



Upbeat outlook for Solarvest on LSS5 plan shortlist

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PETALING JAYA: Analysts are mostly upbeat about Solarvest Holdings Bhd's prospects after it was shortlisted under the large-scale solar five (LSS5) programme, strengthening its position as a key player in the solar energy sector.

Solarvest holds a 60% stake in special-purpose vehicle Nextree Synergy, which signed a power purchase agreement (PPA) with Tenaga Nasional Bhd (TNB) to develop and operate a 60MWac large-scale floating solar photovoltaic plant in Kuala Langat, Selangor, under Package 4 (10MW to 500MW category) of the LSS5 programme.

The PPA with TNB spans 21 years, with commercial operations set to begin on Oct 8, 2027.

"The new LSS5 solar asset, along with the recently secured LSS5 engineering, procurement, construction and commissioning (EPCC) contract, will help diversify Solarvest's income streams with recurring income estimated at about 20% of profit by the financial year 2027 (FY27) and fuelling its growth avenue in the next two years," RHB Research added.

"Assuming an internal rate of return of about 9% and total capital expenditure (capex) of RM150mil, the project could generate an average net profit of around RM4.2mil per annum given Solarvest's 60% stake."



Furthermore, the expansion of its asset portfolio aligns with the group's strategy to achieve 30% recurring income.

"As commercialisation is slated for the second half of the financial year 2028, full contributions should materialise by FY29.

"The lower capex is supported by soft panel prices, currently guided at less than nine US cents/W," explained RHB Research.

To recap, Solarvest recently secured its first LSS5 EPCC contract. "The management anticipates further contract wins in the near future under LSS5, supporting order book replenishment and growth," the research house added.

RHB Research has maintained a "buy" call on Solarvest while keeping its earnings estimates unchanged, as contributions from this project are only expected to stream in from FY28 onwards.

"However, we arrive at a new sum-of-parts target price (TP) of RM2.07 a share as we impute its LSS5 assets at a 60% stake into the firm's valuation," it noted.

With a strong track record in securing PPAs under large-scale solar programmes and winning EPCC contracts, RHB Research said the group is well-positioned to capitalise on the growing demand for renewable energy solutions, thus reinforcing its long-term growth potential.

Meanwhile, Maybank Investment Bank Research (Maybank IB) said Solarvest's EPCC works for a 500MW solar farm under LSS5 from TNB will lift its order book to RM1.3bil, providing earnings visibility for the next two years.

"We make no change to our forecasts, as this job win forms part of our win assumptions of RM1bil in FY26," it said, adding that year-to-date 2025, Solarvest has secured RM947mil of new projects.

"Based on past EPCC margins, the contract could contribute an estimated RM40mil to RM60mil in gross profit, 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 longer term."

Maybank IB has kept a "buy" call on Solarvest with an unchanged TP of RM2.14 a share.

Similarly, BIMB Research has also reiterated a "buy" call on the stock with an unchanged TP of RM2.23 a share.