

Swift Energy Technology Berhad (0337)

 **Better QoQ on project mix**

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BUY ↔

TP: RM 0.35 (45%) ↓

Current Share Price: RM 0.24

Value

Investment Horizon
12 months

Valuation

Our target price is based on:

Blended FY26F PE of 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.

Result Report

Results Review

 SET's 1HFY25 core earnings of RM9.8mil came below expectation, reflecting 42% of our expectation and 47% of consensus. The negative variance was due to unfavourable project mix and slow order replenishment impacted by macroeconomic uncertainties. On a QoQ basis, 2QFY25 revenue improved by 35% thanks to higher manufacturing segment (+65%) offset the decrease in engineering services (-42%) and trading (-18%) segments. The core earnings rose by 12%, primarily due to better project mix.

Outlook

 Our outlook for SET is cautiously optimistic, acknowledging some near-term headwinds. The majority of tender awards, both local and overseas, are now anticipated to be pushed back to 2H25, likely a consequence of broader macroeconomic uncertainty leading clients to defer capital expenditures. While awaiting these significant project wins, SET currently has a RM55m backlog and ongoing ad hoc orders. Despite these delays, we retain strong confidence in the management team's proven capability to secure international orders, a strength underscored by SET's unique, globally certified product offerings and efficient delivery. This slower anticipated order book replenishment (anticipated at RM50-70m) and tender delays, such as the Petronas-Petron project and various international projects, have led us to reduce our FY25F-FY27F earnings forecasts by 18%-31%. We reiterate our Buy rating with a revised TP of RM0.35 (from RM0.43), based on a forward-rolled valuation to an unchanged blended FY26F PE of 18x.

Key Assumptions

Revenue Growth	Before			After		
	FY2025F	FY2026F	FY2027F	FY2025F	FY2026F	FY2027F
Process control system	25%	30%	25%	5%	20%	20%
Ex solar PV systems	30%	25%	30%	10%	15%	15%
Power distribution systems	35%	25%	25%	10%	25%	20%
Other systems	4%	1%	1%	1%	1%	1%
Supply of related products and services	15%	15%	15%	10%	10%	10%

Results Summary

FYE 30 Sept (RMm)	1QFY25	2QFY24	QoQ (%)
Revenue	24.4	33.1	35.4
Gross profit	9.7	13.0	33.7
EBITDA	4.2	5.9	40.4
Depreciation	(0.4)	(0.4)	(1.7)
EBIT	3.9	5.6	43.9
Pretax Profit	3.6	5.7	59.3
Taxation	(0.7)	(1.1)	(53.8)
Net Profit	2.9	4.6	60.7
Core Net Profit	4.6	5.2	12.2
Margin (%)			
GP	39.7	39.2	
EBITDA	17.3	17.9	
Pretax	14.6	17.2	
Net Profit	19.0	15.7	

Financial Exhibits

FYE 30 Sept	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	92.4	110.7	120.3	140.9	165.7
EBITDA (RMm)	17.1	23.6	24.9	29.9	35.7
Pretax profit (RMm)	14.5	20.9	23.0	27.5	32.9
Net profit (RMm)	11.9	16.9	19.4	23.2	27.8
EPS (sen)	1.2	1.7	1.9	2.3	2.8
PER (x)	20.1	14.3	12.4	10.4	8.7
Core net profit (RMm)	11.9	18.4	19.4	23.2	27.9
Core EPS (sen)	1.2	1.8	1.9	2.3	2.8
Core EPS growth (%)	51.1	53.7	5.7	19.5	20.5
Core PER (x)	20.1	13.1	12.4	10.4	8.6
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	13.1	13.5	14.0

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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