

# KJTS Group

## Resetting the Base

By Peter Kong, CFA | [peterkong@kenanga.com.my](mailto:peterkong@kenanga.com.my)

KJTS's FY25 results came in within Kenanga's expectations, supported by continued earnings growth from its cooling energy segment driven by EPCC retrofitting works, alongside stable cleaning services contributions. Earnings momentum is expected to remain supported by the conversion of ongoing retrofit projects into long-term recurring income streams of up to 20 years. Following the lapse of the MUSB acquisition, we lower our FY26F/FY27F earnings forecasts to remove previously assumed EPCC and recurring contributions, while adopting more conservative assumptions for the Stonepeak platform amid a softer macro environment. We derive a revised TP of RM1.30 and maintain **OUTPERFORM**.

**Within Kenanga's expectation.** KJTS's FY25 CNP of RM18.2m came in within our expectations, accounting for 103% of our full-year forecast, but fell short of consensus estimates at 91% of full-year forecasts.

**QoQ,** CNP increased 6%, mainly driven by stronger contributions from cooling energy contracts following the execution of EPCC retrofitting projects, primarily from Centara Grand Hua Hin and local KIP Mall developments (segmental revenue +20%). This was partially offset by lower other income arising from consultancy contract revisions. Contribution from the Facilities Management segment was also weaker due to contract expiries, while Cleaning Services revenue declined slightly, mainly attributable to the weaker SGD against MYR. Additionally, earnings were supported by a lower effective tax rate of 27% (vs. 42% in 3QFY25).

**YoY,** CNP increased 16%, mainly driven by stronger contributions from cooling energy contracts following the accelerated progress of EPCC retrofitting projects in Malaysia and Thailand. The Cleaning Services segment also recorded higher contributions, supported by customer base expansion, partially offset by weaker Facilities Management revenue following several contract expiries.

**Outlook.** We expect earnings momentum to remain solid in the coming quarters, supported by ongoing EPCC retrofitting works at Centara Grand Hua Hin, which are scheduled for completion by end-May, alongside continued execution of KIP Mall projects targeted for completion by July. Upon completion, these projects are expected to transition into recurring income streams up to 20 years. Demand for energy-efficiency retrofitting solutions is expected to remain resilient as asset owners increasingly prioritise cost optimisation following electricity tariff adjustments under RP4, alongside ongoing decarbonisation initiatives.

**Forecasts.** We reduce our FY26F and FY27F earnings forecasts by 30% and 47%, respectively, primarily following the lapse of the MUSB acquisition, which had previously been incorporated into our estimates. This includes the removal of: (i) EPCC contributions from the refurbishment of MUSB's cooling energy assets, and (ii) recurring earnings contributions from MUSB's operations. In addition, we adopt more conservative DCF assumptions for Stonepeak, primarily to reflect macroeconomic uncertainties that could delay the ramp-up of earnings contributions from cooling energy assets. We also introduced our FY27F numbers.

**Valuations.** Following our earnings revisions, we derive a new TP of **RM1.30**, based on a SoP valuation. Despite the earnings downgrade, we remain constructive on KJTS for: (i) EE represents a large and

# OUTPERFORM ↔

**Price :** **RM0.80**  
**Target Price :** **RM1.30** ↓

### Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	-44.9%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KJTS MK Equity
Market Cap (RM m)	555.9
Shares Outstanding	690.5
52-week range (H)	1.81
52-week range (L)	0.67
3-mth avg. daily vol.	1,533,437
Free Float	42%
Beta	0.9

### Major Shareholders

Wee Tah Poh	26.8%
Lee Kok Choon	26.8%
Deutsche Bank AG	6.5%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	212.4	220.8	254.8
EBIT	25.4	14.3	33.4
PBT	24.8	31.4	36.1
<b>Net Profit</b>	<b>18.3</b>	<b>23.8</b>	<b>27.3</b>
<b>Core PATAMI</b>	<b>18.2</b>	<b>21.5</b>	<b>25.8</b>
Consensus (NP)	-	23.0	27.0
Earnings Revision	-	-30%	-47%
Core EPS (sen)	1.2	2.6	3.1
Core EPS Growth (%)	124.8	18.3	19.9
NDPS (sen)	0.8	0.6	0.7
NTA per Share (RM)	0.2	0.2	0.3
PER (x)	71.4	31.8	27.3
PBV (x)	5.1	4.4	3.2
Net Gearing (x)	(0.1)	-	(0.1)
Net Div. Yield (%)	1.0	0.7	0.9

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underpenetrated addressable market, which we estimate at c.RM41b for Malaysia's cooling energy space, (ii) its 10% JV with Stonepeak, providing strategic access to capital that enables the scalable deployment of cooling energy assets. Maintain OUTPERFORM.

**Risks to our call include:** (i) termination or delay risk from Stonepeak JV, (ii) rollback of government energy efficiency policy, and (iii) concession asset termination risk.

**Results Highlights**

FYE Dec (RM m)	4Q25	3Q25	QoQ	4Q24	YoY	FY25	FY24	YoY
Revenue	63.8	58.0	10%	39.0	63%	212.4	137.7	54%
COGS	-46.5	-44.5	5%	-28.2	65%	-159.3	-99.7	60%
<b>GP</b>	<b>17.3</b>	<b>13.5</b>	<b>28%</b>	<b>10.9</b>	<b>59%</b>	<b>53.1</b>	<b>38.0</b>	<b>40%</b>
Other Income	-2.6	3.1	-183%	0.8	-438%	3.1	3.1	-1%
Admin expenses*	-8.0	-8.2	-2%	-7.5	7%	-30.8	-30.3	2%
Changes on impairment of contract assets	0.0	0.0	-300%	-0.1	-96%	0.0	-0.1	-66%
<b>EBIT</b>	<b>6.7</b>	<b>8.4</b>	<b>-21%</b>	<b>4.0</b>	<b>66%</b>	<b>25.4</b>	<b>10.8</b>	<b>136%</b>
Finance costs	-0.2	-0.2	-8%	-0.1	31%	-0.7	-0.4	74%
Share of profit of an associate	0.0	0.0	-50%	0.0	-71%	0.0	0.2	-88%
<b>PBT</b>	<b>6.5</b>	<b>8.2</b>	<b>-21%</b>	<b>3.9</b>	<b>67%</b>	<b>24.8</b>	<b>10.6</b>	<b>135%</b>
Tax	-1.7	-3.4	-50%	0.0	12293%	-6.4	-2.1	206%
Non-controlling Interests	-0.1	0.2	-164%	0.5	-126%	0.1	0.2	-19%
<b>Net Profit</b>	<b>4.8</b>	<b>4.8</b>	<b>-1%</b>	<b>3.9</b>	<b>22%</b>	<b>18.3</b>	<b>8.5</b>	<b>117%</b>
<b>Core Net Profit</b>	<b>4.9</b>	<b>4.6</b>	<b>6%</b>	<b>4.2</b>	<b>16%</b>	<b>18.2</b>	<b>15.0</b>	<b>22%</b>
GP Margin	27%	23%		28%		25%	28%	
Operating Margin	10%	14%		10%		12%	8%	
PBT Margin	10%	14%		10%		12%	8%	
Net Margin	7%	8%		10%		9%	6%	
Core Net Margin	8%	8%		11%		9%	6%	
Effective Tax Rate	27%	42%		0%		26%	20%	

\*1H24 includes RM4.3m listing expenses  
Source: Company, Kenanga Research

**Segmental Breakdown**

External Revenue (RM m)	4Q25	3Q25	QoQ	4Q24	YoY	FY25	FY24	YoY
Cooling Energy	42.6	35.5	20%	19.1	123%	129.3	65.3	98%
Facilities Management	3.6	4.5	-21%	3.7	-5%	13.6	14.0	-3%
Cleaning Services	17.6	18.0	-2%	16.2	9%	69.5	58.4	19%
<b>Total Revenue</b>	<b>63.8</b>	<b>58.0</b>	<b>10%</b>	<b>39.0</b>	<b>63%</b>	<b>212.4</b>	<b>137.7</b>	<b>54%</b>

Source: Company, Kenanga Research

**Exhibit 1: Sum-of-Parts (SoP) Valuation**

Business/Asset	Stake	Value (RM m)	Basis
EPCC		224.0	16x FY27F PER
Centara Grand Beach Resort & Villas Hua Hin, Thailand	49%	4.9	DCF with a discount rate of 5.9%
8 KIPMall (Under KIP Reit)	100%	25.2	DCF with a discount rate of 5.9%
Centara Grand Mirage Beach Resort Pattaya, Thailand	49%	0.9	DCF with a discount rate of 5.9%
Menara Takaful Malaysia in Kuala Lumpur	100%	1.1	DCF with a discount rate of 5.9%
Centara Grand Hotel at Central World in Bangkok, Thailand	49%	0.8	DCF with a discount rate of 5.9%
Other Assets		81.7	DCF with a discount rate of 5.9%
Stonepeak Potential		559.0	
Net (Debt) / Cash		16.5	
<b>Asset Valuation</b>		914.0	
Number of Shares (m shares)		700.7	
<b>TP (RM/share)</b>		1.30	

Source: Kenanga Research

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## Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
KJTS GROUP BHD	OP	0.805	1.30	61.5%	555.9	Y	12/2026	3.1	3.7	18.1%	20.0%	26.8	20.1	3.1	15.2%	61.5	76.4%
PEKAT GROUP BHD	OP	1.35	1.68	24.4%	953.5	Y	12/2025	7.2	8.5	109.0%	17.5%	18.8	16.0	3.3	24.0%	0.0	0.0%
SAMAIDEN GROUP BHD	OP	1.13	2.08	84.1%	567.9	Y	06/2026	6.9	8.4	24.0%	21.6%	16.3	13.4	4.5	29.8%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	2.32	3.45	48.7%	2,201.0	Y	03/2026	10.3	14.3	51.9%	39.2%	22.5	16.2	4.5	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.205	0.470	129.3%	205.2	Y	09/2026	1.3	2.0	-29.3%	53.8%	15.8	10.3	2.6	19.1%	0.0	0.0%
<b>Sector Aggregate</b>					<b>6,418.5</b>					<b>34.9%</b>	<b>26.6%</b>	<b>20.3</b>	<b>16.0</b>	<b>3.1</b>	<b>18.3%</b>		<b>12.0%</b>

Source: Kenanga Research

\*Note that Sunview numbers based on Bloomberg consensus

**Stock ESG Ratings:**

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	☆	
<b>SPECIFIC</b>	Energy Efficiency	★	★	☆	
	Cybersecurity & Data Privacy	★	★	★	
	Effluent/Waste Management	★	★		
	Ethical Practices	★	★	★	
	Supply Chain Management	★	★	★	
	Corporate Disclosure	★	★	★	
<b>OVERALL</b>		★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**  
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
 Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

