Executive Director, playing a central role in setting up operations, sourcing, recruiting and vendor coordination; redesignated Managing Director of the Group in 2025, he brings about 13 years of industry experience. He is the son of Executive Directors Ai Sew Fuat and Lim Ay Yum. He holds 68.9% stake in ASF.
Ai Sew Fuat Promoter Executive Director	Ai Sew Fuat was appointed to the Board on 25 March 2025. He has over 46 years of experience in the piping industry. He started his career as an apprentice in 1979, founded Yeo Plumber in 1981 and co-founded YPSB in 2000. He served as YPSB director until 2020 and continued as Project Director thereafter. Reappointed as a director in 2025 and designated Executive Director, he oversees project execution, progress monitoring, cost management and liaison with authorities. He is the father of Managing Director Ai Boon Chen and the husband of Executive Director Lim Ay Yum. He holds 22.3% stake in ASF.
Lim Ay Yum Promoter Executive Director	Lim Ay Yum was appointed to the Board on 25 March 2025. She has over 44 years of experience supporting plumbing and piping businesses. She assisted in running Yeo Plumber from 1981, co-founded YPSB in 2000 and has been active in the company's operations and administration. As Executive Director she is responsible for human resources, finance and administrative functions. She is the mother of Managing Director Ai Boon Chen and the wife of Executive Director Ai Sew Fuat. She holds 8.8% stake in ASF.
Yap Chui Fan Independent Non-Executive Chairperson	Yap Chui Fan was appointed on 6 June 2025, she is a qualified accountant with a Diploma in Accounting from the London Chamber of Commerce and Industry and is a member of MIA and ACCA. She has extensive finance and corporate finance experience across listed and private companies, having held senior finance roles at YFG Berhad and Micron and serving as Executive Director of CM Hi Tech Cleanroom Limited. She joined Quill Holdings Berhad as Chief Financial Officer in 2022 and currently serves as Independent Non-Executive Director of Sunview Group Berhad and NCT Alliance Berhad.
Norliana Binti Noor Ezat Finance Manager	Norliana Binti Noor Ezat oversees ISF's overall finance and accounting functions. She began her career in 2017 as an Accounts Assistant at Yeo Plumber, handling accounts payable and receivable, tax computations, and financial reporting. She joined YPSB in 2019 as an Account Executive and was promoted to Assistant Finance Manager in 2022, she was appointed Finance Manager in 2023. She holds a Bachelor of Accounting Honours from Universiti Utara Malaysia and is a Chartered Accountant registered with the Malaysian Institute of Accountants.

Shareholding Structure (Pre-IPO)

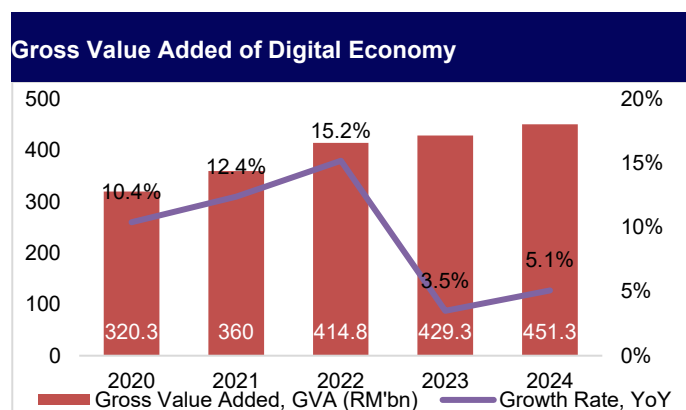


Shareholding Structure (Post-IPO)

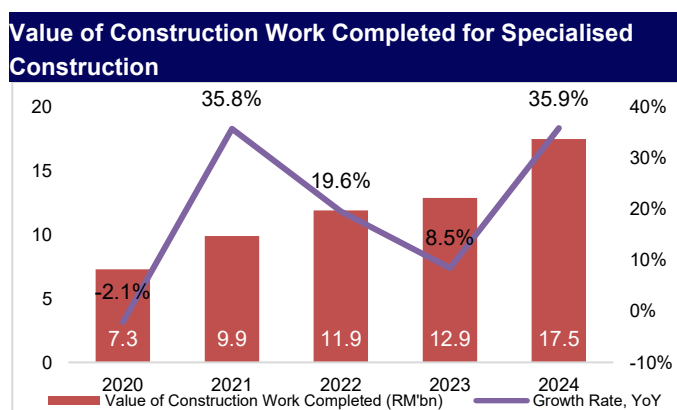


Industry Outlook

Data centre build-out creates structurally higher demand for high-specification piping systems. The rapid expansion of Malaysia's data centre (DC) industry is a key structural driver for potable water, cooling and sewerage piping demand. DCs operate continuously and require reliable water supply, complex cooling-related piping and robust sewer systems with oil separation capabilities. Based on DOSM, the digital economy's total gross value added rose to 23.4% of GDP in 2024, growing at a 4.3% CAGR between 2022 and 2024, with ICT services contributing RM107.7bn in GVA in 2024. Between 2021 and 2024, Malaysia attracted RM113.8bn in digital infrastructure investments, with DC and cloud computing approvals comprising 85.5% of the RM84.7bn ICT approved investments in 2022. Although approvals dipped in 2023 they rebounded 50.6% to RM24.1bn in 2024. Approved private ICT investments expanded by 53.0% in 9M2025 to RM99.8bn, reflecting sustained investor confidence in digital infrastructure demand. These trends support a multi-year pipeline for high-specification plumbing and utility works beyond conventional building projects leveraging on DC super cycle which leads to the booming of Malaysia digital economy.



Source: DOSM



Source: Company Prospectus, Tradeview Research

Specialised construction and plumbing installation growth supports structural demand. Malaysia's specialised construction segment, which includes plumbing installation, has grown strongly, indicating broad-based demand for potable water and sewer piping systems. Between 2022 and 2024, the value of construction work completed for specialised construction grew at a 21.4% CAGR to RM17.5bn in 2024, driven by expansion across site preparation, finishing and other installation subsectors. In the first 9 months of 2025, the value of specialised construction works further rose to RM15.7bn, up 23.5% y-o-y, while plumbing related works reached RM3.2bn, up 6.5% y-o-y, suggesting continued momentum for M&E and piping activities.

Public housing and government construction programmes underpin near-term activity. Under Budget 2026, the Malaysian Government allocated RM672m for continued PRR and RMR residential projects and RM100m for Program Residensi MADANI, which are expected to support affordable housing construction and associated plumbing, and water infrastructure works. Johor's residential market recorded a 12.9% increase in transaction volume and a 9.3% rise in value during the first six months of 2025, with 21,061 residential transactions valued at RM9.9bn, averaging RM467,955 per transaction, suggesting a strong construction pipeline for internal potable water and sewer systems.

Regional development initiatives enhance medium-term visibility. Regional economic initiatives, specifically Johor-Singapore Special Economic Zone (JS-SEZ) are expected to catalyse industrial, commercial and residential developments across Iskandar Malaysia and the Pengerang region. Government-led incentives and cross-border investment flows are likely to stimulate construction activity, increasing demand for potable water supply, sewerage infrastructure and supporting piping works. This regional concentration provides incremental growth visibility for plumbing and specialised construction activities over the medium term.

Valuation

Recommending a **Subscribe** rating and a target price of RM0.47 based on FY26F PE of 13.2x, in line with the simple average forward PE of 13.2x for its domestic Mechanical, Electrical and Plumbing peers, which are benefiting from the data centre (DC) boom. Although ISF is expected to deliver much faster earnings growth, we do not apply a premium PE due to its smaller revenue base. Besides, 13.2x multiple is 34.7% discount to its domestic construction peers of 20.2x. This discount is justified by ISF's significantly smaller market capitalisation and revenue base.

We like ISF for its clear positioning within structural construction growth within the DC industry and JS-SEZ, supported by a proven project track record and a diversified end-user base. Key growth drivers include (i) sustained DC capacity expansion in Malaysia, (ii) rising JS-SEZ- and RTS-driven residential and industrial developments in Johor, and (iii) margin expansion driven by a revenue mix shift towards higher-margin DC and industrial projects.

Peer Comparison

Name	Last Price	Market Cap (RM'mn)	FYE	Earnings Growth		Hist.	P/E (x)		Div. Yield 1-yr Fwd	ROE Hist.
				1-yr Fwd	2-yr Fwd		1-yr Fwd	2-yr Fwd		
Domestic DC Mechanical, Electrical, and Plumbing Peers										
CBH ENGINEERING HOLDING BHD	0.62	1156.8	12/2024	66.7	14.3	28.0	17.6	15.4	0.0	26.3
CRITICAL HOLDINGS BHD	0.92	342.0	06/2025	10.1	8.7	11.6	10.6	9.8	2.6	36.1
HE GROUP BHD	0.38	167.2	12/2024	22.2	24.2	13.0	11.5	9.3	1.1	20.1
Simple Avg				33.0	15.7	17.5	13.2	11.5	1.8	27.5
Domestic Construction Peers										
SUNWAY CONSTRUCTION GROUP BHD	6.18	8166.4	12/2024	0.4	6.4	25.7	23.2	21.8	3.2	33.2
GAMUDA BHD	4.85	28623.1	07/2025	30.3	24.2	30.8	19.2	15.5	2.3	8.4
IJM CORP BHD	2.75	9639.2	03/2025	18.1	11.5	23.9	18.1	16.2	3.0	4.0
Simple Avg				16.3	14.0	26.8	20.2	17.9	2.8	15.2
ISF GROUP BHD	0.33	330.0	12/2024	140.7	53.9	34.2	14.2	9.2	0.0	65.7

Source: Bloomberg estimates, Tradeview Research (As of 9th January 2026)

SWOT Analysis

Strengths - Proven DC execution track record supports repeat wins and preferred contractor status. - Strong Johor footprint positions ISF well for RTS and JS-SEZ related developments. - Diversified end-user exposure.	Weakness - Revenue concentration remains relatively skewed towards Johor. - Still meaningful reliance on subcontractor-based revenue. - Smaller scale relative to large construction peers may limit participation in mega projects.
Opportunities - Exposure to Malaysia's DC super cycle and JS-SEZ driven construction upcycle. - Increasing adoption of water efficiency and recycling standards creates new project scope. - Geographical expansion into central and northern regions broadens revenue base.	Threats - Slower property or industrial activity could soften non-DC project demand. - Intensifying competition could pressure pricing for DC and industrial projects. - Project delays or cancellations

Investment Risk

- Data centre concentration risk.** ISF's revenue from DC piping rose from 4.78% in FYE2022 to 47.47% in FPE2025 and all such revenue related to new DC developments in Malaysia. A slowdown in new DC construction caused by policy shifts, weaker macro conditions, input shortages or cost increases, changes in operators' strategies or reduced end user demand could materially reduce project awards and impair growth. While ISF undertakes industrial, commercial and residential projects, these may not fully offset a downturn in the DC segment.
- Construction industry exposure risk.** ISF's business is closely linked to the construction and property sectors and is therefore exposed to weaker demand for commercial and industrial properties, property market overhang, general economic slowdown, labour cost increases, higher materials and implementation costs, and project delays, scaling down, cancellation or deferment due to political, regulatory, economic or global events. Adverse industry conditions could compress margins, reduce revenue visibility and negatively affect future financial performance.
- Engineer and labour availability risk.** ISF depends on in house engineers and construction workers for design when included procurement, installation and testing and commissioning. Shortages of skilled engineers or labour, or labour disputes, could disrupt or stop project execution, cause missed milestones, harm reputation and reduce revenue. No material labour shortages or disputes were recorded during the review period to the LPD, but there is no assurance they will not occur.

Financial Overview

Financial Review

ISF's revenue recorded a 59.2% CAGR from FY22 to FY24, driven by an expanding presence in industrial properties, data centres (DC), and residential projects. Revenue from industrial property projects grew 69.5% to RM23.3mn in FY24 from RM13.8mn in FY23. DC project revenue increased more than 10-fold to RM11.7mn in FY24 from RM1.0mn in FY22. Revenue from residential projects rose almost 10-fold to RM11.1mn in FY24 from RM1.2mn in FY22. Key completed projects include the RM30.8mn Johor Data Centre 1 Water Supply Project, the RM9.8mn Johor Data Centre 1 Project, and the RM8.8mn Johor Serviced Apartment 1 Project. In FY24, overall revenue rose 41.3%, supported by securing additional DC and residential projects, whose revenues surged 170.7% and 404.2% respectively.

Earnings in FY24 rose 119.9% year on year, mainly attributed to GP margin improvement to 36.9% in FY24 from 30.5% in FY23. The margin expansion resulted from a higher mix of higher margin industrial and DC projects, which delivered GP margins of 54.9% and 47.2% respectively in 7M FY25

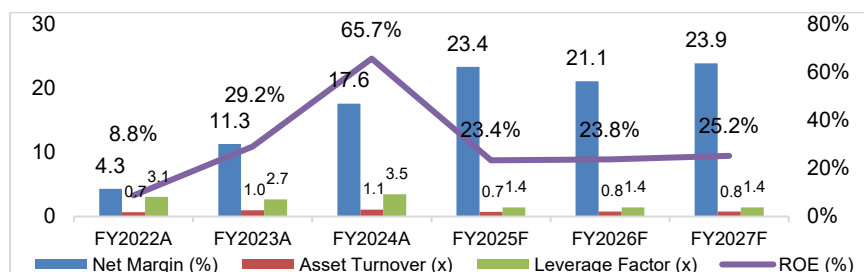
Financial Forecast

We are projecting ISF's core earnings to be RM23.2mn in FY25F and RM35.7mn in FY26F, driven by (i) stronger DC, industrial, and residential properties-related project contributions leveraging on JS-SEZ, (ii) execution of a healthy order book and DC-heavy tender pipeline, and (iii) margin uplift from a higher mix of industrial and DC projects.

FYE 31 Dec	FY2023A	FY2024A	FY2025F #	FY2026F	FY2027F
Revenue (RM'mn)	38.7	54.7	99.3	146.3	183.0
EBITDA (RM'mn)	6.1	12.8	31.7	42.3	60.1
Pretax profit (RM'mn)	5.7	12.7	30.5	40.6	57.5
Net profit (RM'mn)	4.4	9.6	23.2	30.9	43.7
EPS (sen)	0.4	1.0	2.3	3.1	4.4
PER (x)	75.3	34.2	14.2	9.2	7.5
Core net profit (RM'mn)	4.4	9.6	23.2	35.7	43.7
Core EPS (sen)	0.4	1.0	2.3	3.6	4.4
Core EPS growth (%)	369.6	119.9	140.7	53.9	22.5
Core PER (x)	75.3	34.2	14.2	9.2	7.5
Net DPS (sen)	0.0	0.1	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.4	0.0	0.0	0.0
ROE (%)	29.2	65.7	23.4	23.8	25.2
P/BV (x)	22.0	22.5	3.3	2.5	1.9

EPS and DPS are divided by the enlarged issued shares of 1,000,000,000 upon listing

Dupont Analysis



We project healthy ROE from FY25F to FY27F, as the company continues to generate good profits. The dip in FY25F is mainly attributed to an increase in shareholders' equity following the IPO exercise.

Key Assumptions

Revenue growth	FY2025F	FY2026F	FY2027F
Data Centre Segment Growth	286%	63%	18%
Residential Properties Segment Growth	66%	72%	15%

Sensitivity Analysis

Case 1: Changes in Data Centre Segment Growth Rate against Residential Properties Segment Growth Rate to derive core earnings

Data Centre Segment Growth Rate in FY26F: 62.5%

Residential Properties Segment Growth Rate in FY26F: 72.0%

Data Centre Segment Growth Rate (%) / Residential Properties Segment Growth Rate (%)	42.5	52.5	62.5	72.5	82.5	92.5
57	32.6	33.9	35.3	36.6	37.9	39.3
62	32.7	34.1	35.4	36.7	38.1	39.4
67	32.9	34.2	35.5	36.9	38.2	39.6
72	33.0	34.3	35.7	37.0	38.4	39.7
77	33.2	34.5	35.8	37.2	38.5	39.8
82	33.3	34.6	36.0	37.3	38.6	40.0

Case 2: Changes in core net profit against PE to derive target price

Core Net Profit in FY26F: RM35.7mn

Core Net profit (RM'mn) / PE (x)	31.7	33.7	35.7	37.7	39.7	41.7
10.2	0.32	0.34	0.36	0.38	0.40	0.43
11.2	0.36	0.38	0.40	0.42	0.44	0.47
12.2	0.39	0.41	0.44	0.46	0.48	0.51
13.2	0.42	0.44	0.47	0.50	0.52	0.55
14.2	0.45	0.48	0.51	0.54	0.56	0.59
15.2	0.48	0.51	0.54	0.57	0.60	0.63

Financial Exhibits

Income Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
Revenue	21.6	38.7	54.7	99.3	146.3	183.0
Operating expenses	(19.6)	(32.6)	(41.8)	(67.6)	(104.0)	(123.0)
EBITDA	2.0	6.1	12.8	31.7	42.3	60.1
Depreciation & amortisation	(0.2)	(0.4)	(0.7)	(0.8)	(1.3)	(2.2)
EBIT	1.8	5.7	12.2	30.9	41.0	57.9
Net int income/(expense)	(0.4)	0.1	0.5	(0.4)	(0.4)	(0.4)
Exceptional gains / (losses)	0.0	0.0	0.0	0.0	(4.8)	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	1.4	5.7	12.7	30.5	40.6	57.5
Tax	(0.5)	(1.4)	(3.1)	(7.3)	(9.8)	(13.8)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.9	4.4	9.6	23.2	30.9	43.7
Core net profit	0.9	4.4	9.6	23.2	35.7	43.7

Balance Sheet Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
Fixed assets	3.9	4.5	4.3	5.5	10.6	16.3
Other long term assets	9.1	9.1	3.3	3.3	3.3	3.3
Total non-current assets	12.9	13.6	7.6	8.8	13.8	19.5
Cash and equivalents	0.9	1.6	1.8	64.0	74.8	92.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Receivables	8.9	10.1	20.1	35.8	52.7	65.9
Other current assets	9.8	14.7	21.2	31.1	45.4	65.2
Total current assets	19.6	26.4	43.1	130.9	172.9	223.4
Payables	14.1	9.4	11.8	19.4	28.6	35.6
Short term borrowings	2.1	0.9	1.7	1.7	1.7	1.7
Other current liabilities	1.0	11.0	19.6	16.6	23.7	29.2
Total current liabilities	17.2	21.4	33.2	37.8	54.0	66.5
Long term borrowings	4.5	3.6	2.9	2.9	2.9	2.9
Other long term liabilities	0.1	0.0	0.0	0.0	0.0	0.0
Total long term liabilities	4.6	3.6	3.0	3.0	3.0	3.0
Shareholders' Funds	10.6	15.0	14.7	99.0	129.9	173.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
Pretax Profit	1.4	5.7	12.7	30.5	40.6	57.5
Depreciation & amortisation	0.2	0.4	0.7	0.8	1.3	2.2
Working capital changes	7.8	0.5	(6.3)	(21.0)	(15.0)	(20.5)
Cash tax paid	(0.4)	(0.3)	(2.6)	(7.3)	(9.8)	(13.8)
Others	0.2	0.5	(0.7)	0.0	0.0	0.0
C/F from operation	9.2	6.9	3.7	3.0	17.2	25.4
Capex	(0.2)	(0.4)	(0.4)	(2.0)	(6.4)	(7.9)
Others	(0.5)	(0.8)	0.8	0.0	0.0	0.0
C/F from investing	(0.7)	(1.2)	0.4	(2.0)	(6.4)	(7.9)
Debt raised/(repaid)	(1.5)	(3.0)	(1.4)	0.0	0.0	0.0
Dividends paid	(2.0)	0.0	(1.2)	0.0	0.0	0.0
Others	(0.5)	(0.4)	(0.4)	61.1	0.0	0.0
C/F from financing	(4.0)	(3.4)	(3.0)	61.1	0.0	0.0
Net change in cash flow	4.5	2.2	1.1	62.2	10.9	17.5
Free Cash Flow	9.0	6.5	3.3	1.0	10.9	17.5



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TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

IPO Note:

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