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Recommendation:	BUY
Current Price:	RM 1.65
Previous Target Price:	RM 2.00
Target Price:	↔ RM 2.00
Capital Upside/ Downside:	21.2%
Dividend Yield (%):	0.0%
Total Upside/ Downside:	21.2%

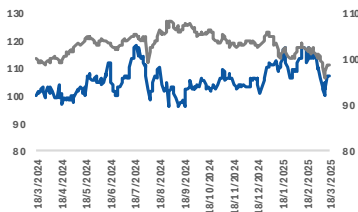
Stock information

Board	MAIN
Sector	Industrial
Bursa/ Bloomberg Code	0215/ SOLAR MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	737.9
Market Cap (RM' m)	1,217.5
52-Week Price Range (RM)	1.83-1.44
Beta (x)	0.8
Free float (%)	53.9
3M Average Volume (m)	2.1
3M Average Value (RM' m)	3.5

Top 3 Shareholders (%)

Atlantic Blue Hlds Sdn Bhd	20.7
Lim Chin Siu	7.1
Tan Chyi Boon	6.6

Share Price Performance



	1M	3M	12M
Absolute (%)	-4.1	1.2	5.8
Relative (%)	-0.7	6.0	7.0

Solarvest Holdings Berhad

Secures 500MWac EPCC Contract from TNB

Executive Summary

- **Secured RM401m EPCC Contract for a 500MWac Solar PV Facility, increasing the order book to RM1.28bn, equivalent to 2.6x FY24 revenue. This win represents 25% market share in LSS5 EPCC jobs, surpassing the historical average of 20% in past cycles.**
- **Near-term job flow momentum is expected to continue, primarily driven by LSS5 and LSS5+, with the combined impact creating an additional RM10bn in the potential order book, sustaining near-term growth prospects.**
- **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.**

Secures 500MWac Contract. On 17 Mar 2025, SLVEST has been awarded an EPCC contract by TNB, to develop a 500MWac large scale solar photovoltaic (LSSPV) power plant in Bukit Selambau, Kedah. The contract is valued at RM401m and is expected to be completed by 31 Jul 2027 (Q2FY28), spanning a two-year period. The scope of work covers engineering, procurement, construction, and commissioning, excluding major equipment procurement such as solar PV panels, inverters, combiner boxes, and mounting structures.

Our Take. We view the contract positively as it would sustain SLVEST's earnings. Assuming a conservative PBT margin of 5%, this could translate to an annual PBT of RM10m, which would represent 20% of our forecasted Group PBT for the year. This latest win beefed up SLVEST's unbilled order book to RM1.28bn, equivalent to 2.6x of FY24 revenue, providing strong earnings visibility through FY28F. The contract represents 25% market share of EPCC jobs in LSS5, surpassing the historical average of 20% in past cycles.

Outlook. Over the near term, we expect job flow momentum to remain strong, primarily driven by LSS5, as awarded project owners are required to achieve financial close with the EC by the end of Mar 2025. This will likely be followed by LSS5+, where bidders had a very short window of just over one month to prepare their bid submissions. Hence the bidding process is expected to be relatively quicker, likely concluding by May 2025. We believe LSS5+ will likely see further price revisions, with unsuccessful LSS5 bidders likely to resubmit their bids under LSS5+. Nevertheless, the combined impact of LSS5 (remaining quota) and LSS5+ could translate into a potential RM10bn incremental order book, ensuring SLVEST's near-term growth prospects.

Earnings revision. No changes to our earnings forecasts, as the contract win falls within our FY25F order book replenishment assumption of RM2.2bn.

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, leverage its unique in-house solar financing, and capitalise on its status as Malaysia's largest solar EPCC player.

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

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	15.9	34.9	50.7	64.2
Core EPS (sen)	0.9	2.2	4.8	7.0	8.8
P/E (x)	190.7	79.8	36.4	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

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	-2.2	0.0	0.0
Core Net Profit	6.6	15.9	34.9	50.7	64.2

Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	0.9	2.2	4.8	7.0	8.8
P/E (x)	190.7	79.8	36.4	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%	4.3%	7.0%	7.7%	7.9%
ROE (%)	3.8%	8.0%	14.8%	17.7%	18.2%
ROA (%)	2.6%	3.3%	6.7%	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	-6.1	-2.5	-6.0	-22.6	-26.8
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

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 ³ in the previous year to 0.0036m ³ .
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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As of **Wednesday, 19 Mar, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.