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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 1.08
Previous Target Price:	RM 1.71
Target Price:	↔ RM 1.71
Capital Upside/Downside:	58.3%
Dividend Yield (%):	0.7%
<b>Total Upside/Downside:</b>	<b>59.0%</b>

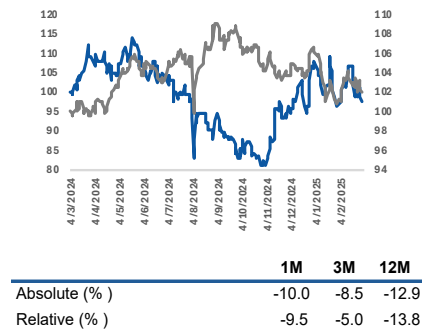
**Stock information**

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0223 / SAMAIDEN MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	420.0
Market Cap (RM' m)	453.6
52-Week Price Range (RM)	1.42-0.995
Beta (x)	1.1
Free float (%)	45.2
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.8

**Top 3 Shareholders**

	(%)
Hee Ir Chow Pui	31.3
Chudenko Corp	13.9
Oversea-Chinese Banking Corp Ltd	2.8

**Share Price Performance**



# Samaiden Group Berhad

## Post-results briefing takeaways

### Executive Summary

- **Samaiden aims to add 15-20MW/year in rooftop PPAs, targeting 10% recurring income by 2027.**
- **Strong growth prospects, backed by an RM1.8bn tender book (80% solar-focused), including LSS5+ and a 100MW/400MWh BESS project. Targeting 10% market share in LSS5+, combined impact from LSS5 could result in potential capacity gains of up to 200MW.**
- **Reaffirming BUY recommendation with unchanged target price of RM1.71, based on sum-of-parts (SOP) valuation, and appraised with three-star ESG rating.**

We attended Samaiden’s post-results briefing yesterday and came away feeling reassured over future prospects. Below are the key takeaways:

**Scaling up rooftop PPAs to strengthen recurring income.** Samaiden is aiming additional 15-20MW/pa in rooftop PPAs, to hit a 10% recurring income target by 2027. Currently, the Group’s total RE capacity stands at about 153.7MW, comprising: LSS5 (100MW), CGPP (43.3MW), Biomass (7MW), Biogas (1.2MW) and rooftop solar assets (c.1.2MW). Assuming all assets are operational by 2027 (excluding the additional 15-20MW/year), Samaiden could generate c.RM55m in recurring revenue, equivalent to 10% of our FY27F target, aligning with the Group’s internal target of 10.0% recurring income. We see this as a strategic move, given that rooftop PPAs tend to deliver higher IRRs, typically at double digits as compared to LSS projects which yield single digit returns. Execution risk remains minimal, thanks to Samaiden’s low gearing ratio of 0.12x (as of 31 Dec 2024), keeping financial flexibility well in check.

**Strong pipeline with RM1.8bn in tenders.** Samaiden’s total tender book stands at RM1.8bn, with up to 80% allocated to solar-related projects. This includes LSS5+ and development of a 100MW/400MWh BESS, for which the Group submitted a RFQ last month. With a Capex estimate of RM5m/MW for BESS, the total project value could reach RM500m. Given the high investment required, we anticipate Samaiden will engage in strategic partnerships to share the cost burden. With a proven track record in utility-scale solar and disciplined execution, Samaiden is well-positioned to secure an allotment. On the EPCC front, the Group aims to maintain a 10% market share in LSS5+ contracts, mirroring its target in LSS5. With the combined impact of 2GW under LSS5, this could translate RM11.6bn potential order replenishment, ensuring a robust project pipeline over the next two years. With the Group’s historical track record of securing 15% market share in past LSS cycles and expertise in ground-mounted solar, we reckon the goal remains well within reach.

**Short-term caution, long-term optimism.** The government has recently revised key conditions under the SELCO program, including i) exempting the requirement for installing a BESS across all categories until 31 Dec 2025, and ii) reducing the standby charge from RM14/kWp to RM12/kWp for capacities > than 1MWp. Management noted that near-term client sentiment remains cautious, with many opting for installations below 1MWp to avoid the BESS requirement. However, over the long run, the reduced standby charge improves project viability, making larger installations more attractive. Industrial players with high energy demands will likely continue choosing >1MWp systems, as solar remains cost-effective compared to fuel, even with a slightly extended payback period.

**Expect growing interest in CRESS as price gap narrows.** Samaiden has garnered growing interest from DC operators regarding the CRESS framework, though many offtakers remain cautious, as its tariffs are currently less competitive than the Green Electricity Tariff (GET). However, management expects momentum to shift in 2H25, when TNB’s RP4 revision takes effect, triggering a 14.2% tariff hike. To enhance market adoption, several key conditions have been revised, including i) existing electricity consumers can now participate without requiring additional or new demand, and ii) SAC will be reviewed every three years, with a 15% cap on

adjustments per regulatory period. These refinements position CRESS as a more viable option for offtakers. Meanwhile, Samaiden also remains highly selective in signing offtakers, prioritising long-term contracts (minimum 10 years) to ensure financial stability and risk mitigation.

**FIT 2.0 tariff restructuring enhances project viability.** Management has outlined FIT 2.0's two-phase structure, designed to improve financial feasibility. The first 10 years will follow a fixed base tariff, while the second phase allows eligible companies to bid within SEDA's predefined tariff floor and ceiling for the remaining 11 years. This marks a significant improvement over FIT 1.0, as it introduces flexibility for tariff adjustments beyond the initial period, making projects more financially sustainable. Management sees this as a positive step forward, expecting increased industry interest and stronger investment momentum in RE.

**Orderbook.** As of 31 Dec 2024, Samaiden's unbilled order book stood at RM515.7m (59% from solar farm, 18% from biomass, 22% from C&I and remainder from others), equivalent to 2.3x its FY24 revenue of RM227.2m.

**Earnings revision.** No earnings adjustment.

**Valuation & Recommendation.** We maintain our **BUY** recommendation with an unchanged TP of **RM1.71** based on sum-of-parts (SOP) and appraised with three-star ESG rating. We like Samaiden for its (i) expertise in ground-mounted solar PV projects, (ii) industry-leading low gearing ratio of 0.12x as of 2QFY25, 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.

#### Earnings Summary

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	150.7	170.8	227.2	329.6	470.4
EBITDA	17.7	15.6	24.4	35.7	54.8
Pre-tax profit	16.4	13.4	21.9	26.5	39.1
Net profit	11.9	10.1	16.1	19.8	29.2
Core net profit	12.8	9.7	15.4	19.8	29.2
Core EPS (sen)	3.1	2.3	3.7	4.7	7.0
P/E (x)	35.4	46.6	29.4	22.8	15.5
P/B (x)	5.2	4.6	3.4	3.0	2.5
EV/EBITDA (x)	29.4	35.5	23.6	13.7	7.2
Dividend Yield (%)	0.0%	0.0%	0.5%	0.5%	0.7%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	33.0%

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Revenue</b>	<b>150.7</b>	<b>170.8</b>	<b>227.2</b>	<b>329.6</b>	<b>470.4</b>
<b>Gross Profit</b>	<b>25.5</b>	<b>25.8</b>	<b>35.5</b>	<b>44.8</b>	<b>65.3</b>
<b>EBITDA</b>	<b>17.7</b>	<b>15.6</b>	<b>24.4</b>	<b>35.7</b>	<b>54.8</b>
Depreciation & Amortisation	-0.6	-1.0	-1.0	-4.3	-10.0
<b>EBIT</b>	<b>17.2</b>	<b>14.6</b>	<b>23.5</b>	<b>31.5</b>	<b>44.7</b>
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
<b>Pre-tax Profit</b>	<b>16.4</b>	<b>13.4</b>	<b>21.9</b>	<b>26.5</b>	<b>39.1</b>
Tax	-4.5	-3.3	-5.8	-6.7	-9.8
<b>Profit After Tax</b>	<b>11.9</b>	<b>10.1</b>	<b>16.0</b>	<b>19.8</b>	<b>29.2</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>11.9</b>	<b>10.1</b>	<b>16.1</b>	<b>19.8</b>	<b>29.2</b>
Exceptionals	-0.9	0.4	0.7	0.0	0.0
<b>Core Net Profit</b>	<b>12.8</b>	<b>9.7</b>	<b>15.4</b>	<b>19.8</b>	<b>29.2</b>

### Key Ratios

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F	
EPS (sen)	3.1	2.3	3.7	4.7	7.0	
P/E (x)	35.4	46.6	29.4	22.8	15.5	
P/B (x)	5.2	4.6	3.4	3.0	2.5	
EV/EBITDA (x)	29.4	35.5	23.6	13.7	7.2	
DPS (sen)	0.0	0.0	0.5	0.5	0.8	
Dividend Yield (%)	0.0%	0.0%	0.5%	0.5%	0.7%	
EBITDA margin (%)	11.8%	9.1%	10.7%	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 (%)	8.5%	5.7%	6.8%	6.0%	6.2%	
ROE (%)	14.8%	9.9%	11.4%	13.0%	16.4%	
ROA (%)	7.6%	5.0%	7.5%	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	809.57	30x FY26F PER
Solar assets	45.82	Ke = 12.0%
Proceeds from warrants/ESOS	101.79	
SOP Value	957.18	
Enlarged share base (m share)	559.90	
<b>Fair Value (RM)</b>	<b>1.71</b>	
ESG premium/discount	0.0%	
<b>Implied Fair Value (RM)</b>	<b>1.71</b>	

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
<b>Total Current Assets</b>	<b>163.7</b>	<b>187.9</b>	<b>197.2</b>	<b>201.3</b>	<b>214.6</b>
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
<b>Total Non-Current Assets</b>	<b>5.4</b>	<b>6.6</b>	<b>7.9</b>	<b>101.5</b>	<b>235.6</b>
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
<b>Total Current Liabilities</b>	<b>79.2</b>	<b>92.2</b>	<b>66.9</b>	<b>137.3</b>	<b>241.8</b>
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
<b>Total Non-Current Liabilities</b>	<b>3.8</b>	<b>4.4</b>	<b>3.6</b>	<b>13.3</b>	<b>30.2</b>
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
<b>Total Equity</b>	<b>86.2</b>	<b>97.9</b>	<b>134.6</b>	<b>152.2</b>	<b>178.2</b>

### Cash Flow

FYE Jun (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Pre-tax profit</b>	<b>16.4</b>	<b>13.4</b>	<b>21.9</b>	<b>26.5</b>	<b>39.1</b>
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
<b>Operating cash flow</b>	<b>6.3</b>	<b>33.4</b>	<b>1.4</b>	<b>17.8</b>	<b>55.4</b>
Capex	-0.5	-1.9	-2.1	-97.9	-144.2
Others	-3.7	1.5	3.9	1.1	1.2
<b>Investing cash flow</b>	<b>-4.2</b>	<b>-0.4</b>	<b>1.8</b>	<b>-96.8</b>	<b>-143.0</b>
Dividends paid	0.0	0.0	-2.0	-2.2	-3.2
Others	34.1	-5.6	24.1	44.5	78.6
<b>Financing cash flow</b>	<b>34.1</b>	<b>-5.6</b>	<b>22.0</b>	<b>42.3</b>	<b>75.4</b>
<b>Net cash flow</b>	<b>36.2</b>	<b>27.4</b>	<b>25.2</b>	<b>-36.8</b>	<b>-12.3</b>
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
<b>Ending cash</b>	<b>69.0</b>	<b>96.6</b>	<b>121.7</b>	<b>84.9</b>	<b>72.6</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and Scope 2 GHG emissions totaled 109.7m tCO <sub>2</sub> 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 MCCG 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

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(a) nil.