KJTS Group

Steady Quarter

OUTPERFORM ↔

Price : **RM0.74**
Target Price : **RM1.34 ↔**

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KJTS's 1QFY26 results came in within expectations, with CNP of RM4.6m accounting for 22% of our full-year forecast. YoY earnings growth was supported by stronger Energy Services revenue recognition and higher IFM contribution from a Malaysian customer. Earnings are expected to remain stable in the coming quarter, supported by recurring O&M and chilled water supply income from recently completed projects. With the recent inclusion of KWAP in Lestari, the platform's funding capacity is strengthened, which should support faster rollout of retrofitting projects and provide KJTS with both EPCC and recurring income opportunities. Forecasts maintained. Maintain OUTPERFORM with TP of RM1.34.

Within expectations. KJTS's 1QFY26 CNP of RM4.6m came in within expectations, accounting for 22% of our full-year forecast and 21% of consensus estimate.

QoQ, CNP declined 5.7%, in line with a 12.4% drop in revenue. The weaker topline was mainly due to lower contribution from both Energy Services and Integrated Facilities Management. Energy Services revenue fell 17.6% following the completion of several EPCC projects in the previous quarter, while IFM revenue dipped 1.7% due to the expiry of several cleaning services contracts. The impact was partly cushioned by higher repair and maintenance requests from new clients, as well as a 12.1% reduction in administrative expenses.

YoY, CNP rose 8.2%, supported by stronger Energy Services contribution, where revenue increased 30.9% on stronger revenue recognition from energy services contracts. IFM revenue also improved, by 5.4%, supported by a larger customer base. However, earnings growth was partly capped by a higher effective tax rate of 30% vs 9.3% in 1QFY25, due to the full utilisation of brought-forward tax losses and non-deductible ESOS expenses.

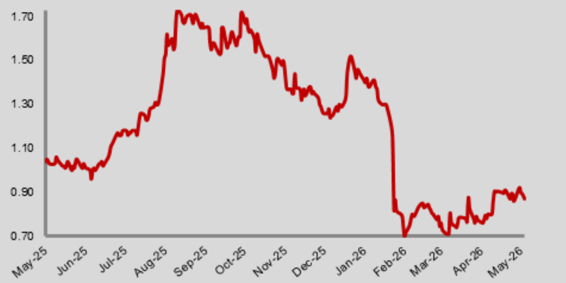
Outlook. Earnings should remain stable in the coming quarter, supported by recurring O&M and chilled water supply income, as well as Energy Services and IFM contribution. With the recent inclusion of KWAP in Lestari, the platform's funding capacity is strengthened, which should support faster rollout of new retrofitting projects and provide KJTS with both EPCC and recurring income opportunities. In the long run, demand for energy-efficiency retrofitting solutions should remain supported by cost optimisation needs and NETR-driven decarbonisation initiatives.

Forecasts. Forecasts maintained.

Valuations. Maintain TP of **RM1.34** based on our SoP valuation (see Exhibit 1). This is premised on: (i) 16x FY27F PER for EPCC, (ii) DCF valuation for concession assets, (iii) Stonepeak's potential valued at RM0.80/share, and (iv) 10x FY27F PER for the iHandal acquisition. 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.

Share Price Performance



KLCI	1,717.69
YTD KLCI chg	2.2%
YTD stock price chg	-49.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KJTS MK Equity
Market Cap (RM m)	514.5
Shares Outstanding	690.6
52-week range (H)	1.73
52-week range (L)	0.70
3-mth avg. daily vol.	1,101,657
Free Float	42%
Beta	0.92

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	229.2	268.5
EBIT	25.4	42.3	66.8
PBT	24.8	39.9	52.6
Net Profit	**18.3**	**25.5**	**30.4**
Core PATAMI	**18.2**	**21.3**	**25.9**
Consensus (NP)		21.5	28.5
Earnings Revision	0%	0%	0%
Core EPS (sen)	1.2	2.6	3.0
Core EPS Growth (%)	124.2	17.5	21.4
NDPS (sen)	0.4	0.6	0.7
NTA per Share (RM)	0.2	0.2	0.3
PER (x)	74.0	33.0	28.6
PBV (x)	5.3	4.5	3.1
Net Gearing (x)	(0.1)	(0.0)	(0.2)
Net Div. Yield (%)	0.5	0.7	0.8

Results Highlights

FYE Dec (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1Q26	1Q25	YoY
Revenue	55.9	63.8	-12.3%	46.6	20.1%	55.9	46.6	20.1%
COGS	-42.9	-46.5	-7.7%	-34.6	23.9%	-42.9	-34.6	23.9%
GP	**13.0**	**17.3**	**-24.7%**	**11.9**	**8.9%**	**13.0**	**11.9**	**8.9%**
Other Income	0.6	-2.6	N.A.	0.5	13.6%	0.6	0.5	13.6%
Admin expenses*	-7.1	-8.0	-12.1%	-7.6	-7.3%	-7.1	-7.6	-7.3%
Changes on impairment of contract assets	0.0	0.0	0.0%	0.0	-87.5%	0.0	0.0	-87.5%
EBIT	**6.5**	**6.7**	**-1.9%**	**4.8**	**35.8%**	**6.5**	**4.8**	**35.8%**
Finance costs	-0.2	-0.2	-6.4%	-0.2	4.5%	-0.2	-0.2	4.5%
Share of profit of an associate	0.0	0.0	-740.0%	0.0	-420.0%	0.0	0.0	-420.0%
PBT	**6.3**	**6.5**	**-2.4%**	**4.7**	**35.9%**	**6.3**	**4.7**	**35.9%**
Tax	-1.9	-1.7	9.5%	-0.4	338.6%	-1.9	-0.4	338.6%
Non-controlling Interests	-0.2	-0.1	38.4%	0.0	8550.0%	-0.2	0.0	8550.0%
Net Profit	**4.4**	**4.8**	**-6.7%**	**4.2**	**4.9%**	**4.4**	**4.2**	**4.9%**
Core Net Profit	**4.6**	**4.9**	**-5.7%**	**4.3**	**8.2%**	**4.6**	**4.3**	**8.2%**
GP Margin	23.3%	27.1%		25.6%		23.3%	25.6%	
Operating Margin	11.7%	10.4%		10.3%		11.7%	10.3%	
PBT Margin	11.3%	10.2%		10.0%		11.3%	10.0%	
Net Margin	7.9%	7.5%		9.1%		7.9%	9.1%	
Core Net Margin	8.3%	7.7%		9.2%		8.3%	9.2%	
Effective Tax Rate	30.0%	26.7%		9.3%		30.0%	9.3%	

Segmental Breakdown

External Revenue (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1Q26	1Q25	YoY
Energy Services	35.1	42.6	-17.6%	26.8	30.9%	35.1	26.8	30.9%
Integrated Facilities Management	20.8	21.2	-1.7%	19.7	5.4%	20.8	19.7	5.4%
Total Revenue	**55.9**	**63.8**	**-12.3%**	**46.6**	**20.1%**	**55.9**	**46.6**	**20.1%**

Source: Company, Kenanga Research

Segmental Breakdown

Geographical Breakdown (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1Q26	1Q25	YoY
Malaysia	45.6	51.6	-11.5%	26.8	70.1%	45.6	26.8	70.1%
Singapore	6.8	7.2	-5.8%	2.9	131.8%	6.8	2.9	131.8%
Thailand	3.5	5.0	-30.2%	16.8	-79.2%	3.5	16.8	-79.2%
Total Revenue	**55.9**	**63.8**	**-12.3%**	**46.6**	**20.1%**	**55.9**	**46.6**	**20.1%**

Source: Company, Kenanga Research

Exhibit 2: Sum-of-Parts (SoP) Valuation

Business/Asset	Stake	Value (RM m)	Basis
EPCC		258.2	16x FY27F PER
iHandal	71%	21.4	10x FY27F PER
Centara Grand Beach Resort & Villas Hua Hin, Thailand	49%	4.9	DCF with a discount rate of 5.9%
2 KIPMall (Under KIP Reit)	100%	6.3	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		4.5	
Asset Valuation		**938.8**	
Number of Shares (m shares)		700.7	
TP (RM/share)		**1.34**	

Source: Kenanga Research

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE 1-Yr. Fwd.	Net. Div. (sen) 1-Yr. Fwd.	Net Div Yld 1-Yr. Fwd.
Stocks Under Coverage																	
CHEEDING HOLDINGS BHD	OP	0.645	0.70	8.5%	514.2	Y	03/2026	4.3	5.3	30.8%	23.5%	15.1	12.2	5.7	48.6%	1.1	1.7%
KAWAN RENERGY BHD	OP	0.500	0.73	46.0%	275.0	Y	10/2026	4.8	6.1	11.9%	27.8%	10.5	8.2	1.9	20.7%	1.4	2.8%
KJTS GROUP BHD	OP	0.745	1.34	79.9%	514.5	Y	12/2026	3.0	3.7	17.0%	21.6%	24.5	20.2	2.2	11.8%	0.6	1.2%
PEKAT GROUP BHD	OP	1.56	1.72	10.3%	1,104.9	Y	12/2026	8.5	9.2	22.4%	7.3%	18.3	17.0	2.7	18.2%	0.0	0.0%
SAMAIDEN GROUP BHD	OP	1.25	1.94	55.2%	657.2	Y	06/2026	6.3	7.5	21.3%	18.8%	19.8	16.6	3.1	17.4%	1.1	0.9%
SOLARVEST HOLDINGS BHD	OP	2.70	3.36	24.4%	2,575.1	Y	03/2027	13.8	15.4	29.1%	11.6%	19.5	17.5	2.6	14.8%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.17	0.47	176.5%	170.1	Y	09/2026	1.3	2.0	-29.3%	53.8%	13.1	8.5	2.2	19.1%	0.0	0.0%
SECTOR AGGREGATE					**5,811.2**					**20.1%**	**17.1%**	**20.3**	**17.3**	**2.9**	**21.5%**		**12.4%**

Stock ESG Ratings:

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

☆ 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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