Powerwell Holdings Berhad (PWRWELL)

Another Contract In The Bag

Newsbreak

- PWRWELL has secured an RM9.5m supply contract and purchase order for low-voltage switchboards and related components in relation to a data centre project in Selangor. The contract was awarded by an international construction and mechanical & electrical (M&E) firm on 16 October and 1 November respectively, with both expected to be fully recognised by 1Q26.

M+ Global View

- Given the short project turnover cycle, which enables quicker earnings recognition, most of the contribution is expected in FY26f. Assuming a blended GPM of ~28%, the contract is estimated to deliver RM2.7m in gross profit over its duration. Execution risk appears manageable, supported by PWRWELL's healthy balance sheet and strong net cash position. As of the latest guidance, the Group's outstanding order book is estimated at ~RM117.0m, (~1.0x FY25 revenue), excluding the recent project wins.

Valuation & Recommendation

- **Forecast.** As this job wins are within our expectation, we maintained the earnings forecast.

- **Maintained BUY recommendation price of RM0.64.** Following that, we maintained BUY recommendation with a target price of RM0.64, based on a P/E multiple of 17x pegged to mid-FY27F EPS of 3.78 sen.

Company update

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BUY

Share price	**RM0.54**
Target price	**RM0.64**
Previous TP	**-**
Capital upside	18.5%
Dividend return	2.0%
Total return	20.5%

Company profile

Powerwell Holdings Berhad is principally involved in the design, manufacturing, and trading of electricity distribution products such as switchboards and switchgears.

Stock information

Bursa Code	0217
Bloomberg ticker	PWRWELL MK
Listing market	ACE
Share issued (m)	580.5
Market Cap (m)	313.5
52W High/Low	0.61 / 0.35
Est. Free float (%)	86.9
Beta (x)	1.0
3-mth avg vol ('000)	2621.2
Shariah compliant	No

Major shareholders	**%**
Wong Yen Yoke	4.8
Tham Wai Kien	3.9

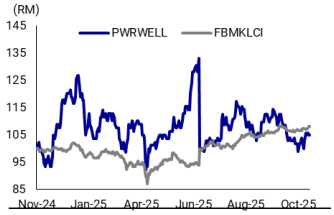
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-2.7	-6.9	38.5
Relative	-3.5	-10.7	36.2

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	18.8	20.7	23.2
EPS (sen)	3.2	3.6	4.0
P/E (x)	16.2	14.8	13.1

Relative performance chart



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Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	88.1	67.6	98.3	115.3	134.0
Receivables	24.7	53.2	62.2	72.2	80.9
Inventories	17.4	26.9	19.2	22.4	25.1
PPE	30.6	30.1	31.3	32.3	33.1
Others	4.7	4.5	2.8	2.8	2.8
Assets	**165.4**	**182.2**	**213.8**	**245.1**	**275.9**
Debts	12.5	15.9	16.9	17.9	18.9
Payables	65.6	66.6	83.2	97.2	108.9
Others	2.8	2.3	1.8	1.8	1.8
Liabilities	**80.9**	**84.7**	**101.9**	**116.9**	**129.5**
Shareholder's equity	84.5	97.5	112.0	128.2	146.3
Minority interest	-	-	-	-	-
Equity	**84.5**	**97.5**	**112.0**	**128.2**	**146.3**

Cash Flow Statement

FYE Mar (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	26.3	26.8	27.2	30.5	34.1
Depreciation & amortisation	2.4	2.3	2.5	2.7	2.9
Changes in working capital	39.9	(37.1)	15.3	0.8	0.3
Share of JV profits	-	-	-	-	-
Taxation	(6.6)	(8.1)	-	-	-
Others	(6.8)	7.0	-	-	-
Operating cash flow	**55.2**	**(8.9)**	**44.9**	**34.0**	**37.3**
Net capex	0.3	0.1	(5.0)	(5.0)	(5.0)
Others	1.8	0.8	-	-	-
Investing cash flow	**2.1**	**0.9**	**(5.0)**	**(5.0)**	**(5.0)**
Changes in borrowings	(14.2)	3.4	1.0	1.0	1.0
Issuance of shares	-	-	-	-	-
Dividends paid	(11.6)	(5.8)	(6.2)	(7.0)	(7.8)
Others	6.6	(9.5)	-	-	-
Financing cash flow	**(19.2)**	**(11.9)**	**(5.2)**	**(6.0)**	**(6.8)**
Net cash flow	**38.2**	**(20.0)**	**30.7**	**17.0**	**18.6**
Forex	(0.2)	(0.8)	-	-	-
Others	0.3	0.3	-	-	-
Beginning cash	49.7	88.1	67.6	98.3	115.3
Ending cash	88.1	67.6	98.3	115.3	134.0

Income Statement

FYE Mar (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**154.8**	**137.5**	**162.3**	**188.2**	**210.8**
EBITDA	29.6	29.9	30.4	34.0	37.8
EBIT	27.2	27.6	27.9	31.3	34.9
Net finance income/ (cost)	(0.8)	(0.8)	(0.7)	(0.8)	(0.8)
Associates & JV	-	-	-	-	-
Profit before tax	**26.3**	**26.8**	**27.2**	**30.5**	**34.1**
Tax	(6.6)	(8.1)	(6.5)	(7.3)	(8.2)
Net profit	**19.7**	**18.8**	**20.7**	**23.2**	**25.9**
Minority interest	-	-	-	-	-
Core earnings	**19.7**	**18.8**	**20.7**	**23.2**	**25.9**
Exceptional items	0.4	1.2	-	-	-
Reported earnings	20.2	19.9	20.7	23.2	25.9

Valuation & Ratios

FYE Mar (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	3.4	3.2	3.6	4.0	4.5
P/E (x)	15.5	16.2	14.8	13.1	11.8
DPS (sen)	2.0	1.0	1.1	1.2	1.3
Dividend yield	3.8%	1.9%	2.0%	2.3%	2.6%
BVPS (RM)	0.15	0.17	0.19	0.22	0.25
P/B (x)	3.5	3.1	2.7	2.3	2.0
EBITDA margin	19.1%	21.8%	18.7%	18.0%	17.9%
EBIT margin	17.5%	20.1%	17.2%	16.6%	16.6%
PBT margin	17.0%	19.5%	16.7%	16.2%	16.2%
Net margin	12.7%	13.7%	12.7%	12.3%	12.3%
ROE	24.5%	20.6%	19.7%	19.3%	18.9%
ROA	12.3%	10.8%	10.4%	10.1%	9.9%
Net gearing	CASH	CASH	CASH	CASH	CASH

Assumptions

FYE Mar (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue growth	**-2.7%**	**-11.1%**	**18.0%**	**16.0%**	**12.0%**
GP margin	**29.7%**	**33.2%**	**28.0%**	**27.5%**	**27.5%**

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(a) nil.

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