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Power & Utilities Sector

Overweight (↔)

Data Centre Boom Shows No Signs of Slowing

Despite policy headwinds and the rise of Deepseek, MDEC sees no signs of a slowdown in data centre expansion. While some demand may shift from Johor to Klang Valley or elsewhere due to the moratorium on approvals in Johor, overall momentum is expected to remain intact. According to Bloomberg, the revised chip export policy under the Trump administration is expected to target chip diversion, potentially affecting Malaysia. We believe the impact will mostly be limited to intermediaries or resellers, rather than end users such as AI-focused data centres in Malaysia. Maintain **OVERWEIGHT**. Top Picks: **CBHB (BUY, TP: RM0.45)** and (ii) **SCGBHD (BUY, TP: RM1.42)**.

We recently organised an engagement session with Malaysia Digital Economy Corporation (MDEC) and gathered the following key takeaways:

National Utility Approval a Bottleneck to Data Centre (DC) Growth. Despite robust interest from DC operators, **Tenaga Nasional Berhad (TENAGA) (BUY, TP: RM16.04)** has remained relatively conservative in approving the electricity supply requests. This cautious stance aims to ensure a healthy reserve margin and secure electricity availability. According to the latest data from Single Buyer, Malaysia's reserve margin currently stands at 37%, with c.7.5GW of excess capacity. This is slightly above the International Energy Agency's (IEA) recommended range of 20%-35%.

Johor Halts New DC Approvals for Economic Reassessment. Johor has emerged as a key hub for global digital infrastructure providers, primarily due to land, electricity, water and renewable energy (RE) constraints in Singapore. The state's four major DC clusters are Nusajaya Tech Park (NTP), Sedenak Tech Park (STeP), YTL DC Park and SiLC Nusajaya, all located in Southwest Johor, aligned with key fibre connectivity routes to Singapore via the southern link bridges. Despite ongoing demand, Johor has halted new DC approvals over the past three months to undertake an economic reassessment aimed at evaluating whether manufacturing or other sectors should be prioritised. As a result, interest has begun to shift to other regions. For instance, Negeri Sembilan recently gained traction, with Google appointing **GAMUDA (NR)** to develop a data centre in Port Dickson.

East-West Gateway Concept Proposed. DCs are typically located near international submarine cable landing points, such as Singapore, to benefit from lower latency, cost efficiency, and higher network reliability. However, due to Singapore's limited coastal space and high infrastructure density, Johor is increasingly seen as a more flexible and cost-effective alternative. An East-West gateway concept across Johor has been proposed to boost connectivity and balance digital infrastructure growth (Figure 1). This could spur new DC developments in Southeast Johor, complementing the existing concentration in Southwest.

Figure 1: The East West Gateway Concept



Source: MDEC

No Signs of a Slowdown in Data Centre Expansion. According to MDEC, despite concerns over potential slowdown following the introduction of the AI Diffusion Framework and the rise of

Deepseek, there have been no cancellations of committed DC projects, and new inquiries remain robust. While some demand may shift from Johor to Klang Valley or elsewhere due to the moratorium on approvals in Johor, overall momentum is expected to remain intact. MDEC also notes that Deepseek's ability to deliver advanced AI capabilities at lower cost and computational requirements could paradoxically result in greater overall demand, consistent with the Jevons paradox. Meanwhile, recent news reports suggest that the AI diffusion rule will not take effect on 15 May as initially planned, with the Trump administration seeking to revise the chip export policy, though the final scope and stringency of the new rules remain uncertain.

Maintain OVERWEIGHT. We maintain **OVERWEIGHT** stance on the sector, supported by the dual engine of energy demand growth: the rapid expansion of DCs and the accelerating electrification of vehicles, along with the ongoing energy transition under the NETR. DCs remain the key contributor to incremental load growth despite policy risks. According to Bloomberg, the revised chip export policy under the Trump administration is expected to target chip diversion, potentially affecting Malaysia. Nevertheless, we believe the impact will mostly be limited to intermediaries or resellers, rather than end users such as AI-focused DCs in Malaysia. US hyperscalers are likely to remain isolated from any policy changes. Overall, we believe DC-driven demand growth is inevitable, powered by the continued digitalisation of the economy. Peninsular Malaysia is well-positioned to support this demand, offering abundant affordable land, RE potential, and low utility costs.

Our top picks for the sector are: (i) **CBHB (BUY, TP: RM0.45)** — strong track record in executing high-voltage (HV) substation projects, particularly for hyperscale DCs; and (ii) **SCGBHD (BUY, TP: RM1.42)** — beneficiary of rising demand for power cables and conductors as Malaysia expands its power infrastructure.

Risks. Policy risk, potential slowdown in AI growth due to lack of clear monetisation method.

Figure 2: Peers' Comparison

Company	FYE	Market Cap (RM m)	Rec.	Price (RM) ^	TP (RM)	Potential Upside	P/E (x)		Div Yield (%)		ESG Rating
							CY25	CY26	CY25	CY26	
Utility Company											
Tenaga Nasional Bhd	Dec	83,357	Buy	14.30	16.04	12.2%	19.8	19.4	3.3	3.4	★★★★
Electrical contractors											
CBH Engineering Holding Bhd	Dec	573.7	Buy	0.31	0.45	47.5%	11.8	10.1	0.0	0.0	★★★★
*MN Holdings Bhd	Jun	685.6	N/A	1.22	1.71	40.2%	12.4	11.0	0.2	0.2	N/A
*HE Group Bhd	Dec	110.0	N/A	0.25	0.44	76.0%	9.3	5.7	2.0	3.6	N/A
Average							11.2	8.9	0.7	1.3	
M&E											
CBH Engineering Holding Bhd	Dec	573.7	Buy	0.305	0.45	47.5%	11.8	10.1	0	0	★★★★
*Critical Holdings Bhd	Jun	245.3	N/A	0.66	1.65	150.0%	7.6	6.9	3.3	3.6	N/A
*HE Group Bhd	Dec	110.0	N/A	0.25	0.44	76.0%	9.3	5.7	2.0	3.6	N/A
Average							9.6	7.6	1.8	2.4	
Underground Utilities											
UUE Holdings Bhd	Feb	422.8	Buy	0.695	0.83	19.4%	15.0	12.0	1.1	1.9	★★★★
PEKAT Group Bhd	Dec	767.5	Buy	1.19	1.43	20.2%	23.0	17.9	0.8	0.6	★★★★
*MN Holdings Bhd	Jun	685.6	N/A	1.22	1.71	40.2%	12.39	10.99	0.2	0.2	N/A
Average							16.8	13.6	0.7	0.9	
Cables and Wires											
Southern Cable Group Bhd	Dec	1095.5	Buy	1.18	1.42	20.3%	13.7	12.4	1.3	1.4	★★★★
*OSK Group Bhd	Dec	3608.7	N/A	1.70	2.88	69.4%	6.3	6.3	4.6	4.9	N/A
Average							10.0	9.3	2.9	3.1	

* Based on Bloomberg consensus

Source: Bloomberg, Apex Securities

Figure 3: TENAGA's Financial Highlights

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	53,066.9	56,737.1	68,433.7	71,627.5	74,837.3
ICPT	10,598.2	9,097.7	0.0	0.0	0.0
EBITDA	18,622.6	19,952.5	20,749.7	22,691.3	23,821.0
Depreciation & Amortisation	-11,265.7	-11,232.4	-11,394.6	-12,726.9	-13,574.1
EBIT	7,356.9	8,720.1	9,355.0	9,964.4	10,246.9
Net Finance Income/(Cost)	-3,786.8	-3,469.1	-3,795.0	-4,277.8	-4,490.3
Associates & JV	62.4	107.5	105.3	111.1	94.6
Forex gain/(loss)	-209.5	467.4	0.0	0.0	0.0
FV changes of financial instruments	-49.4	-11.1	0.0	0.0	0.0
Pre-tax Profit	3,373.6	5,814.8	5,665.4	5,797.6	5,851.2
Tax	-770.0	-1,085.2	-1,359.7	-1,391.4	-1,404.3
Profit After Tax	2,603.6	4,729.6	4,305.7	4,406.2	4,446.9
(-) Minority Interest	-166.7	31.0	113.3	116.0	117.0
Net Profit	2,770.3	4,698.6	4,192.4	4,290.2	4,329.9
(-) Exceptionals	-299.0	936.0	0.0	0.0	0.0
Core Net Profit *	3,069.3	3,762.6	4,192.4	4,290.2	4,329.9

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	48.0	81.0	72.1	73.8	74.5
P/E (x)	29.8	17.7	19.8	19.4	19.2
P/B (x)	1.4	1.4	1.3	1.3	1.3
EV/EBITDA (x)	8.4	7.5	7.9	7.6	7.4
DPS (sen)	46.0	51.0	47.0	48.0	48.0
Dividend Yield (%)	3.2%	3.6%	3.3%	3.4%	3.4%
EBITDA margin (%) ^	29.3%	30.3%	30.3%	31.7%	31.8%
EBIT margin (%) ^	11.6%	13.2%	13.7%	13.9%	13.7%
PBT margin (%) ^	5.3%	8.8%	8.3%	8.1%	7.8%
PAT margin (%) ^	4.1%	7.2%	6.3%	6.2%	5.9%
NP margin (%) ^	4.4%	7.1%	6.1%	6.0%	5.8%
CNP margin (%) ^	4.8%	5.7%	6.1%	6.0%	5.8%
ROE (%)	4.7%	7.8%	6.8%	6.8%	6.7%
ROA (%)	1.4%	2.3%	2.0%	1.9%	1.9%
Gearing (%)	101.1%	91.7%	91.0%	96.2%	101.3%
Net gearing (%)	66.7%	59.7%	73.3%	80.2%	85.3%

^ ICPT included in the calculation of profitability margins

* Core profit is not adjusted for MFRS 16

DCF Valuation	Value (RM m)	Valuation method
Enterprise Value	175,551.1	WACC: 7.1%, g: 2.0%
(-) Net Debt(Cash)	79,758.9	
(-) Minority Interests	2,311.9	
Total Equity Value	93,480.3	
Enlarged share base (m share)	5,826.9	
Equity Value/share (RM)	16.04	
ESG premium/discount	0.0%	
Fair Value (RM)	16.04	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	19,390.5	19,601.1	10,912.4	10,119.0	10,377.9
Receivables	10,408.2	10,857.4	12,374.3	12,755.6	13,122.2
Inventories	2,758.0	2,543.6	2,398.0	2,459.7	2,562.2
Other current assets	8,091.5	7,306.1	7,706.1	7,828.3	7,951.1
Total Current Assets	40,648.2	40,308.2	33,390.8	33,162.6	34,013.4
Fixed Assets	121,932.1	125,611.1	137,446.4	146,237.5	154,439.6
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	42,163.3	39,136.8	40,781.9	43,582.5	41,109.6
Total Non-Current Assets	164,095.4	164,747.9	178,228.2	189,820.0	195,549.1
Short-term debt	7,330.6	6,275.6	6,775.6	9,275.6	11,775.6
Payables	12,830.7	14,215.4	13,455.2	13,801.8	14,376.8
Other current liabilities	12,677.3	13,477.1	13,926.1	14,025.0	14,124.4
Total Current Liabilities	32,838.6	33,968.1	34,156.9	37,102.4	40,276.8
Long-term debt	54,439.6	51,131.0	51,631.0	54,131.0	56,631.0
Other non-current liabilities	56,382.7	57,387.3	61,626.5	65,870.4	65,119.2
Total Non-Current Liabilities	110,822.3	108,518.3	113,257.5	120,001.4	121,750.2
Shareholder's equity	58,825.8	60,371.1	61,892.8	63,450.9	64,990.6
Minority interest	2,256.9	2,198.6	2,311.9	2,427.9	2,544.9
Total Equity	61,082.7	62,569.7	64,204.7	65,878.8	67,535.5

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	3,373.6	5,814.8	5,665.4	5,797.6	5,851.2
Depreciation & amortisation	11,265.7	11,232.4	11,394.6	12,726.9	13,574.1
Changes in working capital	14,641.7	4,225.0	-613.0	-83.4	122.7
Others	2,962.4	1,175.2	7,203.8	3,229.7	3,392.9
Operating cash flow	32,243.4	22,447.4	23,650.8	21,670.8	22,940.9
Capex	-10,599.2	-11,264.2	-20,000.0	-18,000.0	-18,000.0
Others	4,814.5	-330.8	0.0	0.0	0.0
Investing cash flow	-5,784.7	-11,595.0	-20,000.0	-18,000.0	-18,000.0
Dividends paid	-2,537.5	-3,073.7	-2,670.7	-2,732.1	-2,790.2
Others	-10,774.3	-9,678.2	-5,436.5	-1,732.2	-1,891.8
Financing cash flow	-13,311.8	-12,751.9	-8,107.2	-4,464.2	-4,682.0
Net cash flow	13,146.9	-1,899.5	-4,456.4	-793.4	258.9
Forex	22.2	43.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	4,056.1	17,225.2	15,368.8	10,912.4	10,119.0
Ending cash	17,225.2	15,368.8	10,912.4	10,119.0	10,377.9

Figure 4: CBHB's Financial Highlights

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	208.0	271.7	347.2	403.3	456.8
Gross Profit	67.3	73.4	82.4	97.7	110.7
EBITDA	46.1	55.1	64.5	75.2	85.2
Depreciation & Amortisation	-0.7	-0.9	-1.4	-1.3	-1.4
EBIT	45.5	54.1	63.1	73.9	83.8
Net Finance Income/ (Cost)	0.5	0.7	0.7	0.7	0.7
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	46.0	54.8	63.8	74.6	84.5
Tax	-12.9	-13.1	-15.3	-17.9	-20.3
Profit After Tax	33.0	41.7	48.5	56.7	64.2
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	33.0	41.7	48.5	56.7	64.2
Exceptionals	0.0	-2.5	0.0	0.0	0.0
Core Net Profit	33.0	44.3	48.5	56.7	64.2

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.8	2.4	2.6	3.0	3.4
P/E(x)	17.4	13.0	11.8	10.1	8.9
P/B(x)	7.3	5.8	2.5	2.0	1.6
EV/EBITDA (x)	11.9	9.9	10.3	8.9	8.5
DPS (sen)	0.6	0.9	0.0	0.0	0.0
Dividend Yield (%)	2.1%	2.9%	0.0%	0.0%	0.0%
EBITDA margin (%)	22.2%	20.3%	18.6%	18.7%	18.6%
EBIT margin (%)	21.9%	19.9%	18.2%	18.3%	18.3%
PBT margin (%)	22.1%	20.2%	18.4%	18.5%	18.5%
PAT margin (%)	15.9%	15.4%	14.0%	14.1%	14.1%
NP margin (%)	15.9%	15.4%	14.0%	14.1%	14.1%
CNP margin (%)	15.9%	16.3%	14.0%	14.1%	14.1%
ROE (%)	42.1%	44.6%	21.0%	19.7%	18.2%
ROA (%)	23.1%	27.7%	14.5%	13.9%	13.2%
Gearing (%)	0.0%	0.1%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY26F
Core EPS (RM)	0.030
P/E multiple (x)	15.0
Fair Value (RM)	0.45
ESG premium/ discount	0.0%
Implied Fair Value (RM)	0.45

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	42.9	38.9	154.9	164.6	213.9
Receivables	46.6	38.7	92.7	106.9	121.1
Inventories	48.7	75.2	79.8	129.0	146.2
Other current assets	0.5	0.3	0.3	0.3	0.3
Total Current Assets	138.7	153.1	327.7	400.9	481.4
Fixed Assets	2.2	3.6	3.3	3.1	3.2
Intangibles	0.0	1.0	2.0	3.0	4.0
Other non-current assets	2.0	1.9	0.9	-0.1	-1.1
Total Non-Current Assets	4.2	6.5	6.2	6.1	6.1
Short-term debt	0.0	0.1	0.1	0.1	0.1
Payables	50.9	53.8	92.7	106.9	121.1
Other current liabilities	12.3	4.8	9.6	11.6	13.6
Total Current Liabilities	63.2	58.7	102.4	118.6	134.8
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	1.2	1.7	0.4	0.5	0.7
Total Non-Current Liabilities	1.2	1.7	0.4	0.5	0.7
Shareholder's equity	78.4	99.2	231.1	287.8	352.0
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	78.4	99.2	231.1	287.8	352.0

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	46.0	54.8	63.8	74.6	84.5
Depreciation & amortisation	0.6	0.9	1.4	1.3	1.4
Changes in working capital	-10.8	-21.6	-17.9	-48.4	-16.3
Others	0.4	-16.2	-16.0	-18.6	-21.0
Operating cash flow	36.2	18.0	31.3	9.0	48.5
Capex	-0.3	-1.0	-1.1	-1.2	-1.4
Others	2.9	0.5	0.8	0.8	0.9
Investing cash flow	2.6	-0.6	-0.3	-0.4	-0.5
Dividends paid	-12.1	-21.0	0.0	0.0	0.0
Others	-8.6	-0.6	85.1	1.1	1.2
Financing cash flow	-20.7	-21.6	85.1	1.1	1.2
Net cash flow	18.0	-4.2	116.1	9.7	49.2
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	13.6	31.6	27.4	143.5	153.2
Ending cash	31.6	27.4	143.5	153.2	202.4

Figure 5: UUE's Financial Highlights

Financial Highlights

Income Statement

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	125.7	170.0	212.9	246.5	277.5
Gross Profit	37.8	47.0	58.9	69.0	78.9
EBITDA	26.7	36.5	47.6	55.0	52.7
Depreciation & Amortisation	-3.7	-4.3	-8.3	-8.4	0.0
EBIT	23.1	32.1	39.3	46.5	52.7
Net Finance Income/ (Cost)	-1.6	-1.9	-2.4	-2.6	-2.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	21.5	30.2	36.8	43.9	49.9
Tax	-5.3	-7.2	-8.8	-10.5	-11.9
Profit After Tax	16.2	23.0	28.1	33.5	38.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	16.2	23.0	28.1	33.5	38.0
Exceptionals	-2.9	0.5	0.0	0.0	0.0
Core Net Profit	19.1	22.4	28.1	33.5	38.0

Key Ratios

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.1	3.7	4.6	5.5	6.3
P/E(x)	22.1	18.8	15.1	12.6	11.1
P/B(x)	6.7	3.7	3.0	2.5	2.1
EV/EBITDA(x)	15.6	11.4	9.1	8.2	8.9
DPS (sen)	0.5	0.0	0.0	1.1	1.3
Dividend Yield (%)	0.7%	0.0%	0.0%	1.6%	1.8%
EBITDA margin (%)	21.3%	21.5%	22.4%	22.3%	19.0%
EBIT margin (%)	18.3%	18.9%	18.4%	18.9%	19.0%
PBT margin (%)	17.1%	17.8%	17.3%	17.8%	18.0%
PAT margin (%)	12.9%	13.5%	13.2%	13.6%	13.7%
NP margin (%)	12.9%	13.5%	13.2%	13.6%	13.7%
CNP margin (%)	15.2%	13.2%	13.2%	13.6%	13.7%
ROE (%)	30.4%	19.8%	19.9%	19.9%	19.2%
ROA (%)	16.0%	12.5%	13.3%	13.6%	13.4%
Gearing (%)	36.4%	27.3%	23.4%	21.1%	19.3%
Net gearing (%)	7.5%	5.1%	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.06
P/E multiple (x)	15.0
Fair Value (RM)	0.83
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.83

Source: Company, Apex Securities

Balance Sheet

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	18.1	25.1	41.9	60.8	82.6
Receivables	32.4	48.7	52.6	56.8	61.3
Inventories	3.5	8.2	8.8	9.5	10.3
Other current assets	40.7	64.6	74.7	85.3	95.1
Total Current Assets	94.8	146.5	177.9	212.3	249.2
Fixed Assets	13.7	23.3	24.3	25.3	26.4
Intangibles	10.9	10.0	9.3	8.8	8.4
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Total Non-Current Assets	24.6	33.3	33.6	34.1	34.8
Short-term debt	20.1	28.7	29.7	31.9	34.4
Payables	17.4	20.8	20.9	26.2	30.2
Other current liabilities	8.8	8.1	9.6	10.0	10.4
Total Current Liabilities	46.3	57.7	60.2	68.1	75.0
Long-term debt	2.8	2.1	3.3	3.5	3.8
Other non-current liabilities	7.4	6.8	6.8	6.8	6.8
Total Non-Current Liabilities	10.1	9.0	10.1	10.4	10.7
Shareholder's equity	62.9	113.1	141.2	168.0	198.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	62.9	113.1	141.2	168.0	198.4

Cash Flow

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	21.5	30.2	36.8	43.9	49.9
Depreciation & amortisation	3.7	4.3	8.3	8.3	8.4
Changes in working capital	17.4	42.0	13.1	9.8	10.7
Others	-35.6	-89.8	-32.5	-27.5	-30.5
Operating cash flow	7.0	-13.2	25.7	34.6	38.5
Capex	-3.0	-11.5	-8.7	-8.9	-9.1
Others	-1.9	-0.2	0.3	0.4	0.4
Investing cash flow	-4.9	-11.6	-8.3	-8.5	-8.7
Dividends paid	-2.8	0.0	0.0	-6.7	-7.6
Others	0.7	32.5	-0.6	-0.5	-0.4
Financing cash flow	-2.1	32.5	-0.6	-7.2	-8.0
Net cash flow	-0.1	7.6	16.8	18.9	21.8
Forex	0.6	-0.4	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	11.6	12.2	19.4	36.2	55.1
Ending cash	12.2	19.4	36.2	55.1	76.9

Figure 6: SCGBHD's Financial Highlights

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1053.1	1347.0	1834.7	2059.4	2213.6
Gross Profit	73.9	135.2	186.0	211.1	238.2
EBITDA	70.4	120.5	169.6	184.7	198.2
Depreciation & Amortisation	-22.6	-18.7	-21.7	-22.1	-22.8
EBIT	47.7	101.9	147.9	162.6	175.4
Net Finance Income/ (Cost)	-8.7	-9.6	-9.9	-9.7	-9.3
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	39.0	92.3	138.0	152.9	166.1
Tax	-9.6	-20.0	-34.8	-38.5	-41.9
Profit After Tax	29.4	72.3	103.2	114.3	124.2
(-) Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	29.4	72.3	103.2	114.3	124.2
(-) Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	29.4	72.3	103.2	114.3	124.2

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	2.5	6.0	8.6	9.5	10.4
P/E(x)	48.1	19.6	13.7	12.4	11.4
P/B(x)	4.5	3.5	2.9	2.4	2.0
EV/EBITDA (x)	18.7	10.6	8.2	7.7	7.4
DPS (sen)	0.8	0.8	1.0	1.2	1.3
Dividend Yield (%)	0.6%	0.6%	0.8%	1.0%	1.1%
EBITDA margin (%)	6.7%	8.9%	9.2%	9.0%	9.0%
EBIT margin (%)	4.5%	7.6%	8.1%	7.9%	7.9%
PBT margin (%)	3.7%	6.9%	7.5%	7.4%	7.5%
PAT margin (%)	2.8%	5.4%	5.6%	5.6%	5.6%
NP margin (%)	2.8%	5.4%	5.6%	5.6%	5.6%
CNP margin (%)	2.8%	5.4%	5.6%	5.6%	5.6%
ROE(%)	9.3%	18.0%	20.8%	19.1%	17.4%
ROA (%)	4.9%	10.0%	11.9%	11.8%	11.6%
Gearing (%)	62.1%	53.7%	39.8%	29.5%	21.7%
Net gearing (%)	31.7%	33.1%	6.0%	Net Cash	Net Cash

Valuations	FY26F
Core EPS (RM)	0.095
P/E multiple (x)	15.0
Fair Value (RM)	1.42
ESG premium/discount	0.0%
Implied Fair Value (RM)	1.42

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	96.0	82.7	167.4	192.2	201.0
Receivables	264.9	315.3	378.3	454.0	544.8
Inventories	144.1	183.7	185.6	187.4	189.3
Other current assets	1.0	1.2	1.2	1.2	1.2
Total Current Assets	506.0	582.9	732.5	834.8	936.3
Fixed Assets	54.6	81.9	77.5	79.6	82.9
Intangibles	44.4	55.8	53.5	51.3	49.2
Other non-current assets	0.5	0.5	0.5	0.5	0.5
Total Non-Current Assets	99.6	138.3	131.6	131.5	132.6
Short-term debt	186.1	209.5	187.5	167.9	146.9
Payables	82.8	89.8	156.6	175.6	187.7
Other current liabilities	4.3	4.1	4.1	4.1	4.1
Total Current Liabilities	273.1	303.4	348.2	347.6	338.7
Long-term debt	9.6	6.2	9.9	8.8	7.7
Other non-current liabilities	7.8	9.8	9.8	9.8	9.8
Total Non-Current Liabilities	17.4	16.0	19.7	18.7	17.6
Shareholder's equity	315.0	401.8	496.2	600.0	712.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	315.0	401.8	496.2	600.0	712.7

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	39.0	92.3	138.0	152.9	166.1
Depreciation & amortisation	-22.6	-18.7	-21.7	-22.1	-22.8
Changes in working capital	65.0	-83.3	2.0	-58.6	-80.6
Others	41.6	21.0	18.4	15.4	13.1
Operating cash flow	123.0	11.3	136.7	87.6	75.7
Capex	-9.0	-49.2	-15.0	-22.0	-24.0
Others	0.3	0.0	0.0	0.0	0.0
Investing cash flow	-8.8	-49.2	-15.0	-22.0	-24.0
Dividends paid	-2.2	-13.1	-8.8	-10.6	-11.4
Others	-37.8	37.7	-28.2	-30.3	-31.4
Financing cash flow	-40.1	24.6	-37.0	-40.9	-42.9
Net cash flow	74.1	-13.3	84.7	24.7	8.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	21.8	96.0	82.7	167.4	192.1
Ending cash	96.0	82.7	167.4	192.1	201.0

Figure 7: PEKAT's Financial Highlights

Financial Highlights

Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	179.2	227.5	287.0	489.7	636.8
Gross Profit	44.8	53.5	81.9	146.1	191.7
EBITDA	17.4	20.3	38.6	71.9	88.0
Depreciation & Amortisation	-1.5	-1.7	-2.2	-11.3	-12.2
EBIT	15.8	18.7	36.5	60.6	75.8
Net Finance Income/ (Cost)	-1.4	-1.1	-0.9	-4.9	-3.3
Associates & JV	0.0	0.6	-0.8	0.4	0.4
Pre-tax Profit	14.4	18.1	34.7	56.1	72.9
Tax	-4.4	-4.4	-12.0	-15.2	-20.3
Profit After Tax	10.0	13.8	22.7	40.9	52.7
Minority Interest	0.0	0.0	0.7	7.5	9.9
Net Profit	10.0	13.7	22.0	33.4	42.8
Exceptionals	-0.9	0.9	-1.1	0.0	0.0
Core Net Profit	10.9	12.8	23.1	33.4	42.8

Key Ratios

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	1.7	2.0	3.6	5.2	6.6
P/E(x)	70.2	59.7	33.3	23.0	17.9
P/B(x)	5.9	5.6	3.9	3.4	2.9
EV/EBITDA(x)	44.7	39.0	19.8	11.3	9.6
DPS (sen)	0.0	1.0	0.0	1.6	2.0
Dividend Yield (%)	0.0%	0.8%	0.0%	1.3%	1.7%
EBITDA margin (%)	9.7%	8.9%	13.5%	14.7%	13.8%
EBIT margin (%)	8.8%	8.2%	12.7%	12.4%	11.9%
PBT margin (%)	8.1%	8.0%	12.1%	11.5%	11.5%
PAT margin (%)	5.6%	6.0%	7.9%	8.3%	8.3%
NP margin (%)	5.6%	6.0%	7.7%	6.8%	6.7%
CNP margin (%)	6.1%	5.6%	8.0%	6.8%	6.7%
ROE (%)	8.4%	9.4%	11.8%	14.7%	16.1%
ROA (%)	5.8%	7.0%	5.3%	6.7%	7.7%
Gearing (%)	16.2%	1.2%	38.2%	30.1%	18.2%
Net gearing (%)	Net Cash	Net Cash	19.2%	Net Cash	Net Cash

Valuations

	Equity Value (RM' m)	Valuation method
EPCC	585.9	30x FY26F PER
ELP	71.4	15x FY26F PER
Trading	68.5	15x FY26F PER
EPE	183.4	15x FY26F PER
Solar assets	14.4	Ke=13.8%
Cash proceeds from exercise of warrants/ ESOS	0.0	
SOP Value	923.6	
Enlarged share base (m share)	645.0	
Fair Value (RM)	1.44	
ESG premium/discount	0.0%	
Implied Fair Value (RM)	1.44	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	29.1	27.0	37.3	71.6	69.3
Receivables	47.9	55.0	110.3	123.6	139.6
Inventories	25.6	24.9	94.6	104.0	119.6
Other current assets	51.9	39.2	62.8	60.3	81.3
Total Current Assets	154.5	146.1	305.0	359.5	409.9
Fixed Assets	23.3	23.4	68.9	76.3	84.1
Intangibles	0.3	0.2	46.9	46.9	46.9
Other non-current assets	11.5	12.7	12.4	12.5	12.6
Total Non-Current Assets	35.1	36.3	128.2	135.7	143.6
Short-term debt	19.4	1.0	36.9	34.0	24.3
Payables	14.5	27.0	96.1	123.6	139.6
Other current liabilities	21.9	14.1	45.1	54.7	75.7
Total Current Liabilities	55.8	42.1	178.1	212.2	239.6
Long-term debt	1.6	0.6	37.8	34.0	24.3
Other non-current liabilities	2.7	2.9	22.0	22.8	23.6
Total Non-Current Liabilities	4.3	3.5	59.8	56.8	47.9
Shareholder's equity	129.4	136.7	158.7	182.0	212.0
Minority interest	0.1	0.1	36.7	44.2	54.1
Total Equity	129.5	###	195.3	226.2	266.0

Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	14.4	18.1	34.7	56.1	72.9
Depreciation & amortisation	1.7	1.8	2.5	11.3	12.2
Changes in working capital	31.2	-11.2	12.2	-16.9	15.6
Others	-66.2	17.9	-33.4	23.3	-48.3
Operating cash flow	-18.9	26.6	15.9	73.8	52.4
Capex	-1.6	-0.7	-6.9	-18.7	-20.0
Others	16.5	0.0	-69.4	0.4	0.4
Investing cash flow	14.9	-0.7	-76.3	-18.3	-19.6
Dividends paid	0.0	-6.4	0.0	-10.0	-12.8
Others	-10.0	-9.7	70.8	-11.2	-22.3
Financing cash flow	-10.0	-16.2	70.8	-21.2	-35.2
Net cash flow	-14.0	9.7	10.4	34.3	-2.3
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	1.0	2.0	3.0	4.0
Beginning cash	28.2	14.2	23.9	34.3	68.7
Ending cash	14.2	24.9	36.3	71.7	70.4

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.
