

10 March 2025

Swift Energy Technology

New Territory Captured, Record Orders!

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SET has clinched two surprise contracts worth RM24.37m for Shell's platform and Petronas' META project, headlined by a game-changing deal with China's only large contract firm for Shell's platform in Nigeria - its second deal with China and second-largest contract ever. YTD wins surged to RM44.5m, driving its order book to a record RM100m high. With strong momentum, bigger wins are brewing and a major ramp-up is expected in 2HCY25. We maintain our forecasts and TP of RM0.60, implying a potential double-bagger with an OUTPERFORM call.

SET has secured two surprise contracts worth RM24.37m combined as follows:

1. A major deal with China's Offshore Oil Engineering Co Ltd (a CNOOC subsidiary) to supply hybrid ex-solar power, wind turbine, and diesel generator hybrid power systems for Shell's wellhead platform in Nigeria with delivery by September 2025.
2. A contract from Siemens Energy Sdn Bhd to supply LV switchboards in Labuan for Petronas META project, set for completion by July 2025.

Record-high order book. This is SET's third major Ex solar PV contract win secured in FY25, boosting its FY25 YTD job wins to RM44.47m (vs. our full-year assumption of RM93m) and outstanding order book to a record high RM101m (solar: ~40%, non-solar: ~60%). We anticipate a gross profit margin of at least 50% from this job.

Solidifies presence in China with lucrative margins. SET's latest win is a game-changer - its second deal with China and second-largest contract ever. By securing work from a state-owned Chinese O&G giant, one of the world's largest independent players, SET is breaking into a massive market. As the only Ex solar PV specialist in ASEAN, more wins are on the horizon.

Outlook. As the only certified player in Ex solar PV systems in ASEAN, SET is strategically positioned to ride the region's growing focus on renewable energy within the oil and gas upcycle. Regional giants (PTTEP, PTSC, Pertamina) are ramping up aggressively driven by favourable crude oil prices with net-zero commitment by 2050 guaranteeing continued green investments, making SET a key ASEAN player in driving energy innovation. Locally, Petronas is at the forefront of this transition, adopting RE in new fixed-structure platforms and committing RM2b annually to net-zero initiatives since 2022. Despite concerns over CAPEX reductions, investment in clean energy is expected to persist. In addition, the brownfield segment presents significant potential. Based on our estimates, the total potential market size for brownfield projects is valued at least RM868m across Malaysia and Thailand.

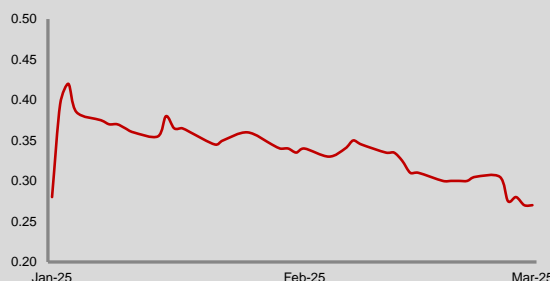
Forecasts. We maintain our forecast as the RM93m order win for FY25 has already been factored in.

Valuations. We maintain our TP of RM0.60 based on SoP valuation, valuing its solar related business at 30x FY26F PER, in-line with the average historical 1-year forward PER of the solar EPCC sector and its non-solar business at 16x FY26F PER, in-line with the M&E players (HEGROUP, PWRWELL and MNHLDG) (see Exhibit 1). There is no adjustment to our TP for ESG on a 3-star rating as appraised by us (see Page 4).

OUTPERFORM ↔

Price : **RM0.27**
Target Price : **RM0.60** ↔

Share Price Performance



KLCI	1,547.27
YTD KLCI chg	-5.8%
YTD stock price chg	N.A.

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SET MK EQUITY
Market Cap (RM m)	270.2
Shares Outstanding	1,000.8
52-week range (H)	0.43
52-week range (L)	0.27
3-mth avg. daily vol.	N.A.
Free Float	30%
Beta	N.A.

Major Shareholders

Blueprint Capital	31.6%
Tan Bin Chee	27.8%
Chin Saw Yong	10.6%

Summary Earnings Table

FYE Sep (RM m)	2024A	2025F	2026F
Turnover	110.7	140.2	165.4
EBIT	22.1	28.1	35.8
PBT	20.9	27.1	34.8
Net Profit	17.0	20.6	26.5
Core PATAMI	18.4	20.6	26.5
Consensus (NP)	-	-	-
Earnings Revision	-	-	-
Core EPS (sen)	1.8	2.1	2.6
Core EPS Growth (%)	39.6	12.2	28.6
NDPS (sen)	-	-	-
NTA per Share (RM)	0.1	0.1	0.1
PER (x)	14.7	13.1	10.2
PBV (x)	4.7	3.4	2.6
Net Gearing (x)	0.2	-	(0.2)
Net Div. Yield (%)	-	-	-

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Investment thesis. We like SET for: (i) being the only Ex solar PV player in ASEAN and one of only six globally, distinguished by its comprehensive product offerings, (ii) capitalising on global net zero commitments in O&G industry, and (iii) proxy to Wilmar's expansion plan. Maintain **OUTPERFORM**.

Risks to our call include: (i) its dependency on global RE policy, (ii) slowdown in O&G and grain product industries, and (iii) non-renewal of product certifications such as ATEX and IECEX.

Exhibit 1: Sum-of-Parts (SoP) Valuation

Business/Asset	Value (RM m)	Basis
Solar	359.3	30x FY26F PER
Non-solar	236.7	16x FY26F PER
Asset Valuation	595.7	
No of shares (m shares)	1,000.8	
TP (RM/share)	0.60	

Source: Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
PEKAT GROUP BHD*	NR	1.10	NR	N.A.	709.5	Y	12/2025	5.3	6.4	56.4%	19.9%	20.8	17.2	3.4	N.A.	0.0	0.0%
SAMAIDEN GROUP BHD	OP	1.08	1.51	39.8%	453.6	Y	06/2025	5.3	5.9	50.0%	12.5%	20.4	18.2	4.3	22.7%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	1.64	1.99	21.3%	1,206.2	Y	03/2025	7.1	9.2	69.0%	29.1%	23.0	17.8	4.1	20.3%	0.0	0.0%
SUNVIEW GROUP BHD*	NR	0.41	NR	N.A.	232.8	Y	03/2025	1.5	2.4	21.8%	64.8%	21.6	13.2	N.A.	N.A.	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.270	0.600	122.2%	270.2	Y	09/2025	2.1	2.6	12.0%	28.6%	13.1	10.2	3.4	30.3%	0.0	0.0%
Sector Aggregate					2,872.2					41.8%	31.0%	19.8	15.3	3.8			0.0%

Source: Kenanga Research

*Note that Sunview & Pekat numbers based on Bloomberg consensus

Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★		
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	☆	
SPECIFIC	Transition to Renewables	★	★	☆	
	Product Quality & Certification	★	★	★	
	Effluent/Waste Management	★	★	★	
	Ethical Practices	★	★	☆	
	Supply Chain Management	★	★	★	
	Customer Satisfaction	★	★	★	
OVERALL		★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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