Sunview Group Berhad

(0262 | SUNVIEW MK) ACE | Industrial Products & Services

Awaiting Shinier Quarters

***Maintain* BUY**

***Revised* Target Price: RM0.64**

(Previously RM0.75)

KEY INVESTMENT HIGHLIGHTS

- **2QFY25 revenue core earnings grew +10.2%yoy to RM1.8m; 1HFY25 core earnings slipped -15.1%yoy to RM3.2m**
- **Outstanding order book of RM244.6m providing earnings visibility for FY25**
- **Involvement in 600MW solar plants development in Uzbekistan may be progressing forward**
- **Maintain BUY with a revised TP of RM0.64**

Below expectations. Sunview Group posted a +10.2%yoy growth in its core earnings to RM1.8m, despite a weaker revenue of -75.3%yoy to RM50.4m in 2QFY25. Similar to the previous quarter, this was mainly from the group's focus on the installation of large scale solar (LSS). The significant revenue recognised in previous quarters was due to the recognition of revenue upon delivery of solar modules. For the cumulative 6MFY25, core earnings dropped -15.1%yoy to RM3.2m, coming in below expectations at 20.9% of ours and 25.5% of consensus estimates.

EPCC and services. Revenue generated from the provision of products and services related to RE grew +35.5%qoq to RM49.6m while the segment's profit remained flattish at RM6.9m (-0.8%yoy). Gross profit margins weakened from 19.0% to 13.9%, due to lower gross profit from ongoing commercial and industrial (C&I) rooftop projects.

Strong outstanding order book. The group's unbilled order book currently stands at RM244.6m as of Sep-24, providing Sunview with financial visibility in qFY25. This includes a RM51.9m Corporate Green Power Programme (CGPP) EPCC contract that was secured recently. We expect further CGPP job wins and the upcoming LSS5 EPCC projects to boost order book replenishment.

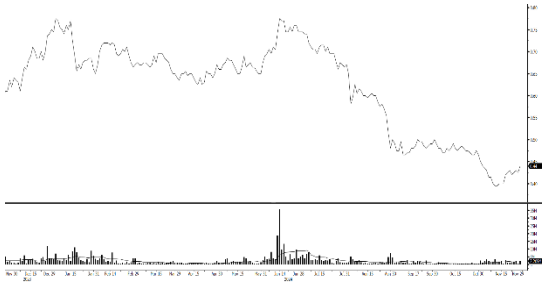
Updates on overseas projects. While there has yet to be any official updates on Sunview's development of two solar plants (600MW) in Uzbekistan, we note that they have recently incorporated a new wholly owned subsidiary there, known as Sunview Centraziya LLC last month, which may indicate that the project is taking a step forward. As per management's update in Sep-24, Sunview is reviewing the draft power purchase agreement (PPA). The group had in Jul-24, entered into a heads of terms agreement with Uzbekistan via the Ministry of Energy to develop the two solar PV plants.

Earnings estimates. We are slashing our FY25E/FY26F earnings estimates by -31.4%/-5.1% on the back of weaker performance and margins.

Target price. We revise our **TP** for Sunview to **RM0.64** as we peg its FY26F EPS of 2.8 sen to a forward PER of 23x, at a slight discount to its larger peers.

RETURN STATISTICS	
Price @ 28th Nov 2024 (RM)	0.44
Expected share price return (%)	+45.5
Expected dividend yield (%)	0.0
Expected total return (%)	**+45.5**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.4	-6.3
3 months	-10.2	-11.6
12 months	-27.9	-34.7

INVESTMENT STATISTICS

FYE Mar (RM'm)	2024A	2025E	2026F
Revenue	465.9	351.3	404.0
Operating Profit	22.6	18.6	27.5
Profit Before Tax	16.0	14.1	22.3
Core Net Profit	9.6	10.5	16.7
Core EPS (sen)	1.8	1.8	2.8
PER (x)	24.4	24.4	15.7
DPS	-	-	-
Dividend Yield	-	-	-

KEY STATISTICS	
FBM KLCI	1,597.49
Issued shares (m)	510.54
Estimated free float (%)	100.00
Market Capitalisation (RM'm)	249.80
52-wk price range	RM0.37-RM0.80
3-mth average daily volume (m)	1.35
3-mth average daily value (RM'm)	0.62
Top Shareholders (%)	
PMB Investment Bhd	0.79
AIA Bhd	0.24
Kenanga Funds Bhd	0.00

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Maintain BUY. We expect Sunview's prospects moving forward to be driven by the rising demand for solar rooftop, EPCC projects from CGPP and the upcoming 2GW LSS5. Prospects for solar EPCC players remains bright, with favourable policies such as the National Energy Transition Roadmap (NETR) and the recent announcement under Budget 2025 with an allocation of over RM300m for the National Energy Transition Facility Fund, up from RM100m in 2024 to fuel additional green energy projects. All factors considered; we maintain our **BUY** recommendation on **Sunview**.

SUNVIEW GROUP: 2QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**6MFY25**	**6MFY24**	**YoY**
Revenue	50.4	37.6	204.3	**34.3%**	**-75.3%**	88.0	313.0	**-71.9%**
Cost of sales	(43.4)	(30.2)	(196.2)	**-43.8%**	**77.9%**	(73.7)	(296.5)	**75.2%**
Gross profit	7.0	7.3	8.1	**-4.6%**	**-14.0%**	14.3	16.6	**-13.6%**
Other income	2.3	0.5	0.2	**375.5%**	**1282.8%**	2.7	0.3	**884.8%**
Administrative expenses	(5.9)	(4.9)	(4.6)	**-21.9%**	**-28.7%**	(10.8)	(9.0)	**-20.0%**
Operating profit	3.3	3.0	3.7	**12.8%**	**-9.9%**	6.3	7.9	**-20.3%**
Finance costs	(1.8)	(1.6)	(1.1)	**-13.7%**	**-61.5%**	(3.4)	(3.1)	**-9.7%**
Profit before tax	2.1	2.0	2.7	**1.3%**	**-24.0%**	4.1	4.9	**-16.7%**
Tax	(0.5)	(0.4)	(1.3)	**-42.1%**	**60.2%**	(0.9)	(1.5)	**42.5%**
Profit after tax	1.6	1.7	1.4	**-7.5%**	**8.4%**	3.2	3.4	**-5.2%**
Core net profit	1.8	1.4	1.7	**36.7%**	**10.2%**	3.2	3.8	**-15.1%**

FINANCIAL SUMMARY

Income Statement (RM'm)	**2022A**	**2023A**	**2024A**	**2025E**	**2026F**
Revenue	99.3	347.0	465.9	351.3	404.0
Cost of sales	(78.9)	(310.3)	(422.7)	(322.2)	(363.6)
Gross profit	20.3	36.7	43.2	29.2	40.4
Administrative expenses	(7.8)	(16.3)	(21.3)	(15.8)	(18.2)
Profit before tax	13.4	25.9	16.0	14.1	22.3
Tax	(2.0)	(8.5)	(6.4)	(3.5)	(5.6)
Reported net profit	8.9	13.0	9.6	10.5	16.7
Core net profit	8.9	12.9	9.6	10.5	16.7

Balance Sheet (RM'm)	**2022A**	**2023E**	**2024A**	**2025E**	**2026F**
Fixed assets	39.2	40.6	43.7	48.6	50.1
Intangible assets	17.3	17.3	16.8	17.3	17.3
Non-current assets	**57.2**	**57.9**	**79.9**	**84.8**	**86.3**
Cash	20.1	87.4	51.1	86.6	99.6
Trade debtors	31.4	44.6	57.8	39.4	49.5
Current assets	**101.1**	**226.6**	**279.0**	**225.5**	**251.2**
Trade creditors	19.3	38.4	100.1	55.4	63.2
Short-term debt	10.1	58.1	91.7	70.3	70.3
Current liabilities	**60.4**	**148.2**	**201.7**	**135.6**	**143.4**
Long-term debt	42.7	31.9	36.6	17.2	18.9
Non-current liabilities	**43.1**	**32.7**	**37.1**	**18.9**	**20.6**
Share capital	24.2	81.6	108.8	81.6	81.6
Retained earnings	17.7	30.7	40.3	55.6	73.2
Equity	**54.7**	**103.5**	**140.5**	**155.8**	**173.4**

Cash Flow (RM'm)	2023E	2024A	2025E	2026F
PBT	21.5	16.0	14.1	22.3
Depreciation & amortisation	3.2	4.0	6.2	5.5
Changes in working capital	3.9	(89.6)	26.3	2.3
Operating cash flow	**2.0**	**(69.6)**	**3.5**	**18.2**
Capital expenditure	(4.2)	(5.4)	(5.3)	(5.3)
Investing cash flow	**(3.0)**	**6.2**	**(3.6)**	**(3.6)**
Debt raised/(repaid)	(15.0)	(2.7)	(10.0)	(11.0)
Equity raised/(repaid)	32.6	27.5	-	-
Dividends paid	-	-	-	-
Financing cash flow	**56.6**	**47.9**	**22.6**	**23.6**
Net cash flow	**55.5**	**11.9**	**22.5**	**38.2**
Beginning cash flow	**1.9**	**57.4**	**69.3**	**91.8**
Ending cash flow	**57.4**	**69.3**	**91.8**	**130.0**

Profitability Margins	2022A	2023A	2024E	2025F	2026F
Gross profit margin	10.6%	10.6%	9.3%	8.3%	10.0%
Operating profit margin	7.5%	7.5%	4.9%	5.3%	7.0%
PBT margin	6.2%	6.2%	4.5%	4.0%	5.7%
PAT margin	3.7%	3.7%	2.1%	3.0%	4.3%
Core PAT margin	3.7%	3.7%	2.1%	3.0%	4.3%
PER (x)	28.3	35.2	24.4	24.4	15.7

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology