

28 November 2025

Pekat Group

Tracking Expectedly

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PEKAT's 9MFY25 results were in line. QoQ, revenue improvements were seen across all segments, though net profit was lower as margins slippage reflected higher blend of CGPP recognition in EPCC work, amid lower residential solar activity. With the NEM quota frozen since end-Jun 2025, the temporary slowdown in the residential solar segment is within expectation but could pick up from December onwards with more details on new residential solar programme. Traction seen in the power distribution equipment business currently contributing close to a quarter to revenue for 9MFY25. We keep our forecast, and TP of RM1.68 which presently maps to a MARKET PERFORM.

Within expectations. Its 9HFY25 core net profit of RM33.4m (+125%) met 72%/74% of Kenanga/consensus full-year estimate. No dividends were paid as expected.

YoY, its 9MFY25 revenue slightly more than doubled, mainly contributed by: (i) progress in solar EPCC works under CGPP and the residential segment, (ii) contribution from the newly acquired EPE which has risen to RM98m and forming a 23% revenue mix, (iii) strong DC demand anchoring its earthing and lightning division. QoQ, its 3QFY25 revenue rose 12%, with all segments registering growth, most noticeably by the solar EPCC segment (+33% QoQ). However, given the larger mix of EPCC for CGPP project which fetches lower margin than residential solar, this contributed to a profit decline of 7% QoQ, on a GPM that eased QoQ from 28% to 22%. This is not surprising post the completion of the net energy metering programme 3.0, slated to be replaced by Solar Atap in December for residential segment. Effective tax rate in 3QFY25 was lower reflecting reversal of provision.

Outlook. Government's RE push via LSS5 and LSS5+ will unlock >RM10b in EPCC contracts. PEKAT, which historically commanded ~5% market share is expected to remain selective on LSS projects to prioritize margins, but rather its sights are trained on high-margin commercial and industrial (C&I) segment. ELP business continued to make inroads like the RM33.8m subcontract clinched from Gamuda this month for a hyperscaler DC in Selangor.

Panel price risk being watched. This stems from the inching back up of polysilicon prices from supply cuts, the impending expiry of VAT rebate (of 13%) in China that subsidized exports, but in our view mitigated by potentially more moderate solar panel installation outlook in China, after policy-induced rush to implement installation in China in mid-2025. Taking clues from large panel producers such as Jinko Solar's comments during its 3QCY25 results call, guidance for its module business is expected to be relatively stable for 4QCY25 versus 3QCY25, but price trends into 2026 were not guided citing fluidity.

Forecasts. Maintained. For this, we also estimated EPE's earnings will surpass the RM10m profit guarantee by 33%/54% in FY25/FY26, as we anticipate EPE to leverage on Pekat's network to capture a larger slice of private sector deals like DCs.

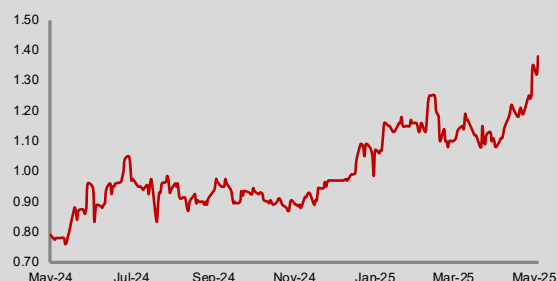
Valuations. We maintain our TP of RM1.68, which maps to a **MARKET PERFORM**, based on SoP valuation with a blended valuation of 20x FY26F PER.

Investment thesis. We like PEKAT for: (i) capitalising on Malaysia's RE boom with a profitability-focused strategy, (ii) its newly acquired switchgear business which is a key under-appreciated earnings driver, and (iii) its leading market share in ELP segment with bright prospects.

MARKET PERFORM ↔

Price : **RM1.60**
Target Price : **RM1.68** ↔

Share Price Performance



KLCI 1,617.46
YTD KLCI chg -1.5%
YTD stock price chg 61.6%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker PEKAT MK Equity
Market Cap (RM m) 1,130.0
Shares Outstanding 706.3
52-week range (H) 1.89
52-week range (L) 0.89
3-mth avg. daily vol. 1,108,816
Free Float 44%
Beta 0.98

Major Shareholders

Chin Soo Mau 31.9%
Tai Yee Chee 8.0%
Wee Chek Aik 6.8%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Turnover	291.1	613.4	679.4
EBIT	36.0	84.2	95.2
PBT	34.6	72.5	85.6
Net Profit	22.8	55.1	65.0
Core PATAMI	22.2	46.5	55.1
Consensus (NP)	-	45.4	55.3
Earnings Revision	-	-	-
Core EPS (sen)	3.4	7.2	8.5
Core EPS Growth (%)	62.1	109.7	18.4
NDPS (sen)	0.0	0.0	0.0
NTA per Share (RM)	0.3	0.4	0.5
PER (x)	46.5	22.2	18.7
PBV (x)	5.3	3.9	2.9
Net Gearing (x)	0.2	(0.0)	(0.2)
Net Div. Yield (%)	0.0	0.0	0.0

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Risks to our call include: (i) dependency on government's RE policy, (ii) influx of new players in the EPCC space, intensifying competition, and (iii) escalation in solar panel prices and other project costs.

Results Highlights

FYE Dec (RM m)	3Q25	2Q25	QoQ	3Q24	YoY	9M25	9M24	YoY
Revenue	141.7	127.0	12%	82.6	71%	419.0	196.8	113%
COGS	-109.8	-91.6	20%	-58.7	87%	-313.2	-141.3	122%
GP	31.9	35.4	-10%	24.0	33%	105.8	55.5	91%
Other Income	0.3	0.6	-48%	4.0	-92%	2.0	4.7	-57%
Admin expenses	-16.6	-17.2	-3%	-17.4	-4%	-52.8	-36.7	44%
Other expenses	0.3	-0.2	N.A.	-1.0	N.A.	-0.2	-1.0	-78%
EBIT	15.9	18.6	-15%	9.7	64%	54.8	22.5	143%
Finance income	0.3	0.2	22%	0.1	81%	0.6	0.4	43%
Finance costs	-1.2	-1.6	-29%	-0.3	241%	-3.9	-0.6	537%
Share of profit of an associate	0.2	0.1	110%	0.1	132%	0.3	-0.6	N.A.
PBT	15.2	17.3	-12%	9.6	59%	51.8	21.8	138%
Tax	-3.5	-4.7	-26%	-3.3	7%	-13.9	-7.0	97%
Non-controlling Interests	-1.4	-1.5	-8%	0.1	-1369%	-4.6	0.1	-4282%
Net Profit	11.7	12.5	-7%	6.3	86%	37.9	14.7	157%
Core Net Profit	10.3	11.0	-7%	6.4	61%	33.4	14.8	125%
GP Margin	22%	28%		29%		25%	28%	
Operating Margin	11%	15%		12%		13%	11%	
PBT Margin	11%	14%		12%		12%	11%	
Net Margin	8%	10%		8%		9%	7%	
Core Net Margin	7%	9%		8%		8%	8%	
Effective Tax Rate	23%	27%		34%		27%	32%	

Source: Company, Kenanga Research

Segmental Breakdown

External Revenue (RM m)	3Q25	2Q25	QoQ	3Q24	YoY	9M25	9M24	YoY
EPCC	72.8	62.6	16%	54.4	34%	228.2	124.2	84%
ELP	16.7	14.9	12%	12.0	38%	47.7	32.6	46%
Trading	17.0	14.7	16%	16.2	5%	45.1	40.0	13%
Power distribution equipment	35.3	34.8	1%	0.0	N.A.	98.0	0.0	N.A.
Total Revenue	141.7	127.0	12%	82.6	71%	419.0	196.8	113%

Source: Company, Kenanga Research

Exhibit 2: Sum-of-Parts (SoP) Valuation

Business/Asset	Value (RM m)
EPCC	730.9
EPE Switchgear	236.9
ELP	117.8
CGPP	24.6
Other Solar Assets	35.0
Asset Valuation	1,145.3
Proceed from private placement for future project	55.0
Proceed from exercise of ESOS	19.4
	1,219.7
Enlarged share base (m shares)	727.7
TP after ESG (RM/share)	1.68

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																	
KJTS GROUP BHD	OP	1.36	2.12	55.9%	937.2	Y	12/2025	2.3	4.0	20.8%	71.1%	57.9	33.9	9.9	16.4%	0.5	0.4%
PEKAT GROUP BHD	OP	1.60	1.68	5.0%	1,130.0	Y	12/2025	7.2	8.5	109.0%	17.5%	22.2	18.9	3.9	24.0%	0.0	0.0%
SAMAIDEN GROUP BHD	OP	1.49	2.08	39.6%	743.7	Y	06/2026	6.9	8.4	24.0%	21.6%	21.5	17.7	6.0	29.8%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	3.04	3.45	13.5%	2,855.5	Y	03/2026	10.3	14.3	51.9%	39.2%	29.5	21.2	6.0	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.200	0.470	135.0%	200.2	Y	09/2025	1.3	2.0	-29.3%	53.8%	15.4	10.0	2.5	19.1%	0.0	0.0%
Sector Aggregate					5,866.7												
										41.4%	35.0%	31.2	23.1	5.7	22.4%		0.1%

Source: Kenanga Research

*Note that Sunview 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	★	★	☆	
	Reliable Energy & Fair Tariff	★	★	★	★
	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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