

Powerwell Holdings Berhad

Broader Scope in Data Centre Power

Newsbreak

- **Strategic collaboration with Socomec.** PWRWELL, through its wholly-owned subsidiary Powerwell International Sdn Bhd (PISB), has entered into a one-year Strategic Collaboration Agreement with Socomec Innovative Solution (Malaysia) Sdn Bhd to pursue opportunities in the large data centre and hyperscale segment in Malaysia. Under the collaboration, PISB will act as the system integrator for power train units (PTUs) incorporating Socomec's uninterruptible power supply (UPS) systems. The arrangement is non-exclusive and project-by-project, covering opportunities within the large data centre and hyperscale segment.

M+ Global View

- **Expands scope beyond switchgear.** We view the collaboration positively, as it broadens PWRWELL's potential scope within the data centre power infrastructure value chain. By combining PISB's power distribution and system integration capabilities with Socomec's UPS solutions and technical support, the collaboration positions PWRWELL to undertake a more integrated PTU scope for large-scale data centre projects.
- **Adds another avenue for data centre growth.** The announcement is timely, following PWRWELL's largest-ever contract win of RM190.4m last week, which lifted its unbilled order book to RM459.3m and YTD major contract wins to RM349.2m, representing 91.9% of our RM380m FY27f replenishment assumption. Against this backdrop, we see the Socomec tie-up as supportive of PWRWELL's longer-term ability to participate in additional data centre projects, while potentially expanding its scope within the power infrastructure package.

Valuation & Recommendation

- **Forecast.** We maintain our forecasts for now, as specific project opportunities under the collaboration have yet to be publicly announced. We believe the agreement provides opportunities for additional data centre projects and a broader scope of work, but await formal contract awards before incorporating any incremental contributions into our estimates.
- **Maintain BUY with TP of RM1.41.** Our TP remains based on 20.0x mid-FY28f EPS of 7.07 sen. The Socomec collaboration reinforces our view from the previous update that PWRWELL's expanding exposure to data centre power infrastructure supports the higher valuation multiple adopted. In particular, the potential to participate in additional projects and undertake a broader PTU scope provides further support to our longer-term growth outlook. With 91.9% of our FY27f order book replenishment assumption already secured, replenishment risk has moderated, while our FY26A–FY29f core earnings CAGR of 26.1% implies a PEG ratio of c.0.8x at 20.0x P/E.
- **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.

Company Update

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BUY

Share price	RM1.15
Target price	RM1.41
Previous TP	RM1.41
Capital upside	22.6%
Dividend return	1.7%
Total return	24.3%

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)	667.6
52W High/Low	1.22 / 0.505
Est. Free float (%)	57.6
Beta (x)	1.1
3-mth avg vol ('000)	3,437.5
Shariah compliant	Yes

Major shareholders

	%
United Fam Sdn Bhd	24.3
Wong Yen Yoke	4.8
Principal Financial Group	3.1

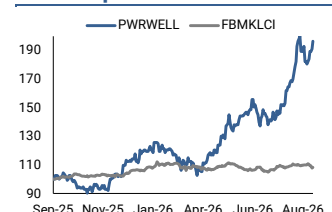
Share price vs. KLCI (%)

	1M	3M	12M
Absolute	11.7	42.9	100.0
Relative	17.2	44.6	96.1

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	17.8	15.0

Relative performance chart



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 & amortis:	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)	35.6	28.3	17.8	15.0	14.1
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)	6.8	5.9	4.8	3.9	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

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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



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