Emerging Leader in Power Solutions

EI POWER BERHAD **Fair Value: RM0.60 (25%)**

Company Description

EI Power Berhad ("EIP") is principally involved in the Engineering, Procurement, Construction, and Commissioning ("EPCC") of mission-critical, conventional, and renewable energy power solutions. The Group was co-founded in 2010 – specialises in diesel generation and fuel distribution systems as well as solar PV systems – serving data centres, semiconductor plants, and commercial buildings. Data centre projects accounted for 86.3% of FYE 2025 revenue. EIP is also backed by OCK Group Berhad as its shareholder.

Investment Highlight

- **Riding the Data Centre Super-Cycle**: EIP is a direct beneficiary of Southeast Asia's hyperscale data centre boom. Tech giants including Google, Microsoft, AWS, ByteDance, and Nvidia are pouring multi-billion-dollar investments into Malaysia's data infrastructure, particularly in Johor and Cyberjaya. As a specialist EPCC provider for Tier III and IV mission critical power systems, the Group occupies a strategic niche in this structural growth theme that is projected to last 5–10 years.
- **Phenomenal Dual Margin Expansion:** EIP deliberates strategic pivot from low-margin conventional power projects to high-value mission critical data centre contracts has produced remarkable results. Gross profit margin expanded from 16.4% in FYE 2022 to 40.1% in FYE 2025, while net profit margin surged from 7.4% to 25.0% over the same period. This dual margin expansion demonstrates management's execution quality and the superior economics of mission critical specialisation.
- **Dominant Market Share in Malaysia's Hottest Data Centre Cluster:** The Group commands 66.7% of the data centre power engineering market share in Kulai district – Malaysia's fastest-growing data centre hub – m and 30.8% across the entire Johor state. This entrenched position, supported by a track record of 146 completed projects and CIDB G7 certification, creates a high barrier to entry for competitors and provides a defensible moat in the region attracting the heaviest investment.
- **Strong Institutional Backing from OCK Group Berhad:** OCK Group Berhad, a Main Market-listed telecommunications infrastructure company, holds approximately 51% of EIP post-IPO via Energy Ikon Sdn Bhd. This strategic shareholding lends institutional credibility, opens potential technical synergies in infrastructure deployment, and ensures a proven corporate governance framework from day one of listing. The relationship strengthens EIP's corporate profile for large-scale client engagements.

Valuation / Recommendation

We derive a fair value of RM0.60 based on 15.12x multiple to its FYE2027F EPS of 3.97sen. The initial public offering ("IPO") aims to raise approximately RM62.2 million ("mn") from the public issue of 129.5mn new shares. A total of 51.35% is allocated for capital expenditure, 40.16% will be used for working capital, while the remaining 8.49% is allocated for listing expenses.

The current ratio remains healthy at 1.70x (FYE2025), indicating the Group's ability to meet short-term obligations. Driven by the strong tailwind in the Southeast Asia's hyperscale data centre boom. As Malaysia is one of key players in the industry, thus, empowers strong future-growth for the Group.

IPO TIMELINE	
Opening Date	21 Apr 2026
Closing of Application	6 May 2026
Listing Date	21 May 2026
IPO Price (RM)	0.48
Expected Return	25.00%
Market/ Sector	Utilities
Bursa Code	0453

IPO Details	Shares(mn)
Offer for Sale	70.00
Public Issue	129.50
Enlarged share	700.00
	RM(mn)
Market Cap	336.00
Shariah compliant	Yes

Substantial Shareholders	Shares(mn)	(%)
Energy Ikon Sdn Bhd	357.00	51.00
Siew Wei Foo	80.08	11.40
OCK Group Berhad	46.06	6.60

Utilisation of IPO Proceeds	RM(mn)	(%)
Acquisition and setup of new headquarters cum w	18.26	29.37
Capital expenditure for the installation of building	10.00	16.09
Establishment of an office in Thailand	1.38	2.22
Establishment of a branch office cum warehouse	2.29	3.68
Working capital	24.96	40.16
Estimated listing expenses	5.28	8.49
Total	**62.16**	**100.00**

Allocation	Shares(mn)	(%)
Public Issue		
Malaysian Public via balloting process:		
• Public investors	17.50	2.50
• Bumiputera public investors	17.50	2.50
Eligible Directors	2.20	0.31
Eligible employees	2.80	0.40
Persons who have contributed to the success of Group	12.50	1.79
Entitled Shareholders of OCK via Restricted Offering	14.00	2.00
Private placement to Bumiputera investors approved by MITI	63.00	9.00
Subtotal	129.50	18.50
Offer for sale		
Private placement to Bumiputera investors approved by MITI	24.50	3.50
Private placement to selected investors	45.50	10.00
Subtotal	70.00	13.50
Total	**199.50**	**28.50**
Total enlarged share capital upon listing	**700.00**	

Key Financial Summary

FYE Dec (RMmn)	2024A	2025A	2026F	2027F	2028F
Revenue	50.44	77.40	102.38	131.39	**156.38**
Gross Profit	15.04	31.02	40.95	45.99	**51.61**
Pre-tax Profit	12.01	25.62	33.81	36.81	**40.69**
Core Net Profit	9.06	19.35	25.53	27.80	**30.73**
Core EPS (Sen)	1.29	2.76	3.65	3.97	**4.39**
P/E (x)	37.10	17.37	13.16	12.08	**10.93**
DPS (Sen)	0.43	2.00	0.43	0.00	**0.00**
Dividend Yield (%)	0.89	4.17	0.89	0.00	**0.00**

Source: Company Prospectus, S&P Global, Eco Asia Research Estimates
EPS, P/E and DPS from 2024A to 2025A (pre-IPO) are on pro-forma basis for comparative purposes only.

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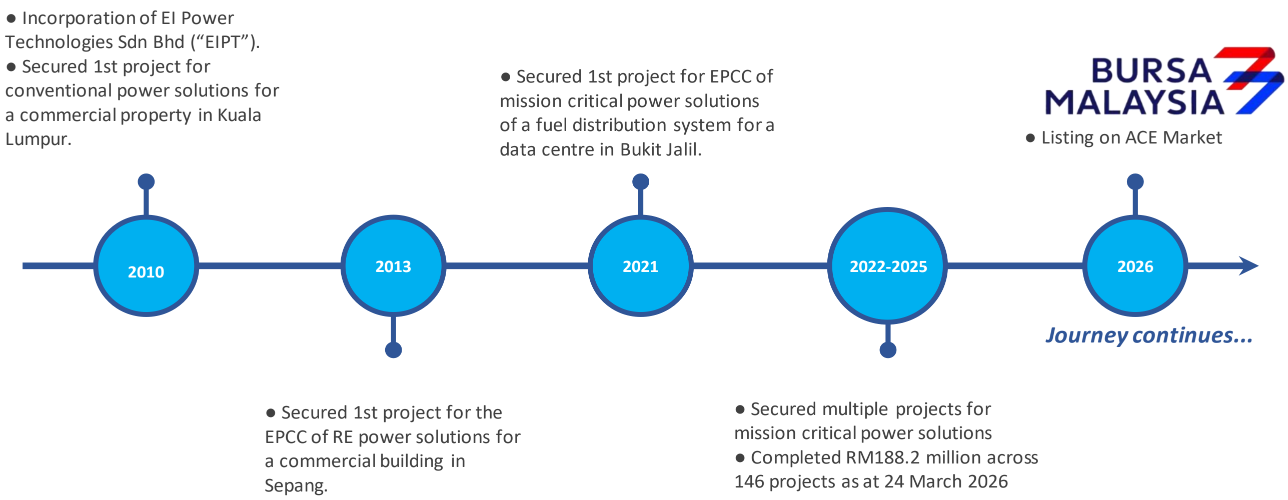
Company Background

EIP was incorporated in Malaysia on 14 May 2025 as a private limited company under the name EI Power Sdn Bhd (Registration No. 202501021195). On 18 August 2025, the Company was converted into a public limited company and assumed its present name. The Group serves as the investment holding company for the Group, with EI Power Technologies Sdn Bhd (incorporated 3 September 2010) as its principal operating subsidiary in Malaysia. Below are its key milestones in history and development.

Key Milestones



Source: Company Prospectus

Business activities

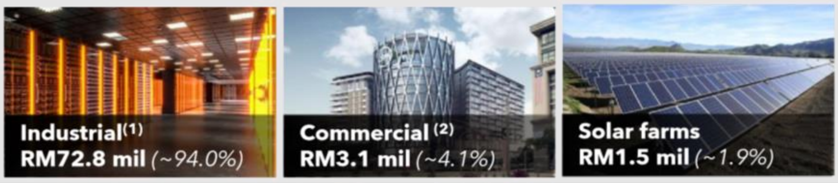
The Group's business activities comprise the following three principal segments:

1. **Mission Critical Power Solutions:** EPCC of large-scale, complex power generation and fuel distribution systems for data centres and semiconductor plants. This is the EIP's fastest-growing and highest-margin segment, contributing 86% of FYE 2025 revenue. Solutions include Tier III/IV diesel generation systems, fuel storage and distribution networks, control panels, and switchgear for facilities requiring uninterrupted power supply.
2. **Conventional Power Solutions**: EPCC of diesel generation and fuel distribution systems for commercial, industrial, and residential buildings – including manufacturing facilities, hospitals, and office buildings. This is the Group's founding business segment and provides a stable baseline revenue contribution supporting overall financial resilience.
3. **Renewable Energy Power Solutions**: EPCC of rooftop and utility-scale solar photovoltaic ("PV") systems for commercial/industrial buildings and solar farms. This segment is aligned with Malaysia's National Energy Transition Roadmap ("NETR") and growing corporate demand for Environmental, Social, and Governance ("ESG") compliance and clean energy adoption.

Business model summary

Principal business activities	Power engineering firm principally involved in the EPCC of:		
Business segments	1 Mission critical power solution	2 Conventional power solutions	3 Renewable energy power solutions
	• Industrial buildings (mainly data centres)	• Commercial buildings • Industrial buildings (mainly manufacturing facilities) • Residential buildings	• Commercial buildings • Industrial buildings • Solar farms
Systems	Diesel generation and fuel distribution systems		Solar PV systems
Our customers	Main contractors and project owners		
Principal market	Malaysia	Thailand (futureexpansion plan)	

Key industries served



(1) Comprises data centres, manufacturing facilities and warehouses
(2) Comprises shopping malls, office buildings, educational buildings, hospital buildings, theme park and hotel building as well as serviced apartments

**Based on FYE 2025 revenue*

Source: Company Prospectus

Business Segments

Mission critical power solutions

86.3% revenue*

Serves facilities such as:
• data centres; and
• facilities that are core to the operations of organisations.

Conventional power solutions

6.9% revenue*

Serves commercial, industrial buildings and residential buildings.

Both are diesel generation & fuel distribution systems

RE power solutions

6.8% revenue*

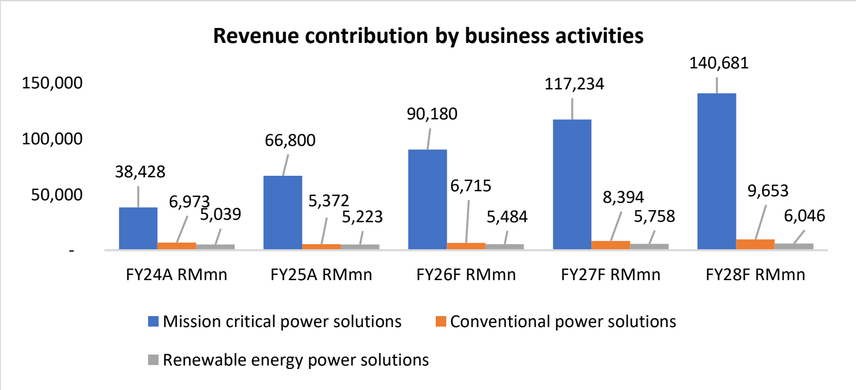
These solutions rely on natural resources that are green to generate electricity for commercial, industrial buildings, and solar farms

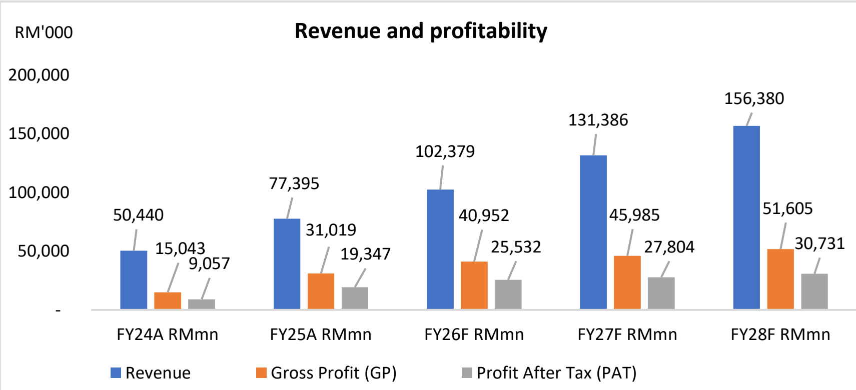
Solar PV systems

Source: Company Prospectus

Revenue and Profitability

The Group's revenue from FYE2024 to FYE2025 was mainly derived from the Mission critical power solutions segment, which accounted around 86.00% of its total revenue (as of FYE2025). The following shows revenue contributions by business activities as well as the revenue and profitability from FYE2024A to FYE2025A, FYE2026F, FYE2027F and FYE2028F:





Future Plans and Strategies

1) **New Headquarters & Warehouse in Selangor:** Acquiring a 12,000–16,000 sq ft permanent industrial property in Shah Alam, tripling current capacity from the existing 5,821 sq ft rented facility. Strategy: Strengthen the asset base, improve logistics efficiency, and elevate corporate image for larger-scale client engagements.
2) **Building Energy Efficiency Systems:** Launching chiller plant optimisation system, air handling and fan coil unit upgrades in air-conditioning system under a saving-sharing model over 10-15-year contract, and smart light-emitting diode lighting system. Strategy: Transition from purely project-based revenue to incorporating recurring income streams. Revenue targeted from the second half of 2026.
3) **Regional Expansion in Thailand:** Setting up a Bangkok office to capture mission critical and conventional power opportunities in Thailand's expanding data centre market. Four EPCC tenders worth ~THB620M already submitted. Strategy: Diversify geography and reduce single-market concentration risk.
4) **Southern Hub Johor Branch:** Establishing an 8,500 sq ft branch office cum warehouse in Johor, which contributed 51.4% of FYE 2025 revenue. Strategy: Reduce response time for the Kulai-Sedenak data centre corridor and capture new opportunities in Johor and Melaka.

Key Risks

Extreme Customer Concentration: EIP's top 5 customers contributed 84.4% of FYE 2025 revenue, with a single client – CCIE Engineering – alone accounting for 49.5% of total sales. This level of customer concentration creates material dependency risk. The loss of, or significant reduction in orders from, any major customer – particularly the largest – would have a substantial adverse impact on the Group's revenue, profitability, and overall financial stability.

Raw Material Price Volatility: Material purchases comprising steel-based products, copper cables, generator sets, and fuel tanks constitute approximately 78.8% of the Group's cost of sales in FYE 2025. Under fixed-price EPCC contracts – any significant increases in global steel or copper prices could compress profit margins materially – if the Group is unable to negotiate price adjustments or pass-through clauses with customers during contract execution.

Project Execution & Liquidated Damages ("LAD") Exposure: Data centre projects demand strict adherence to delivery timelines. Delays arising from subcontractor underperformance, supply chain disruptions, or logistical challenges may trigger LAD claims of up to 10% of contract value. Such penalties could significantly erode individual project profitability and damage the Group's reputation with key clients critical for repeat business.

Sector Cyclicality & Government Policy Dependency: Demand for EIP's services is closely tied to data centre investment cycles and government policies supporting digital infrastructure, renewable energy, and foreign direct investment. Changes in tax incentives, power tariff adjustments, or a global slowdown in tech capital expenditure could reduce the project pipeline and adversely affect revenue growth momentum in the medium term.

Industry Outlook

Malaysia's power engineering industry, measured by EPCC expenditure on power solutions, is projected to expand from RM4.9 billion ("bn") in 2025 to RM5.6bn by 2027, reflecting a 2-year Compound Annual Growth Rate ("CAGR") of 6.9%. This growth is firmly anchored by the nation's accelerating data centre boom. Between 2021 and June 2025, the local government approved 143 data centre projects representing nearly RM144.4bn in total committed investment. Johor's data centre capacity alone surged dramatically from just 10 Megawatt ("MW") in 2021 to 1.3 Gigawatt ("GW") by end-2024 – with projections indicating further growth to 2.7 GW by 2027.

The Malaysian government has demonstrated strong commitment to the digital economy through Budget 2026, which allocated RM5.9bn to strengthen the country's Artificial Intelligence ("AI") sector and data centre capabilities. Policy frameworks including the National Energy Transition Roadmap ("NETR"), MyDIGITAL blueprint, National Sustainable Data Centre Framework, and Corporate Green Power Programme collectively create a favourable regulatory environment. These support sustained demand for power engineering solutions. Global hyperscalers – Google, Microsoft, AWS, and Nvidia – have committed multi-billion-dollar investments in Malaysian facilities, signalling long-term confidence in the country as a regional digital hub. The continued expansion of semiconductor manufacturing, 5G deployment, and Internet of Things ("IoT") adoption further reinforces the structural demand outlook for mission critical and conventional power engineering services.

DEFINITION OF RATINGS

Eco Asia Investment Advice uses the following rating system:

STOCK RECOMMENDATION

BUY Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.

TRADING BUY Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.

HOLD Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.

TRADING SELL Share price may fall by more than 15% in the next 3 months.

SELL Share price may fall by more than 10% over the next 12 months.

NOT RATED Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months

NEUTRAL The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months

UNDERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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