

COMPANY UPDATE

BUY (Maintained)

Closing Price	RM 5.08
Target Price	RM 6.12
Consensus Price	RM 6.40

Stock Return Information

KLCI	1,708.8
Expected share price return (%)	20.5
Expected dividend return (%)	2.0
Expected total return (%)	22.4

Key Statistics

Shariah Compliant	YES
Shares Outstanding (m)	789.0
Market Capitalisation (RM m)	4,008.2
52 Week High/Low Price	5.86/2.59
Avg Trading Volume (3-mth)	3,082,688
Est Free Float (%)	73.4
YTD Returns (%)	(2.0)
Beta (x)	0.9

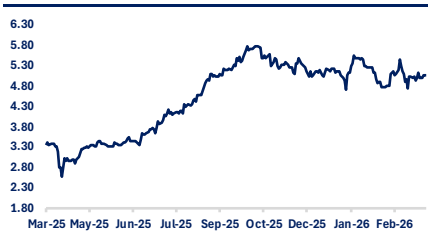
Share Price Performance (%)

Price Change	Absolute	Relative
1 mth	(0.78)	1.49
3 mth	(3.14)	(4.86)
12 mth	48.98	31.96

Major Shareholders (%)

Palace Star	17.2
Employees Provident Fund Board	5.7
Sun Lead International Ltd	5.0

1-Year Share Price Performance



Analyst

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KELINGTON GROUP

Strengthening Footprint In India

BLOOMBERG: KGRB MK | BURSA: KGB (0151)

Kelington Group Bhd (KGB) has clinched a contract worth RM413.7m to deliver a turnkey gas distribution system for a semiconductor wafer fabrication facility in Gujarat, India. The contract, awarded by an undisclosed semiconductor manufacturer in India, covers the design and delivery of a comprehensive gas distribution system that forms part of the project's mission-critical infrastructure. Work commenced immediately after Kelington's 100%-owned subsidiary, Kelington Engineering (S) Pte Ltd, received the letter of award on 19 March, 2026, and is slated for completion by July 2027.

Outlook. YTD, KGB has secured new contracts amounting to RM513.7m, inclusive of RM100.0m newly awarded orders as of February, 2026. The above awarded contract is expected to generate a GP margin of 20.5%-21.4%, translating into an estimated GP contribution of RM84.8m-RM88.5m over CY26-28. Following its initial entry into the Indian market via a smaller RM40.0m contract secured earlier this year, the latest award strengthened the group's foothold in the Indian market. Looking ahead, we expect KGB to capitalise on expanding its presence in India, underpinned by the country's rapidly growing semiconductor industry, where [India's semiconductor market is projected to nearly triple, reaching US\\$120.0b by 2030 and US\\$300.0b by 2035.](#)

Forecast. We keep our CY26/27 forecasts as this contract falls within our CY26 orderbook assumptions of RM1.44b.

Valuation & Recommendation. We maintained our **BUY** recommendation on KGB with an unchanged **TP** of **RM6.12**, based on 28.0x target PER pegged to our CY27F fully 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) inability to meet in-house orderbook replenishment assumption, and 3) lower utilisation rate of its LCO₂ plants.

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
Core 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)	28.7	27.3	25.0	23.6	20.3
DPS (sen)	4.0	8.0	13.0	10.0	10.0
Dividend yield (%)	0.8	1.6	2.6	2.0	2.0
ROE (%)	33.7	26.5	28.7	27.4	26.6
Net gearing ratio (x)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
P/B (x)	9.7	7.2	7.2	6.4	5.4

Source: Company, Berjaya Research

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Signed

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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		

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