

EXSIM Hospitality Berhad

TP: RM0.54 (+44.8%)

Last Traded: 0.375

Buy (ESG: ★★★)

Let's Go, Mana-Mana!

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Executive Summary

We initiate coverage on EXSIM Hospitality (EH), a prominent player in the interior design and fit out and hospitality segments in Malaysia, with a **BUY** recommendation and a target price RM0.54/share.

Investment Merits

1. Strategic beneficiary of the EXSIM Group's expansive development pipeline,
2. Hybrid hospitality strategy, and
3. Future value unlock via hospitality REIT.

Earnings Forecasts

We project a strong core earnings growth of 49.9%/38.4%/38.0% for FY26/27/28, respectively. This remarkable earnings growth is largely based on the following key assumptions:

- New orderbook replenishment assumptions of RM250mn/RM300mn/RM300mn for FY26/27/28F;
- A robust outstanding orderbook of RM204mn as of end-June 2025; and
- Total 3,560 units of hospitality inventory to be materialised gradually across next five years.

Valuation

We derive a **target price of RM0.54** for EH, based on a sum-of-parts (SOP) valuation, after attaching a PER of 18x and 15x on CY26 earnings of its hospitality management and operations business, and interior fit-out division, respectively. The respective multiples are about 20% discount to selected multinational peers and 1x multiple discount to our target PER for Kerjaya Prospek Group and Binastra due the company's relative scale and market positioning. We initiate coverage on EH with a **Buy** recommendation.

Table 1: Earnings Summary (RMmn)

FYE Jun (RMmn)	2024	2025	2026F	2027F	2028F
Revenue	5.7	146.5	272.9	388.3	460.1
Gross profit	2.5	36.7	68.4	97.4	115.4
EBITDA	(1.8)	29.2	42.2	56.4	75.6
EBITDA margin (%)	(32.4)	19.9	15.5	14.5	16.4
EBIT	(3.4)	27.6	40.5	54.2	72.9
PBT	(13.5)	26.0	35.6	49.3	68.1
PAT	(13.3)	18.0	27.1	37.5	51.8
Core net profit	(4.0)	18.1	27.1	37.5	51.8
Core EPS (sen)	(0.4)	1.9	2.9	4.0	5.6
PER (x)	N.M.	19.3	12.9	9.3	6.7
Gross dividend (sen)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	(11.5)	48.8	45.5	40.8	37.9

Source: TA Research

Share Information

Bloomberg Code	EXSIMHB MK
Bursa	EXSIMHB
Stock Code	1287
Listing	Main Market
Share Cap (mn)	929
Market Cap (RMmn)	334.4
52-wk Hi/Lo (RM)	0.39/0.315
12-mth Avg Daily Vol ('000 shrs)	328.3
Estimated Free Float (%)	19.3
Beta	0.73

Major Shareholders (%)

Lim Brothers - 70.5%

Forecast Revision

	FY26	FY27
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	27.1	37.5
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	-	-

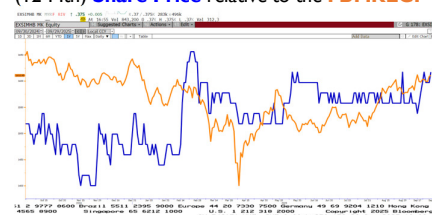
Financial Indicators

	FY26	FY27
Net Debt / Equity (%)	Net Cash	Net Cash
CFPS (sen)	11.3	2.9
Price / CFPS (x)	3.3	12.7
ROA (%)	14.8	16.9
NTA/Share (sen)	7.9	11.9
Price/NTA (x)	4.8	3.1

Share Performance (%)

Price Change	EXSIMHB	FBM KLCI
1 mth	0.0	2.3
3 mth	2.7	5.4
6 mth	2.3	6.4
12 mth	7.1	(2.3)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

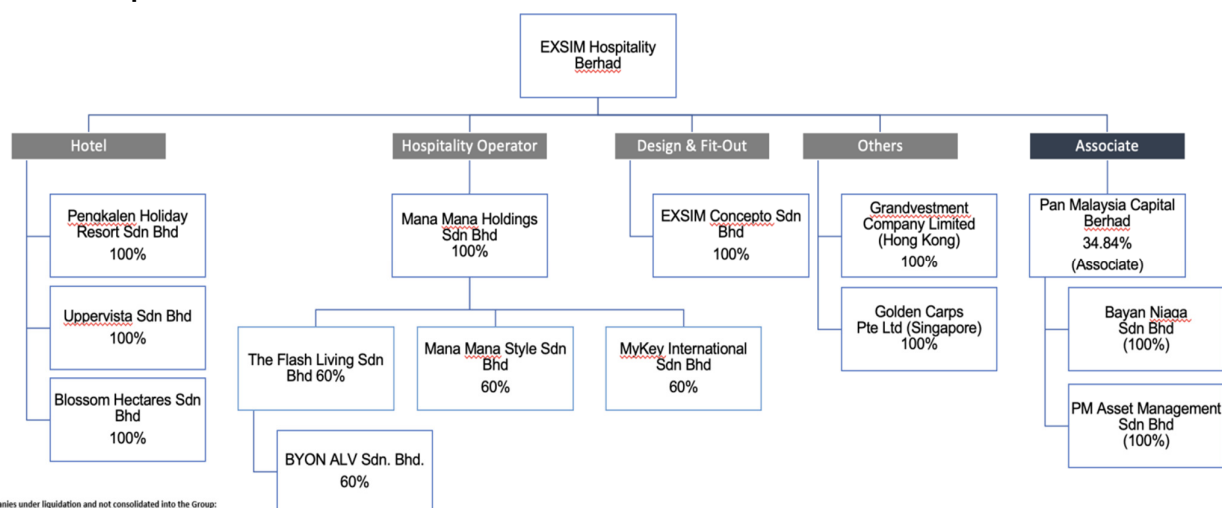
Business Overview

EXSIM Hospitality Bhd (EH) is an investment holding company with operations spanning three core pillars: (i) own-and-operate hospitality, (ii) hospitality management and operation, and (iii) interior design and fit-out works. Listed in 1987 (formerly known as Pan Malaysia Holdings Bhd), the group's historical focus centred on the ownership and operation of hospitality properties. Its flagship asset, Corus Paradise Resort, is a 200-room beachfront hotel in Port Dickson.

In 2024, EH underwent a strategic transformation via an acquisition by EXSIM Hospitality Holdings Sdn Bhd (EHHSB). This marked a pivotal shift in business direction, diversifying into property management, hospitality operations, and expanding into a high-margin interior fit-out construction segment. The move also strengthened its positioning within the broader hospitality ecosystem, aligning with the growth momentum of Malaysia's tourism and property markets.

Notably, EH serves as a strategic proxy to EXSIM Development Sdn Bhd ("EXSIM Group"), a prominent and award-winning property developer known for its eco-centric high-rise and mixed-use projects. This linkage stems from common shareholders, Mr. Lim Aik Hoe, Mr. Lim Aik Kiat and Mr. Lim Aik Fu (Lim Brothers), founders of the EXSIM Group and substantial shareholders of EHHSB. This is expected to bring potential synergy and a visible pipeline of fit-out work contracts and hospitality assets into EH's portfolio.

Exhibit I: Corporate Structure



Source: Company, TA Research

Remarks: The above excludes the companies under liquidation.

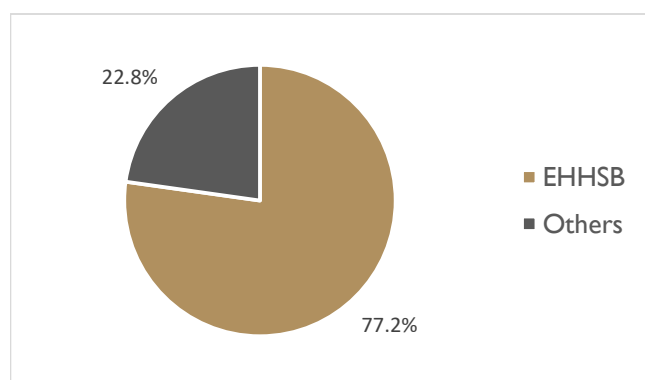
(i) Own-and-operate hospitality

Refurbishing Corus Paradise Resorts. While broadening its footprint in the hospitality sector, EH has been recalibrating its strategy to not only expand its hospitality asset portfolio but also unlock embedded asset value through targeted initiatives. A flagship undertaking is the temporary closure of Corus Paradise Resort (Corus) in early-2025 for a comprehensive refurbishment, aimed at repositioning it as a premier four-star beachfront resort in Port Dickson. Scheduled for **reopening by end-3QCY26**, the upgraded property will offer enhanced facilities and elevated guest experiences, consistent with the group's aspiration to raise its hospitality benchmarks. This strategic reinvestment is intended to harness the resilient tourism demand in Malaysia, leveraging Port Dickson's strong domestic appeal and advantageous location near Kuala Lumpur and Kuala Lumpur International Airport (KLIA), a prime feeder market for both leisure and corporate travellers. Following an overhaul on the facilities and

facades that totalling RM120.7mn, the management is targeting a minimum occupancy rate of 60% with a starting room rate of c.RM270 before stretching to approximately 70% in the following years, underpinned by the resort's improved market positioning and strategic location.

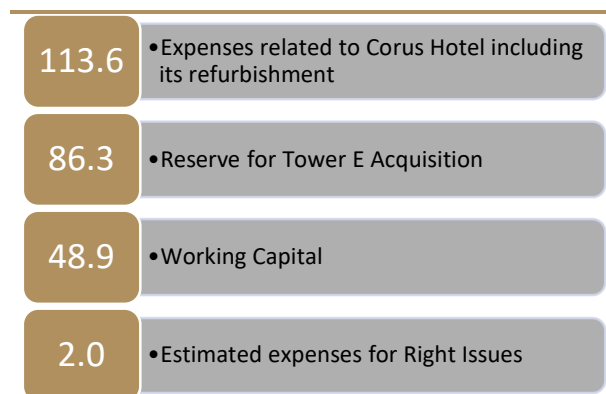
Acquiring Tower E Hotel for RM240mn. In tandem with the asset enhancement strategy, the group is poised to acquire Tower E hotel (Tower E), a 294-room five-star city hotel located within Empire City, Damansara, for approximately RM240.3mn. We deem this acquisition as a related-party transaction, given that the vendor, Arcadia Hospitality Sdn Bhd, is partially owned by Lim Brothers. The acquisition will be financed in part through EH's proposed rights issue with warrants, targeting proceeds of up to RM250.8mn. To ensure funding certainty, EH has **secured irrevocable and unconditional undertakings** from 7 major shareholders, including EHHSB, to subscribe in full for their entitlements and to take up any unsubscribed rights shares from minority shareholders (Exhibit 2 & 3). This robust shareholder commitment significantly de-risks the capital-raising exercise and reinforces confidence in the group's long-term growth trajectory. To note, the proposed rights issue is expected to be finalised by the end of Nov-25.

Exhibit 2: Rights Issues to be Subscribed Under the Undertaking



Source: Company, TA Research

Exhibit 3: Utilisation of Rights Proceeds (RM mn)



Source: Company, TA Research

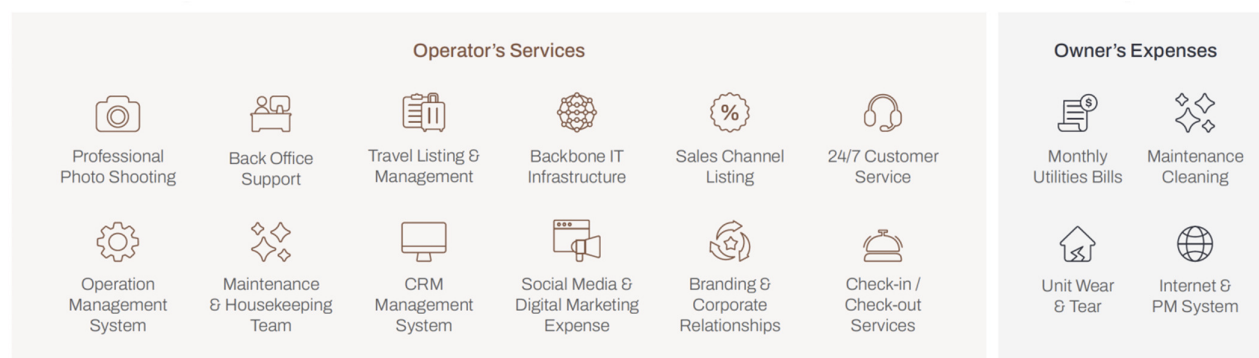
While waiting for maiden contributions from Corus and Tower E, which are expected to begin from FY27 onwards, the key earnings visibility will hinge on short-term rental and interior fit-out work segments in the foreseeable future.

ii) Hospitality management and operation

Growing "Mana Mana" Brand. The hospitality management and operations arm of EH operates on an **asset-light model**, providing the agility to scale operations while preserving positive cash flow. This approach requires minimal capital outlay, allowing the group to expand its footprint rapidly in the short-term rental sub-segment via its wholly owned subsidiary, Mana Mana Holdings (Mana Mana). As of end-June 2025, Mana Mana has 1,002 keys under management. Of these, 269 keys are from en-bloc properties such as hotels, glamping sites and homestays. Due to its proven track records in managing individual properties, Mana Mana has obtained tremendous interests and contracts from en-bloc property owners to manage their properties. For instance, on 6 August 2025, Mana Mana accepted a letter of offer from AmFIRST Real Estate Investment Trust for the appointment as the hotel operator and project manager for the proposed refurbishment and rebranding works of The Summit Hotel Subang USJ.

Decent yield to asset owners. The short-term rental division operates on a profit-sharing structure, aligning incentives between asset owners and the operator to deliver decent yields of around 6% for owners and sustainable returns for EH, while avoiding the fixed rental obligations that typically weigh on operators. The occupancy rate has been hovering at a robust 80–90% annually, reflecting both healthy demand and effective management. After stripping off the operational costs, we estimate each key would be able to generate free cash flow of RM100-150 per month, or approximately 15% EBIT margin, underscoring the segment's earnings scalability. Leveraging strong relationships with developers, the group has secured a pipeline **exceeding 3,000 keys** slated to be operational over the next five years. Although earnings contribution from this division is currently negligible, we expect it to be the main engine of growth from 2HFY26 onwards, supported by the growing scale of operational units.

Exhibit 4: Business Modus Operandi



Source: Company, TA Research

Exhibit 5: Footprint Expansion	Exhibit 6: List of Property Under Management	
		
		
		
		
		Canal181 Homestay https://www.facebook.com/KotaBharu181/

Source: Company, TA Research

iii) Interior fit-out works

Current profit driver. Following the completion of the acquisition by EHHSB, EH diversified into the interior and façade fit-out business under the “EXSIM Concepto” brand. Positioned as a full-service provider, the division delivers end-to-end solutions encompassing material procurement, design, and build execution. The key earnings driver, the fit-out segment, benefits from relatively **short project cycles, typically 9 to 12 months**, allowing for fast revenue recognition and cash conversion, and minimising risks in association with building

material cost fluctuations. This short contract duration provides visibility and sustainability for earnings growth over the next three to four years, supported by a healthy pipeline of both internal contracts from EXSIM Group and external jobs from third-party clients. To note, EH's total **orderbook stood at approximately RM204mn** as of end-June 2025 while YTD total new job wins amounted to RM344.9mn (Exhibit 7).

Exhibit 7: YTD Secured New Jobs

Date of award	Awarding party	Contract sum (RM'mn)
14-Oct-24	Discovery Media SB	47.4
18-Oct-24	Totalbuildz SB	60.0
13-Dec-24	Intim Reno SB	21.0
21-Feb-25	Taghill Projects SB	13.0
21-Feb-25	EXSIM Waterfront SB - EXSIM Group	3.0
03-Mar-25	EXSIM Lumba Kuda SB - EXSIM Group	8.5
03-Mar-25	Uni Land SB - EXSIM Group	100.0
03-Mar-25	Mightyprop SB - EXSIM Group	0.7
03-Mar-25	EXSIM MX4 SB - EXSIM Group	6.1
03-Mar-25	EXSIM Development SB - EXSIM Group	12.6
04-Apr-25	EXSIM Kebun Teh - EXSIM Group	1.1
30-Apr-25	EXSIM Jalil Link - EXSIM Group	4.5
02-May-25	Nestcon Builders SB	17.2
30-May-25	Totalbuildz SB	46.0
09-Jun-25	Mana Mana Holding SB	3.2
25-Jun-25	Mightyprop SB - EXSIM Group	0.6
Total		344.9

Source: Company, TA Research

Investment Merits

1) Ride Alongside EXSIM Group's Expansive Development Pipeline

As the dedicated hospitality and interior fit-out construction arm of the EXSIM Group, EH's growth trajectory is intrinsically aligned with its parent's business direction. This relationship provides the group with both a visible pipeline and a competitive advantage, underpinned by recurring related-party opportunities and synergistic project execution.

Based on our channel checks, we estimate the EXSIM Group's undeveloped gross development value (GDV) stands at more than RM30bn, to be rolled out over the next decade across key markets in Peninsular Malaysia and East Malaysia. The planned developments comprise a mix of high-rise residential, integrated mixed-use, and hospitality-oriented projects that directly feed into EH's two core divisions.

On the hospitality front, this robust pipeline positions EH to expand its portfolio aggressively, with management **targeting 10,000 keys within the next five years**. This will be driven by the completion and handover of ongoing developments currently in the construction phase, many of which are embedded with hospitality components to be managed by the group under its asset-light model.

From an interior fit-out work perspective, the opportunity is equally compelling. Interior turnkey works typically account for 15–20% of the overall construction costs, and construction costs represent approximately 55% of the GDV. Applying these benchmarks, the EXSIM Group's RM30bn over undeveloped GDV would provide estimated RM2.5bn-3.3bn worth of fit-out work opportunities. Given EH's unique positioning and track record, we believe it is

the natural front-runner to secure at least 80% of these contracts (Exhibit 7), equating to a cumulative pipeline of c.RM2.4bn over the development horizon. This supports management's target of **winning RM300mn new fit-out jobs annually**, providing a stable and visible revenue stream in the medium term.

By anchoring itself as the preferred execution partner for the EXSIM Group's ambitious rollout, EH enjoys a dual advantage—secured project visibility and operational synergy—both of which position the company to deliver sustained growth across its hospitality and fit-out segments.

2) Hybrid Hospitality Strategy

EH adopts a hybrid hospitality strategy, i.e., 1) asset ownership with third-party professional operations to mitigate execution risk, and 2) asset-light short term rental model managed by Mana Mana. The group currently owns Corus and in the process of acquiring Tower E at Empire City Damansara, both of which are being repositioned as flagship contributors for its long-term earnings base.

- (a) *Corus Paradise Hotel* — Inherited from the pre-acquisition structure, this beachfront resort has been closed since 2024 for a comprehensive RM120.7mn refurbishment. Targeted for reopening in 2H2026, it will be repositioned as a premier 4-star destination to capture Port Dickson's resilient domestic and inbound tourism demand, underpinned by proximity to Kuala Lumpur and KLIA. At maturity (3–4 years post-refurbishment), the hotel is expected to generate free cashflow of RM4,300 per room with low-teens EBIT margins.
- (b) *Tower E, Empire City Damansara* — Acquired for RM240.3mn (partly funded via rights issue), the asset is targeted for completion by end-2026. Upon maturity, it is projected to deliver free cashflow of RM5,500 per room with high-teens EBIT margins, supported by its larger-than-average room sizes and metropolitan catchment

Both hotels are intended to be operated under international franchise agreements with negotiations currently underway to leverage established brand equity, proven operational models, and global loyalty programmes. This approach accelerates market penetration and underpins stronger long-term asset yields, while preserving the flexibility for EH to operate under its own brand in the future if it meets international standards.

In parallel, Mana Mana has secured 1,002 hospitality-oriented units under its hospitality management portfolio, expected to generate free cash flow of RM100–150 per key per month or c.15% EBIT margins. This provides an annuity-like income stream that complements the group's asset ownership strategy.

Taken together, the dual focus on premium asset curation and brand-led operational excellence not only strengthens recurring income visibility but also lays the foundation for capital recycling via a future REIT platform, a strategic catalyst underpinning our third investment merit.

3) Future Value Unlock via Hospitality REIT

EH has indicated its intention to spin off its hospitality portfolio into a real estate investment trust (REIT) during an interview with The Edge, although no specific timeline was disclosed. Based on our channel checks, we do not rule out the possibility that this could materialise within the next five years, subject to market conditions and operational maturity. While the initial cornerstone assets are expected to include Corus and Tower E Hotel at Empire City Damansara, the

REIT pipeline is likely to be further strengthened by future acquisitions of hospitality assets. This broader asset pool will diversify income streams, enhance scale, and improve portfolio resilience.

By structuring the REIT around high-quality, international-branded hotels, EH can:

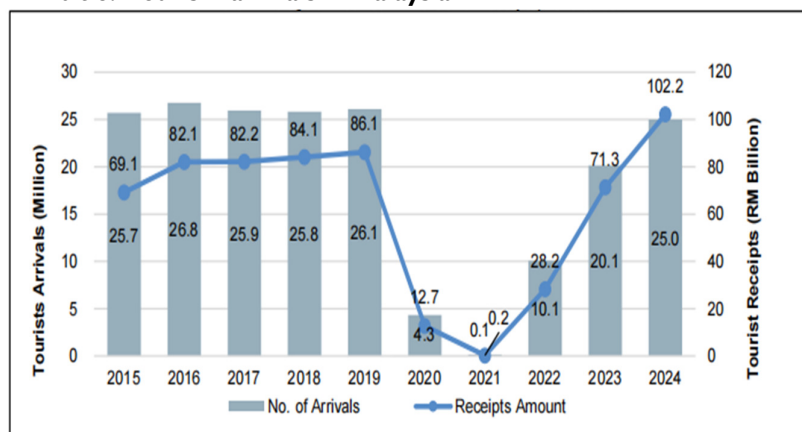
- Unlock embedded asset value through capital recycling, redeploying funds into new growth opportunities or balance sheet optimisation;
- Create a steady and predictable dividend stream backed by professionally managed, income-generating assets;
- Improve transparency and attract yield-focused institutional investors via an institutional-grade asset platform;
- Establish a scalable structure for continuous portfolio growth, enabling the REIT to evolve into a leading hospitality-focused listed vehicle in Malaysia.

The group's REIT ambition would ensure that properties achieve operational excellence and command premium valuations upon REIT injection. Importantly, the scarcity of hospitality-specific REITs in Malaysia and the limited presence of international hotel operators in key markets like Port Dickson present a unique first-mover advantage. This REIT strategy offers a clear asset incubation-to-monetisation pathway, positioning EH for a potential long-term re-rating and sustained shareholder value creation.

Industry Outlook

As far as the tourism sector outlook is concerned, the influx of foreign visitors in Malaysia this year reaffirms our positive stance on EH, who will be one of the main beneficiaries. Last year, Malaysia welcomed 25mn foreign visitors, generating total tourist receipts of RM102mn (Exhibit 8). The impressive performance set a strong foundation for continued growth in the following year. The latest data from May 2025 indicates that Malaysia recorded 16.9mn international tourist arrivals within the first five months, marking a 20.4% increase from the same period last year. This uptrend is expected to persist throughout 2H25 and extend into 2026 on the back of 1) ASEAN Summit 2025 which is held in Malaysia; 2) Visit Malaysia Year 2026; and 3) visa-free relaxation. Based on official forecasts, Malaysia targets to attract 31mn visitors in 2025 and 47mn in 2026.

Exhibit 8: Tourism arrivals in Malaysia

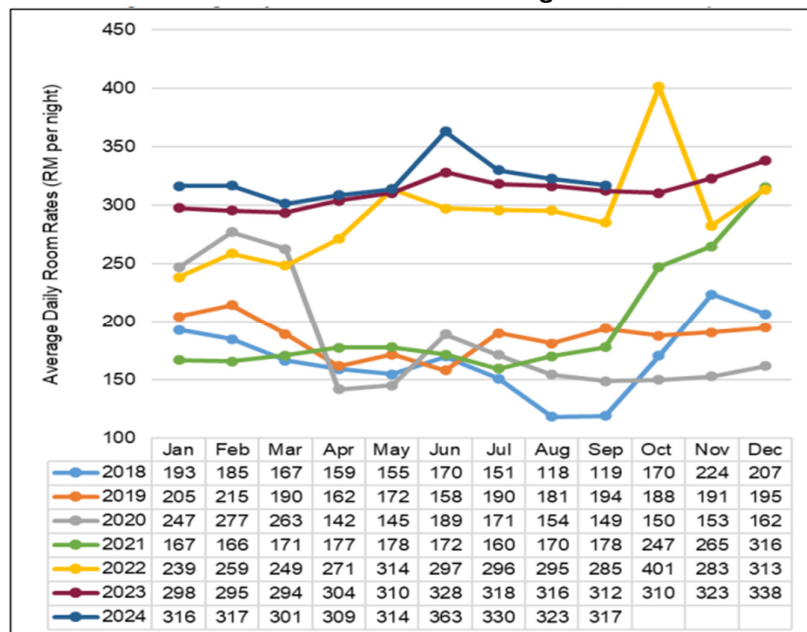


Source: Tourism Malaysia/ Knight Frank

The proliferation of foreign tourists in Malaysia post pandemic has made way for a recovery in average daily room rate (ADR) for 4- and 5-star hotels in Selangor.

In 2021, the ADR recovered steadily to RM316/night in December from RM167/night in January. Then, the reopening of international borders on 1 April 2022 marked the significant turning point, hastening the ADR recovery process to RM239-401/night alongside pent-up demand. The travel optimism continued into 2023 and 9M24 and boosted the ADR further to RM294-339/night and RM301-363/night, respectively (Exhibit 9).

Exhibit 9: ADR of 4- and 5-star hotels in Selangor

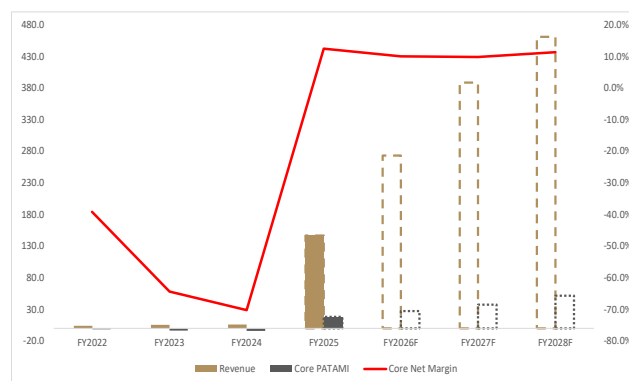


Source: Tourism Malaysia/ Knight Frank

All in all, we believe the tourism sector in Malaysia would remain buoyant in 2026 and this would bode well for the total room night sold and ADR strengthening. The reopening of Corus in 2026, completion of Tower E construction and acquisition, and the increase in room capacity of managed properties to estimated 3,438 keys, would put EH at the forefront to reap these benefits.

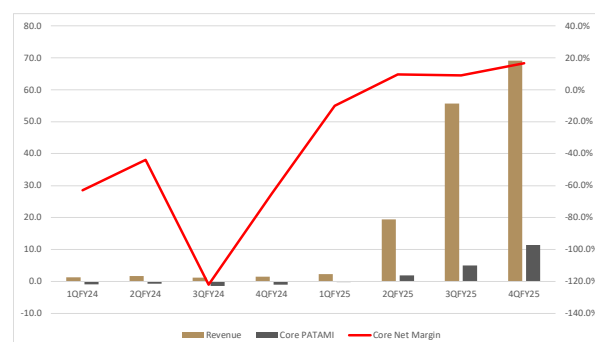
FINANCIAL HIGHLIGHTS

Exhibit 10: Financial Performances (RM mn)



Source: Company, TA Research

Exhibit 11: Quarterly Result Trend (RM mn)



Source: Company, TA Research

Post acquisition by EHSB, EH's earnings momentum was visible following the completion of diversification into interior fit-out works in 2QFY25 (Exhibit 9). As such, YoY earnings comparisons are not reflective of the underlying

trajectory, given that contributions from the new segment only commenced in 2QFY25, while the Corus remained closed for refurbishment in FY25-26. Nevertheless, the group's YTD contract wins in the interior fit-out segment, totalling RM344.9mn have been instrumental in reversing its performance from net loss to profitability. Note that the quarterly core profit has been improving markedly from a net loss of RM0.2mn in 1QFY25 to core profits of RM1.9mn in 2QFY25, RM5.1mn in 3QFY25 and RM11.4mn in 4QFY25 (Exhibit 11), underscoring the earnings accretion potential of the newly diversified business model while waiting for the hospitality division to bear fruits.

Earnings Forecasts

Looking ahead, we project a strong YoY revenue growth from RM147mn in FY25 to RM273mn/RM388mn/RM460mn for FY26/27/28mn, respectively. This topline expansion is expected to drive a substantial core earnings growth of 49.9%/38.4%/38.0% to RM27.1mn/RM37.5mn/RM51.8mn for FY26/27/28, respectively.

This remarkable earnings growth is largely based on the following key assumptions:

- New orderbook replenishment assumptions of RM250mn/RM300mn/RM300mn for FY26/27/28F;
- A robust outstanding orderbook of RM204mn as of end-June 2025; and
- Total 3,560 units of hospitality inventory to be materialised gradually across next five years.

Balance Sheet

Based on EH's 4QFY25 results, the group recorded a net gearing ratio of 1.3x as at end-June 2025. We note, however, that this ratio was skewed by a low equity base as accumulated losses substantially eroded the total shareholders' funds. We expect the proposed RM250.8mn rights issue with free warrants, alongside sustained earnings contributions to progressively boost the shareholders' funds, thereby de-gearing the balance sheet over time. Having said that, we have not factored in the proposed rights issue in our forecast, pending completion and fulfilment of conditions precedent. Assuming the rights issue is fixed at 13.5sen/share (~10% discount) on the basis on 2 rights shares for every share held, the group's net gearing will improve to 0.6x after: 1) the completion of rights issue, 2) fully utilise the rights proceeds for intended purposes (Exhibit 3), and 3) drawdown of RM154mn borrowings for the acquisition of Tower E. Our estimated FY26 EPS of 2.9sen will be diluted to 1.0sen and the share price will be adjusted to RM0.215 (from RM0.375). Based on the adjustment factor of 0.57x, our target price of RM0.54 will also be reduced to RM0.31.

Dividend Policy

EH does not have a consistent dividend policy currently, primarily due to insufficient capital reserves. Looking ahead, we view profit retention as a prudent strategy to restore book value by reducing accumulated losses, while simultaneously preserving cash to fund future expansion. This approach is particularly relevant given the capital requirements for potential asset acquisitions, which are integral to sustaining growth momentum.

ESG Performance

EH recognises the importance of integrating sustainability and responsible governance in its business strategy. As such, the group is in the midst of outlining and implementing a sustainability roadmap, which will include approaches to data collection, monitoring and KPIs. It will adhere to high standards of sustainability initiatives and reporting under the leadership of the board, as guided by the listing

requirements of Bursa Malaysia with reference to the Global Reporting Initiative standards.

Post the refurbishment and re-opening of the Corus, the beachside resort will adopt the following initiatives:

Environmental Initiatives

1. Marine & Beach Conservation

- Organize regular beach clean-ups and invite guests to participate.

2. Green Energy & Carbon Reduction

- EV charging stations on-site.
- Implement energy-efficient lighting, smart AC controls, and motion sensors to reduce consumption.

3. Zero-Waste & Circular Economy

- Ban single-use plastics: replace plastic bottles with glass bottles, provide refillable amenities.
- Compost food waste to support landscaping or local farmers.
- Source locally to cut transportation emissions

4. Sustainable Supply Chain

- Evaluate suppliers based on ESG standards and prioritize partnerships with sustainable vendors.

We also understand that the renovation works for Tower E are designed to minimise the carbon footprint including energy saving practices and water conservation.

1. Improved energy efficiency in the Tower E building design through methods below:

- Installation of high efficacy lighting
- Mechanical ventilation in common areas
- Air cooled chilled water plant

2. Efficient use of water in Tower E building design through usage of rainwater for irrigation landscape podium and drought tolerant plants that require minimal irrigation.

Social initiatives

The practice of “Employees First” ensures worker safety, welfare and worker upskilling are always at the forefront of company agendas. In FY25, the group has implemented the following practices:

1. Employee Training & Development
2. Occupational Safety and Health Administration (“OSHA”) Compliance & Safety Training
3. Quarterly Employee Gatherings
4. Medical Benefits and Insurance Coverage
5. CSR Events for Kindness & Health Awareness

Governance initiatives

EH places significant emphasis on the principle of board independence as a cornerstone of sound corporate governance. This approach is particularly notable given the company’s ownership structure and its business relationships. In EH, Lim Brothers are holding a controlling stake of 70.5% and they do not have any direct board representation. This deliberate separation is a crucial

governance measure, which helps to mitigate potential conflicts of interest, considering that EH's business operations are closely linked to its sister company, Exsim Development Sdn Bhd, which is under the control of the Lim Brothers.

In addition, EH appointed 2 independent non-executive directors in 2024, Ms. Yong Hui Nee and Ms. Liu Phit Jang, to provide unbiased oversight, strategic guidance and to safeguard the interests of all shareholders. However, there are concerns regarding the current size of EH's board, which consists of only five directors. This relatively small board size may potentially lead to greater director workload, lack of diversity in skills and experiences for efficient decision-making.

Using TA's ESG performance rating methodology, which is based on 35 ESG assessment criteria, we have assigned a 3★ rating to EH after taking into consideration the company's effort in reducing its carbon footprint, safeguarding employees' well-being mentally and physically and strengthening its board independence.

Recommendation

We derive a target price of **RM0.54** for EH, based on a sum-of-parts (SOP) valuation. Given the absence of direct domestic comparables for its hospitality management and operations segment, we benchmark the company against selected multinational peers, applying about 20% discount to the peers' average CY26 PER to reflect EH's smaller market share and operational scale.

For the design and fit-out division, we ascribe a target PER of 15x, representing 1x multiple discount to our 16x target PER for Kerjaya Prospek Group and Binastra Corporation, in view of relative scale and market positioning. Notwithstanding EH' inferior market capitalisation, we believe EH is well within the range, supported by:

- (i) A similar target clientele base, comparable operational profile, and healthy net margins;
- (ii) A robust and resilient order book growth trajectory; and
- (iii) Strong earnings growth momentum.

While EH does not have a formal dividend policy, we believe the above factors outweigh the absence of immediate dividend payouts, positioning EH as an attractive investment proposition. With a potential upside of 44.8%, we initiate coverage on EH with a **Buy** recommendation.

Exhibit 12: SOP Valuation

Segment	Valuation	Segment Value (RM mn)
Hospitality	18x CY26 earnings	111.03
Fit-out	15x CY26 earnings	391.85
Equity value (RM)		502.88
Numbers of shares (mn)		928.867
Target price (RM)		0.54

Exhibit 13: Peer Comparison - Hospitality Management and Operation

Company	Share price	TP	ESG	Recom.	EPS growth (%)			PER (x)			Dividend yield (x)			ROE (%)		
	(LC)	(LC)			CY25	CY26	CY27	CY25	CY26	CY27	CY25	CY26	CY27	CY25	CY26	CY27
Hospitality (US)																
Airbnb Inc.	123.7	NR	NR	NR	4.4	12.8	15.5	30.1	28.8	25.6	0.0	0.0	0.0	28.9	30.0	28.2
Expedia Group Inc.	222.87	NR	NR	NR	18.4	18.1	18.3	18.4	15.5	13.2	0.7	0.7	0.8	80.2	85.8	87.2
Booking Holdings Inc.	5548	NR	NR	NR	18.9	15.7	15.5	29.7	24.9	21.6	0.7	0.7	0.8	nm	nm	nm
Average					13.9	15.5	16.4	26.1	23.1	20.1	0.5	0.5	0.5	54.5	57.9	57.7
Construction (MY)																
Kerjaya Prospek Group	2.43	3.02	★★★★	Buy	13.4	16.1	16.4	15.4	13.3	11.4	4.9	5.8	6.2	17.1	19.0	20.9
Binastra	2.29	2.53	★★★★	Buy	49.5	33.8	37.2	19.4	14.5	10.6	1.6	2.1	2.8	40.9	40.3	41.4
Average					31.5	24.9	26.8	17.4	13.9	11.0	3.3	3.9	4.5	29.0	29.7	31.2
VS																
Exsim Hospitality	0.375	0.54	★★★★	Buy	221.0	43.0	38.2	15.4	10.8	7.8	0.0	0.0	0.0	45.5	40.8	37.9

Exhibit 14: Financial Summary
Profit & Loss (RMmn)

YE Jun 30	2024	2025	2026F	2027F	2028F
Revenue	5.7	146.5	272.9	388.3	460.1
EBITDA	(1.8)	29.2	42.2	56.4	75.6
Dep. & amortisation	(1.6)	(1.6)	(1.8)	(2.2)	(2.6)
Net finance cost	(0.7)	(1.9)	(4.8)	(4.8)	(4.8)
PBT	(13.5)	26.0	35.6	49.3	68.1
Taxation	0.2	(7.9)	(8.6)	(11.8)	(16.3)
MI	0.0	(0.0)	0.0	0.0	0.0
Net profit	(13.3)	18.0	27.1	37.5	51.8
Core net profit	(4.0)	18.1	27.1	37.5	51.8
Core EPS (sen)	(0.4)	1.9	2.9	4.0	5.6
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Div Yield (%)	0.0	0.0	0.0	0.0	0.0

Cash Flow (RMmn)

YE Jun 30	2024	2025	2026F	2027F	2028F
PBT	(13.5)	26.0	35.6	49.3	68.1
Changes in WC	(0.6)	(87.9)	86.2	(2.4)	(1.5)
Others	11.8	3.6	(1.9)	(4.8)	(8.9)
Operational cash flow	(2.4)	(58.4)	119.9	42.1	57.7
Capex	(0.1)	(0.8)	(10.0)	(10.0)	(10.0)
Others	4.2	10.2	0.0	0.0	0.0
Investment cash flow	4.1	9.4	(10.0)	(10.0)	(10.0)
Debt raised/(repaid)	(0.7)	53.2	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0
Others	(0.7)	(0.6)	(4.8)	(4.8)	(4.8)
Financial cash flow	(1.4)	52.6	(4.8)	(4.8)	(4.8)
Chg in cash	0.4	3.6	105.0	27.3	42.9
Beginning cash	0.1	0.5	7.0	112.1	139.4
Ending cash	0.5	7.0	112.1	139.4	182.3

Assumptions (RM mn)

YE Jun 30	2024	2025	2026F	2027F	2028F
New job wins	na	344.9	250.0	300.0	300.0

Balance Sheet (RMmn)

YE Jun 30	2024	2025	2026F	2027F	2028F
Fixed assets	30.6	29.7	37.9	45.7	53.0
Others	3.9	3.8	3.8	3.8	3.8
NCA	34.5	33.5	41.7	49.5	56.9
Cash and cash equivalent	0.5	7.0	112.1	139.4	182.3
Others	18.2	130.7	41.9	60.1	71.5
CA	18.6	137.8	154.0	199.5	253.8
Total assets	53.1	171.3	195.7	249.0	310.6
ST borrowings	1.3	56.9	56.9	56.9	56.9
Other liabilities	7.5	53.4	50.8	66.6	76.5
CL	8.8	110.3	107.7	123.5	133.3
Shareholders' funds	28.0	46.0	73.1	110.6	162.4
MI	0.0	0.1	0.1	0.1	0.1
LT borrowings	12.5	11.2	11.2	11.2	11.2
Other LT liabilities	3.8	3.7	3.7	3.7	3.7
Total Equity & Liabilit	53.1	171.3	195.7	249.0	310.6

Ratio

YE Jun 30	2024	2025	2026F	2027F	2028F
EBITDA Margins (%)	(32.4)	19.9	15.5	14.5	16.4
Core EPS (sen)	(0.4)	1.9	2.9	4.0	5.6
EPS Growth (%)	0.2	(5.5)	0.5	0.4	0.4
PER (x)	(85.9)	19.0	12.7	9.2	6.6
GDPS (sen)	0.0	0.0	0.0	0.0	0.0
Div Yield (%)	0.0	0.0	0.0	0.0	0.0
Net cash (RMmn)	(13.3)	(61.0)	44.0	71.4	114.3
Net gearing (%)	47.6	132.5	Net Cash	Net Cash	Net Cash
ROE (%)	(11.5)	48.8	45.5	40.8	37.9
ROA (%)	(6.6)	16.1	14.8	16.9	18.5
NTA/share (sen)	3.0	5.0	7.9	11.9	17.5
P/NTA(x)	12.3	7.5	4.7	3.1	2.1

Source: TA Research

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.

HOLD : Total return of the stock is within the range of 7% to 12%.

SELL : Total return of the stock is lower than 7%.

Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★★	★★★	★★★
Remark	The Corus and Tower E are designed to comply with green building requirement, which include energy saving, land saving, water saving and material saving.	Emphasising on “Employee First” ensures worker safety, welfares and worker upskilling will always be EH's core values	The controlling shareholders do not have any direct influence on board decisions. However, the board size is relatively small for efficient decision makings.	

★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions. +5% premium to target price

★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions. +3% premium to target price

★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions. No changes to target price

★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient. -3% discount to target price

★ (<20%) : Minimal or no integration of ESG factors in operations and management. -5% discount to target price

Disclaimer

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As of Tuesday, September 30, 2025, the analyst, Tan Kam Meng, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

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