Corporate Update

Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

RM33.8m DC Job from Gamuda

Maintain BUY. We maintain our **BUY** recommendation on Pekat with an adjusted **TP** of **RM1.86,** 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 will grow to become a crucial contributor to the group, having secured RM260m worth of contracts from TNB year-to-date.

RM33.8m DC contract. Pekat E & LP Sdn Bhd (PELP), an indirect wholly owned subsidiary of Pekat Group, has accepted a letter of award 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. Gamuda Engineering will appoint PELP as the subcontractor for the job, estimated to be RM33.8m. We are positive on this new win, which adds another feather into Pekat's DC portfolio.

Job scope. Pekat will undertake the construction, completion, testing, commissioning and setting to work of earthing and lightning protection systems for the Hyperscale Data Centre covering facility support area, data centre halls, mechanical yard, electrical yard, offshore development center hub and other ancillary structures and associated works. The subcontract works are expected to commence this month and Feb-27 and Sept-27 for Facility 1 and Facility 2 respectively.

Strong order book. This latest win now lifts Pekat's consolidated order book to an estimated new high of RM784.8m. 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 RM202.8m while the remainder is from the trading segment.

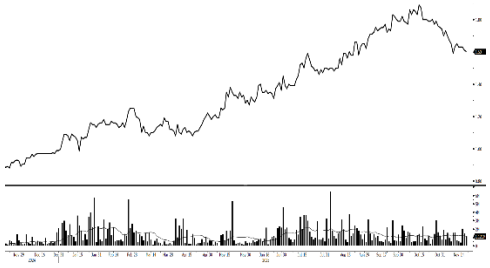
Earnings estimates and target price. While we are making no changes to our earnings estimates, we are adjusting our **TP** to **RM1.86** from RM2.03 due to the recent dilution in shares following the completion of a private placement last month. The TP is derived by pegging its revised FY26F EPS of 6.9 sen to a forward PER of 27x , based on its three-year historical mean.

Maintain **BUY**

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

RETURN STATISTICS	
Price @ 20th Nov 2025 (RM)	1.60
Expected share price return (%)	+16.3
Expected dividend yield (%)	0.6
Expected total return (%)	+16.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-11.1	-11.8
3months	-10.6	-0.7
12 months	80.8	78.4

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	2.6	6.0	6.9
DPS (sen)	-	1	1
Dividend Yield	-	0.6	0.6

KEY STATISTICS	
FBM KLCI	1,619.96
Issue shares (m)	644.97
Estimated free float (%)	44.28
Market Capitalisation (RM'm)	1,130.04
52-wk price range	RM0.86 - RM1.9
3-mth average daily volume (m)	1.24
3-mth average daily value (RM'm)	2.13
Top Shareholders (%)	
Chin Soo Mau	34.90
Tai Yee Chee	8.80
Wee Chek Aik	7.63

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

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)	1.4	1.9	2.6	6.0	6.9
PER (x)	112.9	85.4	61.5	26.9	23.3
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