



KJTS

Resetting expectations

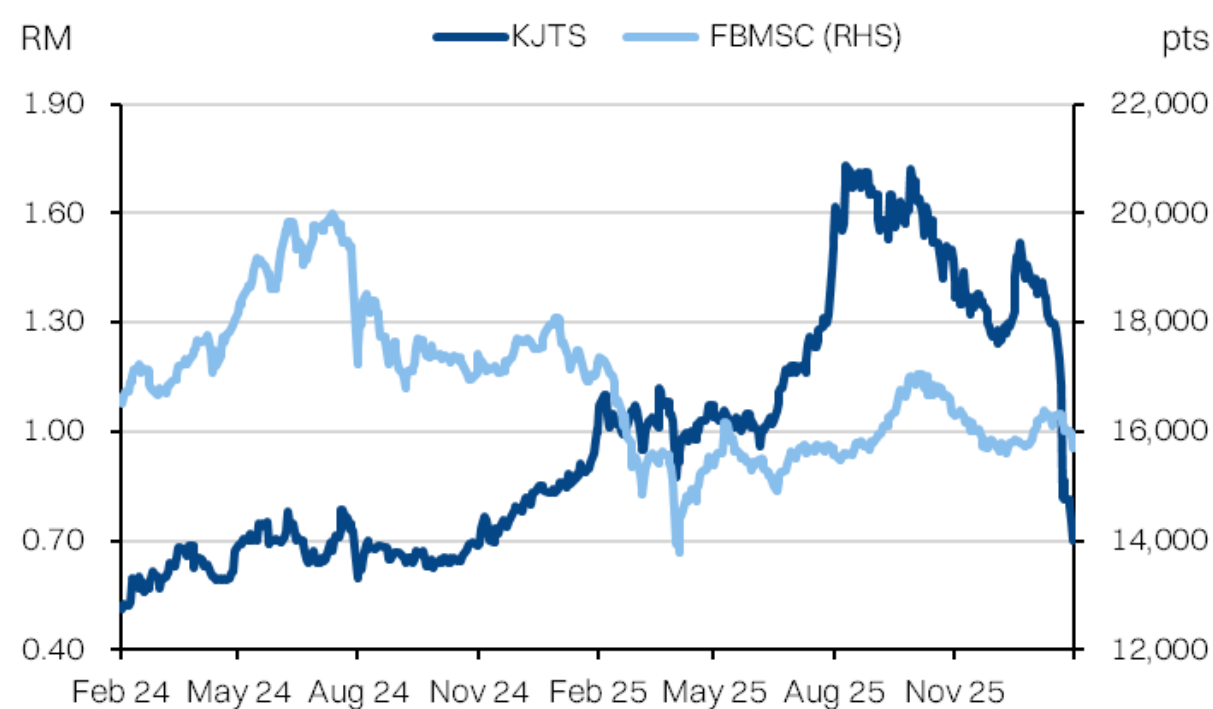
BUY

Target Price: RM0.80

Last Price: RM0.70

(as at 5 February 2026)

SHARE PRICE PERFORMANCE



STOCK INFORMATION

Market cap (RMm)	RM483m
Shares out	690m
52-week range	RM0.67/RM1.81
3M ADV	RM1.4m
T12M returns	-23%

INVESTMENT FUNDAMENTALS

RMm	FY24A	FY25E	FY26E	FY27E
Revenue	138	188	212	257
Revenue Growth	15%	37%	13%	21%
EBITDA	12.2	29.1	34.3	40.5
EBITDA margin	9%	15%	16%	16%
PATAMI	15.1	22	27	35.5
PATAMI margin	11%	12%	13%	14%
ROA	10%	12%	13%	14%
ROE	13%	17%	18%	20%
PER	31.2	21.9	17.8	13.6
P/BV	4.1	3.6	3.2	2.7
Yield	1%	2%	2%	3%

Source: Company data, Bloomberg, NewParadigm Research, August 2025

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KEY TAKEAWAYS:

- The acquisition of MUSB has been mutually terminated. We cut our FY26/27 numbers by -9%/-15% to reflect this.
- However, KJTS is still on track to deliver almost >40% YoY growth in FY25E, even without MUSB. We think the market has oversold the stock on the negative news flow.
- We cut our TP to RM0.80 on the lower NP and lower target multiple of 15.5x FY27E PER. We revise our recommendation to BUY.

DISAPPOINTING DEVELOPMENT

- KJTS has announced the mutual termination of the Malakoff Utilities Sdn Bhd acquisition from Malakoff Corp Bhd. Recall that the deal was first announced on 3 Feb 2025 with a value of RM65.5m. The reason the deal fell through was due to failure to complete several CP's.
- We had previously imputed ~RM8-9m earnings contribution from MUSB, assuming a ~RM30-40m worth of capex enhancement for the assets.
- In turn, we cut out FY26/27 NP assumptions by -9%/-15%, deflecting the loss of MUSB as well as delays to subsequent acquisitions.

WHAT NEXT?

- It is still "business as usual" according to management, with several other prospects still in play. Timing of news flow is difficult to predict, but we have built into our expectations that KJTS can secure deals of similar value (cumulative acquisition and capex) to MUSB within the next 12 months.
- Additionally, we think the long-awaited announcement of the GLIC partner in Lestari Cooling Energy (LCE), should also be a welcome catalyst for the stock.

REVISED RECOMMENDATION TO BUY WITH LOWER TP

- The latest development explains the recent share price weakness. However, we anticipate the share price will remain under selling pressure in the short term, as several large institutional funds appear to be clearing their positions.
- This is a good entry level for investors that have little previous exposure to the stock, as we think the overall disappointment is priced in at this level - implied 18x FY26PER.
- We roll forward our valuations to FY27E and lower our target multiple to 15.5x (-1.2SD vs historic average PER of 25x). The lower multiple reflects diminished confidence in new acquisitions, given the recent slippage.
- In turn, this translates to a target price of RM0.80. We revise our recommendation to Buy from Trading Buy previously.

Earnings revisions

	Actual	NPS forecasts			Consensus forecasts			NPS vs Consensus		
	FY24A	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	138	188	212	257	195	403	506	-3%	-47%	-49%
EBITDA	12	29	34	41	34	58	73	-14%	-41%	-44%
PATAMI	15	22	27	35	20	35	45	10%	-23%	n/a
	Actual	NPS forecasts			NPS old			Change in estimates		
	FY24A	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	138	188	212	257	186	222	280	1%	-5%	-8%
EBITDA	12	29	34	41	28	35	44	4%	-3%	-8%
PATAMI	15	22	27	35	21	30	42	4%	-9%	-15%
Growth		46%	23%	31%	40%	34%	55%			

Source: Company Data, Bloomberg, NewParadigm Research, February 2026

Valuations

	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	120	138	188	212	257	313	346	384
	27%	15%	37%	13%	21%	22%	11%	11%
Adj NP	8	15	22	27	35	48	58	67
Target multiple					15.5			
Valuation					550			
Shares out	470	673	690	690	690	690	690	690
Target Price					0.8			
Last price					0.7			
Dividend (sen)	0	0.5	1.3	1.6	2.1	2.8	3.3	3.9
TSR					17%			
PER (at current last price)	40	31	22	18	14	10	8	7
PER (at target price)	46	36	25	20	16	11	10	8
P/B (at current price)	7	4	4	3	3	2	2	2
P/B (at target price)	7	5	4	4	3	3	2	2
Yield (at current price)	0.0%	0.7%	1.8%	2.2%	2.9%	4.0%	4.8%	5.6%
Yield (at target price)	0.0%	0.7%	1.6%	2.0%	2.6%	3.5%	4.2%	4.9%

Source: Company Data, Bloomberg, NewParadigm Research, February 2026

Income Statement

Income statement	Dec 2024	Dec 2025	Dec 2026	Dec 2027
	FY24A	FY25E	FY26E	FY27E
Total revenue	137.7	188.1	211.9	257.3
Cost of Goods Sold	-100	-138.2	-157.9	-195.7
Gross Profit	37.8	49.9	54	61.6
Other operating expenses	-25.5	-20.7	-19.7	-21
EBITDA	12.2	29.1	34.3	40.5
Depreciation	-1.6	-1.7	-1.9	-1.8
Amortisation	0	0	0	0
EBIT	10.5	27.4	32.4	38.7
Interest expense	-0.4	-0.4	-0.4	-0.4
Interest income	0.1	0.7	0.9	1.1
Associates & JV's	0	0	0.6	3.7
PBT	10.3	27.7	33.5	43.1
Tax	-2	-5.3	-6.1	-7.1
Net Profit	8.3	22.5	27.4	36
Minority interests	0.2	0.4	0.4	0.5
Reported PATAMI	8.1	22	27	35.5
Adjusted PATAMI	15.1	22	27	35.5

Key Ratios				
Revenue growth	15%	37%	13%	21%
EBITDA growth	15%	138%	18%	18%
EBIT growth	15%	160%	18%	20%
PATAMI growth	86%	46%	23%	31%
EBITDA margin	9%	15%	16%	16%
EBIT margin	8%	15%	15%	15%

ROA	5%	12%	13%	14%
ROE	13%	17%	18%	20%
Net debt/Equity	-58%	-57%	-58%	-52%

Shares				
Basic shares outstanding	673	690	690	690
Diluted shares outstanding	680	697	697	697

EPS (sen)	2.24	3.2	3.92	5.14
DPS (sen)	0.52	1.28	1.57	2.06
Dividend payout ratio	23%	40%	40%	40%

Source: Company Data, NewParadigm Research, February 2026

Balance Sheet

Balance sheet	Dec 2024	Dec 2025	Dec 2026	Dec 2027
	FY24A	FY25E	FY26E	FY27E
Current assets				
Cash & other liquid assets	69.9	80	100.7	114.6
Receivables	37.5	51	56.9	69.1
Inventories	0.1	0.1	0.2	0.2
Other current assets	19	23.9	26.5	31.5
Total current assets	126.5	155	184.3	215.3
Non-current assets				
Fixed assets	1.6	1.7	1.6	1.6
Right-of-use assets	0	0	0	0
Investment in associates/JV's	0.8	0.8	4.9	18.8
Other investments	0	0	0	0
Non-current receivables	0	0	0	0
Other non-current assets	19	18.5	18.1	17.8
Total non-current assets	23.3	22.8	26.4	40
Total Assets	149.7	177.9	210.7	255.3
Current liabilities				
Short-term debt	1.3	0.7	0	0
Lease liabilities	1.2	1.2	1.2	1.2
Trade payables	26.8	36.7	42	52
Other current liabilities	1.4	1.4	1.4	1.4
Total Current Liabilities	30.7	40	44.5	54.5
Non-current liabilities				
Long-term debt	3.1	3.1	13.1	23.1
Convertible debt	0	0	0	0
Lease liabilities	2.2	2.2	2.2	2.2
Other non-current liabilities	0.1	0.1	0.1	0.1
Total non-current Liabilities	5.3	5.3	15.3	25.3
	0	0	0	0
Total Liabilities	36	45.3	59.8	79.8
Equity				
Ordinary capital	99.1	99.1	99.1	99.1
Reserves	-32.4	-32.4	-32.4	-32.4
Retained earnings	47.2	65.7	83.5	107.6
Minority interests	-0.2	0.2	0.6	1.1
Total Equity	113.7	132.6	150.8	175.5
Attributable to owners	113.9	132.4	150.2	174.3

Source: Company Data, NewParadigm Research, February 2026

Cash Flow

Cash Flow	Dec 2024	Dec 2025	Dec 2026	Dec 2027
	FY24A	FY25E	FY26E	FY27E
EBITDA	12.2	29.1	34.3	40.5
Changes in working capital	-5.7	-3.7	-0.7	-2.2
Tax paid	-2.1	-5.3	-6.1	-7.1
Others	-6.9	-4.9	-2.6	-5
Net cash from Operations	-2.3	15.3	24.9	26.3
Capex	-0.9	-0.9	-0.9	-0.9
Addition of ROU assets	0	0	0	0
Acquisitions	-0.2	0	-3.5	-10.3
Disposals	4.8	0	0	0
Interest received	-0.2	0.7	0.9	1.1
Others	-2.6	-0.4	-0.5	-0.6
Net cash from Investing	0.9	-0.6	-4	-10.6
Net increase/decrease in	0.6	-0.6	9.3	10
Net equity issuance	58.9	0	0	0
Dividends paid to	-3.6	-3.6	-9.2	-11.4
Dividends paid to NCI	0	0	0	0
Interest paid	0	-0.4	-0.4	-0.4
Others	-0.9	4.7	0	0
Net Cash from Financing	55	0.1	-0.3	-1.8
Change in cash	65.2	14.8	20.7	13.9
FX adjustments	0	0	0	0
Net Change in cash	65.2	14.8	20.7	13.9

Source: Company Data, NewParadigm Research, February 2026

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.

Analysts

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

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