



KJTS

Regional datacenters on the horizon

27 JANUARY 2026

Update | Trading Buy | Energy

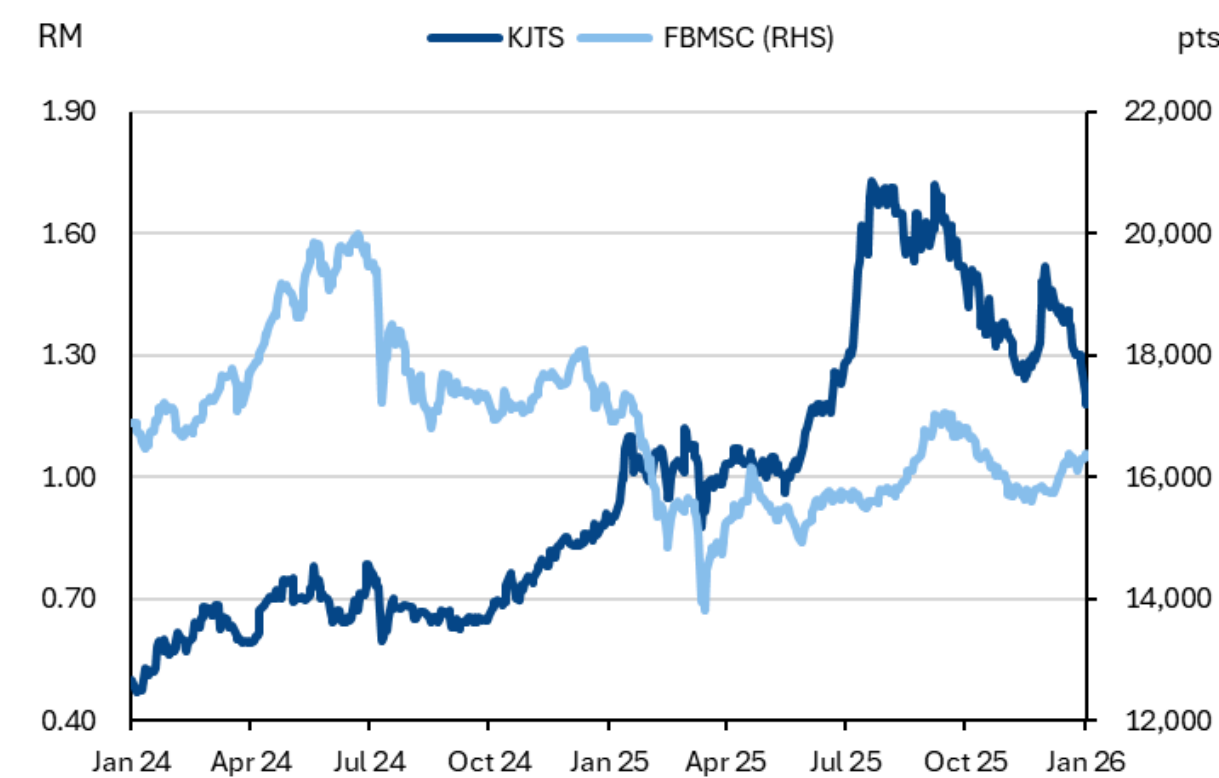
TRADING BUY

Target Price: RM2.00

Last Price: RM1.20

(as at 26 January 2026)

SHARE PRICE PERFORMANCE



STOCK INFORMATION

Market cap (RMm)	RM828m
Shares out	690m
52-week range	RM0.87/RM1.81
3M ADV	RM1.1m
T12M returns	34 %

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

www.newparadigm.my

KEY TAKEAWAYS:

- KJTS has signed a collaboration agreement with China Construction Third Engineering Bureau to pursue regional datacenter projects.
- We estimate several prospects are being pursued regionally with a combination of EPCC and/or project ownership.
- Securing a sizable project outside of Malaysia would be a re-rating catalyst for KJTS. Maintain Trading Buy.

LOOKING AT REGIONAL OPPORTUNITIES

- KJTS's collaboration agreement with China Construction Yangtze River (Malaysia) Sdn Bhd (CCYR) paves the way for KJTS to break into regional datacenter projects, particularly in Thailand, Singapore and Turkey. The deal will tie up both parties to exclusively work with one another on selected projects.
- CCYR is a wholly-owned subsidiary of China Construction Third Engineering Bureau Co. Ltd. (CCTEB) that in turn a wholly-owned subsidiary of China State Construction Engineering Corp Ltd (601668 CH) - a RMB209bn market cap company.
- CCYR's scope will be for the civil and structural works related to cooling and building services, architectural and construction works, and integration of other systems.
- KJTS's scope will be on the EPCC of cooling/heating systems, energy management systems and potentially facilities management as well.
- We anticipate this MOU paves the way for KJTS to expand its funnel of prospective cooling projects, particular overseas and in the datacenter segment. Currently, KJTS does have some DC work, but nothing recurring.
- Details are scarce, but management has indicated that the scale of projects being pursued will be sizable. Furthermore, there is potential for projects with an asset ownership structure to be rolled into the Lestari Cooling Energy (LCE) associate.

STILL WAITING FOR NEWSFLOW

- Lack of constructive newsflow has weighed on KJTS stock and hurt our thesis. This is primarily due to delays in finalizing the additional anchor investors for LCE as well as new contract wins.
- We continue to position KJTS as a newsflow-driven stock first but one that is underpinned by a solid recurring cash flow operations.
- Key catalysts for the stock include the aforementioned signing of the anchor investor for LCE as well as new contract wins. Additionally, securing new projects regionally via the new collaboration with CCTEB should be a further re-rating catalyst. It would demonstrate KJTS' ability to expand outside of Malaysia as well as into the datacenter space
- Maintain Trading Buy with a target price of RM2.00.

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).

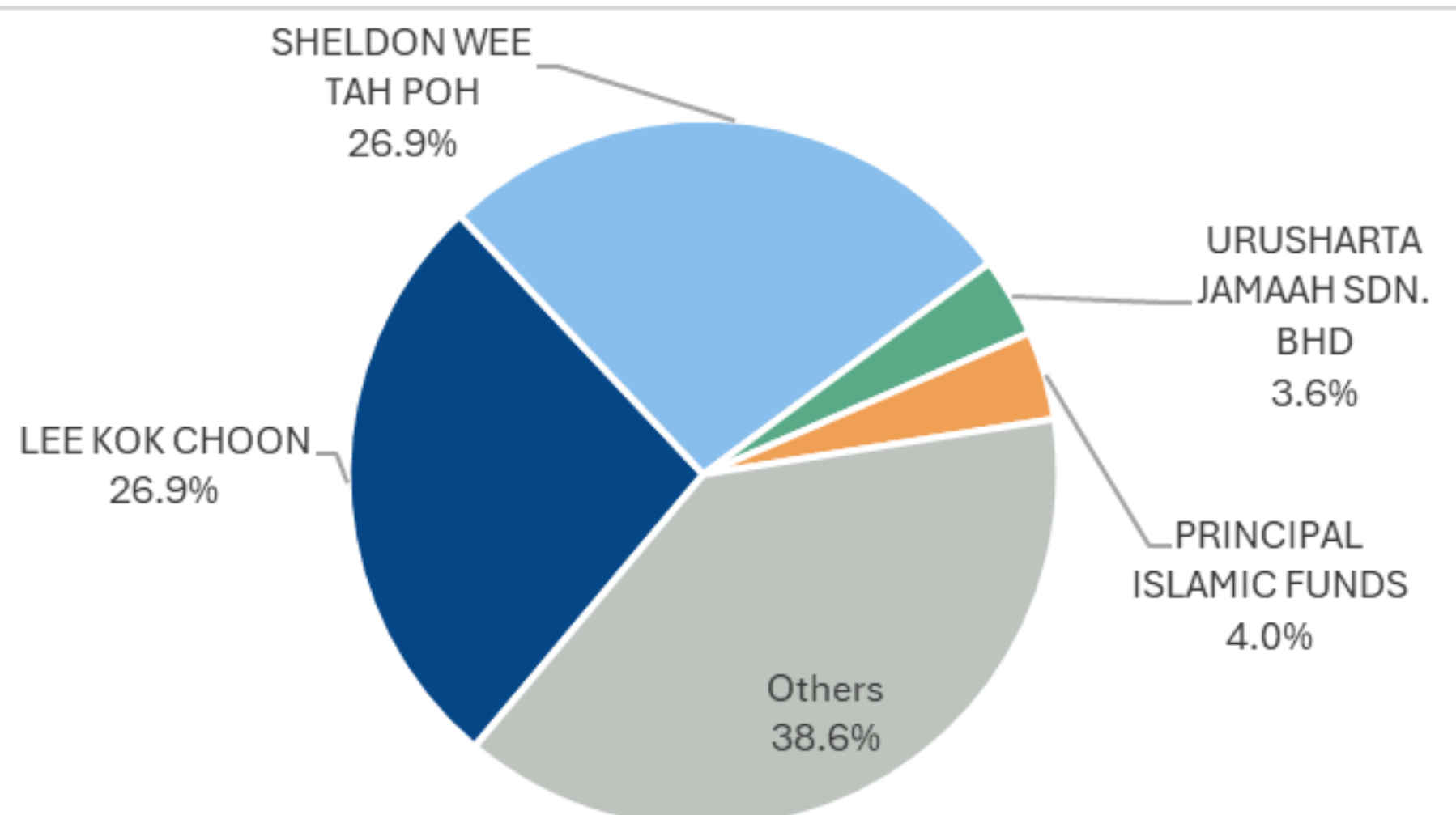
Investment Thesis

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.

Shareholding breakdown



Source: Company data, NewParadigm Research, January 2026

Important Disclosures

Recommendation definitions

Buy – Expected return of > +10% over the next 12 months.

Hold – Expected return between $\pm 10\%$

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.

Analysts

Ben Shane Lim

+603 2054 8120

benshane.lim@newparadigm.my

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

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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.**