KJTS Group Berhad

Second Hyperscale Win Lifts Visibility

Newsbreak

- **Second hyperscale DC subcontract.** KJTS' wholly-owned subsidiary, KJ Technical Services Sdn Bhd, has secured a second subcontract from Gamuda Engineering Sdn Bhd (GESB), worth RM68.0m. It covers the mechanical works for another hyperscale data centre in Port Dickson, Negeri Sembilan, for a US-headquartered multinational technology company. Phase 1 and Phase 2 are due for substantial completion on 22 April 2028 and 22 July 2028, respectively.

- **Combined value of RM116.0m.** Including the RM48.0m Agreement No. 1 signed on 19 November 2026, KJTS' subcontracts from GESB now total RM116.0m.

M+Global View

- **Repeat award extends visibility.** The second award reflects GESB's confidence in KJTS' mechanical and cooling engineering capabilities. Assuming an S-curve billing profile, we estimate the combined RM116.0m will be recognised at c.RM2m in FY26f, c.RM96m in FY27f and c.RM18m in FY28f. Contributions should therefore peak in FY27f, as the recurring Energy Services base builds from 2027 with the Centara contracts and the 20-year Synphaet Ramintra Hospital agreement.

- **Further Gamuda packages possible.** GESB has secured four hyperscale data centre contracts in Port Dickson this year, worth a combined c.RM7.0bn. Each includes MEP fit-out, with completion staggered between 1Q28 and 4Q28. Having secured two packages, KJTS is well positioned to compete for the remaining mechanical works, given its execution track record and familiarity with the client's specifications.

- **We remain constructive.** As a repeat subcontractor to one of Malaysia's most active hyperscale builders, KJTS gains a repeatable route into hyperscale projects without having to win them as main contractor. Together with its growing recurring income base and the c.RM700m Stonepeak-related opportunity, this underpins our constructive view on KJTS' earnings growth into FY27f–FY28f.

Valuation & Recommendation

- **Forecast.** We raise our FY26f/FY27f/FY28f earnings forecasts by 3.6%/8.8%/8.8% to RM27.6m/RM33.1m/RM36.3m. The revisions factor in the two GESB subcontracts and a higher order book replenishment assumption of RM250m, up from RM200m.

- **Maintain BUY with a higher TP of RM1.44 (from RM1.32),** based on an unchanged 30x P/E applied to FY27f EPS of 4.79 sen. This implies 51.6% upside. At 19.8x FY27f P/E, we view valuations as undemanding given KJTS' improving earnings visibility.

- **Downside risks.** Risks to our recommendation include: (i) KJTS's inability to replenish its order book; (ii) changes in TNB's tariff policies; and (iii) potential contract terminations by its customers.

Company update

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BUY

Share price	**RM0.95**
Target price	**RM1.44**
Previous TP	RM1.32
Capital upside	51.6%
Dividend return	-
Total return	51.6%

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)	690.7
Market Cap (m)	656.2
52W High/Low	1.55 / 0.66
Est. Free float (%)	42.1
Beta (x)	1.0
3-mth avg vol ('000)	1446.2
Shariah compliant	Yes

Major shareholders	**%**
Wee Tah Poh	26.8
Lee Kok Choon	26.8
Deutsche Bank AG	6.5

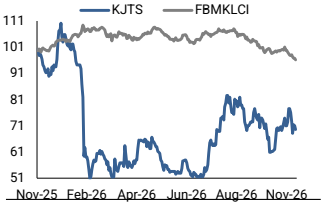
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	3.8	-12.8	-29.1
Relative	8.0	-2.3	-25.9

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	18.0	27.6	33.1
EPS (sen)	2.60	3.99	4.79
P/E (x)	36.5	23.8	19.8

Relative performance chart



Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	67.6	58.0	74.4	105.9	144.8
Receivables	26.8	48.9	60.0	67.4	73.0
Inventories	0.1	0.1	0.2	0.3	0.3
PPE	5.8	6.5	16.7	20.1	19.0
Others	49.5	90.9	90.9	90.9	90.9
Assets	**149.7**	**204.4**	**242.2**	**284.6**	**327.9**
Debts	7.7	10.9	15.9	17.7	19.1
Payables	27.1	58.7	62.2	69.3	74.6
Others	1.2	2.1	2.1	2.1	2.1
Liabilities	**36.0**	**71.7**	**80.2**	**89.1**	**95.8**
Shareholder's equity	113.9	132.8	160.4	193.6	229.9
Minority interest	(0.2)	(0.1)	1.6	1.9	2.3
Equity	**113.7**	**132.7**	**162.0**	**195.5**	**232.2**

Cash Flow Statement

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	8.4	24.5	36.9	44.1	48.4
Depreciation & amortisation	1.6	2.3	2.8	4.1	5.1
Changes in working capital	(2.5)	9.6	(7.8)	(0.3)	(0.3)
Share of JV profits	-	-	-	-	-
Taxation	(2.0)	(6.4)	(8.8)	(10.6)	(11.6)
Others	(6.4)	(30.9)	5.0	(0.0)	(0.1)
Operating cash flow	**(0.9)**	**(0.9)**	**28.0**	**37.3**	**41.6**
Net capex	(2.8)	-	(16.6)	(7.6)	(4.0)
Others	3.9	1.1	-	-	-
Investing cash flow	**1.1**	**1.1**	**(16.6)**	**(7.6)**	**(4.0)**
Changes in borrowings	3.1	3.2	5.0	1.8	1.4
Issuance of shares	-	-	-	-	-
Dividends paid	-	-	-	-	-
Others	50.4	50.2	-	-	-
Financing cash flow	**53.4**	**53.4**	**5.0**	**1.8**	**1.4**
Net cash flow	**53.6**	**53.6**	**16.3**	**31.5**	**38.9**
Forex	0.3	-	-	-	-
Others	-	-	-	-	-
Beginning cash	13.9	67.6	58.0	74.4	105.9
Ending cash	67.6	58.0	74.4	105.9	144.8

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**137.7**	**212.5**	**312.9**	**351.3**	**380.4**
EBITDA	8.5	26.0	40.3	49.1	54.6
EBIT	6.9	23.7	37.6	45.0	49.5
Net finance income/ (cost)	(0.3)	(0.5)	(0.7)	(0.9)	(1.0)
Associates & JV	-	-	-	-	-
Profit before tax	**8.4**	**24.5**	**36.9**	**44.1**	**48.4**
Tax	(2.0)	(6.4)	(8.8)	(10.6)	(11.6)
Net profit	**8.3**	**18.1**	**28.0**	**33.5**	**36.8**
Minority interest	(0.2)	(0.1)	(0.4)	(0.4)	(0.5)
Core earnings	**8.1**	**18.0**	**27.6**	**33.1**	**36.3**
Exceptional items	-	-	-	-	-
Reported earnings	8.1	18.0	27.6	33.1	36.3

Valuation & Ratios

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	1.2	2.6	4.0	4.8	5.3
P/E (x)	81.0	36.5	23.8	19.8	18.1
EV/EBITDA (x)	68.7	22.4	14.4	11.8	10.6
DPS (sen)	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
BVPS (RM)	0.16	0.19	0.23	0.28	0.33
P/B (x)	5.8	4.9	4.1	3.4	2.9
EBITDA margin	6.1%	12.2%	12.9%	14.0%	14.3%
EBIT margin	5.0%	11.1%	12.0%	12.8%	13.0%
PBT margin	6.1%	11.6%	11.8%	12.5%	12.7%
Net margin	5.9%	8.5%	8.8%	9.4%	9.6%
ROE	9.9%	13.5%	18.8%	18.7%	17.2%
ROA	7.0%	8.8%	12.4%	12.6%	11.9%
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