

ISF Group Berhad (ISF)

A Strong Pipeline to the Bottom Line

- ISF Group Berhad is a Malaysia-based piping solutions provider, principally engaged in the (i) supply and installation of piping systems for end-user premises, (ii) supply and installation of water supply and sewer infrastructure piping, as well as (iii) maintenance and repair services for piping systems.
- We project 3-year earnings CAGR of 49.7%, with core PATMI expected to reach RM24.7m-RM32.3m over the next three years. This growth is underpinned by (i) the data centre boom and industrialisation growth in the country, (ii) ISF's strategic location in Johor to capture JSSEZ projects, and (iii) supportive government initiatives such as Budget 2026, NIMP and the National AI Office.
- We assign a fair value of RM0.46 per share for ISF, indicating a 39.4% upside from the IPO price of RM0.33. This valuation is based on a PE multiple of 16.5x pegged to FY27f EPS of 2.79 sen.

Investment highlights

Rising margin over the years. ISF demonstrated margin improvement every single year, with GP margin improving from 27.3% in FY22 to 44.2% in FPE25, while NP margin significantly improved from 4.3% to 25.5% during the same period. This is because industrial properties and data centres remained the group's top contributors over the years, with the former having a GP margin of 54.9% while the latter stands at 47.2%, both contributing a combined 74.4% of the group's total revenue as of FPE25. We expect ISF's margins to continue to grow and remain sustainable as the group secures more data centre and industrial projects moving forward.

Riding the data centre trend. ISF demonstrated strong growth in the group's data centre segment, with revenue growing from RM1.0m in FY22 to RM11.7m in FY24, representing an impressive CAGR of 242.1%. Meanwhile, FPE25 recorded a record-high data centre revenue of RM28.2m, which outperformed FY24's data centre revenue. According to the IMR report, between 2025 and 2030, Malaysia's data centre industry is expected to grow at a CAGR of 22.4% to reach RM59.6bn by 2030. Hence, given the high demand of water needed for data centre cooling, we anticipate ISF will continue to experience strong demand for its water piping systems in the years to come, providing the group solid revenue and earnings visibility.

Benefitting from JSSEZ. Strategically located in Johor, ISF is expected to continue benefitting from the Johor-Singapore Special Economic Zone (JSSEZ), with 68.0% of its revenue contributed from Johor as of FPE25. With rising data centre investments in Johor, we believe ISF will have a "home advantage" in securing more data centre and industrial property projects. Given the state's close proximity to Singapore, coupled with a supportive investment ecosystem such as JSSEZ, Johor has experienced a significant boom in data centre investments by global tech giants such as Nvidia, Amazon, ByteDance, and Microsoft, and is expected to host 60% of Malaysia's data centre capacity by 2030. As of November 2025, Johor had approved 51 data centre projects worth RM183.0bn, with 17 operational, 11 under construction, and 23 having received approval (Source: [New Straits Times](#)). Meanwhile, ISF is also planning to establish a new head office and storage facility in Johor, with RM10.25m (16.8% of IPO proceeds) allocated for this purpose. The expected commencement of the new Johor head office and storage facility is in 3Q28.

Impressive transition in business model. ISF started off as a plumbing materials trading business back in 2000-2001, before gradually expanding into the supply and installation of piping systems for end-user premises projects in 2015 and water supply

IPO Note – Not rated

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Not Rated

Share price	RM0.33
Target price	RM0.46
Previous TP	-
Capital upside	39.4%
Dividend return	-
Total return	39.4%

Company profile

Incorporated in 2000, ISF Group Berhad is a Malaysia-based piping solutions provider primarily involved in the (i) supply and installation of piping systems for end-user premises, (ii) water supply and sewer infrastructure piping, and also (iii) maintenance and repair services for piping systems.

Stock information

Bursa Code	0390
Bloomberg ticker	ISF MK
Listing market	ACE
Share issued (m)	1000.0
Market Cap (m)	330.0
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders	%
ASF Eternity Sdn Bhd	60.0
Ai Boon Chen	12.5

Earnings snapshot

FYE (Dec)	FY24	FY25f	FY26f
PATMI (m)	9.6	24.7	27.9
EPS (sen)	1.0	2.5	2.8
P/E (x)	34.2	13.4	11.8

Timetable of IPO

Opening of application	8 January
Closing of application	14 January
Balloting of application	20 January
Allotment of the IPO shares	27 January
Listing on the ACE market	28 January



and sewer infrastructure piping projects between 2020 and 2021. We are impressed by this transition and expansion, as it allows the group to (i) enjoy higher margins compared to a purely trading business, (ii) the ability to reach out to a diversified range of clients and industries as ISF provides end-to-end services for both piping systems and water supply and sewer infrastructure piping, as well as (iii) recurring income through its piping systems maintenance and repair services. These end-to-end services also allow ISF to build stronger customer trust, which has enabled the group to secure notable clients such as Kellington Technologies Sdn Bhd (subsidiary of Kellington Group Bhd), YTL Construction Group, Mitrajaya, and others.

Fig #1 Some notable clients of ISF



Source: ISF Group Berhad

Market share poised for growth. According to the IMR report, the group held a 2% market share of the 2024 gross output value of plumbing and sanitary equipment installation in Malaysia, and a 1% market share of the value of construction work completed for plumbing, heat, and air conditioning installation. Nevertheless, given ISF's home advantage in Johor, we anticipate ISF's market share is well positioned for growth, supported by (i) the JSSEZ initiative, (ii) the data centre boom in the country alongside ISF's targeted workforce expansion and new offices in the Northern and Central regions, and (iii) other government initiatives such as NIMP, Budget 2026, and the establishment of the National AI Office, which should enable the group to better capture industrial, residential, and data centre projects moving forward.

Company background

ISF Group Berhad is a Malaysia-based piping solutions provider specialising in the supply, installation and maintenance of piping systems for end-user premises as well as water supply and sewer infrastructure. The group operates primarily in Peninsular Malaysia, with its head office and core operational facilities located in Johor.

The group's principal activities comprise three core segments. (i) ISF undertakes the supply and installation of piping systems within end-user premises, covering internal water distribution, sanitary, wastewater and rainwater systems for a wide range of properties, including industrial facilities, data centres, residential developments, commercial buildings and selected infrastructure projects. (ii) The group provides supply and installation services for water supply and sewer infrastructure piping, focusing on external water mains and sewer networks located outside property boundaries.

Complementing its installation business, ISF also provides (iii) maintenance and repair services for piping systems. These services include both preventive and corrective maintenance works to minimise system downtime and restore functionality, supporting customer retention and repeat engagements.



Fig #2 ISF's revenue segmentation



Source: ISF Group Berhad

Fig #3 Corporate milestones



Source: ISF Group Berhad

Substantial Shareholders and Key Management

1. Ai Boon Chen – Managing Director

Mr Ai is a Promoter, substantial shareholder and Managing Director of ISF. He oversees the group's overall corporate strategy, business development and day-to-day operations. He holds a Bachelor of Mechanical Engineering from University Technology Malaysia and an MBA from the University of Gloucestershire, United Kingdom. Having joined the business in 2012, he progressed from Project Engineer to Executive Director before being redesignated as Managing Director in 2025. He has over 13 years of experience in the piping industry and continues to play the role of overseeing ISF's corporate development, business development and strategic planning functions. He is also the son of Executive Directors, Ai Sew Fuat and Lim Ay Yum.

2. Ai Sew Fuat – Executive Director

Mr Ai is a Promoter, substantial shareholder and Executive Director, responsible for overseeing overall project execution, cost control and liaison with authorities. He founded Yeo Plumber in 1981 and later co-founded YPSB in 2000, laying the foundation for the group's current business. With over 46 years of industry experience, he provides deep technical and operational expertise and continues to play a key role in guiding project delivery. He is also the father of Managing Director, Ai Boon Chen, and the husband of Executive Director, Lim Ay Yum.

3. Lim Ay Yum – Executive Director

Ms Lim is a Promoter, substantial shareholder and Executive Director, overseeing



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human resources, finance and administrative functions. She co-founded YPSB in 2000 and has more than 44 years of experience in the piping industry. Her responsibilities include managing internal operations, financial oversight and supporting the group's organisational development. She is also the mother of Managing Director, Ai Boon Chen and the wife of Executive Director, Ai Sew Fuat.

4. Norliana Binti Noor Ezat – Finance Manager

Ms Norliana is responsible for the group's overall accounting functions like financial planning and analysis, budget control and regulatory and tax compliance. She holds a Bachelor of Accounting from Universiti Utara Malaysia and is a Chartered Accountant with MIA. She joined the group in 2019 and was promoted to Finance Manager in 2023.

5. Siti Hajar Binti Ismail – Human Resources Manager

Ms Siti Hajar oversees the group's human resources and administrative framework, including recruitment, payroll, performance management and compliance with employment regulations. She joined the group in 2019 and was promoted to Human Resources Manager in 2024.

6. Heng Eik Woei – Technical Manager

Mr Heng is responsible for managing technical standards, engineering designs and providing technical guidance across projects. He holds both bachelor's and master's degrees in Mechanical Engineering from University Technology Malaysia and has been with the group since 2012, with over a decade of hands-on project and technical management experience.

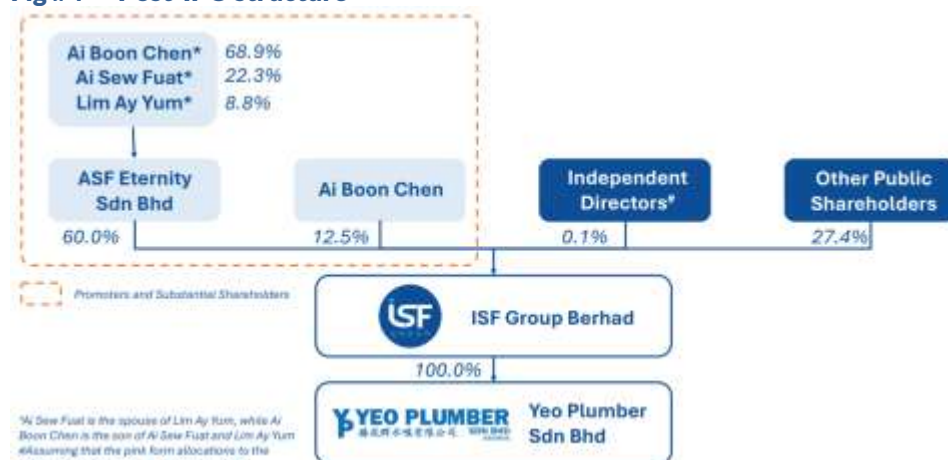
7. Jenylex Kumil – Project Director

Mr Jenylex leads and oversees all project execution activities, including planning, site supervision and overall project delivery. He holds a Bachelor of Civil Engineering from Universiti Tun Hussein Onn Malaysia and has progressed through engineering and project management roles within the group before being promoted to Project Director in 2024.

8. Muhammad Amirul Bin Muhammad Amri – Operations Manager

Mr Amirul manages the group's day-to-day project operations, including manpower and machinery deployment, site logistics and workflow efficiency. He holds a Bachelor of Civil Engineering from Universiti Malaysia Perlis and was promoted to Operations Manager in 2023, supporting effective execution across multiple concurrent projects.

Fig #4 Post-IPO structure



Source: ISF Group Berhad



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Fig #5 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Establish and expand operational facilities	11.4	18.6	Within 36 months
Develop the existing business activities	2.1	3.4	Within 24 months
Expand workforce	1.9	3.0	Within 24 months
Loan repayments	1.2	2.0	Within 6 months
Working capital	39.9	65.3	Within 24 months
Estimated listing expenses	4.8	7.9	Within 3 months
Total	61.1	100.0	

Source: ISF Group Berhad

Business overview

Supply and installation of piping systems for end-user premises (64.8% of FPE25 revenue)

The group's core business involves the supply, installation, testing and commissioning of piping systems within end-user premises, covering cold and hot water, sanitary, wastewater and rainwater systems. These services are delivered across industrial, data centre, residential and commercial properties, as well as selected infrastructure facilities, and include new installations as well as retrofitting and upgrading works.

Supply and installation of water supply and sewer infrastructure piping (34.7% of FPE25 revenue)

Complementing its end-user premises segment, ISF undertakes piping works for external water mains and sewer networks located outside property boundaries. This segment focuses on the installation of distribution and collection networks for water and sewage, excluding treatment plants, and has been an increasing contributor to group revenue.

Maintenance and repair services for piping systems (0.5% of FPE25 revenue)

The group provides preventive and corrective maintenance and repair services for piping systems, currently focused in Johor. These services aim to minimise system downtime and extend asset life, and may include the replacement of parts and equipment as required, supporting recurring service-based revenue.

Fig #6 Principal business activities and services provided



Source: ISF Group Berhad



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Fig #7 SWOT analysis of ISF

Strength	Weakness
<ul style="list-style-type: none"> • Strong margin improvement every single year • End-to-end capabilities across supply, installation, maintenance and repair • Strategic Johor presence • Notable clientele 	<ul style="list-style-type: none"> • Relatively small market share • Dependence on subcontractors
Opportunity	Threat
<ul style="list-style-type: none"> • Rapid growth in Malaysia's data centre industry • JSSEZ • Supportive government initiatives like NIMP, Budget 2026 and National AI Office 	<ul style="list-style-type: none"> • Rising input and labour costs • Slowdown in data centre investments • Regulatory and policy changes

Source: M+ Research

Financials

Revenue and income highlights. The group reported a revenue growth of RM16.0m (41.3% YoY), rising from RM38.7m in FY23 to RM54.7m in FY24, driven by both end-user premises piping and infrastructure piping. End-user premises piping increased from RM32.5m in FY23 to RM45.9m in FY24, supported by (i) higher revenue recognised in line with higher level of project progress, (ii) internal piping works for RTS Link Project, and (iii) process piping works in relation to the Kedah Factory Project. Infrastructure piping segment grew by RM3.0m (64.9% YoY), driven by the commencement of Johor Data Centre 1 Water Supply Project. However, revenue from maintenance and repair services decreased by RM0.4m (22.7% YoY) due to fewer maintenance works carried out in FY24. In-line with the increase in revenue, PAT also saw an increase from RM4.4m in FY23 to RM9.6m in FY24, representing a 119.9% growth.

For FPE25, the group recorded revenue growth of RM29.6m or 99.0% YoY, rising from RM29.9m in FPE24 to RM59.5m in FPE25. PAT attributable to shareholders also saw a surge of RM9.2m or 154.3% YoY to RM15.2m, compared with RM6.0m in FPE24. PAT margin improved from 20.0% in FPE24 to 25.5% in FPE25 due to higher contributions from data centres and industrial properties, which both have higher margins.

Balance sheet. Total assets increased from RM50.8m in FY24 to RM79.8m in FPE25, mainly driven by the increase in fixed deposits with licensed banks. Total liabilities rose from RM36.1m to RM49.9m over the same period, largely due to higher contract liabilities and tax payable. Correspondingly, total equity expanded from RM14.7m to RM29.8m, thanks to the growth in retained earnings. The group was in a net gearing position of 0.2x prior to listing.

Cash flow. Despite higher PBT, net cash from operating activities declined from RM6.9m in FY23 to RM3.7m in FY24, mainly due to higher tax paid. Cash flow from investing activities turned from a net outflow of RM1.2m in FY23 to a net inflow of RM0.4m in FY24, mainly due to the presence of fixed deposits withdrawals. Cash flow from financing activities recorded a lower outflow of RM3.0m in FY24 compared with RM3.4m in FY23, following the higher proceeds from loans and borrowings. For FPE25, the group continued to generate healthy cash flows, with a net increase of RM24.0m in cash and cash equivalents.



Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 49.7%, with core PATMI expected to reach RM24.7m, RM27.9m, and RM32.3m over the next three years, largely supported by (i) the data centre boom and industrialisation growth in the country, (ii) ISF's strategic location in Johor to capture JSSEZ projects, and (iii) supportive government initiatives such as Budget 2026, NIMP and the National AI Office. Meanwhile, we believe ISF's allocation towards working capital and workforce expansion will enable the group to capture the inflow of projects moving forward.

Fig #8 Financial Highlights

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	38.7	54.7	102.7	115.5	134.1
EBITDA	6.1	12.8	32.8	37.2	43.4
EBIT	5.7	12.2	31.9	36.0	41.9
PBT	5.7	12.7	32.5	36.7	42.6
PAT	4.4	9.6	24.7	27.9	32.3
PATMI – Core	4.4	9.6	24.7	27.9	32.3
PATMI – Reported	4.4	9.6	24.7	27.9	32.3
% change YoY – Core PATMI	370%	120%	156%	13%	16%
Core EPS (sen)	0.4	1.0	2.5	2.8	3.2
P/E (x)	75.3	34.2	13.4	11.8	10.2
EV/EBITDA (x)	54.1	25.6	10.0	8.8	7.6
DPS (sen)	0.1	0.2	-	-	-
Yield (%)	0%	0%	0%	0%	0%
BVPS (RM/share)	0.0	0.0	0.1	0.1	0.2
P/B (x)	22.0	22.5	3.3	2.6	2.1
ROE (%)	34%	65%	58%	25%	23%
Net Gearing (x)	0.2	0.2	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM0.46 per share for ISF, based on a P/E ratio of 16.5x pegged to FY26F EPS of 2.79 sen. We believe the assigned P/E multiple is fair, given that the average forward P/E and historical P/E of Bloomberg's Industrial Goods and Services stand at 14.8x to 17.6x.

Fig #9 Bloomberg's Industrial Goods and Services Members

Ticker	Name	Weight (%)	Shares	Price	Seat P/E BF12M	P/E
+ Industrial Goods and Services (85 members)						
IMP	IMP Seng Consolidated Bhd	16.185949	55,617,837,883	2.8090	14.84	17.56
BEI	BEI Scientex Bhd	3.046106	2,489,681,581	2.5500	9.21	10.13
SCGBHD	SCGBHD Southern Cable Group Bhd	2.347051	1,556,270,791	2.2500	17.95	17.06
UQO	UQO Sam Engineering & Equipment M	1.081245	676,986,705	3.6900	20.43	29.66
ISI	ISI YS Industry Bhd	0.821766	3,947,700,723	0.4900	13.48	32.02
UCHI	UCHI Uchi Technologies Bhd	0.628167	464,504,959	3.1800	14.21	16.21
PTE	PTE PTE Industrial Bhd	0.443769	384,041,983	2.7200	15.61	24.61
SKP	SKP SKP Resources Bhd	0.441485	1,562,735,337	0.6650	11.94	9.39
ITNP	ITNP Loh Chemical Titan Holding B	0.392939	2,312,364,540	0.4000	—	—
UEHE	UEHE UEHE Edgenta Bhd	0.363893	831,624,030	1.0300	—	—
MEGAFB	MEGAFB Mega Fortris Bhd	0.323068	844,977,480	0.9000	—	30.56
FMA	FMA Kumpulan Fina Bhd	0.308739	287,251,200	2.5300	—	5.79
WELL	WELL Wellcall Holdings Bhd	0.285579	497,047,555	1.3500	—	—
CHP	CHP CB Industrial Product Holding	0.259034	493,240,685	1.2400	—	—
KSBAY	KSBAY KSBAY Technology Bhd	0.241111	326,180,001	1.7400	—	—
SCIC	SCIC Sciens MSC Bhd	0.221978	355,453,560	1.4700	—	21.04
SEIPACK	SEIPACK Sciens Packaging Ayr Keruh	0.220795	351,171,292	1.4000	—	12.61
TGI	TGI Thong Guan Industries Bhd	0.199350	404,445,040	1.1600	—	8.41

Source: Bloomberg



Investment risks

Reliance on continuous replenishment of order book. The group's revenue is derived mainly from non-recurring fixed lump-sum contracts, purchase orders, and work orders. Sustainability of earnings depends on its ability to continuously secure new and sizable projects to replenish its order book.

Exposure to project implementation delays and liquidated damages. Delays in project execution may lead to delayed revenue recognition, cost overruns, reputational damage, or the imposition of liquidated ascertained damages (LAD), which could adversely impact profitability.

Inability to sustain historical growth rates. The group recorded strong revenue and profit growth over the historical period. There is no assurance that similar growth rates or margin levels can be sustained in the future due to competitive, operational, economic, or regulatory factors.

Dependence on subcontractors. The group engages subcontractors for specialised works and peak capacity requirements. Any shortcomings, delays, or non-performance by subcontractors may result in project delays, defects, or claims from customers.

Exposure to project cost escalation. Project implementation costs may increase due to higher material prices, subcontractor charges, labour costs, or other project-related expenses. Inability to pass through cost increases may result in margin compression or project losses.

Environmental, Social and Governance (ESG) Practices

Environmental:

- Implementing ISO 14001:2015 certified environmental management practices across operations.
- Proper management, segregation, and disposal of scheduled, construction, and domestic waste through licensed contractors.
- Enforcing strict chemical handling and spill prevention protocols to minimise environmental contamination.
- Reducing environmental footprint through paperless documentation, recycling initiatives, and responsible disposal of office consumables.
- Investing in renewable energy through the installation of a rooftop solar photovoltaic system at its new head office and storage facility.

Social:

- Maintaining a safe and healthy workplace supported by ISO 45001-certified occupational health and safety management systems.
- Providing comprehensive personal protective equipment, safety training, and on-site safety oversight for project personnel.
- Promoting employee welfare and engagement through internal events and team-building activities.
- Contributing to community development through environmental conservation initiatives, charitable donations, and social outreach programmes.

Governance:

- Complying with applicable laws, regulations, and key recommendations under the Malaysian Code on Corporate Governance (MCCG).



- Ensuring strong board independence, gender diversity, and independent oversight through board committees.
- Enforcing a zero-tolerance policy for bribery with policies supporting compliance with the Malaysian Anti-Corruption Commission Act.
- Implementing a whistleblowing framework to promote transparency, accountability, and ethical business conduct.

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

