

Team Coverage

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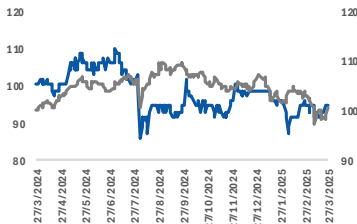
Recommendation:	BUY
Current Price:	RM 0.33
Previous Target Price:	N/A
Target Price:	RM 0.45
Capital Upside/ Downside:	36.4%
Dividend Yield (%):	0.0%
Total Upside/ Downside:	36.4%

Stock information

Board	MAIN
Sector	Renewable Energy
Bursa/ Bloomberg Code	0193/ KASB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	2,078.8
Market Cap (RM' m)	686.0
52-Week Price Range (RM)	0.4-0.29
Beta (x)	0.4
Free float (%)	59.1
3M Average Volume (m)	16.8
3M Average Value (RM' m)	5.5

Top 3 Shareholders	(%)
Lai Keng Onn	18.9
Tong Kum Loong	9.1
Stocqtech Sdn Bhd	7.7

Share Price Performance



	1M	3M	12M
Absolute (%)	0.0	-4.3	-5.7
Relative (%)	2.5	1.4	-6.0

Kinergy Advancement Bhd

One-Stop Energy Partner

Executive Summary

- **KAB is a one-stop energy and engineering service provider with core expertise in energy efficiency (EE), renewable energy (RE), clean energy, and M&E works. The Group specialises in SELCO solutions for energy-intensive industries, ensuring clients optimise energy use through cleaner and more cost-efficient means. Due to its unique, fully integrated model that is difficult to replicate, KAB is often able to secure projects via direct tenders, resulting in better margins and greater control over execution.**
- **KAB is well-positioned for sustained earnings growth, supported by its RM361m unbilled order book, ongoing tender pipeline exceeding RM1bn, and a recurring income stream from 12 operational PPAs. These assets, with an average IRR above 12% and long-term tenures, are expected to contribute RM13m annually, forming a stable earnings base over the long run.**
- **We assign a 18x P/E multiple based on FY26F earnings and incorporate a three-star ESG rating, arriving at a FV of RM0.45.**

Investment Highlights

One Stop Energy and Engineering Provider. Since expanding into the energy sector in 2018, KAB has established itself as a one-stop energy solutions provider. Unlike conventional pure-play renewable energy contractors, KAB offers a full range of services covering from design and fabrication to installation and commissioning, across energy efficiency (EE), renewable energy (RE), and clean energy generation, tailored to each client's energy specifications. KAB primarily focuses on SELCO projects, serving energy-intensive industries such as food processing, oleochemical and chemical manufacturing, oil & gas, waste recovery, power generation, and utilities. Thanks to its comprehensive in-house capabilities, KAB faces minimal competition due to its difficult-to-replicate business model and enjoys better margins, as most projects are secured through direct tenders.

Existing Projects Driving Growth. As of 31 Dec 2024, KAB has an unbilled order book of RM361m, with 71% from SEC and the rest from Engineering, which represents 1.5x orderbook-to-cover ratio against FY24 revenue. This provides strong earnings visibility through FY26F. Most of the order book will be recognised in FY25F, with c.RM150m expected from the 52MW Sipitang power plant project as the project is entering into progress billing phases. On top of that, the Group is currently engaged in early discussions for few data center projects, solar power plant projects, and power plant projects, collectively valued at over RM1bn in total. We expect an 50% success rate for the tenderbook and direct negotiation deals.

Strong Recurring Income Stream. KAB's PAT jumped from RM2.8m in FY22 to >RM20m in FY23-FY24, driven by the gradual COD of multiple PPAs, turning into key earnings contributors. YTD, KAB's asset portfolio comprise 12 PPAs totalling 27MW, with 41% from mini-hydro, 38% from solar, 14% from clean energy, and the rest from biogas. With all assets now operational, they collectively are expected to generate RM13m annually, contributing 65% of PAT in FY24. Looking ahead, we see earnings remaining steady, backed by PPAs with an average tenure of 12 years, most projects delivering IRRs above 12%, and continued traction in the CRESS framework, which is set to provide a stable, long-term revenue stream for the Group.

Scaling Solar Adoption via CRESS. KAB has partnered with Perbadanan Kemajuan Negeri Perak (PKNPK) to develop 29 renewable energy (RE) projects in Perak, totalling over 1,800MW in capacity. Planned projects include a mix of floating solar, ground-mounted solar, and small-scale hydropower solutions with aimed for meeting rising demand from data center operators. KAB has seen rising interest from MNCs seeking long-term PPAs of up to 20 years to hedge against future tariff volatility. These clients are targeting minimum project sizes of 20MW, are willing to commit at competitive rates of c.RM0.60/kWh for firm renewable output. We expect CRESS adoption to

accelerate post-RP4, as pricing becomes more competitive with GET rates. With acceleration of corporate ESG adoption driving RE demand, this presents a strategic opportunity for KAB to secure long-term recurring income.

Penetrating into Power Generation. As of 7 Feb 2025, KAB acquired a 47.5% stake in Jati Cakerawala for RM35m, marking a strategic entry into the Independent Power Producer (IPP) sector. Through this acquisition, KAB holds an effective 38% indirect stake in the 650MW combined-cycle gas turbine (CCGT) power plant located in Perlis, which was decommissioned in Mar 2024 following the completion of its 21-year PPA. Given Malaysia's rising power demand and the scheduled expiry of c.5GW of existing PPAs by 2030, we believe there is a strong likelihood that this plant could secure an SLA to extend operations temporarily, helping to maintain optimal reserve margins for system reliability. Based on historical plant performance, the asset has generated up to RM85m in annual PAT, which, which could translate to RM32.3m additional contribution to KAB's bottom line upon recommissioning. In addition to this, the plant strategically located next to key infrastructure such as TNB's 275kV transmission line and the PGU III gas pipeline, set as a prime candidate for repowering and capacity expansion to c.1,200MW, with an estimated redevelopment cost of RM1.2bn. We see no major financing risks premised to KAB's existing RM500m sukuk programme, alongside TNB's AAA-rated indirect ownership via its 20% stake in TTPC.

Valuation & Recommendation. We assign a 18x P/E multiple based on FY26F earnings and incorporate a three-star ESG rating, arriving at a FV of **RM0.45**. This valuation implies a 14% discount to peers' forward P/E of 21x, reflecting KAB's smaller market capitalisation and relatively limited exposure to large-scale solar farm projects.

Risk. Inability to secure new contracts, rising construction cost beyond expectations and skilled labours.

Earnings Summary

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	199.3	244.8	381.0	506.0	687.9
EBITDA	41.0	51.5	73.7	90.5	113.8
Pre-tax profit	30.1	31.3	48.5	59.6	76.2
Net profit	28.4	24.0	40.5	49.4	62.6
Core net profit	25.2	21.6	40.5	49.4	62.6
Core EPS (sen)	1.3	1.1	2.0	2.5	3.1
P/E (x)	26.4	30.7	16.4	13.4	10.6
P/B (x)	3.1	2.4	2.2	1.9	1.7
EV/EBITDA (x)	15.6	11.7	8.6	7.7	8.8
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Gearing (%)	12.9%	23.2%	12.0%	Net Cash	Net Cash

Source: Company, Apex Securities

Company Background

Incorporated in 1997 and listed on Bursa Malaysia's ACE market in 2017, KAB was subsequently transferred to the Main Market in 2020. KAB initially operated as a mechanical and electrical engineering (M&E) company, providing services for commercial, industrial, and residential buildings in Malaysia. In 2022, KAB diversified its operations by establishing the Sustainable Energy Solutions (SES) segment, which has since become a One-Stop Energy provider and key contributor to its business.

Business Overview

Business Model. KAB engages in two business activities: (i) SES and (ii) Engineering services.

Business Activities

Business Divisions	Details
Sustainable Energy Solutions (SES)	Offers a comprehensive suite of energy solutions encompassing energy efficiency improvements, renewable energy adoption, and clean energy generation, aimed at helping customers decarbonize their energy consumption and optimise energy use.
Engineering Services	Engineering and construction projects for building Commercial & Industrial (C&I) infrastructure, including mechanical, electrical, civil, and utilities works.

Source: Company, Apex Securities

Sustainable Energy Solutions (SES)

KAB's Sustainable Energy Solutions (SES) segment is structured around three core pillars:

Pillar	Services
Energy-Efficient Solutions	Chiller Optimisation, Building Management Systems (BMS), and Battery Energy Storage System (BESS)
Renewable Energy (RE) Solutions	Solar PV, Hydroelectric, Waste-to-Energy (Biogas, Biomass), RECs and Carbon Credits
Clean Energy Generation	Co-generation (Cogen), Waste Heat Recovery (WTR) and Power Plant (IPP)

Source: Company, Apex Securities

Energy-Efficient Solutions. Integrate advanced technologies to optimise energy consumption, reduce operational costs, and minimise environmental impact. Key offerings include **Chiller Optimisation**, which enhances cooling system performance aiming to generate 8-20% of energy savings and **Building Management Systems (BMS)**, an intelligent automation solution that optimises HVAC efficiency through real-time monitoring and control. To enhance energy reliability, KAB also offers Battery Energy Storage System (BESS), which stores excess energy during low-demand periods and discharges it when needed, helping to stabilise the grid, a key solution highlighted in NETR.

Renewable Energy (RE) Solutions. KAB offers **solar photovoltaic (PV) systems, hydroelectric power, and waste-to-energy solutions**, enabling businesses to adopt clean energy solutions and reduce reliance on fossil fuels. For solar PV, KAB focuses on small to medium-sized plants with faster execution and higher margins than large-scale projects. For hydroelectric power, KAB niche in small to mid-scale hydro plants (typically below 30MW), especially run-of-river (ROR) schemes, strategically aligned with Malaysia's available natural resources with limited large dam potential but abundant small rivers. Whereas for waste-to-energy solutions, primarily focus on converts agricultural and animal waste into biofuels through anaerobic digestion, generating thermal or electrical power as a direct fossil fuel replacement. Besides, KAB also trades **RECs** and **Carbon Credits**, allowing businesses to offset their carbon footprint and meet sustainability goals.

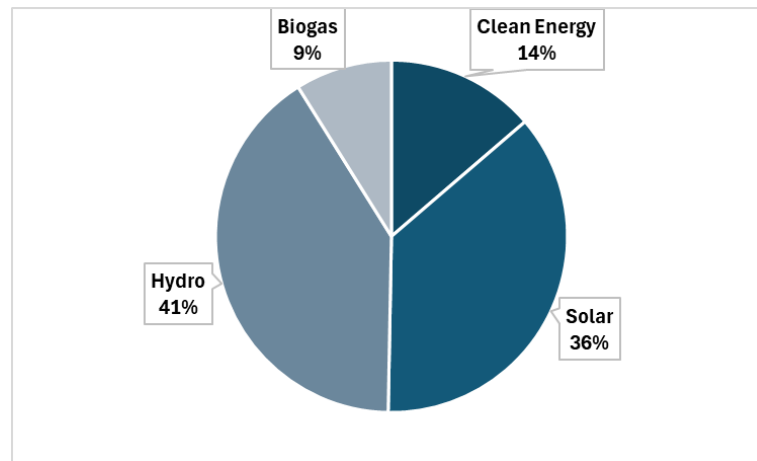
Clean Energy Generation Solutions. Key solutions include **Co-generation (COGEN)**, which uses natural gas or biogas to produce electricity while capturing waste heat for steam, hot water, or chilled water, maximizing fuel efficiency. KAB is among the few owners and operators of COGEN systems in Malaysia. KAB also offers **Waste Heat Recovery (WHR)** systems that utilise Organic Rankine Cycle (ORC) technology to convert industrial waste heat into reusable power. Both solutions help clients achieve more sustainable and cost-efficient operations. Beyond these, KAB has established expertise

in **power plant development**, particularly in gas power plants. Key milestones including the 52MW gas engine power plant for PETRONAS Gas and utility supply for the FSU Tango at the Regasification Terminal Pengerang, highlighting its proven capabilities in power infrastructure.

To meet diverse client needs, KAB offers flexible financing models: (i) Outright purchase, where clients acquire and self-manage energy infrastructure for full control; (ii) Co-ownership model, where clients partner with KAB to jointly develop and operate energy projects; and (iii) Zero-CAPEX model, where KAB fully funds and owns the energy plant for a defined period, while clients pay only for electricity at a fixed rate, which ensuring cost savings without upfront investment.

Under Zero-CAPEX Model, as of YTD, KAB’s asset portfolio comprises 12 PPAs totalling 27MW, encompassing a diverse mix of renewable and clean energy assets. Mini hydro leads the portfolio at 41%, followed by solar at 38%, clean energy at 14%, and the rest from biogas. As of 2024, all assets are fully operational, we estimate contribute about RM13m/pa in PAT (65% of the PAT), remaining a key driver of earnings at the Group level.

KAB’s Assets Portfolio



Source: Company, Apex Securities

KAB’s Assets Details

No Assets	Country	Capacity (MW)	Remaining Concession (yrs)
Clean Energy			
1 Safran - WHR	MY	2.2	8
2 Careglove - Cogen	MY	1.5	7
Solar			
1 MSSB	MY	1.0	15
2 SMEA	MY	1.6	21
3 Mydin	MY	2.0	19
4 Roongthavorn	TH	1.5	13
5 Aapico Plastic	TH	1.0	13
6 Aapico Hitech	TH	0.5	13
7 NGPP	MY	1.3	20
8 BSL	MY	1.0	21
Hydro			
1 PT IME Indonesia Hydro	IDR	11.0	19
Biogas			
1 Future Biomass Gasification	MY	2.4	12
Total		27.0	

Source: Company, Apex Securities

Most of KAB’s assets were acquired through M&A, setting it apart from other players. KAB’s strategy focuses on acquiring brownfield projects, allowing the Group to gain operational familiarity with assets and deepen its technical expertise before venturing into greenfield developments. Despite this, most

assets still deliver IRRs above 12%, with an average remaining PPA tenure of 12 years, ensuring a stable long-term recurring income for at least the next decade.

We believe this segment will continue to grow, driven by KAB's recent partnership with Perbadanan Kemajuan Negeri Perak (PKNPK) to develop 29 RE projects in Perak, totalling over 1,800MW in capacity. These projects comprise a mix of floating solar, ground-mounted solar, and small-scale hydropower solutions, strategically designed to meet the growing demand under the CRESS framework.









KAB & PKNPK jointly develop over 1,800MW of RE



Source: Company, Apex Securities

KAB is already seeing growing interest from off-takers, with expectations 20 years long-term agreements to hedge against electricity price fluctuations. These clients are targeting minimum project sizes of 20MW and are willing to commit at competitive rates of c.RM0.60/kWh for firm RE. Given the scale of these developments, execution will likely be phased, with demand expected to accelerate as RP4 takes effect, positioning CRESS as a more attractive alternative to GET. We see this partnership as a major catalyst for building a strong recurring income stream, reinforcing KAB's long-term growth trajectory.

Track Record

WASTE HEAT RECOVERY	COGENERATION	GAS ENGINE POWER PLANT	BUILDING MANAGEMENT SYSTEM
<p>KAB's wholly-owned subsidiary, KAB Energy Power (KABEP) owns and operates a 22 Mega-watt Organic Rankine Cycle facility in Seremban which supplies power for Safran Landing Systems (SLS) Sdn Bhd through recovering waste heat from its production.</p> <p>Expected emissions mitigated: 8,652.00 tCO2e over 10 years.</p> 	<p>KABEP through a SPV named KEV CRC Sdn Bhd has a contract to build, own, and operate a captive Cogeneration plant in Seremban for Caspian Global Sdn Bhd with the capacity to generate 15 Mega-watt of electricity and useful heat in the form of hot water back to the production line.</p> <p>Expected emissions mitigated: 30,166.00 tCO2e over 8 years.</p> 	<p>KABEP has secured an EPC contract from PETRONAS Gas Berhad to develop a 52 Mega-watt gas engine power plant and its associated facilities.</p> <p>Expected emissions mitigated: 6,605,752.00 tCO2e over 20 years.</p> 	<p>Partnership with Resource Data Management Asia (RDMA) whom with over 70 years of experience in the field of Building Management System (BMS) and has direct control over 22,000 buildings worldwide to provide comprehensive BMS solutions to clients.</p> 
SOLAR PV SYSTEM	BIOGAS ENERGY	HYDROELECTRIC POWER	CHILLER OPTIMISATION
<p>To date, KAB's Solar portfolio consists of 16 Solar projects in both Malaysia and Thailand with a total combined installed capacity of more than 24 Mega-watt.</p> <p>Expected emissions mitigated: 676,922.86 tCO2e over 25 years.</p> 	<p>KAB's wholly-owned subsidiary, KAB Energy Holdings (KABEH) is in the process of acquiring a biogas power plant in Kulim, Kedah with an installed capacity of 2.4 Mega-watt to supply electricity from organic waste.</p> <p>Expected emissions mitigated: 52,506.07 tCO2e over 11 years.</p> 	<p>KAB's wholly-owned subsidiary, KAB Energy Holdings (KABEH) has acquired a mini hydroelectric power plant in North Sumatera, Indonesia with an installed capacity of 11 Mega-watt to supply electricity to a state-owned utility company in Indonesia.</p> <p>Expected emissions mitigated: 715,202.61 tCO2e over 21 years.</p> 	<p>KAB has executed chiller optimisation projects for large-scale buildings such as luxury hotel and shopping malls in Malaysia and Thailand.</p> <p>Expected electricity savings: An average of 306,402kWh</p> 

Source: Company, Apex Securities

Engineering Solutions

KAB is renowned for delivering integrated electrical and mechanical (M&E) engineering solutions, covering the full spectrum of installation, testing, and commissioning. Its expertise spans electrical distribution networks, communications and IT infrastructure, extra-low voltage (ELV) systems, and

advanced air-conditioning and mechanical ventilation (ACMV) systems. KAB primarily operates as a subcontractor, with c.80% of its projects secured through direct negotiations, underscoring its strong market position.

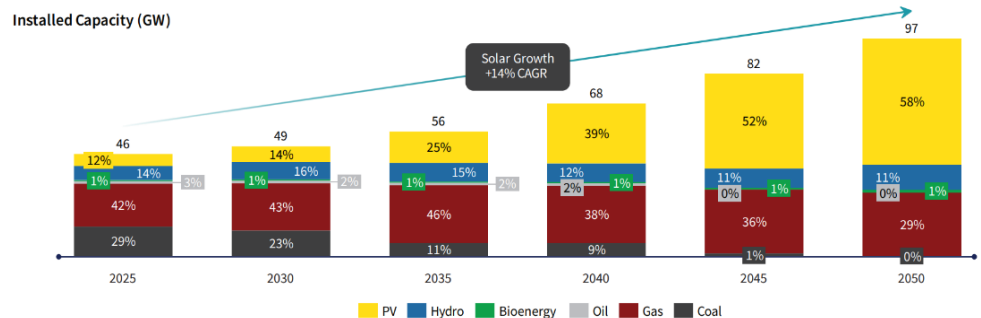
Since 2018, KAB has shifted its strategic focus towards the SES segment, as increasing competition in engineering services has compressed margins. While KAB remains active in project delivery, it has adopted a more selective approach, prioritising higher-value opportunities within its core expertise.

Orderbook. As of 31 Dec 2024, KAB’s unbilled order book stood at RM361m, about 71% from SES division and remainder from engineering division, representing 1.5x orderbook-to-cover ratio against FY24 revenue. Bulk of this is expected to be recognised in FY25F, including c.RM150m from the 52MW Sipitang power plant, which has entered the progress billing stage. Currently, KAB’s tender pipeline stands at over RM1bn, covering data centres, solar power plants, and conventional power projects. We expect a success rate of 50%, supported by KAB’s proven track record, strong in-house capabilities, and high barriers to entry in the sectors it operates in.

Industry Overview

National Energy Transition Roadmap (NETR). To meet Malaysia's growing electricity demand, the government launched the National Energy Transition Roadmap (NETR) on 23 Aug 2023. This initiative aims to achieve net-zero emissions by shifting to clean energy. As part of the plan, RM420bn will be invested in grid infrastructure to reach 70% renewable energy capacity by 2050.

Projected power mix 2050



Source: NETR

Vast Potential of Solar Power. One of the key aspects highlighted is Malaysia's immense solar PV potential of 269GW, accounting for over 92% of the country's total 290GW of identified renewable energy resources. Malaysia’s strategic location near the equator, with its dense solar radiation, leads to high energy output per square meter. Our analysis shows that to meet the 70% RE target by 2050, starting in 2025, annual RE installations need to more than double to 2.2GW per year until 2050. Solar power, expected to account for 58% of the capacity mix, will be a crucial component in achieving this target. We believe large-scale solar farms will remain a key driver in scaling Malaysia’s renewable energy ambitions. With access to strategic land parcels that support the development of 29 renewable energy projects with over 1,800MW in planned capacity through its partnership with Perbadanan Kemajuan Negeri Perak (PKNPK), KAB is well-positioned to capitalise on this momentum and strengthen its long-term recurring income base.

Shift Towards Natural Gas. Aligning towards Malaysia's 2050 carbon neutrality goal, energy share of gas-powered plants obfuscates the fact that the absolute capacity of gas power plants would increase steadily over time, from 19GW in 2025 to 26GW in 2035 and 28GW in 2050. Projected growth is driven by the government's decision to refrain from building new coal-fired power plants, aiming for natural gas plants to contribute up to 30% of installed capacity by 2050.

Greener and More Efficient. Aside from natural gas-fired power plants, co-generation utilising natural gas is commonly employed due to its efficiency and relatively low emissions. These plants operate similarly to gas turbine plants but incorporate efficient converters for fuel, enabling an additional cycle of energy generation. PETRONAS reports that co-generation power plants can achieve up to 80%

efficiency, far surpassing traditional power plants operating at 30% efficiency. Given Malaysia's ambitious goal of achieving zero carbon emissions, we believe KAB is well-positioned to capitalise on this trend, given its capability in co-gen field potentially bolstering its order book and facilitating company expansion.

Untapped animal waste-based biogas potential. According to the National Biomass Action Plan 2023–2030, Malaysia generates substantial volumes of poultry waste (about 4m tonnes/year) and ruminant/swine manure (nearly 6m tonnes/year). While some of this is already used for organic fertiliser and biogas, the market for chicken manure-based bio-fertiliser is oversupplied, and much of the potential energy is still untapped. This not only highlights a mismatch in current downstream utilisation, but also a needs of new biogas facilities turn underutilised waste streams into clean, usable energy. One of the most effective ways to maximise the value of captured biogas is through Combined Heat and Power (CHP) systems, which generate electricity while recovering waste heat for steam or thermal applications. With strong expertise in integrated energy solutions and proven capability in developing biogas plants, KAB is well-positioned to benefit as Malaysia accelerates its shift toward a cleaner energy future.

Financial Highlights

KAB posted a record high in revenue, up 22.8% yoy to RM244.8m, driven by strong SES growth, doubling from RM123.5m and RM61.7m a year earlier. However, CNP margin declined to 10.8% (-5.1 pts), weighed down by higher interest expenses from the refinanced asset portfolio and early-phase revenue recognition from the 52MW Sipitang power plant EPCC works.

Earnings outlook. Moving ahead, we project a three-year CNP CAGR of 21.3%, supported by (i) progress billing from its RM361m order book and (ii) continued contract wins, underpinned by growing demand for power supply and clean energy solutions driven by the energy transition.

Valuation & Recommendation

Not Rated. We assign a 18x P/E multiple based on FY26F earnings and incorporate a three-star ESG rating, arriving at a FV of **RM0.45**. This valuation implies a 14% discount to peers' forward P/E of 21x, reflecting KAB's smaller market capitalisation and relatively limited exposure to large-scale solar farm projects.

Peers Comparison

Peers comparison

Company	FYE	Price (RM) as at 27Mar25	P/E (x)		Dividend Yield (%)	Target Price (RM)	Potential Upside (%)	ESG Rating
			FY24	FY25F				
Kinergy Advancement Bhd	Dec	0.33	30.8	16.4	N/A	0.45	36.4	★★★
Cypark ResourcesBhd	Apr	0.72	N/A	17.0	N/A	N/A	N/A	N/A
Solarvest HoldingsBhd	Mar	1.67	34.5	23.7	N/A	2.0	21.6	★★★
Samaiden Group Bhd	Jun	1.08	29.4	22.8	1.39	1.7	58.3	★★★
Sunview Group Bhd	Mar	0.40	19.7	19.0	N/A	N/A	N/A	N/A
Pekati Group Bhd	Dec	1.17	35.4	22.7	N/A	1.4	22.2	★★★
Weighted average ex-KAB			29.8	21.0	1.4			

Investment Risk

- I. **Inability to Secure New Contracts**
- II. **Rising Construction Cost Beyond Expectations**
- III. **Skilled Labours**

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	199.3	244.8	381.0	506.0	687.9
Gross Profit	41.4	54.4	77.2	94.6	118.7
EBITDA	41.0	51.5	73.7	90.5	113.8
Depreciation & Amortisation	-5.5	-11.5	-12.4	-13.3	-14.2
EBIT	35.5	40.0	61.3	77.3	99.6
Net Finance Income/ (Cost)	-5.4	-8.8	-12.8	-17.6	-23.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	30.1	31.3	48.5	59.6	76.2
Tax	-1.6	-6.8	-7.5	-9.7	-13.2
Profit After Tax	28.6	24.5	41.0	49.9	63.1
Minority Interest	0.2	0.5	0.5	0.5	0.5
Net Profit	28.4	24.0	40.5	49.4	62.6
Exceptionals	3.2	2.4	0.0	0.0	0.0
Core Net Profit	25.2	21.6	40.5	49.4	62.6

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.3	1.1	2.0	2.5	3.1
P/E (x)	26.4	30.7	16.4	13.4	10.6
P/B (x)	3.1	2.4	2.2	1.9	1.7
EV/EBITDA (x)	15.6	11.7	8.6	7.7	8.8
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	20.6%	21.0%	19.3%	17.9%	16.6%
EBIT margin (%)	17.8%	16.3%	16.1%	15.3%	14.5%
PBT margin (%)	15.1%	12.8%	12.7%	11.8%	11.1%
PAT margin (%)	14.3%	10.0%	10.8%	9.9%	9.2%
NP margin (%)	14.2%	9.8%	10.6%	9.8%	9.1%
CNP margin (%)	12.6%	8.8%	10.6%	9.8%	9.1%
ROE (%)	11.9%	7.8%	13.3%	14.5%	16.1%
ROA (%)	5.8%	4.1%	5.9%	5.3%	4.3%
Gearing (%)	43.1%	52.3%	64.6%	80.0%	96.0%
Net gearing (%)	12.9%	23.2%	12.0%	Net Cash	Net Cash

Valuations

FY26F	
Core EPS (sen)	2.5
P/E multiple (x)	18.0
Fair Value (RM)	0.45
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.45

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	64.0	81.0	160.6	301.3	700.1
Receivables	81.9	114.8	124.0	144.7	182.2
Contract assets	50.5	69.2	114.3	151.8	206.4
Other current assets	3.8	0.5	0.5	0.5	0.5
Total Current Assets	200.2	265.5	399.4	598.3	1089.1
Fixed Assets	187.8	181.3	212.9	252.4	301.6
Intangibles	20.6	20.1	20.1	20.1	20.1
Other non-current assets	27.3	54.3	54.8	55.9	57.9
Total Non-Current Assets	235.6	255.7	287.8	328.4	379.6
Short-term debt	22.7	39.2	42.9	57.4	75.2
Payables	44.7	47.3	56.3	75.5	43.7
Other current liabilities	74.5	36.8	113.0	216.6	618.9
Total Current Liabilities	141.9	123.4	212.2	349.4	737.8
Long-term debt	68.7	106.1	154.2	215.0	297.5
Other non-current liabilities	13.2	13.8	15.8	22.0	45.5
Total Non-Current Liabilities	81.9	119.9	170.0	237.0	343.0
Shareholder's equity	209.0	274.3	300.9	335.7	383.0
Minority interest	3.0	3.6	4.1	4.6	5.0
Total Equity	212.0	277.9	305.0	340.3	388.0

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	30.1	27.7	47.2	74.8	92.5
Depreciation & amortisation	5.5	4.1	7.4	11.8	14.6
Changes in working capital	-11.8	-72.0	7.9	43.8	262.6
Others	-22.0	7.7	-15.1	-38.0	-45.2
Operating cash flow	1.8	-32.5	47.4	92.4	324.5
Capex	-12.8	-3.7	-44.0	-52.8	-63.4
Others	-4.9	-2.0	0.0	0.0	0.0
Investing cash flow	-17.7	-5.7	-44.0	-52.8	-63.4
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	24.0	39.8	76.2	101.2	137.6
Financing cash flow	24.0	39.8	76.2	101.2	137.6
Net cash flow	8.2	1.6	79.6	140.8	398.7
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	0.1	8.6	15.5	95.0	235.8
Ending cash	8.3	10.2	95.0	235.8	634.5

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	In FY23, Scope 1 emissions were 68 tCO ₂ e and Scope 2 emissions were 531 tCO ₂ e. Total GHG emissions dropped to 782 tCO ₂ e, down 71% vs FY21.
Waste & Effluent	★★★	Environmental compliance fully met with no violations in FY23.
Energy	★★★★	Net energy consumption turned negative in FY23 due to significant renewable generation (e.g. hydro 55.8m kWh)
Water	★★★	Water use reduced by 10.2% to 738 m ³ in FY23 vs FY22, exceeding their 5% reduction target
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★	Female board representation is low (2 out of 9), limited gender diversity data on broader workforce
Human Rights	★★★	Adopts and enforces a Code of Ethics and Conduct; no violations reported
Occupational Safety and Health	★★★	Zero work-related injuries, fatalities, or lost-time incidents reported in FY23 across 200,000 hours worked.
Labour Practices	★★★	Adheres to all relevant labor laws

Governance

CSR Strategy	★★★	In FY23, KAB contributed RM52,039.85 in donations and recorded 188 hours of employee volunteer work.
Management	★★	The board comprises eight members, with 4 Independent Non-Executive Directors (INEDs). Only 2 out of 9 total directors are women
Stakeholders	★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of Friday, 28 Mar, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.