AUTHOR: No author available SECTION: STARBIZ AUDIENCE : 175,986 PAGE: 5
PRINTED SIZE: 205.00cm² REGION: KL MARKET: Malaysia PHOTO: Black/White ASR: MYR 10,388
WORDS: 449 ITEM ID: DP0122467606



09 NOV, 2026

Pekat eyes 2,000MW renewable energy jobs by 2029 amid Cress push

The Star, Malaysia

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PETALING JAYA: Pekat Group Bhd could secure up to 2,000MW of Corporate Renewable Energy Supply Scheme (Cress) projects over the next three years, positioning the solar engineering company for stronger earnings growth, according to UOB Kay Hian (UOBKH) Research.

The research house said a 150MW Cress project win was highly probable by December 2026. This is supported by Pekat's strategic landbank.

UOBKH said the company recently secured a 24-year lease over a 470-acre site in Sungai Petani, Kedah, which it believes could accommodate a 150MW/200-MW-peak solar project integrated with a battery energy storage system.

"We are pencilling in 500MW of Cress and large-scale solar 6 (LSS6) contract wins by 2029, lifting the order book from the current RM780mil to RM2.2bil.

"Against the backdrop of heightened solar engineering, procurement, construction and commissioning (EPCC) opportunities under Cress and LSS6, we raise our 2027 and 2028 net profit forecasts by 14% and 25% respectively."

It now projects Pekat to achieve a three-year earnings compound annual growth rate of 29% between 2026 and 2028.

UOBKH Research also sees potential for the company to secure additional strategic land to support potential projects.

"Management reiterated its confidence in the group's ability to deliver up to three utility-scale solar projects across multiple sites, implying an in-house EPCC execution capacity exceeding 500MW. We also understand that Pekat's 60%-owned subsidiary, EPE Switchgear, has submitted a bid for Tenaga Nasional Bhd's (TNB) tender involving the supply and commissioning of medium-voltage switchgears."

The tender outcome is expected by end-December 2026 or early January 2027.

"The group is well positioned to secure 20% to 25% of the estimated RM500mil to 600mil tender value, underpinned by its established track record and longstanding relationship with TNB.

"A successful tender win would reinforce the group's earnings visibility over 2027 to 2028, supported by its favourable net margin of approximately 10% versus the group's average net margin of 7% to 9%." UOBKH Research added.

To support its expansion plans, Pekat recently acquired six adjoining freehold industrial plots in Nilai, Negri Sembilan, through EPE Switchgear, for RM30.58mil.

Following the earnings upgrades, UOBKH raised its fair value for Pekat to RM3.60 a share, switching its valuation methodology from price-to-earnings to sum-of-the-parts to better reflect the value of its renewable energy EPCC business and potential Cress power assets.

The revised valuation comprises RM2.70 a share for its EPCC order book and RM0.90 for its long-term Cress power assets, based on the assumption that Pekat secures 500MW of Cress contracts.

Under a more optimistic scenario, UOBKH Research sees a potential fair value of RM6.30 a share if Pekat manages to build up 2,000MW of power generation assets.

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