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Positive outlook for Samaiden on EC selection

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Company sets sight on at least 10% of LSS5 projects

UTILITIES

PETALING JAYA: Samaiden Group Bhd's growth prospects have received a boost after being shortlisted by the Energy Commission (EC) for the development of a 99.99MW solar plant in Pasir Mas, Kelantan, under the large-scale solar 5 (LSS5) programme.

Following this news, analysts have maintained a "buy" call on the clean energy services and solutions provider's stock.

RHB Research raised its target price (TP) by 24% to RM1.62 per share from RM1.33, while MIDF Research kept its TP unchanged at RM1.69 per share.

According to RHB Research, Samaiden aims to capture at least 10% of the available opportunities (at least 2GW) under the LSS5 programme.

The research house expects engineering, procurement, construction and commissioning (EPCC) contracts for LSS5 to be announced in the second-half of 2025.

For now, the company's earnings estimates remained unchanged.

Meanwhile, MIDF Research saw Samaiden as a key beneficiary of EPCC prospects under the Corporate Green Power Programme (CGPP), LSS5 and the long-term renewable energy (RE) growth potential from the National Energy

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MIDF Research

Transition Roadmap.

"The balance sheet remains strong with a net cash position of RM119.8mil, underpinning near-term growth prospects," the research house said.

MIDF Research noted Samaiden's record high order book of RM521.2mil after securing RM91.2mil worth of EPCC contracts under the CGPP, with the extension of the Net Energy Metering 3.0 programme, as well as the LSS5 programme, to bring in more opportunities for order book replenishment.

It added that the company, which recently formed a 70:30 joint venture with PT MCS Bina Energi in Indonesia, has identified several EPCC projects and investment assets currently under discussion.

Meanwhile, RHB Research said the potential upside from the Pasir Mas project has not been factored into its stock price valuation and, assuming Samaiden fully

owns the project, may see a 6% upside with the company well-positioned to benefit from the expanding demand for RE solutions, reinforcing its long-term growth potential.

The research house said the earnings impact from the Pasir Mas project cannot be ascertained at this stage because details on tariff and capital expenditure (capex) have not been disclosed.

"Assuming a project internal rate of return of 8% and RM2.3mil per MW capex, the project could contribute an average net profit of circa RM16mil per annum," it said.

However, it pointed out that the project would put Samaiden in a net debt position.

Scheduled to be operational by October 2027, the Pasir Mas project would sell electricity to the power grid through a 21-year power purchase agreement with Tenaga Nasional Bhd and would generate recurring income for Samaiden.