

## Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

**Maintain BUY**

### Still A Key Beneficiary of the Energy Transition

**Revised Target Price: RM1.57**  
 (Previously RM1.62)

#### KEY INVESTMENT HIGHLIGHTS

- Registered commendable growth but 9MFY24 result missed estimates on slower than anticipated project recognition
- Net orderbook of RM358m entails solid 2.1x revenue cover
- Strong orderbook expansion prospects driven by CGPP, LSS5 and NEM programs
- Maintain BUY at revised TP of RM1.57

**Commendable growth despite earnings misses.** Samaiden's 3QFY24 net profit grew +116%yoy to RM4.1m, bringing 9MFY24 net profit to RM10.2m (+47%yoy). Despite the commendable growth and an acceleration in sequential revenue (+54%qqq), the result missed estimates as project recognition was slower than initially anticipated.

**Key takeaways.** Samaiden's 3QFY24 net profit expanded +116%yoy to RM4.1m on the back of a +68%yoy jump in revenue driven by an expanded orderbook, mainly from LSS4 projects. The group's 50MW Kuala Muda project is the key remaining LSS4 project, which might spillover into early FY25F. Outstanding orderbook stood at RM354m as at end-March 2024 which will keep the group busy over the next 3 years. Inclusive of Samaiden's last win of a RM100m 50MW solar plant EPCC job at Kulim Hi-Tech Park (KHTP) in which it will own a majority stake in the EPCC consortium, we estimate gross orderbook would have risen to RM454m, representing 2.7x FY23 revenue cover.

**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 opened in April 2024) and 400MW additional Net Energy Metering quota for CY24 (offered from 5<sup>th</sup> February 2024) cements future orderbook replenishment outlook.

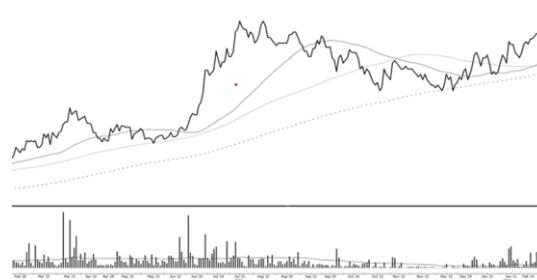
**Earnings estimates.** We conservatively trim FY24F/25F earnings by -39%/-18% to reflect slower than initially anticipated project recognition.

**Recommendation.** Notwithstanding the downward earnings revision, our SOP-derived TP is only revised down marginally to **RM1.57** (from RM1.62) as we rollover our valuation base to FY25F. We continue to value the group's EPCC business at 26x PER, at a slight discount to industry leader Solarvest. We maintain our **BUY** call on Samaiden being one of the key beneficiaries of EPCC prospects under the CGPP and the long-term RE growth potential from the National Energy Transition Roadmap. A strong orderbook and balance sheet underpins near-term growth prospects.

#### RETURN STATISTICS

Price @ 23 <sup>rd</sup> May 2024 (RM)	1.39
Expected share price return (%)	+13.0
Expected dividend yield (%)	+0.0
Expected total return (%)	+13.0

#### 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	235.7	375.3
Operating Profit	14.6	20.9	32.4
Profit Before Tax	13.4	20.0	31.5
Core PATAMI	13.0	14.2	22.6
Core EPS (sen)	3.3	3.6	5.7
PER (x)	42.0	38.7	24.3
DPS (sen)	0.50	0.00	0.00
Dividend Yield (%)	0.4%	0.0%	0.0%

#### KEY STATISTICS

FBM KLCI	1629.18
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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**SAMAIDEN: 9MFY24 RESULT SUMMARY**

FYE Jun (RMm)	3Q23	2Q24	3Q24	QoQ	YoY	9M23	9M24	YTD
Revenue	44.6	48.8	75.0	54%	68%	125.6	170.0	35%
Gross profit	6.2	7.3	8.4	15%	34%	18.1	22.4	24%
Admin expenses	(3.8)	(3.8)	(3.5)	-8%	-9%	(9.0)	(10.4)	16%
Other income	0.5	1.0	1.1	9%	125%	1.3	2.9	128%
<b>Operating profit</b>	<b>3.0</b>	<b>4.6</b>	<b>6.0</b>	<b>32%</b>	<b>105%</b>	<b>10.4</b>	<b>14.9</b>	<b>43%</b>
Finance cost	(0.2)	(0.4)	(0.4)	19%	87%	(0.9)	(1.1)	26%
<b>PBT</b>	<b>2.7</b>	<b>4.2</b>	<b>5.6</b>	<b>33%</b>	<b>106%</b>	<b>9.5</b>	<b>13.8</b>	<b>45%</b>
Tax	(0.8)	(1.0)	(1.5)	44%	84%	(2.5)	(3.5)	39%
PAT	1.9	3.2	4.1	30%	116%	6.9	10.2	47%
MI	0.0	(0.0)	(0.0)	-60%	NA	(0.0)	(0.0)	75%
Net profit	1.9	3.2	4.1	30%	116%	6.9	10.2	47%
<b>Core net profit</b>	<b>1.9</b>	<b>3.2</b>	<b>4.1</b>	<b>30%</b>	<b>116%</b>	<b>6.9</b>	<b>10.2</b>	<b>47%</b>
EPS (sen/share)	0.48	0.80	1.04			1.76	2.60	
DPS (sen/share)	-	-	-			-	-	
<b>Margins:</b>				<b>ppts</b>	<b>ppts</b>			<b>ppts</b>
Gross	14.0%	15.0%	11.2%	-3.8	-2.8	14.4%	13.2%	-1.2
EBIT	6.6%	9.4%	8.0%	-1.3	1.4	8.3%	8.8%	0.5
PBT	6.1%	8.6%	7.5%	-1.1	1.4	7.5%	8.1%	0.5
Core net profit	4.3%	6.5%	5.5%	-1.0	1.2	5.5%	6.0%	0.5
Effective tax rate	-30.0%	-24.7%	-26.8%			-26.8%	-25.6%	

Source: Company, MIDFR

**Table 1: Samaiden SOP Valuation**

Units	Equity Value (RMm)	Valuation Method
EPCC business	586.44	FY25F PER (26x)
Tangkak Biomass Plant (Equity Value)	32.35	DCF (WACC: 6%)
<b>Total SOP</b>	<b>618.79</b>	
Shares out	394.0	
<b>Value/share (RM)</b>	<b>1.57</b>	

Source: Company, MIDFR

## FINANCIAL SUMMARY

Income Statement	FY21	FY22	FY23	FY24F	FY25F
<b>Revenue</b>	<b>53.4</b>	<b>150.7</b>	<b>170.8</b>	<b>235.7</b>	<b>375.3</b>
Operating expenses	-45.4	-133.9	-156.2	-214.8	-342.9
<b>Operating profit</b>	<b>8.1</b>	<b>16.8</b>	<b>14.6</b>	<b>20.9</b>	<b>32.4</b>
Net interest expense	-0.0	-0.4	-1.2	-1.0	-0.9
Associates	0.0	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>8.1</b>	<b>16.4</b>	<b>13.4</b>	<b>20.0</b>	<b>31.5</b>
Taxation	-2.1	-4.5	-3.3	-5.4	-8.5
Minority Interest	-0.0	-0.0	-0.0	0.4	0.4
Net profit	5.9	11.9	10.1	14.2	22.6
<b>Core net profit</b>	<b>5.8</b>	<b>12.4</b>	<b>13.0</b>	<b>14.2</b>	<b>22.6</b>
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
<b>Non-current assets</b>	<b>2.0</b>	<b>5.4</b>	<b>6.6</b>	<b>15.6</b>	<b>28.9</b>
Inventories	0.3	0.7	0.5	0.7	1.1
Receivables	4.8	32.2	30.5	42.1	67.0
Others	32.1	50.7	48.7	64.6	98.8
Cash & equivalent	39.4	80.2	108.2	122.2	135.6
<b>Current assets</b>	<b>76.7</b>	<b>163.7</b>	<b>187.9</b>	<b>229.6</b>	<b>302.5</b>
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	47.4	69.9
<b>Total Equity</b>	<b>48.7</b>	<b>86.2</b>	<b>97.9</b>	<b>110.5</b>	<b>133.5</b>
Long-term borrowings	1.0	0.9	1.9	7.6	1.0
Others	0.2	2.9	2.4	2.4	2.4
<b>Non-current liabilities</b>	<b>1.2</b>	<b>3.8</b>	<b>4.4</b>	<b>10.0</b>	<b>3.4</b>
Short-term borrowings	1.1	10.9	4.5	4.5	4.5
Payables	26.7	61.4	69.5	95.8	152.6
Others	0.9	6.8	18.2	24.3	37.3
<b>Current liabilities</b>	<b>28.7</b>	<b>79.2</b>	<b>92.2</b>	<b>124.6</b>	<b>194.5</b>

Cash Flow Statement	FY21	FY22	FY23	FY24F	FY25F
PBT	8.1	16.4	13.4	20.0	31.5
Depreciation & Amortization	0.2	0.2	1.0	3.0	7.3
Chgs in working capital	16.4	5.5	9.9	14.6	31.4
Others	-36.3	-16.1	9.0	-15.2	-29.7
<b>Operating cash flow</b>	<b>-11.7</b>	<b>6.0</b>	<b>33.3</b>	<b>22.3</b>	<b>40.5</b>
Capex	-0.2	-0.5	-1.8	-12.0	-20.5
Others	-5.5	-3.7	1.6	0.0	0.0
<b>Investing cash flow</b>	<b>-5.7</b>	<b>-4.2</b>	<b>-0.2</b>	<b>-12.0</b>	<b>-20.5</b>
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
<b>Financing cash flow</b>	<b>29.1</b>	<b>34.4</b>	<b>-5.6</b>	<b>3.7</b>	<b>-6.6</b>
Net changes in cash	11.6	36.2	27.5	14.0	13.4
<b>Beginning cash</b>	<b>21.2</b>	<b>32.8</b>	<b>69.0</b>	<b>96.7</b>	<b>110.7</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>96.5</b>	<b>110.7</b>	<b>124.1</b>

Key Ratios	FY21	FY22	FY23	FY24F	FY25F
Operating profit margin	15.2%	11.1%	8.5%	8.9%	8.6%
Core net profit margin	10.9%	8.2%	7.6%	6.0%	6.0%
ROE	12.0%	14.4%	13.3%	12.9%	17.0%
ROA	7.4%	7.3%	6.7%	5.8%	6.8%
Net gearing	-77%	-79%	-104%	-100%	-97%
Book value/share (RM)	0.12	0.22	0.25	0.28	0.34
PBV (x)	11.2	6.4	5.6	5.0	4.1
PER (x)	93.8	44.1	42.0	38.7	24.3

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