Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

Corporate Update

Maintain BUY

Unchanged Target Price **RM2.00**

Bright Start to FY26

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 RM12.5m (+4.6%yoy) in 1QFY25. Save for the earthing and lighting protection (ELP) division, all its operating segments came in stronger during the quarter as compared to a year ago. Results were within expectations at 23.8% of our full-year projection, and 22.2% of consensus.

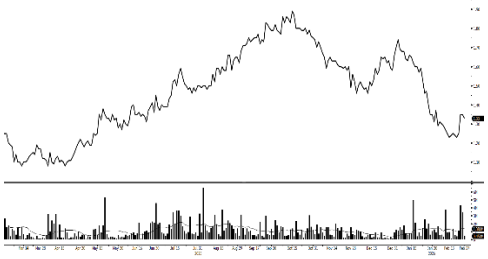
Key takeaways. Revenue during the quarter grew +11.7%yoy to RM190.9m, driven mainly by the solar PV division at RM103.4m (+11.4%yoy), on the back of large scale solar EPCC projects. The power distribution equipment segment or EPE Switchgear, was the second largest revenue contributor at RM32.8m (+17.7%yoy) while the trading division recorded a revenue of RM16.3m (+21.8%yoy). ELP was the only segment that recorded a decline in revenue by -5.1%yoy to RM15.4m, mainly due to the timing of project execution.

Strong order book. Pekat's consolidated order book as at Mar-26 stood at a strong RM760.1m, made up mainly by EPE Switchgear at RM347.8m (45.8%), solar at RM207.4m (27.3%), earthing and lightning protection at RM192m (25.3%) and the trading segment at RM12.9m (1.7%). 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.

Earnings estimates and TP. We are maintaining our earnings estimates as results are within our expectations. 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 @ 21st May 2026 (RM)	1.50
Expected share price return (%)	+33.3
Expected dividend yield (%)	0.6
Expected total return (%)	+33.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.1	-4.7
3 months	14.5	24.1
12 months	11.1	0.5

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	0.6	0.6	0.6

KEY STATISTICS	
FBM KLCI	1,708.36
Issue shares (m)	706.27
Estimated free float (%)	48.57
Market Capitalisation (RM'm)	1,062.43
52-wk price range	RM1.11 - RM1.9
3-mth average daily volume (m)	1.27
3-mth average daily value (RM'm)	1.84
Top Shareholders (%)	
Chin Soo Mau	31.78
Tai Yee Chee	8.02
Wee Chek Aik	6.78

Analyst

Royce Tan Seng Hooi
royce.tan@mbsb.com
03-2173 8461

Pekat Group Berhad: 1QFY26 Results Summary

All in RM'm unless stated otherwise	Quarterly Results				
Income Statement	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
Revenue	167.9	190.9	150.3	**-12.1%**	**11.7%**
Cost of sales	(130.4)	(152.4)	(111.7)	**-14.5%**	**16.7%**
Gross profit	37.5	38.5	38.6	**-2.5%**	**-2.8%**
Operating profit	19.6	19.3	20.3	**1.9%**	**-3.5%**
Finance cost	(1.6)	(1.9)	(1.1)	**-11.7%**	**44.4%**
Profit/(loss) from associates	0.4	0.7	(0.0)	**-47.1%**	**-3609.1%**
Profit before tax	18.6	18.5	19.4	**0.8%**	**-3.9%**
Tax	(5.8)	(5.4)	(5.6)	**7.0%**	**2.3%**
Reported net profit	12.4	11.7	12.1	**6.4%**	**3.1%**
Core net profit	12.5	11.3	12.0	**11.3%**	**4.6%**

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)	57.8	23.0	20.2	18.6	17.1
DPS (sen)	-	1	1	1	1
Dividend yield (%)	-	0.6	0.6	0.6	0.6

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	-	-6.5	-7.1	-7.1	-7.1
Financing cash flow	-	70.8	170.1	164.1	163.1
Net cash flow	**70.8**	**10.4**	**53.3**	**142.8**	**149.3**
Beginning cash flow	**10.4**	**23.9**	**34.3**	**87.6**	**230.4**
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

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

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