

4 August 2022

Energy & Petrochemicals | Renewable Energy

## Samaiden Group (SAMAIDEN MK)

**Buy**

### Growth Prospects Are Off The Roof; Initiate BUY

Target Price (Return): MYR0.76 (+21%)  
Price (Market Cap): MYR0.63 (USD54.4m)  
ESG score: 3.20 (out of 4)  
Avg Daily Turnover (MYR/USD) 0.12m/0.03m

- **Initiate BUY, SOP-based MYR0.76 TP offers 21% upside.** Samaiden stands to benefit from the pick-up in renewable energy (RE) adoption in the region. Its sturdy MYR403m orderbook (7.5x FY21 revenue) and MYR1bn tenderbook should fuel a 3-year earnings CAGR of 26%. We like its pivot into RE asset ownership for recurring income, and the eventual decrease in its reliance on EPCC jobs. Helmed by an experienced team and supported by the inevitable RE adoption, its FY23 (Jun) P/E of 13x (vs our 15x) makes it an attractive BUY.
- **Solar engineering, procurement, construction and commissioning (EPCC) service provider.** Samaiden currently derives the bulk of its revenue from the EPCC of: i) Utility-scale large-scale solar (LSS) projects; and ii) solar photovoltaic (PV) systems for commercial and industrial (C&I) clients. Increasingly, it has been pivoting towards EPCC and the ownership of other forms of RE sources, such as biomass and biogas.
- **Malaysia's RE commitment is a boon.** As the Government is targeting for 31% of Malaysia's installed capacity to be made up of RE by 2025, these efforts will likely translate to more RE projects that Samaiden can capitalise on. With a reputable track record and its listing status, Samaiden is well-positioned to win more LSS contracts, in our view. The growth in demand for solar PV systems from C&I clients should further strengthen its orderbook.
- **More recurring revenue streams.** To reduce its reliance on a constant flow of EPCC projects, Samaiden became an RE asset owner by clinching its first biogas power plant contract in Nov 2020, with construction to be completed by Nov 2023. Additionally, it is looking to strike more power purchase agreements (PPA) with C&I customers – where Samaiden builds, owns and operates the solar PV systems for a pre-specified period.
- **Regional ambitions.** With its synergistic collaboration with Tokyo-listed engineering firm Chudenko, Samaiden is looking to expand into Japan as both an EPCC contractor and potential owner of solar PV systems for C&I clients. With other South-East Asian nations also actively growing their RE energy mix, Samaiden is actively exploring EPCC and ownership opportunities in Vietnam, Indonesia, Cambodia and the Philippines.
- **Shining bright.** We forecast a FY21-24 CAGR of 26%, driven by higher job wins fuelled by the growing demand for RE, to reach the 31% RE mix target in Malaysia. We are expecting 68-74% earnings growth in FY22-23. We assign an ESG score of 3.2 to Samaiden, and apply a 4% premium to our SOP-based intrinsic value to arrive at a TP of MYR0.76. The TP includes a DCF of its RE assets, and 15x P/E on FY23F earnings. The 15x is at a slight discount to its closest peer Solarvest's (SOLAR MK, NEUTRAL, TP: MYR0.77) 20x. Given its strong earnings growth, Samaiden's current market valuation of 13x FY23F P/E is undemanding.
- **Key downside risks** include the inability to secure more projects and (as such) cost overrun, and a rise in solar panel prices, which could erode margins and delay projects.

#### Analysts

Jim Lim Khai Xiang  
+603 9280 8683  
[jim.lim@rhbgroup.com](mailto:jim.lim@rhbgroup.com)

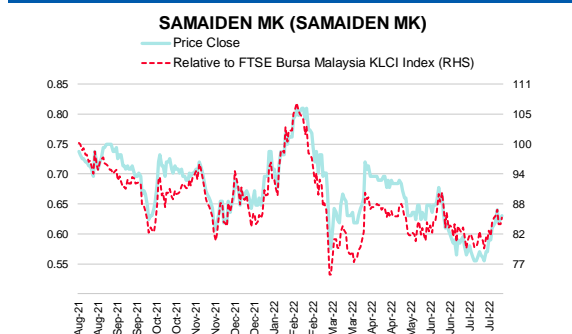


Lee Meng Horng  
+603 9280 8866  
[lee.meng.horng@rhbgroup.com](mailto:lee.meng.horng@rhbgroup.com)



#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(6.3)	11.5	(7.9)	(17.3)	(12.5)
Relative	(1.7)	8.4	(1.3)	(16.2)	(12.6)
52-wk Price low/high (MYR)				0.56 – 0.81	



Source: Bloomberg

#### Overall ESG Score: 3.20 (out of 4)

##### E: EXCELLENT

Samaiden ensures that its works comply with environmental laws and regulations to minimize adverse impact to the environment. It is also constantly monitoring its sub-contractors and suppliers to avoid any environmental incidents and hazards. Samaiden's services are beneficial to the environment over the long run.

##### S: GOOD

Samaiden has adopted a series of human resources policy and good practices in order to build a conducive work environment and positive workplace culture. Samaiden also funds its staff's training costs to upskill them.

##### G: EXCELLENT

Samaiden has applied and adopted the majority of best practices of the Malaysian Code on Corporate Governance. 40% (2 out of 5) of the board members are female. 60% (3 out of 5) of the board members are independent non-executive directors, including the chairman. We highlight that on 27 May 2021, Samaiden adopted the board diversity policy, which considers the Board's diversity in different aspects such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity, and educational background.

Forecasts and Valuation	Jun-20	Jun-21	Jun-22F	Jun-23F	Jun-24F
Total turnover (MYRm)	76	53	136	222	285
Recurring net profit (MYRm)	7	6	11	18	24
Recurring net profit growth (%)	(3.8)	(19.9)	84.6	73.8	29.3
Recurring P/E (x)	33.74	42.11	22.81	13.13	10.15
P/B (x)	16.5	5.0	2.9	2.4	1.9
P/CF (x)	19.98	na	10.31	7.53	12.33
Dividend Yield (%)	na	na	na	na	na
EV/EBITDA (x)	32.99	29.46	11.32	5.82	3.56
Return on average equity (%)	50.0	16.9	15.9	19.7	20.8
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

See important disclosures at the end of this report

Market Dateline / PP 19489/05/2019 (035080)

4 August 2022

Energy &amp; Petrochemicals | Renewable Energy

## Financial Exhibits

<b>Asia</b>	<b>Financial summary (MYR)</b>	<b>Jun-20</b>	<b>Jun-21</b>	<b>Jun-22F</b>	<b>Jun-23F</b>	<b>Jun-24F</b>
Malaysia	Recurring EPS	0.02	0.01	0.03	0.05	0.06
Energy & Petrochemicals	BVPS	0.04	0.13	0.22	0.27	0.33
<b>Samaiden Group</b>	Return on average equity (%)	50.0	16.9	15.9	19.7	20.8
SAMAIDEN MK / 223						
Buy						
<b>Valuation basis</b>	<b>Valuation metrics</b>	<b>Jun-20</b>	<b>Jun-21</b>	<b>Jun-22F</b>	<b>Jun-23F</b>	<b>Jun-24F</b>
SOP (15x FY23 P/E; DCF-based value of renewable energy (RE) assets @ 7.8% WACC)	Recurring P/E (x)	33.74	42.11	22.81	13.13	10.15
	P/B (x)	16.5	5.0	2.9	2.4	1.9
	FCF Yield (%)	4.5	(5.4)	9.6	3.8	8.0
	EV/EBITDA (x)	32.99	29.46	11.32	5.82	3.56
	EV/EBIT (x)	32.37	28.60	11.05	5.69	3.49
<b>Key drivers</b>	<b>Income statement (MYRm)</b>	<b>Jun-20</b>	<b>Jun-21</b>	<b>Jun-22F</b>	<b>Jun-23F</b>	<b>Jun-24F</b>
i. Demand for solar EPCC works from commercial and industrial projects;	Total turnover	76.2	53.4	136.0	221.7	285.2
ii. Demand for solar EPCC works from utility-sized projects	Gross profit	11.7	11.7	23.8	41.0	53.6
	EBITDA	6.7	7.0	13.8	24.2	31.9
	Depreciation and amortisation	0.1	0.2	0.3	0.6	0.7
	Operating profit	6.9	7.2	14.1	24.8	32.6
	Net interest	0.4	0.9	0.4	0.2	(0.3)
	Pre-tax profit	5.6	7.5	14.5	25.0	32.3
	Taxation	(0.0)	(2.1)	(3.9)	(6.5)	(8.4)
	Reported net profit	5.5	5.4	10.6	18.5	23.9
	Recurring net profit	7.2	5.8	10.6	18.5	23.9
<b>Key risks</b>	<b>Cash flow (MYRm)</b>	<b>Jun-20</b>	<b>Jun-21</b>	<b>Jun-22F</b>	<b>Jun-23F</b>	<b>Jun-24F</b>
i. Dependence on government policies and initiatives on RE;	Change in working capital	4.9	(17.1)	13.5	(3.4)	3.7
ii. Competition risks;	Cash flow from operations	12.1	(13.0)	23.5	32.2	19.7
iii. Unexpected increase in project costs.	Capex	(1.3)	(0.2)	(0.3)	(23.0)	(0.3)
	Cash flow from investing activities	(0.8)	(5.7)	0.1	(22.7)	(0.1)
	Cash flow from financing activities	1.0	29.1	43.4	(0.8)	9.9
	Cash at beginning of period	5.4	7.1	9.7	38.3	51.3
	Net change in cash	12.4	10.4	67.0	8.7	29.5
	Ending balance cash	17.8	17.5	76.7	47.0	80.8
<b>Company Profile</b>	<b>Balance sheet (MYRm)</b>	<b>Jun-20</b>	<b>Jun-21</b>	<b>Jun-22F</b>	<b>Jun-23F</b>	<b>Jun-24F</b>
Samaiden is a renewable energy turnkey engineering, procurement, construction and commissioning (EPCC) services provider, providing end-to-end solutions to build renewable energy - mainly solar photovoltaic - systems from scratch. Samaiden is also striving to be the owner of RE projects.	Total cash and equivalents	21.6	39.4	103.3	118.3	156.5
	Tangible fixed assets	1.5	1.9	2.1	1.9	2.2
	Total assets	32.0	78.7	146.5	192.1	247.3
	Short-term debt	0.1	1.2	13.0	13.0	15.0
	Total long-term debt	1.0	1.2	3.9	3.7	12.6
	Total liabilities	17.4	29.9	61.8	89.0	120.3
	Total equity	14.7	48.7	84.7	103.1	127.0
	Total liabilities & equity	32.0	78.7	146.5	192.1	247.3
<b>Shareholders (%)</b>	<b>Key metrics</b>	<b>Jun-20</b>	<b>Jun-21</b>	<b>Jun-22F</b>	<b>Jun-23F</b>	<b>Jun-24F</b>
Ir. Chow Pui Hee	Revenue growth (%)	11.5	(29.8)	154.4	63.0	28.7
Foon Fong Yeng	Recurrent EPS growth (%)	(3.8)	(19.9)	84.6	73.8	29.3
Chudenko Corp	Gross margin (%)	15.3	21.9	17.5	18.5	18.8
	Operating EBITDA margin (%)	8.8	13.0	10.1	10.9	11.2
	Net profit margin (%)	7.3	10.0	7.8	8.3	8.4
	Capex/sales (%)	1.7	0.4	0.2	10.4	0.1
	Interest cover (x)	260	150	28	42	34

Source: Company data, RHB

## Valuation And Recommendation

We initiate coverage on Samaiden with a SOP-derived TP of MYR0.76. Our SOP-valuation comprises:

- i. 15x P/E on FY23F EPS;
- ii. The DCF-based value of its biogas asset (21-year PPA, assuming a 7.8% WACC).

Our 15x P/E is at a discount to the 20x P/E ascribed to Solarvest, to account for Samaiden's smaller size. Nevertheless, it is still at a premium to the Malaysian utility peer 2023 P/E average of 12.3x, which we think is justifiable – given Samaiden's brighter growth prospects. Furthermore, this company is one of only two Bursa Malaysia-listed pure-play RE contractors and owners, which we believe rationalises a premium valuation.

**Figure 1: SOP valuation**

	Valuation Method	Fully Diluted value per share (MYR)
FY23F Earnings	15x P/E on FY23F Earnings	0.72
1.2MW Kelantan Biogas Asset *	60% x DCF (21 years PPA, WACC: 7.8%)	0.01
	<b>SOP-derived value</b>	<b>0.73</b>
	4% ESG Premium	0.03
	<b>Target Price</b>	<b>0.76</b>

Note: \* Samaiden owns 60% of SC Green Solutions, which builds, owns, and operates biogas RE facilities

Source: Company data, RHB

**BUY.** We like Samaiden for:

- i. Being a prime beneficiary of the growing demand for RE EPCC services in Malaysia and in the region, supported by its strong MYR403m orderbook and MYR1bn tenderbook;
- ii. Its venture into RE asset ownership to grow its recurring income; and
- iii. Its regional growth ambitions.

**Concerns over higher solar panel prices overblown.** We think that concerns of higher solar panel prices and of the possible resultant project delays in the sector have already been priced in. We note that, unlike its peers, Samaiden has not experienced any delays in solar EPCC projects. Furthermore, to protect margins, contracts with its clients include an exit clause to terminate the project, or renegotiate the terms – should solar panel costs exceed the initial estimates. Our conservative margin assumptions have already factored in the elevated solar panel prices.

Figure 2: Peer comparison

	Currency	Share Price (Local)	Mkt Cap (USDm)	P/E (x)		P/BV (x)		EPS Growth (%)		ROE (%)		Div Yield (%)
				FY+1	FY+2	FY+1	FY+2	FY+1	FY+2	FY+1	FY+2	FY+1
Samaiden ^	MYR	0.63	54.5	13.0	10.0	2.3	1.9	73.8	29.3	19.7	20.8	0.0
<b>Domestic Peers</b>												
Solarvest Holdings	MYR	0.70	104	21.7	15.8	2.4	2.1	>100	37.5	11.7	13.9	1.2
KPower	MYR	0.25	30	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cypark Resources	MYR	0.41	54	3.9	3.0	0.2	0.2	-18.8	27.9	5.8	6.7	0.0
Pekat Group	MYR	0.45	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
YTL Power International	MYR	0.71	1,293	N/A	18.2	0.4	0.4	83.3	>100	1.1	2.4	5.2
Petronas Gas	MYR	16.92	7,524	17.5	17.0	2.5	2.4	-3.8	3.0	14.3	14.3	4.8
Tenaga Nasional	MYR	8.30	10,732	10.6	9.9	0.8	0.8	22.8	7.1	7.6	7.9	5.1
PESTECH International	MYR	0.40	87	7.7	7.5	0.6	0.6	-26.7	3.9	6.5	6.5	N/A
Rohas Tecnic	MYR	0.29	30	7.9	6.6	0.4	0.4	>100	19.4	5.0	5.7	1.8
<b>Average (excluding outliers)</b>				<b>12.3</b>	<b>11.2</b>	<b>1.0</b>	<b>1.0</b>	<b>22.8</b>	<b>20.5</b>	<b>9.0</b>	<b>9.6</b>	<b>3.6</b>
<b>International Peers</b>												
SolarEdge Technologies	USD	365.41	20,239	56.3	37.6	9.1	7.5	34.8	49.9	20.3	20.2	0.0
First Solar	USD	99.72	10,630	N/A	49.6	1.8	1.7	>100	>100	0.0	4.2	0.0
Canadian Solar	USD	36.62	2,349	12.0	8.5	1.1	1.0	>100	41.4	7.7	11.7	0.0
Daqo New Energy Corp	USD	61.66	4,594	3.0	4.9	1.1	0.9	>100	-39.2	55.4	24.9	3.6
Ameresco	USD	64.00	3,317	34.0	31.6	4.1	3.6	24.8	7.5	12.6	11.3	N/A
Enphase Energy	USD	292.26	39,589	74.0	60.9	53.8	28.2	55.5	21.5	55.6	51.1	0.0
Scatec ASA	NOK	113.60	1,856	N/A	49.8	2.1	2.0	>100	>100	-6.9	4.8	2.6
ReneSola	USD	6.69	449	51.5	27.5	N/A	N/A	30.0	86.9	1.9	3.0	N/A
Xinyi Solar Holdings	HKD	12.66	14,346	23.0	17.4	3.3	2.9	-1.6	31.9	15.1	18.5	2.0
Trina Solar	CNY	83.84	26,913	50.3	31.1	8.1	6.6	91.7	61.8	16.8	21.8	0.5
Sunnova Energy International	USD	25.42	2,915	N/A	-47.5	1.6	1.3	26.2	42.0	-4.5	-2.5	N/A
Suzhou Maxwell Technologies	CNY	470.00	12,042	91.7	61.8	12.2	10.0	31.0	48.5	13.6	17.4	0.3
JinkoSolar Holding	USD	62.75	3,145	20.1	14.6	1.6	1.4	>100	56.1	7.8	10.7	0.0
SMA Solar Technology	EUR	51.40	1,818	N/A	67.0	4.6	4.4	71.7	>100	-0.6	5.9	N/A
Shenzhen Senior Technology Material	CNY	29.67	5,628	43.5	26.2	5.3	4.4	>100	65.8	14.2	18.8	0.3
<b>Average (excluding outliers)</b>				<b>22.6</b>	<b>27.2</b>	<b>4.3</b>	<b>5.4</b>	<b>29.4</b>	<b>34.7</b>	<b>11.0</b>	<b>13.3</b>	<b>1.5</b>

Note: Data as at 2 Aug 2022

^ FY+1 refers to FY23

Source: Company data, RHB, Bloomberg

## Investment Merits

### Key catalysts

- i. Strong orderbook provides earnings visibility;
- ii. Large tenderbook, reputable track record, and its scale should help win more contracts;
- iii. Growing demand for solar PV systems from C&I customers;
- iv. Growing recurring income streams;
- v. Regional expansion into untapped markets.

### Strong orderbook provides earnings visibility

Currently, Samaiden has an outstanding orderbook of MYR403m (7.54x FY21 revenue) which provides earnings visibility until FY25. In 10MFY22 alone, it has secured MYR339.7m worth of projects. We estimate that the majority of the MYR403m orderbook will be recognised as turnover in FY23 and FY24, with >50% to be translated into FY23 revenue.

We estimate that 40% of the MYR403m orderbook are solar PV system projects for C&I customers. The remaining 60% are from large-scale RE EPCC projects – which include LSS, biomass and biogas. Within this 60% amount, we gathered that there is MYR163m worth of projects from three LSS4 EPCC contracts, with a total capacity of 40MW.

### MYR1bn tenderbook + track record + scale = more contracts

**MYR1bn tenderbook.** Currently, Samaiden has a tenderbook of MYR1bn, which includes three outstanding tenders for LSS4 EPCC jobs. We gathered from management that it is confident about securing one out of the three outstanding tenders. We estimate that the potential additional projects will contribute to group numbers – some in FY23, mostly in FY24, and the rest in FY25.

**Having a strong track record is helpful** in bidding for LSS projects and securing solar PV system contracts with C&I customers. Since its inception, Samaiden has completed 200 projects without any delays. It has completed six LSS EPCC projects with a total capacity of 178.4MW. We estimate that, historically, its success rate has ranged between 33% and 50%. Operating in an industry with low barriers to entry, the group's strong track record gives it an edge over newcomers because project owners will be more willing to grant Samaiden the EPCC contract(s), considering that the latter has successfully and promptly delivered on previous projects. Its track record and listing status, along with its experienced and reputable management team, should allow Samaiden to consistently replenish its EPCC orderbook.

**Scale = lower costs.** Because of Samaiden's large size (relative to that of any industry newcomers), it is able to procure at a large scale, lowering its cost per unit. Furthermore, leveraging on its status as a listed company and on its existing relationships with banks, Samaiden is able to achieve a favourable cost of debt to finance its projects.

### Growing demand for solar PV systems from C&I customers

**ESG compliance and higher tariffs.** Management has highlighted that it has been fielding many enquiries from C&I customers on solar PV systems installation over the past year, mainly for two reasons. First, companies have growing ESG awareness and are looking to be ESG-compliant by having a higher RE mix – namely those C&I clients that export to international customers that may have stringent ESG expectations on its supply chain. Second, electricity tariffs are expected to increase next year, as the Government may discontinue subsidies for electricity. With the removal of the power subsidy, electricity costs may increase up to 39%. With their own solar PV systems, customers could save on their electricity bill.

There are various types of arrangements between Samaiden and its C&I clients, with each agreement dependent on the needs of its clients. However, it can be broadly categorised into three main categories, as shown in Figure 3.

Figure 3: Arrangements with C&amp;I Customers

	Purely EPCC	EPCC + O&M	PPA
Capex	Client	Client	Samaiden
EPCC	Samaiden	Samaiden	Samaiden
Ownership	Client	Client	Samaiden*
Operation and Maintenance	Client	Samaiden	Samaiden
Transfer ownership to client	N/A	N/A	Yes**

Note: \* Only during the concession period. Samaiden will sell the asset to the C&I client at the end of the concession period.

\*\* The agreements usually include clauses for: i) an extension in the concession period and ii) the client to buy out Samaiden's ownership at an earlier time before the end of the concession period.

Source: Company data, RHB

**PPA fetches better margins than purely EPCC.** Under the PPA, the C&I client would purchase electricity from Samaiden for a pre-specified period at a fixed tariff rate. After the end of the concession period, Samaiden will usually sell the ownership to the C&I client for a minimal residual value. In some cases, both parties could also negotiate to extend the PPA and Samaiden would remain the owner for a longer period of time. We estimate that, under the PPA model, Samaiden could earn PBT margins of mid-double-digit percentages, compared to the low-double-digit percentages related to EPCC works for C&I customers.

**Growing urgency to install solar PV systems.** We note that, despite customer enquiries, some customers have been reluctant to install solar PV systems due to cash flow concerns (given the inflationary environment) and concerns of rising solar PV module costs. However, given the C&I clients' greater urgency to install solar PV systems, we think that Samaiden could see a healthy EPCC orderbook from C&I customers in FY23. Currently, we conservatively forecast MYR100m in C&I EPCC contracts to be secured in FY23 (vs its existing C&I orderbook of MYR162m).

**First successful PPA with Sunway Nexis.** In Dec 2021, Samaiden signed its maiden PPA with Sunway Nexis, which will purchase electricity from Samaiden for 20 years. Samaiden will build, own and operate the 531 kWp grid-connected rooftop solar PV system. This solar PV system is developed under the Net Energy Metering 3.0 Scheme, where excess electricity will be exported to the grid. The construction was completed in Jun 2022, and we expect this to start contributing in FY23. We estimate that the client can save up to 40% in electricity costs via its PPA with Samaiden. We expect this to contribute MYR2m in annual revenues to Samaiden, and estimate net margins of 11-12% from this project.

### Growing recurring income streams

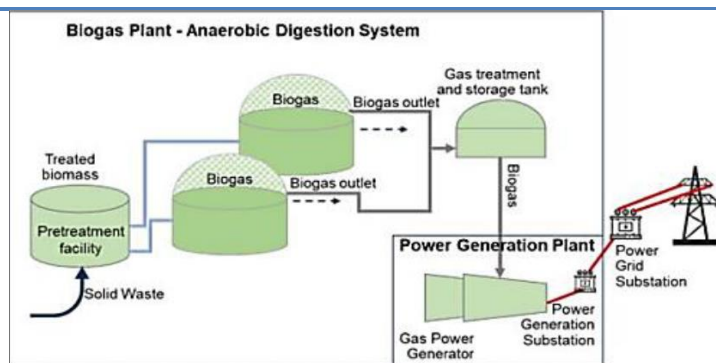
By relying on EPCC contracts, Samaiden needs a constant flow of projects. To mitigate and eliminate such risks, the group is actively growing its recurring income streams. In addition to increasing the recurring PPA contributions from C&I customers, Samaiden is also looking to be an RE asset owner.

**Bachok biogas power plant.** In Nov 2020, Samaiden's 60%-owned subsidiary SC Green Solutions won a bid to develop a 1.2MW biogas power plant in Bachok, Kelantan. SC Green Solutions will generate and sell electricity to Tenaga Nasional's (Tenaga) (TNB MK, NEUTRAL, TP: MYR8.60) power grid. The power plant is still under construction and is expected to be completed by Nov 2023.

This project was awarded under the FIT program, where Tenaga will be buying electricity from SC Green Solutions at a fixed tariff rate of MYR0.3963/kWh for 21 years. We forecast this power plant to contribute MYR3.5m in annual revenue.



Figure 4: Conceptual design of an integrated biogas power plant



Source: Company

### Regional expansion to tap untapped markets

Samaiden is also looking to expand regionally to tap untapped markets. Its regional expansion also reduces the group's risk of being too reliant on government-based RE projects in Malaysia.

We note that because Samaiden is only in the preliminary stages of exploring opportunities in these countries, we have yet to factor in any contribution from these countries. But we think that the inevitable global adoption of RE will mean that Samaiden can ride on the growth of RE in the region.

### Japan: Partnership with Chudenko

**Expansion into Japan via partnership with Chudenko.** In March, Samaiden entered into a business collaboration agreement with Chudenko, a Tokyo-listed engineering company based in Japan. Chudenko is mainly involved in the design, construction and maintenance of indoor electrical equipment, water and sewerage facilities. This partnership is synergistic, as Chudenko can now allow Samaiden to offer solar PV systems to Chudenko's existing C&I customer base, who operate in a variety of sectors.

**Bridging the cultural gap.** As a Japanese entity, Chudenko can help bridge the cultural gap between Samaiden and Chudenko's clients. In the event where the clients may prefer a Japanese entity as the EPCC main contractor, Chudenko may take on such role, and hire Samaiden as the subcontractor. Despite potentially operating as the subcontractor on these C&I projects, we believe that Samaiden can still secure the PBT margins similar to that of a main contractor, given their partnership with Chudenko. We forecast PBT margins of 8-9%.

**Potential joint ownership via SPV.** In addition to providing EPCC services to Chudenko's clientele, Samaiden may also set up a special purpose vehicle (SPV) with Chudenko to jointly own and operate the solar PV systems. This would also add to Samaiden's recurring revenue stream.

Contributions could begin in FY23, but we have yet to factor in any, given the preliminary stages of discussions. We note that, in addition to the new revenue contributions from the partnership, both parties also stand to benefit from the sharing of technical knowledge and experience.

**Chudenko's partnership with Samaiden.** To recap, on 24 Feb 2022, Chudenko acquired a 7.27% stake in Samaiden via a private placement. On 7 Mar 2022, Chudenko increased the stake to 15.15% by buying the shares from Fong Yeng Foon, co-founder of Samaiden. On the same day, Chudenko and Samaiden entered into a business collaboration agreement.

### Vietnam: Exploring ownership opportunities

Due to the boom in solar installations in Vietnam over the last two years, there are now relatively less projects in Vietnam with attractive returns. As such, Samaiden is not interested in EPCC opportunities in Vietnam, but is instead looking to be a project owner. It is currently actively seeking solar assets to acquire.

## Exploring Indonesia, Cambodia and the Philippines

**Indonesia.** Samaiden is looking for both EPCC and ownership opportunities for both LSS projects and C&I customers in Indonesia. With 97 RE projects worth USD12bn in Indonesia's pipeline, Samaiden stands to benefit from the Indonesian Government's efforts to achieve a 23% RE mix by 2025, from 12% presently. As part of its efforts to tap into the 400,000MW solar power potential in Indonesia, Samaiden entered into a joint venture (JV) agreement with Aneka Jaringan Holdings, which already has a presence in Indonesia via its subsidiary PT Aneka Jaringan Indonesia. The JV should expedite Samaiden's venture into Indonesia, given the Indonesian partner's local knowledge, network and experience.

**Cambodia.** Samaiden is in the preliminary stages of exploring solar PV opportunities in Cambodia, as:

- i. There are not many solar installations in Cambodia;
- ii. There are not many large RE investors;
- iii. There is a frequent shortage of electricity.

**Philippines.** Samaiden is also exploring solar, biomass, and biogas opportunities in the Philippines.

## Financial Overview

### Revenue 3-year CAGR of 78% supported by large orderbook

We forecast Samaiden to achieve revenue of MYR222m in FY23 and MYR285m in FY24, fuelled by its existing orderbook of MYR403m and new contract wins. We are also imputing MYR100m worth of C&I EPCC job wins in FY23, fuelled by higher demand stemming from clients' ESG compliance efforts, and an increase in electricity tariff rates. We have conservatively estimated MYR200m worth of LSS5 EPCC contract wins, with minimal contributions in FY24 – and mostly in FY25 and beyond, given that LSS5 bids may not begin so soon. We have not imputed any LSS5 ownership contributions.

**Figure 5: In 10MFY22, Samaiden won MYR339.7m worth of projects**

	Contracts	Contract Value	Type
Apr 2022	Air Selangor solar SELCO PV systems (10.5 MWac)	MYR32.8m	EPCC C&I
Mar 2022	Green RE LSS4 PV plant (15 MWac)	MYR56.6m	EPCC LSS
Dec 2021	Food Excellence Specialist solar PV systems (3.9 MWp)	MYR8.47m	EPCC C&I
Dec 2021	Ramatex rooftop solar PV systems (39 MWp)	MYR98.2m	EPCC C&I
Nov 2021	Bakateam LSS4 PV plant (15 MWac)	MYR60.1m	EPCC LSS
Aug 2021	Malakoff rooftop solar PV systems (11.5 MWp)	MYR22.8m	EPCC C&I
Jul 2021	Greenviro LSS4 PV plant (10 MWac)	MYR46.4m	EPCC LSS

Source: Company data, RHB

### Gradually improving gross margins

We expect Samaiden's gross margin to gradually trend upwards in the coming years, mainly premised on higher margin LSS projects (from higher tariffs) and the growing C&I segment. While we think that solar panel prices will likely remain elevated in the coming months, these could gradually ease in about two years (refer to our industry overview section). As a result, in FY25 and beyond, we think that Samaiden's gross margin may further increase on more favourable solar panel costs.

At the moment, we have yet to impute any contribution from the ownership of solar projects – and note that this could provide further upside to gross margin.

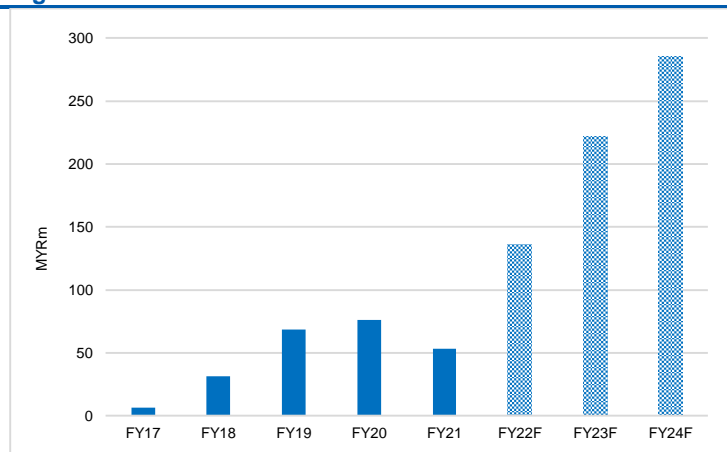
We do not see competition eroding gross margins, despite the industry having low barriers of entry. Samaiden – with its scale and ability to purchase in bulk – is likely able to procure at more favourable costs compared to smaller competitors. Furthermore, given its solid track record with project owners, Samaiden can secure projects at favourable rates, even if smaller players attempt to undercut prices.

### Exciting earnings growth ahead

We estimate that the group will book a 3-year earnings CAGR of 26%, driven by revenue growth. We conservatively estimate FY22 net profit to be MYR10.6m and FY24 net profit at MYR23.9m. Our FY22 forecast is 15% below the consensus estimate.

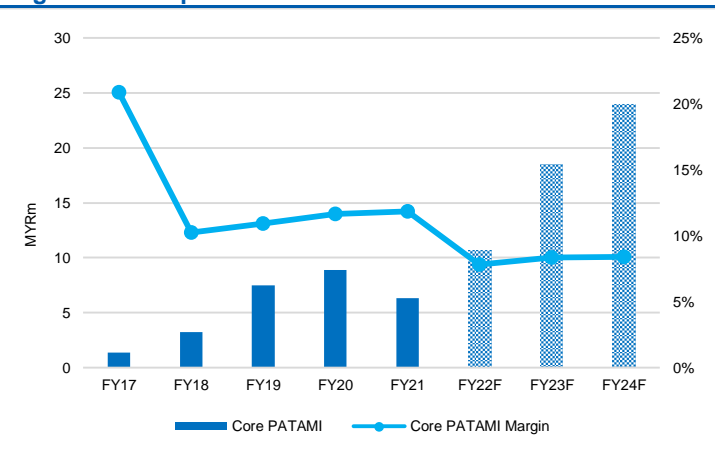


Figure 6: Revenue trend



Source: MAA, RHB

Figure 7: Core profit trend

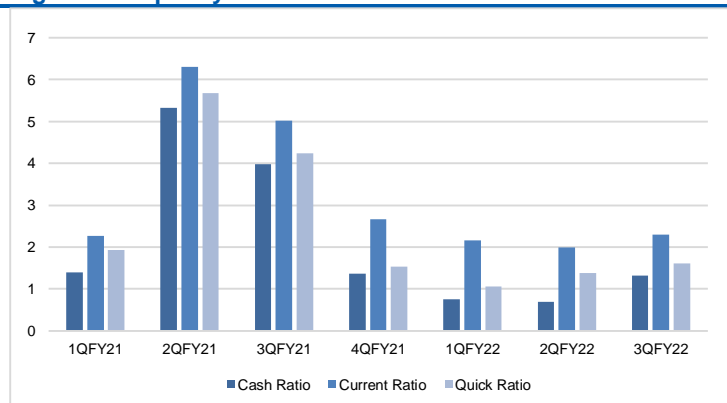


Source: MAA, RHB

## Balance sheet and cash flow

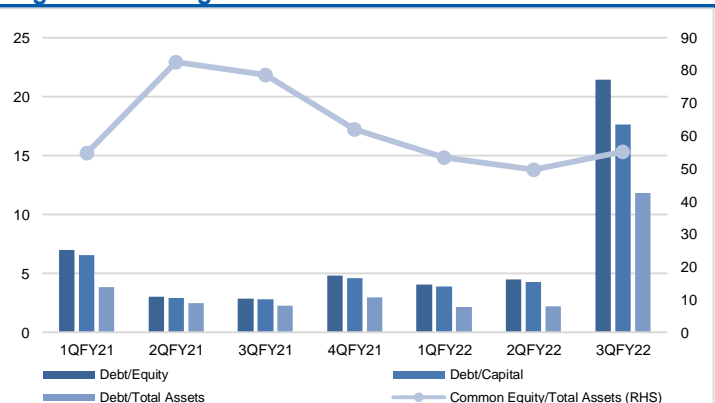
**Healthy balance sheet.** As at 3QFY22, Samaiden was in a net cash position of MYR62m, which translates to MYR0.26 per share or c.26% of its market capitalisation. We note that its liquidity ratios are all healthily above 1x, with the current ratio often higher than 2x. Its leverage ratios have also been steadily below 5x. However, there was a spike in leverage ratios in 3QFY22 due to the increase in current account payables. Nevertheless, we note that its equity-to-assets of 55x is desirable. We expect Samaiden's debt levels to remain stable around current levels in FY22-23, but this could increase in FY24 as it may need to tap on debt financing for LSS5 projects. We believe that the group has headroom to take on more debt, given its strong net cash position and debt/EBITDA of 1x and interest coverage ratio of 57x.

Figure 8: Liquidity ratios



Source: Company, Bloomberg, RHB

Figure 9: Leverage ratios

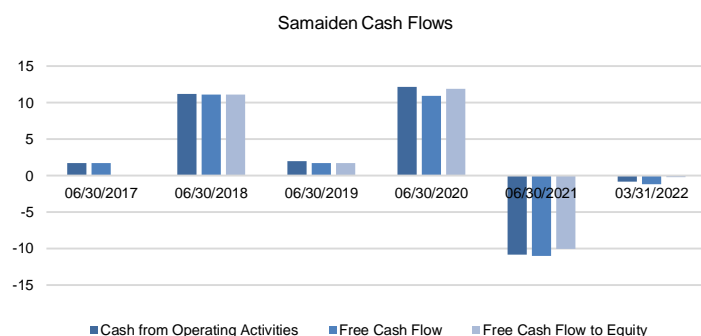


Source: Company, Bloomberg, RHB

**EPCC a low capex business.** Historically, Samaiden's EPCC business model is capex- and asset-light, where capex as a % of revenue has in most cases been less than 1%. Samaiden's operating cash flow and free cash flows have historically been positive, but was negative in FY21 mainly due to lockdowns, as their EPCC works had been completed in April 2021, but could not be certified for payments until post-lockdown, and as such, Samaiden had recognised a large increase in contract assets in the financial year ended Jun 2021. Management does not expect that to be a recurring event.

However, we note that Samaiden's ownership of RE assets will require higher capex. Samaiden is targeting to own 5MW to 10MW of RE capacity in the near term, and 100MW to 150MW in the medium term. Samaiden will be financing most ownership projects with 80% debt and 20% equity.

Figure 10: Annual cash flow



Source: Company, Bloomberg, RHB

## Dividends

In FY18 and FY19, Samaiden paid out 53% of its net profits as dividends. However, to be prudent, management did not declare any dividends in FY20 and FY21 to conserve cash. We are not expecting any dividends in FY22-24, given that it will likely need the cash to finance LSS projects.

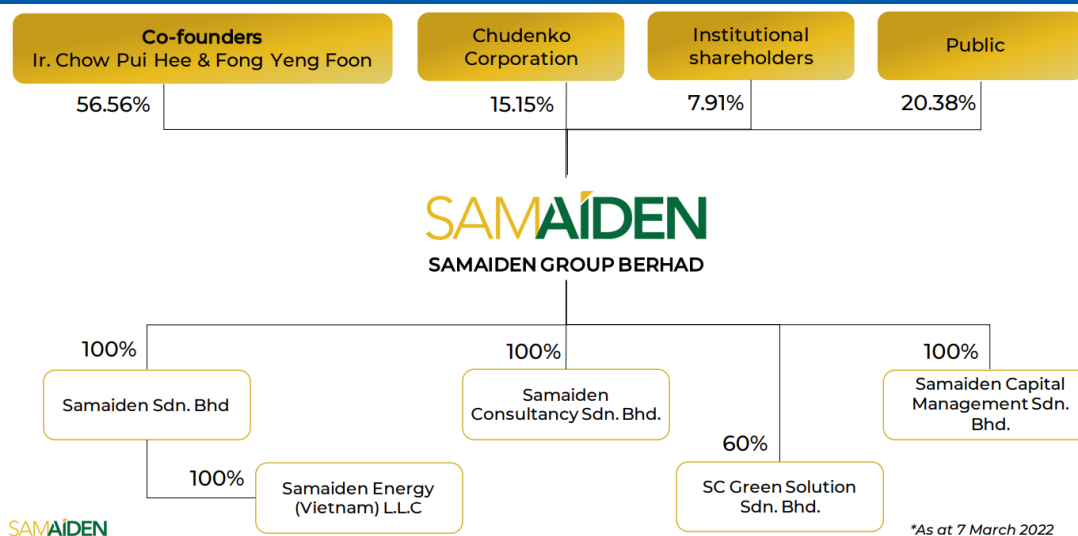
We think that, in order for management to have a dividend policy, it will need to consistently be able to meet cash flow and capex requirements – on this, we think that a greater mix of recurring income could help.

## Company Overview

Samaiden is principally involved in the EPCC of solar PV systems and power plants. Historically, revenue from solar EPCC works contribute >90% of total revenue. Other business segments include the provision of RE and environmental consulting services, which mainly cover the support services for development and implementation, and providing landfill and waste management consulting services. As for its operations and maintenance (O&M) segment, its services are to ensure the proper functioning of the solar plants.

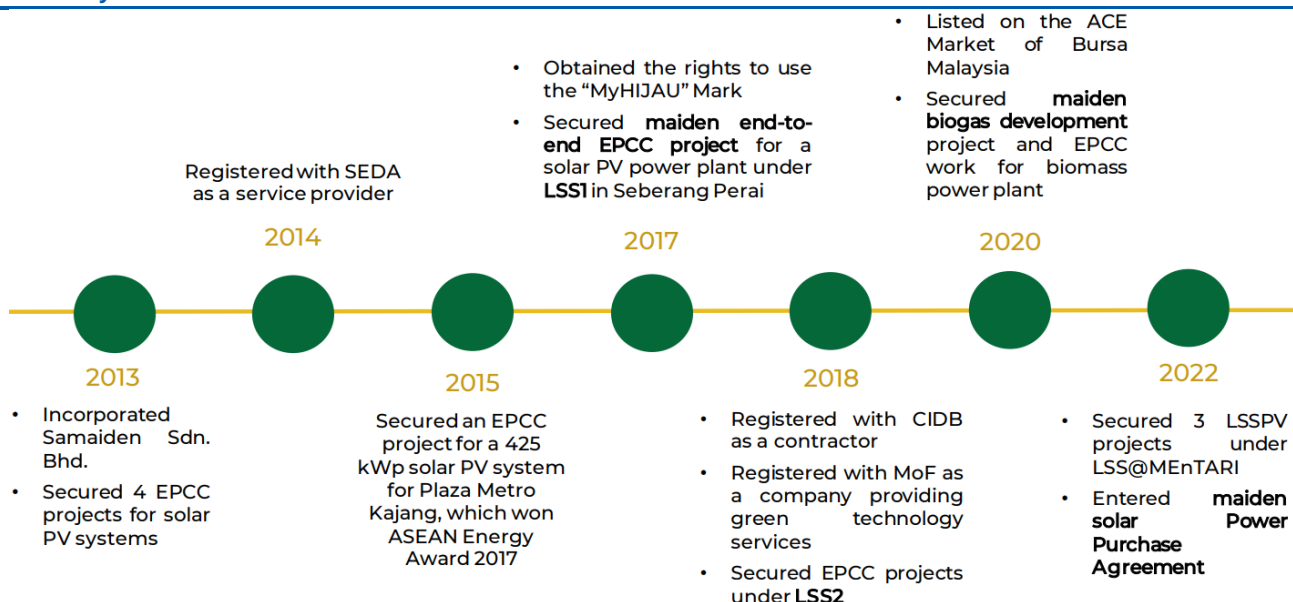
In 2013, Samaiden was first incorporated by Fong Yeng Foon (current Executive Director) and Chow Ah On (father of the current Group Managing Director, Chow Pui Hee). It started as a contractor for the installation of solar PV systems in residential buildings. Subsequently, the group secured more jobs from the commercial and industrial side. In 2017, it won its first end-to-end EPCC project for a utility-scale solar power plant under the LSS1 programme in Seberang Prai (capacity of 23.7MWp). In 2018, it won another two EPCC projects under the LSS2 programme. Building on its experience, the group secured three LSSPV projects under the LSS@MenTARI programme.

Figure 11: Group structure



Source: Company

Figure 12: Key milestones



Source: Company

## Industry Overview

### Solar PV power plants vs systems

**Solar PV power plants** are utility-scale, and designed to supply power to the power grid. They tend to have installed generating capacity of 1MWac or more. These large-scale projects are awarded via the LSS programme, which the Energy Commission Malaysia introduced in 2016.

**Solar PV systems** are smaller in scale. They are generally mounted on top of residential, commercial, industrial and community buildings and facilities. These systems are also connected to the power grid, and may export excess electricity to the power grid, depending on the programme.

### Programmes for solar PV systems

Generally, solar PV systems that are connected to the grid are implemented under Feed-in Tariff (FiT), Net Energy Metering (NEM) and Self-Consumption (SELCO) programmes.

**FiT programme.** FiT obliges the distribution licensees, including Tenaga, to buy electricity that is generated from renewable resources produced by Feed-in Approval Holders (FIAH) at a pre-determined rate for a specific duration. Renewable resources eligible for FiT programme are solar PV, biogas, biomass and small hydropower. This programme was launched in 2011. Under this programme, there was no new quota allocated for solar PV since 2017 with the exception of 5 MW under the community category.

**NEM programme.** NEM was introduced in Nov 2016 to replace the FiT for solar PV projects. NEM allows consumers to generate electricity from solar PV systems for self-consumption, and export excess electricity to the power grid. In 2019, the NEM programme was enhanced to offer a one-on-one offset basis which means for every 1 kWh exported to the grid, it will be offset against 1 kWh consumed from the power grid.

**SELCO programme.** SELCO enables individual, commercial and industrial power consumers to hedge against the rising cost of electricity through the installation of solar PV systems to generate electricity for their own usage. Any excess electricity generated under SELCO is not allowed to be exported to the power grid.

### Competitive landscape

**Ownership.** Competitors for LSS project ownership include other RE investors and other companies that wish to have exposure to RE. LSS4 winners may also bid for LSS5 projects. Some LSS4 winners include: Tenaga (TNB MK, NEUTRAL, TP: MYR8.60), Solarvest (SOLAR MK, NEUTRAL, TP: MYR0.77), Gopeng (GOP MK, NR), JAKS Resources (JAK MK, NR), Ranhill Utilities (RAHH MK, BUY, TP: MYR0.66), KPower (KPB MK, NR), Uzma (UZMA MK, NR), Advancecon (ADVC MK, BUY, TP: MYR0.34), and MK Land Holdings (MKL MK, NR).

**EPCC.** Competitors for LSS EPCC works include other EPCC contractors and construction companies. These include Solarvest, Cypark (CYP MK, NR), Pekat (PEKAT MK, NR) and Sunway Construction Group (SCGB MK, BUY, TP: MYR1.93).

### Regional RE commitment

**Malaysia.** As part of the Malaysia's goal to be carbon-neutral by 2050, the Government would like to have a larger share of Malaysia's installed capacity to be RE. Currently, RE makes up only 6% (~1,905mw) of Malaysia's installed capacity. The Government is targeting for that to increase to 31% (8,531mw) by 2025, and 40% (10,944mw) by 2035.

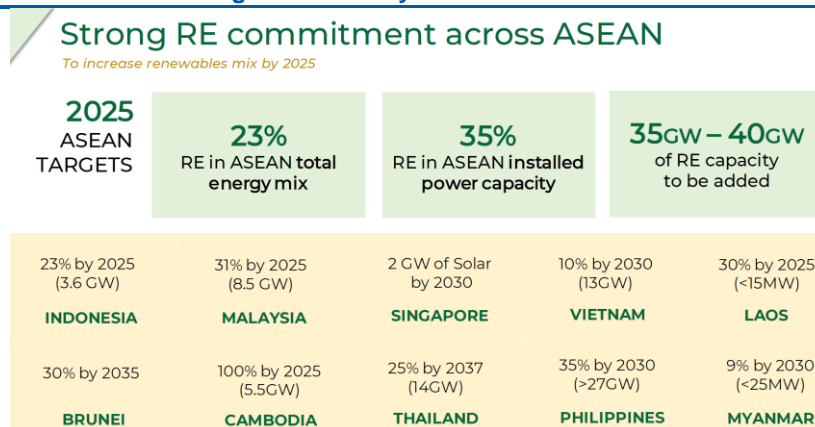
Figure 13 : Description of various government initiatives

Government initiative	Description
Net Energy Metering (NEM)	A solar PV programme to complement the FiT mechanism. The NEM programme has a capacity allocation of 500MW. The concept of NEM is that the energy produced from the installed solar PV system will be consumed first, and any excess will be exported to TNB on a "one-on-one" offset basis.
Newly Enhanced Dispatch Agreement (NEDA)	Provides opportunities for non-PPA/SLA generators, such as co-generation plant, small renewable plant, franchise utilities, part PPA/SLA generators, and expired PPA/SLA generators to operate as merchant generator to sell energy to single buyer.
Supply Agreement of Renewable Energy (SARE)	Provides customers with the option of solar leasing, PPA or hybrid of solar leasing and PPA of solar PV systems. With this policy, users can enjoy zero upfront costs to install photovoltaic (PV) panels, and payment for the monthly leasing fee or solar energy usage can be made to the solar company involved via their TNB bill.
Large Scale Solar (LSS)	A solar PV programme announced in 2016 to encourage the construction of large-scale grid-connected solar plants.
Green Investment Tax Allowance (GITA)/ Green Investment Tax Exemption (GITE)	Aim to encourage investment in green technology. In Budget 2020, GITA and GITE received extensions to 2023. Also, tax incentives will be introduced to companies implementing solar-leasing activities with income tax exemption of 70% for up to 10 years.

Source: Various sources, RHB

**Vietnam.** According to external market research, Vietnam is expected to become one of top 10 countries with the highest capacity of solar energy installed. Vietnam aims to have 10% (13GW) of its 2030 installed capacity to be from RE sources. Their RE goals are supported by government regulations and policies, such as FiT, tax incentives and waiver of land lease.

Figure 14: ASEAN's commitment to increasing the RE mix by 2025



Source: Company

### Solar panel prices "off the roof", but could gradually ease in two years

**Solar panel prices have risen drastically** since 2020, caused by strong demand and a plethora of supply chain issues. The high demand originated from the surge in utility-scale solar projects around the world, as countries race to increase their RE production. According to some estimates, between January and June this year, China had more than doubled its solar power installations.

**The supply chain issues were also largely at fault.** First, the COVID-19 lockdowns caused high shipping prices, raising the cost of importing solar panels. Second, a key ingredient of solar panels – polysilicon – has also become more expensive. Before the pandemic, there was an oversupply of polysilicon, which prompted manufacturers to significantly cut production at the onset of the COVID-19 pandemic. However, with demand roaring back and supply unable to keep up, polysilicon prices have risen >300% since the start of 2020. Third, as >80% of all manufacturing stages of solar panels are located in China, the repeated lockdowns and recent plant shutdowns for maintenance have also caused further supply tightness and elevated prices of solar panels.

**Signs of cooling prices?** However, the high price of solar panels is starting to cause delays and cancellations of utility-scale solar PV projects globally. As such, should demand continue to cool, solar panel prices might be near its tipping point. Furthermore, with solar panel manufacturing efforts – from the United States to Australia – underway, we think that the eventual easing of the supply chain bottlenecks and the increase in supply will cool down solar panel prices.



## Key Risks

**Business continuity risk.** Because Samaiden's RE EPCC works are project-based, the firm relies on the continuous securing of large and numerous projects to sustain its business continuity and growth. The lack of projects could leave the firm with cost overheads and may result in losses. To minimise this risk, the group is growing its recurring income streams.

**Cost overrun risk.** Contract value is priced based on estimates and project scheduling, which is derived from assumptions such as prices of solar PV modules and inverters. Cash flow and profitability margins are, therefore, dependent on its ability to accurately estimate these costs and timeline. Should the total cost be higher, Samaiden would have to bear the cost overruns and this might affect the group's financial performance. To partially mitigate this risk, Samaiden purchases solar PV modules and inverters in bulk, upon confirmation of new projects – this is to secure the spot price before any further increases kick in. In most cases, the group can also make use of an exit clause and terminate the contract, should solar PV prices exceed their initial estimates. It will also select suppliers and subcontractors via a tender mechanism, allowing it to secure the supply of labour, machinery and equipment at competitive rates.

**Dependent on government policies and initiatives on RE.** Samaiden is subject to various laws and policies related to RE, which are set by the Government. While there are policies and support mechanisms for RE, they may be modified unexpectedly. Demand for solar PV may be adversely affected by any unfavourable actions or changes made by the Government in relation to the RE programmes, such as LSS and NEM.

**Pandemic risk.** Samaiden faces the risk of business disruptions stemming from pandemic-induced lockdowns. For example, the COVID-19 pandemic interrupted the supply of materials, such as solar PV modules and related materials from China and other affected countries, which could in turn affect its project execution, and result in late completion of projects. Furthermore, global lockdowns could lead to a shortage of foreign labour for Samaiden and its subcontractors, which could also disrupt the execution of its projects.

**Competition risk.** The group may face competition from other similar service providers. Local and international competitors that are able to offer the same services may compete with it in terms of pricing and service quality. Alternative RE such as hydropower, geothermal, biogas, and biomass may compete with solar energy in terms of power generation capacity and pricing. This may adversely affect demand for solar PV installation. However, as highlighted earlier, having the track record and scale allows Samaiden to have an edge over its smaller and often inexperienced competitors.

**Pricing risk.** As an aspiring LSS project owner, Samaiden faces the risk that competitors may out-price it when bidding for LSS projects (ie offering lower tariff rates). If competition is stiff and if other bidders are offering meaningfully lower tariff rates, Samaiden will either not win any projects, or be forced to also bid with lower tariffs, to the detriment of its internal rate of return (IRR) and margins. However, given that solar panel prices are still high and will likely remain elevated in the near-term, we do not think that other bidders will meaningfully, if at all, lower tariffs while bidding for LSS5 projects, as that would reduce the project IRRs. However, over the long run, solar panel prices are expected to decline due to: i) An increase in supplies stemming from higher production outside of China, and ii) continued technological advancements. Once solar panel prices are lower, then bidders may bid with lower tariff rates, but project IRRs would still be attractive enough, given the lower input costs.

**Foreign currency risk.** Samaiden is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than MYR. As of FYE Jun 2021, 5.6% of cash and bank balances were in USD, and 25.6% of its trade payables were in USD. It had a net currency exposure of -MYR6.3m. As at FYE Jun 2021, a 5% strengthening in USD/MYR is estimated to result in MYR240k in after-tax losses. In order to reduce its net liability exposure to the USD, from June 2022 onwards, it has agreed with some of its solar panel providers to trade in CNY. Moving forward, the group will have a mix of USD and CNY trade payables.

## Board of Directors

**Dato' Dr Nadzri Bin Yahaya, Independent Non-Executive Chairman.** Dato' Dr Nadzri graduated from University Sains Malaysia with a Bachelor of Science (Honours) in Biology in 1982, and was appointed to the Board on 16 Dec 2019. He is the Chairman of the Environmental Quality Council, Department of Environment, Ministry of Environment and Water. He is also the Chairman of Samaiden Remuneration Committee, a member of the Audit and Risk Management Committee and Nominating Committee.

**Ir Chow Pui Hee, Group Managing Director.** Chow graduated from Universiti Putra Malaysia with a Bachelor of Engineering and was appointed to the Board on 18 Oct 2019. In Jul 2014, she first joined Samaiden as General Manager before assuming the role as the Managing Director in Apr 2018. She is responsible for spearheading the growth and expansion of the group – from a contractor of solar PV systems to providing end-to-end services for solar PV power plant projects.

**Fong Yeng Foon, Executive Director.** In May 2013, Fong co-founded Samaiden with Chow Ah On, the father of the Group Managing Director. He is responsible for the implementation of the business strategies, foreign expansion, and business development of the group. Fong graduated in 1997 from University of Northumbria, United Kingdom with a Bachelor of Engineering (Honours) in Mechanical Engineering. He brings with him approximately 22 years of experience in the water and wastewater treatment industries.

**Lim Poh Seong, Independent Non-Executive Director.** Lim was appointed to the Board on 16 Dec 2019. He is the Chairman of the Group's Audit and Risk Management Committee and a member of the Remuneration Committee and Nominating Committee. Currently, he is also an Independent Non-Executive Director of Paos Holdings and Hup Seng Industries. Lim Poh Seong obtained his Diploma in Commerce for Finance and Accounting from Tunku Abdul Rahman College in 1989. He became an associate and fellow member of the Association of Chartered Certified Accountants (ACCA) in 1995 and 2000.

**Olivia Lim, Independent Non-Executive Director.** Lim graduated in 2003 from Universiti Kebangsaan Malaysia with a Bachelor of Laws (Honours). Subsequently, she was called to the Malaysian Bar in February 2004. She brings with her 15 years of experience in the legal profession. Throughout her working experience, she has been involved in, among others, various legal due diligence exercises on companies undertaking IPOs in Malaysia, Shenzhen Stock Exchange, and Hong Kong Exchanges and Clearing Limited as well as legal advisory services related to capital and equity raising exercises and takeovers.

## Key Senior Management Team

**Chong Kim Soong, CFO.** Chong was appointed as CFO on 18 Jan 2021. He graduated in 2005 from Tunku Abdul Rahman College with an Advanced Diploma in Commerce (Financial Accounting). He is a member of ACCA and a member of the Malaysian Institute of Accountants (MIA). He has more than 15 years of experience in the accounting and finance profession. He started his career with various international accounting firms, before joining public listed companies in senior finance roles. Prior to joining Samaiden, he was the Senior Finance Manager of HSS Engineers and AYER Holdings, where he was responsible for the financial affairs of the group.

**Mohd Makhzumi Bin Ghazali, Project Manager.** Mohd Makhzumi was appointed as Project Manager on 15 Jan 2019. He graduated in 2010 with a Bachelor of Engineering (Honours) Chemical from Universiti Teknologi MARA (UiTM). In 2015, he obtained a Master of Science in Energy Systems Engineering from University of South Wales, United Kingdom.

## ESG Profile

### Environment

When carrying out EPCC works and building RE systems/power plants, Samaiden has focused on environmental considerations and complied with environmental laws and regulations to minimise any adverse impact to the environment. Samaiden is also constantly monitoring their sub-contractors and suppliers to avoid any environmental incidents and hazards. The firm will avoid engaging with any sub-contractors and suppliers who have breached environmental laws and best practices. As a player in the RE sector, Samaiden's services are beneficial to the environment.

### Social

Samaiden aided in the nation's vaccination efforts by providing a subsidy to its business partner to take part in a private vaccination programme. Additionally, the group funds its staff's training costs, in order to upskill them.

While Samaiden ensures that it complies with the Government's COVID-19 standard operating procedures, it has not provided further disclosure on the safety of its working environment, nor did they disclose the annual number of work accidents.

### Governance

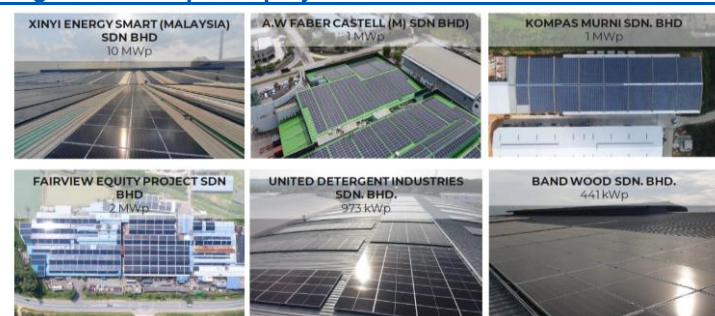
Samaiden has applied and adopted the majority of best practices of the Malaysian Code on Corporate Governance. 40% (2 out of 5) of the board members are female. 60% (three out of five) of the board members are independent non-executive directors, including the chairman. We highlight that on 27 May 2021, Samaiden adopted the board diversity policy, which considers the Board's diversity in different aspects, such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity, and educational background.

**Figure 15: Completed projects – large-scale solar PV**



Source: Company

**Figure 16: Completed projects – commercial**



Source: Company

**Figure 17: Completed projects – residential**



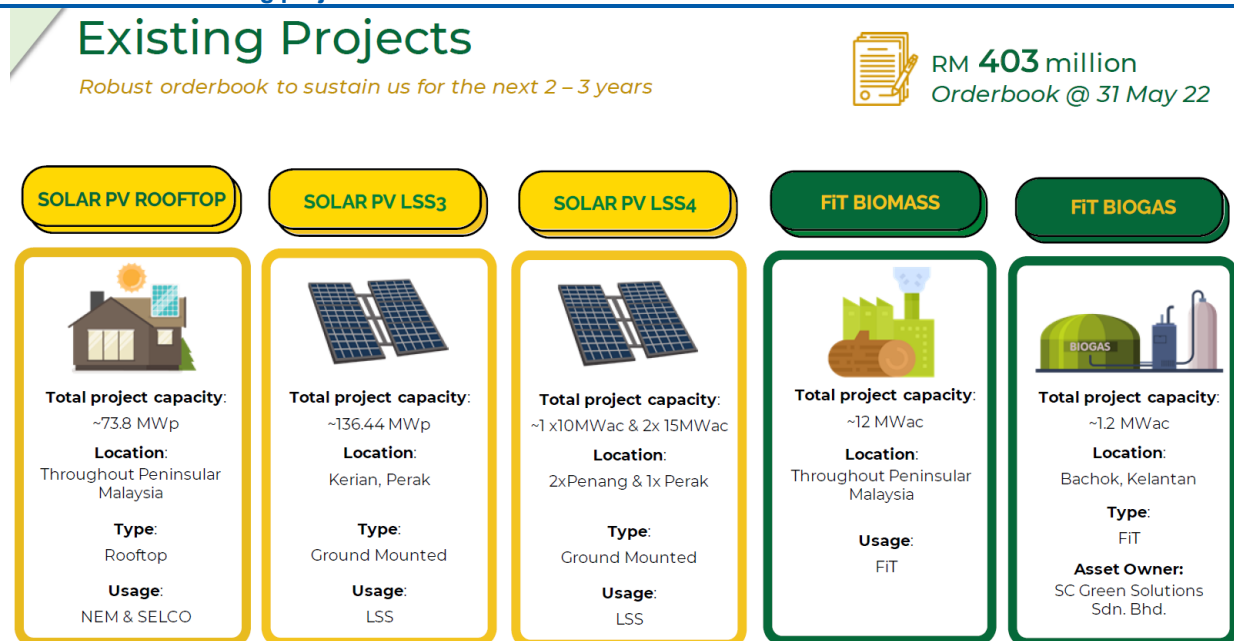
Source: Company

**Figure 18: Completed projects – community**



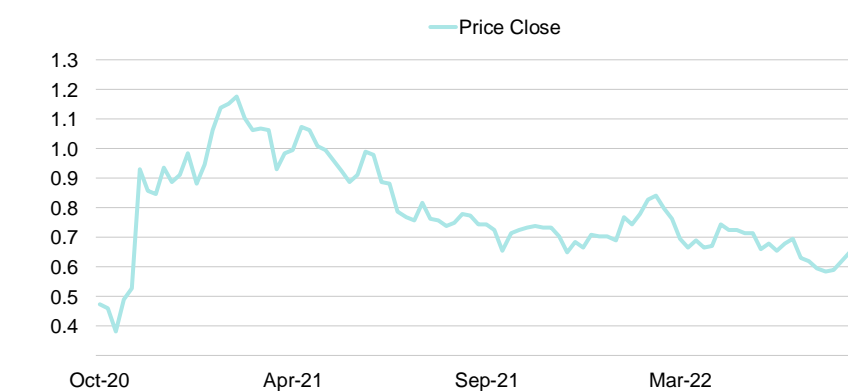
Source: Company

Figure 19: Samaiden's existing projects



Source: Company

## Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2022-08-03			

Source: RHB, Bloomberg



## RHB Guide to Investment Ratings

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	Stock is not within regular research coverage

## Investment Research Disclaimers

This report has been prepared by RHB Investment Bank Berhad pursuant to the Research Incentive Program under Bursa Research Incentive Scheme ("Bursa RISE") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial

instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

## RESTRICTIONS ON DISTRIBUTION

### Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom



or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

#### Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

#### Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

#### Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

#### United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

#### DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

#### Malaysia

Save as disclosed in the following link [RHB Research conflict disclosures – Jul 2022](#) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
*\*For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

#### Thailand

Save as disclosed in the following link [RHB Research conflict disclosures – Jul 2022](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
*\*For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

#### Indonesia

Save as disclosed in the following link [RHB Research conflict disclosures – Jul 2022](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.  
For the avoidance of doubt, interest in securities include the following:
  - a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report\*;
  - b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities\*.
  - c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering\*.
  - d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff\*\* or associated person serve as a director or board member\* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia\*\* did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

Notes:

*\*The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.*

*\*\*The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.*

#### Singapore

Save as disclosed in the following link [RHB Research conflict disclosures – Jul 2022](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.

6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

#### Analyst Certification

The analyst(s) who prepared this report, and their associates hereby, certify that:

(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.



#### KUALA LUMPUR

**RHB Investment Bank Bhd**  
Level 3A, Tower One, RHB Centre  
Jalan Tun Razak  
Kuala Lumpur 50400  
Malaysia  
Tel : +603 9280 8888  
Fax : +603 9200 2216

#### JAKARTA

**PT RHB Sekuritas Indonesia**  
Revenue Tower, 11th Floor, District 8 - SCBD  
Jl. Jendral Sudirman Kav 52-53  
Jakarta 12190  
Indonesia  
Tel : +6221 509 39 888  
Fax : +6221 509 39 777

#### BANGKOK

**RHB Securities (Thailand) PCL**  
10th Floor, Sathorn Square Office Tower  
98, North Sathorn Road, Silom  
Bangrak, Bangkok 10500  
Thailand  
Tel: +66 2088 9999  
Fax :+66 2088 9799

#### SINGAPORE

**RHB Bank Berhad (Singapore branch)**  
90 Cecil Street  
#04-00 RHB Bank Building  
Singapore 069531  
Fax: +65 6509 0470