

22 June 2026

Kee Ming Group

A Rising M&E Star

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We deem KEEMING an under-appreciated beneficiary of Malaysia's power infrastructure build-out, where ISO and urgent hyperscaler requirements position KEEMING at the sweet spot. It also has exposure to the next wave of solar build-up by leveraging its associate relationship with SLVEST to capture solar interconnection facility work. KEEMING aims to become a TNB tier-1 contractor, providing potentially multi-year execution and recurring earnings visibility. Backed by the Group's proven execution track record in M&E, we forecast a two-year core earnings CAGR of 19% over FY27-FY28. We initiate coverage with an OUTPERFORM rating and a TP of RM1.80.

More room to scale up order book. The current order book stands at RM172m, with an estimated c.70% to be recognised in FY27. Based on the current tender book of RM1.7b and applying a historical win rate of 15-20%, this implies potential replenishment of RM250-340m, lifting total order book to c.RM500m (3x FY26 revenue). We see low execution risk backed by net cash of RM47m and 15 project managers, which we estimate enables the Group to tender for up to RM900m in job opportunities.

DC sweet spot to accelerate earnings. The Group's RM1.7b tender book includes RM500m in DC tenders submitted in June. KEEMING typically works on post-core-and-shell works, an area that main contractors subcon out, while smaller players are filtered out due to lack of ISO credentials. KEEMING's sweet spot positioning is reflected in its order book, with DC work accounting for c.37%. The Group is also actively exploring penetration into the DC substation space, where contract values are about 3-4x larger than existing scope. Given the strong DC capex outlook in Malaysia and the abundance of opportunities available, KEEMING remains the sweet spot to capture additional work.

Riding the RM17bn M&E services upcycle. KEEMING's core industrial M&E business (70% of FY26 revenue) is supported by a Malaysian M&E market projected to grow from RM11b to RM17b by 2030 (11% CAGR), driven by JSSEZ, the DC pipeline, and NETR. With the rising electrification trend and increasing power requirements across industrial parks such as Batu Kawan and Kulim Hi-Tech Park, we expect the industrial sector to remain the key driver of order book replenishment, positioning KEEMING to capture higher-value work.

Solar interconnection to drive next growth leg. Backed by SLVEST's 24% stake, the Group has secured interconnection facilities contracts totalling RM56m to date. Based on SLVEST's RM2.5b order book and assuming RM3m per MW for a typical solar project, this implies potential interconnection job opportunities of c.RM833m. Leveraging this relationship, KEEMING is well positioned to capture a meaningful share of the pipeline.

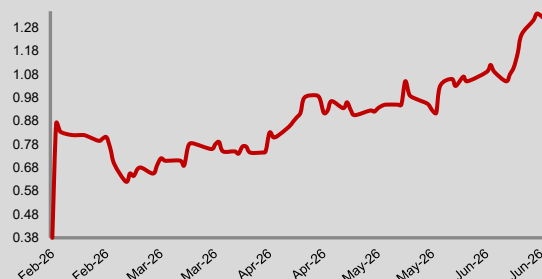
Strategic entry into TNB recurring work via JVs. KEEMING is working to become a TNB tier-1 contractor through JVs with existing panel contractors on a 70:30 split (KEEMING at 30%). Five HV tenders averaging RM40-50m each have been submitted, with outcomes expected within six months. Any success here would shift earnings from lumpy project work to recurring utility-grade contracts, triggering additional upside to our forecasts.

We initiate coverage on KEEMING with a TP of RM1.80, based on 18x FY28F EPS and OUTPERFORM rating.

OUTPERFORM

Price : **RM1.35**
Target Price : **RM1.80**

Share Price Performance



KLCI	1,712.03
YTD KLCI chg	1.9%
YTD stock price chg	55.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KEEMING MK Equity
Market Cap (RM m)	438.8
Shares Outstanding	325.0
52-week range (H)	1.35
52-week range (L)	0.38
3-mth avg daily vol:	1,919,155
Free Float	49%
Beta	N/A

Major Shareholders

Kar Hoe Ir Liew	50.7%
Amanah Mutual Bhd	0.1%
Lai Jun Wah	0.1%

Summary Earnings Table

FYE Mar (RM m)	2026A	2027F	2028F
Turnover	151.5	229.4	275.9
EBIT	23.4	38.2	44.9
PBT	23.3	37.3	44.0
Net Profit	16.3	27.6	32.6
Core Net Profit	23.0	27.6	32.6
Consensus (CNP)		25.0	31.0
Earnings Revision			
Core EPS (sen)	7.1	8.5	10.0
Core EPS Growth (%)	180.2	19.9	18.0
NDPS (sen)	0.0	0.0	0.0
BVPS (RM)	0.2	0.3	0.5
Core PER (x)	19.1	15.9	13.5
PBV (x)	7.2	4.2	2.8
Net Gearing (x)	(0.7)	(0.6)	(0.6)
Net Div. Yield (%)	0.0	0.0	0.0

Risks to our call include: (i) execution risk, (ii) dependence on subcontractors, and (iii) working capital risk.

COMPANY OVERVIEW

KEEMING is an investment holding company whose subsidiaries specialize in providing comprehensive **mechanical and electrical (M&E) engineering solutions**, including the design, supply, installation, testing, and commissioning of electrical systems for industrial, commercial, and renewable energy projects.

The Group's origins trace back to **2013** with the incorporation of Kee Ming Electrical Sdn Bhd in **Ipoh**. It began as a small-scale electrical contractor and secured its first multi-million-ringgit project in 2015. Since then, the Group has rapidly scaled its operations, **expanding** from its Perak roots to establish a strong presence in the **Klang Valley** and **Northern regions of Malaysia**.

KEEMING is registered with the Construction Industry Development Board (CIDB) as a Grade G7 contractor and with the Energy Commission as a Class A Electrical Contractor. These certifications permit the Group to undertake electrical engineering projects of unlimited value and complexity across Malaysia.

A key competitive advantage for KEEMING is its strategic partnership with **SLVEST Holdings Berhad**, which holds a **24% stake** in the Group, since the latter's entry as a shareholder into the former in Jan 2026. This collaboration has positioned KEE MING as a specialist in the clean energy ecosystem, particularly in **solar interconnection works**, which refers to the engineering and construction of high-voltage (HV) infrastructure that connects solar farms to the national power grid, enabling the integration of large-scale renewable energy into Malaysia's electricity network. By leveraging its M&E expertise alongside SLVEST's market leadership, the Group captures high opportunities in the growing renewable energy sector while maintaining a diverse portfolio in traditional industrial and commercial electrical infrastructure.

To date, the Group has built a **proven track record over 13 years**, successfully delivering major projects for prominent clients in the automotive, manufacturing, and utilities sectors. Notable works include the Proton Tanjung Malim project and significant infrastructure developments in Bandar Sri Iskandar.

At the helm of the company are:

Ir. Liew Kar Hoe (Managing Director), who is a **major shareholder** with a 51% stake, and has over **14 years of experience** in the **engineering and electrical** contracting industry. He began his career in 2011 as a **Design Engineer** at Douglas Partners in Australia before returning to Malaysia in 2012 to **assist his late father in managing Kee Ming Electrical Co**, a firm focused on household wiring services. In 2013, he **co-founded Kee Ming Electrical** to expand into large-scale M&E engineering services. His leadership has been pivotal in the **Group's** evolution into a **specialist contractor for industrial and clean energy sectors**, securing landmark projects like the Proton Tanjung Malim and Bandar Sri Iskandar developments. Under his guidance, the Group successfully transitioned into a public limited company and debuted on the ACE Market of Bursa Malaysia in February 2026. He is a **Professional Engineer** registered with the Board of Engineers Malaysia and holds a Bachelor of Engineering (Civil) from the Queensland University of Technology. Ir. Liew is the Group's Promoter and a substantial shareholder, overseeing the overall formulation and implementation of strategic plans.

- i. **Mr. Lai Jun Wah (CFO)**, who is also a **substantial shareholder** with a 0.1% stake, has over **15 years of experience** in auditing and financial management and joined Kee Ming Electrical on 17 September 2024. He began his career in 2009 at Crowe Horwath before moving to Baker Tilly TFW LLP in Singapore and later Y K Tan, Lee & Associates as an Audit Supervisor. In 2015, he joined Hiap Teck Venture Berhad as an Accounts Manager, overseeing Group financial operations and corporate exercises. He later served as Financial Controller at Springleaf Engineering and CFO at BYT Holdings Ltd in Singapore, where he managed strategic decision-making and regulatory compliance. In his current role, he is responsible for overseeing all financial and accounting functions of the Group, leveraging his background as a registered **Chartered Accountant** with the **MIA** and a Bachelor of Accounting from Universiti Utara Malaysia.
- ii. **Mr. Chan Hon Hoong (Project Manager)** has over **22 years of experience** in **mechanical engineering** and **project management** and has been with Kee Ming Electrical since 2023. He began his career in 2002 at Shinryo (Malaysia) Sdn Bhd as a Mechanical Engineer, later moving to Cobrain Holdings Sdn Bhd and Hovid Berhad, where he specialized in ACMV systems, fire protection, and facilities maintenance. He spent several years at Carsem (M) Sdn Bhd, rising to Senior Engineer, before transitioning into project management roles at MBM Land Sdn Bhd, W & C Construction Engineering, and Power Spectra Sdn Bhd. Prior to joining the Group, he served as Assistant Project Manager at Syarikat Ong Yoke Lin Sdn Bhd, overseeing tendering and procurement. In his current role, he is responsible for leading the execution of the mechanical aspects of the Group's projects and overseeing the tendering and procurement processes, drawing on his Bachelor of Engineering (Mechanical) from the University of Malaya.
- iii. **Mr. Chan Jun Ho (Project Manager)** has over **11 years of experience** in **electrical engineering** and has been with Kee Ming Electrical since 2018. He began his career in 2013 as a Technical Engineer at Egreen Resources Sdn Bhd before serving as an Electrical Engineer at Kejuruteraan LKW and Power Spectra Sdn Bhd, where he focused on M&E design and project tendering. After a stint at Ever H Consulting Sdn Bhd, he joined the Group as a Project Engineer and was promoted to Project Manager in 2022. In his current role, he is responsible for leading the execution of the electrical aspects of the Group's projects and overseeing tendering and procurement activities. He holds a Bachelor of Electrical Engineering (First Class Honours) from Universiti Tun Hussein Onn Malaysia and is a registered **Graduate Engineer** with the Board of Engineers Malaysia.

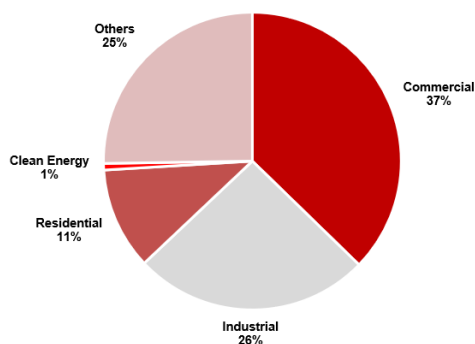
INVESTMENT MERITS

1. More room to scale up order book.

After the inclusion of the RM21m DC win, its largest individual DC project win to date, we estimate the **current order book** stands at **RM172m**. We expect c.70% of this to be recognised in FY27, with the remainder spilling into FY28 based on project schedules. The Group's **tender book** stands at **RM1.7b**, with industrial remaining the key segment at 40% followed by commercial at 39% (largely driven by data centre (DC)). Applying a historical **win rate** of **15-20%**, this implies a potential order book replenishment of c.RM250-340m, **potentially** lifting total order book to **c.RM500m** (or c.3x FY26 revenue). In our view, the DC space could command higher win rates given its proven track record and sweet spot positioning (refer to DC write-up). While recent geopolitical tensions have driven sharp increases in key material prices namely copper (+15% YTD) and aluminium (+13% YTD), we believe the impact on KEEMING's earnings is manageable. We note that the Group's contracts are largely back-to-back in nature, with material costs passed through or locked in upon award, insulating earnings from commodity price volatility.

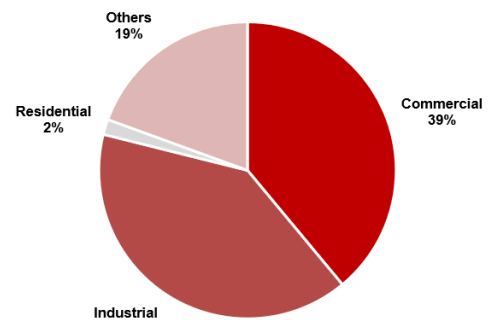
We see low execution risk supported by its strong balance sheet headroom, alongside a capable project delivery team of c.15 project managers. From a financial perspective, assuming M&E contracts require performance bonds of up to 10% of contract value, based on **net cash of RM43m**, this would enable KEEMING to tender for up to RM430m in aggregate contract value. From a capability perspective, with an average project value of RM30m and each project manager handling up to two projects concurrently, this would support an **estimated execution capacity** of up to **RM900m**, well above the current order book of RM172m. Backed by Managing Director Ir. Liew Kar Hoe, together with Project Managers Chan Hon Hoong and Chan Jun Ho, who each bring more than 10 years of working experience in the local M&E engineering services market and provide deep knowledge of industry dynamics, we believe KEEMING is well positioned to scale up and capture a larger share of the growing M&E order pipeline.

Exhibit 1: Breakdown of RM172m Order Book



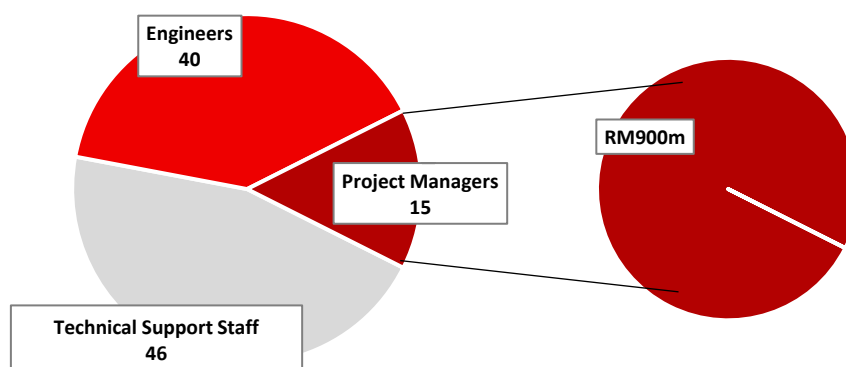
Source: Company

Exhibit 2: Breakdown of RM1.7b Tender Book



Source: Company

Exhibit 3: Assume Each Project Managers Could Only Manage Two Projects of RM30m Each



Source: NETR

1. DC sweet spot to accelerate earnings.

KEEMING is emerging as a direct beneficiary of Malaysia's accelerating DC capex cycle. The Group's RM1.7b tender book (industrial 40%, DC 34%) includes **RM500m in DC tenders submitted in June**, which implies awards should be announced anytime given that DC projects require shorter **12-month timelines** and the **urgency** of work completion. KEEMING's DC scope

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typically covers post-core-and-shell works, including cable works, testing and commissioning, late stage fit out, and related M&E works. These contract values remain relatively small for main contractors to execute in house, while smaller players are filtered out due to ISO and hyperscaler approval requirements, positioning KEEMING as the sweet spot to capture meaningful market share, which is reflected in its existing order book (c.37%).

At the same time, the Group is also exploring penetration into the **DC substation space**, where **MNHLDG** and **CBHB** are established EPCC substation players. **Contract sizes** are significantly larger, with a single HV substation job potentially exceeding **RM100m**, which is **3-4x larger** than **existing DC scopes**. The works cover core and shell, testing, and installation, which in our view requires greater financial support as equipment such as HV switchgear can cost RM10m per unit. We have not factored any wins from this development into our forecasts, as we believe this is a highly competitive field that may require time to build a track record. However, if KEEMING secures any project, this would serve as a major earnings growth catalyst, given the strong DC capex outlook in Malaysia and the abundance of opportunities available.

Exhibit 4: Estimated Order Book Based on Latest Project Progress

No.	Location	Project Type	Project value (RM'000)	Outstanding OB (RM'000)	Project period	Duration (years)	Stage of completion (%)
1	Penang	Industrial	77	10	Jan 2024 - Apr 2026	2.3	87%
2	Kedah	IF	38	37	Jan 2025 - Mar 2027	2.2	3%
3	Perak	Commercial	30	29	Oct 2025 - Jul 2027	1.8	4%
4	Perak	Industrial	26	1	Mar 2023 - Apr 2026	3.2	96%
5	Kedah	IF	22	1	Nov 2024 - Apr 2026	1.5	98%
6	Selangor	Commercial	21	21	Jun 2026 - Dec 2026	0.6	0%
7	Selangor	Industrial	15	14	Feb 2025 - Mar 2027	2.2	10%
8	Selangor	Industrial	14	5	Jun 2025 - Jun 2026	1.0	67%
9	Selangor	Residential	10	5	Apr 2024 - Mar 2027	3.0	52%
10	Selangor	Residential	8	7	Aug 2025 - Aug 2028	3.1	6%
11	Selangor	Commercial	7	6	Feb 2026 - Dec 2026	0.9	14%
12	Perak	IF	6	6	Mar 2026 - Feb 2028	2.0	0%
			Total	141			

Source: Company

This excludes projects valued below RM5m.

Exhibit 5: List of Completed Projects Since Listing

No.	Project	Location	Project value (RM'm)
1	Meru Raya	Residential	10
2	Proton Tanjung Malim Project	Industrial	10
3	DEM Chemor Project	Industrial	9
4	Bercham Factory Project	Industrial	9
5	Klebang Factory Project	Industrial	8
6	Papan Sewerage Project	Industrial	7
7	Tasek Factory Project	Industrial	6
8	Sungai Terap Shop Project	Commercial	6
9	Bagan Serai Project	Residential	5
10	Kurz Project	Industrial	4
11	Ipoh Serviced Apartment Project	Commercial	4
12	Bemban Factory Project	Industrial	3
13	Rubberex Factory Project	Industrial	3
14	Elmina Industrial Park Project	Commercial	4
15	Stallionz Project	Commercial	7
16	Sedenak Project	Commercial	28
	Total		123

Source: Company

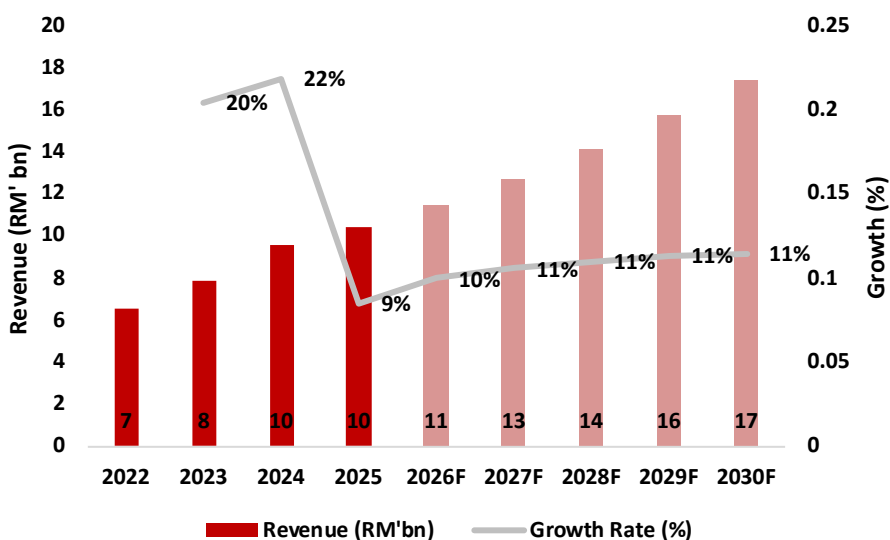
2. Riding the RM17b M&E services upcycle.

KEEMING's **core** business lies in **industrial M&E**, which contributed **c.70% of FY26 revenue**. Demand for M&E services is expected to remain robust, supported by the Malaysian M&E engineering services market, which is projected to grow from RM11b in 2026 to RM17b by 2030, representing a CAGR of 11%. Key growth drivers include Malaysia's expanding **DC pipeline**, the operationalisation of the Johor-Singapore Special Economic Zone (JSSEZ), which is expected to spur industrial and residential developments, as well as initiatives under the National Energy Transition Roadmap (NETR). This is already reflected in the Group's geographic expansion beyond Perak into Selangor, Penang, Kedah and Johor, broadening its access to the country's most active industrial and infrastructure corridors.

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To capture higher value work, the Group has expanded its participation in design-and-build electrical systems, enabling it to undertake more technical, single-point contract packages which support margin expansion. To date, KEEMING has **three ongoing design-and-build projects** with a combined contract value of **RM67m**, including a RM38m 132kV solar interconnection facility in Kedah. Demand for such expertise is expected to remain healthy, supported by government-backed industrial developments such as **Batu Kawan Industrial Park** and **Kulim Hi-Tech Park**, where increasing power requirements are driving demand for higher-capacity electrical infrastructure and more **sophisticated M&E solutions**. Supported by over 12 years of operating history and a proven delivery track record, KEEMING is well positioned to benefit from the ongoing industrial electrification trend.

Exhibit 6: Malaysia's Installed Power Capacity Mix Outlook



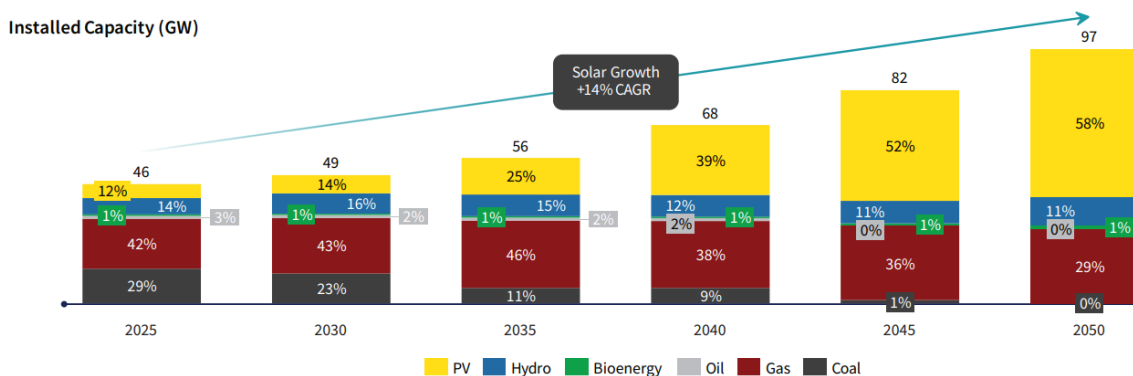
Source: DOSM and Protégé Associates

3. Synergy associate relationship with SLVEST.

Backed by its associate relationship with **SLVEST (BUY, TP: RM3.36)**, which holds a 24% stake, the Group has expanded into the solar value chain via interconnection works. SLVEST is a leading player in Peninsular Malaysia's solar EPCC space, with a proven track record of capturing 20-25% market share in past LSS cycles. To date, the Group has **secured two interconnection contracts** from SLVEST and Savelite Engineering, with a combined value of **RM56m**.

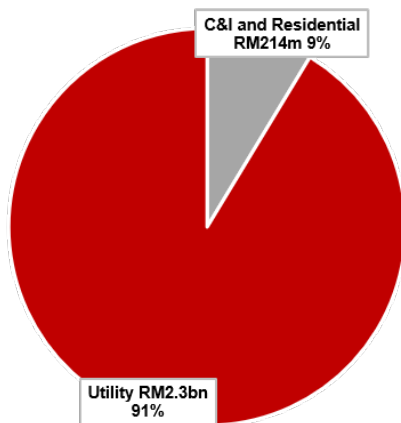
Interconnection works refer to grid connection at a solar farm facility and typically demand shorter execution cycles, as developers aim for early commercial operation to avoid delay penalties. Based on **SLVEST's current order book of RM2.5b** and assuming RM3m per MW for project cost, this implies a **potential interconnection pipeline of c.RM833m** for KEEMING. Given the associate relationship, we believe KEEMING remains well positioned to capture a meaningful share of this pipeline, particularly as utility-scale solar remains central to Malaysia's transition towards a targeted 70% renewable energy mix by 2050. We view solar interconnection as a potential medium to long-term contributor to the Group's earnings base.

Exhibit 6: Malaysia's Installed Power Capacity Mix Outlook



Source: NETR

Exhibit 7: SLVEST's RM2.5b Order Book Breakdown



Source: NETR

4. Strategic entry into TNB recurring work via joint ventures

KEEMING is actively positioning itself to become a TNB tier 1 contractor, which is the highest grade in TNB's procurement system, enabling direct undertaking of major transmission and distribution projects. To date, the Group has not undertaken any direct work for TNB. The Group is bidding through joint ventures with existing TNB panel contractors on a 70:30 split (KEEMING at 30%). Most of the partner firms are privately held and relatively small in size, with KEEMING providing financial capacity and public listed credibility. To date, the Group has submitted five HV tenders to TNB under these JVs, averaging RM40m-50m per job, with outcomes expected within six months. In addition, KEEMING is also actively exploring early-stage collaboration with local partners to establish a foothold in East Malaysia's infrastructure market, forming part of a broader effort to diversify its M&E project portfolio beyond Peninsular Malaysia. These developments could represent meaningful earnings increment over time, as the earnings profile would shift from lumpy project-based work to recurring utility grade contracts. We have yet to factor in any contract wins from these initiatives, as we deem progress remains at a preliminary stage. Any success here would trigger additional upside to our projections.

Scenario analysis: Under our FY27F assumptions, every RM50m increase in contract wins could increase KEEMING's earnings by c.RM11m, or a 39% upside to our baseline FY27F earnings of RM28m, assuming net margins are maintained at 12%.

For FY28, every RM50m increase in contract wins could increase KEEMING's earnings by c.RM3m, or a 9% upside to our baseline FY28F earnings of RM33m, assuming net margins are maintained at 12%. In our view, however, we believe TNB contracts are likely to dilute margins given the competitive landscape, with typical PAT margins likely in the single-digit range. At the moment, the RM50m above assumes a more optimistic scenario of potentially more than one win out of the five existing tenders.

Exhibit 3: KEEMING's FY27F Earnings Change (%) from Base Case

Order replenishment FY27F (RM m)	Profit margin					
	7%	8%	9%	10%	11%	12%
28	7%	8%	9%	10%	11%	12%
100	-183%	-181%	-178%	-176%	-174%	-172%
150	-115%	-112%	-109%	-107%	-104%	-101%
200	-47%	-43%	-40%	-37%	-34%	-31%
222	-17%	-13%	-10%	-7%	-3%	0%
250	22%	25%	29%	32%	36%	39%
300	90%	94%	98%	102%	106%	110%
350	158%	162%	167%	171%	176%	180%
400	226%	231%	236%	241%	245%	250%
450	294%	299%	305%	310%	315%	321%

Source: Kenanga Research

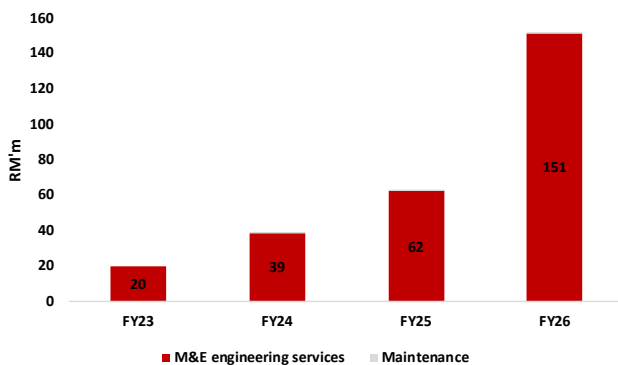
Exhibit 3: KEEMING's FY27F Earnings Change (%) from Base Case

Order replenishment FY28F (RM m)	Profit margin						
	33	7%	8%	9%	10%	11%	12%
150	-62%	-56%	-51%	-45%	-40%	-34%	
200	-56%	-49%	-43%	-36%	-30%	-23%	
250	-50%	-42%	-35%	-27%	-20%	-12%	
307	-42%	-34%	-25%	-17%	-8%	0%	
350	-37%	-28%	-18%	-9%	0%	9%	
400	-31%	-21%	-10%	0%	10%	20%	
450	-24%	-13%	-2%	9%	20%	31%	
500	-18%	-6%	6%	18%	30%	42%	
550	-12%	1%	14%	27%	40%	53%	

Source: Kenanga Research

Financial review. KEEMING has delivered exceptional bottom line growth over the past four years, with CNP increasing from RM1m in FY23 to RM23m in FY26 after adjusting for one-off listing expenses. This implies a four-year CNP CAGR of 230%. The growth was driven primarily by larger contract sizes and increased exposure to higher value industrial and data centre projects. Margins have remained healthy, with gross profit margin stable at 24% in FY25-FY26. In 4QFY26, GP margin spiked to 35% as the majority of projects completed during the quarter were higher-margin industrial jobs and received variation orders. The Group's contracts are largely back-to-back, with material costs passed through upon award, insulating earnings from commodity price volatility. The balance sheet remains healthy with a net cash position of RM47m, offering substantial financial capacity to pursue new project opportunities and support future growth. Over the past three years, the Group has delivered an average ROE of c.40%, reflecting its strong earnings-generating capability.

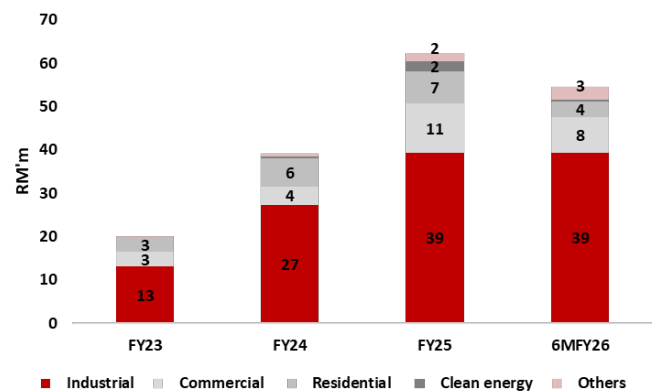
Exhibit 6: Revenue Breakdown



Source: Company

Maintenance revenue contribution <RM1m for FY23 to FY26.

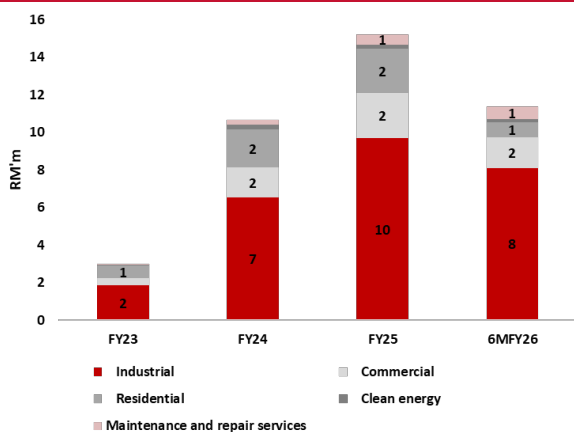
Exhibit 7: M&E Revenue Breakdown



Source: Company

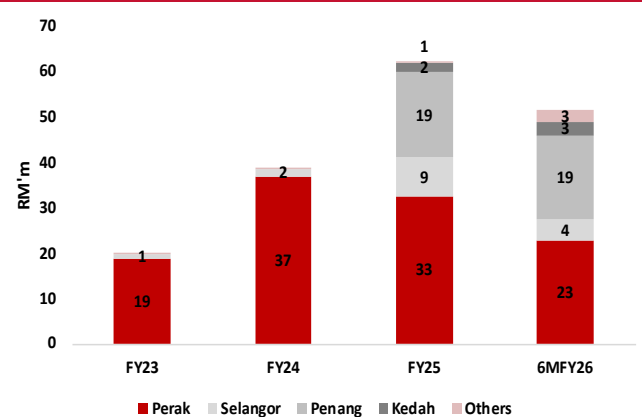
Revenue segments contributing <RM1m are not labelled.

Exhibit 8: Gross Profit Breakdown



Source: Company, IPO Prospectus

Exhibit 9: Revenue by Geographically



Source: Company, IPO Prospectus

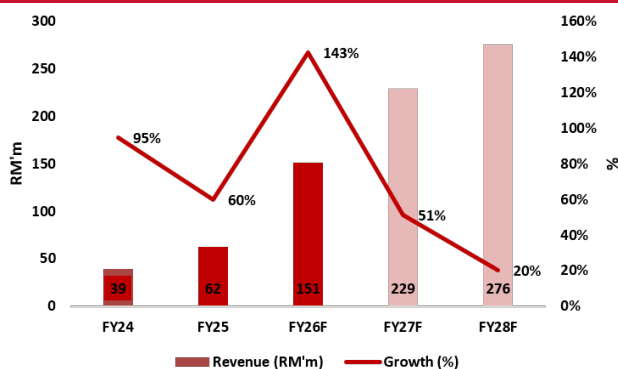
Financial forecast. Moving forward, we project FY27F and FY28F core earnings of RM28m and RM33m, respectively, representing 20% and 18% YoY growth. Growth is primarily driven by: (i) industrial M&E, supported by Malaysia's RM17b M&E upcycle; (ii) data centre fit-out projects; and (iii) solar interconnection via SLVEST.

FY27 - Earnings will be mainly supported by progressive recognition of the existing order book of RM172m, of which we expect up to c.70% to be recognised in FY27. In addition, we forecast order book replenishment of close to RM230m, with C&I remaining the core component driving earnings growth. We apply an S-curve revenue recognition for C&I and other projects split over three years, under which earnings tend to peak in the second year of execution, while DC projects follow a two-year construction period. Data centre related works are expected to contribute a growing share, with fast-track project timelines providing quicker conversion to earnings. Our base case does not factor in any variation orders.

FY28 - Earnings are expected to be driven by the remaining portion of the RM172m order book and carry-forward of the RM230m replenishment from FY27, plus new order book replenishment of RM300m mainly from DC projects. Our earnings forecasts have not factored in any additional upside from future TNB contracts. Any such wins would represent further earnings upside beyond our base case. We apply a slight discount to DC project margins, as we expect over time more competitors will enter the segment, intensifying competition and potentially compressing margins from current levels.

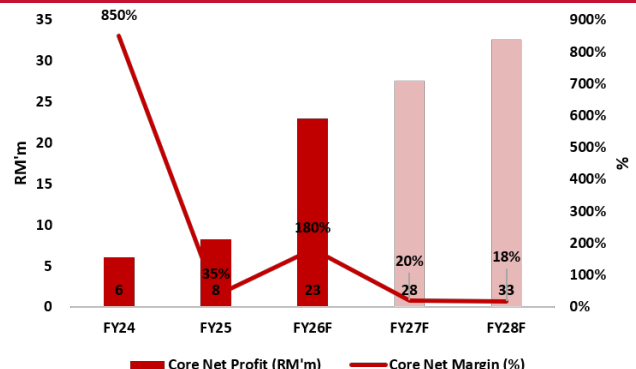
Dividend policy. KEEMING does not have a formal dividend policy and has not declared or paid any dividends in prior periods. Looking ahead, we expect retained earnings to continue supporting working capital requirements to fund the Group's ongoing operations. Any successful TNB contract wins could improve cash flow from the current 113 days to industry normal of ~1 month, driven by more predictable payment terms given TNB's strong credit profile as a government-linked utility.

Exhibit 10: Revenue and Growth



Source: Company, Kenanga Research

Exhibit 11: Core Net Profit and Margin



Source: Company, Kenanga Research

VALUATION

We value KEEMING at a **TP of RM1.80**, based on 18x FY28F PER. Our assigned multiple represents a 29% premium to the electrical contractor sector's peer average forward PER of 14x. We believe KEEMING justifies a higher PER due to: (i) its high earnings growth profile, which offers a **PEG ratio of only 0.77x**, still below peers average; (ii) its **associate relationship with SLVEST**, providing direct exposure to solar interconnection opportunities; (iii) its **proven track record** of over 12 years in the M&E space; (iv) its unique positioning in the DC works segment, having completed 4 DC projects; and (v) **potential** revenue growth from **TNB and in Sarawak**, which involves multi-year execution and offers recurring earnings visibility.

In terms of competitive landscape, we view **WESTVR, CHB, SUNLOGY** and **SSB8** as directly comparable peers, given their focus on M&E electrical works and exposure to data centres. **CBHB** and **MNHLDG** are also involved in M&E electrical works and serve private sector clients, but their primary role is as EPCC and turnkey contractors, whereas KEEMING's scope is more centred on M&E related works. **SUNLOGY** has exposure to M&E but not to DCs.

We deem KEEMING remains an attractive proxy for the electrification trend, given its high growth exposure to the DC cycle, the yet-to-be-realised LSS5+ and LSS6+ EPCC opportunities demanding interconnection facility works, and its active exploration of TNB-related jobs that would serve as recurring income business. We initiate coverage with an **OUTPERFORM** rating and a TP of **RM1.80**, implying **44% upside** from current levels. No adjustment is made to our TP based on sustainability valuation, given the Group's 3-star ESG rating (Page 8).

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Exhibit 12: Comparison of Local Peers in the Engineering Sector

Company	Country	FYE	Market Cap (RM m)	Revenue (RM m)	Net Margin (%)	2-yr Average Fwd PER (x)	PEG (%)
Malaysia							
KEEMING	Malaysia	Mar	439	62	13	14.7	0.77
CBHB	Malaysia	Dec	1,270	219	22	15.8	1.78
MNHLDG	Malaysia	Jun	1,813	535	9	13.7	0.90
SSB8	Malaysia	Jun	1,250	221	20	24.2	0.73
CHB	Malaysia	Jun	420	329	8	9.6	0.43
SUNLOGY	Malaysia	Jul	182	325	5	8.3	N.A
WESTVR	Malaysia	Dec	81	111	6	11.3	N.A
<i>Simple Average</i>						13.8	

Source: Bloomberg, Kenanga Research

KEY RISKS

- (i) **Execution risk.** Project delays could expose the Group to liquidated ascertained damages (LAD), potentially impacting profitability and cash flow.
- (ii) **Dependence on subcontractors.** The Group relies on subcontractors for part of its operations, with subcontracting costs accounting for 34-44% of total purchases over FY22-1HFY26, which may expose it to execution and cost control risks.
- (iii) **Working Capital.** Contractors in the M&E space typically require significant cash flow to meet working capital obligations, including performance bonds of c.10% and retention sums of around 5% of contract value. Any deterioration in the Group's cash flow position could disrupt ongoing operations and delay project.

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Income Statement

FY Mar (RM m)	2024A	2025A	2026A	2027F	2028F	FY Mar	2024A	2025A	2026A	2027F	2028F
Revenue	39	62	151	229	276	Growth (%)					
EBIT	8	11	23	38	45	Revenue	94.9	59.8	142.7	51.4	20.3
PBT	8	11	23	37	44	Operating Profit	814.1	34.9	110.9	63.0	17.7
Taxation	(2)	(3)	(7)	(10)	(11)	PBT	863.8	35.0	111.9	60.3	18.0
Net Profit	6	8	16	28	33	Net Profit	849.8	35.0	98.1	69.6	18.0
Core Net Profit	6	8	23	28	33	Core Net Profit	849.8	35.0	180.2	19.9	18.0

Financial Data & Ratios

Balance Sheet

FY Mar (RM m)	2024A	2025A	2026A	2027F	2028F	Profitability (%)	2024A	2025A	2026A	2027F	2028F
Fixed Assets	2	3	3	3	3	Operating Margin	21.1	17.8	15.5	16.6	16.3
Intangibles	0	0	0	0	0	PBT Margin	20.8	17.6	15.3	16.3	15.9
Other FA	0	0	0	0	0	Core Net Margin	15.6	13.2	15.2	12.0	11.8
Contract assets	5	30	21	50	60	Effective Tax Rate	25.2	25.2	30.0	26.0	26.0
Receivables	9	13	47	72	87	ROA	27.7	16.1	19.4	14.5	13.5
Other CA	0	0	0	0	0	ROE	48.6	39.6	37.5	26.4	21.1
Cash	7	5	47	64	91	DuPont Analysis					
Total Assets	22	51	119	190	242	Net Margin (%)	15.6	13.2	15.2	12.0	11.8
						Assets Turnover (x)	1.8	1.2	1.3	1.2	1.1
Payables	4	24	34	62	64	Leverage Factor (x)	1.76	2.46	1.93	1.82	1.56
ST Borrowings	0	2	3	4	4	ROE (%)	48.6	39.6	37.5	26.4	21.1
Other ST Liabilities	4	2	19	19	19	Leverage					
LT Borrowings	1	1	1	1	1	Debt/Asset (x)	0.0	0.1	0.0	0.0	0.0
Other LT Liabilities	0	0	0	0	0	Debt/Equity (x)	0.1	0.2	0.1	0.0	0.0
Net Assets	13	21	61	104	154	Net (Cash)/Debt	-6	-1	-43	-59	-86
						Net Debt/Equity(x)	-0.45	-0.07	-0.70	-0.57	-0.56
Share Capital	1	1	45	45	45	Valuations					
Retained Earnings	12	20	36	80	129	Core EPS (sen)	1.9	2.5	7.1	8.5	10.0
Other Reserves	0	0	-20	-20	-20	DPS (sen)	0.0	0.0	0.0	0.0	0.0
Non-controlling Interest	0	0	0	0	0	BVPS (RM)	0.0	0.1	0.2	0.3	0.5
Total Equity	13	21	61	104	154	Core PER (x)	72.2	53.4	19.1	15.9	13.5

Cashflow Statement

FY Mar (RM m)	2024A	2025A	2026A	2027F	2028F	PBV (x)	2024A	2025A	2026A	2027F	2028F
Operating CF	3	(3)	18	12	22	Net Div. Yield (%)	0.0	0.0	0.0	0.0	0.0
Investing CF	0	(0)	(0)	(0)	(0)						
Financing CF	(5)	1	24	5	5						

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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.	1-Yr. Fwd.	1-Yr. Fwd.	
ANCOM NYLEX BHD	OP	0.905	1.20	32.6%	955.3	Y	05/2026	8.8	9.6	49.8%	11.5%	10.3	9.4	1.3	13.9%	5.0	5.5%			
BM GREENTECH BHD	UP	1.21	1.72	42.1%	832.2	Y	03/2026	11.3	12.2	11.5%	7.5%	10.7	9.9	2.3	22.5%	1.8	1.5%			
BP PLASTICS HOLDINGS BHD	MP	0.645	0.630	-2.3%	181.6	Y	12/2026	7.9	8.5	72.8%	8.2%	8.2	7.6	0.6	8.0%	4.3	6.6%			
HPP HOLDINGS BHD	MP	0.300	0.300	0.0%	116.6	Y	05/2026	2.0	2.3	146.9%	12.7%	14.7	13.1	0.9	6.3%	2.0	6.7%			
SCIENTEX BHD	OP	3.50	3.84	9.7%	5,447.0	Y	07/2026	37.9	39.0	12.1%	3.1%	9.2	9.0	1.1	12.9%	12.5	3.6%			
SLP RESOURCES BHD	MP	0.790	0.810	2.5%	250.4	Y	12/2026	4.6	5.4	43.4%	17.4%	17.2	14.6	1.5	8.4%	5.0	6.3%			
TECHBOND GROUP BHD	OP	0.285	0.470	64.9%	216.2	Y	06/2026	4.1	4.5	37.5%	9.1%	6.9	6.3	0.8	12.0%	1.0	3.5%			
THONG GUAN INDUSTRIES BHD	OP	1.32	1.37	3.8%	518.9	Y	12/2026	18.4	19.1	2.7%	3.8%	7.2	6.9	0.5	7.7%	6.0	4.5%			
SOUTHERN CABLE GROUP BHD	OP	1.81	2.71	49.7%	2,046.2	Y	12/2026	12.4	15.0	15.3%	21.7%	14.6	12.0	3.6	30.6%	3.5	1.9%			
SECTOR AGGREGATE					8,518.2															

Source: Kenanga Research

Sustainability Highlights:

Sustainability-Related Opportunities (SROs)

- **Technical Innovation:** Kee Ming leverages the growing demand for renewable energy to drive "Climate-Positive" growth. By providing rooftop solar solutions, the company helps clients navigate regulatory mandates (upcoming carbon tax, EU CBAM), secure supply chain standing with MNCs, and access green financing. This integration offers a strategic hedge against volatile electricity tariffs while enhancing operational resilience.
- **Operational Resource Efficiency:** The RM1m investment in a new ERP system directly addresses SASB's focus on project resource management. This digitized approach is expected to reduce material waste and optimize labor allocation, supporting long-term margin resilience.

Sustainability-Related Risks and Disclosure Gaps

- **Social & Labor Risk (Metric Gap):** While site supervisors are present, the absence of standardised safety metrics (TRIR) is a significant "Information Risk." For an engineering firm, safety performance is a lead indicator of operational quality and insurance cost management.
- **Supply Chain Transparency:** There is a **Disclosure Gap** regarding the environmental and social auditing of the solar PV supply chain (e.g., sourcing of polysilicon or modules). Under IFRS S2, companies are increasingly expected to address "upstream" transition and social risks.
- **Transition Risk (Metrics):** No disclosure of Scope 1, 2, or 3 GHG emissions.

ESG Rating

Criterion	Rating		
Environmental Impacts of Project Development	★	★	
Workforce Health & Safety	★	★	
Lifecycle Impacts of Buildings & Infrastructure	★	★	★
Climate Impacts of Business Mix	★	★	★
Business Ethics	★	★	★
Project Design & Management	★	★	★
OVERALL	★	★	★

☆ denotes half-star
 ★ -5% discount to TP
 ★★ -3% discount to TP
 ★★★ TP unchanged
 ★★★★ +3% premium to TP
 ★★★★★ +5% 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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