

JATI TINGGI

(JTGROUP MK EQUITY, JTGROUP.KL)

BUY

(MAINTAINED)

Price: RM0.67

Target Price (% return): RM1.00 (49%)

52-week High/Low: RM0.77/RM0.28

Construction

Rationale for report: Company Result

Sustained Growth Trajectory

JT's FY25 results landed firmly within our expectations, achieving 96% of our full -year forecast. We reiterate our BUY recommendation on Jati Tinggi (JT) with a TP of RM1.00, anchored on 16x FY27E PE. With a solid execution track record in power -infrastructure works, JT is well positioned to benefit from the structural tailwinds driving Malaysia's grid upgrade cycle and accelerating data -centre build-outs. This growth visibility is reinforced by its RM733mil order book (3.8x revenue cover) and RM4.5bil tender book , offering a multi-year earnings runway as project momentum remains strong.

- **We maintain our BUY call on JT with an unchanged target price of RM1.00**, based on 16x FY27F PE. The target multiple sits 1SD above the 5-year average forward P/E of the Bursa Malaysia Construction Index, justified by JT's superior 88% forward earnings growth.
- **Results were in line.** FY25 core net profit of RM10.9mil came in well within expectations, achieving 96% of our and consensus estimates. Earnings rose 4x YoY, as FY24 was weighed down by delays in KLCC-centric projects due to council access approvals amid traffic constraints.
- **QoQ performance continued to strengthen**, with revenue and core net profit rising 60.2% and 9.9% respectively. The softer net margin was mainly due to a higher cable sale during the quarter. The improvement was driven mainly by two major high-voltage projects—the 275kV bulk supply connection to a Johor data centre and the 275kV bulk supply connection to a Selangor data centre—which together accounted for 36% of revenue. These data-centre-related works remain a key earnings catalyst for JT.
- **Robust order book visibility underpins earnings momentum.** With a strong RM733mil order book (3.8x revenue cover) and RM4.5bil tender book, we expect earnings momentum to remain robust. Given JT's established track record in power-infrastructure works, the company is well positioned to benefit from TNB's RM35bil grid capex cycle. Coupled with an expanding order book and improving margins, JT is poised to deliver multi-year earnings growth.

Analyst (s)

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Key Changes

Target Price: ↕
 EPS: ↕

Stock and Financial Data

Shares Outstanding (million)	431.0
Market Cap (RMmil)	288.8
Book Value (RM/Share)	0.23
P/BV (x)	3.0
ROE (%)	10.2
Net Gearing (%)	-
Free Float	27.6
Avg Daily Value (RMmil)	0.6

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(%)	1.5	42.6	54.0
Relative(%)	(6.7)	24.1	36.2

Source: Jati Tinggi, AmInvestment Bank Bhd.

YE to Nov	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	195.0	270.1	340.0	417.9
Core net profit (RM mil)	10.9	20.4	28.4	31.4
FD Core EPS (sen)	2.5	4.7	6.6	7.3
FD Core EPS growth (%)	400.3	87.6	39.0	10.4
Consensus Net Profit (RM mil)	10.9	20.4	28.4	31.4
DPS (sen)	0.7	1.4	2.0	2.2
PE (x)	26.5	14.1	10.2	9.2
EV/EBITDA (x)	15.2	8.6	6.3	5.6
Div yield (%)	1.0	2.1	3.0	3.3
ROE (%)	10.2	18.7	22.0	20.7
Net Gearing (%)	nm	nm	nm	nm

Source: Jati Tinggi, AmInvestment Bank Bhd.

Price Chart

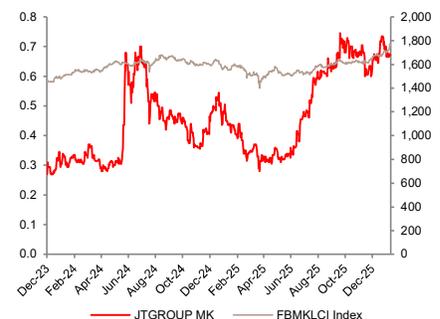


EXHIBIT 1: FY25 EARNINGS SUMMARY

Figures in RM'mil	Quarterly Results					YTD		
	4Q24	3Q25	4Q25	QoQ %	YoY %	FY24	FY25	YoY %
Revenue	37.1	53.0	84.9	60.2	>100	128.0	195.0	52.3
EBIT	4.9	6.6	5.7	(13.6)	18.0	18.6	16.2	(13.1)
PBT	2.0	4.4	5.8	32.1	>100	13.2	13.7	4.3
Taxation	(1.6)	(1.2)	(1.7)	35.9	3.1	(3.5)	(3.7)	6.4
Minority interest	-	-	-	NA	NA	-	-	NA
PATAMI	0.4	3.2	4.1	30.6	>100	9.7	10.0	3.6
Core Net Profit	0.4	3.9	4.3	9.9	>100	2.2	10.9	>100
EPS (sen)	0.1	1.0	1.1	9.9	>100	0.6	2.8	>100
DPS (sen)	-	-	-	NA	NA	-	-	NA
Payout ratio	0%	0%	0%			0%	0%	
				PPT	PPT			PPT
EBIT Margin %	13.1%	12.5%	6.7%	-5.8	-6.3	14.5%	8.3%	-6.2
PBT Margin %	5.5%	8.3%	6.9%	-1.5	1.4	10.3%	7.0%	-3.2
Effective Tax Rate %	80.1%	28.1%	28.9%	0.8	-51.2	26.6%	27.2%	0.5
Core Net Profit Margin %	1.1%	7.4%	5.1%	-2.3	4.0	1.7%	5.6%	3.9

Source: Company, AmInvestment Bank Bhd.

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 16x FY27F P/E multiple, leading to a target price of RM1.00 per share. This valuation is anchored to +1 standard deviation above the 5-year average forward P/E of the Bursa Malaysia Construction Index, reflecting JT's superior 88% forward earnings growth.

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)	16x
FY27 EPS	6.59sen
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	270.1	340.0	417.9
EBITDA	19.7	17.1	29.3	39.9	43.9
Depreciation/Amortisation	(0.8)	(0.9)	(1.0)	(1.1)	(1.2)
Operating income (EBIT)	18.9	16.2	28.3	38.8	42.7
Other income & associates	(3.7)	-	-	-	-
Net interest	(2.0)	(2.4)	(1.4)	(1.4)	(1.4)
Exceptional items	-	-	-	-	-
Pretax profit	13.2	13.7	26.9	37.4	41.3
Taxation	(3.5)	(3.7)	(6.5)	(9.0)	(9.9)
Minorities/pref dividends	-	-	-	-	-
Net profit	9.7	10.0	20.4	28.4	31.4
Core net profit	2.2	10.9	20.4	28.4	31.4

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	86.3	87.2	91.8
Stock	0.5	10.5	1.0	1.3	1.6
Trade debtors	99.2	130.9	197.1	248.1	304.9
Other current assets	14.1	-	-	-	-
Total current assets	134.4	219.8	284.4	336.6	398.3
Trade creditors	44.0	73.5	125.0	157.3	196.9
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
Total current liabilities	70.0	124.4	175.9	208.2	247.8
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	109.5	129.4	151.3
Minority interests	-	-	-	-	-
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	26.9	37.4	41.3
Depreciation/Amortisation	0.8	0.9	1.0	1.1	1.2
Net change in working capital	(34.0)	(0.8)	(5.2)	(19.0)	(17.6)
Others	(4.1)	(0.3)	(6.5)	(9.0)	(9.9)
Cash flow from operations	(24.2)	13.5	16.2	10.5	15.0
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	-	-	(6.1)	(8.5)	(9.4)
Others	(2.9)	(1.1)	-	-	-
Cash flow from financing	5.9	46.2	(6.1)	(8.5)	(9.4)
Net cash flow	(10.7)	57.1	9.0	1.0	4.5
Net cash/(debt) b/f	18.7	8.0	65.1	74.2	75.1
Net cash/(debt) c/f	8.0	65.1	74.2	75.1	79.6

Key Ratios

YE to Nov	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	11.3	52.3	38.5	25.9	22.9
EBITDA growth (%)	120.7	(13.2)	71.3	36.2	10.1
Pretax margin (%)	10.3	7.0	10.0	11.0	9.9
Net profit margin (%)	7.6	5.1	7.6	8.4	7.5
Interest cover (x)	9.5	6.7	20.6	28.3	31.1
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.