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Malacca Securities
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EITA Resources Berhad

Earnings Hit By Higher Costs And Forex Losses

Results Note – 3QFY25

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HOLD (from BUY)

Share price	**RM0.545**
Target price	**RM0.580**
Previous TP	**RM0.700**
Capital upside	6.4%
Dividend return	2.8%
Total return	9.2%

Summary

- **Earnings below expectations.** EITA registered a 3Q25 core PAT of -RM0.4m (vs. 2Q25: RM3.4m and 3Q24: RM4.1m), bringing its 9M25 core PAT to RM12.4m (-6.3% YoY). The results came in below expectations, accounting for 60.3% and 59.0% of our and consensus full-year estimates. The key deviations include (i) lower-than-expected revenue generated in the Manufacturing, Marketing & Distribution and Services segments, (ii) an unexpected loss incurred in the Manufacturing segment and (iii) a higher effective tax rate.

- **YoY.** EITA's revenue increased 13.1% YoY, led by revenue surge in the High-Voltage System segment (+162.6%), despite other segments were showing signs of weakness. However, EITA's core PAT turned negative, incurring a loss of RM0.4m (vs. core PAT of RM4.1m), dragged by the (i) loss in the Manufacturing segment, (ii) lower PBT from Services segment and (iii) higher loss from the High-Voltage System segment. For 9M25, the core PAT reduced by 6.3% from RM13.2m to RM12.4m.

- **QoQ.** Meanwhile, revenue rose 16.0% to RM103.4m, again thanks to the High-Voltage System segment (+68.9%), while other segments including Marketing & Distribution (+7.3%), Manufacturing (+4.4%) and Services (+0.9%) also posted revenue growth. Despite the revenue increase, EITA's core PAT turned negative, from RM3.4m profit in 2Q25 to RM0.4m loss in 3Q25.

- **Losses incurred in Manufacturing and High Voltage Services segments.** Both the Manufacturing and High Voltage Services segments underperformed in 3Q25, with PBT of -RM3.0m and -RM4.5m respectively. The losses were mainly attributed to (i) a higher net loss on foreign exchange, (ii) higher administrative expenses and (iii) a higher allowance for doubtful debts and distribution cost.

- **Marketing & Distribution and Services segments.** Both the Marketing & Distribution and Services segments recorded a core PAT of RM2.4m and RM3.8m, respectively, offsetting losses made in the Manufacturing and High Voltage Services segments.

- **Outlook.** Management remains cautiously optimistic, with stable recurring income from Services segment and positive contributions from the Marketing & Distribution segment. While earnings are pressured by cost escalations and forex losses, a potential recovery in the Busduct and Ballast businesses could help turn around the currently loss-making Manufacturing segment. Meanwhile, EITA's overseas expansion strategy should provide longer-term growth opportunities in line with the global industrialization trend and the NIMP initiatives.

Quarterly performance 3Q25

Quarterly performance FYE Sep (RM m)	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9MFY24	9MFY25
Revenue	90.6	89.1	103.4	*16.0*	*14.1*	290.3	297.8
EBIT	5.6	5.0	(0.5)	*NM*	*NM*	18.7	16.5
PBT	4.9	4.4	(1.2)	*NM*	*NM*	16.6	14.2
Core PAT	4.1	3.4	(0.4)	*NM*	*NM*	13.2	12.4
Reported PAT	4.1	3.4	(0.4)	*NM*	*NM*	13.2	12.4
Core EPS (sen)	1.3	1.1	(0.1)	*NM*	*NM*	4.4	4.1
EBIT margin (%)	6.2	5.7	(0.5)			6.5	5.5
PBT margin (%)	5.4	4.9	(1.2)			5.7	4.8
Core PATMI margin (%)	4.5	3.9	(0.4)			4.6	4.2

Source: EITA, M+ Research

Company profile

Primarily specializes in the manufacturing, marketing, distribution, and servicing of electrical and electronic (E&E) systems, including its proprietary elevator (EITA-Schneider®) and busduct (Furutec®) systems, serving clients across Malaysia, Southeast Asia, and the Middle East.

Stock information

Bursa Code	5208
Bloomberg ticker	EITA MK
Listing market	MAIN
Share issued (m)	301.8
Market Cap (m)	164.5
52W High/Low	0.775 / 0.500
Est. Free float (%)	26.5
Beta (x)	0.7
3-mth avg vol ('000)	74.5
Shariah compliant	Yes

Major shareholders	**%**
Ruby Technique Sdn. Bhd.	26.4
Sudut Kreatif Sdn. Bhd.	14.5
Jasa Simbolik Sdn. Bhd.	9.0

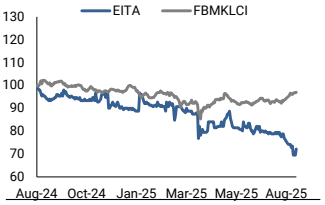
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-8.4	-14.2	-27.8
Relative	-12.6	-17.7	-25.6

Earnings snapshot

FYE (Sep)	FY24	FY25f	FY26f
PAT (m)	9.4	15.2	17.4
EPS (sen)	3.1	5.0	5.8
P/E (x)	17.5	10.8	9.4

Relative performance chart



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Valuation & Recommendation

- **Forecast.** Following the losses in 3Q25 and earnings that underperformed our expectations, we are revising lower our core PAT forecasts by 19.6%-26.2% to RM15.2-18.5m for FY25f-27f, down from our initial forecast of RM20.6m-23.0m. This revision factors in higher cost escalations moving forward and a higher effective tax rate.

- **Downgraded to HOLD recommendation with a lower TP of RM0.58 (from RM0.70).** We are downgrading our recommendation to HOLD (from Buy) on EITA with a lower target price of RM0.58. The target price is derived based on a P/E ratio of 10.0x pegged to our FY26f EPS of 5.77 sen.

- **Downside risks.** Risks to our recommendation include prolonged weakness in the Manufacturing segment should the Busduct recovery take longer than expected, as well as continued losses in the High Voltage System segment. Rising administrative expenses, higher allowance for doubtful debts and net foreign exchange losses could further pressure margins. Additionally, competitive environment in both domestic and overseas construction and infrastructure sectors, coupled with unforeseen execution risks, may limit EITA's recovery moving forward.

Financial Highlights

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Sep (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Cash	61	68	55	77	101
Receivables	71	71	98	95	91
Inventories	50	64	56	57	58
PPE	44	44	38	32	26
Others	138	155	155	155	155
Assets	**363**	**403**	**402**	**416**	**430**
Debts	67	55	47	47	48
Payables	48	61	52	53	54
Others	34	48	48	48	48
Liabilities	**149**	**164**	**146**	**148**	**149**
Shareholder's equity	214	245	256	268	281
Minority interest	1	(6)	-	-	-
Equity	**214**	**239**	**256**	**268**	**281**

Cash Flow Statement

FYE Sep (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	13	10	24	26	27
Depreciation & amortis	6	6	6	6	6
Changes in working cap	(22)	(1)	(29)	4	4
Share of JV profits	0	0	0	0	0
Taxation	(6)	(7)	(9)	(8)	(8)
Others	(15)	(3)	-	-	-
Operating cash flow	**(24)**	**5**	**(8)**	**27**	**28**
Net capex	(3)	(2)	-	-	-
Others	(1)	(0)	-	-	-
Investing cash flow	**(4)**	**(2)**	**-**	**-**	**-**
Changes in borrowings	22	(13)	(8)	1	1
Issuance of shares	-	29	-	-	-
Dividends paid	(7)	(6)	(5)	(5)	(6)
Others	(6)	(6)	-	-	-
Financing cash flow	**10**	**4**	**(13)**	**(5)**	**(5)**
Net cash flow	**(18)**	**8**	**(14)**	**22**	**23**
Forex	(1)	1	-	-	-
Others	2	(0)	-	-	-
Beginning cash	77	61	68	55	77
Ending cash	61	68	55	77	101

Source: M+ Research

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	**317**	**395**	**399**	**406**	**414**
EBITDA	22	19	32	33	34
EBIT	16	13	26	28	29
Net finance income/ (co	(2)	(2)	(2)	(2)	(2)
Associates & JV	(0)	(0)	(0)	(0)	(0)
Profit before tax	**13**	**10**	**24**	**26**	**27**
Tax	(6)	(7)	(9)	(8)	(8)
Net profit	**7**	**3**	**15**	**17**	**19**
Minority interest	3	6	-	-	-
Core earnings	**10**	**9**	**15**	**17**	**19**
Exceptional items	1	(1)	-	-	-
Reported earnings	11	9	15	17	19

Valuation & Ratios

FYE Sep (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Core EPS (sen)	3.5	3.1	5.0	5.8	6.1
P/E (x)	15.7	17.5	10.8	9.4	8.9
EV/EBITDA (x)	2.7	3.2	1.8	1.8	1.7
DPS (sen)	2.2	2.1	1.5	1.7	1.8
Dividend yield	4.0%	3.9%	2.8%	3.2%	3.4%
BVPS (RM)	0.71	0.81	0.85	0.89	0.93
P/B (x)	0.8	0.7	0.6	0.6	0.6
EBITDA margin	6.9%	4.8%	8.0%	8.2%	8.3%
EBIT margin	5.0%	3.3%	6.6%	6.8%	6.9%
PBT margin	4.1%	2.7%	6.1%	6.3%	6.4%
Net margin	3.3%	2.4%	3.8%	4.3%	4.5%
ROE	5.0%	4.1%	6.1%	6.7%	6.8%
ROA	3.0%	2.5%	3.8%	4.3%	4.4%
Net gearing	3.2%	CASH	CASH	CASH	CASH

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Stock recommendation guide

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