Kinergy Advancement Berhad

Proposes New Private Placement to Fund Perlis CCGT Venture

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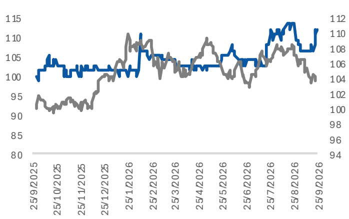
Recommendation:		**BUY**
Current Price:		RM 0.42
Previous Target Price:		RM 0.67
Target Price:	↔	RM 0.67
Capital Upside/Downside:		59.5%
Dividend Yield (%):		0.0%
Total Upside/Downside		**59.5%**

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)	917.7
52-Week Price Range (RM)	0.43-0.305
Beta (x)	0.4
Free float (%)	55.8
3M Average Volume (m)	7.3
3M Average Value (RM' m)	3.0

Top 3 Shareholders	**(%)**
Lai Keng Onn	16.8
Stocqtech Sdn Bhd	7.3
Kumpulan Wang Persaraan	6.8

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.2	7.7	12.0
Relative (%)	2.0	7.4	7.8

Earnings Summary	**FY25**	**FY26F**	**FY27F**
Revenue (RM'm)	478	528	554
PATAMI (RM'm)	28	41	48
CNP (RM'm)	28	41	48
Core EPS (sen)	1.3	1.9	2.2
P/E (x)	33.3	22.3	19.3

- **On 25 September 2026, Kinergy proposed a new private placement of up to 218,497,717 new ordinary shares, or 10% of its issued shares excluding treasury shares. The placement may be carried out in tranches, with completion targeted by 1Q2027.**
- **At an illustrative price of RM0.365, an 8.84% discount to the 5-day VWAP of RM0.4004 up to the 18 September 2026 LPD, the placement is estimated to raise gross proceeds of up to RM79.8m with each tranche priced at a discount of not more than 10% to the 5-day VWAP.**
- **Proceeds are earmarked as RM49.4m (61.9%) to part-fund KABEH's 51% equity share of the Eentier Perlis 1,500 MW gas-fired CCGT plant, RM30.0m (37.6%) to repay bank borrowings and RM0.4m (0.5%) for expenses.**
- **Maintain BUY with an unchanged TP of RM0.67, based on 22.7x FY28F EPS of 2.94 sen. The proposal adds about 10% to the share base and is not yet in our forecasts; we will reassess the enlarged share base and earnings impact upon completion.**

Placement Details. Kinergy proposes to place out up to 218,497,717 new ordinary shares, or 10% of its issued shares excluding treasury shares, under Sections 75 and 76 of the Companies Act 2016. The exercise draws on the general mandate obtained at the 29th AGM on 15 June 2026 and does not require further shareholder approval. As at the 18 September 2026 LPD, Kinergy had 2,184,977,171 issued shares, excluding 88,898 treasury shares. The shares will be placed to independent third-party investors in one or more tranches, with each tranche priced at a discount of not more than 10% to the 5-day VWAP.

Based on the illustrative price of RM0.365, an 8.84% discount to the 5-day VWAP of RM0.4004, gross proceeds would reach up to RM79.8m. Of this, RM49.4m (61.9%) is earmarked to part-fund KABEH's 51% equity share of the Eentier Perlis Power Plant, RM30.0m (37.6%) to repay overdrafts and revolving credits, and RM0.4m (0.5%) for expenses. The application to the authorities is expected within two months, with completion targeted by the first quarter of 2027. The utilisation of proceeds is set out below:

Figure 1: Utilisation of Proceeds

Utilisation of Proceeds	RM'000	% of proceeds	Utilisation timeframe
Funding of Eentier Perlis Power Plant	49,352	61.9%	Within 24 months
Repayment of bank borrowings	30,000	37.6%	Within 12 months
Estimated expenses	400	0.5%	Within 3 months
Total	**79,752**	**100.0%**	

Source: Company, Apex Securities

Our View. The placement provides funding support for Kinergy’s expansion into independent power production (IPP). Through its wholly-owned subsidiary KABEH, the Group holds a 51% stake in Eentier Sdn Bhd, which is developing a 1,500MW gas-fired CCGT plant in Perlis on the brownfield site of a 650MW plant retired in 2024. It will be built in two 750MW phases, with the first due in 4Q2029 and the second in 4Q2031. TNB will be the Single Buyer under a long-term PPA, providing contracted, availability-based revenue once operational. The project remains at an early stage of development, with Kinergy currently holding only the initial Letter of Notification (iLoN), while the LoN and Phase 1 PPA are yet to be signed.

The RM49.4m earmarked is only the first instalment. The brownfield project's total cost of about RM4.7bn will be funded 80% by debt and 20% by equity. KABEH's equity share runs up to RM479.4m, with the placement covering 10% of that commitment. We view the placement as an initial funding step towards KABEH’s equity commitment to the project. The placement’s immediate benefit will show on the balance sheet, as the RM30.0m repayment cuts proforma gearing from 0.90x to 0.62x based on FY25 figures and will save about RM2.0m in interest a year. The share base could potentially increase by about 10% to 2,403.5m from 2,185.0m, resulting in EPS dilution upon issuance. This is partly mitigated by the RM30.0m debt repayment, which is expected to generate approximately RM2.0m in annual interest savings. Kinergy's current orderbook stands at RM1.35bn across 24 projects, with a tender pipeline of RM3.73bn.

Forecast. Unchanged. We have yet to incorporate the proposed placement as the exercise has yet to be completed. Upon completion, we will reassess the impact of the enlarged share base, including the expected interest savings from debt repayment and the longer-term benefits from funding the Perlis CCGT project.

Maintain BUY with an unchanged TP of RM0.67. Our TP is based on 22.7x FY28F EPS of 2.94 sen, with a three-star ESG rating. As the proposed placement has yet to be completed, we have not incorporated the enlarged share base into our forecasts. On an illustrative fully diluted basis, assuming unchanged earnings, our fair value would be RM0.61. This excludes the potential earnings benefit from interest savings and the longer-term contribution from the Perlis CCGT project. We will reassess our forecasts and valuation upon completion of the placement.

Figure 2: Illustrative Impact of Proposed Placement on Valuation

Valuation	Basic	Fully Diluted
FY27F Projected PAT (RM'm)	47.62	47.62
FY28F Projected PAT (RM'm)	64.18	64.18
Number of Issued Shares Capital	2185.1	2185.1
Add: Proposed Shares Issuance (m)		218.5
Enlarged Issued Share Capital (m)	2185.1	2403.6
EPS (RM)	0.029	0.027
Valuation Basis (22.66x P/E on FY28F EPS)	22.66	22.66
Illustrative Fair Value (RM)	**0.67**	**0.61**

Source: Company, Apex Securities

Figure 3: Earnings Summary

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**220**	**478**	**528**	**554**	**650**
EBITDA	**30**	**66**	**74**	**83**	**103**
Pre-tax Profit	**7**	**39**	**54**	**63**	**84**
Core Net Profit	**-1**	**28**	**41**	**48**	**64**
Core EPS (sen)	0.1	1.3	1.9	2.2	2.9
P/E(x)	586.8	33.3	22.3	19.3	14.3
P/B(x)	4.2	3.4	2.9	2.5	2.2
EV/EBITDA (x)	33.6	15.9	14.1	12.5	10.0
Net gearing (%)	**47.2%**	**47.3%**	**39.9%**	**32.5%**	**25.8%**

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)	586.8	33.3	22.3	19.3	14.3
P/B (x)	4.2	3.4	2.9	2.5	2.2
EV/EBITDA (x)	33.6	15.9	14.1	12.5	10.0
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 (sen)	2.94
P/E multiple (x)	22.7
Fair Value (RM)	**0.67**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.67**

Source: Company, Apex Securities

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 working 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 borrowings	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 with licensed banl	53	69	69	69	69
Add: Bank overdraft	14	12	12	12	12
Cash and bank balances	78	118	114	114	114

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Total GHG emissions for FYE 2025 were recorded at 20,500.56 tCO2e
Waste & Effluent	★★★	Total waste generated in 2025 was 5.686 tonnes, with a recycling rate of 17.7%
Energy	★★★	Solar PV system generated 296,955 kWh, contributing 46.3% of total electricity consumption
Water	★★★	total volume of water used at the corporate headquarters was 3,047 m^3 in FYE 2025
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	Board women representation of 37.50% exceeds the Group's 33.30% Board target, though group-wide female representation eased to 26.60% (FY2024: 26.90%), below its 30% target.
Human Rights	★★★	Zero substantiated complaints on human rights or discrimination in FY2025, supported by a formal grievance and whistleblowing mechanism escalating to the Board or Audit Committee.
Occupational Safety and Health	★★	Zero fatalities and a zero lost-time injury rate across employees and contractors in FY2025, with an average of 9.79 training hours per employee.
Labour Practices	★★★	100% local hiring for HQ operations in FY2025, with employment practices aligned to applicable labour laws across operating jurisdictions.

Governance

Ethical & Corporate Governance	★★★	Invested RM296,131.66 in community initiatives in FY2025, reaching 2,508 beneficiaries, alongside 146 trees planted.
Business Growth & Continuity	★★	Board is 50% independent (four of eight), with a fully independent Audit Committee. Two Independent Directors exceed the MCCG's nine-year tenure guidance. No corruption incidents were reported in FY2025.
Product Innovation & Reliability	★★★	Formal engagement across investors, employees, suppliers and communities, with 100% of new suppliers screened for ESG compliance and 99.19% of procurement spend directed to local suppliers.

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 + dividend yield

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 **Monday, 28 Sep, 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.