

Eita Resources Berhad (5208)

Turnaround Quarter, Cumulative Shortfall Persists

Bloomberg Ticker: EITA MK | Investment Horizon: 12 Months

Recommendation

We maintain our HOLD call with higher TP of RM0.58 (from RM0.53), with unchanged FY27F PE of 8x, which is in line with its 5 years average, to reflect better improvement in high voltage system segment.

Results Review

EITA's 9MFY26 core PATAMI of RM15.6mn came above expectations, accounting for 98% of our and consensus forecast. The positive variance due better segmental mix from manufacturing segment.

YoY, 9MFY26 revenue declined 2.7% to RM289.9mn, mainly attributable to a 15.4% contraction in High Voltage System revenue on lower Transmission Sub-Station project execution in Peninsular Malaysia, alongside a 1.7% decline in Manufacturing revenue on softer Elevator sales. However, core PATAMI rose by 25.9%, thanks to a 45.1% narrowing in the High Voltage System segment loss before tax to RM4.2mn (9MFY25 LBT: RM7.6mn).

QoQ, 3QFY26 revenue rose 11.6% to RM105.3mn, led by a 66.9% increase in Manufacturing revenue on higher Elevator and Busduct contributions and a 26.0% rise in Services revenue on stronger repair and maintenance sales. Core PATAMI rose 3x thanks to better operational efficiency as EBITDA margin rose 4ppt to 8.8% and favourable segment mix across all segments, especially as Manufacturing swung to a RM2.4mn profit before tax from a RM2.1mn loss in 2QFY26 on higher revenue, except for the High Voltage System segment, which remained in losses.

Outlook

We are cautiously optimistic on EITA into 4QFY26 and FY2027F, underpinned by (i) an expanding Manufacturing orderbook after securing the RM40.9mn Johor and RM20.5mn Indonesia busduct data centre awards, both due to complete by September 2026, (ii) a strengthening Elevator orderbook after the RM62.3mn Prasarana Work Package 1 award, which runs over 48 months and feeds FY2027F onward, and (iii) continued Elevator and Busduct project wins, with the Board cautiously optimistic on FY2026 barring unforeseen circumstances.

Our key concerns are (i) the High Voltage System segment, still loss making despite the loss before tax narrowing to RM4.2mn in 9MFY26 from RM7.6mn, with Sarawak tenders still pending, (ii) the Manufacturing segment cumulative swing to a RM1.9mn loss before tax on softer Elevator revenue and higher doubtful debt provisions, despite returning to profit in 3QFY26, (iii) an elevated 37% effective tax rate against the 24% statutory rate, driven by non-recognition of deferred tax assets on High Voltage losses, and (iv) cost pressure from the Middle East conflict and broader global uncertainties, which management flags as manageable given limited direct exposure.

Forecast

We raise our FY26F-FY28F earnings forecasts by 9%-22% to reflect a narrowing in High Voltage System segment losses and a better product mix from other segments.

Investment Risk to our Call

(i) Project-based revenue volatility, (ii) operational and execution risk, and (iii) intense competition.

HOLD ↔

Target Price: RM0.58 (0%) ↑

Current Share Price: RM0.58

Main Market
Industrial Products & Services

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Company Overview

EITA Resources Berhad is a Malaysian-based engineering company specializing in the manufacturing, installation, and maintenance of elevators and electrical systems for infrastructure and building sectors.

Stock Information

Market Cap (RM'mn)	176.6
Issued Shares (mn)	301.8
52W High (RM)	0.61
52W Low (RM)	0.45
Estimated Free Float (%)	24.8
Beta vs FBM KLCI	0.2
3-month Average Vol. (mn)	0.2
Shariah Compliant	Yes

Consensus	FY25A	FY26F	FY27F
EPS (sen)	4.6	5.2	6.0
TP (RM)	High	Mean	Low
	0.60	0.56	0.53
Ratings	Buy	Hold	Sell
	0	2	0

Category	Score	Materiality	Weighted Score
Environmental	33	25%	1.6
Social	34	35%	2.4
Governance	34	40%	2.7
Total	99	100%	6.7

Results Summary

FYE 30 Sept (RMmn)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	103.4	94.4	105.3	11.6	1.9	297.8	289.9	(2.7)
EBITDA	1.1	5.8	11.0	91.6	>100	21.1	21.8	3.3
Depreciation/Amortisation	(1.5)	(1.6)	(1.8)	13.9	17.3	(4.6)	(5.0)	8.4
EBIT	(0.5)	4.2	9.2	>100	nm	16.5	16.8	1.8
Pretax Profit	(1.2)	3.7	8.6	>100	nm	14.2	14.8	4.2
Taxation	(1.0)	(1.2)	(2.6)	111.3	144.5	(5.4)	(5.4)	1.0
PAT/LAT	(2.3)	2.5	6.0	144.7	(362.4)	8.8	9.4	6.1
MI	(1.9)	(0.1)	(1.2)	1,062.5	(35.6)	(3.6)	(2.1)	(41.4)
PATAMI/LATAMI	(0.4)	2.6	7.2	>100	nm	12.4	11.4	(7.6)
Core PATAMI/LATAMI	(0.4)	2.7	8.7	>100	nm	12.4	15.6	25.9
Margin (%)								
EBITDA	1.0	6.1	10.5			7.1	7.5	
Pretax	(1.2)	3.9	8.1			4.8	5.1	
Core PATAMI	(0.4)	2.9	8.3			4.2	5.4	
Segmental Revenue								
Marketing and Distribution	21.7	22.5	26.8	19.2	23.3	69.5	73.9	6.3
Manufacturing	41.1	30.9	51.6	66.9	25.5	123.2	121.1	(1.7)
Services	13.7	12.4	15.6	26.0	13.8	41.8	41.4	(1.0)
High Voltage System	26.8	28.7	11.4	(60.3)	(57.5)	63.3	53.6	(15.4)
Segmental Profit/Losses								
Marketing and Distribution	2.4	2.2	3.7	69.4	58.8	9.5	8.3	(12.5)
Manufacturing	(3.0)	(2.1)	2.4	(212.9)	(180.3)	0.1	(1.9)	(1,603.1)
Services	3.8	3.5	4.8	37.2	25.4	12.1	12.5	3.3
High Voltage System	(4.5)	0.1	(2.4)	(4,194.8)	(46.8)	(7.6)	(4.2)	(45.1)

Key Assumption

Revenue Growth	Actual		Before			After		
	FY24	FY25	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Manufacturing	33%	7%	6%	15%	4%	6%	20%	4%
Services	-4%	-3%	5%	5%	2%	5%	5%	2%
Marketing & distribution	39%	9%	-5%	5%	2%	-5%	5%	2%
High voltage system	34%	22%	6%	0%	0%	6%	0%	0%

Key Financial Metrics

FYE 30 Sept	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	394.7	430.6	433.1	379.1	391.1
EBITDA (RM'mn)	18.4	25.7	32.6	36.6	39.6
Pretax profit (RM'mn)	10.5	17.5	24.6	29.2	32.1
Net profit (RM'mn)	9.4	14.6	19.6	21.9	24.1
EPS (sen)	3.1	4.8	6.5	7.3	8.0
PER (x)	18.6	12.0	9.0	8.0	7.3
Core net profit (RM'mn)	9.4	14.6	19.6	21.9	24.1
Core EPS (sen)	3.1	4.8	6.5	7.3	8.0
Core EPS growth (%)	(10.4)	55.1	34.1	11.9	10.0
Core PER (x)	18.6	12.0	9.0	8.0	7.3
Net DPS (sen)	2.25	3.0	2.5	2.5	3.5
Dividend Yield (%)	3.9	5.2	4.3	4.3	6.0
ROE (%)	3.8	5.8	7.2	7.2	7.2
P/BV (x)	0.7	0.7	0.7	0.6	0.5

Financial Exhibits

Income Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	394.7	430.6	433.1	379.1	391.1
Operating expenses	(376.3)	(404.9)	(400.5)	(342.5)	(351.5)
EBITDA	18.4	25.7	32.6	36.6	39.6
Depreciation	(5.4)	(5.8)	(5.0)	(4.9)	(5.0)
EBIT	13.0	19.9	27.7	31.7	34.6
Net int income/(expense)	(2.5)	(2.5)	(3.0)	(2.5)	(2.5)
Exceptional gains / (losses)	0.0	0.0	0.0	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0
Pretax profit	10.5	17.5	24.6	29.2	32.1
Tax	(7.3)	(8.5)	(11.1)	(7.3)	(8.0)
Minority interest	6.2	5.6	6.0	0.0	0.0
PATAMI	9.4	14.6	19.6	21.9	24.1
Core PATAMI	9.4	14.6	19.6	21.9	24.1

Balance Sheet Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	44.2	42.9	43.8	44.7	46.5
Other long term assets	28.0	27.9	11.3	18.5	19.5
Total non-current assets	72.3	70.9	55.2	63.2	66.0
Cash and equivalents	68.4	65.4	89.6	104.2	121.6
Inventories	64.5	55.9	115.2	124.3	128.2
Receivables	70.7	86.3	78.0	91.0	93.9
Other current assets	127.1	134.9	109.6	101.9	111.5
Total current assets	330.6	342.6	392.5	421.3	455.2
Payables	61.4	77.5	115.2	127.1	131.1
Short term borrowings	43.9	49.1	49.1	49.1	49.1
Other current liabilities	45.6	35.3	6.4	2.0	2.0
Total current liabilities	150.9	161.9	170.7	178.2	182.2
Long term borrowings	10.7	8.9	8.9	8.9	8.9
Other long term liabilities	2.0	1.8	-	-	-
Total long term liab.	12.7	10.6	8.9	8.9	8.9
Shareholders' Funds	245.0	252.2	273.3	302.8	335.4
Minority Interest	-5.8	-11.3	-5.3	-5.3	-5.3

Cash Flow Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	10.5	17.5	24.6	29.2	32.1
Depreciation & amortisation	5.4	5.8	5.0	4.9	5.0
Working capital changes	(19.5)	(5.6)	17.8	0.1	2.8
Cash tax paid	(7.4)	(8.7)	(11.1)	(7.3)	(8.0)
Others	16.5	0.6	0.0	0.0	0.0
C/F from operation	5.5	9.5	36.4	27.0	31.9
Capex	(2.9)	(2.2)	(5.2)	(5.5)	(7.5)
Others	0.7	(1.0)	0.6	0.6	0.6
C/F from investing	(2.2)	(3.2)	(4.6)	(4.9)	(6.9)
Debt raised/(repaid)	(0.4)	(1.8)	0.0	0.0	0.0
Dividends paid	(6.4)	(7.5)	(7.5)	(7.5)	(7.5)
Others	11.2	0.1	0.0	0.0	0.0
C/F from financing	4.4	(9.3)	(7.5)	(7.5)	(7.5)
Net change in cash flow	7.7	(2.9)	24.2	14.5	17.5
Free Cash Flow	2.6	7.3	31.2	21.5	24.4



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