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Sunview's Winstar stake sale a positive

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RE player to redeploy capital into core business

CORPORATE

PETALING JAYA: Sunview Group Bhd's recent proposed disposal of its stake in Winstar Capital Bhd will help crystallise its investment in Winstar and allow capital redeployment into the group's core business of solar engineering, procurement, construction and commissioning (EPCC), says TA Research.

The renewable energy or RE-based group recently entered into nine separate conditional share sale agreements with nine individuals to dispose of its aggregate 22.4% stake in Winstar at a selling price of 43 sen per share, or for a cash consideration of RM30.1mil.

In a note to clients, TA Research said the disposal price implied a trailing price-to-earnings ratio (PER) of 13.5 times and a price-to-book value of 1.1 times based on Winstar's financial year 2025 (FY25) net profit of RM10mil and net asset of RM120mil.

The disposal exercise is targeted to be completed by the first quarter of 2027.

Based on a carrying value of RM23.1mil as at end-FY25, TA Research noted Sunview is expected to register a one-off RM6.8mil gain from the proposed sale.

Some 60% of the estimated RM30.1mil sale proceeds is expected to be utilised as working capital for the group's EPCC projects, with the majority of the remaining proceeds to pare down borrowings.

This will also result in finance cost savings of RM0.5mil per annum.

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“However, the stake sale is also estimated to reduce annual associate contribution by around RM2mil (18% of FY27 forecast net profit),” TA Research added.

In terms of balance sheet, the exercise is estimated to reduce Sunview's net gearing to 1.07 times from 1.26 times as at end-FY25, freeing up borrowing capacity for other projects and investments.

To recap, Sunview is acquiring two large-scale solar four assets with an aggregate capacity of 100MW – one of which was completed in May 2026 and another, targeted for completion by this November.

Meanwhile, an analyst with a local stock-broking firm estimated the aggregate funding requirement for these acquisitions at RM125mil could rise to between RM175mil and RM245mil, inclusive of additional costs required to complete one of the solar assets being acquired.

Besides the acquisitions, Sunview recently landed a RM1.96bil EPCC contract to construct Tenaga Nasional Bhd's (TNB) 595MW of alternating current floating solar photovoltaic plant in Kenyir, Terengganu, through a 40:60 joint-venture

with Cypark Resources Bhd.

“Nevertheless, with TNB being the end client and a strong paymaster, seeking credit lines to fund the project's working capital requirement should not be too challenging, in our opinion,” the analyst noted.

Meanwhile, TA Research said it was broadly positive on the proposed exercise.

However, while it acknowledged the potential earnings gap post-disposal of Winstar, the brokerage reckoned the two new solar assets the group is pursuing – one of which is already operational – could partly make up for the shortfall, in addition to contributions from new EPCC projects and interest savings from reduced borrowings.

TA Research has kept a “hold” call on Sunview with an unchanged target price of 39.50 sen, pending the completion of the deal.

“Our valuation continues to peg Sunview's 2027 forecast earnings to its historical mean PER of 18 times and reflects a 3% environmental, social and governance premium,” it added.