

Tan Sue Wen

(603) 7890 8888 (ext 2095)

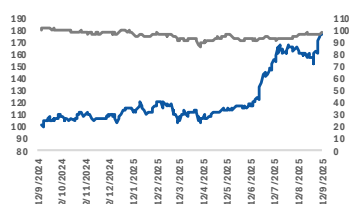
suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 2.63
Previous Target Price:	RM 2.71
Target Price:	↑ RM 3.15
Capital Upside/ Downside:	19.8%
Dividend Yield (%):	0.0%
Total Upside/ Downside	19.8%

Stock information	
Board	MAIN
Sector	Renewable Energy
Bursa / Bloomberg Code	0215 / SOLAR MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	821.1
Market Cap (RM' m)	2,159.6
52-Week Price Range (RM)	2.65-1.48
Beta (x)	0.9
Freefloat (%)	44.8
3M Average Volume (m)	4.3
3M Average Value (RM' m)	9.7

Top 3 Shareholders	(%)
Atlantic Blue Holdings Sdn Bhd	20.3
Lim Chin Siu	7.1
Tan Chyi Boon	6.4

Share Price Performance



	1M	3M	12M
Absolute (%)	9.1	49.4	75.3
Relative (%)	7.5	41.2	82.4

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	536.8	905.3	1403.1
PATAMI (RM'm)	51.9	85.1	123.0
CNP (RM'm)	57.1	85.1	123.0
EPS - core (sen)	7.8	11.7	16.9
P/E(x)	33.5	22.5	15.6

Solarvest Holdings Berhad

Growth Momentum Remains Intact

- **Near-term order replenishment is expected from additional LSS5 and LSS5+ contracts, with job flow anticipated to commence post six-month financial close. SLVEST is targeting a minimum 30% market share in each programme and has already secured 26.5% and 23.5% for LSS5 and LSS5+ respectively.**
- **Management remains confident of securing a further c.RM1bn in LSS contracts, which would lift its order book to ~RM3bn by end-CY2025.**
- **Earnings forecasts have been revised upward by 18.9% and 31.5% for FY26F and FY27F respectively, following higher order book assumptions supported by the favourable government energy transition outlook and an expected uplift from CRESS after the reduction in SAC.**
- **Maintain BUY recommendation with a higher TP of RM3.15 (from RM2.71), based on a SOP valuation framework and a three-star ESG rating.**

Earnings Momentum Remains Resilient. FY26 earnings momentum is expected to remain strong, driven by (i) accelerated revenue recognition from CGPP projects, where about one-third of progress has already been delivered, (ii) progressive recognition of RM504m LSS5 contracts from 4QFY26 onwards, and (iii) steady contributions of c.RM50m per quarter from rooftop solar projects, supported by front-loaded demand under SELCO ahead of the 31 December 2025 BESS integration deadline and the introduction of the ATAP programme. In addition, earnings will be reinforced by recurring income from electricity sales, notably from 129MWp of Powervest solar assets and initial COD contributions from 70.7MWp of CGPP assets, which provide a growing base of predictable cash flows.

Order book Visibility Remains Robust. Pro forma order book is estimated at c.RM2.6bn (4.9x FY25 revenue) after factoring in the recent 470MWac LSS5+ win via a consortium with Malakoff, assuming EPCC jobs are awarded to SLVEST. Near-term replenishment is expected from additional LSS5 and LSS5+ contracts, with job flow anticipated to commence post six-month financial close. SLVEST is targeting a minimum 30% market share in each programme and has already secured 26.5% and 23.5% for LSS5 and LSS5+ respectively. Management remains confident of securing a further c.RM1bn in LSS contracts, which would lift the order book to ~RM3bn by end-CY2025. We believe momentum will also be supported by the uptake of CRESS, underpinned by the recent reduction in system access charges (SAC) to 5 sen/kWh for firm supply and 20-40 sen/kWh for non-firm supply, alongside a 47% decline in battery costs from their peak to c.USD160/kWh. These developments enhance project economics, particularly for data centre operators, where the new UHV tariff category has raised electricity costs by c.26%. Additional upside could come from the MyBeST programme, where SLVEST has been shortlisted for 400MW/1,600MWh capacity and each project carries an estimated EPCC contract value of c.RM500m. Beyond this, the tender book remains sizeable at ~8.1GWp of solar projects and ~882MWh of BESS, providing long-term replenishment visibility.

Expanding Presence Internationally. Beyond Malaysia, SLVEST is also expanding regionally, with Brunei as a key entry point. In Brunei, SLVEST participates via a 49%-owned joint venture expected to deliver c.RM100m of EPCC works, with contributions recognised through associates. In addition, it holds a 34% equity stake in project ownership, leveraging the recently introduced Powervest programme to establish a foothold in the asset ownership space. We remain confident that SLVEST is well positioned to replicate its successful model of combining EPCC execution with asset ownership in regional markets.

Module Pricing Outlook Remains Manageable. With China's recent anti-involution policy pushing up upstream silicon input costs, module ASPs are expected to edge toward USD0.10/W and could stabilise at around USD0.11/W. According to the International Energy Agency (IEA), current global solar manufacturing capacity is sufficient to cover global demand through 2030.

This structural surplus should keep module prices contained in the medium term. For LSS5, SLVEST is relatively insulated as most contracts are secured with procurement largely excluded from its scope, leaving the Group focused on execution. CRESS margins remain more exposed under the current SAC framework, although improved economics from lower system access charges and a decline in battery costs provide some offsets.

Earnings revision. We have raised our order book assumption for the solar division in FY26F to RM2.4bn (from RM2.2bn), supported by the favourable government energy transition outlook and an expected uplift from CRESS following the reduction in SAC. For FY27F, we maintain our order book replenishment forecast at RM2.2bn, as we believe most resources will be allocated to executing existing projects. We have also revised our earnings recognition, particularly for LSS5, where we expect SLVEST to commence work ahead of schedule. As a result, our FY26F and FY27F earnings forecasts have been revised upward by 18.9% and 31.5% respectively.

Valuation. Maintain our **BUY** recommendation with a higher TP of **RM3.15** (from RM2.71). We have adjusted our applied PE multiple for the EPCC division to 30x (from 35x) to align with valuation benchmarks for the renewable energy solar sector. SLVEST remains well positioned to capitalise on government renewable energy initiatives, supported by its unique in-house solar financing model and its standing as Malaysia's largest solar EPCC player.

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

Financial Highlights

Income Statement

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	365.5	497.0	536.8	905.3	1403.1
Gross Profit	65.0	99.2	149.5	245.6	350.5
EBITDA	35.9	62.5	96.2	148.4	199.7
Depreciation & Amortisation	-4.1	-7.4	-12.5	-16.6	-21.8
EBIT	31.8	55.1	83.7	131.8	177.9
Net Finance Income/ (Cost)	-4.1	-7.9	-12.1	-21.7	-17.9
Associates & JV	0.0	0.0	2.6	6.9	8.1
Pre-tax Profit	27.7	47.2	74.2	117.0	168.2
Tax	-7.5	-13.1	-20.8	-30.4	-43.7
Profit After Tax	20.2	34.1	53.3	86.6	124.4
Minority Interest	0.5	1.4	1.4	1.4	1.5
Net Profit	19.7	32.6	51.9	85.1	123.0
Exceptionals	3.8	-2.4	-5.2	0.0	0.0
Core Net Profit	15.9	35.1	57.1	85.1	123.0

Key Ratios

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	2.2	4.8	7.8	11.7	16.9
P/E(x)	120.7	54.7	33.5	22.5	15.6
P/B(x)	9.7	8.1	5.3	4.3	3.3
EV/EBITDA(x)	52.6	29.8	18.1	11.3	8.7
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%	16.4%	14.2%
EBIT margin (%)	8.7%	11.1%	15.6%	14.6%	12.7%
PBT margin (%)	7.6%	9.5%	13.8%	12.9%	12.0%
PAT margin (%)	5.5%	6.9%	9.9%	9.6%	8.9%
NP margin (%)	5.4%	6.6%	9.7%	9.4%	8.8%
CNP margin (%)	4.3%	7.1%	10.6%	9.4%	8.8%
ROE (%)	8.0%	14.9%	15.7%	18.9%	21.4%
ROA (%)	3.3%	6.7%	5.5%	6.9%	8.4%
Gearing (%)	53.1%	73.7%	88.9%	87.9%	56.6%
Net gearing (%)	16.4%	25.7%	50.8%	56.3%	33.2%

Valuations	Equity Value (RM' m)	Valuation method
EPCC	2365.64	30x FY27F PER
Associates	69.00	10x FY27F PER
Solar assets	351.18	Ke=9.6%
Proceeds from warrants/ ESOS	190.53	
SOP Value	2976.34	
Enlarged share base (m share)	946.50	
Fair Value (RM)	3.15	
ESG premium/ discount	0.0%	
Implied Fair Value (RM)	3.15	

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash and bank balances	72.6	112.9	138.1	141.8	134.4
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	288.7	357.2
Total Current Assets	300.1	296.9	679.3	803.5	944.1
Fixed Assets	168.6	215.7	246.3	315.0	414.4
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	522.8
Short-term debt	17.3	9.5	141.9	197.4	162.3
Payables	108.2	67.1	202.2	197.9	315.8
Other current liabilities	39.4	28.3	124.6	165.4	234.0
Total Current Liabilities	165.0	105.0	468.7	560.7	712.1
Long-term debt	87.5	163.8	180.5	197.4	162.3
Other non-current liabilities	24.4	16.5	18.7	18.7	18.7
Total Non-Current Liabilities	111.9	180.3	199.2	216.1	181.0
Shareholder's equity	193.3	230.8	357.4	442.5	565.5
Minority interest	4.1	4.4	5.4	6.8	8.3
Total Equity	197.4	235.2	362.8	449.4	573.8

Cash Flow

FYE Mar (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	27.7	47.2	74.2	117.0	168.2
Depreciation & amortisation	4.1	7.4	12.5	16.6	21.8
Changes in working capital	27.2	-17.8	-181.8	-86.7	37.7
Others	-2.5	-6.0	-19.1	-30.4	-43.7
Operating cash flow	56.5	30.8	-114.2	16.5	184.0
Capex	-137.0	-53.3	-50.2	-85.2	-121.3
Others	0.1	-8.0	-21.3	0.0	0.0
Investing cash flow	-136.9	-61.3	-71.5	-85.2	-121.3
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	89.3	54.3	212.8	72.4	-70.2
Financing cash flow	89.3	54.3	212.8	72.4	-70.2
Net cash flow	8.9	23.8	27.1	3.7	-7.4
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	36.9	60.8	87.8	91.5
Ending cash	36.9	60.8	87.8	91.5	84.1

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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

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.