KJTS

29 JANUARY 2026

MUSB acquisition deadline jitters

Update I Under review I Energy

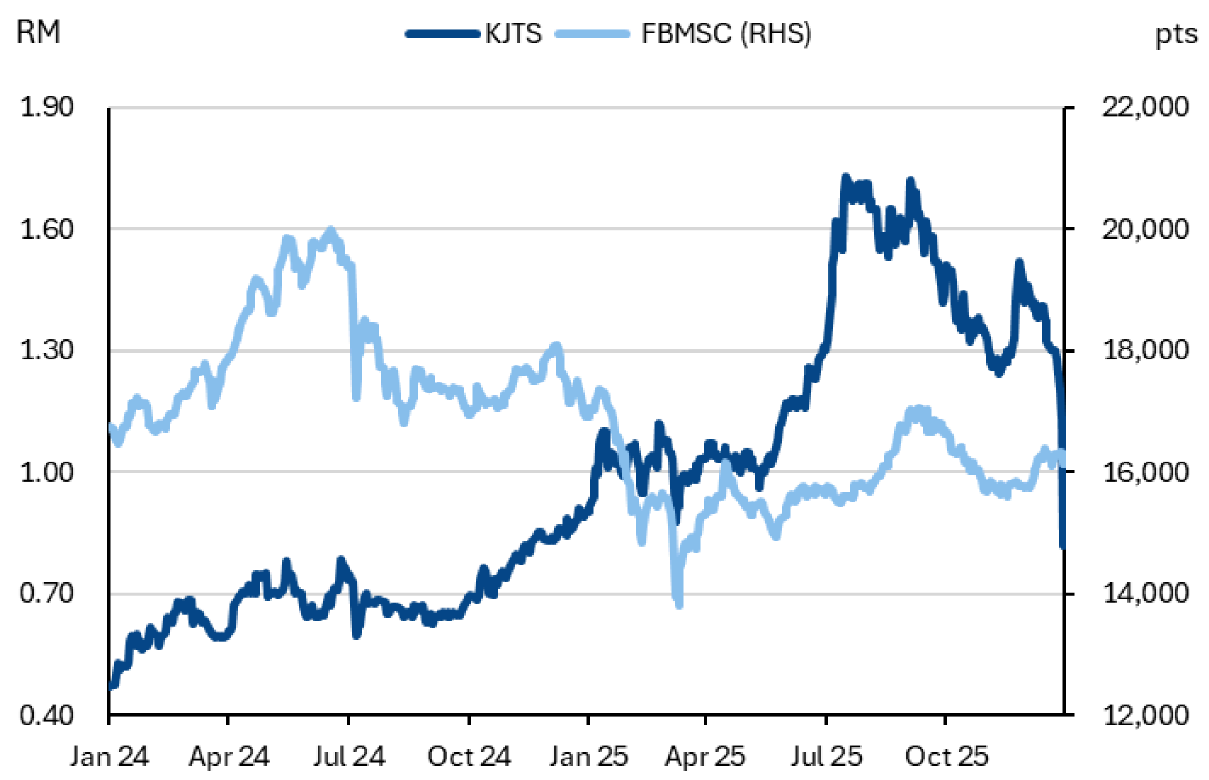
TRADING BUY

Target Price: RM2.00

Last Price: RM0.82

(as at 28 January 2026)

SHARE PRICE PERFORMANCE



STOCK INFORMATION

Market cap (RMm)	RM566m
Shares out	690m
52-week range	RM0.81/RM1.81
3M ADV	RM1.2m
T12M returns	-9%

INVESTMENT FUNDAMENTALS

RMm	FY24A	FY25E	FY26E	FY27E
Revenue	138	186	222	280
Revenue Growth	15%	35%	20%	26%
EBITDA	12	28	35	44
EBITDA margin	9%	15%	16%	16%
PATAMI	15	21	30	42
PATAMI margin	11%	11%	13%	15%
ROA	10%	12%	13%	15%
ROE	13%	16%	19%	23%
PER	70	51	36	26
P/BV	9.2	8.2	7.0	5.9
Yield	0.0%	1.0%	1.0%	2.0%

Source: Company data, Bloomberg, NewParadigm Research, January 2026

Ben Shane Lim
benshane.lim@newparadigm.my

KEY TAKEAWAYS:

- The deadline to complete the MUSB acquisition from Malakoff is due next week but a key CP is still outstanding.
- We had imputed ~RM9m in earnings contribution from MUSB in our FY26E assumptions. Significant downside to our forecasts.
- Current share price implies 27x FY26E without MUSB contribution. We place KJTS under review pending the binary outcome next week.

SIGNIFICANT TO EARNINGS, MORE SIGNIFICANT TO SENTIMENT

- Management hosted a call with investors yesterday to share updates on the Malakoff Utilities Sdn Bhd (MUSB) acquisition from Malakoff Corp Bhd (RM65.5m) that was first inked on 3 Feb 2025, almost one year ago. MUSB owns the large-scale cooling district for KL Sentral.
- According to management, a key condition precedent (CP) for the deal is still outstanding and the expiry of said CP is next week. We believe said CP could be tied to regulatory approvals. Note that the original long stop date for approvals was 120 days from the signing of the SPA.
- Despite protracted execution, management asserted that the acquisition is still in progress and additional information required of Malakoff has already been submitted. A follow-up meeting with Malakoff will also take place this week to address outstanding matters. In short, management intends to proceed with the deal.
- This looks like a binary risk event. Either the deal gets scrapped or it gets concluded, potentially with some extension of time.
- Impact to our earnings expectations in the worst-case scenario is ~RM9m. But also note we had assumed KJTS would be incurring an additional RM30-40m capex to enhance the MUSB cooling assets, so there will also be a corresponding cash savings of ~RM100m.
- While damaging, we think the hit to sentiment is potentially worse. KJTS has been trading on significant forward expectations of project acquisitions. While some collaborations have been signed, new deals have been scarce. This hiccup with MUSB undermines market confidence on execution and hurts multiples.

BINARY OUTCOME; UNDER REVIEW

- We place KJTS under review pending the outcome of the CP's next week. An extension is possible, but that would still push out earnings contributions from MUSB.
- KJTS also has other prospects in the pipeline, but the aforementioned hit to sentiment could linger. In short, if the deal is called-off there could be a further 10-15% downside from current valuations.

About the Company

KJTS' core business is providing cooling energy services via large-scale district cooling systems. The company bears the capex to upgrade existing cooling systems to improve energy efficiency, offering clients immediate savings with no capital outlay. KJTS books the EPCC revenues as well as enjoying the surplus energy savings and the facilities management over a long-term contract. In turn, KJTS' secured business has direct leverage to energy prices and long-term growth is tied to securing new projects.

About the Stock

KJTS is a Shariah compliant stock that was listed in 2024 in the ACE market. In our view, KJTS is misclassified as an industrial products and services company. It might be better to think of KJTS as a utility or energy stock.
KJTS was originally the Asean arm of Dalkia Group, prior to a management buyout in 2014 by Lee Kok Choon and Sheldon Wee - both currently the key management and controlling shareholders (combined .

Investment Thesis

KJTS offers a unique exposure to energy efficiency for large scale cooling infrastructure, including datacenters. We see deep value in the group's long-term growth potential, against a backdrop of global warming and energy price inflation.
The recent kicker for the group is the change in its capital model - from purely self-funding to relying on strategic partners like Stonepeak to supply capital, without significant compromise on earnings accretion. At this juncture, we recommend KJTS as a Trading Buy.

Key Risks:

- Failure to secure new projects - will severely limit growth. Acquisitions could be lumpy and intermittent.
- Dependency on partners - the joint venture with Stonepeak is a lynchpin to our thesis. If the partner(s) choose to withdraw from the joint venture, it would hurt KJTS' growth prospects.
- Execution risk - failure to meet expected energy efficiency targets could result in lower or even negative returns on a project.

Important Disclosures

Recommendation definitions

Buy – Expected return of > +10% over the next 12 months.
Hold – Expected return between ±10%
Sell – Expected return of < -10% over the next 12 months
Trading Buy – Expected return of > +15% over the next 12 months, but LT prospects uncertain.
Not rated – No recommendation on stock performance.

Note: Recommendations may fall outside of the aforementioned ranges from time to time due to share price volatility.

Analysts

Ben Shane Lim

+603 2054 8120

benshane.lim@newparadigm.my

Disclaimer and Disclosure

About Us

As Malaysia's sole universal broker, we take pride in our unwavering commitment to delivering exceptional financial advice and innovative solutions tailored to our clients' needs.

See: newparadigm.my

Contact us:

research@newparadigm.my

NewParadigm Financial Group

D-12-8, Level 12, EXSIM Tower,
Millerz Square @ Old Klang Road, Megan Legasi,
No. 357, Jalan Kelang Lama,
58000 Kuala Lumpur, Malaysia.