

Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

Sunny Days Ahead

KEY INVESTMENT HIGHLIGHTS

- **FY23 result within expectations**
- **Solid orderbook at 2.2x FY23A revenue underpins strong rebound in FY24F**
- **Balance sheet strengthened further - net cash rose to RM102m, accounting for 21% of market cap**
- **Maintain BUY at unchanged TP of RM1.54**

Within expectations. Samaiden's FY23 result was in line with expectations. The group reported a core net profit of RM3.6m in 4QFY23 (-1%yoy) (normalised for -RM0.5m impairment loss on financial assets), which brought FY23 core earnings to RM11m (normalised for -RM0.5m one-off listing expenses / -RM0.5m impairment loss on financial assets), accounting for 97% of our and consensus estimates. A maiden 0.5sen dividend was declared, representing 20% DPR.

Key takeaways. FY23 revenue was up 13%yoy from progress billings but core earnings were down -11%yoy dragged by lower margins for on-going projects and an increase in staff related expenses. Nevertheless, outstanding orderbook stands solid at RM373m, representing 2.2x the group's FY23 revenue. We estimate around half of outstanding orderbook comprise of LSS4 projects that are due to be completed by mid-CY24, which are expected to boost Samaiden's FY24 (FYE June) revenue. Samaiden has an estimated tenderbook of ~RM1b with about half comprising CGPP EPCC tenders while the rest comprise of C&I (commercial & industrial) and SELCO (self-consumption solar) projects. Balance sheet strengthened further in 4QFY23 with net cash rising to RM102m (26sen/share), which should support Samaiden's revenue expansion in the near term.

Strong prospects ahead. Samaiden's long-term growth trajectory is underpinned by aggressive RE scale-up under NETR, whereby new RE installations is expected to more than quadruple from ~0.5GW/annum currently to an average 2.2GW/annum to hit the 70% RE mix target by 2050. In the near-term, Samaiden is targeting at least 100MW CGPP EPCC jobs in which it had worked closely with the asset owners prior to the CGPP application. The group had also indicated interest to participate as EPCC in NETR Phase 1 solar projects, which comprise of UEM-Itamas's 1GW hybrid solar plant and Tenaga's 500MW solar park. We also understand that Samaiden will be resubmitting its application (as asset owner) for the remaining 237MWac CGPP quota that has yet to be awarded.

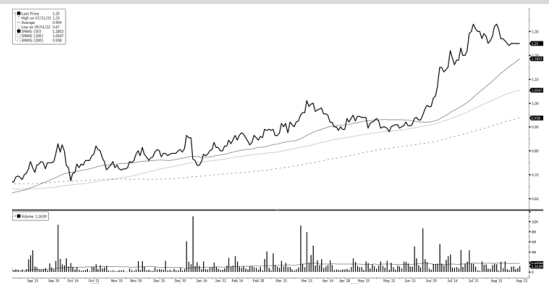
Maintain BUY at unchanged **TP** of **RM1.54**. We continue to peg Samaiden at 26x FY24F PER, at a slight discount to industry leader, Solarvest. We like Samaiden as it is one of the key beneficiaries of EPCC prospects under CGPP and the long-term growth potential from NETR's emphasis on solar. A strong orderbook and balance sheet underpins near-

Maintain BUY
Unchanged Target Price: RM1.54

RETURN STATISTICS

Price @ 30 th August 2023 (RM)	1.25
Expected share price return (%)	+22.9
Expected dividend yield (%)	0.0
Expected total return (%)	+22.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.0	-5.5
3 months	26.9	35.7
12 months	76.1	83.3

INVESTMENT STATISTICS

FYE Jun (RMm)	2023A	2024F	2025F
Revenue	170.8	307.7	367.3
Operating Profit	14.6	33.4	39.2
Profit Before Tax	13.4	32.5	38.2
Core PATAMI	11.0	23.3	27.5
Core EPS (sen)	2.8	5.9	7.0
PER (x)	44.6	21.2	17.9
DPS (sen)	0.50	0.00	0.00
Dividend Yield (%)	0.4%	0.0%	0.0%

KEY STATISTICS

FBM KLCI	1,451.94
Issue shares (m)	387.39
Estimated free float (%)	26.33
Market Capitalisation (RM'm)	508.15
52-wk price range	RM0.65-1.35
3-mth average daily volume (m)	1.67
3-mth average daily value (RM'm)	1.84
Top Shareholders (%)	
Hee Ir Chow Pui	32.29
Foon Fong Yena	21.34
Chudenko Corp	14.35

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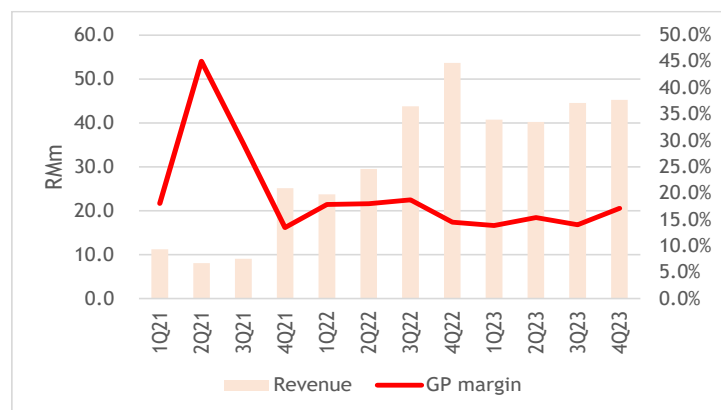
term growth potential. Valuations are fairly undemanding at 21x FY24F PER against +32% 3-year earnings CAGR up till FY25F. Net cash of RM0.26/share accounts for 21% of market cap.

SAMAIDEN: FY23 RESULT SUMMARY

FYE Jun (RMm)	4Q22	3Q23	4Q23	QoQ	YoY	FY22	FY23	YTD
Revenue	53.7	44.6	45.2	2%	-16%	150.7	170.8	13%
EBIT	5.3	3.0	4.7	59%	-11%	17.7	15.1	-15%
Finance cost	(0.3)	(0.2)	(0.3)	46%	19%	(0.8)	(1.2)	60%
Impairment loss on financial assets	(0.2)	0.0	(0.5)	NA	-109%	(0.5)	(0.5)	-8%
PBT	4.8	2.7	3.9	44%	-18%	16.4	13.4	-18%
Tax	(1.4)	(0.8)	(0.8)	-2%	-41%	(4.5)	(3.3)	-25%
PAT	3.4	1.9	3.1	63%	-9%	11.9	10.1	-16%
MI	0.0	0.0	(0.0)			(0.0)	(0.0)	
Net profit	3.4	1.9	3.1	65%	-8%	11.9	10.1	-16%
Core net profit	3.6	2.6	3.6	36%	-1%	12.4	11.0	-11%
EPS (sen/share)	0.92	0.67	0.91			3.15	2.80	
DPS (sen/share)	-	-	0.50			-	0.50	
Margins:				ppts	ppts			ppts
EBIT	9.8%	6.6%	10.4%	3.8	0.6	11.7%	8.8%	-2.9
PBT	8.9%	6.1%	8.7%	2.5	-0.2	10.9%	7.8%	-3.0
Core net profit	6.8%	5.9%	7.9%	2.0	1.2	8.2%	6.5%	-1.8
Effective tax rate	-28.5%	-30.0%	-20.5%			-27.3%	-25.0%	

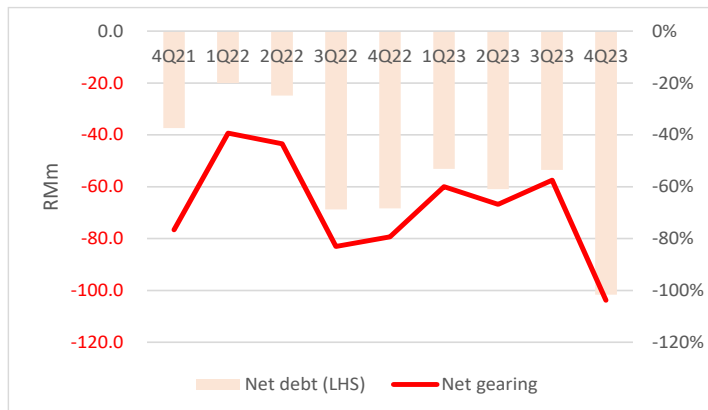
Source: Company, MIDFR

Chart 1: Quarterly revenue & margin trend



Source: Company, MIDFR

Chart 2: Net debt/(cash) and gearing trend



FINANCIAL SUMMARY

Income Statement	FY21	FY22	FY23	FY24F	FY25F
Revenue	53.4	150.7	170.8	307.7	367.3
Operating expenses	-45.4	-133.9	-156.2	-274.3	-328.2
Operating profit	8.1	16.8	14.6	33.4	39.2
Net interest expense	-0.0	-0.4	-1.2	-1.0	-0.9
Associates	0.0	0.0	0.0	0.0	0.0
PBT	8.1	16.4	13.4	32.5	38.2
Taxation	-2.1	-4.5	-3.3	-8.8	-10.3
Minority Interest	-0.0	-0.0	-0.0	0.4	0.4
Net profit	5.9	11.9	10.1	23.3	27.5
Core net profit	5.8	12.4	11.0	23.3	27.5
Balance Sheet	FY21	FY22	FY23	FY24F	FY25F
PPE	1.9	1.8	3.3	12.3	25.5
Others	0.1	3.5	3.4	3.4	3.4
Non-current assets	2.0	5.4	6.6	15.6	28.9
Inventories	0.3	0.7	0.5	0.9	1.1
Receivables	4.8	32.2	30.5	54.9	65.6
Others	32.1	50.7	48.7	82.2	96.8
Cash & equivalent	39.4	80.2	108.2	136.6	149.1
Current assets	76.7	163.7	187.9	274.7	312.6
Share capital	35.6	60.9	62.6	62.6	62.6
Minority Interest	-0.0	0.2	0.1	0.6	1.0
Reserves	13.2	25.1	35.2	56.5	84.0
Total Equity	48.7	86.2	97.9	119.7	147.6
Long-term borrowings	1.0	0.9	1.9	7.6	1.0
Others	0.2	2.9	2.4	2.4	2.4
Non-current liabilities	1.2	3.8	4.4	10.0	3.4
Short-term borrowings	1.1	10.9	4.5	4.5	4.5
Payables	26.7	61.4	69.5	125.1	149.4
Others	0.9	6.8	18.2	31.0	36.6
Current liabilities	28.7	79.2	92.2	160.6	190.5

Cash Flow Statement	FY21	FY22	FY23	FY24F	FY25F
PBT	8.1	16.4	13.4	32.5	38.2
Depreciation & Amortization	0.2	0.2	1.0	3.0	7.3
Chgs in working capital	16.4	5.5	9.9	30.8	13.4
Others	-36.3	-16.1	9.0	-29.5	-19.4
Operating cash flow	-11.7	6.0	33.3	36.7	39.6
Capex	-0.2	-0.5	-1.8	-12.0	-20.5
Others	-5.5	-3.7	1.6	0.0	0.0
Investing cash flow	-5.7	-4.2	-0.2	-12.0	-20.5
Dividends paid	0.0	0.0	0.0	-2.0	0.0
Movement in borrowings	1.0	9.8	-5.4	5.7	-6.6
Others	28.0	24.6	-0.2	0.0	0.0
Financing cash flow	29.1	34.4	-5.6	3.7	-6.6
Net changes in cash	11.6	36.2	27.5	28.4	12.4
Beginning cash	21.2	32.8	69.0	96.7	125.1
Overdrafts, Deposits & Forex	0.0	0.0	0.0	0.0	0.0
Ending cash	32.8	69.0	96.5	125.1	137.6

Key Ratios	FY21	FY22	FY23	FY24F	FY25F
Operating profit margin	15.2%	11.1%	8.5%	10.9%	10.7%
Core net profit margin	10.9%	8.2%	6.5%	7.6%	7.5%
ROE	12.0%	14.4%	11.3%	19.5%	18.7%
ROA	7.4%	7.3%	5.7%	8.0%	8.0%
Net gearing	-77%	-79%	-104%	-104%	-97%
Book value/share (RM)	0.12	0.22	0.25	0.30	0.37
PBV (x)	10.1	5.7	5.0	4.1	3.4
PER (x)	84.4	39.6	44.6	21.2	17.9

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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