

Tan Sue Wen

(603) 7890 8888 (ext 2095)

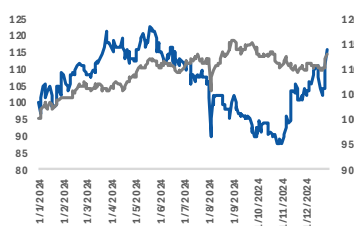
suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.30
Previous Target Price:	RM 1.66
Target Price:	RM 1.71 ↑
Capital Upside/ Downside:	31.5%
Dividend Yield (%):	0.6%
Total Upside/ Downside:	32.1%

Stock information	
Board	MAIN
Sector	Industrial
Bursa/ Bloomberg Code	0223/ SAMAIKEN MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	418.7
Market Cap (RM' m)	544.3
52-Week Price Range (RM)	1.42-0.995
Beta (x)	0.9
Free float (%)	45.0
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.7

Top 3 Shareholders	(%)
Hee Ir Chow Pui	31.4
Chudenko Corp	13.9
Pmb Investment Bhd	3.8

Share Price Performance



	1M	3M	12M
Absolute (%)	9.2	27.5	13.0
Relative (%)	6.3	28.3	0.4

Samaiden Group Berhad

Bagged 99.99MW Solar Farm Under LSS5

Executive Summary

- Won the bidding under Package 3 of LSS5 for a 99.99MW solar plant in Kedah, aligning with Samaiden's target of achieving 100MW in asset ownership under the LSS5 programme.
- Brighter prospects ahead, with EPCC job flows from 2GW LSS5 expected to commence in 2H CY2025, offering strong earnings visibility over the medium term.
- SOTP valuation revised upward by 3.0% to RM1.71, reflecting contributions from LSS5 solar assets, with a three-star ESG rating assigned.

LSS5 win. Samaiden has won the bidding under Package 3 of LSS5 for a 99.99MW solar plant in Pasir Mas, Kelantan. The plant, expected to be completed by October 2027 (Q2FY28), will supply electricity to Tenaga Nasional Berhad (TNB) under a 21-year Solar Power Purchase Agreement (SPPA).

Our Take. This aligns with Samaiden's target of achieving 100MW in asset ownership under LSS5. The potential capex for the plant is estimated at approximately RM200m, reflecting current solar module prices at a historic low of USD0.09/watt. Assuming an 80:20 debt-to-equity financing structure and industry estimates place bid tariffs between 13 sen/kWh~16 sen/kWh, the project is anticipated to deliver a mid-single-digit IRR. We do not foresee any major challenges in regards to project execution, given Samaiden's low gearing ratio of 0.03x as of 30 September 2024, which is highly manageable.

Outlook. While the EC has not disclosed the full list of winners, [sources](#) indicate that Packages 3 and 4 have been fully allocated, totalling 1.5GW. EPCC job flows are anticipated to commence in 2H 2025, consistent with the industry-standard timeline of approximately six months post-award notification. Couple with 800MW of CGPP, these developments are expected to generate up to RM7.2bn in EPCC jobs, providing significant opportunities for order book replenishment among RE pure-plays and offering strong earnings visibility over the medium term. To recap, Samaiden aims to secure at least 10% (200MW) of the 2GW EPCC opportunities under LSS5, translating to an estimated RM600m in job opportunities. We believe this is achievable, as it aligns with Samaiden's proven track record of capturing a 15% market share in previous LSS cycles. 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), representing 2.3x its FY24 revenue of RM227.2m.

Earnings revision. Earnings have been revised due to housekeeping adjustments. We noted that there is no earnings contribution from the LSS5 solar plant over the foreseeable future, as it will only be reflected in FY28.

Valuation & Recommendation. We revise our SOTP valuation upward by 3.0% to **RM1.71** (from RM1.66), reflecting housekeeping adjustments and improvements from the LSS5 solar assets, based on a DCF valuation with a Ke (cost of equity) of 13.9% (LSS5). We have also assigned a three-star ESG rating (0% discount/premium) to the potential upside. Our positive view on Samaiden is reinforced by its (i) expertise in ground-mounted solar PV projects, (ii) industry-leading low gearing ratio of 0.03x as of 1QFY25, and (iii) strategic focus on bioenergy solutions, which sets it apart from other solar EPCC players.

Risk. Increase in solar module costs. Inability to complete projects in time. Intense market competition.

Company Update

Tuesday, 31 Dec, 2024

Financial Highlights

Income Statement

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	150.7	170.8	227.2	329.6	470.4
Gross Profit	25.5	25.8	35.5	44.8	65.3
EBITDA	17.4	14.9	24.5	35.7	54.8
Depreciation & Amortisation	-0.2	-0.3	-1.0	-4.3	-10.0
EBIT	17.2	14.6	23.5	31.5	44.7
Net Finance Income/ (Cost)	-0.8	-1.2	-1.6	-4.9	-5.7
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	16.4	13.4	21.9	26.5	39.1
Tax	-4.5	-3.3	-5.8	-6.7	-9.8
Profit After Tax	11.9	10.1	16.0	19.8	29.2
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	11.9	10.1	16.1	19.8	29.2
Exceptionals	-0.9	0.4	0.0	0.0	0.0
Core Net Profit	11.1	10.4	16.0	19.8	29.2

Key Ratios

FYE Sep	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	2.6	2.5	3.8	4.7	7.0
P/E(x)	64.6	68.8	44.7	36.2	24.5
P/B(x)	8.3	7.3	5.3	4.7	4.0
EV/EBITDA(x)	45.2	54.8	34.3	21.1	12.0
DPS (sen)	0.0	0.0	0.5	0.5	0.8
Dividend Yield (%)	0.0%	0.0%	0.3%	0.3%	0.4%
EBITDA margin (%)	11.5%	8.7%	10.8%	10.8%	11.6%
EBIT margin (%)	11.4%	8.6%	10.3%	9.5%	9.5%
PBT margin (%)	10.9%	7.8%	9.6%	8.1%	8.3%
PAT margin (%)	7.9%	5.9%	7.1%	6.0%	6.2%
NP margin (%)	7.9%	5.9%	7.1%	6.0%	6.2%
CNP margin (%)	7.3%	6.1%	7.0%	6.0%	6.2%
ROE (%)	12.9%	10.6%	11.9%	13.0%	16.4%
ROA (%)	6.5%	5.3%	7.8%	6.5%	6.5%
Gearing (%)	13.8%	6.6%	6.3%	38.0%	79.7%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	33.0%

Valuations	Value (RM' m)	Valuation methodology
EPCC	808.54	30x FY26F PER
Solar assets	48.60	Ke=13.1%
Proceeds from warrants/ ESOS	101.79	
SOP Value	958.93	
Enlarged share base (m share)	559.90	
Fair Value (RM)	1.71	
ESG premium/ discount	0.0%	
Implied Fair Value (RM)	1.71	

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	80.2	108.2	132.2	95.5	83.2
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	49.3	70.4
Total Current Assets	163.7	187.9	197.2	201.3	214.6
Fixed Assets	1.8	3.4	5.2	98.8	232.9
Intangibles	3.4	3.0	2.4	2.4	2.4
Other non-current assets	0.1	0.3	0.3	0.3	0.3
Total Non-Current Assets	5.4	6.6	7.9	101.5	235.6
Short-term debt	10.9	4.5	6.6	46.3	113.7
Payables	62.5	70.6	56.8	71.2	101.3
Other current liabilities	5.7	17.0	3.5	19.8	26.9
Total Current Liabilities	79.2	92.2	66.9	137.3	241.8
Long-term debt	0.9	1.9	1.8	11.6	28.4
Other non-current liabilities	2.9	2.4	1.8	1.8	1.8
Total Non-Current Liabilities	3.8	4.4	3.6	13.3	30.2
Shareholder's equity	86.0	97.8	134.5	152.1	178.1
Minority interest	0.2	0.1	0.1	0.1	0.1
Total Equity	86.2	97.9	134.6	152.2	178.2

Cash Flow

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	16.4	13.4	21.9	26.5	39.1
Depreciation & amortisation	0.6	1.0	1.0	4.3	10.0
Changes in working capital	-8.6	24.9	-15.1	-10.2	11.6
Others	-2.0	-5.9	-6.3	-2.9	-5.3
Operating cash flow	6.3	33.4	1.4	17.8	55.4
Net capex	-0.5	-1.9	-2.1	-97.9	-144.2
Others	-3.7	1.5	3.9	1.1	1.2
Investing cash flow	-4.2	-0.4	1.8	-96.8	-143.0
Dividends paid	0.0	0.0	-2.0	-2.2	-3.2
Others	34.1	-5.6	24.1	44.5	78.6
Financing cash flow	34.1	-5.6	22.0	42.3	75.4
Net cash flow	36.2	27.4	25.2	-36.8	-12.3
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	84.9
Ending cash	69.0	96.6	121.7	84.9	72.6

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and Scope 2 GHG emissions totaled 109.7m tCO ₂ e in 2024, marking a 33.2% year-on-year decrease from 2022.
Waste & Effluent	★★★	Implemented the 3R (Reduce, Reuse, Recycle) initiative, featuring dedicated 3R bins on each office level to facilitate responsible waste disposal.
Energy	★★★	The Group's clean energy assets generated 1,152,503.70 kWh of clean energy.
Water	★★★	Water consumption totaled 0.671 megaliters, reflecting a 7.19% reduction from the previous year's consumption of 0.723 megaliters.
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★★	In 2024, 37% of the workforce were female. At the management level, 33.33% were female, meeting the MCGG recommendation of a 30% women directors' composition on the Board.
Human Rights	★★★	Samaiden enforces various frameworks to uphold human rights and labor relations, including zero tolerance for human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	In 2024, 89 employees received training on health and safety standards. No employee fatalities were recorded, and the total recordable incident rate (TRIR) reduced to 0, compared to 0.4 in the previous year.
Labour Practices	★★★	Samaiden complies with all relevant labor laws.

Governance

CSR Strategy	★★★	Actively engaged with communities, including awarding RM1,000 for an excellent student award and sponsoring the installation of solar panels for seven households in Sabah.
Management	★★★	Among the board members, 33% (2 out of 6) were female, while 67% (4 out of 6) were independent directors.
Stakeholders	★★★	The Group organises quarterly analyst briefings for analysts and holds an annual general meeting (AGM) for investors.

Overall ESG Scoring: ★★★

Recommendation Framework:

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.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Tuesday, 31 Dec, 2024**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.