Company Update

Kieran Lim
kieranlim@msec.com.my
(603) 2201 2100

EITA Resources Berhad

Raising Forecasts Amid Busduct Surge and HV Recovery

Summary

- **3QFY26 turnaround.** To recap, EITA registered a core PATMI turnaround to RM7.2m in 3QFY26, compared to a core net loss of RM0.4m in 3QFY25. The improved performance was propelled by a RM5.4m PBT turnaround in the Manufacturing segment to RM2.4m (vs. LBT of RM3.0m in 3QFY25), higher PBT recorded in the marketing and distribution segment and services segment, and also narrowed HV system losses. While EITA's 9MFY26 core PATMI recorded at RM11.5m, 7.6% YoY lower than RM12.4m in 9MFY25, we expect EITA to end FY26 stronger, driven by fast-tracked Busduct deliveries for regional data centre projects and lowered losses in HV segment.

- **Mapai 500kV substation execution.** According to the management, the RM221.0m SESCO Mapai project (commencing 7 September 2026 over 25 months) executed by 60%-owned TransSystem Continental carries an estimated GP margin of 13%, translating to a total GP contribution of RM17.2m for EITA. This marks EITA's maiden 500kV substation project in Sarawak, with management expecting to participate in additional tender opportunities in CY27.

- **HV segment loss reduction timeline.** The management expects HV segment to remain loss-making in FY27, but losses will narrow significantly before reaching operational breakeven in FY28 as project execution accelerates.

- **Manufacturing segment turnaround in 3QFY26.** The Manufacturing segment achieved a strong RM4.5m PBT swing into profitability in 3QFY26 (posting a PBT of RM2.4m vs. an LBT of RM2.1m in 2QFY26), propelled by a 66.9% QoQ revenue surge mainly led by Busduct deliveries for the Indonesia data centre project. Management expects 4QFY26 performance to be even stronger with concurrent contributions from both the Indonesia and Johor Busduct projects, with operational momentum sustaining into 1HFY27.

- **Orderbook targeted to hit RM1.0bn mark by year end.** Driven by rapid order wins across all its segments, management projects EITA's total outstanding orderbook to reach RM1.0bn by the end of CY26, representing a substantial expansion from RM423.9m as of 30 June 2026.

M+ Global View

- We adopt a more optimistic stance on EITA following our meeting with management. Growth is set to be strongly anchored by the high demand for Busduct, supported by EITA's growing exposure to regional data centre infrastructure projects across Johor and Indonesia. Meanwhile EITA's ongoing orderbook expected to hit RM1.0bn by end CY26 will provide multi-year earnings visibility for the Group.

- Operationally, the SESCO Mapai project's 13% GP margin provides a solid GP base of RM17.2m for EITA's 60% stake over the 25-month tenure. Crucially, as HV segment losses narrow significantly in FY27 and turn operationally breakeven in FY28, this will progressively reduce unabsorbed tax losses and normalize the group's elevated effective tax rate, unlocking higher net profit conversion at the bottom line.

BUY (FROM HOLD)

Share price	**RM0.655**
Target price	**RM0.830**
Previous TP	**RM0.690**
Capital upside	26.7%
Dividend return	2.9%
Total return	29.6%

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)	197.7
52W High/Low	0.685 / 0.450
Est. Free float (%)	24.8
Beta (x)	0.5
3-mth avg vol ('000)	230.8
Shariah compliant	Yes

Major shareholders

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

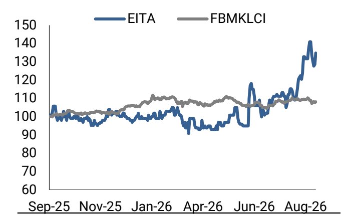
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	23.6	39.4	28.4
Relative	25.1	36.5	18.8

Earnings snapshot

FYE (Sep)	FY25	FY26f	FY27f
Core PATMI (m)	14.6	19.0	22.9
EPS (sen)	4.8	6.3	7.6
P/E (x)	13.6	10.4	8.7

Relative performance chart



Valuation & Recommendation

- **Forecast.** Following stronger Busduct execution and narrowing losses in the HV segment, we raised our FY26f–FY28f core PATMI forecasts by 24.2%/14.5%/16.5% to RM19.0m/RM22.9m/RM25.4m, from RM15.3m/RM20.0m/RM21.8m previously.

- **Upgraded to BUY with a higher TP of RM0.83.** Following our earnings upgrades, we upgraded our call on EITA from Hold to Buy with a higher target price of RM0.83 (up from RM0.69). The target price is derived based on the P/E ratio of 11.0x pegged to our revised FY27f EPS of 7.57 sen.

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	73	82	103
Receivables	71	71	86	85	98	104
Inventories	50	64	56	64	74	78
PPE	44	44	43	37	31	24
Others	138	155	163	163	163	163
Assets	**363**	**403**	**413**	**421**	**447**	**472**
Debts	67	55	58	42	40	42
Payables	48	61	78	74	85	90
Others	34	48	37	37	37	37
Liabilities	**149**	**164**	**173**	**152**	**162**	**169**
Shareholder's equity	214	245	252	269	285	303
Minority interest	1	(6)	(11)	-	-	-
Equity	**214**	**239**	**241**	**269**	**285**	**303**

Cash Flow Statement

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	13	10	17	27	32	34
Depreciation & amortis	6	6	6	6	6	6
Changes in working ca	(22)	(1)	9	(11)	(12)	(5)
Share of JV profits	0	0	(0)	(0)	(0)	(0)
Taxation	(6)	(7)	(8)	(8)	(9)	(8)
Others	(15)	(3)	(15)	-	-	-
Operating cash flow	**(24)**	**5**	**10**	**14**	**17**	**26**
Net capex	(3)	(2)	(2)	-	-	-
Others	(1)	(0)	(2)	-	-	-
Investing cash flow	**(4)**	**(2)**	**(3)**	**-**	**-**	**-**
Changes in borrowings	22	(13)	3	(16)	(2)	2
Issuance of shares	-	29	-	-	-	-
Dividends paid	(7)	(6)	(8)	(6)	(7)	(8)
Others	(6)	(6)	(5)	-	-	-
Financing cash flow	**10**	**4**	**(9)**	**(22)**	**(8)**	**(5)**
Net cash flow	**(18)**	**8**	**(3)**	**7**	**9**	**21**
Forex	(1)	1	0	-	-	-
Others	2	(0)	(0)	-	-	-
Beginning cash	77	61	68	65	73	82
Ending cash	61	68	65	73	82	103

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**317**	**395**	**431**	**467**	**539**	**570**
EBITDA	22	19	27	36	40	42
EBIT	16	13	20	30	34	36
Net finance income/ (co	(2)	(2)	(3)	(2)	(2)	(2)
Associates & JV	(0)	(0)	0	0	0	0
Profit before tax	**13**	**10**	**17**	**27**	**32**	**34**
Tax	(6)	(7)	(8)	(8)	(9)	(8)
Net profit	**7**	**3**	**9**	**19**	**23**	**25**
Minority interest	3	6	6	-	-	-
Core earnings	**10**	**9**	**15**	**19**	**23**	**25**
Exceptional items	1	(1)	-	-	-	-
Reported earnings	11	9	15	19	23	25

Valuation & Ratios

FYE Sep (RM m)	FY23	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	3.5	3.1	4.8	6.3	7.6	8.4
P/E (x)	18.8	21.0	13.6	10.4	8.7	7.8
EV/EBITDA (x)	4.3	4.9	3.5	2.6	2.3	2.2
DPS (sen)	2.2	2.1	2.5	1.9	2.3	2.5
Dividend yield	3.3%	3.2%	3.8%	2.9%	3.5%	3.9%
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%	7.7%	7.4%	7.4%
EBIT margin	5.0%	3.3%	4.7%	6.4%	6.3%	6.3%
PBT margin	4.1%	2.7%	4.1%	5.9%	5.9%	5.9%
Net margin	3.3%	2.4%	3.4%	4.1%	4.2%	4.5%
ROE	5.0%	4.1%	5.9%	7.2%	8.3%	8.7%
ROA	3.0%	2.5%	3.6%	4.6%	5.3%	5.5%
Net gearing	3.2%	CASH	CASH	CASH	CASH	CASH

Source: M+ Research

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