Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

Corporate Update

Maintain **BUY**

Unchanged Target Price **RM2.00**

A New High with EPE Switchgear

Maintain BUY. We maintain our BUY recommendation on Pekat with a unchanged **TP** of **RM2.00,** derived by pegging its FY26F EPS of 7.4 sen to a forward PER of 27x based on its three-year historical mean. We are positive on the group's prospects, driven by sustainable growth across all its operating segments, riding on the growth in large-scale and rooftop solar, ELP-related jobs for data centres and from EPE Switchgear (M) Sdn Bhd, specialising in the medium voltage category (11kV and 33kV) where it competes mainly with four other companies in Tenaga Nasional Bhd's supply chain.

Within expectations. Pekat Group posted a core net profit of RM11.3m (+46.8%yoy) in 4QFY25. All its operating segments came in stronger during the quarter as compared to a year ago. This also marks the first full FY for the consolidation of results from EPE Switchgear that was acquired in Dec-24. For the cumulative 12MFY25, the group's core earnings grew 2.5x to RM45.4m, which is within our expectations, exceeding our forecasts by only +1.8%, but below consensus at 80.2% of full year estimates.

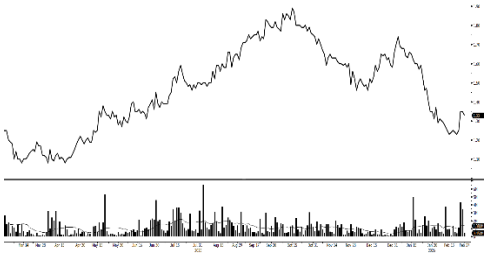
Key takeaways. Revenue during the quarter doubled to RM190.9m, led mainly by the solar PV division at RM116.2m (2.3x yoy), driven by the progress of large-scale solar projects under the Corporate Green Power Programme (CGPP). The power distribution equipment segment or EPE Switchgear, was the second largest revenue contributor at RM38.9m (4x yoy). The earthing and lightning protection and trading divisions came in at RM19.6m (+33.7%yoy) and RM16.1m (+6.7%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 followed by solar EPCC projects. We expect job replenishment prospects to remain healthy for all divisions - solar with LSS5+ and the upcoming LSS6, ELP capitalising on the healthy pipeline of data centre projects and EPE Switchgear, which is among the companies in the supply chain of Tenaga Nasional. We understand that management is in the talks with a potential client for a 100MWac solar farm.

Earnings estimates and TP. We are maintaining our earnings estimates for FY26E/FY27F and we introduce FY28F. We are also maintaining our TP at RM2.00, pegging its FY26F EPS of 7.4 sen to a forward PER of 27x, based on its three-year mean.

RETURN STATISTICS	
Price @ 27th Feb 2026 (RM)	1.33
Expected share price return (%)	+50.4
Expected dividend yield (%)	0.8
Expected total return (%)	+51.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-9.5	-8.2
3months	-15.8	-21.0
12 months	6.4	-2.4

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	631.3	656.5	689.3
Operating Profit	76.1	82.4	90.0
Profit Before Tax	72.5	78.6	85.9
Core PATAMI	52.5	57.0	62.3
Core EPS	7.4	8.1	8.8
DPS (sen)	1	1	1
Dividend Yield	0.8	0.8	0.8

KEY STATISTICS	
FBM KLCI	1,716.61
Issue shares (m)	644.97
Estimated free float (%)	44.29
Market Capitalisation (RM'm)	939.34
52-wk price range	RM1.05 - RM1.9
3-mth average daily volume (m)	1.04
3-mth average daily value (RM'm)	1.55
Top Shareholders (%)	
Chin Soo Mau	31.87
Tai Yee Chee	8.04
Wee Chek Aik	6.80

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Pekat Group Berhad: 4QFY25 Results Summary

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**4Q25**	**3Q25**	**4Q24**	**QoQ**	**YoY**	**12MFY25**	**12MFY24**	**YoY**
Revenue	190.9	141.7	94.3	**34.7%**	**102.5%**	609.9	291.1	**109.5%**
Cost of sales	(152.4)	(109.8)	(65.5)	**38.8%**	**132.9%**	(465.6)	(206.8)	**125.2%**
Gross profit	38.5	31.9	28.8	**20.7%**	**33.6%**	144.3	84.3	**71.1%**
Operating profit	19.3	15.9	13.5	**21.3%**	**43.0%**	74.1	36.0	**105.8%**
Finance cost	(1.9)	(1.2)	(0.8)	**59.1%**	**144.4%**	(5.8)	(1.4)	**320.7%**
Profit/(loss) from associates	0.7	0.2	(0.1)	**274.4%**	**-1277.4%**	1.0	(0.6)	**-260.6%**
Profit before tax	18.5	15.2	12.8	**21.7%**	**44.5%**	70.3	34.6	**103.3%**
Tax	(5.4)	(3.5)	(4.7)	**53.5%**	**13.5%**	(19.3)	(11.8)	**63.3%**
Reported net profit	11.7	10.3	7.4	**13.8%**	**59.0%**	45.0	22.0	**104.5%**
Core net profit	11.3	11.1	7.7	**1.2%**	**46.8%**	45.4	18.4	**146.9%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	**291.1**	**609.9**	**631.3**	**656.5**	**689.3**
EBIT	36.0	74.1	76.1	82.4	90.0
PBT	34.6	70.3	72.5	78.6	85.9
Taxation	-11.8	-19.3	-19.9	-21.6	-23.6
PAT	22.8	46.2	52.5	57.0	62.3
Core earnings	**18.4**	**46.2**	**52.5**	**57.0**	**62.3**
EPS (sen)	2.6	6.5	7.4	8.0	8.8
PER (x)	51.3	20.4	17.9	16.5	15.1
DPS (sen)	-	1	1	1	1
Dividend yield (%)	-	0.8	0.8	0.8	0.8

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	34.6	70.3	72.5	78.6	85.9
Depreciation	1.6	7.9	1.7	1.7	1.7
Change in NWC	29.5	51.9	55.4	55.8	56.2
Operating cash flow	**15.9**	**42.7**	**42.2**	**48.7**	**56.4**
Capital expenditure	-6.9	-97.1	-1.0	0.0	1.0
Investing cash flow	**-76.3**	**-159.5**	**-63.5**	**-62.5**	**-61.5**
Debt raised/(repaid)	-1.5	-5.8	0.2	1.2	2.2
Dividends paid	-	-	-	-	-
Financing cash flow	-	-6.5	-6.5	-6.5	-6.5
Net cash flow	**70.8**	**170.1**	**164.1**	**163.1**	**162.1**
Beginning cash flow	**10.4**	**53.3**	**142.8**	**149.3**	**157.0**
Ending cash flow	**23.9**	**34.3**	**87.6**	**230.4**	**379.8**

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	68.9	167.1	168.8	165.4	163.7
ROU assets	4.7	1.9	0.2	0.2	0.2
Non-current assets	**128.2**	**225.2**	**226.8**	**223.4**	**221.8**
Trade receivables	34.3	87.6	28.0	29.0	30.0
Cash & bank balances	110.3	91.1	94.7	98.5	103.4
Current assets	**305.0**	**489.3**	**402.0**	**433.3**	**462.3**
Long-term debt	50.9	100.6	100.7	104.1	108.6
Non-current liabilities	36.9	40.4	41.2	40.8	38.8
Short-term debt	**178.1**	**232.8**	**233.7**	**236.6**	**239.1**
Trade payables	37.8	120.4	10.0	11.0	12.0
Current liabilities	**59.8**	**137.4**	**27.0**	**28.0**	**29.0**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	12.4	12.1	12.1	12.6	13.1
PBT margin	11.9	11.5	11.5	12.0	12.5
PATAMI margin	7.8	7.6	8.3	8.7	9.0
Core PATAMI margin	6.3	7.6	8.3	8.7	9.0

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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