AmInvestment Bank

Company Report

30 Jul 2026

JATI TINGGI

(JTGROUP MK EQUITY, JTGROUP.KL)

BUY

(MAINTAINED)

Price: RM0.80
Target Price (% return): RM1.00 (26%)
52-week High/Low: RM0.80/RM0.44

Construction

Rationale for report: Company Result

Patience Pays, Reiterate Buy

Jati Tinggi's Q2FY26 core earnings exceeded our expectations, with Core Net Profit of RM7.6mil (YoY: +306.6%; QoQ: +370.9%), driven by the maiden contribution from Roflex and stronger contributions from higher-margin projects. We maintain our BUY call and TP of RM1.00, based on an unchanged 15x FY27F P/E. We will revisit our earnings forecasts and TP following the upcoming Q2FY26 results briefing.

- **Maintain BUY on JT with an unchanged TP of RM1.00, based on 15x FY27F PE.** Our target multiple is in line with the KLCON Index's five-year average forward P/E. We remain positive on JT, supported by improving margins, its RM880mil unbilled orderbook, and the maiden earnings contribution from Roflex, which strengthens the Group's long-term growth prospects.
- **Results came in ahead of expectations.** JT delivered Q2FY26 PATAMI of RM9.3mil (YoY: +399.5%; QoQ: +478.4%), ahead of our estimates, underpinned by the maiden contribution from Roflex and stronger contributions from higher-margin projects. This lifted 1HFY26 PATAMI to RM10.9mil (vs. RM2.7mil in 1HFY25; YoY: +307.3%). Annualising 1HFY26 core PATAMI implies FY26 earnings of RM21.8mil, ~11.2% above our FY26F core net profit forecast of RM19.6mil.
- **Record orderbook provides multi-year earnings visibility.** JT's unbilled orderbook stands at RM880.0mil (~4.5x FY25 revenue; 3 years visibility), YTD contract wins have reached RM332.6mil, already exceeding management's FY26 replenishment target of RM300mil. With a RM2.7bil tenderbook, supported by ongoing TNB grid expansion and data centre-related projects.
- **Roflex opens a new growth avenue.** Roflex made its maiden contribution to JT following the acquisition, contributing RM4.3mil in revenue and RM0.5mil in PATAMI attributable to JT's 51% equity interest in Q2FY26. We view the acquisition positively, as JT acquired the 51% stake for RM6.12mil, representing a discount to its attributable net asset value of approximately RM8.4mil (51% of RM16.5mil).

YE to Nov	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	195.0	384.0	402.2	471.0
Core net profit (RM mil)	10.9	19.6	28.9	33.1
FD Core EPS (sen)	2.5	4.6	6.7	7.7
FD Core EPS growth (%)	400.3	80.2	47.1	14.7
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	0.7	1.4	2.0	2.3
PE (x)	31.4	17.4	11.9	10.3
EV/EBITDA (x)	18.4	10.9	7.2	6.4
Div yield (%)	0.9	1.7	2.5	2.9
ROE (%)	10.2	18.0	22.4	21.7
Net Gearing (%)	nm	nm	nm	nm

Source: Jati Tinggi, AmInvestment Bank Bhd.

Analyst (s)

Tan Wai Wern
tan.wai-wern@ambankgroup.com
+603 2036 2301

Key Changes

Target Price:	⇔
EPS:	⇔

Stock and Financial Data

Shares Outstanding (million)	431.0
Market Cap (RMmil)	342.6
Book Value (RM/Share)	0.23
P/BV (x)	3.5
ROE (%)	10.2
Net Gearing (%)	-
Free Float	27.6
Avg Daily Value (RMmil)	0.7

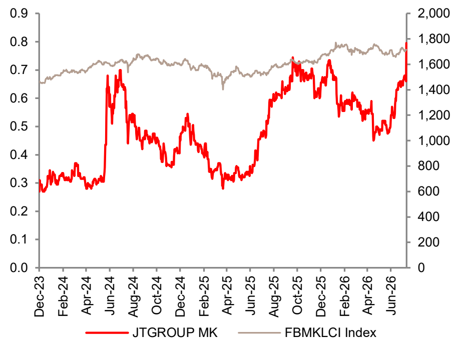
Major Shareholders

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

Price performance	3mth	6mth	12mth
Absolute(%)	34.7	29.3	72.8
Relative(%)	35.1	30.4	53.5

Source: Jati Tinggi, AmInvestment Bank Bhd.

Price Chart



Company Profile

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

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

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 KLCON 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

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: VALUATIONS

Target PE (x)	15x
FY27 EPS	6.7 sen
12-month target price	RM1.00*

*May not add up due to rounding

Source: AmInvestment Bank

Financial Summary

Income Statement (RMmil)

YE to Nov	FY24	FY25	FY26F	FY27F	FY28F
Revenue	128.0	195.0	384.0	402.2	471.0
EBITDA	19.7	17.1	30.0	43.9	48.3
Depreciation/Amortisation	(0.8)	(0.9)	(1.0)	(1.1)	(1.2)
Operating income (EBIT)	18.9	16.2	29.0	42.8	47.1
Other income & associates	(3.7)	-	-	-	-
Net interest	(2.0)	(2.4)	(1.6)	(1.6)	(1.6)
Exceptional items	-	-	-	-	-
Pretax profit	**13.2**	**13.7**	**27.4**	**41.2**	**45.5**
Taxation	(3.5)	(3.7)	(6.6)	(9.9)	(10.9)
Minorities/pref dividends	-	-	(1.2)	(2.5)	(1.4)
Net profit	**9.7**	**10.0**	**19.6**	**28.9**	**33.1**
Core net profit	2.2	10.9	19.6	28.9	33.1

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	-	-	-	-	-
Total non-current assets	**2.4**	**4.2**	**3.0**	**3.0**	**2.8**
Cash & equivalent	20.6	78.4	64.2	76.3	85.1
Stock	0.5	10.5	1.5	1.6	1.8
Trade debtors	99.2	130.9	280.1	293.5	343.7
Other current assets	14.1	-	-	-	-
Total current assets	**134.4**	**219.8**	**345.9**	**371.4**	**430.6**
Trade creditors	44.0	73.5	185.9	188.7	223.2
Short-term borrowings	22.2	49.5	49.5	49.5	49.5
Other current liabilities	3.8	1.4	2.8	5.2	6.7
Total current liabilities	**70.0**	**124.4**	**238.2**	**243.4**	**279.3**
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
Total long-term liabilities	**1.0**	**1.8**	**1.8**	**1.8**	**1.8**
Shareholders' funds	**65.7**	**97.8**	**108.9**	**129.1**	**152.3**
Minority interests	-	0.7	1.2	2.5	1.4
BV/share (RM)	0.15	0.23	0.25	0.30	0.35

Cash Flow (RMmil)

YE to Nov	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	13.2	13.7	27.4	41.2	45.5
Depreciation/Amortisation	0.8	0.9	1.0	1.1	1.2
Net change in working capital	(34.0)	(0.8)	(27.9)	(10.6)	(16.0)
Others	(4.1)	(0.3)	(6.6)	(9.9)	(10.9)
Cash flow from operations	**(24.2)**	**13.5**	**(6.1)**	**21.8**	**19.8**
Capital expenditure	(0.1)	(2.0)	(1.1)	(1.1)	(1.1)
Net investments & sale of fixed assets	-	-	-	-	-
Others	7.6	(0.5)	-	-	-
Cash flow from investing	**7.5**	**(2.6)**	**(1.1)**	**(1.1)**	**(1.1)**
Debt raised/(repaid)	(8.3)	27.7	-	-	-
Equity raised/(repaid)	17.1	19.6	-	-	-
Dividends paid	-	-	(5.9)	(8.7)	(9.9)
Others	(2.9)	(1.1)	-	-	-
Cash flow from financing	**5.9**	**46.2**	**(5.9)**	**(8.7)**	**(9.9)**
Net cash flow	**(10.7)**	**57.1**	**(13.0)**	**12.1**	**8.8**
Net cash/(debt) b/f	**18.7**	**8.0**	**65.1**	**52.1**	**64.2**
Net cash/(debt) c/f	**8.0**	**65.1**	**52.1**	**64.2**	**73.0**

Key Ratios

YE to Nov	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	11.3	52.3	96.9	4.8	17.1
EBITDA growth (%)	120.7	(13.2)	75.7	46.5	9.9
Pretax margin (%)	10.3	7.0	7.1	10.2	9.7
Net profit margin (%)	7.6	5.1	5.1	7.2	7.0
Interest cover (x)	9.5	6.7	17.9	26.5	29.1
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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