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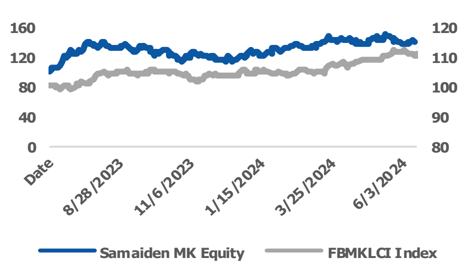
Recommendation:	**BUY**
Current Price:	**RM 1.30**
Previous Target Price:	**N/A**
Target Price:	**RM 1.66**
Upside/Downside:	**27.7%**

Stock information	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0223 / SAMAIDEN MK
Syariah Compliant	Yes
FTSE4Good Index	No
FTSE ESG Rating	N/A
Bloomberg ESG Rating	N/A
Shares issued (m)	418.5
Market Cap (RM' m)	544.1
52-Week Price Range (RM)	0.91-1.42
Beta (x)	1.0
Free float (%)	28.7
3M Average Volume (m)	0.7
3M Average Value (RM' m)	0.9

Top 3 Shareholders	**(%)**
Ir Chow Pui Hee	31.4
Fong Yeng Foon	21.3
Chudenko Corp	14.3

Share Price Performance



	1M	**3M**	**12M**
Absolute (%)	-6.5	-3.0	36.8
Relative (%)	-4.8	-5.9	19.7

Samaiden Group Berhad

Harnessing Opportunities in Renewable Energy

Summary

- **Samaiden poised to benefit from long term RE capacity rollout to achieve RE target mix of 70.0%.**
- **Core earnings are expected to improve driven by (i) unbilled orderbook of RM354.3m, ii) recent EPCC project win at KHTP worth RM100.0m, iii) ongoing tenders from CGPP valued c.RM350.0m, iv) & 2.0GW quotas from LSS5, estimated yield RM5.8bn, and v) ongoing efforts to replenish orders from various clean energy solutions.**
- **We initiate coverage on Samaiden with a BUY recommendation and TP of RM1.66 based on our SOP calculation.**

Company Background

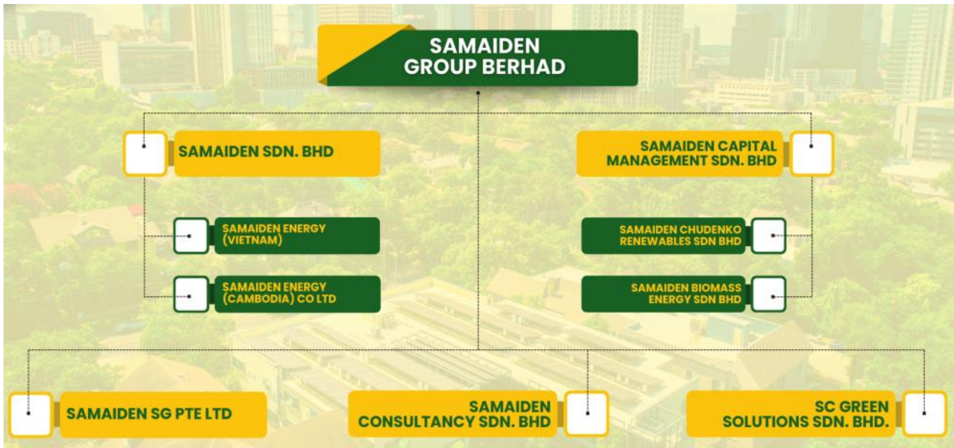
- Established in 2013, Samaiden debut on the ACE Market of Bursa Malaysia in 2020 and, transitioned to the Main Board in 2023. Specialising in EPCC services for solar, biomass, biogas, and hydro-related projects, the Group has successfully completed over 200 RE projects. To further penetrate into both existing and new markets, Samaiden is expanding offerings to meet a wider array of customer needs, including energy efficiency (EE), energy storage systems (ESS), green hydrogen, renewable energy certificates (RECs), as well as environmental consultation and operation and maintenance (O&M) as value-added services.

- Samaiden's regional expansion entails strategically formation of partnerships and collaborations with local entities to unlock new growth opportunities. The Group has established subsidiaries in high-growth potential markets, including Cambodia, Singapore, and Vietnam, thereby enhancing market presence and visibility. Since 2023, Samaiden has entered into several MOUs with companies in Taiwan and Cambodia, focusing on development of RE and sustainable economic projects, laying the groundwork for market penetration and business expansion.

- Beyond engineering, procurement, construction, and commissioning (EPCC) services, Samaiden owns assets across various Renewable Energy (RE) sources, aiming to achieve 10.0% of total revenue by 2027. The Group currently holds seven Power Purchase Agreements (PPAs) totaling 53.7MW, which include 43.3MW in CGPP solar assets, 7.0MW biomass power plant, 1.2MW biogas power plant, and other solar assets totaling 2.2MW. These assets are capable of generating at least two decades of recurring income, providing a sustainable revenue stream over the long run.

- Today, Samaiden stands as one of the prominent EPCC players in Malaysia, having completed LSS EPCC projects with a total capacity of 379.0MW. The Group has received several notable awards, including recognition by the Malaysia Book of Records for constructing the 'Largest Solar Rooftop by a Single Company' with a total capacity of 30.4 MW, and the SME 100 Award for Fast Moving Companies. Notably, Samaiden was the first in the industry to complete and commence commercial operation of one of the LSS4 projects.

Corporate Structure



Source: Company

- **Management and shareholdings.** Samaiden is led by two key players, Managing Director Ir. Chow Pui Hee and co-founder Mr. Fong Yeng Foon. Ir. Chow Pui Hee holds a degree in Engineering and possesses a certificate in designing grid-connected PV systems by SEDA. Meanwhile, Mr. Fong Yee Foon holds a degree in Engineering from the UK. Both leaders bring over 20 years of experience in the engineering, RE and environmental sectors. In terms of shareholdings, Ir. Chow Pui Hee owns the largest portion of Samaiden at 31.4%, followed by Mr. Fong Yeng Foon with 21.3%, and Chudenko Corporation with 14.3%.

- Chudenko Corp., a leading Japanese engineering company with a market capitalisation of JPY¥182.3bn (as of Jun 21), has been a substantial shareholder in the Group since March 2022.

Business Overview

- **Business Model.** Samaiden is primarily engaged in EPCC of RE projects, with a particular focus on solar-related projects. As a turnkey solar EPCC solution provider, the Group offers a wide array of solar PV systems, ranging from small rooftop installations for residential and commercial buildings to large-scale ground-mounted and floating solar PV systems. Beyond core solar energy offerings, Samaiden also provides expertise in biogas, biomass, mini-hydro, environmental consultancy, O&M, Battery Energy Storage Systems (BESS), green hydrogen, EV charging stations, waste-to-energy solutions, and Renewable Energy Certificates (RECs). As a clean energy provider, Samaiden also invests in RE assets to achieve carbon avoidance objectives.

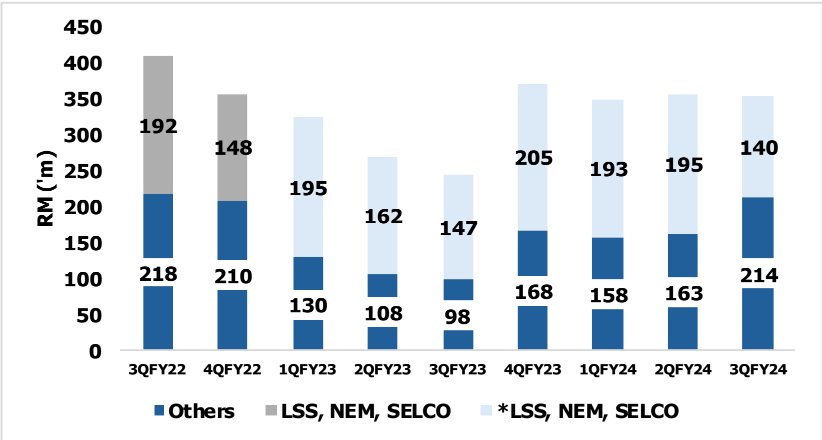
Business Activities

Business Divisions	Explanation
EPCC	Engineering, procurement, construction, and commissioning (EPCC) in Solar Photovoltaic (PV) systems, Biomass and Biogas, Mini Hydro, and Green Hydrogen.
Power Supply	Sales of electricity generated through its self-constructed RE plant.
Others	Environmental consulting, operations and maintenance (O&M), Energy efficiency (EE) solutions, Battery Energy Storage Systems (BESS), EV charging stations, Waste-to-Energy Solutions, and Renewable Energy Certificates (RECs).

Source: Company, Apex Securities

- EPCC has been the dominant earnings contributor, averaging 96.9%, with the remainder from power supply and other services in FY20-FY23. We estimate that solar EPCC constitutes c.65.0%, driven by govt initiatives such as LSS, SELCO, and NEM. With the ongoing rollout of solar-related programs, the Group has achieved record turnovers each year. In 9MFY24 alone, EPCC contribution at RM169.9m, comes close to FY23's RM170.1m. Samaiden actively participated in LSS jobs, with an average market share of 15.4% based on past LSS cycles. As of 3QFY24, outstanding order book stood at RM354.3m with approximately 70.0% from ground-mounted solar PV projects, and the remainder for residential, C&I, and biomass tenders. This includes a recently secured 50.0MW EPCC project from Kulim Hi-Tech Park (KHTP) worth RM100.0m, equivalent to 2.1x FY23’s revenue.

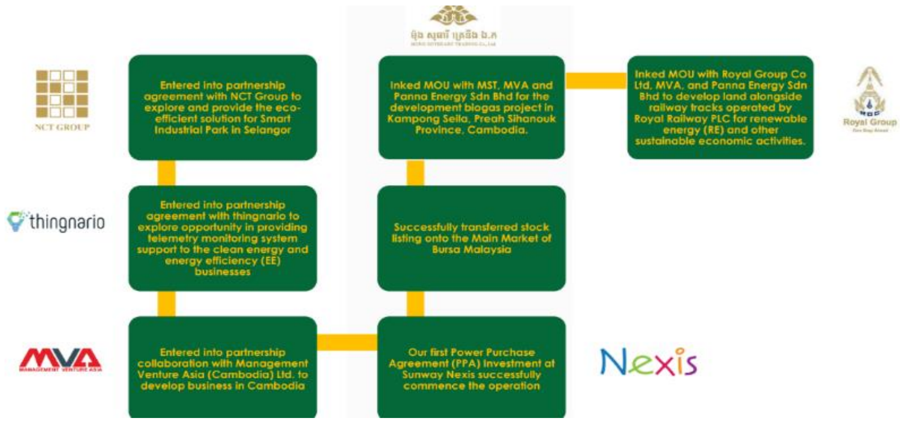
Orderbook breakdown



**Based on forecast*
Source: Samaiden, Apex Securities

- Since listing on Bursa Malaysia, Samaiden has been dedicated to expand presence across the ASEAN region. The journey began in 2021 with the establishment of a regional subsidiary in Vietnam, followed by expansions into Cambodia and Singapore in 2023, marking the Group penetration into regional RE markets. Since 2023, the Group has formed several partnerships in Cambodia and collaborated with a Taiwan-based company in various RE fields, as part of its ongoing efforts to enhance brand presence and establish long-term RE opportunities in the region. While Malaysia remains the primary revenue driver, we have yet to factor in any potential regional venture contribution into our valuation, as we expect these initiatives will take another 1-2 years to materialise.

Key Development in regional markets



Source: Samaiden

- Samaiden is well-known for quality assurance and timely project completion. Notably, the Group was selected by Ramatex to develop rooftop solar PV systems for all six factories in Batu Pahat, Johor, boasting a combined capacity of 39.0MW. This landmark project represents the largest rooftop solar installation in Malaysia, earned Samaiden recognition from the Malaysia Book of Records for constructing the Largest Solar Rooftop by a Single Company in 2023. The Group's expertise is further highlighted by pioneering efforts in completing the 15.0MW LSS4 project in Nibong Tebal, Seberang Perai, solidifying Samaiden's reputation for efficient and effective project execution.

Award Recognition

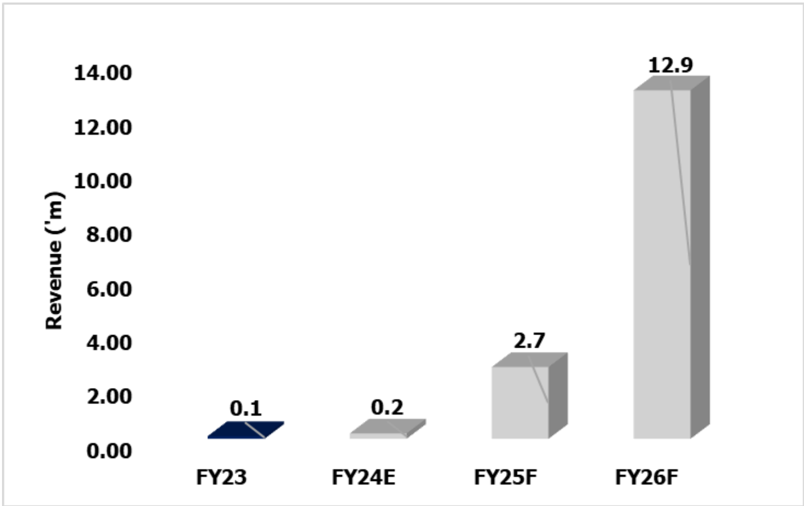
Source: Samaiden

- One aspect that sets Samaiden apart from other solar EPCC players is the Group's specialisation in bioenergy solution particular in biomass. Biomass projects demand extensive technological expertise and R&D, coupled with high capex, posing significant barriers to entry for market players. For instance, the capex for biomass projects typically ranges from RM11-13m/MW, compared to RM2.5-3m/MW for solar projects, which is a challenge for smaller players to fork out sizeable CAPEX to undertake the projects.

- As part of National Energy Transition Roadmap (NETR), bioenergy is a key focus along alongside solar energy which aims to hit 1.4GW power generation by 2050 (as of 2023, 80.6% of 0.7GW from biogas). Based on recent developments, SEDA is conducting a pilot project under NETR: biomass clustering, which aims to produce 444.0MW from bioenergy. This initiative plans to consolidate more than 100 mills across Peninsular Malaysia into eight to ten clusters, each with a one-stop power plant having a capacity of 20.0MW to 30.0MW. This project is anticipated to take about a year to complete, with the same model to be implemented across various states thereafter. Given this context, there are anticipations for more initiatives and support for biomass projects, including the rollout of additional Feed-in Tariff (FiT) quotas. These developments are anticipated to draw in more projects for Samaiden, highlighting a promising outlook for the Group.

- Besides EPCC business, Samaiden also delves into asset ownership, steadily expanding RE portfolio since 2022 with a target of achieving 10.0% recurring income by 2027. At present, RE portfolio comprise seven PPAs: CGPP solar assets (43.3MW), a biomass power plant (7.0MW), a biogas power plant (1.2MW), and other solar assets totaling 2.2MW, with a combined capacity of 52.7MW. As of 9MFY24, power supply contributions were modest at RM0.02m, accounting for less than 0.1% of total revenue, with only one PPA operational during the period. We anticipate the said figure bump up to RM0.2m/RM2.7m/RM12.9m in FY24E/FY25F/FY26F, respectively, after taking into account of COD of the assets, offering the Group a stream of passive income for at least two decades.

Power Supply from FY23 to FY26F



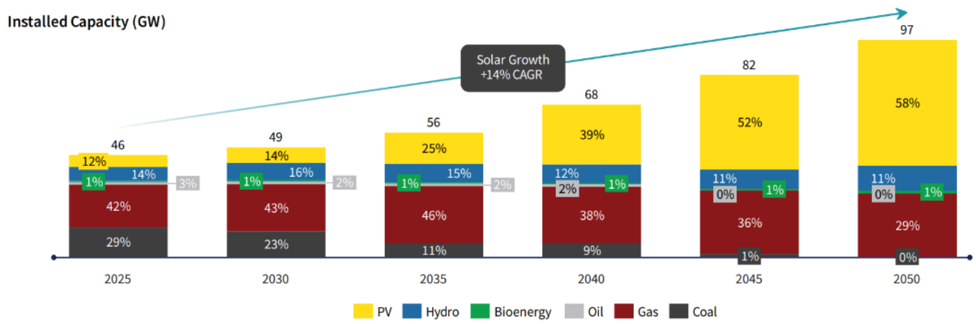
Source: Samaiden, Apex Securities

Industry Overview

- **National Energy Transition Roadmap (NETR).** On 23 August 2024, Malaysia government launched the NETR as advancing the net-zero ambition with laying out a more aggressive 70.0% RE capacity mix target by 2050. To support this transition, six energy transition levers and ten flagship projects have been outlined, requiring an estimated total investment of approximately RM637.0bn.

  The roadmap highlighted a few key observations:
  1. No new coal plants development, leading to near-complete phase-out by 2045.
  2. Gas will serve as a transition fuel away from coal as the primary source for baseload power.
  3. 70.0% RE share by 2050 is primarily driven by solar PV with 59.0GW installed capacity.

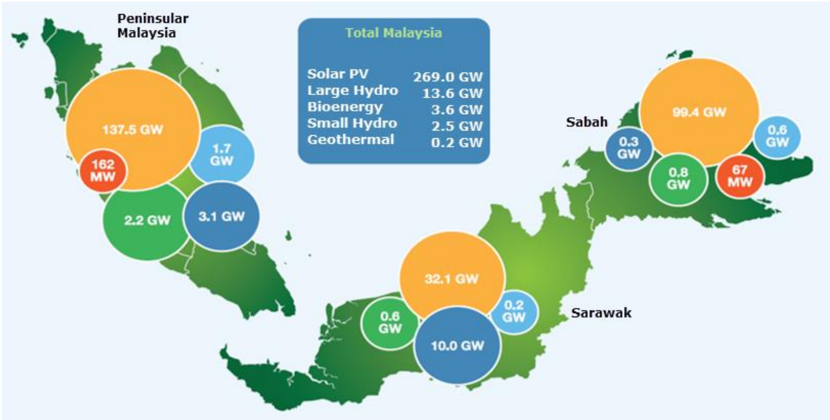
Projected power mix 2050



Source: NETR

- The RE capacity mix target by 2050 represents a significant push for energy transition, requiring the addition of over 50.0GW of RE capacity to the power system. Among the NETR RE capacity, solar is expected to play a prominent role in achieving the 2050 aspiration, with a target installed capacity of up to 59.0GW. One significant aspect highlighted in NETR is Malaysia's abundant solar PV potential, with 269.0 GW of potential resources out of a total of 290.0GW RE resources. Given Malaysia's geographical location near the equator, the country receives solar radiation at a direct 90-degree angle, resulting in dense solar radiation and high energy production per square meter. Therefore, solar energy is poised to play a crucial role in Malaysia's journey towards achieving its net-zero ambition.

RE resource potential in Malaysia



Source: SEDA

RE resource potential in Malaysia in table

Gigawatt (GW)								
Solar		Bioenergy		Location	Small Hydro	Large Hydro	Geothermal
Ground-mounted	210	Biomass	2.3	Peninsular	1.7	3.1	0.2
Rooftop	42	Biogas	0.7	Sabah	0.6	0.5	0.1
Floating	17	Solid Waste	0.5	Sarawak	0.2	10.0	0.0
Total	269	Total	3.6	Total	2.5	13.6	0.2

Source: SEDA, Apex Securities

- There are several initiatives aimed at promoting RE development, including the FiT programme, SELCO, NEM mechanism, LSS, and CGPP projects.

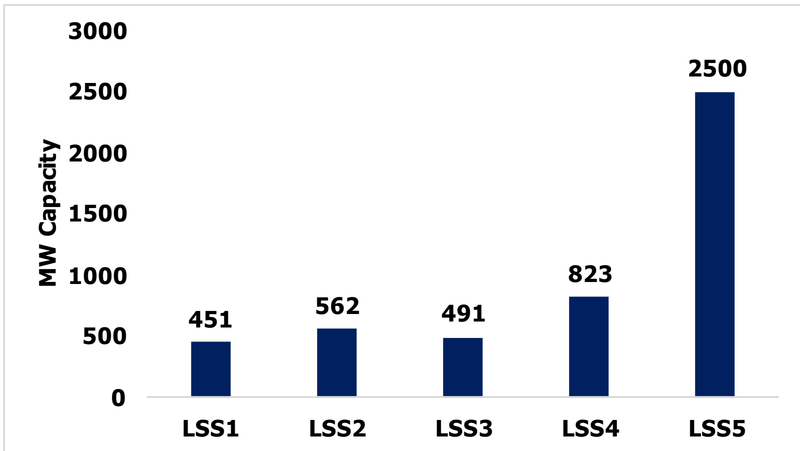
- **Feed-in Tariff (FiT).** FiT program began in 2004, allowing selected customers to export solar energy to the TNB grid and the quota has long been fulfilled for solar. FiT is being replaced by LSS auctions, NEM, and SELCO due to better cost efficiency. By 2021, SEDA had awarded FiT quotas totaling 174,672MW for biogas, biomass, and small hydro resources to 34 companies. In 2021 alone, FiT projects generated 1.35 TWh, comprising 33.0% solar PV, 12.0% biomass, 34.0% biogas, and 21.0% small hydropower.

- **Self-Consumption (SELCO).** SELCO scheme introduced in 2017 is available for solar PV system owners who intend to use the electricity generated for self-consumption purposes. Electricity generated from SELCO cannot be exported to the grid, limiting owners from securing compensation of excess energy generated. SELCO is part of the NEM program, emphasising self-consumption, with any surplus energy allowed to be exported and sold to the utility at a reduced rate. As of December 2020, 93.0MW capacity has been installed under the SELCO scheme.

- **Large-Scale Solar (LSS).** LSS is designed to accelerate the uptake of large -scale solar PV systems involved in 1-100M bidding process. LSS1 first started in 2017 with a 451.0MW allocation followed by LSS2 in 2019 with 562.0MW quota, LSS3 in 2021 with 491.0MW quota. Thereafter, LSS4 quota has scaled up to 823.0MW. On 24 April 2024, LSS program expanded further to the fifth bidding cycle with a massive 2.0GW allocation, surpassing the combined capacities of LSS1 to LSS3 (1.5GW). LSS5 is divided into four packages, allowing companies to bid based on their scale, with operations scheduled to commence in 2026. We reckon with 2.0GW allocation, this will potentially generate construction value of RM5.8bn and will keep EPCC players busy throughout 2026.

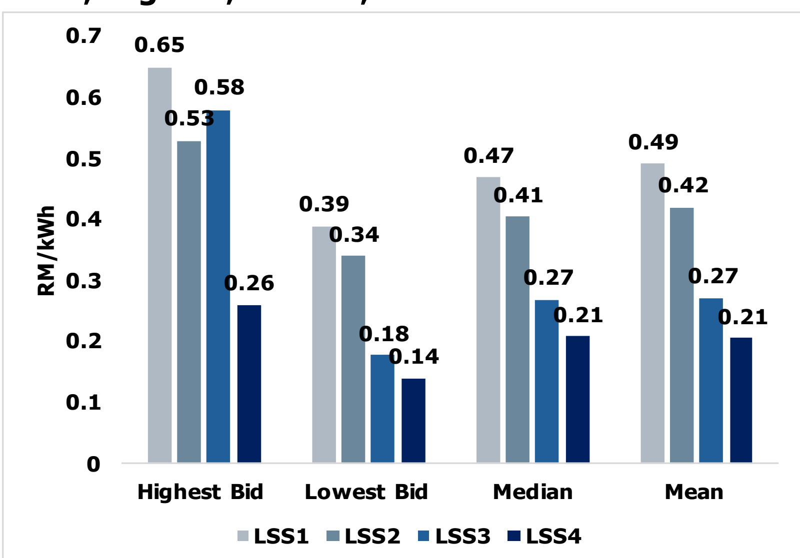
- Over the four auction cycles, there's been a consistent decline in mean, highest, lowest, and mode bids. LSS3 recorded bids at RM0.58/kWh, RM0.18/kWh, and RM0.27/kWh for mode and mean, respectively. LSS4 achieved the lowest bid cycle among all LSS cycles, with bids at -55.0%, -21.0%, -22.0%, and -24.0% change against LSS3, despite having the highest allocation quota ever with 823.0MW. We noted that decision-makers are more focused on project feasibility and viability rather than opting for the most economical option available as average mean bid of LSS3 and LSS4 is still way higher. Considering Malaysia's commitment to promoting RE affordability and attractiveness in the grid parity era, we anticipate bid rates for LSS5 will continue to decrease, potentially at c.0.17-0.20 sen/kWh.

Total quota LSS awarded



Source: EC, Apex Securities

Mean, Highest, Lowest, and Median Bids in LSS



Source: EC, Apex Securities

LSS5 Programme

Packages	Quota (MW)	Generation Capacity	Type	Eligibility
1	250	1MW to 10MW	Rooftop or Ground Solar Power Plant	Companies with at least 51% Bumiputera ownership
2	250	10MW to 30MW	Rooftop or Ground Solar Power Plant	Companies with at least 51% Bumiputera ownership
3	1000	30MW to 500MW	Rooftop or Ground Solar Power Plant	Companies with at least 51% domestically owned ownership
4	500	10MW to 500MW	Floating solar power plants	Companies with at least 51% domestically owned ownership

Source: EC, Apex Securities

- **Net Energy Metering (NEM).** The NEM program in Malaysia has evolved significantly over the years, showcasing the country's dedication to promoting RE adoption.

Summary of NEM evolution in table

NEM	Summary
1.0	• Total capacity of 500 MW • The scheme prioritized self-consumption, allowing surplus electricity to be exported and sold to the utility at a displaced cost.
2.0	• Introduced in Oct 18, allowed excess solar electricity to be compensated on a one-on-one basis, effective from early 2019. • Total capacity of 500 MW • Saw a significant increase in rooftop solar PV capacity installations, with 94 MW installed by the end of Nov 19, compared to 14 MW in NEM 1.0.
3.0	• Announced on Dec 20, split into three categories. • Total capacity of 1050 MW • NEM Rakyat: Targeted at residential customers, with 150 MW capacity. • NEM GoMEn: Aimed at lowering electricity bills of government buildings and offices, with a 100 MW quota. • NEM NOVA: Targeted at commercial and industrial consumers affected by the COVID-19 pandemic, with a 800 MW allocation.
4.0	• Announced in Jan 24, with additional 400MW quota for residential (100MW) and C&I (300MW) segments offering more opportunities for accelerating up the installed capacity. • As of Mar 24, the residential quota was further raised to 350MW, alongside the launch of the Solar for Rakyat Incentive Scheme (SolaRIS), providing a rebate of RM1,000/kWac up to RM4,000, expediting the ambitious process.

Source: SEDA, Apex Securities

- **Corporate Green Power Purchase (CGPP).** CGPP agreement is a virtual power purchase arrangement designed for corporate consumers to procure solar energy from solar power producers (SPPs) virtually. A total of 32 successful applicants have secured capacity, with listed companies claiming 80.0% of the allocation, equivalent to 643.0MW out of the total 800.0MW. Some of key winners in solar EPCC projects were Solarvest (90.0MW), Sunview (60.0MW), Samaiden (43.3MW), and Pekat (30.0MW), in addition to TENAGA's 90.0MW.

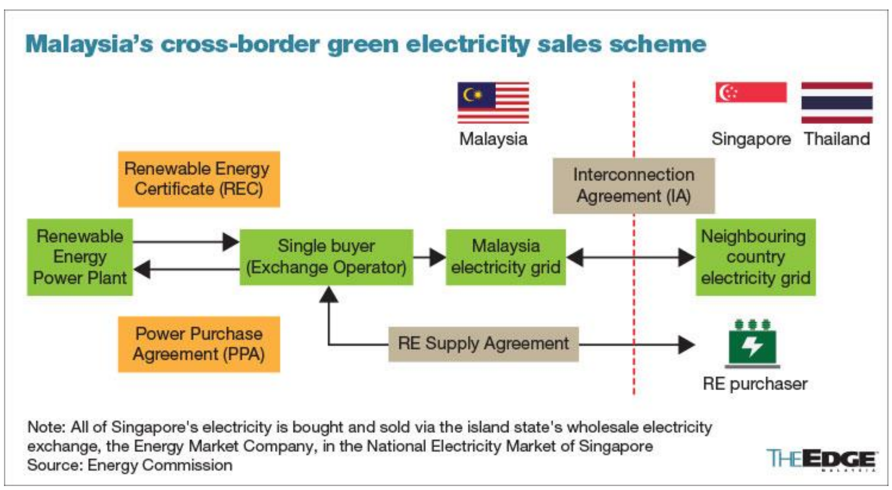
- This allocation offers significant opportunities for EPCC players to capitalise on CGPP plant constructions. We reckon total EPCC construction value for 800.0MW capacity is c.RM2.2bn, which could keep EPCC players busy until 2025. CGPP projects offers better margins due to availability for players to select own offtaker. As of April 2024, Single Marginal Price at 22.9sen/kWh, is higher than the LSS4 bids range of 18 to 20 sen/kWh for installations between 30.0MW to 50.0MW. We anticipate that construction jobs will flow to EPCC players starting from 3Q/4Q2024, aligning with the commitment to start COD by the end of 2025.

- **RE Export.** In May 2023, Malaysia lifted the export ban on renewable energy (RE), enabling cross-border RE trade to meet strong demand in Singapore. On 24 April 2024, the government launched Energy Exchange Malaysia (Enegem) with a pilot phase exporting 100.0MW of RE to neighbouring countries using existing capacity and infrastructure. The RE export tariff rate will be determined through an auction model where the highest bid is chosen.

- Regulated electricity tariff in Singapore stands at SGD0.2979/kWh before GST (equivalent to RM1.046/kWh) for 1H2024, while Malaysia's average electricity tariff for March 2024 was approximately RM0.20/kWh. Currently, local RE players will not directly benefit from the higher prices gained, as any profits from this gap will be channelled to the government's energy transition fund. To fulfil Singapore's requirement of maintaining a 75.0% load factor for electricity supply, 450MW of solar generation capacity supported by 1.5GW of battery storage is required.

- According to Datuk Seri Fadillah Yusof, the Minister of Energy Transition and Water Transformation, Enegem's energy mix in pilot phase will include at least 30.0% solar-generated power. Although hydroelectricity remains the largest RE power generation source accounting to c.20.0% in Malaysia, preference for solar energy is on the rise due to concerns about river ecology, displacement of residents, and greenhouse gas emissions from flooded forests. We believe solar energy will gradually become a key component in the energy mix and will drive further investment in cross-border RE trade, creating long-term demand for RE contractors.

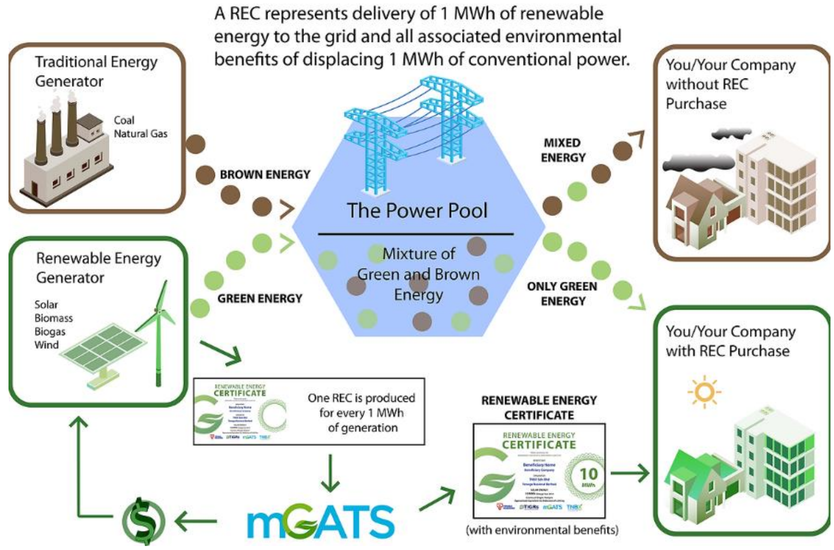
Cross-border RE trade flow



Source: The Edge

- **Renewable Energy Certificates (RECs).** RECs are market instruments representing 1.0MWh of renewable energy generated and delivered to the grid. This mechanism enables REC owners to certify that the electricity consumed is from renewable sources, aligning with best practices to reduce carbon footprints. In April 2024, the government introduced the Green Electricity Tariff (GET), offering quotas of up to 6,600GWh at rates of 10 sen/kWh for low-voltage users and 20 sen/kWh for medium and high-voltage users. Subscribers receive Malaysia RECs (mREC), and the GET is applied on top of normal tariff rates. Despite the absence of direct financial benefits, subscription levels reached up to 41.1% as of 21 Jun 2024, indicating strong demand from corporate consumers. In May 2024, the government launched commercial trading of RECs through the Malaysia Green Attribute Trading System operated by TENAGA. At the present stage, RECs cannot be transferred abroad, aligning with Malaysia's focus on promoting domestic RE utilisation and sustainability.

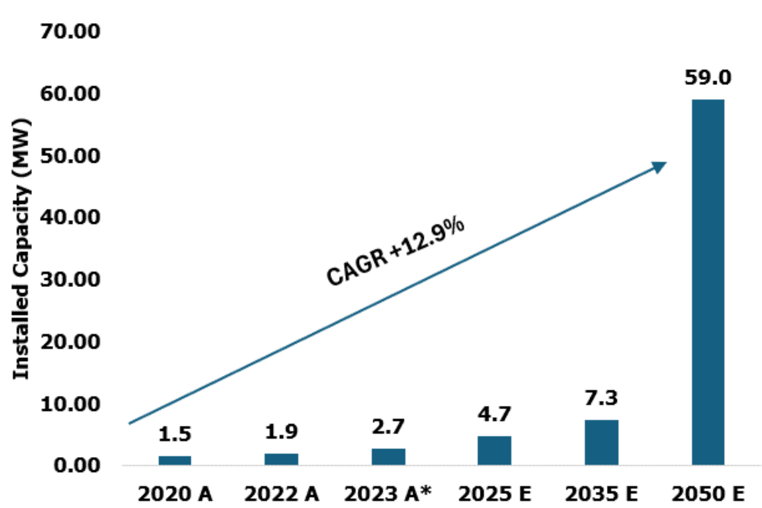
REC process flow



Source: TNBX

- **Solar power shining brighter.** Combining MyRER's goals of 2.7GW and 7.3GW with NETR's projection of 59.0GW, Malaysia's solar capacity is expected to grow by 12.9% annually from 2025. This underscores the requirement for Malaysia government to allocate at least 2.2GW/year in solar energy to support the shift towards a greener economy. We reckon the LSS programme and similar large-scale initiatives will be rolled out gradually, serving as a crucial arm to achieve nation's RE goals. The new added category of floating solar with a quota of up to 500.0MW under LSS5 further signify government's commitment to expanding solar PV deployment.

Malaysia Historical and Target Solar Installed Capacity



Source: MyRER, NETR, Apex Securities

2023 A as at [Aug 2023](#).*

Investment Highlights

- **Specialist in ground-mounted solar PV.** With over a decade of active presence in the industry, Samaiden has built a proven track record, particularly in ground-mounted solar PV system projects. Based on past LSS cycles, the Group has consistently secured an average of 15.4% of EPCC job flows, boasting a total capacity of 379.0MW. Samaiden has earned a reputation for reliability by delivering over 200 renewable energy projects on time, without delays. Notably, the Group was the first in the industry to complete and commercialize one of the LSS4 projects in Nibong Tebal, Penang.

- **Not just about Solar.** A key distinguishing factor between Samaiden and other solar EPCC players is its expertise in bioenergy solutions, particularly in biomass. Biomass projects are more complex and resource-intensive (RM11.0-13.0m/MW) compared to solar projects, presenting a significant challenge for smaller players entering the market. Historically, Samaiden's bioenergy projects have achieved expected IRRs of 8.0-12.0%, which is significantly higher than the single-digit figures typically seen in ground-mounted solar projects. Currently, Samaiden has two ongoing biomass projects with a total installed capacity of 12.0MW. We estimate these projects could generate up to RM110.0m in revenue over the next three years.

- **RE portfolios.** Samaiden owns, develops, and operates various renewable energy (RE) assets in Malaysia, with a target to achieve 10.0% recurring income as a proportion of total revenue by 2027. The current portfolio includes: (i) 43.3MW solar assets under CGPP, (ii) a 7.0MW biomass power plant, (iii) a 1.2MW biogas power plant, and (iv) 2.2MW of other solar assets, totaling 53.7MW. As of 9MFY24, power supply contributions remained modest at RM0.02m (<0.1% of total revenue), with only one PPA in operation. We project this amount will grow to RM0.2m/RM2.7m/RM12.9m in FY24E/FY25F/FY26F, respectively, assuming all power plants commence operations as scheduled. This expansion is expected to provide at least two decades of recurring income for the Group.

- **Solid order replenishment prospects.** Samaiden currently boasts an order book valued at RM354.3m, comprising approximately 60.0% solar, 30.0% biomass, and 10.0% others. This includes an EPCC project win at KHTP worth RM100.0m, equivalent to 2.1 times FY23's revenue. In the near-term, the said figure is expected to rise further from EPCC tenders of 800.0MW CGPP projects, with reckon Samaiden potentially securing RM350.0m in EPCC jobs. Separately, recent government RE developments include i) allocate 2.0GW from LSS5, estimated to yield a value of RM5.8bn, ii) an additional quota of 400.0MW from NEM initiatives, iii) a one-time cash rebate with a maximum cap of RM4,000 under the Solar for Rakyat Incentive Scheme (SolaRIS) and iv) SEDA's pilot project on biomass clustering aim to produce 444.0MW of bioenergy, creating potential for additional FiT quotas in biomass initiatives, further providing a promising outlook for order replenishment to Samaiden in the coming period.

Financial Highlights

- In 9MFY24, Samaiden achieved a 45.1% yoy increase in PBT to RM13.8m, driven by a 35.4% yoy rise in revenue, mainly recognition from ongoing LSS4 projects. Despite that, core margins compressed marginally from 5.2% to 5.1%, primarily due to lower contributions from residential and C&I projects, resulting in a decline in GP margin. Currently, the Group has one remaining LSS4 project, the Kuala Muda project, with 30.0% of value remains outstanding, expected to be fully recognised in FY25F. In terms of the balance sheet, Samaiden remains healthy, with a net cash position of RM96.9m and a net gearing ratio of 0.04x.

- Moving forward, we project Samaiden's core net profit to register at RM14.5m/RM20.6m/RM30.2m in FY24E/FY25F/FY26F, respectively. This projected growth will be mainly driven by i) progressive recognition of an unbilled order book of RM354.3m, ii) ongoing tenders from CGPP, expected to secure approximately RM350.0m in replenishments, iii) 2.0GW quotas from LSS5, potentially yielding RM5.8bn in EPCC jobs, iv) ongoing efforts to replenish order books from NEM and FiT initiatives, and v) contributions from CGPP solar assets. Given the Group's strong track record in securing EPCC job flows from past LSS cycles, LSS5 remains the main order replenishment component in our model.

Valuation & Recommendation

- We initiate coverage on Samaiden Group Berhad with a **BUY** recommendation and a target price of RM1.66 based on Sum-of-Parts (SOP) valuation. We apply 30.0x P/E multiple to the EPCC contribution, which represents slight discount to 35.0x PE we assigned on the closest peer, Solarvest's, after taking into consideration of Samaiden's smaller market cap and market share in solar installations industry. Meanwhile, we derive the value of the solar assets from DCF methodology, with key assumptions of WACC at 6.6%.

- We favor Samaiden due to (i) a solid track record of delivering 200 RE projects in a timely manner, (ii) specialization in ground-mounted solar PV systems, capturing an average of 15.4% market share of EPCC jobs from LSS projects, (iii) expertise in bioenergy solutions, particularly in biomass, (iv) robust order book replenishment, consistently around RM350.0m, (v) strong fundamentals, with a net cash position of RM96.9m and a low gearing ratio of 0.04x as of 9MFY24, (vi) benefits from the normalisation of solar module prices, and (vii) long-term RE industry growth potential from the rollout of NETR.

Peers Comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM 'm)	P/E (x) FY24	FY25F	FY26F	Gross DY (%)	Revenue RM 'm	Net Income RM 'm
Samaiden Group Bhd	**MAIN**	**Jun**	**1.30**	**544.1**	**60.2**	**42.4**	**28.9**	**0.00**	**233.8**	**14.5**
Solarvest Holdings Bhd	MAIN	Mar	1.56	1084.8	33.3	22.3	18.7	0.00	492.6	33.6
Sunview Group Bhd	MAIN	Mar	0.75	383.5	41.0	41.0	41.0	0.00	465.9	9.6
Pekat Group Bhd	MAIN	Dec	0.89	574.0	38.0	38.0	38.0	1.12	238.4	14.3
Avg ex-Samaiden Group Berhad					**43.1**	**35.9**	**31.6**	**0.3**	**357.7**	**18.0**

** Pekat & Sunview P/E multiple fotrecasts based on Bloomberg consensus expectations*

Source: Bloomberg, Apex Securities

Key Risks

- **Fluctuation in solar module costs**. Solar PV modules and inverters are the biggest cost drivers in a solar PV project, making up about 50.0% of total cost. Should ASP of solar modules prices rise, Samaiden's margins will be dampened.

- **Heavy reliance on government initiatives.** Potential policy changes, reduced subsidies or incentives, alterations in feed-in tariffs, regulatory hurdles, and market distortions may impact rollout of future RE initiates under government initiatives.

- **Intense market competition.** Low barriers to entry may attract new entrants into the industry, and thereby potentially resulting further margin erosion to existing players due to stiffer competition.

Financial Highlights

Income Statement

FYE Jun (RM m)	FY22	FY23	FY24E	FY25F	FY26F
Revenue	**150.7**	**170.8**	**233.8**	**330.4**	**469.5**
Gross Profit	**25.5**	**25.8**	**31.6**	**44.4**	**65.8**
EBITDA	**17.4**	**14.9**	**21.4**	**34.2**	**53.5**
Depreciation & Amortisation	-0.2	-0.3	-0.5	-4.5	-10.0
EBIT	**17.2**	**14.6**	**20.9**	**29.7**	**43.5**
Net Finance Income/ (Cost)	-0.8	-1.2	-1.5	-2.2	-3.1
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**16.4**	**13.4**	**19.4**	**27.6**	**40.4**
Tax	-4.5	-3.3	-5.0	-7.0	-10.2
Profit After Tax	**11.9**	**10.1**	**14.5**	**20.6**	**30.2**
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	**11.9**	**10.1**	**14.5**	**20.6**	**30.2**
Exceptionals	-0.9	0.4	0.0	0.0	0.0
Core Net Profit	**11.1**	**10.4**	**14.5**	**20.6**	**30.2**

Key Ratios

FYE Jun (RM m)	FY22	FY23	FY24E	FY25F	FY26F
EBITDA margin	11.5%	8.7%	9.2%	10.4%	11.4%
EBIT margin	11.4%	8.6%	9.0%	9.0%	9.3%
PBT margin	10.9%	7.8%	8.3%	8.3%	8.6%
PAT margin	7.9%	5.9%	6.2%	6.2%	6.4%
NP margin	7.9%	5.9%	6.2%	6.2%	6.4%
Core NP margin	7.3%	6.1%	6.2%	6.2%	6.4%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	13.8%	10.3%	11.1%	13.6%	16.7%
ROA	7.1%	5.2%	7.4%	7.7%	8.8%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuation

Sum of Parts (SOP)	Equity Value (RM' m)	Key assumptions
EPCC	776.7	30x FY26F PER
Solar assets	45.8	WACC = 6.6%
Proceeds from exercise of warrants/ESOS	101.9	
SOP Value	924.4	
Enlarged share base (m share)	560.0	
Fair Value (RM)	**1.66**	

Balance Sheet

FYE Jun (RM m)	FY22	FY23	FY24E	FY25F	FY26F
Cash	80.2	108.2	123.6	106.4	81.7
Receivables	35.8	37.2	40.2	46.2	53.2
Inventories	0.7	0.5	0.4	0.4	0.5
Other current assets	47.0	41.9	21.7	49.1	68.4
Total Current Assets	**163.7**	**187.9**	**185.8**	**202.1**	**203.8**
PPE	1.8	3.4	6.2	60.8	134.9
Other non-current assets	3.5	3.3	3.3	3.3	3.3
Total Non-current assets	**5.4**	**6.6**	**9.5**	**64.1**	**138.2**
Short-term Debt	10.9	4.5	5.3	7.6	10.8
Payables	62.5	70.6	48.5	71.5	100.9
Other Current Liabilities	5.7	17.0	6.4	30.5	42.1
Total Current Liabilities	**79.2**	**92.2**	**60.3**	**109.6**	**153.8**
Long-term Debt	0.9	1.9	2.3	3.2	4.6
Other non-current liabilities	2.9	2.4	2.4	2.4	2.4
Total Non-current Liabilities	**3.8**	**4.4**	**4.7**	**5.7**	**7.1**
Shareholder's equity	86.0	97.8	130.2	150.8	181.0
Minority interest	0.2	0.1	0.1	0.1	0.1
Total Equity	**86.2**	**97.9**	**130.3**	**150.9**	**181.1**

Cash Flow

FYE Jun (RM m)	FY22	FY23	FY24E	FY25F	FY26F
Pre-tax profit	**16.4**	**13.4**	**19.4**	**27.6**	**40.4**
Depreciation	0.2	0.3	0.5	4.5	10.0
Changes in working capital	-8.6	24.9	-15.3	13.6	14.7
Others	-1.6	-5.2	-4.4	-5.9	-8.3
Operating cash flow	**6.3**	**33.4**	**0.2**	**39.8**	**56.8**
Net capex	-0.5	-1.8	-3.3	-59.1	-84.2
Others	-3.7	1.4	0.9	1.1	1.2
Investing cash flow	**-4.2**	**-0.4**	**-2.4**	**-58.0**	**-83.0**
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	34.1	-5.6	17.5	1.1	1.5
Financing cash flow	**34.1**	**-5.6**	**17.5**	**1.1**	**1.5**
Net cash flow	**36.2**	**27.4**	**15.4**	**-17.2**	**-24.7**
Forex	0.0	0.2	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	32.8	69.0	96.6	112.0	94.8
Ending cash	**69.0**	**96.6**	**112.0**	**94.8**	**70.2**

Source: Company, Apex Securities

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

SECTOR RECOMMENDATIONS
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

DISCLAIMER