Samaiden Group Berhad

(0223 | SAMAIDEN MK) Main | Industrial Products

Maintain BUY

Sunny Days Ahead

***Revised* Target Price: RM1.69**

(Previously RM1.57)

KEY INVESTMENT HIGHLIGHTS

- **1QFY25 core earnings grew +53%yoy, in line with expectations**
- **Outstanding order book at a record high of RM521.2m**
- **Strong orderbook expansion prospects driven by CGPP, LSS5 and NEM programs**
- **Maintain BUY with a revised TP of RM1.69**

RETURN STATISTICS	
Price @ 29th Nov 2024 (RM)	1.19
Expected share price return (%)	+42.0
Expected dividend yield (%)	+1.3
Expected total return (%)	**+43.3**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	17.8	18.5
3 months	16.7	8.9
12 months	7.2	-2.1

Within expectations. Samaiden's 1QFY25 core net profit grew +53.2%yoy to RM4.5m, after stripping off -RM1.2m of one-off expenses. The stronger performance was led by stronger margins from its ongoing EPCC projects. The result came in within expectations at 20.2% of ours and 20.9% of consensus' full-year estimates.

Key takeaways. The stronger quarterly earnings came on the back of a +7.0%yoy increase in revenue to RM49.4m. Sequentially however, revenue came off -13.7%qoq mainly due to the completion of most LSS4 projects in the prior quarter, which also led to a -42.7%qoq decline in PAT to RM3.3m. Nevertheless, we are upbeat on upcoming quarters as Samaiden's orderbook remains strong at a record high of RM521.2m, with earnings visibility up to FY26. This is expected to grow further when more CGPP EPCC jobs start to flow in and when LSS5 kicks off.

Replenishment prospects. The group has secured RM91.2m worth of CGPP EPCC contracts and we understand that it is eyeing at least 70MW more of similar EPCC jobs, which translates into a potential RM200m-280m incremental orderbook. Further out, the upcoming 2GW LSS5 and the extension of the Net Energy Metering (NEM) 3.0 programme until 30 June 2025 cements future orderbook replenishment outlook.

Expansion into Indonesia. Recall that the group recently established a 70:30 JV in Indonesia with PT MCS Bina Energi to expand its footprint into Indonesia's RE market. The JV will be involved in both EPCC and investment of assets. They have identified several projects, and some are already in the midst of discussion.

Earnings estimates. We keep our earnings estimates unchanged.

Recommendation. We revise our SOP-derived **TP** of **RM1.69** from RM1.57 previously as we roll forward our valuation base year to FY26. We continue to value the group's EPCC business at 26x PER, at a slight discount to industry leader Solarvest. We maintain our **BUY** call on Samaiden being one of the key beneficiaries of EPCC prospects under the CGPP, LSS5 and the long-term RE growth potential from the National Energy Transition Roadmap. The balance sheet remains strong with a net cash position of RM119.8m, underpinning near-term growth prospects.

INVESTMENT STATISTICS

FYE Jun (RMm)	2024A	2025E	2026F
Revenue	227.2	374.7	400.9
Operating Profit	23.5	31.8	33.9
Profit Before Tax	21.9	30.3	32.4
Core PATAMI	16.0	21.7	23.7
Core EPS (sen)	4.1	5.5	6.0
PER (x)	29.2	21.6	19.8
DPS (sen)	0.70	1.50	1.00
Dividend Yield (%)	0.6%	1.3%	0.8%

KEY STATISTICS	
FBM KLCI	1,594.29
Issued shares (m)	418.53
Estimated free float (%)	45.04
Market Capitalisation (RM'm)	498.16
52-wk price range	RM0.99-RM1.42
3-mth average daily volume (m)	0.44
3-mth average daily value (RM'm)	0.48
Top Shareholders (%)	
Hee Ir Chow Pui	31.35
Chudenko Corp	13.93
PMB Investment Bhd	3.75

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SAMAIDEN: 1QFY25 RESULT SUMMARY

FYE Jun (RMm)	1Q24	4Q24	1Q25	QoQ	YoY
Revenue	46.2	57.2	49.4	-13.7%	7.0%
Gross profit	6.7	13.1	7.9	-40%	17%
Admin expenses	(3.2)	(5.5)	(4.2)	-24%	32%
Other income	0.7	1.0	1.1	8%	47%
Operating profit	**4.3**	**8.6**	**4.8**	**-44%**	**12%**
Finance cost	(0.3)	(0.5)	(0.4)	-8%	27%
PBT	**3.9**	**8.1**	**4.4**	**-46%**	**11%**
Tax	(1.0)	(2.3)	(1.0)	-55%	5%
PAT	3.0	5.8	3.3	-43%	12%
MI	0.0	(0.0)	(0.0)	350%	-
Net profit	3.0	5.8	3.3	-43%	13%
Core net profit	**2.6**	**4.2**	**2.7**	**-35%**	**5.1%**
EPS (sen/share)	0.65	1.06	0.69		
DPS (sen/share)	-	0.70	1.50		
Margins:				***ppts***	***ppts***
Gross	14.5%	22.8%	16.0%	*-6.9*	*1.4*
EBIT	9.3%	15.0%	9.7%	*-5.3*	*0.4*
PBT	8.5%	14.2%	8.8%	*-5.3*	*0.3*
Core net profit	5.6%	7.3%	5.5%	*-1.8*	*-0.1*
Effective tax rate	-24.9%	-28.3%	-23.7%		

Source: Company, MIDFR

Table 1: Samaiden SOP Valuation

Units	Equity Value (RMm)	Valuation Method
EPCC business	631.7	*FY26F PER (26x)*
Tangkak Biomass Plant *(Equity Value)*	32.3	*DCF (WACC: 6%)*
Total SOP	**664.1**	
Shares out	394.0	
Value/share (RM)	**1.69**	

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement	FY22	FY23	FY24	FY25F	FY26F
Revenue	**150.7**	**170.8**	**227.2**	**374.7**	**400.9**
Operating expenses	-133.9	-156.2	-203.8	-342.9	-366.9
Operating profit	**16.8**	**14.6**	**23.5**	**31.8**	**33.9**
Net interest expense	-0.4	-1.2	-1.6	-1.5	-1.5
Associates	0.0	0.0	0.0	0.0	0.0
PBT	**16.4**	**13.4**	**21.9**	**30.3**	**32.4**
Taxation	-4.5	-3.3	-5.8	-8.2	-8.7
Minority Interest	-0.0	-0.0	-0.0	0.4	0.0
Net profit	11.9	10.1	16.0	21.7	23.7
Core net profit	**12.4**	**13.0**	**16.0**	**21.7**	**23.7**
Balance Sheet	**FY22**	**FY23**	**FY24**	**FY25F**	**FY26F**
PPE	1.8	3.3	5.2	26.9	18.6
Others	3.5	3.4	2.7	2.7	2.7
Non-current assets	**5.4**	**6.6**	**7.9**	**29.6**	**21.3**
Inventories	0.7	0.5	0.4	1.1	1.2
Receivables	32.2	30.5	47.5	66.9	71.6
Others	50.7	48.7	17.0	99.5	106.0
Cash & equivalent	80.2	108.2	132.2	187.6	215.7
Current assets	**163.7**	**187.9**	**197.2**	**355.2**	**394.5**
Share capital	60.9	62.6	85.0	85.0	85.0
Minority Interest	0.2	0.1	0.1	0.6	0.6
Reserves	25.1	35.2	49.4	67.2	91.1
Total Equity	**86.2**	**97.9**	**134.6**	**152.8**	**176.7**
Long-term borrowings	0.9	1.9	1.8	2.2	2.4
Others	2.9	2.4	1.8	1.8	1.8
Non-current liabilities	**3.8**	**4.4**	**3.6**	**4.0**	**4.2**
Short-term borrowings	10.9	4.5	6.6	6.6	6.6
Payables	61.4	69.5	37.5	152.3	163.0
Others	6.8	18.2	22.7	57.7	65.3
Current liabilities	**79.2**	**92.2**	**66.9**	**216.6**	**234.9**

Cash Flow Statement	FY22	FY23	FY24	FY25F	FY26F
PBT	16.4	13.4	21.9	30.3	32.4
Depreciation & Amortization	0.2	1.0	1.0	7.9	8.8
Chgs in working capital	5.5	9.9	-47.8	94.7	5.9
Others	-16.1	9.0	26.4	-52.7	-12.7
Operating cash flow	**6.0**	**33.3**	**1.4**	**80.3**	**34.3**
Capex	-0.5	-1.8	-2.1	-20.5	-0.5
Others	-3.7	1.6	3.9	0.0	0.0
Investing cash flow	**-4.2**	**-0.2**	**1.8**	**-20.5**	**-0.5**
Dividends paid	0.0	0.0	-2.0	-5.9	-5.9
Movement in borrowings	9.8	-5.4	-0.1	0.4	0.2
Others	24.6	-0.2	24.1	0.0	0.0
Financing cash flow	**34.4**	**-5.6**	**22.0**	**-5.5**	**-5.7**
Net changes in cash	36.2	27.5	25.2	54.2	28.1
Beginning cash	**32.8**	**69.0**	**96.6**	**121.7**	**175.9**
Overdrafts, Deposits & Forex	0.0	0.0	0.0	0.0	0.0
Ending cash	**69.0**	**96.5**	**121.9**	**175.9**	**204.0**

Key Ratios	FY22	FY23	FY24	FY25F	FY26F
Operating profit margin	11.1%	8.5%	10.3%	8.5%	8.5%
Core net profit margin	8.2%	7.6%	7.1%	5.8%	5.9%
ROE	14.4%	13.3%	11.9%	14.2%	13.4%
ROA	7.3%	6.7%	7.8%	5.6%	5.7%
Net gearing	-79%	-104%	-92%	-117%	-117%
Book value/share (RM)	0.22	0.25	0.34	0.39	0.45
PBV (x)	5.5	4.8	3.5	3.1	2.7
PER (x)	37.7	35.9	29.2	21.6	19.8

Source: Company, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology