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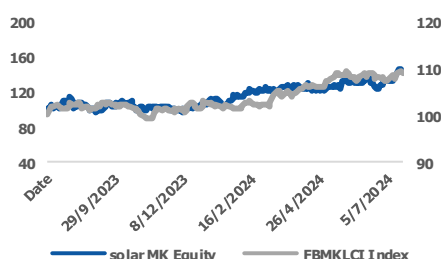
Recommendation:	HOLD
Current Price:	RM 1.81
Previous Target Price:	RM 1.95
Target Price:	↔ RM 1.95
Upside/Downside:	7.7%

Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0215 / SOLAR MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	☆☆☆★
Bloomberg ESG Rating	N/A
Shares issued (m)	697.6
Market Cap (RM' m)	1,262.6
52-Week Price Range (RM)	1.18-1.83
Beta (x)	0.9
Free float (%)	43.9
3M Average Volume (m)	3.1
3M Average Value (RM' m)	5.0

Top 3 Shareholders	(%)
Atlantic Blue Hlds Sdn Bhd	22.8
Lim Chin Siu	6.8
Tan Chyi Boon	6.3

Share Price Performance



	1M	3M	12M
Absolute (%)	16.0	18.3	46.0
Relative (%)	13.2	14.1	27.6

Solarvest Holdings Berhad

Expanding Presence to Vietnam

Summary

- **Collaboration with Tralytex aims to develop solar projects in Vietnam.**
- **Aligns with ambitious of PDP8, which targets to ramp up renewable energy total installed capacity to 30% by 2030 and 50% by 2050.**
- **We downgrade our recommendation to HOLD with an unchanged target price of RM1.95 by pegging by Sum-of-Parts (SOP) valuation.**

Company Update

- **Collaboration details.** Solarvest partnered with Thai Binh Textile, a subsidiary of Tralytex, to develop rooftop solar projects in Vietnam. This collaboration aligns with Vietnam's Power Development Plan 8 (PDP8), which targets to ramp up renewable energy total installed capacity to 30.0% by 2030 and 50.0% by 2050. By 2050, solar capacity is expected to reach 166.8GW, contributing 34.0% of the total installed capacity across all technologies.
- **Tralytex.** Tra Ly Spinning Joint Stock Company (Tralytex), established in 1978, is a leading Vietnamese yarn producer. Known for its high-quality yarn products, Tralytex exports up to 80.0% of its production to major markets across Asia, Europe, and North America. Tralytex boasts a production capacity of 12,000 tonnes/year and is a recognised member of both the Vietnam Cotton Association (Vcosa) and the International Cotton Association (ICA), underscoring its status as a significant player in Vietnam's textile industry.
- **Vietnam's Solar Landscape.** Vietnam's solar power industry is projected to operate with 963.0GW, comprising 837.0GW from land-based installations, 77.4GW from water surfaces, and 48.2GW from rooftops. The Northern region, particularly vulnerable to power shortages, is prioritised for promoting rooftop solar power on residential buildings and construction sites. As of 2023, Vietnam's total installed capacity reached 80.7GW, with solar power accounting for 20.5%, including 9.0GW from rooftop solar installations. This represents significant potential for solar capacity expansion.
- **Our view.** We are optimistic over the partnership which expect it to accelerate the adoption of rooftop solar installations across Vietnam by leveraging onto Solarvest's expertise, backed by the completion of 1,700 solar installation projects, and utilising Tralytex's local presence and renowned brand name. Historically, Solarvest has secured 11 rooftop solar projects totaling 12.8MW through partnerships with local players to deliver engineering, procurement, construction, and commissioning (EPCC) services. Through the collaboration, we expect similar operational business model, with Solarvest primarily acting as the project developer. As of 4QFY24, the Group's regional tenders stood at 2.0GW, with Vietnam accounting for 151.0MW.
- **Valuation.** We expect the development will not impact our foreseeable earnings, as details of the collaboration is still too scant at this juncture and we believe Malaysia remains Solarvest's cornerstone market. Following the recent share price appreciation, we downgrade our recommendation to **HOLD** on Solarvest with an unchanged target price of RM1.95 based on Sum-of-Parts (SOP) valuation. We

pegged 35.0x P/E multiple to the EPCC contribution slight discount with two-year historical mean average, while the solar assets value is derived from DCF methodology (key assumptions include WACC @ 6.7%).

- **Risk.** Fluctuation in solar module costs. Heavy reliance on government initiatives. Intense market competition.

Financial Highlights

Income Statement

FYE Mar (RM m)	FY22	FY23	FY24E	FY25F	FY26F
Revenue	175.8	365.5	492.6	658.2	808.8
Gross Profit	34.9	65.0	98.5	138.9	170.8
EBITDA	16.5	35.9	62.0	92.8	112.3
Depreciation & Amortisation	-3.3	-4.1	-7.4	-11.8	-14.6
EBIT	13.1	31.8	54.7	81.0	97.6
Net Finance Income/ (Cost)	-2.1	-4.1	-7.9	-8.6	-11.5
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	11.0	27.7	46.7	72.4	86.1
Tax	-3.6	-7.5	-13.1	-22.7	-26.9
Profit After Tax	7.4	20.2	33.6	49.8	59.2
Minority Interest	0.5	0.5	1.0	1.1	1.1
Net Profit	6.9	19.7	32.6	48.7	58.2
Exceptionals	-0.3	-3.8	-4.8	0.0	0.0
Core Net Profit	7.7	17.0	29.8	50.8	60.3

Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24E	FY25F	FY26F
EBITDA margin	9.4%	9.8%	12.6%	14.1%	13.9%
EBIT margin	7.5%	8.7%	11.1%	12.3%	12.1%
PBT margin	6.3%	7.6%	9.5%	11.0%	10.6%
PAT margin	4.2%	5.5%	6.8%	7.6%	7.3%
NP margin	3.9%	5.4%	6.6%	7.4%	7.2%
Core NP margin	4.4%	4.6%	6.1%	7.7%	7.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	3.9%	10.0%	13.9%	17.1%	16.9%
ROA	2.7%	4.1%	6.3%	7.0%	6.6%
Net gearing	Net Cash	16.4%	29.9%	54.5%	53.1%

Valuation

Sum of Parts (SOP)	Equity Value (RM' m)	Valuation method
EPCC	1397.5	35x FY26F PER
Solar assets	247.0	DCF, WACC = 6.7%
Proceeds from warrants/ESOS	2011	
SOP Value	1845.6	
Enlarged share base (m share)	949.1	
Fair Value (RM)	1.95	

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY24E	FY25F	FY26F
Cash	56.3	72.6	103.2	84.1	137.5
Receivables	88.9	109.8	99.8	119.9	143.9
Inventories	10.9	21.0	10.2	18.3	25.6
Other current assets	65.0	96.7	68.8	118.9	145.5
Total Current Assets	221.1	300.1	281.9	341.2	452.5
PPE	26.5	168.6	219.2	334.6	415.7
Other non-current assets	6.0	5.7	16.6	16.6	16.8
Total Non-current assets	32.5	174.2	235.8	351.1	432.6
Short-term Debt	4.2	17.3	9.9	35.9	48.0
Payables	40.6	108.2	68.3	88.3	127.6
Other Current Liabilities	7.5	39.4	25.0	64.0	77.3
Total Current Liabilities	52.3	165.0	103.2	188.2	252.9
Long-term Debt	2.6	87.5	163.4	203.3	272.0
Other non-current liabilities	23.0	24.4	16.4	16.4	16.4
Total Non-current Liabilities	25.6	111.9	179.8	219.6	288.4
Shareholder's equity	172.9	193.3	230.4	279.1	337.3
Minority interest	2.7	4.1	4.3	5.4	6.4
Total Equity	175.6	197.4	234.8	284.5	343.7

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24E	FY25F	FY26F
Pre-tax profit	11.0	27.7	46.7	72.4	86.1
Depreciation	3.3	4.1	7.4	11.8	14.6
Changes in working capital	-73.3	27.2	-11.4	-19.4	-5.6
Others	-6.1	-2.5	-6.0	-22.7	-26.9
Operating cash flow	-65.0	56.5	36.7	42.1	68.3
Net capex	-6.1	-137.0	-51.5	-127.1	-95.8
Others	-0.4	0.1	-10.8	0.0	0.0
Investing cash flow	-6.5	-136.9	-62.3	-127.1	-95.8
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	26.4	89.3	52.0	65.8	80.9
Financing cash flow	26.4	89.3	52.0	65.8	80.9
Net cash flow	-45.1	8.9	26.5	-19.1	53.4
Forex	-0.1	-0.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	73.2	28.0	36.8	63.3	44.1
Ending cash	28.0	36.8	63.3	44.1	97.5

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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