Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

Corporate Update

Shining Brightly Again

Maintain BUY. We maintain our BUY recommendation on Pekat with a revised **TP** of **RM2.00,** derived by pegging its FY26F EPS of 6.9 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. We also expect EPE Switchgear to be a crucial contributor to the group, having secured RM260m worth of contracts from TNB year-to-date.

Above expectations. Pekat Group posted a core net profit of RM11.1m in 3QFY25, a growth of 4.6x yoy as compared to 3QFY24. All its operating segments came in stronger during the quarter as compared to a year ago, on top of the consolidation of results from the EPE Switchgear that was acquired in Dec-24. For the cumulative 9MFY25, the group's core earnings grew 3.2x yoy to RM34.1m, coming in above our expectations at 81.0% of full-year estimates but within consensus at 75.0%.

Key takeaways. Revenue during the quarter surged +71.5%yoy to RM141.7m, led mainly by the solar PV division at RM72.8m (+33.9%yoy), driven by the progress of large-scale solar projects under the Corporate Green Power Programme (CGPP). The power distribution equipment segment or EPE Switchgear, was the second largest revenue contributor at RM35.3m (+1.2%qoq). The earthing and lightning protection and trading divisions came in at RM16.7m (+38.4%yoy) and RM17.0m (+4.6%yoy) respectively.

Strong order book. We estimate that Pekat's consolidated order book now stands in the range of RM700m. The bulk of the order book still comes from EPE Switchgear, driven by ongoing deliveries for power distribution equipment and upcoming utility and private sector contracts, followed by solar EPCC projects. The earthing and lightning protection (ELP) business carries an outstanding amount of about RM200m while the remainder is from the trading segment. The ELP segment recently secured a job from Gamuda Engineering Sdn Bhd for the earthing and lightning protection systems for a hyperscale data centre at Eco Business Park V in Puncak Alam. We view that job replenishment prospects for Pekat remains strong, coming from solar, with the recently announced LSS5+ and the upcoming LSS6 and from ELP, capitalising on the healthy pipeline of data centre projects.

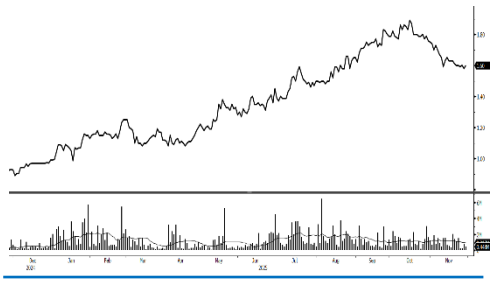
Earnings estimates and TP. We are raising our FY25E/FY26F core earnings by +5.9%/+8.2% to RM44.6m/RM52.5m to incorporate stronger contributions from the group's ELP and trading divisions. Therefore, we are also revising our TP upwards to RM2.00, pegging its revised FY26F EPS of 7.4 sen to a forward PER of 27x, based on its three-year mean.

Maintain BUY

Revised Target Price **RM2.00**
(from RM1.86)

RETURN STATISTICS	
Price @ 27th Nov 2025 (RM)	1.60
Expected share price return (%)	+25.0
Expected dividend yield (%)	0.6
Expected total return (%)	+25.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-11.1	-11.1
3months	-10.6	-3.6
12 months	73.0	71.6

INVESTMENT STATISTICS

FYE Dec	2024A	2025F	2026F
Revenue	291.1	555.3	594.2
Operating Profit	36.0	62.7	73.1
Profit Before Tax	34.6	59.5	69.9
Core PATAMI	18.4	44.6	52.5
Core EPS	22.8	44.6	52.5
DPS (sen)	-	1	1
Dividend Yield	-	0.6	0.6

KEY STATISTICS	
FBM KLCI	1,617.46
Issue shares (m)	644.97
Estimated free float (%)	44.28
Market Capitalisation (RM'm)	1,130.04
52-wk price range	RM0.88 - RM1.9
3-mth average daily volume (m)	1.13
3-mth average daily value (RM'm)	1.95
Top Shareholders (%)	
Chin Soo Mau	31.87
Tai Yee Chee	8.04
Wee Chek Aik	6.80

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Pekat Group Berhad: 3QFY25 Results Summary

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**Q325**	**Q225**	**Q324**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Revenue	141.7	127.0	82.6	**11.6%**	**71.5%**	419.0	196.8	**112.9%**
Cost of sales	(109.8)	(91.6)	(58.7)	**19.8%**	**87.2%**	(313.2)	(141.3)	**121.6%**
Gross profit	31.9	35.4	24.0	**-9.8%**	**33.0%**	105.8	55.5	**90.6%**
Operating profit	15.9	18.6	9.7	**-14.6%**	**64.2%**	54.8	22.5	**143.3%**
Finance cost	(1.2)	(1.6)	(0.3)	**-29.1%**	**241.1%**	(3.9)	(0.6)	**536.6%**
Profit/(loss) from associates	0.2	0.1	0.1	**109.7%**	**132.1%**	0.3	(0.6)	**-149.0%**
Profit before tax	15.2	17.3	9.6	**-12.1%**	**58.7%**	51.8	21.8	**137.7%**
Tax	(3.5)	(4.7)	(3.3)	**-25.6%**	**7.1%**	(13.9)	(7.0)	**96.8%**
Reported net profit	10.3	11.0	6.3	**-6.8%**	**64.4%**	33.4	14.7	**127.3%**
Core net profit	11.1	11.0	2.4	**1.3%**	**358.6%**	34.1	10.7	**218.6%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	179.2	227.6	291.1	555.3	594.2
EBIT	15.8	18.9	36.0	62.7	73.1
PBT	14.4	18.4	34.6	59.5	69.9
Taxation	-4.4	-4.7	-11.8	-14.9	-17.5
PAT	10.0	13.7	22.8	44.6	52.5
Core earnings	10.0	13.2	18.4	44.6	52.5
EPS (sen)	1.4	1.9	2.6	6.3	7.4
PER (x)	112.9	85.4	61.5	25.3	21.5
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	59.5	69.9
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**	**11.3**	**12.3**
PBT margin	**8.1**	**8.1**	**11.9**	**10.7**	**11.8**
PATAMI margin	**5.6**	**6.0**	**7.8**	**8.0**	**8.8**
Core PATAMI margin	**5.6**	**5.8**	**6.3**	**8.0**	**8.8**

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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