

Research Team

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Recommendation:	BUY
Current Price:	RM 0.39
Previous Target Price:	RM 0.67
Target Price:	↔ RM 0.67
Capital Upside/ Downside:	71.8%
Dividend Yield (%):	0.0%
Total Upside/ Downside	71.8%

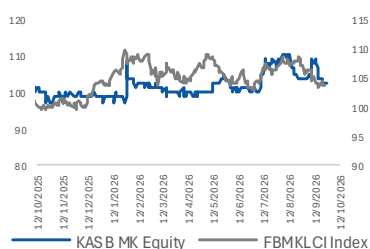
Stock information

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)	852.2
52-Week Price Range (RM)	0.43-0.305
Beta (x)	0.5
Free float (%)	55.8
3M Average Volume (m)	8.1
3M Average Value (RM' m)	3.3

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 (%)	-2.5	1.3	1.3
Relative (%)	1.6	5.9	1.6

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)	30.9	21.7	18.8

Kinergy Advancement Berhad

Secures Hyperscale Data Centre Job from Gamuda

- On 12 October 2026, Kinergy secured a RM47.5m subcontract from Gamuda Engineering for electrical works at a hyperscale data centre in Bandar Spring Hill, Port Dickson. The end client is a US-headquartered multinational technology company, with completion scheduled for 1Q2028.
- This is Kinergy's first standalone core & shell electrical package for a data centre. As its 2024 EdgeConneX contract was delivered through a JV. The step up gives Kinergy a reference for larger data centre electrical packages.
- The award increases the orderbook by approximately 3.5% to RM1.40bn across 25 projects, from RM1.35bn across 24 projects.
- Maintain BUY with an unchanged TP of RM0.67, based on 22.7x FY28F EPS of 2.94 sen. We make no changes to our forecasts as the contract is within our forecast assumptions.

Contract Details. Kinergy has been awarded a subcontract worth about RM47.5m by Gamuda Engineering Sdn Bhd (GESB), a wholly-owned subsidiary of Gamuda Berhad. The works cover the construction, completion, testing and commissioning of electrical services for a hyperscale data centre in Bandar Spring Hill, Port Dickson. The end client is a multinational technology company headquartered in the United States.

The scope covers core & shell electrical infrastructure. This includes high tension (HT) and low voltage (LV) distribution, substations and switchgear, transformers, cabling, power distribution, lighting, UPS systems, EV charging and related controls. With the contract set to run until completion of the works, which is scheduled for 1Q2028.

Our View. We view the award **positively** as it marks a step up in Kinergy's data centre credentials. **Assuming a 8% PAT margin, the RM47.5m contract could generate an estimated cumulative PAT of RM3.8m over its tenure to 1Q2028. This is equivalent to about 9.3% of our FY26F PAT of RM41m, although the actual contribution will depend on project margins and the timing of revenue recognition.** Unlike its previous cable installation contract in 2024, which was delivered through a JV, this contract is a standalone core-and-shell electrical package. This broadens Kinergy's project reference base and strengthens its position for future data centre tenders, especially repeat work with Gamuda.

Outlook. This award lifts Kinergy's orderbook by about 3.5% to RM1.40bn across 25 projects, from RM1.35bn across 24 projects, at a book-to-bill ratio of about 2.9x on FY25 revenue of RM478m, giving close to three years of earnings visibility. This contract also opens a new growth avenue in data centre electrical works. With MIDA reporting RM95.8bn in approved data centre and cloud-computing investments in 1H2026, the progression of these projects towards construction could drive demand for specialised electrical and power infrastructure, creating further opportunities for Kinergy, though the timing and conversion of these opportunities remain uncertain.

Forecast. No changes to our forecast as the contract is within our orderbook assumptions. We have also yet to include the proposed placement within our forecasts, as it has not been completed.

Valuation and Recommendation. Maintain **BUY** with an **unchanged TP of RM0.67**, based on 22.7x FY28F EPS of 2.94 sen, with a three-star ESG rating.

Key Risks. Execution risk, margin compression, slow pipeline conversion

Company Update

Tuesday, 13 Oct, 2026

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	21.7	18.8	14.0
P/B(x)	3.9	3.1	2.9	2.5	2.1
EV/EBITDA(x)	31.5	14.9	13.8	12.2	9.7
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

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 asset	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 bank	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	★★★	Total GHG emissions for FYE 2025 were recorded at 20,500.56 tCO ₂ e
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 MCGG'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

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As of **Tuesday, 13 Oct, 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.