

**DESCRIPTION**

Life Water Bhd primarily manufactures beverages, including drinking water and carbonated drinks.

Fair Value	RM0.76
IPO Price	RM0.65
Expected Return	+16.9%
Closing Application Date	30 Oct 2024
Indicative Listing Date	13 Nov 2024

Market	Main
Sector	Consumer
Bursa Code	5328
Bloomberg Ticker	LWSABAH MK
Shariah-compliant	Yes

<b>IPO DETAILS</b>	<b>Shares(m)</b>
Offer for Sale	28.4
Public Issue	97.6

<b>UTILISATION OF PROCEEDS</b>	<b>RM (m)</b>
Set-up of drinking water manufacturing line	19.0
Purchase of drinking water manufacturing line	12.0
Setup of distribution centre	12.6
Expansion of plastic packaging facilities	9.6
Working capital	4.2
Estimated listing expenses	6.0
<b>Total</b>	<b>63.4</b>

**KEY STOCK DATA**

Market Capitalisation (RM m)	307.6
No. of Shares (m)	473.2

**MAJOR SHAREHOLDERS**

	%
Scarecrow Holding S/B	36.7
Tan Hwong Kuen	18.4
Lim Young Piau	18.4

**Research Team**

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**Beverage Manufacturer**

Life Water Bhd (LWSABAH), through its subsidiaries, primarily manufactures beverages, including drinking water and carbonated drinks. The Group also engages in plastic packaging production and operates delivery and distribution centers. LWSABAH markets its products under its brands like 'K2', 'Sasa', 'Sabah Water' (drinking water) as well as '2more' and 'TRITONiC' (carbonated drinks). Additionally, the Group contract manufactures private-label drinking water for petrol stations, supermarkets, wholesalers and hotels. As at 23 Sept 2024, LWSABAH operates three beverage manufacturing plants in Sabah, with an annual production capacity of c.389m liters of drinking water and c.37m liters of carbonated and fruit drinks.

LWSABAH is expanding its manufacturing, warehousing and market reach. By 2027, it plans to add new facilities in Kota Kinabalu and Sandakan, boosting annual drinking water capacity to 804m liters. Two new distribution centers in Tawau and Sandakan will support demand growth. The Group is also entering new markets in Sarawak and Brunei with local distributors and expanding its beverage line to include flavoured drinks and mineral water. We derive a fair value of **RM0.76** based on a 10x PE multiple to its CY25F EPS of 7.6sen. The IPO is expected to raise approximately RM63.4m from the issuance of 97.6m new shares. 83.9% and 6.6% of the proceeds are allocated for capital expenditure and working capital, respectively.

- § **Growth drivers.** LWSABAH's growth will be driven by expansion of: i) manufacturing facilities, ii) warehousing facilities, iii) geographical markets, and iv) beverage portfolio.
- § **Competitive strengths.** LWSABAH's competitive strengths include: i) proven track record, ii) wide distribution network, iii) established manufacturer of drinking water in Sabah, and iv) experienced key management team.
- § **Catalysts.** Key drivers may include: i) increases in household income and expenditure, ii) an increase in health consciousness, iii) an uptrending population size, and iv) increasing tourist arrivals.
- § **Key risks.** Key downside risks, among others, include: i) competition, ii) disruption in water supply at its manufacturing plants, iii) disruptions to manufacturing operations, iv) dependence on its reputation, brand strength, and product quality, as well as v) fluctuation in raw material prices.

**KEY FINANCIAL SUMMARY**

FYE June (RM m)	2022A	2023A	2024A	2025F	2026F	CAGR
Revenue	121.4	151.0	166.5	200.1	241.1	18.7%
Gross Profit	51.7	65.1	80.0	94.0	113.3	21.7%
Pre-tax Profit	17.6	24.2	36.6	42.4	51.4	30.8%
Net Profit	15.7	20.6	28.1	32.7	39.6	25.9%
Core Net Profit	14.9	20.5	27.4	32.7	39.6	
EPS (sen)	3.3	4.4	5.9	6.9	8.4	
P/E (x)	19.5	14.9	10.9	9.4	7.8	
DPS (sen)	0.3	0.2	0.0	1.4	1.7	
Dividend Yield (%)	0.4%	0.3%	0.0%	2.1%	2.6%	

Source: Company, PublicInvest Research estimates

Primarily manufactures drinking water and carbonated drinks

Contract manufactures private-label drinking water

Also manufactures plastic packaging

Operates its own delivery services and distribution centers

Focuses on indirect distribution channels, targeting the mass market

## Company Background

LWSABAH, through its subsidiaries, primarily manufactures beverages, including drinking water and carbonated drinks. The Group also engages in plastic packaging production and operates delivery and distribution centers. LWSABAH markets its products under its brands like 'K2' 'Sasa' 'Sabah Water' (drinking water) as well as '2more' and 'TRITONiC' (carbonated drinks). Additionally, the Group contract manufactures private-label drinking water for petrol stations, hypermarkets, wholesalers and hotels, namely Mesra, Hiap Lee, Water2go, Ikame, Seafest Hotel and Sabah Hotel. As at 23 Sept 2024, LWSABAH operates three beverage manufacturing plants in Sabah, with an annual production capacity of c.389m liters of drinking water and c.37m liters of carbonated and fruit drinks.

## Business Overview

LWSABAH is primarily a beverage manufacturer, generating over 99% of its revenue from production of drinking water and carbonated drinks. In addition to its own brands (which contributed around 98% of the Group's revenue between FY21 and FY24), the Group contract manufactures for six private label brands as at 23 Sept 2024, contributing up to around 2% of the Group's revenue during the stipulated financial period. Sales of other products, such as plastic bottles, containers and related accessories, accounted for less than 1% of the Group's revenue between FY21 and FY24. The Group discontinued its battery water line starting in FY24 to focus its resources on its core beverage business.

**Table 1: Revenue segmentation by business activity**

Business activity	FY21	FY22	FY23	FY24
Manufacturing of beverages	99.6	99.6	99.5	99.8
Drinking water <sup>1</sup>	78.2	76.5	79.5	83.3
Carbonated drinks <sup>2</sup>	21.4	23.1	20.0	16.5
Other products	0.4	0.4	0.5	0.2
Plastic bottles and containers	0.3	0.4	0.5	0.2
Battery water	0.0	0.0	0.0	-

Source: Company Prospectus, PublicInvest Research

Note:

- Proportion of private label brands was 1.2%, 2.0%, 1.9% and 1.5% during FY21, FY22, FY23 and FY24, respectively.
- Includes a small proportion of revenue from fruit drinks of 0.2% and 0.1% of the Group's total revenue in FY22 and FY24 respectively.

LWSABAH supports its beverage manufacturing through two main business activities: i) the manufacture of plastic packaging, including the injection moulding of polyethylene terephthalate (PET) preforms, blow moulding of PET preforms into plastic bottles, as well as manufacture of plastic bottle caps; and ii) operating its own delivery services, with a fleet of 75 delivery trucks (as at 23 Sept 2024), supplemented by external service providers, and distribution centers in Kota Kinabalu, Sandakan, and Lahad Datu.

**Table 2: Revenue segmentation by geographical market**

Geographical market	FY21	FY22	FY23	FY24
Sabah	98.8	98.8	98.7	98.6
Labuan	0.7	0.6	0.7	0.7
Sarawak	0.6	0.6	0.6	0.6
Brunei	-	-	-	0.1

Source: Company Prospectus, PublicInvest Research

LWSABAH primarily focuses on indirect distribution channels, targeting the mass market through retailers like supermarkets, hypermarkets, minimarkets, convenience stores, sundry shops, pharmacies, petrol kiosks, hardware stores and stationery shops. This contributed 68.5% of the Group's total revenue in FY24, from c. 2,800 retailer customers. 135 wholesalers accounted for 29.5% meanwhile. Indirect sales made up over 99% of LWSABAH's revenue from FY21 to FY24, while direct sales (to end-consumers, hotels and purchasers of plastic bottle and container, mainly food and condiment manufacturers as well as food trading companies) contributed less than 1%.

**Table 3: Revenue segmentation by distribution channel**

Distribution channel	FY21	FY22	FY23	FY24
<u>Indirect distribution channel</u>	<u>99.6</u>	<u>99.6</u>	<u>99.4</u>	<u>99.4</u>
<i>Retailers</i>	<i>63.0</i>	<i>64.4</i>	<i>67.7</i>	<i>68.5</i>
<i>Wholesalers</i>	<i>35.8</i>	<i>34.2</i>	<i>30.5</i>	<i>29.5</i>
<i>Food service operators</i>	<i>0.8</i>	<i>0.9</i>	<i>1.2</i>	<i>1.5</i>
<u>Direct distribution channel</u>	<u>0.4</u>	<u>0.4</u>	<u>0.6</u>	<u>0.6</u>
<i>Hotels</i>	<i>0.2</i>	<i>0.2</i>	<i>0.3</i>	<i>0.4</i>
<i>End-consumers</i>	<i>0.1</i>	<i>0.2</i>	<i>0.1</i>	<i>0.2</i>
<i>Food manufacturers and trading companies</i>	<i>0.2</i>	<i>0.1</i>	<i>0.2</i>	<i>0.1</i>

Source: Company Prospectus, PublicInvest Research

## Future Plans

### Expansion of manufacturing facilities

**Expansion of manufacturing facilities.** As at 23 Sept 2024, LWSABAH has one manufacturing facility in Sandakan (Sandakan Sibuga Plant 1), two in Kota Kinabalu (KK IZ4 Plant and KK IZ8 Plant 1), and one facility in Keningau, set to begin operations by Dec 2024. Looking ahead, the Group plans to expand in Kota Kinabalu and Sandakan. This includes constructing a new factory (KK IZ8 Plant 2) to relocate drinking water lines from KK IZ8 Plant 1, converting KK IZ8 Plant 1 into a dedicated manufacturing plant for its plastic packaging, and setting up two new drinking water manufacturing lines in Sandakan, one at Sandakan Sibuga Plant 1 by second half of 2025 and another at Sandakan Sibuga Plant 2 by second half of 2027. The expansion aims to address increasing demand for its products, particularly in West Coast, Kudat, Sandakan and Tawau divisions of Sabah.

The construction of KK IZ8 Plant 2 will begin after the contractor appointment in late 2024, with operations set to start by second half of 2027. KK IZ8 Plant 1 will be converted into a plastic packaging plant, supported by a 72-cavity PET preform injection moulding machine by the end of 2024 and a new automated warehouse racking system by second half of 2025. Meanwhile, the two new drinking water lines in Sandakan should increase capacity to meet growing demand, particularly from Tawau. The expansions will also streamline warehousing and boost productivity, allowing LWSABAH accommodate future growth. With the Keningau Plant expected to commence operation by Dec 2024 and two new drinking water lines in Sandakan, the Group's total annual production capacity of drinking water will increase to 804m litres by 2027 (389m litres as at 23 Sept 2024).

### Expansion of warehousing facilities

**Expansion of warehousing facilities.** As at 24 Sept 2024, LWSABAH has four distribution centres in Sandakan, Lahad Datu, and Kota Kinabalu. In order to support growing demand, the Group plans to set up two new distribution centres: one in Tawau (Tawau DC) by first half of 2026 and another in Sandakan (Sandakan Sibuga DC 2) by second half of 2027. The Tawau DC will cater to the increasing demand in the Tawau Division, which achieved a revenue CAGR of 16.9% between FY21 and FY24, despite limited warehousing. Renovations on the Tawau facility will begin by first quarter of 2025. The Sandakan Sibuga DC 2 will feature a 70,000 sqft warehouse and a 10,000 sqft truck depot, with operations slated to start by 2027. To manage space constraints at existing Sandakan facilities until 2027, LWSABAH will optimise operations by transferring stock to other divisions, reducing PET preform storage time, and installing a 4-layer racking system. This arrangement ensures no disruption to business operations over the next three years.

### Expansion of geographical markets

**Expansion of geographical markets.** As of FY24, 98.6% (RM164.1m) of LWSABAH's revenue comes from Sabah, with additional revenue from Sarawak, Labuan, and a small contribution from Brunei. The Group currently serves Sarawak's fringe areas (Limbang and Lawas, which are located close to Sabah) without any appointed distributors for its beverages. Moving forward, the Group plans to expand further into Sarawak and Brunei by appointing distributors to leverage their existing networks, allowing market access without capital investment. The Group aims to identify and appoint distributors by the end of 2025.

### *Expansion of beverage portfolio*

**Expansion of beverage portfolio.** LWSABAH plans to expand its beverage portfolio with a new range of flavoured drinks under the "Mandak" brand, aiming to launch in Sabah by the second half of 2025. Currently, the Group is finalising product development with a trial production run for one batch of flavours completed. The Group intends to utilise its existing carbonated drinks production line for production of the flavoured drinks at Sandakan Sibuga Plant 1. Additionally, LWSABAH intends to venture into mineral water production, leveraging its experience in drinking water manufacturing. Nonetheless, this plan is still in its early stages, as a suitable groundwater source has not yet been identified.

### *Proven track record*

**Proven track record.** LWSABAH has a proven track record of c. 22 years since the commencement of its manufacturing operations in 2002. The Group's revenue from beverage products achieved a CAGR of 17.2%, increasing from RM103.2m in FY21 to RM166.2m in FY24. The Group's customer base has also expanded, serving c. 3,460 customers by FY24 (FY21: 2,815 customers), including retailers, food service operators, wholesalers and hotels. Its brands continue to provide a platform for LWSABAH to sustain business with existing customers and pursue opportunities to secure new customers in Sabah as well as other new markets.

### *Wide distribution network*

**Wide distribution network.** To ensure customer convenience and accessibility, LWSABAH maintains a broad distribution strategy across Sabah. In FY24, its beverage products were delivered to c. 4,030 destinations, including 3,250 retail outlets, 520 food service outlets, 150 wholesalers, and 100 hotels. As at 23 Sept 2024, LWSABAH's distribution network is supported by its own fleet of 75 delivery trucks, with three additional trucks expected by the end of 2024, focusing on areas around its Kota Kinabalu manufacturing plant and regions like Tawau, Kunak, and Semporna. Given its extensive reach, LWSABAH engages 30 external logistic service providers to cover more distant locations, including Nabawan, Sook, Keningau, Paitan, Labuan, as well as Limbang and Lawas in Sarawak.

### *Established manufacturer of drinking water in Sabah*

**Established manufacturer of drinking water in Sabah.** For FY24, LWSABAH generated RM138.7m in revenue from drinking water sales, reportedly (as per Vital Factor) capturing an estimated 11% of Malaysia's bottled water market valued at around RM1.3bn in 2023. With a 22-year operational history in Sabah, the Group saw its drinking water production grow at a CAGR of 13.5% since FY21, reaching 265.7m liters in FY24, while total revenue grew at a CAGR of 17.2% for the stipulated period. This strong foundation supports its expansion plans into Sarawak and Brunei.

### *Experienced key management team*

**Experienced key management team.** LWSABAH's Executive Directors have been crucial to the Group's success. Managing Director Liaw Hen Kong leads strategic planning and business growth, while Executive Director Chin Lee Ling oversees human resources, product development, marketing, branding, and information technology, both with c. 22 years in the beverage industry. They are supported by key personnel such as Financial Controller Christina Yap Chui Fui, with 23 years of accounting and finance experience; Operations Manager Chin Lee Yung @ Rina Chin, with 17 years in beverage manufacturing; and Technical Manager Chin Chun Ming, with 14 years in technical oversight and factory operations.

## **Key Risks**

### *Competition*

**Competition.** LWSABAH faces competition from local and global brands in drinking water and carbonated drinks, with factors like branding, market reach, and pricing shaping its position. Local manufacturers benefit from proximity advantages due to the bulky and low-cost nature of these products, but barriers to entry are high due to licensing, health regulations and capital requirements, with a limited number of packaged drinking water license holders in Malaysia and Sabah. Despite its competitive strengths, LWSABAH may experience pressure on margins or market share if unable to stay competitive.

*Disruption in water supply at its manufacturing plants*

*Disruptions to manufacturing operations*

*Dependence on its reputation, brand strength, and product quality*

*Fluctuation in raw material prices*

**Disruption in water supply at its manufacturing plants.** LWSABAH relies solely on the Sabah State Water Department's public water supply system for potable water, essential for its beverage production. The Group's plants have a total of eight storage tanks with capacities ranging from 75,700 to 170,000 liters, which can support production for two to four hours during supply disruptions. While frequent water outages have occurred (lasting from 3 minutes to 5 days), they have not affected the Group's revenue or earnings, as inventories were sufficient to meet customer demand. During disruptions, idle equipment is maintained, and in prolonged cases, water is sourced from licensed water suppliers. That said, future extended supply disruptions, especially the significant one, could impact operations, revenue, and business prospects if timely alternative sources are not secured.

**Disruptions to manufacturing operations.** The Group's operations rely on machinery and continuous electricity supply, with breakdowns or power outages potentially disrupting production and increasing repair or replacement costs. Regular maintenance and backup equipment help mitigate these risks, and no major disruptions occurred between FY21 and FY24. Occasional power outages up to 10 hours were managed without revenue impact due to sufficient inventory. Additional risks include potential damage from unforeseen events like floods, fires, or natural disasters; a 2022 flood caused a minor disruption, but contingency plans minimised impact. However, future prolonged disruptions or emergencies could affect production, revenue, and operations.

**Dependence on its reputation, brand strength, and product quality.** The Group's operations involve managing its brand reputation and intellectual property. Any issues with product quality, such as contamination, misbranding, or tampering, could harm brand trust and reduce demand. Although the Group encountered isolated complaints in the past, including a minor recall in FY23 due to a plastic smell issue, no contaminants were found, and actions were taken to resolve machine-related causes. In order to protect its brand and intellectual property, the Group has branding efforts, registered trademarks, and confidentiality agreements, though some intellectual property registrations are still pending.

**Fluctuation in raw material prices.** The Group's business is affected by fluctuations in raw material prices, particularly for plastic-based packaging and ingredients like sugar. These materials are susceptible to price changes due to external factors like oil prices and geopolitical issues. Although prices for plastic resin decreased in FY24, sugar and flavouring costs rose, impacting the cost structure. While LWSABAH has periodically adjusted product prices to counter rising costs, the Group cannot always pass on cost increases to customers promptly, which has affected its profitability in the past, as seen in FY22. Future price volatility could further impact profitability if cost increases cannot be transferred to consumers timely.

## Industry Outlook

Potable water is readily available to most of the Malaysian population. Consequently, packaged and branded beverages are considered discretionary items, with their performance influenced by factors such as population size, tourist arrivals, consumer sentiment, and household expenditure. Between 2021 and 2023, the sales volume of domestically manufactured bottled water grew at a CAGR of 7.6%

(Source: Vital Factor Consulting S/B, from Company Prospectus)

## Financials

**Revenue.** LWSABAH's revenue increased at a CAGR of 17.2%, rising from RM103.5m in FY21 to RM166.5m in FY24. This growth was driven by the beverage manufacturing segment, where drinking water accounted for the largest share of revenue, contributing between 76% and 83% over FY21-24. Sales of drinking water grew at a CAGR of 19.7% from FY21 to FY24, primarily due to

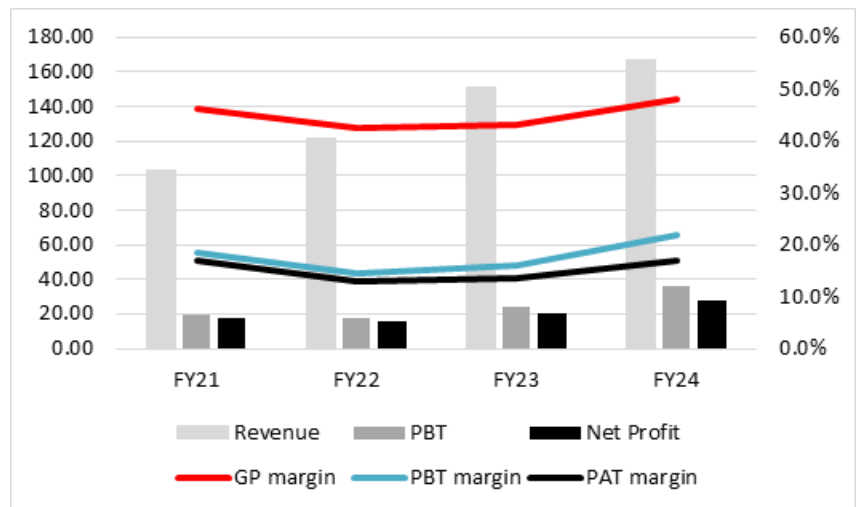
increased demand from major retail customers. The rise in sales volume was also supported by the expansion of customers' retail outlets and the onboarding of new customers. Meanwhile, carbonated drinks, the second largest revenue contributor, accounted for c.16%-23% of total revenue between FY21 and FY24. However, we note that the revenue from this segment has declined 8.9% YoY from RM30.1m in FY23 to RM27.5m in FY24, mainly due to a drop in sales volume as a result of lower sales orders.

LWSABAH primarily serves clients in the Sabah market, which accounted for 98.6%-98.8% of total revenue from FY21 to FY24. In FY24, revenue from Sabah reached RM164.1m, while Sarawak and Labuan contributed a combined 1.3% (RM2.2m). Notably, in FY24, the Group expanded its market to Brunei, which contributed 0.1% or RM0.2m to total revenue.

LWSABAH also manufactures plastic bottles and containers for food trading companies, contributing less than 0.5% of total revenue from FY21 to FY24. Additionally, the Group has discontinued the sale of battery water, which experienced a revenue decline of RM0.03m in FY24 prior to its cessation.

**Profitability.** LWSABAH's core net profit increased at a CAGR of 17% from RM17.1m in FY21 to RM20.5m in FY24. We observed that LWSABAH's gross profit (GP) margin has decreased from 46.2% in FY21 to 42.6% in FY22, primarily driven by a hike in input material costs for plastic resins, which rose from RM3.24/kg to RM4.95/kg. The Group was unable to fully pass on the heightened costs to customers in a timely manner, despite raising the average selling prices (ASPs) by 6% in FY22. Nevertheless, the Group's GP margin improved from 42.6% in FY22 to 48.1% in FY24, primarily driven by increased revenue attributed to a higher sales volume and reduced material costs while maintaining its ASPs.

**Figure 1: Revenue and profitability**



Source: Company Prospectus, Public Invest Research

**Table 4: GP margin by business activity and product**

Business activity	FY21 (%)	FY22 (%)	FY23 (%)	FY24 (%)
<b>Manufacturing of beverages</b>	<b>46.17</b>	<b>42.65</b>	<b>43.23</b>	<b>48.06</b>
Drinking water	46.80	43.26	43.95	49.09
Carbonated water	43.85	40.63	40.36	42.91
<b>Other products</b>	<b>45.60</b>	<b>36.17</b>	<b>28.32</b>	<b>40.11</b>
Plastic bottles and containers	45.53	35.7	27.93	40.11
Battery water	47.06	42.86	37.93	-
<b>Total</b>	<b>46.17</b>	<b>42.62</b>	<b>43.15</b>	<b>48.05</b>

Source: Company Prospectus, PublicInvest Research

**Gearing.** Post-IPO, LWSABAH's net gearing ratio would improve from 0.88x to 0.84x.

**Dividend policy.** LWSABAH's dividend policy at minimum of 20% of net profit.

**Forecast.** Looking ahead, we project LWSABAH to achieve a 2-year net profit CAGR of 18.6%, reaching RM39.6m in FY26F. Our projection is underpinned by the anticipated expansion of drinking water manufacturing capacity by c.60%, increasing from the current annual capacity of 389m litres to 627m litres by 2026. The Group plans to establish a new production plant in Keningau, targeting operational status by 2024, along with a new drinking water manufacturing line at the Sandakan Sibuga Plant 1 by 2025. The growth trajectory will be further bolstered by expanding into neighbouring markets, including Sarawak and Brunei, through a local distribution network.

## Valuation

**P/E valuation approach.** We derive a fair value of RM0.76, pegging a 10x PE multiple to LWSABAH's CY25F EPS of 7.6sen, ascribing to a c.40% discount to its peers' average multiple of 16x. We believe the discount is warranted given LWSABAH's relatively small market capitalisation.

**Table 5: Peer comparison**

Company	Market Cap (RM m)	PER		ROA (%)	ROE (%)	Div Yield (%)
		FY24	FY25			
Fraser & Neave Holdings	11,333.5	18.9	18.3	11.6	17.7	2.0
Spritzer	875.5	13.2	12.8	9.6	12.5	2.0

Source: Bloomberg

## IPO Details

LWSABAH is seeking a listing with an enlarged issued and paid-up share capital of 473,179,500 shares on Bursa Malaysia's Main Market. Pursuant to the IPO listing, the Group's market capitalisation is RM307.6m based on its IPO price of RM0.65.

The IPO allocation, post-IPO share capital of LWSABAH and utilisation of IPO proceeds are shown in the following tables.

**Table 6: IPO allocation**

Categories	No. of shares	% of enlarged share capital
<b>Public Issue:</b>		
Malaysian public (via balloting) <sup>^</sup>	23,660,000	5.0
Eligible persons	14,195,000	3.0
Placement to selected investors	560,000	0.1
Placement to selected investors by MITI <sup>*</sup>	59,148,000	12.5
Subtotal	97,563,000	20.6
<b>Offer for sale:</b>		
Placement to selected investors	28,390,000	6.0
Sub-total	28,390,000	6.0
<b>Total</b>	<b>125,953,000</b>	<b>26.6</b>

Source: Company Prospectus

<sup>^</sup> 50.0% shall be set aside for Bumiputera investors

<sup>\*</sup> Ministry of Investment, Trade and Industry of Malaysia

**Table 7: Post-IPO share capital**

	No. of shares
Issued share capital as at 22 Oct 2024	375,616,500
To be issued pursuant to the IPO	97,563,000
<b>Enlarged share capital upon listing</b>	<b>473,179,500</b>

Source: Company Prospectus

**Table 8: Utilisation of IPO proceeds<sup>\*</sup>**

Details of utilisation	RM m	%
Set-up additional drinking water manufacturing line for Sandakan Sibuga Plant 1	19.0	30.0
Purchase of drinking water manufacturing line for Sandakan Sibuga Plant 2	12.0	18.9
Set-up second distribution centre in Sandakan	12.6	19.9
Expansion of existing plastic packaging facilities in Kota Kinabalu	9.6	15.2
Working capital	4.2	6.6
Estimated listing expenses	6.0	9.5
<b>Total</b>	<b>63.4</b>	<b>100.0</b>

Source: Company Prospectus

<sup>\*</sup> based on RM0.65 for 97,563,000 new shares issued



## KEY FINANCIAL DATA

### INCOME STATEMENT DATA

FYE June (RM m)	2022A	2023A	2024A	2025F	2026F
Revenue	121.4	151.0	166.5	200.1	241.1
Cost of Sales	-69.7	-85.8	-86.5	-106.1	-127.8
<b>Gross Profit</b>	<b>51.7</b>	<b>65.1</b>	<b>80.0</b>	<b>94.0</b>	<b>113.3</b>
Other Operating Income	1.3	0.9	2.6	3.1	3.7
Administrative & other operating expenses	-33.5	-39.1	-42.6	-51.2	-61.7
Finance Cost	-2.3	-2.7	-3.5	-3.6	-4.0
<b>Pre-tax Profit</b>	<b>17.3</b>	<b>24.3</b>	<b>36.5</b>	<b>42.4</b>	<b>51.4</b>
Taxation	-1.8	-3.6	-8.4	-9.8	-11.8
Effective Tax Rate	11%	15%	23%	23%	23%
<b>Net Profit</b>	<b>15.7</b>	<b>20.6</b>	<b>28.1</b>	<b>32.7</b>	<b>39.6</b>
<b>Core Net Profit</b>	<b>14.9</b>	<b>20.5</b>	<b>27.4</b>	<b>32.7</b>	<b>39.6</b>
<b>Growth (%)</b>					
Revenue		24.4	10.3	20.2	20.5
EBITDA		25.9	22.8	17.5	20.5
Core PATAMI		31.0	36.4	16.2	21.1

Source: Company Prospectus, PublicInvest Research estimates

### BALANCE SHEET DATA

FYE June (RM m)	2022A	2023A	2024A	2025F	2026F
Property, Plant and Equipment	62.8	67.7	72.6	92.4	110.1
Inventories	25.0	20.4	20.6	25.3	30.5
Trade and Other Receivables	22.9	24.5	23.0	19.2	23.1
Cash and Bank Balances	7.6	9.7	14.7	27.3	48.5
Other Assets	40.9	51.5	112.1	243.4	256.9
<b>Total Assets</b>	<b>159.2</b>	<b>173.8</b>	<b>243.1</b>	<b>407.6</b>	<b>469.1</b>
Trade and Other Payables	12.8	10.1	8.9	3.5	4.2
Total Borrowings	66.4	64.9	103.3	178.5	201.3
Current Tax Liabilities	0.5	0.2	0.3	0.3	0.3
Other Liabilities	5.3	4.7	8.5	8.5	8.5
<b>Total Liabilities</b>	<b>85.0</b>	<b>79.9</b>	<b>121.1</b>	<b>190.8</b>	<b>214.3</b>
Shareholders' Equity	74.2	93.9	122.0	216.8	254.8
<b>Total Equity and Liabilities</b>	<b>159.2</b>	<b>173.8</b>	<b>243.1</b>	<b>407.6</b>	<b>469.1</b>

Source: Company Prospectus, PublicInvest Research estimates

### PER SHARE DATA & RATIOS

FYE June (RM m)	2022A	2023A	2024A	2025F	2026F
Book Value Per Share	0.2	0.2	0.3	0.5	0.5
NTA Per Share	0.1	0.1	0.1	0.3	0.3
EPS (Sen)	3.3	4.4	5.9	6.9	8.4
DPS (Sen)	0.3	0.2	-	1.4	1.7
Payout Ratio (%)	7.6%	4.8%	0.0%	20.0%	20.0%
ROA (%)	9.4%	11.8%	11.3%	8.0%	8.4%
ROE (%)	20.2%	21.8%	22.5%	15.1%	15.5%

Source: Company Prospectus, PublicInvest Research estimates

## **RATING CLASSIFICATION**

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

<b>OVERWEIGHT</b>	The sector is expected to outperform a relevant benchmark over the next 12 months.
<b>NEUTRAL</b>	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
<b>UNDERWEIGHT</b>	The sector is expected to underperform a relevant benchmark over the next 12 months.

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