

Tan Sue Wen

(603) 7890 8888 (ext 2095)

suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.09
Previous Target Price:	RM 1.66
Target Price:	↔ RM 1.66
Upside/Downside:	52.3%

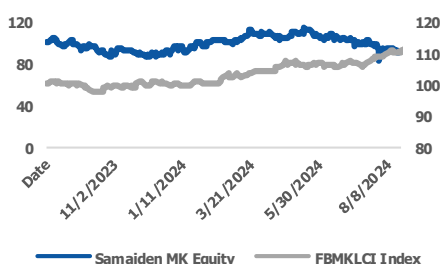
Stock information

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)	456.2
52-Week Price Range (RM)	1-1.42
Beta (x)	0.9
Free float (%)	28.7
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.7

Top 3 Shareholders (%)

Ir Chow Pui Hee	31.4
Fong Yeng Foon	20.7
Chudenko Corp	13.9

Share Price Performance



	1M	3M	12M
Absolute (%)	-11.4	-17.4	-12.8
Relative (%)	-13.6	-19.9	-23.4

Samaiden Group Berhad

Earnings growth prospects intact

Summary

- **Samaiden's 4QFY24 core net profit rose +12.7% qoq and +55.3% yoy to RM4.6m, bringing FY24 core net profit to RM15.3m, which exceeds our expectations at 110.9% and the consensus expectation at 104.6%.**
- **The Group currently holds an order book of RM313.5m, with anticipated growth from upcoming CGPP, LSS5, NEM, and CRESS programmes.**
- **We maintain our earnings forecast for both FY25F and FY26F and reaffirm our BUY recommendation, with unchanged target price of RM1.66 based on a SOP valuation.**

Results Review







- **Results review.** 4QFY24 core net profit rose to RM4.6m (+12.7% qoq, +55.3% yoy), driven by better margins in the C&I and biomass projects. C&I projects are usually carried out through direct negotiations that commands much better margins against LSS projects via open tenders. Revenue for the quarter slipped -23.7% qoq to RM57.2m as most LSS projects neared the tail end of completion. The Group declared a first interim dividend of 0.70sen/share in 4QFY24.
- **Exceeded expectations.** Samaiden's FY24 core earnings exceeded our expectations, accounting for 110.9% of our full-year estimates and 104.6% of the consensus estimates. The outperformance was mainly due to better-than-expected margins in C&I projects.
- **Operations Highlights.** During the quarter, EBIT margin improved significantly to 15.0%, from 8.1%, driven by executive higher value of projects that commands better project margins. Consequently, core net profit margins improved to 8.1%, from 6.6%. We believe this improvement is also partly due to the deflation in solar module costs, which are currently at a historic low of USD 0.10/watt.
- **Solar outlook.** To achieve 70% RE installed capacity, the government is required to consistently roll out an average 2.2GW of RE capacity per annum. Coupled with the 2GW LSS5, 800MW CGPP, 400MW NEM along with the recent introduction of CRESS, we estimate these initiatives could create c.RM8bn in job opportunities for Samaiden, potentially keeping the Group busy until 2028.
- **Bioenergy outlook.** Bioenergy remains a strategic option for achieving Malaysia's green energy goals, supported by i) the country's abundant agricultural residues, ii) the focus on biomass co-firing in NBAP and NETR, iii) eligibility for the lowest SAC rate of 25 sen/kWh under CRESS, iv) and the goal of reaching 1.4GW in generation capacity by 2050. Coupled with the recently announced 190MW FiT quota for non-solar RE sources, we believe Samaiden is well-positioned to ride the biomass wave.

- **Outlook.** Samaiden is equipped with an orderbook of RM313.5m (slightly lower against RM354.3m in 3QFY24), which is equivalent to 1.3x FY24's revenue. Near-term growth is expected to stem from CGPP tenders, where the Group could secure RM350m in EPCC contracts. This will likely be followed by contributions from the 2GW LSS5, with shortlisted bidders expected to be announced in 4Q24. Separately,

190MW FiT for non-solar, CRESS, and additional 450MW NEM quota, further cement future orderbook replenishment outlook, potentially keeping Samaiden busy until 2028.

- As of 4QFY24, Samaiden remains well-positioned with a strong financial foundation, supported by i) a net cash position of RM123.8m, ii) a low net gearing ratio of 0.1x, and iii) RM1bn in IMTN and RM0.5m in ICP, enabling the Group to undertake large-scale projects.
- **Valuation.** We make no change to our earnings forecasts for now, pending granularity from upcoming post-results analyst briefing. Maintain **BUY** recommendation for Samaiden with an unchanged target price of RM1.66 based on SOP valuations, implying 23x P/E to FY26 EPS.
- **Risk.** Reversal in solar module costs. Heavy reliance on government initiatives. Intense market competition.

Figure 1: Results Comparison

FYE Jun (RM m)	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)	FY24	FY23	YoY (%)	5 Quarters Trend	Comments
Revenue	57.2	45.2	26.5	75.0	(23.7)	227.2	170.8	33.0		Projects in stages yielding higher margins
EBITDA	8.6	4.8	79.4	6.1	40.8	23.6	15.4	53.6		
Pre-tax profit	8.1	3.9	107.0	5.6	44.6	21.9	13.4	63.2		
Net profit	5.8	3.1	86.6	4.1	41.4	16.0	10.1	59.6		
Core net profit	4.6	3.0	55.3	4.1	12.7	15.3	10.3	49.2		
Core EPS (sen)	1.1	0.7	55.3	1.0	12.7	3.7	2.5	49.2		
EBITDA margin (%)	15.0	10.6		8.1		10.4	9.0			Margin improvement due to the end of LSS4
PBT margin (%)	14.2	8.7		7.5		9.6	7.8			
Core PATMI margin (%)	8.1	6.6		5.5		6.7	6.0			

Source: Company, Apex Securities

Financial Highlights
Income Statement

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	150.7	170.8	227.2	330.4	469.5
Gross Profit	25.5	25.8	35.5	44.4	65.8
EBITDA	17.4	14.9	24.7	35.4	55.2
Depreciation & Amortisation	-0.2	-0.3	-1.2	-4.4	-9.9
EBIT	17.2	14.6	23.5	31.0	45.3
Net Finance Income/ (Cost)	-0.8	-1.2	-1.6	-3.5	-4.7
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	16.4	13.4	21.9	27.5	40.6
Tax	-4.5	-3.3	-5.8	-7.0	-10.2
Profit After Tax	11.9	10.1	16.0	20.5	30.4
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	11.9	10.1	16.1	20.5	30.4
Exceptionals	-0.9	0.4	0.0	0.0	0.0
Core Net Profit	11.1	10.4	16.0	20.5	30.4

Key Ratios

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
EBITDA margin	11.5%	8.7%	10.9%	10.7%	11.8%
EBIT margin	11.4%	8.6%	10.3%	9.4%	9.6%
PBT margin	10.9%	7.8%	9.6%	8.3%	8.7%
PAT margin	7.9%	5.9%	7.1%	6.2%	6.5%
NP margin	7.9%	5.9%	7.1%	6.2%	6.5%
Core NP margin	7.3%	6.1%	7.0%	6.2%	6.5%
Dividend yield	0.0%	0.0%	0.4%	0.5%	0.7%
ROE	13.8%	10.3%	11.9%	13.4%	16.9%
ROA	7.1%	5.2%	7.8%	7.1%	7.7%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuation

Sum of Parts (SOP)	Equity Value (RM' m)	Key assumptions
EPCC	780.5	30x FY26F PER
Solar assets	45.8	WACC = 6.6%
Proceeds from exercise of warrants/ESOS	1019	
SOP Value	928.2	
Enlarged share base (m share)	560.0	
Fair Value (RM)	1.66	

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	80.2	108.2	132.2	119.2	130.8
Receivables	35.8	37.2	52.1	56.2	60.7
Inventories	0.7	0.5	0.4	0.3	0.2
Other current assets	47.0	41.9	12.5	49.1	68.4
Total Current Assets	163.7	187.9	197.2	224.8	260.1
PPE	18	3.4	5.2	59.8	134.1
Other non-current assets	3.5	3.3	2.7	2.7	2.7
Total Non-current assets	5.4	6.6	7.9	62.5	136.8
Short-term Debt	10.9	4.5	6.6	33.1	70.5
Payables	62.5	70.6	56.8	71.5	100.9
Other Current Liabilities	5.7	17.0	3.5	19.7	26.2
Total Current Liabilities	79.2	92.2	66.9	124.4	197.6
Long-term Debt	0.9	1.9	1.8	8.3	17.6
Other non-current liabilities	2.9	2.4	1.8	1.8	1.8
Total Non-current Liabilities	3.8	4.4	3.6	10.1	19.4
Shareholder's equity	86.0	97.8	134.5	152.7	179.8
Minority interest	0.2	0.1	0.1	0.1	0.1
Total Equity	86.2	97.9	134.6	152.9	179.9

Cash Flow

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	16.4	13.4	21.9	27.5	40.6
Depreciation	0.2	0.3	0.2	4.4	9.9
Changes in working capital	-8.6	24.9	-15.1	-9.7	12.1
Others	-1.6	-5.2	-5.6	-4.5	-6.8
Operating cash flow	6.3	33.4	1.4	17.8	55.9
Net capex	-0.5	-1.8	-2.1	-59.1	-84.2
Others	-3.7	1.4	3.9	1.1	1.2
Investing cash flow	-4.2	-0.4	1.8	-58.0	-83.0
Dividends paid	0.0	0.0	-2.0	-2.3	-3.3
Others	34.1	-5.6	24.1	29.5	42.0
Financing cash flow	34.1	-5.6	22.0	27.2	38.6
Net cash flow	36.2	27.4	25.2	-13.1	11.6
Forex	0.0	0.2	-0.2	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	32.8	69.0	96.6	121.7	108.6
Ending cash	69.0	96.6	121.7	108.6	120.2

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
<p>Head Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7890 8899</p> <p>Petaling Jaya Office: 16th Floor, Menara Choy Fook Onn, No.1B Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7620 1118</p>	<p>Head Office: Kong Ming Ming (ext 2002) Lee Chen Ming (ext 2029) Shirley Chang (ext 2026) Ahmad Mujib (ext 2028) Azfar Bin Abdul Aziz (ext 2031) Aizzat Bin Mohd Daud (ext 2030)</p> <p>Institutional Dealing Team: Low Jin Wu (ext 2109)</p> <p>PJ Office: General Line: (603) 7620 1118</p>	<p>Head Office: Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069) Chelsea Chew (ext 2070) Tan Sue Wen (ext 2095)</p>

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.

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