

05 June 2024

Samaiden Group

Bullish on CGPP Job Wins

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SAMAIDEN is bullish on PV system EPCC job wins from the Corporate Green Power Programme (CGPP). Its current outstanding order book of RM354.3m should keep it busy for the next 18 months. We maintain our forecasts, TP of RM1.51 but upgrade our call to **OUTPERFORM** from **MARKET PERFORM** as value has emerged after the recent weakness in its share price.

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

1. SAMAIDEN is bullish on job wins from CGPP, which could be awarded as soon as this month. We continue to believe that SAMAIDEN could secure at least 10% or RM240m of a total RM2.4b worth of jobs under this initiative.
2. The 50MW LSS4 project awarded by **UZMA (Not Rated)** with a contract value of RM181m is currently 80% completed and is on track for handover by Jun 2024.
3. Its current outstanding order book stands of RM354.3m (solar: 60%, biomass: 30%, others: 5%) should keep it busy for the next 18 months. Meanwhile, its current tender book stands at RM1.4b, comprising largely potential jobs from the Corporate Green Power Programme (~c.27%).
4. SAMAIDEN believes there is room for solar panel prices to fall from the current level of 11 US cents/W. Given the oversupply situation in China, it believes prices could fall by another 10% to 10 US cents/W. However, the cheap solar panel prices are partially offset by a weak MYR.

Forecasts. Maintained.

Valuations. We also maintain our TP of RM1.51 based on SoP valuation, valuing its EPCC segment at 30x fully-diluted FY25F EPS of 4.9 sen, in line with the average forward PER of peers such as **SVLEST (OP; TP: RM1.47)** and **SUNVIEW (Not Rated)** and DCF for its CGPP and biomass assets. Our TP imputes a 5% premium given its 4-star ESG rating as appraised by us (see page 4).

Investment case. We continue to like SAMAIDEN for: (i) the bright outlook of the RE sector in Malaysia, underpinned by the government's goal of RE making up 70% of total generation mix by 2050, (ii) the increased commercial viability of solar power projects on falling solar panel prices and the export potential of RE, (iii) its position as one of the top players in the local solar EPCC market, (iv) its ability to provide end-to-end solutions, including financing, and (v) its proven track record in delivering projects on time and within budget. Upgrade to **OUTPERFORM** from **MARKET PERFORM** as value has emerged after the recent weakness in its share price.

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: RM1.32
Target Price: RM1.51 ↔

Expected Capital Gain: +RM0.19 +14.4%
Expected Div. Yield: +RM0.00 +0.0%
Expected Total Gain: +RM0.19 +14.4%

KLCI Index 1,615.40

Stock Information

Bloomberg Ticker	SAMAIDEN MK Equity
Bursa Code	0223
Listing Market	Main Market
Shariah Compliant	Yes
Shares Outstanding	418.5
Market Cap (RM m)	552.4
Par value per share (RM)	N.A.
52-week range (H)	1.42
52-week range (L)	0.88
Free Float	29%
Beta	1.1
3-mth avg. daily vol.	635,655

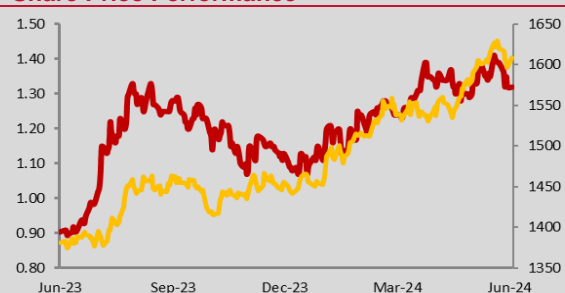
Major Shareholders

Hee Ir Chow Pui	31.4%
Foon Fong Yeng	20.7%
Chudenko Corp	13.9%

Summary Earnings Table

FY June (RM m)	2023A	2024F	2025F
Revenue	170.8	232.9	314.9
EBIT	15.1	22.2	34.0
PBT	13.4	21.0	32.0
Net Profit (NP)	10.1	15.8	24.0
Core NP (CNP)	12.5	15.8	24.0
Consensus CNP	-	17.1	25.1
Earnings Revision (%)	-	-	-
Core EPS (sen)	2.8	3.5	5.3
Core EPS growth (%)	0.9	25.9	52.2
DPS (sen)	0.5	0.0	1.0
BV/Share (RM)	0.2	0.3	0.3
Core PER (x)	47.8	38.0	25.0
Price/BV (x)	6.1	5.3	4.4
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Dividend Yield (%)	-	-	-

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	-0.8%	6.5%	45.9%
Relative (%)	-2.4%	1.5%	28.9%



05 June 2024

Exhibit 1: Sum-of-Parts (SoP) Valuation

Business/Asset	Value (RM m)	Basis
EPCC	719.9	30x FY25F PER
CGPP	28.3	DCF with a discount rate of 5.5%
Biomass	9.9	DCF with a discount rate of 5.6%
Asset Valuation	758.1	
Proceeds from warrant conversion	107.5	
	865.5	
Enlarged share base (m shares)	603.4	
Fully-diluted TP before ESG (RM/share)	1.43	
ESG premium (RM/share)	0.07	5% based on a 4-star rating
TP after ESG (RM/share)	1.51	

Source: Kenanga Research

Income Statement						Financial Data & Ratios					
FY June (RM m)	2021A	2022A	2023A	2024F	2025F	FY June	2021A	2022A	2023A	2024F	2025F
Revenue	53.4	150.7	170.8	232.9	314.9	Growth (%)					
EBIT	8.0	17.3	15.1	22.2	33.5	Revenue	-29.8	182.0	13.3	36.4	35.2
PBT	8.1	16.4	13.4	21.0	32.0	EBIT	6.8	115.7	-12.8	47.4	53.0
Taxation	(2.1)	(4.5)	(3.3)	(5.3)	(8.0)	PBT	10.7	103.6	-18.3	57.1	52.2
Net Profit	5.9	11.9	10.1	15.8	24.0	Net Profit	-18.3	101.3	-15.5	56.5	52.2
Core Net Profit	5.8	12.4	12.5	15.8	24.0	Core Net Profit	-20.3	112.7	0.9	25.9	52.2
Balance Sheet						Profitability (%)					
FY June (RM m)	2021A	2022A	2023A	2024F	2025F	EBIT Margin	15.0	11.5	8.8	9.5	10.8
Fixed Assets	1.9	1.8	3.4	3.6	3.8	PBT Margin	15.1	10.9	7.8	9.0	10.2
Other FA	0.1	3.5	3.3	3.3	3.3	Core Net Margin	10.9	8.2	7.3	6.8	7.6
Inventories	0.3	0.7	0.5	0.7	0.9	Effective Tax Rate	26.5	27.3	25.0	25.0	25.0
Receivables	4.8	32.2	30.5	41.6	56.3	ROE	7.4	7.3	6.4	7.5	10.2
Other CA	65.1	109.0	115.8	115.8	115.8	ROA	12.0	14.4	12.8	13.9	17.5
Cash	6.4	21.8	41.1	45.3	54.2	DuPont Analysis					
Total Assets	78.7	169.1	194.5	210.3	234.3	Net Margin (%)	10.9	8.2	7.3	6.8	7.6
Payables	24.7	61.4	69.5	69.5	69.5	Assets Turnover (x)	0.7	0.9	0.9	1.1	1.3
ST Borrowings	1.1	10.9	4.5	4.5	4.5	Leverage Factor (x)	1.6	2.0	2.0	1.9	1.7
Other ST Liability	1.9	6.8	18.2	18.2	18.2	ROE (%)	12.0	14.4	12.8	13.9	17.5
LT Borrowings	1.0	0.9	1.9	1.9	1.9	Leverage					
Other LT Liability	0.2	2.9	2.4	2.4	2.4	Debt/Asset (x)	0.0	0.1	0.0	0.0	0.0
NCI	1.0	0.2	0.1	0.1	0.1	Debt/Equity (x)	0.0	0.1	0.1	0.1	0.0
Net Assets	48.8	86.0	97.8	113.6	137.6	Net (Cash)/Debt	-4.4	-10.0	-34.6	-38.9	-47.8
Share Capital	35.6	60.9	62.6	62.6	62.6	Net Debt/Equity (x)	-0.1	-0.1	-0.4	-0.3	-0.3
Other Reserves	13.2	25.1	35.2	51.0	75.0	Valuations					
Total Equity	48.8	86.0	97.8	113.6	137.6	Core EPS (sen)	1.4	3.0	3.1	3.5	5.3
Cashflow Statement						DPS (sen)	0.0	0.0	0.5	0.0	1.0
FY June (RM m)	2021A	2022A	2023A	2024F	2025F	BVPS (RM)	0.1	0.2	0.2	0.3	0.3
Operating CF	-4.0	6.3	33.3	21.2	33.0	Core PER (x)	98.8	46.4	46.0	38.0	25.0
Investing CF	-0.9	-4.2	-0.2	-0.2	-0.2	Net Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Financing CF	28.1	34.1	-5.6	-16.7	-23.9	PBV (x)	11.8	6.7	5.9	5.3	4.4

05 June 2024

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. 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	3.57	3.59	0.6%	4,583.9	Y	12/2024	28.4	27.5	-4.9%	-3.0%	12.6	13.0	3.1	25.8%	22.7	6.4%
MALAKOFF CORP BHD	MP	0.715	0.680	-4.9%	3,494.2	Y	12/2024	4.7	5.8	-71.9%	24.1%	15.2	12.3	0.8	5.2%	3.8	5.3%
PETRONAS GAS BHD	MP	18.22	17.87	-1.9%	36,052.5	Y	12/2024	98.4	100.7	5.2%	2.4%	18.5	18.1	2.6	14.2%	72.0	4.0%
SAMAIDEN GROUP BHD	OP	1.32	1.51	14.4%	552.4	Y	06/2024	3.5	5.3	26.4%	51.9%	37.9	25.0	5.3	14.9%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	1.61	1.91	18.6%	1,115.2	Y	03/2025	6.8	8.5	62.5%	24.2%	23.5	18.9	4.1	19.5%	0.0	0.0%
TENAGA NASIONAL BHD	OP	12.98	14.50	11.7%	75,119.6	Y	12/2024	75.2	81.9	40.1%	8.9%	17.3	15.9	1.2	7.1%	37.2	2.9%
Sector Aggregate					161,479.2					55.8%	3.8%	16.0	15.4	2.8	15.0%		2.8%

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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