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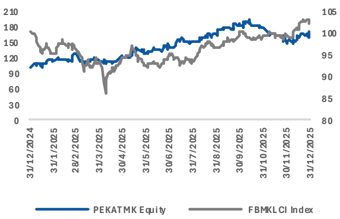
Recommendation:		BUY
Current Price:		RM 1.33
Previous Target Price:		RM 1.59
Target Price:	↔	RM 1.59
Capital Upside/Downside:		19.5%
Dividend Yield (%):		0.8%
Total Upside/Downside		**20.3%**

Stock information	
Board	ACE
Sector	Renewable Energy
Bursa / Bloomberg Code	0233 / PEKAT MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	706.3
Market Cap (RM' m)	1,172.4
52-Week Price Range (RM)	1.9-0.905
Beta (x)	1.0
Free float (%)	44.3
3M Average Volume (m)	0.9
3M Average Value (RM' m)	1.5

Top 3 Shareholders	(%)
Chin Soo Mau	31.9
Tai Yee Chee	8.0
Wee Chek Aik	6.8

Share Price Performance



	1M	3M	12M
Absolute (%)	9.2	-8.8	66.8
Relative (%)	6.7	-10.5	63.3

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	513.5	583.2	669.7
PATAMI (RM'm)	57.1	64.6	70.6
CNP (RM'm)	57.1	64.6	70.6
EPS - core (sen)	8.2	9.3	10.2
P/E (x)	16.1	14.3	13.1

Pekat Group Berhad

Record Revenue Meets Growth Expectations

- **PEKAT's FY25 CNP of RM43.4m (+107% yoy) was within expectations, achieving 98% of our and consensus full-year estimates. 4QFY25 CNP reached RM10.9m (+5.6% qoq). This performance was anchored by robust CGPP execution and a 148.5% yoy surge in Trading sales (to RM137.0m) following the successful integration of PDE.**
- **No Dividends Declared in Q4, Final DPS of 1.0 sen (0.6% yield) for the year.**
- **As results were largely in line, we maintain our FY26–27 earnings forecasts and introduce our FY28 forecast of RM70.6m.**
- **Looking ahead, earnings visibility remains strong via LSS5 prospects and the ATAP framework, while the ELP segment gains from the ongoing data center boom.**
- **We reiterate BUY with an unchanged TP of RM1.59, based on SOP valuation.**

Exceeded expectations. PEKAT reported a 4QFY25 core net profit (CNP) of RM10.9m (+5.6% qoq, +13.1% yoy), bringing full-year FY25 CNP to RM43.4m (+107.0% yoy). The results were in line, achieving 98% of both our and consensus full-year estimates. This robust performance was anchored by the successful execution of the Corporate Green Power Programme (CGPP) and a 148.5% yoy surge in Trading Segment Sales (to RM137.0m), which collectively propelled revenue to a record RM609.9m (+112.5% yoy).

Dividend Payout. While no dividends were declared during the final quarter, the total DPS for the year remains at 1.0 sen. This inaugural payout reflects a dividend yield of 0.6% based on the current share price, signaling PEKAT's transition into a more balanced capital allocation.

YTD. Full-year revenue surged 112.5% to RM609.9m, propelling core net profit (CNP) by 107.0% yoy to RM43.4m. This performance was anchored by accelerated billings from large-scale CGPP contracts and the full-year consolidation of the newly acquired PDE Division. Growth was further bolstered by higher trading volumes and robust demand for high-margin Earthing and Lightning Protection (ELP) systems within the industrial and data centre sectors. However, the bottom line was partially tempered by a rise in administrative expenses to RM73.9m (FY24: RM47.9m) due to workforce expansion and the inclusion of the PDE division, alongside higher finance costs of RM5.8m (FY24: RM1.5m) following increased term loans to fund the acquisition and solar plant developments.

YoY: Revenue in 4QFY25 surged 102.5% to RM190.9m, fueled by accelerated billings from major solar EPCC projects. Despite the top-line momentum, core net profit (CNP) growth was relatively modest at 13.1% yoy, as profitability was compressed by a shift in project mix toward lower-margin utility-scale solar contracts and a significant spike in administrative expenses almost doubling to 21.0m from 11.2m in FY24. This surge in overheads was primarily attributed to an expanded workforce and higher technical staff costs required to support the Group's larger project pipeline and the integration of the PDE division as mentioned earlier.

QoQ. Revenue rose 34.7% sequentially to RM190.9m, reflecting peak construction activity for ongoing Corporate Green Power Programme (CGPP) projects. Core net profit (CNP) grew 5.6% qoq to RM10.9m, primarily supported by higher order fulfillment and improved project execution across the PDE and ELP divisions. However, the bottom line was partially weighed down by a 68.8% surge in net finance costs to RM1.5m, following the recognition of interest expenses related to acquisition-term loans and project financing in the final quarter.

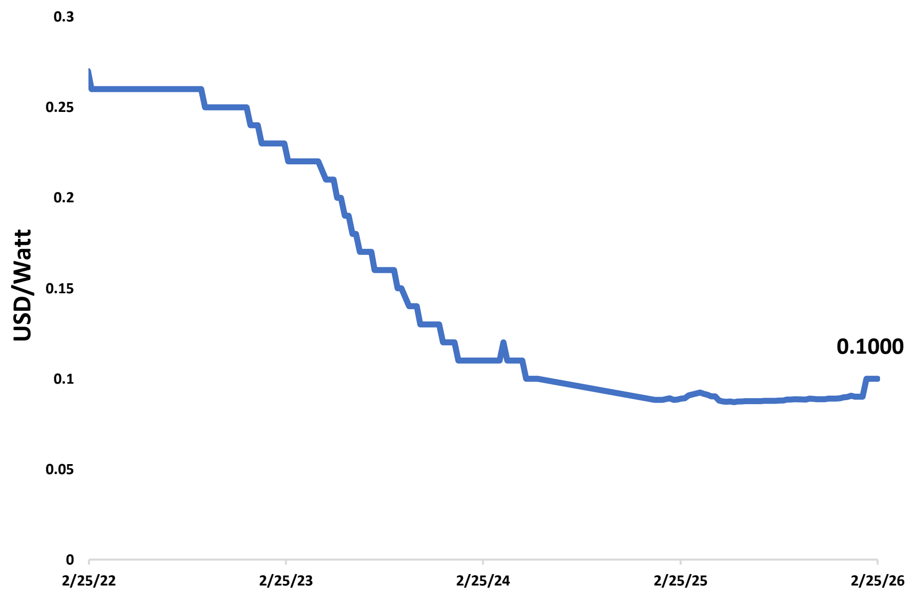
Outlook. We expect PEKAT to enter 2026 with high earnings visibility, anchored by a robust outstanding order book and a diversified project pipeline. The EPCC segment remains a frontrunner for the upcoming LSS5 awards, while management is aggressively pursuing further Corporate Green Power Programme (CGPP) and Any-to-Any Corporate PPA (ATAP) contracts to sustain its solar momentum. Under the ATAP framework which precedes the NEM, PEKAT is well-positioned to facilitate third-party access (TPA) for corporate consumers, enabling more flexible and large-scale renewable energy procurement beyond traditional quotas. On the infrastructure front, the PDE arm serves as a strategic hedge, with its switchgear and transformer offerings tapping directly into the utility sector's grid modernization efforts. Simultaneously, the ELP segment is positioned as a primary beneficiary of Malaysia's data centre surge, where specialized lightning protection and earthing systems are mission critical. By integrating solar EPCC with industrial electrical solutions, PEKAT has successfully created a "one-stop" synergy that remains its core competitive advantage in capturing the accelerating regional energy transition.

Earnings revision. As the results were within our expectations, we make no changes to our FY26-27 earnings forecasts. We continue to project steady growth as the Group capitalizes on the National Energy Transition Roadmap (NETR). We also introduce our FY28 earnings forecast of RM70.6m.

Valuation & Recommendation. Reiterate **BUY** with an unchanged TP of **RM1.59.** Our valuation is derived from an SOP approach: 30x FY26F P/E for the high-growth solar EPCC segment and 15x FY26F P/E for the ELP and Trading segments. We continue to favour PEKAT for its **synergistic business model**, strong margins in the **Power distribution division**, and **sustainable order book**. Furthermore, PEKAT's consistent financial track record and strengthened market capitalization now firmly qualify the Group for a potential transfer to the Main Market of Bursa Malaysia, which we view as a significant upcoming rerating catalyst.

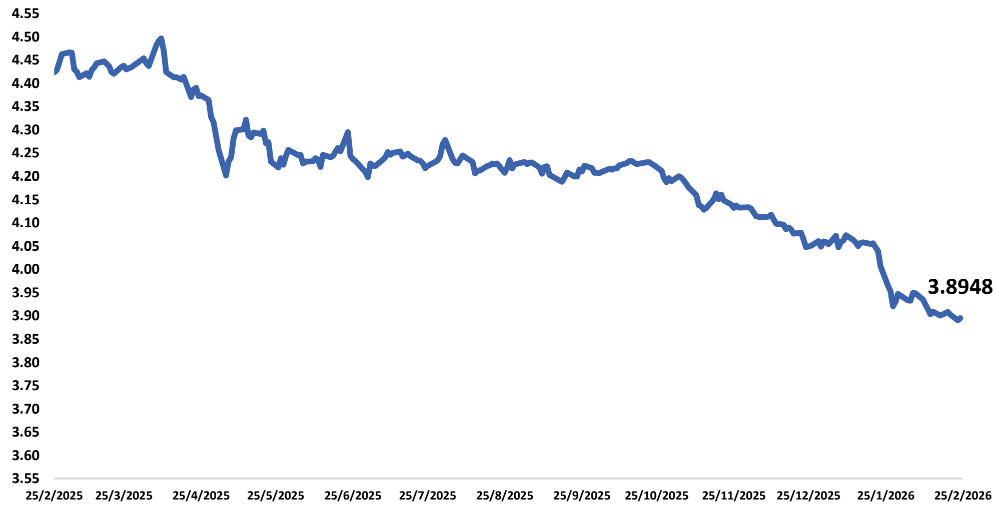
Risks. Heavy reliance on government initiatives. Inability to secure new contracts. Spike in raw material costs such as copper and steel.

Figure 1: Solar Module Price Trend



Source: Bloomberg, Apex Securities

Figure 2: YTD USD/MYR Trend



Source: Bloomberg, Apex Securities

Results Comparison

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
Revenue	190.9	94.3	*102.5*	141.7	*34.7*	609.9	287.0	*112.5*	*Increase in Revenue in*
COGS	(152.4)	(65.5)	*132.9*	(109.8)	*38.8*	(465.6)	(205.1)	*127.0*	*all divisions*
Gross profit	38.5	28.8	*33.6*	31.9	*20.7*	144.3	81.9	*76.2*	
EBITDA	**21.7**	**15.6**	***38.8***	**17.1**	***26.9***	**79.4**	**38.6**	***105.6***	
Depreciation & Amortisation	(2.4)	(2.1)	*12.7*	(1.2)	*100.4*	(5.4)	(2.2)	*148.4*	
EBIT	**19.3**	**13.5**	***43.0***	**15.9**	***21.3***	**74.1**	**36.5**	*103.1*	
Net finance	(1.5)	(0.6)	*140.0*	(0.9)	*68.8*	(4.8)	(0.9)	*437.4*	*Higher due to PDE term loans*
Associates/JV	0.7	(0.1)	*nm*	0.2	*274.4*	1.0	(0.8)	*nm*	
Pre-tax profit	**18.5**	**12.8**	***44.5***	**15.2**	***21.7***	**70.3**	**34.7**	***102.2***	
Tax expenses	(5.4)	(4.7)	*13.5*	(3.5)	*53.5*	(19.3)	(12.0)	*60.1*	
Profit after tax	**13.1**	**8.0**	***62.8***	**11.7**	***12.2***	**51.0**	**22.7**	***124.6***	
(-) Minority interest	1.4	0.6	*117.7*	1.4	*0.5*	5.9	14.0	*(57.6)*	
PAT (-MI)	11.7	7.4	*58.1*	10.3	*13.8*	45.0	44.3	*1.7*	
Core net profit	**10.9**	**9.6**	***13.1***	**10.3**	**5.6**	**43.4**	**20.9**	***107.0***	
Core EPS (sen)	1.6	1.5		1.6		6.6	3.2		
DPS (sen)	-	-		-		1.0	-		
Gross margin (%)	20.2	30.6		22.5		23.7	28.5		
PBT margin (%)	9.7	13.6		10.7		11.5	12.1		
Effective tax rate (%)	29.2	37.2		23.2		27.4	34.6		
Core PATMI margin (%)	5.7	10.2		7.3		7.1	7.3		

Source: Company, Apex Securities

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
Revenue									
EPCC	116.2	54.6	*112.7*	72.8	*59.6*	344.5	174.7	*97.2*	*accelerated progress recognition*
ELP	19.6	14.7	*33.7*	16.7	*17.7*	67.4	47.3	*42.4*	*under CGPP project*
Power	91.9	15.1	*509.0*	17.0	*441.5*	137.0	9.9	*1,290.7*	*Increase due to full fy recognition*
Trading	(36.8)	9.9	*nm*	35.3	*nm*	61.2	55.2	*11.0*	*Declined from lower volumes*
Total	**191.0**	**94.3**	***102.6***	**141.7**	***34.8***	**610.0**	**287.0**	***112.6***	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**287.0**	**609.9**	**513.5**	**583.2**	**669.7**
Gross Profit	**81.9**	**144.3**	**172.7**	**196.3**	**222.4**
EBITDA	**38.6**	**79.4**	**109.9**	**124.2**	**138.6**
Depreciation & Amortisation	-2.2	-5.4	-5.6	-6.2	-6.7
EBIT	**36.5**	**74.1**	**104.3**	**118.0**	**131.8**
Net Finance Income/ (Cost)	-0.9	-4.8	-5.4	-4.9	-4.4
Associates & JV	-0.8	1.0	0.4	0.4	0.5
Pre-tax Profit	**34.7**	**70.3**	**99.3**	**113.6**	**127.9**
Tax	-12.0	-19.3	-27.5	-30.9	-35.7
Profit After Tax	**22.7**	**51.0**	**71.8**	**82.7**	**92.2**
Minority Interest	0.7	5.9	15.5	19.0	22.4
Net Profit	**22.0**	**45.0**	**56.3**	**63.8**	**69.8**
Exceptionals	-1.1	1.6	0.0	0.0	0.0
Core Net Profit	**23.1**	**43.4**	**56.3**	**63.8**	**69.8**

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.3	6.3	8.1	9.2	10.1
P/E (x)	40.0	21.2	16.4	14.5	13.2
P/B (x)	4.7	4.7	2.2	1.9	1.7
EV/EBITDA (x)	23.8	11.6	9.7	9.0	8.4
DPS (sen)	0.0	1.0	2.0	2.6	3.0
Dividend Yield (%)	0.0%	0.8%	1.5%	2.0%	2.2%
EBITDA margin (%)	13.5%	13.0%	21.4%	21.3%	20.7%
EBIT margin (%)	12.7%	12.1%	20.3%	20.2%	19.7%
PBT margin (%)	12.1%	11.5%	19.3%	19.5%	19.1%
PAT margin (%)	7.9%	8.4%	14.0%	14.2%	13.8%
NP margin (%)	7.7%	7.4%	11.0%	10.9%	10.4%
CNP margin (%)	8.0%	7.1%	11.0%	10.9%	10.4%
ROE (%)	11.8%	22.2%	13.4%	13.2%	12.6%
ROA (%)	5.3%	10.0%	7.9%	8.1%	7.9%
Gearing (%)	38.2%	38.2%	17.8%	14.1%	11.1%
Net gearing (%)	19.2%	19.2%	Net Cash	Net Cash	Net Cash

Valuations	Equity Value (RM' m)	Valuation method
EPCC	402.9	30x FY27F PER
ELP	158.9	15x FY27F PER
Trading	141.0	15x FY27F PER
EPE	312.8	17x FY27F PER
Solar assets	22.2	Ke = 12.1%
SOP Value	1037.8	
Enlarged share base (m share)	721.6	
Fair Value (RM)	**1.59**	
ESG premium/discount	0.0%	
Implied Fair Value (RM)	**1.59**	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	37.3	37.3	153.6	174.5	201.0
Receivables	110.3	110.3	155.8	176.1	199.0
Inventories	94.6	94.6	119.6	137.6	158.2
Other current assets	62.8	62.8	40.0	41.9	47.1
Total Current Assets	**305.0**	**305.0**	**469.1**	**530.1**	**605.2**
Fixed Assets	68.9	68.9	180.4	199.3	217.5
Intangibles	46.9	46.9	46.9	46.9	46.9
Other non-current assets	12.4	12.4	12.6	12.7	12.9
Total Non-Current Assets	**128.2**	**128.2**	**239.9**	**258.9**	**277.3**
Short-term debt	36.9	36.9	37.5	34.1	30.7
Payables	96.1	96.1	155.8	176.1	199.0
Other current liabilities	45.1	45.1	34.4	36.3	41.5
Total Current Liabilities	**178.1**	**178.1**	**227.7**	**246.5**	**271.2**
Long-term debt	37.8	37.8	37.5	34.1	30.7
Other non-current liabilities	22.0	22.0	23.6	24.5	25.4
Total Non-Current Liabilitie	**59.8**	**59.8**	**61.1**	**58.6**	**56.2**
Shareholder's equity	158.7	158.7	354.1	398.7	447.5
Minority interest	36.7	36.7	66.2	85.2	107.6
Total Equity	**195.3**	**195.3**	**420.3**	**483.9**	**555.2**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**34.7**	**70.3**	**99.3**	**113.6**	**127.9**
Depreciation & amortisation	2.2	5.1	5.6	6.2	6.7
Changes in working capital	12.2	-22.6	15.6	17.9	20.6
Others	-33.1	-10.0	-53.4	-62.0	-72.8
Operating cash flow	**15.9**	**42.7**	**67.1**	**75.7**	**82.5**
Capex	-6.9	-97.1	-25.0	-25.0	-25.0
Others	-69.4	-62.5	0.4	0.4	0.5
Investing cash flow	**-76.3**	**-159.5**	**-24.6**	**-24.6**	**-24.5**
Dividends paid	0.0	-7.7	-16.9	-19.1	-20.9
Others	70.8	177.8	-11.7	-11.1	-10.5
Financing cash flow	**70.8**	**170.1**	**-28.6**	**-30.3**	**-31.5**
Net cash flow	**10.4**	**53.3**	**13.9**	**20.9**	**26.5**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	23.9	34.3	136.8	150.7	171.6
Ending cash	**34.3**	**87.6**	**150.7**	**171.6**	**198.0**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Reduced indirect annual carbon dioxide emissions by 27.9% compared to the previous year, avoiding 199,319 tonnes through completed solar photovoltaic (PV) systems for customers.
Waste & Effluent	★★★	Implemented the 3R (Reduce, Reuse, Recycle) initiative, promoting the use of reusable containers and recyclable bags.
Energy	★★★	Energy consumption increased by 21.6% in FY2024 due to business expansion, but electricity consumption per employee decreased by 3.6% to 1,031 kWh per employee, remaining within an acceptable range.
Water	★★★	Reduced water consumption by 0.7%, from 4,337 m^3 in the previous year to 4,305 m^3.
Compliance	★★★	The Group fully complies with all local and international environmental regulations.

Social

Diversity	★★★	Achieved 31% female representation in the workforce and 33.3% at the management level, surpassing the Malaysian Code on Corporate Governance (MCCG) recommendation of 30% female directors on the Board.
Human Rights	★★★	Enforces strict policies prohibiting human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★	Trained 60 employees in 2023 to enhance workforce competence, compared to 160 in the previous year. Recorded no fatalities, with a total recordable incident rate (TRIR) of 0.
Labour Practices	★★★	Adheres to all relevant labor laws.

Governance

CSR Strategy	★★★	Actively engaged with communities, contributing RM30,000 to various initiatives.
Management	★★★	Maintained a Board composition with 33.3% (2 out of 6) female directors and 67% (4 out of 6) independent directors.
Stakeholders	★★★	Regularly organizes corporate events and conducts 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, 02 Mar, 2026**, 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.