

Tan Sue Wen

(603) 7890 8888 (ext 2095)

suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.59
Previous Target Price:	RM 1.94
Target Price:	↔ RM 1.94
Upside/Downside:	22.0%

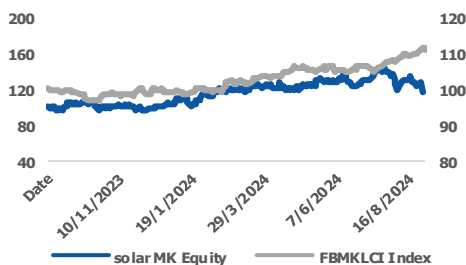
Stock information

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)	705.8
Market Cap (RM' m)	1,122.2
52-Week Price Range (RM)	1.18-1.83
Beta (x)	0.9
Free float (%)	53.2
3M Average Volume (m)	3.3
3M Average Value (RM' m)	5.3

Top 3 Shareholders (%)

Atlantic Blue Hlds Sdn Bhd	21.6
Lim Chin Siu	7.4
Employees Provident Fund Board	7.0

Share Price Performance



	1M	3M	12M
Absolute (%)	-3.6	-1.2	24.2
Relative (%)	-7.4	-6.0	8.4

Solarvest Holdings Berhad

First CGPP job award

Summary

- **Secured RM113.3m CGPP Contract for a 29.99MW Solar PV Facility, increasing the order book to RM582.3m, equivalent to 1.2x FY24 revenue.**
- **We anticipate that one-third of the project value will be recognised in FY25, with peak recognition in FY26.**
- **Maintain to BUY recommendation with an unchanged target price of RM1.94 based on SOP valuation.**

Company Update

- **New contract win.** Solarvest, via its wholly-owned subsidiary Atlantic Blue, has secured a Letter of Award (LOA) from P Solar for the EPCC of a 29.99MW Solar PV Facility under the Corporate Green Power Programme (CGPP).
- **CGPP details.** The project, with a contract value of RM113.3m, will have a capacity of 29.99MW and will be built at Mukim Pekan, Pahang. Construction will commence immediately, with commercial operations expected within 18 months, by March 2026, assuming no delays.
- **Boost to order book.** This latest win lifts Solarvest's outstanding order book to RM582.3m, equivalent to 1.2x FY24's revenue. We expect Solarvest to recognise c. one-third of the project's value in FY25, with peak recognition in FY26 as related EPCC works progress. Assuming an EBIT margin of 7.5%, the project is estimated to generate RM8.5m in EBIT throughout the project cycle.
- Moving forward, we foresee a robust pipeline of contract awards, suggesting significant order book expansion over the next 12 months. To recap, Solarvest is actively tendering for EPCC opportunities under the CGPP, with total potential contracts valued at close to RM1bn, including the recent win.
- **Earnings revision.** No changes to our earnings forecasts are necessary, as the job win is within our FY25F order book replenishment assumption.
- **Valuation.** We reiterate our **BUY** recommendation with a target price of RM1.94, based on SOP valuation. Solarvest is well-positioned to benefit from government RE initiatives, its unique in-house solar financing, and its status as the largest solar EPCC player in Malaysia.
- **Risk.** Reversal in solar module costs. Heavy reliance on government initiatives. Intense market competition.

Financial Highlights
Income Statement

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	175.8	365.5	497.0	658.1	808.7
Gross Profit	34.9	65.0	99.2	138.8	170.7
EBITDA	16.5	35.9	62.5	92.7	112.1
Depreciation & Amortisation	-3.3	-4.1	-7.4	-11.8	-14.6
EBIT	13.1	31.8	55.1	80.9	97.5
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	47.2	72.3	86.0
Tax	-3.6	-7.5	-13.1	-22.6	-26.8
Profit After Tax	7.4	20.2	34.1	49.7	59.2
Minority Interest	0.5	0.5	1.4	1.5	1.5
Net Profit	6.9	19.7	32.6	48.2	57.7
Exceptionals	-0.3	-3.8	-5.3	0.0	0.0
Core Net Profit	7.7	17.0	30.2	51.2	60.6

Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	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%	6.9%	7.6%	7.3%
NP margin	3.9%	5.4%	6.6%	7.3%	7.1%
Core NP margin	4.4%	4.6%	6.1%	7.8%	7.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	3.9%	10.0%	13.9%	16.9%	16.8%
ROA	2.7%	4.1%	6.3%	6.9%	6.5%
Net gearing	Net Cash	16.4%	25.7%	48.5%	45.9%

Valuation

Sum of Parts (SOP)	Equity Value (RM' m)	Valuation method
EPCC	1397.8	35x FY26F PER
Solar assets	247.4	DCF, WACC = 6.7%
Proceeds from warrants/ESOS	193.6	
SOP Value	1838.8	
Enlarged share base (m share)	952.4	
Fair Value (RM)	1.94	

Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	56.3	72.6	112.9	101.0	162.2
Receivables	88.9	109.8	99.8	120.8	144.9
Inventories	10.9	21.0	13.6	24.4	34.2
Other current assets	65.0	96.7	70.6	120.2	146.8
Total Current Assets	221.1	300.1	296.9	366.3	488.2
PPE	26.5	168.6	215.7	320.4	391.0
Other non-current assets	6.0	5.7	7.8	7.2	7.4
Total Non-current assets	32.5	174.2	223.5	327.6	398.5
Short-term Debt	4.2	17.3	9.5	35.9	48.0
Payables	40.6	108.2	67.1	88.3	127.6
Other Current Liabilities	7.5	39.4	28.3	65.2	78.5
Total Current Liabilities	52.3	165.0	105.0	189.4	254.1
Long-term Debt	2.6	87.5	163.8	203.3	272.0
Other non-current liabilities	23.0	24.4	16.5	16.5	16.5
Total Non-current Liabilities	25.6	111.9	180.3	219.7	288.5
Shareholder's equity	172.9	193.3	230.8	279.0	336.7
Minority interest	2.7	4.1	4.4	5.9	7.3
Total Equity	175.6	197.4	235.2	284.9	344.0

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	11.0	27.7	47.2	72.3	86.0
Depreciation	3.3	4.1	7.4	11.8	14.6
Changes in working capital	-73.3	27.2	-17.8	-22.7	-8.2
Others	-6.1	-2.5	-6.0	-22.6	-26.8
Operating cash flow	-65.0	56.5	30.8	38.7	65.6
Net capex	-6.1	-137.0	-53.3	-116.5	-85.2
Others	-0.4	0.1	-8.0	0.0	0.0
Investing cash flow	-6.5	-136.9	-61.3	-116.5	-85.2
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	26.4	89.3	54.3	65.8	80.9
Financing cash flow	26.4	89.3	54.3	65.8	80.9
Net cash flow	-45.1	8.9	23.8	-11.9	61.2
Forex	-0.1	-0.1	-0.1	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	73.2	28.0	36.8	60.5	48.6
Ending cash	28.0	36.8	60.5	48.6	109.8

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
<p>Head Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7890 8899</p> <p>Petaling Jaya Office: 16th Floor, Menara Choy Fook Onn, No.1B Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7620 1118</p>	<p>Head Office: Kong Ming Ming (ext 2002) Lee Chen Ming (ext 2029) Shirley Chang (ext 2026) Ahmad Mujib (ext 2028) Azfar Bin Abdul Aziz (ext 2031) Aizzat Bin Mohd Daud (ext 2030)</p> <p>Institutional Dealing Team: Low Jin Wu (ext 2109)</p> <p>PJ Office: General Line: (603) 7620 1118</p>	<p>Head Office: Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069) Chelsea Chew (ext 2070) Tan Sue Wen (ext 2095)</p>

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.

DISCLAIMER

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

All analyst(s) names appear in the front page, whom prepared this report, does not have any interest in the following securities covered in this report.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.