

## Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

**Maintain BUY**

### Potential Boost from Influx of EPCC Jobs

**Unchanged Target Price: RM1.54**


#### KEY INVESTMENT HIGHLIGHTS

- **Potential beneficiary of EPCC jobs under CGPP**
- **Absence of own capacity a disappointment, but not all hope is lost**
- **Significant orderbook expansion potential**
- **Maintain BUY at with a TP of RM1.54**

**Potential beneficiary of EPCC jobs.** As a key player in the local RE EPCC industry, especially solar, we believe Samaiden is well positioned to capitalise on the potential influx of jobs following announcement of winning applications under the Corporate Green Power Program (CGPP) yesterday. A total of 563.4MWac capacity (of a total 800MWac quota) was announced with the remaining 236.6MWac still pending award.

**Absence of own capacity a disappointment, but not all hope is lost.** We were rather disappointed that Samaiden's submission is not in the initial list of successful applications, but from our checks with management yesterday, we understand that Samaiden will be reaching out to the Energy Commission to clarify the status of its application. The group believes it still stands a chance with award for the remaining 236.6MWac still pending. Nevertheless, Samaiden has paved way for expansion of recurring income via: (1) A 1.2MW biogas power plant in Bachok, Kelantan in which it has secured rights to develop under the Feed-in-Tariff (FiT) program, (2) A 0.7MW solar power supply to Yakult Malaysia via a 20-year PPA. It is also looking to participate in RE exports with a targeted export capacity of 100MW.

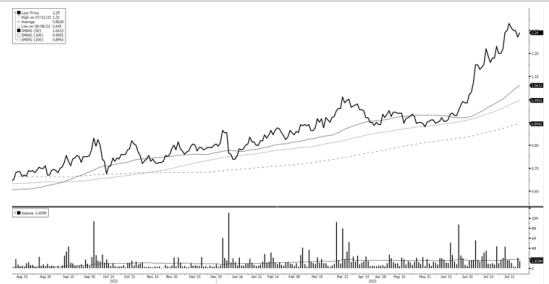
**Orderbook expansion potential.** We gather that Samaiden is eyeing at least 100MW in EPCC jobs from the CGPP program. which translates into ~RM300m in potential EPCC works based on a conservative EPCC value of RM3m/MW. If successful, this could expand its orderbook by 77% from the current RM388m, underpinning earnings prospects for the next 2-3 years. We understand that Samaiden has been actively providing consultancy services to selective asset owners under the CGPP program, of which two have been shortlisted under the initial list of successful applicants. A strong balance sheet (net cash of RM77m) underpins its ability to capitalise on this potential influx of EPCC jobs.

**Maintain BUY** on Samaiden as one of the key beneficiaries of EPCC prospects under the CGPP and given strong potential growth from the National Energy Transition roadmap's emphasis on solar. Our **TP** is unchanged at **RM1.54**, pegging Samaiden at 26x FY24F earnings, at a slight discount to industry leader Solarvest. As one of the key beneficiaries of the country's aggressive energy transition, Samaiden is currently trading at fairly undemanding valuations of 21.8x FY24F earnings against a +32% 3-year earnings CAGR up till FY25F, underpinned by a strong orderbook of RM388m, equivalent to 2.1x its FY22 revenue base. Its recent transfer to the Main Board from the ACE market gives it better visibility among institutional investors and should progressively drive a valuation re-rating of the stock, in our opinion. 

#### RETURN STATISTICS

|  |              |
|--|--------------|
| Price @ 7 <sup>th</sup> August 2023 (RM) | 1.29         |
| Expected share price return (%)          | +19.3        |
| Expected dividend yield (%)              | 0.0          |
| <b>Expected total return (%)</b>         | <b>+19.3</b> |

#### SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month               | 26.3     | 23.3     |
| 3 months              | 33.3     | 33.1     |
| 12 months             | 103.4    | 109.3    |

#### INVESTMENT STATISTICS

| FYE Jun (RMm)      | 2023F | 2024F | 2025F |
|--------------------|-------|-------|-------|
| Revenue            | 184.1 | 307.7 | 367.3 |
| Operating Profit   | 16.1  | 33.4  | 39.2  |
| Profit Before Tax  | 15.6  | 32.7  | 38.4  |
| Core PATAMI        | 11.4  | 23.3  | 27.5  |
| Core EPS (sen)     | 2.9   | 5.9   | 7.0   |
| PER (x)            | 44.8  | 21.8  | 18.5  |
| DPS (sen)          | 0.0   | 0.0   | 0.0   |
| Dividend Yield (%) | 0.0   | 0.0   | 0.0   |

#### KEY STATISTICS

|                                  |               |
|----------------------------------|---------------|
| FBM KLCI                         | 1,445.81      |
| Issue shares (m)                 | 394.0         |
| Estimated free float (%)         | 46.49         |
| Market Capitalisation (RM'm)     | 508.26        |
| 52-wk price range                | RM0.60 – 1.25 |
| 3-mth average daily volume (m)   | 1.6           |
| 3-mth average daily value (RM'm) | 1.4           |
| Top Shareholders (%)             |               |
| Hee Ir Chow Pui                  | 32.74         |
| Foon Fong Yena                   | 21.64         |
| Chudenko Corp                    | 14.55         |

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| <b>Income Statement</b>        | <b>FY21</b> | <b>FY22</b>  | <b>FY23F</b> | <b>FY24F</b> | <b>FY25F</b> |
|--------------------------------|-------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                 | <b>53.4</b> | <b>150.7</b> | <b>184.1</b> | <b>307.7</b> | <b>367.3</b> |
| Operating expenses             | -45.4       | -133.9       | -168.0       | -274.3       | -328.2       |
| <b>Operating profit</b>        | <b>8.1</b>  | <b>16.8</b>  | <b>16.1</b>  | <b>33.4</b>  | <b>39.2</b>  |
| Net interest expense           | -0.0        | -0.4         | -0.4         | -0.8         | -0.7         |
| Associates                     | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>PBT</b>                     | <b>8.1</b>  | <b>16.4</b>  | <b>15.6</b>  | <b>32.7</b>  | <b>38.4</b>  |
| Taxation                       | -2.1        | -4.5         | -4.3         | -8.9         | -10.5        |
| Minority Interest              | -0.0        | -0.0         | -0.0         | 0.4          | 0.5          |
| Net profit                     | 5.9         | 11.9         | 11.4         | 23.3         | 27.5         |
| <b>Core net profit</b>         | <b>5.9</b>  | <b>11.9</b>  | <b>11.4</b>  | <b>23.3</b>  | <b>27.5</b>  |
|                                |             |              |              |              |              |
| <b>Balance Sheet</b>           | <b>FY21</b> | <b>FY22</b>  | <b>FY23F</b> | <b>FY24F</b> | <b>FY25F</b> |
| PPE                            | 1.9         | 1.8          | 3.3          | 12.3         | 25.5         |
| Others                         | 0.1         | 3.5          | 3.5          | 3.5          | 3.5          |
| <b>Non-current assets</b>      | <b>2.0</b>  | <b>5.4</b>   | <b>6.8</b>   | <b>15.8</b>  | <b>29.0</b>  |
| Inventories                    | 0.3         | 0.7          | 0.8          | 1.4          | 1.7          |
| Receivables                    | 4.8         | 32.2         | 39.3         | 65.7         | 78.4         |
| Others                         | 32.1        | 50.7         | 61.1         | 99.6         | 118.2        |
| Cash & equivalent              | 39.4        | 80.2         | 88.0         | 98.8         | 107.0        |
| <b>Current assets</b>          | <b>76.7</b> | <b>163.7</b> | <b>189.2</b> | <b>265.5</b> | <b>305.2</b> |
| Share capital                  | 35.6        | 60.9         | 60.9         | 60.9         | 60.9         |
| Minority Interest              | -0.0        | 0.2          | 0.2          | 0.6          | 1.1          |
| Reserves                       | 13.2        | 25.1         | 36.5         | 59.8         | 87.3         |
| <b>Total Equity</b>            | <b>48.7</b> | <b>86.2</b>  | <b>97.5</b>  | <b>121.3</b> | <b>149.2</b> |
| Long-term borrowings           | 1.0         | 0.9          | 2.2          | 11.2         | 10.8         |
| Others                         | 0.2         | 2.9          | 2.9          | 2.9          | 2.9          |
| <b>Non-current liabilities</b> | <b>1.2</b>  | <b>3.8</b>   | <b>5.1</b>   | <b>14.1</b>  | <b>13.6</b>  |
| Short-term borrowings          | 1.1         | 10.9         | 10.9         | 10.9         | 10.9         |
| Payables                       | 26.7        | 61.4         | 75.0         | 125.4        | 149.7        |
| Others                         | 0.9         | 6.8          | 7.4          | 9.6          | 10.7         |
| <b>Current liabilities</b>     | <b>28.7</b> | <b>79.2</b>  | <b>93.3</b>  | <b>146.0</b> | <b>171.4</b> |

| Cash Flow Statement          | FY21         | FY22        | FY23F       | FY24F        | FY25F        |
|------------------------------|--------------|-------------|-------------|--------------|--------------|
| PBT                          | 8.1          | 16.4        | 15.6        | 32.7         | 38.4         |
| Depreciation & Amortization  | 0.2          | 0.2         | 1.0         | 3.0          | 7.3          |
| Chgs in working capital      | 16.4         | 5.5         | 6.3         | 23.4         | 11.3         |
| Others                       | -36.3        | -16.1       | -14.0       | -45.2        | -28.0        |
| <b>Operating cash flow</b>   | <b>-11.7</b> | <b>6.0</b>  | <b>8.9</b>  | <b>13.9</b>  | <b>29.0</b>  |
| Capex                        | -0.2         | -0.5        | -2.4        | -12.0        | -20.5        |
| Others                       | -5.5         | -3.7        | 0.0         | 0.0          | 0.0          |
| <b>Investing cash flow</b>   | <b>-5.7</b>  | <b>-4.2</b> | <b>-2.4</b> | <b>-12.0</b> | <b>-20.5</b> |
| Dividends paid               | 0.0          | 0.0         | 0.0         | 0.0          | 0.0          |
| Movement in borrowings       | 1.0          | 9.8         | 1.3         | 8.9          | -0.4         |
| Others                       | 28.0         | 24.6        | 0.0         | 0.0          | 0.0          |
| <b>Financing cash flow</b>   | <b>29.1</b>  | <b>34.4</b> | <b>1.3</b>  | <b>8.9</b>   | <b>-0.4</b>  |
| Net changes in cash          | 11.6         | 36.2        | 7.8         | 10.9         | 8.1          |
| <b>Beginning cash</b>        | <b>21.2</b>  | <b>32.8</b> | <b>69.0</b> | <b>76.8</b>  | <b>87.6</b>  |
| Overdrafts, Deposits & Forex | 0.0          | 0.0         | 0.0         | 0.0          | 0.0          |
| <b>Ending cash</b>           | <b>32.8</b>  | <b>69.0</b> | <b>76.8</b> | <b>87.6</b>  | <b>95.7</b>  |

| Key Ratios              | FY21  | FY22  | FY23F | FY24F | FY25F |
|-------------------------|-------|-------|-------|-------|-------|
| Operating profit margin | 15.2% | 11.1% | 8.7%  | 10.9% | 10.7% |
| Core net profit margin  | 11.1% | 7.9%  | 6.2%  | 7.6%  | 7.5%  |
| ROE                     | 12.1% | 13.9% | 11.7% | 19.3% | 18.6% |
| ROA                     | 7.5%  | 7.1%  | 5.8%  | 8.3%  | 8.2%  |
| Net gearing             | -77%  | -79%  | -77%  | -63%  | -57%  |
| Book value/share (RM)   | 0.12  | 0.22  | 0.25  | 0.31  | 0.38  |
| PBV (x)                 | 10.4  | 5.9   | 5.2   | 4.2   | 3.4   |
| PER (x)                 | 85.8  | 42.6  | 44.8  | 21.8  | 18.5  |

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

|              |  |
|--------------|--|
| BUY          | Total return is expected to be >10% over the next 12 months.   |
| TRADING BUY  | Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.  |
| NEUTRAL      | Total return is expected to be between -10% and +10% over the next 12 months.  |
| SELL         | Total return is expected to be <-10% over the next 12 months.  |
| TRADING SELL | Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |

#### SECTOR RECOMMENDATIONS

|          |  |
|----------|--|
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months.   |
| NEUTRAL  | The sector is to perform in line with the overall market over the next 12 months.  |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

|     |  |
|-----|--|
| ☆☆☆ | Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell      |
| ☆☆  | Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell   |
| ☆   | Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
|     | Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell   |

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology