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## Renewable Energy Sector

Overweight (↔)

### 1QCY25 Earnings Review: Robust Quarter Delivered

- Overall results exceeded our expectations. **SLVEST** and **PEKAT** outperformed expectations, while **SAMAIDEN** missed expectations.
- We anticipate sustained earnings growth in the upcoming quarter, driven by the accelerated growth phase of the S-curve for CGPP EPCC projects.
- Order book remains robust as of 31 Mar 2025, totalling RM2.2bn.
- Maintain an **OVERWEIGHT** recommendation on the RE sector, with **BUY** ratings for **SLVEST** (TP: RM2.61), **SAMAIDEN** (TP: RM1.60), and **PEKAT** (TP: RM1.87).

**Review.** RE solar players have shown commendable results for 1QCY25. **SLVEST** and **PEKAT** exceeded our earnings forecasts, while **SAMAIDEN's** earnings fell below expectations. 1QCY25 sector's core earnings surged by 43.9% qoq, primarily attributable to higher revenue recognition from CGPP projects.

**SLVEST** and **PEKAT** reported strong earnings growths, primarily due to increased contributions from the EPCC solar segment. Earnings growth were supported by higher revenue recognition from CGPP projects and greater demand in the C&I rooftop solar segment, which was likely influenced by the 14.2% increase in base tariff announced by TNB for the upcoming regulatory period (2025–2027). For **PEKAT**, results also reflected two additional months of contribution from EPE Switchgear (acquired in Dec 2024) within the Power division. Meanwhile, **SAMAIDEN** recorded the weaker results among the covered companies. Although earnings improved, the results were still below expectations primarily due to slower progress on CGPP projects and higher administrative costs.

**Outlook.** We expect solar EPCC contractors under our coverage to see sustained earnings improvement in the coming quarter, supported by the accelerated growth phase of the S-curve for CGPP EPCC projects. Near-term order book replenishment is anticipated to be driven mainly by LSS5, with an estimated 50% of unallocated EPCC project opportunities valued at RM2.9bn. The sizeable project pipeline should keep solar EPCC contractors active until the end-2027. YTD, **SLVEST** has secured a 26.5% market share, while **SAMAIDEN** has achieved a 2% share of LSS5 EPCC awards. The recent decline in solar module prices following the brief rebound in April has now stabilised at USD0.09/w, is expected to reduce the overall costs of solar systems. Lower system costs are likely to accelerate project pipeline conversions and reinforce the momentum of order replenishment for solar EPCC contractors.

In addition, the Energy Commission (EC) has recently opened submissions for Requests for Proposal (RFP) for 400MW and 1,600MWh Battery Energy Storage System (BESS) initiatives, with each 100MW and 400MWh project potentially valued at up to RM500m. The tender closes in July, with project awards expected by the end of 2025. Potential contributions from BESS project wins have yet to be factored into our forecasts for the companies within our universe.

As of 31 Mar 2025, the total unbilled order book for Solar EPCC contractors under our coverage rose to RM2.2bn, up from RM2.0bn at the end of 2024, notably with **SLVEST's** order book reaching a record high of RM1.2bn. The ongoing rollout of LSS5 contracts continues to drive project opportunities, lifting the latest total unbilled order book to an estimated RM2.6bn.

**Valuation & Recommendation.** Under the recent earnings review, we maintained our **BUY** recommendations for the stocks within our universe. However, we made several target price (TP) adjustments: we raised **PEKAT's** TP to **RM1.87** (from RM1.55), and **SLVEST's** TP to **RM2.61** (from RM2.03), following a rollover of our valuation base year to FY27F. Meanwhile, we lowered our TP for **SAMAIDEN** to **RM1.60** (from RM1.71) after factoring in earnings reduction. We maintain our **OVERWEIGHT** recommendation on the RE sector, supported by the consistent rollout of strong RE initiatives and robust growth prospects.

## Earnings Summary

CY (RM m)	1QCY25	1QCY24	yoy (%)	4QCY24	qoq (%)	3MCY25	3MCY24	yoy (%)
<b>Revenue</b>	464.4	229.5	102.3	309.7	50.0	464.4	229.5	102.3
SLVEST	224.9	96.9	132.1	135.4	66.1	224.9	96.9	132.1
SAMAIKEN	89.2	75.0	18.9	80.0	11.4	89.2	75.0	18.9
PEKAT	150.3	57.6	160.8	94.3	59.5	150.3	57.6	160.8
<b>Core net profit</b>	42.8	18.1	137.1	29.8	43.9	42.8	18.1	137.1
SLVEST	23.9	10.2	135.2	16.2	47.6	23.9	10.2	135.2
SAMAIKEN	4.3	4.1	4.8	3.9	9.1	4.3	4.1	4.8
PEKAT	14.6	3.8	285.5	9.6	51.8	14.6	3.8	285.5
<b>Core net profit margin (%)</b>	9.2	7.9		9.6		9.2	7.9	
SLVEST	10.6	10.5		12.0		10.6	10.5	
SAMAIKEN	4.8	5.5		4.9		4.8	5.5	
PEKAT	9.7	6.6		10.2		9.7	6.6	

Source: Company, Apex Securities

## Performance Summary

Company	1QCY25					
	APEX			CONSENSUS		
	Above	Within	Below	Above	Within	Below
SLVEST	✓			✓		
SAMAIKEN			✓			✓
PEKAT	✓			✓		
<b>Total</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>
<b>Total (%)</b>	<b>66.7%</b>	<b>0.0%</b>	<b>33.3%</b>	<b>66.7%</b>	<b>0.0%</b>	<b>33.3%</b>

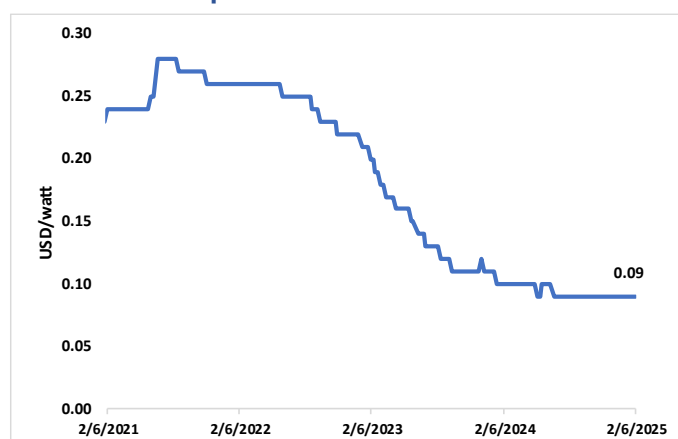
Source: Apex Securities, Bloomberg

## Outstanding Orderbook Summary (RM' m)

Company	Dec-24	Mar-24	Latest
SLVEST	867	1242	1242
SAMAIKEN	515	442	696
PEKAT	591	480	615
<b>Total</b>	<b>1973</b>	<b>2164</b>	<b>2553</b>

Source: Apex Securities

## Solar module price trend



Source: Bloomberg, Apex Securities

Company	FYE	Market Cap (RM m)	Rec.	Price (RM) ^	TP (RM)	Potential Upside	P/E (x)		Div Yield (%)		ESG Rating
							CY25	CY26	CY25	CY26	
Solarvest Holdings Bhd	Mar	1299.2	Buy	1.72	2.61	51.7%	18.2	13.9	0.0	0.0	★★★★
Samaiden Group Bhd	Jun	448.1	Buy	1.00	1.60	60.0%	26.7	19.3	0.0	0.0	★★★★
*Sunview Group Bhd	Mar	215.7	N/A	0.38	1	34.2%	9.1	6.6	2.0	2.9	N/A
Pekat Group Bhd	Dec	838.5	Buy	1.30	1.87	43.8%	13.9	12.9	0.0	0.0	★★★★
Average							16.9	13.2	0.5	0.7	

\* Based on Bloomberg consensus

Source: Apex Securities

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## 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.

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## 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, 04 Jun, 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.

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