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Pekat Group

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ENERGY

HIGHEST RETURN ON EQUITY OVER THREE YEARS

Pekat Group

Riding the energy upcycle to stellar returns

BY ADAM AZIZ

PEKAT GROUP BHD'S (KL:PEKAT) multi-pronged strategy across the solar, earthing and power distribution segments has established it as one of the fastest growing energy companies on Bursa Malaysia today, a feat that also landed it the twin awards for Highest Return on Equity Over Three Years and Highest Returns to Shareholders Over Three Years at *The Edge Malaysia* Centurion Club Corporate Awards 2026.

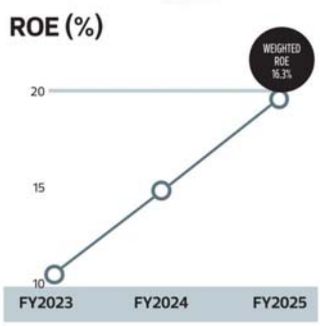
Capitalising on the rising demand for electrification and green energy, Pekat has strategically expanded across the energy market in recent years. Its portfolio now spans residential and commercial rooftop solar, large scale solar, earthing and lightning protection (ELP) for data centres and industries, and distribution network components for the national grid.

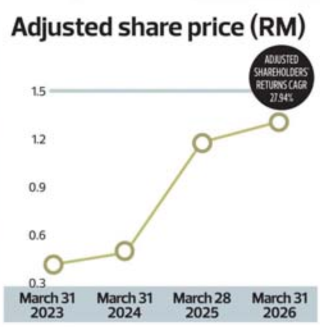
This strategic positioning enabled the group to deliver a standout performance in the financial year ended Dec 31, 2025 (FY2025), as both its top and bottom lines more than doubled year on year to record highs. Named one of Forbes Asia's Best Under A Billion 2025, it recorded a net profit of RM45.04 million or 6.86 sen per share for the year, on revenue of RM609.91 million.

The record FY2025 was a continuation of a remarkable multi-year earnings growth trajectory for Pekat, whose net profit previously grew 37% from RM10 million in FY2022 to RM13.7 million in FY2023, and a further 60.6% to RM22 million in FY2024, while revenue more than tripled from RM179.2 million in FY2022 to RM609.9 million in FY2025. The earnings growth translates to a compound annual growth rate (CAGR) of 48.7%, based on the awards methodology.

At the same time, return on equity (weighted) grew by an average 16.3% each year from FY2023 to FY2025 — the highest among the Centurion Club's energy companies, enabling it to win the award for Highest Return on Equity Over Three Years in the sector.

The outstanding earnings growth and ROE, coupled with strong industry tailwinds, pushed its share price (adjusted) to RM1.31 as at March 31, 2026, from 41.6 sen at end-March 2023, delivering a peer-topping CAGR of nearly 28% over the three-year period in review, based on the awards methodology, helping it to clinch the award for Highest Returns to Shareholders Over Three Years in the energy sector.





Several strategic decisions underpinned its multi-year run. From focusing solely on residential rooftop installations — which surpassed 6,000 completed units in FY2025 — the group expanded more aggressively into commercial rooftop and Large-Scale Solar (LSS) projects, securing 178MW of construction projects in FY2025 alone.

The wider market exposure protects the group against segmental dips, like when solar adoption rates slow amid shifting policy schemes, or when LSS contract awards are delayed.

Overall, solar revenue reached RM344.08 million — accounting for more than 50% of the group's top line — while generating a segment profit of RM30.07 million (before eliminations), representing 32.7% of its total profit across all segments.

In 2024, Pekat acquired a 60% stake in the parent company of switchgear manufacturer EPE Switchgear (M) Sdn Bhd, which opened doors to the rapidly growing power distribution market, driven by rising electrification, influx of data centre projects that require non-stop power, and adoption of electric vehicles that warranted the upgrade and modernisation of the national grid. By FY2025, this segment had contributed RM136.9 million in revenue, with a segment profit of RM12.78 million (before eliminations).

In the meantime, Pekat's niche ELP business continues to see the execution of new projects, particularly in high-demand areas like data centres. Notable recent wins include Gamuda group's Hyperscale Data Centre at Eco Business Park V in Puncak Alam, Selangor.

Industry prospects continue to be exciting for Pekat. Data centre developments are still being dished out, which continue to fuel its niche ELP business, while distribution network upgrades by grid operator Tenaga Nasional Bhd (KL:TENAGA) are expected to maintain its strong momentum going into next year.

Meanwhile, the electricity tariff fuel cost adjustment rose for the third straight month in July, strengthening the economic case for rooftop solar adoption.

The government's recent announcement of a new 2,500MW LSS bidding round, coupled with 1,250MW of battery energy storage systems (BESS), also opens up a major growth avenue for Pekat, which has already demonstrated its capability in this area with a 25MW solar plant featuring BESS integration in Pahang.

In the first three months of FY2026, Pekat maintained its growth momentum with a record high quarterly net profit of RM12.43 million or 1.76 sen per share, on its second-highest quarterly revenue to date of RM167.89 million. With a solid strategy in place, the company just needs to focus on good execution to ride the power sector's up cycle. E