Signature Alliance Group Berhad (SAG)

IPO Note – Non-rated

Loui Low
louilow@msec.com.my
(603) 2201 2100

Muhammad Nabil
muhammadnabil@msec.com.my
(603) 2201 2100

Superior A-Grade In The Fit-Out Segment

- **Established in 2009, SAG is a project-based interior fit-out and construction provider with 624 completed projects, with 24 ongoing projects—RM388.6m in unbilled contracts, mainly serving clients across Malaysia.**
- **We project a 3-year earnings CAGR of 9.7%, with core PATMI reaching RM53.5m by FY27, driven by strong tender book replenishment (RM1.1bn), expansion into Johor and Penang amid large property rollouts, and upstream venture into steel fabrication, complementing its core business.**
- **We assign a fair value of RM0.88 per share for SAG, implying a 41.9% upside from its IPO price of RM0.62. This valuation is based on a P/E multiple of 18.0x, pegged to the mid-FY26F EPS of 4.88 sen. We believe the ascribed P/E is justified, as the average and forward P/E ratios within the Bloomberg GICS Construction & Engineering index range between 17.9x-23.1x.**

Investment Highlights

A fast growing fit-out player. SAG has established itself as a fast-growing fit-out player—achieving a revenue CAGR of 73.9% over just three years—transforming dull spaces into beautifully functioning environments. This aligns well with the continued uptrend in annual value of construction work done with Department of Statistics Malaysia (DOSM) noted it grew by 20.2% in 2024, while interior fitting-out services saw a substantial 62.3% increase in value to RM1,992.3bn in 2024 (2023: RM1,227.2bn), projected to grow to RM2.9bn in 2027 according to IMR, supported by the evolving demand for unique, and a functional conducive space.

Fitting-in well with industry growth. With a commendable market share of 8.1%, and most of its revenue were generated from commercial projects (75.2%) comprises buildings like corporate offices, and SOHO, followed by industrial properties (18.4%) and residential (6.4%), we are positive on SAG's ability to sustain a growing order book replenishment trend in the near to mid-term—supported by a strong pipeline of private sector project rollouts across the residential, commercial, and industrial segments while capitalizing its proven track record in executing projects with notable clients including domestic companies and MNCs.

Capitalizing on Johor upcycle. We note that SAG intends to increase its geographical reach by establishing a footprint in Johor—a well-timed opportunity fuelled by rising FDI and investor re-rating following the establishment of the Johor-Singapore Special Economic Zone (JSSEZ)—in compound with active land banking activities by major developers like Gamuda and Eco World, and the anticipated growth in commercial projects supported by government tax relief incentives that are likely to attract more MNCs to Johor, we believe these factors will generate increased business opportunities in the state for SAG.

Actively tendering. As of FY24, SAG had secured 453 interior fitting-out projects, with a total contract sum of ~RM436.4m—averaging 9 tenders per week. With an additional ~RM30.1m in working capital from its proceeds, we believe SAG is well-positioned to secure more higher-value contracts, further supported by its G7 CIDB certification, which enables SAG to tender high-tier contract value. Additionally, with a tender book of ~RM1.1bn and a conservative 15% success rate, we believe its top-line will remain on a growth trajectory, with margin expansion underpinned by its expansion plan into steel and stone product fabrication.

Non-Rated

Share price	**RM0.62**
Target price	**RM0.88**
Previous TP	-
Capital upside	41.9%
Dividend return	-
Total return	41.9%

Company profile

Established in 2009, SAG is an interior fit-out and construction provider focusing on commercial, residential, and industrial projects across Malaysia.

Stock information	
Bursa Code	0360
Bloomberg ticker	SAG MK
Listing market	ACE
Share issued (m)	1,000.0
Market Cap (m)	620.0
Shariah compliant	YES
MITI	YES

Major shareholders	**%**
Darren Chang	16.4
Mario Foo	13.1

Earnings snapshot

FYE (May)	FY24	FY25f	FY26f
PATMI (m)	40.6	47.3	50.4
EPS (sen)	4.06	4.76	5.04
P/E (x)	15.3	13.1	12.3

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Company Background

Established in 2009, Signature Alliance Group Berhad (SAG) is an interior fit-out and construction service provider focused on commercial, residential, and industrial projects. The group operates on a project-based contract model and has completed over 624 interior fit-out projects. As of the latest practicable date, SAG has 24 ongoing projects with a cumulative unbilled contract value of RM372.6m expected to be fully recognized in FY25-26. The group primarily serves developers, building owners, and interior consultants across Malaysia.

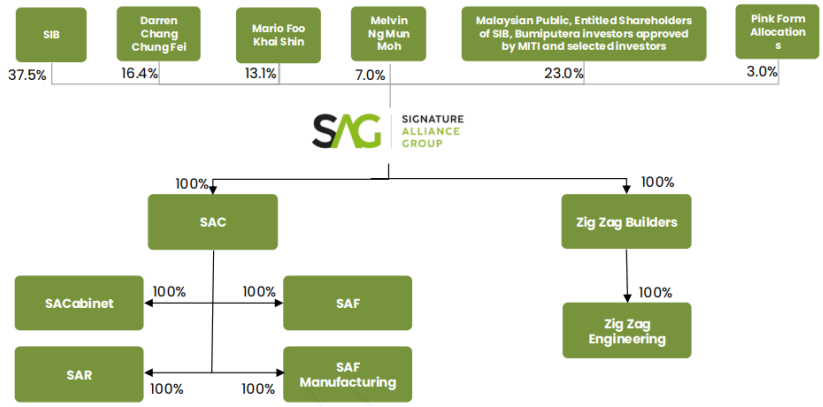
i) **Interior fitting-out services (majority of FY24 revenue).** This core segment includes design implementation, carpentry, joinery works, and integrated M&E installation. The group derives revenue on a progressive billing basis, with activities spanning A&A works and greenfield interiors.
ii) **Building construction and trading (small proportion of FY24 revenue).** While construction activities are typically embedded within larger fit-out contracts, the group also undertakes limited civil works and ad-hoc trading of materials such as tiles to subcontractors.

Fig #1 SAG's projects pipeline

Project name	Our role	Client/ Type of client	Type of property	Contract period	Contract value/ unbilled contract value as at 18 April 2025	Stage of completion as at 18 April 2025
Shah Alam Project	Subcontractor	HAB Construction Sdn Bhd/ Main Contract	Commercial	March 2019 to May 2022	35.3/2.3	93.5
Bukit Tinggi Project	Subcontractor	Meng Kei Construction Sdn Bhd/ Main Contract	Commercial	August 2021 to June 2023	5.7/0.3	94.7
Jalan Ampang 1 Project	Main Contract	Bellajade Sdn Bhd/ Property owner	Commercial	May 2022 to June 2024	82.1/9.3	88.7
Bayan Lepas 2 Project	Subcontractor	Client E/ Main Contract	Industrial	June 2022 to January 2025	32.2/18.7	41.9
Bayan Lepas 1 Project	Subcontractor	Filtech Sdn Bhd/ Main Contract	Industrial	July 2022 to February 2025	23.7/14.5	38.8
KL Project	Main Contract	TTDI KL Metropolis Sdn Bhd/ Property owner	Commercial	February 2023 to July 2024	9.0/1.4	84.4
Port Dickson Project	Subcontractor	Frazel Construction Sdn Bhd/ Main Contract	Commercial	June 2023 to December 2025	24.9/7.6	69.5
Sunway Project	Subcontractor	Client W/ Main Contract	Commercial	September 2023 to September 2024	8.5/0.9	89.4
TRX8 – LL Project	Subcontractor	Lendlease Projects (M) Sdn Bhd/ Main Contract	Commercial	October 2023 to January 2025	49.3/15.4	68.8
Meru Raya Project	Subcontractor	Permata Rebana & Vizione Holdings JV Sdn Bhd/ Main Contract	Commercial	September 2023 to September 2025	78.2/31.7	59.5
Bandar Enstek Project	Main Contract	Ace Logistic Sdn Bhd/ Property owner	Industrial	December 2023 to March 2025	38.0/1.7	95.5
Tropicana Project	Subcontractor	Al Ambia Sdn Bhd/ Main Contract	Residential	January 2024 to January 2025	8.0/0.1	98.8
Cyberjaya Project	Main Contract	Sky Park Properties Sdn Bhd/ Property owner	Commercial	January 2024 to May 2025	95.0/26.9	71.7
Damansara Project	Subcontractor	CBRE GWS Sdn Bhd/ Main Contract	Commercial	March 2024 to June 2024	16.4/0.8	95.1
TRX7 – TAG Project	Main Contract	Access Group of Companies Malaysia Sdn Bhd/ Property owner	Commercial	March 2024 to October 2024	18.2/0.02	99.9
Avenue Project	Main Contract	Veritas Architects Sdn Bhd (on behalf of USJ Citypoint Sdn Bhd)/ Property owner	Commercial	June 2024 to January 2025	12.4/1.0	91.9
Melaka Project	Main Contract	Chin Hin Property (Melaka) Sdn Bhd/ Property owner	Commercial	June 2024 to January 2025	7.5/1.2	84.0
Sri Petaling 1 Project	Main Contract	PP Chin Hin Realty Sdn Bhd/ Property owner	Commercial	July 2024 to February 2025	83.1/10.6	87.2
Bukit Tunku Project	Main Contract	Lim Kian Hin/Property owner	Residential	November 2024 to November 2025	6.5/6.3	3.1
Sri Petaling 2 Project	Main Contract	PP Chin Hin Realty Sdn Bhd/ Property owner	Commercial	October 2024 to April 2025	30.1/28.5	5.3
Tropicana Cenang Project	Main Contract	Isedecor Bina Sdn Bhd/ Property owner	Commercial	October 2024 to October 2025	43.0/36.1	16.0
Presint Merdeka Project	Main Contract	Malayan Banking Berhad/ Property owner	Commercial	December 2024 to October 2025	86.5/84.6	2.2
Jalan Ampang 2 Project	Main Contract	Client B/ Property owner	Commercial	January 2025 to June 2025	65.9/65.3	0.9
Telok Gong Project	Main Contract	Tex Cycle (P2) Sdn Bhd/ Property Owner	Industrial	May 2025 to February 2026	7.4/7.4	-
				TOTAL	866.9/372.6	

Source: Signature Alliance Group Berhad

Fig #2 SAG's group structure post IPO



Source: Signature Alliance Group Berhad

Substantial Shareholders & Key Senior Management

Darren Chang (Group Chief Executive Officer) – With over 28 years of experience in the interior fitting-out industry and exposure to local and internation projects, Darren is responsible for formulating the strategic direction for SAG Group, as well as overseeing the Group's overall strategic planning and business growth.

Mario Foo (Chief Executive Office – Northern Region) – With more than 18 years of experience in the interior fitting-out industry, Mario mainly responsible for directing and managing the day-to-day business activities and development strategies of SAG Group in the northern region.

Melvin Ng (Chief Executive Officer – Central Region). With more than 29 years of experience in the interior fitting-out industry with exposure to local and international projects, Melvin mainly responsible in directing and managing day-to-day business activities and development strategies of SAG Group in central region of Malaysia.

Fig #3 SAG's SWOT analysis

Strength	**Weakness**
• SAG offers end-to-end interior fitting-out services supported by its in-house subsidiaries for captentry, modular furniture, bulding material supply, and customized wooden manufacturing, enabling cost efficeincy and quality control • The Group completed 624 projects worth of RM391.6m from FY21-24.	• Most of its revenue are generated through non-recurring and subject to client tender cycles, exposing SAG to revenue lumpiness and requiring continous order book replenishment. • Civil and structural works and certain job scopes are outsourced, which may expense its quality and delivery risks, if not effectively managed.
Opportunity	**Threat**
• Ample room for SAG to growth in (i) Healthcare, (ii) Education, as well as (iii) Logistics fit-out projects, given the growing CapEx cycles in these sectors. • Proven track record delivering projects to notable clients. • Venturing into Johor would open to more business opportunites.	• Volatility in raw material prices like steel may compress SAG's margins if not managed effectively. • The Malaysian fit-out market is fragmanted and competitive, with price undercutting from both local SMEs and major players in premium segments.

Source: Signature Alliance Group Berhad

Fig #4 Utilisation of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Set up of corporate office and production facility in Selangor	88.0	54.6%	Within 36 months
Purchase of machinery and equipment	4.0	2.5%	Within 36 months
Expansion/establishment of branch offices in Pulau Pinang and Johor	12.0	7.4%	Within 36 months
Working capital	30.1	18.7%	Within 12 months
Repayment of bank borrowings	20.0	12.4%	Within 6 months
Estimated listing expenses	7.1	4.4%	Within 1 month
Total	161.2	100.0%	

Source: Signature Alliance Group Berhad

Financials

Revenue highlights. The group reported a 122.6% YoY increase in revenue, rising from RM173.4m in FY23 to RM386.0m in FY24. This strong growth was driven by a significant increase in both the volume and value of interior fit-out contracts, including new large-scale commercial and industrial projects. Interior fit-out works remained the primary revenue contributor, supported by major contract wins and the achievement of progressive billing milestones in FY24. Meanwhile, margins improved to 10.5% (FY23: 6.0%).

Balance sheet. The group held total assets of RM274.4m in FY24, representing an increase of RM143.8m or 110.1% YoY from RM130.6m in FY23. This was primarily driven by higher contract assets (+RM51.2m YoY) and trade receivables (+RM61.0m YoY), reflecting an expanded project base. Total liabilities grew by RM116.2m or 126.3% YoY, led by increases in trade payables and project-related accruals. Net gearing remained elevated pre-IPO, with RM44.8m in short- and long-term borrowings outstanding as at FY24. Group equity increased to RM66.1m from RM38.5m previously.

Cash flow. Net cash from operating activities improved to RM27.6m in FY24 (FY23: RM13.9m), supported by higher PBT and strong operating leverage. Investing activities recorded a net inflow of RM4.1m in FY24, primarily due to proceeds from the disposal of a subsidiary and divestment of investment properties. Financing cash flow turned negative at RM2.2m (vs. –RM2.7m in FY23), mainly due to dividend payout and increased repayments on term loans and trade financing lines.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 9.7%, with core PATMI forecasted to reach RM47.3m, RM50.4m, and RM53.5m over FY25–FY27. Growth will be supported by: (i) strong order book replenishment driven by active tendering activities — the current tender book stands at RM1.1bn; (ii) timely expansion into Johor and Penang, supported by the rollout of large-scale property projects; and (iii) upstream expansion into steel fabrication, which is expected to complement its core business segment.

Fig #5 Financial highlights

FYE Dec (RM m)	FY22	FY23	FY24f	FY25f	FY26f
Revenue	173.4	386.0	430.0	464.7	497.4
EBITDA	15.9	57.3	65.1	72.6	80.2
EBIT	15.4	56.2	62.2	66.2	70.3
PBT	13.9	54.3	62.2	66.3	70.4
PAT	10.4	40.6	47.3	50.4	53.5
PATMI – Core	10.4	40.6	47.3	50.4	53.5
PATMI – Reported	10.4	40.6	47.3	50.4	53.5
% change YoY – Core PATMI	81%	289%	17%	7%	6%
Core EPS (sen)	1.04	4.06	4.73	5.04	5.35
P/E (x)	59.5	15.3	13.1	12.3	11.6
EV/EBITDA (x)	33.8	9.4	8.3	7.4	6.7
DPS (sen)	-	1.6	-	-	-
Yield (%)	0%	3%	0%	0%	0%
BVPS (RM/share)	0.0	0.1	0.3	0.3	0.4
P/B (x)	16.1	9.4	2.4	2.0	1.7
ROE (%)	34%	78%	29%	18%	16%
Net Gearing (%)	0.5	0.1	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM0.88 per share for SAG, implying a 41.9% upside from its IPO price of RM0.62. This valuation is based on a P/E multiple of 18.0x, pegged to the mid-FY26F EPS of 4.88 sen. We believe the ascribed P/E is justified, as the average and forward P/E ratios within the Bloomberg GICS Construction & Engineering index range between 17.9x-23.1x.

Fig #6 Peers comparison

▾ Construction & Engineering (44 members)			95.297250	41,486.147487		17.94	23.10
GAM	MK	Gamuda Bhd	44.488672	5,767.431592	4.5600	19.76	27.50
IJM	MK	IJM Corp Bhd	14.438470	3,647.566120	2.3400	15.33	14.39
SCGB	MK	Sunway Construction Group Bhd	10.657775	1,293.705510	4.8700	22.38	33.98
KPG	MK	Kerjaya Prospek Group Bhd	4.458752	1,267.207766	2.0800	12.72	16.55
BNASTRA	MK	Binastra Corp Bhd	3.191701	1,090.621100	1.7300	12.89	19.23
EKO	MK	Ekovest BHD	1.881128	2,965.410802	0.3750	--	--
WCTHG	MK	WCT Holdings Bhd	1.847027	1,559.814471	0.7000	19.51	3.76
AME	MK	AME Elite Consortium Bhd	1.734037	640.672649	1.6000	9.39	12.69
AZAMJAYA	MK	Azam Jaya Bhd	0.871183	500.000000	1.0300	--	36.84
MUHI	MK	Muhibbah Engineering M Bhd	0.766747	731.068818	0.6200	6.94	5.74
ECON	MK	Econpile Holdings Bhd	0.743339	1,417.500025	0.3100	22.11	--
EVSD	MK	Eversendai Corp Bhd	0.687092	781.105000	0.5200	--	29.01
MLG	MK	MGB Bhd	0.620527	591.652605	0.6200	5.45	6.08
KITACON	MK	KUMPULAN KITACON Bhd	0.609348	500.300000	0.7200	5.46	10.04
KICB	MK	Kimlun Corp Bhd	0.594799	353.382716	0.9950	12.92	6.86
VARIA	MK	Varia BHD	0.585300	432.500000	0.8000	--	44.78
GDB	MK	GDB Holdings Bhd	0.523344	937.500000	0.3300	--	11.89
JAK	MK	JAKS Resources Bhd	0.510904	2,626.269669	0.1150	--	4.76
PINT	MK	Pintaras Jaya BHD	0.457345	165.864800	1.6300	11.75	17.34
MDJ	MK	Mudajaya Group Bhd	0.449530	2,657.397503	0.1000	--	2.56
INTA	MK	Inta Bina Group Bhd	0.444550	553.254000	0.4750	5.68	7.97

Source: Bloomberg, M+ Research

Investment risks

Project-based revenue dependency risk. SAG's operations are entirely project-based, with no recurring revenue streams. As such, the group's financial performance is highly dependent on its ability to secure new interior fit-out and construction contracts. Any delay or decline in project awards, particularly from key clients, may lead to revenue volatility, underutilization of resources, and weakened earnings visibility.

Key personnel dependency risk. SAG is significantly reliant on the leadership and technical expertise of its Executive Directors and key senior management, particularly in project bidding, execution, and stakeholder relationships. The departure of any key personnel without effective succession planning could disrupt operational execution and impact business continuity.

Subcontractor execution risk. The group outsources a significant portion of civil, structural, and specialized works to third-party subcontractors. Poor performance, delays, or quality issues by subcontractors could result in project delays, cost overruns, and reputational damage, particularly for large-scale or high-specification projects.

Working capital and cash flow risk. Given the nature of progressive billing and high upfront costs for materials and labour, SAG is exposed to working capital strain, especially if project payments are delayed. Any mismatch between project receivables and operational cash outflows could impact liquidity and delay project execution.

SAG'S ESG initiatives

Environmental Initiatives

- **Sustainable Fit-Out Practices.** SAG incorporates sustainable material sourcing, including FSC-certified wood products and low-VOC finishes, in its interior fitting-out projects as well as actively exploring eco-label certifications for project materials and aims to integrate green building standards into commercial project tenders.

- **Waste & Resource Efficiency.** Implements material optimization strategies at its Bandar Baru Bangi production facility to reduce offcuts and improve yield efficiency. Tracks site-level construction waste and is piloting a waste segregation program for recyclable material recovery.

Social Initiatives

- **Workforce Skills Enhancement.** SAG operates a skill conversion program to upskill semi-skilled workers in carpentry and joinery. Internal staff receive continuous training in project management, health and safety compliance, and systemized workflows for modular manufacturing.

- **Workplace Safety & Ethics.** Enforces stringent site safety procedures aligned with Malaysian DOSH and CIDB standards. Tracks lost-time injury rates and provides accommodation, welfare amenities, and grievance mechanisms for site workers—including foreign labour—at key project sites.

Governance Initiatives

- **Business Ethics & Whistleblower Framework.** SAG has adopted anti-bribery and corruption policies group-wide, with internal reporting channels accessible to all employees. Whistleblower protection and reporting mechanisms are overseen by the Audit and Risk Management Committee.

- **Sustainability Oversight.** ESG responsibilities are embedded at the board level, with dedicated oversight from senior management. The group conducts periodic materiality reviews aligned with GRI Standards and is initiating steps to map its operations against the UNSDGs.

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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