Company Update

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EITA Resources Berhad

Securing Mega RM221.0m Sarawak Substation Contract

Newsbreak

- EITA Resources Berhad announced that its 60%-owned subsidiary, TransSystem Continental Sdn. Bhd., received a Notification of Award dated 17 August 2026 worth approximately RM221.0m from Syarikat SESCO Berhad. The contract entails carrying out the Mapai 500kV substation and Mapai 275kV substation extension project in Sarawak. The project duration is 25 months, commencing on 7 September 2026. The award will not affect the group's share capital or shareholding structure and is expected to contribute positively to group revenue and earnings across FY27f–FY28f.

M+ Global View

- We view this contract win positively, as it significantly expands EITA's revenue visibility through FY27f–FY28f, and also reinforces EITA's technical positioning and execution credentials for high-voltage transmission grid projects under Sarawak Energy (SESCO). While earnings impact for FY26 will be negligible due to project commencement on 7 September 2026, it serves as a major growth catalyst moving forward.

- Executed over a 25-month tenure, the project translates to an annualized top-line contribution of ~RM106.1m. Assuming a conservative net profit margin of 4.5% for high-voltage turnkey works, total project net profit is estimated at RM9.9m. Factoring in EITA's 60% equity stake in TransSystem Continental, net profit attributable to EITA owners is projected at ~RM6.0m over the contract period (~RM2.9m per annum across FY27f and FY28f), prompting an upward revision to our core earnings forecasts.

Valuation & Recommendation

- **Forecast.** We upgrade our FY27f and FY28f core PATMI forecasts by 17.9% and 16.9% to RM19.0m (from RM16.1m) and RM20.4m (from RM17.5m) respectively, reflecting incremental contributions from the SESCO project. Our FY26f core PATMI forecast remains unchanged at RM15.0m.

- **Maintain HOLD with a higher TP of RM0.69.** Following our earnings upgrades, we maintain our Hold call on EITA with a higher target price of RM0.69 (up from RM0.60). The target price is derived based on an unchanged P/E target ratio of 11.0x pegged to our revised FY27f EPS of 6.29 sen. Although the contract win significantly improves earnings visibility, the share price has already rallied ahead of the announcement, largely pricing in the positive momentum.

HOLD

Share price	**RM0.640**
Target price	**RM0.690**
Previous TP	**RM0.600**
Capital upside	7.8%
Dividend return	2.3%
Total return	10.1%

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)	193.2
52W High/Low	0.670 / 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

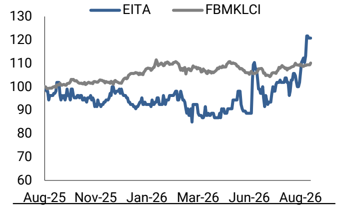
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	18.5	34.7	20.8
Relative	16.1	30.9	9.7

Earnings snapshot

FYE (Sep)	FY25	FY26f	FY27f
PAT (m)	14.6	15.0	19.0
EPS (sen)	4.8	5.0	6.3
P/E (x)	13.2	12.9	10.2

Relative performance chart



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	104	122
Receivables	71	71	86	82	101	103
Inventories	50	64	56	61	76	78
PPE	44	44	43	37	31	26
Others	138	155	163	163	163	163
Assets	**363**	**403**	**413**	**432**	**474**	**491**
Debts	67	55	58	58	71	71
Payables	48	61	78	71	87	89
Others	34	48	37	37	37	37
Liabilities	**149**	**164**	**173**	**166**	**195**	**198**
Shareholder's equity	214	245	252	266	279	294
Minority interest	1	(6)	(11)	-	-	-
Equity	**214**	**239**	**241**	**266**	**279**	**294**

Cash Flow Statement

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	13	10	17	25	29	29
Depreciation & amortis	6	6	6	6	6	5
Changes in working caj	(22)	(1)	9	(7)	(17)	(2)
Share of JV profits	0	0	(0)	(0)	(0)	(0)
Taxation	(6)	(7)	(8)	(10)	(10)	(9)
Others	(15)	(3)	(15)	-	-	-
Operating cash flow	**(24)**	**5**	**10**	**13**	**8**	**23**
Net capex	(3)	(2)	(2)	-	-	-
Others	(1)	(0)	(2)	-	-	-
Investing cash flow	**(4)**	**(2)**	**(3)**	**-**	**-**	**-**
Changes in borrowings	22	(13)	3	(0)	13	1
Issuance of shares	-	29	-	-	-	-
Dividends paid	(7)	(6)	(8)	(4)	(6)	(6)
Others	(6)	(6)	(5)	-	-	-
Financing cash flow	**10**	**4**	**(9)**	**(5)**	**7**	**(5)**
Net cash flow	**(18)**	**8**	**(3)**	**24**	**15**	**18**
Forex	(1)	1	0	-	-	-
Others	2	(0)	(0)	-	-	-
Beginning cash	77	61	68	65	89	104
Ending cash	61	68	65	89	104	122

Source: M+ Research

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**317**	**395**	**431**	**447**	**552**	**567**
EBITDA	22	19	27	34	39	39
EBIT	16	13	20	28	33	33
Net finance income/ (co	(2)	(2)	(3)	(3)	(4)	(4)
Associates & JV	(0)	(0)	0	0	0	0
Profit before tax	**13**	**10**	**17**	**25**	**29**	**29**
Tax	(6)	(7)	(8)	(10)	(10)	(9)
Net profit	**7**	**3**	**9**	**15**	**19**	**20**
Minority interest	3	6	6	-	-	-
Core earnings	**10**	**9**	**15**	**15**	**19**	**20**
Exceptional items	1	(1)	-	-	-	-
Reported earnings	11	9	15	15	19	20

Valuation & Ratios

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	3.5	3.1	4.8	5.0	6.3	6.8
P/E (x)	18.4	20.5	13.2	12.9	10.2	9.4
EV/EBITDA (x)	4.1	4.7	3.3	2.6	2.3	2.3
DPS (sen)	2.2	2.1	2.5	1.5	1.9	2.0
Dividend yield	3.4%	3.3%	3.9%	2.3%	2.9%	3.2%
BVPS (RM)	0.7	0.8	0.8	0.9	0.9	1.0
P/B (x)	0.9	0.8	0.8	0.7	0.7	0.7
EBITDA margin	6.9%	4.8%	6.2%	7.6%	7.0%	6.8%
EBIT margin	5.0%	3.3%	4.7%	6.2%	6.0%	5.9%
PBT margin	4.1%	2.7%	4.1%	5.6%	5.3%	5.1%
Net margin	3.3%	2.4%	3.4%	3.3%	3.4%	3.6%
ROE	5.0%	4.1%	5.9%	5.7%	7.0%	7.1%
ROA	3.0%	2.5%	3.6%	3.6%	4.2%	4.2%
Net gearing	3.2%	CASH	CASH	CASH	CASH	CASH

Disclaimer

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