

02 March 2026

# Pekat Group

On Track

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PEKAT's FY25 results were within expectations. Earnings momentum is expected to improve progressively, supported by a RM800m order book that provides near-term visibility. C&I solar demand should gradually recover following the rollout of Solar ATAP after a policy transition period. Leveraging its strong off-grid expertise, we believe PEKAT is well-positioned to benefit from growing BESS adoption under the SELCO framework, particularly among heavy electricity users seeking cost savings following recent tariff adjustments. We roll forward our valuation base to FY27F, deriving a new TP of RM1.72 (from RM1.68) based on a SoP valuation. We upgrade our call to **OUTPERFORM**.

**Within expectations.** PEKAT's FY25 earnings of RM45m (+103%) met 97%/98% of Kenanga/consensus full-year estimate. No dividends were paid as expected.

**QoQ,** earnings increased 14% to RM13.1m, broadly in line with revenue growth of 35% to RM190.9m. The improvement was mainly driven by stronger contribution from the EPCC division, where segmental revenue expanded 60% on continued execution progress of a large-scale CGPP EPCC project. The ELP and Power divisions also recorded segmental revenue growth of 18% and 10%, respectively, supported by higher data centre ELP jobs and stronger utility-related order fulfilment. This was partially offset by a 5% decline in Trading division revenue due to lower sales volumes. Administrative expenses rose 27%, mainly from workforce expansion and consolidation of the Power division.

**YoY,** earnings rose 22%, supported by growth across all segments. The EPCC division remained the core earnings driver, recording 93% revenue growth mainly due to contributions from CGPP projects, compared with the prior year which was largely driven by C&I projects. In addition, we believe the Power division was also a key driver of earnings growth, registering robust revenue expansion of 295%, reflecting a full-year contribution from the EPE switchgear segment. However, GP margin contracted by 9 ppts to 20%, likely attributable to a higher proportion of lower-margin utility-scale CGPP projects relative to C&I jobs.

**Outlook.** We expect the coming quarters to see continued sequential improvement, supported by a stronger order book of RM800m (50% Power, 34% Solar, 17% ELP and 1% Trading), providing earnings visibility in the near term. We expect C&I solar demand to gradually recover following the rollout of the Solar ATAP programme, after a temporary slowdown during the policy transition period between NEM and the new framework. Given PEKAT's strong off-grid expertise, we believe growing interest under the SELCO framework could support incremental demand for battery solutions, particularly heavy electricity users seeking cost optimisation following recent tariff adjustments. The ELP division is expected to remain supported by ongoing data centre developments, as rising hyperscale investments continue to drive demand for reliable ELP solutions. The EPE segment should continue to see steady contributions backed by ongoing deliveries of power distribution equipment for both utility and private sector contracts.

**Forecasts.** Maintained. We have introduced FY27F numbers.

**Valuations.** We roll forward our valuation base to FY27F, deriving a new TP of **RM1.72** (from RM1.68), based on a sum-of-parts (SoP) valuation. We upgrade our recommendation to **OUTPERFORM** from MARKET PERFORM.

**OUTPERFORM** ↔

Price : **RM1.33**  
Target Price : **RM1.72** ↑

## Share Price Performance



KLCI	1,716.61
YTD KLCI chg	2.2%
YTD stock price chg	-15.8%

## Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PEKAT MK Equity
Market Cap (RM m)	939.3
Shares Outstanding	706.3
52-week range (H)	1.90
52-week range (L)	1.05
3-mth avg. daily vol.	1,038,717
Free Float	44%
Beta	0.8

## Major Shareholders

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

## Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	609.9	679.4	694.2
EBIT	74.1	95.2	102.7
PBT	70.3	85.6	96.8
<b>Net Profit</b>	<b>51.0</b>	<b>65.0</b>	<b>73.5</b>
<b>Core PATAMI</b>	<b>45.0</b>	<b>55.1</b>	<b>59.1</b>
Consensus (NP)	-	56.5	64.8
Earnings Revision	-	-	-
Core EPS (sen)	7.0	8.5	9.2
Core EPS Growth (%)	102.9	22.4	7.2
NDPS (sen)	1.0	-	-
NTA per Share (RM)	0.5	0.4	0.6
PER (x)	19.0	15.6	14.5
PBV (x)	2.5	3.0	2.3
Net Gearing (x)	0.2	0.2	0.1
Net Div. Yield (%)	0.8	0.0	0.0

02 March 2026

**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.

**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)	4Q25	3Q25	QoQ	4Q24	YoY	FY25	FY24	YoY
Revenue	190.9	141.7	35%	94.3	103%	609.9	291.1	110%
COGS	-152.4	-109.8	39%	-65.5	133%	-465.6	-206.8	125%
<b>GP</b>	<b>38.5</b>	<b>31.9</b>	<b>21%</b>	<b>28.8</b>	<b>34%</b>	<b>144.3</b>	<b>84.3</b>	<b>71%</b>
Other Income	4.1	0.3	1183%	0.0	N.A.	6.1	4.7	29%
Admin expenses	-21.0	-16.6	27%	-13.5	56%	-73.9	-50.2	47%
Other expenses	-2.2	0.3	-847%	-1.8	23%	-2.4	-2.8	-12%
<b>EBIT</b>	<b>19.3</b>	<b>15.9</b>	<b>21%</b>	<b>13.5</b>	<b>43%</b>	<b>74.1</b>	<b>36.0</b>	<b>106%</b>
Finance income	0.3	0.3	25%	0.1	168%	1.0	0.6	69%
Finance costs	-1.9	-1.2	59%	-0.8	144%	-5.8	-1.4	321%
Share of profit of an associate	0.7	0.2	274%	-0.1	N.A.	1.0	-0.6	N.A.
<b>PBT</b>	<b>18.5</b>	<b>15.2</b>	<b>22%</b>	<b>12.8</b>	<b>45%</b>	<b>70.3</b>	<b>34.6</b>	<b>103%</b>
Tax	-5.4	-3.5	53%	-4.7	14%	-19.3	-11.8	63%
Non-controlling Interests	-1.4	-1.4	1%	-0.7	105%	-5.9	-0.6	944%
<b>Net Profit</b>	<b>13.1</b>	<b>11.7</b>	<b>12%</b>	<b>8.0</b>	<b>63%</b>	<b>51.0</b>	<b>22.8</b>	<b>124%</b>
<b>Core Net Profit</b>	<b>11.7</b>	<b>10.3</b>	<b>14%</b>	<b>7.4</b>	<b>59%</b>	<b>45.0</b>	<b>22.2</b>	<b>103%</b>
GP Margin	20%	22%		31%		24%	29%	
Operating Margin	10%	11%		14%		12%	12%	
PBT Margin	10%	11%		14%		12%	12%	
Net Margin	7%	8%		9%		8%	8%	
Core Net Margin	6%	7%		8%		7%	8%	
Effective Tax Rate	29%	23%		37%		27%	34%	

Source: Company, Kenanga Research

### Segmental Breakdown

External Revenue (RM m)	4Q25	3Q25	QoQ	4Q24	YoY	FY25	FY24	YoY
EPCC	116.2	72.8	60%	54.6	113%	344.5	178.8	93%
ELP	19.6	16.7	18%	14.7	34%	67.4	47.3	42%
Trading	16.1	17.0	-5%	15.1	7%	61.2	55.1	11%
Power distribution equipment	38.9	35.3	10%	9.9	295%	136.9	9.9	1290%
<b>Total Revenue</b>	<b>190.9</b>	<b>141.7</b>	<b>35%</b>	<b>94.3</b>	<b>103%</b>	<b>609.9</b>	<b>291.1</b>	<b>110%</b>

Source: Company, Kenanga Research

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

Business/Asset	Value (RM m)
EPCC	662.3
EPE Switchgear	345.9
ELP	110.9
CGPP	24.6
Other Solar Assets	35.0
<b>Asset Valuation</b>	<b>1178.7</b>
Proceed from private placement for future project	55.0
Proceed from exercise of ESOS	19.4
	<b>1253.2</b>
Enlarged share base (m shares)	727.7
<b>TP after ESG (RM/share)</b>	<b>1.72</b>

Source: Kenanga Research

02 March 2026

### 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.				
<b>Stocks Under Coverage</b>																	
KJTS GROUP BHD	OP	0.800	1.30	62.5%	552.4	Y	12/2026	3.1	3.7	18.1%	20.0%	26.1	21.7	3.1	15.1%	0.0	0.8%
PEKAT GROUP BHD	OP	1.33	1.72	29.3%	939.3	Y	12/2026	8.5	9.2	22.4%	7.3%	15.6	14.5	2.4	18.6%	0.0	0.0%
SAMAIDEN GROUP BHD	OP	1.13	1.94	71.7%	567.9	Y	06/2026	6.3	7.5	21.3%	18.8%	17.9	15.0	2.8	17.4%	0.0	1.0%
SOLARVEST HOLDINGS BHD	OP	2.22	3.45	55.4%	2,106.1	Y	03/2026	10.3	14.3	51.9%	39.2%	21.5	15.5	4.4	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.190	0.470	147.4%	190.2	Y	09/2026	1.3	2.0	-29.3%	53.8%	14.6	9.5	2.4	19.1%	0.0	0.0%
<b>Sector Aggregate</b>					<b>939.3</b>					<b>21.3%</b>	<b>20.0%</b>	<b>18.7</b>	<b>15.5</b>	<b>2.4</b>	<b>17.4%</b>		<b>0.8%</b>

Source: Kenanga Research

\*Note that Sunview numbers based on Bloomberg consensus

**Stock ESG Ratings:**

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

☆ 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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