

Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

A Backloaded Year

KEY INVESTMENT HIGHLIGHTS


- **1HFY24 result within expectation for a backloaded year, step-up in revenue recognition from 3QFY24**
- **Net orderbook of RM358m entails solid 2.1x revenue cover**
- **Solid orderbook expansion prospects driven by CGPP, LSS5 and NEM programs**
- **Maintain BUY at TP of RM1.62**

Awaiting the big quarter. Samaiden reported a net profit of RM3.2m (+22%yoy) for its 2QFY24, which brought 1HFY24 earnings to RM6.1m (+22%yoy), making up 26%/29% of our/consensus full year projection. This is broadly within estimates as we expect orderbook recognition to accelerate markedly in 3QFY24 from its RM181m 50MW Kuala Muda LSS4 project which is due for completion by July 2024.

Key takeaways. Samaiden's 2QFY24 earnings was up +22%yoy driven by higher work progress for ongoing projects, while margins remained largely steady. We expect earnings to improve further in subsequent quarters as the group's 50MW Kuala Muda LSS4 project enters the equipment and panel installation phase, which entails a step-up in revenue recognition. Orderbook as at December 2023 stood at RM358m representing 2.1x FY23 revenue. Inclusive of Samaiden's recent win of a RM100m 50MW solar plant EPCC job at Kulim Hi-Tech Park (KHTP), we estimate gross orderbook would have risen to RM458m now, which is a significant 2.8x FY23 revenue cover. We estimate slightly more than half of gross orderbook comprise of the 50MW Kuala Muda LSS4 and 50MW KHTP EPCC contracts with the remaining comprising biomass, small hydro and commercial & industrial (C&I) EPCC contracts.

Replenishment prospects. We believe orderbook is set for further expansion given upcoming EPCC tenders for the 800MW quota allocated under the Corporate Green Power Program (CGPP). We understand that Samaiden is eyeing at least 100MW of EPCC jobs for CGPP, which translates into potential RM300-400m incremental orderbook. Further out, the upcoming 2GW LSS5 (bidding to be opened from 1st April 2024) and 400MW additional Net Energy Metering quota for CY24 (offered from 5th February 2024) cements future orderbook replenishment outlook.

Earnings estimates. We leave our earnings estimates unchanged at this juncture as the results were within expectation.

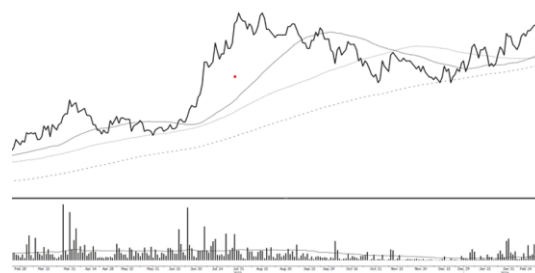
Recommendation. Maintain **BUY** at SOP-derived **TP** of **RM1.62**. There is further upside to valuations upon more concrete development of Samaiden's CGPP power plant (gross 43MW capacity). For its EPCC business, we continue to peg Samaiden at 26x FY24F PER, at a slight discount to industry leader, Solarvest. We like Samaiden as one of the key beneficiaries of EPCC prospects under the CGPP and the long-term RE growth potential from NETR. A strong orderbook and balance sheet underpins near-term growth potential. 

Maintain BUY
Unchanged Target Price: RM1.62

RETURN STATISTICS

Price @ 21 st Feb. 2024 (RM)	1.28
Expected share price return (%)	+26.4
Expected dividend yield (%)	0.0
Expected total return (%)	+26.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	12.3	7.9
3 months	11.3	4.4
12 months	55.2	46.3

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	13.0	23.3	27.5
Core EPS (sen)	3.3	5.9	7.0
PER (x)	38.6	21.7	18.4
DPS (sen)	0.50	0.00	0.00
Dividend Yield (%)	0.4%	0.0%	0.0%

KEY STATISTICS

FBM KLCI	1552.40
Issue shares (m)	387.39
Estimated free float (%)	27.73
Market Capitalisation (RM'm)	528.85
52-wk price range	RM0.81-RM1.35
3-mth average daily volume (m)	0.61
3-mth average daily value (RM'm)	0.74
Top Shareholders (%)	
Hee Ir Chow Pui	31.77
Foon Fong Yena	21.00
Chudenko Corp	14.12

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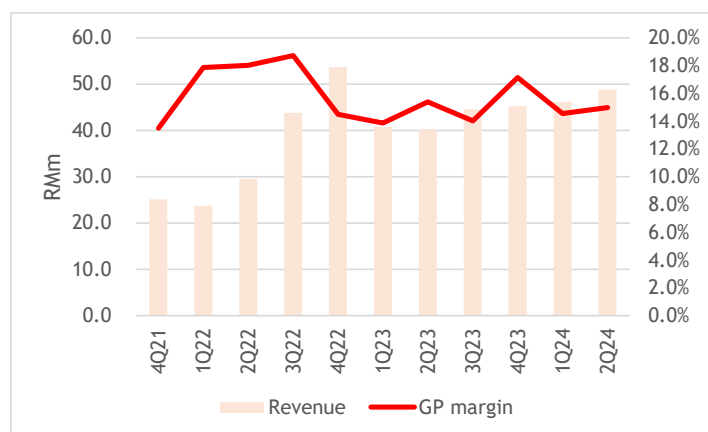
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SAMAIDEN: 1HFY24 RESULT SUMMARY

FYE Jun (RMm)	2Q23	1Q24	2Q24	QoQ	YoY	1H23	1H24	YTD
Revenue	40.2	46.2	48.8	6%	21%	81.0	95.0	17%
Gross profit	6.2	6.7	7.3	9%	18%	11.8	14.0	18%
Admin expenses	(2.8)	(3.2)	(3.8)	19%	35%	(5.2)	(6.9)	34%
Other income	0.4	0.7	1.0	37%	136%	0.8	1.8	
Operating profit	3.8	4.3	4.6	6%	19%	7.4	8.9	19%
Finance cost	(0.3)	(0.3)	(0.4)	6%	4%	(0.7)	(0.7)	5%
PBT	3.5	3.9	4.2	7%	21%	6.8	8.2	21%
Tax	(0.9)	(1.0)	(1.0)	6%	18%	(1.7)	(2.0)	17%
PAT	2.6	3.0	3.2	7%	22%	5.0	6.1	22%
MI	(0.0)	0.0	(0.0)	NA	67%	(0.0)	(0.0)	25%
Net profit	2.6	3.0	3.2	7%	22%	5.0	6.1	22%
Core net profit	2.6	3.0	3.2	7%	22%	5.0	6.1	22%
EPS (sen/share)	0.66	0.75	0.80			1.28	1.56	
DPS (sen/share)	-	-	-			-	-	
Margins:				ppts	ppts			ppts
Gross	15.4%	14.5%	15.0%	0.4	-0.4	14.6%	14.8%	0.2
EBIT	9.5%	9.3%	9.4%	0.1	-0.2	9.2%	9.3%	0.1
PBT	8.6%	8.5%	8.6%	0.1	-0.0	8.3%	8.6%	0.2
Core net profit	6.5%	6.4%	6.5%	0.1	0.0	6.2%	6.5%	0.2
Effective tax rate	-25.4%	-24.9%	-24.7%			-25.5%	-24.8%	

Source: Company, MIDFR

Chart 1: Quarterly revenue & margin trend



Source: Company, MIDFR

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

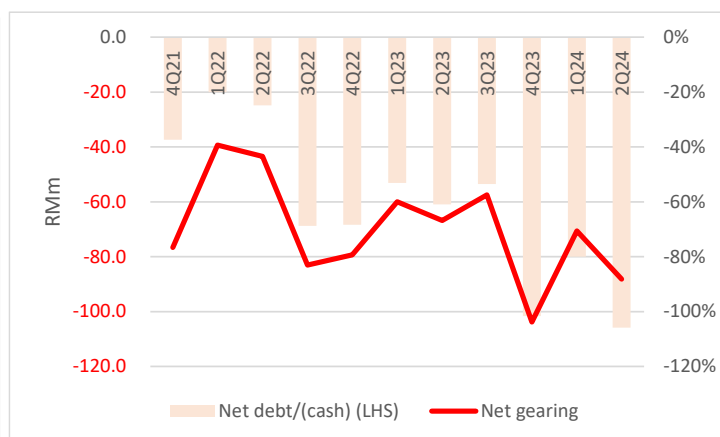


Table 1: Samaiden SOP Valuation

Units	Equity Value (RMm)	Basis
EPCC business	605.2	<i>PER (26x)</i>
Tangkak Biomass Plant	32.4	<i>DCF (WACC: 6%)</i>
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)	10.3	5.9	5.2	4.2	3.4
PER (x)	86.4	40.6	38.6	21.7	18.4

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