KJTS Group Berhad

Results Note – 3QFY26

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Higher-Margin Energy Services Contracts Lift 3Q26 Earnings

Summary

- **Results within expectations.** KJTS posted 3Q26 core PATMI of RM8.6m (+6.5% QoQ, +87.4% YoY), lifting 9M26 core PATMI to RM21.3m (+59.7% YoY). The results were in line with our expectations, accounting for 77.2% of our FY26f earnings forecasts of RM27.6m. However, they were below consensus, at 68.9% of the full-year estimate of RM30.9m.

- **QoQ**. Topline fell 11.2% to RM78.3m, as Energy Services revenue declined 15.7% to RM57.9m following the completion of multiple contracts in 2Q26. Integrated Facilities Management (IFM) revenue rose 4.9% to RM20.5m on new and renewed contracts. Despite the lower revenue, PBT expanded by 18.4% to RM13.4m, as gross margin expanded to 27.1% from 21.8% on recently commenced Energy Services contracts carrying higher margins.

- **YoY.** Topline grew 35.1%, led by a 63.1% increase in Energy Services revenue as new contracts commenced. This more than offset a 9.0% decline in IFM revenue. By market, Thailand revenue rose 51.0% to RM11.8m, while Singapore slipped 14.2% to RM6.7m. PBT surged 63.2% to RM13.4m, driven by a gross margin improvement to 27.1% from 23.3% and better operating leverage, with administrative expenses easing to 11.6% of revenue from 14.2%. These more than offset lower other income (-44.7%) and higher finance costs (+142.3%). Core PATMI jumped 87.4%, outpacing PBT growth, as the ETR eased to 29.4% from an elevated 41.8% in 3Q25.

- **YTD.** 9M26 revenue grew 49.7% YoY to RM222.4m, driven by an 86.5% increase in Energy Services revenue to RM161.6m, while IFM revenue eased 1.8% to RM60.8m. PBT rose 70.2% to RM31.1m, while core PATMI grew at a slower 59.7% to RM21.3m. The gap reflects a higher effective tax rate of 27.7% (9M25: 25.7%) and a larger non-controlling interest share of RM1.2m (9M25: RM0.2m), which we attribute mainly to the consolidation of 70.67%-owned iHandal from April 2026.

- **Outlook.** We continue to like KJTS for: (i) its growing recurring income base, as the Centara and Synphaet Ramintra Hospital agreements begin generating O&M and chilled-water revenue from March 2027 and May 2027, respectively, upon completion of retrofit and construction works that commence in September 2026 and December 2026, (ii) its proven technical capabilities, as reflected in contracts secured from established clients, including the RM116.0m in GESB hyperscale data centre subcontracts and the RM37.4m semiconductor cleaning contract with a multinational client, and (iii) improving earnings visibility into FY27f–FY28f as these contracts progress.

Quarterly performance 3Q26

Quarterly performance

FYE Dec (RM m)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	58.0	88.2	78.3	*(11.2)*	*35.1*	148.6	222.4	*49.7*
EBIT	8.4	11.4	13.9	*21.3*	*65.2*	18.5	31.9	*71.9*
PBT	8.2	11.3	13.4	*18.4*	*63.2*	18.3	31.1	*70.2*
Core PAT	4.6	8.1	8.6	*6.5*	*87.4*	13.3	21.3	*59.7*
Reported PAT	4.6	8.1	8.6	*6.5*	*87.4*	13.3	21.3	*59.7*
Core EPS (sen)	0.7	1.2	1.2	*6.5*	*87.4*	1.9	3.1	*59.7*
EBIT margin (%)	14.5	13.0	17.7			12.5	14.3	
PBT margin (%)	14.2	12.9	17.1			12.3	14.0	
Core PATMI margin (%)	7.9	9.2	11.0			9.0	9.6	

Source: KJTS Group Berhad, M+Global Research

BUY

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

Company profile

KJTS is principally involved in providing large-scale centralised cooling system solutions, majorly in greenfield as well as brownfield projects. Its complementary segments are facilities management as well as cleaning services.

Stock information

Bursa Code	0293
Bloomberg ticker	KJTS MK
Listing market	ACE
Share issued (m)	690.7
Market Cap (m)	652.7
52W High/Low	1.55 / 0.66
Est. Free float (%)	42.1
Beta (x)	1.0
3-mth avg vol ('000)	1407.1
Shariah compliant	Yes

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

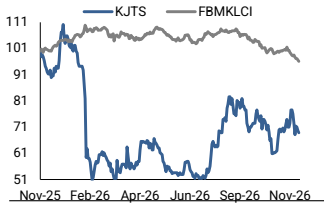
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	3.3	-10.0	-31.5
Relative	6.4	-0.1	-29.4

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PAT (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



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Valuation & Recommendation

- **Forecast.** Maintained as results were within expectations.
- **Maintain BUY with an unchanged TP of RM1.44,** based on 30x P/E applied to FY27f EPS of 4.79 sen. At 19.8x FY27f P/E, valuation remains undemanding given KJTS' improving earnings visibility.
- **Downside risks.** Risks to our recommendation include: (i) KJTS's inability to replenish its orderbook; (ii) changes in TNB's tariff policies; and (iii) potential contract terminations from its customers.

Financial Highlights

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

Source: KJTS Group Berhad, M+Global 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