Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

Corporate Update

Upsized Solar Farm Project

Maintain **BUY**

Revised Target Price **RM2.03**
(from RM2.00)

Maintain BUY. We maintain our BUY recommendation on Pekat with a revised **TP** of **RM2.03,** derived by pegging its FY26F EPS of 8.1 sen to a forward PER of 25x 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.

Additional works. Pekat Solar Sdn Bhd, an indirect wholly owned subsidiary of Pekat Group, has entered into a supplemental agreement on 29th May for the large-scale solar PV energy generating facility in Kulai. These are additional works for the contract it secured in Oct-25 for an undisclosed client due to confidentiality clauses in the contract.

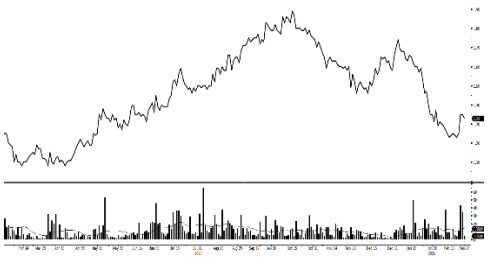
Variation to the contract. The contract has been revised from RM85.7m to RM186.5m, and the total capacity from 63MWac to 135MWac. This indicates additional works for 72MWac at RM100.9m.

Strong order book. We are positive on the additional job scope as it lifts Pekat's consolidated order book to RM861.0m, with solar EPCC jobs at RM308.3m (35.8%). EPE Switchgear still commands the lion's share of the order book at RM347.8m (40.4%), earthing and lightning protection at RM192.0m (22.3%) and the trading segment at RM12.9m (1.5%). 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 the job replenishment is within our expectations. We are revising our TP upwards to RM2.03 from RM2.00 as we roll forward our valuation base year, pegging its FY27F EPS of 8.1 sen to a forward PER of 25x, based on its three-year mean.

RETURN STATISTICS	
Price @ 3rd Jun 2026 (RM)	1.58
Expected share price return (%)	+28.5
Expected dividend yield (%)	0.6
Expected total return (%)	+29.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.3	1.7
3 months	20.6	20.7
12 months	21.5	9.2

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	1,672.74
Issue shares (m)	706.27
Estimated free float (%)	48.57
Market Capitalisation (RM'm)	1,119.10
52-wk price range	RM1.11 - RM1.9
3-mth average daily volume (m)	1.22
3-mth average daily value (RM'm)	1.80
Top Shareholders (%)	
Chin Soo Mau	31.87
Tai Yee Chee	8.04
Wee Chek Aik	6.80

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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)	60.9	24.2	21.3	19.6	18.0
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

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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