

Sunview Group Berhad

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

Secures First CGPP Job

KEY INVESTMENT HIGHLIGHTS

- **Awarded RM51.9m contract to construction LSS PV plant for Cenergi Solar Kuala Ketil Sdn Bhd**
- **Project to generate RM3.1m gross profit for Sunview, assuming 6% margin**
- **Outstanding orderbook upgraded to RM262.8m; 2 more CGPP jobs on the radar**
- **Maintain BUY with unchanged TP of RM0.88**

Maiden CGPP job win. Sunview has secured its first Corporate Green Power Programme (CGPP) related job via its wholly owned subsidiary Fabulous Sunview Sdn Bhd after the latter received a letter of award from Cenergi Solar Kuala Ketil Sdn Bhd for the construction of a large scale solar photovoltaic plant for a fixed contract sum of RM51.9m.

Project details. The plant will have a capacity of 44.99 MWp/29.99 MWac, to be built at Lot 3328, Ladang Bukit Selarong, Mukim Tawar at Kuala Ketil in Kedah. Sunview will begin work on the project today. The project is expected to achieve commercial operations by 24th June 2025 unless otherwise extended in writing by Cenergi.

Contribute positively to FY25. We expect Sunview to achieve a gross profit of about RM3.1m from the project, in line with management's previous guidance of a 6% gross margin for CGPP-related EPCC works. The bulk of the earnings from this job is expected to be recognised in FY25 (ending March).

Boost to order book. The latest win lifts Sunview's outstanding orderbook to RM262.8m. About RM63m of the amount consists of C&I rooftop projects. Sunview has two more CGPP EPCC jobs on its radar that it hopes to secure, which we estimate could be worth RM150m in total. Apart from these, recall that the group also secured two 29.99MWac allocations in Aug-23 (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. We expect Sunview to undertake the EPCC work for these two plants.

Earnings estimates. We maintain our earnings estimates for FY25E/FY26F as the new win is within expectation.

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,

Maintain BUY

Unchanged Target Price: RM0.88

RETURN STATISTICS

Price @ 10 th June 2024 (RM)	0.705
Expected share price return (%)	+24.8
Expected dividend yield (%)	+0.0
Expected total return (%)	+24.8

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	1,617.86
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

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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
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