



# Sunview Group Berhad

## “IPO Note – Rise with the sun”

**Ace Market**  
**Industrial Products**  
**Subscribe**  
**IPO Price: RM0.29**  
**Fair Value: RM0.60**

### Valuation / Recommendation

We have a SUBSCRIBE recommendation on Sunview Group Berhad with a target price of RM0.60 based on FY24F EPS of 4.4 sen and a PE of 13.7x in line with its peer’s average.

We like the stock for its attractive growth prospect on the back of an increase in solar photovoltaic (PV) installation demand under the government’s roadmap to achieve a 31% and 40% RE generation mix by 2025 and 2035. The Group has a 4% market share by business value. The target price represents a potential return of 106.9% over the IPO price.

### Investment Insights

**Proven track record.** The company have completed 98 EPCC of rooftop solar PV facility projects ranging from industrial, residential, and commercial buildings with a cumulative installed capacity of 23.08 MWp. The company also completed the provision of construction and installation for 6 LSS PV plants as a subcontractor and secured 7 new LSS PV plant projects under the LSS 1, LSS 2, LSS 4, and NEDA programme with an aggregate installed capacity of 178.0 MWac and a contract value of RM658.04m expected to be completed by FYE 2024.

With the leadership of its CEO Ong Hang Ping who has more than 12 years of experience in the renewable energy industry, the company was able to achieve a 3-year revenue CAGR of 159.9% from FYE2019 to FYE2022.

**Solid order book.** With a strong order book of RM558.34m as of 30<sup>th</sup> August 2022 expected to be fully recognised by FY24, we think that the company is well-positioned to benefit from the increase in solar photovoltaic (PV) demand under the Government’s Energy Transition Plan 2021 – 2040 with a target to increase the share of renewable energy in the total installed capacity in Malaysia to 31% in 2025 and 40% in 2035.

**Expansion into other renewable energy (RE) facilities.** The company plans to leverage on its experience and track record in EPCC of solar PV facilities to venture into the EPCC of other RE facilities like biogas plants which is designed to generate electricity by using waste materials such as agricultural waste. The company also intends to set up a new office to expand its business in Johor to address potential opportunities in the EPCC of rooftop solar PV facilities and target the commercial and industrial applications in the Southern region.

**Risk factors.** (1) Changes in government policies and regulations relating to power generation, transmission, and distribution. (2) Advancement in technological developments in power generation may result in other more cost-efficient renewable generation methods. (3) Inability to secure new projects.

INVESTMENT STATISTICS	FY20	FY21	FY22	FY23F	FY24F
Revenue (RM m)	26.4	43.3	99.3	501.0	252.0
EBITDA (RM m)	3.5	9.2	13.4	63.9	28.7
EBITDA Margin (%)	13.2	21.3	13.5	12.8	11.4
PAT (RM m)	2.5	5.8	8.9	47.4	20.6
EPS (sen)	0.5	1.2	1.9	10.1	4.4
EPS Growth (%)	-	129.0	53.5	432.9	-56.5
BV Per Share (sen)	1.1	2.4	11.7	24.1	26.3
PE (x)	53.7	23.4	15.3	2.9	6.6
Net gearing/ (net cash) (%)	Net Debt	Net Debt	Net Debt	Net Debt	Net Debt
ROA (%)	11.5	6.3	5.6	13.7	8.2
ROE (%)	48.1	51.8	16.2	42.1	16.8

Sources: Company, Mercury Securities

### Business Overview

Sunview is an investment holding company. Through its subsidiaries, the company are principally involved in the EPCC of solar PV facilities, solar PV construction and installation services, solar power generation and supply and associated services and products.

### Listing Details

Listing Date	17 Oct 22
New Shares (m)	118.0
Offer For Sale (m)	-
Funds Raised (Rm m)	34.2

### Post Listing

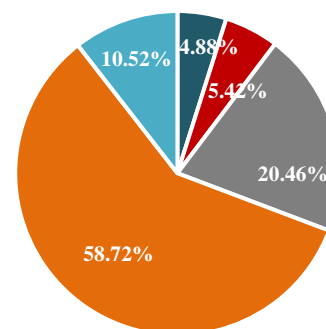
Ordinary shares (m)	468.0
Market Cap (RM m)	135.7
Free Float	25.2%
P/E (FY22)	15.3x

### Major Shareholders

NEC	35.70%
Basil Power	11.59%
Stellar One Sdn Bhd	5.71%

### Utilization of IPO Proceeds (RM m)

Business expansion (Within 24 months)	1.7
Capital expenditure (Within 18 months)	1.9
Borrowings repayment (Within 3 months)	7.0
Working capital (Within 24 months)	20.1
Listing expenses (1 month)	3.6



- Business expansion
- Capital expenditure
- Borrowings repayment
- Working capital
- Listing expenses

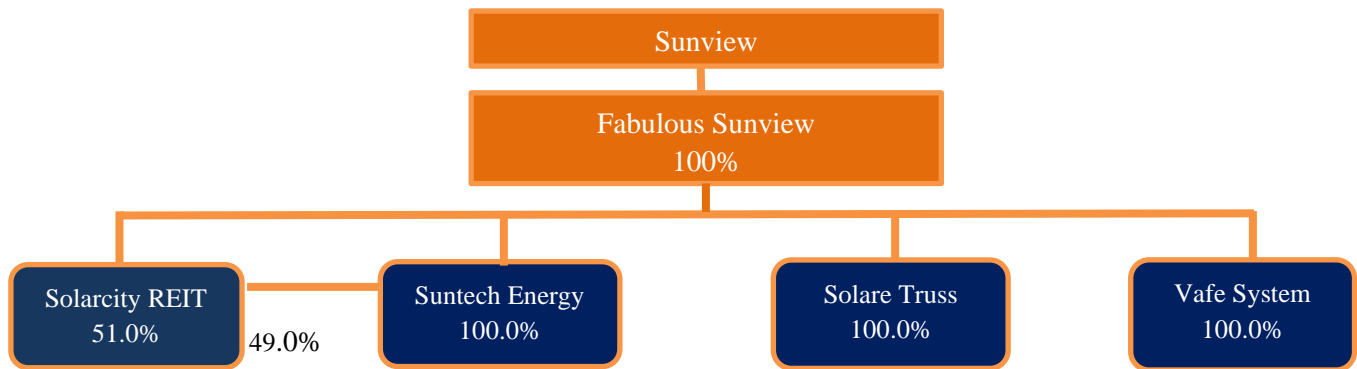


## IPO details

	Offer for sale (m)	Public issue (m)	Total (m)	(%)
(i) Malaysian Public via Balloting	-	23.6	23.6	5.04%
(ii) Eligible Directors and employees as well as persons who have contributed to the success of the Group	-	9.0	9.0	1.92%
(iii) Private placement to Bumiputera investors approved by MITI	-	-	-	-
(iv) Private placement to selected investors	-	85.4	85.4	18.25%
<b>Total</b>	-	118.0	118.0	25.21%

Source: Company

## Group structure post listing



Source: Company

## Peers' comparison

Company	Bloomberg Ticker	Share Price (RM)	Market Cap (RM'm)	PE (x)		EPS (sen)		EPS Growth		P/BV (x)	
				FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Samaiden	SAMAIDEN MK	0.75	288.8	12.3	9.9	6.1	7.6	90.0%	24.6%	2.6	2.1
Solarvest	SOLAR MK	0.75	504.0	22.1	17.4	3.4	4.3	223.8%	26.5%	2.6	2.3
Average				17.2	13.7						

Source: Bloomberg

# DISCLAIMERS AND DISCLOSURES

## Disclaimers

This report is prepared primarily for the use of Mercury Securities' clients in Malaysia and not for publication purposes, should not be reproduced, altered in any way, transmitted to, copied, or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Mercury Securities. Mercury Securities, companies and individuals related to it accept no liability whatsoever for the actions of third parties in this respect.

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the stocks or securities referred to in the report. Investors should note that the price, values, or fundamentals of any securities may fluctuate over time. Past performance of any securities may not be an accurate guide to its future performance.

This report is not intended to provide personal investment advice and does not take into account the investment objectives, financial situation and risk appetite of persons who may receive or read this report. Investors are advised to trade at their own absolute discretion, and to seek financial, legal, and other pertinent professional advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

Any information, views, opinions, recommendations, and advice in this report are given in good faith but without any legal responsibility or liability to Mercury Securities and connected parties. Information contained in this report has been obtained from public sources believed to be reliable, but such sources are not independently verified by Mercury Securities and consequently no representation is made as to the accuracy or completeness of this information, and it should not be relied upon as such. The views, recommendations and opinions in this research report are our own as of the date hereof and are subject to change without prior notice.

Mercury Securities expressly disclaims any obligation to update or revise any views, recommendations, forward looking statements, and forecasts in a timely manner to reflect new information, events, or circumstances after the date of this report publication or to reflect the occurrence of unanticipated events. Our views and recommendations are based on our own analysis of publicly available information. A subject company's fundamentals and prospects are subject to various risks and uncertainties that could cause its actual performance to differ from our opinion.

As such, Mercury Securities and its directors, officers, associates, connected parties and employees shall not be liable for any direct, indirect, or consequential losses or damages that may arise from the use of or reliance on this research report.

## Disclosures

Mercury Securities Sdn Bhd Registration No. 198401000672 (113193-W) is a Participating Organisation of Bursa Malaysia Securities Berhad and a principal holding a Capital Markets Services Licence ("CMSL") issued by the Securities Commission ("SC") of Malaysia. Its research analysts hold a Capital Markets Services Representative's Licence ("CMSRL"). Principals holding a CMSL and representatives holding a CMSRL are regulated by SC in accordance with the Capital Markets and Services Act 2007 ("CMSA").

Mercury Securities, companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks or securities in the markets mentioned. Some of the subject companies covered by Mercury Securities for research purposes may be a client of Mercury Securities in the past, current or may be a potential client in the future. Possible business dealings may include, but is not limited to share trading, market making, underwriting, corporate finance and corporate advisory services.

# RECOMMENDATION RATING

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

<b>BUY</b>	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
<b>HOLD</b>	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
<b>SELL</b>	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published and printed by:

**MERCURY SECURITIES SDN BHD**

Registration No. 198401000672 (**113193-W**)

L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur

Telephone: (603) - 6203 7227 Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)

Email: [mercurykl@mersec.com.my](mailto:mercurykl@mersec.com.my)