

## Research Team

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Recommendation:	BUY
Current Price:	RM 1.50
Previous Target Price:	RM 1.59
Target Price:	↑ RM 1.88
Capital Upside/ Downside:	25.3%
Dividend Yield (%):	0.7%
<b>Total Upside/ Downside</b>	<b>26.0%</b>

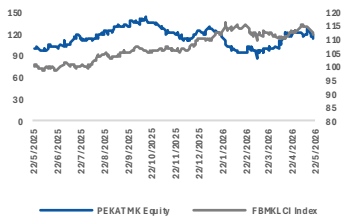
## Stock information

Board	ACE
Sector	Renewable Energy
Bursa / Bloomberg Code	0233 / PEKATMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	708.3
Market Cap (RM' m)	1,062.4
52-Week Price Range (RM)	1.9-1.11
Beta (x)	0.6
Freefloat (%)	48.6
3M Average Volume (m)	1.3
3M Average Value (RM' m)	1.9

## Top 3 Shareholders

	(%)
Chin Soo Mau	31.8
Tai Yee Chee	8.0
Wee Chek Aik	6.8

## Share Price Performance



	1M	3M	12M
Absolute (%)	-3.2	21.0	12.8
Relative (%)	-3.1	24.1	0.8

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	723.8	727.6	772.3
PATAMI (RM'm)	53.1	64.0	70.7
CNP (RM'm)	51.4	64.0	70.7
EPS - core (sen)	7.1	8.9	9.8
P/E(x)	21.1	16.9	15.3

# Pekat Group Berhad

## Strong RE Growth Visibility

- PEKAT's 1QFY26 CNP of RM11.9m (+17.7% QoQ, +5.5% YoY) came in broadly within expectations, accounting for 21% of both our and consensus full-year estimates.
- Earnings were mainly supported by continued progress billings from ongoing solar EPCC projects, alongside stronger contributions from the power and trading segments.
- We revised our FY26–28F earnings forecasts to RM53.06m/RM63.99m/RM70.71m following updated orderbook assumptions.
- PEKAT remains well-positioned to benefit from LSS6/CRESS opportunities and rising data centre-related infrastructure demand.
- We maintain BUY and raise our TP to RM1.88 (from RM1.59), based on an SOP valuation methodology.

**Broadly Inline.** After adjusting for EIs (+RM0.51m). PEKAT reported a 1QFY26 core net profit (CNP) of RM11.9m (+17.7% QoQ, +5.5% YoY). The results were in line, accounting for 21% of both our and consensus estimates. Earnings growth was primarily supported by continued progress billings from ongoing solar EPCC projects, alongside stronger contributions from the power and trading segments.

**QoQ.** Revenue declined by (12.1% QoQ) to RM167.9m, mainly dragged by weaker contribution from the EPCC and ELP segments, which fell by 11.1% and 21.7% respectively due to slower project execution and lower order fulfilment during the quarter. Meanwhile, trading revenue remained relatively stable, increasing marginally by (1.2% QoQ). Despite the lower revenue base, core net profit rose (17.7% QoQ) to RM11.9m, supported by improved cost management and the absence of inventory write-downs recognised in the preceding quarter. Consequently, core PATMI margin improved to 7.1% from 5.3% in 4QFY25.

**YoY:** Revenue in 1QFY26 increased 11.7% to RM167.9m, mainly driven by stronger contribution from the solar EPCC segment, which rose 11.4% YoY to RM103.4m on the back of progress recognition from ongoing large-scale solar projects. In addition, the power division and trading segment recorded solid growth of 17.7% and 21.8% YoY respectively. Despite the higher revenue, core net profit increased at a slower pace of 5.5% YoY to RM11.9m, as margins were affected by unrealised foreign exchange losses and increased finance costs arising from borrowings utilised for ongoing solar asset development and acquisition financing. Consequently, core PATMI margin eased slightly to 7.1% from 7.5% in 1QFY25.

**Outlook.** We remain constructive on PEKAT's outlook, supported by its healthy outstanding orderbook of RM754m (1.2x 2025 revenue) and ongoing replenishment efforts via upcoming LSS and CRESS-related opportunities. We believe the Group remains well-positioned to benefit from Malaysia's accelerating renewable energy expansion and rising corporate renewable energy adoption trends. Meanwhile, management highlighted that the Group has secured approximately RM191m worth of data centre-related contracts primarily under its E&LP segment, which is increasingly emerging as a meaningful earnings contributor amid strong data centre investment activity in Malaysia. We view this positively as it further diversifies PEKAT's earnings base beyond its core solar EPCC operations. Additionally, we are encouraged by management's continued focus on expanding its recurring income base through selective solar asset ownership and long-term energy-related investments, including recent solar asset and BESS-related initiatives. Nevertheless, we take comfort in management's disciplined bidding approach and continued focus on preserving earnings quality amid intensifying industry competition.

**Earnings revision.** We revised our FY26-28F core net profit forecasts to RM53.06m/RM63.99m/RM70.71m respectively, following a change in analyst by increasing our orderbook assumptions. We continue to expect steady earnings growth, supported by sustained solar EPCC activities under the LSS and CRESS frameworks, alongside rising demand for

integrated renewable energy and power infrastructure solutions amid Malaysia's ongoing energy transition.

**Valuation & Recommendation.** we maintain **BUY** and **raise our TP to RM1.88** (from RM1.59). Our valuation is derived from an SOP approach: 30x FY27F P/E for the high-growth solar EPCC segment and 15x FY27F P/E for the ELP and Trading segments. We continue to favour PEKAT for its integrated exposure across solar EPCC, power engineering and electrical infrastructure solutions, positioning the Group to benefit from rising renewable energy adoption, CRESS opportunities and growing electricity demand from industrial and data centre developments.

**Risks.** Delays in renewable energy project rollouts, inability to replenish orderbook, intensifying competition within the solar EPCC space and higher financing costs arising from asset expansion initiatives.

# Results Note

Friday, 22 May, 2026

## Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	167.9	150.3	11.7	190.9	(12.1)	167.9	150.3	11.7
COGS	(130.4)	(111.7)	16.7	(152.4)	(14.5)	(130.4)	(111.7)	16.7
Gross profit	37.5	38.6	(2.8)	38.5	(2.5)	37.5	38.6	(2.8)
<b>EBITDA</b>	<b>20.9</b>	<b>21.4</b>	<b>(2.0)</b>	<b>21.7</b>	<b>(3.4)</b>	<b>20.9</b>	<b>21.4</b>	<b>(2.0)</b>
Depreciation & Amortisation	(1.3)	(1.0)	28.2	(2.4)	(45.9)	(1.3)	(1.0)	28.2
<b>EBIT</b>	<b>19.6</b>	<b>20.3</b>	<b>(3.5)</b>	<b>19.3</b>	<b>1.9</b>	<b>19.6</b>	<b>20.3</b>	<b>(3.5)</b>
Net finance	(1.4)	(1.0)	45.5	(1.5)	(8.2)	(1.4)	(1.0)	45.5
Associates/JV	0.4	(0.0)	nm	0.7	(47.1)	0.4	(0.0)	nm
<b>Pre-tax profit</b>	<b>18.6</b>	<b>19.4</b>	<b>(3.9)</b>	<b>18.5</b>	<b>0.8</b>	<b>18.6</b>	<b>19.4</b>	<b>(3.9)</b>
Tax expenses	(5.8)	(5.6)	2.3	(5.4)	7.0	(5.8)	(5.6)	2.3
<b>Profit after tax</b>	<b>12.8</b>	<b>13.7</b>	<b>(6.4)</b>	<b>13.1</b>	<b>(1.8)</b>	<b>12.8</b>	<b>13.7</b>	<b>(6.4)</b>
(-) Minority interest	0.4	1.7	(75.3)	1.4	(70.4)	0.4	1.7	(75.3)
PAT (-MI)	12.4	12.1	3.1	11.7	6.4	12.4	12.1	3.1
<b>Core net profit</b>	<b>11.9</b>	<b>11.3</b>	<b>5.5</b>	<b>10.1</b>	<b>17.7</b>	<b>11.9</b>	<b>11.3</b>	<b>5.5</b>
Core EPS (sen)	1.7	1.8		1.5		1.7	1.8	
DPS (sen)	-	-		-		-	-	
Gross margin (%)	22.3	25.7		20.2		22.3	25.7	
PBT margin (%)	11.1	12.9		9.7		11.1	12.9	
Effective tax rate (%)	31.0	29.1		29.2		31.0	29.1	
Core PATMI margin (%)	7.1	7.5		5.3		7.1	7.5	

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
<b>Revenue</b>								
EPCC	103.4	92.8	11.4	116.2	(11.1)	103.4	92.8	11.4
ELP	15.4	16.2	(5.1)	19.6	(21.7)	15.4	16.2	(5.1)
Trading	16.3	13.4	21.8	16.1	1.2	16.3	13.4	21.8
Power	32.8	27.9	17.7	38.9	(15.7)	32.8	27.9	17.7
<b>Total</b>	<b>167.9</b>	<b>150.3</b>	<b>11.7</b>	<b>190.9</b>	<b>(12.1)</b>	<b>167.9</b>	<b>150.3</b>	<b>11.7</b>

Source: Company, Apex Securities

# Results Note

Friday, 22 May, 2026

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Revenue</b>	<b>287.0</b>	<b>609.5</b>	<b>723.8</b>	<b>727.6</b>	<b>772.3</b>
<b>Gross Profit</b>	<b>81.9</b>	<b>144.3</b>	<b>184.6</b>	<b>203.6</b>	<b>222.5</b>
<b>EBITDA</b>	<b>38.6</b>	<b>79.4</b>	<b>103.1</b>	<b>122.2</b>	<b>136.0</b>
Depreciation & Amortisation	-2.2	-5.4	-5.8	-6.4	-7.0
<b>EBIT</b>	<b>36.5</b>	<b>74.1</b>	<b>97.3</b>	<b>115.8</b>	<b>129.0</b>
Net Finance Income/ (Cost)	-0.9	-4.8	-8.8	-8.3	-7.7
Associates & JV	-0.8	1.0	1.1	1.2	1.2
<b>Pre-tax Profit</b>	<b>34.7</b>	<b>70.3</b>	<b>89.6</b>	<b>108.7</b>	<b>122.5</b>
Tax	-12.0	-19.3	-24.8	-29.6	-34.3
<b>Profit After Tax</b>	<b>22.7</b>	<b>51.0</b>	<b>64.8</b>	<b>79.1</b>	<b>88.2</b>
Minority Interest	0.7	5.9	11.8	15.1	17.5
<b>Net Profit</b>	<b>22.0</b>	<b>45.0</b>	<b>53.1</b>	<b>64.0</b>	<b>70.7</b>
Exceptionals	-1.1	1.6	1.7	0.0	0.0
<b>Core Net Profit</b>	<b>23.1</b>	<b>43.4</b>	<b>51.4</b>	<b>64.0</b>	<b>70.7</b>

### Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.2	6.0	7.1	8.9	9.8
P/E (x)	46.9	24.9	21.1	16.9	15.3
P/B (x)	5.5	5.5	2.8	2.4	2.1
EV/EBITDA (x)	28.0	13.6	10.5	9.0	8.3
DPS (sen)	0.0	1.0	2.5	3.0	3.3
Dividend Yield (%)	0.0%	0.7%	1.6%	2.0%	2.2%
EBITDA margin (%)	13.5%	13.0%	14.2%	16.8%	17.6%
EBIT margin (%)	12.7%	12.2%	13.4%	15.9%	16.7%
PBT margin (%)	12.1%	11.5%	12.4%	14.9%	15.9%
PAT margin (%)	7.9%	8.4%	9.0%	10.9%	11.4%
NP margin (%)	7.7%	7.4%	7.3%	8.8%	9.2%
CNP margin (%)	8.0%	7.1%	7.1%	8.8%	9.2%
ROE (%)	11.8%	22.2%	13.1%	14.2%	13.6%
ROA (%)	5.3%	10.0%	6.9%	8.2%	8.4%
Gearing (%)	38.2%	38.2%	39.6%	32.8%	27.3%
Net gearing (%)	19.2%	19.2%	14.3%	11.9%	7.9%

Valuations	Equity Value (RM' m)	Valuation method
EPCC	539.1	30x FY27F PER
ELP	159.6	15x FY27F PER
Trading	147.0	15x FY27F PER
EPE	378.2	17x FY27F PER
Solar assets	24.9	Ke = 12.1%
SOP Value	1248.8	
Enlarged share base (m share)	721.6	
<b>Fair Value (RM)</b>	<b>1.88</b>	
ESG premium/discount	0.0%	
<b>Implied Fair Value (RM)</b>	<b>1.88</b>	

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Balance Sheet</b>					
Cash and bank balances	37.3	37.3	98.7	94.3	100.5
Receivables	110.3	110.3	131.1	148.2	167.4
Inventories	94.6	94.6	131.3	151.0	173.6
Other current assets	62.8	62.8	140.6	125.3	122.1
<b>Total Current Assets</b>	<b>305.0</b>	<b>305.0</b>	<b>501.8</b>	<b>518.7</b>	<b>563.6</b>
Fixed Assets	68.9	68.9	188.3	206.9	224.9
Intangibles	46.9	46.9	44.1	44.1	44.1
Other non-current assets	12.4	12.4	13.7	13.8	13.9
<b>Total Non-Current Assets</b>	<b>128.2</b>	<b>128.2</b>	<b>246.1</b>	<b>264.8</b>	<b>282.9</b>
Short-term debt	36.9	36.9	77.4	74.1	70.7
Payables	96.1	96.1	107.8	104.8	110.0
Other current liabilities	45.1	45.1	74.3	59.0	55.8
<b>Total Current Liabilities</b>	<b>178.1</b>	<b>178.1</b>	<b>259.5</b>	<b>237.8</b>	<b>236.4</b>
Long-term debt	37.8	37.8	77.4	74.1	70.7
Other non-current liabilities	22.0	22.0	19.4	20.3	21.1
<b>Total Non-Current Liabilities</b>	<b>59.8</b>	<b>59.8</b>	<b>96.9</b>	<b>94.3</b>	<b>91.8</b>
Shareholder's equity	158.7	158.7	339.1	383.9	433.4
Minority interest	36.7	36.7	52.3	67.5	85.0
<b>Total Equity</b>	<b>195.3</b>	<b>195.3</b>	<b>391.4</b>	<b>451.3</b>	<b>518.4</b>

### Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Cash Flow</b>					
<b>Pre-tax profit</b>	<b>34.7</b>	<b>70.3</b>	<b>89.6</b>	<b>108.7</b>	<b>122.5</b>
Depreciation & amortisation	2.2	5.1	5.8	6.4	7.0
Changes in working capital	12.2	-22.6	13.7	39.8	36.8
Others	-33.1	-10.0	-42.8	-100.2	-99.5
<b>Operating cash flow</b>	<b>15.9</b>	<b>42.7</b>	<b>66.4</b>	<b>54.6</b>	<b>66.7</b>
Capex	-6.9	-97.1	-25.0	-25.0	-25.0
Others	-69.4	-62.5	1.7	1.8	1.8
<b>Investing cash flow</b>	<b>-76.3</b>	<b>-159.5</b>	<b>-23.3</b>	<b>-23.2</b>	<b>-23.2</b>
Dividends paid	0.0	-7.7	-15.9	-19.2	-21.2
Others	70.8	177.8	-17.2	-16.7	-16.1
<b>Financing cash flow</b>	<b>70.8</b>	<b>170.1</b>	<b>-33.2</b>	<b>-35.9</b>	<b>-37.3</b>
<b>Net cash flow</b>	<b>10.4</b>	<b>53.3</b>	<b>9.9</b>	<b>-4.5</b>	<b>6.2</b>
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	87.0	96.9	92.4
<b>Ending cash</b>	<b>34.3</b>	<b>87.6</b>	<b>96.9</b>	<b>92.4</b>	<b>98.7</b>

## 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 <sup>3</sup> in the previous year to 4,305 m <sup>3</sup> .
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

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As of Friday, 22 May, 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.