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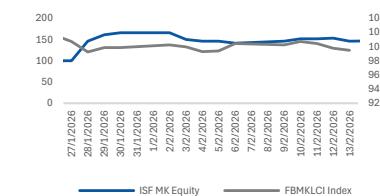
Recommendation:	BUY
Current Price:	RM 0.48
Previous Target Price:	RM 0.55
Target Price:	RM 0.55
Capital Upside/Downside:	14.6%
Dividend Yield (%):	2.5%
Total Upside/Downside:	17.1%

Stock information

Board	ACE
Sector	Construction
Bursa / Bloomberg Code	0390 / ISF MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,000.0
Market Cap (RM 'm)	490.0
52-Week Price Range (RM)	0.41-0.56
Free float (%)	27.3

Top 3 Shareholders	(%)
Asf Eternity Sdn Bhd	60.0
Boon Chen Jeff Ai	12.5
Yap Chui Fan	0.0

Share Price Performance



Earnings summary

FYE Dec	FY24	FY25F	FY26F
Revenue (RM'm)	54.7	102.0	122.6
PATAMI (RM'm)	9.6	25.1	29.1
CNP (RM'm)	9.6	25.1	29.1
EPS - core (sen)	1.0	2.5	2.9
P/E (x)	34.2	13.1	11.3

ISF Group Bhd

First Announced Award for FY26

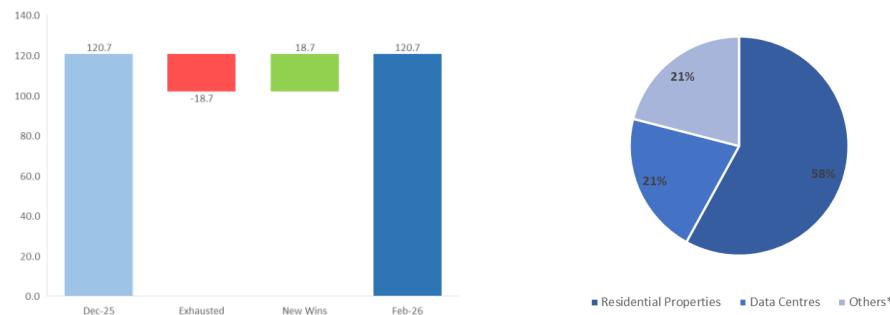
- ISF has secured a sub-contracting works worth RM10m for cold-water plumbing services & sanitary plumbing system jobs for a serviced apartment.
- Assuming a GP margin of 25%, the contract is expected to contribute c.RM2.5m (or 4.8% of FY26F GP) over FY26F-FY29F.
- Maintain BUY recommendation with an unchanged TP of RM0.55, based on 18.7x P/E multiple applied to its FY26F EPS of 2.9 sen, along with a three-star ESG rating.

Secures Sub-Contracting Contract Worth RM10m. On 13 Feb 2026, ISF clinched a RM10m sub-contract works contract from Kerjaya Prospek (M) Sdn Bhd, a wholly-owned subsidiary of Kerjaya Prospek Group Berhad. The project involves Cold-Water Plumbing Services & Sanitary Plumbing System Works for a serviced apartment. Works has commenced on the same date and is scheduled for completion on 15 Mar 2029.

Our View. We view this contract favourably as it represents ISF's first job win for FY26, which bolsters the group's earnings visibility through FY29. Based on an estimated 25% GP margin, the project is projected to yield RM2.5m in GP over its 37-month duration (representing 4.8% of our FY26F GP). We believe execution risks remain minimal, backed by ISF's robust track record in residential property projects.

Outlook. Despite prevailing macroeconomic headwinds, we anticipate a resilient performance from ISF, anchored by a substantial outstanding order book of RM120.7m. This represents a healthy book-to-bill ratio of 1.2x, providing the Group with high earnings visibility. Based on an estimated burn rate of RM18.7m between Dec 2025 and Feb 2026, we calculate that the Group successfully secured an equivalent RM18.7m in new contract wins during this two-month window. The Group's project mix has also seen a strategic shift. As of Feb 2026, the order book comprised of 58.0% residential properties (up from 56.9% in December), 21.0% data centres (up from 13.9% in December), and the remaining 21.0% spanning industrial and commercial developments. With an active tender book exceeding RM400m and an estimated win rate of 30%, we remain optimistic regarding the Group's order replenishment pipeline and its ability to sustain growth momentum through FY26F.

Figure 1 & 2: Orderbook Movement between Dec 25 to Feb 26 & Orderbook Breakdown by Segment



*Comprises of industrial properties, commercial properties and others

Source: Company, Apex Securities

Earnings Revision. No change to earnings revision as this award falls within our orderbook replenishment assumption for FY26 of RM150m.

Valuation & Recommendation. We maintain our **BUY** recommendation on ISF with an unchanged TP of **RM0.55**, based on 18.7x FY26F EPS of 2.9 sen, along with a three-star ESG rating.

Risks. Project execution & operational risk, regulatory & compliance risk and industry cyclical risk.

Company Update

Monday, 16 Feb, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	38.7	54.7	102.0	122.6	149.7
Gross Profit	11.8	20.2	44.9	52.4	64.3
EBITDA	6.6	13.7	35.8	41.5	51.0
Depreciation & Amortisation	0.4	0.7	1.1	1.4	1.7
EBIT	6.2	13.1	34.7	40.2	49.4
Net Finance Income/ (Cost)	-0.4	-0.4	-0.3	-0.3	-0.3
Associates & JV	0.0	0.0	0.0	0.0	0.0
Other Income/ (Cost)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	5.7	12.7	34.4	39.8	49.0
Tax	-1.4	-3.1	-9.2	-10.7	-13.2
Profit After Tax	4.4	9.6	25.1	29.1	35.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	4.4	9.6	25.1	29.1	35.9
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	4.4	9.6	25.1	29.1	35.9

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	0.4	1.0	2.5	2.9	3.6
P/E(x)	75.3	34.2	13.1	11.3	9.2
P/B(x)	22.0	22.5	8.1	2.4	1.9
EV/EBITDA(x)	49.3	23.6	8.2	5.1	3.5
DPS (sen)	0.0	1.0	1.2	1.2	1.4
Dividend Yield (%)	0.0%	3.0%	3.6%	3.5%	4.3%
EBITDA margin (%)	17.0%	25.1%	35.1%	33.9%	34.1%
EBIT margin (%)	15.9%	23.9%	34.0%	32.8%	33.0%
PBT margin (%)	14.8%	23.2%	33.7%	32.5%	32.7%
PAT margin (%)	11.3%	17.6%	24.6%	23.8%	24.0%
NP margin (%)	11.3%	17.6%	24.6%	23.8%	24.0%
CNP margin (%)	11.3%	17.6%	24.6%	23.8%	24.0%
ROE (%)	29.2%	65.7%	61.3%	21.6%	20.5%
ROA (%)	11.0%	19.0%	25.5%	13.9%	13.4%
Gearing (%)	29.8%	31.9%	11.4%	3.5%	2.7%
Net gearing (%)	Net Cash				

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Expected order book replenishment			0.0	150.0	150.0

Valuations

	FY26F
Core EPS (sen)	2.9
P/E multiple (x)	18.7
Fair Value (RM)	0.55
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.55

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	10.3	10.9	41.5	122.1	158.0
Receivables	11.5	20.1	30.6	49.0	59.9
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	6.0	12.2	16.5	22.5	27.2
Total Current Assets	27.9	43.2	88.6	193.6	245.1
Fixed Assets	12.1	7.4	9.8	15.8	22.4
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.2	0.3	0.4	0.5
Total Non-Current Assets	12.1	7.6	10.1	16.2	22.9
Short-term debt	0.9	1.7	3.5	3.5	3.5
Payables	19.3	29.7	46.9	57.5	70.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	20.3	31.4	50.4	61.0	73.5
Long-term debt	3.6	2.9	1.2	1.2	1.2
Other non-current liabilities	1.1	1.7	6.1	12.6	17.8
Total Non-Current Liabilities	4.7	4.7	7.3	13.8	19.0
Shareholder's equity	15.0	14.7	41.0	135.0	175.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	15.0	14.7	41.0	135.0	175.4

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	5.7	12.7	34.4	39.8	49.0
Depreciation & amortisation	0.4	0.7	1.1	1.4	1.7
Changes in working capital	0.5	-6.3	6.7	-7.4	2.1
Others	0.2	-3.3	3.9	4.7	5.7
Operating cash flow	6.9	3.7	46.1	38.4	58.5
Net capex	-0.4	-0.4	-3.6	-7.4	-8.2
Others	-0.8	9.7	0.0	0.0	0.0
Investing cash flow	-1.2	9.3	-3.6	-7.4	-8.2
Dividends paid	0.0	-10.0	-11.9	-11.7	-14.3
Others	-3.4	-1.8	0.0	61.1	0.0
Financing cash flow	-3.4	-11.8	-11.9	49.5	-14.3
Net cash flow	2.2	1.2	30.6	80.6	35.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	1.1	-0.5	0.0	0.0	0.0
Beginning cash	30.4	10.3	10.9	41.5	122.1
Ending cash	33.7	11.0	41.5	122.1	158.0

Company Update

Monday, 16 Feb, 2026

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Waste	★★★	Declares and labels all scheduled waste with the correct waste code.
Emissions	★★★	Conducts monthly inspections for all chemical storage facilities.
Paper	★★★	Promotes recycling practices in its offices.
Energy	★★★	Plans to build a rooftop solar photovoltaic system at its new head office.
Compliance	★★★	In compliance with local environmental regulations.

Social

Community	★★★	Participated in a mangrove restoration program at Parit Raja, Rambah.
Human Rights	★★★	Prohibit the employment of child labour and any form of forced labour across all operations.
Occupational Safety and Health	★★★	Equips all personnel with essential personal protective equipment in its workplace.

Governance

Policies	★★★	Adopt anti-bribery and anti-corruption policy to promote ethical business conduct.
Management	★★★	30% of its Board members are women directors, half of its Board members are Independent Directors.
Committee	★★★	Its independent non-executive chairperson is not a member of any of its board committees.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.