

KJTS Group Berhad

Earnings Came In Above Expectations

Summary

- Earnings came in above our expectations.** KJTS registered A core profit of RM4.5m in 2Q25 (QoQ: +6.5%, YoY: +27.2%), bringing the 1H25 core net profit to RM8.8m (+223.4% YoY), accounting for 58.3% and 27.2% of our and consensus full-year estimates, respectively. The results were above expectations and key deviations include better-than-expected cost management in its newly secured EPCC contract, translating to higher-than-expected net margins overall.
- YoY.** On a YoY basis, KJTS delivered a robust 2QFY25, registering revenue of RM44.1m (+52.0% YoY), driven by Cooling Energy (RM24.4m; 55.3% of revenue) from newly secured EPCC projects as well as Cleaning Services (RM17.1m; 38.8% of revenue) given its expanding customer base, reflecting momentum picking up across its building support services.
- QoQ.** On a QoQ basis, revenue fell 5.4%, weighed down by lower contributions from both Cooling Energy (-9.1%) and Facilities Management (-11.5%) segment, which in turn dragged gross profit margins to 23.6% from 25.6%. However, PBT rose to RM5.39m (vs. RM4.6m in 1QFY25), reflecting lower financing costs, which directly translated into margin expansion on a QoQ basis.
- YTD.** KJTS reported revenue of RM90.6m for the financial year-to-date ended 30 June 2025. Cooling Energy and Cleaning Services remained the main contributors, generating RM51.2m (56.5% of revenue) and RM33.89m (37.4% of revenue), respectively. Revenue grew by RM25.44m (+39.0% YoY), mainly driven by (i) newly secured EPCC as well as (ii) growing customer base.
- Outlook.** We believe KJTS is set to benefit from (i) Malaysia's RM41bn cooling energy market, supported by the National Energy Transition Roadmap (NETR) and the Energy Efficiency and Conservation Act (EECA); (ii) the RM1.5bn Stonepeak JV, which should provide access to large-scale regional cooling projects, with its sticky solutions expected to grow in tandem; and (iii) the MUSB acquisition, anchored by a 153MW electricity supply and district cooling plant in KL Sentral, positioning KJTS as a frontrunner for the RM5bn public sector retrofit market.

Quarterly performance 2Q25

Quarterly performance								
FYE Dec (RM m)	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	1HFY24	1HFY25	YoY (%)
Revenue	29.0	46.6	44.1	(5.4)	52.1	65.2	90.6	39.0
EBIT	4.2	4.6	5.6	21.6	30.8	4.2	10.1	141.5
PBT	4.3	4.7	5.4	15.7	24.5	4.2	10.1	140.7
Core PAT	3.6	4.3	4.5	6.5	27.2	2.7	8.8	223.4
Reported PAT	3.6	4.3	4.5	6.5	27.2	2.7	8.8	223.4
Core EPS (sen)	0.5	0.6	0.7	6.5	27.2	0.4	1.3	223.4
EBIT margin (%)	14.7	9.8	12.6			6.4	11.2	
PBT margin (%)	14.9	10.0	12.2			6.4	11.1	
Core PATMI margin (%)	12.3	9.2	10.3			4.2	9.7	

Source: KJTS Group Berhad, M+ Research

Results Note – 2QFY25

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BUY

Share price	RM1.67
Target price	RM2.00
Previous TP	RM1.90
Capital upside	19.8%
Dividend return	-%
Total return	19.8%

Company profile

KJTS is principally involved in providing large-scale centralised cooling system solutions, majorly in greenfield as well as brownfield projects. Its complementary segments are facilities management as well as cleaning services.

Stock information

Bursa Code	0293
Bloomberg ticker	KJTS MK
Listing market	ACE
Share issued (m)	688.8
Market Cap (m)	1150.4
52W High/Low	1.76 / 0.615
Est. Free float (%)	42.0
Beta (x)	-
3-mth avg vol ('000)	1393.3
Shariah compliant	Yes

Major shareholders

	%
Wee Tah Poh	26.9
Lee Kok Choon	26.9
Deutsche Bank AG	6.5

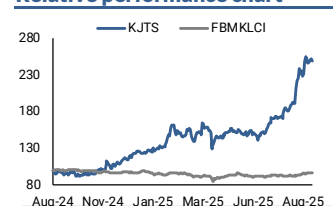
Share price vs. KLCI (%)

	1M	3M	12M
Absolute	30.5	63.7	145.6
Relative	25.7	57.1	159.1

Earnings snapshot

FYE (Dec)	FY24	FY25f	FY26f
PAT (m)	8.1	18.2	30.6
EPS (sen)	1.18	2.64	4.44
P/E (x)	142.0	63.2	37.6

Relative performance chart



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Valuation & Recommendation

- **Forecast.** As the earnings came in above expectations, we revise our earnings forecast higher by 20.3%, 5.0%, and 11.2% to RM18.2m, RM30.6m, and RM33.4m over FY25-27f, pricing in better cost management, to reflect KJTS's ability to secure higher margin while securing new contracts.
- **Maintained BUY recommendation with a higher target price of RM2.00 (from RM1.90).** We maintained BUY recommendation with a higher target price of RM2.00, based on a P/E multiple of 45x pegged to FY26F EPS of 4.44 sen.
- **Downside risks.** Risks to our recommendation include: (i) KJTS's inability to replenish its orderbook; (ii) changes in TNB's tariff policies; and (iii) potential contract terminations from its customers.

Financial Highlights

Financial Forecast						Income Statement					
<i>All items in (RM m) unless otherwise stated</i>											
Balance Sheet						FYE Dec (RM m)					
FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f	FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Cash	14	68	79	107	142	Revenue	120	138	212	355	365
Receivables	22	27	41	68	70	EBITDA	11	8	28	47	52
Inventories	0	0	0	0	0	EBIT	9	7	25	42	46
PPE	3	6	15	23	21	Net finance income/ (cost)	(0)	(0)	(0)	(1)	(1)
Others	41	49	49	49	49	Associates & JV	-	-	-	-	-
Assets	81	150	185	248	283	Profit before tax	9	8	24	41	45
Debits	5	8	10	17	17	Tax	(2)	(2)	(6)	(10)	(11)
Payables	25	27	40	65	67	Net profit	7	8	18	31	34
Others	1	1	1	1	1	Minority interest	1	(0)	(0)	(1)	(0)
Liabilities	31	36	51	83	85	Core earnings	8	8	18	31	33
Shareholder's equity	50	114	132	163	196	Exceptional items	-	-	-	-	-
Minority interest	(0)	(0)	1	2	2	Reported earnings	8	8	18	31	33
Equity	50	114	133	164	198	Valuation & Ratios					
						FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
						Core EPS (sen)	1.2	1.2	2.6	4.4	4.9
						P/E (x)	141.5	142.0	63.2	37.6	34.4
						EV/EBITDA (x)	101.0	127.2	38.9	23.0	20.6
						DPS (sen)	-	-	-	-	-
						Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
						BVPS (RM)	0.07	0.17	0.19	0.24	0.28
						P/B (x)	22.9	10.1	8.7	7.1	5.9
						EBITDA margin	8.9%	6.1%	13.0%	13.2%	14.3%
						EBIT margin	7.7%	5.0%	11.6%	11.7%	12.5%
						PBT margin	7.5%	6.1%	11.4%	11.5%	12.2%
						Net margin	6.8%	5.9%	8.6%	8.6%	9.2%
						ROE	18.9%	9.9%	14.8%	20.7%	18.6%
						ROA	11.1%	7.0%	10.9%	14.1%	12.6%
						Net gearing	CASH	CASH	CASH	CASH	CASH

Cash Flow Statement					
FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	9	8	24	41	45
Depreciation & amortisation	1	2	3	5	7
Changes in working capital	(3)	(2)	(1)	(2)	(0)
Share of JV profits	-	-	-	-	-
Taxation	(2)	(2)	(6)	(10)	(11)
Others	(6)	(6)	2	(0)	(1)
Operating cash flow	1	(1)	22	34	39
Net capex	(1)	(3)	(13)	(13)	(4)
Others	0	4	-	-	-
Investing cash flow	(1)	1	(13)	(13)	(4)
Changes in borrowings	(1)	3	2	6	0
Issuance of shares	0	-	-	-	-
Dividends paid	(3)	-	-	-	-
Others	8	50	-	-	-
Financing cash flow	5	53	2	6	0
Net cash flow	4	54	12	27	36
Forex	(0)	0	-	-	-
Others	-	-	-	-	-
Beginning cash	10	14	68	79	107
Ending cash	14	68	79	107	142



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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

