

Samaiden Group Berhad

(0223 | SAMAIKEN MK) Main | Industrial Products

Tapping the Bright Spots in Indonesia

KEY INVESTMENT HIGHLIGHTS

- Enters JV with PT MCS Bina Energi to tap on Indonesia's RE market
- Samaiden to hold 70% stake in JV; to provide RE technical knowledge and advisory
- Some projects have been identified in Indonesia; some already in discussion stage
- Maintain BUY with an unchanged TP of RM1.57

Tapping the Indonesian market. Samaiden is planning to expand down south to Indonesia to tap on the rapidly expanding renewable energy (RE) market there. Samaiden's entry into Indonesia will be done via a joint venture (JV) arrangement between its wholly owned subsidiary Samaiden SG Pte Ltd and PT MCS Bina Energi (MCS).

JV terms. Samaiden SG and MCS entered into an agreement yesterday to establish a JV company in Indonesia, which will see Samaiden holding a 70% stake and MCS with the remaining 30% stake. The proposed authorised capital shall be IDR10b (RM2.8m) whereby the capital injection will be executed progressively depending on cash flow requirements.

Nature of business. The JV company will be involved in EPCC and investment of solar PV systems and power plants, RE and environmental and consulting services, operation and maintenance services and build-own-operate-transfer RE facilities in Indonesia. The JV arrangement will see Samaiden focussing on providing RE technical knowledge and advisory while MCS shall source and identify potential business opportunities in Indonesia.

Strong replenishment prospects. Management is currently identifying some projects in Indonesia, some of which are already in the midst of discussion. Samaiden's outstanding order book currently stands at RM313.5m. In Malaysia, prospects remain bright for replenishment given the 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 a potential RM300-400m incremental orderbook.

Earnings estimates. We are maintaining our earnings estimates unchanged.

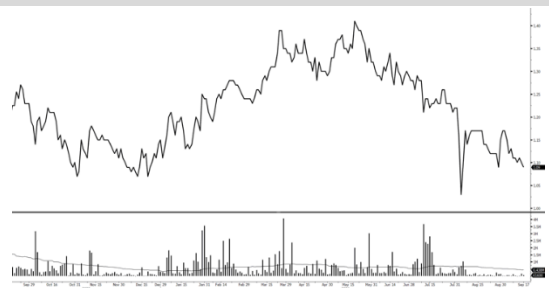
Recommendation. We are positive on Samaiden's proposed entry into Indonesia, where management has identified huge potential for off-grid solutions and from the relocation of the capital to Nusantara. We maintain our SOP-derived **TP** of **RM1.57**. We continue to value the group's EPCC business at 26x 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

Maintain BUY
Unchanged Target Price: RM1.57

RETURN STATISTICS

Price @ 17 th Sep 2024 (RM)	1.09
Expected share price return (%)	+44.0
Expected dividend yield (%)	+0.0
Expected total return (%)	+44.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.8	-9.1
3 months	-15.5	-21.4
12 months	-9.2	-20.4

INVESTMENT STATISTICS

FYE Jun (RMm)	2023A	2024A	2025F
Revenue	170.8	227.2	374.7
Operating Profit	14.6	23.5	31.8
Profit Before Tax	13.4	21.9	31.1
Core PATAMI	13.0	16.0	22.3
Core EPS (sen)	3.3	4.1	5.7
PER (x)	33.0	26.6	19.1
DPS (sen)	0.50	0.70	0.00
Dividend Yield (%)	0.5%	0.6%	-

KEY STATISTICS

FBM KLCI	1,664.28
Issue shares (m)	418.53
Estimated free float (%)	28.66
Market Capitalisation (RM'm)	456.19
52-wk price range	RM1.00-RM1.42
3-mth average daily volume (m)	0.47
3-mth average daily value (RM'm)	0.58
Top Shareholders (%)	
Ir Chow Pui Hee	31.36
Foon Fong Yena	20.73
Chudenko Corp	13.94

Analyst
Royce Tan Seng Hooi
 royce.tan@midf.com.my
 03-2173 8461


from the National Energy Transition Roadmap. The balance sheet remains strong with a net cash position of RM122.3m, underpinning near-term growth prospects. 

Table 1: Samaiden SOP Valuation

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

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement	FY21	FY22	FY23	FY24F	FY25F
Revenue	53.4	150.7	170.8	227.2	375.3
Operating expenses	-45.4	-133.9	-156.2	-203.8	-342.9
Operating profit	8.1	16.8	14.6	23.5	32.4
Net interest expense	-0.0	-0.4	-1.2	-1.6	-0.9
Associates	0.0	0.0	0.0	0.0	0.0
PBT	8.1	16.4	13.4	21.9	31.5
Taxation	-2.1	-4.5	-3.3	-5.8	-8.5
Minority Interest	-0.0	-0.0	-0.0	-0.0	0.4
Net profit	5.9	11.9	10.1	16.0	22.6
Core net profit	5.8	12.4	13.0	16.0	22.6
Balance Sheet	FY21	FY22	FY23	FY24F	FY25F
PPE	1.9	1.8	3.3	5.2	25.5
Others	0.1	3.5	3.4	2.7	3.4
Non-current assets	2.0	5.4	6.6	7.9	28.9
Inventories	0.3	0.7	0.5	0.4	1.1
Receivables	4.8	32.2	30.5	47.5	67.0
Others	32.1	50.7	48.7	17.0	98.8
Cash & equivalent	39.4	80.2	108.2	132.2	135.6
Current assets	76.7	163.7	187.9	197.2	302.5
Share capital	35.6	60.9	62.6	85.0	62.6
Minority Interest	-0.0	0.2	0.1	0.1	1.0
Reserves	13.2	25.1	35.2	49.4	69.9
Total Equity	48.7	86.2	97.9	134.6	133.5
Long-term borrowings	1.0	0.9	1.9	1.8	1.0
Others	0.2	2.9	2.4	1.8	2.4
Non-current liabilities	1.2	3.8	4.4	3.6	3.4
Short-term borrowings	1.1	10.9	4.5	6.6	4.5
Payables	26.7	61.4	69.5	37.5	152.6
Others	0.9	6.8	18.2	22.7	37.3
Current liabilities	28.7	79.2	92.2	66.9	194.5

Cash Flow Statement	FY21	FY22	FY23	FY24F	FY25F
PBT	8.1	16.4	13.4	21.9	31.5
Depreciation & Amortization	0.2	0.2	1.0	1.0	7.3
Chgs in working capital	16.4	5.5	9.9	-47.8	31.4
Others	-36.3	-16.1	9.0	26.4	-29.7
Operating cash flow	-11.7	6.0	33.3	1.4	40.5
Capex	-0.2	-0.5	-1.8	-2.1	-20.5
Others	-5.5	-3.7	1.6	3.9	0.0
Investing cash flow	-5.7	-4.2	-0.2	1.8	-20.5
Dividends paid	0.0	0.0	0.0	-2.0	0.0
Movement in borrowings	1.0	9.8	-5.4	-0.1	-6.6
Others	28.0	24.6	-0.2	24.1	0.0
Financing cash flow	29.1	34.4	-5.6	22.0	-6.6
Net changes in cash	11.6	36.2	27.5	25.2	13.4
Beginning cash	21.2	32.8	69.0	96.6	110.7
Overdrafts, Deposits & Forex	0.0	0.0	0.0	0.0	0.0
Ending cash	32.8	69.0	96.5	121.9	124.1

Key Ratios	FY21	FY22	FY23	FY24F	FY25F
Operating profit margin	15.2%	11.1%	8.5%	10.3%	8.6%
Core net profit margin	10.9%	8.2%	7.6%	7.1%	6.0%
ROE	12.0%	14.4%	13.3%	11.9%	17.0%
ROA	7.4%	7.3%	6.7%	7.8%	6.8%
Net gearing	-77%	-79%	-104%	-92%	-97%
Book value/share (RM)	0.12	0.22	0.25	0.34	0.34
PBV (x)	11.2	6.4	5.6	3.2	4.1
PER (x)	73.6	34.6	33.0	26.6	19.1

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