



Sunview Group Berhad

“Supernova in the making”

Bloomberg: SUNVIEW MK | Stock Code: 0262

Ace Board
Industrial Services
BUY
TP: RM1.06
Last closing price: RM0.76
Initiated price: RM0.55

Valuation / Recommendation

We recommend a BUY on Sunview Group Berhad with a revised target price of RM1.06 (up from RM0.76) based on FY24F EPS of 5.9 sen and a PE of 18x in line with its peer’s average. We revise our revenue and profit forecasts upward by 17.7% and 19.2% for FY24F due to recent contract wins and higher order book replenishment assumptions. Our revenue forecast for FY24 represents about 60% of Sunview’s existing order book.

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. With a solid track record and a strong order book of RM777.3m, we think that the group is well-positioned to expand from its existing market share of 4%. The target price represents a potential return of 39.5% over the current price.

Investment Highlights

Proven track record. The company have completed 110 EPCC of rooftop solar PV facility projects as of January 2023 ranging from industrial, residential, and commercial buildings with a cumulative installed capacity of 25.1 MWp. The company also completed 21 projects on construction and installation of solar PV facilities with a total contract value of RM38.1m with a total installed capacity of over 300.0 MWac.

With the leadership of its CEO & ED 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 FY2019 to FY2022.

Solid order book. The company recently accepted the RM122m letter of award (LOA) to undertake the EPCC of solar energy facility for development of Nextenaga’s Badong large scale solar photovoltaic in Selangor which will improve its earnings visibility going forward. The company also submitted the application to tender for the Virtual Power Purchase Agreement (VPPA) as of 7th February 2023 that if successful, will strengthen its earnings visibility for the next two financial years.

The company has an order book of RM777.3m as of January 2023, where approximately RM100m is expected to be fully recognised by FY23. We think that Sunview is well-positioned to benefit from the recent fall in raw material prices and an 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.

Our estimates assume 2HFY23 to be stronger on the back of higher revenue recognition from its existing order book, and improved margins due to declining raw material costs.

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.

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.

Stock Return Information

KLCI (pts)	1,476.38
Expected Share Return (%)	39.5
Expected Dividend Yield (%)	-
Expected Total Return (%)	39.5

Share Information

Market Cap (RM m)	355.7
Issued Shares (m)	468.0
52W High (RM)	0.830
52W Low (RM)	0.360
Estimated Free Float (%)	25.2%
Beta vs FBM KLCI	-
3-month Average Vol. (m)	277.1

Top 3 Shareholders (%)

NEC	35.70
Basil Power	11.59
Stellar One Sdn Bhd	5.71

Price Performance

	1M	3M	12M
Absolute (%)	43.4	76.7	-
Relative to Index (%)	43.9	74.3	-



Source: Bloomberg

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INVESTMENT STATISTICS	FY20	FY21	FY22	FY23F	FY24F
Revenue (RM m)	26.4	43.3	99.3	301.0	474.1
EBITDA (RM m)	3.6	9.4	15.7	24.2	40.5
EBITDA Margin (%)	13.8	21.8	15.8	8.1	8.5
PATMI	2.5	5.8	8.9	15.5	27.9
Profit Margin (%)	9.6	13.4	9.0	5.1	5.9
EPS (sen)	0.5	1.2	1.9	3.3	6.0
EPS Growth (%)	-719.5	129.0	53.5	74.2	80.0
BV Per Share (sen)	1.1	2.4	11.7	22.3	28.3
PE (x)	140.6	61.4	40.0	23.0	12.8
Net Gearing (%)	Net Debt	Net Debt	Net Debt	Net Cash	Net Cash
ROA (%)	11.5	6.3	5.6	5.7	8.1
ROE (%)	48.1	51.8	16.2	14.8	21.1

Sources: Mercury Securities, Company

Quarter results comparison

RESULTS (RM m) FY	2Q23	1Q23	qoq %	2Q22	yoy %	Comments
Mar						
Revenue	78.9	31.5	150.5	-	-	
Cost of sales	69.9	26.2	166.8	-	-	
Gross profit	9.0	5.3	69.8	-	-	
Other income	1.2	0.2	500.0	-	-	
Administrative expenses	3.7	2.3	60.9	-	-	
Profit from operations	6.5	3.1	109.7	-	-	
Finance costs	1.2	0.8	50.0	-	-	
Profit before tax	5.3	2.3	130.4	-	-	
Income tax expense	2.1	0.5	320.0	-	-	
Profit after tax	3.2	1.8	77.8	-	-	

Sources: Mercury Securities, 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	0.82	315.7	13.4	10.8	6.1	7.6	90.0%	24.6%	2.9	2.2
Solarvest	SOLAR MK	1.06	707.6	31.2	24.7	3.4	4.3	223.8%	26.5%	3.7	3.1
Average				22.3	17.7						

Sources : Mercury Securities, Company



PROFIT & LOSS (RM m) FY Mar	FY20A	FY21A	FY22A	FY23F	FY24F
Net Revenue	26.4	43.3	99.3	301.0	474.1
Gross Profit	6.1	12.9	20.3	46.1	78.6
Other Operating Income	0.0	0.2	0.9	1.5	2.4
EBIT	3.5	9.2	13.5	22.1	38.4
Administrative Expenses	2.7	4.0	7.8	25.6	42.7
Profit from operations	3.5	9.1	13.4	22.0	38.3
Interest Income	0.0	0.0	0.0	0.0	0.0
Interest Expense	0.2	0.8	2.5	1.6	1.6
Profit Before Tax	3.3	8.3	10.9	20.4	36.7
Exceptional Items	-	-	-	-	-
Taxation	0.7	2.6	2.0	4.9	8.8
Minority Interests	0.0	0.0	0.0	0.0	0.0
Profit After Tax (PATMI)	2.5	5.8	8.9	15.5	27.9
Preferred Dividends / Adjustments	-	-	-	-	-
Recurring Net Profit	2.5	5.8	8.9	15.5	27.9
BALANCE SHEET (RM m) FY Mar	FY20A	FY21A	FY22A	FY23F	FY24F
Cash & Equivalents	2.0	16.9	20.1	59.2	74.9
Trade & Other Receivables	11.0	18.3	31.4	95.7	152.0
Inventories	1.3	1.1	3.1	11.9	13.5
Other Current Assets	3.8	4.9	46.5	47.8	50.2
Current Assets	18.1	41.2	101.1	214.5	290.6
Property, Plant & Equipment	3.8	33.8	39.2	38.0	36.7
Other Non-Current Assets	0.0	17.3	18.0	17.3	17.3
Non-Current Assets	3.8	51.0	57.2	55.2	54.0
Trade & Other Payables	8.1	31.2	28.8	88.2	140.3
Other Current Liabilities	6.8	6.7	31.6	41.4	35.2
Current Liabilities	14.9	37.9	60.4	129.6	175.5
Other Non-Current Liabilities	1.9	43.2	43.1	35.7	35.7
Non-current Liabilities	1.9	43.2	43.1	35.7	35.7
Share Capital	0.0	0.0	0.0	34.2	34.2
Retained Profits	3.0	8.8	17.7	33.2	61.0
Other Equity	2.3	2.3	24.2	24.2	24.2
Total Equity	5.3	11.2	54.7	104.4	132.3
CASH FLOW (RM m) FY Mar	FY20A	FY21A	FY22A	FY23F	FY24F
Profit before tax (PBT)	3.3	8.3	10.9	20.4	36.7
Other operating cash flow	0.6	1.0	4.2	4.9	4.9
Changes in working capital	-2.0	10.7	-40.3	-4.9	-14.5
Interest paid	-0.1	-0.1	0.0	0.0	0.0
Interest received	0.0	0.0	0.1	0.1	0.1
Tax paid	-0.1	-0.8	-2.5	-4.9	-8.8
Operating cash flow	1.6	19.2	-27.7	15.6	18.4
Purchases of PPE	-0.5	-0.9	-0.6	-0.9	-0.9
Other investing cash flow	0.0	0.6	-14.3	-14.6	-14.6
Investing cash flow	-0.5	-0.3	-15.0	-15.5	-15.5
Interest paid	-0.2	-0.2	-2.0	-1.6	-1.6
Other financing cash flow	1.2	16.2	32.9	11.5	11.5
Repayment of term loans	-0.3	-0.2	-1.6	-7.0	0.0
Financing cash flow	0.8	15.7	29.3	2.9	9.9

Sources : Mercury Securities, Company

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Published and printed by:

MERCURY SECURITIES SDN BHD

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