

Research Team

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Recommendation:	BUY
Current Price:	RM 1.77
Previous Target Price:	RM 1.88
Target Price:	↔ RM 1.88
Capital Upside/Downside:	6.2%
Dividend Yield (%):	0.6%
Total Upside/Downside	6.8%

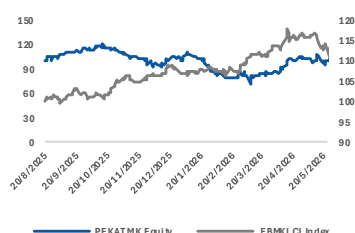
Stock information

Board	ACE
Sector	Renewable Energy
Bursa / Bloomberg Code	0233 / PEKATMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	709.1
Market Cap (RM' m)	1,255.0
52-Week Price Range (RM)	1.9- 1.11
Beta (x)	0.6
Freefloat (%)	50.6
3M Average Volume (m)	1.0
3M Average Value (RM' m)	1.6

Top 3 Shareholders

	(%)
Chin Soo Mau	31.7
Tai Yee Chee	8.0
Aia Bhd	4.4

Share Price Performance



	1M	3M	12M
Absolute (%)	-3.3	13.5	12.0
Relative (%)	-3.8	12.6	2.8

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)	7.2	9.0	10.0
P/E(x)	24.5	19.6	17.8

Pekat Group Berhad

In-Line Quarter as Growth stays broad based

- PEKAT's 6MFY26 CNP of RM26.0m (+17.6% YoY) came in broadly within expectations, accounting for 50.7% of our and 47.0% of consensus full-year estimates. Earnings were mainly supported by continued progress billings from ongoing solar EPCC projects, alongside stronger contributions from the ELP and trading segments.
- PEKAT remains well-positioned to benefit from LSS6/CRESS opportunities and rising data centre-related infrastructure demand.
- We keep our FY26–28F earnings forecasts of RM51.4m/RM64.0m/RM70.7m unchanged, pending a management meeting for further guidance.
- Maintain our BUY rating with an unchanged TP of RM1.88, pending a management meeting to further understand the Group's prospects and guidance.

Broadly Inline. PEKAT reported a 2QFY26 core net profit (CNP) of RM13.7m (+11.7% QoQ, +26.5% YoY) after adjusting for several EIs amounting to -RM0.58m. This brought 6MFY26 CNP to RM26.0m (+17.6% YoY). The results were broadly in line, accounting for 50.7% of our and 47.0% of consensus full-year estimates. Earnings growth was primarily supported by continued progress billings from ongoing solar EPCC projects, alongside stronger contributions from the ELP and trading segments.

QoQ. Revenue rose 4.5% QoQ to RM175.4m, as stronger contributions from the ELP (+61.9% QoQ), the Power (+42.9%), and trading (+20.4% QoQ) segments more than offset an 18.7% QoQ decline in the EPCC segment, which reflected slower progress recognition during the quarter. Core net profit rose 11.7% QoQ to RM13.7m, supported by a more favourable segment mix and disciplined cost management. Consequently, core PATMI margin improved to 7.8% from 7.3% in 1QFY26.

YoY. Revenue increased 38.1% YoY to RM175.4m, underpinned by broad-based growth across all segments, led by the EPCC segment (+34.2% YoY to RM84.0m) on accelerated progress recognition under the CGPP project, alongside the ELP (+67.2% YoY) and trading (+33.8% YoY) segments. Core net profit grew 26.5% YoY to RM13.7m, while core PATMI margin eased to 7.8% from 8.6% in 2QFY25 on a higher revenue base and changes in segment mix.

YTD. For 1HFY26, revenue grew 23.8% YoY to RM343.3m, driven by broad-based growth across all segments, led by the EPCC segment (+20.6% YoY to RM187.4m), followed by the ELP (+29.5% YoY to RM40.2m) and trading (+28.1% YoY to RM36.0m) segments. Core net profit rose 17.6% YoY to RM26.0m, while CNP margin eased to 7.6% from 8.0% in 6MFY25 on a higher revenue base and changes in segment mix.

Outlook. We stay constructive on PEKAT's medium-term prospects, underpinned by solid earnings visibility from its sizeable outstanding orderbook and a healthy tender pipeline as the LSS rollout cycle progresses, including potential participation in LSS6 and CRESS-related developments. The broad-based growth delivered across the EPCC, ELP and trading segments in 1HFY26 reinforces our confidence in the earnings trajectory into 2HFY26. We continue to view the Group as a prime beneficiary of Malaysia's accelerating renewable energy adoption, as corporates increasingly pursue cleaner and more reliable energy solutions. Beyond its core solar EPCC operations, we see rising contribution potential from PEKAT's engineering-related segments, supported by growing investment into Malaysia's digital infrastructure ecosystem; the Group's expanding exposure to data centre-related projects should further strengthen earnings diversification while reinforcing demand for its specialised electrical and protection solutions. That said, we expect competition within the renewable energy space to remain intense, keeping execution discipline and margin preservation front of mind.

Earnings revision. We make no changes to our FY26-28F core net profit forecasts of RM51.4m/RM64.0m/RM70.7m for now, as we await further clarity from management on the Group's outlook.

Valuation & Recommendation. We maintain our **BUY** rating with an **unchanged TP of RM1.88**, despite the stock's upside narrowing to below 10%, pending our meeting with management. We will reassess our forecasts and recommendation thereafter.

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

Thursday, 20 Aug, 2026

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	175.4	127.0	38.1	167.9	4.5	343.3	277.3	23.8
COGS	(134.8)	(91.6)	47.1	(130.4)	3.4	(265.2)	(203.3)	30.4
Gross profit	40.6	35.4	14.8	37.5	8.2	78.1	74.0	5.6
EBITDA	25.3	19.4	30.8	20.9	21.0	46.2	40.7	13.6
Depreciation & Amortisation	(2.6)	(0.8)	239.3	(1.3)	101.2	(3.9)	(1.8)	119.4
EBIT	22.7	18.6	22.2	19.6	15.7	42.3	38.9	8.8
Net finance	(1.3)	(1.4)	(11.5)	(1.4)	(9.9)	(2.7)	(2.4)	11.4
Associates/JV	0.2	0.1	135.5	0.4	(43.3)	0.6	0.1	637.8
Pre-tax profit	21.7	17.3	25.6	18.6	16.4	40.3	36.6	10.0
Tax expenses	(4.9)	(4.7)	4.7	(5.8)	(14.3)	(10.7)	(10.4)	3.4
Profit after tax	16.7	12.5	33.5	12.8	30.3	29.6	26.3	12.6
(-) Minority interest	2.5	1.5	68.1	0.4	515.3	2.9	3.2	(7.1)
PAT (-MI)	14.2	11.0	28.8	12.4	14.2	26.6	23.1	15.3
Core net profit	13.7	10.9	26.5	12.3	11.7	26.0	22.2	17.6
Core EPS (sen)	1.9	1.7		1.7		3.6	3.4	
DPS (sen)	-	1.0		-		-	1.0	
Gross margin (%)	23.1	27.8		22.3		22.7	26.7	
PBT margin (%)	12.4	13.6		11.1		11.7	13.2	
Effective tax rate (%)	22.8	27.4		31.0		26.6	28.3	
Core PATMI margin (%)	7.8	8.6		7.3		7.6	8.0	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
EPCC	84.0	62.6	34.2	103.4	(18.7)	187.4	155.4	20.6
ELP	24.9	14.9	67.2	15.4	61.9	40.2	31.1	29.5
Trading	19.7	14.7	33.8	16.3	20.4	36.0	28.1	28.1
Power	46.9	34.8	34.7	32.8	42.9	79.7	62.7	27.1
Total	175.4	127.0	38.1	167.9	4.5	343.3	277.3	23.8

Source: Company, Apex Securities

Results Note

Thursday, 20 Aug, 2026

Financial Highlights

Income Statement

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

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.2	6.1	7.2	9.0	10.0
P/E (x)	54.5	29.0	24.5	19.6	17.8
P/B (x)	6.4	3.7	3.2	2.8	2.4
EV/EBITDA (x)	32.5	15.4	12.2	10.4	9.6
DPS (sen)	0.0	1.0	2.5	3.0	3.3
Dividend Yield (%)	0.0%	0.6%	1.4%	1.7%	1.9%
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%	12.7%	13.1%	14.2%	13.6%
ROA (%)	5.3%	5.9%	6.9%	8.2%	8.4%
Gearing (%)	38.2%	47.2%	39.6%	32.8%	27.3%
Net gearing (%)	19.2%	21.2%	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	
Fair Value (RM)	1.88	
ESG premium/discount	0.0%	
Implied Fair Value (RM)	1.88	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	37.3	88.8	98.7	94.3	100.5
Receivables	110.3	116.0	131.1	148.2	167.4
Inventories	94.6	114.2	131.3	151.0	173.6
Other current assets	62.8	189.6	140.6	125.3	122.1
Total Current Assets	305.0	508.6	501.8	518.7	563.6
Fixed Assets	68.9	169.1	188.3	206.9	224.9
Intangibles	46.9	44.1	44.1	44.1	44.1
Other non-current assets	12.4	13.6	13.7	13.8	13.9
Total Non-Current Assets	128.2	226.8	246.1	264.8	282.9
Short-term debt	36.9	41.0	77.4	74.1	70.7
Payables	96.1	162.5	107.8	104.8	110.0
Other current liabilities	45.1	56.0	74.3	59.0	55.8
Total Current Liabilities	178.1	259.5	259.5	237.8	236.4
Long-term debt	37.8	120.6	77.4	74.1	70.7
Other non-current liabilities	22.0	18.7	19.4	20.3	21.1
Total Non-Current Liabilities	59.8	139.2	96.9	94.3	91.8
Shareholder's equity	158.7	301.9	339.1	383.9	433.4
Minority interest	36.7	40.6	52.3	67.5	85.0
Total Equity	195.3	342.5	391.4	451.3	518.4

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	34.7	70.3	89.6	108.7	122.5
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
Operating cash flow	15.9	42.7	66.4	54.6	66.7
Capex	-6.9	-97.1	-25.0	-25.0	-25.0
Others	-69.4	-62.5	1.7	1.8	1.8
Investing cash flow	-76.3	-159.5	-23.3	-23.2	-23.2
Dividends paid	0.0	-7.7	-15.9	-19.2	-21.2
Others	70.8	177.8	-17.2	-16.7	-16.1
Financing cash flow	70.8	170.1	-33.2	-35.9	-37.3
Net cash flow	10.4	53.3	9.9	-4.5	6.2
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
Ending cash	34.3	87.6	96.9	92.4	98.7

Results Note

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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

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As of **Thursday, 20 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.