

RESULTS UPDATE

BUY (Upgraded)

Closing Price	RM 5.21
Target Price	RM 6.12
Consensus Price	RM 6.28

Stock Return Information

KLCI	1,740.9
Expected share price return (%)	17.5
Expected dividend return (%)	1.9
Expected total return (%)	19.4

Key Statistics

Shariah Compliant	YES
Shares Outstanding (m)	784.7
Market Capitalisation (RM m)	4,088.4
52 Week High/Low Price	5.86/2.59
Avg Trading Volume (3-mth)	2,424,821
Est Free Float (%)	73.4
YTD Returns (%)	0.5
Beta (x)	1.0

Share Price Performance (%)

Price Change	Absolute	Relative
1 mth	(1.70)	0.01
3 mth	(2.15)	(9.09)
12 mth	48.45	35.29

Major Shareholders (%)

Palace Star	17.3
Employees Provident Fund Board	5.6
Sun Lead International Ltd	5.1

1-Year Share Price Performance



Analyst

Jessie Chai
jychai@berjayasecurities.com.my

KELINGTON GROUP

Fabs Expansion Tailwinds Lift CY26/27 Outlook

BLOOMBERG: KGRB MK | BURSA: KGB (0151)

KGB's CY25 revenue came in within expectations at 101.3% of our full-year forecast, while earnings outperformed, reaching 115.6% of our full-year forecast. The positive earnings variance was mainly driven by a more favourable project mix, including: 1) stable project recognition in Advanced Engineering which anchored the group's revenue stream, and 2) stronger project recognition in the Process Engineering and General Contracting segments. With more mega fab tenders emerging from the European and India markets, we are optimistic about KGB's orderbook replenishment prospects, underpinned by its successful expansion into both regions and its strong engineering capabilities in the Advanced Engineering segment. Hence, we upgrade our recommendation on KGB to **BUY** (from NEUTRAL) with a higher **TP of RM6.12 (+RM0.09)**, based on a 28x target PER pegged to our rolled forward CY27F diluted EPS. We continue to like KGB for its: 1) firm earnings growth potential, supported by increased job orders from the semiconductor industry, 2) overseas expansion of its industrial gases segment, and 3) stable income stream from its LCO₂ operations which could also help to shore up its dividend payouts. Key downside risks include: 1) project delays, 2) slower-than-expected contract wins, and 3) lower utilisation rate of its LCO₂ plants.

Y-o-Y. 4QCY25's revenue climbed 33.0% to RM404.9m, from RM304.4m in 4QCY24, mainly driven by stronger project recognition from Advanced Engineering projects in Singapore and General Contracting projects in Malaysia, with both segments' revenue increasing 32.6% and 211.8% respectively. Process Engineering revenue also grew 26.0%, supported by the completion of a project in Malaysia and stronger execution of a Taiwan project. Despite stable LCO₂ demand, the Industrial Gases segment recorded a 13.1% decline in revenue that was dragged down by weaker demand for certain specialty gases. Meanwhile, margin expansion was partly capped by a RM9.1m provision for warranty costs related to projects under the defect liability period, alongside a RM6.3m unrealised forex loss. Excluding the one-off unrealised forex loss, core PATAMI margin expanded to 13.1% in 4QCY25, from 11.8% in 4QCY24, resulting in 47.6% growth in core PATAMI to RM53.2m, from RM36.0m in 4QCY24.

Q-o-Q. Revenue rose 28.0%, primarily driven by higher project recognition in the Advanced Engineering (+26.2%) and Process Engineering (+60.7%) segments. Core PATAMI increased 28.3%, supported by a better project mix and a lower effective tax rate (18.8% in 4QCY25 vs. 21.2% in 3QCY25) which helped sustain core PATAMI margins.

Table 1: Historical Earnings and Forecasts

CYE Dec (RM m)	CY23	CY24	CY25	CY26(F)	CY27(F)
Revenue	1,614.4	1,272.2	1,273.6	1,387.4	1,541.6
EBITDA	152.0	178.1	211.1	237.5	273.6
EBITDA margin (%)	9.4	14.0	16.6	17.1	17.7
PBT	133.9	158.8	190.0	214.2	248.0
PATAMI	104.1	124.3	151.1	169.2	195.9
Core PATAMI	114.0	125.5	151.7	169.2	195.9
Core PATAMI margin (%)	6.5	9.8	11.9	12.2	12.7
EPS (sen)	17.7	18.6	20.4	21.6	25.0
Core earnings growth (%)	86.8	19.4	21.5	12.0	15.8
PER (x)	29.4	28.0	25.6	24.2	20.9
DPS (sen)	4.0	8.0	13.0	10.0	10.0
Dividend yield (%)	0.8	1.5	2.5	1.9	1.9
ROE (%)	33.7	26.5	28.7	27.4	26.6
Net gearing ratio (x)	Net Cash				
P/B (x)	9.9	7.4	7.4	6.6	5.6

Source: Company, Berjaya Research

Dividend. The group declared a fourth interim dividend of 2.5 sen together with a special interim dividend of 1.5 sen in 4QCY25, compared to a 2.0 sen dividend declared in 4QCY24.

Forecast. We raised our CY26 revenue and earnings forecast by 2.4%/3.6% following the upward revision to our orderbook replenishment and margin assumptions. We also introduced our CY27F revenue and earnings forecasts at RM1.54b/RM195.9m, supported by CY27F orderbook replenishment assumptions of RM1.45b.

Outlook. KGB concluded CY25 with RM1.25b worth of newly secured orders, bringing outstanding orderbook to RM1.38b. The Advanced Engineering segment continued to anchor the outstanding orderbook at RM973m (71%), largely driven by projects in the Singapore market. As of December 2025, the group's tenderbook stood at RM4.6b, led by the European market at RM1.54b. We observe a meaningful shift in the tenderbook mix as compared to a year earlier with increased fab expansion opportunities in the Indian market, which now accounts for 27% of total tenders. We view our in-house CY26F/27F orderbook replenishment assumptions of RM1.44b/RM1.45b as justifiable, supported by: 1) the group's disciplined and selective tendering strategy focused on higher-margin projects, 2) its successful expansion into greenfield markets such as Germany (within Europe) and India, and 3) potential mega fab opportunities in Europe, India, and Japan, with several tenders expected to be called in 2Q–3Q2026.

The Industrial Gases segment recorded negative Y-o-Y revenue performance in CY25, mainly due to the cessation of operations by LONGi in Malaysia. To mitigate the impact, the group is currently in discussions with several potential customers to provide on-site gas supply services under long-term arrangements, whereby it collects recurring monthly facility fees, similar to its ongoing 10-year on-site gas supply contract with OSRAM.

Table 2: Quarterly Results Comparison

CYE Dec (RM m)	4QCY25	4QCY24	YoY	3QCY25	QoQ	CY25	CY24	YoY
			%		%			%
Revenue	404.9	304.4	33.0	316.4	28.0	1,273.6	1,272.2	0.1
Gross Profit	87.7	66.3	32.3	71.3	23.0	272.5	244.8	11.3
PBT	62.2	48.4	28.6	52.2	19.1	190.0	158.8	19.7
Core PATAMI	53.2	36.0	47.6	41.4	28.3	151.7	127.7	18.8
Core EPS (sen)	6.9	5.2	33.1	5.5	25.4	20.3	18.8	8.3
			<i>ppt</i>		<i>Ppt</i>			<i>ppt</i>
GP margin (%)	21.7	21.8	(0.1)	22.5	(0.9)	21.4	19.2	2.2
PBT margin (%)	15.4	15.9	(0.5)	16.5	(1.1)	14.9	12.5	2.4
Core PATAMI Margin (%)	13.1	11.8	1.3	13.1	0.0	11.9	10.0	1.9

Source: Company, Berjaya Research

Table 3: Segmental Revenue Breakdown

CYE Dec (RM m)	4QCY25	4QCY24	YoY	3QCY25	QoQ	CY25	CY24	YoY
			%		%			%
Advanced engineering	258.4	194.8	32.6	204.8	26.2	847.7	838.5	1.1
Process engineering	41.7	27.5	51.7	26.0	60.7	93.4	85.5	9.3
General contracting	69.7	22.4	211.8	53.6	30.1	202.2	172.6	17.2
Industrial gas	30.1	34.6	(13.1)	33.6	(10.4)	126.3	156.1	(19.1)
Equipment and materials	12.7	41.0	(69.0)	7.6	67.5	33.3	83.8	(60.3)
Less: Consolidated Adjustments	(7.7)	(15.4)	-	(9.2)	-	(29.3)	(64.4)	-
Total	316.4	307.3	2.9	282.0	12.2	868.7	967.8	(10.2)

Source: Company, Berjaya Research

Declaration of Independence of Opinions and of Interest in Securities

The analyst(s) responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. Berjaya Research Sdn Bhd prohibits the analyst(s) who prepared this research report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the business. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

(i) As of February 27, 2026, Berjaya Research Sdn Bhd has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies mentioned or recommended in this report: (a) Kelington Group Bhd – nil

(ii) As of February 27, 2026, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report: (a) Chai Jia Yue – nil.

Signed



Kenneth Leong Chee Kin
Head of Research
Berjaya Research Sdn Bhd

Stock Ratings are defined as follows:

Stock Recommendations

BUY	Total return is expected to exceed 15% in the next 12 months
TRADING BUY	Total return is expected to exceed 10% in the next 3 months
NEUTRAL	Total return is expected to be between -15% to 15% in the next 12 months
SELL	Total return is expected to be below -15% in the next 12 months
TRADING SELL	Total return is expected to be below -10% in the next 3 months
NOT RATED	The stock is not within regular research coverage

Abbreviation

PER	Price Earnings Ratio	CAGR	Compounded Annual Growth Rate
PEG	PER to Growth	CAPEX	Capital Expenditure
EPS	Earnings per Share	DPS	Dividend per Share
FYE	Financial Year End	ROA	Return on Asset
FY	Financial Year	ROE	Return on Equity
CY	Calendar Year	PBT	Profit Before Tax
MoM	Month-on-Month	PAT	Profit After Tax
QoQ	Quarter-on-Quarter	EV	Enterprise Value
YoY	Year-on-Year	EBIT	Earnings Before Interest and Tax
YTD	Year-to-Date	EBITDA	EBIT Depreciation & Amortisation
p.a.	Per Annum	WACC	Weighted Average Cost of Capital
DCF	Discounted Cash Flow	NTA	Net Tangible Asset
FCF	Free Cash Flow	BV	Book Value
NAV	Net Asset Value		

Published by



BERJAYA RESEARCH SDN. BHD.

(Formerly known as Inter-Pacific Research Sdn. Bhd.)

[Registration No. 199701033506 (449005-X)]

West Wing, Level 13, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur.

Tel: 03 2117 1888 | Website: www.paconline.com.my

IMPORTANT:

This report has been prepared from sources that are believed to be reliable, but we do not hold ourselves responsible for its completeness and accuracy. All opinions and estimates in this report are subject to change without notice. We do not accept any liability that may arise from the use of information in this report. Berjaya Research Sdn Bhd and or its associates may from time to time have interest and/or underwriting commitments in the company being reported. This report is for internal circulation only and the contents, or any part thereof cannot be reproduced in any manner whatsoever except with the prior written consent of Berjaya Research Sdn Bhd.