

Eita Resources Berhad (5208)

Awards on Tap

Bloomberg Ticker: EITA MK | Investment Horizon: 12 Months

Recommendation

We maintain our HOLD call with higher TP of RM0.53 (from RM0.50), with unchanged FY27F PE of 8x, which is in line with its 3 years average, to reflect stronger orderbook in manufacturing segment and better improvement in high voltage system segment.

Outlook

Two busduct contracts, one counterparty, both data centre-linked. Recently, EITA secured two data centre-linked busduct awards: (i) RM40.9mn in Johor and (ii) RM20.5mn in Indonesia, both recognised within FY26F. Both awards will be recognised within FY26F, and we believe they position the group to capture further orders as data centre build-out across Southeast Asia accelerates. We understand that the Indonesian project is structured in phases, with the group having secured the first. Supported by this initial award and a proven delivery track record on prior Indonesian projects, we believe EITA stands a stronger chance of winning the subsequent phases. Notably, the Indonesian award commands the better margin of the two. These projects came in above our expectations, as management had previously guided for soft demand. Accordingly, with the recent contract awards, we raise our manufacturing segment forecast by 6%.

Meanwhile, the 2QFY26 orderbook stood at RM352.9mn, of which 78% sat under manufacturing, 21.3% under the high voltage system segment, and the remainder under services. Incorporating the two new busduct awards against subsequent progress billings, we estimate the current orderbook at approximately RM320mn, which came in line with our expectation. We estimate gross margins on the busduct projects at the mid-teens level, which should help offset the softer order intake in the segment during 1H and absorb the high voltage segment's expected FY26F losses.

Growth in manufacturing segment. We are cautiously optimistic on the manufacturing elevator segment, which held an orderbook of RM191mn (local) and RM2.4mn (overseas) as at 2QFY26, providing revenue visibility of well over a year at current burn rates. The near-term pipeline continues to broaden across both public infrastructure and commercial projects. Reinforcing this, EITA accepted three Letters of Award on 21 July 2026 to supply, install, test and commission lifts across several Klang Valley developments, including a luxury residential project in the KLCC precinct, for RM12mn. With delivery spread over an estimated three years, the awards are immaterial to FY26F but feed into our FY27F earnings. We nonetheless view the wins positively, as they extend the orderbook into the higher-margin premium residential space and evidence continued private-sector traction alongside the group's public infrastructure pipeline. We understand that the group has tendered for an additional five stations under the LRT3 extension, which we estimate at a contract size of RM15mn-RM25mn. In parallel, the group has secured several PPR refurbishment packages alongside repair works at a university. Looking ahead, the ECRL project remains in abeyance pending the release of orders by the main contractor. We have not embedded any ECRL contribution into our forecasts, and view it as pure optionality to FY27F.

The high voltage segment remains the principal drag on group earnings. We maintain our FY26F loss-before-tax estimate of RM6mn, in line with management's guidance for a narrower loss than FY25, and model a higher effective tax rate of 45% (statutory: 25%) on account of the segment losses. The group has tendered for Sarawak transmission projects but has yet to secure an award; we remain cautious and continue to model the segment as loss-making through FY26F, treating any Sarawak win as upside rather than a base-case assumption.

Forecast

We raise our FY26F–FY27F earnings forecasts by 4%-7% to reflect the contribution from the new busduct awards and improved revenue visibility into FY27F.

Investment Risk to our Call

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

HOLD ↔

Target Price: RM0.53 (-2%) ↑

Current Share Price: RM0.54

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)	163.0
Issued Shares (mn)	301.8
52W High (RM)	0.60
52W Low (RM)	0.45
Estimated Free Float (%)	24.8
Beta vs FBM KLCI	0.3
3-month Average Vol. (mn)	0.2
Shariah Compliant	163.0

Consensus	FY25A	FY26F	FY27F
EPS (sen)	4.6	5.1	5.8
TP (RM)	High	Mean	Low
	0.60	0.55	0.50
Ratings	Buy	Hold	Sell
	1	1	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

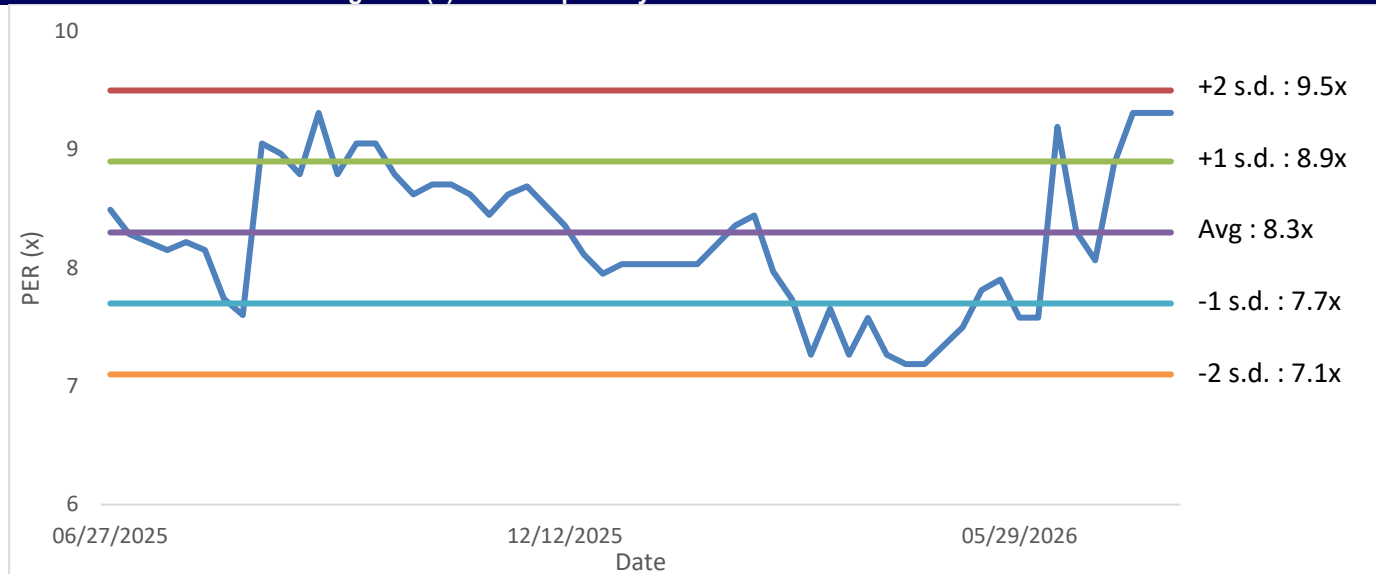
Key Assumption

Revenue Growth	Actual		Before			After		
	FY24	FY25	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Manufacturing	33%	7%	1%	5%	7%	6%	15%	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	369.8	381.5
EBITDA (RM'mn)	18.4	25.7	26.2	34.1	36.9
Pretax profit (RM'mn)	10.5	17.5	18.1	26.6	29.4
Net profit (RM'mn)	9.4	14.6	16.0	19.9	22.0
EPS (sen)	3.1	4.8	5.3	6.6	7.3
PER (x)	16.0	10.3	9.4	7.6	6.8
Core net profit (RM'mn)	9.4	14.6	16.0	19.9	22.0
Core EPS (sen)	3.1	4.8	5.3	6.6	7.3
Core EPS growth (%)	(10.4)	55.1	9.6	24.8	10.5
Core PER (x)	16.0	10.3	9.4	7.6	6.8
Net DPS (sen)	2.25	3.0	2.5	2.5	3.5
Dividend Yield (%)	4.5	6.0	5.0	5.0	7.0
ROE (%)	3.8	5.8	5.9	6.7	6.7
P/BV (x)	0.6	0.6	0.6	0.5	0.5

Eita Resources Berhad's rolling PER (x) over the past 3 years



Financial Exhibits

Income Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	394.7	430.6	433.1	369.8	381.5
Operating expenses	(376.3)	(404.9)	(407.0)	(335.8)	(344.6)
EBITDA	18.4	25.7	26.2	34.1	36.9
Depreciation	(5.4)	(5.8)	(5.0)	(4.9)	(5.0)
EBIT	13.0	19.9	21.2	29.1	31.9
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	18.1	26.6	29.4
Tax	(7.3)	(8.5)	(8.2)	(6.6)	(7.3)
Minority interest	6.2	5.6	6.0	0.0	0.0
PATAMI	9.4	14.6	16.0	19.9	22.0
Core PATAMI	9.4	14.6	16.0	19.9	22.0

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	86.1	100.8	116.3
Inventories	64.5	55.9	115.2	122.0	125.9
Receivables	70.7	86.3	78.0	88.8	91.6
Other current assets	127.1	134.9	109.6	101.9	111.5
Total current assets	330.6	342.6	388.9	413.5	445.3
Payables	61.4	77.5	115.2	124.8	128.8
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	175.9	179.9
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	269.8	297.2	327.8
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	18.1	26.6	29.4
Depreciation & amortisation	5.4	5.8	5.0	4.9	5.0
Working capital changes	(19.5)	(5.6)	17.8	2.3	2.9
Cash tax paid	(7.4)	(8.7)	(8.2)	(6.6)	(7.3)
Others	16.5	0.6	0.0	0.0	0.0
C/F from operation	5.5	9.5	32.8	27.2	30.0
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)	20.7	14.8	15.5
Free Cash Flow	2.6	7.3	27.6	21.7	22.5



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Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

IPO Note:

SUBSCRIBE: Total stock return expected to exceed +15% over 12-month period

NEUTRAL: Total stock return expected to below +15% over 12-month period