

12 July 2023

Samaiden Group Secures RM181m EPCC Job

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SAMAIDEN has secured a RM181m EPCC contract in Kedah which almost doubled its outstanding order book to RM388m, keeping it busy for the next three years. We raise our FY24F net profit by 8%, lift our TP by 8% to RM1.24 (from RM1.15) and maintain our **OUTPERFORM** call.

SAMAIDEN has been awarded a RM188m EPCC contract in Kedah by a unit of **UZMA (OP; TP: RM0.90)**. The project is a large-scale solar PV (LSSPV) power plant with a capacity of 50MWac under the LSS4 programme.

The latest job win has almost doubled its outstanding order book to RM388m which will keep it busy for the next three years. We estimate that the contract will fetch a gross profit margin of 10%-12%. LSS4 projects now make up about 60% of its order backlog of RM388m.

Meanwhile, its tender book stands at about RM1b at present with about half coming from LSS4 projects, with the balance about equally split between projects under the corporate green power programme (CGPP) and commercial/industrial projects.

Forecasts. We raise our FY24F net profit by 8% to reflect the higher order book.

We also raise our TP by 8% to RM1.24 (from RM1.15) based on 25x FY24F PER, in line with the average forward PER of its peers **SVLEST (Not Rated)** and **SUNVIEW (Not Rated)**. Note that our TP reflects a 5% premium given its 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) the favourable policies and measures announced by the government recently including the lifting of RE export ban, electricity hikes and roll-out of the CGPP, (ii) its position as one of the top players in the local solar EPCC market, (iii) its ability to provide end-to-end solutions, including financing, and (iv) 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: **RM1.14**
Target Price: **RM1.24** ↑

Expected Capital Gain: *RM0.10* **+8.8%**
Expected Divd. Yield: *RM0.00* **+0.0%**
Expected Total Gain: *RM0.10* **+8.8%**

KLCI Index 1,391.46

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

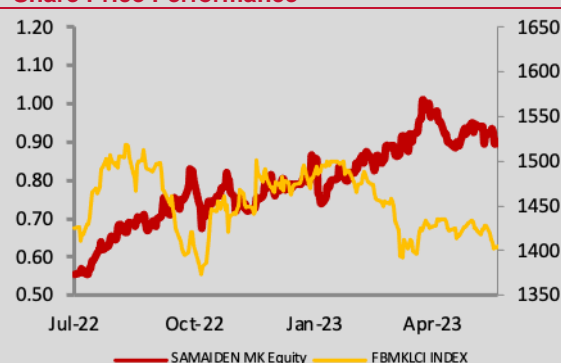
Major Shareholders

Hee Ir Chow Pui	33.8%
Foon Fong Yeng	22.4%
Chudenko Corp	15.0%

Summary Earnings Table

FY June (RM m)	2022A	2023F	2024F
Revenue	150.7	188.4	216.7
EBIT	17.3	17.3	24.8
PBT	16.4	16.7	24.2
Net Profit (NP)	11.9	12.5	18.2
Core NP (CNP)	12.4	12.5	18.2
Consensus CNP	-	11.3	20.1
Earnings Revision (%)	-	-	+8.2
Core EPS (sen)	3.2	3.2	4.7
Core EPS growth (%)	112.7	0.6	45.5
DPS (sen)	0.0	0.0	0.0
BV/Share (RM)	0.2	0.3	0.3
Core PER (x)	28.7	35.1	24.1
Price/BV (x)	4.1	4.5	3.8
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Dividend Yield (%)	-	-	-

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	26.0	16.3	103.6
Relative (%)	25.6	19.4	106.0



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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	188.4	216.7	Growth (%)					
EBIT	7.5	8.0	17.3	17.3	24.8	Revenue	11.5	-29.8	182.0	25.0	15.0
PBT	7.3	8.1	16.4	16.7	24.2	EBIT	-1.8	6.8	115.7	-0.2	43.9
Taxation	(0.0)	(2.1)	(4.5)	(4.2)	(6.1)	PBT	-3.2	10.7	103.6	1.6	45.5
Net Profit	7.3	5.9	11.9	12.5	18.2	Net Profit	-3.0	-18.3	101.3	4.7	45.5
Core Net Profit	7.3	5.8	12.4	12.5	18.2	Core Net Profit	-3.7	-20.3	112.7	0.6	45.5
Balance Sheet						Profitability (%)					
FY June (RM m)	2020A	2021A	2022A	2023F	2024F	EBIT Margin	9.9	15.0	11.5	9.2	11.5
Fixed Assets	1.5	1.9	1.8	6.9	12.1	PBT Margin	9.6	15.1	10.9	8.8	11.2
Other FA	0.0	0.1	3.5	3.5	3.5	Core Net Margin	9.6	10.9	8.2	6.6	8.4
Inventories	0.0	0.3	0.7	0.9	1.0	Effective Tax Rate	0.7	26.5	27.3	25.0	25.0
Receivables	8.0	4.8	32.2	40.2	46.2	ROE	22.9	7.4	7.3	6.9	9.1
Other CA	15.4	65.1	109.0	109.0	109.0	ROA	49.9	12.0	14.4	12.7	15.6
Cash	7.1	6.4	21.8	21.0	27.9	DuPont Analysis					
Total Assets	32.0	78.7	169.1	181.6	199.8	Net Margin (%)	9.6	10.9	8.2	6.6	8.4
Payables	11.2	24.7	61.4	61.4	61.4	Assets Turnover (x)	2.4	0.7	0.9	1.0	1.1
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	15.6
LT Borrowings	1.0	1.0	0.9	0.9	0.9	Leverage					
Other LT Liability	0.0	0.2	2.9	2.9	2.9	Debt/Asset (x)	0.0	0.0	0.1	0.1	0.1
NCI	0.0	1.0	0.2	0.2	0.2	Debt/Equity (x)	0.1	0.0	0.1	0.1	0.1
Net Assets	14.7	48.8	86.0	98.5	116.7	Net (Cash)/Debt	-6.1	-4.4	-10.0	-9.1	-16.0
Share Capital	1.0	35.6	60.9	60.9	60.9	Net Debt/Equity (x)	-0.4	-0.1	-0.1	-0.1	-0.1
Other Reserves	13.7	13.2	25.1	37.6	55.8	Valuations					
Total Equity	14.7	48.8	86.0	98.5	116.7	Core EPS (sen)	1.9	1.5	3.2	3.2	4.7
Cashflow Statement						DPS (sen)	0.8	0.6	0.8	0.8	0.8
FY June (RM m)	2020A	2021A	2022A	2023F	2024F	BVPS (RM)	0.0	0.1	0.2	0.3	0.3
Operating CF	11.8	-4.0	6.3	16.3	23.8	Core PER (x)	48.6	61.0	28.7	35.1	24.1
Investing CF	-0.8	-0.9	-5.1	-5.1	-5.1	Net Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Financing CF	1.0	28.1	40.4	-12.0	-11.8	PBV (x)	24.2	7.3	4.1	4.5	3.8

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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.				
Stocks Under Coverage																	
GAS MALAYSIA BHD	MP	3.06	3.54	15.7%	3,929.0	Y	12/2023	27.1	25.2	-11.5%	-6.8%	11.3	12.1	2.8	26.2%	19.0	6.2%
MALAKOFF CORP BHD	OP	0.600	0.800	33.3%	2,932.2	Y	12/2023	4.2	6.0	-50.2%	43.4%	14.4	10.0	0.5	3.7%	3.3	5.5%
PETRONAS GAS BHD	MP	16.94	17.13	1.1%	33,519.7	Y	12/2023	95.8	97.2	9.8%	1.4%	17.7	17.4	2.5	14.3%	81.5	4.8%
SAMAIDEN GROUP BHD	OP	1.14	1.24	8.8%	442.5	Y	06/2023	3.2	4.7	0.5%	46.1%	35.2	24.1	4.5	13.5%	0.0	0.0%
TENAGA NASIONAL BHD	OP	9.05	10.64	17.6%	52,375.4	Y	12/2023	83.2	84.4	24.1%	1.4%	10.9	10.7	0.9	8.0%	41.6	4.6%
YTL POWER INTERNATIONAL BHD	OP	1.28	1.48	15.6%	10,370.8	N	06/2023	15.0	12.3	374.2%	-18.3%	8.5	10.4	0.7	8.3%	5.0	3.9%
Sector Aggregate					103,569.5					27.2%	-0.7%	12.2	12.3	2.0	12.3%		4.2%

Source: Kenanga Research

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.**

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Published by:

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