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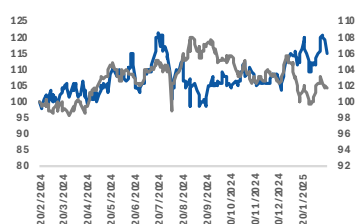
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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 1.74
Previous Target Price:	RM 2.00
Target Price:	↔ RM 2.00
Capital Upside/Downside:	14.9%
Dividend Yield (%):	0.0%
<b>Total Upside/Downside:</b>	<b>14.9%</b>

<b>Stock information</b>	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0215 / SOLAR MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	728.5
Market Cap (RM' m)	1,267.6
52-Week Price Range (RM)	1.83-1.44
Beta (x)	0.7
Free float (%)	53.3
3M Average Volume (m)	1.8
3M Average Value (RM' m)	3.0

<b>Top 3 Shareholders</b>	<b>(%)</b>
Atlantic Blue Hlds Sdn Bhd	21.0
Lim Chin Siu	7.2
Tan Chyi Boon	6.7

## Share Price Performance



	1M	3M	12M
Absolute (%)	-0.6	8.7	16.0
Relative (%)	-0.9	10.2	14.4

# Solarvest Holdings Berhad

## Growth Intact

### Executive Summary

- Solarvest's 3QFY25 CNP surged 79.7% qoq and 61.3% yoy to RM16.2m, bringing 9MFY25 CNP to RM33.3m (+34.0% yoy). Reported figures deemed to be within expectations, despite accounting for only 65.7% of our forecast and 69.0% of consensus estimates. We anticipate a stronger quarter ahead, driven by higher billings from EPCC jobs for CGPP projects.
- Prospects are strong underpinned by clear RE initiatives namely LSS5, LSS5+ and LSS6, with an estimated RM17bn in EPCC job opportunities over the next two years.
- Maintain BUY recommendation with an unchanged target price of RM2.00, based on a sum-of-parts (SOP) valuation, and appraised with a three-star ESG rating.

**Within expectations.** Solarvest's 9MFY25 core net profit (CNP) of RM33.3m accounted for 65.7% of our CNP forecast of RM50.7m and 69.0% of the consensus FY25F CNP forecast of RM48.3m. Still, we deem the results to be within expectations, as we anticipate a stronger quarter ahead driven by higher billings from EPCC jobs for CGPP projects.

**qoq.** Excluding forex impact (RM0.1m) and impairment loss on assets (RM1.7m), CNP surged 79.7% to RM16.2m, driven by strong progress billings from its CGPP EPCC jobs. CNP margin improvement of 3.3%-pts, thanks to softening of solar PV module costs as well as the depreciating of the CNY against MYR.

**yoy/ytd.** CNP was rose by 61.3%yoy / 34.0%ytd, primarily due to stronger contributions from LSS4 plants in the power supply division (+778.9% yoy, +223.3% ytd) and cost savings from lower solar modules costs (-25% yoy to 0.09 sen/w as of Dec 2024). As a result, the Group's 9MFY25 CNP margin improved to 10.7%, from 6.3% in the previous corresponding period.

**Outlook.** Recently various RE initiatives have been introduced to accelerate RE ambitions, including LSS5+ with a 2GW quota, the CREAM (lease rooftop) program, the BESS program with a total capacity of 400MW/1,600MWh, and the planned rollout of LSS6, which tentatively in Q2. Assuming a 2GW capacity for LSS6, the combined impact of LSS5 and LSS5+ could translate into an estimated RM17bn in EPCC jobs, significantly expanding order book opportunities for RE EPCC players over the next two years. We believe Solarvest is well positioned as one of the key beneficiaries, premised to its strong track record by completing >1GW, the highest number of installed solar PV systems among peers and consistently securing an average 20% market share in the LSS cycle. As of 31 Dec 2024, Solarvest's unbilled order book stands at RM877m (71% from LSS, 28% from C&I, and the remainder from others) equivalent to 1.8x its FY24 revenue of RM497.0m.

**Earnings revision.** No change to our earnings forecasts.

**Valuation.** We maintain our **BUY** recommendation with an unchanged TP of **RM2.00** based on sum-of-parts (SOP) and appraised with three-star ESG rating. We believe Solarvest is well-positioned to benefit from government RE initiatives, its unique in-house solar financing, and its status as Malaysia's largest solar EPCC player.

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

# Results Update

Friday, 21 Feb, 2025

## Earnings Summary

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	175.8	365.5	497.0	658.1	808.7
EBITDA	16.5	35.9	62.5	92.7	112.1
Pre-tax profit	11.0	27.7	47.2	74.8	92.5
Net profit	6.9	19.7	32.6	50.7	64.2
Core net profit	6.6	23.4	37.9	50.7	64.2
Core EPS (sen)	0.9	3.2	5.2	7.0	8.8
P/E (x)	190.7	54.1	33.4	25.0	19.7
P/B (x)	7.2	6.4	5.4	4.4	3.6
EV/EBITDA (x)	80.2	34.6	19.4	11.9	9.8
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Gearing (%)	Net Cash	16.4%	25.7%	58.1%	51.0%

Source: Company, Apex Securities

# Results Update

Friday, 21 Feb, 2025

## Results Comparison

FYE Mar (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue	135.4	112.4	20.5	103.9	30.3	312.0	395.7	(21.2)	
EBITDA	26.0	19.3	35.0	20.5	27.3	63.1	44.0	43.6	
Pre-tax profit	20.0	15.2	32.2	14.9	34.2	46.2	34.4	34.6	
Net profit	15.4	11.1	38.6	9.5	62.4	33.2	24.8	33.6	
Core net profit	16.2	10.0	61.3	9.0	79.7	33.3	24.9	34.0	qoq up due to stronger execution from CGPP projects
Core EPS (sen)	2.0	1.3	61.3	1.1	79.7	4.2	3.1	34.0	
EBITDA margin (%)	19.2	17.2		19.7		20.2	11.1		
PBT margin (%)	14.8	13.5		14.4		14.8	8.7		
Core PATMI margin (%)	12.0	8.9		8.7		10.7	6.3		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Mar (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
<b>Revenue Breakdown</b>									
EPCC	111.0	104.1	6.6	114.1	(2.7)	296.8	381.1	(22.1)	
O&M	3.4	2.4	42.4	4.4	(22.3)	10.3	5.2	97.5	
Power Supply	6.1	3.4	76.7	7.0	(13.6)	19.6	5.9	231.4	
Others	16.9	2.5	584.7	5.2	226.2	26.6	3.5	668.4	
Adjustment	(2.0)	-	nm	(26.8)	(92.6)	(41.4)	-	nm	
<b>Total</b>	<b>135.4</b>	<b>112.4</b>	<b>20.5</b>	<b>103.9</b>	<b>30.3</b>	<b>312.0</b>	<b>395.7</b>	<b>(21.2)</b>	
<b>Profit Before Tax (PBT) Breakdown</b>									
EPCC	18.2	13.5	34.3	13.2	37.1	39.9	31.2	28.0	
O&M	0.8	0.6	26.3	0.5	68.4	1.8	1.6	12.2	
Power Supply	1.5	0.2	778.9	2.0	(22.0)	5.8	1.8	223.3	benefiting from lower solar panel prices
Others	0.4	1.4	(73.7)	(1.5)	nm	(0.4)	1.6	nm	
Adjustment	(0.8)	(0.5)	57.5	0.7	nm	(0.8)	(1.7)	(51.6)	
<b>Total</b>	<b>20.0</b>	<b>15.2</b>	<b>32.2</b>	<b>14.9</b>	<b>34.2</b>	<b>46.2</b>	<b>34.4</b>	<b>34.6</b>	
<b>PBT margin (%)</b>									
EPCC	16.3%	13.0%		11.6%		13.4%	8.2%		
O&M	23.7%	26.8%		11.0%		17.5%	30.8%		
Power Supply	25.4%	5.1%		28.1%		29.7%	30.4%		
Others	2.2%	58.0%		-28.5%		-1.7%	46.2%		Stronger electricity sales from LSS4 plants
Adjustment									
<b>Total</b>	<b>14.8%</b>	<b>13.5%</b>		<b>14.4%</b>		<b>14.8%</b>	<b>8.7%</b>		

Source: Company, Apex Securities

# Results Update

Friday, 21 Feb, 2025

## 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	-9.0	-11.9
Associates & JV	0.0	0.0	0.0	2.9	6.9
Pre-tax Profit	11.0	27.7	47.2	74.8	92.5
Tax	-3.6	-7.5	-13.1	-22.6	-26.8
Profit After Tax	7.4	20.2	34.1	52.2	65.7
Minority Interest	0.5	0.5	1.4	1.5	1.5
Net Profit	6.9	19.7	32.6	50.7	64.2
Exceptionals	0.3	-3.8	-5.3	0.0	0.0
Core Net Profit	6.6	23.4	37.9	50.7	64.2

### Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	0.9	3.2	5.2	7.0	8.8
P/E (x)	190.7	54.1	33.4	25.0	19.7
P/B (x)	7.2	6.4	5.4	4.4	3.6
EV/EBITDA (x)	80.2	34.6	19.4	11.9	9.8
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
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%	11.4%	11.4%
PAT margin (%)	4.2%	5.5%	6.9%	7.9%	8.1%
NP margin (%)	3.9%	5.4%	6.6%	7.7%	7.9%
CNP margin (%)	3.8%	6.4%	7.6%	7.7%	7.9%
ROE (%)	3.8%	11.9%	16.1%	17.7%	18.2%
ROA (%)	2.6%	4.9%	7.3%	7.0%	6.9%
Gearing (%)	3.9%	53.1%	73.7%	86.9%	93.7%
Net gearing (%)	Net Cash	16.4%	25.7%	58.1%	51.0%

Valuations	Equity Value (RM' m)	Valuation method
EPCC	1388.26	35x FY26F PER
Associates	69.00	10x FY26F PER
Solar assets	247.38	Ke = 9.6%
Proceeds from warrants/ESOS	190.53	
SOP Value	1895.16	
Enlarged share base (m share)	946.50	
Fair Value (RM)	2.00	
ESG premium/discount	0.0%	
Implied Fair Value (RM)	2.00	

Source: Company, Apex Securities

### Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	56.3	72.6	112.9	82.9	150.7
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	348.2	476.6
Fixed Assets	26.5	168.6	215.7	320.4	391.0
Intangibles	0.2	0.1	0.0	0.0	0.0
Other non-current assets	5.9	5.6	7.8	58.5	58.7
Total Non-Current Assets	32.5	174.2	223.5	378.9	449.8
Short-term debt	4.2	17.3	9.5	37.5	49.6
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	191.0	255.8
Long-term debt	2.6	87.5	163.8	212.4	281.1
Other non-current liabilities	23.0	24.4	16.5	36.5	36.5
Total Non-Current Liabilities	25.6	111.9	180.3	248.8	317.6
Shareholder's equity	172.9	193.3	230.8	281.5	345.7
Minority interest	2.7	4.1	4.4	5.9	7.3
Total Equity	175.6	197.4	235.2	287.4	353.1

### Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	11.0	27.7	47.2	74.8	92.5
Depreciation & amortisation	-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	0.6	5.7	8.7	1.0	2.4
Operating cash flow	-65.0	56.5	30.8	41.2	72.1
Capex	-6.1	-137.0	-53.3	-116.5	-85.2
Others	-0.4	0.1	-8.0	-51.3	0.0
Investing cash flow	-6.5	-136.9	-61.3	-167.8	-85.2
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	26.4	89.3	54.3	96.5	80.9
Financing cash flow	26.4	89.3	54.3	96.5	80.9
Net cash flow	-45.1	8.9	23.8	-30.0	67.8
Forex	0.0	0.0	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	60.5	30.5
Ending cash	28.1	36.9	60.6	30.5	98.3

# Results Update

Friday, 21 Feb, 2025

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Emission intensity ratios were reduced to 0.60x from 0.64x in 2024 for Scope 1, and to 0.43x from 0.65x for Scope 2.
Waste & Effluent	★★★	3R (Reduce, Reuse, Recycle) initiative was implemented, with 3R bins placed in each office.
Energy	★★	Energy consumption increased by 27% in fuel for FY24, while electricity consumption was reduced by 11.6%.
Water	★★★	Water consumption intensity decreased by 43.8%, from 0.0064m <sup>3</sup> in the previous year to 0.0036m <sup>3</sup> .
Compliance	★★★	The Group complies with all local and international environmental regulations.

### Social

Diversity	★★★	Female representation stands at 19.7% in the workforce and 30% at the management level, meeting the MCCG's recommendation of 30% female directors on the Board.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	A total of 6,474 hours of training have been conducted. No fatalities, with a reduction in the total recordable incident rate (TRIR) to 0, from 1 case last year.
Labour Practices	★★★	Adheres to all relevant labor laws.

### Governance

CSR Strategy	★★★	Actively engaged with communities, contributing RM58,494 to various initiatives.
Management	★★★	Among the board members, 30% (2 out of 6) were female, while 60% (6 out of 10) were independent directors.
Stakeholders	★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors.

**Overall ESG Scoring:** ★★★

## Recommendation Framework:

**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.

## ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.