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Samaiden Group Bhd

Outperform. Target price: **RM1.51**

Source: Kenanga Research

SAMAIDEN has received the green light to build and operate a 7MW biomass power plant in Tangkak, Johor, which will supply a net export capacity of 6MW to TNB. The 21-year agreement will commence in Jan 2027.

The FiT rate for the power plant is RM0.34/kWh. Based on our estimates, it will fetch annual revenue of RM3 million at a PAT margin of 32%. Coupled with the softening panel prices, we project the IRR for the biomass power plant at 8% to 10%.

Samaiden's long-term growth is well-supported by the National Energy Transition Roadmap (NETR) which sets an ambitious target of RE to make up 70% of total power generation capacity by 2050. Also, businesses in general, driven by commercial reasons (i.e. to save cost) and ESG considerations, have voluntarily invested in solar energy generation assets following the recent hikes in electricity tariffs.

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.

We maintain our forecasts but raise our TP by 3% to RM1.51 (from RM1.46). 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.