

Sunview Group Berhad

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

Starting To Shine Again

KEY INVESTMENT HIGHLIGHTS

- **FY24 revenue +34.3% to RM465.9m; core earnings declined -25.7% to RM9.6m, slightly below estimates**
- **Margins dragged by LSS4 projects during the year, but 4QFY24 starts to see improvement as LSS4 reaches tail end**
- **Outstanding order book of RM210.9m providing earnings visibility for FY25**
- **Maintain BUY with unchanged TP of RM0.88**

Below expectations. Sunview Group's revenue for FY24 grew +34.3%yoy to RM465.9m but its core earnings slipped -25.7%yoy to RM9.6m. This was just slightly below our expectations, making up 88.9% of full-year estimates. Apart from the lower margins LSS4 projects, the bottom line was also impacted by higher administrative expenses and finance cost.

EPCC and services. Revenue generated from the provision of products and services related to RE grew +34.6%yoy to RM461.5m in FY24 while the segment's gross profit rose +21.5%yoy to RM41.7m. Gross profit margin declined from 10.0% in FY23 to 9.0%, largely due to the sizeable LSS4 projects that it worked on during the year. However, an uptick in margins can already be seen from 4QFY24 as most of its LSS4 projects approach the completion stage and with more C&I projects lifting margins to 18% during 4QCY24.

CGPP to drive earnings in FY25/FY26. Sunview's prospects in FY25 will be driven by the Corporate Green Power Programme (CGPP). Recall that the group secured two 29.99MWac allocations (under a consortium of JAKS Solar Power Sdn Bhd, Ann Joo Green Energy Sdn Bhd and Fabulous Sunview Sdn Bhd and another under a consortium of Solarcity REIT Sdn Bhd and Coara Solar Sdn Bhd), of which it holds stakes of 10% and 80% respectively. It expects to take on the entire EPCC jobs for these two plants, which would be in the range of RM200m. Sunview is also in the midst of bidding for EPCC jobs from six other CGPP winners worth RM650m, of which its target is to secure about 50%. Management expects most results to be announced by Jun-24. Construction for CGPP plants is mostly expected to kick off by 2HCY24 and has to be completed by 2025.

Strong outstanding order book. The group's unbilled order book currently stands at RM210.9m, providing Sunview with financial visibility in FY25. About 30% of these are C&I rooftop projects and management plans to secure more of such jobs in FY25. It also plans to submit its bids for LSS5 and LSS-Sabah2024 and expects these projects to keep them busy for the next three years.

Earnings estimates. We maintain our earnings estimates for FY25E/FY26F.

Maintain BUY

Unchanged Target Price: RM0.88

RETURN STATISTICS

Price @ 31 st May 2024 (RM)	0.65
Expected share price return (%)	+35.38
Expected dividend yield (%)	0.00
Expected total return (%)	+35.38

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.0	-3.4
3 months	0.0	-6.5
12 months	-11.6	-23.5

INVESTMENT STATISTICS

FYE Mar (RM'm)	2024A	2025E	2026F
Revenue	465.9	421.6	484.8
Operating Profit	22.6	29.9	41.7
Profit Before Tax	16.0	26.9	35.4
Core Net Profit	9.6	20.6	24.8
Core EPS (sen)	1.8	3.5	4.2
PER (x)	36.1	18.6	15.5
DPS	-	-	-
Dividend Yield	-	-	-

KEY STATISTICS

FBM KLCI	1,596.68
Issued shares (m)	468.00
Estimated free float (%)	100.00
Market Capitalisation (RM'm)	334.62
52-wk price range	RM0.59-RM0.98
3-mth average daily volume (m)	1.30
3-mth average daily value (RM'm)	0.87
Top Shareholders (%)	
Aham Asset Management Bhd	0.84
Kenanga Trust Management Bhd	0.23
Kenanga Funds Bhd	0.11

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Target price. As such, we also maintain our **TP** for Sunview currently at **RM0.88**, which was derived by pegging its FY25F EPS of 3.5 sen to a PER of 25x, at a slight discount to its larger peers.

Maintain BUY. We reiterate our view that Sunview has reached an inflection point in 3QFY24 with compressed margins as its LSS4 projects are now at the tail end. The uptick in performance can be seen in 4QFY24 and we believe this will be sustainable in upcoming quarters, if not better, as management shifts its focus towards C&I projects with stronger margins. Prospects for solar EPCC players remain bright in our opinion, with favourable policies such as the CGPP, National Energy Transition Roadmap (NETR) and the LSS5. All factors considered; we maintain our **BUY** recommendation on **Sunview**.



SUNVIEW GROUP: 4QFY24 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	4QFY24	3QFY24	4QFY23	QoQ	YoY	12MFY24	12MFY23	YoY
Revenue	103.2	49.7	139.6	107.7%	-26.1%	465.9	347.0	34.3%
Cost of sales	(84.3)	(42.0)	(128.1)	-100.6%	34.2%	(422.7)	(310.3)	-36.2%
Gross profit	18.9	7.7	11.5	146.1%	64.3%	43.2	36.7	17.8%
Other income	0.4	0.1	3.6	292.4%	-90.0%	0.7	5.6	-86.9%
Administrative expenses	(8.4)	(3.9)	(3.6)	-116.5%	-134.4%	(21.3)	(16.3)	-30.7%
Operating profit	10.8	3.9	11.5	179.3%	-5.9%	22.6	25.9	-12.8%
Finance costs	(2.9)	(1.8)	(1.3)	-62.7%	-127.0%	(7.7)	(4.4)	-74.3%
Profit before tax	8.3	2.8	10.3	197.7%	-19.3%	16.0	21.5	-25.5%
Tax	(3.7)	(1.2)	(4.6)	-193.7%	20.7%	(6.4)	(8.5)	24.3%
Profit after tax	4.6	1.5	5.6	201.0%	-18.1%	9.6	13.0	-26.3%
Core net profit	4.8	1.0	5.4	356.1%	-10.9%	9.6	12.9	-25.7%

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024A	2025E	2026F
Revenue	99.3	347.0	465.9	421.6	484.8
Cost of sales	(78.9)	(310.3)	(422.7)	(377.3)	(417.0)
Gross profit	20.3	36.7	43.2	44.3	67.9
Administrative expenses	(7.8)	(16.3)	(21.3)	(16.9)	(29.1)
Profit before tax	13.4	25.9	16.0	26.9	35.4
Tax	(2.0)	(8.5)	(6.4)	(6.3)	(10.7)
Reported net profit	8.9	13.0	9.6	20.6	24.8
Core net profit	8.9	12.9	9.6	20.6	24.8

Balance Sheet (RM'm)	2022A	2023E	2024A	2025E	2026F
Fixed assets	39.2	40.6	43.7	48.6	50.1
Intangible assets	17.3	17.3	16.8	17.3	17.3
Non-current assets	57.2	57.9	79.9	84.8	86.3
Cash	20.1	87.4	51.1	86.6	99.6
Trade debtors	31.4	44.6	57.8	39.4	49.5
Current assets	101.1	226.6	279.0	237.7	280.3
Trade creditors	19.3	38.4	100.1	55.4	63.2
Short-term debt	10.1	58.1	91.7	70.3	70.3
Current liabilities	60.4	148.2	201.7	135.6	143.4
Long-term debt	42.7	31.9	36.6	17.2	18.9
Non-current liabilities	43.1	32.7	37.1	18.9	20.6
Share capital	24.2	81.6	108.8	81.6	81.6
Retained earnings	17.7	30.7	40.3	67.8	102.3
Equity	54.7	103.5	140.5	168.0	202.5

Cash Flow (RM'm)	2023E	2024A	2025E	2026F
PBT	21.5	16.0	26.9	35.4
Depreciation & amortisation	3.2	4.0	6.2	5.5
Changes in working capital	3.9	(89.6)	26.3	2.3
Operating cash flow	2.0	(69.6)	3.5	18.2
Capital expenditure	(4.2)	(5.4)	(5.3)	(5.3)
Investing cash flow	(3.0)	6.2	(3.6)	(3.6)
Debt raised/(repaid)	(15.0)	(2.7)	(10.0)	(11.0)
Equity raised/(repaid)	32.6	27.5	-	-
Dividends paid	-	-	-	-
Financing cash flow	56.6	47.9	22.6	23.6
Net cash flow	55.5	11.9	22.5	38.2
Beginning cash flow	1.9	57.4	69.3	91.8
Ending cash flow	57.4	69.3	91.8	130.0

Profitability Margins	2022A	2023A	2024E	2025F	2026F
Gross profit margin	10.6%	10.6%	9.3%	10.5%	14.0%
Operating profit margin	7.5%	7.5%	4.9%	7.1%	8.6%
PBT margin	6.2%	6.2%	4.5%	6.4%	7.3%
PAT margin	3.7%	3.7%	2.1%	4.9%	5.1%
Core PAT margin	3.7%	3.7%	2.1%	4.9%	5.1%
PER (x)	28.3	35.2	36.1	18.6	15.5

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