

SOLARVEST HOLDINGS

(SOLAR MK, SOLA.KL)

23 Sep 2025

Collaborates with Canadian fund

Company Report

HOLD

(Maintained)

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Rationale for report: Company Update

Price RM2.72
Target Price RM2.40
52-week High/Low RM2.72/RM1.48

Key Changes

Target Price 
EPS 

YE to Mar	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	536.8	656.0	891.6	978.8
Core net profit (RM mil)	51.9	65.8	90.9	100.5
FD Core EPS (sen)	6.6	8.2	11.2	12.3
FD Core EPS growth (%)	51.1	26.7	38.1	10.5
Consensus Net Profit (RM mil)		70.5	80.3	90.0
DPS (sen)	0.0	0.0	0.0	0.0
FD PE (x)	41.4	33.1	24.4	22.1
EV/EBITDA (x)	27.9	24.2	19.3	17.3
Div yield (%)	0.0	0.0	0.0	0.0
ROE (%)	17.7	16.6	19.2	17.6
Net Gearing (%)	55.6	54.6	53.5	44.7

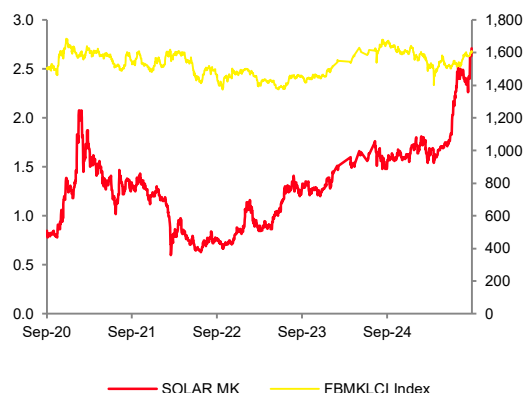
Stock and Financial Data

Shares Outstanding (million)	725.2
Market Cap (RMmil)	1,972.5
Book Value (RM/Share)	0.53
P/BV (x)	5.1
ROE (%)	17.7
Net Gearing (%)	55.3

Major Shareholders	Atlantic Blue Holdings (20.2%) LTH (3.3%)
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Free Float	78.4
Avg Daily Value (RMmil)	9.9

Price performance	3mth	6mth	12mth
Absolute (%)	+0.9	+62.1	+77.0
Relative (%)	+38.8	+53.9	+84.4



Investment Highlights

We view Solarvest Holding's collaboration with Brookfield CTF Asia Holdings (BF) of Canada positively as it would allow Solarvest to own more RE assets without stretching its net gearing. With a foreign partner also, this means that Solarvest would be able to bid for larger LSS packages that require at least a 51% Malaysian ownership. The issue is the identification of projects that would be injected into the 51%/49% SPV or completely owned by Solarvest. Also, we believe that the recent rise in Solarvest's share price has already reflected the news of the collaboration. Due to these and the rising cost of solar panels, we maintain **HOLD** on the group with a target price of **RM2.40/share**.

- **HOLD with a higher TP of RM2.40/share vs. RM2.12/share previously.** Our TP of RM2.40/share is based on a CY27F PE of 23x, which is the five-year average. We have raised Solarvest's FY26F net profit by 3.5% and FY27F net earnings by 16.8% to account for a stronger EPCC order book and recurring income from the sale of electricity.
- **Solarvest has entered into a Joint Investment Framework Agreement with Brookfield.** This to govern the framework for the proposed development of CRESS solar projects totaling at least 1,500MWp. When a project is identified, Solarvest and Brookfield will set up a SPV, which will be 51%-owned by Solarvest and 49%-owned by Brookfield.
- **Brookfield will source financing and find off-takers for the RE projects.** Solarvest will have preferred rights as the turnkey EPCC contractor for the projects.
- **Potential EPCC order book of RM2.7bil over five years.** Assuming a value of RM3.5mil/MW and based on an equity shareholding of 51%, the potential EPCC order book from the 1,500MWp would be about RM2.7bil in total. Assuming this is spread over five years, the order book per year would be roughly RM536mil. Based on an EBIT margin of 10% and a progress billing of two years, this would come up to RM27mil per year.
- **Unbilled order book of RM1.2bil as at end-June 2025.** Out of these, 42.6% were LSS 5 projects, 35% were CGPP projects while the balance 22.4% were residential, commercial and industrial jobs. Apart from EPCC, Solarvest also enjoys recurring income from its 67.3MWp LSS 4 assets. Going forward, recurring income is expected to increase due to the commissioning of the CGPP assets at the end of this year. Solarvest has an effective interest of 71MWp of CGPP assets.

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 24.4x is expensive.

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

Valuation methodology

We applied a fully diluted CY26F PE of 23x to arrive at Solarvest's target price of RM2.40. The PE of 23x 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)	23
CY26F fully diluted EPS	10.4 (from 9.2 sen)
ESG premium	-
12-month target price	2.40 (from RM2.12)

EXHIBIT 2: CHANGE IN EARNINGS

RMmil	FY26F			FY27F			FY28F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	633	656	3.6	775.3	891.6	15.0	847	978.8	15.6
Net earnings	63.6	65.8	3.5	77.8	90.9	16.8	85.3	100.5	17.8

EXHIBIT 3: ESG MATRIX

	Assessment	Parameters	Weightage	Rating				Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*			GHG emissions increased by 34% to 1,690.1 tCO ₂ e 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: AmInvestment Bank

EXHIBIT 4: FINANCIAL DATA

Income Statement (RMmil, YE 31 Mar)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	497.0	536.8	656.0	891.6	978.8
EBITDA	59.7	91.5	114.1	150.2	168.2
Depreciation/Amortisation	(7.5)	(13.3)	(15.7)	(16.8)	(21.9)
Operating income (EBIT)	52.3	78.1	98.4	133.4	146.3
Other income & associates	2.8	8.1	6.1	7.6	8.3
Net interest	(7.9)	(12.1)	(12.2)	(12.4)	(12.5)
Exceptional items	-	-	-	-	-
Pretax profit	47.2	74.2	92.3	128.6	142.1
Taxation	(13.1)	(20.8)	(24.9)	(36.0)	(39.8)
Minorities/pref dividends	(1.4)	(1.4)	(1.5)	(1.7)	(1.9)
Net profit	32.6	51.9	65.8	90.9	100.5
Balance Sheet (RMmil, YE 31 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	133.2	120.2	156.8
Stock	13.6	17.4	30.6	41.5	45.6
Trade debtors	83.9	250.1	323.5	439.7	482.7
Other current assets	86.5	269.6	269.6	269.6	269.6
Total current assets	296.9	675.2	756.8	871.0	954.7
Trade creditors	62.2	153.6	190.1	258.5	283.8
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	501.4	569.8	595.2
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	423.2	514.1	614.6
Minority interests	4.4	5.4	5.4	5.4	5.4
BV/share (RM)	0.34	0.50	0.59	0.72	0.85
Cash Flow (RMmil, YE 31 Mar)	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	47.2	74.2	92.3	128.6	142.1
Depreciation	7.5	13.3	15.7	16.8	21.9
Net change in working capital	(45.2)	(94.2)	(79.1)	(97.7)	(64.1)
Others	21.3	(80.7)	4.8	5.8	6.8
Cash flow from operations	30.8	(87.4)	33.8	53.5	106.8
Capital expenditure	(53.3)	(74.4)	(70.0)	(100.0)	(100.0)
Net investments & sale of fixed assets	0.0	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)	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	(13.8)	62.6	37.7	(1.8)	(10.2)
Cash flow from financing	54.3	210.7	64.9	29.5	25.8
Net cash flow	23.8	26.3	32.3	(13.4)	36.1
Net cash/(debt) b/f	36.8	60.5	87.2	119.9	107.0
Forex	(0.0)	0.4	0.4	0.4	0.4
Net cash/(debt) c/f	60.5	87.2	119.9	107.0	143.5
Key Ratios (YE 31 Mar)	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	36.0	8.0	22.2	35.9	9.8
EBITDA growth (%)	74.1	53.1	24.8	31.6	12.0
Pretax margin (%)	9.5	13.8	14.1	14.4	14.5
Net profit margin (%)	6.6	9.7	10.0	10.2	10.3
Interest cover (x)	-7.6	-7.5	-9.3	-12.1	-13.5
Effective tax rate (%)	27.8	28.1	27.0	28.0	28.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Debtors turnover (days)	62	170	180	180	180
Stock turnover (days)	12	16	17	17	17
Creditors turnover (days)	57	145	150	150	150

Source: Company, AmlInvestment Bank Bhd estimates

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