POWER

MALAKOFF CORP

(MLK MK, MALA.KL)

4 Sep 2025

AmInvestment Bank

Company report

Shortlisted for 470MWac LSS 5+ plant

HOLD

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Price: RM0.91
Target Price: RM0.88

Rationale for report: Company update

YE to Dec	FY24	FY25F	FY26F	FY27F
EPS (sen)	5.5	5.2	6.3	6.7
PE (x)	16.6	17.6	14.6	13.5

Source: AmInvestment Bank

Quick Take

- **Malakoff Corporation and Solarvest Holdings announced that their consortium has received a notification from the Energy Commission that it has been shortlisted as a bidder to undertake the development of a 470MWac LSS plant in Larut and Matang, Perak.**
- **Malakoff's stake in the consortium is 80% while Solarvest's equity interest is 20%.**
- **We view the potential award positively as it would increase Malakoff's RE exposure. Malakoff's RE generating capacity is only 198MW currently. This is Malakoff's first LSS win after failing to be awarded in the previous LSS tenders.**
- **The 470MW LSS plant would increase Malakoff's total effective generating capacity from 4,992MW to 5,368MW. This excludes Prai Power Plant, which expired on 30 August 2025.**
- **Assuming a tariff of 18 sen/kWh, we estimate that the LSS plant would generate revenue of RM163mil per year. Assuming a pre-tax profit margin of 20% and based on Malakoff's 80% stake, we estimate that the LSS would generate pre-tax profit of RM26mil per year. This is about 6% of the group's FY26F pre-tax earnings.**
- **Risk is the rising cost of solar panels, which may affect the profit margins of the project. According to *Bloomberg*, the price of polysilicon, which is used to produce solar panels, has increased by more than 30% since the middle of July.**
- **We think that the LSS plant would be completed in late-FY27F or early-FY28F. Hence, earnings contribution would only come in FY28F.**
- **We maintain HOLD on Malakoff with a target price of RM0.88/share. Our target price is based on a FY26F PE of 14x, which is the five-year average.**

EXHIBIT 1: VALUATION MATRIX

(RM mil) YE Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	9,067.0	8,969.6	10,800.2	10,954.9	11,035.0
Net Profit (RMmil)	(837.2)	268.7	253.2	305.5	328.7
EPS (sen)	(17.1)	5.5	5.2	6.3	6.7
EPS growth (%)	(377.0)	(132.1)	(5.8)	20.7	7.6
Consensus net (RMmil)			262.3	287.2	313.6
DPS (sen)	3.0	4.4	5.0	5.2	5.5
PE (x)	(5.3)	16.6	17.6	14.6	13.5
EV/EBITDA (x)	10.0	5.7	6.7	6.1	5.6
Div yield (%)	3.3	4.9	5.5	5.7	6.0
ROE (%)	(18.6)	6.0	5.6	6.7	7.1

Source: AmInvestment Bank

EXHIBIT 2: ESG MATRIX

	Environmental 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 evironmental assessment		**100%**	*	*	*			
	Social assessment								
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%**	*	*	*			
	Governance assessment								
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%**	*	*	*			

Source: AmInvestment Bank

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