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**PETALING JAYA:** Analysts expect Pekat Group Bhd's prospects to remain positive, backed by its strong earth and lightning protection or ELP business due to the growth in data centre projects.

In a report, MBSB Research said in line with the aggressive rollout of solar schemes and policies by the government, the ongoing large-scale solar five (LSS5) and the upcoming LSS5+ and LSS6, Pekat has a good future.

Pekat is among the renowned names in the solar engineering, procurement, construction and commissioning business and switchgears are among the crucial components in the solar photovoltaic or PV systems.

Pekat's 60% indirectly owned subsidiary, EPE Switchgear (M) Sdn Bhd, is set to become a crucial contributor to the group, having secured RM260mil worth of contracts from TNB year-to-date.

EPE Switchgear has a factory at the Arab Malaysian Industrial Park in Nilai, Negri

Sembilan and an annual production capacity of 2,000 panels.

According to MBSB Research, EPE Switchgear specialises in the medium-voltage segment and its products are mainly used by solar farms that are no larger than 30MW.

"We believe programmes such as the Corporate Renewable Energy Supply Scheme could further drive the demand for EPE Switchgear's products. Its 11 kilovolts (kV) and 33kV switchgears are also suitable for data centres that are 30MW and below. Those larger than that will usually have 132kV requirements," MBSB Research said.

Furthermore, EPE Switchgear clients also include Sarawak Energy, Sabah Electricity and independent power producers, as well as cater to shopping complexes, universities, hospitals, commercial buildings and factories, among others.

"The breakdown of its customer segments is approximately 70% for local utilities, 20% for local industries and 10% for

exports to countries in Asia Pacific, the Middle East and Africa. EPE Switchgear has been consistently securing contracts," the research house noted.

As for Pekat's consolidated orderbook, it currently stands at more than RM600mil, led mainly by EPE Switchgear at about RM220mil, driven by ongoing deliveries for power distribution equipment and upcoming utility and private sector contracts.

The research house also made note of Pekat's undertaking of a private placement of up to 10%, mainly for the capital expenditure for its current and future solar PV projects.

Furthermore, Pekat's acquisition of a 60% stake in Apex Power Industry Sdn Bhd for RM96.0mil via its wholly-owned subsidiary will also bode well for the group.

It maintained a "buy" call on the group with a target price of RM1.86, derived by pegging its FY26 earnings per share of 6.9 sen to a forward price to earnings ratio of 27 times based on its three-year historical mean.