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PETALING JAYA: Pekat Group Bhd is expected to post commendable earnings this year, driven by its strong order book and a contract win by its indirect 60%-owned subsidiary EPE Switchgear (M) Sdn Bhd, analysts say.

The company specialises in solar photovoltaic systems and electrical engineering.

UOB Kay Hian Research (UOBKH Research) said: "We expect Pekat to deliver record earnings this year, driven by a strong order book exceeding RM600mil and full-year consolidation of 60%-owned EPE Switchgear."

"This will pave the way for the group to engage in active capital management and a transfer to a Main Board listing by the end of the year."

"We project a robust three-year earnings compounded annual growth rate (CAGR) of 32% from 2025 to 2027 and expect another RM130mil tender win by the end of this month and potentially another RM100mil contract win by the end of this year."

"This will bring EPE Switchgear's total order book to RM300mil," the research house said.

It added that the increase in Tenaga Nasional Bhd's (TNB) tenders year-on-year (y-o-y) has benefited the likes of EPE Switchgear.

In 2023, EPE Switchgear booked RM100mil in revenue, and with its burgeoning order book, UOBKH Research expects the subsidiary to contribute around RM200mil to Pekat Group's total

revenue this year.

"There is also potential margin expansion as a result of positive operating leverage," the research house added.

The research house said it estimates the group has an existing order book exceeding RM600mil at present.

EPE Switchgear recently announced a RM97mil contract win from TNB to supply high-capacity circuit breakers for the national electricity distribution network.

The research house said Pekat's transfer to the Main Board of Bursa Malaysia remains on track and is slated to be completed by the end of this year.

UOBKH Research maintained its "buy" rating on the company with a target price of RM1.45.