

## Enest Group Berhad (ENEST)

### Nesting Its Footprint In China

- Enest Group Berhad is an edible bird's nest (EBN) processor and exporter, principally engaged in (i) the processing and sale of raw cleaned edible bird's nest (RCEBN), (ii) the trading of raw uncleaned bird's nest (RUBN) and RCEBN, (iii) the distribution of value-added downstream processed bird's nest products and also (iv) health and personal care retail operation.
- We project 3-year earnings CAGR of 8.5%, with core PATMI expected to reach RM8.4m-RM10.3m over the next three years, supported by (i) RUBN exports to China as a new revenue stream and also (ii) wider customer base for RCEBN exports targeted at traditional Chinese medicine and wellness product manufacturers in China.
- We assign a fair value of RM0.16 per share for ENEST, indicating a 23.1% upside from the IPO price of RM0.13. This valuation is based on a PE multiple of 10.0x, pegged to FY27f EPS of 1.60 sen.

### Investment highlights

**Expansion toward in-house downstream bottling.** While the sale of processed bird's nest products made up only 0.8% of the Group's total revenue in FY25 and is outsourced to third-party contract manufacturers for its cooking, bottling, and brand labelling, the Group is pivoting downstream to in-house bottled bird's nest manufacturing following the planned relocation of its Kajang Facility, with a dedicated production line for bottled bird's nest and herbal beverages with a maximum annual capacity of 300k bottles. Hence, given the pivot toward total control of its bird's nest bottling, the Group is expected to generate higher margins once the bottling production line commences operations in 2Q29.

**New RUBN exports to China.** ENEST's trading segment has rapidly gained scale, with RUBN trading growing from RM2.9m (2.5% of revenue) in FY22 to RM56.0m (35.3% of revenue) in FY25. Post-IPO, the Group intends to expand into direct RUBN exports to China, which is a market segment currently not served by the Group, leveraging its suppliers' sourcing network of approximately 940 registered swiftlet houses across Malaysia.

**Further revenue uplift from RCEBN exports to China.** The Group intends to further grow its exports of RCEBN to China. Currently, the Group's RCEBN are exported unbranded to Chinese distributors and/or retailers, importers, and state-owned enterprises, but the Group intends to target traditional Chinese medicine and wellness product manufacturers based in China moving forward. Meanwhile, GACC registration acts as a regulatory moat for the Group, given that a wide array of exports to China, especially in the food and beverage sector, requires GACC registration.

**LEAP-to-ACE transfer unlocks higher market liquidity.** ENEST's transfer from the LEAP Market (where shares were restricted to sophisticated investors) to the ACE Market broadens the eligible investor base to include retail participants and institutional investors, which will improve the Group's overall visibility moving forward.

IPO Note – Not rated

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### Non-Rated

Share price	RM0.13
Target price	RM0.16
Previous TP	-
Capital upside	23.1%
Dividend return	-
Total return	23.1%

### Company profile

Started since 2015, Enest Group Berhad is Malaysia's premier bird's nest processor and exporter. The Group is primarily engaged in the processing and sale of raw cleaned edible bird's nest, supplemented by the trading of raw unclean bird's nest, distribution of value-added downstream processed bird's nest products and health and personal care retail operations.

### Stock information

Bursa Code	0467
Bloomberg ticker	ENEST MK
Listing market	ACE
Share issued (m)	581.3
Market Cap (m)	75.6
Shariah compliant	Yes
MITI allocation	Yes

### Major shareholders

	%
Tan Teh Jie	13.8
Tan Heng Guan	13.3
Tan Teh Sheng	12.9

### Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	8.0	8.4	9.3
EPS (sen)	1.4	1.4	1.6
P/E (x)	9.4	9.0	8.1

### Timetable of IPO

Opening of application	26 June
Closing of application	2 July
Balloting of application	6 July
Allotment of the IPO shares	13 July
Listing on the ACE market	15 July



## Company background

Started since 2015 and incorporated in 2018, Enest Group Berhad is an investment holding company for a cluster of bird's nest processing and export businesses. Its principal business is the processing of raw unclean bird's nest (RUBN) into raw cleaned edible bird's nest (RCEBN), which is then exported in bulk to importers, distributors and state-owned enterprises, primarily in China. The Group has two General Administration of Customs (GACC) registered processing facilities, including the Kajang Facility and the Batu Caves Facility. The Group is now transferring from the LEAP Market to the ACE Market.

The Group operates four business activities: (i) processing and sale of RCEBN, (ii) trading of EBN, (iii) sale of processed bird's nest products, and also (iv) health and personal care retail through the Kang Li retail store. Geographically, both China (62.8% of FY25 revenue) and Malaysia (36.4% of FY25 revenue) remain as the main principal markets, with Australia, Vietnam, and others comprising the balance.

**Fig #1 Corporate milestones**

Year	Key Milestones & Achievements
2015	Commenced business in the processing and sale of RCEBN
2016	First international export of RCEBN to Hong Kong
2017	First export of RCEBN to Australia and Singapore
2018	Completed acquisition of 80.0% equity interest in Dynamic Transforms; Ming Feng registered with GACC enabling direct RCEBN export to China; secured first significant order to China; Acquired 100.0% equity interest in Ye Lin
2019	Listed on the LEAP Market of Bursa Malaysia
2020	Completed renovation and expansion of Kajang Facility to 9,464 sq ft built-up area.
2021	Commenced operations of retail stores in Telok Panglima Garang (Klang) and Mantin (Negeri Sembilan).
2022	Commercialised 'Rejuvnest' mixed collagen and bird's nest peptide health beverage; opened third retail store in Taman Equine
2023	Expanded into bottled bird's nest products under the 'Enest' brand outsourced to contract manufacturers using Group's RCEBN.
2024	Retail store in Telok Panglima Garang ceased operation
2025	Retail store in Taman Equine ceased operation
2026	Transfer listing from LEAP to ACE Market

Source: Enest Group Berhad



## Substantial Shareholders and Key Management

### 1. Tan Teh Jie – Managing Director

Mr Tan is a Promoter, major shareholder, and Managing Director of ENEST. He is responsible for the overall strategic direction of the Group and business development activities. He holds an Advanced Diploma in Business Studies from The Institute of Financial Accountants (2012). He co-founded Ming Feng in 2015 and spearheaded the acquisition of Dynamic Transforms in 2018, bringing deep business development and trading expertise to the group.

### 2. Tan Teh Sheng – Executive Director

Mr Tan is a Promoter, major shareholder, and Executive Director of ENEST. He is responsible for overseeing the administrative and human resource functions of the Group and supporting the Managing Director in daily business operations. He holds a Bachelor of Science (Honours) in Psychology and Cognitive Neuroscience from the University of Nottingham, Malaysia (2017). He co-founded Ming Feng in 2015 and manages regulatory compliance functions.

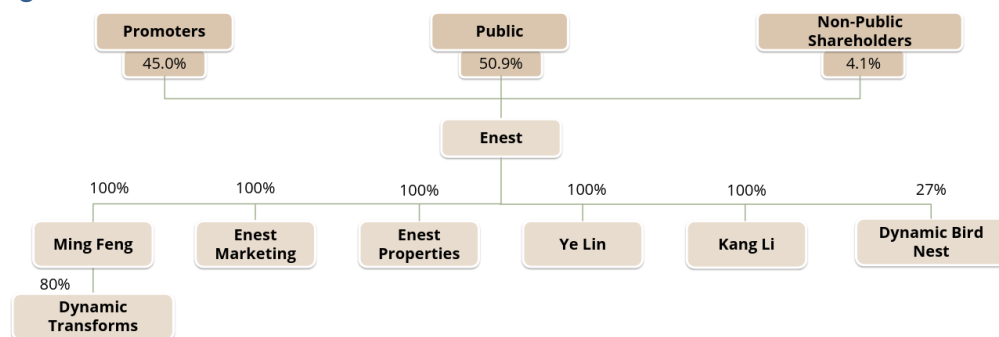
### 3. Christopher Tan Yew Leong – Chief Financial Officer

Mr Tan is the Chief Financial Officer responsible for the Group's financial, accounting, and taxation functions, including statutory and regulatory compliance and reporting. He holds a Bachelor of Commerce from the University of South Australia (2011) and is a Member of the Malaysian Institute of Accountants (MIA). He brings over 10 years of public auditing and corporate financial management experience since joining the Group in 2016.

### 4. Lok Chyi Yeu – Chief Operating Officer

Mr Lok is the Chief Operating Officer responsible for overseeing the day-to-day operations of the Group, including procurement, QC and assurance, operational safety, health and environment activities, sales support, and communications with distributors and importers in China. He holds a Bachelor of Information Systems (Honours) from University Tunku Abdul Rahman, Malaysia (2006). He brings a 21-year track record in midstream processing operations since starting his career in 2005.

**Fig #2 Post-IPO Structure**



Source: Enest Group Berhad

**Fig #3 Use of proceeds**

Use of proceeds	RM'm	%	Estimated time frame
Repayment of bank borrowings	5.0	33.1	Within 3 months
Working capital	6.4	42.4	Within 3 months
Estimated listing expenses	3.7	24.5	Within 1 month
<b>Total</b>	<b>15.1</b>	<b>100.0</b>	

Source: Enest Group Berhad



## Business overview

### Processing and sale of RCEBN (62.9% of FY25 revenue)

This segment involves sorting, deep cleaning, trimming, moulding, drying, heat treatment, and also packaging and labelling of EBN, undertaken at the Group's in-house Kajang and Batu Caves facilities. All processing activities adhere strictly to food quality and safety standards, such as MeSTI, GMP, HACCP, and VHM, as well as Halal compliance from JAKIM.

### Trading of EBN (35.3% of FY25 revenue)

This segment focuses on the trading of edible bird nest (EBN), which mainly involves RUBN to RCEBN processing companies and traders/agents. As at LPD, the Group sources the RUBN supplies from approximately 940 registered swiftlet houses throughout Malaysia, and only trade RUBN to the domestic market customers currently.





### Sale of processed bird's nest products (0.8% of FY25 revenue)

This segment comprises downstream, ready-to-consume value-added products including bottled bird's nest and health beverage. The bottled bird's nest are available in 4 variations, including rock-sugar, honey rock sugar, red dates, and sugar-free. bottled under the proprietary "Enest" brand, while the sachet-based collagen and bird's nest peptides are blended under the "Rejuvnest" brand. These products are sold locally to retailers and end-customers in Malaysia.

### Operations of a health and personal care retail store (0.9% of FY25 revenue)

This segment encompasses the retail and commercial distribution of health food products, health supplements, personal care products, test kits, face masks and wheelchairs. The Group's retail store is located in Mantin, Negeri Sembilan, operating under the trade name of 'Kang Li', and also complemented by e-commerce marketplaces like Shopee and Lazada, and also an official website.

**Fig #4 Principal business activities and services provided**

Business Activities	Products	Geographical Markets	Customer Base
 Processing and sale of raw clean edible bird's nest	<ul style="list-style-type: none"> <li>Raw clean edible bird's nest</li> </ul>	<ul style="list-style-type: none"> <li>China</li> <li>Others (comprising Australia, Vietnam, Taiwan, Hong Kong, Japan, New Zealand and United States of America)</li> </ul>	<ul style="list-style-type: none"> <li>Distributors and/or retailers</li> <li>Importers</li> <li>State-owned enterprises</li> </ul>
 Trading of Edible Bird's Nest	<ul style="list-style-type: none"> <li>Raw clean edible bird's nest</li> <li>Raw unclean bird's nest</li> </ul>	<ul style="list-style-type: none"> <li>China</li> <li>Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Distributors and/or retailers</li> <li>Importers</li> <li>State-owned enterprises</li> <li>Bird's nest processing companies</li> <li>Traders/Agents</li> </ul>
 Sale of processed bird's nest products	<ul style="list-style-type: none"> <li>Bottled bird's nest</li> <li>Health beverage</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Retailers</li> <li>End-customers</li> </ul>
 Operations of a health and personal care retail store	<ul style="list-style-type: none"> <li>Health and personal care products</li> <li>Processed bird's nest products</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>End-customers</li> </ul>

Source: Enest Group Berhad



**Fig #5 SWOT analysis of ENEST**

Strength	Weakness
<ul style="list-style-type: none"> <li>• GACC-registered acts as regulatory moat for China RCEBN exports</li> <li>• Top 10 Malaysian RCEBN exporter to China by volume (per CAIQ 2025 Bird's Nest Traceability Report)</li> <li>• Sourcing network of ~940 registered swiftlet houses providing reliable RUBN supply</li> <li>• 12.4% industry share by export value in FY25, up from 10.3% in FY24</li> </ul>	<ul style="list-style-type: none"> <li>• Downstream bottled bird's nest segment nascent and has not meaningfully contribute to the revenue (0.8% of FY25 revenue)</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>• In-house bottled bird's nest manufacturing post facility relocation</li> <li>• Expansion into RUBN direct export to China which serves as an entirely new revenue stream</li> <li>• Broadening customer base to include direct Chinese manufacturers and TCM companies</li> </ul>	<ul style="list-style-type: none"> <li>• China regulatory risk including GACC deregistration and export quota suspension</li> <li>• RUBN prices volatility</li> <li>• Foreign exchange risk</li> </ul>

Source: M+ Research

## Financials

**Revenue and income highlights.** The Group posted revenue of RM158.4m in FY25, growing RM12.2m (+8.3% YoY) from RM146.2m in FY24. The RCEBN processing and sale segment remained the largest contributor at RM99.7m (62.9%), though its revenue share has gradually declined as the RUBN trading segment surged to RM56.0m (35.3%) in FY25 from RM43.4m in FY24, representing an increase of 29.0% YoY. Despite topline growth, core PATMI attributable to owners stood at RM8.0m in FY25, broadly flat versus RM8.0m in FY24 as the Group incurred higher finance costs in FY25.

**Balance sheet.** Total assets expanded to RM83.6m as at FY25, up from RM70.0m in FY24, largely driven by a RM18.5m increase in cash and bank balances to RM28.1m following strong operating cash generation. PPE grew from RM10.7m to RM12.4m, reflecting continued build-out of processing infrastructure. On the liability side, total borrowings stood at RM24.1m as at FY25, and increased to RM31.8m as at LPD, of which RM5.0m will be repaid from IPO proceeds. Post-listing, the Group will continue remain as a net cash company.

**Cash flow.** Operating cash flow surged to RM17.4m in FY25 from RM5.7m in FY24, driven mainly by higher customer collections, with receivables decreasing by RM8.9m in FY25. Investing cash outflows moderated to RM2.6m (FY24: RM7.8m), reflecting the completion of property acquisitions in the prior year. Financing inflows of RM4.1m reflected net new drawdowns to fund working capital ahead of the listing.

**Earnings forecasts.** Moving forward, we project a 3-year earnings CAGR of 8.5%, with core PATMI expected to reach RM8.4m, RM9.3m and RM10.3m over the next three years. This growth is underpinned by (i) RUBN exports to China as a new revenue stream and also (ii) wider customer base for RCEBN exports targeted at traditional Chinese medicine and wellness product manufacturers in China.



**Fig #6 Financial Highlights**

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	146.2	158.4	168.1	184.4	201.0
EBITDA	12.6	13.1	13.8	15.0	16.3
EBIT	11.7	12.3	12.8	14.1	15.4
PBT	10.6	10.8	11.3	12.8	14.1
PAT	8.4	8.4	8.7	9.7	10.7
PATMI – Core	8.0	8.0	8.4	9.3	10.3
PATMI – Reported	8.0	8.0	8.4	9.3	10.3
% change YoY – Core PATMI	20%	0%	4%	11%	10%
Core EPS (sen)	1.4	1.4	1.4	1.6	1.8
P/E (x)	9.4	9.4	9.0	8.1	7.4
EV/EBITDA (x)	3.0	2.9	2.8	2.5	2.3
DPS (sen)	-	-	-	-	-
Yield (%)	0%	0%	0%	0%	0%
BVPS (RM/share)	0.1	0.1	0.1	0.1	0.2
P/B (x)	1.8	1.6	1.1	0.9	0.8
ROE (%)	22%	18%	14%	12%	12%
Net Gearing (x)	0.2	CASH	CASH	CASH	CASH

M+ Global Research

## Valuations

We assign a fair value of **RM0.16 per share for ENEST**, representing an **23.1% upside from the IPO price of RM0.13**. This valuation is based on a P/E ratio of 10.0x, pegged to the FY27f EPS of 1.60 sen.

Although the Bursa Malaysia Consumer Discretionary industry is trading between a forward and historical P/E multiples of 14.4x-22.7x, we believe the ascribed P/E multiple of 10.0x is fair, reflecting ENEST's small market capitalization of RM75.6m.

**Fig #7 Bursa Malaysia Consumer Discretionary Industry**

Ticker	Name	Weight (%)	Shares	Price	BEst P/E BF12M	P/E
* Consumer Discretionary (87 members)		38.975285	101,759,234,235		14.36	22.73
MRDIY	MK MR DIY Group M Bhd	5.983744	9,477,475,992	1.6300	21.19	23.73
SIME	MK Sime Darby Bhd	5.623106	6,815,597,577	2.1300	10.11	6.59
GENM	MK Genting Malaysia Bhd	4.278082	5,938,044,648	1.8600	17.33	15.55
GENT	MK Genting Bhd	3.258642	3,876,896,099	2.1700	11.44	98.39
ECOSHOP	MK ECO-Shop Marketing Bhd	2.898823	5,756,859,247	1.3000	22.45	--
HLI	MK Hong Leong Industries Bhd	2.392875	327,903,710	18.8400	10.35	10.95
ORH	MK Oriental Holdings BHD	1.629258	620,393,638	6.7800	--	21.76
AAX	MK AirAsia X Bhd	1.575164	3,360,838,886	1.2100	8.43	4.99
DRB	MK DRB-Hicom Bhd	0.778773	1,983,237,051	1.0400	9.63	5.05
MBM	MK MBM Resources BHD	0.725237	390,887,653	4.7900	5.89	5.65
MAG	MK Magnum Bhd	0.701692	1,437,748,654	1.2600	10.29	11.28
SPTOTO	MK Sports Toto Bhd	0.680301	1,351,030,072	1.3000	9.07	10.55
AEON	MK Aeon Co M Bhd	0.571017	1,404,000,000	1.0500	9.17	9.87
PAD	MK Padini Holdings Bhd	0.538976	986,864,185	1.4100	9.31	10.76
BPROP	MK Berjaya Property Bhd	0.484208	5,000,337,104	0.2500	--	--
BAUTO	MK Bermaz Auto Bhd	0.463112	1,172,176,878	1.0200	8.97	11.14
EXSIMHB	MK Exsim Hospitality Bhd	0.359788	2,322,168,527	0.4000	15.40	13.13
SKOU	MK Sern Kou Resource Bhd	0.342424	1,078,097,542	0.8200	--	--
SIGN	MK Signature International Bhd	0.340037	645,497,370	1.3600	--	11.15

Source: Bloomberg



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## Investment risks

**Dependent on China export regulatory.** General Administration of Customs (GACC) registration (renew every 5 years) and GACC export quota govern all RCEBN sales to China, which represents 63–92% of revenue. Historical non-compliance incidents in 2019–2021 (quota overrun) underscore the severity of this risk.

**Disease outbreak and supply disruption.** Newcastle disease outbreaks or avian influenza virus affecting swiftlet populations could trigger government-mandated export suspensions. For example, a temporary export suspension of EBN products in late 2024 to early 2025 was imposed due to the Newcastle disease outbreak, which disrupted the Group's exports of RCEBN to China.

**RUBN commodity price volatility.** Raw bird's nest prices are driven by market supply from swiftlet farming, which fluctuates seasonally, while the cost of RUBN supplies accounted for 95.1% of the Group's total cost of sales for FY25.

## Environmental, Social and Governance (ESG) Practices

### Environmental:

- Wastewater treatment via particle traps before drainage discharge, while dried waste materials donated to swiftlet farmers as habitat attractants to minimise waste
- LED lighting deployed across main office and all processing facilities to reduce energy consumption
- Digitalisation of documents encouraged across operations to reduce paper usage and transition to paperless operations
- Employees trained to turn off unnecessary electrical equipment and lights, while office-wide recycling programme is also in place

### Social:

- Equal opportunity employment policy across gender, age, ethnicity, marital status, disability and religious belief, while all employees recruited on merit
- Employee handbooks covering working conditions, benefits, development and code of conduct in place, with public holidays and statutory leave provided per labour law
- Sponsorship of safety-related training including HACCP, Food Handler Training, MyWalit Blockchain System Training and Internal Food Safety Auditor programmes
- Staff engagement activities including cultural celebratory dinners, off-site team building, sports events, company trips and concerts
- Charitable contributions including community visits and direct donations of essential goods, food and cash to charitable organisations

### Governance:

- Anti-Bribery and Corruption Policy and Whistleblowing Policy implemented
- Anti-money laundering policy in compliance with Anti-Money Laundering, Anti-Terrorism Financing Act and Proceeds of Unlawful Activities 2001
- Insider trading policy prohibiting Directors and employees possessing material price-sensitive information from trading the Company's securities



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### Stock recommendation guide

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<b>BUY</b>	The share price is expected to appreciate more than 10% over the next 12 months
<b>HOLD</b>	The stock price is expected to range between -10% and +10% over the next 12 months
<b>SELL</b>	The share price is expected to fall more than 10% over the next 12 months
<b>TRADING BUY</b>	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
<b>TRADING SELL</b>	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
<b>NOT RATED</b>	No recommendation is assigned

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