

Swift Energy Technology Berhad (0337)

Pump Up the Power

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BUY ↔

TP: RM 0.43 (+51%) ↔

Current Share Price: RM 0.285

Update 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.

Outlook

SET recently announced securing two contracts worth RM24.4mil,

1. A breakthrough collaboration with China's Offshore Oil Engineering Co. Ltd. to supply an explosion-proof solar power, wind turbine, and diesel generator hybrid power system for a Shell platform in Nigeria.
2. Supply of a power distribution system for Petronas' META project in Labuan.

We are optimistic about SET's ability to successfully deliver both projects by 4QFY25, with an estimated gross profit margin of over 50% from the first contract. The company's outstanding order book has grown to RM101mil as of Mar 2025, up from RM55mil in Dec 2024. The order book breakdown consists of 40% explosion-proof solar power systems, 30% power distribution systems, 10% process control systems, and 20% other projects. This reflects a book-to-bill ratio of 0.7x for FY25F. We expect orderbook to replenish to RM150-200mil, and now stands at 50%-67% of our assumption. Looking ahead, SET is poised for further growth, with additional orders in the pipeline. We anticipate significant contract tenders of RM80-120mil in FY25 from overseas projects. Additionally, SET is expanding presence in China by diversifying into ex solar power segment instead only process control system. It's worth noting that SET is the sole IECEx- and ATEX-certified manufacturer of explosion-proof solar PV modules in ASEAN, a distinction that sets it apart in the industry. While 1Q25 saw some challenges due to holiday-related project delays, we anticipate robust growth in the order book and revenue recognition in 2H25, particularly from overseas markets.

Recommendation

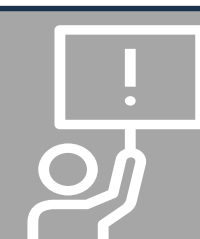
We maintain our forecast as incorporated higher orderbook estimate in FY25. We reiterate our call and TP of RM0.43 based on blended FY25F PE of 18x.

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%

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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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