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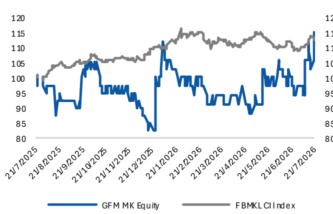
Recommendation:	NON-RATED
Current Price:	RM 0.19
Previous Target Price:	-
Target Price:	N/A
Capital Upside/Downside:	N/A
Dividend Yield (%):	N/A
Total Upside/Downside	**N/A**

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0039 / GFM MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	759.2
Market Cap (RM' m)	144.2
52-Week Price Range (RM)	0.22-0.15
Beta (x)	1.2
Free float (%)	26.7
3M Average Volume (m)	1.1
3M Average Value (RM' m)	0.2

Top 3 Shareholders	(%)
Ruslan Bin Nordin	18.4
Mohammad Shahrizal Mohammad Idris	13.4
Zainal Bin Amir	12.5

Share Price Performance



	1M	3M	12M
Absolute (%)	15.2	18.8	-5.0
Relative (%)	13.8	18.1	-16.1

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	260.6	312.8	359.7
PATAMI (RM'm)	19.2	23.1	26.6
CNP (RM'm)	19.2	23.1	26.6
EPS - core (sen)	2.5	3.0	3.5
P/E (x)	7.5	6.2	5.4

GFM Services Berhad

Diversified Growth Platform

Executive Summary

- **GFM Services Berhad is Malaysia's leading integrated FM provider, managing over 100 million sq ft of built space across four verticals. Its Energy platform now spans three TA4MS subsidiaries (HSSB, SCRA, and HIMS) covering 10 facilities at the Pengerang Integrated Complex.**
- **With a RM0.9 billion orderbook and 1QFY26 revenue surging 72.3% YoY to RM82.7m as Energy became the dominant segment at 62.2% of group revenue, GFM's earnings inflection is underway. This was further validated by RM148.2m in release orders secured by HIMS in July 2026 for major turnaround work packages at PIC, with additional work scopes expected.**
- **We derive a fair value of RM0.22 (Not Rated), based on a 7.3x PER on FY27F core EPS of 3.0 sen, a c.11% premium to the peer average of 6.6x, justified by GFM's superior dividend yield and longer-duration concession orderbook. At RM0.19, unmodelled catalysts including UiTM Mukah tariff escalation, government contract extensions, and the pending university concession win represent incremental upside.**

Key Investment Highlights

Fortress Contracts Anchoring Earnings Stability. GFM's revenue base is anchored by a suite of long-duration 'fortress' contracts that provide highly predictable income streams. The crown jewel is the UiTM Mukah 23-year concession held via KP Mukah Development Sdn. Bhd., with an outstanding value of **RM683.4 millio**n extending to October 2035. Complementing this, GFM also manages UiTM Tapah (**RM64.3m**, ends Dec-2034) and the prestigious Istana Negara contract (**RM102.8m,** ends Mar-2027 with renewal potential). These institutional-grade contracts collectively support a total outstanding orderbook of **RM900 million** as at 31 Mar 2026, providing 10 years of earnings visibility. The Group's 25-year track record in delivering FM services to government and quasi-government clients reinforces its competitive moat, as incumbents typically enjoy high renewal rates due to the operational complexity and switching costs involved in replacing an established IFM provider.

PETRONAS TA4MS Supercycle: A Transformational Earnings Driver. GFM's Energy segment has emerged as its most dynamic growth driver following the full consolidation of Highbase Strategic Sdn. Bhd. (HSSB) in FY2024 and the subsequent acquisition of Shapadu Energy Sdn. Bhd. in FY2025. The Group now holds TA4MS contracts through three subsidiaries: HSSB (100%-owned), Shapadu CR Asia Sdn. Bhd. (SCRA, under 60%-owned Shapadu Energy), and HIMS Integrated Services Sdn. Bhd. (51%-owned JV with SGX-listed Mun Siong Engineering), covering a combined 10 facilities at the Pengerang Integrated Complex (PIC) and placing GFM among the few Malaysian operators capable of mobilising integrated turnaround maintenance at scale. Per the PETRONAS Activity Outlook 2024-2026, the maiden plant turnaround for PRefChem at Pengerang is scheduled across 2026/2027, during which an estimated **15,000-20,000** turnaround personnel are expected to be deployed complex-wide, with GFM's own combined works expected to involve approximately 8,000 personnel and 3 million manhours. PRefChem alone has a budgeted **c.RM1.2 billion** in expenditure for the turnaround, during which a 90-day facility shutdown translates to approximately **c.RM300 million per day in opportunity cost**, creating enormous incentive for efficient, specialised maintenance providers. On 10 July 2026, HIMS secured two release orders worth **RM148.2 million** from Pengerang Petrochemical Company and Pengerang Refining Company for major turnaround work packages, with the Group expecting to progressively secure additional work scopes as the turnaround activities advance. The earnings inflection is already visible: in 1QFY26, Energy segment revenue surged to **RM51.4m (1QFY25: RM16.4m),** accounting for **62.2% of group revenue versus c.34% a year ago**, and this is still ahead of peak turnaround mobilisation expected in 2HFY26. We expect the Energy segment to be the dominant earnings contributor going forward, with FY25's **RM83.4m base set to be materially exceeded**. Management has also indicated it is evaluating strategic options to unlock long-term value in the Energy division, including the possibility of a separate listing, subject to regulatory requirements and market conditions.

Iran Conflict and the Downstream Maintenance Tailwind. The US-Iran war that began on 28 February 2026 has materially altered the global energy supply outlook. Iran's closure of the Strait of Hormuz, through which approximately **20%** of global oil passes, triggered Brent crude to spike to c.USD126/bbl at peak. Although the Islamabad MoU signed on 17 June sought to reopen the Strait and extend the ceasefire for 60 days, the de-escalation collapsed within 72 hours: on 20 June, Iran re-declared the Strait closed citing continued Israeli strikes in Lebanon, and tanker traffic plummeted back to single digits. The situation remains contested as of late June, with Brent having retreated to **c.USD70/bbl** on broader supply expectations but the Strait's operational status unresolved. For PIC, the sustained disruption has created a structural commercial advantage as regional buyers redirect procurement to domestic refiners, increasing utilisation rates. Higher throughput directly translates into increased maintenance intensity and turnaround frequency, aligning with GFM's expanded Energy platform through HSSB, SCRA, and HIMS, and is already visible in the 1QFY26 Energy segment revenue of RM51.4m (1QFY25: RM16.4m). We believe the Iran conflict continues to serve as a near-to-medium term structural catalyst for GFM's O&G FM revenue, extending the earnings runway beyond the current TA cycle, though a sustained normalisation of Hormuz traffic and crude prices would moderate this tailwind.

Low Hanging Fruits. GFM's existing concession portfolio harbours several near-term re-rating catalysts that are not incorporated into our base model and represent potential upside to estimates. The UiTM Mukah concession is overdue for a tariff revision, with escalation toward prevailing market rates estimated at **c.10-15%** above current levels translating directly to margin uplift, while unspent lifecycle capex commitments of approximately **c.RM50 million for the 2030-2035** period provide a funded execution pipeline already embedded within the concession structure. Separately, GFM's government institutional FM contracts carry extension optionality that, if formalised, would add recurring, sovereign-backed revenue visibility well beyond current forecast periods. Most significantly, GFM is at an advanced stage of securing an additional **c.25-year university concession** structured as a long-duration, annuity-style PPP, which is expected to contribute **c.RM80-150 million** in annual revenue upon operational commencement, with construction-phase profit recognition of approximately **c.RM5-8 million** per year in the interim; none of this is reflected in our current forecasts. Collectively, these catalysts (tariff escalation, contract extensions, and a transformational university concession win) represent a meaningful layer of unmodelled upside that could materially re-rate GFM's earnings quality and duration profile if crystallised.

Valuation & Recommendation. We derive a fair value of **RM0.22 (Not Rated**) based on a **7.3x P/E multiple** applied to our FY27F core EPS estimate of **3.0 sen.** Our target multiple represents a **c.11%** premium to the peer average FY27F P/E of **6.6x**, which we believe is warranted given GFM's materially higher prospective dividend yield of 6.4% in FY27F versus the peer average of 2.4%, its longer-duration concession orderbook providing superior earnings visibility, and multiple unmodelled re-rating catalysts. At the current price of **RM0.19**, the stock trades at **7.5x FY26F and 6.2x FY27F earnings,** while offering prospective dividend yields of 5.3% and 6.4% for FY26F and FY27F respectively. We believe current valuations reflect market caution around Energy segment margin delivery and the pace of the TA4MS turnaround cycle, rather than a fundamental reassessment of GFM's concession platform quality or its strengthening earnings trajectory. The 1QFY26 results, which saw revenue surge 72.3% YoY to RM82.7m and net profit rise to RM6.1m, together with the subsequent RM148.2m in turnaround release orders secured by HIMS in July 2026, provide tangible validation that the Energy segment inflection is underway. Key re-rating triggers include (i) TA4MS turnaround ramp-up through 2HFY26 and into FY27, with additional work scopes expected; (ii) formalisation of government contract extensions; (iii) signing of the pending university concession agreement; (iv) sustained O&G maintenance demand supporting HSSB, SCRA, and HIMS utilisation rates; and (v) potential separate listing of the Energy division. We note that none of these catalysts are incorporated into our base case, and crystallisation of any one of them represents incremental upside to our **RM0.22 fair value.**

Figure 1: Earnings Summary

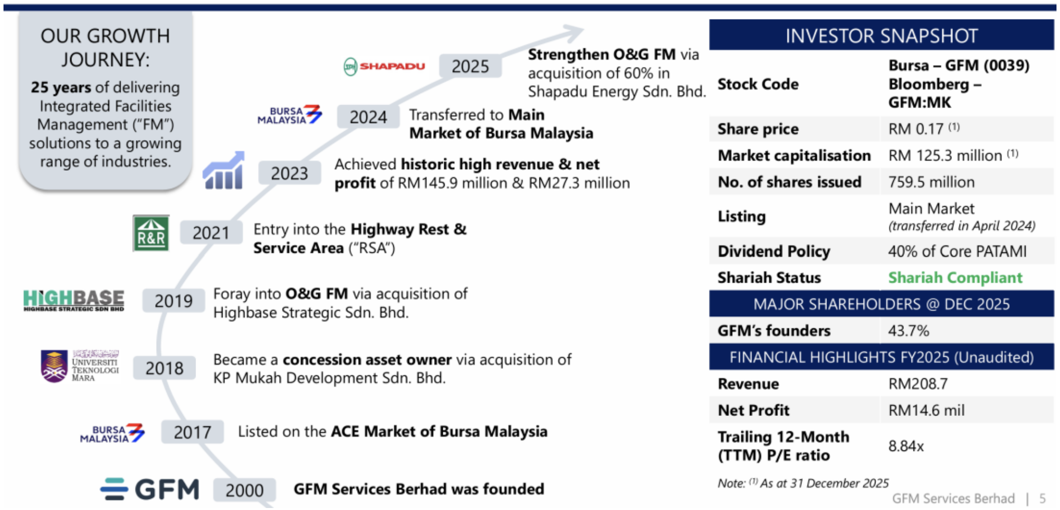
FYE Dec (m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	190.4	208.5	260.6	312.8	359.7
EBITDA	65.4	53.7	62.2	70.5	78.2
Pre-tax profit	41.3	24.4	31.0	37.2	42.8
Net profit	23.7	15.4	19.2	23.1	26.6
Core net profit	23.7	15.4	19.2	23.1	26.6
Core EPS (sen	3.1	2.0	2.5	3.0	3.5
P/E (x)	6.1	9.4	7.5	6.2	5.4
P/B (x)	0.7	0.6	0.6	0.6	0.5
EV/EBITDA (x)	4.6	5.7	4.6	3.7	3.0
Dividend Yield (	2.5%	0.0%	5.3%	6.4%	7.4%
Net Gearing (%	72.9%	70.8%	58.4%	47.0%	34.5%

Source: Apex Securities, Company

Company Background

GFM Services Berhad was established in 2000 and has grown **over 25 years** into one of Malaysia's foremost Integrated Facilities Management (IFM) providers. Originally focused on built-environment FM for institutional clients, the Group has systematically diversified its revenue base through strategic acquisitions and concession ownership, evolving from a pure FM services player into a multi-dimensional infrastructure solutions provider. The Group listed on the ACE Market of Bursa Malaysia in 2017 and transferred to the Main Market in April 2024, reflecting its maturation and scale. GFM's most transformational milestones include: the 2018 acquisition of KP Mukah Development Sdn. Bhd. (becoming a concession asset owner for UiTM Mukah), the 2019 foray into O&G FM via Highbase Strategic Sdn. Bhd., the 2021 entry into Highway RSA operations, the **FY2023** financial turnaround achieving a **record RM145.9m revenue and RM27.3m net profit**, and the 2025 acquisition of Shapadu Energy Sdn. Bhd. to strengthen its O&G FM platform.

Figure 2: GFM Growth Journey and Snapshot

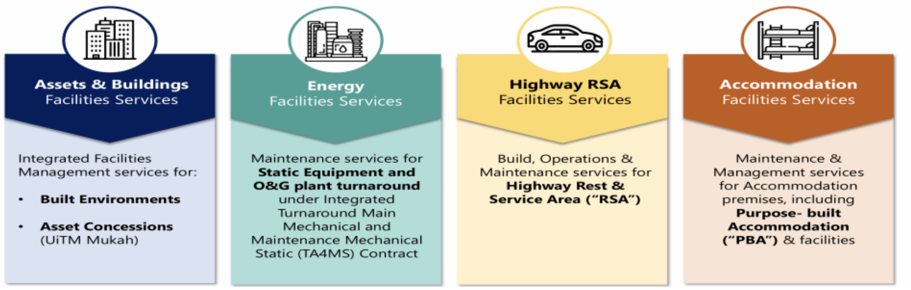


Source: Company

Business Overview

Core Operations. GFM delivers integrated facilities management solutions across **four core business verticals:** Assets & Buildings Facilities Services, Energy (O&G) Facilities Services, Highway Rest & Service Area (RSA) Facilities Services, and Accommodation Facilities Services. This diversified model allows the Group to capture value across the full lifecycle of physical assets - from initial construction and handover through long-term operations, maintenance, and eventual decommissioning. Each vertical addresses a distinct market opportunity, and together they create a resilient, multi-layered revenue stream with varying cyclicality characteristics.

Figure 3: GFM's Four Cour Verticals



Source: Company

Figure 4: GFM's Business Segments Framework

Business Segment	Key Services	Key Clients / Assets
Assets & Buildings FM (Primary Revenue Driver)	• Hard FM (mechanical, electrical, civil, IT systems) • Soft FM (cleaning, landscaping, security) • Management Services (facility strategy, energy, contractors) • FM Advisory & Consultancy • Asset Concession (UiTM Mukah)	• UiTM Mukah (23-yr concession) • UiTM Tapah • Istana Negara • Government & institutional clients • RM888.5m outstanding FM orderbook
Energy (O&G) FM (New Growth Driver)	• TA4MS: Integrated Turnaround Maintenance of static/mechanical equipment • Daily plant maintenance • Cleaning, repair & maintenance of pressure vessels, heat exchangers • Topside major maintenance; Hook-up & commissioning • HAZMAT handling	• PETRONAS TA4MS (Pengerang) • PRPC Utilities & Facilities • Pengerang Power / Refining / Petrochemical • ExxonMobil, Repsol, Petrofac (via Highbase & Shapadu Energy)
Highway RSA (Future Recurring Revenue)	• Build-Operate-Maintain of Highway Rest & Service Areas • Retail, food hall, petrol station management • Facility operations & maintenance	• Sg Muda, Penang (NSE — construction 2026) • Bemban, Melaka (NSE — 2029) • Karak, Pahang (KLK Highway — 2030)
Accommodation FM	• Maintenance & management of accommodation premises • Purpose-Built Accommodation (PBA) • Worker village operations	• Pengerang Integrated Complex (PIC Village 1 & 2 — historical) • Compliance with amended Act 446

Source: Company, Apex Securities

Core Activities

Assets & Buildings Facilities Services. GFM's Assets & Buildings FM division remains its operational backbone and primary source of recurring income, though the Energy segment has now overtaken it as the largest revenue contributor. The division manages an estimated 100 million sq ft of built space, delivering Hard FM and Soft FM services to government, quasi-government and institutional clients. Through KP Mukah Development Sdn. Bhd., GFM is both concession asset owner and FM service provider for UiTM Mukah (**RM683.4m** outstanding, until 2035), with the dual owner-operator role creating high barriers to entry. Cornerstone contracts also include UiTM Tapah (RM64.3m, until 2034) and the JKR maintenance FM contract (RM102.8m, until March 2027). FM segment revenue was stable at RM24.5m in 1QFY26 (1QFY25: RM24.3m), contributing **29.6%** of group revenue. The division's annuity-style revenue profile underpins GFM's financial stability, supported by the in-house GEMS digital platform which enhances service delivery through preventive maintenance scheduling, data visibility, and resource planning across sites.

Figure 5: Asset & Building Facilities

Source: Company

Energy (O&G) Facilities Services. GFM's Energy FM division operates through three TA4MS-holding subsidiaries: Highbase Strategic Sdn. Bhd. (HSSB, 100%-owned), Shapadu CR Asia Sdn. Bhd. (SCRA, under 60%-owned Shapadu Energy, acquired in 2025 for RM30m), and HIMS Integrated Services Sdn. Bhd. (51%-owned JV with SGX-listed Mun Siong Engineering). Together, these entities hold TA4MS contracts covering 10 facilities at the Pengerang Integrated Complex, placing GFM among the few Malaysian operators capable of mobilising integrated turnaround maintenance at scale. The segment's earnings inflection is underway: 1QFY26 Energy revenue surged to **RM51.4m** (1QFY25: RM16.4m), now accounting for **62.2%** of group revenue, with the maiden PIC turnaround expected to involve approximately **8,000 GFM personnel and 3 million manhours across FY26-27F**. On 10 July 2026, HIMS secured **RM148.2m** in release orders for major turnaround work packages from PRefChem, with additional work scopes expected as the turnaround progresses.

Figure 6: HighBase at a Glance

Source: Company

Highway RSA Facilities Services. GFM entered the Highway RSA segment in 2021, identifying an underserved niche where ageing rest areas represent a significant upgrade opportunity. The Group has assembled three RSA development sites: (i) Sg Muda in Penang (100% stake, 1.74ha on NSE, development cost RM55m); (ii) Bemban in Melaka (15% stake, 2 sites on NSE, development cost RM90m); and (iii) Karak in Pahang (40% first tranche, RSA/Truckers Centre on KLK Highway, development cost RM50m). Sg Muda's RSA concept incorporates a petrol station, food hall, restaurants, and retail kiosks, targeting an estimated **RM20 million per year in recurring revenue**. As at 1QFY26, the Sg Muda site has secured development order and building plan approvals and is in its final stage before construction commencement, while Bemban and Karak remain at early stages of development.

Figure 7: Highway RSA Acquisitions

GFM forays into Highway RSA via strategic acquisitions:

	SG MUDA, PENANG	BEMBAN, MELAKA	KARAK, PAHANG
Proposed acquisition	**Era Gema Bina Sdn. Bhd.** Completed acquisition of 100%-stake in Aug-24	**Amzass (M) Sdn. Bhd.** GFM acquired 15%-stake in Jan-23	**Atmajaya Arvino Sdn. Bhd.** GFM acquired 40%-stake in Sep-23 (first tranche)
Purchase consideration	RM23 million	RM500,000	RM9 million
RSA Site	To develop an RSA (Northbound) on 1.74-hectare site along North-South Expressway ("NSE")	To upgrade existing lay-bys into full-fledged RSAs (Northbound & Southbound) on the NSE	To design, build, operate, and maintain RSA / Truckers Centre along Kuala Lumpur-Karak ("KLK") Highway
Estimated development cost	RM55 million	RM90 million (2 sites)	RM50 million
Expected completion	2028	2029	2030

To start construction in 2026

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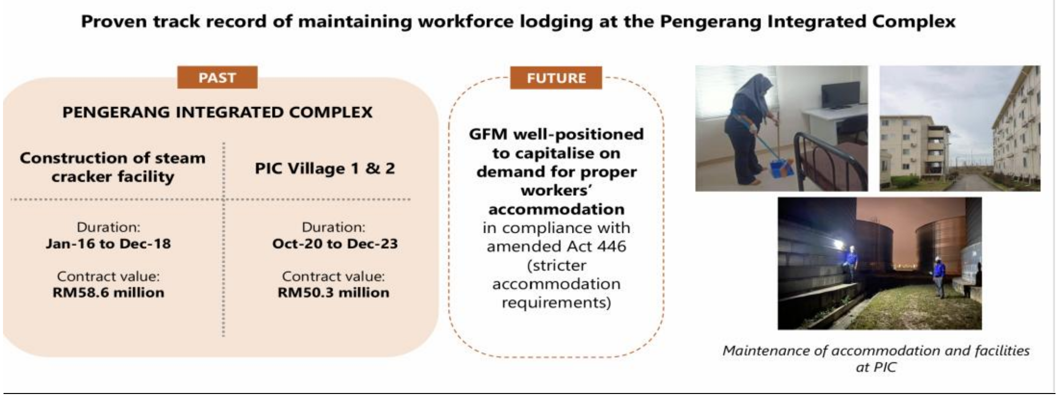
Source: Company

Accomodation Facilities Services. GFM's Accommodation FM division provides purpose-built accommodation (PBA) management and maintenance services for large-scale industrial workforces, with a particular focus on the energy and construction sectors. The division's historical portfolio includes the management of PIC Village 1 and PIC Village 2 at the Pengerang Integrated Complex, encompassing dormitory operations, catering, waste management, utilities, and general upkeep. The segment operates under the amended Workers' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), which mandates employers to provide compliant accommodation to foreign workers, a regulatory requirement that has elevated demand for professionally managed workforce housing. The division dovetails naturally with GFM's Energy FM operations: the maiden PIC turnaround, expected to involve approximately 8,000 GFM personnel across FY26-27F, creates a concentrated demand spike for compliant temporary accommodation during extended plant shutdown periods.

Figure 8: Accommodation Facilities Services

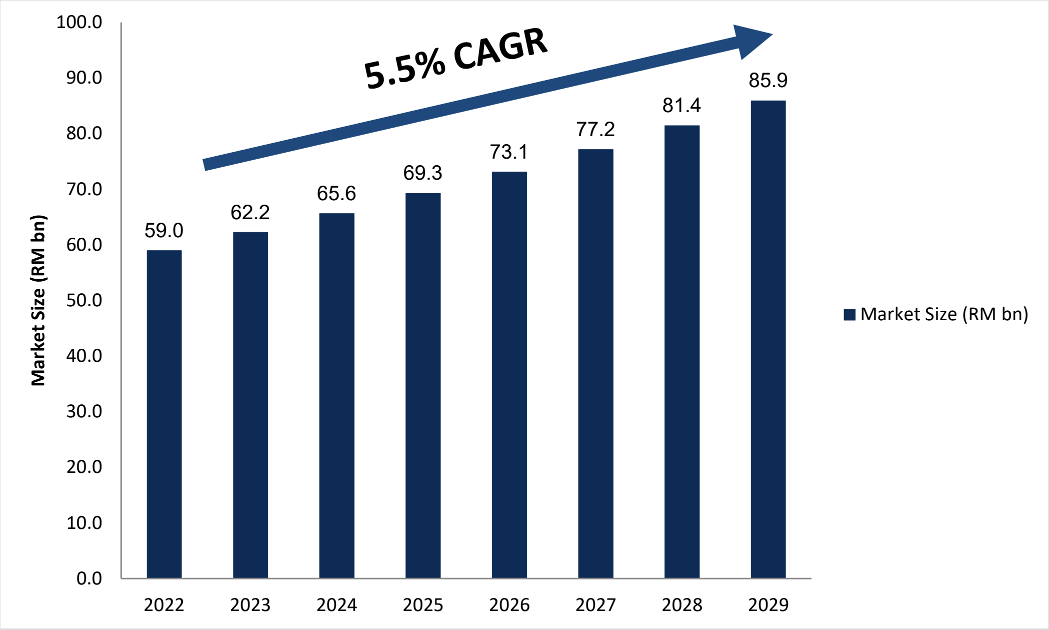


Source: Company

Industry Overview

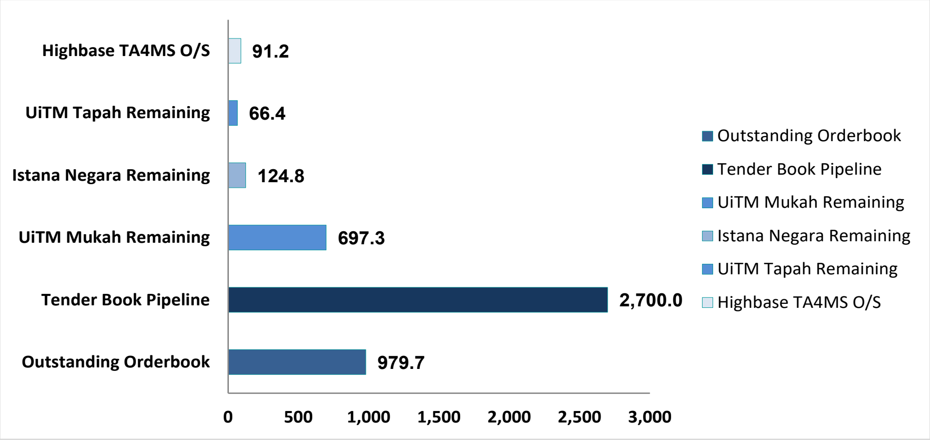
Integrated Facilities Management. The Malaysian IFM market operates at the intersection of several robust structural trends: ongoing government infrastructure investment, private sector real estate expansion, and Malaysia's rising emphasis on professionalised asset management. The addressable market for FM services in Malaysia is estimated to reach **RM 85.9 billion by 2029** and projected to grow at a compound rate of **approximately 5.5% per annum according to Mordor Intelligence**, driven by the increasing outsourcing of non-core functions by both government agencies and private corporations. Under the national **PIKAS 2030** (Pelan Induk Perkhidmatan Kemudahan Awam 2030) framework, the government is actively expanding Public-Private Partnership (PPP) models for facility management, providing access to a new PPP Fund, reducing competition through structured procurement, and offering access to additional sectors beyond traditional government buildings. GFM, as one of Malaysia's most established FM concession owners, is uniquely positioned to benefit from PIKAS 2030's expanded scope. The Group currently maintains a tender book of **RM2.7 billion**, reflecting a healthy pipeline of potential new contracts.

Figure 9: Projected Facilities Management Market Size



Source: Mordor Intelligence, Apex Securities

Figure 10: Projected Orderbook and Tenderbook



Source: Company, Apex Securities

O&G Plant Maintenance and Turnaround Activity. The O&G maintenance, repair, and overhaul (MRO) market in Malaysia is at an inflection point, driven by the convergence of ageing plant infrastructure, regulatory-mandated maintenance cycles, and the operational demands of the Pengerang Integrated Complex. According to the PETRONAS Activity Outlook 2024-2026, turnaround activity across Peninsular Malaysia (East Coast), Pengerang, and Sarawak is projected to increase significantly over 2025-2026. The PIC, which houses the world-scale RAPID (Refinery and Petrochemicals Integrated Development) complex, requires periodic major turnarounds involving the simultaneous shutdown and overhaul of multiple interconnected process units. The 2026/2027 major TA at Pengerang represents the maiden turnaround for these facilities and one of the largest planned maintenance events in Malaysia's downstream O&G history, with PRefChem budgeting an estimated RM1.2 billion for the turnaround programme and an estimated **15,000-20,000** personnel to be deployed complex-wide. This level of activity creates a concentrated demand spike for specialised maintenance contractors, from which GFM's three TA4MS vehicles - HSSB, SCRA, and

HIMS -are principal beneficiaries, with the Group's own combined scope expected to involve approximately 8,000 personnel and 3 million manhours. The PETRONAS Activity Outlook 2025-2027 further reinforces this trajectory, with maintenance man-hours expected to remain elevated well beyond the current planning horizon.

The Iran Conflict and Downstream Beneficiaries. The US-Iran war that erupted on 28 February 2026 has introduced a new structural dimension to Malaysia's energy market outlook. Iran's closure of the Strait of Hormuz, through which approximately 20% of global oil supply transits, triggered Brent crude to spike to **c.USD126/bbl** at peak. Although the Islamabad MoU signed on 17 June sought to reopen the Strait under a 60-day ceasefire framework, Iran re-declared the Strait closed on 20 June citing continued Israeli strikes in Lebanon, and tanker traffic plummeted back to single digits within a day. The situation remains contested as of late June, with Brent having retreated to **c.USD70/bbl** on broader supply expectations but the Strait's operational status unresolved. For Malaysia's downstream sector, particularly the PIC refinery complex, the sustained disruption has accelerated demand from regional buyers seeking non-Middle Eastern supply alternatives, increasing PIC's operating rates and reinforcing PETRONAS's commitment to domestic downstream capacity. Higher utilisation leads directly to accelerated maintenance cycles, larger turnaround scopes, and increased spending on plant reliability, all of which benefits specialist O&G FM contractors. We view the Iran conflict as a near-to-medium term tailwind for GFM's Energy segment revenue trajectory, though a sustained normalisation of Hormuz traffic would moderate this catalyst.

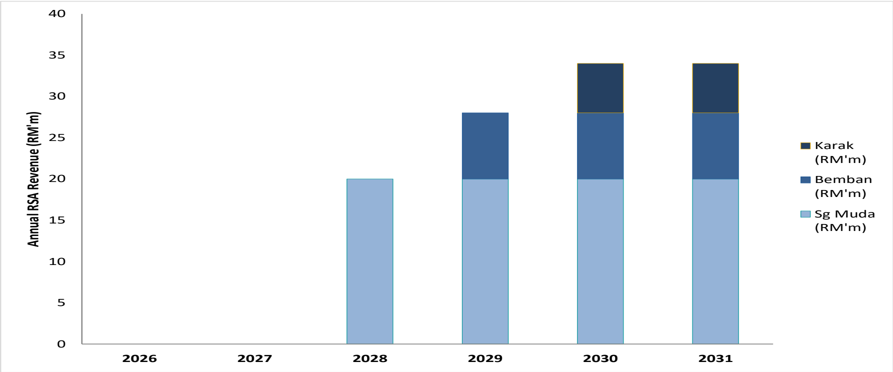
Highway RSA: Infrastructure Upgrade Opportunity. Malaysia's highway network supports over **10 million registered vehicles**, and the North-South Expressway (NSE) - Malaysia's primary inter-urban artery, handles tens of millions of vehicle trips annually. Highway RSAs serve as the primary rest and refuelling infrastructure along these routes and have historically been underdeveloped relative to international standards. The growing middle class, rising domestic tourism, and increasing road freight volumes are driving demand for upgraded, destination-quality RSA facilities. Concession-backed RSA operators benefit from stable, location-specific traffic flows and high barriers to entry given the limited number of available highway sites. GFM's early-mover positioning in the Sg Muda, Bemban, and Karak RSA sites places it among a small group of qualified developers with formal RSA development rights along the NSE and KLK corridors.

Figure 11: GFM'S Highway RSA Sites at a Glance

RSA Site	Location	Highway	GFM Stake	Dev. Cost (RM'm)	Expected Completion	Annual Rev (RM'm, est.)
Sg Muda (Flagship)	Penang	NSE	100%	55	2028	20
Bemban	Melaka	NSE	15%	90	2029	8
Karak	Pahang	KLK Hwy	40%	50	2030	6
TOTAL / BLENDED				**195**		**34**

Source: Company, Apex Securities

Figure 12: Projected RSA Revenues



Source: Company, Apex Securities

Financial Highlights

Revenue trend. GFM's top line has grown steadily over the past few years, supported by its facilities management, concession, and energy segments. Revenue increased from RM124m in FY2021 to RM140.8m in FY2022 and RM145.9m in FY2023, before rising sharply to RM190.4m in FY2024 and RM208.4m in FY2025. The jump in FY2024 and FY2025 was mainly driven by the full consolidation and subsequent contribution from Highbase, alongside higher activity in the Energy division and stronger work orders under existing contracts. The momentum has accelerated into FY2026: 1QFY26 revenue surged **72.3% YoY** to RM82.7m (1QFY25: RM48.0m), and **37.0% QoQ** (4QFY25: RM60.3m), driven by the consolidation of Shapadu Energy and additional work orders under the TA4MS contract at PIC. The revenue mix has shifted structurally, with Energy now the dominant segment **at 62.2% of group revenue** (RM51.4m), followed by FM at 29.6% (RM24.5m) and Concession at 8.2% (RM6.8m).

Profitability trend. Bottom line performance has been more volatile than revenue, as margins were affected by contract mix, acquisition-related costs, and lower-margin energy work. Profit before tax improved from RM18.4m in FY2021 to RM29.6m in FY2022 and RM39.7m in FY2023, before edging up to RM41.3m in FY2024, then easing to RM24.1m in FY2025. In FY2025, gross profit fell to RM65.9m from RM71.5m in FY2024, while the group's gross margin compressed to 32.5% from 37.6%, reflecting the heavier contribution from Energy and higher administrative expenses tied to corporate exercises and integration costs. In 1QFY26, gross profit improved to RM22.2m (1QFY25: RM19.5m) but GP margin compressed further to 26.8% (1QFY25: 40.6%), confirming the dilutive margin impact of the Energy segment's growing revenue share. PBT recovered strongly to RM10.4m (4QFY25: RM2.5m), with PAT of RM6.8m and net profit to equity holders of RM6.1m. Employee benefits expense more than doubled to RM12.1m (1QFY25: RM5.6m), consistent with Energy segment manpower scaling, while the effective tax rate of 35% exceeded the 24% statutory rate due to disallowable expenses, deferred tax, and group eliminations.

Financial position. GFM's financial position has strengthened alongside its operating scale, with total assets rising to RM689.2m as at 31 December 2025 from RM621.2m in FY2024. Shareholders' equity also increased to RM224.3m in FY2025, supported by retained earnings and equity issuance, while cash and bank balances stood at RM165.8m. Borrowings increased to RM324.5m, reflecting funding needs for acquisitions and ongoing operations, but the group still maintained a healthy liquidity base to support its project pipeline and working capital needs.

Earnings outlook. Looking ahead, GFM's earnings are expected to be underpinned by its long-dated orderbook, which stood at approximately **RM0.9 billion** as at 31 March 2026, led by the UiTM Mukah concession (RM683.4m, until 2035), the JKR maintenance FM contract (RM102.8m, until March 2027), and UiTM Tapah (RM64.3m, until 2034). The key near-term earnings driver is the maiden PIC turnaround across FY26-27F, with GFM's combined works expected to involve approximately 8,000 personnel and 3 million manhours through its three TA4MS subsidiaries (HSSB, SCRA, and HIMS). The **RM148.2m** in release orders secured by HIMS in July 2026 from PRefChem provides concrete revenue visibility for this cycle, with additional work scopes expected as the turnaround progresses. While the shift toward Energy-led revenue will result in a structurally different margin profile compared with the historically FM-led business, it broadens the Group's addressable market and supports longer-term earnings diversification. The 1QFY26 annualised run-rate implies full-year revenue materially above FY25's **RM208.5m**, with further upside as turnaround mobilisation intensifies through 2HFY26.

Valuation & Recommendation

Not Rated. We assign a fair value of **RM0.22 for GFM**, based on a **7.3x PER** applied to FY27F core EPS of **3.0 sen**. Our target multiple represents a **c.11% premium** to the peer average FY27F P/E of 6.6x, justified by GFM's materially superior dividend yield profile (6.4% FY27F vs peer average 2.4%), longer-duration concession orderbook, and multiple unmodelled re-rating catalysts. At the current price of **RM0.19**, GFM trades at **7.5x FY26F and 6.2x FY27F earnings**, while offering prospective dividend yields of 5.3% and 6.4% for FY26F and FY27F respectively. We believe current valuations underweight GFM's entrenched concession platform and the earnings step-up expected from the maiden PIC turnaround ramp through FY26-27F, now backed by RM148.2m in confirmed release orders with additional work scopes expected. Our fair value does not incorporate contributions from unmodelled catalysts including UiTM Mukah tariff escalation, government contract extensions, the pending university concession win, or a potential separate listing of the Energy division, each representing incremental upside to **our RM0.22 base case.**

Figure 13: Peers Comparison

Stock	Mkt Cap (RM m)	Price (local)	Target	FYE	EPS FY26F	EPS FY27F	EPS Growth 26-27	P/E (x) FY26F	P/E (x) FY27F	P/B (x) FY26F	P/B (x) FY27F	Yield (%) FY26F	Yield (%) FY27F
GFM Services Bhd	**144**	**0.19**	**0.22**	**12/2026**	**2.50**	**3.00**	**20.0%**	**7.5**	**6.2**	**0.6**	**0.5**	**5.3%**	**6.4%**
AWC Berhad	155	0.46	0.56	06/2026	0.06	0.07	20.3%	8.2	6.6	0.7	0.6	2.2%	2.4%
Simple Average								**8.2**	**6.6**	**0.7**	**0.6**	**2.2%**	**2.4%**

Source: Bloomberg, Apex Securities

Investment Risk

Execution risk in diversification. GFM is actively expanding beyond its core facilities management base into Energy, concessions, and RSA-related projects, but execution risk remains meaningful. The group has been pursuing acquisitions and new project rollouts, including Shapadu Energy and planned concession opportunities, and any delays, cost overruns, or integration issues could weigh on earnings delivery and margin recovery.

Energy segment risk. The O&G FM segment, anchored by TA4MS contract execution and the integration of Shapadu Energy, remains the key swing factor for near-term margins. Delays in turnaround cycles, scope reductions by key clients such as PETRONAS, or integration friction within the newly acquired Shapadu platform could result in earnings falling short of our estimates.

Contract renewal and orderbook concentration. GFM's revenue visibility is underpinned by a handful of large institutional and government contracts. Non-renewal or renegotiation of key agreements, particularly within the Assets and Buildings FM segment, could create orderbook gaps that are difficult to backfill in the near term given typical government procurement timelines.

Tariff and cost escalation risk. While we view UiTM Mukah tariff escalation as an unmodelled upside catalyst, the flip side is that prolonged delays in securing a revision could compress concession margins against rising operating costs, particularly given the lifecycle capex obligations embedded in the concession structure through 2030-2035.

Regulatory and PPP policy risk. GFM's expansion into university concessions and RSA operations is contingent on a stable Public-Private Partnership framework in Malaysia. Any shift in government procurement policy, budgetary tightening, or reprioritisation of the PIKAS 2030 initiative could narrow the pipeline of addressable opportunities.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**190.4**	**208.5**	**260.6**	**312.8**	**359.7**
Gross Profit	**71.1**	**67.8**	**83.3**	**96.4**	**108.4**
EBITDA	**65.4**	**53.7**	**62.2**	**70.5**	**78.2**
Depreciation & Amortisa	3.4	3.6	3.8	3.9	4.0
EBIT	**61.9**	**50.2**	**58.4**	**66.6**	**74.2**
Net Finance Income/ (C	-21.2	-26.2	-28.0	-30.0	-32.0
Associates & JV	0.5	0.4	0.7	0.7	0.7
Pre-tax Profit	**41.3**	**24.4**	**31.0**	**37.2**	**42.8**
Tax	-17.5	-9.0	-11.8	-14.2	-16.3
Profit After Tax	**23.7**	**15.4**	**19.2**	**23.1**	**26.6**
(-) Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	**23.7**	**15.4**	**19.2**	**23.1**	**26.6**
(-) Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**23.7**	**15.4**	**19.2**	**23.1**	**26.6**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue Growth (%)	31.3%	9.5%	25.0%	20.0%	15.0%
CNP Growth (%)	-13.4%	-35.1%	25.0%	20.0%	15.0%
Core EPS (sen)	3.1	2.0	2.5	3.0	3.5
P/E (x)	6.1	9.4	7.5	6.2	5.4
P/B (x)	0.7	0.6	0.6	0.6	0.5
EV/EBITDA (x)	4.6	5.7	4.6	3.7	3.0
DPS (sen)	0.5	0.0	1.0	1.2	1.4
Dividend Yield (%)	2.5%	0.0%	5.3%	6.4%	7.4%
EBITDA margin (%)	34.3%	25.8%	23.9%	22.5%	21.7%
EBIT margin (%)	32.5%	24.1%	22.4%	21.3%	20.6%
PBT margin (%)	21.7%	11.7%	11.9%	11.9%	11.9%
PAT margin (%)	12.5%	7.4%	7.4%	7.4%	7.4%
NP margin (%)	12.5%	7.4%	7.4%	7.4%	7.4%
CNP margin (%)	12.5%	7.4%	7.4%	7.4%	7.4%
ROE (%)	11.1%	6.9%	8.2%	9.3%	10.0%
ROA (%)	3.8%	2.2%	2.7%	3.2%	3.6%
Gearing (%)	146.2%	144.9%	137.8%	127.3%	115.2%
Net gearing (%)	72.9%	70.8%	58.4%	47.0%	34.5%

Valuations	FY27F
Core EPS (RM)	0.030
P/E multiple (x)	7.2
Fair Value (RM)	**0.22**
ESG premium/discou	0.0%
Implied Fair Value (RM	**0.22**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	156.5	166.1	186.9	200.2	214.0
Receivables	58.4	104.1	107.5	129.2	147.1
Inventories	0.5	0.6	0.7	0.8	0.9
Other current assets	32.2	30.1	28.6	27.1	25.6
Total Current Assets	**247.6**	**300.9**	**323.6**	**357.3**	**387.6**
Fixed Assets	16.5	16.2	14.2	13.6	14.9
Intangibles	50.6	78.0	76.7	75.4	74.1
Other non-current asset	304.9	293.3	288.5	281.3	271.0
Total Non-Current Asse	**372.0**	**387.6**	**379.5**	**370.3**	**360.0**
Short-term debt	39.0	66.3	66.3	64.8	62.4
Payables	37.6	85.5	88.6	106.3	122.3
Other current liabilities	3.9	2.0	2.0	2.0	2.0
Total Current Liabilities	**80.6**	**153.7**	**156.9**	**173.2**	**186.7**
Long-term debt	273.1	258.3	258.3	252.7	243.1
Other non-current liabil	52.4	52.4	52.4	52.4	52.4
Total Non-Current Liabi	**325.5**	**310.7**	**310.7**	**305.1**	**295.6**
Shareholder's equity	213.5	222.8	234.3	248.2	264.1
Minority interest	0.0	1.2	1.2	1.2	1.2
Exchange translation re	-45.0	-45.3	-45.3	-45.3	-45.3
Total Equity	**213.5**	**224.0**	**235.5**	**249.4**	**265.3**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**41.3**	**24.4**	**31.0**	**37.2**	**42.8**
Depreciation & amortisa	3.4	3.6	3.8	3.9	4.0
Changes in working ca	-9.6	-14.4	-0.3	-4.1	-2.0
Others	2.8	0.1	-2.0	-0.7	0.9
Operating cash flow	**37.9**	**13.7**	**32.6**	**36.4**	**45.7**
Net capex	-27.4	-3.2	-0.5	-2.0	-4.0
Others	-63.1	15.5	-2.8	-3.7	-3.5
Investing cash flow	**-90.6**	**12.3**	**-3.3**	**-5.7**	**-7.5**
Dividends paid	-8.1	-24.8	-7.7	-9.2	-10.6
Others	45.4	18.1	0.0	-7.0	-12.0
Financing cash flow	**37.4**	**-6.8**	**-7.7**	**-16.2**	**-22.6**
Net cash flow	**-15.3**	**19.2**	**21.6**	**14.5**	**15.5**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash & cash e	43.0	26.9	46.1	67.6	82.1
Ending cash & cash equi	27.7	46.1	67.6	82.1	97.6
Fixed deposits with licei	128.8	120.0	119.2	118.1	116.3
Total cash & deposits	**156.5**	**166.1**	**186.9**	**200.2**	**214.0**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Committed to resource efficiency and sustainability practices as per Sustainability Policy; Frost & Sullivan 2025 recognition for energy efficiency and sustainable FM through technology-driven solutions
Waste & Effluent	★★★	Structured waste minimisation initiatives (Agenda 5: Use Resources Efficiently, Minimise Waste); annual environmental compliance with no penalties reported; energy audits and pollution prevention focus..
Energy	★★★	Proven energy management: 5% average reduction in electricity consumption; National Energy Award; SEDA's Two Diamond for low-carbon buildings; ongoing optimisation of electrical systems..
Water	★★★	Water efficiency practices in facilities operations (e.g., seawater utilisation where applicable); aligned with environmental compliance.
Compliance	★★★	Full compliance with environmental regulations (no actions/penalties in FY2021+); ISO 14001:2015 Environmental Management System; structured ESG agenda across five pillars.

Social

Diversity	★★★	Inclusive workforce development; structured training/upskilling (e.g., Protégé, Leadership programs); diverse age groups and backgrounds supported by performance reviews
Human Rights	★★★	Non-discriminatory hiring and employment policies compliant with Malaysia's Employment Act; fair wage structures and benefits including maternity/paternity leave.
Occupational Safety and Health	★★★	ESG PLUS Awards 2025: Social Impact & Inclusion Award for Health & Safety Excellence; One Million Safe Man Hours Award; ISO 45001:2018 certified; zero workplace fatalities reported.
Labour Practices	★★★	Employee wellness programs, CSR initiatives (e.g., Green Project at Zoo Negara); structured benefits, training, and career development aligned with national standards.

Governance

CSR Strategy	★★★	Active CSR programs (healthcare, infrastructure, Green Project); sustainability embedded in five core pillars; community engagement via events and awards.
Management	★★★	Strong governance: Structured Board committees; transparency via investor briefings and annual reports.
Stakeholders	★★★	Regular stakeholder engagement (investor briefings, AGM/EGM); ISO 37001:2016 Anti-Bribery certification; consistent Bursa compliance and disclosures.

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

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