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Samaiden Group scores big

The Malaysian Reserve, Malaysia



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► **Recommendation: Buy**
Target Price: RM1.62
by RHB Investment Bank Bhd
(Dec 31)

MAINTAIN 'Buy', new RM1.62 TP from RM1.33, 24% upside with c2% FY25F (June) yield. We are upbeat on Samaiden Group Bhd being shortlisted under the Large-Scale Solar (LSS) 5 programme, further cementing its role as a significant player in the solar energy sector. This new solar asset bolsters the group's growth prospects, aligning with Malaysia's strategy to enhance its renewable energy (RE) mix.

Sizeable solar asset. Samaiden has received a letter of notification as a shortlisted bidder from the Energy Commission (EC) to develop a 99.99MW large-scale solar photovoltaic plant in Pasir Mas, Kelantan, under Package 3 (30MW to 500MW category) of the LSS5 programme. **The power purchase agreement with Tenaga Nasional Bhd (TNB, 'Buy' TP: RM16.6) will be for 21 years, with the plant's commercial operation date targeted at Oct 11, 2027.** We are still unable to ascertain the actual earnings impact for this project, pending disclosure of tariff and capex. Assuming a project internal rate of return of 8%

SAMAIDEN GROUP BHD				
FORECASTS AND VALUATION	2024	2025F	2026F	2027F
TOTAL TURNOVER (RM mil)	227	326	470	549
RECURRING NET PROFIT (RM mil)	16	23	33	39
RECURRING EPS (Sen)	0.04	0.06	0.08	0.09
RECURRING P/E (x)	33.47	23.18	16.28	13.85

and RM2.3 million/MW capex, the project could contribute an average net profit of cRM16 million pa. However, we are aware that this will likely put the group in a net debt position.

LSS5 EPCC project announcements. Following EC's notification of shortlisted bidders, we expect engineering, procurement, construction and commissioning (EPCC) contracts for LSS5 to begin materialising in 2H25. The group has stated its intention to capture at least 10% of the available opportunities (at least 2GW).

Maintain 'Buy'. We keep our earnings estimates unchanged, as contributions from this project are only expected to stream in from 2027 onwards. However, we arrive at a new SOP-derived TP of RM1.62 (Figure 1) as we: i) Roll forward our base year to CY25, with our valuation pegged to an unchanged 24

times P/E to fully diluted EPCC earnings; and ii) impute its Corporate Green Power Programme assets (DCF-based, with a 5.9% WACC) into the firm's valuation. As this win has not yet been factored into our TP due to pending details, the potential upside — assuming Samaiden has a 100% stake — is estimated at 6%. Our TP also includes a 6% environmental, social and governance (ESG) premium, as Samaiden's 3.3 ESG score is above the country median of 3.0. Given its proven track record and ongoing participation in LSS projects, Samaiden is well-positioned to benefit from the expanding demand for RE solutions, reinforcing its long-term growth potential.

Risks. Downside risks include a discontinuation of solar incentives, competition risks and higher-than-expected project costs.