

10 November 2023

Samaiden Group

A Big Winner in Latest CGPP Award Round

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SAMAIDEN has emerged a big winner in the latest Corporate Green Power Programme (CGPP) award round, securing a total capacity of 43.32 MWac. The CGPP offers higher tariff rates and ushers in a new EPCC order book replenishment cycle (c. RM2.4b) for EPCC players. We raise our FY24F and FY25F net profit by 2% and 10% respectively, lift our TP by 8% to RM1.80 (from RM1.67) and maintain our OUTPERFORM call.

A slice of action in CGPP. SAMAIDEN has emerged a big winner in the latest round of awards of solar power generation capacity under the CGPP. It has won a total of 43.32 MWac comprising 13.42 MWac on its own and 29.9 MWac via a consortium. In the latest round of awards, Energy Commission (EC) announced ten winners with a total capacity of 236.58 MWac, with plant capacity ranging from 10 MWac to 30 MWac. (see Exhibit 1).

A higher return. We believe the CGPP offers higher return vs. Large-Scale Solar (LSS) programme, as the CGPP uses a willing-buyer-willing-seller model vs. an open bidding model under the LSS programme. We anticipate a higher tariff in the range of 25-28 sen/kWh, vs. 17-24 sen/kWh under the LSS4 programme. Coupled with the softening panel prices, we believe the IRR for the CGPP could be in the low-to-mid-teens, vs. 8%-10% under the LSS programme.

RM2.4b EPCC jobs for EPCC players. The CGPP also ushers in a new order book replenishment cycle for EPCC players. This is particularly critical given that EPCC jobs for projects under the LSS4 programme will tail off towards end-2023. Based on our estimates, the CGPP will generate RM2.4b worth of EPCC jobs and will keep EPCC players busy until end-2025.

Forecasts. We raise our FY24F and FY25F net profit by 2% and 10%, respectively, assuming SAMAIDEN is to secure 15% of total EPCC jobs under the CGPP.

Correspondingly, we raise our TP by 8% to RM1.80 (from RM1.67) based on 30x FY25F PER, in line with the average forward PER of peers such as **SVLEST (Not Rated)** and **SUNVIEW (Not Rated)**. Note that our TP reflects a 5% premium given its 4-star ESG rating as appraised by us (see page 5).

We continue to like SAMAIDEN for: (i) the bright outlook of the RE sector in Malaysia, underpinned by the government's goal of RE making up 70% of total generation mix by 2050, (ii) the increased commercial viability of solar power projects on falling solar panel prices and the export potential of RE, (iii) its position as one of the top players in the local solar EPCC market, (iv) its ability to provide end-to-end solutions, including financing, and (v) its proven track record in delivering projects on time and within budget. Maintain **OUTPERFORM**.

Risks to our call include: (i) the government dials back on RE policy, (ii) influx of new players in the EPCC space, intensifying competition, (iii) project execution risks including cost overrun and project delays, and (iv) escalating cost of inputs, particularly, solar panel and labour.

OUTPERFORM ↔

Price: RM1.17
Target Price: RM1.80 ↑

Expected Capital Gain: RM0.63 +53.8%
Expected Divd. Yield: RM0.00 +0.0%
Expected Total Gain: RM0.63 +53.8%

KLCI Index 1,452.27

Stock Information

Bloomberg Ticker	SAMAIDEN MK Equity
Bursa Code	0223
Listing Market	Main Market
Shariah Compliant	Yes
Shares Outstanding	409.9
Market Cap (RM m)	479.5
Par value per share (RM)	N.A.
52-week range (H)	1.35
52-week range (L)	0.71
Free Float	27%
Beta	1.0
3-mth avg daily vol	775,727

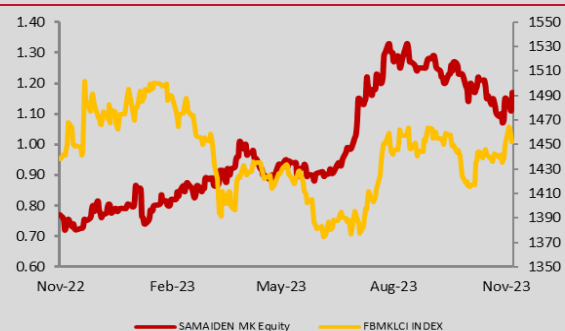
Major Shareholders

Hee Ir Chow Pui	32.0%
Foon Fong Yeng	21.2%
Chudenko Corp	14.2%

Summary Earnings Table

FY June (RM m)	2023A	2024F	2025F
Revenue	170.8	237.4	284.9
EBIT	15.1	26.0	32.5
PBT	13.4	24.8	31.3
Net Profit (NP)	10.1	18.6	23.5
Core NP (CNP)	12.5	18.6	23.5
Consensus CNP	-	21.9	27.2
Earnings Revision (%)	-	+2.3	+9.7
Core EPS (sen)	3.1	4.5	5.7
Core EPS growth (%)	0.9	48.3	26.3
DPS (sen)	0.5	0.0	1.0
BV/Share (RM)	0.2	0.3	0.3
Core PER (x)	38.3	25.8	20.4
Price/BV (x)	4.9	4.1	3.4
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Dividend Yield (%)	-	-	-

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	0.0%	-6.4%	60.3%
Relative (%)	-2.5%	-5.7%	59.9%



10 November 2023

Exhibit 1: Ten Winners of the Latest CGPP Award Round

No.	Winner	Capacity (MWac)
1	Consortium of Asia Meranti Sdn. Bhd. and Sepakat Ehsan Sdn. Bhd	10.00
2	Consortium of Asiabina Properties Sdn. Bhd. and Asia Meranti Sdn. Bhd.	29.99
3	Consortium of Ditrolic Energy Holdings Sdn. Bhd. and TTL Energy Sdn. Bhd.	26.94
4	Consortium of Greenviro Solutions Sdn. Bhd., Angelaxy Power Sdn. Bhd. and Asanaga Sdn. Bhd.	14.00
5	Consortium of NEFIN Energy (Malaysia) Sdn. Bhd. and NEFINCO (Malaysia) Sdn. Bhd.	29.99
6	Consortium of P Solar Sdn. Bhd. and TG Plastics Technologies Sdn. Bhd.	29.99
7	Consortium of Premier Supreme Sdn. Bhd. and Samaiden Sdn. Bhd.	29.99
8	Consortium of Setara Armada Sdn. Bhd., MWG Power Sdn. Bhd. and Ocean Solar Power Sdn. Bhd.	28.67
9	Consortium of Taiping Solar Sdn. Bhd. and Asia Meranti Sdn. Bhd.	23.68
10	Samaiden Sdn. Bhd.	13.42

Source: Energy Commission, Kenanga Research

10 November 2023

Income Statement						Financial Data & Ratios					
FY June (RM m)	2021A	2022A	2023A	2024F	2025F	FY June	2021A	2022A	2023A	2024F	2025F
Revenue	53.4	150.7	170.8	237.4	284.9	Growth (%)					
EBIT	8.0	17.3	15.1	26.0	32.5	Revenue	-29.8	182.0	13.3	39.0	20.0
PBT	8.1	16.4	13.4	24.8	31.3	EBIT	6.8	115.7	-12.8	72.2	25.1
Taxation	(2.1)	(4.5)	(3.3)	(6.2)	(7.8)	PBT	10.7	103.6	-18.3	85.0	26.3
Net Profit	5.9	11.9	10.1	18.6	23.5	Net Profit	-18.3	101.3	-15.5	84.4	26.3
Core Net Profit	5.8	12.4	12.5	18.6	23.5	Core Net Profit	-20.3	112.7	0.9	48.3	26.3
Balance Sheet						Profitability (%)					
FY June (RM m)	2021A	2022A	2023A	2024F	2025F	EBIT Margin	15.0	11.5	8.8	10.9	11.4
Fixed Assets	1.9	1.8	3.4	3.6	3.8	PBT Margin	15.1	10.9	7.8	10.4	11.0
Other FA	0.1	3.5	3.3	3.3	3.3	Core Net Margin	10.9	8.2	7.3	7.8	8.2
Inventories	0.3	0.7	0.5	0.7	0.8	Effective Tax Rate	26.5	27.3	25.0	25.0	25.0
Receivables	4.8	32.2	30.5	42.4	50.9	ROE	7.4	7.3	6.4	8.7	9.9
Other CA	65.1	109.0	115.8	115.8	115.8	ROA	12.0	14.4	12.8	16.0	16.8
Cash	6.4	21.8	41.1	47.3	62.0	DuPont Analysis					
Total Assets	78.7	169.1	194.5	213.1	236.6	Net Margin (%)	10.9	8.2	7.3	7.8	8.2
Payables	24.7	61.4	69.5	69.5	69.5	Assets Turnover (x)	0.7	0.9	0.9	1.1	1.2
ST Borrowings	1.1	10.9	4.5	4.5	4.5	Leverage Factor (x)	1.6	2.0	2.0	1.8	1.7
Other ST Liability	1.9	6.8	18.2	18.2	18.2	ROE (%)	12.0	14.4	12.8	16.0	16.8
LT Borrowings	1.0	0.9	1.9	1.9	1.9	Leverage					
Other LT Liability	0.2	2.9	2.4	2.4	2.4	Debt/Asset (x)	0.0	0.1	0.0	0.0	0.0
NCI	1.0	0.2	0.1	0.1	0.1	Debt/Equity (x)	0.0	0.1	0.1	0.1	0.0
Net Assets	48.8	86.0	97.8	116.4	139.9	Net (Cash)/Debt	-4.4	-10.0	-34.6	-40.9	-55.5
Share Capital	35.6	60.9	62.6	62.6	62.6	Net Debt/Equity (x)	-0.1	-0.1	-0.4	-0.4	-0.4
Other Reserves	13.2	25.1	35.2	53.8	77.2	Valuations					
Total Equity	48.8	86.0	97.8	116.4	139.9	Core EPS (sen)	1.4	3.0	3.1	4.5	5.7
Cashflow Statement						DPS (sen)	0.8	0.6	0.8	0.8	0.8
FY June (RM m)	2021A	2022A	2023A	2024F	2025F	BVPS (RM)	0.1	0.2	0.2	0.3	0.3
Operating CF	11.8	-4.0	6.3	16.3	23.8	Core PER (x)	82.1	38.6	38.3	25.8	20.4
Investing CF	-0.8	-0.9	-5.1	-5.1	-5.1	Net Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Financing CF	1.0	28.1	40.4	-12.0	-11.8	PBV (x)	9.8	5.6	4.9	4.1	3.4

10 November 2023

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
Stocks Under Coverage																	
GAS MALAYSIA BHD	MP	3.37	3.30	-2.1%	4,327.1	Y	12/2023	27.1	25.2	-11.5%	-6.8%	12.4	13.3	3.1	26.2%	19.0	5.6%
MALAKOFF CORP BHD	MP	0.640	0.630	-1.6%	3,127.7	Y	12/2023	(6.9)	5.4	-182.4%	-21.9%	N.A.	11.9	0.6	-6.5%	3.0	4.7%
PETRONAS GAS BHD	MP	16.94	17.45	3.0%	33,519.7	Y	12/2023	95.8	97.2	9.8%	1.4%	17.7	17.4	2.5	14.3%	81.5	4.8%
SAMAIDEN GROUP BHD	OP	1.17	1.80	53.8%	479.5	Y	06/2024	4.5	5.7	48.7%	26.3%	25.7	20.4	4.1	17.4%	0.0	0.0%
TENAGA NASIONAL BHD	OP	9.90	11.30	14.1%	57,294.6	Y	12/2023	71.6	84.4	6.8%	17.8%	13.8	11.7	0.9	6.9%	35.8	3.6%
YTL POWER INTERNATIONAL BHD	OP	2.26	2.50	10.6%	18,310.9	N	06/2024	26.5	25.3	9.7%	-4.9%	8.5	8.9	1.1	12.7%	6.0	2.7%
Sector Aggregate					117,059.4					-2.2%	15.2%	14.3	12.4	2.1	11.8%		3.6%

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★	★	
	Corporate Governance	★	★	★	★	
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★	★	
SPECIFIC	Transition to Renewables	★	★	★	★	
	Reliable Energy & Fair Tariff	★	★	★	☆	
	Effluent/Waste Management	★	★	★	★	
	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★	☆	
	Customer Satisfaction	★	★	★	★	
OVERALL		★	★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**** The Expected Total Return might contain rounding discrepancy**

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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