

Swift Energy Technology Berhad (0337)

Pipeline Improving

Bloomberg Ticker: SET MK | Investment Horizon: 12 Months

Recommendation

We maintain our HOLD recommendation but lower our target price to RM0.16 (from RM0.23), following a roll-forward to FY27F and a valuation derating to 8x blended PER (from 14x). The revised multiple aligns with the average PER of indirect M&E and O&G peers, reflecting the Group's earnings sensitivity to the soft oil and gas sector outlook, despite its superior margin profile relative to peers.

Results Review

SET's 1HFY26 core earnings of RM7.3mn came in within expectations, accounting for 50% of our full-year forecast.

YoY, 1HFY26 core earnings fell by 38% in tandem with the decline in revenue of 9%. This was mainly attributable to lower activity levels from manufacturing and engineering services segments.

QoQ, 2QFY26 revenue declined by 8% due to lower activity in the manufacturing and engineering services segment. Core earnings dipped by 36% QoQ due to adverse forex movements and higher non-controlling interest, despite GP margin remaining sustained at 42% and EBITDA margin improving to 18.1% (+0.7ppt QoQ) thanks to better product mix and lower other expenses.

Outlook

Looking ahead, we maintain a cautiously optimistic view on the Group's prospects, supported by management's proven track record in securing new contracts and an uptick in tender activity.

While FY25 saw subdued activity levels as macroeconomic uncertainties and conservative capital expenditure delayed project awards across key markets, early signs of recovery are emerging. The Group secured RM11mn in new contracts during February 2026, with revenue recognition expected predominantly in FY26. This marks an encouraging inflection point in contract flow and suggests further project awards may materialize in 1HCY26 as previously postponed projects gain momentum.

The Group is actively replenishing its orderbook, which currently stands at approximately RM90mn sourced from both domestic and international contractors. This level aligns with our expectations, given our forecasted orderbook-to-revenue conversion rate of 70%-75%. The healthy orderbook provides improved near-term earnings visibility and reinforces our constructive outlook.

Forecast

We keep our FY26F-FY28F numbers unchanged.

Investment Risk to our Call

(i) high exposure to oil & gas capital spending cycle, (ii) slower than expected orderbook replenishment, (iii) regulatory and certification risk

HOLD ↔

Target Price: RM0.17 (+5%) ↓

Current Share Price: RM0.165

**Ace Market
Industrial Products & Services**

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Company Overview

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.

Stock Information

Market Cap (RM'mn)	165.1
Issued Shares (mn)	1,000.8
52W High (RM)	0.33
52W Low (RM)	0.15
Estimated Free Float (%)	21.4
Beta vs FBM KLCI	1.7
3-month Average Vol. (mn)	0.7
Shariah Compliant	Yes

Consensus	FY25A	FY26F	FY27F
EPS (sen)	1.2	1.4	2.1
TP (RM)	High	Mean	Low
	0.47	0.35	0.23
Ratings	Buy	Hold	Sell
	1	1	0

Category	Score	Materiality	Weighted Score
Environmental	33	30%	1.9
Social	32	35%	2.3
Governance	35	35%	2.4
Total	100	100%	6.6

Results Summary

FYE 30 Sept (RMmn)	2QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)	1HFY25	1HFY26	YoY (%)
Revenue	33.1	24.2	22.2	(8.1)	(32.8)	57.5	46.4	(19.3)
Gross profit	13.0	10.2	9.4	(8.0)	(27.5)	22.7	19.6	(13.5)
EBITDA	5.9	4.2	4.0	(4.4)	(32.0)	10.1	8.2	(18.7)
Depreciation	5.9	(0.4)	(0.5)	10.2	nm	(0.7)	(0.9)	20.6
EBIT	(0.4)	3.8	3.6	(6.0)	nm	9.4	7.4	(21.7)
Pretax Profit	5.7	3.9	4.1	5.3	(27.6)	9.3	8.0	(13.2)
Taxation	(1.1)	(0.7)	(0.7)	0.6	37.9	(1.8)	(1.3)	(25.0)
Net Profit	4.6	3.2	3.5	6.3	(25.1)	7.5	6.7	(10.4)
MI	(0.2)	0.2	(0.5)	(306.0)	(105.1)	(0.2)	(0.2)	34.6
PATAMI	4.4	3.5	3.0	(14.8)	(32.2)	7.3	6.5	(11.6)
Core PATAMI	5.2	4.5	2.9	(35.5)	(44.7)	9.8	7.3	(25.4)
Margin (%)								
GP	39.2	42.3	42.3			39.4	42.3	
EBITDA	17.9	17.4	18.1			17.7	17.8	
Pretax	17.2	16.2	18.6			16.1	17.4	
PATAMI	13.2	14.4	13.4			12.7	13.9	
Core PATAMI	19.1	18.5	12.9			19.3	16.7	

Key Assumption

Revenue Growth	Actual		Unchanged		
	FY24	FY25	FY26F	FY27F	FY28F
Manufacturing	23%	-18%	24%	20%	15%
Engineering services	115%	-16%	8%	11%	6%
Trading	-10%	2%	7%	7%	5%

Key Financial Metrics

FYE 30 Sept	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	110.7	94.2	112.3	132.1	149.3
EBITDA (RM'mn)	23.6	15.4	21.1	27.9	30.9
Pretax profit (RM'mn)	20.9	14.3	19.4	25.6	28.4
Net profit (RM'mn)	16.9	11.9	16.2	21.5	23.9
EPS (sen)	1.7	1.2	1.6	2.2	2.4
PER (x)	9.8	13.9	10.2	7.7	6.9
Core net profit (RM'mn)	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	10.7
Core PER (x)	9.0	11.4	10.2	7.6	6.8
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
P/BV (x)	2.8	1.2	1.1	0.9	0.8

Peer Comparison

Name	Last Price	Market Cap (RM'mn)	FYE	Earnings Growth			P/E (x)		Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
Similar M&E and O&G Peers										
	MYR									
Powerwell Holdings Bhd	0.78	452.8	03/2025	19.7	21.2	19.2	14.4	11.9	2.1	21.5
Uzma Bhd	0.42	250.5	06/2025	(3.4)	16.8	5.1	4.0	3.4	1.2	8.6
Deleum Bhd	1.24	497.9	12/2025	20.3	14.1	7.0	5.8	5.1	7.1	14.8
T7 Global Bhd	0.26	237.3	12/2025	6.9	16.1	4.9	4.6	3.9	0	10.2
Dialog Group Bhd	2.02	11,398.2	06/2025	38.5	6.6	19.9	19.0	17.8	2.3	7.3
Dayang Enterprise Holdings Bhd	1.83	2,118.7	12/2025	(10.2)	9.4	9.8	11.4	10.5	7.1	11.2
Simple Average				12.0	14.0	11.0	9.9	8.4	3.3	12.3
	MYR									
Swift Energy Technology Bhd	0.165	165.1	09/2025	4.8	31.8	13.9	10.0	7.6	0.0	12.9

Financial Exhibits

Income Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	110.7	94.2	112.3	132.1	149.3
Operating expenses	(87.2)	(78.8)	(91.3)	(104.2)	(118.4)
EBITDA	23.6	15.4	21.1	27.9	30.9
Depreciation	(1.5)	(1.6)	(1.1)	(1.7)	(2.1)
EBIT	22.1	13.7	20.0	26.2	28.8
Net int income/(expense)	(1.2)	0.5	(0.6)	(0.5)	(0.4)
Exceptional gains / (losses)	0.0	0.0	0.0	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0
Pretax profit	20.9	14.3	19.4	25.6	28.4
Tax	(3.8)	(2.1)	(2.9)	(3.8)	(4.3)
Minority interest	0.2	0.2	0.2	0.2	0.2
Net profit	16.9	11.9	16.2	21.5	23.9
Core PATAMI	18.4	14.5	16.2	21.8	24.1

Balance Sheet Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	22.4	23.5	34.6	46.3	58.4
Other long term assets	3.1	4.1	2.1	2.4	2.5
Total non-current assets	25.6	27.6	36.7	48.7	61.0
Cash and equivalents	20.3	23.0	20.8	28.5	40.4
Inventories	15.3	13.3	15.8	19.2	21.7
Receivables	16.5	21.2	18.5	21.7	24.5
Other current assets	38.4	89.2	89.9	86.2	82.9
Total current assets	90.5	146.7	145.0	155.5	169.5
Payables	17.8	15.4	13.3	16.2	18.2
Short term borrowings	8.7	7.8	7.8	7.8	7.8
Other current liabilities	4.1	2.7	-	-	-
Total current liabilities	30.6	25.9	21.2	24.0	26.1
Long term borrowings	25.5	8.3	6.3	4.3	3.3
Other long term liabilities	0.9	1.6	-	-	-
Total long term liab.	26.4	9.9	6.3	4.3	3.3
Shareholders' Funds	58.6	137.8	154.0	175.7	200.9
Minority Interest	0.5	0.7	0.2	0.2	0.2

Cash Flow Statement

FYE 30 Sept (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	20.9	14.3	19.4	25.6	28.4
Depreciation & amortisation	1.5	1.6	1.3	1.7	2.0
Working capital changes	(13.0)	(5.3)	(1.9)	(3.8)	(3.2)
Cash tax paid	(3.1)	(3.7)	(2.9)	(3.8)	(4.3)
Others	3.1	(1.5)	0.0	0.0	0.0
C/F from operation	9.5	5.5	15.8	19.7	22.9
Capex	(0.4)	(1.4)	(10.0)	(10.0)	(10.0)
Others	(1.7)	(44.6)	0.0	0.0	0.0
C/F from investing	(2.1)	(46.0)	(10.0)	(10.0)	(10.0)
Debt raised/(repaid)	13.3	(16.5)	(2.0)	(2.0)	(1.0)
Dividends paid	(11.1)	0.0	(6.0)	0.0	0.0
Others	(2.9)	59.4	0.0	0.0	0.0
C/F from financing	(0.6)	42.9	(8.0)	(2.0)	(1.0)
Net change in cash flow	6.8	2.4	(2.2)	7.7	11.9
Free Cash Flow	9.1	4.1	5.8	9.7	12.9



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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

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