# Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

Corporate Update

## Maintain BUY

Revised Target Price **RM2.03**
(from RM1.86)

# Secures RM86m Solar Farm Project

**Maintain BUY.** We maintain our **BUY** recommendation on Pekat with a revised **TP** of **RM2.03,** derived by pegging its FY26F EPS of 7.5 sen to a forward PER of 27x based on its three-year historical mean. With the aggressive rollout of solar schemes and policies by the Government, the ongoing LSS5, the recently announced LSS5+ and the upcoming LSS6, we view that the group's prospects remain bright, on top of the strong performing ELP business due to the growth in data centre projects. EPE Switchgear will grow to become a crucial contributor to the group, having secured RM260m worth of contracts from TNB year-to-date.

**RM86m contract in Kulai.** Pekat Solar Sdn Bhd, an indirect wholly owned subsidiary of Pekat Group, has secured a RM85.68m contract for a large-scale solar PV facility in Kulai, Johor. The name of the main contractor was not disclosed due to confidentiality clauses in the contract.

**Job scope.** Pekat will undertake the full engineering, procurement and construction scope of works for a 63MWac solar PV energy generating facility. It is expected to commence once the main contractor issues the notice to proceed (NTP) and the expected completion is by 31st May, 2026.

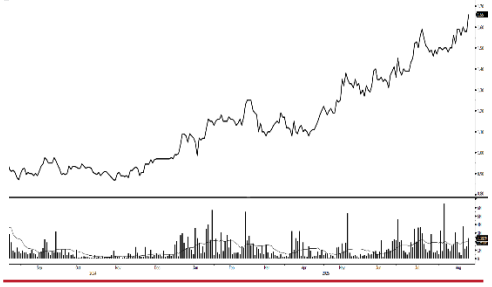
**Strong order book.** This latest win now lifts Pekat's consolidated order book to a new high of RM751m. The bulk of the order book still comes from EPE Switchgear at RM298m, driven by ongoing deliveries for power distribution equipment and upcoming utility and private sector contracts while the solar division now has RM274m. The earthing and lightning protection (ELP) business carries an outstanding amount of RM169m while the remainder is from the trading segment.

**Earnings estimates.** We lift our FY25E/FY26F earnings estimates slightly by +1.0%/+5.7% to RM42.1m and RM48.5m respectively from the new contract win.

**Target price.** We are upgrading our **TP** for Pekat to **RM2.03** from RM1.86 previously, pegging its revised FY26F EPS of 7.5 sen to a forward PER of 27x, based on its three-year historical mean. Meanwhile, Pekat is undertaking a private placement of up to 10%, mainly for the capex for its current and future solar PV projects. Assuming a maximum scenario, we expect a dilution of FY25E/FY26F EPS by -10.8%/-10.7% to 5.8 sen and 6.7 sen respectively, which illustratively may dilute our target price to RM1.81

| RETURN STATISTICS | |
|---|---|
| Price @ 2nd Oct 2025 (RM) | 1.82 |
| Expected share price return (%) | +11.5 |
| Expected dividend yield (%) | 0.6 |
| Expected total return (%) | +12.1 |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 12.3 | 8.2 |
| 3months | 1.7 | 23.9 |
| 12 months | 103.4 | 103.5 |

**INVESTMENT STATISTICS**

| FYE Dec | 2024A | 2025F | 2026F |
|---|---|---|---|
| Revenue | 291.1 | 499.2 | 549.2 |
| Operating Profit | 36.0 | 58.9 | 67.5 |
| Profit Before Tax | 34.6 | 56.1 | 64.7 |
| Core PATAMI | 18.4 | 42.1 | 48.5 |
| Core EPS | 2.8 | 6.5 | 7.5 |
| DPS (sen) | - | 1 | 1 |
| Dividend Yield | - | 0.6 | 0.6 |

| KEY STATISTICS | |
|---|---|
| FBM KLCI | 1,637.80 |
| Issue shares (m) | 644.97 |
| Estimated free float (%) | 39.09 |
| Market Capitalisation (RM'm) | 1,175.88 |
| 52-wk price range | RM0.82 - RM1.86 |
| 3-mth average daily volume (m) | 1.60 |
| 3-mth average daily value (RM'm) | 2.50 |
| **Top Shareholders (%)** | |
| Chin Soo Mau | 34.90 |
| Tai Yee Chee | 8.80 |
| Wee Chek Aik | 7.63 |

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## FINANCIAL SUMMARY

| Profit or Loss (RM'm) | 2022A | 2023A | 2024A | 2025F | 2026F |
|---|---|---|---|---|---|
| Revenue | 179.2 | 227.6 | 291.1 | 499.2 | 549.2 |
| EBIT | 15.8 | 18.9 | 36.0 | 58.9 | 67.5 |
| PBT | 14.4 | 18.4 | 34.6 | 56.1 | 64.7 |
| Taxation | -4.4 | -4.7 | -11.8 | -14.0 | -16.2 |
| PAT | 10.0 | 13.7 | 22.8 | 42.1 | 48.5 |
| Core earnings | 10.0 | 13.2 | 18.4 | 42.1 | 48.5 |
| | | | | | |
| EPS (sen) | 1.6 | 2.1 | 2.8 | 6.5 | 7.5 |
| PER (x) | 117.3 | 88.7 | 64.0 | 28.0 | 24.2 |
| DPS (sen) | - | - | - | 1 | 1 |
| Dividend yield (%) | - | - | - | 0.6 | 0.6 |

| Cash Flow (RM'm) | 2022A | 2023A | 2024A | 2025F | 2026F |
|---|---|---|---|---|---|
| PBT | 14.4 | 18.4 | 34.6 | 56.1 | 64.7 |
| Depreciation | 1.5 | 1.8 | 1.6 | 1.7 | 1.7 |
| Change in NWC | -29.0 | 5.7 | -5.1 | -8.4 | 1.0 |
| **Operating cash flow** | **-19.3** | **26.2** | **20.0** | **22.9** | **34.0** |
| Capital expenditure | -3.2 | -0.7 | -2.0 | -2.0 | -1.0 |
| **Investing cash flow** | **14.3** | **-0.6** | **-1.9** | **-1.9** | **-0.9** |
| Debt raised/(repaid) | - | - | - | - | - |
| Dividends paid | - | - | - | - | - |
| **Financing cash flow** | **-9.1** | **-16.3** | **-16.8** | **-17.1** | **-18.1** |
| **Net cash flow** | **-14.1** | **4.7** | **1.3** | **30.2** | **45.4** |
| **Beginning cash flow** | **28.2** | **14.2** | **18.9** | **20.2** | **50.4** |
| **Ending cash flow** | **14.1** | **18.9** | **20.2** | **50.4** | **95.8** |

| Balance Sheet (RM'm) | 2022A | 2023A | 2024A | 2025F | 2026F |
|---|---|---|---|---|---|
| PPE | 23.3 | 23.4 | 32.8 | 26.1 | 27.4 |
| ROU assets | 0.3 | 183.0 | 0.2 | 0.2 | 0.2 |
| **Non-current assets** | **35.1** | **36.3** | **45.7** | **39.0** | **40.3** |
| Trade receivables | 40.9 | 47.9 | 35.6 | 37.5 | 55.8 |
| Cash & bank balances | 14.1 | 18.9 | 26.6 | 27.4 | 28.0 |
| **Current assets** | **154.5** | **142.0** | **159.8** | **193.7** | **224.7** |
| Long-term debt | 1.6 | 0.6 | 11.0 | 10.5 | 10.0 |
| **Non-current liabilities** | **4.3** | **3.4** | **13.8** | **13.3** | **12.8** |
| Short-term debt | 19.5 | 1.0 | 2.0 | 2.0 | 2.0 |
| Trade payables | 9.2 | 12.3 | 10.8 | 16.0 | 24.9 |
| **Current liabilities** | **55.8** | **38.0** | **37.6** | **42.8** | **51.7** |

| Profitability Ratios (%) | 2022A | 2023A | 2024A | 2025F | 2026F |
|---|---|---|---|---|---|
| EBIT margin | **8.8** | **8.3** | **12.4** | **11.8** | **12.3** |
| PBT margin | **8.1** | **8.1** | **11.9** | **11.2** | **12.3** |
| PATAMI margin | **5.6** | **6.0** | **7.8** | **8.4** | **8.8** |
| Core PATAMI margin | **5.6** | **5.8** | **6.3** | **8.4** | **8.8** |

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### MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

**STOCK RECOMMENDATIONS**

| | |
|---|---|
| BUY | Total return is expected to be >10% over the next 12 months. |
| TRADING BUY | The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow. |
| 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 | The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow. |

**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