

Tan Sue Wen

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Recommendation:	BUY
Current Price:	RM 1.19
Previous Target Price:	RM 1.66
Target Price:	RM 1.66
Upside/Downside:	39.5%

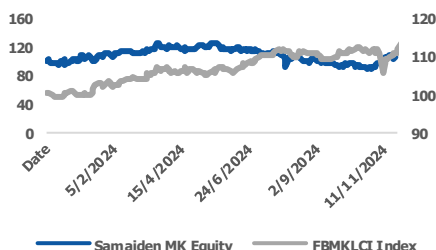
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0223 / SAMAIKEN MK
Syariah Compliant	Yes
FTSE4Good Index	No
FTSE ESG Rating	N/A
Bloomberg ESG Rating	N/A
Shares issued (m)	418.6
Market Cap (RM' m)	498.2
52-Week Price Range (RM)	0.995-1.42
Beta (x)	0.8
Free float (%)	45.0
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.5

Top 3 Shareholders (%)

Ir Chow Pui Hee	31.4
Fong Yeng Foon	13.9
PMB Investment Bhd	3.8

Share Price Performance



	1M	3M	12M
Absolute (%)	17.8	3.5	7.2
Relative (%)	18.5	8.9	-2.1

Samaiden Group Berhad

A Temporary Dip

Summary

- **Samaiden's 1QFY25 core net profit dropped -15.8% qoq and +20.0% yoy to RM3.9m. We deem the results to be within expectations, although it only accounts for 19.0% of our full-year forecast and 18.1% of consensus projections.**
- **We anticipate improve quarters ahead from pick-up in project billings expected from large-scale solar and biomass projects.**
- **We kept our earnings forecast unchanged for both FY25F and FY26F and reaffirm our BUY recommendation, with an unchanged TP of RM1.66 based on a SOP valuation.**

Results Review

- **Within expectations.** Samaiden's 3MFY25 core net profit (CNP) of RM3.9m accounted for only 19.0% of our CNP forecast of RM20.5m and 18.1% of the consensus FY25F CNP forecast of RM21.5m. We deemed the results to be within expectations, as we anticipate stronger performance in the upcoming quarters, driven by the commencement of large-scale solar and biomass projects. A first interim dividend of 1.5 sen/share was declared.
- **QoQ.** 1QFY25 CNP (after adjusting for RM1.2m in ICP and IMTN expenses, and RM0.6m FV gain) slipped by -15.8% qoq to RM3.9m, accompanied by a -13.7% qoq decline in revenue to RM49.4m. The weaker bottom line was mainly due to lower contributions from the EPCC segment (EPCC revenue -13.7%) and margin contraction in ongoing EPCC projects. The core margin contracted by 0.2%-pts to 7.9%, reflecting these factors.
- **YoY/YTD.** CNP increased by +20.0% yoy to RM3.9m, primarily driven by (i) higher contributions from the power supply division (power supply revenue +238.3%), (ii) cost savings from lower solar module costs (-41.2% yoy to 0.17 sen/w as of Sept 24), and (iii) the tail-end completion of LSS4 projects, which yielded lower margins. As a result, the Group's 1QFY25 CNP margin improved by 0.9%-pts to 7.9%, as compared to the previous corresponding quarter.

Outlook. Over the near term, we expect the Group to secure additional orders from the 2GW LSS5 projects, with shortlisted winners expected to be announced soon. To recap, Samaiden aims to secure at least 10% of EPCC jobs and 100MW in asset ownership from LSS5. Historically, Samaiden captured c.15% market share in LSS cycles. Given their strong track record in ground-mounted solar projects, we believe the 10% target for LSS5 is achievable. As of 30 Sep 2024, Samaiden's unbilled order book stood at RM521.2m (CGPP 45%, Bioenergy 35%, C&I 16%, with the remainder from others), which is equivalent to 2.2x its FY24 revenue of RM497.0m.

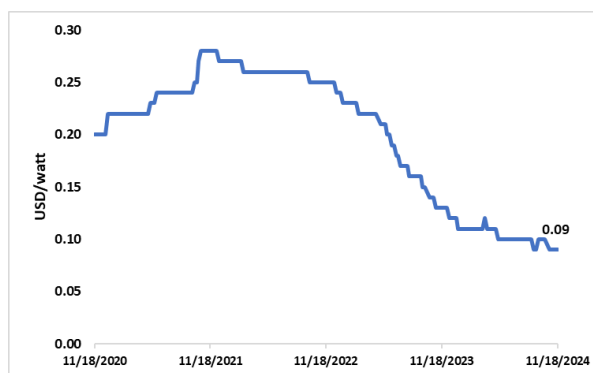
- Separately, US trade officials recently announced tariff hikes on solar panel imports from four Southeast Asian nations, including 21.3% for products made in Malaysia, 56.5% for Vietnam, 77.9% for Thailand, and 54.5% for Vietnam. This is expected to alleviate oversupply issues in the medium term, as ~80% of solar panels in the US are sourced from these regions, with local sourcing policies also likely playing a

big part. Over the short term, this could further drive the decline in solar module prices (currently at USD0.09/w), benefiting local RE EPCC players and asset owners seeking cheaper modules.

- **Earnings revision.** No change to our earnings forecasts.
- **Valuation.** Maintain **BUY** recommendation and TP of **RM1.66**, based on Sum-of-Parts (SOP) valuation (refer to Financial Highlights table below). We remain optimistic about Samaiden's prospects due to its (i) expertise in ground-mounted solar PV projects, (ii) lowest gearing ratio (0.05x as of FY24) among listed peers, and (iii) focus on bioenergy solutions, which differentiates it from other solar EPCC players.
- **Risks.** Escalation in solar module costs. Heavy reliance on government initiatives. Intense market competition.







Solar module price trend

As of 29 Nov 2024, solar module prices experienced a further decline, dropping to USD 0.09/watt from USD 0.10/watt in the previous month.







Source: Bloomberg, Apex Securities

Figure 1: Results Comparison

FYE Jun (RM m)	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)	3MFY25	3MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	49.4	46.2	7.0	57.2	(13.7)	49.4	46.2	7.0		
EBITDA	4.9	4.3	12.9	8.6	(43.4)	4.9	4.3	12.9		
Pre-tax profit	4.4	3.9	10.6	8.1	(46.1)	4.4	3.9	10.6		
Net profit	3.3	3.0	12.4	5.8	(42.7)	3.3	3.0	12.4		
Core net profit	3.9	3.2	20.0	4.6	(15.8)	3.9	3.2	20.0		Earnings dropped due to lower contributions from the EPCC segment
Core EPS (sen)	0.9	0.8	20.0	1.1	(15.8)	0.9	0.8	20.0		
EBITDA margin (%)	9.9	9.4		15.1		9.9	9.4			
PBT margin (%)	8.8	8.5		14.2		8.8	8.5			
Core PATMI margin (%)	7.9	7.0		8.1		7.9	7.0			

Source: Company, Apex Securities

Figure 2: Revenue Breakdown

FYE Jun (RM m)	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)	3MFY25	3MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue Breakdown										
EPCC	49.2	46.1	6.8	57.1	(13.7)	49.2	46.1	6.8		Power supply up due to higher contributions from solar assets
Power Supply	0.2	0.0	238.3	0.2	(11.2)	0.2	0.0	238.3		
Others	-	-	n.a.	-	n.a.	-	-	n.a.		
Total	49.4	46.2	7.0	57.2	(13.7)	49.4	46.2	7.0		

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
P/E (x)	45.0	47.9	31.1	24.3	16.4
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	101.8	
SOP Value	928.2	
Enlarged share base (m share)	559.9	
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

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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.

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