

Samaiden Group

Sunny with Only a Slim Chance of Rain

By Nigel Ng / nigel@kenanga.com.my

SAMAIDEN's tender book stands at RM1.3b at present, with about half coming from LSS4 projects. Historically, its success rate was 10-20%. Meanwhile, its order backlog of RM246m should keep it busy over the next three years. We maintain our forecasts, TP of RM1.15 and OUTPERFORM call.

We came away from SAMAIDEN's post-results briefing feeling positive. The key takeaways are as follows:

1. SAMAIDEN'S 9MFY23 results were not as weak as the headline numbers suggested. This was because the results included about RM2m one-off professional fee and listing expenses for the transfer of its listing to the Main Market from the ACE Market. Excluding these non-operational items, core net profit of 9MFY23 would hold up YoY (+1%).
2. Its current has a tender book of RM1.3b, largely coming from LSS4 projects (~c.50%), Corporate Green Power Programme (~c.25%) as well as commercial and industrial projects (~c.25%). Historically, its success rate was 10-20%. At present, its order backlog stands at RM246m (24% from LSS), which will keep it busy for the next three years.
3. SAMAIDEN shared that, based on its research, the global weighted average levelised cost of electricity (LCOE) of solar PV commissioned in 2021 fell 13% YoY from USD 0.055/kWh to USD 0.048/kWh. Also, according to International Renewable Energy Agency (IRENA), over the course of a decade, i.e. between 2010 and 2020, the global average cost of solar PV systems plunged by approximately 80%. Falling cost of solar PV systems (and rising cost of fossil fuels) will make solar-based renewable energy even more viable going forward.

Forecasts. Maintained

We also maintain our TP of RM1.15 based on 25x FY24F PER, in-line with the average forward PER of its peers SVLEST and SUNVIEW. Note that our TP reflects a 5% premium given a 4-star ESG rating as appraised by us (see page 4).

Outlook. The prospects of the RE sector, including solar-based energy, are bright underpinned by: (i) Malaysia's target of RE making up 31% of total power generation capacity by 2025, and 70% by 2050, and (ii) the recent lifting of energy export ban.

Investment thesis. We like SAMAIDEN for: (i) being one of the top players in the local solar EPCC market, (ii) its ability to provide end-to-end solutions, including financing, and (iii) its proven track record in delivering projects on time and within budget. Maintain **OUTPERFORM**.

Risks to our call include: (i) the government dials back on RE policy, (ii) influx of new players in the EPCC space, intensifying competition, (iii) project execution risks including cost overrun and project delays, and (iv) escalating cost of inputs, particularly, solar panel and labour.

OUTPERFORM ↔

Price: RM0.90
Target Price: RM1.15 ↔

Expected Capital Gain: RM0.25 +27.8%
Expected Divd. Yield: RM0.00 +0.0%
Expected Total Gain: RM0.25 +27.8%

KLCI Index 1,402.98

Stock Information

Bloomberg Ticker	SAMAIDEN MK Equity
Bursa Code	0223
Listing Market	Main Market
Shariah Compliant	Yes
Shares Outstanding	387.4
Market Cap (RM m)	348.7
Par value per share (RM)	N.A.
52-week range (H)	1.03
52-week range (L)	0.53
Free Float	23%
Beta	1.0
3-mth avg daily vol	1,586,326

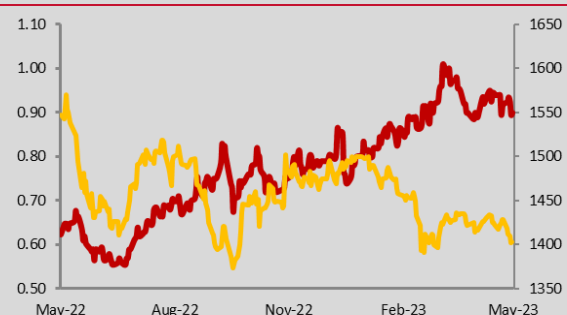
Major Shareholders

Hee Ir Chow Pui	33.9%
Foon Fong Yeng	22.5%
Chudenko Corp	15.1%

Summary Earnings Table

FY June (RM m)	2022A	2023F	2024F
Revenue	150.7	171.8	200.2
EBIT	17.3	17.2	23.0
PBT	16.4	16.6	22.4
Net Profit (NP)	11.9	12.5	16.8
Core NP (CNP)	12.4	12.5	16.8
Consensus CNP	-	11.6	20.1
Earnings Revision (%)	-	-	-
Core EPS (sen)	3.2	3.2	4.4
Core EPS growth (%)	112.7	0.3	35.0
DPS (sen)	0.0	0.0	0.0
BV/Share (RM)	0.2	0.3	0.3
Core PER (x)	28.7	28.6	21.2
Price/BV (x)	4.1	3.6	3.1
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Dividend Yield (%)	-	-	-

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	0.0%	5.3%	44.2%
Relative (%)	0.8%	9.0%	53.5%

29 May 2023

Income Statement						Financial Data & Ratios					
FY June (RM m)	2020A	2021A	2022A	2023F	2024F	FY June	2020A	2021A	2022A	2023F	2024F
Revenue	76.2	53.4	150.7	171.8	200.2	Growth (%)					
EBIT	7.5	8.0	17.3	17.2	23.0	Revenue	11.5	-29.8	182.0	14.0	16.5
PBT	7.3	8.1	16.4	16.6	22.4	EBIT	-1.8	6.8	115.7	-0.5	33.8
Taxation	(0.0)	(2.1)	(4.5)	(4.2)	(5.6)	PBT	-3.2	10.7	103.6	1.3	35.0
Net Profit	7.3	5.9	11.9	12.5	16.8	Net Profit	-3.0	-18.3	101.3	4.4	35.0
Core Net Profit	7.3	5.8	12.4	12.5	16.8	Core Net Profit	-3.7	-20.3	112.7	0.3	35.0
Balance Sheet						Profitability (%)					
FY June (RM m)	2020A	2021A	2022A	2023F	2024F	EBIT Margin	9.9	15.0	11.5	10.0	11.5
Fixed Assets	1.5	1.9	1.8	6.9	12.1	PBT Margin	9.6	15.1	10.9	9.7	11.2
Other FA	0.0	0.1	3.5	3.5	3.5	Core Net Margin	9.6	10.9	8.2	7.3	8.4
Inventories	0.0	0.3	0.7	0.8	0.9	Effective Tax Rate	0.7	26.5	27.3	25.0	25.0
Receivables	8.0	4.8	32.2	36.7	42.7	ROE	22.9	7.4	7.3	6.9	8.5
Other CA	15.4	65.1	109.0	109.0	109.0	ROA	49.9	12.0	14.4	12.7	14.6
Cash	7.1	6.4	21.8	24.6	30.1						
Total Assets	32.0	78.7	169.1	181.6	198.4	DuPont Analysis					
						Net Margin (%)	9.6	10.9	8.2	7.3	8.4
Payables	11.2	24.7	61.4	61.4	61.4	Assets Turnover (x)	2.4	0.7	0.9	0.9	1.0
ST Borrowings	0.0	1.1	10.9	10.9	10.9	Leverage Factor (x)	2.2	1.6	2.0	1.8	1.7
Other ST Liability	5.1	1.9	6.8	6.8	6.8	ROE (%)	49.9	12.0	14.4	12.7	14.6
LT Borrowings	1.0	1.0	0.9	0.9	0.9						
Other LT Liability	0.0	0.2	2.9	2.9	2.9	Leverage					
NCI	0.0	1.0	0.2	0.2	0.2	Debt/Asset (x)	0.0	0.0	0.1	0.1	0.1
Net Assets	14.7	48.8	86.0	98.5	115.3	Debt/Equity (x)	0.1	0.0	0.1	0.1	0.1
						Net (Cash)/Debt	-6.1	-4.4	-10.0	-12.7	-18.2
Share Capital	1.0	35.6	60.9	60.9	60.9	Net Debt/Equity (x)	-0.4	-0.1	-0.1	-0.1	-0.2
Other Reserves	13.7	13.2	25.1	37.6	54.4						
Total Equity	14.7	48.8	86.0	98.5	115.3	Valuations					
						Core EPS (sen)	1.9	1.5	3.2	3.2	4.4
						DPS (sen)	0.8	0.6	0.8	0.8	0.8
Cashflow Statement						BVPS (RM)	0.0	0.1	0.2	0.3	0.3
FY June (RM m)	2020A	2021A	2022A	2023F	2024F	Core PER (x)	48.6	61.0	28.7	28.6	21.2
Operating CF	11.8	-4.0	6.3	16.2	22.0	Net Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Investing CF	-0.8	-0.9	-5.1	-5.1	-5.1	PBV (x)	24.2	7.3	4.1	3.6	3.1
Financing CF	1.0	28.1	40.4	-8.3	-11.4						

29 May 2023

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAS MALAYSIA BHD	MP	3.11	3.54	13.83%	3,993.2	Y	12/2023	27.1	25.2	-11.5%	-6.8%	11.5	12.3	2.9	26.2%	19.0	6.1%
MALAKOFF CORP BHD	OP	0.675	0.800	18.52%	3,298.7	Y	12/2023	4.2	6.0	-50.2%	43.4%	16.2	11.3	0.6	3.7%	3.3	4.9%
PETRONAS GAS BHD	MP	16.78	17.13	2.09%	33,203.1	Y	12/2023	95.8	97.2	9.8%	1.4%	17.5	17.3	2.5	14.3%	81.5	4.9%
SAMAIDEN GROUP BHD	OP	0.900	1.15	27.78%	348.7	Y	06/2023	3.2	4.4	0.5%	35.0%	27.8	20.6	3.5	13.5%	0.0	0.0%
TENAGA NASIONAL BHD	MP	9.69	10.64	9.80%	55,747.3	Y	12/2023	83.2	84.4	24.1%	1.4%	11.6	11.5	0.9	8.0%	41.6	4.3%
YTL POWER INTERNATIONAL BHD	OP	1.24	1.48	19.35%	10,046.7	N	06/2023	15.0	12.3	374.2%	-18.3%	8.3	10.1	0.7	8.3%	5.0	4.0%
Sector Aggregate					106,637.7					27.2%	-0.7%	12.6	12.7	1.8	12.3%		4.0%

Source: Kenanga Research

29 May 2023

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★	★	
	Corporate Governance	★	★	★	★	
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★	★	
SPECIFIC	Transition to Renewables	★	★	★	★	
	Reliable Energy & Fair Tariff	★	★	★	☆	
	Effluent/Waste Management	★	★	★	★	
	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★	☆	
	Customer Satisfaction	★	★	★	★	
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%

**** The Expected Total Return might contain rounding discrepancy**

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

This report has been prepared by Kenanga Investment Bank Berhad pursuant to the Research Incentive Program under Bursa Research Incentive Scheme ("Bursa RISE") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

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 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

The reports will be made available on <https://www.bursamarketplace.com/>

