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KUCHING: Solarvest Holdings Bhd (Solarvest) has clinched its first Large Scale Solar 5 (LSS5) win from Tenaga Nasional Bhd (Tenaga) which analysts peg as different from usual engineering, procurement, construction and commissioning (EPCC) job.

This comes as major solar equipment procurement is not scoped in, thus commanding healthier profit after tax (PAT) margin of more than 10 per cent, doubling the typical five per cent for LSS deals.

The RM401 million EPCC contract from TNB Kula Muda Solar Sdn Bhd is to develop a 500MWac solar power plant under LSS5 in Bukit Selambau, Kedah, with completion targeted by July 2027.

Researchers with Kenanga Investment Bank Bhd (Kenanga Research) said while the award price seems lower than the usual RM2 million to RM2.5 million per MWac, the catch is that major equipment procurement—typically low-margin—has been stripped out.

Since LSS1, Tenaga has procured its own solar panels, leveraging its scale for better pricing and payment terms to maximise project value.

"We are positive on the deal particularly on the non-procurement front as panel prices have bottomed out following the shutdown of Chinese manufacturers struggling with negative cash flow," it said yesterday.



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"Meanwhile, solar EPCC players may face procurement risks for LSS5 projects. Awarded slightly ahead of expectations, this marks Solarvest's first LSS5 contract win, aligning with our FY26 job wins target of RM1.2 billion.

"The deal also pushes its order book to a record RM1.3 billion, securing workload visibility for at least the next 18 months."

In the immediate term, Kenanga Research expect a strong influx of job opportunities driven by the 2GW LSS5 rollout with a completion deadline by end-2026 and an additional 500MW quota under the NEM initiative.

"Based on our estimates, we expect Solarvest to stand a strong chance to secure at about 30 per cent of the total photovoltaic system EPCC jobs under LSS5, which we estimate at RM5 billion, translating to RM1.5 billion."

Meanwhile, Maybank Investment Bank Bhd's research arm (Maybank IB Research)

saw that Solarvest is well-positioned to capitalise on emerging opportunities in the Malaysia RE sector, leveraging its strong market share in the solar segment.

"The group is actively pursuing the 2GW LSS5 quota and the upcoming 2GW LSS5+ expansion, in addition to securing projects under NEM 3.0 and NEDA programmes.

"We make no change to our forecasts, as this job win forms part of our OB win assumptions of RM1 billion in FY26. Year to date in FY25, Solarvest has secured RM947 million of new projects.

Based on past EPCC margins, the contract could contribute an estimated RM40 million to RM60 million in gross profit, assuming a gross profit margin of 10 to 15 per cent.

"We remain upbeat on Solarvest's prospects in growing its orderbook and asset base amid strong demand for renewable energy over the medium to longer term."