

Swift Energy Technology Berhad (0337)



Servicing (S)ynergies

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BUY (Initiation)

TP: RM 0.43 (+54%)

Current Share Price: RM 0.28

Growth

**Investment Horizon
12 months**

Valuation

Our target price is based on:

Blended FY25F PE of 18x, compare to indirect peers in solar and oil & gas sector given that SET provide to different end customers and serve the niche market. We project better earnings growth of 29-35% in FY25-27F

Green Energy and Explosion-Proof Expertise



Swift Energy Technology Berhad (SET) stands out as Malaysia's only IECEx and ATEX-certified manufacturer of Ex solar PV modules, Ex switchracks, and more—positioning it uniquely among just six global IECEx-certified players. The Ex solar PV segment account for 29% of FY24 revenue with active tenders across Malaysia, Thailand, China, and beyond, driven by the global shift toward sustainability, including Malaysia's NETR net-zero targets and PTTEP's initiatives in Thailand. This eco-friendly solution powers O&G platforms while aligning with green energy goals. This segment revenue grew by 31% YoY in 2024, and expected to grow 25%-35% in FY25-FY27F. In addition, SET fabricates and sells power distribution panels under Siemens' SIVACON brand and its own "Swift Energy" brand, including LV switchboards and MCC panels. This strategy bolsters its market position by leveraging in-house fabrication for higher margins and brand expansion. Power distribution systems contributed 24% of FY24 revenue. We expect robust revenue growth by 25%-35% in FY25-FY27F, compared to 49% in FY24. We expect better profit margin from these segments due to (i) economic of scale on in house manufacturing, (ii) better product mix, and (iii) more contract on provision of technical services.

Sticky relationship support process control system segment



SET process control system segment, which contributed 23% of total revenue in FY24, has shown a robust CAGR of 25% from FY21 to FY24. SET's enduring relationships with key clients, such as the Wilmar Group, are a testament to its reliability and trustworthiness. By seizing customer expansion opportunities, SET is well-positioned for continued growth. We anticipate a steady rise in this segment, in line with the upcoming capex cycle in 2026 for grain products, edible oils, and food industries, which reflects a cyclical trend average 3-5 years. Currently, SET is securing orders for minor upgrades, maintenance projects, and new plant expansions in Africa, in line with its customer's expanding footprint.

Expansion of new facility and market reach



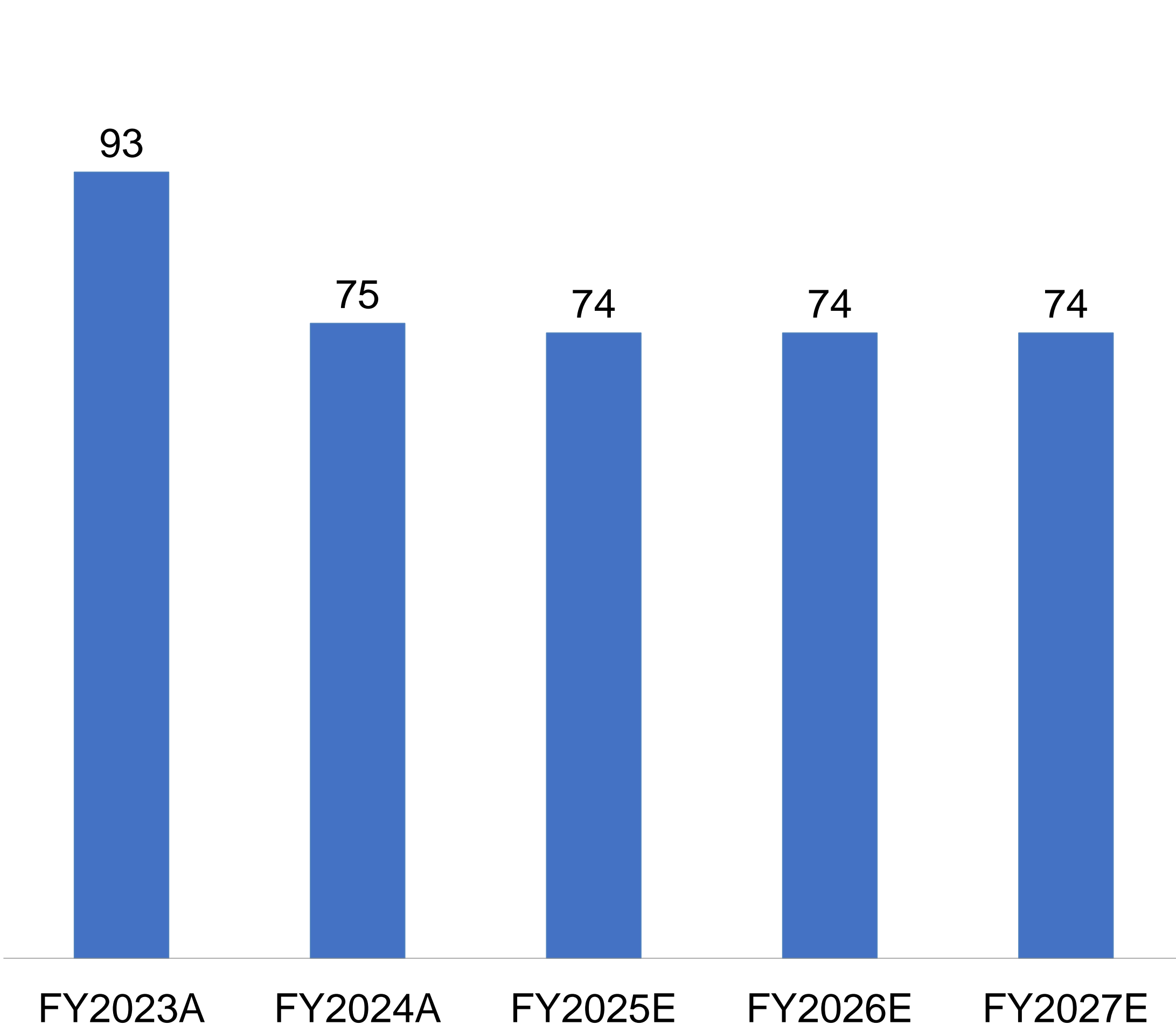
SET is constructing a bigger fabrication facility to capture the growing demand to undertake more projects as their products are huge size and taken up spaces. This facility will increase almost double to total 156.7 sq ft. and expected to be completed in 4Q 2027. They also plan to purchase new equipment and improve their R&D centre. This plan will cost RM31mil which will fund by IPO proceeds. Additionally, they also secured some orders from Indonesia customers. Thus, they plan to set up a sales & marketing office in Indonesia with a capex of RM4mil to capture more orders and provide better support services to their customers. Prior to this expansion, we expect group revenue growth of 24-26% in FY25-FY27F given better orderbook replenishment. As of Dec 2024, the tender book stands at RM68mil and we expected the win rate more than 50% to achieve our revenue forecast in FY25F.

Financial Exhibits

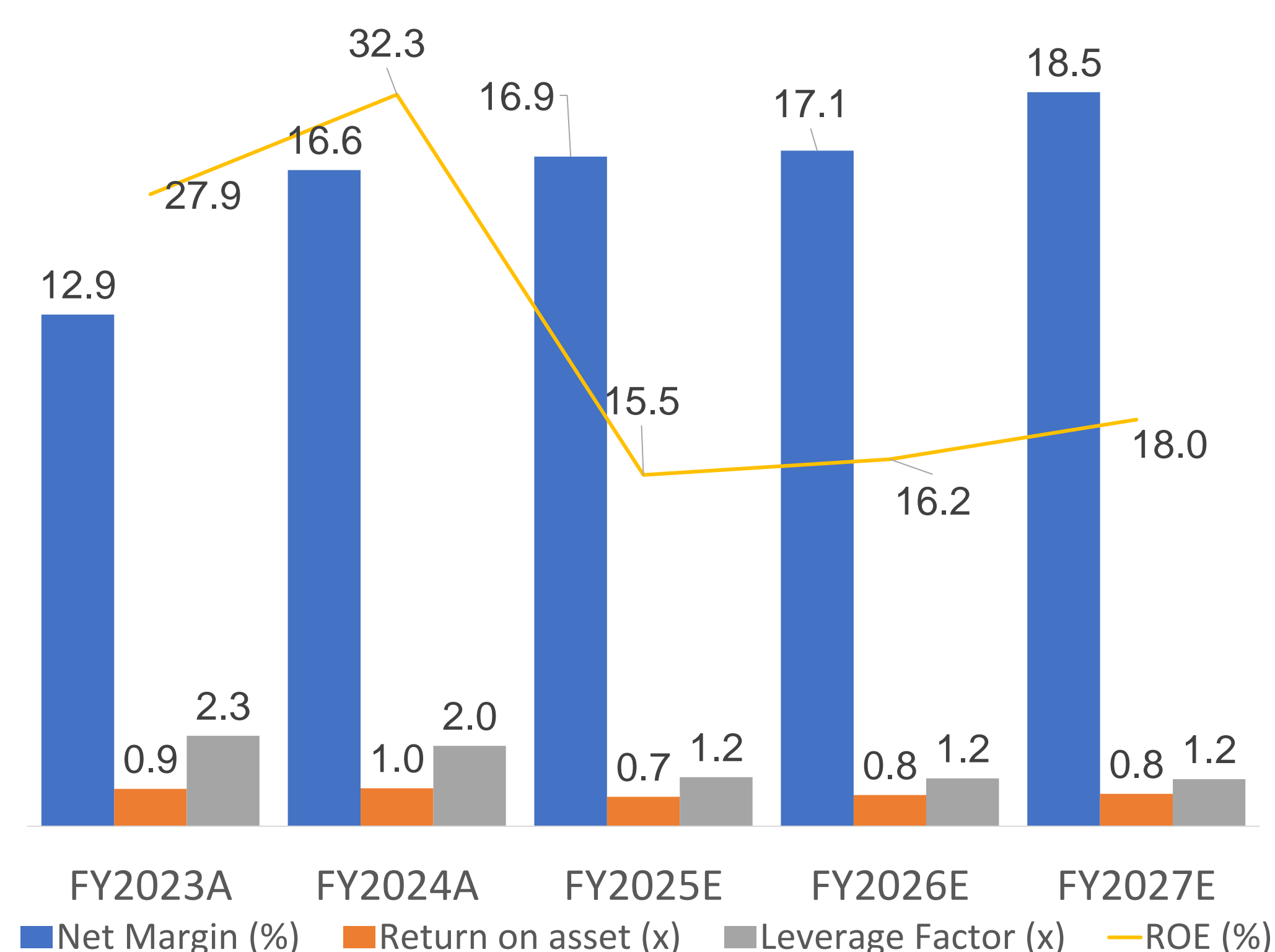
| FYE 30 Sept | FY2023A | FY2024A | FY2025E | FY2026E | FY2027E |
|-----------------------|---------|---------|---------|---------|---------|
| Revenue (RMm) | 92.4 | 110.7 | 139.8 | 173.0 | 215.0 |
| EBITDA (RMm) | 17.1 | 23.6 | 29.9 | 37.3 | 47.5 |
| Pretax profit (RMm) | 14.5 | 20.9 | 28.0 | 34.9 | 46.9 |
| Net profit (RMm) | 11.9 | 16.9 | 23.6 | 29.5 | 39.7 |
| EPS (sen) | 1.2 | 1.7 | 2.4 | 2.9 | 4.0 |
| PER (x) | 23.5 | 16.6 | 11.8 | 9.5 | 7.1 |
| Core net profit (RMm) | 11.9 | 18.4 | 23.6 | 29.5 | 39.9 |
| Core EPS (sen) | 1.2 | 1.8 | 2.4 | 2.9 | 4.0 |
| Core EPS growth (%) | 51.1 | 53.7 | 28.8 | 24.8 | 35.1 |
| Core PER (x) | 23.5 | 15.3 | 11.8 | 9.5 | 7.0 |
| 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 | 15.5 | 16.2 | 18.0 |
| P/BV (x) | 6.5 | 4.9 | 1.8 | 1.5 | 1.3 |

EPS and DPS are divided by the enlarged issued share of 1,000,800,000 upon listing

Cash Conversion Cycle

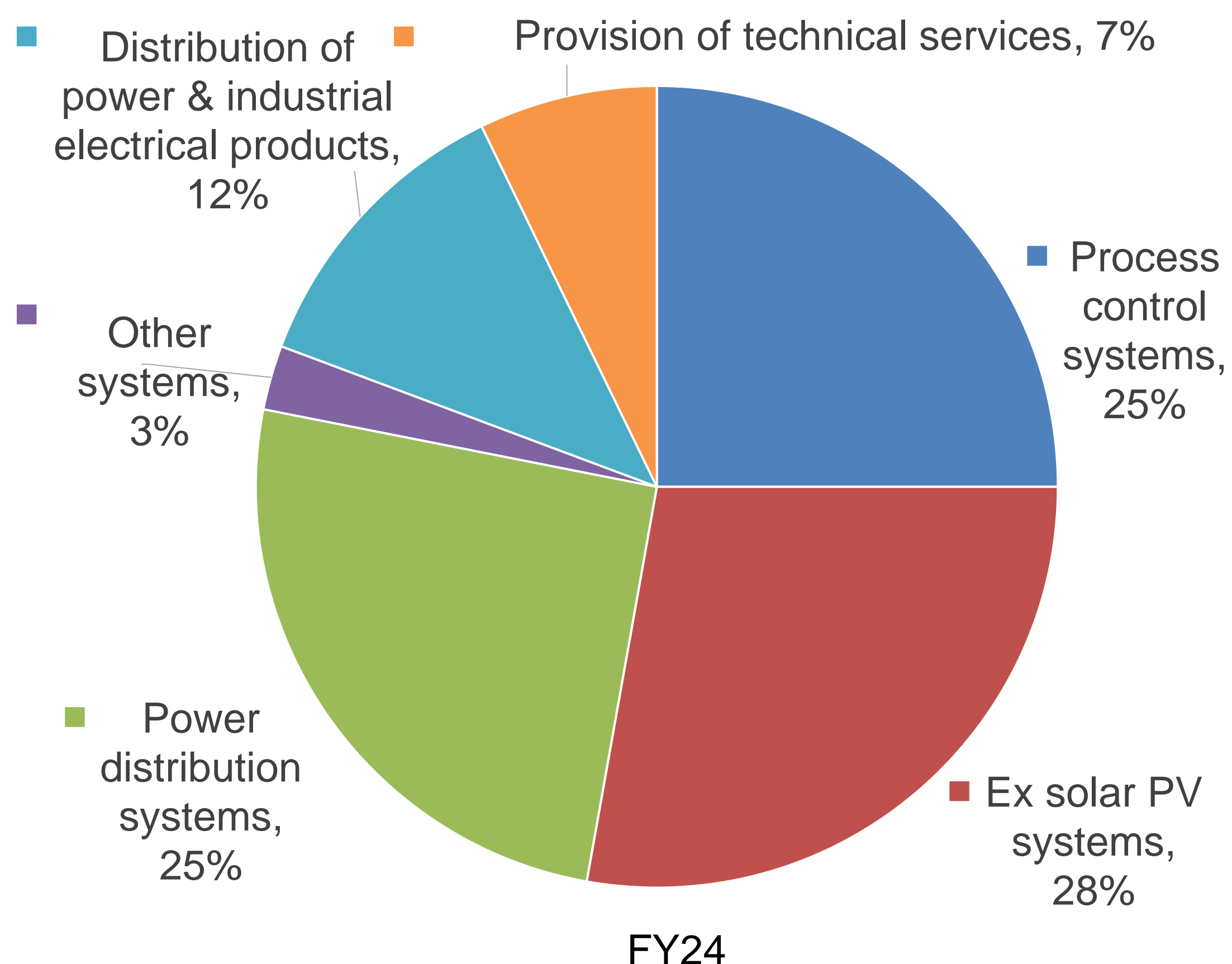


Return of Equity

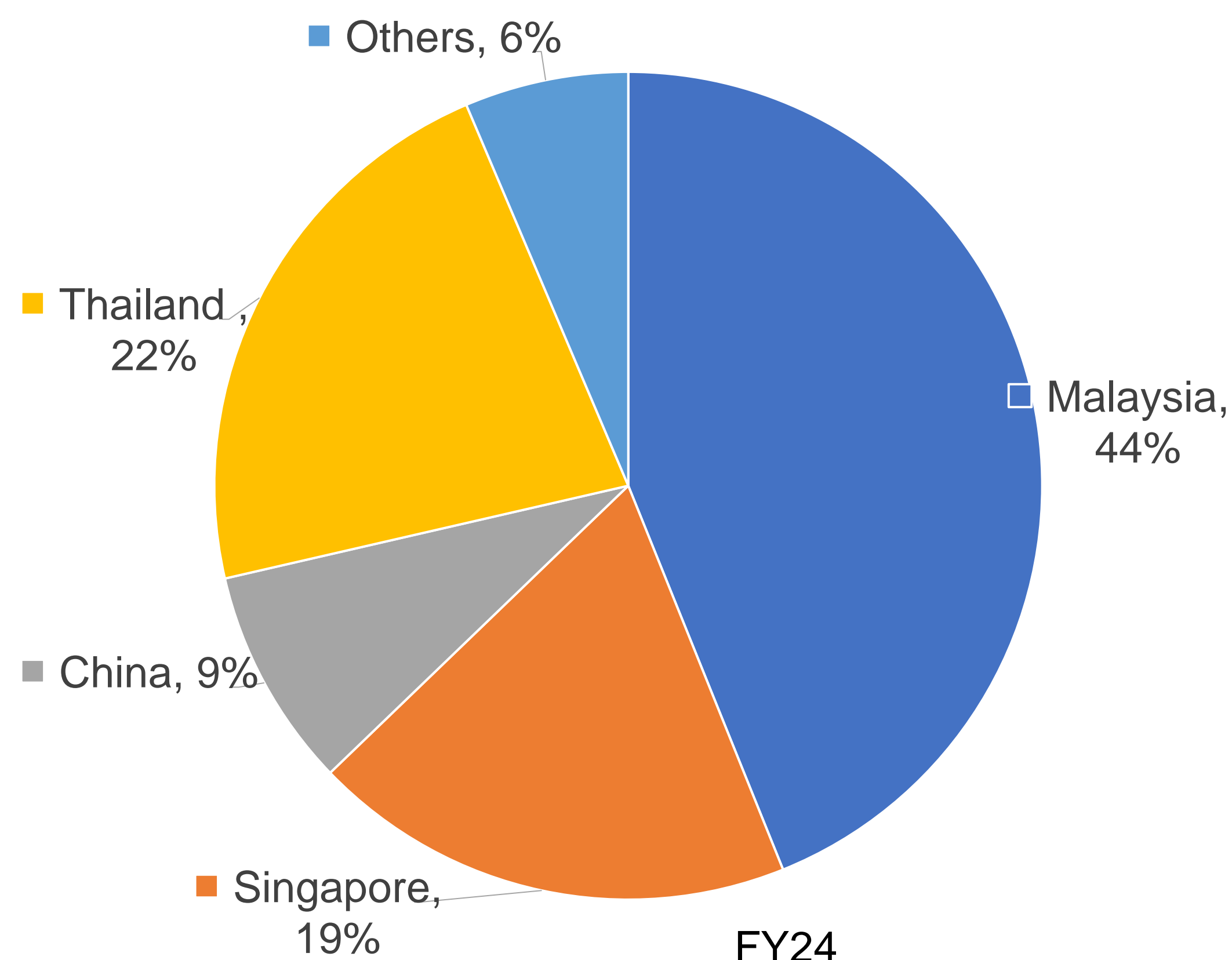


The declined in ROE from FY25E was due the increase in shareholders equity due to IPO exercise.

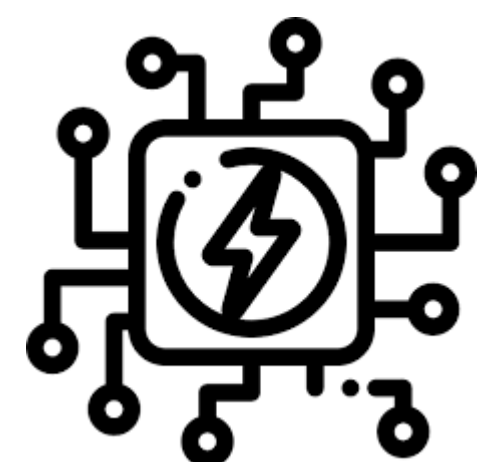
Revenue contribution by segment



Geographical breakdown



Key Assumptions



| Revenue Growth | FY2025E | FY2026E | FY2027E |
|---|---------|---------|---------|
| Process control system | 25% | 30% | 25% |
| Ex solar PV systems | 30% | 25% | 30% |
| Power distribution systems | 35% | 25% | 25% |
| Other systems | 4% | 1% | 1% |
| Supply of related products and services | 15% | 15% | 15% |

Company Background

Swift Energy Technology Berhad (SET) focuses on industrial automation and power systems, offering expertise in process control systems, Ex, solar PV, power distribution, and related solutions. The Group also supplies power and industrial electrical products and provides technical support for these systems. With sales offices in Singapore, China, and Thailand, SET capitalizes on export opportunities while maintaining a local presence. Its fully integrated in-house capabilities enable the delivery of complete solutions, ensuring higher margins and operational efficiency.

SWOT Analysis

Strengths

- Strong customer relationship
- Malaysia sole IECEx and ATEX-certified player
- Diverse product offerings
- Global reach

Weakness

- Dependence on O&G sector
- Capacity constraints
- Dependence on major customers' expansion

Opportunities

- Growing orderbook from regional customers
- Geographic expansion
- Heading towards sustainability trend
- Innovation

Threat

- Supply chain disruption
- Ability to maintain competitive pricing
- Brand and reputation risks
- Sector specific risk
- Economy uncertainty

Peer Comparison

| Name | Last price | Market Cap | FYE | Earnings Growth | | | PE | | Div. Yield | ROE |
|-----------------------------|------------|------------|---------|-----------------|-------------|-------------|-------------|-------------|------------|-------------|
| | | | | 1-yr Fwd | 2-yr Fwd | Hist. | 1-yr Fwd | 2-yr Fwd | 1-yr Fwd | Hist. |
| POWERWELL HOLDINGS BHD | 0.495 | 284.5 | 03/2025 | 0.0 | 0.0 | 14.5 | N.A | N.A | N.A | 24.7 |
| SAMAIDEN GROUP BHD | 1.28 | 531.8 | 06/2025 | 36.6 | 26.0 | 31.4 | 23.5 | 19.5 | 0.0 | 13.3 |
| SOLARVEST HOLDINGS BHD | 1.71 | 1235.3 | 03/2025 | 47.3 | 29.0 | 32.9 | 25.5 | 19.7 | 0.0 | 14.2 |
| PEKAT GROUP BERHAD | 1.09 | 709.5 | 12/2024 | 24.5 | 82.1 | 38.9 | 42.3 | 22.9 | 0.0 | 12.8 |
| SUNVIEW GROUP BHD | 0.46 | 252.6 | 03/2025 | -1.6 | 52.4 | 21.9 | 24.7 | 17.1 | 0.0 | 7.9 |
| Simple Avg | | | | 21.4 | 54.5 | 27.9 | 29.0 | 19.8 | 0.0 | 11.6 |
| UZMA BHD | 0.785 | 337.6 | 06/2025 | 9.7 | 14.5 | 6.4 | 5.9 | 5.5 | 2.6 | 8.3 |
| DELEUM BERHAD | 1.45 | 582.3 | 12/2024 | 67.3 | 3.8 | 8.2 | 7.6 | 7.3 | 4.0 | 17.0 |
| Simple Avg | | | | 33.2 | 24.1 | 12.8 | 4.6 | 4.3 | 2.2 | 12.4 |
| SWIFT ENERGY TECHNOLOGY BHD | 0.28 | 1008.0 | 45536 | 44.7 | 34.4 | 23.5 | 16.2 | 12.1 | 0.0 | 27.9 |

As 6th January 2025

Investment Risk

The following represent the greatest risks to our investment thesis:



Increase in raw material cost



Slowdown in capex cycle



Slow in orderbook replenishment



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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