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REFORMS AND GROWING PIPELINE

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KUALA LUMPUR: The renewable energy (RE) sector is set to gain momentum from policy reforms and a growing pipeline of projects, said Maybank Investment Bank Bhd (Maybank IB).

The main boost will come from the Energy Commission's move on Aug 29 to reduce the system access charge (SAC) under corporate and community RE schemes.

This lowers costs for businesses signing long-term green power deals and supports the government's target of lifting the RE mix to 70 per cent by 2050, from 29 per cent currently.

"The SAC cut makes RE more competitive and will likely encourage uptake among big power users, especially data centres," Maybank IB said in a note.

On Sept 2, the Energy Commission also shortlisted 13 bidders for the latest round of large-scale

solar projects (LSS5+) with two gigawatts (GW) of capacity.

These include the Malakoff Corp Bhd-Solarvest Holdings Bhd consortium with a 470-megawatt (MW) project in Perak, as well as projects by YTL Power International Bhd (100MW in Kelantan), Sunview Group Bhd-Cypark Resources Bhd (100MW in Negri Sembilan) and JBB Builders (M) Bhd-Samaiden Sdn Bhd (100MW in Johor).

The first battery energy storage system (BESS) tender for 400MW is also in progress, with contract awards expected by October. Together, these initiatives form a strong pipeline of projects and recurring work for contractors and operators.

Solarvest remains Maybank IB's top pick, supported by its RM1.18 billion order book, presence in large-scale and overseas

solar projects and diversification into solar manufacturing and electrical works.

Cypark also offers solar and waste-to-energy exposure, though its upside is limited by financial constraints.

Maybank IB has a "buy" call on Solarvest with a target price of RM2.64, and a "hold" on Cypark with a target price of 94 sen.

It also highlighted opportunities beyond listed firms, noting Gamuda Bhd's venture with SD Guthrie Bhd (1.2GW in solar assets) and Gentari (1.5GW hybrid solar-BESS) as examples of large-scale projects to come, with spillover benefits for local contractors.

RE companies currently trade at over 20 times forward earnings, but Maybank IB said valuations are supported by strong earnings visibility and a healthy project pipeline.

