ICENTS Group Holdings Berhad (ICENTS)

Riding On The Data Centre Upcycle

- **ICENTS Group specializes in EPCC and cleanroom construction, alongside facility services such as machinery hook-up, heavy-duty ceiling installation (mainly for data centres), general construction, and manufacturing of cleanroom fixtures like sandwich panels for walls, ceilings, partitions, and doors.**
- **Moving forward, we project 3-year earnings CAGR of 19.4%, with core PAT expected to reach RM8.6-12.0m over the next three years, driven by the unbilled order book of ~RM93.2m, healthy job replenishment, and the ongoing data centre upcycle.**
- **We assign a fair value of RM0.30 for ICENTS. Our fair value is derived by pegging a forward P/E of 13x to the forecasted FY26 EPS of 2.30 sen, implying a 25% upside from its IPO price of RM0.24. We applied a discount to the average peer historical and forward P/E of 14.5-15.2x to reflect ICENTS' smaller market capitalization.**

Investment Highlights

ISO 4 — To unlock more values. ICENTS' dedication to participating in more high-margin work is demonstrated through the ISO4 accreditation it holds – enabling the company to engage in projects of higher complexity with commanding pricing. ICENTS notably participated in a cleanroom services project for a semiconductor manufacturer to expand and upgrade cleanrooms at its client's manufacturing facility in Penang, which required the most stringent cleanliness standards ICENTS has undertaken to date. This accomplishment coupled with ICENTS' extensive exposure in the semiconductor and E&E sectors — which demand stricter regulatory standards for cleanroom environments — currently upholds a contribution of over 80% as per Financial Years Under Review. This solidifies ICENTS' reputation as a top choice for semiconductor and E&E industry players seeking high-regulation cleanroom construction within Malaysia.

Tapping into the data center bandwagon. ICENTS 's secondary segment — facilities services arm, continues to broaden its reach, notably with its first project in the data centre (DC) space in 2023, involving the supply and installation of heavy-duty ceiling systems. Under this segment, we understand that ICENTS is mainly involved in: (i) supplying the materials required for the installation of the heavy-duty ceiling systems; (ii) installing the specified interior fixtures, equipment, and ancillaries; (iii) inspecting to ensure that all required materials are properly installed; and (iv) testing and validating the load-bearing capacity of the materials. While this segment is still relatively new for ICENTS , its strong balance sheet — with a net gearing of only 0.71x and net cash of RM16.6m as of FY24, and additional working capital in the pursuant of proceeds should provide ample headroom for growth, to further participate in the data centre space tendering activities.

Capitalizing on Johor's FDI momentum upcycle. We note that ICENTS has a strong geographical presence in Johor, well-timed opportunity fuelled by rising FDI and renewed investor interest following the establishment of the Johor-Singapore Special Economic Zone (JSSEZ). ICENTS is actively participating in tendering activities, currently standing at ~RM600m, with an assumed conservative success rate of around ~20–25%, compounded by its recent involvement in supplying and installing heavy-duty ceiling systems. Notably, we note that Tenaga Malaysia has been ramping up its domestic CapEx, largely focusing on upgrading grid infrastructure, given the high FDIs in the DCs and RE segments, which should translate into a strong indication of a strong project pipeline. Besides Johor, we understand Pearl Computing Malaysia (PCM) has signed a

IPO Note – Not rated

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

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

Non-Rated

Share price	**RM0.24**
Target price	**RM0.30**
Previous TP	-
Capital upside	25.0%
Dividend return	-%
Total return	25.0%

Company profile

Principally involved in EPCC and cleanroom construction, as well as other facilities services like hook-up, heavy-duty ceiling installation and manufacturing fixtures.

Stock information

Bursa Code	0366
Bloomberg ticker	ICENTS MK
Listing market	ACE
Share issued (m)	500.0
Market Cap (m)	120.0
Shariah compliant	YES

Major shareholders	**%**
Quinnity Sdn Bhd	30.8
EZLotus Sdn Bhd	30.8

Earnings snapshot

FYE (May)	FY24	FY25f	FY26f
PATMI (m)	7.0	8.6	11.5
EPS (sen)	1.40	1.72	2.30
P/E (x)	17.1	14.0	10.4

Timetable of IPO

Opening of application	25 June
Closing of retail application	2 Jul
Balloting of application	7 Jul
Allotment of the IPO shares	14 Jul
Listing on the MAIN market	17 Jul

build-and-lease model in Puncak Alam, in which should unlock more DCs related project ahead.

To fully capture growth opportunities. While ICENTS already has a strong foothold in Malaysia's cleanroom space, the Group is actively focused on expanding its international footprint. This expansion is expected to provide the Group with access to lower labour and manufacturing costs, as well as reduce delivery times to customers. In line with this, ICENTS plans to purchase the following equipment to enhance its in-house capability to manufacture cleanroom fixtures and related products: (i) CNC laser cutting machine, (ii) automated adhesive dispensing system, (iii) aluminium honeycomb cutting machine, (iv) ductwork forming machine, (v) racking systems, among others.

Industry Overview

The New Industrial Master Plan 2030. The performance of Malaysia's cleanroom industry closely tied to the expansion of high-growth, high-value (HGHV) sectors like Semiconductor, E&E, as well as pharmaceuticals. With the rollout of the New Industrial Master Plan 2030 (NIMP 2030) by MITI, the national industrial policy framework aims to spur HGHV segments through CapEx allocations by the government. Between 2022 and 2030, Malaysia's manufacturing sector is projected to chart a 6.5% CAGR in value-added contribution, reinforcing structural demand for cleanroom infrastructure within regulated industries.

Fig #1 ICENTS and selected competitors comparison (IMR)

Company	Activities A	B	C	FYE[1]	Rev[2] (RM mil)	GP[2] (RM mil)	GP[2] Margin	NP/NL[2] (RM mil)	NP/NL[2] Margin
IAQ Solutions S/B	√	√		Dec-24	954.4	122.3	12.8%	69.7	7.3%
Critical Holdings Berhad[3]	√	√		Jun-24	268.3	49.2	18.4%	19.3	7.2%
T.T.E. Engineering[4]	√	√	√	Dec-23	184.0	43.1	23.4%	14.6	7.9%
LWE Engineering S/B[5]	√	√		Jun-24	178.4	97.7	54.8%	41.8	23.4%
iCents Group	√	√	√	**Jun-24**	**80.7**	**15.7**	**19.5%**	**7.0**	**8.7%**
Sum Technic S/B	√	√		Dec-23	79.5	7.3	9.1%	2.9	3.6%
Coolaire Engineering S/B	√	√		Dec-23	49.3	4.9	10.0%	1.0	2.1%
Green Excel[6]		√		Dec-23	38.5	9.3	24.1%	5.0	13.0%
Lufter S/B	√	√		Jul-24	24.8	6.2	25.0%	0.1	0.5%
QTS S/B	√	√	√	Dec-23	17.6	6.3	35.6%	2.5	13.9%
YE Cleanroom[7]		√		Jan-24	11.9	1.9	16.1%	0.4	3.5%
City Point Solutions S/B		√	√	Dec-22[8]	10.1	2.1	20.6%	0.8	8.1%
Amerco Engineering S/B	√	√		Jun-24	8.5	1.9	21.8%	(#)	(0.1%)
GAT S/B		√		Jun-24	6.0	2.2	37.3%	0.2	3.2%

A = MEP systems; B = Fixtures and fittings; C = Finishing; FYE= Financial Year Ended; Rev= Revenue; GP= Gross Profit; NP= Net Profit; NL= Net Loss; mil= million; S/B= Sendirian Berhad; # = Less than RM0.1 mil.

Source: ICENTS Group Holdings Berhad

ICENTS holds less than 1.0% of market share in the value of construction work completed. Although ICENTS isn't involved in any heavy construction work, we believe its growth is closely tied to CapEx allocations — especially in Pharmaceuticals, E&E, and Semiconductors — with FDI into DC projects would be a strong indication of its growth. While the barriers to entry are moderate due to the demand for skilled workers, compounded by the requirement for different licenses for different projects, there are no identical-to-similar peers that are currently listed on Bursa Malaysia.

Company Overview

Together with its subsidiaries (collectively referred to as ICENTS Group), it is mainly involved in engineering, procurement, construction, and testing and commissioning (EPCC), as well as the construction of cleanrooms. It also provides other facility services such as hook-up of machinery and equipment, supply and installation of heavy-duty ceiling systems (mainly for data centres), construction services, and manufacture of certain cleanroom fixtures such as sandwich panels used for walls, ceilings, partitions, and doors.

i. **Cleanroom services (76.6% of FY24 revenue).** For certain projects, ICENTS typically involved in designing cleanrooms required by customer's cleanliness requirements, intended application, and spatial constraints. Its design process considers material and process flow, integration of environmental controls, and safety systems. Deliverables typically include layout plans detailing HVAC and air filtration systems, equipment placement, and work areas.

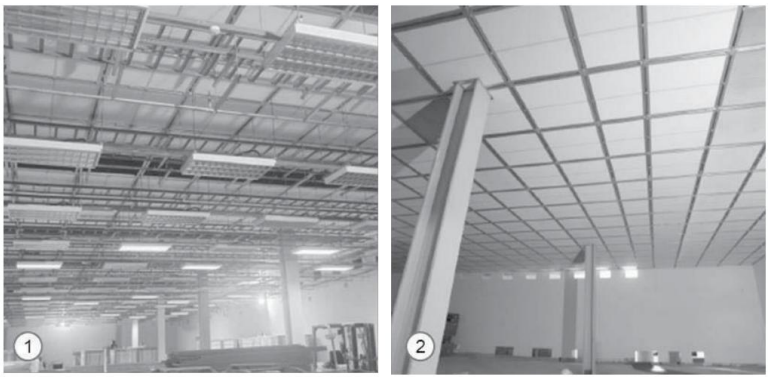
Fig #2 Examples of ICENTS 's cleanroom works



Source: ICENTS Group Holdings Berhad

ii. **Other facilities services (23.4% of FY24 revenue).** In addition to cleanroom projects, ICENTS also offers facility services, which comprise hook-up machinery and equipment solutions, supply and installation of heavy-duty ceiling systems, as well as construction services.

Fig #3 Examples of heavy-duty ceiling systems for data centre projects



Source: ICENTS Group Holdings Berhad

Key management team

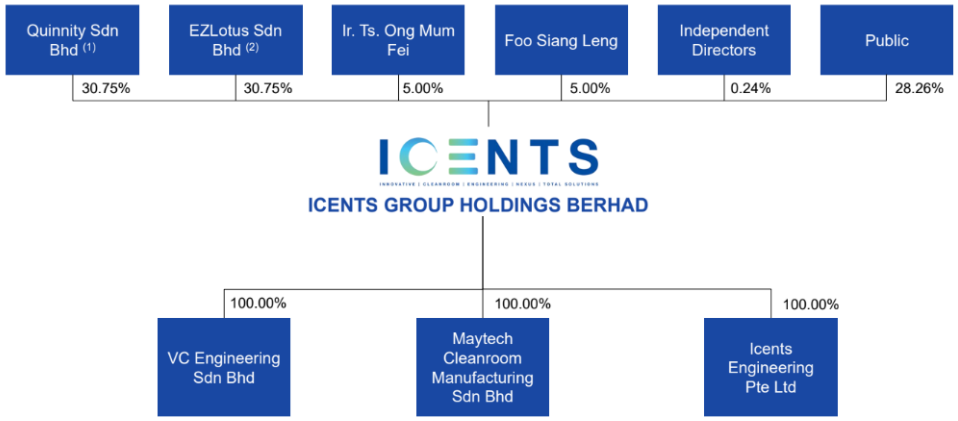
Ir. Ts. Vincent Ong Mum Fei (Managing Director) – Registered as a Professional Engineer (BEM), Professional Technologist (MBOT), and ASEAN Chartered Professional Engineer

(ACPE), Vincent leads ICENTS with over ~20 years of experience in overseeing business growth, strategic planning, and business development.

Foo Siang Leng (Executive Director) – With ~20 years of experience in leading cleanroom projects across Malaysia, China, and Europe, Foo is responsible for overseeing business operations including managing projects, technical, production and manufacturing activities.

Tan Wei Ying (Executive Director) – A Commerce Canada graduate with ~26 years of experience in finance, accounting, as well as administrative and related matters, Tan is responsible for overseeing human resources activities, procurement, accounting, and financial management functions.

Fig #4 ICENTS 's shareholding structure



Source: ICENTS Group Holdings Berhad

Fig #5 ICENTS 's SWOT Analysis

Strength	Weakness
• Proven track record in delivering a cleanroom services project for an ISO4 cleanroom specifically in the semiconductor and electronics manufacturing industries. • ICENTS has diverese range of end-user industries, incldluing including semiconductor and electronic manufacturing, pharmaceutical manufacturing, life sciences and data centres.	• Heavily dependent on its major customers, as of FPE25, Flour Daniel International (Malaysia) Sdn Bhd alone accounts for approximately 47.0% of its topline, despite the business relationship having only lasted two years. • Despite being involved in projects that require the highest stringent certifications, we note that ICENTS 's contract values are relatively low.
Opportunity	**Threat**
• Continued expansion in global sales outlook, primarily external demand for consumer electronics and AI-related semiconductors. • Initiatives such as Kerian Integrated Green Industrial Park and the National Semiconductor Strategy (with RM25bn allocated) aim to strengthen Malaysia's industry position.	• Changes to the tariff could deter invesment in the E&E industry in Malaysia, posing downside risks to Malaysia's economic growth as well as adversely affecting the demand for cleanroom industry. • May face early termination of its prjects which may adversely to its financial performance.

Source: M+ Research

Future Plans and Strategies

Enhance operational capabilities. Intends to: (i) purchase machinery and equipment to strengthen its in-house capability for manufacturing cleanroom fixtures and related products; (ii) set up a new facility near the Mantin factory to increase storage capacity for materials and finished products; and (iii) hire 15 engineers.

Geographical market expansions. Intends to: i) incorporate a new subsidiary in Indonesia and establish a sales and technical support office in Jakarta and ii) incorporate a new subsidiary in Singapore and set up a sales and marketing office there, along with a new sales and technical support office in Kuching, Sarawak.

Expand product range and addressable market. Plans to: i) expand its product range by modifying and enhancing existing cleanroom fixtures to better suit targeted applications and ii) obtain patent registrations for some of the new products developed in countries such as Malaysia, Singapore, Australia, Vietnam, and Indonesia.

Expand sales and marketing activities. Plans to increase its participation in exhibitions in Malaysia and overseas, including Australia, Singapore, and Vietnam. Additionally, ICENTS aims to expand its sales and marketing efforts by enhancing its website with e-commerce functionality and implementing search engine optimization.

Fig #6 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Purchase of machinery and equipment	4.7	17.3%	Within 24 months
Business expansion	3.0	11.2%	Within 24 months
Product development	1.7	6.4%	Within 36 months
Marketing activities	1.5	5.6%	Within 24 months
Working capital	12.1	44.8%	Within 24 months
Estimated listing expenses	4.0	14.8%	Within 3 months
Total	27.0	100.0%	

Source: ICENTS Group Holdings Berhad

Financials

Revenue. In FY23, ICENTS registered a nearly double YoY topline to RM108.3m, driven by a strong uptick in cleanroom service projects — particularly in the semiconductor and electronics sectors. However, in FY24, revenue declined by 25.5% YoY to RM80.7m, largely due to a slowdown in cleanroom construction as several major projects reached completion or was deferred. The decline was partially offset by a notable increase in revenue from other facility services — driven by hook-up works and new contracts for the supply and installation of heavy-duty ceiling systems for a data centre in Johor. PAT margins grew by 5.5% YoY, reaching RM7.0m, given the lower input costs.

Earnings Forecast. Moving forward, we project a 3-year earnings CAGR of 19.4%, with core PAT expected to reach RM8.6m, RM11.5m, and RM12.0m over the next three years. This is driven by an unbilled order book of ~RM93.2m, which we expect to be fully recognized next year, a healthy job replenishment pipeline of ~RM150m per annum (assuming a conservative hit rate of ~20–25%), and strong growth potential from the company's venture into the supply of heavy-duty ceilings, mainly for data centres.

JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Fig #7 Financials highlights

FYE Jun (RM m)	FY22	FY23	FY24	FY25f	FY26f	FY27f
Revenue	55.8	108.3	80.7	97.1	138.4	142.9
EBITDA	4.7	9.9	11.3	13.3	17.5	18.0
EBIT	4.5	9.5	10.6	12.5	16.5	16.8
PBT	4.2	8.9	9.7	11.3	15.2	15.7
PAT	2.9	6.7	7.0	8.6	11.5	12.0
PATMI – Core	2.9	6.7	7.0	8.6	11.5	12.0
PATMI – Reported	2.9	6.7	7.0	8.6	11.5	12.0
% change YoY – Core PATMI	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%
Core EPS (sen)	0.58	1.33	1.40	1.72	2.30	2.39
P/E (x)	41.4	18.0	17.1	14.0	10.4	10.0
EV/EBITDA (x)	20.4	9.8	8.6	7.3	5.5	5.4
DPS (sen)	0.3	0.5	0.9	-	-	-
Yield (%)	1.3%	2.2%	3.8%	0.0%	0.0%	0.0%
BVPS (RM/share)	0.0	0.0	0.0	0.1	0.1	0.1
P/B (x)	16.2	10.5	8.6	2.7	2.1	1.7
ROE (%)	39.2%	70.5%	55.2%	29.0%	22.6%	19.1%
Net Gearing (%)	CASH	0.5	CASH	CASH	CASH	CASH

M+ Global Research

Valuations

We ascribe a fair value of RM0.30 for ICENTS Group Holdings Berhad. Our valuation is derived by pegging a forward P/E of 13x to the forecasted FY26 EPS of 2.30 sen, implying a 25% upside from its IPO price of RM0.24. While there are no identical peers to ICENTS, most of the comparable companies we gathered are closely linked to the data centre supply chain. Although we pegged the P/E at a discount of 10.3-14.5% against the average historical and forward P/E of 14.5-15.2x, we believe this fairly reflects ICENTS' smaller market capitalization.

Fig #8 Peers comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	NP Margin (%)
iCents Group Holdings Bhd	**ACE**	**Jun**	**0.240**	**120.0**	**17.1**	**14.0**	**8.7**
Kelington Group Bhd	MAIN	Dec	3.700	2,789.0	20.3	19.5	9.8
Southern Cable Group Bhd	MAIN	Dec	1.450	1,402.6	14.6	NM	5.4
MN Holdings Bhd	ACE	Dec	1.450	848.4	18.2	16.9	6.6
CBH Engineering Holding Bhd	ACE	Dec	0.250	470.2	NM	12.5	15.4
Critical Holdings Bhd	ACE	Dec	0.950	353.2	13.2	11.4	7.2
HE Group Bhd	ACE	Dec	0.330	145.2	9.6	12.2	6.6
Avg ex-iCents Group Holdings Bhd				**1,001.4**	**15.2**	**14.5**	**8.5**

Source: M+ Research

Investment Risks

Project-based revenue model. ICENTS derives the bulk of its revenue from non-recurring project contracts and work orders, with minimal recurring income from maintenance services. Hence, the group's financial sustainability is highly dependent on its ability to secure new and sizeable projects consistently.

High customer concentration. In FY2024, ICENTS' top 5 customers contributed approximately 85% of total revenue, with the top 2 alone accounting for over 66%. Any loss,

delay, or reduction in project value from these major customers may significantly impact group performance.

Exposed to semiconductor industry cycles. The semiconductor and electronics industries accounted for more than 84% of ICENTS' revenue in FY2024. A slowdown in global demand or shifts in trade policies affecting these sectors may lead to reduced project inflow and margin compression.

Execution and delay risk. Cleanroom and facility service projects are bound by strict delivery milestones. Any delay—due to material shortages, site handover issues, or subcontractor inefficiencies—may trigger LAD penalties, erode margins, and impact future project wins.

ESG initiatives

Environmental. ICENTS integrates sustainable practices across its operations by promoting energy and water conservation at its facilities and maintaining vehicle emissions in compliance with national standards. The group tracks its Scope 1 and Scope 2 greenhouse gas emissions in line with GHG Protocol and IPCC standards. Waste reduction efforts include recycling of wooden pallets, repurposing packaging materials, and systematic waste segregation. The group maintains a DOE-compliant scheduled waste facility and engages a certified professional to oversee environmental compliance.

Social. The group prioritises workplace health and safety with a dedicated Safety and Health Committee and safety officer overseeing compliance with the Occupational Safety and Health Act 1994. Employees are equipped with necessary personal protective equipment (PPE). ICENTS fosters a diverse and inclusive workplace, with 34% female participation and ethnic diversity across its workforce. It promotes team bonding and cultural appreciation through festive and team-building activities. Significant investment is made in employee development, with RM27,000 and RM178,000 allocated for training in 2023 and 2024, respectively.

Governance. ICENTS adopts high standards of corporate governance, aligning with the Malaysian Code on Corporate Governance. The board comprises at least 50% independent directors and 30% women. The Audit and Risk Management Committee is fully independent, and the Non-Independent Chairperson is excluded from all board committees. Key governance policies include Anti-Bribery and Corruption, Whistleblowing, and Conflict of Interest to uphold ethical conduct, transparency, and accountability across the group.

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

This report has been prepared by research analyst(s) of MSSB pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaim any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

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

JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES
M+Online Equipping Traders For The Win
M+Global Winning The World