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| | |
|-------------------------------|--------------|
| Recommendation: | BUY |
| Current Price: | RM 1.70 |
| Previous Target Price: | RM 2.03 |
| Target Price: | ↑ RM 2.61 |
| Capital Upside/ Downside: | 53.5% |
| Dividend Yield (%): | 0.0% |
| Total Upside/ Downside | 53.5% |

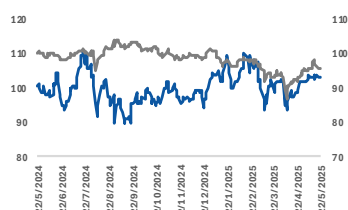
Stock information

| | |
|--------------------------|------------------|
| Board | MAIN |
| Sector | Renewable Energy |
| Bursa / Bloomberg Code | 0215 / SOLAR MK |
| Syariah Compliant | Yes |
| ESG Rating | ★★★ |
| Shares issued (m) | 754.7 |
| Market Cap (RM' m) | 1,283.0 |
| 52-Week Price Range (RM) | 1.83-1.44 |
| Beta (x) | 0.8 |
| Free float (%) | 51.9 |
| 3M Average Volume (m) | 2.2 |
| 3M Average Value (RM' m) | 3.6 |

Top 3 Shareholders

| | (%) |
|----------------------------|------|
| Atlantic Blue Hlds Sdn Bhd | 20.2 |
| Lim Chin Siu | 8.4 |
| Tan Chyi Boon | 7.8 |

Share Price Performance



| | 1M | 3M | 12M |
|--------------|-----|------|-----|
| Absolute (%) | 4.9 | -5.6 | 3.0 |
| Relative (%) | 1.0 | -2.7 | 8.2 |

| Earnings Summary | FY25 | FY26F | FY27F |
|------------------|-------|-------|--------|
| Revenue (RM'm) | 536.8 | 786.1 | 1037.7 |
| PATAMI (RM'm) | 51.9 | 71.6 | 93.5 |
| CNP (RM'm) | 57.1 | 71.6 | 93.5 |
| EPS - core (sen) | 7.8 | 9.8 | 12.8 |
| P/E(x) | 21.7 | 17.3 | 13.2 |

Solarvest Holdings Berhad

Beats Expectations

- Solarvest's 4QFY25 core net profit (CNP) rose 47.6% qoq and 135.2% yoy to RM23.9m, exceeding ours and consensus full-year FY25 estimates at 113% and 118% respectively. The outperformance was driven by stronger-than-expected execution in the EPCC division.
- Near-term order book replenishment remains robust primarily fuelled by LSS5, with EPCC contracts typically awarded within six months of project developer appointment. Solarvest has secured a 26.5% market share in LSS5 EPCC awards, on track to capture ~30% following recent 500MWac contract wins from TNB, demonstrating its strength in large-scale projects.
- As of 31 March 2025, Solarvest's unbilled order book stood at RM1.2bn, equivalent to 2.3x its FY25 revenue.
- After rolling over our valuation base year to FY27F, we maintain a BUY recommendation with a higher TP of RM2.61 (previously RM2.03), based on a SOP valuation and a three-star ESG rating.

Above expectations. After adjusting for a forex impact (+RM3.3m) and other items (+RM0.1m), Solarvest's 4QFY25 core net profit (CNP) of RM23.9m came in above expectations, representing 113% and 118% of our and consensus estimates respectively. The outperformance was primarily attributable to stronger-than-expected execution in the EPCC division, mainly driven by revenue recognition in CGPP projects and robust growth in C&I projects.

QoQ. CNP surged by 47.6%, driven by stronger contributions from the EPCC division (PBT +32.7%) and the Others division (PBT +320.5%). The EPCC segment's performance was driven by greater progresses from CGPP-related EPCC projects, a trend likely to be sustained into FY26F. There was also growing demand for C&I rooftop installations, which we believe is due to the recent 14.2% electricity tariff hike announced for the upcoming RP4 (2025-2027), and ongoing policy support from NEM3.0 and CREAM initiatives. The surge in the others division was likely due to increased REC trading activities, higher demand for environmental solutions, and recent acquisition of 30% stake in Kee Ming Electrical Sdn Bhd on 10 Feb 2025. Despite these, CNP margin declined to 10.6% from 12%, mainly attributable to a larger revenue contribution from lower-margin CGPP EPCC projects. This is evident by 7.4%-pts drop in PBT margin of the EPCC segment.

YoY. CNP rose 135.2%, primarily driven by strong progress from CGPP projects and reduced contribution from lower-margin LSS4 projects nearing completion under the EPCC division. Consequently, CNP margin improved slightly from 10.5% to 10.6%.

Outlook. We expect sustained qoq improvement in earnings, supported by accelerated growth phase of s-curve for the CGPP EPCC projects. Though these projects have an 18-month execution window, we think earlier delivery to avoid late penalties based on historical track record. Near-term order book replenishment is expected to be driven by LSS5, which typically materialises within 6 months of project developer appointment. Solarvest has secured a 26.5% market share in LSS5 EPCC awards, on track to capture ~30% on the back of recent 500MWac contract wins from TNB, showcasing its strength in large-scale projects. Additionally, with solar module prices declining post-April peak, lower installation costs should accelerate project pipeline conversion, reinforcing Solarvest's strong order replenishment momentum. As of 31 Mar 2025, Solarvest's unbilled order book stands at RM1.2bn (41% from LSS, 39% from CGPP, and the remainder from C&I) equivalent to 2.3x its FY25 revenue.

Earnings revision. Post-results, we maintained our order book assumptions for the solar division at RM2.2bn for FY26F, supported by a favourable government energy transition outlook. We have yet to factor in any potential contributions from BESS project wins. We have also adjusted our earnings recognition for CGPP projects, expecting Solarvest to complete them ahead of schedule. Consequently, we have raised our FY26F earnings forecast by 11.5%. We also introduced our FY27F CNP forecast at RM93.5m.

Valuation. After rolling over our valuation base year to FY27F, we maintain a **BUY** rating with a higher **TP** of **RM2.61** (previously RM2.03), based on a SOP valuation and a three-star ESG rating. We believe Solarvest is well-positioned to capitalise on government renewable energy initiatives, thanks to its unique in-house solar financing and its position as Malaysia's largest solar EPCC player.

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

Results Update

Thursday, 22 May, 2025

Results Comparison

| FYE Mar (RM m) | 4QFY25 | 4QFY24 | yoy (%) | 3QFY25 | qoq (%) | 12MFY25 | 12MFY24 | yoy (%) | Comments |
|-----------------------|--------|--------|---------|--------|---------|---------|---------|---------|---|
| Revenue | 224.9 | 96.9 | 132.1 | 135.4 | 66.1 | 536.8 | 497.0 | 8.0 | |
| EBITDA | 42.1 | 18.2 | 131.8 | 26.0 | 61.9 | 105.3 | 62.5 | 68.5 | |
| Pre-tax profit | 27.9 | 12.4 | 125.8 | 20.0 | 39.4 | 74.2 | 32.6 | 127.3 | |
| Net profit | 20.5 | 8.3 | 146.2 | 14.4 | 42.8 | 52.0 | 34.1 | 52.7 | |
| Core net profit | 23.9 | 10.2 | 135.2 | 16.2 | 47.6 | 57.2 | 35.1 | 63.2 | Earnings expanded mainly due to stronger execution in the EPCC division |
| Core EPS (sen) | 3.0 | 1.3 | 135.2 | 2.0 | 47.6 | 7.2 | 4.4 | 63.2 | |
| EBITDA margin (%) | 18.7 | 18.8 | | 19.2 | | 19.6 | 12.6 | | |
| PBT margin (%) | 12.4 | 12.8 | | 14.8 | | 13.8 | 6.6 | | |
| Core PATMI margin (%) | 10.6 | 10.5 | | 12.0 | | 10.7 | 7.1 | | |

Source: Company, Apex Securities

Segmental Breakdown

| FYE Mar (RM m) | 4QFY25 | 4QFY24 | yoy (%) | 3QFY25 | qoq (%) | 12MFY25 | 12MFY24 | yoy (%) | Comments |
|--|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--|
| Revenue Breakdown | | | | | | | | | |
| EPCC | 270.6 | 162.0 | 67.1 | 111.0 | 143.8 | 567.4 | 547.4 | 3.7 | |
| O&M | 4.2 | 5.0 | (15.3) | 3.4 | 22.7 | 14.5 | 10.3 | 41.5 | |
| Power Supply | 7.2 | 12.4 | (41.6) | 6.1 | 19.2 | 26.8 | 12.1 | 122.8 | |
| Others | 15.9 | 20.6 | (22.8) | 16.9 | (5.9) | 42.5 | 30.2 | 41.0 | |
| Adjustment | (73.1) | (103.0) | (29.0) | (2.0) | 3,592.0 | (114.4) | (102.8) | 11.3 | |
| Total | 224.9 | 96.9 | 132.1 | 135.4 | 66.1 | 536.8 | 497.0 | 8.0 | |
| Profit Before Tax (PBT) Breakdown | | | | | | | | | |
| EPCC | 24.1 | 10.6 | 127.2 | 18.2 | 32.7 | 64.0 | 41.8 | 53.2 | EPCC value expanded mainly driven by revenue recognition from CGPP projects. |
| O&M | 0.2 | (1.3) | nm | 0.8 | (71.2) | 2.0 | 0.3 | 672.0 | |
| Power Supply | 1.6 | 1.9 | (14.1) | 1.5 | 3.6 | 7.4 | 3.7 | 102.8 | |
| Others | 1.6 | 6.2 | (74.4) | 0.4 | 320.5 | 1.1 | 7.8 | (85.4) | |
| Adjustment | 0.4 | (4.9) | nm | (0.8) | nm | (0.4) | (6.3) | (93.7) | |
| Total | 27.9 | 12.4 | 125.8 | 20.0 | 39.4 | 74.2 | 47.2 | 127.3 | |
| PBT margin (%) | | | | | | | | | |
| EPCC | 8.9% | 6.5% | | 16.3% | | 11.3% | 7.6% | | |
| O&M | 5.6% | -27.0% | | 23.7% | | 14.0% | 2.6% | | |
| Power Supply | 22.1% | 15.0% | | 25.4% | | 27.6% | 30.3% | | |
| Others | 9.9% | 29.9% | | 2.2% | | 2.7% | 25.7% | | |
| Adjustment | | | | | | | | | |
| Total | 12.4% | 12.8% | | 14.8% | | 13.8% | 9.5% | | |

Source: Company, Apex Securities

Results Update

Thursday, 22 May, 2025

Financial Highlights

Income Statement

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|-----------------------------|--------------|--------------|--------------|--------------|---------------|
| Revenue | 365.5 | 497.0 | 536.8 | 786.1 | 1037.7 |
| Gross Profit | 65.0 | 99.2 | 149.5 | 211.9 | 267.2 |
| EBITDA | 35.9 | 62.5 | 96.2 | 129.5 | 155.2 |
| Depreciation & Amortisation | -4.1 | -7.4 | -12.5 | -16.6 | -16.6 |
| EBIT | 31.8 | 55.1 | 83.7 | 112.9 | 138.6 |
| Net Finance Income/ (Cost) | -4.1 | -7.9 | -12.1 | -21.2 | -18.3 |
| Associates & JV | 0.0 | 0.0 | 2.6 | 6.9 | 8.1 |
| Pre-tax Profit | 27.7 | 47.2 | 74.2 | 98.6 | 128.3 |
| Tax | -7.5 | -13.1 | -20.8 | -25.6 | -33.4 |
| Profit After Tax | 20.2 | 34.1 | 53.3 | 73.0 | 95.0 |
| Minority Interest | 0.5 | 1.4 | 1.4 | 1.4 | 1.5 |
| Net Profit | 19.7 | 32.6 | 51.9 | 71.6 | 93.5 |
| Exceptionals | 3.8 | -2.4 | -5.2 | 0.0 | 0.0 |
| Core Net Profit | 15.9 | 35.1 | 57.1 | 71.6 | 93.5 |

Key Ratios

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|--------------------|-------|-------|-------|-------|-------|
| EPS (sen) | 2.2 | 4.8 | 7.8 | 9.8 | 12.8 |
| P/E(x) | 78.0 | 35.3 | 21.7 | 17.3 | 13.2 |
| P/B(x) | 6.3 | 5.3 | 3.4 | 2.8 | 2.3 |
| EV/EBITDA(x) | 33.7 | 18.9 | 11.0 | 7.4 | 6.6 |
| 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 (%) | 9.8% | 12.6% | 17.9% | 16.5% | 15.0% |
| EBIT margin (%) | 8.7% | 11.1% | 15.6% | 14.4% | 13.4% |
| PBT margin (%) | 7.6% | 9.5% | 13.8% | 12.5% | 12.4% |
| PAT margin (%) | 5.5% | 6.9% | 9.9% | 9.3% | 9.2% |
| NP margin (%) | 5.4% | 6.6% | 9.7% | 9.1% | 9.0% |
| CNP margin (%) | 4.3% | 7.1% | 10.6% | 9.1% | 9.0% |
| ROE(%) | 8.0% | 14.9% | 15.7% | 16.4% | 17.6% |
| ROA (%) | 3.3% | 6.7% | 5.5% | 6.2% | 7.2% |
| Gearing (%) | 53.1% | 73.7% | 88.9% | 88.4% | 62.8% |
| Net gearing (%) | 16.4% | 25.7% | 50.8% | 67.1% | 41.4% |

| Valuations | Equity Value (RM' m) | Valuation method |
|--------------------------------|----------------------|------------------|
| EPCC | 1949.61 | 35x FY26F PER |
| Associates | 69.00 | 10x FY26F PER |
| Solar assets | 264.36 | Ke=9.6% |
| Proceeds from warrants/ ESOS | 190.53 | |
| SOP Value | 2473.50 | |
| Enlarged share base (m share) | 946.50 | |
| Fair Value (RM) | 2.61 | |
| ESG premium/ discount | 0.0% | |
| Implied Fair Value (RM) | 2.61 | |

Source: Company, Apex Securities

Balance Sheet

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash | 72.6 | 112.9 | 138.1 | 93.0 | 113.6 |
| Receivables | 109.8 | 99.8 | 292.7 | 348.6 | 418.3 |
| Inventories | 21.0 | 13.6 | 17.4 | 24.4 | 34.1 |
| Other current assets | 96.7 | 70.6 | 231.2 | 271.1 | 303.2 |
| Total Current Assets | 300.1 | 296.9 | 679.3 | 737.1 | 869.3 |
| Fixed Assets | 168.6 | 215.7 | 246.3 | 315.0 | 316.2 |
| Intangibles | 0.1 | 0.0 | 0.4 | 0.4 | 0.4 |
| Other non-current assets | 5.6 | 7.8 | 104.6 | 107.3 | 108.0 |
| Total Non-Current Assets | 174.2 | 223.5 | 351.4 | 422.7 | 424.6 |
| Short-term debt | 17.3 | 9.5 | 141.9 | 192.6 | 166.7 |
| Payables | 108.2 | 67.1 | 202.2 | 172.3 | 231.1 |
| Other current liabilities | 39.4 | 28.3 | 124.6 | 147.8 | 179.9 |
| Total Current Liabilities | 165.0 | 105.0 | 468.7 | 512.7 | 577.8 |
| Long-term debt | 87.5 | 163.8 | 180.5 | 192.6 | 166.7 |
| Other non-current liabilities | 24.4 | 16.5 | 18.7 | 18.7 | 18.7 |
| Total Non-Current Liabilities | 111.9 | 180.3 | 199.2 | 211.3 | 185.4 |
| Shareholder's equity | 193.3 | 230.8 | 357.4 | 429.0 | 522.5 |
| Minority interest | 4.1 | 4.4 | 5.4 | 6.8 | 8.3 |
| Total Equity | 197.4 | 235.2 | 362.8 | 435.8 | 530.8 |

Cash Flow

| FYE Mar (RM m) | FY23 | FY24 | FY25 | FY26F | FY27F |
|-----------------------------|-------------|--------------|---------------|--------------|--------------|
| Pre-tax profit | 27.7 | 47.2 | 74.2 | 98.6 | 128.3 |
| Depreciation & amortisation | 4.1 | 7.4 | 12.5 | 16.6 | 16.6 |
| Changes in working capital | 27.2 | -17.8 | -181.8 | -112.3 | -21.3 |
| Others | -2.5 | -6.0 | -19.1 | -25.6 | -33.4 |
| Operating cash flow | 56.5 | 30.8 | -114.2 | -22.7 | 90.3 |
| Capex | -137.0 | -53.3 | -50.2 | -85.2 | -17.9 |
| Others | 0.1 | -8.0 | -21.3 | 0.0 | 0.0 |
| Investing cash flow | ### | -61.3 | -71.5 | -85.2 | -17.9 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 89.3 | 54.3 | 212.8 | 62.9 | -51.9 |
| Financing cash flow | 89.3 | 54.3 | 212.8 | 62.9 | -51.9 |
| Net cash flow | 8.9 | 23.8 | 27.1 | -45.0 | 20.6 |
| Forex | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Beginning cash | 28.0 | 36.8 | 60.5 | 87.2 | 42.2 |
| Ending cash | 36.9 | 60.6 | 87.6 | 42.2 | 62.8 |

Results Update

Thursday, 22 May, 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 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 + dividend yield

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.