KJTS Group Berhad (KJTS)

To Unlock More Value

Company update

Muhammad Nabil
muhammadnabil@msec.com.my
(603) 2201 2100

Newsbreak

- In a Bursa announcement dated 5 March 2026, KJTS Group Berhad announced that its wholly owned subsidiary, KJ Technical Services Sdn. Bhd., has entered into a Share Sale and Purchase Agreement (SSPA) with Corellia Holdings I Sdn. Bhd. to acquire 16.7 million RCPS B in iHandal Holdings Sdn. Bhd. (iHandal), representing a 70.67% equity interest, for a total cash consideration of RM10.1m. The shares will be converted into ordinary shares upon completion, making iHandal an indirect subsidiary of KJTS. In conjunction with the transaction, KJTS also entered into a Shareholders' Agreement with the existing shareholders of iHandal to regulate the company's affairs and shareholders' rights. The acquisition will be funded entirely via internally generated funds and is expected to be completed by 2Q2026, subject to the fulfilment of conditions precedent.

- **Who is iHandal?** It's a Malaysian energy solutions company founded in 2009, specialising in heat recovery and energy efficiency for commercial/industrial buildings (hotels, hospitals, factories) using its proprietary Heatfuse™ technology. It has a presence in Southeast Asia, South Asia, Oceania, and North America, with 6 subsidiaries across Singapore, Philippines, Indonesia, and Thailand.

M+ Global View

- According to the filings, the acquisition is expected to (i) strengthen KJTS's core cooling energy management and building support services by expanding its capabilities into energy efficiency and heat recovery solutions through iHandal's proprietary technology and engineering expertise, (ii) create cross-selling opportunities and (iii) enable KJTS to offer more integrated end-to-end energy optimisation solutions to commercial and industrial clients. Do note that KJTS already ran a joint venture with IHSB for nearly a year.

- While iHandal recorded recent losses (losses of -RM3.19M (FY2023) and -RM1.23M (FY2024), albeit narrowing losses) due to financing costs and project timing, its core operations should remain commercially viable with positive gross margins, and the integration is expected to complement KJTS's core value proposition. However, we expect minimal earnings accretive impact, at least in the near term.

- Earn-out obligation and founder's call option. We understand there will be an earn-out provisions for KJTS, if iHandal underperforms its profit threshold (however there is no profit threshold level being stated), KJTS gets compensation back, but if it overperforms, KJTS shares the upside with the warrantors. Meanwhile, the founder buy back shares exceeding 51% within 3 years, potentially limiting KJTS's long-term ownership.

Valuation & Recommendation

- **Forecast.** Maintained.

- **Valuations.** We maintain our HOLD rating with a target price of RM0.87, derived from a 30x P/E multiple applied to the FY26F EPS of 2.9 sen.

HOLD

Share price	**RM0.76**
Target price	RM0.87
Previous TP	RM0.87
Capital upside	14.5%
Dividend return	-
Total return	14.5%

Company profile

KJTS is principally involved in providing large-scale centralised cooling solutions, primarily for both greenfield and brownfield projects. Its complementary segments include facilities management and cleaning services.

Stock information

Bursa Code	0293
Bloomberg ticker	KJTS MK
Listing market	ACE
Share issued (m)	690.5
Market Cap (m)	524.8
52W High/Low	1.81 / 0.67
Est. Free float (%)	42.1
Beta (x)	0.9
3-mth avg vol ('000)	1250.3
Shariah compliant	Yes

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

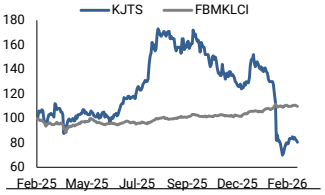
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-50.0	-50.4	-29.6
Relative	-51.7	-53.6	-35.6

Earnings snapshot

FYE (Mar)	FY25	FY26f	FY27f
PATMI (m)	18.0	20.0	27.0
EPS (sen)	2.61	2.91	3.86
P/E (x)	30.8	27.7	20.9

Relative performance chart



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Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26f	FY27f
Cash	14	68	14	19	50
Receivables	22	27	49	62	74
Inventories	0	0	0	0	0
PPE	3	6	7	17	14
Others	41	49	132	132	132
Assets	**81**	**150**	**201**	**230**	**269**
Debts	5	8	11	12	14
Payables	25	27	55	62	72
Others	1	1	3	3	3
Liabilities	**31**	**36**	**69**	**77**	**90**
Shareholder's equity	50	114	133	153	180
Minority interest	(0)	(0)	(0)	(0)	(0)
Equity	**50**	**114**	**133**	**153**	**179**

Cash Flow Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26f	FY27f
Profit before taxation	9	8	25	27	36
Depreciation & amortis	1	2	4	6	9
Changes in working ca	(3)	(2)	5	(6)	(1)
Share of JV profits	-	-	(0)	-	-
Taxation	(2)	(2)	(6)	(6)	(9)
Others	(6)	(6)	(30)	(4)	(1)
Operating cash flow	**1**	**(1)**	**(2)**	**16**	**33**
Net capex	(1)	(3)	(9)	(13)	(4)
Others	0	4	-	-	-
Investing cash flow	**(1)**	**1**	**(9)**	**(13)**	**(4)**
Changes in borrowings	(1)	3	3	1	2
Issuance of shares	0	-	-	-	-
Dividends paid	(3)	-	-	-	-
Others	8	50	(2)	-	-
Financing cash flow	**5**	**53**	**1**	**1**	**2**
Net cash flow	**4**	**54**	**(11)**	**5**	**31**
Forex	(0)	0	0	-	-
Others	-	-	-	-	-
Beginning cash	10	14	68	14	19
Ending cash	14	68	14	19	50

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26f	FY27f
Revenue	**120**	**138**	**212**	**251**	**298**
EBITDA	11	8	28	34	45
EBIT	9	7	24	28	37
Net finance income/ (co	(0)	(0)	(1)	(1)	(1)
Associates & JV	-	-	0	-	-
Profit before tax	**9**	**8**	**25**	**27**	**36**
Tax	(2)	(2)	(6)	(6)	(9)
Net profit	**7**	**8**	**18**	**20**	**27**
Minority interest	1	(0)	(0)	(0)	(1)
Core earnings	**8**	**8**	**18**	**20**	**27**
Exceptional items	-	-	-	-	-
Reported earnings	8	8	18	20	27

Valuation & Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26f	FY27f
Core EPS (sen)	1.2	1.2	2.6	2.9	3.9
P/E (x)	68.2	68.4	30.8	27.7	20.9
EV/EBITDA (x)	45.0	56.7	17.3	14.3	10.6
DPS (sen)	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
BVPS (RM)	0.07	0.17	0.19	0.22	0.26
P/B (x)	11.0	4.9	4.2	3.6	3.1
EBITDA margin	8.9%	6.1%	13.1%	13.3%	15.2%
EBIT margin	7.7%	5.0%	11.1%	11.0%	12.3%
PBT margin	7.5%	6.1%	11.7%	10.7%	12.0%
Net margin	6.8%	5.9%	8.5%	8.0%	8.9%
ROE	18.9%	9.9%	14.6%	14.0%	16.0%
ROA	11.1%	7.0%	10.2%	9.3%	10.7%
Net gearing	CASH	CASH	CASH	CASH	CASH

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As of **Friday, 06 Mar, 2026**, the analyst(s), Muhammad Nabil, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.

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