

## Research Team

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 1.60
Previous Target Price:	RM 1.88
Target Price:	↔ RM 1.88
Capital Upside/ Downside:	17.5%
Dividend Yield (%):	0.6%
<b>Total Upside/ Downside</b>	<b>18.1%</b>

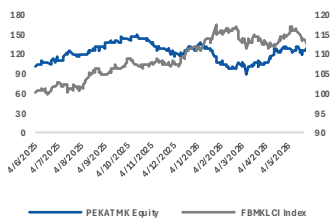
## Stock information

Board	ACE
Sector	Renewable Energy
Bursa / Bloomberg Code	0233 / PEKATMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	708.3
Market Cap (RM' m)	1,133.3
52-Week Price Range (RM)	1.9-1.11
Beta (x)	0.6
Freefloat (%)	48.6
3M Average Volume (m)	1.2
3M Average Value (RM' m)	1.8

## Top 3 Shareholders

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

## Share Price Performance



	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	-1.2	24.0	26.0
Relative (%)	2.1	25.1	12.9

<b>Earnings Summary</b>	<b>FY26F</b>	<b>FY27F</b>	<b>FY28F</b>
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

## Contract Expansion

- PEKAT expanded its Johor LSS project, increasing capacity from 63MWac to 135MWac (+72MWac) and raising the contract value by RM100.9m (+118%) to RM186.5m.
- Assuming an 8% PBT margin, the additional contract value could contribute c.RM8.1m in project-level PBT, equivalent to 9% of our FY26F PBT forecast.
- Following the contract expansion, PEKAT's outstanding order book is estimated to increase to c.RM861m (from RM760m), implying a 1.4x book-to-bill ratio based on FY25 revenue.
- Maintain BUY with an unchanged TP of RM1.88 based on our SOP valuation methodology.

**Expanded Johor LSS Contract to RM186.5m.** PEKAT announced that its indirect wholly-owned subsidiary, Pekat Solar Sdn Bhd, has entered into supplemental agreements with the main contractor for its ongoing large-scale solar (LSS) project in Kulai, Johor. Following the variation works, the project's capacity has been increased from 63MWac to 135MWac (+72MWac). Consequently, the contract value has been revised upward to RM186.54m from RM85.68m previously, representing an increase of RM100.9m (+118%). The additional works relate to Phase 2 of the existing project and are expected to be completed within approximately **four months**.

**Our View.** We view the supplemental agreement **positively** as the additional RM100.9m contract value is expected to further strengthen PEKAT's earnings visibility and outstanding order book over the medium term. Assuming an 8% PBT margin, the additional works could contribute approximately RM8.1m in project-level PBT, equivalent to about 9% of our FY26F PBT forecast. We believe execution risk remains manageable given that the project is already under execution, reducing uncertainties typically associated with newly secured contracts. The contract expansion also reflects continued client confidence in PEKAT's project delivery capabilities and reinforces the Group's position within Malaysia's utility-scale solar segment.

**Outlook.** We remain positive on PEKAT's outlook as the contract expansion is expected to further strengthen earnings visibility over the medium term. Following the additional RM100.9m contract value, the Group's outstanding order book is estimated to increase to approximately RM861.0m from RM760.1m as at 31 March 2026, equivalent to a book-to-bill ratio of 1.4x based on FY25 revenue. We believe the enlarged order book, coupled with continued opportunities across utility-scale solar, commercial & industrial (C&I) solar, ELP and EPE Switchgear segments, should continue to underpin earnings visibility and support future order book replenishment.

**Earnings revision.** We make no changes to our earnings forecast as the award falls within our orderbook replenishment assumption of RM350m for FY26.

**Valuation & Recommendation.** We maintain our **BUY** recommendation on PEKAT with an unchanged **TP of RM1.88**. 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.

**Risks.** Project execution delays, margin compression from rising material costs, and slower-than-expected contract wins.

# Results Note

Friday, 05 Jun, 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 (mshare)	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
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>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	★★★★	Established its first Scope 1 and 2 GHG baseline in FY2025, while its solar PV business contributes to carbon emission avoidance.
Waste & Effluent	★★★★	Applies 3R principles and achieved a high waste diversion rate through recycling and reuse initiatives.
Energy	★★★★	Improved electricity consumption intensity and solarises its own facilities to reduce grid dependency.
Water	★★★	Water consumption increased due to business expansion and a leakage incident that has since been resolved.
Compliance	★★★★	Maintains ISO 14001:2015 certification with zero environmental non-compliance cases.

### Social

Diversity	★★★	Promotes workforce diversity, with female Board representation and inclusive hiring practices.
Human Rights	★★★★	Zero human rights violations, with strict policies against child and forced labour.
Occupational Safety and Health	★★★	Certified under ISO 45001:2018, though one work-related fatality was recorded in FY2025.
Labour Practices	★★★★	Maintains strong employee retention and continues investing in staff training and development.

### Governance

CSR Strategy	★★★	Conducts community-focused initiatives through its #PekatCares programme.
Management	★★★★	Sustainability is integrated into risk management, supported by dedicated ESG oversight and zero corruption cases.
Stakeholders	★★★★	Engages key stakeholders through multiple channels and maintains a high customer satisfaction rate.

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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(a) nil.