

# Swift Energy Technology Berhad (0337)

## Sailing towards Global Growth

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**BUY** ↔

**TP: RM 0.43 (43%)** ↔

**Current Share Price: RM 0.30**

**Result Report**

**Value**

**Investment Horizon**


**12 months**

### Valuation


**Our target price is based on:**

Blended FY25F 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. We project better earnings growth of 29-35% in FY25F-FY27F.

### Results Review

 We deem SET's 1QFY25 core earnings of RM4.3mil as within expectation, reflecting 19% of our expectation and 22% of consensus. We expect 2HFY25 earnings to be sequentially stronger due to the more completion of projects. Notably that 1Q is always the weakest quarter. On a QoQ basis, 1QFY25 core earnings declined by 11%, primarily due to lower revenue and an unfavorable project mix impacting margins. The revenue decline was attributed to reduced manufacturing and trading activities, likely affected by the holiday season and monsoon, which led to delays in project commissioning.

### Outlook

 We remain optimistic about SET's earnings outlook, supported by (i) economies of scale in in-house manufacturing and (ii) an improved product mix from completed projects. Despite some challenges stemming from Petronas-Petron, which have led to a slowdown in local order awards, we continue to have confidence in the management team's ability to secure international orders, leveraging the company's unique product offerings with global certified and capability to deliver within a short lead time. Meanwhile, SET is actively expanding its presence in international markets such as China, Thailand, and other regions to drive order growth, with more order awards anticipated in the coming quarters. Notably, the export market constitutes approximately 60% of total revenue. Thus, we remain our forecast, call and TP of RM0.43 based on blended FY25F PE of 18x.

### Key Assumptions

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

## Results Summary

FYE 30 Sept (RMm)	4QFY24	1QFY25	QoQ (%)
Revenue	29.3	24.4	(16.7)
Gross profit	14.1	9.7	(31.4)
EBITDA	7.3	4.2	(42.4)
Depreciation	(0.4)	(0.4)	(42.4)
EBIT	6.9	3.9	6.8
Pretax Profit	6.6	3.6	(46.2)
Taxation	(1.3)	(0.7)	45.5
Net Profit	5.4	2.9	(46.4)
Core Net Profit	5.2	4.6	(10.5)
Basic EPS (sen)	0.7	0.4	
Margin (%)			
GP	48.3	39.7	
EBITDA	25.0	17.3	
Pretax	22.7	14.6	
Net Profit	17.7	19.0	

## 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)	25.1	17.8	12.7	10.2	7.6
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)	25.1	16.4	12.7	10.2	7.5
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)	7.0	5.2	2.0	1.6	1.4



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##### 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