

Tan Sue Wen

(603) 7890 8888 (ext 2095)

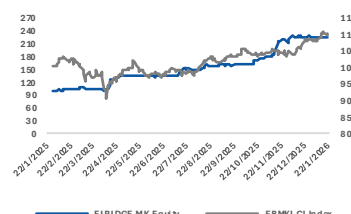
suewen.tan@apexsecurities.com.my

Recommendation:	HOLD
Current Price:	RM 1.00
Previous Target Price:	RM 0.97
Target Price:	↔ RM 0.97
Capital Upside/Downside:	-3.0%
Dividend Yield (%):	1.2%
Total Upside/Downside:	-1.8%

Stock information	
Board	ACE
Sector	Renewable Energy
Bursa / Bloomberg Code	0318 / ELRIDGE MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	2,000.0
Market Cap (RM' m)	2,000.0
52-Week Price Range (RM)	1.04-0.435
Beta (x)	N/A
Free float (%)	31.9
3M Average Volume (m)	3.8
3M Average Value (RM' m)	3.5

Top 3 Shareholders	(%)
Mikro Msc Bhd	20.6
Kayavest Sdn Bhd	16.4
Kenanga Islamic Absolute Return	12.1

Share Price Performance



	1M	3M	12M
Absolute (%)	0.0	31.6	117.4
Relative (%)	-2.0	23.6	102.4

Earnings Summary	FY25F	FY26F	FY27F
Revenue (RM'm)	434.8	569.2	642.6
PATAMI (RM'm)	57.3	77.8	89.0
CNP (RM'm)	57.3	77.8	89.0
EPS - core (sen)	2.9	3.9	4.4
P/E(x)	34.9	25.7	22.5

Elridge Energy Holdings Berhad

New Thailand PKS MOU Expands Export Footprint

- **ELRIDGE entered into an MOU with Berkana Power Company Limited for the supply of ~100,000 metric tonnes per annum of PKS, including GGL-certified PKS, to the Thailand market.**
- **We view this development positively, in line with the Group's strategy to raise its long-term sales mix toward c.60% (from an estimated ~40% currently). Assuming conversion into longer-term offtake, contracted volumes would rise to c.34% of current production capacity.**
- **Maintain HOLD with an unchanged TP of RM0.97, based on 25x FY26F EPS of 3.9 sen.**

Secures MOU for Supply of 100kt PKS to Thailand Market. ELRIDGE has entered into a Memorandum of Understanding (MOU) with Berkana Power Company Limited for the supply of an estimated 100,000 metric tonnes per annum of palm kernel shells (PKS), including Green Gold Label (GGL)-certified PKS, to the Thailand market. The proposed supply is expected to commence in 2026, with c.10 shipments per annum. Pricing will be reviewed quarterly.

Our Take. We view the MOU as a **constructive development**, marking ELRIDGE's entry into a new customer relationship and strengthening its presence in the Thailand biomass market. While the arrangement is non-binding and structured over one year, it establishes a commercial framework for purchase order issuance and provides optionality for repeat or longer-tenure offtake, in line with the Group's strategy to raise its long-term sales mix toward c.60% (from an estimated ~40% currently). Assuming conversion into longer-term offtake, long-term contracted volumes would rise to c.34% of current production capacity.

Outlook. We remain positive on ELRIDGE's outlook, supported by (i) structurally resilient PKS demand, (ii) ongoing capacity expansion of c.17% to ~1.68m tonnes per annum by year-end, and (iii) continued progress in offtake diversification. Japan remains the Group's primary demand base, supported by an estimated 600 operating biomass power plants, implying sustained fuel demand despite the tapering of new large-scale FIT approvals post-2026, with risks skewed toward price re-basing rather than volume displacement. Beyond Japan, ELRIDGE continues to expand its export footprint, with Thailand representing a key incremental market, alongside growing exposure to Korea, China and Indonesia. ELRIDGE's patented screening and processing technology, which typically reduces moisture content to c.8-12% (vs ~15-20% for untreated PKS), results in a higher net calorific value and improved fuel consistency, positioning the Group well to meet increasingly stringent boiler and emissions requirements, and supporting customer retention and longer-term offtake.

Earnings revision. No change to our earnings forecasts, as the development is within expectations.

Valuation & Recommendation. We maintain our **HOLD** recommendation with a TP of **RM0.97**, based on 25x FY26F EPS of 3.9 sen and a three-star ESG rating. ELRIDGE remains fundamentally attractive given its (i) **predictable earnings visibility and cash flows** with c.40% of existing capacity secured under long-term contracts, (ii) ample room for **capacity expansion** to cater for rising demand, (iii) **leadership position** with c.20% market share in Malaysia, and (iv) **status as a certified GGL manufacturer**, which supports commands better margin.

Risks. (i) policy change particularly in biomass certification or export regulations, (ii) forex exposure to JPY and USD-denominated sales, and (iii) competition from regional PKS and alternative biomass suppliers.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	335.3	389.1	434.8	569.2	642.6
Gross Profit	46.0	81.7	105.8	141.0	160.1
EBITDA	31.4	67.2	93.4	125.0	142.6
Depreciation & Amortisation	-1.7	-7.5	-7.3	-9.9	-11.7
EBIT	29.7	59.7	86.1	115.2	130.9
Net Finance Income/ (Cost)	-1.8	-3.4	-4.2	-4.0	-3.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	28.0	56.4	81.9	111.1	127.1
Tax	-4.4	-15.2	-24.6	-33.3	-38.1
Profit After Tax	23.6	41.2	57.3	77.8	89.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	23.6	41.2	57.3	77.8	89.0
Exceptionals	-0.5	-5.6	0.0	0.0	0.0
Core Net Profit	24.1	46.8	57.3	77.8	89.0

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.2	2.3	2.9	3.9	4.4
P/E(x)	83.1	42.8	34.9	25.7	22.5
P/B(x)	57.1	11.4	8.6	7.0	5.7
EV/EBITDA(x)	63.8	31.2	23.3	17.7	15.9
DPS (sen)	0.0	0.0	0.0	1.2	1.3
Dividend Yield (%)	0.0%	0.0%	0.0%	1.2%	1.3%
EBITDA margin (%)	9.4%	17.3%	21.5%	22.0%	22.2%
EBIT margin (%)	8.9%	15.3%	19.8%	20.2%	20.4%
PBT margin (%)	8.3%	14.5%	18.8%	19.5%	19.8%
PAT margin (%)	7.0%	10.6%	13.2%	13.7%	13.8%
NP margin (%)	7.0%	10.6%	13.2%	13.7%	13.8%
CNP margin (%)	7.2%	12.0%	13.2%	13.7%	13.8%
ROE (%)	68.7%	26.8%	24.7%	27.2%	25.5%
ROA (%)	19.4%	17.6%	15.6%	17.7%	17.0%
Gearing (%)	139.9%	36.7%	27.0%	20.9%	16.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY26F
Core EPS (RM)	0.04
P/E multiple (x)	25.0
Fair Value (RM)	0.97
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.97

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank balances	51.8	162.0	239.0	277.4	322.2
Receivables	21.2	50.7	65.9	85.6	111.3
Inventories	21.0	23.5	29.4	36.7	45.9
Other current assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	94.0	236.2	334.3	399.7	479.5
Fixed Assets	6.0	12.0	15.4	21.3	25.6
Intangibles	21.3	15.7	16.0	16.2	16.5
Other non-current assets	2.6	2.5	2.5	2.5	2.5
Total Non-Current Assets	29.8	30.2	33.9	40.0	44.6
Short-term debt	33.4	54.1	54.4	53.0	50.4
Payables	37.6	19.9	65.9	85.6	111.3
Other current liabilities	1.4	6.2	6.2	6.2	6.2
Total Current Liabilities	72.4	80.2	126.5	144.8	167.9
Long-term debt	15.6	10.1	8.2	7.0	5.9
Other non-current liabilities	0.7	1.5	1.5	1.5	1.5
Total Non-Current Liabilities	16.3	11.6	9.7	8.5	7.4
Shareholder's equity	35.0	174.7	232.0	286.5	348.8
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	35.0	174.7	232.0	286.5	348.8

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	28.0	56.4	81.9	111.1	127.1
Depreciation & amortisation	1.7	7.5	7.3	9.9	11.7
Changes in working capital	-8.1	-50.0	24.9	-7.3	-9.2
Others	-2.6	-8.6	-24.6	-33.3	-38.1
Operating cash flow	18.9	5.3	89.5	80.3	91.5
Capex	-0.7	-7.2	-11.0	-16.0	-16.3
Others	0.0	0.0	0.0	0.0	0.0
Investing cash flow	-0.7	-7.2	-11.0	-16.0	-16.3
Dividends paid	0.0	0.0	0.0	-23.3	-26.7
Others	3.6	112.1	-1.5	-2.6	-3.7
Financing cash flow	3.6	112.1	-1.5	-26.0	-30.4
Net cash flow	21.9	110.2	77.0	38.4	44.9
Forex	0.2	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	29.7	51.8	162.0	239.0	277.4
Ending cash	51.8	162.0	239.0	277.4	322.2

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Joined Bursa Carbon Exchange (BCX) in Feb 2025, positioning itself for carbon trading and actively supporting Malaysia's national decarbonisation and net-zero ambitions.
Waste & Effluent	★★★	Applies circular economy principles: rocks and stones from production are reused for road surfacing around factory sites, metals are fully collected for recycling.
Energy	★★★	All main production machinery is powered by electricity, reducing on-site fossil fuel combustion.
Water	★★★	Compliance with environmental laws regarding effluent and water discharge.
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★	Female workforce stands at 40%. While women are underrepresented in senior management, there are two female directors on the board, representing 28.6% of total board members.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	Zero fatalities in 2024 with 100% of operations staff received safety and health training.
Labour Practices	★★★	Adheres to all relevant labor laws.

Governance

CSR Strategy	★★★	Complies with principles and practices set out in the Malaysian Code on Corporate Governance (MCCG).
Management	★★	Board consists of 28.6% female directors (2 out of 7) and 57.1% independent non-executive directors (4 out of 7), which is slightly below the MCCG recommended threshold of 30% for both gender and independent board representation.
Stakeholders	★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of Thursday, 22 Jan, 2026, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.