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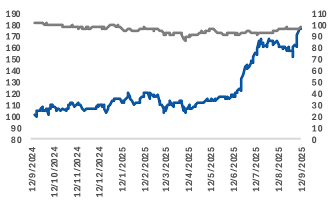
| Recommendation: | | BUY |
|---|---|---|
| Current Price: | | RM 2.94 |
| Previous Target Price: | | RM 3.15 |
| Target Price: | ↑ | RM 3.41 |
| Capital Upside/Downside: | | 16.0% |
| Dividend Yield (%): | | 0.0% |
| Total Upside/Downside | | 16.0% |

| Stock information | |
|---|---|
| Board | MAIN |
| Sector | Renewable Energy |
| Bursa / Bloomberg Code | 0215 / SOLAR MK |
| Syariah Compliant | Yes |
| ESG Rating | ★★★ |
| Shares issued (m) | 837.9 |
| Market Cap (RM' m) | 2,463.4 |
| 52-Week Price Range (RM) | 2.95-1.52 |
| Beta (x) | 1.0 |
| Free float (%) | 45.3 |
| 3M Average Volume (m) | 3.9 |
| 3M Average Value (RM' m) | 9.7 |

| Top 3 Shareholders | (%) |
|---|---|
| Atlantic Blue Holdings Sdn Bhd | 20.4 |
| Lim Chin Siu | 7.1 |
| Tan Chyi Boon | 6.4 |

**Share Price Performance**



| | 1M | 3M | 12M |
|---|---|---|---|
| Absolute (%) | 21.5 | 38.0 | 83.8 |
| Relative (%) | 17.3 | 30.9 | 83.2 |

| 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) | 37.5 | 25.2 | 17.4 |

# Solarvest Holdings Berhad

## First Solar PPA Win in East Malaysia

- **SLVEST, via a 60:40 joint venture with Press Metal Berhad, has signed a 30-year PPA with SESCO to design, construct, own, operate, and maintain a 100MWac LSS plant in Sarawak, with COD targeted for 30 November 2027.**
- **We view the development positively, as it marks SLVEST's first large-scale solar venture in East Malaysia, strengthening its foothold in the region's renewable energy landscape.**
- **Earnings forecasts are maintained, as contributions from the project are expected to commence in FY28, which lies beyond our forecast horizon.**
- **Maintain BUY recommendation with a higher TP of RM3.41 (from RM3.15), based on a SOP valuation and a three-star ESG rating.**

**30-year PPA with SESCO.** On 3 October 2025, SLVEST, via its 60%-owned subsidiary Mukah Solar Powerplant Sdn. Bhd. (MSPSB) signed a 30-year Power Purchase Agreement (PPA) with Syarikat SESCO Berhad (SESCO) to design, construct, own, operate, and maintain a 100MWac solar photovoltaic facility in Mukah, Sarawak. MSPSB is a JV between Solarvest Asset Management (Borneo) Sdn. Bhd and Press Metal Berhad, with equity stakes of 60% and 40%, respectively. The PPA governs the sale and purchase of the net electrical output generated by the facility and delivered to SESCO. The commercial operation date (COD) is targeted for 30 November 2027, with a total estimated investment cost of RM380m.

**Our take.** We view the development **positively**, as it marks SLVEST's first large-scale solar venture in East Malaysia. The project's estimated capex of RM3.8m per MWac is notably higher than the c.RM2.5m per MWac typically seen in Peninsular Malaysia, which we attribute to elevated logistics and infrastructure costs. While Sarawak's generation system is predominantly hydro-based with low marginal costs, which may reduce SESCO's incentive to offer higher solar tariffs, we believe project returns remain manageable. The impact is partly mitigated by lower financing costs given SESCO's strong offtaker profile, and the longer 30-year PPA tenure (vs. 21 years under LSS schemes), which enhances project bankability. Assuming an 80:20 debt-to-equity structure and dispatch tariffs of 14-16 sen/kWh (in line with LSS5 benchmarks), the project is expected to yield a mid-single-digit IRR. As of 30 June 2025, SLVEST still had RM830m in unused sukuk issuance capacity, and we do not foresee major hurdles in securing project financing.

**Outlook.** We view this first solar win in East Malaysia as a strategic entry that strengthens SLVEST's regional presence and positions it for future EPCC opportunities. The Group targets to lift recurring income to 30% of revenue by FY27 (from 5.6% in 1QFY26) under its five-year roadmap, with solar farm development remaining the key growth driver toward its 1GWac ownership goal (currently ~380MWac). Assuming RM45.6m is allocated for the 100MWac Mukah project, SLVEST would still have about RM784.4m available under its Sukuk Wakalah Programme. Combined with its 51:49 partnership with Brookfield Catalytic Transition Fund via a special purpose vehicle, this headroom could fund up to 3.5GWac of new solar projects (c.RM7.7bn in investment value) in peninsular Malaysia, supporting its asset-growth targets. Meanwhile, results from the MyBeST programme (tender closed July 2025) are expected in 2H25, where SLVEST remains a strong contender given its execution record, financing strength, and in-house asset management capability.

**Earnings revision.** Earnings forecasts are maintained, as contributions from the asset are expected to commence in FY28, which is outside the forecast period.

**Valuation.** Maintain our **BUY** recommendation with a higher **TP** of **RM3.41** (from RM3.15)**,** incorporating SLVEST's 60% stake in the 100MWac solar project into our SOP valuation, alongside a three-star ESG rating. We believe SLVEST 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.

## 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) | 134.9 | 61.1 | 37.5 | 25.2 | 17.4 |
| P/B (x) | 10.8 | 9.1 | 5.9 | 4.8 | 3.7 |
| EV/EBITDA (x) | 58.9 | 33.4 | 20.4 | 12.8 | 9.8 |
| 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 | 598.76 | Ke = 9.6% |
| Proceeds from warrants/ESOS | 190.53 | |
| SOP Value | 3223.93 | |
| Enlarged share base (m share) | 946.50 | |
| **Fair Value (RM)** | 3.41 | |
| ESG premium/discount | 0.0% | |
| **Implied Fair Value (RM)** | **3.41** | |

*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 Liabilitie** | **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 | ★★★ | Committed to achieving net-zero GHG emissions by 2050, with an interim target of 45% reduction by 2030. |
| Waste & Effluent | ★★★ | Compliance with regulatory requirements for scheduled waste and industrial effluent management. |
| Energy | ★★★ | Focus on minimising carbon footprint, improving efficiency and adopting circular economy principles. |
| Water | ★★★ | Compliance with all water-related environmental standards maintained. |
| Compliance | ★★★ | The Group complies with all local and international environmental regulations. |

**Social**

| | | |
|---|---|---|
| Diversity | ★★★ | Female representation stands at 22% in the workforce and 43% 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 664 hours of training has been conducted. No fatalities, with a reduction in the Lost Time Incident Rate to 0.3. |
| Labour Practices | ★★★ | Adheres to all relevant labor laws. |

**Governance**

| | | |
|---|---|---|
| CSR Strategy | ★★★ | Actively engaged with communities, contributing RM85,960 to various initiatives. |
| Management | ★★★ | Among the board members, 43% (3 out of 7) were female, while 57% (4 out of 7) 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



As of **Monday, 06 Oct, 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.