

## Sunview Group Berhad

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

### Banking on Uzbekistan to Supercharge Growth

#### KEY INVESTMENT HIGHLIGHTS

- **Potential entry into Uzbekistan as asset owner and EPCC contractor; may potentially secure a few hundred million USD of jobs**
- **Fund raising needed; talks underway to raise green sukuk**
- **Outstanding order book of RM210.9m; FY25 to see focus on higher margin C&I rooftop projects**
- **Maintain BUY with unchanged TP of RM0.88**

**Entry into Uzbekistan.** Sunview Group's potential entry into Uzbekistan will be that of an asset owner and EPCC contractor. If all goes well, we gather that the group may likely secure ground mounted solar projects worth about several hundred million USD. Just recently on 18<sup>th</sup> May, the group's wholly-owned subsidiary Fabulous Sunview Sdn Bhd entered into a strategic business alliance agreement with Yashil Energiya in Samarkand, which was witnessed by both Malaysia Prime Minister Datuk Seri Anwar Ibrahim and Uzbekistan Deputy Prime Minister Jamshid Khodjaev. Under the agreement, Sunview shall be the investor and EPCC provider for potential RE projects while Yashil Energiya will act as the purchaser of electricity generated. In post-earnings briefing yesterday, management said negotiations are ongoing on the tariff rates.

**Fund raising.** Sunview will need to raise funds for the potential asset ownership investment in Uzbekistan. This will likely come from both placements and sukuk, though management guided that the former may not be huge. They are already in the midst of discussions to raise funds via green sukuk.

**Focussing on C&I and residential.** About 30% of Sunview's outstanding order book of RM210.9m are C&I rooftop projects and it plans to focus on more of such jobs in FY25. Management guided that gross margins for C&I projects are double digits. They are also looking to expand further into residential rooftop jobs, which we view is the right move moving forward with government initiatives such as the Solar for Rakyat Incentive Scheme (Solaris) which is aimed at encouraging the installation of solar PV systems in residential premises under the Net Energy Metering (NEM) programme.

**Targetting five CGPP EPCC jobs.** As mentioned in our [report yesterday](#), Sunview's prospects in FY25 will be driven by the Corporate Green Power Programme (CGPP). It aims to secure five CGPP EPCC jobs which we estimate could be in the range of RM500m, including two from its own CGPP allocations that it secured under two different consortiums. Management guided gross margins for the EPCC works to be in the range of 6%.

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

**Maintain BUY**
**Unchanged Target Price: RM0.88**

#### RETURN STATISTICS

Price @ 4 <sup>th</sup> June 2024 (RM)	0.675
Expected share price return (%)	+30.4
Expected dividend yield (%)	+0.0
Expected total return (%)	+30.4

#### 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	1,615.40
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.** We maintain 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 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**.

## 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