

## Tan Sue Wen

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<b>Recommendation:</b>	<b>BUY</b>
<b>Current Price:</b>	<b>RM 1.57</b>
<b>Previous Target Price:</b>	<b>RM 1.94</b>
<b>Target Price:</b>	<b>RM 1.91</b>
<b>Upside/Downside:</b>	<b>21.7%</b>

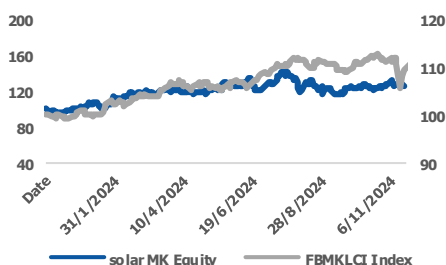
## Stock information

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)	720.5
Market Cap (RM' m)	1,131.1
52-Week Price Range (RM)	1.2-1.83
Beta (x)	0.8
Free float (%)	52.8
3M Average Volume (m)	1.8
3M Average Value (RM' m)	2.8

## Top 3 Shareholders (%)

Atlantic Blue Hlds Sdn Bhd	21.2
Employees Provident Fund Board	7.3
Lim Chin Siu	7.3

## Share Price Performance



	1M	3M	12M
Absolute (%)	-0.6	0.6	22.7
Relative (%)	1.1	3.6	12.2

# Solarvest Holdings Berhad

## Another CGPP job award

### Summary

- Secured a RM142.0m CGPP contract for a 29.9MWac solar farm, boosting order book to RM828.3m, equivalent to 1.7x FY24 revenue.
- This is a related-party transaction, where Solarvest holds a 33% effective stake in the awarded company.
- Maintain BUY recommendation with an adjusted target price of RM1.91, post housekeeping of the share base to reflect warrant dilution.

### Company Update

- Third CGPP contract win.** Solarvest, through its wholly owned subsidiary Atlantic Blue Sdn Bhd was awarded a RM142.0m contract from SM01 Sdn. Bhd. to develop a 29.9MWac solar farm in Kuala Muda, Kedah.
- CGPP details.** Construction will commence upon the fulfillment of two conditions: (1) approval from the EC for participation in the New Enhanced Dispatch Arrangement (NEDA), and (2) registration of the lease title by June 25. Conservatively, assuming construction begins after June 25, commercial operations is expected in 2026, assuming no delays. This is a related-party transaction, with SM01 Sdn. Bhd.'s ownership comprises Solarvest (33%), Shizen Malaysia (49%), and HSS Engineering (18%).
- Boost to order book.** This latest win bumps Solarvest's outstanding order book to RM828.3m, equivalent to 1.7x FY24 revenue of RM497.0m. Assuming a 7.5% EBIT margin, the project is expected to generate RM10.7m in EBIT over its cycle, with peak revenue recognition projected in FY26.
- Earnings revision.** No changes to our earnings forecasts, as the contract win falls within our FY25F order book replenishment target of RM2.2bn, with CGPP expected to contribute ~RM750.0m (YTD: RM359.3m).
- Valuation.** We maintain our **BUY** recommendation with an adjusted TP of **RM1.91**, post housekeeping higher share base to reflect recent dilution from the issuance of ~5.5m warrants. Our valuation methodology remains unchanged, which is based on sum-of-parts (SOP). Looking ahead, momentum is expected to continue, driven by the 800MW CGPP and the 2GW LSS5, with shortlisted winners for LSS5 expected in the near future.
- 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	185.9	
SOP Value	1831.1	
Enlarged share base (m share)	962.1	
Fair Value (RM)	1.91	

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

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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

### 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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