

# JATI TINGGI

(JTGROUP MK EQUITY, JTGROUP.KL)

**BUY**

(MAINTAINED)

Price: RM0.46

Target Price (% return): RM1.00 (117%)

52-week High/Low: RM0.77/RM0.31

**Construction**

Rationale for report: Company Update

## Recovery On Track

**Jati Tinggi Group Berhad (JT) reported a weak 1QFY26, impacted by one-off items (legal fees, ESOS and accounting reclassification) that compressed GP margins. Excluding these, underlying operations remain intact. Management guides for stronger earnings ahead, with GP margins normalising to 13% and OPEX declining 33% QoQ. We maintain our BUY call with TP RM1.00, based on 15x FY27 P/E, while trimming FY26 earnings by 22.7% to reflect the 1QFY26 miss. Our medium-term investment thesis remains unchanged.**

- **We maintain our BUY call on JT with a target price of RM1.00**, based on 15x FY27F PE. The target multiple sits in line with the 5-year average forward P/E of the Bursa Malaysia Construction Index. We continue to see re-rating potential as earnings normalise and operational scale improves.
- **Earnings came in below the forecast.** The 1QFY26 earnings miss is viewed as non-structural, with core PATAMI of RM1.6mil (+97% YoY, -63% QoQ) primarily affected by RM1mil in one-off items, rather than underlying execution. Revenue momentum remains strong, growing 198% YoY, indicating healthy project progress. In view of the weaker-than-expected performance, we trim our earnings forecast by 11-23%, to reflect the 1QFY26 shortfall and potentially higher material costs.
- **Orderbook Momentum to Support FY26 Outlook.** Management remains confident in a stronger earnings trajectory into FY26, supported by ongoing project execution and improving cost normalisation. GP margins are expected to normalise to 13% (1QFY26: 7%) over the coming quarters. YTD, JT has secured RM198mil in new contracts and is targeting a further RM300mil in orderbook replenishment for FY26.
- **Roflex: An Earnings Upside Catalyst.** JT recently acquired a 51% stake in Roflex Pipe for RM6.12mil (3x FY26E PE), an earnings accretive acquisition. Management has guided for Roflex will contribute RM2mil in FY26 earnings, with contributions commencing from 2QFY26 onwards. The acquisition also enhances JT's vertical integration and support margin expansion over time.

### Analyst (s)

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### Key Changes

Target Price: ↕  
EPS: ↕

### Stock and Financial Data

|                              |       |
|------------------------------|-------|
| Shares Outstanding (million) | 431.0 |
| Market Cap (RMmil)           | 193.9 |
| Book Value (RM/Share)        | 0.23  |
| P/BV (x)                     | 2.0   |
| ROE (%)                      | 10.2  |
| Net Gearing (%)              | -     |
| Free Float                   | 27.6  |
| Avg Daily Value (RMmil)      | 0.4   |

### Major Shareholders

|                           |         |
|---------------------------|---------|
| Broad River Cap           | (46.4%) |
| Dato Seri Lim Yeong Seong | (12.5%) |
| Chin Jiunn Shyong         | (3.9%)  |

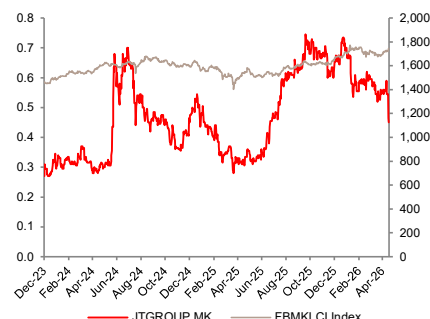
| Price performance | 3mth   | 6mth   | 12mth |
|-------------------|--------|--------|-------|
| Absolute(%)       | (18.2) | (33.8) | 42.9  |
| Relative(%)       | (19.0) | (38.6) | 25.9  |

Source: Jati Tinggi, AmInvestment Bank Bhd.

| YE to Nov                     | FY25  | FY26F | FY27F | FY28F |
|-------------------------------|-------|-------|-------|-------|
| Revenue (RM mil)              | 195.0 | 314.0 | 388.2 | 471.0 |
| Core net profit (RM mil)      | 10.9  | 17.0  | 28.1  | 32.3  |
| FD Core EPS (sen)             | 2.5   | 5.1   | 6.5   | 7.5   |
| FD Core EPS growth (%)        | 400.3 | 56.1  | 65.5  | 14.8  |
| Consensus Net Profit (RM mil) | -     | -     | -     | -     |
| DPS (sen)                     | 0.7   | 1.2   | 2.0   | 2.3   |
| PE (x)                        | 17.8  | 11.4  | 6.9   | 6.0   |
| EV/EBITDA (x)                 | 15.2  | 7.6   | 3.9   | 5.0   |
| Div yield (%)                 | 1.2   | 2.0   | 3.4   | 3.9   |
| ROE (%)                       | 10.2  | 15.7  | 21.5  | 20.9  |
| Net Gearing (%)               | nm    | nm    | nm    | nm    |

Source: Jati Tinggi, AmInvestment Bank Bhd.

### Price Chart



## Company profile

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**Jati Tinggi is primarily a utilities engineering services provider**, with 99.5% of its revenue derived from core offerings in overhead and underground energy transmission infrastructure engineering solutions. The company's scope of work includes the procurement, supply, installation, construction, laying, relocation, testing, inspection, repair, and maintenance of energy transmission systems. Additionally, Jati Tinggi is involved in project planning, mapping, and the management of technical aspects across its engineering engagements.

Other services include the provision of substation EPCC services, such as design and project management of indoor and outdoor high-voltage electrical substations. The company also engages in the trading of equipment for substations, as well as the inspection and maintenance of street lighting equipment.

## Investment thesis and catalysts

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JT offers a compelling growth story backed by a strong track record in power infrastructure, proprietary tech-driven execution, and experienced leadership. With structural tailwinds from TNB's RM35bil grid capex, a surging order book, and margin recovery underway, JT is well-positioned for multi-year earnings growth.

## Valuation methodology

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We adopt a P/E valuation approach for JT, which we find suitable given its robust growth trajectory supported by strong industry tailwinds. We assign a 15x FY27F P/E multiple, leading to a target price of RM1.00 per share. This valuation sits in line with the 5-year average forward P/E of the Bursa Malaysia Construction Index.

Our selected multiple also aligns JT with its closest peers (construction companies with data centre exposure and small cap construction companies). At this level, investors are offered access to high-growth potential at a fair valuation, making JT a compelling proposition within the small-cap construction space.

## Risk factors

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**Client concentration risk:** Contracts have historically been dependent on three key clients who are main contractors to TNB. While JT is actively pursuing main contractor roles, damage to this relationship may lead to a meaningful decline business prospect.

**Key management risk:** Continued contract wins are dependent on the expertise and proven track records of JT's key management team, namely, Managing Director Dato' Seri Lim and Executive Director / COO Chin Jiunn Shyong.

**Reliance on subcontractors:** Subcontracted services (HDD, installation, piping, and cable laying works) make up c.35% of COGS. As these subcontractors have no direct contractual relationship with our clients, any underperformance, delays, and quality issues resulting from subcontracted work will fall under JT' responsibility.

**Raw materials sensitivity & key supplier risk:** In line with the broader construction industry, JT's profitability is sensitive to the cost of materials. In particular, cables which historically make up between c.59% of purchases + subcontractor fees; cables are supplied by Power Cables Malaysia, JT's key supplier.

**EXHIBIT 1: EARNINGS SUMMARY**

| Figures in RM'mil        | Quarterly Results |            |            |               |             |
|--------------------------|-------------------|------------|------------|---------------|-------------|
|                          | 1Q25              | 4Q25       | 1Q26       | QoQ %         | YoY %       |
| Revenue                  | 24.9              | 84.9       | 74.4       | (12.3)        | 198.4       |
| EBIT                     | 1.4               | 5.7        | 2.0        | (65.0)        | 46.1        |
| PBT                      | 1.1               | 5.8        | 2.2        | (62.8)        | 93.6        |
| Taxation                 | (0.3)             | (1.7)      | (0.6)      | (67.0)        | 84.1        |
| Minority interest        | -                 | 0.2        | -          | NA            | NA          |
| <b>PATAMI</b>            | <b>0.8</b>        | <b>4.1</b> | <b>1.6</b> | <b>(61.1)</b> | <b>97.1</b> |
| <b>Core Net Profit</b>   | <b>0.8</b>        | <b>4.3</b> | <b>1.6</b> | <b>(62.5)</b> | <b>97.1</b> |
|                          | -                 | -          | -          | -             | -           |
| EPS (sen)                | 0.1               | 1.1        | 0.4        | (62.6)        | 293.1       |
| DPS (sen)                | -                 | -          | -          | NA            | NA          |
| Payout ratio             | 0%                | 0%         | 0%         | -             | -           |
|                          | -                 | -          | -          | <b>PPT</b>    | <b>PPT</b>  |
| EBIT Margin %            | 5.5%              | 6.7%       | 2.7%       | -4.1          | -2.8        |
| PBT Margin %             | 4.5%              | 6.9%       | 2.9%       | -4.0          | -1.6        |
| Effective Tax Rate %     | 26.9%             | 28.9%      | 25.6%      | -3.3          | -1.3        |
| Core Net Profit Margin % | 3.3%              | 5.1%       | 2.2%       | -2.9          | -1.1        |

Source: AmInvestment Bank Bhd.

**EXHIBIT 2: CHANGES TO EARNINGS**

| RMmil          | FY26  |       |        | FY27  |       |       | FY28  |       |       |
|----------------|-------|-------|--------|-------|-------|-------|-------|-------|-------|
|                | Old   | New   | %      | Old   | New   | %     | Old   | New   | %     |
| Revenue        | 314.0 | 314.0 | 0.0%   | 388.2 | 388.2 | 0.0%  | 471.0 | 471.0 | 0.0%  |
| Gross Profit   | 42.4  | 34.8  | -17.8% | 52.8  | 50.5  | -4.4% | 57.5  | 55.0  | -4.4% |
| Admin Expenses | -9.5  | -10.1 | 6.1%   | -9.9  | -10.4 | 4.7%  | -10.3 | -10.8 | 4.6%  |
| Earnings       | 22.1  | 17.0  | -23.1% | 30.3  | 28.1  | -7.1% | 33.4  | 32.3  | -3.2% |
| GP             | 13.0% | 11.1% | -14.7% | 13.6% | 13.0% | -4.5% | 12.2% | 11.7% | -4.3% |

Source: AmInvestment Bank Bhd.

**EXHIBIT 3: VALUATIONS**

|                       |         |
|-----------------------|---------|
| Target PE (x)         | 15x     |
| FY27 EPS              | 6.5 sen |
| 12-month target price | RM1.00  |

\*May not add up due to rounding

Source: AmInvestment Bank

**Income Statement (RMmil)**

| YE to Nov                 | FY24        | FY25        | FY26F       | FY27F       | FY28F       |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue                   | 128.0       | 195.0       | 314.0       | 388.2       | 471.0       |
| EBITDA                    | 19.7        | 17.1        | 26.5        | 45.1        | 47.2        |
| Depreciation/Amortisation | (0.8)       | (0.9)       | (1.0)       | (1.1)       | (1.2)       |
| Operating income (EBIT)   | 18.9        | 16.2        | 25.5        | 41.9        | 46.0        |
| Other income & associates | (3.7)       | -           | -           | -           | -           |
| Net interest              | (2.0)       | (2.4)       | (1.6)       | (1.6)       | (1.6)       |
| Exceptional items         | -           | -           | -           | -           | -           |
| <b>Pretax profit</b>      | <b>13.2</b> | <b>13.7</b> | <b>23.9</b> | <b>40.3</b> | <b>44.4</b> |
| Taxation                  | (3.5)       | (3.7)       | (5.7)       | (9.7)       | (10.7)      |
| Minorities/pref dividends | -           | -           | (1.8)       | (2.5)       | (2.2)       |
| <b>Net profit</b>         | <b>9.7</b>  | <b>10.0</b> | <b>17.0</b> | <b>28.1</b> | <b>32.3</b> |
| Core net profit           | 2.2         | 10.9        | 17.0        | 28.1        | 32.3        |

**Balance Sheet (RMmil)**

| YE to Nov                          | FY24         | FY25         | FY26F        | FY27F        | FY28F        |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Fixed assets                       | 2.4          | 4.2          | 3.0          | 3.0          | 2.8          |
| Intangible assets                  | -            | -            | -            | -            | -            |
| Other long-term assets             | -            | -            | -            | -            | -            |
| <b>Total non-current assets</b>    | <b>2.4</b>   | <b>4.2</b>   | <b>3.0</b>   | <b>3.0</b>   | <b>2.8</b>   |
| Cash & equivalent                  | 20.6         | 78.4         | 77.9         | 77.2         | 88.1         |
| Stock                              | 0.5          | 10.5         | 1.2          | 1.5          | 1.8          |
| Trade debtors                      | 99.2         | 130.9        | 229.1        | 283.3        | 343.7        |
| Other current assets               | 14.1         | -            | -            | -            | -            |
| <b>Total current assets</b>        | <b>134.4</b> | <b>219.8</b> | <b>308.3</b> | <b>362.0</b> | <b>428.3</b> |
| Trade creditors                    | 44.0         | 73.5         | 150.1        | 181.7        | 223.7        |
| Short-term borrowings              | 22.2         | 49.5         | 49.5         | 49.5         | 49.5         |
| Other current liabilities          | 3.8          | 1.4          | 1.4          | 1.4          | 1.4          |
| <b>Total current liabilities</b>   | <b>70.0</b>  | <b>124.4</b> | <b>201.0</b> | <b>232.5</b> | <b>274.6</b> |
| Long-term borrowings               | 0.4          | 0.3          | 0.3          | 0.3          | 0.3          |
| Other long-term liabilities        | 0.7          | 1.6          | 1.6          | 1.6          | 1.6          |
| <b>Total long-term liabilities</b> | <b>1.0</b>   | <b>1.8</b>   | <b>1.8</b>   | <b>1.8</b>   | <b>1.8</b>   |
| <b>Shareholders' funds</b>         | <b>65.7</b>  | <b>97.8</b>  | <b>110.6</b> | <b>130.6</b> | <b>154.7</b> |
| Minority interests                 | -            | 0.7          | 1.8          | 2.0          | -            |
| BV/share (RM)                      | 0.15         | 0.23         | 0.25         | 0.30         | 0.36         |

**Cash Flow (RMmil)**

| YE to Nov                              | FY24          | FY25         | FY26F        | FY27F        | FY28F        |
|----------------------------------------|---------------|--------------|--------------|--------------|--------------|
| Pretax profit                          | 13.2          | 13.7         | 23.9         | 40.3         | 44.4         |
| Depreciation/Amortisation              | 0.8           | 0.9          | 1.0          | 1.1          | 1.2          |
| Net change in working capital          | (34.0)        | (0.8)        | (12.3)       | (22.9)       | (18.7)       |
| Others                                 | 12.6          | 18.2         | 32.4         | 43.5         | 48.0         |
| <b>Cash flow from operations</b>       | <b>(24.2)</b> | <b>13.5</b>  | <b>6.9</b>   | <b>8.8</b>   | <b>16.3</b>  |
| Capital expenditure                    | (0.1)         | (2.0)        | (1.1)        | (1.1)        | (1.1)        |
| Net investments & sale of fixed assets | -             | -            | -            | -            | -            |
| Others                                 | 7.6           | (0.5)        | -            | -            | -            |
| <b>Cash flow from investing</b>        | <b>7.5</b>    | <b>(2.6)</b> | <b>(1.1)</b> | <b>(1.1)</b> | <b>(1.1)</b> |
| Debt raised/(repaid)                   | (8.3)         | 27.7         | -            | -            | -            |
| Equity raised/(repaid)                 | 17.1          | 19.6         | -            | -            | -            |
| Dividends paid                         | -             | -            | (5.1)        | (8.4)        | (9.7)        |
| Others                                 | (2.9)         | (1.1)        | -            | -            | -            |
| <b>Cash flow from financing</b>        | <b>5.9</b>    | <b>46.2</b>  | <b>(5.1)</b> | <b>(8.4)</b> | <b>(9.7)</b> |
| <b>Net cash flow</b>                   | <b>(10.7)</b> | <b>57.1</b>  | <b>0.7</b>   | <b>(0.7)</b> | <b>5.5</b>   |
| <b>Net cash/(debt) b/f</b>             | <b>18.7</b>   | <b>8.0</b>   | <b>65.1</b>  | <b>65.8</b>  | <b>69.0</b>  |
| <b>Net cash/(debt) c/f</b>             | <b>8.0</b>    | <b>65.1</b>  | <b>65.8</b>  | <b>65.1</b>  | <b>70.7</b>  |

**Key Ratios**

| YE to Nov              | FY24  | FY25   | FY26F | FY27F | FY28F |
|------------------------|-------|--------|-------|-------|-------|
| Revenue growth (%)     | 11.3  | 52.3   | 61.0  | 23.7  | 21.3  |
| EBITDA growth (%)      | 120.7 | (13.2) | 55.4  | 61.9  | 9.9   |
| Pretax margin (%)      | 10.3  | 7.0    | 7.6   | 10.9  | 9.4   |
| Net profit margin (%)  | 7.6   | 5.1    | 5.4   | 7.2   | 6.9   |
| Interest cover (x)     | 9.5   | 6.7    | 15.8  | 25.9  | 28.5  |
| Effective tax rate (%) | 26.6  | 27.2   | 24.0  | 24.0  | 24.0  |
| Dividend payout (%)    | 30.0  | 30.0   | 30.0  | 30.0  | 30.0  |

|                           |     |     |     |     |     |
|---------------------------|-----|-----|-----|-----|-----|
| Debtors turnover (days)   | 148 | 196 | 196 | 196 | 196 |
| Stock turnover (days)     | 2   | 2   | 2   | 2   | 2   |
| Creditors turnover (days) | 283 | 266 | 266 | 266 | 266 |

Source: Company, AmInvestment Bank Bhd

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