# Sunview Group Berhad

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

## Early X'mas Surprise for Sunview

***Maintain*** **BUY**

***Unchanged*** **Target Price: RM0.64**

## KEY INVESTMENT HIGHLIGHTS

- **Two new CGPP contracts worth RM196.1m to be built in Sungai Petani**
- **Outstanding order book rises to RM441m; earnings visibility up to FY26**
- **Actively tendering for projects with a tender book of RM1.8b**
- **Maintain BUY with an unchanged TP of RM0.64**

**Secures 2 more CGPP jobs.** It is set to be a bright finish in 2024 after Sunview, through its wholly owned subsidiary Fabulous Sunview Sdn Bhd secured two Corporate Green Power Programme (CGPP) contracts worth RM196.1m for two 29.99MWac ground mounted solar PV facilities in Sungai Petani, Kedah. The contracts secured were from Dayasinar Energy Sdn Bhd (RM98.3m) and Solarscape Energy Sdn Bhd (RM97.8m).

**Details of the jobs.** The contracts require Sunview to undertake the design, procurement, erection, connection, commissioning and testing as well as supply of equipment for the solar PV generation facilities. The contract prices are fixed lump sums.

**RM300m of CGPP tenders remaining.** Following these two latest contracts, we estimate that Sunview has at least RM300m more of CGPP tenders. As CGPP solar farms have to be completed no later than 2025 unless approved by the Energy Commission, we expect more announcements in this space towards end-2024 and in Jan-25. Sunview's first CGPP contract was a RM51.9m package that it secured from Cenergi Solar Kuala Ketil Sdn Bhd in Sep-24. This is a free issue contract where the client will provide solar panels, mounting structures and inverter. Sunview's role is mainly for the installation and procurement of other items such as interconnection equipment and cables.

**Outstanding order book.** The group's outstanding order book now rises to RM440.7m, with strong earnings visibility up to FY26. Out of this, RM248m or 56.3% are CGPP related jobs.

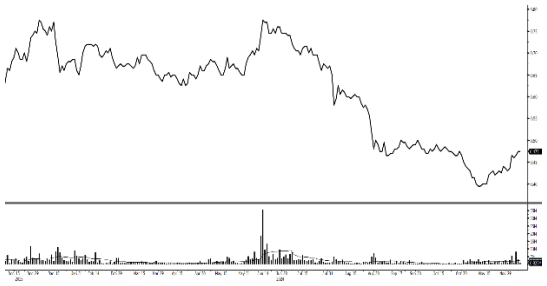
**Actively tendering for projects.** Other than the CGPP, Sunview is also actively participating in tenders, with a total tender book value of RM2.4b, including CGPP. This comprises RM1.8b of LSS5 tenders and RM116m of rooftop projects. We expect CGPP-related contracts to deliver an immediate boost to the group's outstanding order book of RM244.6m currently. Management is also optimistic on solar rooftop projects moving forward. About half of Sunview's 1HFY25 revenue of RM88.0m came from commercial and industrial (C&I) rooftop projects.

**Earnings estimates.** We are maintaining our earnings estimates.

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

| RETURN STATISTICS | |
|---|---|
| Price @ 10th Dec 2024 (RM) | 0.475 |
| Expected share price return (%) | +34.7 |
| Expected dividend yield (%) | 0.0 |
| **Expected total return (%)** | **+34.7** |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 14.5 | 14.5 |
| 3 months | -3.1 | 4.1 |
| 12 months | -22.1 | -30.0 |

**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) | 26.4 | 26.4 | 17.0 |
| DPS | - | - | - |
| Dividend Yield | - | - | - |

| KEY STATISTICS | |
|---|---|
| FBM KLCI | 1,608.97 |
| Issued shares (m) | 510.54 |
| Estimated free float (%) | 100.00 |
| Market Capitalisation (RM'm) | 269.67 |
| 52-wk price range | RM0.37 - |
| 3-mth average daily volume (m) | 1.38 |
| 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 |

**Analyst**
**Royce** Tan Seng Hooi
royce.tan@midf.com.my
03-2173 8461

**Maintain BUY**. We expect Sunview's prospects moving forward to be driven by the rising demand for rooftop solar, 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**.

## 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 | 26.4 | 26.4 | 17.0 |

*Source: Bloomberg, MIDFR*

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

## DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loess, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

| **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