

Tan Sue Wen

(603) 7890 8888 (ext 2095)

[suewen.tan@apexsecurities.com.my](mailto:suewen.tan@apexsecurities.com.my)

Ong Tze Hern

(603) 7890 8888 (ext 2113)

[tzehern.ong@apexsecurities.com.my](mailto:tzehern.ong@apexsecurities.com.my)

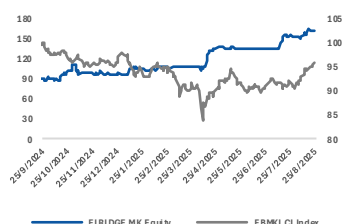
<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM0.71
Previous Target Price:	RM0.86
Target Price:	↔ RM0.86
Capital Upside/ Downside:	22.0%
Dividend Yield (%):	1.7%
<b>Total Upside/ Downside:</b>	<b>23.6%</b>

**Stock information**

Board	ACE
Sector	Renewable Energy
Bursa/ Bloomberg Code	0318/ ELRIDGE MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	2,000.0
Market Cap (RM' m)	1,410.0
52-Week Price Range (RM)	0.725-0.375
Beta (x)	#N/A N/A
Free float (%)	64.4
3M Average Volume (m)	3.6
3M Average Value (RM' m)	2.3

**Top 3 Shareholders**

	(%)
Kayavest Sdn Bhd	16.4
Rhb Trustees Bhd	12.1
Yeo Hock Cheong	7.0

**Share Price Performance**

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	4.4	18.5	N/A
Relative (%)	0.0	13.4	N/A

<b>Earnings Summary</b>	<b>FY25F</b>	<b>FY26F</b>	<b>FY27F</b>
Revenue (RM' m)	434.8	569.2	642.6
PATAMI (RM' m)	57.3	77.8	89.0
CNP (RM' m)	57.3	77.8	89.0
EPS - core (sen)	2.9	3.9	4.4
P/E (x)	24.6	18.1	15.8

# Elridge Energy Holdings Berhad

## Within expectations

- ELRIDGE's 2QFY25 CNP stood at RM12.6m (-15.1% QoQ, +3.2% YoY), bringing 6MFY25 CNP to RM27.5m (+13.4% YoY). The result was within expectations at 48% of our FY25F forecast.
- We expect 3Q earnings to remain resilient, supported by c.40% of its production capacity already secured under long-term contracts, complemented by sustained PKS demand from spot markets.
- Capacity expansion remains on track, with new factories in Pasir Gudang, Kuantan, and Lahad Datu expected to lift total capacity by c.50% to c.1.44m MT/year.
- Maintain BUY with an unchanged TP of RM0.86, based on 22x FY26F EPS of 3.9 sen and supported by a three-star ESG rating.

**Within expectations.** After adjusting for net forex loss (+RM0.2m), ELRIDGE's 2QFY25 core net profit (CNP) came in at RM12.6m (-15.1% QoQ, +3.2% YoY), bringing 6MFY25 CNP to RM27.5m (+13.4% YoY), representing 48% of our full-year forecasts.

**QoQ.** CNP contracted 15.1%, in tandem with a 5.0% decline in revenue to RM104.1m. The weaker performance was likely due to lower contribution from the Manufacturing of PKS segment (revenue -6.8%), which we believe reflects softer PKS prices following a c.35% QoQ surge in CPO production that increased PKS supply. Finance costs rose 26.3% on higher short-term borrowings to fund working capital. These headwinds were partly cushioned by stronger contribution from Wood Pellets segment (revenue +7.4%) and higher finance income, likely from placement of IPO proceeds in interest-bearing deposits pending utilisation. Core PATMI margin contracted by 1.4%-pts to 12.1%, mainly due to unfavourable product mix given that Wood Pellet segment typically fetches lower margins.

**YoY.** CNP grew 3.2% on the back of a 0.8% revenue increase, mainly driven by stronger contribution from Wood Pellets segment (revenue +4.1%) and higher finance income from larger cash deposits of IPO proceeds.

**Outlook.** We expect ELRIDGE to deliver resilient earnings in 3Q, supported by c.40% of its ~960k MT/year production capacity secured under long term sales agreements, complemented by sustained PKS demand from spot markets. Capacity expansion remains on track, with new factories in Pasir Gudang (+240k MT/year) and Kuantan (+240k MT/year) expected to reach COD by 4QFY25, while Lahad Datu plant (+240k MT/year) is targeted for COD in 2026. This will lift total capacity by c.50% to c.1.44m MT/year once fully operational. Industry dynamics remain favourable, with the Asia Pacific PKS market projected to grow at a CAGR of 8.9% (2024–2026) and the wood pellet market at 8.6% (2024–2026). We believe ELRIDGE is well-positioned to capture rising regional demand, particularly from foreign customers who typically seek long-term, high-volume supply contracts.

**Earnings revision.** No change to our earnings forecasts.

**Valuation & Recommendation.** We maintain our **BUY** recommendation with an unchanged TP of **RM0.86**, based on 22x FY26F EPS of 3.9sen and supported by a three-star ESG rating. We like ELRIDGE for its (i) **predictable earnings visibility and cash flows** with c.40% of existing capacity secured under long-term contracts, (ii) ample room for **capacity expansion** to cater for rising demand, (iii) **leadership position** with c.20% market share in Malaysia, and (iv) **status as a certified GGL manufacturer**, which supports commands better margin.

**Risks.** (i) policy change particularly in biomass certification or export regulations, (ii) forex exposure to JPY and USD-denominated sales, and (iii) competition from regional PKS and alternative biomass suppliers.

# Results Note

Tuesday, 26 Aug, 2025

## Results Comparison

FYE Mar (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	104.1	103.3	0.8	109.7	(5.0)	213.8	190.6	12.2	Down QoQ likely due to softer PKS prices
COGS	(82.8)	(81.3)	1.8	(85.8)	(3.5)	(168.6)	(149.7)	12.6	
Gross profit	21.3	22.0	(3.0)	23.9	(10.7)	45.2	40.9	10.5	
<b>EBITDA</b>	<b>17.5</b>	<b>18.4</b>	<b>(4.9)</b>	<b>20.9</b>	<b>(16.3)</b>	<b>38.3</b>	<b>32.0</b>	<b>19.6</b>	
Depreciation & Amortisation	(1.2)	(1.9)	(34.1)	(1.9)	(34.1)	(3.1)	(3.7)	(15.4)	
<b>EBIT</b>	<b>16.2</b>	<b>16.5</b>	<b>(1.6)</b>	<b>19.0</b>	<b>(14.5)</b>	<b>35.2</b>	<b>28.4</b>	<b>24.1</b>	
Interest income	1.6	0.1	1,821.0	0.0	4,105.4	1.6	(0.1)	nm	
Interest expense	(1.2)	(1.1)	15.0	(1.0)	26.3	(2.2)	1.6	nm	
Associates/JV									
<b>Pre-tax profit</b>	<b>16.5</b>	<b>15.5</b>	<b>6.8</b>	<b>18.0</b>	<b>(8.3)</b>	<b>34.6</b>	<b>29.9</b>	<b>15.6</b>	
Tax expenses	(4.1)	(3.8)	8.8	(4.5)	(7.7)	(8.6)	(7.2)	18.2	
<b>Profit after tax</b>	<b>12.4</b>	<b>11.7</b>	<b>6.2</b>	<b>13.6</b>	<b>(8.5)</b>	<b>26.0</b>	<b>22.7</b>	<b>14.8</b>	
(-) Minority interest	-	-	-	-	-	-	-	-	
<b>PAT (- MI)</b>	<b>12.4</b>	<b>11.7</b>	<b>6.2</b>	<b>13.6</b>	<b>(8.5)</b>	<b>26.0</b>	<b>22.7</b>	<b>14.8</b>	Down QoQ due to lower PKS sales and a
<b>Core net profit</b>	<b>12.6</b>	<b>12.2</b>	<b>3.2</b>	<b>14.8</b>	<b>(15.1)</b>	<b>27.5</b>	<b>24.2</b>	<b>13.4</b>	less favourable product mix.
Core EPS (sen)	0.6	0.6		0.7		1.3	1.1		
DPS (sen)	-	-		-		-	-		
			%-pts		%-pts			%-pts	
GP margin (%)	20.5	21.3	(0.8)	21.8	(1.3)	21.1	21.4	(0.3)	Margin contracted due to less favourable
EBITDA margin (%)	16.8	17.8	(1.0)	19.0	(2.2)	17.9	16.8	1.1	product mix
PBT margin (%)	15.9	15.0	0.9	16.4	(0.6)	16.2	15.7	0.5	
Effective tax rate (%)	24.8	24.4	0.5	24.7	0.2	24.8	24.2	0.5	
Core PATMI margin (%)	12.1	11.8	0.3	13.5	(1.4)	12.8	12.7	0.1	

Source: Company, Apex Securities

## Segmental Breakdown

FYE Mar (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
<b>Revenue</b>									
Manufacturing of PKS	89.2	89.0	0.3	95.8	(6.8)	185.1	161.5	14.6	Down QoQ likely due to softer PKS prices
Trading of wood pellet	14.9	14.3	4.1	13.9	7.4	28.8	29.1	(1.1)	
<b>Total</b>	<b>104.1</b>	<b>103.3</b>	<b>0.8</b>	<b>109.7</b>	<b>(5.0)</b>	<b>213.8</b>	<b>190.6</b>	<b>12.2</b>	

Source: Company, Apex Securities

# Results Note

Tuesday, 26 Aug, 2025

## Financial Highlights

### Income Statement

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Revenue</b>	<b>335.3</b>	<b>389.1</b>	<b>434.8</b>	<b>569.2</b>	<b>642.6</b>
<b>Gross Profit</b>	<b>46.0</b>	<b>81.7</b>	<b>105.8</b>	<b>141.0</b>	<b>160.1</b>
<b>EBITDA</b>	<b>31.4</b>	<b>67.2</b>	<b>93.4</b>	<b>125.0</b>	<b>142.6</b>
Depreciation & Amortisation	-1.7	-7.5	-7.3	-9.9	-11.7
<b>EBIT</b>	<b>29.7</b>	<b>59.7</b>	<b>86.1</b>	<b>115.2</b>	<b>130.9</b>
Net Finance Income/ (Cost)	-1.8	-3.4	-4.2	-4.0	-3.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>28.0</b>	<b>56.4</b>	<b>81.9</b>	<b>111.1</b>	<b>127.1</b>
Tax	-4.4	-15.2	-24.6	-33.3	-38.1
<b>Profit After Tax</b>	<b>23.6</b>	<b>41.2</b>	<b>57.3</b>	<b>77.8</b>	<b>89.0</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>23.6</b>	<b>41.2</b>	<b>57.3</b>	<b>77.8</b>	<b>89.0</b>
Exceptionals	-0.5	-5.6	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>24.1</b>	<b>46.8</b>	<b>57.3</b>	<b>77.8</b>	<b>89.0</b>

### Key Ratios

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.2	2.3	2.9	3.9	4.4
P/E(x)	58.6	30.1	24.6	18.1	15.8
P/B(x)	40.2	8.1	6.1	4.9	4.0
EV/EBITDA(x)	45.0	22.4	17.0	13.0	11.7
DPS (sen)	0.0	0.0	0.0	1.2	1.3
Dividend Yield (%)	0.0%	0.0%	0.0%	1.7%	1.9%
EBITDA margin (%)	9.4%	17.3%	21.5%	22.0%	22.2%
EBIT margin (%)	8.9%	15.3%	19.8%	20.2%	20.4%
PBT margin (%)	8.3%	14.5%	18.8%	19.5%	19.8%
PAT margin (%)	7.0%	10.6%	13.2%	13.7%	13.8%
NP margin (%)	7.0%	10.6%	13.2%	13.7%	13.8%
CNP margin (%)	7.2%	12.0%	13.2%	13.7%	13.8%
ROE (%)	68.7%	26.8%	24.7%	27.2%	25.5%
ROA (%)	19.4%	17.6%	15.6%	17.7%	17.0%
Gearing (%)	139.9%	36.7%	27.0%	20.9%	16.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

	FY26F
Core EPS (RM)	0.04
P/E multiple (x)	22.0
<b>Fair Value (RM)</b>	<b>0.86</b>
ESG premium/ discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>0.86</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank balances	51.8	162.0	239.0	277.4	322.2
Receivables	21.2	50.7	65.9	85.6	111.3
Inventories	21.0	23.5	29.4	36.7	45.9
Other current assets	0.0	0.0	0.0	0.0	0.0
<b>Total Current Assets</b>	<b>94.0</b>	<b>236.2</b>	<b>334.3</b>	<b>399.7</b>	<b>479.5</b>
Fixed Assets	6.0	12.0	15.4	21.3	25.6
Intangibles	21.3	15.7	16.0	16.2	16.5
Other non-current assets	2.6	2.5	2.5	2.5	2.5
<b>Total Non-Current Assets</b>	<b>29.8</b>	<b>30.2</b>	<b>33.9</b>	<b>40.0</b>	<b>44.6</b>
Short-term debt	33.4	54.1	54.4	53.0	50.4
Payables	37.6	19.9	65.9	85.6	111.3
Other current liabilities	1.4	6.2	6.2	6.2	6.2
<b>Total Current Liabilities</b>	<b>72.4</b>	<b>80.2</b>	<b>126.5</b>	<b>144.8</b>	<b>167.9</b>
Long-term debt	15.6	10.1	8.2	7.0	5.9
Other non-current liabilities	0.7	1.5	1.5	1.5	1.5
<b>Total Non-Current Liabilities</b>	<b>16.3</b>	<b>11.6</b>	<b>9.7</b>	<b>8.5</b>	<b>7.4</b>
Shareholder's equity	35.0	174.7	232.0	286.5	348.8
Minority interest	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>35.0</b>	<b>174.7</b>	<b>232.0</b>	<b>286.5</b>	<b>348.8</b>

### Cash Flow

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>28.0</b>	<b>56.4</b>	<b>81.9</b>	<b>111.1</b>	<b>127.1</b>
Depreciation & amortisation	1.7	7.5	7.3	9.9	11.7
Changes in working capital	-8.1	-50.0	24.9	-7.3	-9.2
Others	-2.6	-8.6	-24.6	-33.3	-38.1
<b>Operating cash flow</b>	<b>18.9</b>	<b>5.3</b>	<b>89.5</b>	<b>80.3</b>	<b>91.5</b>
Capex	-0.7	-7.2	-11.0	-16.0	-16.3
Others	0.0	0.0	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>-0.7</b>	<b>-7.2</b>	<b>-11.0</b>	<b>-16.0</b>	<b>-16.3</b>
Dividends paid	0.0	0.0	0.0	-23.3	-26.7
Others	3.6	112.1	-1.5	-2.6	-3.7
<b>Financing cash flow</b>	<b>3.6</b>	<b>112.1</b>	<b>-1.5</b>	<b>-26.0</b>	<b>-30.4</b>
<b>Net cash flow</b>	<b>21.9</b>	<b>110.2</b>	<b>77.0</b>	<b>38.4</b>	<b>44.9</b>
Forex	0.2	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	29.7	51.8	162.0	239.0	277.4
<b>Ending cash</b>	<b>51.8</b>	<b>162.0</b>	<b>239.0</b>	<b>277.4</b>	<b>322.2</b>

# Results Note

Tuesday, 26 Aug, 2025

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Joined Bursa Carbon Exchange (BCX) in Feb 2025, positioning itself for carbon trading and actively supporting Malaysia's national decarbonisation and net-zero ambitions.
Waste & Effluent	★★★	Applies circular economy principles: rocks and stones from production are reused for road surfacing around factory sites, metals are fully collected for recycling.
Energy	★★★	All main production machinery is powered by electricity, reducing on-site fossil fuel combustion.
Water	★★★	Compliance with environmental laws regarding effluent and water discharge.
Compliance	★★★	The Group complies with all local and international environmental regulations.

### Social

Diversity	★★	Female workforce stands at 40%. While women are underrepresented in senior management, there are two female directors on the board, representing 28.6% of total board members.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	Zero fatalities in 2024 with 100% of operations staff received safety and health training.
Labour Practices	★★★	Adheres to all relevant labor laws.

### Governance

CSR Strategy	★★★	Complies with principles and practices set out in the Malaysian Code on Corporate Governance (MCCG).
Management	★★	Board consists of 28.6% female directors (2 out of 7) and 57.1% independent non-executive directors (4 out of 7), which is slightly below the MCCG recommended threshold of 30% for both gender and independent board representation.
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.