

Swift Energy Technology Berhad (0337)

Slow orderbook replenishment

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HOLD ↓

TP: RM 0.29 (+9%) ↓

Current Share Price: RM 0.265

Value

Investment Horizon
12 months

Valuation

Our target price is based on:

Blended FY26F PE of 16x (from 18x), compare to indirect peers in solar and M&E sector given that SET provide its services to different end customers and serve the niche market.

Results Report

Results Review

 SET's 9MFY25 core earnings of RM11.7m missed expectations—60% of our forecast and 57% of consensus—due to an unfavourable project mix and slower orderbook replenishment amid macro headwinds. QoQ, 3QFY25 core earnings fell 63% alongside weaker revenue from reduced manufacturing activity. We expect FY25 to remain soft given the thin orderbook, with meaningful contributions from new projects only from FY26.

Outlook

 Our outlook on SET turns cautious. Most tender awards from domestic and overseas are now likely deferred to 4QCY25 or 1QCY26 as clients delay capex amid macro uncertainty. We remain confident in management's ability to secure wins, but award timing has slipped to 4QCY25 or beyond, implying slower orderbook replenishment (RM50–70m) and delays to bids (e.g., PETRONAS–Petron and other international tenders). We cut FY25F–FY27F earnings by 21%-34% and downgrade to HOLD (from BUY) with a lower TP of RM0.29 (from RM0.35), based on a blended FY26F PER of 16x (from 18x) vs indirect solar and M&E peers' PE at 18x, reflecting weaker visibility and slower replenishment.

Key Assumptions

Revenue Growth	Before			After		
	FY2025F	FY2026F	FY2027F	FY2025F	FY2026F	FY2027F
Process control system	5%	20%	20%	-25%	25%	20%
Ex solar PV systems	10%	15%	15%	-10%	25%	20%
Power distribution systems	10%	25%	20%	-10%	25%	20%
Other systems	1%	1%	1%	-45%	1%	1%
Supply of related products and services	10%	10%	10%	-10%	15%	10%

Results Summary

FYE 30 Sept (RMm)	2QFY25	3QFY25	QoQ (%)	9MFY24	9MFY25	YoY (%)
Revenue	33.05	12.20	-63.1	81.45	69.66	-14.5
Gross profit	12.96	7.10	-45.3	32.77	29.76	-9.2
EBITDA	5.92	0.78	-86.8	16.26	10.92	-32.8
Depreciation	-0.36	-0.23	-37.5	-1.13	-0.94	-16.1
EBIT	5.56	0.56	-90.0	15.13	9.98	-34.0
Pretax Profit	5.70	0.84	-85.3	14.23	10.11	-29.0
Taxation	-1.09	0.78	-171.8	-2.55	-1.01	-60.3
Net Profit	4.61	1.62	-64.9	11.68	9.10	-22.1
Core Net Profit	5.20	1.92	-63.1	11.68	11.75	0.6
Margin (%)						
GP	39.2	58.2		40.2	42.7	
EBITDA	17.9	6.4		20.0	15.7	
Pretax	17.2	6.9		17.5	14.5	
Net Profit	15.7	15.7		17.9	10.0	

Financial Exhibits

FYE 30 Sept	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
Revenue (RMm)	92.4	110.7	91.9	112.3	132.1
EBITDA (RMm)	17.1	23.6	17.3	24.1	28.9
Pretax profit (RMm)	14.5	20.9	15.4	21.8	26.1
Net profit (RMm)	11.9	16.9	12.9	18.3	22.0
EPS (sen)	1.2	1.7	1.3	1.8	2.2
PER (x)	22.2	15.7	20.5	14.5	12.1
Core net profit (RMm)	11.9	18.4	12.9	18.3	22.2
Core EPS (sen)	1.2	1.8	1.3	1.8	2.2
Core EPS growth (%)	51.1	53.7	-29.7	42.0	20.9
Core PER (x)	22.2	14.4	20.5	14.5	12.0
Net DPS (sen)	550.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	N.M	0.0	0.0	0.0	1.0
ROE (%)	27.9	32.3	9.1	11.5	12.2



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Tradeview Research Investment Rating System

Equity:

- BUY: Total stock return expected to exceed +15% over 12-month period
- HOLD: Total stock return to be between -15% and +15% over a 12-month period
- SELL: Total stock return expected to below -15% over a 12-month period
- TRADING BUY: Total stock return expected to exceed +10% over 6-month period
- TRADING SELL: Total stock return expected to below -10% over a 6-month period