MBSB RESEARCH

Monday 5th. January 2026

Corporate Update

Pekat Group Berhad

(0233 | PEKAT MK) ACE | Energy

SHARIAH Compliant

ESG 2 Stars

Maintain BUY

Unchanged Target Price **RM2.00**

New Win for the New Year

Maintain BUY. We maintain our **BUY** recommendation on Pekat with an unchanged **TP of RM2.00**. We are positive on the group's prospects, driven by sustainable growth across all its operating segments, riding on the growth in large-scale and rooftop solar, ELP-related jobs for data centres and from EPE Switchgear (M) Sdn Bhd, specialising in the medium voltage category (11kV and 33kV) where it competes mainly with four other companies in Tenaga Nasional Bhd's supply chain.

RM113m contract from TNB. EPE Switchgear (M) Sdn Bhd, a 60% indirectly owned subsidiary of Pekat, has received a letter of award from Tenaga Nasional Berhad for the supply of 11kV motorised ring main units (RMU) with interconnector and remote-control box (RCB) of various configurations. The contract period is two years, effective from 29th December 2025.

Our view. This marks EPE Switchgear's fourth win from Tenaga, since it was acquired by Pekat in Dec-24. We are positive on this new job from Tenaga, which reinforces Pekat's earnings moving forward and further cements its position as one of the key suppliers for Tenaga under the medium voltage segment.

Strong order book. The new win raises Pekat's consolidated order book stood to RM745m, with the bulk of the jobs coming from the power distribution equipment segment at RM404m. The solar division has RM189m, reflecting continued demand across commercial, industrial, residential, and large-scale solar projects while the earthing and lightning protection (ELP) division has RM140m, supported by strong project pipelines in infrastructure, data centres, and public sector developments. The remaining RM12m is from the trading division, comprising supply contracts for electrical components and accessories. We expect job replenishment prospects to remain healthy for all divisions - solar with the recently announced LSS5+ and the upcoming LSS6, ELP capitalising on the healthy pipeline of data centre projects and EPE Switchgear, which is among the companies in the supply chain of Tenaga Nasional. We understand that management is in the talks with a potential client for a 100MWac solar farm.

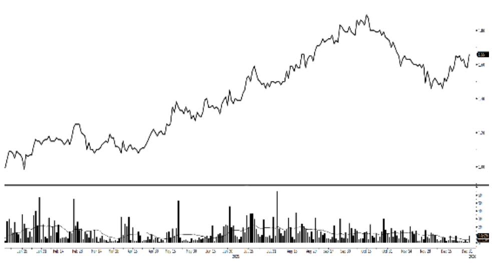
Transfer to Main Market by 2QCY26. Pekat's plan to transfer its listing to the Main Market remains on track, and the group has set its eyes for 2QCY26. It aims to obtain its Certificate of Completion and Compliance (CCC) by Jan-26, which will then allow it to kickstart the submission process for the transfer listing.

Earnings estimates and TP. We are maintaining our earnings estimates and our TP of RM2.00, pegging its FY26F EPS of 7.4 sen to a forward PER of 27x, based on its three-year mean.

RETURN STATISTICS

Price @ 2nd Jan 2026 (RM)	1.66
Expected share price return (%)	+20.5
Expected dividend yield (%)	0.6
Expected total return (%)	+21.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	9.2	6.6
3months	5.1	-10.5
12 months	66.8	63.1

INVESTMENT STATISTICS

FYE Dec	2024A	2025F	2026F
Revenue	291.1	555.3	594.2
Operating Profit	36.0	62.7	73.1
Profit Before Tax	34.6	59.5	69.9
Core PATAMI	22.8	44.6	52.5
Core EPS	2.6	6.3	7.4
DPS (sen)	-	1	1
Dividend Yield	-	0.6	0.6

KEY STATISTICS

FBM KLCI	1,669.76
Issue shares (m)	644.97
Estimated free float (%)	44.28
Market Capitalisation (RM'm)	1,172.41
52-wk price range	RM0.90 - RM1.9
3-mth average daily volume (m)	0.91
3-mth average daily value (RM'm)	1.54
Top Shareholders (%)	
Chin Soo Mau	31.87
Tai Yee Chee	8.04
Wee Chek Aik	6.80

Analyst

Royce Tan Seng Hooi
royce.tan@midf.com.my
03-2173 8461

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	179.2	227.6	291.1	555.3	594.2
EBIT	15.8	18.9	36.0	62.7	73.1
PBT	14.4	18.4	34.6	59.5	69.9
Taxation	-4.4	-4.7	-11.8	-14.9	-17.5
PAT	10.0	13.7	22.8	44.6	52.5
Core earnings	10.0	13.2	18.4	44.6	52.5
EPS (sen)	1.4	1.9	2.6	6.3	7.4
PER (x)	118.6	87.4	63.8	26.3	22.4
DPS (sen)	-	-	-	1	1
Dividend yield (%)	-	-	-	0.6	0.6

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	14.4	18.4	34.6	59.5	69.9
Depreciation	1.5	1.8	1.6	1.7	1.7
Change in NWC	-29.0	5.7	-5.1	-8.4	1.0
Operating cash flow	**-19.3**	**26.2**	**20.0**	**22.9**	**34.0**
Capital expenditure	-3.2	-0.7	-2.0	-2.0	-1.0
Investing cash flow	**14.3**	**-0.6**	**-1.9**	**-1.9**	**-0.9**
Debt raised/(repaid)	-	-	-	-	-
Dividends paid	-	-	-	-	-
Financing cash flow	**-9.1**	**-16.3**	**-16.8**	**-17.1**	**-18.1**
Net cash flow	**-14.1**	**4.7**	**1.3**	**30.2**	**45.4**
Beginning cash flow	**28.2**	**14.2**	**18.9**	**20.2**	**50.4**
Ending cash flow	**14.1**	**18.9**	**20.2**	**50.4**	**95.8**

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
PPE	23.3	23.4	32.8	26.1	27.4
ROU assets	0.3	183.0	0.2	0.2	0.2
Non-current assets	**35.1**	**36.3**	**45.7**	**39.0**	**40.3**
Trade receivables	40.9	47.9	35.6	37.5	55.8
Cash & bank balances	14.1	18.9	26.6	27.4	28.0
Current assets	**154.5**	**142.0**	**159.8**	**193.7**	**224.7**
Long-term debt	1.6	0.6	11.0	10.5	10.0
Non-current liabilities	**4.3**	**3.4**	**13.8**	**13.3**	**12.8**
Short-term debt	19.5	1.0	2.0	2.0	2.0
Trade payables	9.2	12.3	10.8	16.0	24.9
Current liabilities	**55.8**	**38.0**	**37.6**	**42.8**	**51.7**

Profitability Ratios (%)	2022A	2023A	2024A	2025F	2026F
EBIT margin	**8.8**	**8.3**	**12.4**	**11.3**	**12.3**
PBT margin	**8.1**	**8.1**	**11.9**	**10.7**	**11.8**
PATAMI margin	**5.6**	**6.0**	**7.8**	**8.0**	**8.8**
Core PATAMI margin	**5.6**	**5.8**	**6.3**	**8.0**	**8.8**

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad. The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report. This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.
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