MN Holdings (MNHLDG MK)

A Solar EPCC Surprise

Highlights

- MN secured RM1.1b in solar EPCC contracts, marking a significant milestone in MN's expansion into large-scale solar projects beyond its core TNB and DC businesses.
- Orderbook expands to RM2.7b, with FYTD wins of RM1.3b having met our initial full-year replenishment assumption in just five months.
- Raise FY27-29 earnings forecasts by by 15%/10%/5% respectvely to reflect solar EPCC contributions. Maintain BUY with a higher target price of RM5.12.

Analysis

- **Secured RM1.12b solar EPCC contracts.** MN Holdings' (MN) wholly-owned subsidiary, MN Utilities Engineering (MNUESB), has entered into contract agreements as part of a consortium with China Railway 11th Bureau Group Electric Engineering (CRCC11GEE) and DB Energy (DBESB) for the engineering, procurement, construction, testing and commissioning (EPCC) of two Large Scale Solar 5+ (LSS5+) projects awarded by RE Kamaman (REKM1) and RE Kamaman II (REKM2). The projects have contracted export capacities of 250MWac and 150MWac, respectively.
- **RM52m earnings contribution over FY27-28.** The contracts carry a combined value of RM1.1b, with MN serving as consortium leader and holding a 66% share, while CRCC11GEE and DBESB each hold 17%. Scheduled for completion by Jun 28, MN's attributable contract value amounts to RM741m. We assume a 7% net margin, slightly below established solar EPCC peers of 8-10% to reflect MN's maiden venture into solar EPCC. We estimate net profit contributions of RM51.9m over FY27-28, providing further earnings visibility and upside to our forecasts.
- **Orderbook expands to RM2.7b, providing strong earnings visibility.** Following the latest wins, MN's outstanding orderbook has expanded to RM2.7b from RM1.9b in Oct 26, equivalent to 3x FY26's revenue. We expect replenishment momentum to remain robust, supported by its sizeable RM5b tenderbook, comprising TNB (54%), DC (29%), solar (8%), water and sewerage (4%) and others (5%).

Key Financials

Year to 30 Jun (RMm)	FY25	FY26	FY27E	FY28E	FY29E
Net turnover	540.4	871.0	1504.9	1711.8	1864.0
EBITDA	85.8	139.1	202.8	228.1	246.5
Operating Profit	82.7	135.9	198.9	223.6	241.3
Net Profit	47.7	91.7	150.6	169.7	184.8
Net Profit (Adjusted)	61.5	102.3	150.6	169.7	184.8
EPS (sen)	8.4	14.0	20.7	23.3	25.3
PE (x)	34.5	20.7	14.1	12.5	11.5
P/B (x)	9.8	5.0	3.6	2.7	2.1
EV/EBITDA (x)	20.8	11.3	7.4	5.9	4.8
Dividend Yield (%)	0.1	0.1	0.0	0.0	0.0
Net Margin (%)	8.8	10.5	10.0	9.9	9.9
Net Debt/(Cash) to Equity (%)	(62.8)	(85.4)	(74.7)	(78.2)	(81.3)
Interest Cover (x)	47.9	119.3	141.7	159.3	172.0
ROE (%)	30.6	31.8	32.8	27.4	23.2
Consensus Net Profit			135.8	155.4	169.8
UOBKH/Consensus (x)			1.11	1.09	1.09

Source: MN, Bloomberg, UOB Kay Hian

Analyst(s)

Lee Cai Yu
caiyu@uobkh.com
+603 2147 1988

BUY (Maintained)

Share Price	RM2.91
Target Price	RM5.12
Upside	75.8%

Stock Data

Sector	Industrials
Bloomberg ticker	MNHLDG MK
Shares issued (m)	705.1
Market cap (RMm)	2,512.1
Market cap (US$m)	614.7
3-mth avg daily t'over (US$m)	3.8

Price Performance (%)

52-week high/low				RM4.06/RM1.40
1mth	3mth	6mth	1yr	YTD
(23.0)	(20.7)	17.8	69.2	76.4

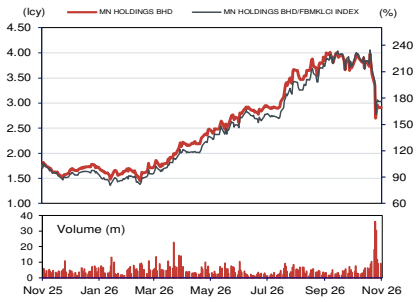
Major Shareholders (%)

Toh Eng Keat	14.4
Loy Siong Hay	13.8
Dang Siong Diang	6.3

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.59
FY26 Net Debt/Share (RM)	(0.5)

Price Chart



Source: Bloomberg

Company Description

MN Holdings is a Malaysian infrastructure engineering group specialising in underground utilities and substation engineering. It installs underground power cables of up to 275kV as well as gas, sewerage and telecommunications pipelines, and provides engineering, procurement, construction and commissioning services for high-voltage substations, serving TNB, data centre developers and solar projects.

- **Revise FY27 replenishment target to RM2.0b.** MN's FYTD contract wins have reached RM1.3b in just five months, having met our initial full-year replenishment assumption. In view of the stronger-than-expected contract wins and healthy tender pipeline across TNB and solar projects, we raise our FY27 replenishment assumption to RM2.0b (from RM1.3b), while maintaining our FY28-29 assumptions at RM1.3b/RM1.4b.

FY27 YTD Contract Wins

Project Details	Location	Announcement Date	Contract Value (RMm)
Solar farm project	Solar	Jul-26	46.6
New double-circuit 132kV underground cable from PMU Tasek Gelugor to PMU Bertam	TNB	Aug-26	97.8
New 132/33kV PMU Blue Valley, Cameron Highlands	TNB	Aug-26	71.0
275kV underground cable reconfiguration for Intel Penang	TNB	Sep-26	53.9
2 275kV consumer landing stations for a DC development in central Peninsular Malaysia	DC	Oct-26	293.9
2 LSS5+ solar EPCC work (250MWac & 150MWac) in Kemaman, Terengganu (66% share)	Solar	Nov-26	741.3
Others			19.1
Total			1323.6

Source: MN, UOB Kay Hian

- **Reinforcing our conviction in MN's diversified growth story.** This latest solar EPCC win reinforces our conviction in MN's increasingly diversified earnings profile, with TNB grid investments and solar projects providing meaningful growth driver beyond the DC space. While concerns over tighter US AI chip restrictions continue to weigh on sentiment, we believe MN's earnings should remain resilient even under a potential delay of a six to nine-month slowdown in new DC-related awards, supported by its sizeable TNB orderbook and growing solar exposure. We gather that approximately half of its outstanding DC works are slated for completion by 4QCY26, with minimal execution risk, given the advanced stage of project progress. More importantly, its ability to secure large-scale contracts across multiple infrastructure segments underscores its competitive edge and reduces dependence on any single end-market.

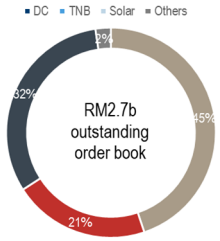
Earnings Revision/Risk

- **We raise our FY27-29 earnings forecasts by 15%/10%/5% respectively.** We raise our earnings forecasts by 10-15% for FY27-28 to incorporate contributions from the newly secured solar EPCC contracts, which provide stronger earnings visibility and further diversify MN's revenue streams beyond TNB and DC-related projects.

Valuation/Recommendation

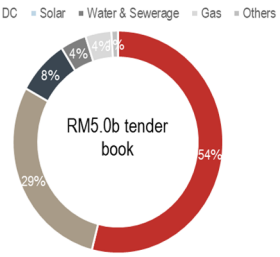
- **Maintain BUY with a higher target price of RM5.12.** Following earnings revision, we raise our target price to RM5.12, based on an unchanged 22x FY28F fully diluted EPS. We believe this premium is justified by MN's sector-leading position, sizeable orderbook, established HV engineering capabilities and entrenched relationships with TNB and DC customers, further strengthened by its expansion into large-scale solar EPCC works.
- **Trading at an undemanding 13x FY28F PE**, MN offers an attractive valuation against our projected three-year earnings CAGR of 21.8%, with further contract wins, earnings delivery and increasing diversification as key catalysts for further re-rating.

Orderbook Breakdown



Source: MN, UOB Kay Hian

Tenderbook Breakdown



Source: MN, UOB Kay Hian

Three-year PE Band



Source: MN, Bloomberg, UOB Kay Hian

Fair Value Range

-1SD	-0.5SD	Mean	+1SD	Ascribed PE
13x	14x	16x	20x	22x
RM3.02	RM3.26	RM3.72	RM4.65	RM5.12

Source: MN, UOB Kay Hian

Profit & loss

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Net turnover	**871.0**	**1,504.9**	**1,711.8**	**1,864.0**
EBITDA	139.1	202.8	228.1	246.5
Deprec. & amort.	-3.2	-3.9	-4.5	-5.2
EBIT	135.9	198.9	223.6	241.3
Net interest income/(expense)	4.8	4.5	5.8	8.4
Pre-tax profit	**130.2**	**203.4**	**229.4**	**249.8**
Tax	-38.1	-52.9	-59.6	-64.9
Minorities	-0.4	0.0	0.0	0.0
Net profit	**91.7**	**150.6**	**169.7**	**184.8**
Net profit (adj.)	**102.3**	**150.6**	**169.7**	**184.8**

Balance Sheet

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Fixed assets	7.8	7.9	7.4	6.2
Other LT assets	2.3	2.3	2.3	2.3
Cash/ST investment	335.8	406.9	558.5	730.6
Other current assets	362.2	556.6	633.2	689.4
Total assets	**708.0**	**973.7**	**1201.3**	**1428.6**
ST debt	6.3	6.3	6.3	6.3
Other current liabilities	315.5	430.7	488.6	531.0
LT debt	0.3	0.3	0.3	0.3
Other LT liabilities	0.5	0.5	0.5	0.5
Shareholders' equity	384.0	534.5	704.2	889.1
Minority interest	1.3	1.3	1.3	1.4
Total liabilities & equity	**708.0**	**973.7**	**1201.3**	**1428.6**

Cash Flow

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Operating	**112.1**	**75.1**	**155.6**	**176.1**
Pre-tax profit	130.2	203.4	229.4	249.8
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	3.2	3.9	4.5	5.2
Working Capital Changes	14.2	(79.3)	(18.7)	(13.9)
Other operating cashflows	(35.5)	(52.9)	(59.6)	(64.9)
Investing	**(113.9)**	**(4.0)**	**(4.0)**	**(4.0)**
Capex (growth)	(2.0)	(4.0)	(4.0)	(4.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from Sale of Assets	0.0	0.0	0.0	0.0
Others	(111.9)	0.0	0.0	0.0
Financing	**92.8**	**0.0**	**0.0**	**0.0**
Dividend Payments	(2.0)	0.0	0.0	0.0
Issue of Shares	93.4	0.0	0.0	0.0
Loan Repayment	1.2	0.0	0.0	0.0
Others/Interest Paid	0.0	0.0	0.0	0.0
Net cash inflow (outflow)	**91.0**	**71.1**	**151.6**	**172.1**
Beginning cash & cash equivalent	**126.4**	**217.4**	**288.5**	**440.1**
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	**217.4**	**288.5**	**440.1**	**612.2**

Key Metric

Year to 30 Jun (RMm)	FY26	FY27E	FY28E	FY29E
Profitability				
EBITDA margin	16.0	13.5	13.3	13.2
Pre-tax margin	14.9	13.5	13.4	13.4
Net margin	11.7	10.0	9.9	9.9
ROA	16.7	17.9	15.6	14.1
ROE	31.8	32.8	27.4	23.2
Growth				
Turnover	61.2	72.8	13.7	8.9
EBITDA	62.2	45.8	12.5	8.1
Pre-tax profit	90.0	56.3	12.7	8.9
Net profit	91.0	63.4	12.7	8.9
Net profit (adj.)	66.4	47.2	12.7	8.9
EPS	66.4	47.2	12.7	8.9
Leverage				
Debt to total capital	1.7	1.2	0.9	0.7
Debt to equity	1.7	1.2	0.9	0.7
Net debt/(cash) to equity	(85.4)	(74.7)	(78.2)	(81.3)
Interest cover	119.3	141.7	159.3	172.0

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.