

Samaiden Group Berhad Beneficiary of Regional RE Growth

Post update, we are reiterating our **OUTPERFORM** call on **SAMAIDEN**, albeit with a higher TP of RM0.74 (from RM0.71) after embedding our ESG rating into our valuations. Overall, we came away from our update session feeling positive on the group's sustained contract flows and job prospects, coupled with its regional expansion plans. Being a local solar EPCC player, the group is expected to continue to benefit from the high growth potential of RE in Malaysia.

We recently held a company meeting for some key updates, which was well attended. Below are some of our takeaways:

- Current order book stands at RM358m**, consisting of FY22 wins of RM340m – of which three are large scale solar (LSS) projects (cumulative contract value of RM163m and 40MW capacity), with the remainder being commercial and industrial (C&I) projects. We understand that the group is exploring and has the capacity of securing one additional bigger sized LSS project.
- To benefit from partnership with Chudenko.** Recap that Chudenko (Tokyo-listed, market cap USD922m) emerged as one of SAMAIDEN's key shareholders at 15.15% earlier via private placements. SAMAIDEN is intending to leverage on this partnership to explore job opportunities from local Japanese businesses, although project size will still be relatively small at this juncture. Over the longer term, the partnership also has plans to explore other regional opportunities.
- Eyeing overseas expansion.** In the short term, SAMAIDEN is seeking to penetrate regionally into Vietnam, having just recently set-up a local office there, as well as into Indonesia, via its recent joint venture with Aneka Jaringan, which already has a presence there. Vietnam the second-largest electricity consumer in Southeast Asia is expected to become one of the top 10 countries globally with the highest solar energy capacity installed. Meanwhile, Indonesia accounts for 40% of the energy consumption in the region and is targeting to achieve 23% renewable energy (RE) capacity by 2025, from currently 12%.

Overall, we came away from the session feeling largely positive over the group's sustained contract flows and new job prospects. Being a local-centric solar PV EPCC player, the group will continue to benefit from the booming RE adoption in Malaysia, while its regional ventures may require some time to post meaningful earnings contribution. Post update, we kept our FY22-23E numbers unchanged, as we believe our investment thesis and assumptions are still largely intact.

Maintain OUTPERFORM. We raised our TP by 5% to RM0.74 (from RM0.71 previously), after embedding our 4-star ESG rating into our valuations, based on our stock ratings definition. Our ascribed valuation is derived from 15x PER on FY23 EPS, in-line with peer valuation. We like the company – both as growth and ESG play, given its exposure towards a high growth sector in the domestic RE industry, which is largely dominated by solar.

Risks to our call include: (i) slower-than-expected adoption of RE in Malaysia, (ii) project execution risks, which includes costs overrun and project delays, (iii) losing of market share to other solar EPCC players.

OUTPERFORM ↔

Price: RM0.630
Target Price: RM0.740 ↑

Expected Capital Gain: RM0.110 +17.5%
Expected Divd. Yield: RM0.000 +0.0%
Expected Total Gain: RM0.110 +17.5%

KLCI Index	1,490.57
Stock Information	
Bloomberg Ticker	SAMAIDEN MK Equity
Bursa Code	0223
Listing Market	Main Market
Shariah Compliant	Yes
Shares Outstanding	385.0
Market Cap (RM m)	242.6
Par value per share (RM)	N.A.
52-week range (H)	0.82
52-week range (L)	0.53
Free Float	20%
Beta	1.4
3-mth avg daily vol:	204,570

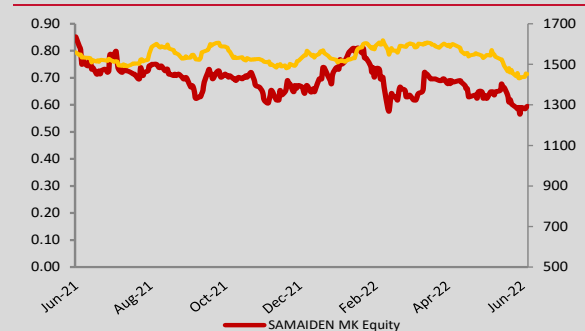
Major Shareholders

Hee Ir Chow Pui	34.1%
Foon Fong Yeng	22.6%
CHUDENKO CORP	15.2%

Summary Earnings Table

FY June (RM m)	2021A	2022E	2023E
Revenue	53.4	122.9	141.4
EBIT	8.0	16.4	19.9
PBT	8.1	15.9	19.4
Net Profit (NP)	5.9	11.9	14.5
Core NP (CNP)	5.9	11.9	14.5
Consensus CNP		12.6	19.3
Earnings Revision (%)		-	-
Core EPS (sen)	1.9	3.9	4.7
Core EPS growth (%)	-18.3	100.7	22.1
DPS (sen)	0.0	0.0	0.0
BV/Share (RM)	0.2	0.2	0.2
Core PER (x)	32.7	16.3	13.4
Price/BV (x)	4.0	3.2	2.6
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Dividend Yield (%)	0.0	0.0	0.0

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	10.5%	-8.7%	-14.6%
Relative (%)	6.8%	-4.0%	-14.0%

By Steven Chan
steven.chan@kenanga.com.my
+603-2172 2639

04 August 2022

Income Statement						Financial Data & Ratios					
FY June (RM'm)	2019A	2020A	2021A	2022E	2023E	FY June	2019A	2020A	2021A	2022E	2023E
Revenue	68.3	76.2	53.4	122.9	141.4	Growth (%)					
EBIT	7.6	7.5	8.0	16.4	19.9	Revenue	118.1	11.5	-29.8	130.0	15.0
PBT	7.5	7.3	8.1	15.9	19.4	EBIT	120.7	-1.8	6.8	104.0	21.4
Taxation	0.0	0.0	-2.1	-4.0	-4.8	PBT	129.4	-3.2	10.7	96.8	22.1
Net profit	7.5	7.3	5.9	11.9	14.5	Net Profit	132.8	-3.0	-18.3	100.7	22.1
Core Net Profit	7.5	7.3	5.9	11.9	14.5	Core Net Profit	132.8	-3.0	-18.3	100.7	22.1
Balance Sheet						Profitability (%)					
FY June (RM'm)	2019A	2020A	2021A	2022E	2023E	EBIT Margin	11.2	9.9	15.0	13.3	14.0
Fixed Assets	0.4	1.5	1.9	2.9	3.9	PBT Margin	11.0	9.6	15.1	12.9	13.7
Intangible Assets	0.0	0.0	0.0	0.0	0.0	Core Net Margin	11.0	9.5	11.1	9.7	10.3
Oth. Fixed Assets	0.0	0.0	0.1	0.1	0.1	Eff. Tax Rate	0.5	0.7	26.5	25.0	25.0
Inventories	0.0	0.0	0.3	0.8	0.9	ROA	46.9	22.6	7.5	13.1	13.8
Receivables	5.2	8.0	4.8	11.2	12.8	ROE	101.0	49.4	12.2	19.6	19.3
Other CA	5.0	15.4	65.1	65.1	65.1	DuPont Analysis					
Cash	5.4	7.1	6.4	10.6	22.3	Net Margin (%)	11.0	9.5	11.1	9.7	10.3
Total Assets	16.0	32.0	78.7	90.6	105.1	Assets T/O (x)	4.3	2.4	0.7	1.4	1.3
Payables	3.1	11.2	24.7	24.7	24.7	Lev. Factor (x)	2.2	2.2	1.6	1.5	1.4
ST Borrowings	0.0	0.0	1.1	1.1	1.1	ROE (%)	101.0	49.4	12.2	19.6	19.3
Other ST Liability	5.4	5.1	1.9	1.9	1.9	Leverage					
LT Borrowings	0.0	1.0	1.0	1.0	1.0	Debt/Asset (x)	0.0	0.0	0.0	0.0	0.0
Other LT Liability	0.1	0.0	0.2	0.2	0.2	Debt/Equity (x)	0.0	0.1	0.0	0.0	0.0
Non-controlling	0.0	0.0	1.0	1.0	1.0	Net Debt/(Cash)	-5.4	-6.1	-4.4	-8.5	-20.3
Net Assets	7.4	14.7	48.8	60.6	75.2	N. D/E (x)	-0.7	-0.4	-0.1	-0.1	-0.3
Share Capital	1.0	1.0	35.6	35.6	35.6	Valuations					
Other reserves	6.4	13.7	13.2	25.1	39.6	EPS (sen)	2.4	2.4	1.9	3.9	4.7
Total Equity	7.4	14.7	48.8	60.6	75.2	DPS (sen)	0.0	0.0	0.0	0.0	0.0
Cashflow Statement						BV/share (RM)	0.0	0.0	0.2	0.2	0.2
FY June (RM'm)	2019A	2020A	2021A	2022E	2023E	PER (x)	25.9	26.7	32.7	16.3	13.4
Operating CF	1.8	11.8	-11.7	21.0	23.8	Div. Yield (%)	0.0	0.0	0.0	0.0	0.0
Investing CF	0.5	-0.8	-5.7	-1.0	-1.0	P/BV (x)	26.2	13.2	4.0	3.2	2.6
Financing CF	-5.0	1.0	29.1	28.0	-6.3						

Source: Kenanga Research

04 August 2022

Comparison Table of Power / Utility Sector Companies Under Our Research Coverage

Name	Last Price (RM)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)		Net Div Yld (%)	Target Price (RM)	Rating
					1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.				
UTILITIES																		
GAS MALAYSIA BHD	3.30	4,237.2	Y	12/2022	7.6%	8.2%	21.0%	7.1%	16.9	13.9	13.0	3.7	3.7	26.6%	6.5%	3.40	OP	
MALAKOFF CORP BHD	0.650	3,176.5	Y	12/2022	22.8%	-5.8%	-12.6%	11.8%	10.1	11.6	10.3	0.6	0.6	5.2%	6.9%	0.980	OP	
PESTECH INTERNATIONAL BHD	0.410	403.7	Y	06/2022	-10.1%	-6.3%	-30.1%	3.8%	5.4	7.7	7.5	0.7	0.6	8.2%	0.0%	0.660	OP	
PETRONAS GAS BHD	17.06	33,757.2	Y	12/2022	1.0%	-0.8%	-3.7%	4.5%	16.7	17.3	16.6	2.6	2.6	14.8%	4.9%	17.51	MP	
SAMAIDEN GROUP BHD	0.630	242.6	Y	06/2022	130.1%	15.1%	101.7%	21.8%	32.9	16.3	13.4	4.0	3.2	21.8%	0.0%	0.710	OP	
TENAGA NASIONAL BHD	8.25	47,462.9	Y	12/2022	-3.3%	1.8%	-0.8%	13.1%	9.8	9.9	8.8	0.8	0.8	8.3%	5.0%	11.06	OP	
YTL POWER INTERNATIONAL BHD	0.715	5,793.0	N	06/2022	31.8%	1.5%	-61.4%	104.7%	12.6	32.7	16.0	0.4	0.5	1.4%	7.0%	1.11	OP	
Simple Average					25.7%	2.0%	2.0%	23.8%	14.9	15.6	12.2	1.8	1.7	12.3%	4.3%			

Source: Bloomberg, Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	★	★	
	Accessibility & Transparency	★	★	★	★	
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★	★	
SPECIFIC	Occupational Health and Safety	★	★	★	★	
	Waste Disposal and Pollution Control	★	★	★	☆	
	Environmentally Friendly Construction	★	★	★	★	
	Employee Welfare	★	★	★		
	Supply Chain Auditing	★	★	★	☆	
	Energy Efficiency	★	★	★	★	
OVERALL		★	★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

