

Headline	Optimistic outlook for RE sector expected to bolster Samaiden earnings		
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Optimistic outlook for RE sector expected to bolster Samaiden earnings

PETALING JAYA: Samaiden Group Bhd's earnings outlook is expected to be supported by the optimistic outlook for the renewable energy (RE) sector in Malaysia, underpinned by the government's goal of RE making up 70% of total generation mix by 2050.

Samaiden Group via its indirect wholly-owned subsidiary, Samaiden Biomass Energy Sdn Bhd has received the Feed-in Tariff (FiT) approval certificate from the Sustainable Energy Development Authority Malaysia.

This approval gives the company the green light to construct and operate a biomass power plant in Tangkak, Johor which will supply a net export capacity of six megawatts to Tenaga Nasional Bhd.

The 21-year power purchase agreement will commence in January 2027.

Kenanga Research said the FiT rate for the power plant at 34sen per kilowatt, and based on the research house's estimates, it will fetch an annual revenue of RM3mil and a profit after tax margin of 32%.

Along with the softening panel prices, Kenanga Research expects the internal rate of return for the biomass power plant at 8% to 10%.

"Samaiden's long-term growth is well-supported by the National Energy Transition Roadmap 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 (that is to save cost) and environmental, social and governance considerations, have voluntarily invested in solar energy generation assets following the recent hikes in electricity tariffs," the research house said in a report.

Kenanga Research maintained an "outperform" call on Samaiden with a target price of RM1.51 a share.

The research house continues to like Samaiden for its position as one of the top players in the local solar engineering, procurement, construction and commissioning market, and for the company's ability to provide end-to-end solutions, including financing, backed by the group's proven track record in delivering projects on time

and within budget.

On the other hand, RHB Research which maintained its "buy" call on Samaiden with a TP of RM1.55 a share, said the new development marks Samaiden's second contract win for the year, reflecting its strong position in the RE space.

"We maintain our earnings estimates for now, pending more details as Samaiden is still fine-tuning its costing (biomass plant capital expenditure is generally around RM10mil to RM12mil per megawatt) as funding structure for this new facility," the research house said.

RHB Research said based on its back-of-the-envelope calculations, the biomass gas plant could roughly bring in earnings of RM3mil to RM4mil per annum.