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Recommendation:	BUY
Current Price:	RM 0.46
Previous Target Price:	RM 0.55
Target Price:	↔ RM 0.55
Capital Upside/Downside:	19.6%
Dividend Yield (%):	2.6%
Total Upside/Downside	22.2%

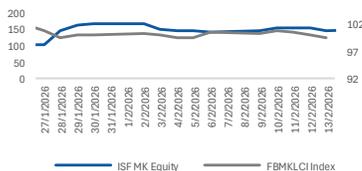
Stock information

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)	460.0
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	FY25	FY26F	FY27F
Revenue (RM'm)	98.5	122.6	149.7
PATAMI (RM'm)	25.3	29.1	35.9
CNP (RM'm)	25.3	29.1	35.9
EPS - core (sen)	2.5	2.9	3.6
P/E (x)	13.0	11.3	9.2

ISF Group Bhd

Within Expectations

- **ISF posted a 4QFY25 core net profit (CNP) of RM6.8m (+35.8% QoQ), bringing 12MFY25 CNP to RM25.3m (+163.0% YoY). The results made up 100.8% of our full-year forecast, and we deem them to be within expectations.**
- **We expect the Group's earnings to remain resilient going into FY26, supported by an outstanding order book of c.RM120.7m. This represents a healthy book-to-bill ratio of 1.0x, providing near-term earnings visibility.**
- **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.**

Within Expectations. ISF posted a 4QFY25 core net profit (CNP) of RM6.8m (+35.8% QoQ), bringing 12MFY25 CNP to RM25.3m (+163.0% YoY). The results made up 100.8% of our full-year forecast, which we deem to be within our expectation.

YoY. Quarterly comparison is not available as there is no interim financial report prepared for the comparative period for the preceding year as the Group was listed on the ACE Market on 28 January 2026. On a full-year basis, CNP surged 163.0%, fuelled by robust expansion within the data centre segment. Net margins expanded 809bps over the period, a significant uplift driven primarily by a higher composition of high-yield projects throughout the year.

QoQ. CNP grew 35.8%, driven by accelerated progress billings as major data centre project approached its high-margin completion phase. Consequently, gross margins expanded by 946bps, reflecting the execution of large-scale data centre contracts with superior profitability.

Outlook. We anticipate ISF's earnings to remain highly resilient heading into FY26F, underpinned by a substantial outstanding order book of RM120.7m. This translates to a healthy book-to-bill ratio of 1.0x, providing the Group with clear near-term earnings visibility. The Group's growth outlook is further reinforced by a robust tender pipeline at an estimated RM400m. Given ISF's proven track record and specialized technical capabilities, we project a conservative win rate of 30%, which should comfortably support the Group's order book replenishment targets. Strategically, ISF is in prime position to capture opportunities from the ongoing momentum in Malaysia's [data centre](#) landscape. As hyperscalers continue to expand their footprint in the Klang Valley and Johor, we expect the Group to secure an increasing share of fast-turnaround, high-margin data centre contracts. Unlike generic residential projects, these specialized jobs benefit from shorter execution cycles and structurally superior economics, which we believe will act as a primary catalyst for both revenue expansion and margin appreciation in the coming years.

Earnings Revision. No change to earnings forecasts.

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 cyclicality risk.

Results Note

Thursday, 26 Feb, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	38.7	54.7	98.5	122.6	149.7
Gross Profit	11.8	20.2	45.3	52.4	64.3
EBITDA	6.6	13.7	34.5	41.5	51.0
Depreciation & Amortisation	0.4	0.7	1.0	1.4	1.7
EBIT	6.2	13.1	33.5	40.2	49.4
Net Finance Income/(Cost)	-0.4	-0.4	-0.4	-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	33.9	39.8	49.0
Tax	-1.4	-3.1	-8.5	-10.7	-13.2
Profit After Tax	4.4	9.6	25.3	29.1	35.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	4.4	9.6	25.3	29.1	35.9
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	4.4	9.6	25.3	29.1	35.9

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	0.4	1.0	2.5	2.9	3.6
P/E (x)	75.3	34.2	13.0	11.3	9.2
P/B (x)	22.0	22.5	11.8	2.4	1.9
EV/EBITDA (x)	49.3	23.6	9.2	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%	35.0%	33.9%	34.1%
EBIT margin (%)	15.9%	23.9%	34.0%	32.8%	33.0%
PBT margin (%)	14.8%	23.2%	34.4%	32.5%	32.7%
PAT margin (%)	11.3%	17.6%	25.7%	23.8%	24.0%
NP margin (%)	11.3%	17.6%	25.7%	23.8%	24.0%
CNP margin (%)	11.3%	17.6%	25.7%	23.8%	24.0%
ROE (%)	29.2%	65.7%	90.5%	21.6%	20.5%
ROA (%)	11.0%	19.0%	35.4%	13.9%	13.4%
Gearing (%)	29.8%	31.9%	28.5%	3.5%	2.7%
Net gearing (%)	Net Cash				

FYE Dec (RM m)	FY23	FY24	FY25	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	FY25	FY26F	FY27F
Cash	10.3	10.9	20.5	122.1	158.0
Receivables	11.5	20.1	21.7	49.0	59.9
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	6.0	12.2	20.5	22.5	27.2
Total Current Assets	27.9	43.2	62.7	193.6	245.1
Fixed Assets	12.1	7.4	8.5	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	8.8	16.2	22.9
Short-term debt	0.9	1.7	4.5	4.5	4.5
Payables	19.3	29.7	32.6	57.5	70.1
Other current liabilities	0.0	0.0	2.9	2.9	2.9
Total Current Liabilities	20.3	31.4	40.0	65.0	77.5
Long-term debt	3.6	2.9	3.4	0.1	0.1
Other non-current liabilities	1.1	1.7	0.0	9.7	14.9
Total Non-Current Liabilities	4.7	4.7	3.4	9.8	15.0
Shareholder's equity	15.0	14.7	28.0	135.0	175.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	15.0	14.7	28.0	135.0	175.4

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	5.7	12.7	33.9	39.8	49.0
Depreciation & amortisation	0.4	0.7	1.0	1.4	1.7
Changes in working capital	0.5	-6.3	-8.1	-7.4	2.1
Others	0.2	-3.3	27.0	4.7	5.7
Operating cash flow	6.9	3.7	19.9	38.4	58.5
Net capex	-0.4	-0.4	-0.6	-7.4	-8.2
Others	-0.8	9.7	0.8	0.0	0.0
Investing cash flow	-1.2	9.3	0.2	-7.4	-8.2
Dividends paid	0.0	-10.0	-12.0	-11.7	-14.3
Others	-3.4	-1.8	1.3	61.1	0.0
Financing cash flow	-3.4	-11.8	-10.7	49.5	-14.3
Net cash flow	2.2	1.2	9.4	80.6	35.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	1.1	-0.5	0.2	0.0	0.0
Beginning cash	30.4	10.3	10.9	41.5	122.1
Ending cash	33.7	11.0	20.5	122.1	158.0

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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As of **Thursday, 26 Feb, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.