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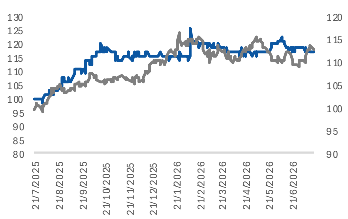
Recommendation:	**BUY**
Current Price:	RM0.39
Previous Target Price:	N/A
Target Price:	RM0.67
Capital Upside/Downside:	71.8%
Dividend Yield (%):	0.0%
Total Upside/Downside	**71.8%**

Stock information	
Board	MAIN
Sector	ENERGY
Bursa / Bloomberg Code	0193 / KASB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	2,185.1
Market Cap (RM' m)	841.3
52-Week Price Range (RM)	0.42-0.305
Beta (x)	0.5
Free float (%)	50.4
3M Average Volume (m)	6.1
3M Average Value (RM' m)	2.4

Top 3 Shareholders	**(%)**
Lai Keng Onn	16.4
Gan Kong Hiok	8.1
Stocqtech Sdn Bhd	7.3

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.3	0.0	16.7
Relative (%)	-1.8	-0.3	3.4

Earnings Summary	**FY25**	**FY26F**	**FY27F**
Revenue (RM'm)	478	528	554
PATAMI (RM'm)	28	41	48
CNP (RM'm)	28	41	48
EPS - core (sen)	1.3	1.9	2.2
P/E (x)	30.9	20.7	17.9

Kinergy Advancement Bhd

One-Stop Energy Partner

Executive Summary

- **Malaysia's only integrated energy company spanning all four solution pillars — Renewable Energy, Clean Energy, Energy Efficiency and Engineering Services — enabling cross-segment SELCO wins and structurally superior margins.**
- **Quality-of-earnings re-rating in progress. A growing Zero-CAPEX recurring income portfolio is structurally undervalued relative to the lumpier EPCC revenue line, with the PKNPK, PKB and Perlis CCGT pipelines providing material unmodelled upside.**
- **Engineering Services: An emerging second growth engine.** The rapid expansion of hyperscale data centres across Malaysia is generating significant demand for mechanical, electrical and power infrastructure works. KINERGY's Grade 7 CIDB registration, established MEP credentials and industrial client relationships position it to capture this structural tailwind, with strategic bolt-on acquisitions a further option to deepen exposure to hyperscale customers.
- **Meaningful IPP optionality remains entirely unpriced.** KINERGY's 51% stake in the Perlis 1.5GW CCGT, backed by B.Grimm Power and the Energy Commission's January 2026 ILon, is absent from our base-case TP.
- **Initiate BUY, TP RM0.67 (+71.8%). At RM0.39, KINERGY trades at a discount to the 22.7x peer average PE despite a 24.8% two-year CNP CAGR.**

Key Investment Highlights

One-Stop Energy Model: The Structural Moat. KINERGY is the only listed Malaysian energy company offering all four solution pillars — Renewable Energy, Clean Energy, Energy Efficiency, and Engineering Services — simultaneously. This breadth enables cross-segment SELCO project wins that pure-play competitors cannot match, and drives an 80% proprietary project win rate that translates into structurally superior margins and minimal competitive friction.

Recurring Income: The Underappreciated Earnings Floor. The Zero-CAPEX asset portfolio (28MW operational) generates a recurring concession-based income stream that grows independently of order book replenishment. The PKNPK partnership (1,800MW Perak pipeline), the Permodalan Kedah river and dam site rights represent a multi-year runway to expand this recurring income base materially.

Engineering Services: An underappreciated second growth engine. The hyperscale data centre rollout across Malaysia is driving MEP demand that KINERGY's established engineering credentials position it well to capture.

Meaningful IPP optionality remains unpriced. KINERGY holds an effective ~41% indirect economic interest in the Perlis CCGT site through its 51% stake in Jati Cakerawala, which is partnered with Thailand's B.Grimm Power for the development of a new 1.5GW combined-cycle gas turbine power plant. The Energy Commission issued an Initial Letter of Notification in January 2026 — a formal regulatory milestone. We model zero contribution in the long-term cashflows of this project in our base case, making this meaningful IPP optionality that remains entirely unpriced in our TP of RM0.67.

Valuation & Recommendation. **We initiate coverage on KINERGY with a BUY recommendation and a target price of RM0.67, derived by applying the sector peer average PE multiple of 22.7x to our FY28F core net profit of RM64 million, and supported by a three-star ESG rating.**

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

Company Background

Incorporated in 1997 and listed on Bursa Malaysia's ACE Market in 2017, KINERGY was subsequently transferred to the Main Market in 2020 under its current name following a strategic rebrand. The group initially operated as a mechanical and electrical (M&E) engineering contractor, providing services across commercial, industrial, and residential buildings throughout Malaysia.

The strategic pivot began in 2018 with the establishment of the Sustainable Energy Solutions (SES) segment — a deliberate move to capture the growing demand for industrial decarbonisation services ahead of the NETR framework's formal launch. By 2022, the SES segment was formally constituted as a distinct reporting division, and by FY25 it had grown to account for 69% of total group revenue (RM328m of RM478m). In 2025, KINERGY expanded further into the Independent Power Producer (IPP) sector through the acquisition of Jati Cakerawala Sdn Bhd, marking a strategic evolution of the business model.

Business Model

KINERGY operates across two principal segments: (i) Sustainable Energy Solutions (SES) and (ii) Engineering Services. The SES segment, now the dominant earnings contributor, is itself structured around three core pillars.

Figure 1: Business Model

Segment	Pillar	Key Services
Sustainable Energy Solutions (SES)	**Energy Efficiency**	Chiller Optimisation, Building Management Systems (BMS), Battery Energy Storage System (BESS)
	Renewable Energy	Solar PV, Hydroelectric, Biogas/Biomass, RECs & Carbon Credits
	Clean Energy Generation	Co-generation, Waste Heat Recovery (WHR), Power Plant (IPP)
Engineering Services	**M&E Engineering**	Electrical distribution, ELV systems, ACMV, telecommunications infrastructure, O&M

Source: Company, Apex Securities

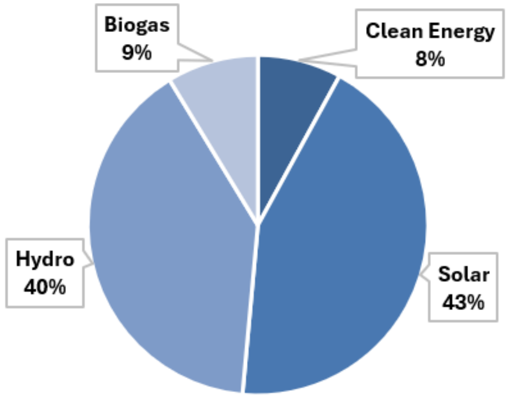
The Zero-CAPEX Model — A Self-Funding Growth Engine

What distinguishes KINERGY most sharply from conventional contractors is its Zero-CAPEX financing model. Rather than delivering projects and exiting, KINERGY retains ownership of energy assets for a defined period while clients pay only for the electricity generated at a fixed rate — eliminating client upfront capital expenditure entirely. This model creates two simultaneous value pools: (i) ongoing O&M fee income; and (ii) the long-duration electricity offtake revenue stream.

KINERGY also offers two complementary financing structures: outright purchase (client owns and self-manages) and co-ownership (shared development and operations). The flexibility of this model framework is a key competitive differentiator, enabling KINERGY to adapt to clients' capital constraints and risk appetites across different industry segments.

As of end-2025, KINERGY's operating Zero-CAPEX asset portfolio spans 28MW across solar (43%), hydro (40%), biogas (9%), and clean energy (8%). All assets are fully operational, generating a recurring concession-based income stream that is structurally distinct from — and more durable than — the lumpier project billing revenue line. We believe the market continues to ascribe insufficient value to these recurring earnings base relative to the EPCC segment, and that a progressive re-rating toward concession-asset multiples is the core medium-term catalyst for the stock.

Figure 2: KINERGY's Assets Portfolio



Source: Company, Apex Securities

Management & Board Profile

The Board of Directors holds overall accountability for the Group's sustainability strategy, performance and disclosures, ensuring alignment with value creation and regulatory expectations. A dedicated Sustainability Committee, comprising three Board members, provides oversight on ESG matters, climate-related risks and opportunities, sustainability targets and disclosures in line with the MCCG and Bursa Malaysia Sustainability Reporting requirements.

As of the FY2025 Sustainability Report, women represent 37.50% of the Board — exceeding the Group's stated internal target of 33.3% female Board representation, and reflecting a material improvement from prior years. The Group operates across four business segments: Sustainable Energy Solutions (SES), Engineering (EPCC), Independent Power Producer (IPP), and Integrated Facilities Management (IFM).

Figure 3: Executive Leadership

Director	Designation	Role & Background
Dato' Lai Keng Onn	Founder, Executive Deputy Chairman & Group Managing Director	Founder of Kinergy and the architect of its strategic evolution from a traditional M&E contractor to an asset-backed energy company. In his FY2025 message, Dato' Lai articulated the Group's philosophical shift: embedding ESG and sustainability as a strategic operating lens rather than a parallel reporting function. He described the Group as moving beyond the cyclicality of engineering works towards building a multi-decade revenue base anchored on recurring income streams. Key milestones in FY2025 included the award of the Group's largest 120.0MW EPCC SES contract and the entry into the IPP sector through Jati Cakerawala Sdn Bhd — initially acquired at 100% in February 2025 and subsequently pared down to a 51% stake — giving KINERGY an effective ~41% indirect interest in the 650.0MW decommissioned CCGT power plant in Perlis earmarked for a new development. Holds a 16.4% direct stake in the Group.

Datin Alicia Chan Pey Kheng	Executive Director (Group Chief Operating Officer) Member, Sustainability Committee	Group COO responsible for translating sustainability commitments into disciplined operational practices across headquarters and project sites. Member of the Sustainability Committee. In her FY2025 statement, Datin Alicia confirmed the Board's reaffirmation of sustainability in core decision-making, with particular focus on improving ESG data governance, KPI-setting, and strengthening monitoring processes and reporting responsibilities. She introduced the Kinergy WellnessLink initiative through Kinergy's Recreational and Welfare Committee — a structured platform for wellness, learning and employee interaction formally launched in June 2025.
Jonathan Wu Jo-Han	Executive Director (SES Chief Operating Officer)	COO of the SES division managing overall operations including setting up the division's overall strategy, structure of operations, business development, project execution, operation of assets, feasibility assessment of projects, negotiation & execution of key contracts, financial planning, and financial projections.
Dato' Seri Nazir Hussin bin Akhtar Hussin	Executive Director	With a track record in institutional leadership, regional collaboration, and advisory roles, Dato' Seri brings a results-oriented mindset backed by deep industry knowledge across both the public and private sectors. In July 2025, he joined the Board of Kinergy with a clear focus on strengthening the Group's Business Development division to accelerate growth and realise strategic value.

Source: Company (FY2025 Sustainability Report; KINERGY 2025 Annual Report), Apex Securities

Figure 4: Independent & Non-Executive Directors

Director	Designation	Role & Background
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman	Independent Non-Executive Chairman. Responsible for ensuring board effectiveness and the integrity of the Group's decision-making framework.
Lu Chee Leong	Independent Non-Executive Director Chairman, Sustainability Committee Member, Audit Committee	Chairman of the Sustainability Committee and member of the Audit Committee. In his FY2025 statement, Lu Chee Leong described viewing sustainability through both a strategic and governance lens, recognising that ESG risks and opportunities are inherently linked to financial performance, internal controls, and long-term business viability. He emphasised the continued strengthening of integration between sustainability oversight, enterprise risk management and financial governance, in line with MCCG 2021 and Bursa Malaysia's enhanced Sustainability Reporting requirements.

Tong Siut Moi	Independent Non-Executive Director Member, Sustainability Committee	Member of the Sustainability Committee. In her FY2025 statement, Tong Siut Moi stated that sustainability is inseparable from good governance — reflected not only in environmental or social initiatives, but in the discipline of Board processes, the integrity of disclosures, and clarity of accountability. During the year, the Board paid careful attention to reviewing reporting frameworks, refining the delineation of responsibilities between the Board and Management, and ensuring sustainability considerations are consistently deliberated alongside risk and financial performance. She underscored that independence enables objective review of management proposals, balanced decision-making, and the protection of minority shareholder interests.
Gs. Ts. Dr. Amanda Lee Sean Peik	Independent Non-Executive Director	Independent Non-Executive Director holding Graduate Scientist (Gs.) and Technology Specialist (Ts.) professional designations, signalling technical credentials in the energy and sustainability domain. Appointed to the Board in 2024.

Source: Company (FY2025 Sustainability Report; KINERGY 2025 Annual Report), Apex Securities

Figure 5: Board Composition Assessment

Metric	FY2025	Source & Comment
Female Board Representation	37.50%	FY2025 SR confirmed; exceeds Group's 33.3% Board target
Sustainability Committee Members	3	FY2025 SR: Lu Chee Leong (Chair), Datin Alicia, Tong Siut Moi
ESG Rating (FTSE Russell)	★★★	FY2025 SR: Four consecutive years since 2021
F4GBM / F4GBMS Inclusion	Both	FY2025 SR: Constituent since December 2023
Founder on Board	Yes	Dato' Lai Keng Onn; 16.4% direct stake
Business Segments (FY2025)	4	SES, Engineering-EPCC, IPP, IFM (per FY2025 SR)
Bursa Sector (from Jan 2025)	Renewable Energy	Reclassified 13 January 2025 per FY2025 SR
Zero Corruption Incidents	FY2023–25	FY2025 SR: Zero confirmed cases across all three years
Zero LTIR / Fatalities	FY2025	FY2025 SR: Zero lost-time injuries and zero fatalities

Source: FY2025 Sustainability Report; KINERGY 2024 Annual Report; Apex Securities

The Sustainability Committee's active involvement at Board level is a structural governance strength. All three members have published their sustainability priorities and commitments in the FY2025 Sustainability Report — a higher level of Board-level ESG accountability disclosure than the majority of Malaysian Main Market peers. The Group's progressive shift toward embedding ESG as a strategic investment evaluation tool (across Performing, Pipeline, and Prospective project tiers) signals a maturation of its governance model ahead of IFRS S2 and Bursa Malaysia's enhanced mandatory disclosure requirements.

Competitive Positioning — The Integrated Advantage

KINERGY's moat is best understood through a capability comparison. Among Malaysian listed peers in the energy and engineering space, no single entity offers KINERGY's combination of renewable energy, clean energy, energy efficiency, and full engineering services simultaneously. This breadth is not cosmetic — on integrated SELCO projects, the ability to design, fabricate, install, and commission across all technology verticals without subcontracting yields tighter margins, shorter timelines, and stickier client relationships.

Figure 6: Competitive Capability Comparison

Capability	KINERGY	Samaiden	Sunway	Solarvest	Cypark	Sime Darby	Itramas
RENEWABLE ENERGY							
Solar Energy	✓	✓	✓	✓	✓	✓	✓
Solar LED Street Lighting	~	✗	✗	✗	✗	✗	✓
Biogas / Biomass	✓	✓	✗	✗	✓	✗	✗
Hydroelectric Power	✓	✗	✗	✗	✗	✗	✓
RECs & Carbon Credits	✓	✗	✗	✓	✗	✗	✗
Waste-to-Energy	~	✗	✗	✗	✓	✗	✓
CLEAN ENERGY							
Cogeneration	✓	✗	✗	✗	✗	✓	✗
Waste Heat Recovery	✓	✗	✗	✗	✗	✗	✗
Power Plant (IPP)	✓	✗	✗	✗	✓	✗	✗
ENERGY EFFICIENT							
Chiller Optimisation	✓	✗	✗	✓	✗	✗	✗
Building Management System	✓	✗	✗	✓	✗	✗	✗
BESS	✓	✗	✗	✗	✗	✗	✓
District Cooling System	~	✗	✓	✗	✗	✗	✗
ENGINEERING SERVICES							
M&E Engineering	✓	✗	✓	✗	✗	✗	✗
Operations & Maintenance	✓	✓	✓	✓	✗	✗	✗

Source: Company, Apex Securities. ✓ = Capability present; ✗ = Absent; ~ = In development.

The project origination advantage is quantifiable. Approximately 80% of KINERGY's SES projects are secured on a proprietary or preferred-partner basis. This reflects three structural advantages: the integrated capability set makes KINERGY effectively the only viable full-scope partner for SELCO projects; long-standing relationships in energy-intensive industries (food processing, oleochemical, O&G, utilities) generate recurring mandates; and KINERGY's willingness to take asset ownership risk under the Zero-CAPEX model reduces client procurement friction.

Regional Footprint & Technology Partners

Beyond Malaysia, KINERGY has established operational presence in Thailand (solar) and Indonesia (hydropower). Its technology partnerships span six countries, including a UK-based BMS partner with over 70 years of experience (underpinning KINERGY's energy efficiency pillar across 400+ RDMA project sites nationwide), alongside partners in China (solar PV), Italy, the Philippines, and Malaysia. These relationships provide proprietary access to solutions that would take competitors years to replicate. KINERGY's client base spans multinationals, government-linked entities, and industrial conglomerates: Safran (WHR), PETRONAS, Inari Technology, AAPICO, Edgeconnex, MahSing, MYDIN, Nextgreen Global, and Roongthavorn Group, among others. Technology and strategic partners include Turboden, Haier, MTU Power Generation, CGDC Energy China, CNNC, Danajamin, Alliance Bank, BM Solar, Salcon, and the Johor Corporation (JCorp) — a breadth that reflects KINERGY's growing role as the energy infrastructure partner of choice across both commercial and institutional segments in Malaysia and the region.

Key SES Project Track Record

As of FY2025, KINERGY has completed or is actively operating 43 SES projects with a combined installed capacity of 30.99MW across five technology types. A further 27 SES projects are active and ongoing, with total capacity under execution of 1,753MW (inclusive of the 2 phases of 750MW CCGT new development). The portfolio spans clean energy, renewable energy, and energy efficiency — generating 86.8 million kWh of electricity from active SES assets in FY2025 and avoiding 66,614 tCO_2e of emissions.

Figure 7: KINERGY's SES Project Portfolio

Technology	Completed / Active Capacity (MW)	Active / Ongoing Capacity (MW)	FY25 Generation (kWh)
Solar PV	13.89	22.30	11,183,862
Hydropower	11.00	52.64	51,263,907
Waste Heat Recovery	2.20	2.20	15,057,050
Bioenergy (Biogas/Biomass)	2.40	3.94	9,321,880
Cogeneration	1.50	—	—
Gas Power Plant	—	1,672.00	—
Total	**30.99**	**1,753.08**	**86,826,699**

Source: FY2025 Sustainability Report, Apex Securities. Active/Ongoing Gas Power Plant capacity of 1,672MW includes the 650MW Perlis CCGT repowering project and other gas IPP pipeline.

Clean Energy — Power Plant & Engineering

- 72.0MW Gas Engine Power Plant (awarded 2023, Sabah — RM230m EPCC): KINERGY's first large-scale power plant project, executed as the sole local JV partner with PETRONAS Gas. The FY2025 Sustainability Report confirms this as a strategic partnership, and it established KINERGY's credentials as a capable local IPP-grade engineering contractor. A key driver of SES revenue recognition in FY25–FY26.
- RM646.3m, 120MW Gas Engine Power Plant — Labuan (awarded May 2025): KINERGY's largest-ever EPCC contract, secured through a competitive bidding process by the KINERGYEH–Sinohydro JV (KINERGY Energy Holdings Sdn Bhd and Sinohydro Corporation (M) Sdn Bhd). The Letter of Award was issued on 13 May 2025 by Rancha Power Sdn Bhd — a three-party JV comprising PG Energia Sdn Bhd (wholly owned by Petronas Gas Bhd), Sustainable Power Sdn Bhd (Sabah Electricity Sdn Bhd), and SEC Power Sdn Bhd (Sabah Energy Corporation Sdn Bhd). Construction commenced in 1Q 2026 and commercial operations are targeted for 1 January 2028. Upon completion, the plant will significantly

strengthen Labuan's electricity supply, improve grid stability, and support the territory's residential, commercial, and industrial energy needs. This contract reinforces KINERGY's position as a power plant EPCC specialist and trusted technical partner for national-grade energy infrastructure, building directly on the 72MW Sipitang gas engine precedent.
- Petronas FSU Cabling — Pengerang: A RM33.3m contract from Pengerang (Two) Sdn Bhd to support the LNG Carrier Transformation Project at the Regasification Terminal Pengerang, reinforcing KINERGY's gas infrastructure credentials.
- Safran Waste Heat Recovery — Sendayan: KINERGY supplies recovered waste heat power to Safran's aerospace and defence manufacturing facility. The FY2025 SR reports 2.20MW WHR operational capacity generating 15.1 million kWh in FY2025. Safran is a globally recognised MNC, and this reference underpins KINERGY's WHR credentials with multinational industrial clients.

Renewable Energy — Hydropower
- 11.0MW Mini-Hydroelectric Plant — North Sumatera, Indonesia: KINERGY's first international hydropower project and the sole hydropower asset confirmed as completed in the FY2025 SR's installed capacity data, demonstrating the Group's cross-border execution capability.

Renewable Energy — Solar
- ~16,000 kWp Solar PV Portfolio (Malaysia & Thailand): A broad portfolio of rooftop, ground-mounted, and small commercial-scale solar installations across two countries, generating 11.2 million kWh in FY2025.
- 3.4MW Solar — Nextgreen Pulp & Paper: A corporate SELCO solar project with scope for broader collaboration on the Green Technology Park in Pekan, Pahang.
- 20MW Solar Farm — Southeast Asia (4th Market Expansion): KINERGY's entry into a fourth regional market via a utility-scale solar development.

Renewable Energy — Bioenergy
- 2.4MW Biogas Plant — Kedah: Converts agricultural waste to electricity via anaerobic digestion. FY2025 SR confirms 2.40MW bioenergy capacity in the completed/active portfolio generating 9.3 million kWh in FY2025.

Energy Efficiency
- 400+ RDMA Sites Nationwide: Average 15% energy savings achieved across commercial, retail, hospital, and pharmaceutical buildings. Long-standing BMS technology partnership with a global firm with 70+ years of service experience.
- BESS Development: Two BESS units (3.7MWh combined) being developed as emergency backup power for Malaysia's first single largest gas engine application.

Collectively, this portfolio — spanning five distinct technology types, multiple countries, and counterparties including PETRONAS Gas, Safran, and Nextgreen — is the empirical foundation of KINERGY's one-stop claim.

Industry Overview — Structural Tailwinds

National Energy Transition Roadmap (NETR)

Malaysia's National Energy Transition Roadmap (NETR), launched in August 2023, sets out a comprehensive plan anchored by a target to reach 70% renewable energy capacity by 2050. The NETR is backed by concrete regulatory instruments including the Corporate Renewable Energy Supply Scheme (CRESS), the Green Electricity Tariff (GET), and successive Regulatory Period frameworks (RP4 commencing 2026). KINERGY's Bursa Malaysia sector reclassification to the Renewable Energy sub-sector on 13 January 2025 represents a market-wide validation of the Group's pivot towards high-growth SES assets — reflecting regulatory recognition of the structural alignment between KINERGY's business model and the NETR agenda.

Solar — Primary Driver of the Energy Transition

Solar is projected to account for 58% of Malaysia's installed capacity mix by 2050, making it the dominant technology in the NETR transition. With an installed capacity trajectory growing from 46GW (2025) to 97GW (2050) across all technologies, this creates a structural long-duration demand environment for solar EPCC and Zero-CAPEX asset development. The PKNPK partnership's 1,800MW pipeline sits directly within this demand trajectory, and the CRESS framework provides a visible tariff structure for long-term corporate offtake agreements.

Natural Gas — Transition Fuel, Not a Sunset Asset

A common misconception is that Malaysia's decarbonisation agenda implies declining gas generation. However, natural gas continues to provide a flexible, lower-carbon baseload needed to reliably meet rising demand from industry, manufacturing, and, increasingly, data centres. The NETR itself identifies natural gas as a key enabler for Malaysia's shift from coal-dependence towards the 70% renewable capacity mix by 2050. This dual-track approach — renewables for zero-emission generation, gas for baseload stability and grid flexibility — underpins both KINERGY's SES cogeneration business and the optionality embedded in the 2 phases of 750MW Perlis CCGT new development project.

Data Centres — Emerging Demand Driver

Malaysia has emerged as one of Southeast Asia's most significant data centre corridors, attracting hyperscaler and cloud infrastructure investment at an accelerating pace, driven by competitive energy costs, improving grid reliability, and strategic geographic positioning. Data centres represent a structurally growing source of energy demand — one that plays directly to KINERGY's integrated capability set. KINERGY is actively engaged in delivering District Cooling System solutions for major technology park developments in Malaysia, leveraging its end-to-end energy platform to serve the high and consistent power requirements of data centre operators. The 1.5GW Perlis CCGT project further reinforces this angle: utility-scale, reliable baseload power is precisely what hyperscale data centre tenants require, and KINERGY's ability to participate across both the energy supply and energy efficiency layers of data centre campuses is a differentiator that peers cannot match.

Cogeneration and Energy Efficiency — Structural Industrial Demand

KINERGY's SELCO model targets energy-intensive industries including food processing, oleochemical, O&G, and pharmaceutical manufacturing. These clients face dual pressure — rising energy costs and mandatory decarbonisation commitments under Malaysia's evolving corporate sustainability disclosure requirements. Cogeneration and Waste Heat Recovery offer a compelling value proposition: combined heat and power output from a single fuel source reduces energy costs and carbon intensity simultaneously, while the Zero-CAPEX model removes the upfront capital barrier entirely. KINERGY's 1.50MW cogeneration and 2.20MW WHR assets in operation demonstrate proven delivery in this space, with the Safran WHR facility generating 15.1 million kWh in FY2025.

Bioenergy — Growing Portfolio

KINERGY's bioenergy segment (2.40MW completed capacity; 3.94MW active and ongoing per SR2025) generated 9.3 million kWh in FY2025. Malaysia's broader agricultural and industrial waste-to-energy opportunity is significant — converting organic waste streams to electricity and thermal energy simultaneously through CHP applications. KINERGY's biogas capability position the group to expand in this segment as Malaysia's bioenergy policy framework matures under the NETR.

Pipeline Projects — Multiple Growth Vectors

KINERGY's active and ongoing SES pipeline spans 1,753MW across 27 projects as of FY2025, a substantial increase from the 30.99MW completed/active portfolio. This gap between installed and pipeline capacity represents the core long-duration growth optionality in the investment case. Four distinct catalysts underpin the growth thesis.

1. PKNPK Partnership — 1,800MW Perak RE Pipeline

KINERGY's partnership with Perbadanan Kemajuan Negeri Perak (PKNPK) to co-develop 29 renewable energy projects across Perak, totalling over 1,800MW, is the most significant long-duration growth catalyst in the investment case. Projects span floating solar, ground-mounted solar, and small-scale hydropower, structured to serve corporate and industrial off-takers under the CRESS framework at approximately RM0.50/kWh on 20-year energy supply agreements.

With indications of off-taker interest is building, Clients are targeting minimum project sizes of 20MW and are motivated by the need to hedge against electricity price volatility under RP4. We expect demand to accelerate as RP4 takes effect, positioning CRESS as a more cost-effective alternative to GET for large industrial consumers.

We model only a conservative contribution from this pipeline in our base case, recognising that execution is phased over multiple years and subject to regulatory approvals, grid connection agreements, and offtake contracting. Any conversion above our base-case assumptions represents material upside to forecasts.

2. Permodalan Kedah Berhad (PKB) — Hydropower & Solar

KINERGY holds rights to develop hydropower at sites across Kedah including its rivers and dams (Ahning, Pedu, Muda, Beris, Bukit Malut, and Padang Saga Dams) through its partnership with Permodalan Kedah Berhad. At present, there are 52.64MW of hydro capacity in the active/ongoing pipeline, substantially above the 11.0MW completed — suggesting meaningful progress on the PKB dam site programme. The partnership also encompasses 200MWp of solar via Third Party Access, floating solar at Pedu and Beris Dams, and a 1,000-acre land bank.

Figure 8: Potential Projects under the PKB Partnership

Solution	Potential Development
Hydropower — 6 Exclusive Dam Sites	Ahning, Pedu, Muda, Beris, Bukit Malut, Padang Saga Dams
Solar Power Plant (TPA)	200 MWp via Third Party Access
Floating Solar	Pedu Dam & Beris Dam
Other RE Projects	1,000 acres land bank

Source: Company (2024 Investor Presentation), Apex Securities

3. Perlis CCGT / 1.5GW National Power Site Transformation — Binary Optionality Not in Base Case

KINERGY holds a 51% stake in Jati Cakerawala Sdn Bhd — initially acquired at 100% in February 2025 and subsequently pared to 51% — with B.Grimm Power PCL holding the remaining 49%. B.Grimm Power is one of ASEAN's most established power companies, currently operating approximately 62 power plants with total installed capacity of 4,155MW across nine countries, and acts as Strategic Partner in the consortium. Jati Cakerawala owns 80% of the CCGT plant site in Perlis, giving KINERGY an effective ~41% indirect economic interest. The plant was decommissioned following the expiry of its 21-year PPA. Kinergy has since positioned itself as Lead Consortium member for a broader 1.5GW National Power Site Transformation at Perlis, with the Energy Commission issuing an Initial Letter of Notification (ILon) on 5 January 2026 — a formal regulatory milestone signalling selection for further negotiations ahead of any SLA or PPA award.

We model zero contribution in the long-term cashflows of this project in our base case. The SR2025 records 1,672MW of gas power plant capacity in KINERGY's active/ongoing SES pipeline. Any SLA award, PPA execution, or further gas IPP conversion from this pipeline represents unmodelled upside.

Financial Highlights

Capital Structure

KINERGY's balance sheet carries meaningful leverage, structurally necessary for a company funding a growing Zero-CAPEX asset portfolio. Net gearing peaked at approximately 90% in FY25 and is projected to decline to 64% (FY27F) and 33% (FY28F) as operating cash flows from the maturing asset portfolio accelerate and incremental debt requirements moderate.

Private Placements — Three Rounds of Targeted Capital Deployment

KINERGY has conducted three private placements since 2024, each structured around specific capital deployment needs. The first (completed 2024) funded the initial Zero-CAPEX asset tranche; the second (completed August 2025) accelerated further RE asset additions and reduced leverage;

the third (announced February 2026) is currently in progress. The 2024 placement proceeds were allocated directly to specific projects with clearly defined capacity and return profiles:

Figure 9: Allocation of 2024 Private Placement Proceeds

Project	Capacity (MW)	Proceeds Allocated (RM)
Solar	20.0	19,000,000
Biogas	4.3	8,000,000
Hydropower	10.0	21,000,000
Gas Power Plant	100.0	21,000,000
Total	**134.3**	**69,000,000**

Source: Company, Apex Securities

Following the 2024 placement, total issued shares stood at 2,185,066,069. The 2025 placement (up to 198.6 million shares at an illustrative price of ~33.3 sen, targeting ~RM66.2 million) was completed on 15 August 2025, with the final tranche of 57.8 million shares listed on Bursa's Main Market. Proceeds were split between RE project development (RM35.9 million) and bank borrowing repayment (RM30.0 million), with the debt reduction expected to generate annual interest savings of approximately RM2.1 million. A third placement of up to 198.6 million shares (10% of issued shares) was announced on 27 February 2026 and is currently in progress; proceeds utilisation has not yet been confirmed publicly but is likely directed at the next phase of PKNPK and PKB asset development and working capital for the Labuan EPCC execution.

The cumulative three-round programme demonstrates a deliberate equity-funding strategy: each issuance is tied to identified asset growth, ensuring dilution is matched by concrete earnings accretion from the Zero-CAPEX portfolio and major EPCC contracts. Investors should note that the 3rd placement, if completed at prevailing share prices, will add further shares to the register and should be factored into forward EPS estimates.

FY25 — Earnings Inflection
FY25 marked a decisive earnings inflection. Total group revenue surged 117% year-on-year to RM478.3m, driven by an exceptional performance from the SES segment (RM328.2m, +208% YoY) as PETRONAS-linked projects in Sabah and Labuan entered peak billing phases. Engineering Services grew a more modest 33% to RM148.7m. Core net profit recovered strongly to RM27.7m from a loss of RM1.4m in FY24, with the prior year drag attributable to elevated working capital consumption during the SES project ramp-up phase.

1QFY26 — Trajectory Intact
1QFY26 revenues of RM102m (+48.8% YoY) confirmed the SES segment's continued momentum, with SES revenues of RM76.3m (+122.7% YoY) providing the primary driver. CNP rose 17.3% YoY to RM7.4m. The sequential decline (revenues -46.7% QoQ, CNP -29.6% QoQ) reflects standard project billing lumpiness as certain Sabah and Labuan contracts completed their highest-intensity recognition phases.

Order Book & Revenue Visibility
As of March 2026, KINERGY's unbilled order book stood at RM1.0bn — a 2.09x cover ratio against FY25 revenue, providing approximately two years of earnings visibility. Of this, approximately RM320m is expected to be recognised in FY26 as projects enter their peak billing phases. The tender pipeline of approximately RM2.0bn (spanning solar, biogas, and CCGT projects) represents the next leg of order book replenishment, subject to award conversion rates.

Figure 10: Financial Summary

Financial Summary (RM'm)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	220	478	528	554	650
EBITDA	30	66	74	83	103
EBIT	17	52	62	71	91
Finance Costs	(10)	(12)	(8)	(8)	(7)
Pre-tax Profit	7	39	54	63	84
Core Net Profit	2	28	41	48	64
EPS (sen)	0.1	1.3	1.9	2.2	2.9
EBITDA Margin	13.8%	13.7%	14.1%	15.0%	15.9%
CNP Margin	0.7%	5.8%	7.8%	8.6%	9.9%
P/E (x)	544.9	31.0x	20.7x	17.9x	13.3x
EV/EBITDA (x)	31.5x	14.9x	13.2x	11.7x	9.3x

Source: Company, Apex Securities

Earnings Outlook — 24.8% Two-Year CNP CAGR

We project a two-year core net profit CAGR of 24.8% (FY26F–FY28F), supported by three drivers: (i) progress billing from the RM1bn order book as projects hit peak recognition phases in FY26; (ii) continued contract wins underpinned by NETR-driven demand for SELCO, solar, biogas, and clean energy solutions; and (iii) the compounding contribution of recurring income as the Zero-CAPEX asset portfolio expands. The acceleration in FY27F - FY28F (+33% YoY CNP) reflects expected project conversions from the current tenderbook and initial contributions from the PKB and PKNPK pipelines.

Valuation & Recommendation

We **initiate coverage on KINERGY with a BUY recommendation and a target price of RM0.67**, representing 71.8% upside from the current price of RM0.39. Our target price is derived by applying the sector peer average PE multiple of 22.7x to our FY28F consolidated core net profit estimate of RM64 million, yielding an implied market capitalisation of RM1,453 million and a target price of RM0.67 per share based on 2,185 million shares in issue. An Apex Securities three-star ESG rating is applied with no premium or discount at this rating level.

Figure 11: P/E Valuation

Component	Methodology	Equity Value (RM'm)
Engineering & EPCC (ECC)	22.7x sector peer average PE × FY28F CNP of RM64m	1,204
Target Price Derivation	Implied mkt cap: RM1,453m ÷ 2,185m shares	RM0.67
Target Price (RM)		**1,457**
Issued Shares (m)		2,185
Fair Value (RM)		0.67
ESG Premium/Discount	Three-star: 0% adjustment	0%
Target Price (RM)		**0.67**

Source: Apex Securities

Our target price of RM0.67 is derived by applying the sector peer average PE multiple of 22.7x — based on the average of three listed Malaysian RE/energy engineering peers (Pekat Group, Solarvest Holdings, Samaiden Group) — to our FY28F consolidated core net profit estimate of RM64 million.

As a cross-check, we assess the valuation on a Price-Earnings-to-Growth (PEG) basis. The sector peer group is growing earnings at approximately 15% per annum, implying a sector PEG ratio of 1.51x at the 22.7x peer average PE. KINERGY, by contrast, is growing core net profit at approximately 24.8% per annum (two-year FY26–28F CNP CAGR), implying a PEG ratio of just 0.91x at the same 22.7x multiple. On a growth-adjusted basis, KINERGY is therefore valued at a 40% discount to the sector despite delivering materially superior earnings momentum — reinforcing that our 22.7x target multiple is conservative rather than aggressive.

Figure 12: Peers Comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM' m)	P/E (x) 2026F[1]	P/E (x) 2027F[2]	Revenue (RM' m)*
Kinergy Advancement Berhad	**MAIN**	**Dec**	**0.39**	**841.3**	**20.7**	**17.9**	**511.8**
Pekat Group Berhad	MAIN	Jul	1.87	1,325.0	21.2	17.9	627.1
Solarvest Holdings Berhad	MAIN	Mar	3.18	3,056.0	25.0	19.4	757.1
Samaiden Group Berhad	MAIN	Dec	1.53	856.1	21.8	18.5	393.6
Average ex-Kinergy Advancement Berhad					**22.7**	**18.6**	**592.6**

**Trailing 12M*
Source: Bloomberg, Apex Securities

At 20.7x FY26F — a modest discount to the peer average of 22.7x despite KINERGY's superior earnings growth profile (24.8% CNP CAGR vs peer average of approximately 15%) — we see a compelling entry point. KINERGY also offers a significantly larger optionality premium than peers through the CCGT asset, PKNPK pipeline, and IPP entry, none of which are priced into our base-case TP of RM0.67.

Investment Risk

1. Contract Replenishment Risk
KINERGY's growth trajectory depends on continuous order book replenishment. Near-term visibility is strong (RM1bn unbilled, 2.09x cover), but a sustained slowdown in SELCO project awards — arising from budget constraints at industrial clients, delays in the NETR regulatory rollout, or weakening in direct tender conversion rates — could compress FY27F and FY28F revenue recognition. We estimate a 20% miss on new FY26 contract wins would reduce FY27F CNP by approximately 8–10%. The RM2bn tenderbook provides a reasonable pipeline buffer against this risk.

2. PKNPK Pipeline Execution Risk
The 1,800MW Perak RE pipeline is the most significant catalyst in our thesis but carries substantial execution uncertainty. Individual projects require land clearance, grid connection agreements, environmental assessments, offtake contracting, and regulatory licensing — each representing a potential delay or failure point. We model only a conservative contribution in our base case; any slippage in conversion rates leaves our estimates largely intact but reduces the embedded optionality premium. Conversely, accelerated conversion represents material upside to our forecasts.

3. CCGT New Development Uncertainty
The Perlis CCGT plant has been decommissioned since March 2024 and securing a new SLA or PPA from the Energy Commission depends on government policy and reserve margin calculations outside KINERGY's control. We assign zero earnings contribution in our base case, treating it as pure binary optionality. An adverse scenario — where the new plant is not commissioned — has no impact on our TP but removes a meaningful source of investor optionality.

4. Input Cost Inflation
KINERGY's EPCC margins are exposed to steel, copper, and specialist electrical equipment cost inflation. The direct tender model provides partial mitigation through negotiated pricing, but fixed-

price contract structures limit cost pass-through mid-project. Sustained commodity inflation of 10–15% above our forecast assumptions could compress EBIT margins by 100–150 basis points — a manageable risk given our current EBIT margin forecast of 11.8–13.2% over FY26–28F.

5. Balance Sheet & Refinancing Risk

With net gearing at approximately 90% in FY25, KINERGY's balance sheet carries limited headroom for adverse credit events. Finance costs are already the primary drag between EBIT and PBT, and the Zero-CAPEX model requires ongoing debt issuance to fund new asset additions. Any material tightening in credit conditions, rise in benchmark interest rates, or deterioration in KINERGY's credit profile could slow asset portfolio expansion and increase funding costs. We project gearing declining to 33% by FY28F — primarily earnings-driven — but this trajectory requires continued operational execution.

6. Regulatory & Tariff Risk

KINERGY's recurring income is anchored by long-term energy contracts but remains subject to the regulatory framework governing tariff structures (CRESS, GET) and corporate RE procurement policy. Changes to these frameworks, or the removal of tax incentives for RE investment, could alter project economics for new developments. Existing contracted assets are protected by offtake agreements; the primary exposure is on new project economics in the PKNPK and PKB pipelines.

Figure 13: Key Investment Risks

Risk	Likelihood	Impact	Key Mitigant
Contract replenishment	Medium	High	RM1bn order book; 2.09x cover ratio
PKNPK pipeline delays	Medium	Medium	Not in base case; pure optionality
CCGT non-recommissioning	Medium	Low	Not modelled; no TP impact
Input cost inflation	Low	Medium	Direct tender model; cost-plus structures
Refinancing / rate risk	Low	Medium	Declining gearing; long-tenure concession assets
Regulatory / tariff change	Low	Medium	Long-term contracted offtake; NETR policy support

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**220**	**478**	**528**	**554**	**650**
EBITDA	**30**	**66**	**74**	**83**	**103**
Depreciation & Amortisation	-13	-13	-12	-12	-12
EBIT	**17**	**52**	**62**	**71**	**91**
Finance Costs	-10	-12	-8	-8	-7
Associates & JV	0	-1	0	0	0
Pre-tax Profit	**7**	**39**	**54**	**63**	**84**
Tax	-9	-12	-13	-15	-20
Profit After Tax	**-1**	**28**	**41**	**48**	**64**
Minority Interest	-1	0	0	0	0
Net Profit	**-1**	**28**	**41**	**48**	**64**
Exceptionals	2	0	0	0	0
Core Net Profit	**2**	**28**	**41**	**48**	**64**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	0.1	1.3	1.9	2.2	2.9
P/E (x)	544.9	30.9	20.7	17.9	13.3
P/B (x)	3.9	3.1	2.7	2.4	2.0
EV/EBITDA (x)	31.5	14.9	13.2	11.7	9.3
DPS (sen)	0.00	0.00	0.00	0.00	0.00
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	13.8%	13.7%	14.1%	15.0%	15.9%
EBIT margin (%)	7.7%	11.0%	11.8%	12.8%	14.0%
PBT margin (%)	3.4%	8.2%	10.3%	11.3%	13.0%
PAT margin (%)	-0.6%	5.8%	7.8%	8.6%	9.9%
NP margin (%)	-0.4%	5.8%	7.8%	8.6%	9.9%
CNP margin (%)	0.7%	5.8%	7.8%	8.6%	9.9%
ROE (%)	0.7%	10.1%	13.1%	13.2%	15.1%
ROA (%)	0.3%	3.9%	5.3%	6.0%	7.5%
Gearing (%)	82.7%	90.5%	76.1%	64.0%	52.5%
Net gearing (%)	47.2%	47.3%	39.9%	32.5%	25.8%

Valuations	FY28
Core EPS (RM)	2.94
P/E multiple (x)	22.7
Fair Value (RM)	**0.67**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.67**

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	78	118	114	114	114
Receivables	66	151	162	170	199
Inventories	0	0	1	1	1
Other current assets	121	189	264	277	323
Total Current Assets	**265**	**458**	**540**	**561**	**636**
Fixed Assets	156	136	127	118	109
Intangibles	4	3	3	3	3
Other non-current assets	33	108	108	108	108
Total Non-current assets	**193**	**248**	**239**	**230**	**220**
Short-term Debt	80	131	131	131	131
Payables	37	43	66	69	81
Other Current Liabilities	13	135	149	117	112
Total Current Liabilities	**129**	**308**	**346**	**316**	**323**
Long-term Debt	102	116	108	100	93
Other non-current liabilities	7	10	12	13	15
Total Non-current Liabilities	**110**	**126**	**120**	**114**	**108**
Shareholder's equity	218	270	312	359	423
Minority interest	2	2	2	2	2
Equity	**220**	**272**	**313**	**361**	**425**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**7**	**39**	**54**	**63**	**84**
Depreciation & amortisation	13	13	12	12	12
Changes in w orking capital	-100	-61	-109	-15	-47
Others	-9	-4	-11	-13	-18
Operating cash flow	**-88**	**-12**	**-54**	**46**	**31**
Net capex	-4	-3	-3	-3	-3
Others	-2	-43	0	0	0
Investing cash flow	**-6**	**-46**	**-3**	**-3**	**-3**
Changes in borrow ings	62	69	53	-43	-28
Issuance of shares	46	35	0	0	0
Dividends paid	0	0	0	0	0
Others	-17	-16	0	0	0
Financing cash flow	**90**	**88**	**53**	**-43**	**-28**
Net cash flow	**-3**	**30**	**-4**	**0**	**0**
Forex	6	-4	0	0	0
Others	0	0	0	0	0
Beginning cash	9	11	38	34	34
Ending cash	**11**	**38**	**34**	**34**	**34**
Add: Deposits w ith licensed banl	53	69	69	69	69
Add: Bank overdraft	14	12	12	12	12
Cash and bank balances	78	118	114	114	114

Source: Company, Apex Securities

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	In January 2025, KINERGY was officially reclassified under Bursa Malaysia's Renewable Energy sub-sector
Waste & Effluent	★★★	The Group's headquarters achieved a 21% recycling rate in FY2025, a significant improvement from the approximately 10% recorded in the previous year
Energy	★★★★	KINERGY's active Sustainable Energy Solutions (SES) projects generated 87,004,082 kWh of sustainable energy during the 2025 financial year
Water	★★★	The Group consumed 2.5 megalitres of water in FY2025, primarily sourced from municipal supplies for its headquarters and project site offices
Compliance	★★★	KINERGY maintained a track record of zero environmental-related fines or penalties from regulatory authorities throughout FY2025

Social

Diversity	★★	As of late 2025, the Group achieved 37.5% women representation on its Board of Directors, exceeding both its internal target and the Malaysian Code on Corporate Governance (MCCG) recommendation
Human Rights	★★★	In FY2025, the Group received zero substantiated complaints concerning human rights violations or incidents of discrimination
Occupational Safety and Health	★★★	KINERGY proudly recorded zero fatalities and a zero lost-time injury rate (LTIR) for both its employees and contractors during the 2025 financial year
Labour Practices	★★★	Reflecting a commitment to local development, the Group achieved 100% local hiring for all positions within its corporate headquarters operations

Governance

CSR Strategy	★★★	In FY2025, KINERGY invested MYR 296,131.66 into community development and social welfare initiatives, directly impacting more than 2,500 beneficiaries
Management	★★	To ensure objective oversight, KINERGY's Audit Committee is composed solely of Independent Non-Executive Directors, aligning with the "Step-Up" practices of the MCCG
Stakeholders	★★★	The Group operates under a formal Stakeholder Engagement Policy that utilizes structured channels—including annual general meetings, analyst briefings, and community sessions—to ensure transparency and inclusivity in decision-making

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

As of **Wednesday, 22 Jul, 2026**, 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.