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Malacca Securities
Building Wealth Together

KJTS Group Berhad

Earnings Momentum Remains Intact

Results Note – 3QFY25

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Summary

- **Earnings came in within our expectations.** KJTS registered a 3Q25 core PATMI of RM4.5m (+1.1% QoQ, +287.4% YoY), bringing 9MFY25 core PATMI to RM13.3m (+240.6%). The results met 73.6% of our estimates, while street estimates accounted for only 58.2% of FY25F. All in all, the results are deemed in line with our expectations, with another stellar earnings anticipated in the upcoming quarter on the back of growing EPCC projects, alongside recurring income derisking top- and bottom-line volatility. Hence, we remain positive on KJTS's prospects as we project core earnings to grow by 124.5%/68.1%/9.3% over the next three years.

- **By far, KJTS's best quarter**. KJTS's quarterly revenue surged to a record high, with contributions from Cooling Energy (+45.6% QoQ) contributing the most, backed by its sticky solutions that make up almost 75%, with EPCC of its Cooling Energy continuing to benefit from various angles. Complementary segments, Facilities Management (+74.5% QoQ) and Cleaning Services (+5.3% QoQ), were all in line with our assumptions.

- **MUSB acquisition expected to materialize, solidifying YoY performance.** On a YoY basis, KJTS delivered a robust 3QFY25, registering revenue of RM58.0m (+72.9% YoY), driven by Cooling Energy (RM35.5m; 61.2% of revenue) from newly secured EPCC projects, as well as Cleaning Services (RM18.0m; 31.0% of revenue) given its expanding customer base. Portions of MUSB are expected to drive the uptick moving forward, solidifying its full-year FY25F.

- **9MFY25.** KJTS reported revenue of RM148.6m YTD. Net margins improved from 13.7% in 9MFY24 to 18.3% in 9MFY25, as we understand KJTS is getting more exposure to complex jobs. The Stonepeak JV should provide ample cash for KJTS to undertake a larger scale of cooling projects, deepen its cash flow, increase its recurring income base, and further derisk the Group's earnings.

- **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 3Q25

Quarterly performance

FYE Dec (RM m)	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9MFY24	9MFY25	YoY (%)
Revenue	33.5	44.1	58.0	*31.7*	*72.9*	98.7	148.6	*50.5*
EBIT	2.6	5.6	8.4	*51.2*	*225.1*	6.8	18.5	*173.4*
PBT	2.5	5.4	8.2	*52.6*	*231.1*	6.7	18.3	*174.4*
Core PAT	1.2	4.5	4.6	*1.1*	*287.4*	3.9	13.4	*242.9*
Reported PAT	1.2	4.5	4.6	*1.1*	*287.4*	3.9	13.4	*242.9*
Core EPS (sen)	0.2	0.7	0.7	*1.1*	*287.4*	0.6	1.9	*242.9*
EBIT margin (%)	7.7	12.6	14.5			6.9	12.5	
PBT margin (%)	7.4	12.2	14.2			6.7	12.3	
Core PATMI margin (%)	3.5	10.3	7.9			4.0	9.0	

Source: KJTS Group Berhad, M+ Research

BUY

Share price	**RM1.36**
Target price	RM2.00
Previous TP	RM1.90
Capital upside	47.1%
Dividend return	-%
Total return	47.1%

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
Deutche Bank AG	6.5

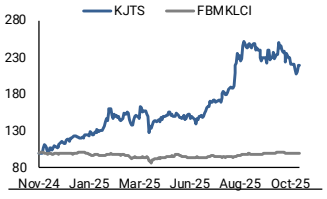
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-4.2	-20.0	83.8
Relative	-4.5	-21.5	81.5

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.** Maintained
- **Maintained BUY recommendation with a target price of RM2.00.** We maintained BUY recommendation with a 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

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Cash	14	68	79	107	142
Receivables	22	27	41	68	70
Inventories	0	0	0	0	0
PPE	3	6	15	23	21
Others	41	49	49	49	49
Assets	**81**	**150**	**185**	**248**	**283**
Debts	5	8	10	17	17
Payables	25	27	40	65	67
Others	1	1	1	1	1
Liabilities	**31**	**36**	**51**	**83**	**85**
Shareholder's equity	50	114	132	163	196
Minority interest	(0)	(0)	1	2	2
Equity	**50**	**114**	**133**	**164**	**198**

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

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	**120**	**138**	**212**	**355**	**365**
EBITDA	11	8	28	47	52
EBIT	9	7	25	42	46
Net finance income/ (cost)	(0)	(0)	(0)	(1)	(1)
Associates & JV	-	-	-	-	-
Profit before tax	**9**	**8**	**24**	**41**	**45**
Tax	(2)	(2)	(6)	(10)	(11)
Net profit	**7**	**8**	**18**	**31**	**34**
Minority interest	1	(0)	(0)	(1)	(0)
Core earnings	**8**	**8**	**18**	**31**	**33**
Exceptional items	-	-	-	-	-
Reported earnings	8	8	18	31	33

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

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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