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Sentiment	Positive	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	English
Impressions	582,136	Circulation	291,068
PR Value	174,641	Page	7

Page Location



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Solar PV generating facility to operate in Kuala Langat

ENERGY

PETALING JAYA: Solarvest Holdings Bhd's 60%-owned subsidiary, Nexttree Synergy Sdn Bhd, has inked a power purchase agreement with Tenaga Nasional Bhd (TNB) for the development and operation of a solar photovoltaic (PV) energy generating facility under the fifth large-scale solar programme (LSS5).

In a filing with Bursa Malaysia, the group said Nexttree Synergy would design, construct, own, operate and maintain a 60 megawatts alternating current (MWac) solar PV energy generating facility in Kuala Langat, Selangor.

The commercial operation date of the facility is scheduled for Oct 8, 2027.

Solarvest expects positive future earnings contribution from the facility from the commercial operation date for a span of 21 years.

Meanwhile, analysts said Solarvest had strengthened its earnings prospects following its first LSS5 engineering, procurement, construction, and commissioning (EPCC) contract secured on Monday.

The 500 MWac project at Bukit Selambau, Kedah marked the group's largest project to date, reinforcing its position as a key player in the renewable energy sector.

RHB Research estimated that the contract would raise Solarvest's order book to between RM1.1bil and RM1.2bil, representing a 25% to 36% increase from the RM877mil reported in the third quarter of its financial year ending March 31, 2025 (FY25).

"The company has guided gross profit margin to remain in line with utility-scale projects at 10% to 15%," the research house stated.

"We expect the group's order book to remain solid, supported by the ongoing LSS5 and LSS5+ programmes, as well as the anticipated LSS6," RHB Research added, noting that these initiatives could generate over 6GW of EPCC opportunities.

It maintained its earnings estimates for

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Maybank Investment Bank Research

now, stating that the new contract was in line with its order book replenishment assumptions of RM900mil for LSS5.

It also highlighted potential upside to FY26-FY27 earnings, citing the LSS5+ announcement and its commercialisation timeline in 2027. RHB Research reiterated its "buy" call on Solarvest, with an unchanged target price of RM2, reflecting a 30 times price-earnings (P/E) valuation.

Solarvest has also recently secured the RM401mil LSS5 EPCC project from TNB Kuala Muda Solar Sdn Bhd through its wholly-owned subsidiary, Atlantic Blue Sdn Bhd.

Construction of the project is expected to begin in the second half of FY26, with completion targeted for July 31, 2027. Consequently, the majority of revenue contribution is anticipated in FY27.

Hong Leong Investment Bank (HLIB) Research observed that the contract win would lift Solarvest's unbilled EPCC order book to a record high of RM1.28bil, representing a 46% increase and a substantial 2.8 times cover on FY24 revenue.

"We note that this particular contract will carry less margin risk given that procurement of major equipment is excluded," said the research house.

It highlighted Solarvest's strong prospects in securing further contracts under the LSS5, LSS5+ and LSS6 rollouts, projecting potential EPCC contract values totalling RM15bil to RM18bil over the next two years.

"Our positive view is further supported by frequent quota additions to the existing

Net Energy Metering programme and Corporate Renewable Energy Supply Scheme programme that is poised for further traction when data centres are commissioned for operations," HLIB Research stated.

It maintained its "buy" call on Solarvest, with an unchanged target price of RM2.25, underpinned by a 25 times P/E multiple for the EPCC business and discounted cash flow valuation for its recurring income assets.

Maybank Investment Bank Research (Maybank IB) highlighted Solarvest's strategic positioning to capitalise on Malaysia's renewable energy expansion, supported by its strong market share in the solar segment.

"This latest job win will lift Solarvest's outstanding order book to RM1.3bil, with related revenue recognition expected to remain strong through FY26 and FY27," the research house said.

While maintaining its forecasts, Maybank IB projected a potential gross profit contribution of RM40mil to RM60mil from the contract, assuming a gross profit margin of 10% to 15%.

"We remain upbeat on Solarvest's prospects in growing its order book and asset base amid strong demand for renewable energy over the medium to long term," Maybank IB added.

It maintained its "buy" call on Solarvest with a target price of RM2.14. Kenanga Research took a similarly positive view on Solarvest's outlook, particularly welcoming the project's non-procurement focus.