

Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

Warming Up

KEY INVESTMENT HIGHLIGHTS

- **1QFY24 result within expectation, solid orderbook underpins strong revenue prospects ahead**
- **Further orderbook replenishment from upcoming EPCC award for CGPP projects**
- **Recent 43.3MW CGPP win a recurring income catalyst**
- **Maintain BUY at unchanged TP of RM1.54**

Expecting stronger quarters ahead. Samaiden's 1QFY24 net profit of RM3m accounted for 13% and 14% of our and consensus' full year estimates, but we deem the numbers in-line as we believe orderbook recognition could accelerate in the coming quarters, especially for the remaining LSS4 contracts which are reaching COD (commercial operation date) deadlines by end-CY23 and circa mid-CY24.

Key takeaways. 1QFY24 revenue was up +13%yoy to RM46m on higher work progress for ongoing projects while gross margins were slightly better year-on-year. Coupled with lower effective tax rate, core net profit expanded +21%yoy to RM3m.

Solid orderbook. Outstanding orderbook stands at RM350.7m as at end-September 2023, representing 2.05x Samaiden's FY23 revenue. We estimate around half of the orderbook comprise of LSS4 projects with the latest targeted completion estimated around July 2024. Samaiden's latest LSS4 EPCC contract worth RM181.3m was secured in July 2023, which we believe will boost earnings prospects in the coming quarters. From our last visit, we understand Samaiden has an active tenderbook of close to RM1.2b. We reckon EPCC award for the 800MW CGPP capacity will serve as key orderbook replenishment catalyst from 2QCY24 onwards where Samaiden is understood to be eyeing at least 100MW, or an estimated RM300m-350m worth of CGPP EPCC jobs.

Recurring income catalyst. To recap, Samaiden is also one of the key winners in the recent second round award of CGPP quota with a total win of 43.3MW gross capacity (as CGPP asset owner). This should serve as a positive catalyst to grow Samaiden's recurring income base once the projects reach COD from CY25/26 onwards. With a net cash of RM80m, we believe Samaiden would have no issues financing its CGPP assets.

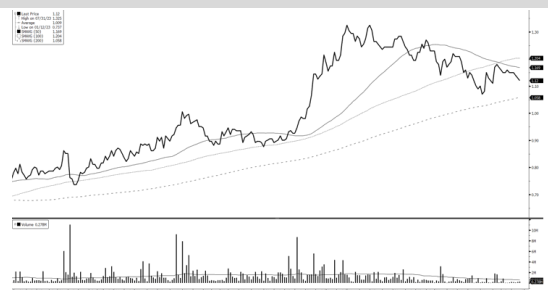
Strong prospects ahead. Samaiden's long-term growth trajectory is underpinned by aggressive RE scale-up under NETR, whereby new RE installations is expected to more than quadruple from ~0.5GW/annum currently to an average 2.2GW/annum to hit the 70% RE mix target by 2050. In the near-term, Samaiden is 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 includes UEM Group-Itramas's 1GW hybrid solar plant and Tenaga's 500MW solar park.

Maintain BUY
Unchanged Target Price: RM1.54

RETURN STATISTICS

Price @ 28 th Nov 2023 (RM)	1.12
Expected share price return (%)	+37.1
Expected dividend yield (%)	0.0
Expected total return (%)	+37.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.8	1.4
3 months	-8.9	-10.0
12 months	47.4	50.3

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)	33.8	19.0	16.1
DPS (sen)	0.50	0.00	0.00
Dividend Yield (%)	0.4%	0.0%	0.0%

KEY STATISTICS

FBM KLCI	1448.02
Issue shares (m)	387.39
Estimated free float (%)	27.30
Market Capitalisation (RM'm)	460.02
52-wk price range	RM0.72-RM1.35
3-mth average daily volume (m)	0.63
3-mth average daily value (RM'm)	0.76
Top Shareholders (%)	
Hee Ir Chow Pui	31.96
Foon Fong Yena	21.13
Chudenko Corp	14.20

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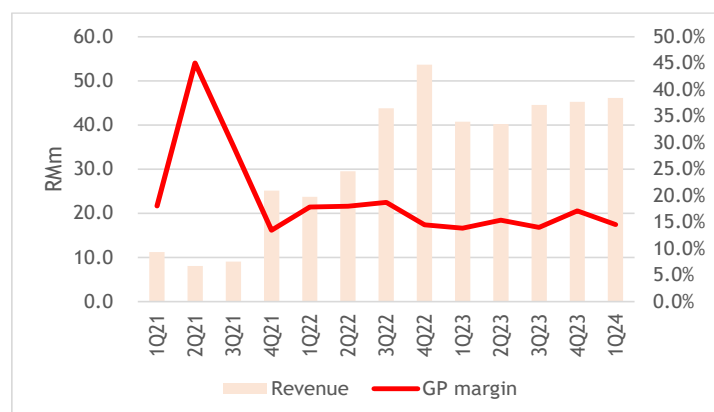
As such, we maintain our **BUY** call on Samaiden at an unchanged **TP** of **RM1.54**. We continue to peg Samaiden at 26x FY24F PER, at a slight discount to industry leader, Solarvest.

SAMAIDEN: 1QFY24 RESULT SUMMARY

FYE Jun (RMm)	1Q23	4Q23	1Q24	QoQ	YoY
Revenue	40.8	45.2	46.2	2%	13%
Gross profit	5.7	7.8	6.7	-13%	19%
Admin expenses	(2.4)	(4.0)	(3.2)	-21%	33%
Other income	0.3	0.9	0.7	-20%	122%
Operating profit	3.6	4.7	4.3	-9%	19%
Finance cost	(0.3)	(0.3)	(0.3)	2%	6%
Impairment loss on financial assets	0.0	(0.5)	0.0		
PBT	3.3	3.9	3.9	1%	20%
Tax	(0.8)	(0.8)	(1.0)	23%	17%
PAT	2.4	3.1	3.0	-5%	21%
MI	(0.0)	(0.0)	0.0	-100%	-100%
Net profit	2.4	3.1	3.0	-6%	21%
Core net profit	2.4	3.6	3.0	-17%	21%
EPS (sen/share)	0.62	0.91	0.75		
DPS (sen/share)	-	0.50	-		
Margins:				ppts	ppts
Gross profit	13.9%	17.1%	14.5%	-2.6	0.7
Operating profit	8.9%	10.4%	9.3%	-1.1	0.4
PBT	8.1%	8.7%	8.5%	-0.1	0.5
Core net profit	6.0%	7.9%	6.4%	-1.5	0.4
Effective tax rate	-25.6%	-20.5%	-24.9%		

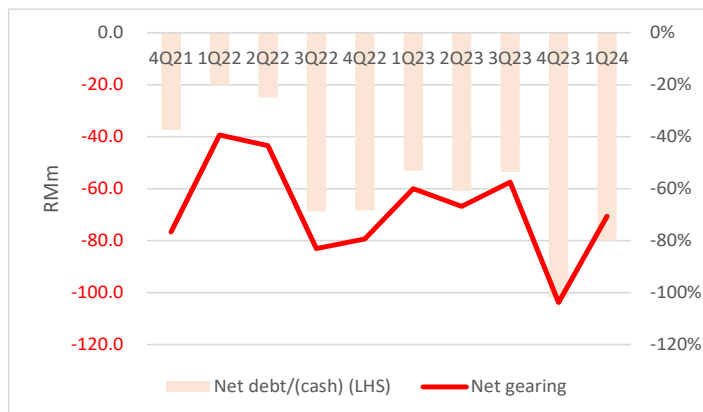
Source: Company, MIDFR

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)	9.1	5.1	4.5	3.7	3.0
PER (x)	75.6	35.5	33.8	19.0	16.1

Source: Company, MIDFR

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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