

COMPANY UPDATE

BUY (Upgraded)

Closing Price	RM 8.62
Target Price	RM 12.15
Consensus Price	RM 10.80

Stock Return Information

KLCI	1,698.0
Expected share price return (%)	41.0
Expected dividend return (%)	1.5
Expected total return (%)	42.5

Key Statistics

Shariah Compliant	YES
Shares Outstanding (m)	880.4
Market Capitalisation (RM m)	7,589.0
52 Week High/Low Price	9.25/4.69
Avg Trading Volume (3-mth)	3,466,854
Est Free Float (%)	68.7
YTD Returns (%)	66.8
Beta (x)	0.7

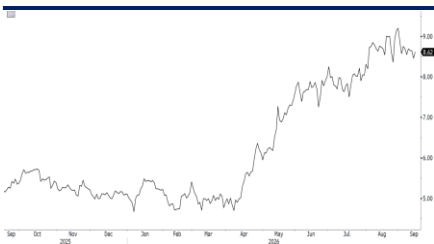
Share Price Performance (%)

Price Change	Absolute	Relative
1 mth	(0.92)	0.78
3 mth	8.98	8.58
12 mth	64.85	58.73

Major Shareholders (%)

Palace Star	21.4
Public Mutual Bhd	6.5
Sun Lead International Ltd	5.3

1-Year Share Price Performance



Analyst

Chloe Mak
makmw@berjayasecurities.com.my

KELINGTON GROUP

Record Breaking US\$452.0m India Contract Win

BLOOMBERG: KGRB MK | BURSA: KGB (0151)

KGB has secured a record high US\$452.0m (RM1.83b) Letter of Award from an existing client for turnkey total facility tool hookup services for a semiconductor wafer fabrication facility in Gujarat, India. The provisional contract value comprises US\$249.9m (RM1.01b) for Module 1 and US\$202.0m (RM817.2m) for Module 2 with the final contract value subject to actual quantities executed. As the main contractor, KGB will undertake the overall design, installation, connection, testing and handover of up to 886 manufacturing, laboratory and support tools across two modules. The works are expected to be completed over 30 months by February 2029.

The contract is expected to generate a GP margin of approximately 15%, in line with the historical margin of KGB's Advanced Engineering segment, translating into an estimated GP contribution of RM274.5m over CY26-CY29.

Outlook. We view the award positively as the repeat award from an existing client reinforces KGB's execution capabilities and track record, while further strengthening the group's foothold in India's rapidly expanding semiconductor ecosystem. The latest award brings KGB's YTD contract wins to RM3.59b, up from RM1.76b in August 2026 which significantly exceeded our initial CY26 in-house orderbook replenishment assumption of RM1.96b. Consequently, we raised our CY26/CY27 orderbook replenishment assumptions to RM3.73b/RM2.60b, underpinned by a robust tender book pipeline as well as sustained long-term demand for the group's advanced engineering solutions amid the ongoing semiconductor investment upcycle.

Forecast. Following the upward revision in our orderbook replenishment assumptions, our CY26F/CY27F PATAMI are lifted by 5.6%/33.8%.

Valuation & Recommendation. Following our earnings revision, we upgrade KGB to **BUY** (from NEUTRAL) with a higher **TP** of **RM12.15 (+RM3.04)**, based on an unchanged target PER of 35.0x pegged to our revised CY27F EPS. We continue to like KGB for its: 1) firm earnings growth potential, supported by increased job orders from the semiconductor industry, 2) riding on the expansion of semiconductor fabrication plants in India and Japan, 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	1,274.9	1,740.7	2,711.1
EBITDA	152.0	178.1	210.8	269.6	417.2
EBITDA margin (%)	9.4	14.0	16.5	15.5	15.4
PBT	133.9	158.8	190.1	245.5	388.5
PATAMI	104.1	124.3	150.9	194.0	306.9
Core PATAMI	114.0	125.5	152.4	194.0	306.9
Core PATAMI margin (%)	7.1	9.9	12.0	11.1	11.3
Core EPS (sen)	17.7	18.6	20.5	22.0	34.9
Core EPS growth (%)	86.8	19.4	21.4	28.5	58.2
PER (x)	48.7	46.3	42.1	39.1	24.7
DPS (sen)	4.0	8.0	13.0	13.0	13.0
Dividend yield (%)	0.5	0.9	1.5	1.5	1.5
ROE (%)	33.7	26.5	24.8	28.0	34.7
Net gearing ratio (x)	Net Cash	Net Cash	Net Cash	0.0	0.0
P/B (x)	16.4	12.3	10.5	10.9	8.6

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 September 15, 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 September 15, 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) Mak Minwei – nil.

(iii) As of September 15, 2026, the analyst(s) responsible for the preparation of this report certify that they have no business relationships, financial interests, or other material dealings with the companies mentioned herein: (a) Mak Minwei – 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.