

## Sunview Group Berhad

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

### A Dim Start to FY25

#### KEY INVESTMENT HIGHLIGHTS

- **FY24 revenue slid -65.5%yoy to RM37.6m; core earnings declined -35.4% to RM1.4m, below estimates**
- **Margins improved due to higher level of residential and C&I rooftop solar jobs**
- **Outstanding order book of RM196.9m providing earnings visibility for FY25**
- **Maintain BUY with unchanged TP of RM0.88**

**Below expectations.** Sunview Group's revenue for 1QFY25 dipped -65.5%yoy to RM37.6m while core earnings declined -35.4%yoy to RM1.4m. This was below expectations at 6.8% of our and 7.6% of consensus' full year estimates.

**EPCC and services.** Revenue generated from the provision of products and services related to RE declined -66.0%yoy to RM36.6m while the gross profit came in -12.5% lower at RM7.0m. The group attributed this to its focus on the progress of the installation of large-scale solar (LSS), which we believe could mean the purchases of solar modules have previously been charged. Margins have grown from 7.4% in 1QFY24 to 19.0% in 1QFY25, mainly due to higher solar rooftop projects.

**CGPP to drive job replenishment.** The group's unbilled order book currently stands at RM196.9m, providing Sunview with financial visibility in FY25. We expect at least half of these to be residential and C&I rooftop projects as the group's LSS4 projects gradually reach completion stage. An immediate boost to its order book would be the EPCC projects from the Corporate Green Power Programme (CGPP). Recall that it secured its first CGPP job in Jun-24, a RM51.9m project from Cenergi Solar Kuala Ketil Sdn Bhd. We expect future contract wins in the CGPP space to add about RM150m to Sunview's order book.

**Earnings estimates.** We maintain our earnings estimates for now pending a meeting with management today.

**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.** As the group takes on more C&I and residential rooftop solar jobs, we can expect a gradual improvement in margins as its remaining LSS4 projects come to an end. Prospects for solar EPCC players such as Sunview also remains bright, with favourable policies such as the National Energy Transition Roadmap (NETR) and the LSS5.

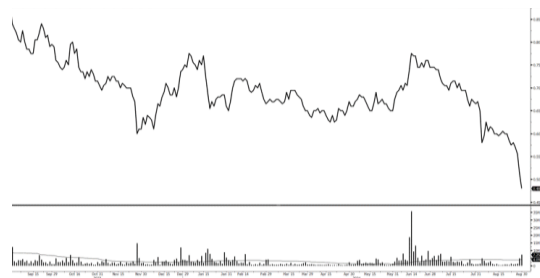
**Maintain BUY**

**Unchanged Target Price: RM0.88**

#### RETURN STATISTICS

Price @ 30 <sup>th</sup> Aug 2024 (RM)	0.48
Expected share price return (%)	+83.3
Expected dividend yield (%)	0.0
Expected total return (%)	+83.3

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-27.8	-30.7
3 months	-35.6	-29.8
12 months	-45.8	-52.7

#### 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)	26.7	13.7	11.4
DPS	-	-	-
Dividend Yield	-	-	-

#### KEY STATISTICS

FBM KLCI	1,678.80
Issued shares (m)	510.54
Estimated free float (%)	100.00
Market Capitalisation (RM'm)	247.10
52-wk price range	RM0.47-RM0.86
3-mth average daily volume (m)	4.00
3-mth average daily value (RM'm)	2.84
Top Shareholders (%)	
Kenanga Unit Trust BHD	0.98
PMB Investment Bhd	0.87
AIA Bhd	0.26

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**SUNVIEW GROUP: 1QFY25 RESULTS SUMMARY**

All in RM'm unless stated otherwise Income Statement	Quarterly Results				
	1QFY25	4QFY24	1QFY24	QoQ	YoY
Revenue	37.6	103.2	108.7	-63.6%	-65.5%
Cost of sales	(30.2)	(84.3)	(100.3)	64.1%	69.9%
Gross profit	7.3	18.9	8.5	-61.2%	-13.2%
Other income	0.5	0.4	0.1	31.3%	315.8%
Administrative expenses	(4.9)	(8.4)	(4.4)	42.5%	-10.8%
Operating profit	3.0	10.8	4.2	-72.8%	-29.4%
Finance costs	(1.6)	(2.9)	(2.0)	44.9%	19.5%
Profit before tax	2.0	8.3	2.2	-75.3%	-7.7%
Tax	(0.4)	(3.7)	(0.2)	90.2%	-55.6%
Profit after tax	1.7	4.6	2.0	-63.5%	-15.1%
Core net profit	1.4	4.8	2.1	-71.7%	-35.4%

**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	26.7	13.7	11.4

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