West River Berhad (WESTRVR)

Steady Streams of Projects

- **West River Berhad is a Malaysia-based provider of (i) electrical engineering and ACMV services, (ii) intelligent building solutions, and (iii) electrical panels and distribution boards, serving private sector developments across high-rise residential, commercial, and industrial properties.**
- **We project a 3-year earnings CAGR of 9.7%, with core PAT anticipated to reach RM12.9m-RM15.1m over the next three years. This growth is underpinned by (i) continuous contracts secured in the construction and data centre industry, (ii) the increasing adoption of intelligent building solutions, and also (iii) general growth in M&E engineering industry.**
- **We assign a fair value of RM0.56 per share for WESTRVR, indicating an 43.6% upside from the IPO price of RM0.39. This valuation is based on a PE multiple of 15.0x pegged to mid-FY26f EPS of 3.75 sen.**

Investment highlights

Expansion of manufacturing and warehousing capacity. The Group plans to allocate RM10.0m (35.8% of IPO proceeds) to build a new 35,000 sq ft manufacturing facility cum warehouse in the Klang Valley to increase production of electrical panels and distribution boards. The expansion aims to triple current capacity over three years, ease space constraints at the existing 2,088 sq ft facility, and support rising project demand. The new space will also improve inventory management and reduce reliance on third-party suppliers, while a dedicated business development team that will drive external sales opportunities.

Expanding business development team to drive project wins. The group plans to strengthen its business development capabilities by hiring three additional personnel—a manager and two executives—to support lead generation, proposal preparation, and client engagement. This expansion will enable the group to scale its outreach efforts beyond the founders, positioning it to capture more project opportunities across M&E engineering and intelligent building solutions. RM0.2m (0.7% of IPO proceeds) will be allocated for the expansion.

G7 and Class A licenses to undertake a wide range of high-value M&E works. The group's subsidiary, West River Engineering, holds Class A registration from the Energy Commission (ST) and a G7 licence from CIDB—the highest levels of certification available in Malaysia. These registrations enable the group to tender for electrical and M&E projects of unlimited value.

Proprietary Neutron IoT system enhances business scalability. The Group's in-house developed Neutron IoT system enables real-time monitoring and data analytics of M&E systems on a single platform. This proprietary system not only adds value to the Group's intelligent building solutions but also positions it for scalable expansion across Malaysia by offering tailored, tech-driven solutions to clients and local authorities.

Strong order book provides near- to mid-term earnings visibility. As at the LPD, the group has 26 ongoing contracts with a total unbilled order book of RM247.3m (orderbook-to-cover ratio stood at 2x), which will be recognised progressively up to FY27. The group is also actively tendering for 101 projects worth RM1.03bn, supporting its revenue pipeline and potential order book replenishment.

IPO Note – Not rated

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Non-Rated

Share price	**RM0.39**
Target price	**RM0.56**
Previous TP	-
Capital upside	43.6%
Dividend return	-
Total return	43.6%

Company profile

Started since 2003, West River Berhad primrily involved in the provision of electrical engineering and ACMV services, intelligent building solutions, and also manufacturing of electrical panels and distribution boards, mainly serving private sector developments across high-rise residential, commercial, and industrial properties.

Stock information

Bursa Code	0353
Bloomberg ticker	WESTRVR MK
Listing market	ACE
Share issued (m)	357.7
Market Cap (m)	139.5
Shariah compliant	YES
MITI allocation	YES

Major shareholders	%
Neutron Capital	49.0
Lim Yong Lai	21.0

Earnings snapshot

FYE (Dec)	FY24	FY25f	FY26f
PATMI (m)	11.5	12.9	14.0
EPS (sen)	3.2	3.6	3.9
P/E (x)	12.2	10.8	10.0

Timetable of IPO

Opening of application	10 April
Closing of application	17 April
Balloting of application	22 April
Allotment of the IPO shares	29 April
Listing on the MAIN market	5 May

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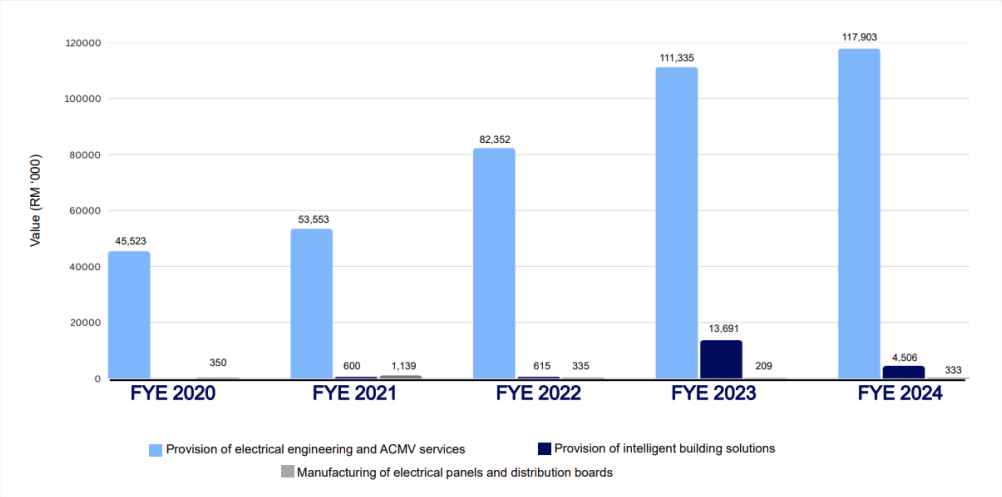
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Favourable industry outlook supports long-term growth. According to the IMR report, Malaysia's M&E engineering industry grew from RM3.9bn in 2019 to RM8.5bn in 2024, and is projected to reach RM10.9bn by 2026 at a CAGR of 13.2%. This growth is supported by rising demand from residential, commercial, and industrial sectors, increased investments and relocations of E&E toward Southeast Asia, and the growing adoption of intelligent building solutions. The manufacturing of electricity distribution and control apparatus, which includes electrical panels and distribution boards, also saw strong growth, expanding at a CAGR of 15.2% from 2019 to 2024.

Company background

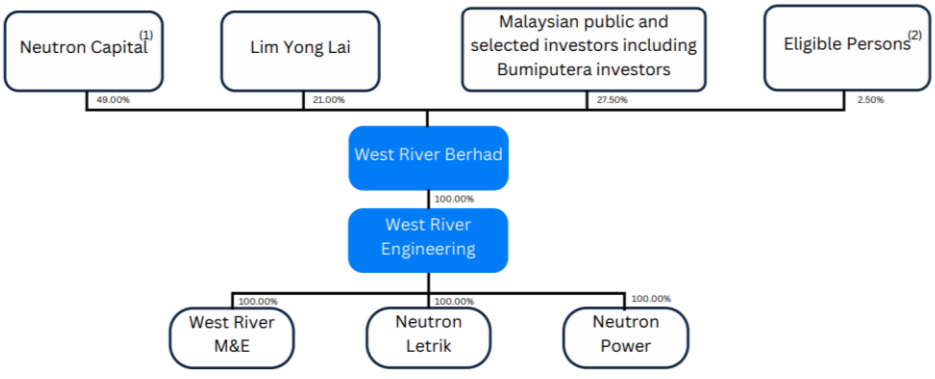
Incorporated in 2003, West River Berhad is a mechanical and electrical (M&E) engineering services provider primarily engaged in: (i) the provision of electrical engineering and air conditioning and mechanical ventilation (ACMV) services, (ii) the provision of intelligent building solutions, and also (iii) the manufacturing of electrical panels and distribution boards. West River Berhad operates exclusively within Malaysia, serving private sector developments across high-rise residential, commercial, and industrial properties.

Fig #1 Revenue by segments and business activities



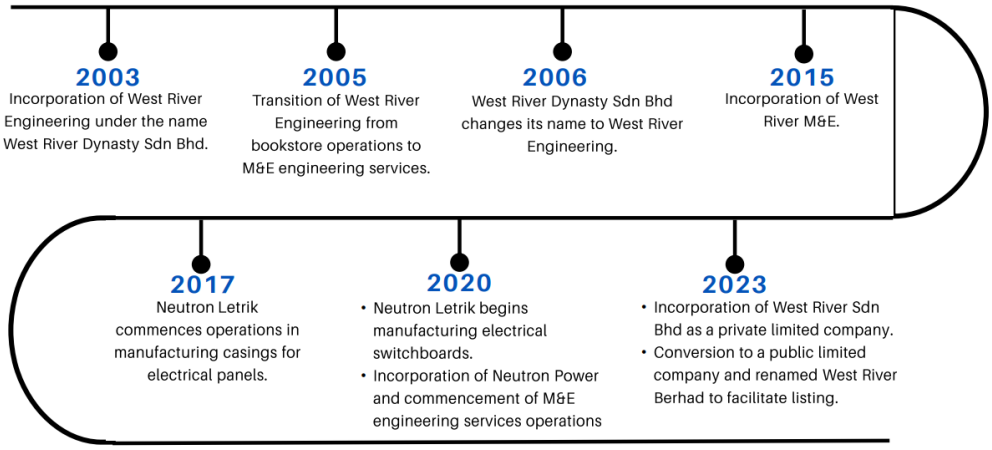
Source: West River Berhad

Fig #2 Post-IPO shareholding structure



Source: West River Berhad

Fig #3 Corporate milestones



Source: West River Berhad

Fig #4 Utilisation of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Purchase of land and construction of new manufacturing factory cum warehouse	10.0	35.8	Within 36 months
Repayment of bank borrowings	5.6	20.1	Within 12 months
General working capital	7.8	28.0	Within 12 months
Listing expenses	4.5	16.1	Within 1 month
Total	27.9	100.0	

Source: West River Berhad

Business overview

Provision of electrical engineering and ACMV services (96.1% of FY24 revenue). This segment covers the design, installation, testing and commissioning of electrical systems (HV, MV, LV, ELV) and air-conditioning systems for high-rise residential, commercial, and industrial buildings. Electrical works include switchgears, transformers, cabling, lighting, and ELV systems such as CCTV and access control. ACMV services include centralised and split-type air-conditioning, chiller systems, mechanical ventilation, and smoke extraction. Services are provided either as part of interior fit-out works or standalone M&E packages. The group also offers post-installation support and maintenance contracts, typically renewed on a 12-month basis.

Intelligent building solutions (3.7% of FY24 revenue). This segment involves the design and installation of smart systems that help buildings run more efficiently and sustainably. Leveraging the Group's in-house *Neutron IoT system*, these solutions connect and automate key building functions such as lighting, air-conditioning, energy usage, and security—allowing building owners to monitor and control operations in real time.

Manufacturing of electrical panels and distribution boards (0.3% of FY24 revenue). This segment supports the group's core M&E and intelligent building projects through in-house production of customised electrical panels and distribution boards. Around 85% of output is used internally, with the remainder sold to third-party customers. The panels are tailored to each project's technical needs, offering faster turnaround and up to 20% cost savings compared to outsourcing.

Fig #5 Principal business activities and services provided

Principal business activities	M&E Engineering Services		
Segments	Provision of electrical engineering and ACMV services	Provision of intelligent building solutions	Manufacturing of electrical panels and distribution boards
FYE 2024 revenue contribution	96.06%	3.67%	0.27%
Principal market	Malaysia		
Roles	* Main Contractor * Subcontractor		Manufacturer
Types of properties	* High rise residential	*Commercial	* Industrial

Source: West River Berhad

Financials

Revenue highlights. The group reported a RM2.5m or 2.0% YoY decrease in revenue, reducing from RM125.2m in FY23 to RM122.7m in FY24. This decrease was mainly attributed to the lower revenue contribution from the provision of intelligent building solutions. (i) Provision of intelligent building solutions decreased by RM9.2m or 67.1% from RM13.7m in FY23 to RM4.5m in FY24, mainly attributable to the lower provision of design works for IoT application systems to customers and also the completion of existing projects in Bentong and Kuala Lumpur. (ii) Nonetheless, the revenue decrease was partially offset by the increase in provision of electrical engineering and ACMV services segment, which grew by RM6.6m or 5.9% YoY from RM111.3m in FYE23 to RM117.9m in FYE24, primarily due to a higher level of M&E engineering activities performed on projects in Petaling Jaya, Sepang and Shah Alam. The group also commenced a new project for a luxury resort in Langkawi, Kedah. (iii) The manufacturing of electrical panels and distribution boards segment also recorded a rise in revenue, which increased RM0.1m or 57.1% from RM0.2m in FY23 to RM0.3m in FY24.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 9.7%, with core PATMI expected to reach RM12.9m, RM14.0m, and RM15.1 over the next three years, largely supported by (i) continuous contracts secured in the construction and data centre industry, (ii) the increasing adoption of intelligent building solutions, and also (iii) general growth in M&E engineering industry.

Fig #6 Financial Highlights

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	125.2	122.7	145.7	161.0	177.2
EBITDA	14.8	15.0	17.7	19.6	21.5
EBIT	14.6	14.7	17.2	18.6	20.1
PBT	14.3	14.4	16.9	18.4	19.9
PAT	10.2	11.5	12.9	14.0	15.1
PATMI – Core	10.2	11.5	12.9	14.0	15.1
PATMI – Reported	10.2	11.5	12.9	14.0	15.1
% change YoY – Core PATMI	91%	191%	291%	391%	491%
Core EPS (sen)	2.9	3.2	3.6	3.9	4.2
P/E (x)	13.6	12.2	10.8	10.0	9.2
EV/EBITDA (x)	8.9	8.8	7.4	6.7	6.1
DPS (sen)	1.4	1.1	-	-	-
Yield (%)	4%	3%	0%	0%	0%
BVPS (RM/share)	0.1	0.1	0.2	0.2	0.3
P/B (x)	5.7	4.4	2.0	1.6	1.4
ROE (%)	47%	41%	30%	18%	16%
Net Gearing (%)	0.1	0.1	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM0.56 per share for WESTRVR, representing a 43.6% upside from the IPO price of RM0.39. This valuation is based on a P/E ratio of 15.0x, pegged to mid-FY26f EPS of 3.75 sen. We believe the ascribed P/E is fair as the peer average P/E and forward P/E ratio stood at 11.0-15.7x.

Fig #7 Peer comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
West River Berhad	**ACE**	**Dec**	**0.39**	**139.5**	***12.2**	****10.0**	***41.0**	***9.3**
Bintai Kinden Corp Bhd	MAIN	Mac	0.08	117.1	8.8	N/A	8.4	10.6
Cabnet Holdings Bhd	ACE	Feb	0.31	54.5	13.7	N/A	8.3	1.8
CBH Engineering Holding Bhd	ACE	Dec	0.24	451.4	9.1	N/A	47.0	15.4
Kinergy Advancement Bhd	MAIN	Dec	0.32	665.2	29.9	16.0	8.9	8.8
Critical Holdings Bhd	ACE	Jun	0.68	252.8	13.1	8.2	43.9	7.2
HE Group Bhd	ACE	Dec	0.24	105.6	7.7	8.9	30.8	6.6
Southern Score Builders Bhd	ACE	Jun	0.47	1,068.1	27.6	N/A	23.0	18.4
Avg ex-West River Berhad				**387.8**	**15.7**	**11.0**	**24.3**	**9.8**

*Source: M+ Research (*FY24, **FY26f)*

Investment risks

Non-recurring nature. The group derives the majority of its revenue from non-recurring, project-based contracts. These contracts are typically awarded on a one-off basis and are not guaranteed to be renewed or repeated. As such, the group's revenue visibility remains limited, with future performance highly dependent on the consistent securing of new contracts.

Dependence on main contractors and property developers for project invitations. The group secures most of its projects through invited tenders from main contractors and property developers. As such, the group is reliant on being consistently shortlisted to provide M&E engineering quotations during their tender processes. Any reduction in

invitations—due to changes in contractor preferences, lack of required certifications (such as CIDB grading or ST license), insufficient track record, or perceived limitations in manpower and financial capacity—could materially impact future project wins.

Regulatory dependence on CIDB and ST certifications. The group needs to maintain valid registrations and licences from key authorities like the Construction Industry Development Board (CIDB) and the Energy Commission (ST). These certifications are essential for undertaking M&E engineering works and energy efficiency projects, particularly for government contracts.

Exposure to raw material price fluctuations. The group's earnings are sensitive to changes in the prices of key materials such as copper wires, cables, steel coils, transformers, and generator sets, which are widely used across its M&E engineering projects. Since the group does not have long-term supply contracts, it is exposed to price volatility and supply disruptions. For longer-term projects that span several months or years, unexpected cost increases could erode profit margins or lead to losses—especially if these costs cannot be passed on to customers.

Reliance on subcontractors and suppliers. The group depends on subcontractors and material suppliers to support project execution, especially when internal resources are limited or specialised work is needed. This exposes the group to risks such as delays, substandard work, and cost overruns. There is also no guarantee that suppliers will continue offering materials at acceptable prices or terms, potentially affecting project costs and timelines.

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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