

Empowering Communities Through Quality Infrastructure

PMW INTERNATIONAL BERHAD

Fair Value: RM0.39 (14.71%)

Company Description

PMW International Berhad ("PMW") is primarily engaged in the trading of construction materials, spun poles, and piles; the manufacturing of spun poles, piles, moulds, machinery, and metal products – as well as the rental of moulds and machinery. The Group has an established track record of approximately 33 years. It operates four manufacturing facilities located in Ipoh, Perak, and Kota Kinabalu, Sabah, serving customers throughout Peninsular and East Malaysia.

Investment Highlight

- **Strong customer base for sustaining growth:** Over 33 years of industry experience since 1992, with a proven record in both domestic and export markets including Indonesia, Nigeria, Oman, Poland, Saudi Arabia, the USA, and the Philippines. As at financial year ended ("FYE") 2023, PMW maintained an active customer base of approximately 331 customers, providing a solid foundation for sustained growth.
- **Long-term growth driven by the ongoing industry demand:** Demand for concrete poles and piles is supported by Malaysia's ongoing construction growth, with the value of utility project works expanding at a Compound Annual Growth Rate ("CAGR") of 31.4% between 2022 and 2024, reaching RM24.0 billion ("bn") in 2024. Hence, underpins long-term industry demand, anchors the Group's future positive growth.
- **Capitalising on growth from major electricity players:** Tenaga Nasional Berhad ("TNB") capital expenditure grew at a 12.3% CAGR (2022–2024) from RM8.9bn to RM11.2bn – reflecting strong investment in supply reliability, energy transition, and distribution network expansion. This meets the projected electricity demand growth and facilitating the energy transition, hence boosts the demand for concrete poles firmly.
- **Opportunities from Sabah's strong infrastructure budget:** PMW stands to benefit from strong infrastructure tailwinds in Sabah (7% YoY increase in federal allocation to MYR6.9bn – Budget 2026), including MYR1.2bn for electricity supply improvements, driving steady demand for concrete poles. The Group's expansion into foundation piles positions it to capture opportunities from major projects like the Pan-Borneo Highway and Jalinan Digital Negara ("JENDELA") Phase 2 (4Q25).
- **Benefiting from massive RM143bn infrastructure projects:** Malaysia's pipeline of infrastructure projects valued at approximately RM143bn – which are including the Pan Borneo Highway, ECRL-Port Klang Link, Sarawak International Airport, and state-level development budgets – is expected to drive demand for piling, foundation, and utility structures, positioning PMW to capitalise on infrastructure-driven growth.

Valuation / Recommendation

We derive a fair value of RM0.39 based on 12.12x multiple to its FYE2026F EPS of 3.23sen. The initial public offering ("IPO") aims to raise approximately RM60.66 million ("mn") through the issuance of 178.40mn new shares. A total of 77% is allocated for construction of new facilities, 9% and 1% will be used for working capital requirement and purchase of new machinery and equipment respectively. The remaining 13% will be utilised for listing expenses.

The current ratio remains healthy at 1.70x (FYE2024), indicating the Group's strong ability to meet short-term obligations. Supported by robust domestic demand, we anticipate continued strong growth for the Group moving forward.

IPO TIMELINE

Opening Date	28 Oct 2025
Closing Date	6 Nov 2025
Listing Date	18 Nov 2025

IPO Price (RM)	0.34
Expected Return	14.71%
Market/ Sector	Industrial products & services
Bursa Code	0379

IPO Details	Shares(mn)	RM(mn)
Offer for Sale	89.21	
Public Issue	178.41	
Enlarged share	892.05	
Market Cap		303.30
Shariah compliant		Yes

Substantial Shareholders	Shares(mn)	(%)
Lee United Holding	558.21	62.58
JR Silverline	66.23	7.42

Utilisation of IPO Proceeds	RM(mn)	(%)
Capital expenditure	47.29	77.96
Working capital requirements	5.70	9.39
Estimated listing expenses	7.68	12.65
Total	60.66	100.00

Allocation	Shares(mn)	(%)
<u>Public Issue</u>		
Malaysian Public via balloting process:		
• Public investors	22.30	2.50
• Bumiputera public investors	22.30	2.50
Eligible Directors	0.28	0.03
Eligible employees	10.40	1.17
Persons contributed to the success of Group	11.62	1.30
Private placement to Bumiputera investors approved by MITI	111.51	12.50
Subtotal	178.41	20.00

<u>Offer for sale</u>		
Private placement to selected investors	89.21	10.00
Subtotal	89.21	10.00
Total	267.62	30.00
Total enlarged share capital upon listing	892.05	

Key Financial Summary

FYE Apr (RMmn)	2023A	2024A	2025F	2026F	2027F
Revenue	134.87	165.34	183.19	209.05	230.76
Gross Profit	23.09	28.15	39.19	44.72	49.37
Pre-tax Profit	21.35	23.67	34.23	39.07	43.12
Core Net Profit	15.53	17.44	25.23	28.79	31.78
Core EPS (Sen)	1.74	1.96	2.83	3.23	3.56
P/E (x)	19.53	17.39	12.02	10.54	9.54
DPS (Sen)	0.81	2.33	0.00	0.00	0.00
Dividend Yield (%)	2.37	6.84	0.00	0.00	0.00

Source: Company Prospectus, S&P Global, Eco Asia Research Estimates
EPS, P/E and DPS from 2023A to 2024A (pre-IPO) are on pro-forma basis for comparative purposes only.



Company Background

PMW was incorporated in Malaysia under the Act on 23 January 2024 as a private limited company under the name of PMW International Sdn Bhd. The Group was then converted into public limited company and assumed its present name on 7 March 2025. Below are the key milestones in its history and development.

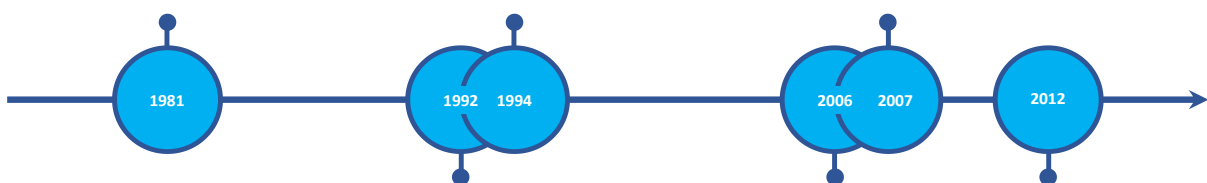
Key Milestones

Four decades of building the future

- UBP established by the late Lee Khee Chong to manufacture accessories for spun poles.

- Expanded Ipoh Factory 2 to manufacture spun pole accessories.

- Established a first manufacturing concrete poles factory in Inanam, Kota Kinabalu, Sabah, which subsequently closed in year 2023.



- PMW Industries was incorporated to manufacture moulds and machinery for spun poles and piles at Ipoh Factory.

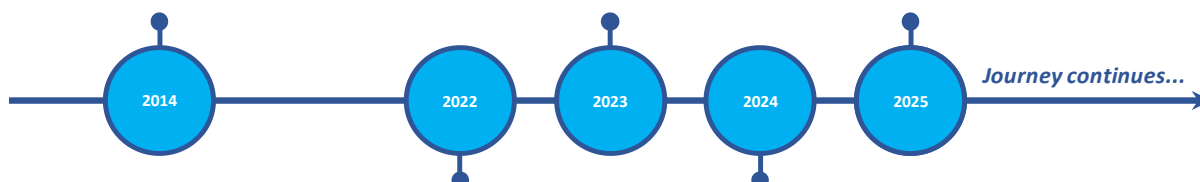
- Commenced business in manufacturing concrete products under PMW Concrete Industries at Ipoh Factory 2.

- Established a manufacturing concrete poles factory in Kuching, Sarawak, which subsequently sold in year 2024.

- Constructed another factory in Kota Kinabalu, Sabah to manufacture concrete poles and piles (Kota Kinabalu Factory).

- Commenced operation in Ipoh Factory 3. Expanded the production bay in Kota Kinabalu Factory and moved the operation from Inanam Factory to Kota Kinabalu Factory.

- Signed Conditional Shares Sales and Purchase Agreement to acquire the entire 100% equity in Winabumi and 49% equity in PMW Concrete. Commenced the manufacturing of lightning fixture in Ipoh Factory 4.
- Listing on ACE Market.



**BURSA
MALAYSIA**

- Constructed Ipoh Factory 3 to manufacture concrete products.

- Expanded the production line in Ipoh Factory 3 to manufacture spun piles. Established Ipoh Factory 4 for new business segment - Lightning Solutions.

Source: Company Prospectus



Business activities

PMW's business activities comprise the following segments:

1. **Trading Segment:** Involved in the trading of construction materials and other related products, including spun poles, piles, and various concrete products.
2. **Manufacturing Segment:** Engaged in the manufacturing of spun poles and piles, moulds, machinery, metal products, and other concrete products.
3. **Rental Segment:** Focused on the rental of moulds and machinery.

Integrated End-To-End Solutions

Provider Of Moulds, Machinery to Manufacture Spun Poles, Piles, and Square Piles

- Possesses in-house capability to design and manufacture a full range of moulds and machinery for the production of spun poles, spun piles, and square piles.
- Enables greater operational efficiency and cost control through internal design and fabrication processes.
- Provides enhanced convenience and flexibility to customers by supporting customised production requirements.



Agile Design Capabilities

Rapid Mould Design & Manufacturing to Accelerate Business Growth

- Ability to develop and manufacture new mould types within a short timeframe, enabling rapid response to customer requirements.
- This capability adds value to existing customers by providing timely and efficient solutions.
- Such strengths enhance the Group's market competitiveness, allowing expansion beyond the current customer base and alignment with evolving industry demands.



Factory Utilisation Rate (Capacity assuming 24-hour operations) vs actual output

Spun Poles and Piles (tonne)



Ipoh Factory 2 (Spun Pole)

Current Capacity
61k



Ipoh Factory 3 (Spun Pole and Pile)

Current Capacity
57k



Kota Kinabalu Factory
Spun Pole and Pile

Current Capacity
113k



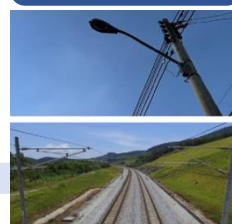
Ipoh Factory 1
(Moulds, Machineries & Steel Pole)

**Moulds and machineries are customised, made-to-order products; hence, production capacity is not quantifiable.
Only limited section of the factory floor designated for Steel Pole with shared labour:

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Business Segments

Electricity



Telecommunication



BuildCore



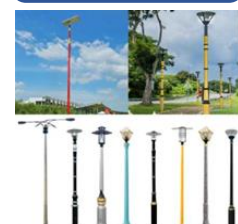
Manufacturing Excellence



Lighting Solutions



Urban Design



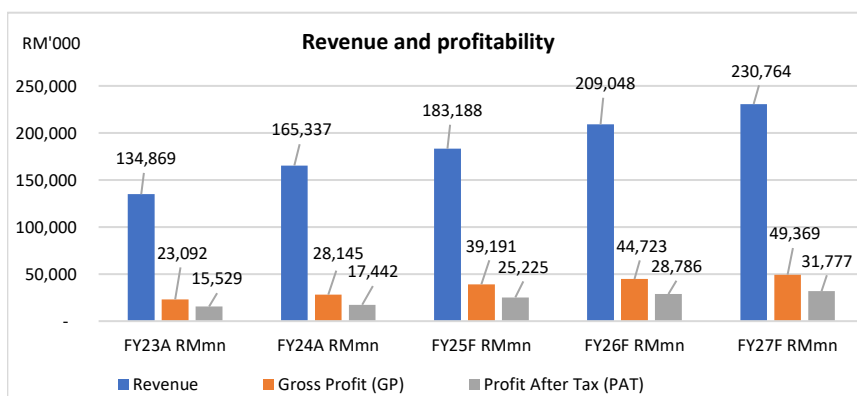
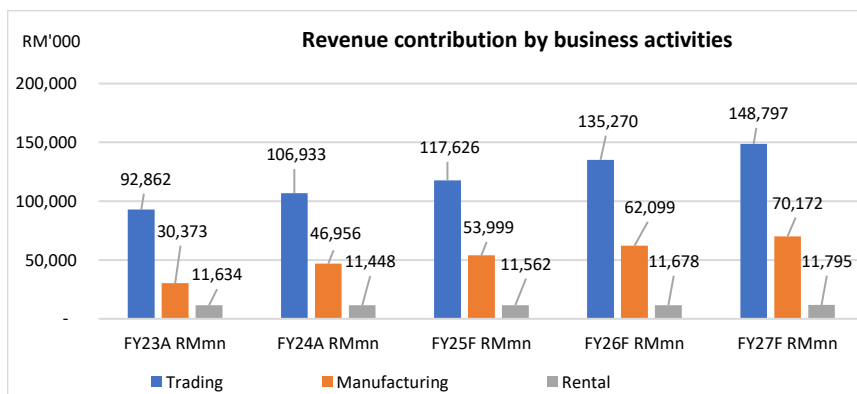
Source: Company Prospectus

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Revenue and Profitability

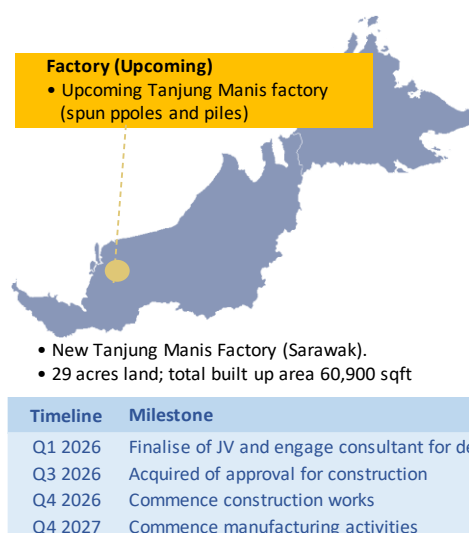
The Group's revenue from FYE2023 to FYE2024 was mainly derived from the trading segment, which accounted around 64.68% of its total revenue (as of FYE2024). The following shows revenue contributions by business activities as well as the revenue and profitability from FYE2023A to FYE2024A, FYE2025F, FYE2026F and FYE2027F:



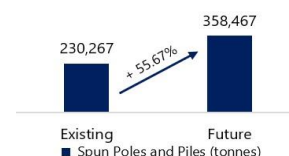
Future Plans and Strategies

1) Intends to establish a new manufacturing facility in Sarawak:

- To establish a new facility to manufacture concrete products in Tanjung Manis, Sarawak (Tanjung Manis Facility).
 - To purchase a piece of land of approximately 29 acres and construct the Tanjung Manis Facility
 - Total built-up area of around 60,900 sq. ft. that covers area of manufacturing spun poles and piles, as well as office space.
 - Will have an open storage area of approximately 1,202,340 sq. ft. for input materials (such as sand and aggregate) and finished spun poles and piles.
- The manufacturing spun poles and piles at the Tanjung Manis Facility will commence once the Group have obtained the certificate of completion and compliance ("CCC") for the facility, and other relevant licences and registrations required by the authorities.



Total Capacity (per annum)



Source: Company Prospectus



2) To acquire new machine and equipment:

- a) PMW plans to purchase new machinery and equipment for its manufacturing of moulds, spun poles and spun piles business operations.
 - i) New laser cutting machines
 - (1) Laser cutting tool to cut metal sheets and plates into the desired shape. The cutting tool is controlled by computer-coded instructions to achieve a high degree of accuracy and consistency.
 - (2) This machine is to be installed at Ipoh Factory 1.
 - ii) New shovel loader
 - (1) Industrial vehicle with a front-mounted shovel attachment - used to move materials such as sand and aggregates.
 - (2) The new shovel loader is set to be used at Ipoh Factory 3.
 - iii) To manufacture more lighting fixture
 - (1) Expand the manufacturing products range to shift from trading manufacturing
 - (2) Complement as an integrated infrastructure solution provider.



Source: Company Prospectus

Key Risks

Input Material Price Fluctuation: The prices of key input materials, such as steel, cement, sand, and aggregates are subject to market fluctuations. This is mainly driven by the supply and demand dynamics, excess production capacity, and government regulations. As these materials are commodity-based type, sustained price increases or significant volatility may adversely affect the Group's overall financial performance.

Operational Disruptions: The Group's trading and manufacturing operations are exposed to potential disruptions arising from events such as supply chain interruptions, equipment breakdowns, natural disasters – as well as shortages in key resources including electricity, fuel, water, and labour. Such disruptions may result in production delays, missed delivery commitments, or customer loss, which could adversely affect its financial performance and reputation.

Dependence on Foreign Labour: As at the Latest Practicable Date ("LPD"), the Group employs a total of 695 employees – of which 160 employees, or approximately 23.02% (including one expatriate), are foreign workers. PMW's reliance on foreign labour exposes it to potential increases in foreign worker levy rates and related employment costs. Any significant rise in such costs may increase the Company's cost of sales and adversely affect its profit margins.

Dependence on the Building Construction and Infrastructure Industries: The demand for the Group's spun poles and piles is closely linked to the performance of the building construction and infrastructure sectors. Any slowdown in these industries may reduce demand for the PMW's products and adversely affect its financial performance.

Industry Outlook

Malaysia's construction industry recorded positive growth of 17.5% in 2024, supported by broad-based expansion across residential, non-residential, civil engineering, and specialised construction sectors. For 2025 outlook, the industry is projected to grow at 11.0% – underpinned by ongoing infrastructure developments and steady demand for housing and commercial projects.

The continued development of telecommunications and electricity utilities, driven by government initiatives such as MyDIGITAL, JENDELA, and Digital Nasional Berhad's ("DNB") 5G rollout, further supports long-term infrastructure growth. As of 31 July 2025, 5G coverage in populated areas reached 82.4%, with over 7,489 transmitter sites completed. These sustains the demand for concrete poles and piles, providing a positive outlook for the Company's products.



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

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