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Renewable Energy Sector

Overweight (↔)

Sunshine Remains

- **We view ATAP as structurally more sustainable but economically less lucrative than NEM. Even so, it should help revive rooftop solar demand, particularly among high-consumption households, SMEs, and larger C&I users, as it allows larger system sizes compared to NEM NOVA.**
- **EPCC job flows from LSS5+ projects are expected to commence from 1H26, given that financial closure for utility-scale solar projects typically materialises within six months of developer appointment. In total, we estimate that 4GW of capacity has been awarded under the LSS5 and LSS5+ auction cycles, translating into RM12-14bn of solar EPCC opportunities.**
- **We expect order book replenishment to be further supported by CRESS, following the reduction in SAC which makes it a more attractive option for users under the UHV tariff class, where electricity costs are estimated to have risen by c.26%.**
- **Solar panel costs remain a key risk. Channel checks suggest a two-cent increase in module prices could translate into an additional 15-20% in overall project costs, as modules and inverters typically account for 30-40% of project value.**
- **BESS remains the key game-changer for the sector. The MyBeST tender closed in July, with awards expected by 4Q2025. We believe the first awardees will likely command a valuation premium, as BESS is increasingly recognised as a structural enabler of solar integration and grid stability.**
- **Maintain OVERWEIGHT rating on the sector. Top pick remains SLVEST (TP: RM3.15).**

Solar ATAP. The Government will launch the Solar Accelerated Transition Action Programme (Solar ATAP) in December 2025, following the expiry of the Net Energy Metering (NEM) scheme in June. ATAP will be open to all TNB customers, both domestic and non-domestic, including existing NEM and SelCo participants.

Key differences with NEM. Solar ATAP differs from the expired NEM framework in several respects.

I. Under NEM, system sizes were quota-based and capped at 60% of fuse or Current Transformer (CT) ratio for LV customers and 85% of Maximum Demand (MD) for MV & HV customers. ATAP introduces an unlimited quota from December 2025 and raises capacity limits to 100% of fuse or CT ratio and 100% of MD.

II. Eligibility has been widened to all TNB customers, including existing NEM and SelCo participants, with contracts now offered on a lifetime basis rather than NEM's typical 10-year tenure.

III. In terms of billing, NEM Rakyat provided one-to-one offsets against retail tariffs of c.40 sen/kWh, covering both energy and capacity charges. NEM NOVA, introduced for C&I users, applied the average system marginal price (SMP) with project size caps and a 10-year period. SMP is the price of the most expensive generator dispatched to supply electricity every 30 minutes, it can be high during peaks (eg. 50 sen/kWh) but it is usually much lower than retail tariffs of c.40 sen/kWh. ATAP applies SMP across all customer categories as the settlement reference but removes project size caps and extends contracts on a lifetime basis. Importantly, offsets under ATAP apply only to the energy component, excluding capacity charges.

Our View: More Sustainable but Less Lucrative. We view ATAP as structurally more sustainable but economically less lucrative than NEM. Consumer savings are expected to be lower due to the exclusion of capacity charges and the use of SMP, which suggests adoption momentum will be slower than during the NEM era. Nevertheless, we believe ATAP will help revive rooftop solar demand, particularly among high-consumption households, SMEs, and larger C&I users, as it allows larger system sizes compared to NEM NOVA.

Overall, we see ATAP as part of a broader policy shift that balances consumer incentives with grid cost recovery, in line with the Government's 2030 RE roadmap targeting more than 30%

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renewable energy capacity. Within our coverage, we believe **PEKAT (HOLD, TP: RM1.72)** is well placed to benefit from incremental adoption across both residential and C&I segments, while **SLVEST (BUY, TP: RM3.15)**, with its strong exposure to the C&I rooftop segment, is well positioned to capture the recovery in demand.

LSS5+. Recently, several listed companies have announced via Bursa Malaysia that they have received Letters of Notification (LoN) under the LSS5+ programme. These include **SAMAIDEN (BUY, TP: RM1.45)** for a 99.99MWac solar plant in Johor, the **MALAKOF (BUY, TP: RM0.96)**-**SLVEST (BUY, TP: RM3.15)** consortium for a 470MWac project in Perak, and the **SUNVIEW (NR)**-**CYPARK (NR)** consortium for a 99.99MWac plant in Port Dickson. Based on industry estimates, **YTLPOWR (NR)** is believed to have been shortlisted for a 100MWac solar farm in Kelantan, while **TENAGA (BUY, TP: RM15.77)** is expected to undertake a 200MWac floating solar project under the same round. The Ministry of Energy Transition and Water Transformation has indicated that these projects, with a combined 1,975MW capacity, are targeted for commissioning between 2027 and 2028, supplying electricity to the national grid for a 21-year period.

Our View: LSS5+ Job Flows to Begin in 1H26. Financial closure for utility-scale solar projects typically materialises within six months of developer appointment. Accordingly, we expect EPCC job flows from LSS5+ projects to begin from 1H26. To recap, a combined 4GW of capacity has been awarded under the LSS5 and LSS5+ auction cycles, translating into an estimated RM12-14bn of solar EPCC opportunities. Given the prospect of a modest recovery in global solar module prices, supported by China's anti-involution measures to address oversupply, we believe winning bidders will likely adopt a cautious stance and time their execution in order to secure competitive costs. Within this space, we expect the largest beneficiaries to be **SLVEST (BUY, TP: RM3.15)** and **SAMAIDEN (BUY, TP: RM1.45)**, given their significant exposure to utility-scale solar projects and strong financial positions, which place them in a favourable position to capture a larger share of the upcoming EPCC job flows.

Lower Grid Access Charges. In August 2025, the government revised grid access charges under the Corporate Renewable Energy Supply Scheme (CRESS) and the Community Renewable Energy Aggregation Mechanism (CREAM), lowering system access charges (SAC) and community access charges (CAC) by up to 40%. Under the new schedule, SAC for solar and wind non-firm supply has been reduced from 45 sen to 40 sen/kWh, while firm supply was lowered from 25 sen to 20 sen/kWh. CAC under CREAM was reduced to 9 sen/kWh, from 15 sen/kWh previously. The adjustment, effective July 1, reflects tariff schedule changes to avoid double counting and is aimed at ensuring fairer rates for corporate and community renewable energy consumers.

Our View: Expect Stronger Adoption of CRESS. We believe the revised rates will stimulate stronger adoption of CRESS, particularly from data centre operators, where demand for large-scale renewable energy is accelerating. Channel checks indicate that the introduction of a new Ultra-High Voltage (UHV) tariff class under RP4, designed for loads above 230kV, has increased power costs for data centres by c.26%. With many hyperscale facilities requiring loads exceeding 100MW, the more competitive SAC under CRESS offers a viable pathway to offset rising costs. Within our coverage, we see **SLVEST (BUY, TP: RM3.15)** and **SAMAIDEN (BUY, TP: RM2.45)** as key beneficiaries, given their strong exposure to utility-scale solar and proven execution track record. We expect the sector to see renewed corporate interest in renewable procurement, supporting medium-term growth visibility.

Rising Module Prices. Channel checks indicate that solar module prices have recently risen by about 10%, mainly reflecting policy measures in China aimed at curbing excessive price competition and stabilising the supply chain. This development implies near-term cost pressure for local solar EPCC contractors, particularly for fixed-price contracts where additional costs cannot be passed through and instead pose execution risks for both contractors and project developers. A two-cent increase in module prices is estimated to translate into an additional 15-20% in overall project costs, given that modules and inverters typically account for 30-40% of total project value. Nevertheless, contractors with stronger procurement scale and balance sheets, such as **SLVEST (BUY, TP: RM3.15)** and **SAMAIDEN (BUY, TP: RM1.45)**, are better positioned to

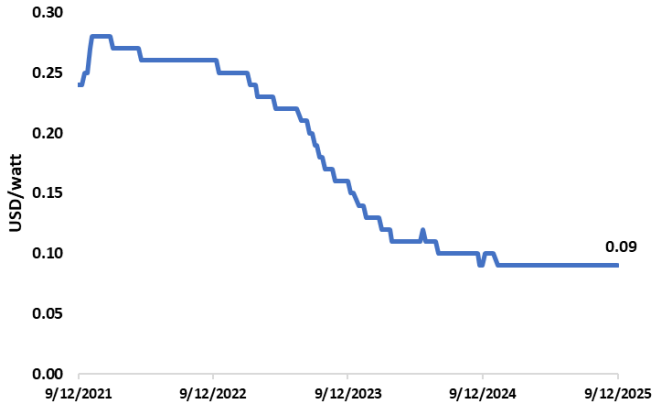
manage the increase and secure competitive supply, while smaller players may continue to face margin compression.

BESS a Game-Charger. We view BESS as a game-changer for Malaysia's energy transition, given the rising intermittency risk from higher solar penetration and the Government's net-zero commitments. The Energy Commission's MyBeST programme targets 400MW/1,600MWh of grid-scale storage by 2027, with only four projects of 100MW/400MWh each to be awarded. The first stage drew more than 70 proposals, about half of which were shortlisted to submit final bids by the 31 July 2025 deadline, with awards expected by Q42025. Each project is estimated to be worth up to RM500m. BESS framework is also expected to be expanded into LSS6, which is anticipated to include BESS within its 2GW quota in 2H25, further scaling up the addressable opportunity.

BESS Business Model and Returns. BESS operators will be compensated under a dual structure similar to the IPP model: (i) fixed capacity payments, which account for roughly 90% of revenue and provide predictable cash flows to cover availability and debt servicing; and (ii) variable service charges, tied to dispatch and ancillary services. This model balances bankability with performance incentives, though banks are likely to underwrite only the fixed component, necessitating higher equity contributions. Industry feedback suggests project IRRs will likely be in the mid-single digits, reflecting competitive bidding. While the technology is new to Malaysia, most bidders are expected to partner with Chinese tier-1 battery suppliers and local RE EPCC contractors to secure technical expertise and competitive costs.

Our View: Valuation Premium for Inaugural Winners. We believe the first awardees will likely command a valuation premium, as BESS is increasingly recognised as a structural enabler of solar integration and grid stability. Within our coverage, we see **SLVEST (BUY, TP: RM3.15)** and **SAMAIDEN (BUY, TP: RM1.45)** as the strongest contenders, supported by extensive utility-scale solar track records, solid balance sheets, and proven execution capabilities. Importantly, both companies already own and operate multiple utility-scale solar assets within their renewable energy portfolios, which we believe positions them more favourably under the qualification criteria compared to other bidders.

Figure 1: Solar Module Price Trend



Source: Bloomberg, Apex Securities

Figure 2: YTD USD/MYR Trend

Source: Bloomberg, Apex Securities

Figure 3: Peers Comparison

Company	FYE	Market Cap (RM m)	Rec.	Price (RM) as at 14Sep25	TP (RM)	Potental Upside	P/E (x) CY25	P/E (x) CY26	Div Yield (%) CY25	Div Yield (%) CY26	ESG Rating
Solarvest Holdings Bhd	Mar	2159.6	Buy	2.63	3.15	19.8%	25.4	17.6	0.0	0.0	★★★
Samaiden Group Bhd	Jun	545.4	Buy	1.21	1.45	19.8%	24.2	22.4	0.0	0.0	★★★
*Sunview Group Bhd	Sep	210.1	N/A	0.37	0	13.5%	15.8	12.4	0.7	1.0	N/A
Pekat Group Bhd	Dec	1124.2	Buy	1.74	1.72	-1.1%	23.8	17.9	0.0	0.0	★★★
Average							**22.3**	**17.6**	**0.2**	**0.2**	

** Based on Bloomberg consensus*

Source: Apex Securities

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

As of **Wednesday, 17 Sep, 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.