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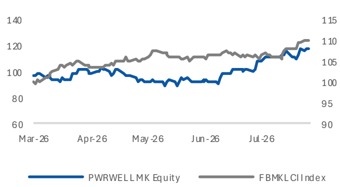
Recommendation:	↓ HOLD
Current Price:	RM 1.03
Previous Target Price:	RM 1.10
Target Price:	↔ RM 1.10
Capital Upside/Downside:	6.8%
Dividend Yield (%):	1.5%
Total Upside/Downside:	**8.3%**

Stock information

Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0217 / PWRWELL MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	580.6
Market Cap (RM' m)	598.0
52-Week Price Range (RM)	1.05-0.505
Beta (x)	0.9
Free float (%)	81.8
3M Average Volume (m)	3.4
3M Average Value (RM' m)	2.9

Top 3 Shareholders	(%)
United Fam Sdn	24.3
Wong Yen Yoke	4.8
Tham Wai Kien	3.0

Share Price Performance



	1M	3M	12M
Absolute (%)	28.8	33.8	79.1
Relative (%)	29.2	33.9	64.5

Earnings summary

FYE (Dec)	FY25A	FY26F	FY27F
Revenue (RM'm)	137.5	159.0	253.6
PATAMI (RM'm)	18.8	24.1	37.0
CNP (RM'm)	18.8	24.1	37.0
EPS - core (sen)	3.2	4.1	5.3
P/E (x)	13.2	14.0	15.0

Source: Company, Apex Securities

POWERWELL HOLDINGS BERHAD

Rally Narrows Upside; Downgrade to HOLD

- **PWRWELL's share price has rallied strongly since our initiation on 30 July 2026, bringing the stock closer to our RM1.10 target price and compressing the near-term risk-reward.**
- **We remain constructive on the Group's medium-term growth prospects, supported by its Siemens LV/MV licensing, exposure to data centre infrastructure, the Tenaga Kenari acquisition and expansion in Indonesia.**
- **However, following the recent re-rating, we downgrade PWRWELL to HOLD from BUY, while maintaining our RM1.10 target price and current earnings forecasts pending the upcoming 1QFY27 results.**

A Valuation-Driven Downgrade, Not A Change in View. PWRWELL's share price has moved sharply since our initiation report on 30 July 2026, rallying c.16.3% to RM1.00 and touching a fresh 52-week high of RM1.05 intraday on 17 August 2026, before settling at RM1.03. The stock has therefore closed most of the gap to our target price of RM1.10 in a matter of weeks, well ahead of any incremental news flow on the Group's operations.

Outlook. The medium-term outlook on PWRWELL remains **positive**. The Group is well positioned to benefit from several multi-year structural growth drivers, including: (i) Malaysia's data centre build-out and the broader regional AI infrastructure investment cycle, with its full LV+MV Siemens licensing and 40-year execution track record differentiating it from smaller, less-certified peers; (ii) the Tenaga Kenari acquisition, which provides a credible second earnings engine in East Malaysia; and (iii) the doubling of Indonesian manufacturing capacity from 3QCY2026, which extends the Group's growth runway beyond its Malaysian core.

Earnings Revision. We make no changes to our earnings forecasts at this juncture, pending the upcoming 1QFY27 results.

Valuation & Recommendation. We downgrade PWRWELL to **HOLD from BUY**, primarily on valuation grounds, following the recent share price rally which has brought the stock closer to our **RM1.10 target price** and narrowed the near-term risk-reward. We maintain our **RM1.10 target price and current earnings forecasts**, pending the upcoming 1QFY27 results. We will reassess our earnings estimates and valuation following the results, with particular focus on earnings delivery, margin progression and order execution.

Risks. Slowdown in project awards, slower AI infrastructure investments, delays in hyperscale developments, electricity supply constraints or regulatory changes affecting data centre developments.

KDN PP13226/06/2024 (035469)

Financial Highlights

Income Statement

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Revenue	**137.5**	**159.0**	**276.0**	**318.2**	**350.4**
Gross Profit	**45.6**	**53.3**	**92.5**	**106.6**	**117.4**
Operating Profit	**27.6**	**36.4**	**61.1**	**71.1**	**78.3**
Profit Before Tax	**26.8**	**35.7**	**60.5**	**70.5**	**77.7**
Tax	(8.1)	(10.9)	(14.5)	(16.9)	(18.7)
Profit After Tax	**18.8**	**24.8**	**45.9**	**53.6**	**59.1**
Minority Interest	-	(0.7)	(2.2)	(2.5)	(2.7)
Net Profit	**18.8**	**24.1**	**43.7**	**51.1**	**56.3**
Exceptionals	-	-	-	-	-
Core Net Profit	**18.8**	**24.1**	**43.7**	**51.1**	**56.3**

Key Ratios

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Basic Core EPS (sen)	3.23	4.15	7.53	8.80	9.70
Diluted Core EPS (sen)	3.23	4.15	6.28	7.34	8.09
P/E (x)	13.16x	13.98x	12.67x	10.84x	9.83x
BVPS (RM)	0.17	0.20	0.33	0.45	0.56
P/B (x)	2.53x	2.95x	2.39x	1.78x	1.41x
EV/EBITDA (x)	7.13x	7.59x	4.45x	3.86x	3.50x
DPS (sen)	1.00	1.50	2.48	2.91	3.20
Dividend Yield (%)	1.3%	1.9%	3.1%	3.7%	4.0%
EBITDA margin (%)	21.8%	24.7%	23.4%	23.5%	23.4%
EBIT margin (%)	20.1%	22.9%	22.1%	22.3%	22.3%
PBT margin (%)	19.5%	22.4%	21.9%	22.2%	22.2%
PAT margin (%)	13.7%	15.6%	16.6%	16.8%	16.9%
NP margin (%)	13.7%	15.1%	15.8%	16.1%	16.1%
CNP margin (%)	13.7%	15.1%	15.8%	16.1%	16.1%
ROE (%)	19.3%	20.8%	22.7%	19.8%	17.2%
ROA (%)	10.3%	12.4%	13.8%	12.8%	11.7%
Net gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Valuations	FY27F
FY27-FY28 Blended Core EPS (sen)	6.8
P/E multiple (x)	16.2x
Fair Value (RM)	**1.10**
ESG premium/discount	-
Implied Fair Value (RM)	**1.10**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Cash & bank balances	67.6	58.4	76.9	131.1	190.4
Receivables	53.2	55.1	95.3	109.9	121.0
Inventories	26.9	45.5	79.0	91.0	100.2
Other current assets	2.7	-	-	-	-
Total Current Assets	**150.4**	**158.9**	**251.1**	**332.0**	**411.7**
PPE	0.1	0.7	0.7	0.7	0.7
Other non-current assets	1.8	5.7	35.7	35.7	35.7
Total Non-current assets	**31.8**	**35.3**	**66.3**	**67.4**	**68.8**
Short-term Debt	9.4	3.7	4.0	4.0	4.0
Payables	66.6	63.5	110.1	127.0	139.8
Other Current Liabilities	0.0	1.0	1.0	1.0	1.0
Total Current Liabilities	**76.0**	**68.2**	**115.1**	**131.9**	**144.8**
Long-term Debt	7.8	7.8	7.0	6.4	5.8
Other non-current liabilities	0.9	2.4	2.4	2.4	2.4
Total Non-current Liabilities	**8.8**	**10.2**	**9.4**	**8.8**	**8.2**
Shareholder's equity	97.5	114.0	175.5	238.8	304.8
Minority interest	-	1.9	17.4	19.9	22.6
Total Equity	**97.5**	**115.9**	**193.0**	**258.7**	**327.4**

Cash Flow

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Pre-tax profit	26.8	35.7	60.5	70.5	77.7
Depreciation & amortisation	2.4	2.8	2.6	2.7	2.8
Changes in working capital	(31.8)	(18.6)	(27.0)	(9.8)	(7.5)
Tax paid	(8.5)	(6.7)	(14.5)	(16.9)	(18.7)
Others	2.9	3.9	1.6	1.6	1.6
Operating cash flow	**(8.3)**	**17.1**	**23.1**	**48.1**	**56.0**
Net capex	(1.1)	(1.1)	(3.6)	(3.8)	(4.2)
Others	0.9	(2.8)	(16.7)	-	-
Investing cash flow	**(0.3)**	**(3.9)**	**(20.3)**	**(3.8)**	**(4.2)**
Borrowings	(4.2)	(15.8)	15.7	10.0	7.6
Others	-	-	-	-	-
Financing cash flow	**(4.2)**	**(15.8)**	**15.7**	**10.0**	**7.6**
Net cash flow	**(12.7)**	**(2.6)**	**18.5**	**54.2**	**59.3**
Currency translation differences	(0.8)	(1.7)	-	-	-
Beginning cash & cash equivalent	88.1	67.6	58.4	76.9	131.1
Ending cash & cash equivalent	**67.6**	**58.4**	**76.9**	**131.1**	**190.4**
Fixed deposits & MMF	(17.5)	(17.8)	(17.8)	(17.8)	(17.8)
Cash and bank balances	**50.2**	**40.6**	**59.1**	**113.3**	**172.7**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Developing "Power-Off Policies" to ensure non-essential equipment is shut down when not in use
Energy	★★★	Total electricity consumption for main operating facilities was 675,197 kWh
Water	★★★	Total water consumption recorded was 6,089 megalitres

Social

Diversity	★★	The Board consists of 33.33% female directors (2 out of 6 members)
Workforce Demographics	★★★	58.33% of the workforce is male at the non-executive level, and majority of employees (54.37%) are in the 30–50 age group
Occupational Safety and Health	★★★	Health and safety training: 37 employees were trained on these standards
Labour Practices	★★★	A total of 1,113 training hours were provided to 159 employees across the board

Governance

Ethics and Integrity	★★★	All existing employees have signed and acknowledged the Anti-Bribery and Anti-Corruption and Whistleblower Policies
Regulatory	★★	The Group maintains multiple international and national certifications, including ISO 9001:2015 (Quality Management) and ISO 45001:2018 (Occupational Health and Safety)
Supply Chain Integrity	★★★	Plans are underway to implement a formal Supplier Code of Ethics to ensure ESG compliance across the supply chain, with implementation starting in FYE 2026

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 **Tuesday, 18 Aug, 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.