

## Sunview Group Berhad

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

**Maintain BUY**

### Appointed for 2 Solar Projects in Uzbekistan

**Unchanged Target Price: RM0.88**

#### KEY INVESTMENT HIGHLIGHTS

- To collaborate with Uzbekistan's Ministry of Energy for two solar projects: Sunview to be investor, asset owner and producer
- Projects involve a 400MWac LSS PV plant in the Andijan district and a 200MWac LSS PV plant in the Fergana district
- 25-year PPA to be signed within two months; SPVs to be set up for each project
- Maintain BUY with unchanged TP of RM0.88

**Official entry into Uzbekistan.** Sunview has been appointed to collaborate with the Ministry of Energy in Uzbekistan for two solar energy projects there. The group's wholly owned subsidiary Fabulous Sunview Sdn Bhd entered into a development and cooperation agreement with the ministry for two solar energy projects, where Sunview will handle the EPCC of the solar farms and act as the investor, asset owner and RE electricity producer. The signing ceremony yesterday was witnessed by Uzbekistan's Deputy Minister of Energy, Umid Mamadaminov.

**Project details.** The first project is a 400MWac large scale solar photovoltaic (PV) plant with a 100MW/200MWh battery energy storage system (BESS) in the Andijan district (Andijan Project) while the second project is a 200MWac large scale solar PV plant with a 50MW/100MWh BESS in the Fergana District (Fergana Project). Capex for both projects is expected to be circa RM2.0b.

**Potentially engage partners for the project.** Due to the massive nature of both projects and asset ownership requirements, we expect Sunview to engage partners in Uzbekistan. Management has yet to indicate the EPCC and asset ownership stakes it would take on but we expect more updates once it inks the 25-year power purchase agreement (PPA) in two months. Sunview will set up special purpose vehicles (SPVs) in Uzbekistan for the implementation of each project. We indicated in our [report last week](#) that Sunview will need to raise funds for the investment in Uzbekistan, likely from both placements and a green sukuk that management is planning to raise.

**Contribute positively from FY25-FY27.** Both projects will take two years to complete, and we expect them to provide strong contributions to Sunview's earnings from FY25 to FY27 and a steady recurring income after that from power generation.

**Earnings estimates.** We maintain our earnings estimates for now pending further details on both projects.

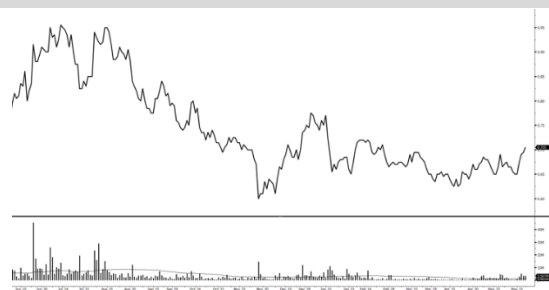
**Target price.** As such, we are also maintaining our TP for Sunview at **RM0.88**, which was derived by pegging its FY25F EPS of 3.5 sen to a PER of 25x, at a slight discount to its larger peers.

**Maintain BUY.** We reiterate our view that Sunview has reached an inflection point in 3QFY24 with compressed margins as its LSS4 projects

#### RETURN STATISTICS

Price @ 13 <sup>th</sup> June 2024 (RM)	0.74
Expected share price return (%)	+18.9
Expected dividend yield (%)	+0.0
Expected total return (%)	+18.9

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.9	1.8
3 months	8.5	-0.6
12 months	-7.2	-21.1

#### 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	1,610.17
Issued shares (m)	510.54
Estimated free float (%)	100.00
Market Capitalisation (RM'm)	362.93
52-wk price range	RM0.59-RM0.98
3-mth average daily volume (m)	1.39
3-mth average daily value (RM'm)	0.93
Top Shareholders (%)	
PMB Investment Bhd	0.87
Aham Asset Management Bhd	0.84
Kenanga Trust Management Bhd	0.23

#### Analyst

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are now at the tail end. The two new solar projects that it secured in Uzbekistan are expected to deliver strong results to the group over the next three financial years, on top of boosting its profile in undertaking overseas projects. In Malaysia, prospects 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**. 

## 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
<b>Non-current assets</b>	<b>57.2</b>	<b>57.9</b>	<b>79.9</b>	<b>84.8</b>	<b>86.3</b>
Cash	20.1	87.4	51.1	86.6	99.6
Trade debtors	31.4	44.6	57.8	39.4	49.5
<b>Current assets</b>	<b>101.1</b>	<b>226.6</b>	<b>279.0</b>	<b>237.7</b>	<b>280.3</b>
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
<b>Current liabilities</b>	<b>60.4</b>	<b>148.2</b>	<b>201.7</b>	<b>135.6</b>	<b>143.4</b>
Long-term debt	42.7	31.9	36.6	17.2	18.9
<b>Non-current liabilities</b>	<b>43.1</b>	<b>32.7</b>	<b>37.1</b>	<b>18.9</b>	<b>20.6</b>
Share capital	24.2	81.6	108.8	81.6	81.6
Retained earnings	17.7	30.7	40.3	67.8	102.3
<b>Equity</b>	<b>54.7</b>	<b>103.5</b>	<b>140.5</b>	<b>168.0</b>	<b>202.5</b>

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
<b>Operating cash flow</b>	<b>2.0</b>	<b>(69.6)</b>	<b>3.5</b>	<b>18.2</b>
Capital expenditure	(4.2)	(5.4)	(5.3)	(5.3)
<b>Investing cash flow</b>	<b>(3.0)</b>	<b>6.2</b>	<b>(3.6)</b>	<b>(3.6)</b>
Debt raised/(repaid)	(15.0)	(2.7)	(10.0)	(11.0)
Equity raised/(repaid)	32.6	27.5	-	-
Dividends paid	-	-	-	-
<b>Financing cash flow</b>	<b>56.6</b>	<b>47.9</b>	<b>22.6</b>	<b>23.6</b>
<b>Net cash flow</b>	<b>55.5</b>	<b>11.9</b>	<b>22.5</b>	<b>38.2</b>
<b>Beginning cash flow</b>	<b>1.9</b>	<b>57.4</b>	<b>69.3</b>	<b>91.8</b>
<b>Ending cash flow</b>	<b>57.4</b>	<b>69.3</b>	<b>91.8</b>	<b>130.0</b>

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