AmInvestment Bank

Sector Report

7 Jan 2026

Power

NEUTRAL

(Maintained)

Rationale for report: Sector Update

Analyst (s)

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2026F - A Quieter Year

We are Neutral on the sector due to a lack of catalysts. We expect 2026F to be quieter in terms of newsflows with only two major announcements i.e. winners of Energy Commission's RFP for new gas power plants and the launch of LSS 6. These are expected to take place in 1Q2026. In comparison, 2025 was an exciting year with news on the winners of LSS 5, LSS 5+ and MyBest (battery energy storage systems). Due to the new gas power plants, we reckon that 2026F would be a year of fund-raising and execution for the major utility companies such as YTL Power (YTLP) and Malakoff, if they win. Based on a debt-to-equity ratio of 80/20 and a cost of US$2.5mil/MW on a 1,400MW gas power plant, we estimate that the debt and equity requirements would be RM11.5bil and RM2.9bil respectively.

- **Our standout call in the sector is YTLP (TP: RM4.11/share).** We like YTLP for its indirect exposure to Nvidia. Also, as the earnings from the data centres come into fruition in FY28F, the group's long-term profitability would be stable and recurring instead of being subjected to the ups and downs of energy tariffs in Singapore. In addition, we believe that YTLP is a front-runner for the Energy Commission's tender for new gas power plants. YTLP's FY27F fully diluted PE is undemanding at 11.4x.

- **New gas power plants of 5,000MW would be coming on-stream in 2029F/2030F.** This would keep the country's electricity reserve margin in a healthy range of 25% to 30%. By 2031F, we estimate that 5,686MW of PPAs would expire. These include Janamanjung 1 to 3 (2,100MW) and Tanjung Bin Power (2,100MW). We reckon that capacity from the new gas power plants and 4,000MW from LSS 5+ and 6 would be more than enough to cover the loss of electricity supply from the expired PPAs. Front-runners are expected to be YTLP and Malakoff.

- **Carbon tax in 2026F?** We believe that it would take time for the carbon tax to be implemented as details need to be ironed out and the framework needs to be passed by the lawmakers. Before that, lawmakers must pass the country's National Carbon Market Policy and Climate Change Bill first. Malaysia's carbon tax needs to be aligned with international frameworks especially with EU's Carbon Border Adjustment Mechanism, which was implemented on 1 Jan 2026. EU companies can purchase certificates from the EU Emissions Trading System to offset carbon emissions generated by their products. In Malaysia, carbon credits and renewable energy certificates can be purchased from the Bursa Carbon Exchange.

- **Carbon tax to be passed down to consumers?** The carbon tax would first be imposed on steel, iron and utility companies. We think that the carbon tax would be passed down to consumers. However, this may require revisions to the Incentive Based Framework, which applies to a major utility company. Under RP4 (Regulatory Period 4), the electricity base tariff is fixed at 45.4 sen/kWh with fuel surcharge being adjusted monthly. Currently, RP4 runs from 2025F to 2027F.

Top picks

YTL Power
TP: RM4.11
Rec: BUY
Upside/Downside: +23.4%

Malakoff
TP: RM0.88
Rec: HOLD
Upside/Downside: +6%

Mega First
TP: RM3.65
Rec: HOLD
Upside/Downside: +9%

Solarvest
TP: RM2.87
Rec: HOLD
Upside/Downside: -8%

What to do upon announcement of the winners of the new gas power plants?

New gas power plants are not priced in

In spite of being front-runners for the new gas power plants, Malakoff and YTLP's share prices have been languishing. This is due to a few reasons. First as the new gas power plants would only be completed in 2029F/2030F, there would not be any earnings contribution from 2026F to 2028F. Instead, we believe that 2026F to 2028F would be a period of fund-raising, execution and construction.

Second, the decline in Malakoff and YTLP's share prices reflects risks to short-term earnings. Malakoff was affected by a fire and the collapse of a coal unloader at its Tanjung Bin Complex in 4Q2025. YTLP is plagued by low energy tariffs in Singapore.

Buy YTLP

YTLP's earnings are more resilient than Malakoff. YTLP Seraya has a clean safety record in Singapore and there has not been any major accident or incident at its power plant. Hence, we maintain BUY on YTLP.

Malakoff is currently focusing on repairing the conveyor belts used to transport coal from the jetty to the storage yard. The group's coal inventory lasts for less than two months. If the power plants in Johor cannot operate due to the lack of coal, Malakoff could swing into losses.

Onwards with new gas power plants in 2029F/2030F

EXHIBIT 1. EXPIRY OF PPAS

Power Plants	Generating capacity (MW)	Year of Expiry
Prai (owned by Malakoff)	350	2025
Segari (owned by Malakoff)	1,303	2027
Kapar (owned by major utility)	1,486	2028/2029
Janamanjung 1,2,3 (owned by major utility)	2,100	2030
TBP (owned by Malakoff)	2,100	2031
TBE (owned by Malakoff)	1,000	2041
Manjung 4 (owned by major utility)	1,010	2040
Manjung 5 (owned by major utility)	1,000	2042
Jimah East (owned by major utility)	2,000	2044

Source: Companies

EBIT of a new gas power plant could range between RM200mil and RM300mil

The new gas power plants are expected to come on-stream in 2029F/2030F and the tenure of the PPAs is envisaged to be 20 years. The new gas power plants would replace power plants, which will be expiring from 2029F to 2031F. These include Janamanjung 1 to 3 and Malakoff's Segari and TBP power plants (see Exhibit 1).

Using the current PPAs for CCGT power plants as a guide, a 1,400MW plant could generate an EBIT of RM200mil and RM300mil in the initial years of commissioning. Capacity payments are estimated to be RM500mil to RM600mil per year.

Capacity payment rates are usually the highest in the first 10 to 15 years of commissioning before step-downs in the later years as the PPA approaches expiry. We think that capacity payment rates may be 40 to 50 sen/kW per month in the initial years of commissioning.

YTLP's earnings would receive a boost in FY30F

On the back of a new power plant, we believe that YTLP's EBIT would receive a boost of RM200mil to RM300mil in FYE6/31F.

As for Malakoff, a new gas power plant would cushion the loss of earnings from the expiry of Tanjung Bin Power Plant (TBP) in FYE12/31F. Malakoff's earnings would receive a boost in FYE12/30F on the back of contribution from the new gas power plant. In FYE12/31F however, the group's earnings would drop due to the expiry of the 2,100MW TBP plant.

Construction of gas power plants involves many parties

Contractors of power plants in Malaysia include listed companies like Gamuda and YTL Corporation and unlisted companies such as Equator Engineering.

Suppliers of equipment include General Electric, Mitsubishi Power, ABB Malaysia and Siemens Energy. Some of the components in a gas power plant are turbines, boilers, generators, switchgears and transformers. Insurers for power plants include Allianz Malaysia and Howden Insurance.

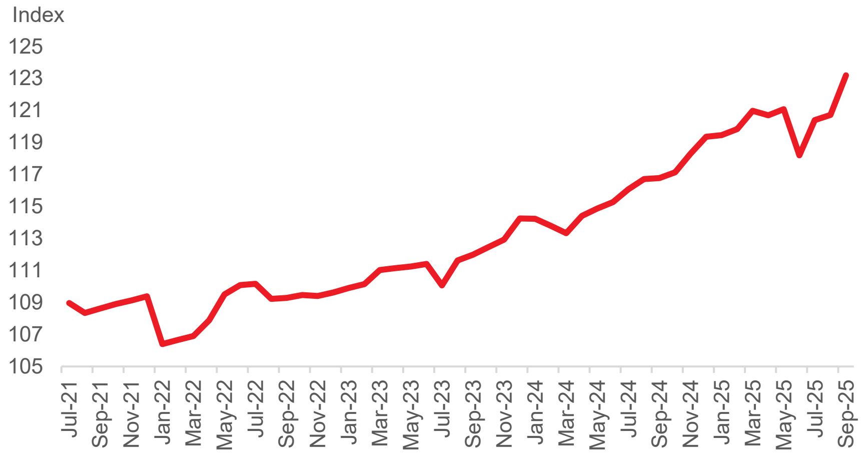
Securing turbines is not an issue

The cost of gas turbines for a CCGT plant is estimated to be US$1mil to US$1.5mil per MW. The cost of turbines has doubled in recent years due to the robust demand driven by data centres and high labour and material costs (see Exhibits 2 and 3). Presently, there is a global shortage of gas turbines due to the surge in orders from the US and Middle East. Waiting time for a gas turbine can be as long as seven years.

According to the Institute for Energy Economics and Financial Analysis, about 80,000MW of turbine orders were placed globally in 2024 compared to an estimated production capacity among the largest three manufacturers of 30,000MW. The leading turbine manufacturers in the world are Siemens Energy, Mitsubishi Power and GE Vernova.

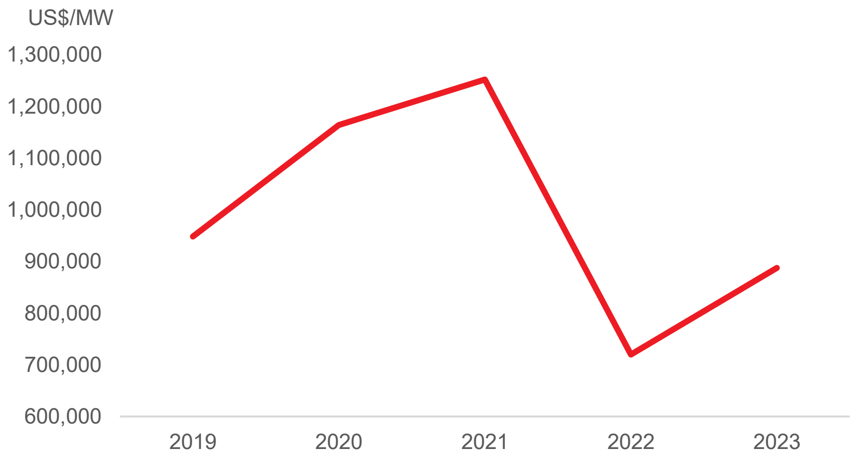
We believe that securing turbines is not an issue for the Malaysian companies. In October 2025, Malakoff signed a Reservation Agreement with Mitsubishi Power to procure two state-of-the-art gas turbines and gas turbine generators for its new CCGT gas power plant. The agreement also gives Malakoff the option to reserve another two gas turbines for a CCGT gas power plant project in northern Malaysia. YTLP has also said that it has secured gas turbines.

EXHIBIT 2. US PRODUCERS PRICE INDEX FOR STEAM GAS AND OTHER TURBINES



Source: Bloomberg

EXHIBIT 3. US COMBINED CYCLE GENERATOR CONSTRUCTION COST (US$/MW)



Source: US EIA

RE initiatives continue in 2026F with a few headwinds

LSS 6 will be launched in 1H2026

We believe that LSS 6 would have an export capacity of 2,000MW, similar to LSS 5 and LSS 5+. This would imply potential jobs of RM6bil for EPCC companies. LSS 6 would also include a requirement for battery storage. We reckon that the IRRs for LSS 6 would be below 10%. The tender for LSS 6 is envisaged to open in 1Q2026.

The packages for LSS 6 are likely to be the same as LSS 5. We think that the biggest size that a company can bid for, is 500MW per plant. There would also be a 500MW export capacity for a floating solar system.

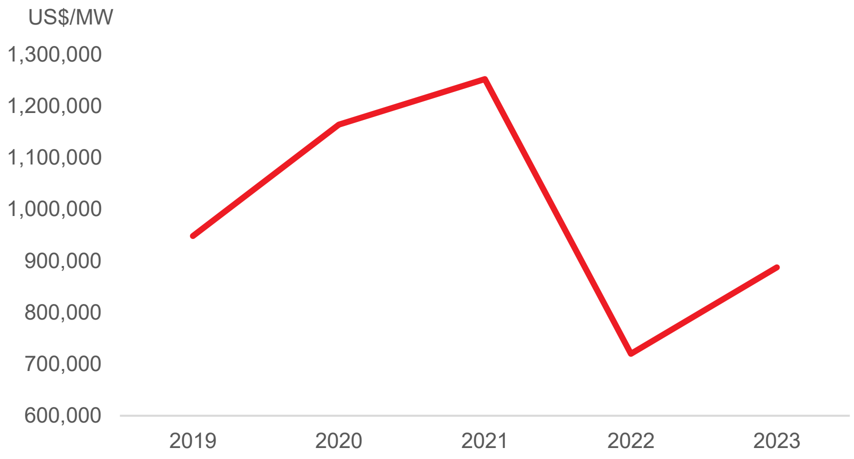
Bids for LSS 5 ranged from 13 to 16 sen/kWh. We believe that bids for LSS 6 would be higher than these as the prices of solar panels have gone up. Bidders for LSS 6 are anticipated to be Solarvest, Samaiden, Sunview Group and Cypark Resources, amongst others.

Will there be LSS 7?

It is uncertain if there would be LSS 7 in 2027F. This is because the commissioning of solar farms for LSS 7 would coincide with the new gas power plants, which would be coming on-stream in 2029F/2030F.

Total RE export capacity from LSS 1 to LSS 6 is about 8,513MW. So far, only solar farms under the programmes of LSS 1 to LSS 4 (2,513MW in total) and CGPP have been commissioned.

EXHIBIT 4. POLYSILICON PRICE - SOLAR GRADE STD CHINA (US$/KG)



Source: Bloomberg

Solar panel prices are rising

Due to news that China would be reducing the production capacity of solar modules, prices of polysilicone (solar grade China standard), which is used to make solar panels, have climbed by 51% since the middle of 2025 (see Exhibit 4).

In Malaysia, we understand that the cost of solar panels has inched up from US$0.08/kWh to US$0.10/kWh. During the Ukraine War in 2022, solar panel prices rose to more than US$0.20/kWh. Although the MYR appreciated against the USD by 6.7% YoY in November 2025, we believe that this is not enough to completely offset the 25% increase in the cost of solar panels.

The sales and service tax (SST) of 6% can be passed down to customers. However, this may result in a higher cost of installing rooftop solar systems, which may affect demand for rooftop solar systems from the residential, commercial and industrial customers. Currently, SST is exempted until July 2026.

EXHIBIT 5. DIFFERENCES BETWEEN SOLAR ATAP AND NEM

Item	NEM (Net Energy Metering)	ATAP
Quota Available	Limited quotas for NEM Rakyat (700MWac), GoMEn (100MWac), NOVA (1700MWac), closed	Unlimited
Solar Capacity Limit	Low Voltage: 60% Fuse rating/CT ratio Medium Voltage High Voltage: 85% Max Demand	Low Voltage: 100% Fuse rating/CT ratio Medium Voltage High Voltage: 100% Max Demand
Eligibility	NEM Rakyat (residential), GoMEn (government), NOVA (commercial/industrial)	Open to all TNB Customers: OPC and LPC, Tariff Domestic and Non-Domestic (General and TOU), including existing NEM and SELCO customers
Contract Period	In general 10 years	Lifetime
Billing Mechanissm	According to NEM category	Energy only at fixed rate
Offset Mechanism	1-to-1 retail tariff offsets for surplus energy generated	Offsets based of System Marginal Price (SMP)

Source: SolarTech

Solar ATAP is not as attractive as NEM

The Solar Accelerated Transition Action Programme (Solar ATAP), which replaces the Net Energy Metering System (NEM), was opened for application on 1 January 2026. We believe that Solar ATAP is not as attractive as NEM.

A major difference is under Solar ATAP, the sale of excess electricity to the utility company can only be offset against the energy charge in the customer's bill and not the capacity and network charges (see Exhibit 5). This means that customers must pay the capacity and network charges. Under NEM, the sale of electricity can be offset against the whole bill, which means that the customer may not have to pay capacity and network charges.

Second for commercial and industrial users, the rate of excess electricity sold to the utility under solar ATAP, is based on the average system marginal price in the preceding month.

This means that the selling rate may be lower or higher from the rate of electricity purchased from the utility company. Under NEM, the selling rate is the same as the rate of electricity bought from the utility company. Currently, the system marginal pricing is RM0.20 to RM0.22/kWh compared to RM0.29/kWh for non-domestic medium voltage customers during peak hours.

For residential customers, the rate of excess electricity sold is the same as the prevailing buying charge. Hence, there are no issues except under Solar ATAP, the residential customer must pay capacity and network charges.

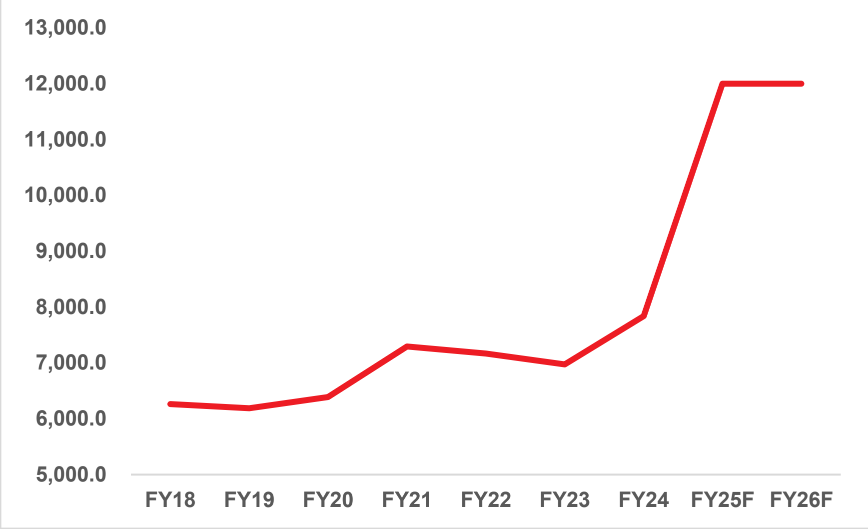
No need to install battery storage under Solar ATAP

Commercial and industrial customers installing rooftop solar systems larger than 72kWp under the Solar ATAP scheme, do not need battery storage. A battery storage system would have doubled the cost of installing a rooftop solar system.

Recall that under SelCo previously, non-domestic parties installing solar panel systems larger than 72kWh must install battery storage on a 1-for-1 basis. Also, those with capacity larger than 1MWp must pay a monthly standby charge of RM12/kWh to the grid operator.

Grid upgrading works to continue

EXHIBIT 6. REGULATED CAPEX (RM'MIL)



Source: *Utility company, AmInvestment Bank*

Regulated capex of RM12bil in 2026F?

We believe that the regulated capex (transmission and distribution) would be RM12bil in 2026F, which is the same as 2025F (see Exhibit 6). Out of this, RM10bil would be the base capex while RM2bil would be contingent upon the roll-out of projects such as data centres and schools. The regulated asset base stood at RM71.4bil as at end-June 2025.

Grid upgrade and energy transition projects are carried out to modernise the grid and make it more efficient by improving the monitoring and flow of electricity. These projects include volt-var optimisation and distribution automation penetration.

Contingent capex may be backloaded

The estimated base capex of RM10bil each in 2025F and 2026F is 75% of the RM26.6bil allocated under RP4, which takes effect from 2025F to 2027F. We reckon that the balance RM6.6bil would be carried out in 2027F.

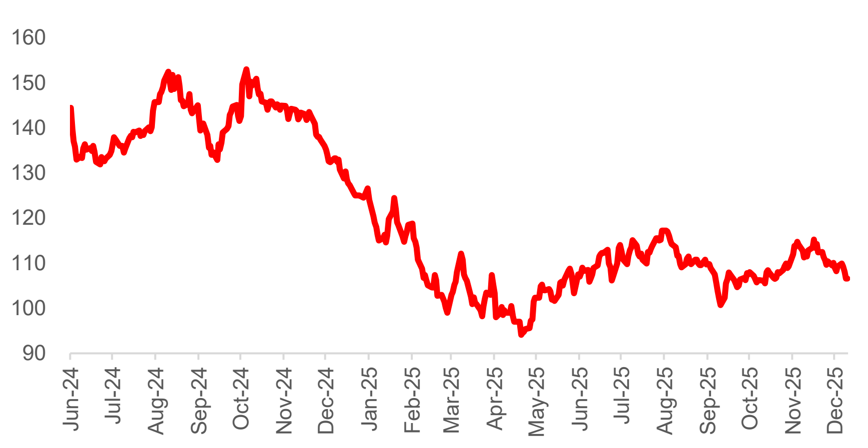
However, there is a possibility that contingent capex may be backloaded to 2027F or may not be fully carried out. This is because the capex is contingent upon the roll-out of projects. Hence if the projects are not implemented, there may not be capex. We estimate that RM4bil of contingent capex would be carried out in 2025F and 2026F. This is 25% of the total allocation of RM16.3bil under RP4.

Smaller companies to benefit from grid upgrading works

These include Pekat Group, MN Holdings, Jati Tinggi and Southern Cable. Pekat Group has a switchgear unit, which supplies to utility companies while Jati Tinggi, MN Holdings and Southern Cable supply cables.

Stable coal prices benefit consumers

EXHIBIT 7. NEWCASTLE COAL PRICES (US$/TONNE)



Source: *Bloomberg*

Coal prices are hovering between US$100/tonne and US$120/tonne

The stability in coal prices has contributed to insignificant monthly fuel adjustments in electricity tariffs in Malaysia. This has benefited consumers as there has not been a major increase in the electricity tariff so far. The fuel adjustments were -1.1 sen/kWh in September, -6.5 sen/kWh in October and -8.9 sen/kWh in November 2025.

Coal prices have been languishing due to weak demand from China and India (see Exhibit 7). According to Bloomberg, industry experts forecast Newcastle coal prices to be US$110/tonne each in 2026F and 2027F compared to the current price of US$106/tonne. Under RP4, the reference price for coal is US$97/tonne.

Petronas gas prices are low

In Malaysia, RP4 uses Petronas prices as a reference for gas costs. According to Petronas, the Malaysia Reference Price (MRP) has declined by 16.7% from RM43.68/mmbtu in August 2024 to RM36.37/mmbtu in August 2025. Under RP4, the reference price is RM46/mmbtu for usage exceeding 800mmscfd.

Sector net profit growth of 13.4% in 2026F

EXHIBIT 8. SECTOR NET PROFIT GROWTH FOR FY26F

	Net Profit (RM'mil) FY25F	Net Profit (RM'mil) FY26F	Chg
Company A	4,091.0	4,499.0	10.0%
Malakoff	145.0	305.0	110.3%
YTL Power	2,400.0	2,765.0	15.2%
Mega First	360.6	344.3	-4.5%
Solarvest	72.6	103.4	42.4%
	7,069.2	8,016.7	13.4%

Source: *AmInvestment Bank*

Sector earnings growth is positive in 2026F

In our coverage, we forecast Malakoff and Solarvest's net profit growth to be the strongest at 110.3% and 42.4% respectively in 2026F (see Exhibit 8). Solarvest's net profit growth is envisaged to be driven by a stronger EPCC orderbook.

We have not revised Malakoff's FY26F net profit downwards yet as there is still time for the group to come up with an alternative plan to transport coal to the power plants. Hence, we expect Malakoff's net earnings to rebound in FY26F for now. The earnings recovery in FY26F is envisaged to come after the three-month shutdown of the TBE Power Plant in FY25. Recall that TBE's flue system and chimney were hit by a fire in October 2025.

YTL Power's (YTLP) net earnings are envisaged to inch up by 2.7% to RM2.4bil in FY26F on the back of higher water tariffs in the UK. As for Mega First (MFCB), we think that the group's net profit would decline by 4.5% in FY26F as a weaker USD affects earnings from the Don Sahong Hydropower Plant.

Valuations and Recommendation

BUY YTL Power

We believe that the 17% fall in YTLP's share price since the middle of 2025 has reflected earnings risks from YTLP Seraya in Singapore. Hence, valuations are undemanding at 11x fully diluted FY27F earnings.

Also, we reckon that earnings from data centres would come on-stream in FY28F. We have a BUY on YTLP with a target price of RM4.11/share, which is based on a CY26F fully diluted PE of 15x.

We have HOLDs on the rest of the companies in our coverage. Solarvest's current FY27F fully diluted PE of 28x has already priced in the robust earnings growth while Mega First is expected to be plagued by a weak USD and losses in the Edenor oleo joint venture.

EXHIBIT 9. YTL POWER'S VALUATIONS

Target PE (x)	15
CY26F Fully Diluted EPS (sen)	27.4
ESG premium	0
12-month TP (RM)	4.11

EXHIBIT 10. MALAKOFF'S VALUATIONS

Target PE (x)	14
CY26F EPS (sen)	6.3
ESG premium	0
12-month TP (RM)	0.88

EXHIBIT 11. MEGA FIRST'S VALUATIONS

Target PE (x)	10
CY26F EPS (sen)	36.4
ESG premium	0
12-month TP (RM)	3.65

EXHIBIT 12. SOLARVEST'S VALUATIONS

Target PE (x)	25
CY27F Fully Diluted EPS (sen)	11.5
ESG premium	0
12-month TP (RM)	2.87

VALUATION MATRIX

Stock	Call	Share price RM/share	Market cap RMmil	Fair value RM/share	PE (x)	PE (x)	EPS (sen)	EPS (sen)	Div Yield %
					FY26F	FY27F	FY26F	FY27F	FY26F
Malakoff	Hold	0.83	4,056.2	0.88	13.2	12.4	6.3	6.7	6.3
Solarvest	Hold	3.12	2,928.7	2.87	43.3	30.9	7.2	10.1	0.0
Mega First	Hold	3.35	3,166.4	3.65	9.2	8.5	36.4	39.3	2.8
YTL Power	Buy	3.33	27,370.6	4.11	13.1	11.4	25.5	29.2	2.4

YTL POWER

(YTLP MK EQUITY, YTLP.KL)

BUY (Maintained)	Price: RM3.33 Target Price (% return): RM4.11 (23.4%) 52-week High/Low: RM4.55/RM2.85	**Power** Rationale for report: Company Update

Long-term fundamentals are intact

Although YTL Power's (YTLP) short-term earnings are expected to be affected by low energy tariffs in Singapore, the group's long-term fundamentals are intact underpinned by a potentially new 1,400MW gas power plant in Malaysia and recurring earnings from the data centre. By FY28F, about 188MW would be up and running at the data centre. The data centre unit is envisaged to generate an EBITDA of RM500mil to RM1bil on a full year basis. We maintain BUY with a target price of RM4.11/share.

- **BUY with an unchanged TP of RM4.11/share.** Our TP of RM4.11/share is based on a fully diluted CY26F PE of 15x, which is one-SD above the five-year average of 12x. We applied a premium due to YTLP's first rights to Nvidia's latest chips in Malaysia.
- **If YTLP wins a CCGT power plant in Malaysia, it would commence operations in 2029F/2030F.** We estimate that the new gas power plant would generate an EBIT of RM200mil to RM300mil per year. In the meantime, however, we reckon that YTLP would be busy raising funds for the new gas power plant and opening the tender for construction. Based on a cost of US$2.5mil per MW and 1,400MW, the power plant may cost US$3.5bil or RM14.4bil.
- **Water and utilities division is expected to perform better in FY26F.** We forecast the division's pre-tax profit grow by 25% to RM480mil in FY26F. The enhancement in earnings is expected to be underpinned by higher water tariffs in Malaysia and the UK. Wessex Water's tariffs are envisaged to be 10% to 20% higher in FY26F.
- **Gaining more tenants at data centres in Johor.** We believe that YTLP has secured tenants for 188MW out of the 500MW data centre. Out of these, 168MW are co-location tenants while the balance 20MW are AI. The co-location tenants comprise companies from China and US.

YE to Jun	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	21,801.8	18,668.5	20,268.1	20,672.3
Core net profit (RM mil)	2,545.4	2,400.0	2,765.5	2,984.6
Core EPS (sen)	31.0	29.2	33.6	36.3
FD Core EPS (sen)	27.0	25.5	29.2	31.4
FD Core EPS growth (%)	(25.8)	(5.7)	15.2	7.9
Consensus Net Profit (RM mil)		2,605.0	2,694.0	2,841.0
DPS (sen)	8.0	8.0	8.5	9.0
PE (x)	10.8	11.4	9.9	9.2
FD PE (x)	12.3	13.0	11.4	10.6
EV/EBITDA (x)	8.7	6.8	6.0	6.3
Div yield (%)	2.4	2.4	2.6	2.7

Source: YTL POWER, AmInvestment Bank

Analyst (s)

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Key Changes

Target Price:	⇔
EPS:	⇔

Stock and Financial Data

Shares Outstanding (million)	8,219.40
Market Cap (RMmil)	27,370.6
Book Value (RM/Share)	2.46
P/BV (x)	1.4
ROE (%)	18.8
Net Gearing (%)	127.5
Free Float	44.4
Avg Daily Value (RMmil)	42.6

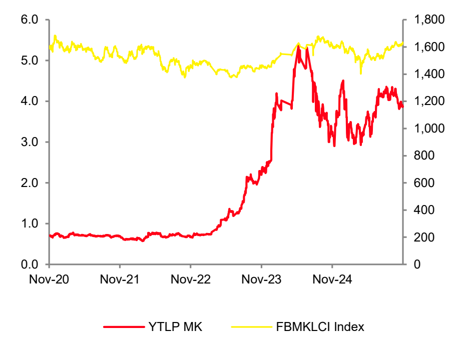
Major Shareholders

YTL Corp	55.6%
EPF	10.6%

Price performance	3mth	6mth	12mth
Absolute (%)	-1.0	-19.4	-25.6
Relative (%)	-24.8	-25.4	-27.6

Source: YTL POWER, AmInvestment Bank

Price Chart



Company profile

YTL Power (YTLP) is involved in power generation, water and sewerage management, mobile broadband services and data centre activities.

YTLP's earnings come from the sale of electricity in Singapore, provision of water and sewerage services in the United Kingdom and sale of broadband services in Malaysia. The group also operates data centres in Johor, Malaysia.

In FY24, 90% of YTLP's pre-tax profit came from the utility division in Singapore. The balance 10% came from the investment holding division, which comprise mainly share of earnings in PT Jawa, Indonesia and Attarat Power Plant in Jordan. Water and sewerage and mobile broadband services were in the red in FY24.

In Singapore, retail customers are YTLP's main clientele. In UK, the customers are mainly households. The mobile broadband network's customers are largely individuals.

YTLP has operations in Singapore, United Kingdom and Malaysia. YTLP also has presence in Indonesia and Jordan via associates.

YTLP's competitive advantage lies in its recurring and stable income in Singapore. Profit margin spreads for the retail energy contracts are locked in for one to two years.

Investment thesis and catalysts

We have a BUY on YTLP due to its undemanding valuations. Long-term earnings growth is expected to be underpinned by the new gas power plant in Malaysia and data centre unit in Johor.

Share price kickers are the commencement of operations at the AI data centre in Johor and stronger-than-expected earnings from the Singapore power unit.

Valuation methodology

We applied a CY26F fully diluted PE of 16x at YTLP's target price of RM4.11/share. The PE of 15x is one SD higher than the five-year average of 12x. We applied a premium as YTLP provides an indirect exposure to Nvidia.

Risk factors

Key risks are higher-than-expected construction costs for the new gas power plant in Malaysia, lower energy tariffs in Singapore, import restrictions on Nvidia chips for the AI data centre in Johor and losses in Wessex Water.

EXHIBIT 1. VALUATIONS

Target PE (x)	15
CY26F FD EPS	27.4
ESG premium	-
12-month target price	4.11

EXHIBIT 2. ESG MATRIX

	Environmental assessment	**Parameters**	**Weightage**	**Rating**					**Rationale**
1	GHG emissions	Net zero by 2050F	25%	*	*	*			Scope 1 emissions rose by 32.3% in FY25 due to consolidation of Ranhill Group
2	Exposure to renewables	More than 20% of generation mix or capacity	25%	*	*	*			Small. Predominantly, gas power plant operator
3	Contribution of coal to earnings	Less than 20%	25%	*	*	*	*		Coal is estimated to account for 7.1% of FY25 core net profit - PT Jawa
4	Waste management	Volume of waste generated	25%	*	*	*			Waste generated rose to 335,587 tonnes in FY25 from 225,901 tonnes in FY24
	Weighted score for environmental assessment		**100%**	*	*	*	*		
	Social assessment								
1	Worker's welfare	Learning and development hours	33%	*	*	*			77,254 hours by executive and 196,697 hours by non-executive in FY25
2	Work site safety	Injuries	33%	*	*	*	*	*	One in FY25
3	Lost Time Injury Frequency	Below 1	33%	*	*	*			0.63 in FY25 vs. 1.04 in FY24
	Weighted score for social assessment		**100%**	*	*	*	*		
	Governance assessment								
1	Related party transactions	Value of RPTs	40%	*	*	*			RM1,319.7mil in FY25 - with related companies
2	Women in workforce	% in workforce	30%	*	*	*			25% of workforce were women in FY25 vs. 27% in FY24
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM46.1mil in FY25 vs. RM40.1mil in FY24
	Weighted score for governance assessment		**100%**	*	*	*			

Source: Company, AmInvestment Bank Bhd

Financial Summary

Income Statement (RMmil)

YE to Jun	FY24	FY25	FY26F	FY27F	FY28F
Revenue	22,284.3	21,801.8	18,668.5	20,268.1	20,672.3
EBITDA	6,630.7	6,112.7	5,976.3	6,413.1	5,985.2
Depreciation/Amortisation	(1,321.0)	(1,909.8)	(1,872.7)	(1,906.0)	(1,251.3)
Operating income (EBIT)	5,309.7	4,202.9	4,103.6	4,507.1	4,733.8
Other income & associates	264.8	405.2	409.2	413.3	417.5
Net interest	(1,743.7)	(1,505.3)	(1,611.7)	(1,580.1)	(1,548.1)
Exceptional items	202.0	207.7	0.0	0.0	0.0
Pretax profit	**4,032.9**	**3,310.4**	**2,901.2**	**3,340.3**	**3,603.2**
Taxation	(611.0)	(638.6)	(493.2)	(567.9)	(612.5)
Minorities/pref dividends	(15.6)	(126.4)	(8.0)	(7.0)	(6.0)
Net profit	0.0	0.0	0.0	0.0	0.0
Core net profit	**3,406.3**	**2,545.4**	**2,400.0**	**2,765.5**	**2,984.6**

Balance Sheet (RMmil)

YE to Jun	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	31,417.9	36,020.4	33,425.8	34,160.4	35,563.4
Intangible assets	10,864.2	10,498.3	9,975.4	9,452.5	8,929.5
Other long-term assets	9,377.1	9,165.1	7,827.9	8,218.6	8,302.1
Total non-current assets	**51,659.1**	**55,683.8**	**51,229.2**	**51,831.5**	**52,795.0**
Cash & equivalent	8,889.9	12,218.7	10,067.7	10,710.2	10,632.7
Stock	988.5	876.7	334.0	335.0	336.0
Trade debtors	5,124.6	4,744.0	4,791.5	4,839.4	4,887.8
Other current assets	1,170.0	1,334.0	1,705.0	1,706.0	1,707.0
Total current assets	**16,173.0**	**19,173.4**	**16,898.2**	**17,590.6**	**17,563.5**
Trade creditors	5,478.2	6,266.4	3,580.3	3,887.0	3,964.6
Short-term borrowings	2,016.6	2,590.9	2,590.9	2,590.9	2,590.9
Other current liabilities	1,950.2	1,994.1	706.1	707.1	708.1
Total current liabilities	**9,444.9**	**10,851.3**	**6,877.2**	**7,185.0**	**7,263.5**
Long-term borrowings	30,427.1	35,369.8	20,546.4	19,350.9	18,156.3
Other long-term liabilities	7,504.5	7,022.4	17,406.4	17,581.4	17,449.4
Total long-term liabilities	**37,931.6**	**42,392.2**	**37,952.8**	**36,932.3**	**35,605.7**
Shareholders' funds	**20,057.0**	**21,346.8**	**23,021.7**	**25,022.0**	**27,201.3**
Minority interests	398.3	267.4	275.4	282.4	288.4
BV/share (RM)	2.46	2.60	2.80	3.04	3.31

Cash Flow (RMmil)

YE to Jun	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	4,032.9	3,310.4	2,901.2	3,340.3	3,603.2
Depreciation/Amortisation	1,321.0	1,909.8	1,872.7	1,906.0	1,251.3
Net change in working capital	(583.0)	48.5	(2,190.9)	257.9	28.1
Others	(231.4)	(1,027.5)	(946.1)	(1,029.3)	(1,082.9)
Cash flow from operations	**4,539.5**	**4,241.2**	**1,636.8**	**4,474.9**	**3,799.7**
Capital expenditure	(3,372.5)	(6,231.4)	(2,104.6)	(2,117.6)	(2,131.4)
Net investments & sale of fixed assets	0.0	0.0	0.0	0.0	0.0
Others	374.1	(424.2)	371.1	378.7	386.9
Cash flow from investing	**(2,998.4)**	**(6,655.6)**	**(1,733.5)**	**(1,738.9)**	**(1,744.5)**
Debt raised/(repaid)	(811.5)	6,108.1	(1,329.3)	(1,328.3)	(1,327.3)
Equity raised/(repaid)	53.3	582.0	0.0	0.0	0.0
Dividends paid	(688.9)	(498.7)	(725.0)	(765.2)	(805.4)
Others	(151.0)	(225.0)	0.0	0.0	0.0
Cash flow from financing	**(1,598.1)**	**5,966.4**	**(2,054.4)**	**(2,093.5)**	**(2,132.7)**
Net cash flow	**(57.0)**	**3,552.0**	**(2,151.0)**	**642.5**	**(77.5)**
Net cash/(debt) b/f	**8,727.5**	**8,728.5**	**11,770.5**	**9,619.4**	**10,261.9**
Forex	**58.0**	**(510.0)**	**0.0**	**0.0**	**0.0**
Net cash/(debt) c/f	**8,728.5**	**11,770.5**	**9,619.4**	**10,261.9**	**10,184.5**

Key Ratios

YE to Jun	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	1.8	-2.2	-14.4	8.6	2.0
EBITDA growth (%)	33.9	-7.8	-2.2	7.3	-6.7
Pretax margin (%)	18.1	15.2	15.5	16.5	17.4
Net profit margin (%)	15.3	11.7	12.9	13.6	14.4
Interest cover (x)	3.8	4.1	3.7	4.1	3.9
Effective tax rate (%)	15.2	19.3	17.0	17.0	17.0
Dividend payout (%)	16.0	24.6	26.1	24.1	23.6
Debtors turnover (days)	84	79	94	87	86
Stock turnover (days)	16	15	7	6	6

Source: Company, AmInvestment Bank

AmInvestment Bank

Company Report

7 Jan 2026

MALAKOFF CORPORATION

(MLK MK EQUITY, MALA.KL)

HOLD

(Maintained)

Price: RM0.83
Target Price (% return): RM0.88 (6%)
52-week High/Low: RM1.12/RM0.73

Power

Rationale for report: Company Update

TBE to resume operations in FY26F

Malakoff's power plants in Johor may not be able to operate if they are unable to receive coal from the jetty. If the conveyor belts at the jetty are not repaired on time, the group may use barges to transport the coal from the jetty to the storage yard. Recall that a coal unloader collapsed at the Tanjung Bin Complex in December 2025. We have not revised Malakoff's FY26F earnings to account for this yet. On a brighter note, TBE is expected to resume operations in early-FY26F after being affected by a fire in October 2025. We maintain HOLD with a target price of RM0.88/share.

- **HOLD with a TP of RM0.88/share.** Our TP is based on a FY26F PE of 14x, which is the five-year average. Malakoff's PE ranged from a low of 9x to a high of 22x in the past five years.
- **TBE is expected to resume operations in early-FY26F.** We expect Malakoff's net profit to surge by more than two-fold to RM305mil in FY26F underpinned by the resumption of TBE's operations. TBE is a significant earnings driver as it generates capacity payments of RM160mil per quarter or RM640mil per year. TBE accounts for a third of Malakoff's capacity payments.
- **Malakoff is in the running to win a CCGT power plant in Malaysia.** We believe that the new gas power plant would be located in Port Dickson and commissioned in FY29F/FY30F. We think that the new gas power plant could record an EBIT of RM200mil to RM300mil per year. Based on a cost of US$2.5mil/MW and a capacity of 1,400MW, the new gas power plant would cost about US$3.5bil or RM14.4bil.
- **Growing RE portfolio.** Malakoff's RE exposure has risen to 668MW from 198MW in FY24. This is due to the award of the 470MW LSS 5+ project in Perak and a 100MW solar plant project in Bintulu. In spite of the growing RE portfolio, most of Malakoff's earnings are still generated by the TBP and TBE Power Plants, which account for more than 80% of the group's capacity payments.

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	8,969.6	7,500.2	10,954.9	11,035.0
Core net profit (RM mil)	268.7	144.5	305.5	328.0
FD Core EPS (sen)	5.5	3.0	6.3	6.7
FD Core EPS growth (%)	(132.1)	(46.2)	111.3	7.4
Consensus Net Profit (RM mil)		143.4	252.9	280.6
DPS (sen)	4.4	5.0	5.2	5.5
PE (x)	15.1	28.1	13.3	12.4
EV/EBITDA (x)	5.5	6.7	5.9	5.5
Div yield (%)	5.3	6.0	6.3	6.6
ROE (%)	6.0	3.3	6.9	7.3
Net Gearing (%)	140.7	146.3	148.8	132.0

Source: MALAKOFF CORPORATION, AmInvestment Bank

Analyst (s)

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Key Changes

Target Price:	⇔
EPS:	⇔

Stock and Financial Data

Shares Outstanding (million)	4,887.00
Market Cap (RMmil)	4,056.20
Book Value (RM/Share)	0.9
P/BV (x)	0.9
ROE (%)	6
Net Gearing (%)	140.7
Free Float	61.5
Avg Daily Value (RMmil)	7.0

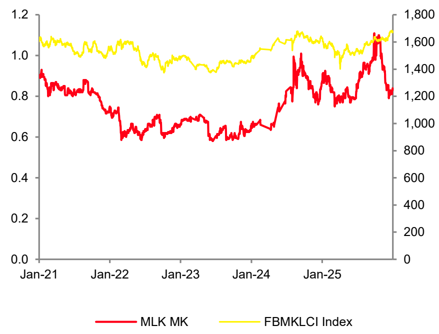
Major Shareholders

MMC Corp	38.5%
EPF	18%
PNB	11.7%

Price performance	3mth	6mth	12mth
Absolute (%)	-0.2	-0.6	-2.9
Relative (%)	-18.0	-8.0	-5.6

Source: MALAKOFF CORPORATION, AmInvestment Bank

Price Chart



Company profile

Malakoff Corporation is an independent power producer. Apart from selling electricity, Malakoff also manages waste for Kuala Lumpur, Putrajaya and Pahang. Waste management is handled by Alam Flora.

Malakoff's earnings are from the sale of electricity to TNB and management of waste in KL, Putrajaya and Pahang.

We estimate that 75% to 80% of Malakoff's net profit are from the sale of electricity while the balance 20% to 25% are from waste management.

Malakoff's customers are TNB and SW Corp. Alam Flora's fees are paid by SW Corp.

Malakoff's operations are in Malaysia. The group also has associates in Saudi Arabia and Bahrain, which are involved in water desalination and energy generation.

Malakoff's competitive advantage lies in the large size of its generating capacity. Malakoff has effective generating capacity of more than 5,000MW.

Investment thesis and catalysts

We have a HOLD on Malakoff as although there is earnings risk from the expiry of Power Purchase Agreements, the group's dividend yield is decent at more than 6%.

Share price catalysts are award of new power plants and stronger-than-expected earnings from Alam Flora.

Valuation methodology

We applied a FY26F PE of 14x to arrive at Malakoff's target price of RM0.88/share. The PE of 14x is the group's five-year average.

Risk factors

Malakoff faces earnings risk due to the expiry of power purchase agreements (PPA). Prai Power Plant (350MW) will expire in August 2025 while Segari (1,303MW) will expire at the end of FY27F. Tanjung Bin Power Plant (2,100MW) will expire in FY31F. Earnings risk would also come from loss of capacity payments resulting from forced outages at the TBE and TBP power plants in Johor.

EXHIBIT 1. VALUATIONS

Target PE (x)	14
FY26F EPS	6.3
ESG premium	-
12-month TP (RM)	0.88

EXHIBIT 2. ESG MATRIX

	Assessment	Parameters	Weightage	Rating					Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*	*			3.7% reduction in GHG emissions intensity and 17% reduction in Scope 2 emissions in FY24
2	Exposure to renewables	More than 20% of generation mix or capacity	25%	*	*				86% of FY24 capacity payments were from coal power plants
3	Contribution of coal to earnings	Less than 20%	25%	*	*	*			Coal is estimated to account for half of earnings
4	Waste management	Recycling rate of 20% and above	25%	*	*	*			21.1% recycling rate in FY24
Weighted score for environmental assessment			**100%**	*	*	*			
1	Workers welfare	Learning and development hours	33%	*	*	*			Average training hours per employee was 15 in FY24
2	Number of incidents	Below 10	33%	*	*				Seven recordable work-related injuries in FY24
3	Lost Time Injury Frequency	Below 1	33%	*	*	*	*		Fell to 0.4 in FY24 from 0.7 in FY23
Weighted score for social assessment			**100%**	*	*	*			
1	Related party transactions	Value of RPTs	40%	*	*	*			RM31.9mil in terms of revenue and RM25.1mil in terms of expenses in FY24
2	Women in workforce	% in workforce	30%	*	*	*			17.5% of workforce were women in FY24
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM4.9mil in FY24
Weighted score for governance assessment			**100%**	*	*	*			
	Environmental score		50%	*	*	*			
	Social score		30%	*	*	*			
	Governance score		20%	*	*	*			
	Overall ESG Score		**100%**	*	*	*			

Source: Company, AmInvestment Bank Bhd

Financial Summary

Income Statement (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue	9,067.0	8,969.6	7,500.2	10,954.9	11,035.0
EBITDA	1,093.3	1,876.3	1,566.5	1,801.2	1,834.1
Depreciation/Amortisation	(1,111.6)	(1,079.7)	(1,101.3)	(1,123.3)	(1,145.8)
Operating income (EBIT)	(18.3)	796.7	465.3	677.9	688.4
Other income & associates	(363.5)	109.7	120.7	132.8	146.1
Net interest	(494.1)	(435.6)	(366.8)	(363.3)	(353.5)
Exceptional items	(79.0)	(12.5)	-	-	-
Pretax profit	(954.9)	458.3	219.2	447.4	480.9
Taxation	93.0	(147.8)	(28.6)	(91.2)	(97.1)
Minorities/pref dividends	24.8	(41.9)	(46.1)	(50.7)	(55.8)
Net profit	(837.2)	268.7	144.5	305.5	328.0
Core net profit	(758.2)	281.2	144.5	305.5	328.0

Balance Sheet (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	10,697.5	10,372.9	10,372.9	10,372.9	10,372.9
Intangible assets	2,260.1	1,979.0	3,351.0	3,352.0	3,353.0
Other long-term assets	1,642.6	1,596.0	1,716.7	1,849.5	1,995.5
Total non-current assets	14,600.1	13,947.9	15,440.6	15,574.4	15,721.5
Cash & equivalent	3,126.6	2,231.1	2,305.0	2,120.4	2,789.6
Stock	846.9	1,037.5	774.4	1,131.0	1,139.3
Trade debtors	1,563.3	1,622.2	2,309.6	3,373.4	3,398.1
Other current assets	163.6	173.7	173.7	173.7	173.7
Total current assets	5,700.5	5,064.4	5,562.6	6,798.5	7,500.6
Trade creditors	1,453.6	1,402.3	1,235.5	1,804.6	1,817.8
Short-term borrowings	926.7	752.1	752.1	752.1	752.1
Other current liabilities	587.1	483.4	2,554.3	3,296.3	4,061.3
Total current liabilities	2,967.3	2,637.8	4,541.9	5,853.0	6,631.1
Long-term borrowings	8,678.4	7,816.1	8,000.0	8,000.0	8,000.0
Other long-term liabilities	3,908.2	3,815.1	3,771.3	3,727.6	3,683.9
Total long-term liabilities	12,586.6	11,631.2	11,771.3	11,727.6	11,683.9
Shareholders' funds	4,489.7	4,505.5	4,405.7	4,457.1	4,516.3
Minority interests	257.1	238.3	284.4	335.1	390.8
BV/share (RM)	0.9	0.9	0.9	0.9	0.9

Cash Flow (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	(954.9)	458.3	219.2	447.4	480.9
Depreciation/Amortisation	1,111.6	1,079.7	1,101.3	1,123.3	1,145.8
Net change in working capital	943.1	(404.7)	(634.8)	(895.2)	(63.5)
Others	636.6	212.3	217.5	139.2	110.4
Cash flow from operations	1,736.4	1,345.6	903.2	814.8	1,673.5
Capital expenditure	(274.1)	(462.5)	(402.0)	(382.0)	(382.0)
Net investments & sale of fixed assets	-	-	-	-	1.0
Others	1,352.9	(151.9)	142.3	150.9	165.8
Cash flow from investing	1,078.8	(614.4)	(259.7)	(231.1)	(215.2)
Debt raised/(repaid)	(905.5)	(1,014.9)	183.9	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(254.7)	(243.0)	(244.4)	(254.1)	(268.8)
Others	(624.1)	(644.3)	(509.1)	(514.2)	(519.3)
Cash flow from financing	(1,784.4)	(1,902.2)	(569.5)	(768.3)	(788.1)
Net cash flow	1,030.8	(1,171.0)	73.9	(184.6)	670.2
Net cash/(debt) b/f	1,540.4	2,571.2	1,400.2	1,474.1	1,289.5
Forex	2,571.2	1,400.2	1,474.1	1,289.5	1,959.7
Net cash/(debt) c/f	(954.9)	458.3	219.2	447.4	480.9

Key Ratios

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	(12.4)	(1.1)	(16.4)	46.1	0.7
EBITDA growth (%)	(59.4)	71.6	(16.5)	15.0	1.8
Pretax margin (%)	(10.5)	5.1	2.9	4.1	4.4
Net profit margin (%)	(9.2)	3.0	1.9	2.8	3.0
Interest cover (x)	2.2	4.3	4.3	5.0	**5.2**
Effective tax rate (%)	9.7	32.2	13.0	20.4	20.2
Dividend payout (%)	(17.5)	80.8	169.1	83.2	81.9
Debtors turnover (days)	63.0	66.0	112.0	112.0	112.0
Stock turnover (days)	34.0	42.0	38.0	38.0	38.0
Creditors turnover (days)	67.0	72.0	76.0	72.0	72.0

Source: Company, AmInvestment Bank

MEGA FIRST CORP

(MFCB MK EQUITY, MEGA.KL)

HOLD

(Maintained)

Price: RM3.35
Target Price (% return): RM3.65 (9%)
52-week High/Low: RM4.69/RM3.12

Power
Rationale for report: Company Update

No recovery in oleo yet

We maintain HOLD on Mega First (MFCB) with a target price of RM3.65/share as the 28% fall in the share price from the peak has already reflected all of the earnings risks. MFCB is expected to be dragged by oleo losses and a weak USD. The Edenor oleo joint venture would continue bleeding in FY26F due to capacity shutdowns and a poor industry outlook. We estimate that the RE (renewable energy) division's EBIT would decline by 2% for a 10 sen appreciation in the MYR against the USD.

- **HOLD with a lower TP of RM3.65/share vs. RM3.95/share previously.** Our TP of RM3.65/share is based on a FY26F PE of 10x, which is the five-year average. We have reduced MFCB's FY26F net profit by 7.8% to account for lower earnings from DSHP resulting from a weaker USD and larger losses at the Edenor oleo joint venture.
- **DSHP's earnings are expected to dip in FY26F.** We forecast EBIT of the RE division (mainly DSHP) to edge down by 3.6% to RM450mil in FY26F due to a weaker USD. The exchange rate is US$1.00: RM4.05 currently vs. the average of US$1.00: RM4.30 in FY25F. Also, as per the Concession Agreement, DSHP's tax rate is expected to increase to 5% in FY26F from zero in FY25F
- **Share of Edenor's earnings is expected to be negative in FY26F**. We think that the Edenor plant would continue to face technical issues in FY26F, which may result in sporadic shutdowns. Also, the oleochemical industry is presently facing weak demand and selling prices. We forecast a share of net loss of RM60mil in FY26F, which is the same as FY25F. In the balance sheet, MFCB's investment in joint venture and associates stood at RM201.4mil as at end-September 2025.
- **Resources EBIT is anticipated to be flat in FY26F.** Although demand from Indonesia and Australia may improve in FY26F, this may be offset by rising cost pressures. Due to the restrictions on overloading of lorries in Malaysia, there could be a shortage of trucks and drivers, which may result in higher transportation costs for the resources division, in FY26F.

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	1,741.90	1,327.20	1,324.50	1,455.00
Core net profit (RM mil)	459.2	360.6	344.3	371.8
FD Core EPS (sen)	48.6	38.2	36.4	39.3
FD Core EPS growth (%)	19.7	-21.5	-4.5	8
Consensus Net Profit (RM mil)		399.3	412.5	426.8
DPS (sen)	9.0	9.5	9.5	10
PE (x)	6.9	8.8	9.2	8.5
EV/EBITDA (x)	6.5	5.9	5.7	5.1
Div yield (%)	2.7	2.8	2.8	3
ROE (%)	14.4	10.4	9.2	9.3
Net Gearing (%)	26.4	30.4	25.6	22.1

Source: MEGA FIRST CORP, AmInvestment Bank

Analyst (s)

Gan Huey Ling
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03-2036 2305

Key Changes

Target Price:	⬇
EPS:	⬇

Stock and Financial Data

Shares Outstanding (million)	945.2
Market Cap (RMmil)	3,166.4
Book Value (RM/Share)	3.52
P/BV (x)	0.9
ROE (%)	14.4
Net Gearing (%)	26.4
Free Float	65.0
Avg Daily Value (RMmil)	2.5

Major Shareholders

Goh Nan Kioh	(35%)
EPF	(11%)
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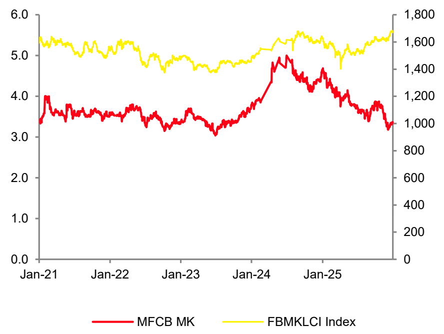
Price performance	3mth	6mth	12mth
Absolute (%)	-0.5	-8.9	-27.1
Relative (%)	-14.5	-15.7	-29.1

Source: MEGA FIRST CORP, AmInvestment Bank

Price Chart



Company profile

Mega First Corporation (MFCB) is involved in hydropower plant, solar, lime mining and packaging activities. Apart from these, MFCB has coconut, macadamia, vegetable and fruit farms.

About 93% of MFCB's FY23 EBIT (ex-investment holding) came from the renewable energy (RE) division while the balance 7% came from the resources (lime mining) and packaging divisions. The RE division consists of hydropower and solar activities.

MFCB's Don Sahong Hydropower Plant (DSHP) sells electricity to Electricite du Laos (EDL). EDL in turn sells the electricity to Cambodia.

MFCB's operations are in Laos, Malaysia and Cambodia.

MFCB's competitive advantage lies in its recurring income from DSHP, which are denominated in USD. MFCB also has one of the largest lime mines in Malaysia. MFCB has high exposure to RE via its hydropower and solar operations.

Investment thesis and catalysts

We have a HOLD on MFCB as the losses at the oleo joint venture are a drag on the group's net profit. On a positive note, DSHP's cash flows are strong at about RM400mil to RM500mil per year.

Share price kickers are an earnings turnaround at the oleochemical joint venture and an appreciation of the USD.

Valuation methodology

We applied a FY26F PE of 10x to arrive at MFCB's target price of RM3.65/share. The PE of 10x is the five-year average

Risk factors

Key risks are losses in the oleochemical joint venture and increases in logistics and petcoke costs.

We estimate that a 10 sen depreciation in the USD vs. MYR would affect the RE division's EBIT by 2%, assuming everything else is the same.

EXHIBIT 1. VALUATIONS

Target PE (x)	10
FY26F EPS	36.4 (from 39.5)
ESG premium	-
12-month TP (RM)	3.65 (from 3.95)

EXHIBIT 2. EARNINGS REVISION

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	1,327.2	1,327.2	-	1,397.9	1,324.5	(5.3)	1,475.0	1,455.0	(1.4)
Net earnings	360.6	360.6	-	373.4	344.3	(7.8)	383.8	371.8	(3.1)

EXHIBIT 3. ESG MATRIX

	Assessment	Parameters	Weightage	Rating					Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*	*			Scope 1, 2 and 3 emissions were 799,204 tCO2e in FY24 vs. 800,773 tCO2e in FY23
2	Exposure to renewables	More than 20% of generation mix or capacity	25%	*	*	*	*	*	High exposure to hydro and solar
3	Contribution of coal to earnings	Less than 20%	25%	*	*	*	*	*	Zero coal
4	Workplace noise and chemical exposure - resource division	Noise exposure limit of 85 dB(A)	25%	*	*	*	*		Zero case of non-compliance in FY24
Weighted score for environmental assessment			**100%**	*	*	*	*		
1	Workers welfare	Learning and development hours	50%	*	*	*			Average training hours per executive was 25.8 in FY24 vs. 24.6 in FY23
2	Work related injuries	Zero	50%	*	*				13 work related injuries to hands and legs in FY24 vs. 12 in FY23; one fatality of third-party contractor in FY24
Weighted score for social assessment			**100%**	*	*	*			
1	Related party transactions	Value of RPTs	40%	*	*	*			RM97.2mil in FY24, mainly repayment of loan to shareholder
2	Women in workforce	% in workforce	30%	*	*	*			23.9% of workforce were women in FY24 vs. 23% in FY23
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM2.8mil in FY24 vs. RM3mil in FY23
Weighted score for governance assessment			**100%**	*	*	*			
	Environmental score		50%	*	*	*	*		
	Social score		30%	*	*	*			
	Governance score		20%	*	*	*			
	Overall ESG Score		**100%**	*	*	*			

Source: Company, AmInvestment Bank Bhd

Financial Summary

Income Statement (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1,317.6	1,741.9	1,327.2	1,324.5	1,455.0
EBITDA	530.8	624.7	716.1	722.9	806.3
Depreciation/Amortisation	(132.1)	(144.0)	(229.3)	(251.9)	(290.9)
Operating income (EBIT)	398.8	480.6	486.9	471.0	515.5
Other income & associates	94.5	34.9	(10.0)	(10.0)	-
Net interest	(16.5)	(38.0)	(62.3)	(65.3)	(62.0)
Exceptional items	-	31.8	-	-	-
Pretax profit	476.8	509.3	414.5	395.8	453.4
Taxation	(25.1)	(18.3)	(20.7)	(19.8)	(45.3)
Minorities/pref dividends	(67.9)	(31.8)	(33.2)	(31.7)	(36.3)
Net profit	383.7	459.2	360.6	344.3	371.8
Core net profit	383.7	427.4	360.6	344.3	371.8

Balance Sheet (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	531.9	775.8	1,408.3	1,685.7	1,946.7
Intangible assets	54.7	57.9	57.9	57.9	57.9
Other long-term assets	2,771.9	3,441.3	3,379.7	3,318.1	3,266.5
Total non-current assets	3,358.5	4,275.1	4,845.9	5,061.7	5,271.1
Cash & equivalent	528.2	268.3	167.5	399.8	615.5
Stock	131.7	185.9	145.4	130.6	143.5
Trade debtors	488.7	391.8	309.1	290.3	318.9
Other current assets	1.4	0.3	-	-	-
Total current assets	1,150.0	846.3	622.1	820.8	1,077.9
Trade creditors	168.8	214.5	140.6	142.7	157.0
Short-term borrowings	435.2	615.5	677.1	744.8	819.3
Other current liabilities	6.0	3.8	3.8	3.8	3.8
Total current liabilities	610.0	833.8	821.5	891.3	980.0
Long-term borrowings	466.1	530.9	584.0	642.4	706.7
Other long-term liabilities	208.4	212.1	214.1	214.2	214.2
Total long-term liabilities	674.5	743.1	798.1	856.6	920.8
Shareholders' funds	3,056.9	3,324.5	3,595.4	3,849.9	4,127.2
Minority interests	167.1	219.9	253.1	284.8	321.0
BV/share (RM)	3.2	3.5	3.8	4.1	4.4

Cash Flow (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	476.8	509.3	414.5	395.8	453.4
Depreciation/Amortisation	132.1	144.0	229.3	251.9	290.9
Net change in working capital	(99.4)	(227.5)	28.5	15.9	(72.6)
Others	77.3	53.6	3.4	(2.2)	(18.5)
Cash flow from operations	586.8	479.4	675.7	661.3	653.3
Capital expenditure	(238.4)	(617.5)	(300.0)	(300.0)	(300.0)
Net investments & sale of fixed assets	-	-	-	-	-
Others	(432.1)	(154.1)	(437.8)	(136.1)	(147.2)
Cash flow from investing	(670.5)	(771.6)	(737.8)	(436.1)	(447.2)
Debt raised/(repaid)	179.4	218.9	114.6	126.1	138.7
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(81.7)	(97.5)	(71.8)	(71.8)	(75.6)
Others	(52.3)	(58.1)	(56.6)	(62.2)	(68.5)
Cash flow from financing	45.5	63.4	(13.8)	(7.9)	(5.4)
Net cash flow	(38.2)	(228.8)	(75.9)	217.3	200.7
Net cash/(debt) b/f	482.8	462.9	228.4	167.5	399.8
Forex	18.4	(5.7)	15.0	15.0	15.0
Net cash/(debt) c/f	462.9	228.4	167.5	399.8	615.5

Key Ratios

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	(1.6)	32.2	(23.8)	(0.2)	9.8
EBITDA growth (%)	(4.8)	17.7	14.6	0.9	11.5
Pretax margin (%)	36.2	29.2	31.2	29.9	31.2
Net profit margin (%)	29.1	26.4	27.2	26.0	25.6
Interest cover (x)	32.2	16.4	11.5	11.1	**13.0**
Effective tax rate (%)	5.3	3.6	5.0	5.0	10.0
Dividend payout (%)	20.3	18.5	24.9	26.1	25.4
Debtors turnover (days)	135.4	82.1	85.0	80.0	80.0
Stock turnover (days)	36.5	39.0	40.0	36.0	36.0
Creditors turnover (days)	82.3	72.2	72.0	72.0	72.0

Source: Company, AmInvestment Bank

SOLARVEST HOLDINGS

(SOLAR MK EQUITY, SOLA.KL)

HOLD (Maintained)	Price: RM3.12 Target Price (% return): RM2.87 (9%) 52-week High/Low: RM3.39/RM1.52	**Solar** Rationale for report: Company Update

Risk of margin erosion

We believe that there are margin risks for the solar EPCC companies. This is due to rising cost of solar panels and imposition of the 6% sales tax in 2H2026. Hence although order book may increase, some EPCC contracts especially LSS may not be as lucrative as before. On a positive note, Solarvest's recurring earnings are expected to grow as the group wins more PPAs through asset ownership. Currently, the RE generation unit (sale of electricity to customers) account for 23% to 25% of EBITDA. We maintain HOLD on Solarvest with a target price of RM2.87/share.

- **HOLD with an unchanged TP of RM2.87/share.** Our TP of RM2.87/share is based on a CY27F PE of 25x, which is the five-year average. Solarvest's PE ranged from a low of 14x to a high of 54x in the past five years.
- **Order book of almost RM2bil as at end-2025F.** We believe that 60% of Solarvest's order book consists of LSS 5 projects while another 25% are CGPP. The balance 15% of the order book are contracts from residential, commercial and industrial customers. Recent jobs secured by the group include the RM142.3mil contract for a 29.99MWac solar plant in Kedah from MK Land and a RM320mil contract for a 99.99MWac plant in Perak from Wawasan Demi.
- **Partnership with Brookfield aims to secure more solar assets.** The target market is expected to be CRESS customers such as data centres. We reckon that Solarvest would be leveraging on Brookfield's balance sheet, marketing expertise and relationship with international companies to win more PPAs under the CRESS scheme.
- **Growing contribution from RE generation division (sale of electricity to customers).** The division's EBIT is expected to climb by 47% to RM20.5mil in FY26F. As Solarvest secures more solar assets, earnings from the RE unit is expected to increase. Currently, most of the recurrent earnings are driven by the group's LSS 4 assets in Selangor and Perak. Recently, Solarvest signed a PPA with Syarikat Sesco for a 100MWac solar facility in Mukah, Sarawak.

YE to Mar	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	536.8	724.9	1,020.20	1,213.50
Core net profit (RM mil)	51.9	72.6	103.4	122.9
FD Core EPS (sen)	6.6	7.2	10.1	11.9
FD Core EPS growth (%)	51.1	8	42.4	18.9
Consensus Net Profit (RM mil)		77.6	101.8	141.4
DPS (sen)	0	0	0	0
PE (x)	47.5	43.4	30.9	26.1
EV/EBITDA (x)	31.6	32.4	25	21.2
Div yield (%)	0	0	0	0
ROE (%)	17.7	18.2	21.2	20.5
Net Gearing (%)	55.6	56	53.8	44.1

Source: Solarvest holdings, AmInvestment Bank

Analyst (s)

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Key Changes

Target Price:	⇔
EPS:	⇔

Stock and Financial Data

Shares Outstanding (million)	938.7
Market Cap (RMmil)	2,928.7
Book Value (RM/Share)	0.53
P/BV (x)	5.9
ROE (%)	17.7
Net Gearing (%)	55.3
Free Float	78.4
Avg Daily Value (RMmil)	11.1

Major Shareholders

Atlantic Blue	20.2%
LTH	3.3%
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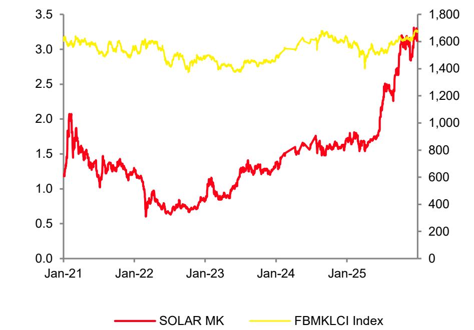
Price performance	3mth	6mth	12mth
Absolute (%)	+0.3	+50.7	+86.6
Relative (%)	+6.6	+39.4	+81.5

Source: Solarvest holdings, AmInvestment Bank

Price Chart



Company profile

Solarvest is involved in solar EPCC activities and sale of electricity.

About 75% of Solarvest's FY25 EBIT came from the solar EPCC division while another 20% came from the sale of electricity unit. O&M (Operations and maintenance) and investment holding division accounted for the balance 5% of EBIT.

Solarvest's solar EPCC customers include corporates such as LBS Bina and Petronas. The group sells electricity to Tenaga Nasional (TNB) from its LSS (large scale solar) assets.

Solarvest's operations are mainly in Malaysia. The group also has presence in Brunei, the Philippines and Taiwan.

Solarvest's competitive advantage lies in its established track record and size. Due to its proven track record in completing and delivering projects on time, the group's chances of securing solar EPCC projects are positive.

Investment thesis and catalysts

We have a HOLD on Solarvest as its FY27F fully diluted PE of 31x is expensive.

Share price catalysts are stronger-than-expected earnings and award of EPCC projects.

Valuation methodology

We applied a fully diluted CY27F PE of 25x to arrive at Solarvest's target price of RM2.87. The PE of 25x is the average in the past five years.

Risk factors

As Solarvest depends on the Government's RE schemes such as LSS and CGPP to secure projects, the group would be affected if the government no longer introduces such initiatives.

Another key risk is a rise in the cost of solar panels as this accounts for more than 70% of production costs.

EXHIBIT 1. VALUATIONS

Target PE (x)	25
CY27F fully diluted EPS	11.5
ESG premium	-
12-month target price	2.87

EXHIBIT 2. ESG MATRIX

	Assessment	Parameters	Weightage	Rating					Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*				GHG emissions increased by 34% to 1,690.1 tCO2e in FY25
2	Exposure to renewables	More than 20% of generation mix or capacity	25%	*	*	*	*	*	Solar EPCC and asset player
3	Contribution of coal to earnings	Less than 20%	25%	*	*	*	*	*	Zero coal exposure
4	Electricity consumption	Electricity consumption	25%	*	*	*			332,844 kWh in FY25 vs. 281,377 kWh in FY24
Weighted score for environmental assessment			**100%**	*	*	*	*		
1	Worker's welfare	Learning and development hours	33%	*	*	*			Average training hours of 34 for men (FY24: 24) and 17 for women (FY24: 16) in FY25
2	Customer satisfaction rate	Customer satisfaction rate of 90%	33%	*	*	*	*		Customer satisfaction rate of 92.6% in FY25 vs. 86% in FY24
3	Staff turnover rate	% turnover rate	33%	*	*	*			Rose to 17% in FY25 from 16% in FY24
Weighted score for social assessment			**100%**	*	*	*			
1	Related party transactions	Value of RPTs	40%	*	*	*			RM231.1mil in FY25 vs. RM2.4mil in FY24, comprising mainly transactions with joint ventures
2	Women in workforce	% in workforce	30%	*	*	*			33% of workforce were women in FY25 (FY24: 32%)
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM4.1mil in FY25 vs. RM4.4mil in FY24
Weighted score for governance assessment			**100%**	*	*	*			
	Environmental score		50%	*	*	*	*		
	Social score		30%	*	*	*			
	Governance score		20%	*	*	*			
	Overall ESG Score		**100%**	*	*	*			

Source: Company, AmInvestment Bank Bhd

Financial Summary

Income Statement (RMmil)

YE to Mar	FY244	FY25	FY26F	FY27F	FY28F
Revenue	497.0	536.8	724.9	1,020.2	1,213.5
EBITDA	59.7	91.5	123.1	166.9	198.2
Depreciation/Amortisation	(7.5)	(13.3)	(15.7)	(16.8)	(21.9)
Operating income (EBIT)	52.3	78.1	107.4	150.1	176.3
Other income & associates	2.8	8.1	6.5	8.2	9.5
Net interest	(7.9)	(12.1)	(12.2)	(12.4)	(12.5)
Exceptional items	-	-	-	-	-
Pretax profit	47.2	74.2	101.6	146.0	173.3
Taxation	(13.1)	(20.8)	(27.4)	(40.9)	(48.5)
Minorities/pref dividends	(1.4)	(1.4)	(1.5)	(1.7)	(1.9)
Net profit	32.6	51.9	72.6	103.4	122.9

Balance Sheet (RMmil)

YE to Mar	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	215.7	273.1	327.4	403.7	481.8
Intangible assets	-	0.4	-	-	-
Other long-term assets	7.8	79.0	73.1	73.1	73.1
Total non-current assets	223.5	352.6	400.5	476.8	554.9
Cash & equivalent	112.9	138.1	123.1	108.3	141.9
Stock	13.6	17.4	33.8	47.5	56.5
Trade debtors	83.9	250.1	357.5	503.1	598.4
Other current assets	86.5	269.6	269.6	269.6	269.6
Total current assets	296.9	675.2	784.0	928.5	1,066.4
Trade creditors	62.2	153.6	210.6	296.8	353.9
Short-term borrowings	9.5	142.5	142.5	142.5	142.5
Other current liabilities	33.2	168.8	168.8	168.8	168.8
Total current liabilities	105.0	465.0	521.9	608.1	665.3
Long-term borrowings	163.8	181.2	208.3	239.6	275.5
Other long-term liabilities	16.5	18.8	18.8	18.8	18.8
Total long-term liabilities	180.3	200.0	227.1	258.4	294.3
Shareholders' funds	230.8	357.4	430.0	533.4	656.4
Minority interests	4.4	5.4	5.4	5.4	5.4
BV/share (RM)	0.3	0.5	0.5	0.6	0.7

Cash Flow (RMmil)

YE to Mar	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	47.2	74.2	101.6	146.0	173.3
Depreciation/Amortisation	7.5	13.3	15.7	16.8	21.9
Net change in working capital	(45.2)	(94.2)	(98.0)	(116.5)	(97.4)
Others	21.3	(80.7)	4.8	5.8	6.8
Cash flow from operations	30.8	(87.4)	24.2	52.1	104.7
Capital expenditure	(53.3)	(74.4)	(70.0)	(100.0)	(100.0)
Net investments & sale of fixed assets	-	0.1	0.1	0.1	0.1
Others	(8.0)	(22.8)	3.5	3.5	3.5
Cash flow from investing	(61.3)	(97.0)	(66.4)	(96.4)	(96.4)
Debt raised/(repaid)	68.1	148.1	27.2	31.3	35.9
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	-	-	-	-	-
Others	(13.8)	62.6	37.3	(2.2)	(11.1)
Cash flow from financing	54.3	210.7	64.5	29.1	24.9
Net cash flow	23.8	26.3	22.3	(15.2)	33.1
Net cash/(debt) b/f	36.8	60.5	87.2	109.9	95.1
Forex	-	0.4	0.4	0.4	0.4
Net cash/(debt) c/f	60.5	87.2	109.9	95.1	128.7

Key Ratios

YE to Mar	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	36.0	8.0	35.0	40.7	19.0
EBITDA growth (%)	74.1	53.1	34.6	35.6	18.8
Pretax margin (%)	9.5	13.8	14.0	14.3	14.3
Net profit margin (%)	6.6	9.7	10.0	10.1	10.1
Interest cover (x)	(7.6)	(7.5)	(10.1)	(13.5)	**(15.9)**
Effective tax rate (%)	27.8	28.1	27.0	28.0	28.0
Dividend payout (%)	-	-	-	-	-
Debtors turnover (days)	62.0	170.0	180.0	180.0	180.0
Stock turnover (days)	12.0	16.0	17.0	17.0	17.0
Creditors turnover (days)	57.0	145.0	150.0	150.0	150.0

Source: Company, AmInvestment Bank

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