



05 JUL, 2025

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Daily Express (KK), Malaysia



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KUALA LUMPUR: Engineering, procurement, construction and commissioning (EPCC) players are poised to benefit the most in 2025, as solar panel prices are projected to hit their lowest point this year, said Kenanga Investment Bank Bhd (Kenanga Research).

In a note on Friday, it said the total EPCC contract value has surged to RM17.4 billion from RM12.4 billion, ensuring sustained sector activity until the end of 2028.

"Thus far, we have already seen RM2.9 billion in contract awards announced by listed firms.

"In this space, we see market leader Solarvest Holdings Bhd as a key beneficiary and expect it to grab at least 30 per cent of the EPCC market share," it said.

Kenanga Research expects a pick-up in contract flows over the medium term with the corporate renewable energy supply scheme (CRESS) back on the table and upside from the new tariff.

Its top pick is Solarvest because it is better positioned to benefit from the solar EPCC momentum, while maintaining its position in Pekat Group Bhd (Pekat).

It said Solarvest has a strong market position, execution track record, clientele, and value proposition of its photovoltaic system financing programme.

It also has strong earnings visibility backed by sizeable outstanding order and tender books, as well as recurring income from a growing portfolio of solar assets.

Meanwhile, Pekat stands out for its focus on high-margin residential and commercial rooftop solar projects, but the game changer here is its newly acquired switchgear business.

As one of the top four medium voltage switchgear suppliers to Tenaga Nasional Bhd, EPE Switchgear (M) Sdn Bhd is set to ride on TNB's massive Regulatory Period 4 capex, with further upside from leveraging PEKAT's network to capture a larger slice of private sector deals such as data centres.

Kenanga Research maintains its "Overweight" rating on the sector. —Bernama