

# SUNVIEW

(SUNVIEW MK EQUITY, SUNVIEW.KL)

**HOLD**

(Maintained)

Price: RM0.345

Target Price (% return): RM0.37 (+7.2%)

52-week High/Low: RM0.44/RM0.295

**Solar**

Rationale for report: Company Update

## Swings into a loss in FY25

Sunview recorded a net loss of RM70.3mil in its audited FY25 results compared to a RM7.8mil net profit in its unaudited report. This was mainly due to a RM75mil impairment for trade receivables related to the PKNP Reneuco LSS4 project. Reneuco (formerly KPower) was declared PN17 in Feb 2024 and faced severe liquidity constraints leading to defaults. Prior to this, Sunview's provision for receivables was negligible at RM0.8mil or less than 1% of FY24 revenue. Sunview is now acquiring Reneuco's LSS4 asset for RM70mil. The project was 79% completed before it was halted. We maintain HOLD on Sunview with a target price of RM0.37/share.

- **Hold with a lower TP of RM0.37/share vs RM0.39 previously.** Our TP of RM0.37/share is based on a CY27F PE of 20x, which is below the simple average PE of the solar EPCC peers of 22x. We applied a lower PE due to Sunview's weak profit margins and high operational risks.
- **Revised FY27F net profit.** We have reduced Sunview's FY27F net profit by 5.6% to account for a weaker EBIT margin. We have imputed a lower EBIT margin of 7.5% (vs. 8.0% previously) for FY27F. Operating expense is expected to remain elevated due to transitional costs for the asset acquisitions and mobilisation expenses required to finalize the remaining 21% of construction at the Pekan site.
- **Current projects have low risk of impairments for now.** Most of the active projects have completion rates exceeding 60%, including key contracts like the University Malaysia Sabah (UMS) project. Only two projects have low completion rates of 27% and 57%, due to delays in client site readiness rather than credit issues.
- **Balance sheet is stretched.** We project Sunview's net gearing to rise to 184.7% in FY27F from 173.9% in FY26F. This is due to additional debts used to finance the RM70mil acquisition of the Reneuco asset and RM55mil purchase of the JAKS Resources solar plant. Recently, Sunview proposed a private placement of up to 56.8mil shares. We believe that the placement would not be enough to stem a surge in net gearing. Based on the share price of RM0.34, the private placement would raise proceeds of RM19.3mil.

### Analyst (s)

Gan Huey Ling  
gan-huey-ling@ambankgroup.com  
03-2036 2305

### Key Changes

Target Price: ⬇️  
EPS: ⬇️

### Stock and Financial Data

Shares Outstanding (million)	567.5
Market Cap (RMmil)	195.8
Book Value (RM/Share)	0.17
P/BV (x)	2.0
ROE (%)	-71.3
Net Gearing (%)	125.9
Free Float	351.5
Avg Daily Value (RMmil)	2.73

### Major Shareholders

New Energy Capital	24.9%
Ong Hang Ping	4.1%
Chow Kian Hung	2.9%

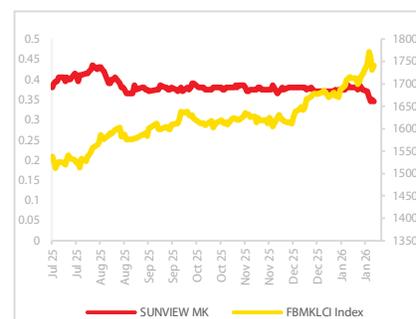
Price performance	3mth	6mth	12mth
Absolute (%)	-9.2	-12.7	-16.9
Relative (%)	-17.1	-26.9	-26.6

Source: SUNVIEW, AmInvestment Bank

YE to Sep	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	379.1	362.6	408.5	467.6
Core net profit (RM mil)	(70.3)	8.3	10.2	11.0
FD Core EPS (sen)	(12.4)	1.5	1.8	1.9
FD Core EPS growth (%)	-711.6	-111.8	23.2	7.8
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)	-3.0	25.4	20.6	19.1
EV/EBITDA (x)	-16.6	32.7	28.9	35.0
Div yield (%)	0.0	0.0	0.0	0.0
ROE (%)	-71.3	7.7	8.7	8.6
Net Gearing (%)	125.9	173.9	184.7	170.4

Source: SUNVIEW, AmInvestment Ban

### Price Chart



## Company profile

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.

## Investment thesis and catalysts

Sustained orderbook momentum. The group recently secured a 99.99MW LSS project under the LSS+ 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.

## Valuation methodology

We applied a discounted CY27F 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-rating.

## Risk factors

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

### EXHIBIT 1. VALUATIONS

Target PE (x)	20
CY27F fully diluted EPS	1.83 (from 1.93)
ESG premium	-
12-month target price	0.37 (from 0.39)

### EXHIBIT 2. CHANGE IN EARNINGS

RMmil	FY26F			FY27F			FY28F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	379.0	362.6	0%	433.9	408.5	-5.9%	478.9	467.6	-4.5%
Net earnings	9.1	8.3	0%	10.8	10.2	-5.6%	11.4	11.0	-3.5%

## EXHIBIT 3. ESG MATRIX

	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%	*	*	*			RM480,000 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%	*	*	*			

Source: Company, AmInvestment Bank Bhd

## Financial Summary

### Income Statement (RMmil)

YE to Sep	FY24	FY25	FY26F	FY27F	FY28F
Revenue	465.9	379.1	362.6	408.5	467.6
EBITDA	26.1	(50.6)	35.2	38.7	46.2
Depreciation/Amortisation	(4.2)	(7.1)	(5.9)	(7.1)	(8.4)
Operating income (EBIT)	21.9	(57.7)	29.3	31.5	37.8
Other income & associates	1.4	9.6	0.5	0.5	0.5
Net interest	(7.5)	(13.4)	(16.3)	(17.8)	(21.2)
Exceptional items	-	-	-	-	-
<b>Pretax profit</b>	16.1	(66.1)	14.7	18.7	22.1
Taxation	(6.5)	(4.2)	(6.5)	(8.5)	(11.1)
Minorities/pref dividends	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Net profit</b>	9.7	(70.3)	8.3	10.2	11.0

### Balance Sheet (RMmil)

YE to Sep	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	46.1	46.5	44.4	53.5	64.3
Intangible assets	16.8	18.1	18.1	18.1	18.1
Other long-term assets	36.3	23.4	23.4	23.4	23.4
<b>Total non-current assets</b>	99.2	88.0	85.9	95.0	105.8
Cash & equivalent	49.2	55.1	123.5	118.1	151.1
Stock	3.7	4.8	7.6	8.6	9.9
Trade debtors	56.3	66.5	119.2	134.3	153.7
Other current assets	187.6	202.5	202.5	202.5	202.5
<b>Total current assets</b>	296.8	328.9	452.8	463.5	517.2
Trade creditors	96.9	138.9	259.1	291.9	334.1
Short-term borrowings	94.0	134.3	194.3	209.3	194.3
Other current liabilities	7.5	7.3	7.3	7.3	7.3
<b>Total current liabilities</b>	198.4	280.5	460.7	508.5	535.7
Long-term borrowings	39.9	44.9	114.9	124.9	174.9
Other long-term liabilities	0.5	0.8	0.8	0.8	0.8
<b>Total long-term liabilities</b>	40.3	45.8	115.8	125.8	175.8
<b>Shareholders' funds</b>	140.4	98.6	106.8	117.0	128.0
Minority interests	0.1	0.3	0.3	0.3	0.3
BV/share (RM)	0.29	0.17	0.19	0.21	0.23

### Cash Flow (RMmil)

YE to Sep	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	16.1	(66.1)	14.7	18.7	22.1
Depreciation/Amortisation	4.2	7.1	5.9	7.1	8.4
Net change in working capital	(107.0)	(65.4)	(9.8)	(59.8)	(57.5)
Others	7.1	7.7	15.1	16.6	20.1
<b>Cash flow from operations</b>	(79.5)	(116.7)	26.0	(17.4)	(7.0)
Capital expenditure	(5.2)	(2.9)	(15.0)	(18.0)	(20.0)
Net investments & sale of fixed assets	(13.2)	0.3	0.0	0.0	0.0
Others	30.0	(0.0)	0.0	0.0	0.0
<b>Cash flow from investing</b>	11.6	(2.5)	(15.0)	(18.0)	(20.0)
Debt raised/(repaid)	33.6	39.1	100.0	30.0	60.0
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)	(17.1)	0.0	0.0	0.0
<b>Cash flow from financing</b>	48.5	50.6	100.0	30.0	60.0
<b>Net cash flow</b>	(19.5)	(68.6)	111.0	(5.4)	33.0
<b>Net cash/(debt) b/f</b>	27.4	11.9	12.4	123.5	118.1
<b>Forex</b>	0.0	0.0	0.0	0.0	0.0
<b>Net cash/(debt) c/f</b>	7.9	(56.7)	123.5	118.1	151.1

### Key Ratios

YE to Sep	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	34.3	-51.3	59.9	12.7	14.5
EBITDA growth (%)	-2.8	-293.6	-169.6	9.8	19.5
Pretax margin (%)	3.5	-17.4	4.1	4.6	4.7
Net profit margin (%)	2.1	-18.6	2.3	2.5	2.3
Interest cover (x)	-3.5	3.8	-2.2	-2.2	-2.2
Effective tax rate (%)	40.2	-6.4	43.9	45.6	50.3
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Debtors turnover (days)	44	107	120	120	120
Stock turnover (days)	3	9	9	9	9
Creditors turnover (days)	84	261	261	261	261

Source: Company, AmInvestment Bank

**DISCLOSURE AND DISCLAIMER**

This report is prepared for information purposes only and it is issued by AmInvestment Bank Berhad ("AmInvestment") without regard to your individual financial circumstances and objectives. Nothing in this report shall constitute an offer to sell, warranty, representation, recommendation, legal, accounting or tax advice, solicitation or expression of views to influence any one to buy or sell any real estate, securities, stocks, foreign exchange, futures or investment products. AmInvestment recommends that you evaluate a particular investment or strategy based on your individual circumstances and objectives and/or seek financial, legal or other advice on the appropriateness of the particular investment or strategy.

The information in this report was obtained or derived from sources that AmInvestment believes are reliable and correct at the time of issue. While all reasonable care has been taken to ensure that the stated facts are accurate and views are fair and reasonable, AmInvestment has not independently verified the information and does not warrant or represent that they are accurate, adequate, complete or up-to-date and they should not be relied upon as such. All information included in this report constitute AmInvestment's views as of this date and are subject to change without notice. Notwithstanding that, AmInvestment has no obligation to update its opinion or information in this report. Facts and views presented in this report may not reflect the views of or information known to other business units of AmInvestment's affiliates and/or related corporations (collectively, "AmBank Group").

This report is prepared for the clients of AmBank Group and it cannot be altered, copied, reproduced, distributed or republished for any purpose without AmInvestment's prior written consent. AmInvestment, AmBank Group and its respective directors, officers, employees and agents ("Relevant Person") accept no liability whatsoever for any direct, indirect or consequential losses, loss of profits and/or damages arising from the use or reliance of this report and/or further communications given in relation to this report. Any such responsibility is hereby expressly disclaimed.

AmInvestment is not acting as your advisor and does not owe you any fiduciary duties in connection with this report. The Relevant Person may provide services to any company and affiliates of such companies in or related to the securities or products and/or may trade or otherwise effect transactions for their own account or the accounts of their customers which may give rise to real or potential conflicts of interest.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located. If any provision of this disclosure and disclaimer is held to be invalid in whole or in part, such provision will be deemed not to form part of this disclosure and disclaimer. The validity and enforceability of the remainder of this disclosure and disclaimer will not be affected.