

Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

CNY Comes Early

KEY INVESTMENT HIGHLIGHTS


- Secured rights to develop 7MW biomass power plant
- Meaningful accretion to earnings and valuation
- Recurring income stream expansion coupled with growing EPCC orderbook
- Re-affirm BUY at higher TP of RM1.62 (previously RM1.54)

What's new? Via its wholly owned subsidiary, Samaiden has won the bid to develop a 7MW biomass power plant in Tangkak, Johor under the Feed-in Tariff (FIT) program. The plant is expected to commence its 21-year FIT in January 2027 with finalisation of a REPPA targeted in April 2024 and financial close targeted in July 2024.

Strong balance sheet to undertake the project. Capex for the plant is estimated at RM67m which is expected to be financed via a mix of internally generated funds and debt. Equity portion of the capex (estimated at 20% of project cost) of RM13m should be easily manageable given Samaiden's strong balance sheet – gross cash of RM92m and net cash of RM80m.

Building up a recurring income stream. This will be the third asset under Samaiden's belt after winning a gross 43MW capacity under the CGPP (to be operational by CY25) and a smaller 0.5MW Sunway Nexis solar facility which is already operational. At a conservative project IRR projection of 9% (we gather that Samaiden will attempt to hit double-digit levels), we estimate equity value accretion of 8sen/share and levelized annual earnings of RM3-4m, which is estimated to boost group bottomline by 13% once operational in FY28F.

Earnings estimates. We leave our earnings estimates unchanged at this juncture as the Tangkak Biomass Plant's commencement is beyond our forecast horizon but as mentioned above, it is expected to contribute meaningfully once operational from FY28F. In the near-term, earnings expansion will be driven by a strong (gross) EPCC orderbook of RM476m (2.8x FY23 revenue) and further prospects for expansion from the upcoming 800MW CGPP EPCC tender as well as the upcoming 2GW LSS5 and 400MW additional NEM quota for CY24.

Re-affirm BUY at a higher **TP** of **RM1.62** (from RM1.54 previously) as we factor in the Tangkak Biomass Plant into our SOP valuation. There is further upside upon further concrete development on Samaiden's CGPP power plant. For its EPCC business, we continue to peg Samaiden at 26x FY24F PER, at a slight discount to industry leader, Solarvest. We like Samaiden as one of the key beneficiaries of EPCC prospects under CGPP and the long-term RE growth potential from NETR. A strong orderbook and balance sheet underpins near-term growth potential. 

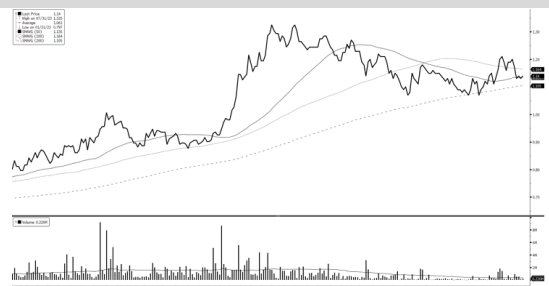
Maintain BUY

Revised Target Price: RM1.62
(Previously RM1.54)

RETURN STATISTICS

Price @ 30 th January 2024 (RM)	1.25
Expected share price return (%)	+29.5
Expected dividend yield (%)	0.0
Expected total return (%)	+29.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.6	1.1
3 months	-0.9	-5.2
12 months	42.5	43.4

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	13.0	23.3	27.5
Core EPS (sen)	3.3	5.9	7.0
PER (x)	37.7	21.2	17.9
DPS (sen)	0.50	0.00	0.00
Dividend Yield (%)	0.4%	0.0%	0.0%

KEY STATISTICS

FBM KLCI	1512.75
Issue shares (m)	387.39
Estimated free float (%)	27.62
Market Capitalisation (RM'm)	484.24
52-wk price range	RM0.78-RM1.35
3-mth average daily volume (m)	0.39
3-mth average daily value (RM'm)	0.44
Top Shareholders (%)	
Hee Ir Chow Pui	31.82
Foon Fong Yena	21.03
Chudenko Corp	14.14

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Chart 1: Quarterly revenue & margin trend

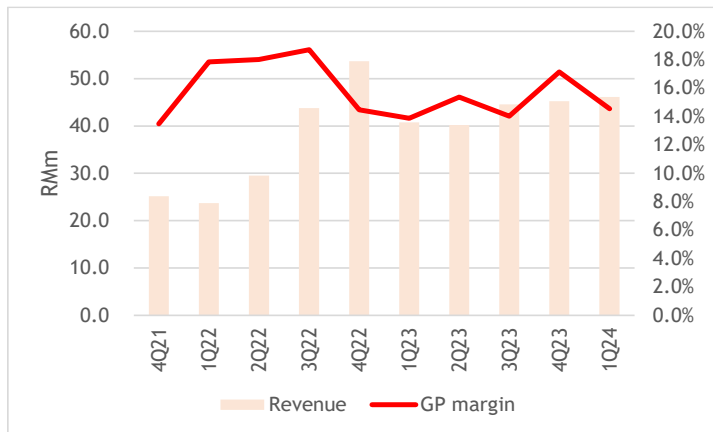
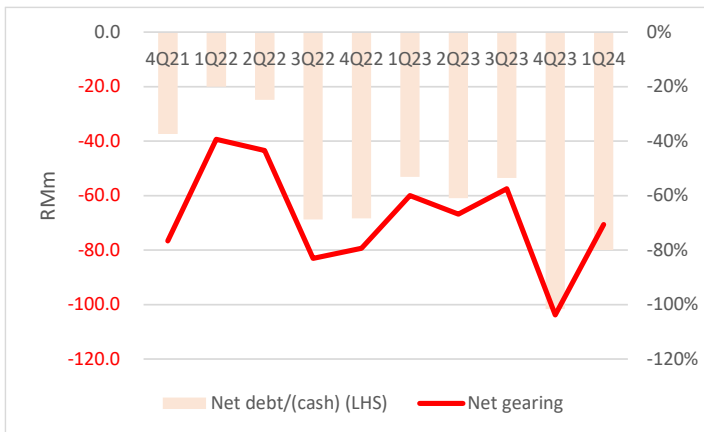


Chart 2: Net debt/(cash) and gearing trend



Source: Company, MIDFR

Table 1: Samaiden SOP Valuation

Units	Equity Value (RMm)	Basis
EPCC business	605.2	PER (26x)
Tangkal Biomass Plant	32.4	DCF (WACC: 6%)
Total SOP	637.6	
Shares out	394.0	
Value/share (RM)	1.62	

Source: Company, MIDFR

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	13.0	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)	9.2	5.2	4.6	3.8	3.1
PER (x)	77.0	36.2	34.4	19.3	16.3

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