

Strong prospects lift Kelington's shares, warrants to Bursa's top gainers list

By John Lai / theedgemaalaysia.com

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Kelington's shares surged as much as 18.8% or 55 sen to RM3.48 on Wednesday while its warrants B hit limit up after jumping by as much as 29.4% or 45 sen to RM1.98 after an analysts' briefing highlighted strong job prospects for the group.

KUALA LUMPUR (Nov 13): Kelington Group Bhd (KL:**KGB** **ASK EDGE**) shares and warrants were among Bursa Malaysia's top gainers on Wednesday after the group highlighted strong job prospects during a briefing with analysts on the same day about its latest quarterly results.

Kelington's stock — the second-largest gainer on Bursa — surged as much as 18.8% or 55 sen to RM3.48, while its warrants B, the third-largest gainer, hit

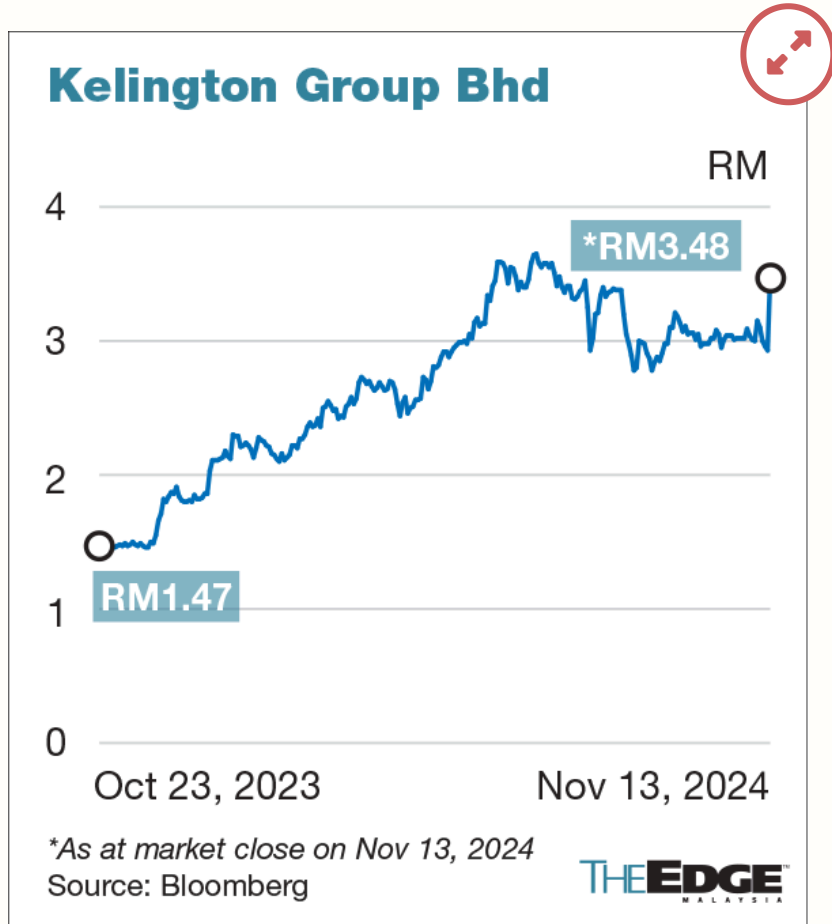
limit up after jumping by as much as 29.4% or 45 sen to RM1.98.

The counter saw 14.1 million shares change hands on Wednesday — seven times higher than its 200-day moving average of 1.76 million. The stock had just reached an all-time high of RM3.67 in July this year.

According to one analyst who attended the briefing, Kelington’s tender book jumped by RM1 billion after bidding for an ultra high purity (UHP) gas job for Taiwan Semiconductor Manufacturing Company Ltd’s plant in Germany.

The construction and engineering firm also revealed that it is tendering for several mechanical, electrical, and plumbing (MEP) packages for a data centre in Malaysia. It is also looking for opportunities to venture into the carbon capture industry by joint venture.

Kelington's order book reached RM1.45 billion at end-September, from RM1.29 billion in June, while its tender book surged to an-all time high of RM2.62 billion.




Analysts are also optimistic on Kelington’s margin improvement.

Based on a research note published by Kenanga Investment Bank prior to the briefing, the analyst said the company is poised for continued robust performance, bolstered by a significant increase in higher-margin UHP projects that now constitute more of its sales, as opposed to lower margin general jobs.

RHB Research noted that the company’s gross profit margin hit a quarterly high of 22.8% in 3QFY2024, which was attributed to a favourable revenue mix and

the company's rapidly growing industrial gas business.

All four analysts covering Kelington have the stock on "buy". The target price ranged from Inter-Pacific Research's RM3.72 to Kenanga Investment Bank's RM4.16, with an average of RM3.95.



Analysts' recommendation on Kelington Group		
Research house	Recommendation	Target price (RM)
Kenanga Investment Bank	Outperform	4.16
Affin Hwang Investment Bank	Buy	4.03
RHB Research	Buy	3.90
Inter-Pacific Research	Buy	3.72
Average target price (RM)		3.95

Source: Bloomberg

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After surging 18.8%, Kelington's trailing 12-month price-earnings valuation stands at 20.05 times — still lower than the industry average, based on Bursa Malaysia Technology Index's 38.24 times.

At RM3.48, Kelington's market capitalisation stands at RM2.41 billion. Year-to-date, the stock has gained 59.6%.

Edited By Tan Choe Choe