M+Global
By Malacca Securities

EITA Resources Berhad

Securing RM62.3m LRT Upgrade Contract From Prasarana

Newsbreak

- EITA Resources Berhad announced that its wholly-owned subsidiary, EITA Elevator (Malaysia) Sdn Bhd, has accepted a Letter of Award worth RM62.3m from Prasarana Malaysia Berhad. The contract entails the proposed upgrading of lifts and escalators at Light Rail Transit (LRT) stations along the Kelana Jaya Line (from Gombak to Kelana Jaya, including the Subang Depot). The project duration is 48 months from the commencement date specified in the Notice to Proceed. The award will not affect the group's share capital or shareholding structure and is not expected to have a material impact on earnings for FY26.

M+ Global View

- We view this major contract win positively, though it remains neutral on earnings as the multi-year implementation falls within our long-term revenue assumptions. Nevertheless, this represents a significant milestone that underscores EITA's dominant position in public transit infrastructure and validates its capabilities in large-scale government modernization tenders under the 13th Malaysia Plan (13MP) and Budget initiatives.

- Executed over a 4-year (48-month) timeline, the contract provides strong long-term revenue visibility and recurring high-margin maintenance prospects for EITA's Elevator segment through FY30. Assuming a conservative net profit margin of 6.0%, the contract is expected to generate approximately RM3.7m in total net profit (~RM0.9m annually). As this multi-year infrastructure win is already accounted for in our long-term projections, we maintain our existing core earnings forecasts.

Valuation & Recommendation

- **Forecast.** Maintained.

- **Downgraded to HOLD with a same TP of RM0.60.** As the share price has already rallied ahead of this announcement, we downgraded our call from Buy to Hold on EITA with an unchanged target price of RM0.60. The target price is derived based on a P/E ratio of 11.0x pegged to our FY27f EPS of 5.43 sen.

Company Update

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HOLD (FROM BUY)

Share price	**RM0.560**
Target price	RM0.600
Previous TP	RM0.600
Capital upside	7.1%
Dividend return	2.7%
Total return	9.8%

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)	169.0
52W High/Low	0.590 / 0.450
Est. Free float (%)	24.8
Beta (x)	0.5
3-mth avg vol ('000)	172.3
Shariah compliant	Yes

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

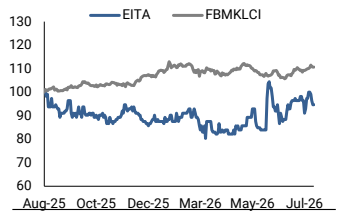
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	3.7	12.0	0.0
Relative	1.1	12.3	-8.9

Earnings snapshot

FYE (Sep)	FY25	FY26f	FY27f
PAT (m)	14.6	15.0	16.4
EPS (sen)	4.8	5.0	5.4
P/E (x)	11.6	11.3	10.3

Relative performance chart



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Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Cash	61	68	65	89	105	122
Receivables	71	71	86	82	83	84
Inventories	50	64	56	61	62	63
PPE	44	44	43	37	31	26
Others	138	155	163	163	163	163
Assets	**363**	**403**	**413**	**432**	**444**	**458**
Debts	67	55	58	58	58	58
Payables	48	61	78	71	72	73
Others	34	48	37	37	37	37
Liabilities	**149**	**164**	**173**	**166**	**167**	**168**
Shareholder's equity	214	245	252	266	278	290
Minority interest	1	(6)	(11)	-	-	-
Equity	**214**	**239**	**241**	**266**	**278**	**290**

Cash Flow Statement

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	13	10	17	25	25	26
Depreciation & amortis	6	6	6	6	6	5
Changes in working cap	(22)	(1)	9	(7)	(1)	(1)
Share of JV profits	0	0	(0)	(0)	(0)	(0)
Taxation	(6)	(7)	(8)	(10)	(9)	(8)
Others	(15)	(3)	(15)	-	-	-
Operating cash flow	**(24)**	**5**	**10**	**13**	**21**	**22**
Net capex	(3)	(2)	(2)	-	-	-
Others	(1)	(0)	(2)	-	-	-
Investing cash flow	**(4)**	**(2)**	**(3)**	**-**	**-**	**-**
Changes in borrowings	22	(13)	3	(0)	(0)	0
Issuance of shares	-	29	-	-	-	-
Dividends paid	(7)	(6)	(8)	(4)	(5)	(5)
Others	(6)	(6)	(5)	-	-	-
Financing cash flow	**10**	**4**	**(9)**	**(5)**	**(5)**	**(5)**
Net cash flow	**(18)**	**8**	**(3)**	**24**	**16**	**17**
Forex	(1)	1	0	-	-	-
Others	2	(0)	(0)	-	-	-
Beginning cash	77	61	68	65	89	105
Ending cash	61	68	65	89	105	122

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**317**	**395**	**431**	**447**	**454**	**461**
EBITDA	22	19	27	34	34	35
EBIT	16	13	20	28	28	29
Net finance income/ (co	(2)	(2)	(3)	(3)	(3)	(3)
Associates & JV	(0)	(0)	0	0	0	0
Profit before tax	**13**	**10**	**17**	**25**	**25**	**26**
Tax	(6)	(7)	(8)	(10)	(9)	(8)
Net profit	**7**	**3**	**9**	**15**	**16**	**18**
Minority interest	3	6	6	-	-	-
Core earnings	**10**	**9**	**15**	**15**	**16**	**18**
Exceptional items	1	(1)	-	-	-	-
Reported earnings	11	9	15	15	16	18

Valuation & Ratios

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	3.5	3.1	4.8	5.0	5.4	6.0
P/E (x)	16.1	18.0	11.6	11.3	10.3	9.3
EV/EBITDA (x)	2.9	3.4	2.4	1.9	1.9	1.9
DPS (sen)	2.2	2.1	2.5	1.5	1.6	1.8
Dividend yield	3.8%	3.8%	4.5%	2.7%	2.9%	3.2%
BVPS (RM)	0.7	0.8	0.8	0.9	0.9	1.0
P/B (x)	0.8	0.7	0.7	0.6	0.6	0.6
EBITDA margin	6.9%	4.8%	6.2%	7.6%	7.5%	7.5%
EBIT margin	5.0%	3.3%	4.7%	6.2%	6.3%	6.3%
PBT margin	4.1%	2.7%	4.1%	5.6%	5.5%	5.6%
Net margin	3.3%	2.4%	3.4%	3.3%	3.6%	3.9%
ROE	5.0%	4.1%	5.9%	5.7%	6.0%	6.4%
ROA	3.0%	2.5%	3.6%	3.6%	3.7%	4.0%
Net gearing	3.2%	CASH	CASH	CASH	CASH	CASH

Source: M+ Research

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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