



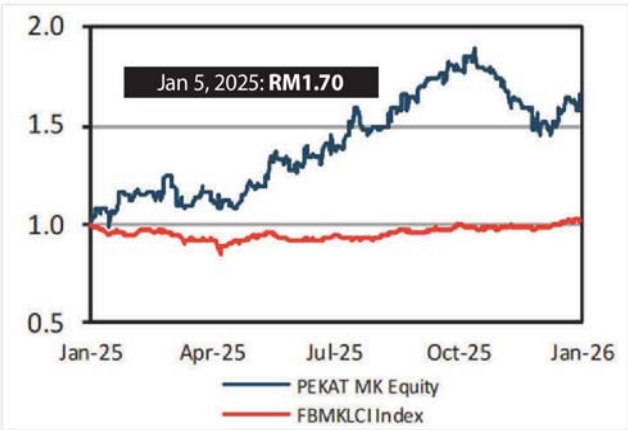
06 JAN, 2026

## Pekat Bhd Buy. Target price: RM1.90

The Sun, Malaysia



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Source: Bloomberg, Phillip Capital Research

**PEKAT'S** 60%-owned subsidiary, EPE Switchgear, has secured a RM113.3m contract from TNB for the supply of 11kV motorized ring main units (RMU) with interconnector and remote control boxes (RCB) of various configurations in accordance with TNB's requirements and specifications. EPE Switchgear is required to provide a RM5.7m performance security, equivalent to 5% of the contract value. The contract spans over two years.

This marks EPE Switchgear's first contract secured in 2026, lifting Pekat's outstanding order book to RM745m (equivalent to 2.6x 2024 revenue cover ratio). The order book is primarily composed of power distribution (54%), solar (25%), ELP (19%), and trading (2%). This award accounts for 21% of our RM546m full-year 2026 order replenishment assumption. We expect this contract to deliver a 10-12% net profit margin, consistent with EPE Switchgear's historical margin. This would translate into RM7-8m PATAMI, representing 13-14% of our forecasted PAT for 2026. Looking ahead, we expect continued healthy order replenishment across all divisions, with solar supported by the recently announced LSS5+ and upcoming LSS6; ELP stands to benefit from a robust data centre project pipeline; and EPE Switchgear remains a key player within TNB's supply chain.

We make no changes to our earnings forecast as this contract win falls under our order replenishment assumption.

We remain positive on Pekat's earnings prospects as it continues to benefit from Malaysia's renewable energy initiatives. Key downside risks include project execution delays, intense market competition, and volatility in solar PV panel prices.

Maintain BUY and RM1.90 TP. – **Phillip Capital Research, Jan 5**