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Renewable Energy Sector

Overweight (↔)

4QCY24 Earnings Review: Broadly in-line

Executive Summary

- Overall results were largely in line with expectations. Two out of three RE companies under our core coverage (SLVEST and SAMAIKEN) met expectations, while PEKAT exceeded our forecast.
- We expect project billings from CGPP projects to accelerate in the coming quarters, alongside EPCC job awards from LSS5, which will further strengthen Solar EPCC players with an estimated orderbook replenishment of RM5.8bn in the near term.
- Maintain an **OVERWEIGHT** recommendation on the RE sector, with **BUY** ratings for SLVEST (TP: RM2.00), SAMAIKEN (TP: RM1.71), and PEKAT (TP: RM1.43).

Review. Two companies under our core coverage, **SLVEST** and **SAMAIKEN**, delivered **4QCY24** results in line with expectations, while **PEKAT** exceeded forecasts from better margins arising from lower-than-expected operating costs (administrative expenses).

Sector's core earnings expanded by 88.5% qoq and 83.5% yoy, primarily driven by cost savings from lower solar module prices (-11% qoq / -25% yoy). For SLVEST and SAMAIKEN, the strong performance was mainly attributed to robust progress billings from CGPP EPCC projects and higher contributions from electricity sales from solar plants. PEKAT's outperformance was driven by a reduction in administrative costs, increased project execution from ELP solutions, and new contribution from its recently acquired power distribution division.

Outlook. Over the near term, we reckon earnings growth will be driven primarily by project billings from CGPP projects, with solar plants set to achieve COD by the end-2025. We also expect rollout of EPCC jobs from LSS5 with an estimated orderbook replenishment of RM5.8bn, will keep Solar EPCC contractors busy until 2027. Overall, sector prospects remain bright, supported by key solar initiatives, including a 450MW quota under NEM, an extended RM4,000/kWac rebate under SolaRIS, the CREAM rooftop lease program, LSS5+ (2GW quota), the BESS program (400MW/1,600MWh capacity), BESS requirement waived under SELCO programme, and the planned rollout of LSS6, are expected to drive sustained earnings growth for Solar EPCC contractors in the foreseeable future.

Valuation & Recommendation. We maintain our **OVERWEIGHT** recommendation on the RE sector, supported by the consistent rollout of strong RE initiatives and robust growth potential. We maintain **BUY** recommendations for **SAMAIKEN (TP: RM1.71)** and **SLVEST (TP: RM2.00)**. We have also upgraded **PEKAT** to **BUY** (from HOLD) with a higher target price of **RM1.43** (previously RM1.17) following the rollover of our valuation metrics to FY26F.

Earnings Wrap

Tuesday, 04 Mar, 2025

Earnings Summary

CY (RM m)	4QCY24	4QCY23	yoy (%)	3QCY24	qoq (%)	12MCY24	12MCY23	yoy (%)
Revenue	309.7	219.5	41.1	235.9	31.3	961.6	716.6	34.2
SLVEST	135.4	112.4	20.5	103.9	30.3	408.9	395.7	3.3
SAMAIDEN	80.0	48.8	63.9	49.4	62.1	261.7	140.2	86.6
PEKAT	94.3	58.3	61.7	82.6	14.1	291.1	180.6	61.1
Core net profit	29.8	16.8	77.0	15.8	88.5	81.4	44.3	83.5
SLVEST	16.2	10.0	61.3	9.0	79.7	43.5	24.9	74.9
SAMAIDEN	3.9	3.4	17.1	3.9	0.9	16.6	9.6	72.9
PEKAT	9.6	3.4	182.8	2.9	235.8	21.3	9.9	115.6
Core PATMI margin (%)	9.6	7.7		6.7		8.5	6.2	
SLVEST	12.0	8.9		8.7		10.6	6.3	
SAMAIDEN	4.9	6.9		7.9		6.3	6.8	
PEKAT	10.2	5.8		3.5		7.3	5.5	

Source: Company, Apex Securities

Performance Summary

Company	4QCY24					
	APEX			CONSENSUS		
	Above	Within	Below	Above	Within	Below
SLVEST		✓			✓	
SAMAIDEN		✓			✓	
PEKAT	✓			✓		
Total	1	2	0	1	2	0
Total (%)	33.3%	66.7%	0.0%	33.3%	66.7%	0.0%

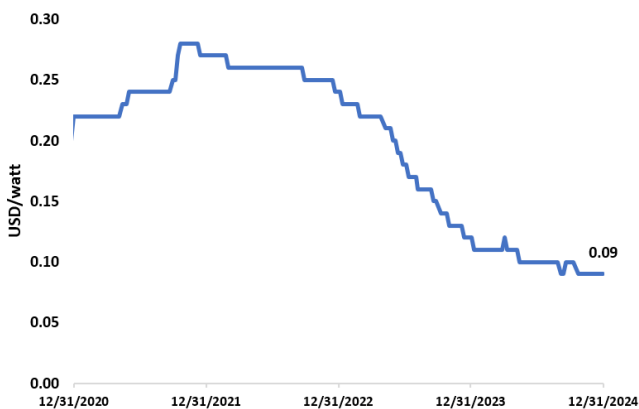
Source: Apex Securities, Bloomberg

Outstanding Orderbook Summary (RM' m)

Company	Mar-24	Jun-24	Sep-24	Dec-24
SLVEST	242	469	960	867
SAMAIDEN	354	314	497	515
PEKAT	180	217	475	591
Total	776	1000	1932	1973

Source: Apex Securities, Bloomberg

Solar module price trend



Source: Bloomberg, Apex Securities

Peers comparison

Company	FYE	P/E (x)		P/B (x)		Dividend Yield (%)	Price (RM) s at 3Mar25	Target Price	Potential Upside/Dow	ESG Rating
		FY25F	FY26F	FY25F	FY26F					
Solarvest Holdings Bhd	Mar	25.3	20.1	4.4	4.4	N/A	1.77	2.00	13.0%	★★★
Samaiden Group Bhd	Jun	25.3	17.0	3.4	3.4	1.26	1.19	1.71	43.7%	★★★
Sunview Group Bhd*	Mar	22.5	15.6	1.5	1.4	N/A	0.41	N/A	N/A	N/A
Pekat Group Bhd	Dec	24.04	0.19	3.3	3.3	N/A	1.25	1.43	14.4%	★★★

Sunview* P/E (x) and P/B (x) based on Bloomberg consensus estimates

Source: Bloomberg, Apex Securities

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.