

22 August 2025

BM Greentech

Solar In the Spotlight

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BMGREEN's 1QFY26 results met our forecast. YoY earnings growth was driven by contributions from its recently acquired solar unit, PXH, while the boiler segment remained flat as plantation players deferred capex. Solar remains the key growth driver with further replenishment expected in the coming months from LSS5 and LSS5+. We maintain our forecast, TP of RM1.72 and MARKET PERFORM call.

Within our expectation. Its 1QFY26 net profit of RM14.6m met expectations at 22% of our full-year forecast and full-year consensus estimate.

YoY, its 1QFY26 revenue surged 39% mainly driven by its solar energy segment (+196%) that was boosted by contribution from the recently acquired PXH. Its core net profit surged further by 61% supported by a lower effective tax rate with no additional tax assessments from its Indonesian subsidiary.

QoQ, its 1QFY26 revenue fell 28% weighed down by lower progress billings across segments, particularly solar energy, as we believe several Corporate Green Power Programme (CGPP) projects have yet to commence. Notably, core net profit declined by a smaller 18% driven by margin expansion in both boiler manufacturing and solar energy segments.

Outlook. The prospects for BMGREEN's boiler manufacturing segment are unfavourable as planters are holding back from replacing or upgrading boilers amidst flattish CPO prices for other priorities, i.e. replanting of older trees. On a brighter note, its solar energy segment is riding a new wave of investments in renewable energy (RE) generation assets, underpinned by the government's commitment towards RE making up 70% of total generation mix by 2050, as outlined in the National Energy Transition Roadmap (NETR).

Forecasts. Maintained.

Valuations. We maintain our SoP-based TP of RM1.72, ascribing 13x FY27F PER for its bioenergy services division (consistent with the average historical-forward PER of boiler makers) and valuing at 30x FY27F PER its EPCC segment (in-line with the average historical 1-year forward PER of the solar EPCC sector). There is no change to our TP based on ESG given 3-star rating as appraised by us (see Page 4).

Investment case. We like BMGREEN for: (i) the long-term trend of investment and upgrading of palm oil milling assets driven by the growing ESG awareness among palm oil millers, (ii) its strong customer base with reputable names in the industry such as KL Kepong, Wilmar, Sime Darby, Boustead and Tradewinds, and (iii) its traction in rooftop solar EPCC jobs. However, over the immediate term, amidst flattish CPO prices, planters are likely to cut back on their capex including the replacement and upgrading of boilers. Maintain **MARKET PERFORM**.

Risks to our call include: (i) palm oil millers restarting their capex plans on a sharp rise in CPO prices, (ii) lower input cost, and (iii) operations in regional markets gaining traction.

MARKET PERFORM ↔

Price : **RM1.77**
Target Price : **RM1.72** ↔

Share Price Performance



KLCI	1,592.87
YTD KLCI chg	-3.0%
YTD stock price chg	1.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BMGREEN MK EQUITY
Market Cap (RM m)	1,217.4
Shares Outstanding	687.8
52-week range (H)	2.00
52-week range (L)	1.48
3-mth avg. daily vol.	499,102
Free Float	24%
Beta	0.9

Major Shareholders

QL Resources Bhd	53.1%
Tenaga Wan Foong Sdn Bhd	4.4%
Leong Yew Cheong	3.1%

Summary Earnings Table

FYE Mar (RM m)	2025A	2026F	2027F
Turnover	561.6	699.3	802.5
EBIT	74.3	89.1	94.6
PBT	73.6	89.3	94.8
Net Profit	52.4	58.4	62.8
Core PATAMI	52.4	58.4	62.8
Consensus (NP)	-	59.4	63.0
Earnings Revision	-	-	-
Core EPS (sen)	8.1	9.3	10.0
Core EPS Growth (%)	24.7	14.8	7.5
NDPS (sen)	1.8	1.8	3.0
NTA per Share (RM)	0.5	0.6	0.6
PER (x)	21.8	19.0	17.6
PBV (x)	3.7	3.2	2.8
Net Gearing (x)	(0.2)	(0.2)	(0.2)
Net Div. Yield (%)	1.0	1.0	1.7

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Results Highlights

FYE Mar (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1Q26	1Q25	YoY
Revenue	127.7	178.1	-28.3%	92.2	38.5%	127.7	92.2	38.5%
EBIT	16.1	21.9	-26.4%	12.7	27.1%	16.1	12.7	27.1%
PBT/(LBT)	16.0	21.5	-25.8%	12.6	26.4%	16.0	12.6	26.4%
Taxation	-2.8	-4.8	42.2%	-4.5	38.6%	-2.8	-4.5	38.6%
Minority Interest	-0.3	-1.0	74.2%	-0.1	-153.5%	-0.3	-0.1	-153.5%
Net Profit	12.9	15.7	-17.8%	8.0	61.4%	12.9	8.0	61.4%
EPS (sen)	2.5	3.1	-17.8%	1.6	61.4%	2.5	1.6	61.4%
EBIT Margin	12.6%	12.3%		13.8%		12.6%	13.8%	
PBT Margin	12.5%	12.1%		13.7%		12.5%	13.7%	
Net Margin	10.1%	8.8%		8.7%		10.1%	8.7%	
Effective Tax Rate	-17.4%	-22.3%		-35.7%		-17.4%	-35.7%	

Source: Company, Kenanga Research

Geographical Segments

Revenue (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1Q26	1Q25	YoY
Malaysia	85.8	124.1	-30.8%	49.8	72.5%	85.8	49.8	72.5%
Others	41.8	54.0	-22.5%	42.4	-1.4%	41.8	42.4	-1.4%
Total	127.7	178.1	-28.3%	92.2	38.5%	127.7	92.2	38.5%

Source: Company, Kenanga Research

Segmental Breakdown

External Revenue (RM m)	1Q26	4Q25	QoQ	1Q25	YoY	1Q26	1Q25	YoY
Boiler Manufacturing	63.1	75.5	-16.4%	64.5	-2.3%	63.1	64.5	-2.3%
Water Treatment cum Biogas Capture	11.1	19.1	-42.0%	9.6	16.1%	11.1	9.6	16.1%
Solar Energy	53.5	83.5	-35.9%	18.1	195.7%	53.5	18.1	195.7%
Total Revenue	127.7	178.1	-28.3%	92.2	38.5%	127.7	92.2	38.5%
PBT (RM m)								
Boiler Manufacturing	12.2	14.4	-15.2%	8.3	47.5%	12.2	8.3	47.5%
Water Treatment cum Biogas Capture	0.9	3.2	-70.7%	0.4	129.2%	0.9	0.4	129.2%
Solar Energy	2.8	3.9	-28.0%	4.0	-29.9%	2.8	4.0	-29.9%
Total PBT	16.0	21.5	-25.8%	12.7	25.8%	16.0	12.7	25.8%
PBT Margins								
Boiler Manufacturing	19.4%	19.1%		12.8%		19.4%	12.8%	
Water Treatment cum Biogas Capture	8.5%	16.8%		4.3%		8.5%	4.3%	
Solar Energy	5.2%	4.7%		22.1%		5.2%	22.1%	
Total	12.5%	12.1%		13.8%		12.5%	13.8%	

Source: Company, Kenanga Research

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Exhibit 1: Sum-of-Parts (SoP) Valuation		
Business/Asset	Value (RM m)	Basis
Bioenergy services (boilers & water treatment)	586.1	13x FY27F PER
Solar EPCC	567.0	30x FY27F PER
Asset Valuation	1,153.2	
Proceeds from exercise of warrants	323.3	171.9m outstanding warrants @ RM1.88
	1,476.5	
Enlarged share base (m shares)	859.7	Including 81.5m new shares issued to the vendor of PXH, 90.3m new shares to QL and 171.9m shares from warrant exercise
TP (RM/share)	1.72	

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																	
ANCOM NYLEX BHD	OP	0.915	1.20	31.1%	994.2	Y	05/2026	8.8	9.6	49.8%	11.5%	10.4	9.5	1.3	13.9%	5.0	5.5%
BM GREENTECH BHD	UP	1.77	1.72	-2.8%	1,217.4	Y	03/2026	11.3	12.2	11.5%	7.5%	15.6	14.5	3.4	22.5%	1.8	1.0%
BP PLASTICS HOLDINGS BHD	MP	0.840	0.870	3.6%	236.4	Y	12/2025	10.9	12.0	18.3%	9.4%	7.7	7.0	0.8	11.2%	4.5	5.4%
HPP HOLDINGS BHD	MP	0.295	0.300	1.7%	114.7	Y	05/2026	2.0	2.3	146.9%	12.7%	14.5	12.9	0.9	6.3%	1.5	5.1%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.600	0.480	-20.0%	322.4	Y	12/2025	4.4	4.8	143.9%	8.4%	13.5	12.4	0.3	2.2%	2.0	3.3%
SCIENTEX BHD	MP	3.21	3.60	12.1%	4,995.6	Y	07/2025	31.5	33.4	-9.2%	6.0%	10.2	9.6	1.2	11.7%	11.0	3.4%
SLP RESOURCES BHD	MP	0.870	0.887	2.0%	275.8	Y	12/2025	3.5	4.6	-20.5%	31.2%	24.7	18.9	1.5	6.0%	4.3	4.9%
TECHBOND GROUP BHD	OP	0.310	0.470	51.6%	235.2	Y	06/2026	4.1	4.5	37.5%	9.1%	7.5	6.9	0.8	12.0%	1.3	4.0%
THONG GUAN INDUSTRIES BHD	OP	1.12	1.44	28.6%	449.7	Y	12/2025	17.4	20.2	3.9%	16.2%	6.5	5.6	0.4	7.1%	6.0	5.4%
Sector Aggregate					8,841.4					11.3%	8.4%	10.9	10.1	1.1	9.9%		4.2%

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	☆		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★	★	
SPECIFIC	Product Quality & Safety	★	★	★		
	Waste Management	★	★	★		
	Digitalization & Innovation	★	★	★		
	Material/Resource Management	★	★	★		
	Supply Chain Management	★	★			
	Energy Efficiency	★	★	★	★	
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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