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Recommendation:	BUY
Current Price:	RM 0.53
Previous Target Price:	RM 0.62
Target Price:	↔ RM 0.62
Capital Upside/Downside:	17.0%
Dividend Yield (%):	2.0%
Total Upside/Downside:	19.0%

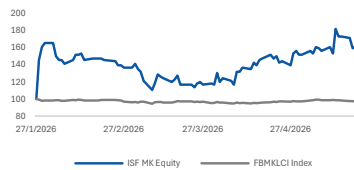
Stock information

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)	530.0
52-Week Price Range (RM)	0.35-0.61
Free float (%)	27.1
3M Average Volume (m)	7.1
3M Average Value (RM' m)	3.3

Top 3 Shareholders

	(%)
Asf Eternity Sdn Bhd	60.1
Jeff Ai Boon Chen	12.5
Sim Seng Loong	0.0

Share Price Performance



	1M	3M
Absolute (%)	6.0	10.4
Relative (%)	5.9	12.7

Earnings summary

FYE Dec	FY25	FY26F	FY27F
Revenue (RM'm)	98.5	122.6	149.7
PATAMI (RM'm)	25.3	26.9	33.1
CNP (RM'm)	25.3	26.9	33.1
EPS - core (sen)	2.5	2.7	3.3
P/E (x)	20.9	19.7	16.0

ISF Group Bhd

Within Expectations

- **ISF posted a 1QFY26 CNP of RM7.3m (+6.5% QoQ), representing 27.0% of our full-year forecast. We deem the results to be within expectations.**
- **Outlook remains positive, supported by the Group's outstanding order book of RM148.1m, translating to a robust revenue coverage of 1.2x FY26F revenue.**
- **Maintain BUY recommendation with an unchanged TP of RM0.62, based on 18.7x P/E applied to FY27F EPS of 3.3 sen, alongside a three-star ESG rating.**

Within Expectations. Excluding impairments and one-off listing expenses totalling RM2.9m, ISF posted a core net profit (CNP) of RM7.3m (+6.5% QoQ). We deem the results to be within our expectations as it made up 27.0% of our full-year forecast.

YoY. Comparatives figures were not available as no interim financial report was prepared for the corresponding period in the preceding year due to the Group being listed on 28 January 2026.

QoQ. CNP grew +6.5%, driven by the completion of a data centre project in Johor. Consequently, CNP margin held constant at an industry-leading 27.7%.

Outlook. Looking ahead, we expect ISF's earnings outlook to remain resilient, supported by its healthy outstanding order book of RM148.1m, which translates into a solid revenue cover of 1.2x FY26F revenue and provides strong medium-term earnings visibility. Based on an estimated burn rate of RM10.2m per month, we estimate that the Group has secured RM58.0m in new contract wins YTD. Coupled with an estimated outstanding tender book of RM350m and a disciplined bidding strategy anchored on a projected 30% win rate, we believe ISF remains on track to achieve our FY26 order book replenishment target of RM150m.

Growth prospects are expected to remain underpinned by sustained investments in industrial facilities, logistics hubs and data centres, supported by national digital infrastructure initiatives and the establishment of the National AI Office. In particular, the Group's proven track record in delivering piping installation services for high-specification data centre environments positions it well to capitalise on rising demand from this fast-growing segment, where projects typically offer shorter execution cycles and structurally higher margins. Regionally, the Johor-Singapore Special Economic Zone (JS-SEZ) is expected to catalyse further residential and industrial development activities within the southern region, supporting long-term demand for piping and utility infrastructure works. Together with the Group's established presence in Johor, particularly in maintenance and repair services, we believe ISF is strategically positioned to capture recurring service opportunities and sustain earnings growth over the medium term.

Earnings Revision. No changes to our earnings forecast.

Valuation & Recommendation. We maintain our **BUY** recommendation on ISF with an unchanged TP of **RM0.62**, based on 18.7x PE applied to FY27F EPS of 3.3 sen, along with a three-star ESG rating. We like ISF for its: (i) industry-leading margins, (ii) steady earnings growth trajectory and (iii) favourable exposure to high-growth data centre segment.

Risks. Rising material costs, labour shortages and slower-than-expected contract replenishment.

Results Note

Thursday, 21 May, 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	49.4	60.6
EBITDA	6.6	13.7	34.5	38.5	47.3
Depreciation & Amortisation	0.4	0.7	1.0	1.4	1.7
EBIT	6.2	13.1	33.5	37.1	45.6
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	36.8	45.3
Tax	-1.4	-3.1	-8.5	-9.9	-12.1
Profit After Tax	4.4	9.6	25.3	26.9	33.1
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	4.4	9.6	25.3	26.9	33.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	4.4	9.6	25.3	26.9	33.1

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	0.4	1.0	2.5	2.7	3.3
P/E (x)	121.0	55.0	20.9	19.7	16.0
P/B (x)	35.3	36.1	18.9	4.0	3.1
EV/EBITDA (x)	79.6	38.2	15.0	10.7	8.0
DPS (sen)	0.0	1.0	1.2	1.1	1.3
Dividend Yield (%)	0.0%	1.9%	2.3%	2.0%	2.5%
EBITDA margin (%)	17.0%	25.1%	35.0%	31.4%	31.6%
EBIT margin (%)	15.9%	23.9%	34.0%	30.3%	30.5%
PBT margin (%)	14.8%	23.2%	34.4%	30.0%	30.2%
PAT margin (%)	11.3%	17.6%	25.7%	21.9%	22.1%
NP margin (%)	11.3%	17.6%	25.7%	21.9%	22.1%
CNP margin (%)	11.3%	17.6%	25.7%	21.9%	22.1%
ROE (%)	29.2%	65.7%	90.5%	20.3%	19.4%
ROA (%)	11.0%	19.0%	35.4%	12.8%	12.5%
Gearing (%)	29.8%	31.9%	28.5%	3.5%	2.7%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Expected order book replenishment			0.0	150.0	150.0

Valuations	FY27F
Core EPS (sen)	3.3
P/E Multiple (x)	18.7
Fair Value (RM)	0.62
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.62

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	10.3	10.9	20.5	122.3	156.1
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	193.8	243.2
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	59.8	72.9
Other current liabilities	0.0	0.0	2.9	2.9	2.9
Total Current Liabilities	20.3	31.4	40.0	67.3	80.3
Long-term debt	3.6	2.9	3.4	0.1	0.1
Other non-current liabilities	1.1	1.7	0.0	9.8	15.0
Total Non-Current Liabilities	4.7	4.7	3.4	9.9	15.1
Shareholder's equity	15.0	14.7	28.0	132.8	170.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	15.0	14.7	28.0	132.8	170.6

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	5.7	12.7	33.9	36.8	45.3
Depreciation & amortisation	0.4	0.7	1.0	1.4	1.7
Changes in working capital	0.5	-6.3	-8.1	-5.1	2.6
Others	0.2	-3.3	27.0	4.7	5.7
Operating cash flow	6.9	3.7	19.9	37.7	55.3
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	-10.8	-13.3
Others	-3.4	-1.8	1.3	6.1	0.0
Financing cash flow	-3.4	-11.8	-10.7	50.4	-13.3
Net cash flow	2.2	1.2	9.4	80.8	33.8
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	122.3
Ending cash	33.7	11.0	20.5	122.3	156.1

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, 21 May, 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.