Manforce Group Berhad (MFGROUP)

The Local Specialist in Foreign Workforce Management

- **Manforce Group Berhad is a leading Malaysian-based full-service workforce management solutions provider, principally engaged in (i) foreign worker management services, (ii) manual labour services and also (iii) hostel management services.**
- **We project 3-year earnings CAGR of 4.8%, with core PATMI expected to reach RM8.7m-12.2m over the next three years. This growth is underpinned by (i) MFGROUP's significant scale-up in both foreign worker management services and manual labour services, (ii) its pivot to more CLQs management and also (iii) Government's removal of recruitment quota applications.**
- **We assign a fair value of RM0.40 per share for MFGROUP, indicating a 5.3% upside from the IPO price of RM0.38. This valuation is based on P/E ratio of 14.5x pegged to the mid-FY28f EPS of 2.77 sen.**

Investment highlights

Significant scale-up in foreign worker management services. The Group is targeting to recruit an additional 5,000 foreign workers under customer quotas, which is a significant scale-up compared to its 3,961 foreign workers managed as at LPD. As revenue from the foreign worker management services is generated under 3-year fixed-term contracts, this could provide at least 3-year earnings visibility for the Group.

Expansion in manual labour services. Besides the 5,000 recruitments for foreign workers management services, the Group is also planning to expand its manual labour services by recruiting 1,000 additional foreign workers under its own recruitment quota. This would allow MFGROUP to capture demand from different sectors, including industrial cleaning, manufacturing support, and also construction-related activities.

Pivoting to more CLQs management. With stricter enforcement of the Employees' Minimum Standards of Housing (EMSHAA), demand for purpose-built Centralised Labour Quarters (CLQs) is rising. MANFORCE plans to manage third-party owned CLQs through service-based arrangements, utilizing a proprietary CLQ Management System to oversee facility usage and resident welfare.

Technological moat via "SmartApp" and AI. MFGROUP is also transitioning from a traditional labour provider to a tech-enabled management firm, whereby the Group will launch "SmartApp", an integrated platform for payroll (iPay) and worker tracking (MTS), paired with an AI scoring model to optimize worker-job matching and performance evaluation.

Structural demand with favourable policy. Following the Government's removal of the 31 March 2026 deadline for recruitment quota applications, MFGROUP demonstrated rapid operational agility by assisting customers in submitting 5,260 applications. This immediate demand serves as a front-loaded pipeline for future labour service revenue and management fees.

IPO Note – Not rated

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

Non-Rated

Share price	**RM0.38**
Target price	**RM0.40**
Previous TP	-
Capital upside	5.3%
Dividend return	-
Total return	5.3%

Company profile

Started since 2005, Manforce Group Berhad is primarily involved in the provision of (i) foreign worker management services, (ii) manual labour services, and also (iii) hostel management services.

Stock information

Bursa Code	0450
Bloomberg ticker	MFGROUP MK
Listing market	ACE
Share issued (m)	400.0
Market Cap (m)	152.0
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders

	%
Dato' Wong Boon Ming	58.4
Datin Lim Gun Kiau	6.8

Earnings snapshot

FYE (Feb)	FY25	FY26f	FY27f
PATMI (m)	10.6	8.7	10.0
EPS (sen)	2.6	2.2	2.5
P/E (x)	14.3	17.5	15.2

Timetable of IPO

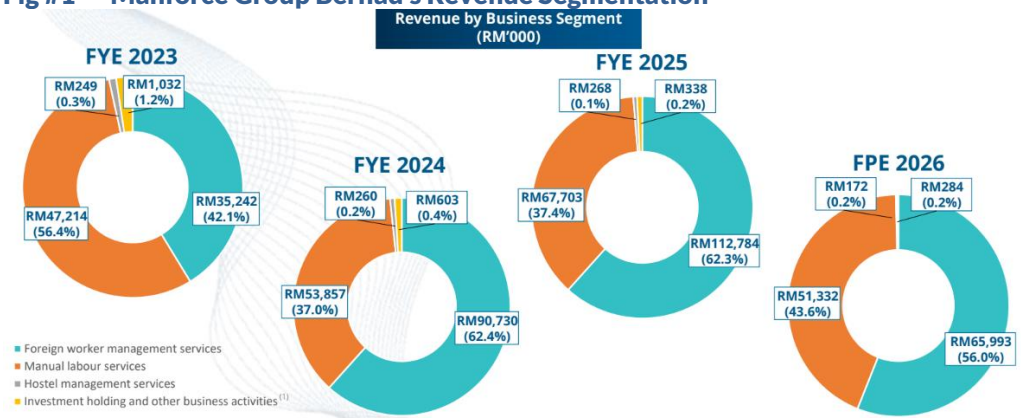
Opening of application	15 April
Closing of application	21 April
Balloting of application	24 April
Allotment of the IPO shares	4 May
Listing on the ACE market	6 May

Company background

Started since 2005, Manforce Group Berhad is an investment holding company that, through its subsidiaries, operates as a comprehensive workforce management service provider in Malaysia. The Group's operations are primarily divided into four key segments:

i. **Foreign worker management services.** Provision of human resources, payroll, administrative support, training, welfare, and immigration-related services for foreign workers employed under customers' recruitment quotas.
ii. **Manual labour services.** Provision of manual labour for sectors such as cleaning, sanitising, manufacturing, and construction by utilizing local workers and foreign workers recruited under the Group's own quota.
iii. **Hostel management services.** Provision of hostel management and operation services for customers' foreign workers, including maintenance, repairs, and security.
iv. **Investment holding and other business activities.** The rest of the revenue comes from the provision of complementary services including one-off recruitment services, remittance services, and the sale of general insurance products (particularly foreign workers insurance), as well as receiving dividend income from investments.

Fig #1 Manforce Group Berhad's Revenue Segmentation



Source: Manforce Group Berhad

Substantial Shareholders and Key Management

1. Dato' Wong Boon Ming– Managing Director
Dato' Wong is responsible for the Group's strategic corporate direction and overseeing all business operations. He has accumulated more than 27 years of experience in the foreign worker management services market and has spearheaded the Group's growth since 2005. He serves as the Director of the Human Resource Development Group for the Negeri Sembilan Chinese Chamber of Commerce and Industry and has held honorary advisor roles for several associations.

2. Chin Kok Weng – Finance Director
A member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants with approximately 28 years of experience in accounting and finance. He joined the Group in 2012 and oversees the Group's overall financial strategy, risk management, and investor relations. His background includes roles at Horwath Mok & Poon and Inmagine Sdn Bhd.

3. Lim Ket Keong – Chief Operation Officer
He is responsible for designing and implementing business operations, site safety, and overseeing company performance. He possesses approximately 25 years of experience in operations management and strategic planning. An economics graduate from Universiti Putra Malaysia, he previously served as the General Manager of IMI Supplies Sdn Bhd and was the director who acquired MRSB in 2004.

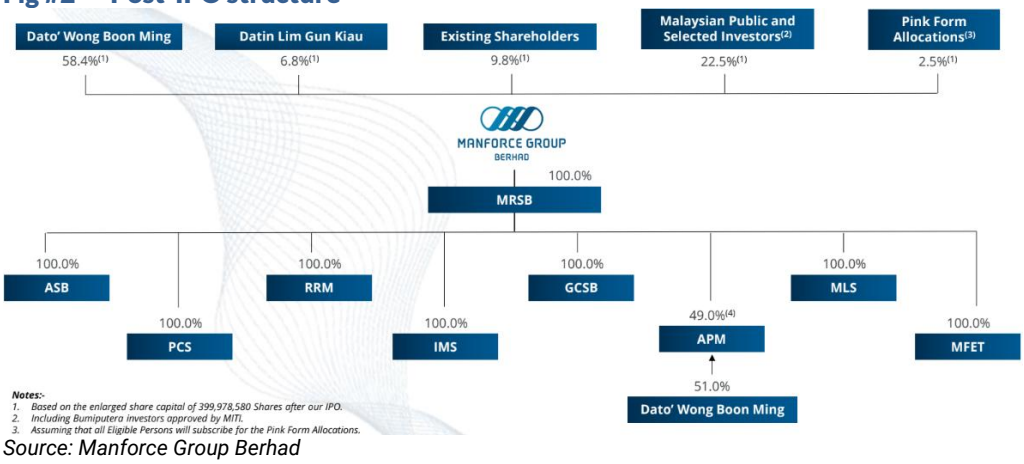
4. Wong Chen An – Head of Sales and Marketing
He is responsible for identifying new clientele and executing sales strategies to increase market coverage in the foreign worker management industry. With more than 15 years of experience in sales and marketing, he joined the Group in 2012 and holds an MBA from the University of Gloucestershire. He previously held leadership positions at Secure Corporate Services and HRO Vision.

5. Ng Chee Kiong – Head of Recruitment and Administration
He oversees the foreign worker recruitment process and coordinates with overseas business partners in various source countries. He joined the Group in 2015 and developed extensive operational experience through prior roles at Base-wel Industrial Supplier, Secure Corporate Services, and MNC Hardware Trading. He was redesignated to his current position in 2025.

6. Wong Chew Li – Head of Account
Responsible for leading the Group's accounting operations, financial reporting, and compliance with regulatory requirements. She joined the Group in 2011 and holds a Bachelor of Arts in Accounting and Finance from the University of Greenwich. She progressed through multiple senior finance and management roles within the Group before her promotion to Head of Account in 2022.

7. Loh Siau Vun – Head of Human Resources
She oversees the Group's human resource strategy, including payroll management, recruitment, and employee engagement. She has 15 years of experience across various industries and joined the Group in 2019. Her background includes senior human resource roles at Kinta Riverfront Hotel & Suite and BP Healthcare group, where she managed payroll for over 800 employees.

Fig #2 Post-IPO structure



Source: Manforce Group Berhad

Fig #3 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Business expansion through new recruitment quotas	14.7	48.5	Within 48 months
Enhancement of IT operational system	4.6	15.3	Within 24 months
Working capital	6.3	20.8	Within 24 months
Estimated listing expenses	4.7	15.4	Within 3 months
Total	30.4	100.0	

Source: Manforce Group Berhad

Business overview

Foreign worker management services (56.0% of FPE26 revenue)
The Group's primary revenue stream involves providing comprehensive end-to-end management solutions for foreign workers employed under customer recruitment quotas. Operating under minimum three-year contract terms, the Group manages all HR, payroll, and immigration-related processes while providing advance payment of fees for regulatory fees, such as levies and insurance, which are not subject to any interest or markup. These advance payments are included in the service package and recoverable via monthly fees charged by MFGROUP.

Manual labour services (43.6% of FPE26 revenue).
This segment provides labour solutions for the services, manufacturing, and construction sectors utilizing workers employed under the Group's own recruitment quota. Services range from specialized high-rise facade and industrial cleaning to manual labour for automotive and F&B production lines. Labor is deployed on either a one-year contractual basis or project-specific timelines for construction activities.

Hostel management services (0.2% of FPE26 revenue).
The Group provides essential welfare infrastructure by managing worker accommodations in strict compliance with the EMSHAA requirements. Responsibilities include overseeing facility maintenance and repairs, settling utility bills and managing licensed security providers to ensure safe living environments. This specialized segment allows customers to outsource accommodation oversight without the Group entering into direct tenancy agreements with landlords.

Investment holding and other business activities (0.2% of FPE26 revenue).
This segment encompasses complementary ancillary services, including one-off recruitment placements, remittance referrals for third-party providers and acting as a registered agent for the sale of foreign worker insurance products. Revenue is further supplemented by dividend income generated from the Group's strategic investments in quoted equity securities.

Fig #4 Principal business activities and services provided

Business Segments	Foreign Worker Management Services	Manual Labour Services	Hostel Management Services	Investment holding and other business activities
Products and Services	• Human resources, administrative, and immigration related processes • Accommodation and transportation • Banking access • Basic training • Connecting customers with source countries/ Foreign Partners • Insurance claims • Foreign workers' support • Medical examination and treatment • Payroll management • Regulatory matters • Renewal and extension of work permits	• Provision of manual labour services such as cleaning and sanitizing, manufacturing and construction related services	• Hostel management, maintenance and repair, and security	• Sale of general insurance products, especially foreign workers insurance • Remittance services • One-off recruitment services
Customer Segments	Manufacturing, services and construction sectors (primarily in F&B, retail, consumer goods, healthcare, property and automotive industries)			
Geographical Segments	Peninsular Malaysia			

Source: Manforce Group Berhad

Financials

Revenue and income highlights. The group reported a minor revenue reduction of RM1.4m (1.2% YoY), decreasing from RM119.2m in FPE25 to RM117.8m in FPE26, mainly due to the decrease in revenue contribution from foreign worker management services segment. Revenue from the foreign worker management services segment decreased from RM75.5m in FPE25 to RM66.0m in FPE26, as the total average number of foreign workers managed decreased from 4,426 persons for FPE25 to 3,922 persons for FPE26. However, the decline was partially offset by the manual labour services segment, which increased from RM43.3m in FPE25 to RM51.3m in FPE26, supported by the revision in overall fees charged following in the increase in monthly minimum wage to RM1700 gazetted by the Government. Revenue was hostel management services remained consistent at ~RM0.18m while investment holding and other business activities increased from RM0.2m to RM0.3m during the same period. Following the decrease in revenue, core PAT attributed to owners of the company also saw a decline from RM7.6m in FPE25 to RM5.5m in FPE26.

Balance sheet. Total assets increased from RM67.8m in FY25 to RM72.6m in FPE26, mainly driven by the increase in trade and other receivables and also contract assets. However, total liabilities decreased marginally from RM30.7m to RM30.2m over the same period, as there was a reduction in loans and borrowings. Meanwhile, total equity increased from RM37.1m to RM42.4bn, thanks to the increase in borrowings. The group was in a net cash position prior to listing.

Cash flow. As there was a reduction PBT, net cash from operating activities declined from RM10.5m in FPE25 to RM5.3m in FPE26. Meanwhile, cash flow used in investing activities increased from RM0.1m in FPE25 to RM0.5m in FPE26, mainly due to the increase in purchase of property, plant and equipment. Cash flow from financing activities recorded a higher outflow of RM4.0m in FPE26 compared with RM2.8m in FPE25, as the group incurred a repayment of revolving credits and also increase in repayment of term loans. Overall, the group continued to generate healthy cash flows, with a net increase of RM0.8m in cash and cash equivalents.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 4.8%, with core PATMI expected to reach RM8.7m, RM10.0m and RM12.2m over the next three years. This growth is underpinned by (i) MFGROUP's significant scale-up in both foreign worker management services and manual labour services, (ii) its pivot to more CLQs management and also (iii) Government's removal of recruitment quota applications.

Fig #5 Financial Highlights

FYE Feb (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	145.5	181.1	176.8	197.4	231.3
EBITDA	10.5	15.6	13.6	15.7	19.0
EBIT	9.7	14.6	12.3	14.0	16.9
PBT	8.6	13.6	11.4	13.2	16.0
PAT	5.9	10.2	8.7	10.0	12.2
PATMI – Core	5.9	10.6	8.7	10.0	12.2
PATMI – Reported	5.9	10.6	8.7	10.0	12.2
% change YoY – Core PATMI	146%	80%	-18%	15%	22%
Core EPS (sen)	1.5	2.6	2.2	2.5	3.0
P/E (x)	25.9	14.3	17.5	15.2	12.5
EV/EBITDA (x)	12.8	8.6	9.9	8.5	7.1
DPS (sen)	1.1	-	-	-	-
Yield (%)	3%	0%	0%	0%	0%
BVPS (RM/share)	0.1	0.1	0.2	0.2	0.2
P/B (x)	5.7	4.1	2.0	1.8	1.6
ROE (%)	25%	33%	15%	12%	13%
Net Gearing (x)	0.4	0.1	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM0.40 per share for MFGROUP, indicating a 5.3% upside from the IPO price of RM0.38. This valuation is based on a P/E multiple of 14.5x pegged to mid-FY28f EPS of 2.77 sen.

While there are no direct peers listed on Bursa Malaysia, we benchmarked MFGROUP against its regional peers listed on the Singapore Exchange, including Centurion Corporation Limited and HRnetGroup Limited. The former serves as a provider of purpose-built workers' and students' accommodation assets, while the latter is principally involved in personnel recruitment and the provision of human resource-related services.

Hence, given that its peers are trading at P/E multiples between 13.3x and 15.2x, we believe the assigned P/E multiple of 14.5x is fair.

Fig #6 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
Manforce Group Berhad	**ACE**	**Feb**	**0.38**	**152.0**	***14.3**	****15.2**	***32.9**	***5.9**
Centurion Corp Ltd	SGX	Dec	5.17	4,338.7	12.2	15.8	9.6	40.7
HRnetgroup Ltd	SGX	Dec	2.35	2,298.8	14.4	14.5	13.1	8.8
Avg ex-Manforce Group Berhad				**3,318.7**	**13.3**	**15.2**	**11.4**	**24.7**

Source: M+ Research (*FY25, **FY27f)

Investment risks

Dependency on exclusive marketing agents. The Group relies on Exclusive Marketing Agents to secure customers for its foreign worker management and manual labour services. These agents are independent entities, not employees, and there is no assurance they will comply with all laws or contractual obligations.

Dependency on foreign partners. The Group relies on Foreign Partners to source, recruit, and match candidates with job requirements. These partners are responsible for joint screening processes and managing the necessary documentation within source countries. However, there is no assurance that these partners can secure enough workers or ensure work quality.

Dependency on the quality of foreign workers. The Group specializes in matching skilled and reliable workers with employers, but the availability of suitable foreign workers is impacted by the recruitment of the right fit from source countries. Despite training and skill assessments, factors such as cultural differences, language barriers, and varying levels of experience can influence individual performance and efficiency.

Risk of abscondment of foreign workers. The Group is exposed to the risk of foreign workers absconding due to challenges in cultural adaptation, poor working environments, wage disputes, or the pursuit of alternative opportunities, necessitating the filing of police reports and notification of the Immigration Department of Malaysia. Frequent occurrences could damage its reputation and service quality perception, potentially hindering the renewal of existing contracts or the acquisition of new customers.

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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