

# SUNVIEW

(SUNVIEW MK EQUITY, SUNVIEW.KL)

1 Dec 2025

*Hit by high tax expense*

**HOLD**

## Company Report

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**Rationale for report: Company Results**

(Maintained)

Price	RM0.385
Target Price	RM0.36
52-week High/Low	RM0.685/RM0.335

### Key Changes

Target Price	●
EPS	●

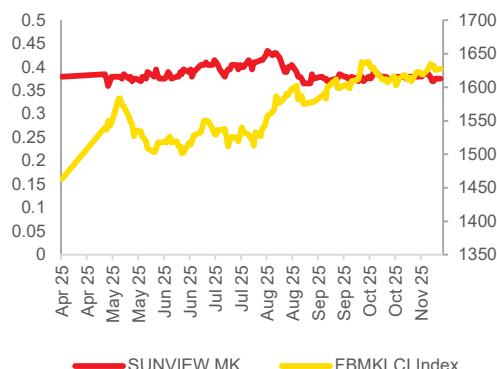
YE to Sep	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	379.2	375.3	405.6	441.8
Core net profit (RM mil)	7.8	9.1	10.2	10.6
FD Core EPS (sen)	1.4	1.6	1.8	1.9
FD Core EPS growth (%)	-31.9	16.5	11.4	4.8
Consensus Net Profit (RM mil)	0.0	0.0	0.0	0.0
DPS (sen)	0.0	0.0	0.0	0.0
PE (x)	26.9	23.1	20.7	19.7
EV/EBITDA (x)	24.4	29.3	26.5	34.1
Div yield (%)	0.0	0.0	0.0	0.0
ROE (%)	4.4	4.9	5.2	5.2
Net Gearing (%)	69.9	88.8	106.8	120.6

### Stock and Financial Data

Shares Outstanding (mil)	567.7
Market Cap (RMmil)	215.7
Book Value (RM/Share)	0.31
P/BV (x)	1.2
ROE (%)	4.4
Net Gearing (%)	69.9

Major Shareholders	New Energy Capital (24.9%)
	Ong Hang Ping (4.1%)
	Chow Kian Hung (2.9%)
Free Float	61.9%
Avg Daily Value (RMmil)	0.53

Price performance	3mth	6mth	12mth
Absolute (%)	(3.9)	(6.3)	(22.7)
Relative (%)	(9.6)	(10.9)	(19.0)



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### Investment Highlights

**Sunview ended FY25 on a weak note. The group's net profit plunged by 92% QoQ to RM0.1mil in the final quarter as tax expense was almost as high as the pre-tax profit. This was due to non-tax deductible expenses in respect of fees incurred on obtaining banking facilities. Unbilled order book stood at RM173.8m as at end-Sep 2025. Going forward, Sunview is planning to bid for RM5.8bil worth of jobs. However, net profit growth may be capped by high interest and tax expenses. The group's net gearing rose to 69.9% as at end-Sept 2025 from 41.6% as in the previous year. We believe that net gearing would rise further as the group secures more EPCC contracts and solar assets such as the recent LSS 5+ 99.99MW project in Port Dickson, Negeri Sembilan. We maintain HOLD with a target price of RM0.36/share.**

- **Maintain Hold with a lower TP of RM0.36/share vs. RM0.40/share previously.** Our TP of RM0.36/share for Sunview is based on a FY27F PE of 20x, which is below the simple average PE of the solar EPCC peers of 22x. We applied a discount due to Sunview's high gearing and low return on equity of 4.9%.
- **Results were 13% below expectations.** This was due to a higher-than-expected effective tax rate of 40% vs. our assumption of 30%. Sunview's effective tax rate was high as fees incurred to raise borrowings were not tax deductible. We have reduced Sunview's FY26F and FY27F net profit by 13% and 11% respectively to reflect higher financing costs and raised effective tax rates. We adjusted an increase of 5% to finance costs on continued drawdown of financing facilities.
- **Solar EPCC EBIT margin improved in FY25.** On an annualised basis, EBIT margin of the provision of products and services (RE) improved to 12.3% in FY25 from 7.4% in FY24 mainly on the back of a lower cost of solar panels. Solar panel prices dropped to a low of US\$0.08/kWh this year from a high of more than US\$0.20/kWh in 2022.
- **Operating cash flows improved in FY25.** On an annualised basis, the deficit in Sunview's operating cash flows improved to RM25.8mil in FY25 from RM72.5mil in FY24 mainly driven by a buildup in contract liabilities. Contract liabilities rose to RM26.5mil as at end-Sept 2025 from RM6.6mil in the previous year. We think that Sunview took a longer time to pay their sub-contractors in FY25.
- **Bidding for RM5.8bil worth of solar EPCC jobs.** Assuming a win rate of 25%, we reckon that Sunview may win RM470mil worth of jobs in 2026F. We believe that unbilled order book may exceed RM210mil in FY26F. Potential jobs are expected to be in respect of LSS 5, LSS 5+ and ATAP.

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### Company profile

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Sunview is involved in the provision of solar PV construction and installation services, operation and maintenance (O&M) and sale of electricity to customers.

The group's project portfolio is evenly split between commercial & industrial (C&I) rooftop installations and large scale solar (LSS) developments.

Backed by a strong track record of project deliveries in C&I and LSS segments, the group is an established player in the solar industry. This positions the group to secure more solar EPCC jobs in the future.

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### Investment thesis and catalysts

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**Sustained orderbook momentum.** The group recently secured a 99.99MW LSS project under the LSS5+ program, which is expected to add RM150mil to its current orderbook. We forecast the group's orderbook to reach RM412mil in FY27F from RM356mil in FY25.

**Stretched balance sheet.** Despite strong project execution and track record, the group's balance sheet is stretched due to high working capital requirements and borrowings from project financing. The group plans to raise equity to rebalance its capital structure and improve gearing levels.

**Robust tender book to support earnings.** We estimate at least a 25% success rate for its current tender book of RM5.8bil, implying potential contract wins of RM1.5bil over the next three years.

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### Valuation methodology

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We applied a discounted FY27F PE of 20x to the simple average of the solar EPCC companies of 22x. The discount reflects the group's high net gearing, limited financial flexibility and low ROE. While the group remains one of the more established players in the domestic EPCC segment, we believe a stronger balance sheet is required for a re-rerating.

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### Risk factors

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Key risks are a high net gearing, a fall in orderbook replenishment and increase in solar panel prices.

## EXHIBIT 1: RESULTS SUMMARY

YE 31 Sep (RM 'mil)	5Q25	6Q25	QoQ (%)	18MFY24	18MFY25	YoY (%)
<b>Revenue</b>	64.4	88.0	36.6	NA	427.5	NA
Cost of sales	(56.9)	(79.0)	38.8	NA	(365.7)	NA
<b>EBITDA</b>	9.8	12.5	27.8	NA	84.1	NA
D&A	(5.8)	(6.9)	20.3	NA	(22.6)	NA
<b>EBIT</b>	4.0	5.6	38.7	NA	61.5	NA
Net interest expense	(2.4)	(3.3)	41.3	NA	(1.9)	NA
Associates	0.9	0.6	(29.6)			
<b>PBT</b>	1.6	2.2	34.9	NA	59.6	NA
Taxation	(0.3)	(2.1)	>100	NA	(7.2)	NA
<b>Net Profit</b>	1.4	0.1	(92.2)	NA	52.4	NA
EI	(0.0)	(0.0)	0.0	NA	0.0	NA
<b>Core Net Profit</b>	1.4	0.1	(92.3)	NA	52.4	NA
FD Core EPS (sen)	0.2	0.0		NA	9.2	
Gross DPS (sen)	0.0	0.0		NA	0.0	
Gross margin (%)						
EBITDA margin (%)	15.2	14.2		NA	19.7	
EBIT margin (%)	6.2	6.3		NA	14.4	
PBT margin (%)	2.6	2.5		NA	13.9	
Effective tax rate (%)	15.4	95.1		NA	12.1	
Core net profit margin (%)	2.2	0.1		NA	12.3	

Source: Bursa Announcement

## EXHIBIT 2: VALUATIONS

Target PE (x)	20
FY27F EPS (sen)	1.8 (from 2.0)
ESG premium	-
12-month target price (RM)	RM0.36 (from RM.40)

## EXHIBIT 3: CHANGE IN EARNINGS

RMmil	FY26F			FY27F			FY28F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	376.5	375.3	-0.3%	406.7	405.6	-0.3%	443.0	441.8	-0.3%
Net earnings	10.4	9.1	-12.5%	11.5	10.2	-11.3%	12.0	10.6	-11.7%
Borrowing Rate (%)	5.3	5.5	+0.2ppt	5.3	5.5	+0.2ppt	5.3	5.5	+0.2ppt

## EXHIBIT 4: ESG RATING

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*	*	*		Emissions of 45.03 mtCO2e for Scope 2 in FY24
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	Energy consumption	Energy consumption	25%	*	*	*			Consumed 59,556.10 KWH in FY24
	<b>Weighted score for environmental assessment</b>		100%	*	*	*	*		
	Social assessment								
1	Workers welfare	Learning and development hours	50%	*	*	*			Total training hours of 140 for 45 participants averaging 3.1 training hours each in FY24
2	Customer satisfaction rate	Customer satisfaction rate of 90%	50%	*	*	*			Customer satisfaction rate of 86% to 90% in FY24
	<b>Weighted score for social assessment</b>		100%	*	*	*			
	Governance assessment								
1	Related party transactions	Value of RPTs	25%	*	*	*			RM3.6mil in FY24
2	Women in workforce	% in workforce	25%	*	*	*			44% of workforce were women in FY24
3	Remuneration to directors	Total value of remuneration or % of salary costs	25%	*	*	*			RM480,000l in FY24
4	Material Litigation	Adjudication claim	25%	*					RM1.7mil adjudication claim over 50MW solar PV project in Pekan, Pahang
	<b>Weighted score for governance assessment</b>		100%	*	*	*			
	Environmental score		40%	*	*	*	*		
	Social score		30%	*	*	*			
	Governance score		30%	*	*	*			
	<b>Overall ESG Score</b>		100%	*	*	*			

We accord a discount/premium of -6%, -3%, 0%, +3% and +6% on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-star.

Source: AmlInvestment Bank

## EXHIBIT 1: FINANCIAL DATA

Income Statement (RMmil, YE 30 Sep)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	465.9	379.2	375.3	405.6	441.8
EBITDA	26.1	28.1	38.5	42.0	46.6
Depreciation/Amortisation	(4.2)	(6.4)	(7.2)	(8.3)	(9.5)
Operating income (EBIT)	21.9	21.7	31.2	33.7	37.1
Other income & associates	1.4	11.4	0.5	0.5	0.5
Net interest	(7.5)	(13.2)	(15.3)	(16.4)	(19.2)
Exceptional items	-	-	-	-	-
<b>Pretax profit</b>	<b>16.1</b>	<b>13.1</b>	<b>15.9</b>	<b>17.3</b>	<b>17.9</b>
Taxation	(6.5)	(5.3)	(6.8)	(7.1)	(7.3)
Minorities/pref dividends	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Net profit</b>	<b>9.7</b>	<b>7.8</b>	<b>9.1</b>	<b>10.2</b>	<b>10.6</b>
Balance Sheet (RMmil, YE 30 Sep)	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	46.1	52.9	57.4	65.2	74.8
Intangible assets	16.8	18.6	18.6	18.6	18.6
Other long-term assets	36.3	24.3	24.3	24.3	24.3
<b>Total non-current assets</b>	<b>99.2</b>	<b>95.8</b>	<b>100.3</b>	<b>108.0</b>	<b>117.7</b>
Cash & equivalent	49.2	55.1	113.6	89.3	99.4
Stock	3.7	4.8	7.9	8.5	9.3
Trade debtors	56.3	73.7	123.4	133.3	145.3
Other current assets	187.6	281.9	281.9	281.9	281.9
<b>Total current assets</b>	<b>296.8</b>	<b>415.5</b>	<b>526.8</b>	<b>513.1</b>	<b>535.8</b>
Trade creditors	96.9	128.6	248.3	268.3	292.2
Short-term borrowings	94.0	133.0	163.0	173.0	173.0
Other current liabilities	7.5	26.5	26.5	26.5	26.5
<b>Total current liabilities</b>	<b>198.4</b>	<b>288.1</b>	<b>437.8</b>	<b>467.8</b>	<b>491.8</b>
Long-term borrowings	39.9	45.6	115.6	125.6	175.6
Other long-term liabilities	0.5	0.7	0.7	0.7	0.7
<b>Total long-term liabilities</b>	<b>40.3</b>	<b>46.2</b>	<b>116.2</b>	<b>126.2</b>	<b>176.2</b>
<b>Shareholders' funds</b>	<b>140.4</b>	<b>176.7</b>	<b>185.8</b>	<b>196.0</b>	<b>206.6</b>
Minority interests	0.1	0.3	0.3	0.3	0.3
BV/share (RM)	0.29	0.31	0.33	0.35	0.36
Cash Flow (RMmil, YE 30 Sep)	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	16.1	13.1	15.9	17.3	17.9
Depreciation/Amortisation	4.2	6.4	7.2	8.3	9.5
Net change in working capital	(107.0)	(61.7)	(10.5)	(68.3)	(66.5)
Others	7.1	0.6	15.3	16.4	19.2
<b>Cash flow from operations</b>	<b>(79.5)</b>	<b>(41.6)</b>	<b>28.0</b>	<b>(26.3)</b>	<b>(20.0)</b>
Capital expenditure	(5.2)	(10.9)	(15.0)	(18.0)	(20.0)
Net investments & sale of fixed assets	(13.2)	0.0	0.0	0.0	0.0
Others	30.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing</b>	<b>11.6</b>	<b>(10.9)</b>	<b>(15.0)</b>	<b>(18.0)</b>	<b>(20.0)</b>
Debt raised/(repaid)	33.6	30.2	100.0	20.0	50.0
Equity raised/(repaid)	27.2	28.5	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	(12.4)	(17.5)	0.0	0.0	0.0
<b>Cash flow from financing</b>	<b>48.5</b>	<b>41.1</b>	<b>100.0</b>	<b>20.0</b>	<b>50.0</b>
<b>Net cash flow</b>	<b>(19.5)</b>	<b>(11.3)</b>	<b>113.0</b>	<b>(24.3)</b>	<b>10.0</b>
<b>Net cash/(debt) b/f</b>	<b>27.4</b>	<b>11.9</b>	<b>0.6</b>	<b>113.6</b>	<b>89.3</b>
Forex	0.0	0.0	0.0	0.0	0.0
<b>Net cash/(debt) c/f</b>	<b>7.9</b>	<b>0.6</b>	<b>113.6</b>	<b>89.3</b>	<b>99.4</b>
Key Ratios (YE 31 Sep)	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	34.3	-51.3	65.5	8.1	8.9
EBITDA growth (%)	-2.8	7.4	37.0	9.2	10.9
Pretax margin (%)	3.5	3.5	4.2	4.3	4.1
Net profit margin (%)	2.1	2.1	2.4	2.5	2.4
Interest cover (x)	-3.5	-2.1	-2.5	-2.6	-2.4
Effective tax rate (%)	40.2	40.4	42.6	41.1	40.5
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Debtors turnover (days)	44	119	120	120	120
Stock turnover (days)	3	9	9	9	9
Creditors turnover (days)	84	241	241	241	241

Source: Company, AmlInvestment Bank

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