Powertechnic Group Berhad (POWER)

IPO Note – Not rated

Kieran Lim
kieranlim@msec.com.my
(603) 2201 2100

Elevating Beyond Johor, Lifting For Success

- **Established in 2002, Powertechnic Group Berhad is a Malaysian solutions provider specialising in lifting systems, offering end-to-end services from design, fabrication, and assembly to installation and commissioning. Its products, marketed under the "Powertechnic" brand, include crane and hoist systems, elevated platform systems, and freight and home elevators. The group also provides maintenance, repair, inspection, and licence renewal services, supported by in-house engineering capabilities to deliver customised lifting solutions.**
- **We project 3-year earnings CAGR of 20.5%, with core PAT anticipated to reach RM4.5m-RM6.4m over the next three years. This growth is underpinned by (i) continuous project inflows from JSSEZ developments, (ii) stronger demand nationwide driven by NIMP 2030, and (iii) normalisation of effective tax rate to 24.0% starting FY26f.**
- **We assign a fair value of RM0.42 per share for POWER, indicating a 20.0% upside from the IPO price of RM0.35. This valuation is based on a PE multiple of 22.3x pegged to FY26f EPS of 1.87 sen.**

Investment highlights

Integrated end-to-end solutions for lifting systems. The group provides end-to-end lifting system solutions, spanning across design, fabrication, assembly, installation, and commissioning. Full control over the production chain, including procurement, ensures quality assurance and compliance with British Standards on safety and operations. This integrated end-to-end approach positions POWER to reduce its reliance on third-party subcontractors, which will strengthen its competitiveness in securing new contracts while maintaining its competitive pricing.

Business diversity across multiple sectors to reduce sector-concentration risk. POWER serves across all three industrial, commercial, and residential markets, providing resilience against sector-specific slowdowns. Its product portfolio includes cranes and hoists (up to 20 tonnes), elevated platforms (up to 50 tonnes), and elevators (up to 2 tonnes for freight and 450kg for home use). The wide range of solutions supports a large addressable market, creating avenues for sustainable growth without relying on any single sector.

Beneficiary of JSSEZ. Strategically headquartered in Kulai, which is part of Johor-Singapore Special Economic Zone (JSSEZ), POWER is well-positioned to benefit from the increased industrial and infrastructure developments within the region, driven by cross-border investments and manufacturing expansion from companies investing in the zone. This can be proven within the increasing revenue from the Southern region, from RM5.5m in FY21 to RM13.3m in FY24, representing a 3-year CAGR of 33.8%. Meanwhile, the group plans to increase its digital marketing campaigns to Singapore, with the intention of growing its marketing presence there, as Singapore showed a 3-year CAGR revenue growth of 246.9%, from RM0.04m in FY21 to RM1.7m in FY24.

Higher demand anticipated due to NIMP 2030. With the introduction of New Industrial Master Plan 2030 (NIMP 2030) by MITI, the plan aims to boost Malaysia's manufacturing value-added at a targeted CAGR of 6.5% between 2022 and 2030, while general industrial machinery and equipment is expected to grow at a CAGR of 8.0% by 2027. With the government's strong emphasis on the country's industrialization plan through NIMP 2030, POWER is expected to benefit from rising demand for lifting and material-handling equipment, with catalysts like factory automation, warehouse expansion and infrastructure modernisation.

Non-Rated

Share price	RM0.35
Target price	RM0.42
Previous TP	-
Capital upside	20.0%
Dividend return	-
Total return	20.0%

Company profile

Started since 2002, Powertechnic Group Berhad specializes in the (i) provision of lifting systems and (ii) maintenance, repair and related services for lifting systems.

Stock information

Bursa Code	0377
Bloomberg ticker	POWER MK
Listing market	ACE
Share issued (m)	310.3
Market Cap (m)	108.6
Shariah compliant	YES
MITI allocation	YES

Major shareholders	%
Ivan Na Keh Chai	34.9
Choo Chee Yong	34.9
Choo Chee Siang	2.2

Earnings snapshot

FYE (Dec)	FY24	FY25f	FY26f
PATMI (m)	3.7	4.5	5.8
EPS (sen)	1.2	1.4	1.9
P/E (x)	29.5	24.3	18.7

Timetable of IPO

Opening of application	6 October
Closing of application	14 October
Balloting of application	16 October
Allotment of the IPO shares	24 October
Listing on the ACE market	28 October

Market share expansion through both offline and online marketing channels. According to the IMR report, POWER's market share for the lifting and handling equipment industry in Malaysia is at 2.0%, computed based on POWER's FY24 revenue for the provision of lifting and handling equipment amounting to RM32.0m against the Malaysian lifting and handling equipment industry size of RM2.1bn. Meanwhile, we believe POWER's market share will continue to expand, underpinned by (i) the setup of 2 new product showrooms and sales offices with storage space (one in Penang and one in Sarawak), capturing new customers in Northern Peninsular and East Malaysia regions and (ii) marketing campaigns like digital marketing, content creation and trade shows and also industry events.

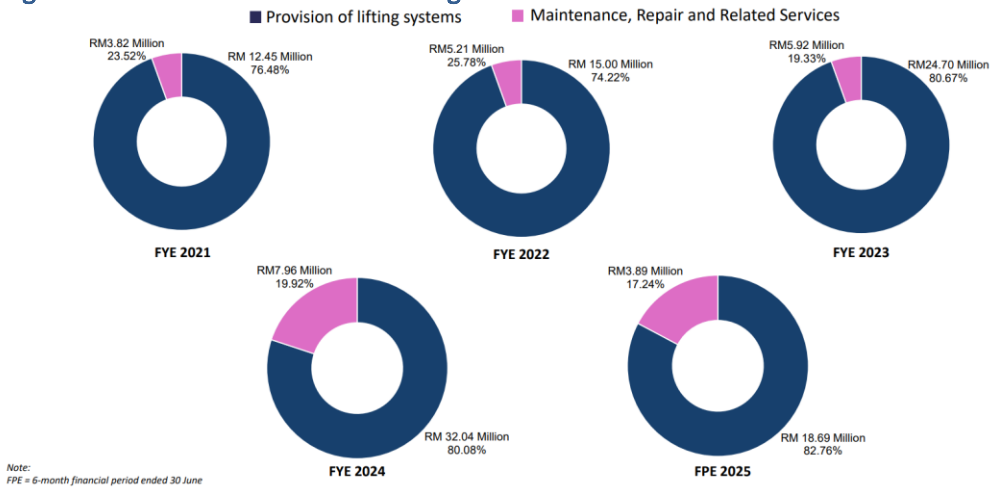
Company background

Established in 2002, Powertechnic Group Berhad is a Malaysian lifting systems specialist offering end-to-end solutions from design, fabrication, and assembly to installation and commissioning. Its products are marketed under the "Powertechnic" brand and cater to industrial, commercial, and residential applications.

The group's lifting systems are categorised into (i) crane and hoist systems such as overhead, gantry, underhung, jib cranes and monorail hoists, (ii) elevated platform systems including dock levellers, table lifters, tilting platforms and docking accessories, and (iii) elevators comprising freight and home elevators.

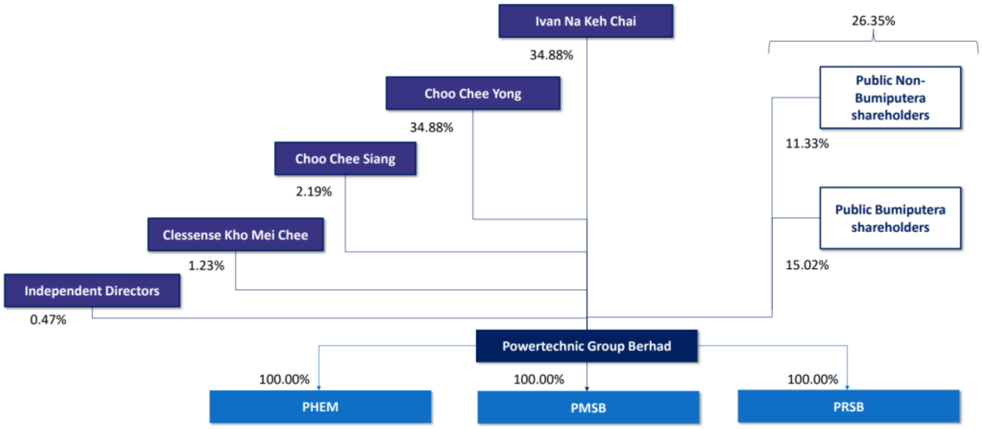
In addition, Powertechnic provides value-added services such as maintenance, repair, inspections, licence renewals, and freight elevator upgrades. Backed by in-house engineering capabilities, the group also delivers customised solutions for specialised requirements, including confined spaces, unconventional load handling, and extreme operating conditions.

Fig #1 Revenue of each business segment



Source: Powertechnic Group Berhad

Fig #2 Post-IPO shareholding structure



Source: Powertechnic Group Berhad

Substantial Shareholders & Key Senior Management

1. Ivan Na Keh Chai – Managing Director
Mr. Ivan, aged 51, is the Promoter, substantial shareholder and Managing Director. He holds a Diploma in Technology (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College and has over 26 years' experience in the lifting and handling equipment industry, specialising in cranes and hoists. He co-founded Powertechnic with Mr. Choo Chee Yong and has been instrumental in driving the group's business development, financial management and overall direction. He currently oversees the group's overall operations, commercial matters, and expansion initiatives.

2. Choo Chee Yong – Executive Director
Mr. Choo, aged 49, is the Promoter, substantial shareholder and Executive Director. He completed his Malaysian Certificate of Education (Sijil Pelajaran Malaysia) at Sekolah Menengah St. Andrew in 1994. With over 26 years' experience in the lifting and handling equipment industry, he oversees the group's technical operations, including engineering design, fabrication, assembly, installation and commissioning of lifting systems. He also leads research and development, quality management, and delivery of products across the group.

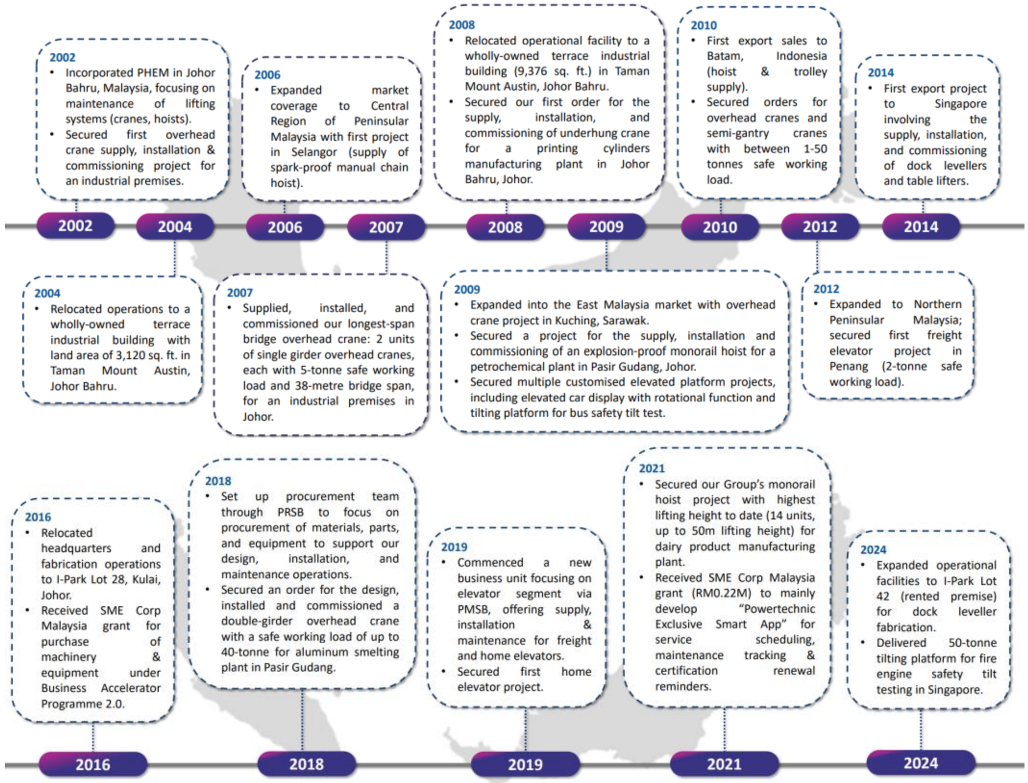
3. Chin Yanjiang – Group Accountant
Mr. Chin, aged 32, is the Group Accountant. He holds a Bachelor of Accounting (Hons) from Multimedia University and is a Certified Practising Accountant (CPA Australia) as well as a Chartered Accountant (MIA). With extensive experience in audit, accounting and corporate finance, he oversees the group's financial management, including budgeting, statutory reporting, corporate finance, treasury management, cash flow and tax planning. He is also responsible for preparing board presentations and financial performance updates.

4. Clessense Kho Mei Chee – Head of Sales and Marketing
Ms. Kho, aged 33, is the Head of Sales and Marketing. She holds a Bachelor of Science in Finance and Economics from the University of Lancaster and a Master of Science in Real Estate Economics and Finance from the London School of Economics. Since joining the group in 2018, she has progressively advanced through roles in procurement, sales, and marketing. She now leads group-wide sales and marketing strategies, customer relationship management, and business performance planning.

5. Soo Sheau Wen – Head of Human Resources and Administration

Ms. Soo, aged 30, is the Head of Human Resources and Administration. She holds a Bachelor of Accounting (Hons) from Multimedia University and has experience in operations, human resources, and administrative management. Since joining the group in 2021, she has advanced through key operational roles and now oversees HR and general administration functions of the group.

Fig #3 Corporate milestones



Source: Powertechnic Group Berhad

Fig #4 Utilisation of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Set up product showrooms and sales offices with storage space and marketing expenses	4.5	20.4	Within 18 months
Capital expenditure mainly for automated machines	3.8	17.2	Within 18 months
Repayment of bank borrowings	2.8	12.7	Within 12 months
General working capital	6.7	30.2	Within 24 months
Estimated listing expenses	4.3	19.5	Within 3 months
Total	22.1	100.0	

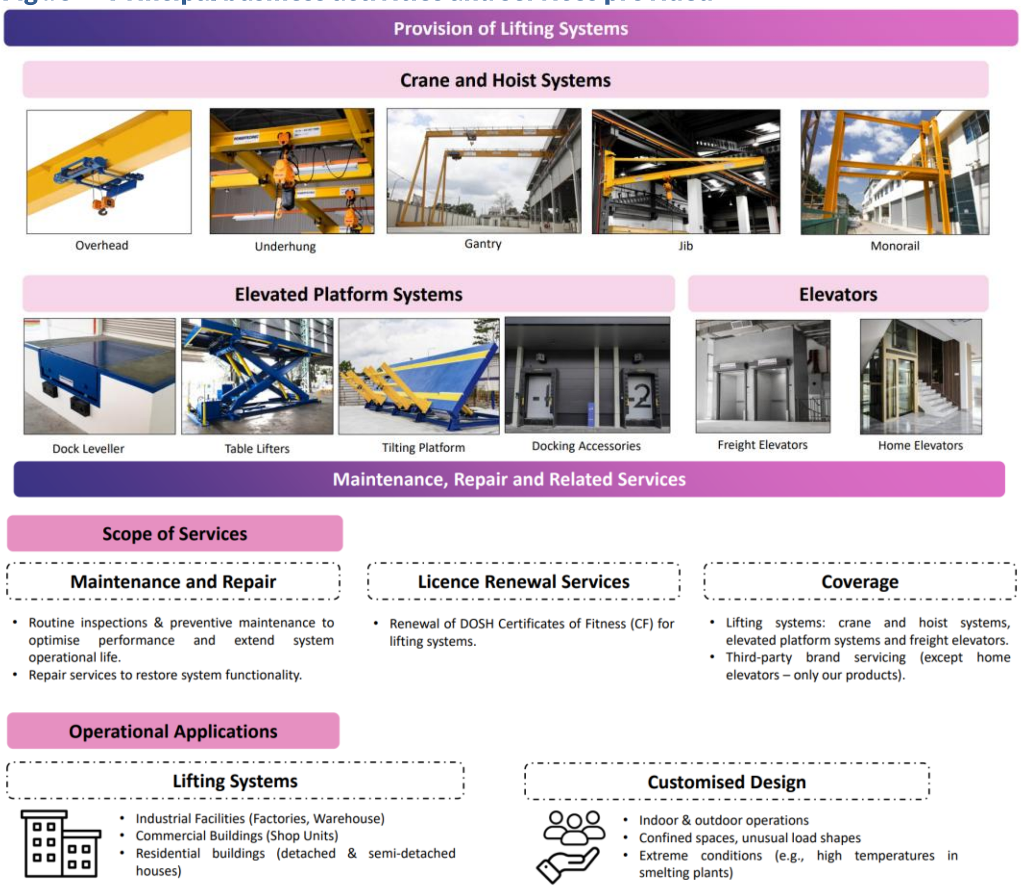
Source: Powertechnic Group Berhad

Business overview

Provision of lifting systems (80.1% of FY24 revenue). The group specialises in the design, fabrication, assembly, installation, and commissioning of customised lifting systems under its "Powertechnic" brand. Its product range includes (i) crane and hoist systems such as overhead, gantry, underhung, jib cranes and monorail hoists, (ii) elevated platform systems comprising dock levellers, table lifters, and tilting platforms, and (iii) elevators including freight and home elevators. Fabrication and assembly are primarily carried out in-house, while certain products such as tilting platforms and home elevators are sourced from third-party suppliers for installation at customers' sites.

Maintenance, repair and related services (19.9% of FY24 revenue). POWER provides maintenance, repair, and related services to optimise performance and extend the operational life of lifting systems. These services include routine inspections, preventive maintenance, licence renewal, and freight elevator upgrades, performed by both in-house personnel and supervised subcontractors. The group services both its own products and third-party systems, though home elevator support is exclusive to POWER's installations.

Fig #5 Principal business activities and services provided



Source: Powertechnic Group Berhad

Financials

Revenue and income highlights. The group reported a RM9.4m or 30.7% YoY growth in revenue, increasing from RM30.6m in FY23 to RM40.0m in FY24, which was contributed by both provision of the lifting systems as well as maintenance, repair and related services.

(i) Sales from the provision of lifting systems rose by RM7.3m or 29.7% from RM24.7m in FY23 to RM32.0m in FY24. The increase was mainly attributable to the higher revenue generated from the elevators and elevated platform systems.

(ii) Meanwhile, revenue from the maintenance, repair and related services segment increased by RM2.1m or 34.7%, from RM5.9m in FY23 to RM8.0m in FY24, thanks to higher customers' requests.

Following the increase in revenue, core PAT saw an increase of RM0.34m or 10.0%, from RM3.3m in FY23 to RM3.7m in FY24. For FPE25, the group recorded an increase in revenue from RM18.7m in 1H24 to RM22.6m in 1H25, mainly due to the increase in sales from crane and hoist systems as well as elevators, while PAT decreased from RM3.5m to RM3.2m due to higher income tax expense.

Balance sheet. The group held a total asset of RM47.2m in FPE25, an increase of RM5.6m or 13.4% from RM41.6m in FY24, primarily due to the increase in trade and other receivables and contract assets. Meanwhile, the total liabilities also increased simultaneously, from RM27.0m in FY24 to RM29.3m in FPE25, primarily due to the increase in trade and other payables, contract liabilities and tax payable. Meanwhile, the total equity of the group also grew from RM14.6m to RM17.9m. This group is in a gearing position of 0.67 times prior to the listing.

Cash flow. Despite the increase in PBT, the group recorded a lower net cash from operations, decreasing from RM4.4m in FY23 to RM2.1m in FY24, mainly caused by the higher tax paid. Net cash generated from investing activities also increased from RM0.6m in FY23 to RM3.3m in FY24, attributed to higher proceeds from the disposal of investment property and property, plant and equipment. Lastly, cash flow used in financing activities decreased from an outflow of RM4.4m in FY23 to an outflow of RM0.7m in FY24, thanks to the drawdown of loan and borrowings and also decrease in pledged deposits. Meanwhile, for FPE25, the group continued to show healthy net cash flow, with a net increase of RM0.6m in cash and cash equivalents.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 20.5%, with core PATMI expected to reach RM4.5m, RM5.8m and RM6.4m over the next three years, largely supported by (i) continuous project inflows arising from developments within the JSSEZ region, (ii) stronger demand underpinned by initiatives outlined in NIMP 2030 and (iii) the expectation for a normalisation of the effective tax rate to 24.0% beginning FY26f.

Fig #6 Financial Highlights

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	30.6	40.0	44.7	50.0	55.8
EBITDA	6.1	7.7	8.6	9.5	10.6
EBIT	5.5	6.8	7.5	8.1	9.0
PBT	4.9	6.1	6.9	7.6	8.5
PAT	3.3	3.7	4.5	5.8	6.4
PATMI – Core	3.3	3.7	4.5	5.8	6.4
PATMI – Reported	4.3	6.3	4.5	5.8	6.4
% change YoY – Core PATMI	437%	45%	-29%	30%	11%
Core EPS (sen)	1.1	1.2	1.4	1.9	2.1
P/E (x)	32.4	29.5	24.3	18.7	16.8
EV/EBITDA (x)	18.5	14.6	13.1	11.8	10.6
DPS (sen)	1.6	-	-	-	-
Yield (%)	5%	0%	0%	0%	0%
BVPS (RM/share)	0.0	0.0	0.1	0.1	0.2
P/B (x)	10.6	7.4	2.7	2.4	2.1
ROE (%)	38%	30%	16%	13%	13%
Net Gearing (%)	0.7	0.3	CASH	CASH	CASH

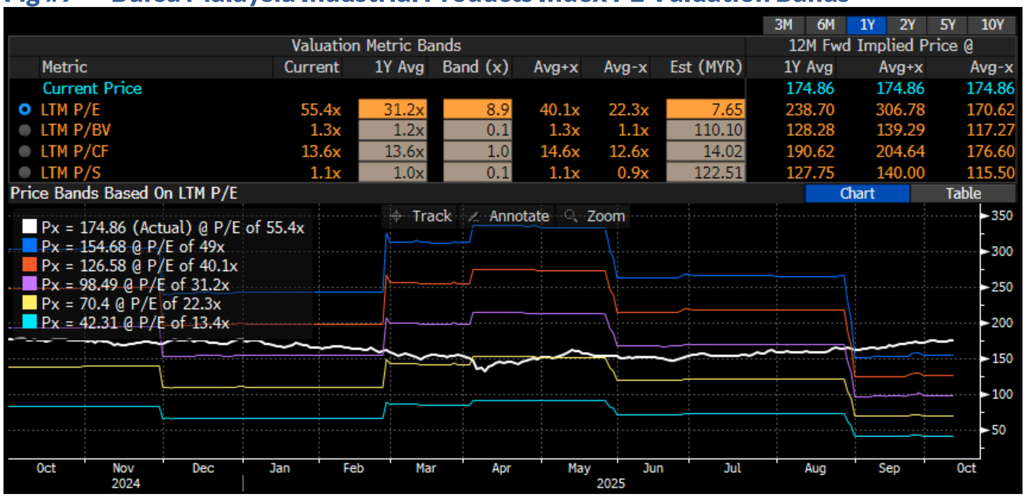
M+ Research

Valuations

We assign a fair value of RM0.42 per share for POWER, representing a 20.0% upside from its IPO price of RM0.35. This valuation is based on a P/E ratio of 22.3x, pegged to the FY26F EPS of 1.87 sen.

Given that the Bursa Malaysia's Industrial Production Index is trading within a trailing P/E valuation band of 22.3x (-1 standard deviation) to 40.1x (+1 standard deviation) based on its 1-year average P/E of 31.2x, we ascribed the P/E multiple to the lower end of the range due to POWER's small market capitalization of RM108.6m.

Fig #7 Bursa Malaysia Industrial Products Index PE Valuation Bands



Source: Bloomberg

Investment risks

Regulatory and certification compliance risk. The group's lifting systems operations are subject to multiple regulations, registrations, and certifications from authorities such as CIDB and DOSH, including approvals for design verification and certificates of fitness for lifting machines. Failure to obtain or renew these approvals on time may disrupt project execution and adversely affect operational and financial performance.

Order replenishment risk. Revenue is primarily derived from non-recurring, fixed lump-sum contracts for lifting systems design and installation. As such, business sustainability depends on the group's ability to continually secure new contracts. Although maintenance services offer recurring income potential, there is no assurance of consistent order flow across all customers.

Subcontractor performance risk. POWER engages third-party subcontractors for specific fabrication and installation works. Delays, non-compliance, or substandard workmanship could result in penalties, rectification costs, or warranty claims. While back-to-back arrangements mitigate some exposure, poor subcontractor performance could still lead to financial losses and reputational impact.

Supplier dependency risk. The group relies on several key suppliers and fabricators for hydraulic systems, components, and home elevator production. Any unexpected termination or disruption of these supplier relationships may cause delays, cost overruns, or production bottlenecks.

Raw material price fluctuations risk. Steel-based materials form a significant portion of total input costs. As steel prices are influenced by global demand-supply dynamics and macroeconomic conditions, sharp price increases may raise production costs. If these higher costs cannot be passed on to customers, the group's profit margins and overall financial performance may be negatively impacted.

Dependence on key management. The group relies on its Executive Directors and senior management for strategic direction and technical expertise. Loss of key personnel without timely replacement may impact business continuity and performance.

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