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Solar stocks rally as energy price risks revive demand

The Edge, Malaysia



Page 1 of 2

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BY ADAM AZIZ

Malaysian solar energy players have seen their share prices rebound 40% to 50% from their March lows as renewed concerns about global energy supply, triggered by the Iran conflict, lift sentiment on renewable energy (RE).

The rising prices of natural gas, a key input for power generation, are prompting businesses and households to reconsider solar adoption as a hedge against higher electricity costs, say industry players.

On Bursa Malaysia, Solarvest Holdings Bhd (KL:SLVEST) has surged about 49% from its March trough, pushing its forward price-earnings ratio (PER) to about 32 times, above its historical average of 22 times. Samaiden Group Bhd (KL:SAMAIDEN) and Pekat Group Bhd (KL:PEKAT) have also seen their share price rally, gaining 38% and 43% respectively, with valuations expanding to 22 and 23 times forward earnings, above their long-term average of 17 and 18 times.

Market attention is shifting back to private sector demand, particularly among high-consumption users who are increasingly motivated to switch to solar, Pekat managing director Chin Soo Mau tells *The Edge*. "The commercial and industrial (C&I) segment remains the most attractive in the near term," he says.

The industry had seen a slowdown before the Iran war following the tariff restructuring under Regulatory Period 4 (RP4), which introduced capacity and network charges that apply even to on-site solar users. This has reduced the overall savings for new adopters compared with those who installed under earlier programmes.

The impact is most pronounced in the



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There has been renewed interest in rooftop solar as a hedge against higher electricity bills

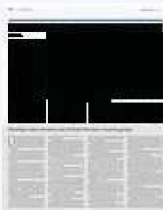
residential segment under the Solar Accelerated Transition Action Programme (Solar ATAP), introduced on Jan 1 this year. Unlike previous frameworks that allowed for full bill offset, Solar ATAP enables households to offset only about 60% of their total electricity costs. Consequently, payback periods have stretched to as long as eight years, from about five years previously.

Still, that equation could change quickly if fuel costs rise. The Automatic Fuel Adjustment (AFA), projected at a rebate of 0.08 sen per kWh for July — its lowest since it was introduced — is widely expected to increase should global energy prices climb.

This is prompting "overwhelming interest" even among residential users as the prospect of higher fuel costs becomes real,

says Gading Kencana Sdn Bhd group managing director Datuk Guntor Tobeng. "In a high energy cost environment, the savings are still significant, especially for larger households," he adds, noting a recent surge in enquiries after a subdued start to the year.

It is a reversal from the lull in January and February, when the market was still digesting Solar ATAP and RP4.



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Larger solar stocks rebound

COMPANY	YTD CHANGE (%)	1-MONTH CHANGE (%)	PER (TIMES)	FORWARD PER (TIMES)	AVERAGE TP (RM)	SHARE PRICE (RM)	MARKET CAP (RM MIL)
Solarvest Holdings	-0.57	25.81	28.5	32.1	3.36	2.73	2,600.44
Peklat Group	0.02	26.98	23.3	20.0	1.87	1.60	1,131.31
Samaiden Group	-0.14	29.90	20.8	22.9	1.72	1.26	635.63
Cypark Resources	0.06	12.88	-	-	0.805	0.75	613.01
Solar District Cooling	-	-	46.5	-	-	-	281.84
Northern Solar	-0.01	3.33	-	4.8	1.00	0.62	245.27
Sunview Group	-0.01	1.41	54.6	30.0	0.36	0.36	211.83
Verdant Solar	-	-	-	-	-	0.21	171.70
NuEnergy Holdings	-	-	8.7	-	-	0.60	113.34

As at April 17, 2026

Automatic Fuel Adjustment on the rise

YEAR	MONTH (M)	ACTUAL (SEN/KWH)	FORECAST		
			M + 1 MONTH	M + 2 MONTHS	M + 3 MONTHS
2025	August	-1.45	-1.23	-2.65	-1.95
	September	-1.10	-2.31	-1.06	-2.88
	October	-6.50	-5.27	-5.68	-1.10
	November	-8.91	-4.49	-4.79	-1.22
	December	-6.42	-5.32	-5.09	-3.07
2026	January	-4.99	-4.64	-5.05	-3.99
	February	-2.77	-3.08	-4.93	-4.65
	March	-2.15	-1.89	-3.80	-4.62
	April	-0.47	-0.39	-0.91	-0.08

Note: Less than forecast ■ More than forecast ■

TENAGA

"We were preparing for a slowdown in demand and concentrated all efforts on ongoing solar farm projects. Now, we need to add to our sales team," says Guntor.

The recent rebound in the solar sector has, however, yet to match last year's surge, when consumers rushed to lock in installations ahead of changes to non-energy charges for approvals from 2026 onwards and to capture residential rebates.

Interest hinges on price

Demand is still highly sensitive to whether solar can deliver meaningful bill savings, with conversion rates lagging even as enquiries improve, says oil and gas firm Uzma Bhd (KL:UZMA), which operates large-scale solar farms and installs rooftop systems.

"Interest is there, but conversion is taking longer while customers reassess savings. Higher grid tariff expectations are lifting

sentiment, but the market is not yet back to last year's momentum," it adds.

Uzma notes that the sector is currently navigating a transition, following the discontinuation of the Net Energy Metering (NEM 3.0) programme, the introduction of the new RP4 tariff structure and the rollout of the Solar ATAP scheme.

"To say it is complex is an understatement. The market is still trying to process the fundamental shift in tariffs and the different solar policies," says Arjun Arasu, CEO of TIME Energy Sdn Bhd, a unit of TIME dotCom Bhd (KL:TIMECOM).

Peklat's Chin says confusion over the mechanics of the programme — including NEM-to-ATAP transitions, self-consumption (SelCo) versus ATAP choices and export credit calculations — has become a key drag on adoption. He adds that clearer government communication could help improve uptake.

Samaiden managing director Datuk Chow Pui Hee says customers are likely to remain cautious in the near term. "They may want to wait and see whether the cost increase is temporary before committing," she adds.

Fuel price volatility remains a key uncertainty, with potential declines reducing the attractiveness of solar installations. Meanwhile, the recent rebound in solar panel prices could lift system cost, even though prices are near historical lows after years of decline.

While renewable electricity is expected to command a premium over fossil fuels, supporting infrastructure such as carbon pricing and emissions monitoring is still not mature enough, with tools such as emissions monitoring or carbon tax, which could help encourage consumers to transition, yet to be rolled out.

Alternative pathways are competing for demand. Some users are instead opting for Tenaga Nasional Bhd's (KL:TENAGA) Green Electricity Tariff (GET), which offers certified RE at a surcharge of three to five sen per kWh.

Like Solar ATAP, other programmes have constraints too. Larger SelCo installations comes with compulsory battery storage, which nearly doubles the cost, as well as additional standby charges of 12 sen/kWh.

However, C&I users are increasingly adding battery storage to manage peak demand charges — called peak shaving — through load shaving strategies.

In corporate markets, potential participants in schemes such as the Corporate Renewable Energy Supply Scheme (CRESS) are increasingly benchmarking solar costs against existing electricity tariffs, with some able to pass on higher AFA costs to customers.

Government data shows that in the residential market, the AFA mechanism does not affect about 85% of households, thus removing a component that would otherwise incentivise ordinary Malaysians to go green.

The Energy Commission said in its maiden annual regulatory review in April that it was reassessing policies to ensure they remained aligned with future requirements amid a dynamic energy landscape.

Overall rooftop solar demand remains

softer year on year in the second quarter despite sequential improvements, according to Verdant Solar Holdings Bhd (KL:VERDANT) CEO Zeth Lim. "It is a market share play with lower gross profit [in the industry now as it enters a policy transition-driven consolidation period]," he says.

Peklat's Chin expects market softness to persist in much of 2026 as the market digests the new framework and installers recalibrate their sales approach. "A more meaningful recovery in volume is likely a 2027 story, supported by rising tariffs and greater consumer familiarity with ATAP mechanics," he says.

Nevertheless, he cautions that sustained recovery in the residential segment may remain limited without further policy refinement, particularly if the ATAP framework does not evolve towards a more commercially sensible structure.

For now, larger players continue to benefit from earlier Large-Scale Solar (LSS) projects awarded, while expectations are building around a potential sixth bidding round.

Meanwhile, interest in RE exports to Singapore has cooled following fluctuating demand during the pilot phase of Energy Exchange Malaysia's auction programme.

Government signals of potential gas market liberalisation by 2028 are reinforcing long-term optimism, meaning it could see market pricing for the fuel source that powers 40% of Peninsular Malaysia's power plants instead of using discounted prices like today. Against this backdrop, Malaysia's long-term solar industry roadmap remains intact, says Uzma.

"Beyond rebates, initiatives such as more supportive rules, implementation of carbon tax, quicker approvals, easier grid connection and support financing, rather than only subsidy, could further accelerate solar adoption," it adds.