

Tan Sue Wen

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Recommendation:	BUY
Current Price:	RM 1.64
Previous Target Price:	RM 1.94
Target Price:	↔ RM 1.94
Upside/Downside:	18.3%

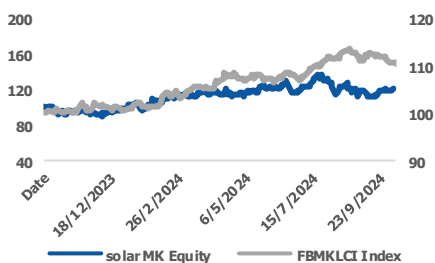
Stock information

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)	706.2
Market Cap (RM' m)	1,158.2
52-Week Price Range (RM)	1.18-1.83
Beta (x)	0.9
Free float (%)	53.2
3M Average Volume (m)	2.7
3M Average Value (RM' m)	4.4

Top 3 Shareholders (%)

Atlantic Blue Hlds Sdn Bhd	21.6
Employees Provident Fund Board	7.9
Lim Chin Siu	7.4

Share Price Performance



	1M	3M	12M
Absolute (%)	10.1	0.0	23.3
Relative (%)	10.0	-1.1	7.9

Solarvest Holdings Berhad

Second CGPP job award

Summary

- Secured a **RM104m CGPP contract** for a **25.4MW solar farm**, boosting order book to **RM686.3m**, equivalent to **1.4x FY24 revenue**.
- We expect the project to deliver **RM7.8m in EBIT** over its cycle, based on an EBIT margin of **7.5%**, with peak revenue recognition expected in **FY26**.
- Maintain **BUY recommendation** with an unchanged target price of **RM1.94** based on **SOP valuation**.

Company Update

- **Second CGPP contract win.** Solarvest, through its wholly-owned subsidiary Atlantic Blue, has secured an EPCC contract from Suria Hijauan, an indirect subsidiary of LBS Bina, for a 25.4MW Solar PV Facility under the CGPP.
- **CGPP details.** The project, with a contract value of RM104m, will have a capacity of 25.4MW and will be built in Senawang, Negeri Sembilan. Construction will commence immediately, with commercial operations expected by the end of 2025. The contract revolves around a direct interest from one of Solarvest's Executive Directors, whose parents hold a 20% equity stake in Suria Hijauan.
- **Boost to order book.** This latest win increases Solarvest's outstanding order book to RM686.3m, equivalent to 1.4x FY24 revenue. Assuming a 7.5% EBIT margin, the project is expected to generate RM7.8m in EBIT over its cycle, with peak revenue recognition projected in FY26.
- **Earnings revision.** No changes to our earnings forecasts, given that the contract win falls within our FY25F order book replenishment assumption of RM2.2bn, with CGPP expected to contribute c.RM750m.
- **Valuation.** We maintain our **BUY** recommendation with a target price of RM1.94, based on a sum-of-parts (SOP) valuation. This is Solarvest's second CGPP contract win this year (YTD: RM217.3m). Looking ahead, momentum is expected to continue, driven by the 800MW CGPP and the 2GW LSS5, with shortlisted winners for LSS5 expected in Nov.
- **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	48.2	57.7

Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
P/E (x)	162.4	56.0	32.3	22.1	18.6
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%	7.3%	7.1%
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	193.0	
SOP Value	1838.2	
Enlarged share base (m share)	9516	
Fair Value (RM)	1.94	

Source: Company, Apex Securities

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

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Ahmad Mujib (ext 2028)
Azfar Bin Abdul Aziz (ext 2031)
Aizzat Bin Mohd Daud (ext 2030)

Institutional Dealing Team:

Low Jin Wu (ext 2109)

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Chelsea Chew (ext 2070)
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Ong Tze Hern (ext 2113)

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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