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Samaiden set for growth with new solar projects

The Malaysian Reserve, Malaysia



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ANALYSTS have maintained a positive outlook on Samaiden Group Bhd, with an upgraded target price and revised valuation, driven by recent successes in the renewable energy (RE) sector.

Samaiden has been short-listed for a significant 99.99MW solar photovoltaic (LSSPV) plant under Malaysia's large-scale solar (LSS) 5 programme.

Located in Pasir Mas, Kelantan, the plant will begin operations in 2027 under a 21-year power purchase agreement with Tenaga Nasional Bhd.

The project not only bolsters Samaiden's position in the solar sector but also aligns with the company's target of reaching 100MW in asset ownership under the LSS5 initiative.

In addition, Samaiden has also secured another 99.99MW solar farm in Kedah, aligning with its broader strategy for expansion under LSS5.

The company aims to capture at least 10% of the 2GW in total engineering, procurement, construction and commissioning (EPCC) job opportunities available under the programme, translating to approximately RM600 million in potential contracts.

Samaiden's proven track record in previous solar cycles, including capturing a 15% market share, strengthens the belief that these targets are within reach.

Apex Securities noted, "Samaiden aims to secure at least 10% (200MW) of the 2GW EPCC opportunities under LSS5, translating to an estimated RM600 million in job opportunities. We believe this is achievable, as it aligns with Samaiden's proven track record of capturing a 15% market share in previous LSS cycles."

Strong Earnings Visibility

The upcoming projects provide



Source: samaiden.com

Samaiden aims to secure at least 10% of the 2GW EPCC opportunities under LSS5

Samaiden with strong earnings visibility over the medium term.

RHB Research forecasted that while the financial impact from these new solar assets will not be realised until the financial year ending 2028, the company's orderbook remains robust, with an unbilled value of RM521.2 million as of September 2024.

This is a clear indicator of Samaiden's ability to capitalise on future growth in the RE space.

The research house highlighted, "We are upbeat on Samaiden Group being short-listed under the LSS5 programme, further cementing its role as a significant player in the solar energy sector."

The company's strategic move into LSS projects and its plans to capture more opportunities under the LSS5 initiative are expected to have a meaningful impact on its long-term earnings trajectory.

Apex Securities estimated that the capital expenditure for the new solar plant is around RM200 million, with a mid-single-digit internal rate of return (IRR).

The company's low gearing

ratio of 0.03 times ensures manageable financial risk, providing further confidence in its ability to execute these large-scale projects efficiently.

Upgraded Valuations

Reflecting these developments, RHB Research has maintained its 'Buy' rating on Samaiden and set a new target price of RM1.62, representing a 24% upside, incorporating the company's expanding presence in the renewable energy sector.

Apex, on the other hand, revised its sum-of-the-parts valuation to RM1.71 from RM1.66, factoring in contributions from the LSS5 solar assets and other ongoing projects.

The research house further elaborated: "By rolling forward our base year to CY25, with our valuation pegged to an unchanged 24 times P/E to fully diluted EPCC earnings, we arrive at a new SOP-derived TP of MYR1.62."

Both research firms highlighted Samaiden's strong position in the growing RE market, citing the company's expertise in ground-mounted solar photovoltaic projects and its strategic focus on bioenergy solutions.

Apex also assigned Samaiden a three-star ESG rating, reflecting the company's commitment to sustainability.

Risks, Challenges

Despite the positive outlook, there are risks to consider, including potential increases in solar module costs, the challenge of meeting project deadlines and intense competition within the renewable energy sector.

However, Samaiden's strong balance sheet, proven execution capability and expanding project portfolio position it well for long-term success. — by RUPINDER SINGH