

KJTS Group

Secures New SSA

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KJTS Group's 70.67%-owned subsidiary, iHandal Green Assets Holdings Sdn Bhd, has signed a 10-year Savings Sharing Agreement with Flexitech Sdn Bhd (a Top Glove Corporation's unit) for Heatfuse Heat Recovery Solutions at its Banting plant. Installation is expected to take 12-16 weeks. With three SSAs signed in total, KJTS will receive 50% of RM8m guaranteed annual savings, translating to RM4m annual recurring revenue. This marks the first production line with potential for additional phases. **Maintain OUTPERFORM with TP of RM1.30.**

Total three SSA signed. KJTS Group Berhad's subsidiary, iHandal Green Assets Holdings Sdn Bhd (70.67% owned), has signed a new 10-year Savings Sharing Agreement (SSA) with Flexitech Sdn Bhd (a Top Glove Corporation unit) for the design, installation, and maintenance of Heatfuse Heat Recovery Solutions at its Banting manufacturing plants. Installation is expected to take 12-16 weeks. KJTS will receive 50% based on RM6m in guaranteed annual energy savings, translating to RM3m annual recurring income. Prior to this, it has another two SSAs with Top Glove subsidiaries (TG Medical: RM1m, GMP Medicare: RM2m), bringing total annual savings to RM8m and total recurring revenue to KJTS to RM4m annually.

Our Take. We are positive on the award, as this not only enhances KJTS's recurring income stream over the next decade but also strengthens its foothold within the energy-efficiency ecosystem. Given the 50% savings sharing arrangement, we assume a 25% net margin is achievable, which is expected to generate RM1m in annual PAT (RM10m total over 10 years), representing 5% of our FY26F PAT. In addition, with this project, a total of three SSA have been signed, which is estimated to account for about one-sixth of total energy consumption, likely opening the door to additional phases and long-term opportunities.

Outlook. We maintain a positive view on Heatfuse demand over the longer term. Demand is expected to stay robust, particularly from steel and glove manufacturing facilities, given their high energy intensity and the need to achieve tangible cost savings. The structural outlook is further reinforced by Malaysia's ~RM41bn addressable cooling market and the implementation of the Energy Efficiency and Conservation Act (EECA), which together represent a sizeable untapped opportunity.

Forecasts. After incorporating the three Top Glove SSAs, we raise our FY26F earnings by 1% and FY27F earnings by 5%, with the full-year benefit expected in FY27 once all three systems are operational.

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.**

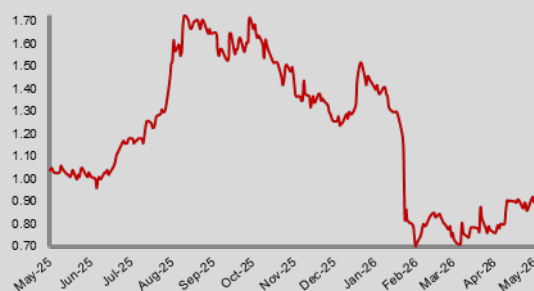
Investment thesis. We like KJTS for: (i) Malaysia's RM41b energy efficiency pie which provides an attractive avenue to grow its higher-margin recurring income concession base, (ii) the underappreciated 10% JV with Stonepeak, and (iii) MUSB which paves the way for the government's asset transformation strategy. **Maintain OUTPERFORM.**

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

OUTPERFORM ↔

Price : **RM0.78**
Target Price : **RM1.34** ↔

Share Price Performance



KLCI	1,700.84
YTD KLCI chg	1.2%
YTD stock price chg	-46.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KJTS MK Equity
Market Cap (RM m)	542.1
Shares Outstanding	690.6
52-week range (H)	1.73
52-week range (L)	0.70
3-mth avg. daily vol.	975,338
Free Float	42%
Beta	0.98

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	230.1	272.2
EBIT	25.4	42.7	42.2
PBT	24.8	40.3	54.3
Net Profit	18.3	25.8	31.6
Core PATAMI	18.2	21.6	27.2
Consensus (NP)	-	21.5	28.5
Earnings Revision	-	+1%	+5%
Core EPS (sen)	1.2	2.6	3.1
Core EPS Growth (%)	124.2	19.0	25.8
NDPS (sen)	0.4	0.6	0.8
NTA per Share (RM)	0.2	0.2	0.3
PER (x)	74.0	33.0	28.2
PBV (x)	5.3	4.5	3.1
Net Gearing (x)	(0.1)	(0.0)	(0.2)
Net Div. Yield (%)	0.5	0.7	0.9

23 June 2026

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		84.8	DCF with a discount rate of 5.9%
Stonepeak Potential		559.0	
Net (Debt) / Cash		4.5	
Asset Valuation		941.9	
Number of Shares (m shares)		700.7	
TP (RM/share)		1.34	

Source: Kenanga Research

23 June 2026

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.				
Stocks Under Coverage																	
CHEEDING HOLDINGS BHD	OP	0.670	0.790	17.9%	534.2	Y	03/2027	5.1	5.6	1.2%	8.8%	13.1	12.1	3.0	25.8%	1.3	1.9%
KEEMING GROUP BHD	OP	1.35	1.80	33.3%	438.8	Y	03/2027	8.6	10.2	21.7%	17.9%	15.7	13.3	4.2	33.9%	0.0	0.0%
KAWAN RENEGY BHD	OP	0.510	0.730	43.1%	280.5	Y	10/2026	4.8	6.1	11.9%	27.8%	10.7	8.3	2.0	20.7%	1.4	2.7%
KJTS GROUP BHD	OP	0.800	1.34	67.5%	552.5	Y	12/2026	3.0	3.7	17.0%	21.6%	26.3	21.6	2.4	11.8%	0.6	0.8%
PEKAT GROUP BHD	OP	1.67	1.91	14.4%	1,183.1	Y	12/2026	8.7	10.0	24.4%	14.4%	19.2	16.8	2.9	18.6%	0.0	0.0%
SAMAIDEN GROUP BHD	OP	1.32	1.94	47.0%	737.1	Y	06/2026	6.3	7.5	21.3%	18.8%	20.9	17.6	3.3	17.4%	1.1	0.8%
SOLARVEST HOLDINGS BHD	OP	3.03	3.36	10.9%	2,902.2	Y	03/2027	13.8	15.4	29.1%	11.6%	21.9	19.7	3.0	14.8%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.200	0.470	135.0%	200.2	Y	09/2026	1.3	2.0	-29.3%	53.8%	15.4	10.0	2.5	19.1%	0.0	0.0%
SECTOR AGGREGATE					172,829.6					-3.1%	2.6%	17.6	17.2	2.6	17.1%		1.8%

Source: Kenanga Research

*Note that Sunview numbers based on Bloomberg consensus

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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