# Pekat Group

## Order Flows Strike Like Lightning

# OUTPERFORM ↔

**Price :** **RM1.77**
**Target Price :** **RM2.00** ↑

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**PEKAT has secured two contracts for the supply and installation of earthing and lightning protection (ELP) systems at data centre developments in Negeri Sembilan and Johor. These two contracts, totalling RM47m, are scheduled for completion by 2QFY27 (Port Dickson) and 3QFY27 (Johor). The wins lift PEKAT's outstanding order book to an estimated RM994m (comprising 35% EPE, 24% ELP, 21% Solar, and 20% other segments), equivalent to 1.6x FY25 revenue. With Malaysia's data centre sector booming and a robust pipeline of digital infrastructure investments, demand for specialized ELP solutions should remain highly favourable in the foreseeable future. We raise our FY26F and FY27F earnings by 2% and 7%, respectively, driven by these strong ELP contract flows. Maintain OUTPERFORM with a higher TP of RM2.00 (from RM1.91), to reflect a robust outlook for ELP.**

**Secures RM47m data centre contracts.** Pekat Group, via Pekat Teknologi Sdn Bhd, has secured two contracts for ELP systems at data centres in Port Dickson (RM20m) and Johor (RM27m), totalling RM47m. These contracts are scheduled for completion by 2QFY27 (Port Dickson) and 3QFY27 (Johor).

**Our view.** We view **positively** the development for PEKAT, as the contracts support the Group's earnings growth till FY27F. Assuming a 30% GP margin, these contracts could contribute a total GP of c.RM14m over their respective durations. With this win, PEKAT's unbilled order book increases to an estimated RM994m (35% EPE, 24% ELP, 21% Solar and 2% trading), equivalent to 1.6x FY25 revenue.

**Outlook.** We expect demand for ELP solutions to remain strong in the near term, supported by rising data centre investment flows into Malaysia (RM38.9b annual FDI inflow, an all-time high). Given the shift towards Tier 3 and Tier 4 facilities, where uptime and system reliability requirements are more stringent, contract values for earthing and lightning protection systems should continue to rise. This momentum is confirmed by the Group's ELP order book replenishment of RM87m YTD, which already exceeds the full-year FY25 revenue of RM67m. With PEKAT commanding c.60% market share in Peninsular Malaysia, the Group is well positioned to capture rising data centre demand.

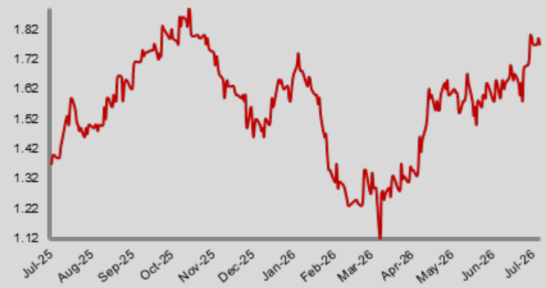
**Forecasts.** This latest contract win exceeds our order book replenishment assumption for ELP contracts. As such, we raise our FY26F order book replenishment assumption to c.RM580m (from RM550m), with ELP accounting for RM100m, and our FY27F assumption to c.RM600m (from RM570m), with ELP accounting for RM120m, mainly driven by stronger ELP contract flows. As a result, our earnings forecasts rise by 2% for FY26 and 7% for FY27.

**Valuations.** We raise our **TP** to **RM2.00** (from RM1.91), following strong ELP order flows, based on a SoP valuation and incorporating a 3% ESG premium to reflect PEKAT's ESG rating. Maintain **OUTPERFORM**.

**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 the 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.

### Share Price Performance




| | |
|---|---|
| KLCI | 1,683.61 |
| YTD KLCI chg | 0.2% |
| YTD stock price chg | 12.0% |

### Stock Information

| | |
|---|---|
| Shariah Compliant | Yes |
| Bloomberg Ticker | PEKAT MK Equity |
| Market Cap (RM m) | 1,254.1 |
| Shares Outstanding | 708.5 |
| 52-week range (H) | 1.89 |
| 52-week range (L) | 1.12 |
| 3-mth avg. daily vol. | 1,322,521 |
| Free Float | 52% |
| Beta | 0.56 |

### Major Shareholders

| | |
|---|---|
| Chin Soo Mau | 31.8% |
| Tai Yee Chee | 8.0% |
| Wee Chek Aik | 4.4% |

### Summary Earnings Table

| FYE Dec (RM m) | 2025A | 2026F | 2027F |
|---|---|---|---|
| Turnover | 609.5 | 698.6 | 773.5 |
| EBIT | 72.4 | 99.0 | 116.5 |
| PBT | 68.3 | 88.8 | 112.7 |
| **Net Profit** | **49.1** | **67.4** | **85.5** |
| **Core PATAMI** | **45.1** | **57.1** | **68.9** |
| Consensus (NP) | - | 55.2 | 64.3 |
| Earnings Revision | - | 1.7% | 6.5% |
| Core EPS (sen) | 7.0 | 8.8 | 10.7 |
| Core EPS Growth (%) | 115.9 | 26.7 | 20.7 |
| NDPS (sen) | 1.0 | 0.0 | 0.0 |
| NTA per Share (RM) | 0.5 | 0.6 | 0.8 |
| PER (x) | 25.3 | 20.0 | 16.6 |
| PBV (x) | 3.3 | 3.0 | 2.3 |
| Net Gearing (x) | 0.6 | 0.2 | (0.0) |
| Net Div. Yield (%) | 0.6 | 0.0 | 0.0 |

| Exhibit 2: Sum-of-Parts (SoP) Valuation | | |
|---|---|---|
| **Business/Asset** | **Value (RM m)** | **Basis** |
| EPCC | 742.4 | 30x FY27F PER |
| EPE Switchgear | 374.1 | 16x FY27F PER |
| ELP | 159.4 | 12x FY27F PER |
| CGPP | 24.6 | DCF with a discount rate of 5.6% |
| Other Solar Assets | 35.0 | DCF with a discount rate of 5.6% |
| **Asset Valuation** | **1335.5** | |
| Proceed from private placement for future project | 55.0 | |
| Proceed from exercise of ESOS | 19.4 | |
| | **1409.9** | |
| Fully-diluted TP before ESG (RM/share) | 727.7 | |
| ESG premium (RM/share) | 1.94 | |
| **TP after ESG (RM/share)** | 0.06 | 3% based on a 4-star rating |
| Fully-diluted TP before ESG (RM/share) | **2.00** | |

*Source: Kenanga Research*

## 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** | | | | | | | | | | | | | | | | | |
| CHEEDING HOLDINGS BHD | OP | 0.670 | 0.790 | 17.9% | 534.2 | Y | 03/2027 | 5.1 | 5.6 | 1.2% | 8.8% | 13.1 | 12.1 | 3.0 | 25.8% | 1.3 | 1.9% |
| GAS MALAYSIA BHD | MP | 5.09 | 5.23 | 2.8% | 6,535.6 | Y | 12/2026 | 31.7 | 32.1 | 5.6% | 1.3% | 16.1 | 15.9 | 4.0 | 25.4% | 25.3 | 5.0% |
| KEEMING GROUP BHD | OP | 1.92 | 1.80 | -6.2% | 624.0 | Y | 03/2027 | 8.6 | 10.2 | 21.7% | 17.9% | 22.3 | 18.9 | 6.0 | 33.9% | 0.0 | 0.0% |
| KAWAN RENERGY BHD | OP | 0.430 | 0.570 | 32.6% | 236.5 | Y | 10/2026 | 3.4 | 4.7 | -20.9% | 39.2% | 12.7 | 9.1 | 1.8 | 15.1% | 1.0 | 2.3% |
| KJTS GROUP BHD | OP | 0.710 | 1.34 | 88.7% | 490.4 | Y | 12/2026 | 3.1 | 3.9 | 18.7% | 25.9% | 23.0 | 18.3 | 2.1 | 11.8% | 0.6 | 0.9% |
| PEKAT GROUP BHD | OP | 1.77 | 2.00 | 13.0% | 1,254.1 | Y | 12/2026 | 8.9 | 10.7 | 26.6% | 20.7% | 20.0 | 16.6 | 3.0 | 18.7% | 0.0 | 0.0% |
| SAMAIDEN GROUP BHD | OP | 1.37 | 1.94 | 41.6% | 766.5 | Y | 06/2026 | 6.3 | 7.5 | 21.3% | 18.8% | 21.7 | 18.2 | 3.4 | 17.4% | 1.1 | 0.8% |
| SOLARVEST HOLDINGS BHD | OP | 3.05 | 3.36 | 10.2% | 2,926.3 | Y | 03/2027 | 13.8 | 15.4 | 29.1% | 11.6% | 22.1 | 19.8 | 3.0 | 14.8% | 0.0 | 0.0% |
| **SECTOR AGGREGATE** | | | | | **172,601.8** | | | | | **-3.1%** | **2.6%** | **17.6** | **17.1** | **2.7** | **16.7%** | | **1.8%** |

*Source: Kenanga Research*
**Note that Sunview numbers based on Bloomberg consensus*

**Stock ESG Ratings:**

## Sustainability-Related Opportunities

- **Renewable energy growth:** Pekat is directly leveraged to Malaysia's solar PV and energy transition rollout through solar EPCC, solar asset ownership, BESS and O&M.
- **Quantified climate contribution:** Completed solar PV systems are linked to estimated annual generation and avoided emissions, giving investors measurable climate-positive revenue exposure.
- **Improving disclosure maturity:** Pekat has started Scope 1 and Scope 2 GHG tracking under NSRF and IFRS S2 transition readiness.

## Sustainability-Related Risks and Disclosure Gaps

- **Scope 3 gap:** Scope 1 and 2 are disclosed, but Scope 3 remains a gap.
- **Safety metric gap:** LTIFR is disclosed, but TRIR, fatality rate and near-miss frequency are not fully provided.
- **Solar supply chain risk:** Limited disclosure on module supply chain due diligence, forced labour screening, polysilicon sourcing or supplier ESG audits.
- **Project performance gap:** No detailed long-term solar asset performance ratio, degradation rate or system uptime trend disclosed.

### ESG Rating

| Criterion | Rating | | | | |
|---|---|---|---|---|---|
| Environmental Impacts of Project Development | ★ | ★ | ★ | ★ | |
| Workforce Health & Safety | ★ | ★ | ★ | | |
| Lifecycle Impacts of Buildings & Infrastructure | ★ | ★ | ★ | ★ | |
| Climate Impacts of Business Mix | ★ | ★ | ★ | ★ | |
| Business Ethics | ★ | ★ | ★ | ★ | |
| Project Design & Management | ★ | ★ | ★ | | |
| | | | | | |

| | |
|---|---|
| ☆ | denotes half-star |
| ★ | -5% discount to TP |
| ★★ | -3% discount to TP |
| ★★★ | TP unchanged |
| ★★★★ | +3% premium to TP |
| ★★★★★ | +5% 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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