# Express Powerr Solutions Berhad (XPB)

## Ensuring Uninterrupted Power and Profitability

- **A power rental specialist with two decades of expertise. It offers comprehensive generator services, including installation, operation, technical support, and maintenance, for planned shutdowns, emergencies, and events.**
- **We project XPB is deliver another solid FY25F numbers, given nationwide genset capacity expansion, favourable government initiatives, and TNB's CapEx rollout which are expected to spur demand for light machinery like gensets rental.**
- **We assign XPB a fair value of RM0.31 per share, implying a 55% upside from its IPO price. Valuation is based on 15.0x P/E pegged to mid-FY26F EPS of 2.05 sen as TNB's value chain and related companies are currently trading at 15.4-18.2x.**

## Investment Highlights

**Home-grown player specializes in power rental.** Founded in 2005, XPB boasts a remarkable 20-year track record as an integrated provider of generator rental services, which include installation and disassembly, technical support, and on-site operation personnel such as engine drivers, chargemen, technicians, and general workers, as well as maintenance services. As of LPD, XPB mainly focuses on providing its generators for planned electricity shutdowns. Additionally, XPB is always ready to deploy, offering immediate generator rental services for critical emergency situations such as power outages and disaster scenarios. Beyond these segments, it also operates two other business lines: (i) standby generator rental services for events, special occasions, or situations requiring reliable backup power, and (ii) solar PV solutions.

**Proxy to growing utilities infra...** XPB will prioritize the expansion of its energy leasing segment. This strategic focus aligns with the substantial opportunities emerging from Malaysia's growing utilities landscape, particularly with the introduction of the National Energy Transition Roadmap (NETR). Moreover, Tenaga Nasional Berhad (TNB) has guided substantial investments into grid infrastructure, with RM9–10bn in CapEx under RP4 and a continued strong CapEx rollout of at least RM47bn under RP5 (2028–2030). Given that the power generation industry is a major end-user of the light machinery and equipment rental market, particularly in EPCC, power grid construction, and other generation and transmission projects, we believe TNB's CapEx rollout will drive sustained demand for companies like XPB.

**...with IPO proceeds focus on expanding its generators fleet.** With its recent IPO, XPB has allocated up to RM20.5m, representing 55.9% of total proceeds towards expanding its core segments through the purchase of 36 new generators. We believe this strategic investment places XPB in a favorable position relatively to its competitors, enabling the company to serve a wider coverage area while meeting TNB's requirements for rental-ready gensets. Based on our assumptions, the RM20.5m allocation could expand XPB's capacity by approximately 71,000 hours to ~356,000 hours, compared to ~285,000 hours registered in FY24. Assuming FY27 reflects a full year of contribution from these gensets, we estimate XPB could achieve an earnings CAGR of 10.5%, underscoring a near-term earnings catalyst.

**Targeting the East Coast market.** As part of its strategic planning ahead of the upcoming capacity ramp-up, XPB intends to actively participate in tendering activities in the East Coast market, capturing a share of Sabah's growing infrastructure opportunities. From what we gathered, XPB has already deployed 21 units of its generators under a contract with one of its major customers, Dynasynergy as well as establishing a virtual office in

**IPO Note – Not rated**

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## Non-Rated

| | |
|---|---|
| **Share price** | **RM0.20** |
| **Target price** | **RM0.31** |
| **Previous TP** | **-** |
| Capital upside | 55.0% |
| Dividend return | 3.6% |
| Total return | 58.9% |

**Company profile**

Founded in 2005, XPB delivers generator rental services with installation, support, personnel, and maintenance. It primarily serves planned shutdowns, emergencies, and disasters, while also offering standby rentals for events and solar PV solutions. With 20 years' expertise, XPB ensures reliable, immediate power deployment.

**Stock information**

| | |
|---|---|
| Bursa Code | 0370 |
| Bloomberg ticker | XPB MK |
| Listing market | ACE |
| Share issued (m) | 934.4 |
| Market Cap (m) | 186.9 |
| Shariah compliant | YES |

| **Major shareholders** | **%** |
|---|---|
| Lim Cheng Ten | 73.4 |

**Earnings snapshot**

| FYE (Dec) | FY24 | FY25f | FY26f |
|---|---|---|---|
| PATMI (m) | 16.6 | 21.1 | 24.4 |
| EPS (sen) | 1.78 | 2.26 | 2.60 |
| P/E (x) | 11.3 | 8.8 | 7.7 |

**Timetable of IPO**

| | |
|---|---|
| Opening of application | 20 August |
| Closing of application | 8 September |
| Balloting of application | 10 September |
| Allotment of the IPO shares | 22 September |
| Listing on the ACE market | 24 September |

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Kota Kinabalu, serving as a local hub for sales and marketing activities, enabling stronger customer engagement and support across Sabah. This region has been identified as a government priority in its strategic push toward a more developed nation, with allocations of ~RM5.9-6.7bn, consistently among the highest relative to other regions. We view XPB's move as a prudent initiative to diversify its customer base while better utilizing its upcoming capacity build-up funded by IPO proceeds.

## Industry Overview

According to the IMR report, the market value of Malaysia's light machinery and equipment rental industry is expected to grow at a CAGR of 7.6%, reaching RM1.3bn by FY2029F, outpacing the ASEAN market average CAGR of 6%. This growth is supported by: (i) Malaysia's positioning as a data centre investment destination, driven by its relatively low utility costs and more affordable land compared to regional peers, and (ii) strong investment approvals alongside the continued progress of multi-year projects in both the private and public sectors, including those under national master plans, with the construction sector expanding by 17.5% in 2024.

Hence, in our view, XPB is set to benefit from rising investments across key sectors, particularly construction, power generation, as well as industries such as telecommunications, event management, mining, emergency services, and disaster relief. In terms of the competitive landscape, we note that XPB does not have any directly comparable listed peers within its niche focus on power generator rentals. As such, XPB stands out as a unique listed player in the power generator rental segment.

**Fig #1 Peers comparison (IMR)**

| Company Name | Revenue (million) | Gross Profit | Gross margin (%) | Net Profit | Net margin (%) |
|---|---|---|---|---|---|
| **Express Powerr Group** | **70.2** | **37.4** | **53.3** | **16.6** | **23.7** |
| Anjur Ekar Sdn Bhd | 8.2 | 1.7 | 20.7 | 0.2 | 2.0 |
| Anzeco Powertech Sdn Bhd | 18.2 | 5.5 | 30.2 | 0.5 | 2.6 |
| Dynasynergy Techonology Sdn Bhd | 49.0 | 8.3 | 17.0 | 2.3 | 4.7 |
| FG Generator Sdn Bhd | 12.0 | 5.6 | 47.0 | 3.0 | 24.7 |
| Gelombang Prestij Sdn Bhd | 15.6 | 9.0 | 57.9 | 0.9 | 5.8 |
| HN Citra Cahaya Sdn Bhd | 13.5 | 0.4 | 3.1 | -0.3 | -2.3 |
| Kejuruteraan Kuasa Bumi Sdn Bhd | 15.4 | 4.8 | 31.4 | 0.3 | 2.0 |
| Kejuruteraan Letrik KB Sdn Bhd | 67.8 | 11.5 | 17.0 | 0.8 | 1.2 |
| L&T Machinery Enterprise Sdn Bhd | 14.8 | 8.1 | 54.8 | 0.5 | 3.3 |
| TTL Sales & Rental Sdn Bhd | 40.3 | 24.8 | 61.5 | 11.9 | 29.6 |
| **Average ex-Express Powerr Group** | **25.5** | **8.0** | **34.1** | **2.0** | **7.4** |

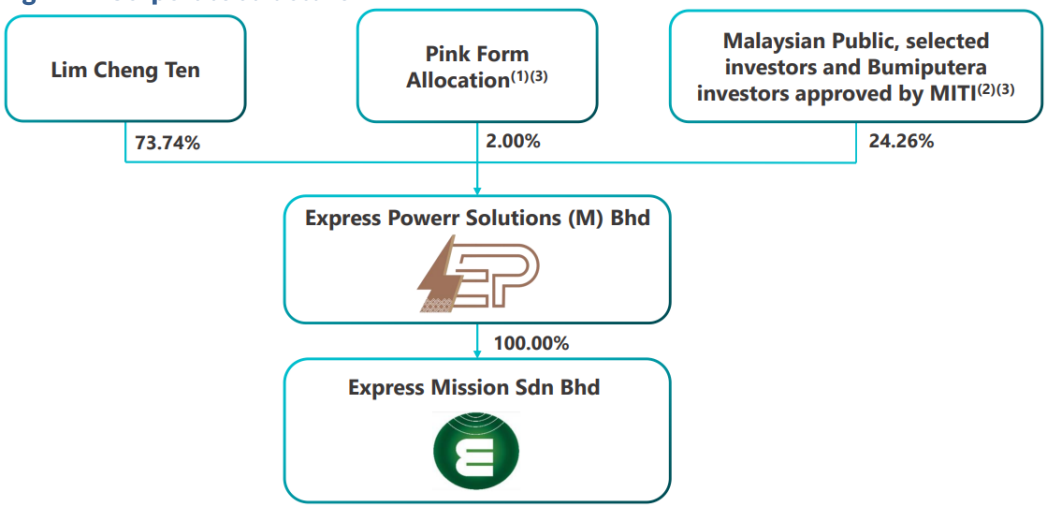
*Source: Express Powerr Solutions Berhad's Prospectus*

**Superior margins than peers.** XPB's recent PAT margins of 23.7–25% significantly outperformed its closest peers, such as Anjur Ekar Sdn Bhd (2.0%) and Anzeco (2.6%), against an industry average of only ~7.4%. Furthermore, XPB commands an impressive ~7.8% market share based on its FY24 revenue. We believe this outperformance is driven by key differentiating factors, like: (i) XPB's diverse fleet of generators with varying capacities, enabling tailored solutions to meet customer requirements, and (ii) pricing flexibility, supported by longstanding relationships with its major customers.

## Company Overview

Express Powerr Solutions (M) Bhd is mainly involved in the provision of generator rental services and related offerings, including the supply of ancillary items such as distribution boards, generators, synchronisation panels, transformers, switchgears, load banks, and cables, complementing its customer requirements.

## Fig #2 Corporate structure




*Source: Express Powerr Solutions Berhad*

## Fig #3 Corporate milestones

| Year | Milestones |
|---|---|
| 2020 | Increased its fleet of generators to a total of 57 units comprising of 7 units of Small-sized generators, 8 units of Medium-sized generators and 42 units of Large-sized generators.<br>Entered into a service agreement with KKB, an approved vendor of TNB, to provide generator rental services to KKB. |
| 2021 | Became an approved vendor of TNB.<br>Registered as an electrical contractor under Class C with Energy Commission Malaysia. |
| 2022 | Set up additional 4 operation yards located in Puchong, Kuala Lumpur, Kulai and Pasir Gudang.<br>Entered into sales and purchase agreements to acquire Building 1 and Building 2 together with Lot 1 and Lot 2, respectively, which are to be used as its new headquarter and operation yard. |
| 2024 | Increased its fleet of generators to a total of 111 units comprising of 14 units of Small-sized generators, 13 units of Medium-sized generators and 84 units of Large-sized generators.<br>Expanded into the Sabah market by providing generator rental services indirectly to SESB via purchase orders from Dynasynergy which secured its project from SESB, where we deployed a total of 21 units of generators for the said project. |
| 2025 | Received a proposal letter from TNB to renew the Service Contracts with TNB for a further 3 years, which was accepted by the Company.<br>Received 2 letters of award from Customer A to provide generator rental services to Customer A in the states of Penang and Kelantan. |

*Source: Express Powerr Solutions Berhad*

## Fig #4 Utilisation of proceeds

| Use of proceeds | RM'm | % | Estimated time frame |
|---|---|---|---|
| Purchase of generators | 20.5 | 57.0% | Within 36 months |
| Repayment of bank borrowings | 5.0 | 13.9% | Within 6 months |
| Purchase of medium and high voltage equipment | 4.1 | 11.3% | Within 36 months |
| General working capital | 2.2 | 6.2% | Within 24 months |
| Estimated listing expenses | 4.2 | 11.7% | Within 3 months |
| Total | 36.0 | 100.0% | |

*Source: Express Powerr Solutions Berhad*

## Key management team

**Lim Cheng Ten (Managing Director) –** A serial entrepreneur since 1994 with ventures spanning recycling, oil palm plantations, generator rental, property development, and forest plantations. At XPB, he is responsible for overseeing the company's overall strategic business direction, sales and marketing, business development, and operations.

**Rosli Bin Jonis (Non-Independent Executive Director) –** With 15 years of combined experience in the machinery, equipment, and generator rental industries, Rosli is responsible for business development as well as leading the company's sales and marketing functions.

**Kong Choon Keong (Financial Controller) –** Bringing over 30 years of experience in audit, accounting, human resources, and corporate administration, Kong oversees the company's accounting, finance, tax, treasury, human resources, and administrative functions.

**Fig #5 XPB's SWOT Analysis**

| Strength | Weakness |
|---|---|
| • Diverse generator fleet with ancillary equipment, flexible rental terms, installation, technical support, and maintenance.<br>• Nearly 20 years' experience, strong industry reputation, stable customer base, long-term relationships with key clients. | • Heavily dependent on its major customers; as of FY24, KLKB, KKB, TNB, and Dynasynergy contributed significantly to total revenue, accounting for 96.3%.<br>• An increase in industrial diesel prices will raise its operating costs, and if the Company cannot fully pass these on to customers, its financial performance may be adversely affected. |
| **Opportunity** | **Threat** |
| • TNB's RM20–21bn investments, renewable push, and major projects boost demand for generator rentals in grid construction and transmission.<br>• Large-scale infrastructure, housing, and transport projects (e.g., Sarawak-Sabah Link, LRT3, Penang LRT) drive generator demand on sites. | • Rising demand from infrastructure, construction, and manufacturing drives fleet expansion and attracts new entrants, intensifying competition and potentially pressuring margins for existing rental players.<br>• Heavy reliance on foreign workers and frequent policy changes risk delaying construction projects, which may reduce generator rental demand and hinder industry growth prospects. |

*Source: M+ Research*

## Financials

**Financial highlights.** The Company recorded a 67.9% revenue surge in FY24 to RM70.2m from RM39.4m in FY23, driven mainly by electric utility customers, whose contributions rose 109.9% or RM35.4m, increasing from RM32.2m in FY23 to RM67.5m in FY24.

(i) Higher revenue contribution from the emergency service category by ~RM2.5m, from RM22.5m in FY23 to ~RM25m in FY24.
(ii) Higher revenue contribution from the planned maintenance service category by ~RM32.3m, from RM8.5m in FY23 to ~RM40.7m in FY24, primarily driven by its business expansion in Sabah in 2024.
(iii) Higher revenue contribution from the standby service category by ~RM0.64m, from RM1.2m in FY23 to RM1.85m in FY24.

**Earning forecast.** For FY25F, we reckon that XPB will be able to deliver another year of solid improvement, backed by (i) nationwide expansion plans by XPB, with capacity expected to conservatively grow by ~3.5%/10.3%/9.3% over the next three years, and (ii) favourable government initiatives such as NETR and TNB's CapEx rollout, which are expected to spur demand for light machinery and equipment rental services.

Hence, we project a robust 10.5% core net profit CAGR for XPB over FY25-27F. Note that our core net profit excludes one-off income/expenses, such as IPO fees. In addition to strong earnings CAGR, we have pencilled in XPB to post normalized gross margins of ~53% and net margins of ~24%, assuming fewer outsourcing activities with the pursuit of proceeds and increased working capital.

**Fig #6 Financial highlights**

| FYE Dec (RM m) | FY22 | FY23 | FY24 | FY25f | FY26f | FY27f |
|---|---|---|---|---|---|---|
| Revenue | 31.4 | 39.4 | 70.2 | 75.8 | 84.1 | 92.4 |
| EBITDA | 12.5 | 16.1 | 26.7 | 28.6 | 31.7 | 34.8 |
| EBIT | 9.9 | 13.0 | 23.1 | 24.2 | 27.0 | 29.6 |
| PBT | 9.8 | 13.0 | 23.0 | 23.7 | 26.8 | 29.5 |
| PAT | 7.5 | 9.9 | 16.6 | 18.0 | 20.4 | 22.4 |
| PATMI – Core | 7.5 | 9.9 | 16.6 | 18.0 | 20.4 | 22.4 |
| PATMI – Reported | 7.5 | 9.9 | 16.6 | 18.0 | 20.4 | 22.4 |
| % change YoY – Core PATMI | -9% | -9% | -9% | -9% | -9% | -9% |
| Core EPS (sen) | 0.80 | 1.06 | 1.78 | 1.93 | 2.18 | 2.40 |
| P/E (x) | 24.9 | 18.9 | 11.3 | 10.4 | 9.2 | 8.3 |
| EV/EBITDA (x) | 13.5 | 10.4 | 6.3 | 5.9 | 5.3 | 4.8 |
| DPS (sen) | 0.3 | 0.4 | 0.9 | 0.6 | 0.7 | 0.7 |
| Yield (%) | 1% | 2% | 4% | 3% | 3% | 4% |
| BVPS (RM/share) | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| P/B (x) | 8.2 | 6.5 | 5.0 | 2.4 | 2.1 | 1.8 |
| ROE (%) | 37% | 38% | 50% | 32% | 24% | 23% |
| Net Gearing (%) | CASH | CASH | CASH | CASH | CASH | CASH |

*M+ Research*

## Valuations

**We assign a fair value of RM0.31 per share for XPB, representing a 55.0% upside from its IPO price of RM0.20.** The valuation is based on a P/E ratio of 15.0x, pegged to the mid-FY26F EPS of 2.05 sen.

While there are no directly comparable local listed peers in XPB's niche segment, we believe XPB will command a valuation similar to companies in TNB's value chain and related companies like MNHLDG, UUE, JTGROUP, PWRWELL, and SCGBHD as XPB is viewed as a key proxy for TNB. They are trading around 15.4x-18.2x for the forward and historical P/E, respectively.

Moreover, since there are no comparable listed peers, we have also benchmarked XPB against the global peers that have exposure towards light machinery industry which may serve as a reference for future rerating catalysts. These global peers are trading at P/E ratios of around 19.8-21.6x.

## Fig #7 Peers comparison

| Local Peers | Market Group | FYE | Price (RM) | Market Cap (RM'm) | P/E (x) | Forward P/E (x) | NP Margin (%) |
|---|---|---|---|---|---|---|---|
| **Express Powerr Solutions Berhad** | **ACE** | **Dec** | **0.200** | **186.9** | **11.3** | **9.2** | **23.7** |
| Tenaga Nasional Bhd | MAIN | Oct | 13.56 | 79,043.2 | 15.6 | 14.8 | 8.3 |
| MN Holdings Bhd | ACE | Jun | 1.57 | 933.9 | 17.0 | 14.7 | 9.0 |
| UUE Holdings Bhd | ACE | Feb | 0.83 | 501.8 | 18.2 | 16.8 | 13.5 |
| Jati Tinggi Group Bhd | ACE | Nov | 0.60 | 258.6 | 24.1 | NM | 7.6 |
| Powerwell Holdings Bhd | ACE | Mac | 0.56 | 322.2 | 17.1 | NM | 13.7 |
| Southern Cable Group Bhd | MAIN | Dec | 1.94 | 1,907.7 | 16.8 | NM | 5.4 |
| **Avg ex-Express Powerr Solutions Berhad** | | | | **13,827.9** | **18.2** | **15.4** | **9.6** |

| Global Peers | Country | FYE | Price (LCL) | Market Cap (USD'm) | P/E (x) | Forward P/E (x) | NP Margin (%) |
|---|---|---|---|---|---|---|---|
| Denyo Co Ltd | Japan | Mar | 2,997.00 | 65,513.4 | 12.7 | #N/A N/A | 8.0 |
| Cummins Inc | US | Dec | 396.10 | 54,577.0 | 18.7 | 18.4 | 11.6 |
| Caterpillar Inc | US | Dec | 432.30 | 202,523.4 | 22.4 | 22.8 | 16.7 |
| Atlas Copco AB | Korea | Dec | 149.95 | 712,860.1 | 26.0 | 25.5 | 16.8 |
| Generac Holdings Inc | US | Dec | 193.28 | 11,340.9 | 27.5 | 23.6 | 7.6 |
| Banpu Power PCL | Thailand | Dec | 8.60 | 26,210.5 | 13.6 | 7.8 | 6.8 |
| United Rentals Inc | US | Dec | 939.49 | 60,447.9 | 30.3 | 20.8 | 16.8 |
| **Avg ex-Express Powerr Solutions Berhad (Global Peers)** | | | | **65,513.4** | **21.6** | **19.8** | **8.0** |

Source: M+ Research (*FY24, **FY26f)

## Investment Risks

**Customer concentration risk.** XPB is highly dependent on its major customers, namely TNB, SESB (via Dynasynergy), KLKB, and KKB, which collectively contributed >90% as of LPD. Therefore, any reduction or termination of contracts by these key customers without immediate replacements could materially affect its revenue and earnings visibility.

**Fuel volatility risk.** Diesel consumption account for >70% of the Company's cost base, making the Company's profitability closely linked to the global oil prices. While additional cost is pass-through to end users, any sharp spikes could compress its margins, as per reflected in its FY22, eroding XPB's GP margins.

**Asset operability risk.** XPB's business continuity relied on the operability of its ~142 rental generators. Hence, any large-scale breakdown, obsolescence, or procurement delays for replacement units may disrupt service delivery and financial performance.

**Manpower dependency risk.** XPB's operations depend largely on its pool of certified chargemen, engine drivers, and skilled technicians. Shortages in technical manpower or inability to recruit replacements could impair service execution and project delivery.

## ESG Initiatives

**Environmental (E)**
The Group integrates sustainable practices into operations, particularly in energy use and facilities development:

- **Energy Efficiency:** Transitioned to Euro5 B7 Diesel for generators and trucks, supported by regular maintenance to optimise performance and reduce emissions.
- **GHG Emissions Management:** Recognises Scope 1 emissions from generators as a key environmental impact; mitigated through efficiency measures and equipment upkeep.
- **Waste Reduction:** Scheduled wastes are stored, labelled, and disposed of via licensed providers to ensure compliance and safety.

**Social (S)**
The Group prioritises workplace safety, fair labour practices, and inclusivity:

- **Workplace Safety & Health:** Complies with Occupational Safety and Health Act 1994 (Amendment 2022), ensuring safe practices and employee protection.
- **Fair Labour Practices:** Upholds equal treatment and prohibits discrimination in all employment aspects.
- **Diversity & Inclusion:** Promotes gender and cultural diversity at both Board and workforce levels.

**Governance (G)**
Governance practices emphasise ethical conduct, compliance, and stakeholder engagement:

- **Ethical Business Practices:** Adheres to the Malaysian Code on Corporate Governance with a zero-tolerance policy on bribery, supported by internal compliance policies.
- **Anti-Corruption Compliance:** Aligned with the Malaysian Anti-Corruption Commission (Amendment) Act 2018.
- **Board Diversity:** Maintains a diverse Board composition to enhance decision-making and oversight.

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| Stock recommendation guide | |
|---|---|
| **BUY** | The share price is expected to appreciate more than 10% over the next 12 months |
| **HOLD** | The stock price is expected to range between -10% and +10% over the next 12 months |
| **SELL** | The share price is expected to fall more than 10% over the next 12 months |
| **TRADING BUY** | The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months |
| **TRADING SELL** | The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months |
| **NOT RATED** | No recommendation is assigned |