Renewable Energy

331MW of FiT Projects Approved

POSITIVE (Maintained)

Analyst
Royce Tan Seng Hooi
royce.tan@mbsb.com

HIGHLIGHTS

- SEDA approved 42 projects under FiT 2.0 with net export capacity of 331.4MW
- 169.23MW of small hydro (51%), 135.9MW of biomass (41%) and 26.19MW of biogas (8%)
- Prominent winners include Malakoff Corp, Cypark Resources and West River
- Plants expected to achieve COD by 2029-2030

INTRODUCTION

Sustainable Energy Development Authority (SEDA) has approved 42 out of 48 applications under the 2026 FiT 2.0 round, representing 331.4MW of net export capacity and 387.4MW of installed capacity. This is made up of 169.23MW of small hydro (51%), 135.9MW of biomass (41%) and 26.19MW of biogas (8%). Commercial operation dates (COD) for the plants are expected to be in 2029-2030 and are expected to generate RM4.3bn of investments.

Largest quota to date. This marks the largest FiT quota approval to date, as compared to 181.3MW of net exports approved under the 2025 FiT 2.0 round and 299.5MW of installed capacity approved in FiT 2020. However, it is notable that of the 331.4MW of net export capacity, only 113.3MW is classified as new applications while 218.1MW relates to capacity-increase applications.

Several listed names linked winners. Malakoff (Non rated) was among the main winners, as its 70% indirect subsidiary RP Hydro Kelantan Sdn Bhd secured increased capacities for three small hydro projects, bringing its total net export capacities to 89.79MW while Cypark Resources (Non rated), through Cypark Smart Technology Sdn Bhd, secured an increased capacity to 29.99MW for its waste-to-energy (WTE) plant in Port Dickson, a key milestone towards the implementation of the plant's second phase. West River was also a major winner, as its wholly owned subsidiary Neutron Power Sdn Bhd secured two new small hydro quotas totalling 11.75MW.

Background. FiT requires electricity distribution licensees to purchase eligible renewable electricity at an agreed tariff with access to the grid. Under FiT 2.0, projects receive a prescribed tariff for the first 10 years and the successful competitive bid price for the remaining 11 years of a 21-year agreement.

Energy-source diversity. We are positive on the latest FiT 2.0 2026 awards. Malaysia's RE scene is dominated by solar therefore biomass, biogas and small hydro help to improve energy-source diversity and reduces dependence on gas and coal.

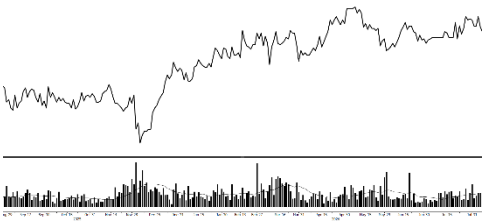
COMPANY *IN FOCUS*

Tenaga Nasional

BUY | Target Price: RM16.40
Price @ 11 Aug 2026: RM14.34

- AFA removes lag in fuel cost recovery and protects TNB from fuel price swings
- Key beneficiary and enabler of Malaysia's energy transition
- Rising regulated grid capex improves future regulated earnings

SHARE PRICE CHART

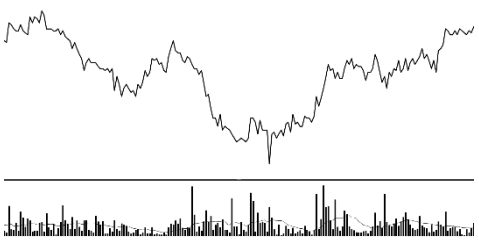


Pekat Group Bhd

BUY | Target Price: RM2.03
Price @ 11 Aug 2026: RM1.80

- Strong order book of RM908m, benefiting from EPE Switchgear, solar EPCC jobs and ELP projects from DCs
- One of the most diversified solar EPCC player, benefitting from solar, TNB's capex spend, and growth in DCs

SHARE PRICE CHART



Maintain POSITIVE on RE. We maintain our **POSITIVE** stance on the **Renewable Energy** subsector, underpinned by the structural policy tailwinds for a deep decarbonisation trajectory in line with the targets under National Energy Transition Roadmap (NETR). An overarching goal is raising the RE capacity mix to 70% by 2050 from 23% in 2020 which necessitates a more than quadrupling in annual RE installations to 2.2GW/annum by 2050. We view that this will continue to be dominated by solar, which is now shifting towards hybrid solar-plus-storage projects. BESS is now becoming an integral component of new utility-scale renewable generation. This should help mitigate intermittency, improve dispatchability and support grid stability as renewable penetration rises. We have **BUY** recommendations on **Pekat (TP: RM2.03)** and **Samaiden (TP: RM1.88)**.

Table 1: FiT 2.0 2026 quota recipients (selected names)

		Successful bidder	Related listed entity	Installed capacity (MW)	Net export capacity (MW)	Basic Feed-in Tariff bid rate (RM/kWh)
Biogas	**Increase capacity**	WZS Biogas Jerantut Sdn Bhd	Citaglobal (100%)	1.50	1.20	0.2903
		WZS Biogas Jerantut Sdn Bhd	Citaglobal (100%)	1.07	0.80	0.2903
Biomass	**New application**	Johor Plantations Group Bhd	Johor Plantations Group	15.00	12.00	0.288
		Magenko Renewables (Ipoh) Sdn Bhd	Kawan Renergy (100%	2.50	2.00	0.288
		BM Bioenergy Innovations Sdn Bhd	BM GreenTech (40%)	9.99	8.00	0.38
	Increase capacity	Cypark Smart Technology Sdn Bhd	Cypark Resources (100%)	44.73	29.99	0.3399
Small hydro	**New application**	KAB Energy Holdings Sdn Bhd	Kinergy Advancement (100%)	1.94	1.94	0.323
		Neutron Power Sdn Bhd	West River (100%)	7.20	7.20	0.3299
		Neutron Power Sdn Bhd	West River (100%)	4.55	4.55	0.3388
	Increase capacity	Pelus Hidro Sdn Bhd	G Capital (18%)	27.59	25.77	0.328
		Selama Hidro Sdn Bhd	G Capital (3%)	9.90	9.90	0.33
		RP Hydro (Kelantan) Sdn Bhd	Malakoff Corp (70%)	33.41	30.63	0.339
		RP Hydro (Kelantan) Sdn Bhd	Malakoff Corp (70%)	34.41	32.59	0.339
		RP Hydro (Kelantan) Sdn Bhd	Malakoff Corp (70%)	27.85	26.57	0.3395
		Zeqna Corporation Sdn. Bhd	G Capital (18%)	6.6	6.6	0.34

Source: SEDA, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (23878-X)

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

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB 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: 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