Swift Energy Technology Berhad (0337)

Awaiting Job Wins

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HOLD ↔

TP: RM 0.23 (+13%) ↓

Current Share Price: RM 0.20

Results Report

Value

Investment Horizon 12 months

Valuation

Our target price is based on:

Blended FY26F PE of 14x (from 16x), 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 Review

SET's FY25 core earnings came in 12% above our full-year expectations and consensus estimates. The positive variance was driven by higher revenue recognition, which we believe stemmed from short-cycle orders. QoQ, 4QFY25 revenue more than doubled, supported by stronger contributions across all segments. Core earnings also surged 43.7% QoQ on the back of lower administrative expenses and improved operational efficiency, leading to an 8.9%-ppt improvement in EBITDA margin to 15.3%.

Outlook

Moving forward, we remain cautiously optimistic, supported by management's ability to secure new project wins. Activity levels were subdued throughout FY25 as macroeconomic uncertainties continued to delay award timings. We note that some jobs have already been awarded to main contractors, and SET remains positive about securing portions of these projects from its customers, potentially materialising in 1HCY26. We cut FY26F-FY27F earnings by 2%-12% for house keeping on higher administrative expenses while introducing FY28F forecast number. We maintain HOLD call with new target price of RM0.23 (from RM0.29), based on a blended FY26F PER of 14x (from 16x) vs indirect solar and M&E peers' PE at 18x, reflecting weaker visibility and slower replenishment.

Key Assumptions

Revenue Growth	Before			After		
	FY2026F	FY2027F	FY2028F	FY2026F	FY2027F	FY2028F
Process control system	20%	20%	New	20%	20%	15%
Ex solar PV systems	15%	15%	New	15%	15%	15%
Power distribution systems	25%	20%	New	25%	20%	15%
Other systems	1%	1%	New	1%	1%	1%
Supply of related products and services	10%	10%	New	10%	10%	5%

Results Summary

FYE 30 Sept (RMmn)	1QFY25	2QFY25	3QFY25	4QFY25	QoQ (%)
Revenue	24.41	33.05	12.20	24.54	*101.1*
Gross profit	9.70	12.96	7.10	10.71	*51.0*
EBITDA	4.22	5.92	0.78	3.76	*381.0*
Depreciation	4.22	-0.36	-0.23	0.00	*-100.0*
EBIT	-0.36	5.56	0.56	3.76	*577.1*
Pretax Profit	3.58	5.70	0.84	4.16	*396.7*
Taxation	-0.71	-1.09	0.78	-1.13	*-244.2*
Net Profit	2.87	4.61	1.62	3.03	*87.5*
Core Net Profit	4.63	5.20	1.92	2.76	*43.7*
Margin (%)					
GP	39.72	39.2	58.2	43.7	
EBITDA	17.29	17.9	6.4	15.3	
Pretax	14.65	17.2	6.9	16.9	
Net Profit	19.75	15.7	15.7	11.2	

Financial Exhibits

FYE 30 Sept	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RMmn)	110.7	94.2	112.3	132.1	149.1
EBITDA (RMmn)	23.6	15.4	21.1	27.9	30.9
Pretax profit (RMmn)	20.9	14.3	19.4	25.6	28.3
Net profit (RMmn)	16.9	11.9	16.2	21.5	23.8
EPS (sen)	1.7	1.2	1.6	2.2	2.4
PER (x)	11.9	16.8	12.3	9.3	8.4
Core net profit (RMmn)	18.4	14.5	16.2	21.8	24.1
Core EPS (sen)	1.8	1.4	1.6	2.2	2.4
Core EPS growth (%)	53.7	-21.0	11.8	34.2	10.6
Core PER (x)	10.9	13.8	12.3	9.2	8.3
Net DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	1.0	2.0
ROE (%)	31.3	10.5	10.5	12.4	12.0

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