

30 September 2022

Energy &amp; Petrochemicals | Renewable Energy

**Sunview Group (SUNVIEW MK)****Shining Bright**

Fair Value (Return):	MYR0.55 (+90%)
IPO Price:	MYR0.29
Closing Application Date:	30 September 2022
Indicative Listing Date	17 October 2022

- **MYR0.55 FV based on 15x CY23F P/E.** At MYR0.29/share, Sunview will raise MYR34.2m (118m shares) from its IPO. Proceeds will mainly go towards funding working capital and repaying bank loans. The group's future earnings (3-year CAGR of 29%) will be supported by its current orderbook (5.6x FY22 revenue), and order replenishments driven by Malaysia's growing renewable energy (RE) mix. The IPO price implies an undemanding 8x CY23F P/E – especially in view of its sturdy earnings growth, driven by growing demand for solar EPCC services and renewable energy.

- **A solar EPCC contractor and solar asset owner.** Sunview was previously (and mainly) a sub-contractor for solar EPCC jobs, but has transformed itself into becoming an EPCC contractor in its own right. Currently, the group derives the bulk of its revenue by providing EPCC services on: i) Utility-scale large-scale solar (LSS) projects, and ii) solar photovoltaic (PV) facilities for commercial and industrial (C&I) clients. It also owns solar PV facilities on clients' rooftops, and operates them for a fixed concession period under power purchase agreements (PPA). Currently, it owns 18 solar PV facilities with a collective installed capacity of 7.74MWp, which should generate a recurring revenue base of c.MYR3m (4% of FY22 revenue). The group plans to add an installed capacity of 0.38MWp in FY23, and looks to continue building or acquiring more solar assets, using a mix of equity and debt funding.

- **Beneficiary of Malaysia's RE commitment.** As the Government is targeting for 31% of Malaysia's installed capacity to be made up of RE by 2025, these efforts will likely translate to more of such projects that Sunview can capitalise on. With a reputable track record and its soon-to-be listing status, it is well-positioned to win more LSS contracts, in our view. The group should also benefit from the growing demand for solar PV facilities from C&I clients, fuelled by: i) Growing ESG awareness and desire for a higher RE mix to be ESG-compliant; and ii) potential cost savings from using solar, given the possible hike in electricity tariff rates in 2023. Sunview also aims to venture into the EPCC of biogas facilities in the near future.

- **>100% YoY earnings growth driven by strong orderbook.** Currently, it has an unbilled orderbook of MYR558m, providing a 5.6x cover. We forecast 3-year earnings CAGR of 29%, driven by its current orderbook and future project replenishments. We also think that margins will soften in FY23F on the back of larger LSS contributions, higher solar panel prices, a stronger USD/MYR rate and higher labour costs.

- **Valuation.** We ascribe a P/E of 15x on CY23F EPS to arrive at our fair value of MYR0.55. The 15x forward P/E is the same as what we ascribed to Samaiden (SAMAIKEN MK, NEUTRAL, TP: MYR0.76), and is at a premium to the Malaysian utility peer 2023 P/E average of 11x – which is justified, given its relatively brighter growth prospects. Key risks include the inability to secure more projects (thereby likely generating cost overruns), and a rise in solar panel prices, which could erode margins and delay projects.

Forecasts and Key Data	Mar-21	Mar-22	Mar-23F	Mar-24F	Mar-25F
Total turnover (MYRm)	43.3	99.3	348.1	330.1	351.5
Recurring net profit (MYRm)	5.8	8.9	17.4	17.2	19.0
Recurring net profit growth (%)	129.0	53.5	95.8	-1.4	10.6
Recurring EPS (MYR)	0.0	0.0	0.0	0.0	0.0
Recurring P/E (x)	23.4	15.3	7.8	7.9	7.2
P/BV (x)	12.1	2.5	1.9	1.5	1.3
P/CF (x)	-112.9	-4.9	52.0	52.7	47.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA (x)	17.6	10.8	2.4	2.3	2.0
ROE (%)	70.4	27.0	27.4	21.3	19.2
Net debt to equity (%)	2.7	0.6	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

**Analyst**

Jim Lim Khai Xiang  
+603 9280 8683  
jim.lim@rhbgroup.com

**Company Description**

Sunview is a renewable energy turnkey EPCC service provider that offers end-to-end solutions in building solar photovoltaic systems from scratch. It also provides sub-contracting services, owns solar assets and offers associated products and services.

**IPO Details**

Public Issue (%)	25.2
Shares outstanding (m)	468
Implied market cap	MYR135.7m

**Major Shareholders (%)**

NEC	35.7
Ong Hang Ping	5.3
Chow Kian Hung	3.5

**Utilisation of IPO Proceeds**

	MYRm
Business expansion	1.7
Capital expenditure	1.8
Working capital	20.1
Repayment of bank borrowings	7.0
Estimated listing expenses	3.6
<b>TOTAL</b>	<b>34.2</b>

**Additional Data**

Listing Market	ACE
Bursa Code	0262

**Note:**

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

## Financial Overview And Valuation

**Results review.** In FY22, revenue rose 129% YoY, mainly driven by its EPCC contributions, which almost tripled, as the group recognised some contributions from its LSS EPCC projects. Its EPCC revenue contribution from C&I customers rose 55% YoY. Its subcontracting contributions halved as the group focused more on higher-margin EPCC contracts. Its solar power generation and supply jumped almost 17-fold, driven by its acquisition of a 100% stake in Suntech and Vafe System, in order to consolidate its ownership in Solarcity REIT, which contributes to the group's solar power generation and supply.

FY22 gross profit rose by 58% YoY despite the gross margin narrowing by 9.2ppt, mainly weighed down by high material costs – namely high solar panel prices. Operating profit rose by a slower 47% YoY, as its operating margin softened 7.6ppt on the back of higher staff costs, driven by hiring more engineers and technical personnel. Lifted by a lower effective tax rate, net profit rose by 53%, achieving a net margin of 9% (FY21: 13.4%).

Sunview has achieved a 3-year revenue CAGR of 160% and 2-year earnings CAGR of 87% (FY19 was loss-making). Its gross margins have historically fluctuated between 20% and 30%, while net margin ranged from 9% to 13%.

**Balance sheet.** As of FY22, it had a healthy net debt-to-equity ratio of 0.6x. The IPO proceeds of MYR34.2m will allow Sunview to stay in a net cash position and expand its business.

**Dividends.** Following dividends of MYR1.2m and FY1m in FY19 and FY20, the group did not declare any dividends in FY21 and FY22. Currently, it does not have a fixed dividend policy, and future payments will depend on its profitability and cash flow requirements. Given its aggressive expansion plans and, as such, cash flow requirements, we do not think that it will distribute any dividends in the near future.

**Forecasts.** We forecast Sunview to achieve net profit of MYR17m, MYR17m and MYR19m in FY23-25F, driven by revenues of MYR348m, MYR330m and MYR352m. In its prospectus, it guided that MYR513m (92%) of its total MYR558m orderbook could be recognised in FY23. However, we choose to be conservative and estimate a lower FY23F revenue, to account for risks of a delay in recognition – especially given the delays in LSS4 EPCC project commencements prior to the recently-announced PPA extensions. Moreover, we are cognisant that some of its clients (asset owners) are just achieving financial close, and, as such, may not have issued the "Notice To Proceed" (NTP) to Sunview.

Figure 1: New LSS projects

Project Name	Customer type	Type of solar PV facilities	Project location	Type of programme	Capacity (MWac)	Contract value (MYRm)	Start date / Expected completion date	Status as at LPD
BP 5.00 MWac LSS 2 PV Plant Kunak Project	Facility owner	Ground mounted	Kunak, Sabah	LSS 2	5.0	26.0	May 2021 / Jun 2023	Pending NTP
Adil 5.00 MWac LSS 1 PV Plant Tanjung Kubong Project	Main contractor	Ground mounted	Tanjung Kubong, Labuan	LSS 1	5.0	20.6	Mar 2021 / Jun 2023	Commenced EPCC works
GV Bumi 10.00 MWac LSS 2 PV Plant Sandakan Project	Facility owner	Ground mounted	Sandakan, Sabah	LSS 2	10.0	57.0	Feb 2021 / Jun 2023	Pending NTP
KPower 50.00 MWac LSS 4 Plant Pekan Project	Main contractor	Ground mounted	Pekan, Pahang	LSS 4	50.0	179.5	Nov 2021 / Jun 2023	Pending NTP
50.00 MWac LSS 4 PV Plant Pulau Pinang Project	Facility owner	Ground mounted	Pulau Pinang	LSS 4	50.0	188.4	Oct 2021 / Feb 2023	Commenced EPCC works
Ranhill 50.00 MWac LSS 4 PV Plant Ladang Bikam Project	Main contractor	Ground mounted	Bidor, Perak	LSS 4	50.0	157.6	Dec 2021 / Jun 2023	Commenced EPCC works
Neda Power 8.00 MWac NEDA Solar PV Plant Kedah Project	Facility owner	Ground mounted	Pendang, Kedah	NEDA	8.0	29.0	Jul 2022 / Feb 2023	Pending NTP

Source: Company data, RHB

For FY23, we also conservatively forecast a net margin of 5%, given the significant LSS contributions (which tends to be lower than C&I margins). In addition, the ongoing elevated solar panel prices, stronger USD and high labour costs pose downside risks to Sunview's margins. Our conservative estimate for FY23F leaves room for upside surprises and upward adjustments.

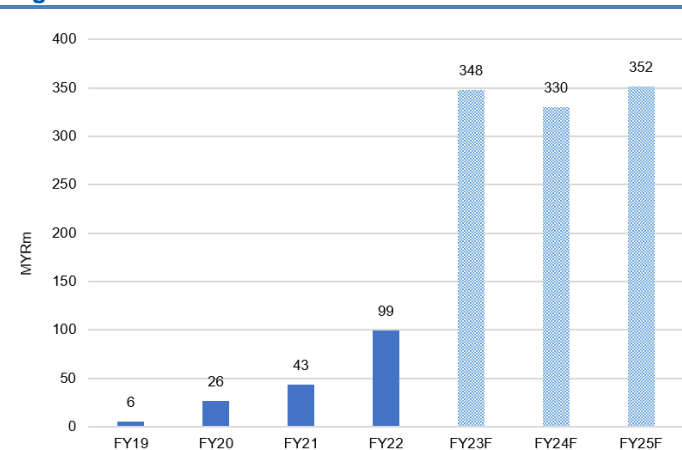
For FY24-25F, we have assumed that Sunview will replenish its orderbook (Figure 2) from winning projects from: i) LSS projects, and from the Government's allocation and redistribution of 1,200MW quota of solar resources, and ii) C&I customers, which are increasingly turning to more sustainable sources of energy, as part of their efforts to step up ESG initiatives. While FY24F revenue may decline against a strong FY23F, it is still almost triple that of FY22 levels. We are forecasting a higher orderbook replenishment rate in FY25F, ahead of the Government's goals to have a 31% RE energy mix by 2025. We also anticipate a higher C&I orderbook replenishment rate, along with the softening of solar panel prices. For FY24 and FY25, we forecast the net margin to tick up slightly, mainly on easing solar panel prices.

**Figure 2: Orderbook replenishment assumptions**

Contracts secured in:	Outstanding	FY24F (Mar)	FY25F (Mar)
Large Scale Solar	MYR542m	MYR200m	MYR250m
Commercial & Industrial	MYR16m	MYR15m	MYR20m

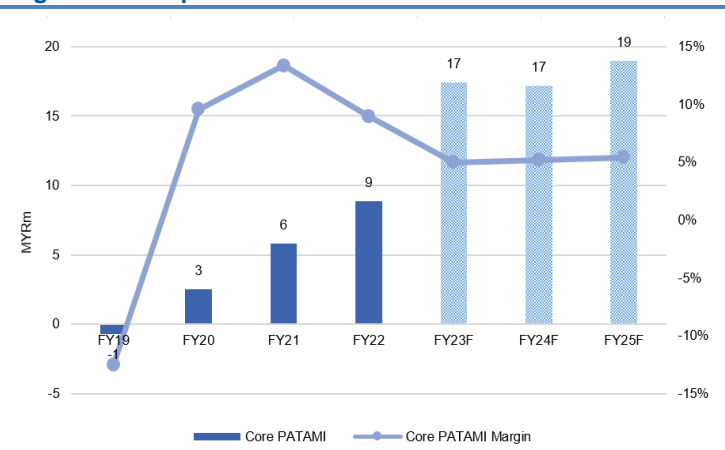
Source: Company, RHB

**Figure 3: Revenue trend**



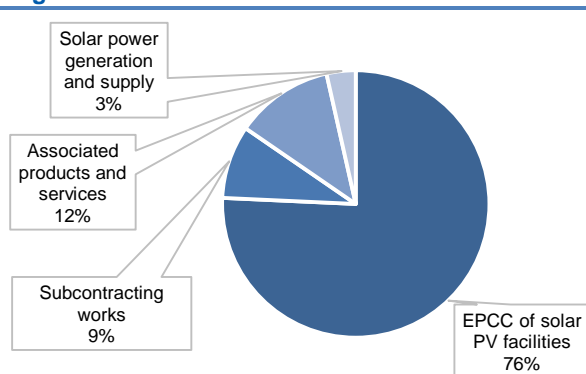
Source: Company data, RHB

**Figure 4: Core profit trend**



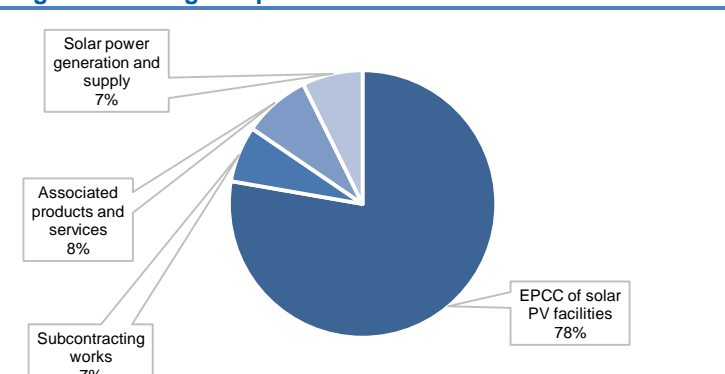
Source: Company data, RHB

**Figure 5: FY22 revenue breakdown**



Source: Company data, RHB

**Figure 6: FY22 gross profit breakdown**



Source: Company data, RHB

**Valuation.** We ascribe a P/E of 15x on CY23F earnings to arrive at our fair value of MYR0.55. The 15x forward P/E is the same as 15x we ascribed its peer, Samaiden. 15x is also lower than the 20x P/E ascribed to Solarvest (SOLAR MK, NEUTRAL, TP: MYR0.77), to account for Sunview's smaller size. Nevertheless, the 15x is still at a premium to the Malaysian utility peers' 2023 P/E average of 11x, which we think is justifiable, given: i) Sunview's relatively brighter growth prospects, and ii) its potential appeal to ESG- and sustainability-driven investors.

Figure 7: Peer comparison

	Currency	Share Price (Local)	Mkt Cap (USDm)	P/E (x)		P/BV (x)		EPS Growth (%)		ROE (%)		Div Yield (%)
				FY+1	FY+2	FY+1	FY+2	FY+1	FY+2	FY+1	FY+2	FY+1
<b>Domestic Peers</b>												
Solarvest Holdings	MYR	0.74	107	23.1	15.7	2.6	2.2	>100	46.9	11.7	13.9	NA
Reneuco (formerly KPower)	MYR	0.22	25	NA	NA	NA	NA	NA	NA	NA	NA	NA
Samaiden	MYR	0.75	62	14.2	11.7	2.6	2.1	65.6	20.8	17.5	20.5	NA
Cypark Resources	MYR	0.40	51	3.8	3.0	0.2	0.2	-18.8	27.9	5.8	6.7	0.0
Pekatt Group	MYR	0.48	66	NA	NA	NA	NA	NA	NA	NA	NA	NA
YTL Power International	MYR	0.70	1,225	16.3	13.5	0.4	0.4	-72.3	20.9	2.6	3.3	6.6
Petronas Gas	MYR	16.50	7,052	18.0	17.1	2.4	2.4	-8.7	5.0	13.7	14.2	4.7
Tenaga Nasional	MYR	8.40	10,687	10.8	10.0	0.8	0.8	21.6	8.1	7.6	7.9	5.0
PESTECH International	MYR	0.29	61	8.4	6.3	0.4	0.4	>100	32.4	6.5	NA	NA
Rohas Tecnic	MYR	0.26	27	NA	NA	NA	NA	>100	19.4	5.0	5.7	NA
<b>Average (excluding outliers)</b>				<b>13.6</b>	<b>11.1</b>	<b>1.5</b>	<b>1.3</b>	<b>21.6</b>	<b>22.5</b>	<b>9.8</b>	<b>11.6</b>	<b>5.4</b>
<b>International Peers</b>												
SolarEdge Technologies	USD	256.79	14,287	46.3	28.2	6.8	5.5	15.2	64.3	19.0	20.3	0.0
First Solar	USD	136.19	14,517	NA	51.7	2.4	2.3	NA	>100	0.0	5.4	0.0
Canadian Solar	USD	39.14	2,511	16.2	9.2	1.0	0.9	>100	76.7	10.7	11.0	0.0
Daqo New Energy Corp	USD	52.84	3,937	2.0	2.4	1.0	0.7	>100	-19.4	62.9	27.8	4.4
Ameresco	USD	69.89	3,623	37.0	33.5	4.5	4.0	25.2	10.4	12.4	10.8	NA
Enphase Energy	USD	292.31	39,596	72.1	58.8	53.8	28.1	59.6	22.7	54.5	51.5	0.0
Scatec ASA	NOK	84.76	1,257	NA	35.4	1.5	1.5	NA	>100	-6.5	4.6	3.7
ReneSola	USD	5.35	359	53.5	18.9	NA	NA	0.0	>100	1.6	4.4	NA
Xinyi Solar Holdings	HKD	8.41	9,531	16.1	11.9	2.2	2.0	-6.6	35.2	14.4	17.7	2.9
Trina Solar	CNY	66.77	20,100	39.5	23.1	7.0	5.2	94.3	71.4	17.0	23.6	0.6
Sunnova Energy International	USD	23.87	2,737	NA	-31.3	1.5	1.2	22.8	20.9	-5.3	-2.6	NA
Suzhou Maxwell Technologies	CNY	503.97	12,109	95.2	60.3	13.1	10.5	35.3	57.9	13.9	18.7	0.3
JinkoSolar Holding	USD	54.19	2,716	17.3	12.6	1.4	1.2	>100	99.3	8.0	18.5	0.0
SMA Solar Technology	EUR	49.46	1,665	NA	56.3	4.3	4.1	89.1	>100	0.3	7.5	NA
Shenzhen Senior Technology Material	CNY	20.20	3,593	30.6	19.4	3.8	3.1	>100	57.6	14.9	19.7	0.6
<b>Average (excluding outliers)</b>				<b>25.6</b>	<b>19.5</b>	<b>3.9</b>	<b>5.0</b>	<b>24.6</b>	<b>22.3</b>	<b>10.2</b>	<b>14.6</b>	<b>2.1</b>

Note: Data as at 28 Sep 2022

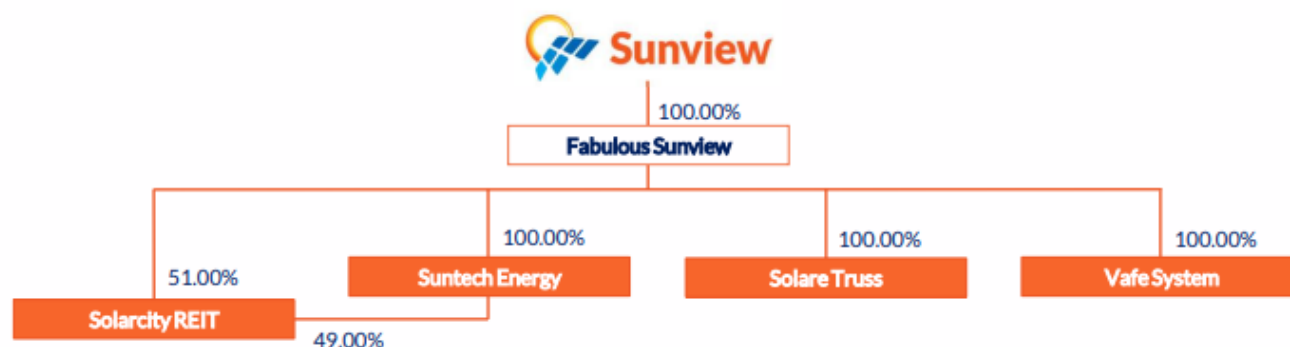
Source: Company data, RHB, Bloomberg

## Company Overview

Sunview is a solar PV construction related services provider headquartered in Malaysia. The following is an overview of services provided by the group:

- i. **EPCC of solar PV facilities** (75.7% of FY22 revenue) – provides end-to-end services including engineering design, planning and procurement, construction and installation as well as testing and commissioning;
- ii. **Construction and installation of solar PV facilities** (8.9% of FY22 revenue) – involved in the construction and installation of solar PV facilities comprising LSS PV facilities projects, functioning as a subcontractor to EPCC contractors. The group is involved in site clearance and management, mechanical and electrical (M&E), piling, assembly and installation of mounting systems, and installation of solar PV modules and related electrical and communications equipment and systems;
- iii. **Associated services and products** (11.9% of FY22 revenue) – to complement its core services in EPCC and installation services, the group offers associated services and products. This encompasses the provision of solar PV consulting and engineering services, operations and maintenance (O&M) services, as well as the supply of related equipment and ancillary construction materials. For solar PV consulting and engineering services, Sunview deals with the preparation and submission of documents to the authorities, facility audits and site surveys, and providing seminars and training services;
- iv. **Solar power generation and supply** (3.5% of FY22 revenue) – Sunview ventured into being an asset owner of solar PV facilities in 2019. This is to generate and supply solar power through Solarcity REIT, which helps the group in creating recurring revenue to supplement its project based revenue streams.

Figure 8: Company structure



Company Name	Principal Activities
Fabulous Sunview	EPCC of solar PV and other RE facilities, provision of solar PV construction and installation services, and associated services and products
Solarcity REIT	Solar power generation and supply
Suntech Energy	Solar power generation and supply
Solare Truss	Solar PV construction and installation services, and supply of solar PV equipment and ancillary systems as well as EPCC of other RE facilities
Vafe System	Solar power generation and supply

Source: Company data, RHB

The group principally operates in Malaysia and carries out solar PV projects in various states in the country. The group's customers and distribution channels are categorised into direct distribution (63.4% of FY22 revenue) – building owners, solar PV investors, power consumers, and facility developers or owners of the solar PV consulting and engineering services, and indirect distribution (36.6% of FY22 revenue) – RE service contractors.

Figure 9: Top customers in FY22

Customer	Customer type	Main type of services provided	% of total revenue	Length of business relationship (years)
Customer A	Facility owner	EPCC of solar PV facilities	14.0	1
Adil Bestari	Main contractor	EPCC of solar PV facilities	13.0	1
GV Bumi Sandakan	Facility owner	EPCC of solar PV facilities	10.8	1
Sinohydro Corporation (M)	Main contractor	Subcontracted works	8.6	Less than 1
Malakoff Radiance	Investor	EPCC of solar PV facilities	5.6	Less than 1

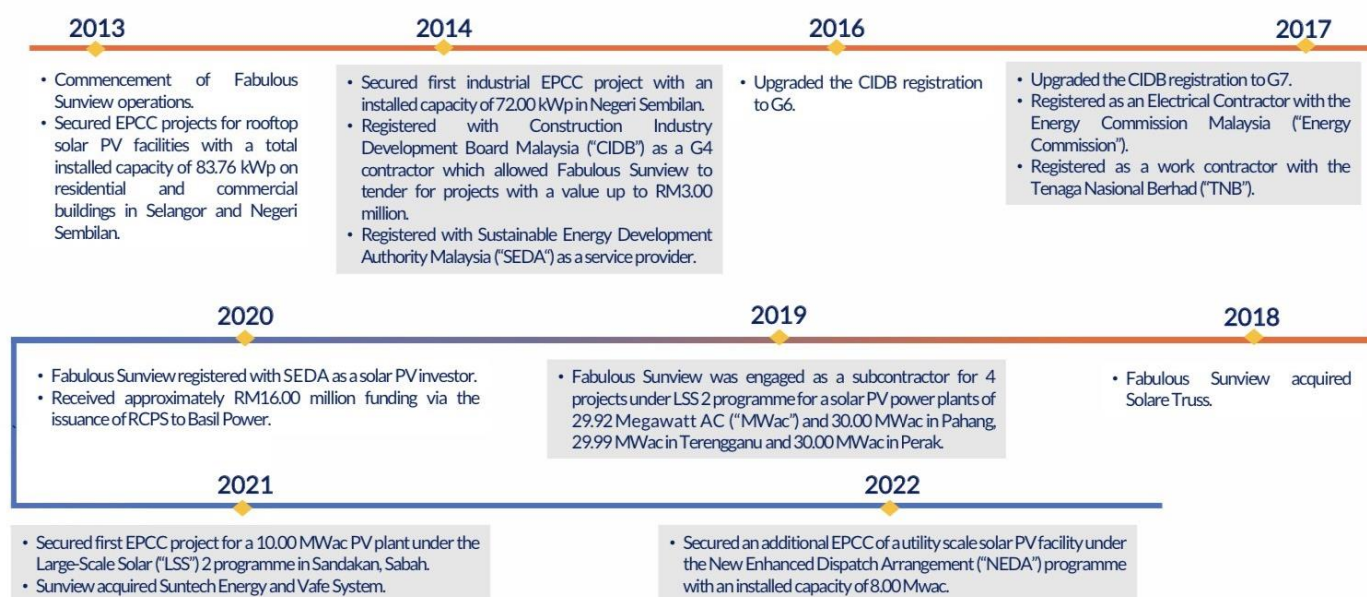
Source: Company data, RHB

Figure 10: Top suppliers in FY22

Supplier	Main type of products/services provided	% of total purchases	Length of business relationship (years)
JA Solar International Limited, Hong Kong	Solar PV modules	16.0	2
Sol Power Engineering	Installation works	10.4	Less than 1
Marudu Network	Solar PV modules	9.9	Less than 1
Aquanaz Solution	Installation works	9.7	Less than 1
Trina Solar Energy Development Singapore	Solar PV modules	8.2	Less than 1

Source: Company data, RHB

Figure 11: Corporate history



Source: Company

Sunview is helmed by Executive Director and CEO Ong Hang Ping, who is also a substantial shareholder. With more than 12 years of experience in the RE industry, he is currently responsible for the development of the group's business strategies and plans. Chow Kian Hung, also a substantial shareholder, is the COO. He oversees the group's day-to-day operations and project execution. Chief Project Development Officer Khoo Kah Kheng co-founded Suntech Energy, which was acquired by Fabulous Sunview. Currently, he oversees and manages the tender process for LSS projects. Ooi Yoong Shan, the CFO, oversees Sunview's finance, accounting and procurement department.

## Industry Overview

### Solar PV power plants vs systems

**Solar PV power plants** are utility-scale, and designed to supply power to the power grid. They tend to have installed generating capacity of 1MWac or more. These large-scale projects are awarded via the LSS programme, which the Energy Commission Malaysia introduced in 2016.

**Solar PV facilities** are smaller in scale. They are generally mounted on top of residential, commercial, industrial and community buildings and facilities. These systems are also connected to the power grid, and may export excess electricity to the power grid, depending on the programme.

### Programmes for solar PV facilities

Generally, solar PV facilities that are connected to the grid are implemented under Feed-in Tariff (FiT), Net Energy Metering (NEM) and Self-Consumption (SELCO) programmes.

**FiT programme.** FiT obliges the distribution licensees, including Tenaga Nasional (TNB MK, NEUTRAL, TP: MYR9.00) to buy electricity generated from renewable resources produced by Feed-in Approval Holders (FIAH) at a pre-determined rate for a specific duration. Renewable resources eligible for FiT programme are solar PV, biogas, biomass and small hydropower. This programme was launched in 2011. Under this programme, there was no new quota allocated for solar PV since 2017 with the exception of 5 MW under the community category.

**NEM programme.** NEM was introduced in Nov 2016 to replace the FiT for solar PV projects. NEM allows consumers to generate electricity from solar PV facilities for self-consumption, and export excess electricity to the power grid. In 2019, the NEM programme was enhanced to offer a one-on-one offset basis which means for every 1 kWh exported to the grid, it will be offset against 1 kWh consumed from the power grid.

**SELCO programme.** SELCO enables individual, commercial and industrial power consumers to hedge against the rising cost of electricity through the installation of solar PV facilities to generate electricity for their own usage. Any excess electricity generated under SELCO is not allowed to be exported to the power grid.

### Regional RE commitment

**Malaysia.** As part of the Malaysia's goal to be carbon-neutral by 2050, the Government would like to have a larger share of Malaysia's installed capacity to be RE. Currently, RE makes up only 6% (~1,905mw) of Malaysia's installed capacity. The Government is targeting for that to increase to 31% (8,531mw) by 2025, and 40% (10,944mw) by 2035.

**Figure 12 : Description of various government initiatives**

Government initiative	Description
Net Energy Metering (NEM)	A solar PV programme to complement the FiT mechanism. The NEM programme has a capacity allocation of 500MW. The concept of NEM is that the energy produced from the installed solar PV system will be consumed first, and any excess will be exported to TNB on a "one-on-one" offset basis.
Newly Enhanced Dispatch Agreement (NEDA)	Provides opportunities for non-PPA/SLA generators, such as co-generation plant, small renewable plant, franchise utilities, part PPA/SLA generators, and expired PPA/SLA generators to operate as merchant generator to sell energy to single buyer.
Supply Agreement of Renewable Energy (SARE)	Provides customers with the option of solar leasing, PPA or hybrid of solar leasing and PPA of solar PV facilities. With this policy, users can enjoy zero upfront costs to install photovoltaic (PV) panels, and payment for the monthly leasing fee or solar energy usage can be made to the solar company involved via their TNB bill.
Large Scale Solar (LSS)	A solar PV programme announced in 2016 to encourage the construction of large-scale grid-connected solar plants.
Green Investment Tax Allowance (GITA)/ Green Investment Tax Exemption (GITE)	Aim to encourage investment in green technology. In Budget 2020, GITA and GITE received extensions to 2023. Also, tax incentives will be introduced to companies implementing solar-leasing activities with income tax exemption of 70% for up to 10 years.

Source: Various sources, RHB

## Future Plans And Strategies

**Securing more solar EPCC projects from LSS and C&I customers.** Currently, the group has an outstanding unbilled orderbook of MYR558m, which consists of seven LSS EPCC contracts worth MYR542m, and 28 EPCC contracts to install solar PV facilities for C&I customers, worth MYR16m. The seven LSS EPCC contracts have an aggregate installation capacity of 170MWac and an aggregate contract value of MYR658m. Leveraging on their experience as both an EPCC contractor and subcontractor, Sunview will strive to continue to grow its orderbook from both LSS projects and C&I customers. Other than securing more projects as an EPCC contractor, Sunview will also strive to continue growing its subcontracting services. We note that these subcontracting services are of a lower margin and contribute <10% to group revenue and gross profits.

**Expand into EPCC of biogas and other RE facilities.** Besides executing EPCC works for solar projects, Sunview also aims expand into the EPCC of biogas plants and other renewable energy facilities. Biogas plants generate electricity using waste materials, such as agricultural waste. Depending on the customer requirements, the biogas plant can be used to generate electricity for either self-consumption or to connect to the power grid. While Sunview currently does not have any outstanding orders for biogas projects, it plans to leverage on its previous EPCC experience to tender for biogas EPCC projects. So far, it has received customer enquiries and has engaged in preliminary discussions with a prospective customer for a biogas plant.

**Continued growth in solar portfolio.** Currently, Sunview owns 18 solar PV facilities with a collective installed capacity of 7.74MWp. As of FY22, its "solar power generation and supply" segment contributed 4% of group revenue and 7% of gross profit. The group will strive to continue growing this segment to develop its recurrent revenue base, which offers more predictable cash flow relative to its EPCC contracts. As part of its expansion plan, it intends to build two new solar PV facilities in Klang with an installed capacity of 0.38MWp by 2022, with commencement of operations expected in 1Q2023. It will continue to grow this segment via its build-own-operate (BOO), build-own-operate-transfer (BOOT) and acquire-own-operate (AOO) strategies, where they either build a facility from scratch or acquire completed projects. Sunview currently does not have any plans to acquire other companies with solar assets.

**Expand into provision of complementary products for solar PV power applications.** These include the provision of complementary products including current limiting reactor system, and IoT solar energy system. The IoT solar energy system includes data loggers and sensors, which can capture data on the generation and consumption of electricity, providing real-time data analytics, performance ratio analysis, and monitoring features.

**Market expansion: growing presence in Southern region.** As of FY21, Johor's revenue contribution stood at 21.90%, up from 0.77% in FY19. The group is looking to expand its presence in the Southern region of Peninsular Malaysia by setting up a branch office in Johor, in order to better serve its C&I customers in the region.

## IPO details

Figure 13: Indicative IPO timeline

Opening of application	23 Sep 2022
Closing of application	30 Sep 2022
Balloting of applications	04 Oct 2022
Allotment/transfer of IPO shares to successful applicants	13 Oct 2022
Listing	17 Oct 2022

Source: Company, RHB

Figure 14: Utilisation of IPO proceeds

Details	Amount (MYR'm)	Percentage (%)	Estimated timeframe for utilisation upon listing
Business expansion	1.7	4.9	Within 24 months
Capital expenditure	1.8	5.4	Within 18 months
Working capital	20.1	58.7	Within 24 months
Repayment of bank borrowings	7.0	20.5	Within 3 months
Estimated listing expenses	3.6	10.5	Within 1 month
<b>Total</b>	<b>34.2</b>	<b>100.0</b>	

Source: Company, RHB

Figure 15: Offering structure

Public Issue	No. of IPO shares	% of enlarged share base
i. Malaysian Public <sup>(1)</sup>	23,600,000	5.0
ii. Eligible Directors, employees and persons who have contributed to the success of the Group	9,000,000	1.9
iii. Private placement to selected investors	85,400,000	18.3
	<b>118,000,000</b>	<b>25.2</b>

Note (1): Out of the 23,600,000 Issue Shares, 11,800,000 Issue Shares will be set aside for Bumiputera investors.

Source: Company, RHB

## Key Risks

**Business continuity risk.** Because Sunview's solar EPCC works are project-based, the firm relies on being able to continuously secure large and numerous projects to sustain its business continuity and growth. The lack of projects could leave the firm with cost overheads and may result in losses.

**Cost overrun risk.** Contract value is priced based on estimates and project scheduling, which is derived from assumptions such as prices of solar PV modules and inverters. Cash flow and profitability margins are, therefore, dependent on its ability to accurately estimate the costs and timeline. Should the total cost be higher, Sunview would have to bear the cost overruns and this might affect its financial performance. To mitigate such risks, it obtains quotes and locks in prices with suppliers during the bidding and negotiation stage. Furthermore, due to its current large orderbook, the group is able to purchase solar PV modules and inverters in bulk, and thereby benefit from more favourable prices. Management has also pointed out that by using numerous suppliers and subcontracting background, it has the necessary experience to optimise costs should it exceed their estimates.

**Project ownership risks.** The group faces risks of adverse events during the 21- or 25-year duration of its power purchase agreements, which may hinder its ability to recover their cost of investment. For the power generation and supply projects that they BOO or BOOT, the breakeven periods are typically 10 years. For the projects that they AOO, the breakeven period can range from five to 12 years. Sunview also faces the risk of changes in building ownership, where the owner may not want to continue with the PPA or solar contract, as well as a risk of early termination of tenancy of premises where it has installed solar PV facilities. To mitigate such risks, it will perform due diligence on the potential building owners and customers, and have insurance in place to cover potential losses.

**Risk of project cancellations and delays.** The group must adhere to milestones and project delivery timelines as stipulated in its agreement with customers. Failure to do so could make it liable for claims and/or penalties from customers. That could adversely impact its reputation and financial performance, especially if it is not able to receive the full payment – which would affect cash flow.

**Dependent on subcontractors.** Sunview engages subcontractors to perform works such as earthworks, site clearance and preparations, piling, construction of mounting structures, physical installation of solar PV modules and balance of systems and electrical, communications and integration work to connect all equipment and components. It is subject to risks associated with subcontractors' non-, late-, and poor- performance.

**Foreign exchange risk.** During 2021 and 2022, most of the solar PV modules sources were from overseas and were transacted in USD. Currently, the group does not have any FX hedging instruments to protect itself against adverse FX movements. To mitigate this risk, it is currently negotiating with its suppliers to transact in other currencies (such as MYR or CNY).

## RHB Guide to Investment Ratings

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	Stock is not within regular research coverage

## Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

## RESTRICTIONS ON DISTRIBUTION

### Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

### Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made

pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

#### Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

#### Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

#### United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

#### DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

#### Malaysia

Save as disclosed in the following link [RHB Research conflict disclosures – Sep 2022](#) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.

3. None of RHBIB's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
*\*For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

#### Thailand

Save as disclosed in the following link [RHB Research conflict disclosures – Sep 2022](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
*\*For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

#### Indonesia

Save as disclosed in the following link [RHB Research conflict disclosures – Sep 2022](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.  
For the avoidance of doubt, interest in securities include the following:
  - a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report\*;
  - b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities\*.
  - c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering\*.
  - d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff\*\* or associated person serve as a director or board member\* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia\*\* did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

#### Notes:

\*The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.

\*\*The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.

#### Singapore

Save as disclosed in the following link [RHB Research conflict disclosures – Sep 2022](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

---

**Analyst Certification**

The analyst(s) who prepared this report, and their associates hereby, certify that:  
(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

**KUALA LUMPUR**

**RHB Investment Bank Bhd**  
Level 3A, Tower One, RHB Centre  
Jalan Tun Razak  
Kuala Lumpur 50400  
Malaysia  
Tel : +603 9280 8888  
Fax : +603 9200 2216

**JAKARTA**

**PT RHB Sekuritas Indonesia**  
Revenue Tower, 11th Floor, District 8 - SCBD  
Jl. Jendral Sudirman Kav 52-53  
Jakarta 12190  
Indonesia  
Tel : +6221 509 39 888  
Fax : +6221 509 39 777

**BANGKOK**

**RHB Securities (Thailand) PCL**  
10th Floor, Sathorn Square Office Tower  
98, North Sathorn Road, Silom  
Bangrak, Bangkok 10500  
Thailand  
Tel: +66 2088 9999  
Fax :+66 2088 9799

**SINGAPORE**

**RHB Bank Berhad (Singapore branch)**  
90 Cecil Street  
#04-00 RHB Bank Building  
Singapore 069531  
Fax: +65 6509 0470