

OGX Group Berhad (OGX)

IT Infrastructure Specialist

- **OGX provides end-to-end IT infrastructure solutions, hardware distribution, and support services. Since 2007, it has evolved into a brand-centric provider specializing in customized network, cybersecurity, and data center infrastructure for SI customers.**
- **We project OGX's earnings to grow by 51.0%/23.3%/13.8% over three years, driven by cybersecurity and data center demand, East Malaysian expansion, as well as conservative 8.6% net margins.**
- **We assign a fair value of RM0.50 per share for OGX, based on a P/E ratio of 13.0x pegged to FY27f EPS of 3.84 sen. While the pegged multiple is at a discount to our selected peer, INFOMINA, which is trading at forward and trailing P/Es of 20.2–33.3x, we believe the valuation is justified given OGX's smaller market capitalisation.**

Investment Highlights

Diverse offerings. OGX has expanded its offering base, with almost 18 brands under its belt. Whereas this would mitigate OGX's concentration risks, we believe this should put OGX several steps ahead of its peers. IMR has slated that OGX may rank no.3 in terms of turnover, but we believe robust margins beget from the diverse areas of expertise that OGX can cover, commanded OGX with better pricing, while its competitors are mostly concentrated in niche offerings.

Sustainable industry outlook. WAN, LAN, WLAN, Intranet, and Extranet have been growing at a steady pace, registering an average CAGR of 7.4% over CY21–23. Emerging technologies such as Internet of Things ("IoT"), artificial intelligent (AI), data analytics, cloud computing are reshaping the countries. Aforementioned factors above have drove size of IT infrastructure to grow at mid-teens CAGR (+15.47%) for over just two years CY22-24, and we expect the growth to sustained especially given Malaysia as a strategic hub for data centres (DC) development.

IPO war chest to capture growing demand. Approximately 65.7% (c.RM34.5m) of the IPO proceeds were allocated to the acquisition and renovation of a new facility, expansion of OGX's offerings portfolio, as well as geographical expansion. This expansion is key to meeting rising demand and strengthening its foothold in East Malaysia, including Kota Kinabalu, Sabah, and Kuching, Sarawak. With these additional states expected to contribute meaningfully to earnings, the Group is well positioned to capture the increasing need for IT infrastructure.

FYE May (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	172.5	176.3	265.6	334.0	386.2
EBITDA	14.0	25.0	34.9	43.1	49.3
PATMI – Core	8.2	15.5	23.3	28.8	32.8
PATMI – Reported	8.2	15.5	23.3	28.8	32.8
% change YoY – Core PATMI	114.5%	89.3%	51.0%	23.3%	13.8%
Core EPS (sen)	1.09	2.06	3.11	3.84	4.37
P/E (x)	32.1	17.0	11.2	9.1	8.0
DPS (sen)	0.63	1.20	-	-	-
Yield (%)	1.8%	3.4%	0.0%	0.0%	0.0%
P/B (x)	8.5	7.0	2.2	1.8	1.4
ROE (%)	27.9%	45.3%	29.6%	21.4%	19.8%
Net Gearing (%)	0.65	0.29	CASH	CASH	CASH

Source: OGX Group Berhad, M+ Research

IPO Notes – Not Rated

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Non-Rated

Share price	RM0.35
Target price	RM0.50
Previous TP	-
Capital upside	42.9%
Dividend return	-
Total return	42.9%

Company profile

OGX is principally involved in providing end-to-end IT infrastructure solutions.

Stock information

Bursa Code	0395
Bloomberg ticker	OGX MK
Listing market	ACE
Share issued (m)	750.0
Market Cap (m)	262.5
Shariah compliant	YES

Major shareholders

	%
Tan Suan Loong	34.3
Tan Ting Fong	35.7

Earnings snapshot

FYE (Mar)	FY25	FY26f	FY27f
PATMI (m)	15.5	23.3	28.8
EPS (sen)	2.06	3.11	3.84
P/E (x)	17.0	11.2	9.1



Company Overview

OGX's history traces back to 2007, when the company commenced its distribution of IT infrastructure hardware products comprising network infrastructure, from a humble rented office located in TTDI Jaya. OGX has since expanded its brand offerings and is now uniquely able to deliver customised IT infrastructure solutions that cater to the specific needs of different end users.

- i. **Provision of IT infrastructure solutions (78.1% of FPE 2026 revenue).** Through its subsidiaries, OGX is principally involved in the provision of end-to-end IT infrastructure solutions under a brand-centric model, collaborating with SI customers to deliver customized solutions to end users. Its core offerings span from network and cybersecurity to data centre infrastructure.

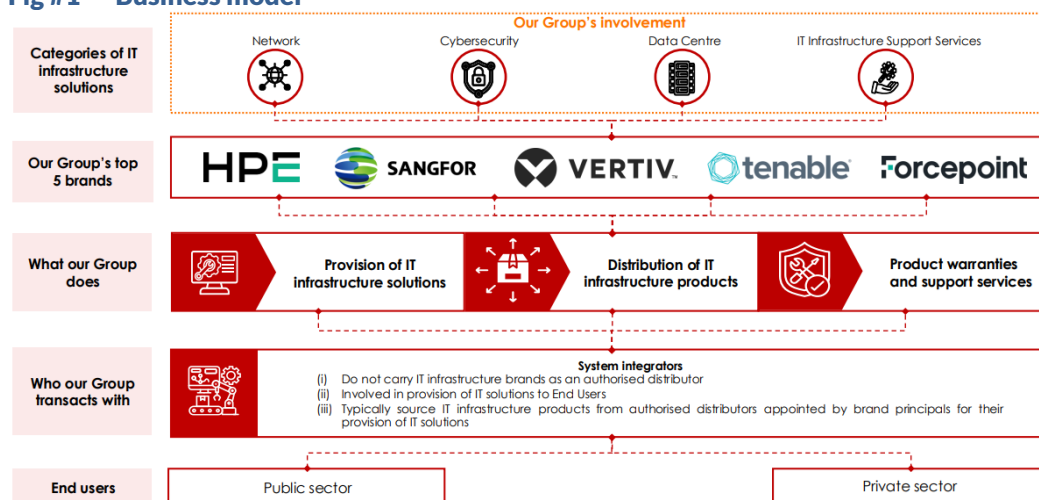
For perspective, the Group's role covers both solution design and on-site implementation. OGX works closely with SI partners and end users to assess technical specifications, operational requirements, layout, and budget, before jointly proposing a tailored IT infrastructure solution, which is then followed by deployment, installation, and system integration at the end user's premises.

- ii. **Distribution of IT infrastructure products (11.6% of FPE 2026 revenue).** OGX is an authorised distributor for selected brands under its network of brand principals, distributing IT infrastructure products comprising hardware and software for network, cybersecurity, as well as enterprise data centre infrastructure.

- iii. **Product warranties and support services (10.3% of FPE 2026 revenue).** Additionally, OGX also sells product warranties and support services offered by its brand principals, as well as its in-house support services, to its SI customers.

OGX is led by Tan Suan Loong, the Group Managing Director, who is responsible for overseeing the overall strategic business direction, sales and marketing, business development, and business operations, and Poon Kaixin, the Chief Financial Officer, who oversees accounting, finance, tax and treasury, as well as human resources and administrative functions. They are supported by a team of senior management with deep expertise in their respective fields.

Fig #1 Business model



Source: OGX Group Berhad

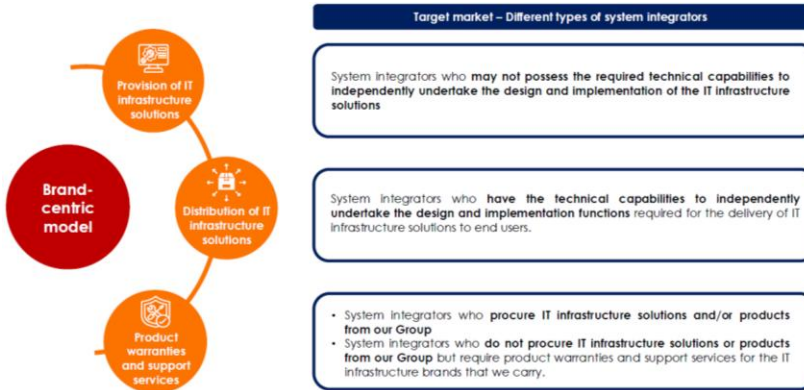


Fig #2 Brands offered under the belt



Source: OGX Group Berhad

Fig #3 Brands offered under the belt



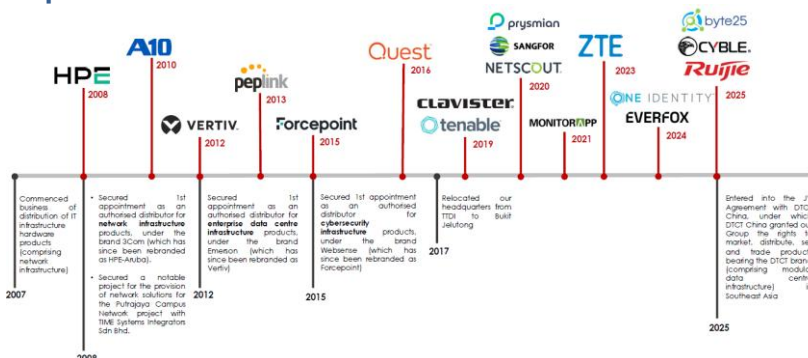
Source: OGX Group Berhad

Fig #4 Major customers

Customers	Type of customer	Type of products/ services provided by our Group	Length of business relationship as at the LFD (years)	FYE 2022		FYE 2023		FYE 2024		FYE 2025		FYE 2026	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
MII Technologies Sdn Bhd	SI Customer	Network and cybersecurity solutions and infrastructure products	7	3,171	3.83	5,359	4.46	^	^	^	^	11,407	10.78
Customer A group of companies	SI Customer	Network and cybersecurity solutions and infrastructure products	16	11,540	13.94	18,533	15.42	22,515	13.05	12,933	7.34	8,108	7.66
Angkatan Dinamik Sdn Bhd	SI Customer	Network, cybersecurity and enterprise data centre solutions and infrastructure products	7	^	^	^	^	^	^	^	^	6,432	6.08
Customer B	SI Customer	Cybersecurity solutions and infrastructure products	5	^	^	^	^	^	^	^	^	6,027	5.70
Edaran IT Services Sdn Bhd	SI Customer	Cybersecurity solutions and infrastructure products	12	-	-	-	-	-	-	-	-	5,897	5.57
Packel Data (M) Sdn Bhd	SI Customer	Cybersecurity solutions and infrastructure products	5	^	^	^	^	^	^	11,708	6.64	^	^
Customer C	SI Customer	Cybersecurity solutions and infrastructure products	6	^	^	13,301	10.84	14,775	8.57	8,998	5.10	^	^
Linear Online Sdn Bhd	SI Customer	Network solutions and infrastructure products	10	^	^	^	^	^	^	9,306	5.28	^	^

Source: OGX Group Berhad

Fig #5 Corporate milestones

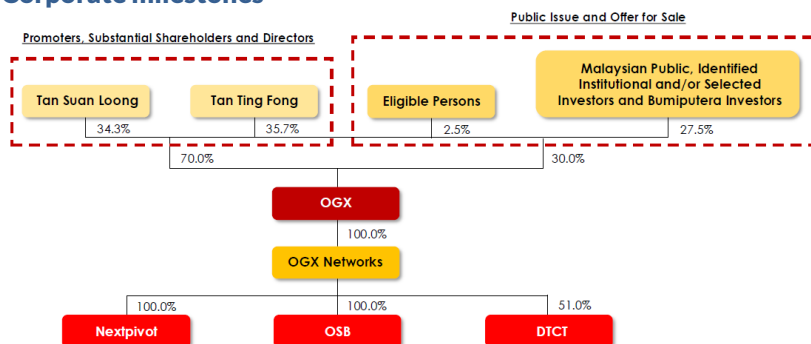


Source: OGX Group Berhad



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Fig #6 Corporate milestones



Source: OGX Group Berhad

Fig #7 Utilisation of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Acquisition and renovation of OGX's new facility	30.0	57.1%	Within 30 months
Expansion of OGX's portfolio of IT infrastructure brands	2.5	4.8%	Within 18 months
Geographical business expansion	2.0	3.8%	Within 24 months
Repayment of bank borrowings	4.5	8.6%	Within 3 months
Working capital	8.5	16.2%	Within 12 months
Estimated listing expenses	5.0	9.5%	Within 1 month
Total	52.5	100.0%	

Source: OGX Group Berhad

Fig #8 OGX's SWOT analysis

Strength	Weakness
<ul style="list-style-type: none"> Based on IMR, OGX's net margins, which are relatively above those of domestic companies that are authorised distributors and offer IT infrastructure solutions, or identify as distributors for the brands they carry, should reflect its operational efficiency and pricing power within the industry. Long-standing track record, which should bode well for its branding. 	<ul style="list-style-type: none"> OGX relies heavily on external brands for its IT infrastructure work, which the latter supplies under its brand-centric model. Authorized distributor agreements allow for marketing, distribution, and solution deployment, but termination or changes in terms could impact access, pricing, and sales targets.
Opportunity	Threat
<ul style="list-style-type: none"> Digitalisation and rising cybersecurity should drive steady IT infrastructure demand, underpinned by cloud storage and computing, increasing data traffic, as well as system modernisation across both private and public sectors. Increasing IT complexity underpinned by rapid development which begets standardisation and consolidation within myriad industry should benefit IT infrastructure solutions provider like OGX. 	<ul style="list-style-type: none"> Engagements with SI customers are project-based or one-off product transactions; hence, the lack of long-term contracts limits its revenue visibility. International developments, such as US tariffs and trade restrictions, may create economic uncertainty, delaying IT infrastructure projects and impacting business growth and expansion plans.

Source: M+ Research



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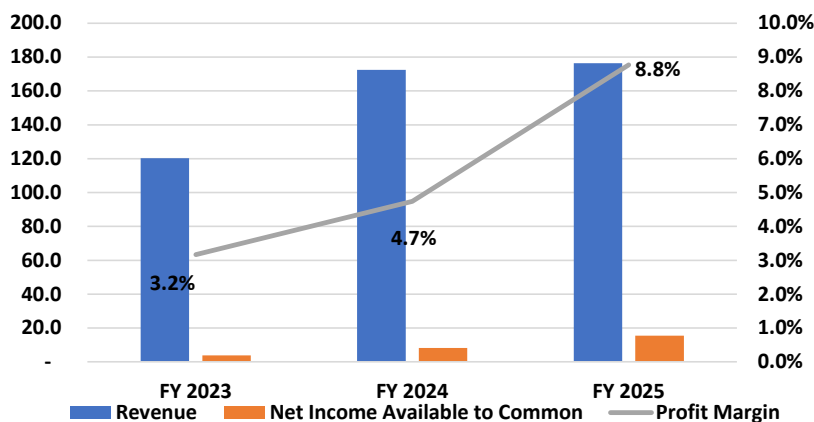
Financials and Valuations

Financial highlights. YTD, revenue increased by 58.0% YoY, primarily due to stronger demand for network solutions for FPE26, in tandem with the increase in the number of IT infrastructure solutions projects completed, rising from 63 in FPE25 to 68 in FPE26. Moreover, FPE26 projects were largely commands higher project value, as these involved the deployment of a larger quantity of network infrastructure products per project with longer implementation timelines. Its data centre segment is gaining traction as well, in tandem with growing demand across the DC value chain.

Balance sheet. OGX's net gearing stands at 0.29x as of the latest fiscal year. Moving forward, we expect OGX to be in a net cash position on a pro forma basis following the IPO proceeds.

Cash flows. Cash flows strengthened from FYE22 to FYE25, with operating cash rising to RM16.3m before moderating to RM6.3m in FPE26, which we expect to expand post-IPO proceeds. Investing flows were minimal, while financing activities reflected dividends, loan repayments, and invoice financing drawdowns. Cash balances grew steadily to RM37.9m in FPE26 from just RM842k in FYE22.

Fig #9 OGX's revenue



Source: OGX Group Berhad

Earnings Forecast. We expect the Group's earnings to grow by 51.0%/23.3%/13.8% over the next three financial years, on the back of:

- i. We see OGX in a sweet spot to benefit from the growing demand for cybersecurity as well as data center infrastructure, which its long track record should merit, as well as additional demand from its expansion plan in East Malaysia.
- ii. Moreover, we pencil in conservative margins of ~8.6%, given its flexibility in meeting a myriad of demands thanks to its wide range of brand offerings.

Valuations. We assign a fair value of RM0.50 per share for OGX, based on a P/E ratio of 13.0x pegged to FY27f EPS of 3.84 sen. While the pegged multiple is at a discount to our selected peer, INFOMINA, which is trading at forward and trailing P/Es of 20.2–33.3x, we believe the valuation is justified given OGX's smaller market capitalisation.



Fig #10 Peers comparison

Company Name	Ticker	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
OGX GROUP BHD	OGX	0.350	262.5	17.0x	11.2x	13.7	8.7
INFOMINA BHD	INFOM	1.190	715.5	33.3x	20.2x	13.7	10.8
Avg ex-OGX GROUP BHD			715.5	33.3x	20.2x	13.7	10.8

Source: Bloomberg, M+ Global Research

Investment Risks

Dependence on third-party brand offerings. OGX relies heavily on third-party brands it offers for IT infrastructure supply under its brand-centric model. Authorized distributor agreements allow for marketing, distribution, and solution deployment, but termination or changes in terms could impact access, pricing, and sales targets.

Absence of long-term contracts. Its revenue model with SI customers is largely project-based or one-off product transactions. The lack of long-term contracts limits revenue visibility, and variations in project margins mean securing high-margin repeat orders is critical to sustaining overall profitability.

Environmental, Social & Governance (ESG) Practices

Environmental

- The Group manages its electronic waste through licensed and certified vendors to ensure proper disposal and recycling; ensuring compliance with local environmental regulations and contributes to a circular, low-carbon digital economy.
- It also implements energy-efficiency measures such as server virtualisation, LED lighting, and intelligent energy monitoring systems to reduce electricity consumption and greenhouse gas emissions

Social

- The Group prioritizes a safe workplace environment by establishing a formal Safety and Health Committee responsible for workplace inspections, risk assessments, and incident reporting. This is underpinned by a commitment to safety training, including safety awareness briefings on emergency response, first aid, and screen time awareness.
- Moreover, the Group provides a comprehensive learning and development environment focusing on digital skills and leadership capabilities. It also promotes digital inclusion through CSR activities and encourages employee volunteering to support positive societal impact.

Governance

- The Group maintains a Whistleblowing Policy to offer secure and independent channels for confidential reporting, alongside an Anti-Bribery and Anti-Corruption Policy that complies with Section 17A of the MACC Act 2009.
- The Group's governance framework is fully committed to implementing all key policies required under the Listing Requirements and the Malaysian Code on Corporate Governance (MCCG). This includes a Corporate Disclosure Policy to ensure timely, accurate, and fair communication with the market and stakeholders



Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet						Income Statement					
FYE May (RM m)	FY24	FY25	FY26f	FY27f	FY28f	FYE May (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	15	21	73	74	84	Revenue	172	176	266	334	386
Receivables	33	43	55	69	79	EBITDA	14	25	35	43	49
Inventories	23	18	28	36	41	EBIT	13	24	34	41	47
PPE	14	14	18	27	36	Net finance income/ (cost)	(2)	(2)	(0)	(0)	(0)
Others	22	17	17	17	17	Associates & JV	-	-	-	-	-
Assets	107	114	192	223	257	Profit before tax	11	22	33	41	47
Debits	35	32	28	26	25	Tax	(3)	(7)	(10)	(12)	(14)
Payables	8	15	14	18	21	Net profit	8	15	23	29	33
Others	33	29	29	29	29	Minority interest	-	-	-	-	-
Liabilities	76	77	72	73	75	Core earnings	8	15	23	29	33
Shareholder's equity	31	37	120	149	182	Exceptional items	-	-	-	-	-
Minority interest	(0)	0	0	0	0	Reported earnings	8	15	23	29	33
Equity	31	38	121	149	182	Valuation & Ratios					
Cash Flow Statement						FYE May (RM m)	FY24	FY25	FY26f	FY27f	FY28f
FYE May (RM m)	FY24	FY25	FY26f	FY27f	FY28f	Core EPS (sen)	1.1	2.1	3.1	3.8	4.4
Profit before taxation	11	22	33	41	47	P/E (x)	32.1	17.0	11.2	9.1	8.0
Depreciation & amortisation	1	1	1	2	2	EV/EBITDA (x)	14.9	8.4	6.0	4.8	4.2
Changes in working capital	(7)	1	(22)	(18)	(14)	DPS (sen)	0.6	1.2	-	-	-
Share of JV profits	-	-	-	-	-	Dividend yield	1.8%	3.4%	0.0%	0.0%	0.0%
Taxation	(3)	(7)	(10)	(12)	(14)	BVPS (RM)	0.04	0.05	0.16	0.20	0.24
Others	12	(1)	57	0	(0)	P/B (x)	8.5	7.0	2.2	1.8	1.4
Operating cash flow	14	16	60	13	22	EBITDA margin	8.1%	14.2%	13.1%	12.9%	12.8%
Net capex	1	(1)	(5)	(11)	(11)	EBIT margin	7.7%	13.5%	12.6%	12.4%	12.2%
Others	0	1	-	-	-	PBT margin	6.6%	12.5%	12.6%	12.3%	12.1%
Investing cash flow	1	(0)	(5)	(11)	(11)	Net margin	4.7%	8.8%	8.8%	8.6%	8.5%
Changes in borrowings	1	(3)	(5)	(2)	(1)	ROE	27.9%	45.3%	29.6%	21.4%	19.8%
Issuance of shares	0	-	-	-	-	ROA	7.6%	14.0%	15.2%	13.9%	13.6%
Dividends paid	(3)	-	-	-	-	Net gearing	64.9%	29.4%	CASH	CASH	CASH
Others	(3)	(7)	-	-	-						
Financing cash flow	(4)	(10)	(2)	(2)	(1)						
Net cash flow	11	7	52	0	10						
Forex	(0)	0	-	-	-						
Others	-	-	-	-	-						
Beginning cash	5	15	21	73	74						
Ending cash	15	21	73	74	84						

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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

