Company Update

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# Powerwell Holdings Berhad

## Major Win Lifts Earnings Visibility

## Newsbreak

- **Largest-ever contract win.** PWRWELL has secured a landmark contract comprising two purchase orders worth a combined RM190.4m from a returning multinational customer. The contract involves the supply and delivery of low-voltage switchgear and related equipment for a data centre project in Johor, with deliveries spanning FY27f–FY28f and completion targeted by 4Q28. This represents the largest contract award in PWRWELL's history, lifting its unbilled orderbook to an all-time high of approximately RM459.3m, from RM268.9m as at end-June 2026.

## M+ Global View

- **Strengthens data centre credentials.** We view the latest contract win positively, as it further strengthens PWRWELL's positioning in data centre-related power distribution equipment. The award from a returning multinational customer also reinforces PWRWELL's execution track record and ability to secure repeat business within the data centre segment.

- **Orderbook replenishment largely de-risked.** The latest award brings PWRWELL's major contract wins YTD to RM349.2m, representing 91.9% of our RM380m orderbook replenishment assumption, with only c.RM30.8m remaining. With a substantial portion of our assumed replenishment now secured, earnings visibility into FY27f–FY28f has improved materially. Meanwhile, the enlarged RM459.3m unbilled orderbook provides revenue cover of c.2.9x FY26 revenue, versus c.1.7x based on the RM268.9m orderbook as at end-June 2026. This provides a stronger foundation for sustaining PWRWELL's higher revenue base, while further order wins would represent upside to our current forecasts.

- **Capacity expansion supports execution.** We view the ongoing manufacturing expansion as timely in supporting the enlarged orderbook. Greater in-house production capacity should reduce reliance on outsourcing and improve operating leverage as utilisation ramps up from FY28f.

## Valuation & Recommendation

- **Forecast.** Maintained as the latest contract falls within our existing orderbook replenishment assumption.

- **Upgrade to BUY with a TP of RM1.41.** We raise our target P/E multiple to 20.0x from 17.0x, applied to our mid-FY28f EPS of 7.07 sen, deriving a target price of RM1.41. The higher multiple reflects improved earnings visibility and reduced orderbook replenishment risk following the latest contract win, alongside PWRWELL's strengthening exposure to data center power infrastructure. With 91.9% of our FY27f orderbook replenishment assumption already secured, we believe the previous execution discount is less warranted. PWRWELL also offers an attractive growth-to-valuation profile, with our FY26A–FY29f core earnings CAGR of 26.1% translating into a PEG ratio of c.0.8x at 20.0x P/E, further supporting the valuation re-rating.

### BUY (from Hold)

| | |
|---|---|
| **Share price** | **RM1.16** |
| Target price | RM1.41 |
| Previous TP | RM1.20 |
| Capital upside | 21.6% |
| Dividend return | 1.7% |
| Total return | 23.3% |

### 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) | 580.6 |
| Market Cap (m) | 673.4 |
| 52W High/Low | 1.16 / 0.505 |
| Est. Free float (%) | 57.6 |
| Beta (x) | 1.1 |
| 3-mth avg vol ('000) | 3424.1 |
| Shariah compliant | Yes |

| Major shareholders | % |
|---|---|
| United Fam Sdn Bhd | 24.3 |
| Wong Yen Yoke | 4.8 |
| Principal Financial Group | 3.1 |

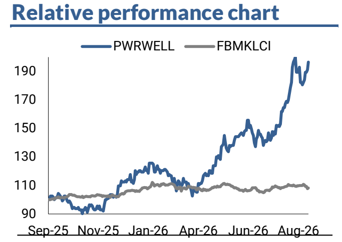
### Share price vs. KLCI (%)

| Hist. return | 1M | 3M | 12M |
|---|---|---|---|
| Absolute | 2.7 | 37.3 | 101.7 |
| Relative | 6.9 | 40.1 | 94.0 |

### Earnings snapshot

| FYE (Mar) | FY26 | FY27f | FY28f |
|---|---|---|---|
| PAT (m) | 23.6 | 37.6 | 44.5 |
| EPS (sen) | 4.07 | 6.48 | 7.66 |
| P/E (x) | 28.5 | 17.9 | 15.1 |

### Relative performance chart



- **Downside risks.** Risks to our recommendation include: (i) slower-than-expected contract replenishment, (ii) delays in project delivery or customer acceptance, and (iii) foreign exchange volatility.

### Financial Forecast

*All items in (RM m) unless otherwise stated*

**Balance Sheet**

| FYE Mar (RM m) | FY25 | FY26 | FY27f | FY28f | FY29f |
|---|---|---|---|---|---|
| Cash | 67.6 | 58.4 | 86.8 | 112.4 | 143.1 |
| Receivables | 53.2 | 57.2 | 87.8 | 101.4 | 108.3 |
| Inventories | 26.9 | 45.6 | 61.5 | 71.0 | 75.8 |
| PPE | 30.1 | 29.6 | 33.0 | 34.4 | 35.5 |
| Others | 4.5 | 6.0 | 0.9 | 0.9 | 0.9 |
| **Assets** | **182.2** | **196.7** | **270.0** | **320.1** | **363.5** |
| | | | | | |
| Debts | 15.9 | 9.6 | 10.6 | 11.6 | 12.6 |
| Payables | 66.6 | 66.1 | 112.7 | 130.2 | 138.9 |
| Others | 2.3 | 5.5 | 5.5 | 5.5 | 5.5 |
| **Liabilities** | **84.7** | **81.2** | **128.8** | **147.2** | **157.0** |
| | | | | | |
| Shareholder's equity | 97.5 | 113.6 | 138.8 | 170.0 | 203.1 |
| Minority interest | - | 1.9 | 2.3 | 2.9 | 3.4 |
| **Equity** | **97.5** | **115.5** | **141.2** | **172.8** | **206.5** |

**Cash Flow Statement**

| FYE Mar (RM m) | FY25 | FY26 | FY27f | FY28f | FY29f |
|---|---|---|---|---|---|
| Profit before taxation | 26.8 | 35.2 | 51.0 | 60.3 | 64.2 |
| Depreciation & amortisa | 2.3 | 2.8 | 2.7 | 2.9 | 3.2 |
| Changes in working cap | (37.1) | (23.1) | (0.0) | (5.7) | (2.8) |
| Share of JV profits | - | - | - | - | - |
| Taxation | (8.1) | (10.8) | (12.2) | (14.5) | (15.4) |
| Others | 7.0 | 8.5 | 2.3 | (0.1) | (0.2) |
| **Operating cash flow** | **(8.9)** | **12.5** | **43.7** | **42.9** | **48.9** |
| | | | | | |
| Net capex | 0.1 | (1.1) | (5.0) | (5.0) | (5.0) |
| Others | (0.9) | (4.8) | - | - | - |
| **Investing cash flow** | **(0.9)** | **(5.9)** | **(5.0)** | **(5.0)** | **(5.0)** |
| | | | | | |
| Changes in borrowings | 3.4 | (6.3) | 1.0 | 1.0 | 1.0 |
| Issuance of shares | - | - | - | - | - |
| Dividends paid | (5.8) | (8.7) | (11.3) | (13.3) | (14.2) |
| Others | (9.5) | (1.5) | - | - | - |
| **Financing cash flow** | **(11.9)** | **(16.5)** | **(10.3)** | **(12.3)** | **(13.2)** |
| | | | | | |
| **Net cash flow** | **(21.7)** | **(9.9)** | **28.4** | **25.6** | **30.7** |
| Forex | (0.8) | (1.6) | - | - | - |
| Others | 2.0 | 2.2 | - | - | - |
| Beginning cash | 88.1 | 67.6 | 58.4 | 86.8 | 112.4 |
| Ending cash | 67.6 | 58.4 | 86.8 | 112.4 | 143.1 |

**Income Statement**

| FYE Mar (RM m) | FY25 | FY26 | FY27f | FY28f | FY29f |
|---|---|---|---|---|---|
| **Revenue** | **137.5** | **159.1** | **267.2** | **308.6** | **329.3** |
| EBITDA | 29.9 | 38.7 | 54.3 | 63.9 | 68.1 |
| EBIT | 27.6 | 35.9 | 51.6 | 61.0 | 64.9 |
| Net finance income/ (cost) | (0.8) | (0.8) | (0.6) | (0.7) | (0.7) |
| Associates & JV | - | - | - | - | - |
| **Profit before tax** | **26.8** | **35.2** | **51.0** | **60.3** | **64.2** |
| Tax | (8.1) | (10.8) | (12.2) | (14.5) | (15.4) |
| **Net profit** | **18.8** | **24.3** | **38.8** | **45.8** | **48.8** |
| Minority interest | - | (0.7) | (1.2) | (1.4) | (1.5) |
| **Core earnings** | **18.8** | **23.6** | **37.6** | **44.5** | **47.3** |
| Exceptional items | 0.4 | 1.2 | - | - | - |
| Reported earnings | 19.2 | 24.8 | 37.6 | 44.5 | 47.3 |

**Valuation & Ratios**

| FYE Mar (RM m) | FY25 | FY26 | FY27f | FY28f | FY29f |
|---|---|---|---|---|---|
| Core EPS (sen) | 3.23 | 4.07 | 6.48 | 7.66 | 8.15 |
| P/E (x) | 35.9 | 28.5 | 17.9 | 15.1 | 14.2 |
| DPS (sen) | 1.0 | 1.5 | 1.9 | 2.3 | 2.4 |
| Dividend yield | 0.9% | 1.3% | 1.7% | 2.0% | 2.1% |
| BVPS (RM) | 0.17 | 0.20 | 0.24 | 0.29 | 0.35 |
| P/B (x) | 6.9 | 5.9 | 4.9 | 4.0 | 3.3 |
| | | | | | |
| EBITDA margin | 21.8% | 24.3% | 20.3% | 20.7% | 20.7% |
| EBIT margin | 20.1% | 22.6% | 19.3% | 19.8% | 19.7% |
| PBT margin | 19.5% | 22.1% | 19.1% | 19.5% | 19.5% |
| Net margin | 13.7% | 14.8% | 14.1% | 14.4% | 14.4% |
| | | | | | |
| ROE | 20.6% | 22.4% | 29.8% | 28.8% | 25.4% |
| ROA | 10.8% | 12.5% | 16.1% | 15.1% | 13.8% |
| Net gearing | CASH | CASH | CASH | CASH | CASH |

*M+ Global*

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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 |