UOBKayHian

Company – Results | Malaysia

Thursday, 20 August 2026

Solarvest Holdings (SOLAR MK)

1QFY27: A Sequentially Weaker Quarter; Net Margins Firm at 12%

Highlights

- 1QFY27 net profit declined 21% qoq to RM19.0m (+20% yoy) due to slower EPCC progress in the quarter, while yoy growth was driven by higher RE assets contribution.
- 1QFY27 net margin was firm at 12%. 1QFY27 net profit accounts for 17% of our full-year earnings, and it is deemed in line with expectations as EPCC contribution will drive upcoming quarterly earnings.
- We expect positive CRESS-related contract win to materialise in the next six months – starting off with a 200-300MW data centre contract win with Tier 1 data centre customers. Maintain BUY with a target price of RM3.50, pegged to 25x FY28 EPS (+1SD from mean PE).

1QFY27 Results

Year to 31 Mar (RMm)	1QFY27	4QFY26	1QFY26	qoq%	yoy%
Revenue	155.9	268.7	137.7	(42.0)	13.2
Gross profit	45.8	73.3	40.5	(37.5)	13.2
EBITDA	30.9	45.2	29.0	(31.6)	6.7
EBITDA Margin (%)	19.8	16.8	21.1	3.0ppt	(1.2)ppt
Profit before tax	25.1	41.0	22.1	(38.7)	13.8
Net profit	19.0	24.2	15.9	(21.3)	19.8
Segmental Revenue (RMm)	1QFY27	4QFY26	1QFY26	qoq%	yoy%
EPCC of Clean Energy Solutions	161.0	332.6	186.0	(51.6)	(13.5)
Renewable Energy Generation	9.6	10.1	7.6	(4.8)	25.8
O&M of RE System	4.8	7.4	3.9	(34.6)	22.5
Others	(20.9)	(80.8)	(59.9)	(74.1)	(65.1)
Total	155.9	268.7	137.7	(42.0)	13.2

Source: Solarvest, UOB Kay Hian

Analysis

- **1QFY27: A sequentially weaker quarter.** Solarvest Holdings (Solarvest) booked a 21% qoq decline in 1QFY27 net profit to RM19.0m (-21% qoq). This was attributed to the engineering, procurement, construction, and commissioning (EPCC) segment's weaker delivery of early-stage project execution for its LSS5 contracts. Conversely, the healthy yoy growth was driven by higher income from the group's solar assets as two additional corporate green power projects (CGPP) came on-stream in the quarter. 1QFY27 earnings accounted for 17% of our full-year FY27 forecast. We deem the results in line with expectations with stronger earnings expected in the upcoming quarters.

Key Financials

Year to 31 Mar (RMm)	2025	2026F	2027F	2028F	2029F
Net turnover	536.8	757.1	1,312.5	1,581.5	1,855.1
EBITDA	97.0	141.3	191.2	221.5	258.6
Operating profit	83.7	126.0	173.1	200.7	235.4
Net profit (rep./act.)	51.9	79.8	112.7	133.8	159.5
Net profit (adj.)	51.9	79.8	112.7	133.8	159.5
EPS	7.0	9.4	11.8	14.0	16.7
PE (x)	43.1	32.3	25.7	21.7	18.2
P/B (x)	5.4	3.5	3.1	2.7	2.4
EV/EBITDA (x)	25.2	20.1	15.3	12.6	10.1
Dividend yield (%)	-	-	-	-	-
Net margin (%)	9.7	10.5	8.6	8.5	8.6
Net debt/(cash) to equity (%)	48.9	(6.5)	(7.1)	(18.7)	(29.4)
Interest cover (x)	5.7	4.6	4.9	5.4	6.0
ROE (%)	12.5	9.7	12.0	12.5	13.0
Consensus net profit	n.a	n.a	77.6	102.5	145.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.1	0.9

Source: Solarvest, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM3.03
Target Price	RM3.50
Upside	15.5%

Stock Data

Sector	Industrials
Bloomberg ticker	SOLAR MK
Shares issued (m)	952.3
Market cap (RMm)	2,929.4
Market cap (US$m)	721.5
3-mth avg daily t'over (US$m)	2.3

Price Performance (%)

52-week high/low				RM3.39/RM1.82
1mth	3mth	6mth	1yr	YTD
1.7	17.0	37.7	25.7	(8.2)

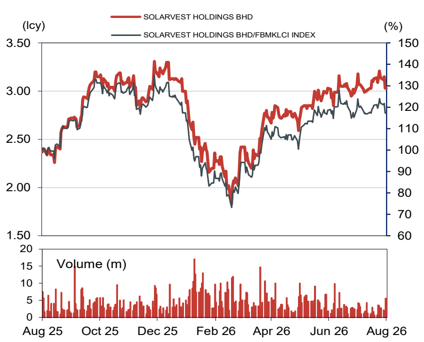
Major Shareholders (%)

Atlantic Blue Holdings	17.0
Lim Chin Siu	6.2
Urusharta Jamaah	6.1

Balance Sheet Metrics

FY27F NAV/Share (RM)	1.0
FY27F Net Debt/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

A renewable energy EPCC, operation and maintenance and asset ownership company.

- **Higher income driven by CGPP assets.** Associate earnings rose 4x yoy (-33% qoq) with contribution from its CGPP assets (namely SKE and SPE) generating returns in the quarter itself. Solarvest continues to reap recurring revenue contributions from its LSS4 and Powervest assets, generating a stable revenue stream of RM3m-4m each quarter. This is expected to drive a total revenue contribution of RM15m once its 133MWp Powervest assets fully come online within the next 12-18 months.
- **Stable net profit margin of 12%.** In 4QFY26, Solarvest's net profit margin fell to 9% as a result of higher input cost due to increased solar module prices and elevated diesel prices. This quarter, net profit margin recovered to 12% (+0.7ppt yoy; +3.2ppt qoq) given lower solar module prices (~USD0.10-0.11/W) and healthy contributions from asset ownership. We expect Solarvest to maintain a stable profit margin from FY27, having secured up to 2GW of solar modules at a competitive price (our estimate: US$0.10-0.11/W).
- **Robust orderbook of RM2.4b underpins earnings visibility into FY29.** Solarvest aims to maintain its 30% share in the utility-scale EPCC market and expects to continue securing EPCC awards for the upcoming CRESS and LSS6 projects. Solarvest's robust orderbook stands at RM2.37b (8% residential and C&I + 92% utility-scale). This will pave the way for the stock to deliver three-year earnings CAGR of 26% over FY26-29F.

Valuation/Recommendation

- **Maintain BUY with a target price of RM3.50, pegged to 25x FY28 EPS (+1SD from mean PE).** We believe Solarvest's partnership with Brookfield is a strong lever that will pivot Solarvest into the next phase of growth. The partnership will pave the way for the group to lift orderbook meaningfully via the sizeable Corporate Renewable Energy Supply Scheme (CRESS) to the tune of 1.5GW over a 3-5-year period.

Earnings Revision/Risk

- No changes to earnings.

Share Price Catalyst

- **Key re-rating catalysts** for the stock include: a) a stronger ringgit to offset rising solar PV costs, b) cost discipline to drive sustainable profit margins, c) pioneer CRESS contract wins, and d) eventual monetisation of solar assets either via listing or trade sale.

Environment, Social, Governance (ESG) Updates

Environmental

- Solarvest installed solar PV systems with a cumulative capacity of 1,164MWp for its customers as of FY26, resulting in an impressive estimated reduction of 1,100,482 tonnes of carbon dioxide emissions.

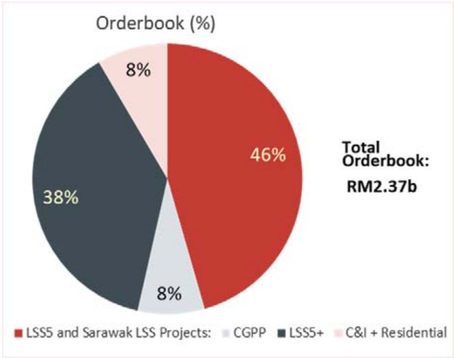
Social

- In FY26, the group allocated RM130,099 to community programmes that benefitted 4,636 individuals, across education, donations, and sponsorships.

Governance

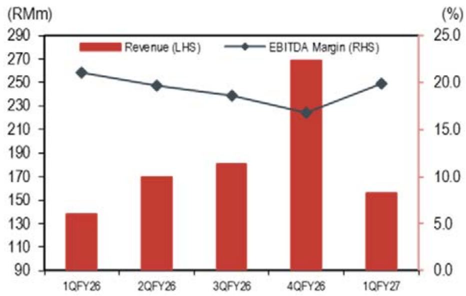
- The board comprises nine members consisting of six Independent Directors and three Non-Independent Directors. Meanwhile, women comprise 33% (three directors) of the board.

Current Orderbook



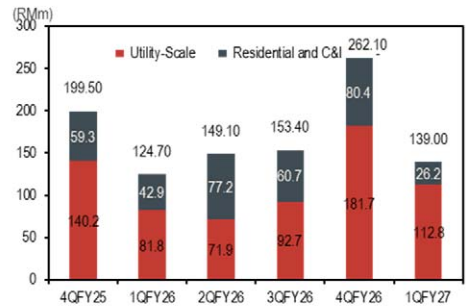
Source: Solarvest, UOB Kay Hian

Revenue And Margins Trend



Source: Solarvest, UOB Kay Hian

Quarterly EPCC Revenue Breakdown



Source: Solarvest, UOB Kay Hian

Solarvest Three-year PE Band

Source: Bloomberg, Solarvest, UOB Kay Hian

Profit & Loss

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Net turnover	757	1,313	1,581	1,855
EBITDA	141	191	222	259
Deprec. & amort.	(15)	(18)	(21)	(23)
EBIT	126	173	201	235
Associate contributions	9	14	17	19
Net interest income/(expense)	(9)	(7)	(4)	(0)
Pre-tax profit	117	166	197	235
Tax	(35)	(50)	(59)	(71)
Minorities	(2)	(3)	(4)	(5)
Net profit	80	113	134	159
Net profit (adj.)	80	113	134	159

Balance Sheet

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Fixed assets	324	385	443	494
Other LT assets	225	225	225	225
Cash/ST investment	195	193	314	462
Other current assets	851	991	959	943
Total assets	1,595	1,794	1,942	2,125
ST debt	66	63	60	57
Other current liabilities	315	412	435	466
LT debt	346	335	325	315
Other LT liabilities	36	36	36	36
Shareholders' equity	823	936	1,070	1,229
Minority interest	9	12	16	21
Total liabilities & equity	1,595	1,794	1,942	2,125

Cash Flow

Year to 31 Mar (RMm)	2026	2027F	2028F	2029F
Operating	91	91	214	235
Pre-tax profit	117	166	197	235
Tax	(31)	(50)	(59)	(71)
Deprec. & amort.	15	18	21	23
Associates	-	-	-	-
Working capital changes	(98)	(43)	55	47
Other operating cashflows	86	-	-	-
Investing	(200)	(79)	(79)	(74)
Capex (growth)	(80)	(79)	(79)	(74)
Investments	0	-	-	-
Proceeds from sale of assets	(32)	-	-	-
Others	447	(66)	(13)	(13)
Financing	1	-	-	-
Dividend payments	377	-	-	-
Proceeds from borrowings	83	(14)	(13)	(13)
Loan repayment	(14)	(51)	-	-
Net cash inflow (outflow)	337	(53)	122	147
Beginning cash & cash equivalent	87	425	371	493
Changes due to forex impact	0	-	-	-
Ending cash & cash equivalent	425	371	493	641

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	18.7	14.6	14.0	13.9
Pre-tax margin	15.5	12.6	12.5	12.7
Net margin	10.5	8.6	8.5	8.6
ROA	5.0	6.3	6.9	7.5
ROE	9.7	12.0	12.5	13.0
Growth				
Turnover	41.0	73.4	20.5	17.3
EBITDA	45.7	35.3	15.8	16.8
Pre-tax profit	58.1	41.5	18.7	19.2
Net profit	53.7	41.2	18.7	19.2
Net profit (adj.)	53.7	41.2	18.7	19.2
EPS	53.7	41.2	18.7	19.2
Leverage				
Debt to total capital	0.4	0.3	0.3	0.2
Debt to equity	0.5	0.4	0.4	0.3
Net debt/(cash) to equity	(0.1)	(0.1)	(0.2)	(0.3)
Interest cover	4.6	4.9	5.4	6.0

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