

## Sunview Group Berhad

(0262 | SUNVIEW MK) ACE | Industrial Products & Services

### Two CGPP Quotas Secured

#### KEY INVESTMENT HIGHLIGHTS

- **Secures 2 out of 7 CGPP quota applications under a consortium and under a 51% subsidiary**
- **60% of CGPP target secured, 40% more to go**
- **Engaged discussions with offtakers from Singapore and Eastern Europe**
- **May potentially replenish RM300m-RM400m order book**
- **Maintain BUY with TP of RM1.32**

**Two successful CGPP applications.** Sunview Group Berhad has secured two out of its several Corporate Green Power Programme (CGPP) applications, with a total export capacity of 59.98MWac. These were awarded by the Energy Commission to the consortium of JAKS Solar Power Sdn Bhd, Ann Joo Green Energy Sdn Bhd and Sunview's wholly-owned subsidiary Fabulous Sunview Sdn Bhd for a capacity of 29.99MWac. The other 29.99MWac allocation was awarded to Sunview's 51% subsidiary Solarcity REIT Sdn Bhd.

**Another 40MWac to go?** In our recent [initiation report](#) on Sunview, we mentioned that the group submitted about seven applications for a quota of 200MWac and management targets to secure half of it. With 60% already in the bag, we believe Sunview would be able to secure more quota, if not the entire 40% of its remaining target. Out of the 800MW CGPP quota, there is still a balance of 236.58MW.

**Order book to expand significantly.** Assuming an EPCC value of RM3m-RM4m per 1MW, 100MW of projects could add RM300m-RM400m worth of new order book for Sunview, providing earnings visibility up to FY26. The group's current outstanding order book is RM547.9m among the largest compared to its peers.

**Earnings estimates.** We are making no changes to our earnings estimates pending further clarity on management's plans.

**Target price.** We reiterate our **target price** for **Sunview** of **RM1.32** by pegging a forward PER of 28x to its FY24F EPS of 4.7 sen.

**Maintain BUY.** We maintain our **BUY** recommendation on **Sunview**, backed by its stellar outstanding order book, sound procurement and project management and the potential growth trajectory with the strong focus on solar under the National Energy Transition Roadmap (NETR).



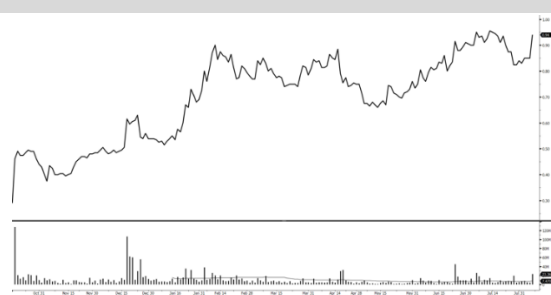
**Maintain BUY**

**Unchanged Target Price: RM1.32**

#### RETURN STATISTICS

Price @ 7th Aug 2023 (RM)	0.94
Expected share price return (%)	+40.43
Expected dividend yield (%)	0.00
<b>Expected total return (%)</b>	<b>+40.43</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.1	-3.7
3 months	3.3	38.1
12 months	-	-

#### INVESTMENT STATISTICS

FYE Dec (RM'm)	2023A	2024E	2025F
Revenue	347.0	399.0	478.9
Operating Profit	5.6	4.7	5.6
Profit Before Tax	21.5	34.2	41.0
Core Net Profit	12.9	21.9	29.1
Core EPS (sen)	2.8	4.7	6.2
PER (x)	28.3	28.0	21.3
DPS	-	-	-
Dividend Yield	-	-	-

#### KEY STATISTICS

FBM KLCI	1,445.81
Issue shares (m)	468.00
Estimated free float (%)	100.00
Market Capitalisation (RM'm)	439.92
52-wk price range	RM0.36-RM0.98
3-mth average daily volume (m)	7.26
3-mth average daily value (RM'm)	6.24
Top Shareholders (%)	
Kenanga Unit Trust BHD	2.08
Kenanga Funds Bhd	1.95
Kenanga Trust Management Bhd	0.02

**Analyst**

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**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>
Revenue	43.3	99.3	347.0	399.0	478.9
Cost of sales	(30.5)	(78.9)	(310.3)	(337.0)	(404.5)
Gross profit	12.9	20.3	36.7	62.0	74.4
Administrative expenses	(4.0)	(7.8)	(16.3)	(25.1)	(30.1)
Profit before tax	9.1	13.4	25.9	41.6	50.2
Tax	(2.6)	(2.0)	(8.5)	(8.9)	(10.6)
Reported net profit	5.8	8.9	13.0	21.9	29.1
Core net profit	5.8	8.9	12.9	21.9	29.1

<b>Balance Sheet (RM'm)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>
Fixed assets	33.8	39.2	40.6	44.6	48.6
Intangible assets	17.3	17.3	17.3	17.3	17.3
<b>Non-current assets</b>	<b>51.0</b>	<b>57.2</b>	<b>57.9</b>	<b>61.9</b>	<b>65.9</b>
Cash	16.9	20.1	87.4	78.7	86.6
Trade debtors	18.3	31.4	44.6	32.8	39.4
<b>Current assets</b>	<b>41.2</b>	<b>101.1</b>	<b>226.6</b>	<b>251.4</b>	<b>284.9</b>
Trade creditors	31.2	19.3	38.4	46.2	55.4
Short-term debt	3.9	10.1	58.1	63.9	70.3
<b>Current liabilities</b>	<b>37.9</b>	<b>60.4</b>	<b>148.2</b>	<b>161.8</b>	<b>177.4</b>
Long-term debt	42.9	42.7	31.9	24.6	17.2
<b>Non-current liabilities</b>	<b>43.2</b>	<b>43.1</b>	<b>32.7</b>	<b>26.1</b>	<b>18.9</b>
Share capital	2.3	24.2	81.6	81.6	81.6
Retained earnings	8.8	17.7	30.7	52.6	81.7
<b>Equity</b>	<b>11.2</b>	<b>54.7</b>	<b>103.5</b>	<b>125.4</b>	<b>154.5</b>

<b>Cash Flow (RM'm)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>
PBT	21.5	34.2	41.0
Depreciation & amortisation	3.2	5.1	6.2
Changes in working capital	3.9	7.9	(7.9)
<b>Operating cash flow</b>	<b>2.0</b>	<b>14.0</b>	<b>(1.8)</b>
Capital expenditure	(4.2)	(4.6)	(5.3)
<b>Investing cash flow</b>	<b>(3.0)</b>	<b>(3.3)</b>	<b>(3.6)</b>
Debt raised/(repaid)	(15.0)	(11.5)	(10.0)
Equity raised/(repaid)	32.6	-	-
Dividends paid	-	-	-
<b>Financing cash flow</b>	<b>56.6</b>	<b>24.1</b>	<b>22.6</b>
<b>Net cash flow</b>	<b>55.5</b>	<b>34.8</b>	<b>17.2</b>
<b>Beginning cash flow</b>	<b>1.9</b>	<b>57.4</b>	<b>92.2</b>
<b>Ending cash flow</b>	<b>57.4</b>	<b>92.2</b>	<b>109.4</b>

<b>Profitability Margins</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</b>	<b>2025F</b>
Gross profit margin	29.7%	20.5%	10.6%	15.5%	15.5%
Operating profit margin	21.1%	13.5%	7.5%	10.4%	10.5%
PBT margin	19.3%	10.9%	6.2%	8.6%	8.6%
PAT margin	13.4%	9.0%	3.7%	5.5%	6.1%
Core PAT margin	13.4%	9.0%	3.7%	5.5%	6.1%
PER (x)	-	-	28.3	28.0	21.3

Source: Bloomberg, MIDFR

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology