SERVICES

# SOLARVEST HOLDINGS

(SOLAR MK EQUITY, SOLA.KL) **5 Jan 2022**

## *Rising RE order prospects on upgraded listing*

## UNRATED

AmInvestment Bank

**Company report**

**AmInvestment Bank**
www.amequities.com.my
03-2036 2280

***Rationale for report: Company update***

| | |
|---|---|
| **Price** | **RM1.25** |
| 52-week High/Low | RM2.21/RM1.02 |

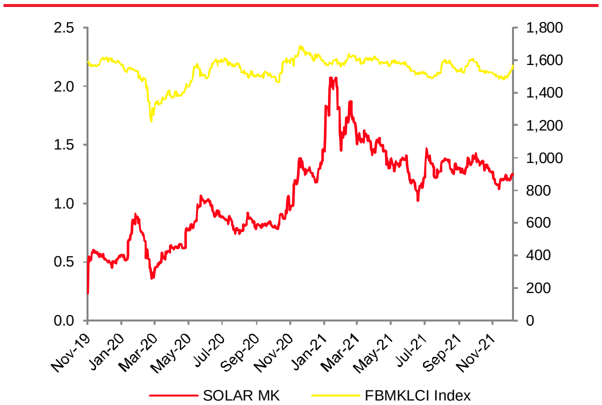
| YE 31 Mar | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|
| Revenue (RMmil) | 45.1 | 112.2 | 253.4 | 224.3 |
| Net Profit (RMmil) | 8.2 | 11.1 | 17.4 | 14.0 |
| Diluted EPS (sen) | 1.3 | 1.8 | 4.2 | 2.7 |
| EPS changes (%) | 26.7 | 35.0 | 138.8 | (36.0) |
| P/E (x) | 98.5 | 72.9 | 30.5 | 47.8 |
| EV/EBITDA (x) | 55.5 | 47.9 | 39.3 | 30.8 |
| DPS (sen) | 0.0 | 0.0 | 0.0 | 1.0 |
| Div Yield (%) | 0.0 | 0.0 | 0.0 | 0.8 |
| ROE (%) | 50.1 | 42.6 | 27.8 | 15.2 |
| Net Gearing (%) | 28.6 | (28.2) | (62.0) | (66.1) |

* *exclude impairment provisions*

**Stock and Financial Data**

| | |
|---|---|
| Shares Outstanding (million) | 667.6 |
| Market Cap (RM mil) | 834.5 |
| Book Value (RM/share) | 0.21 |
| P/BV (x) | 6.0 |
| ROE (%) | 15.2 |
| Net Gearing (%) | - |
| Major Shareholders | Atlantic Blue Holdings (35.1%)<br>Chin Hin Group (26.2%) |
| Free Float | 19.7 |
| Avg Daily Value (RM mil) | 3.0 |

| Price performance | 3mth | 6mth | 12mth |
|---|---|---|---|
| Absolute (%) | (1.6) | 3.3 | (1.6) |
| Relative (%) | (4.3) | 1.1 | 2.2 |




**Investment Highlights**

- **Stock idea. Solarvest Holdings (Solarvest) is the first pure-play solar energy provider listed on Bursa Malaysia's Mainboard with a syariah-compliant status. The group's main business operations are providing engineering, procurement, construction and commissioning (EPCC) works for solar photovoltaic projects to external customers which lead to opportunities to offer recurring operation and maintenance services.**

- **Solarvest has broadened its operations into asset ownership by undertaking 50MWp large-scale solar photovoltaic (LSSPV) projects in addition to its existing 1MWp plant in Kedah. It is also seeking to diversify into green technology-related services and the battery storage business.**

- **Listed on 26 Nov 2019 at an IPO price of RM0.35/share on the ACE Market, Solarvest transferred to the Main Board on 13 Oct 2021 under the category of "Industrial Products and Services". This radically re-rates the company's investment visibility as many institutional investors do not have a mandate to invest in ACE Market companies.**

- **The company is in the midst of transforming its business model to expand beyond EPCC work, which accounts for 87% of FY21 EBIT, by aiming to triple the share of its recurring income to 30% of EBIT via asset ownership and operation/maintenance services.**

- **Even though the group's 1HFY22 results were impacted by project delays arising from Covid-19 movement restrictions, we expect a rebound in 2HFY22 earnings with the relaxation in those restrictions.**

- **The group's medium and longer term prospects are underpinned by its unbilled order book of RM629mil (2.9x FY21 EPCC revenue). This is set to escalate on tenders worth RM1bil against the backdrop of Malaysia's ambitious renewable energy (RE) target of 31% by 2025 and 40% in 2035 from 18% currently together with strong regional growth prospects.**

- **Key risks to the group stem from escalating solar panel costs from supply chain disruptions, labour constraints from Covid-19 border restrictions, technology changes and rising competition from multiple EPCC operators.**

- **While Cypark Resources, currently trading at FY22F PE of only 6x, is invested in renewable energy, we do not view the company, which does not offer EPCC services to external parties as directly comparable. Also, Cypark has an uncomfortably high net debt/EBITDA of 7.6x and negative FY18/FY23F EPS CAGR of -1%.**

- **The share price is currently 40% below the stock's peak of RM2.07 on 15 Feb last year.**

## BACKGROUND

### ❑ *Founded by Alor Setar entrepreneurs*

Solarvest was founded by its 3 substantial shareholders – Lim Chin Siu and brothers Tan Chyi Boon and Tan Paw Boon under the company Atlantic Blue in Alor Setar, Kedah.

Lim is a trained electrical engineer with an accredited certification from Pusat Tenaga Malaysia (renamed to Malaysian Green Technology Corporation) and SEDA to design, install and endorse grid-connected solar PV systems for feed-in tariff (FIT) applications. His began his career as a project engineer in Lim Electric company in 2003, and 3 years later, he established electrical contractor company Dynamic Primajaya.

Seeing the opportunity from the introduction of the National Renewable Energy Policy and Action Plan in 2010, Lim started the business with the Tan brothers to provide installation services for solar PV systems.

Lim is the current managing director and Tan Chyi Boon the executive director while Tan Paw Boon remains in the group's Alor Setar office.

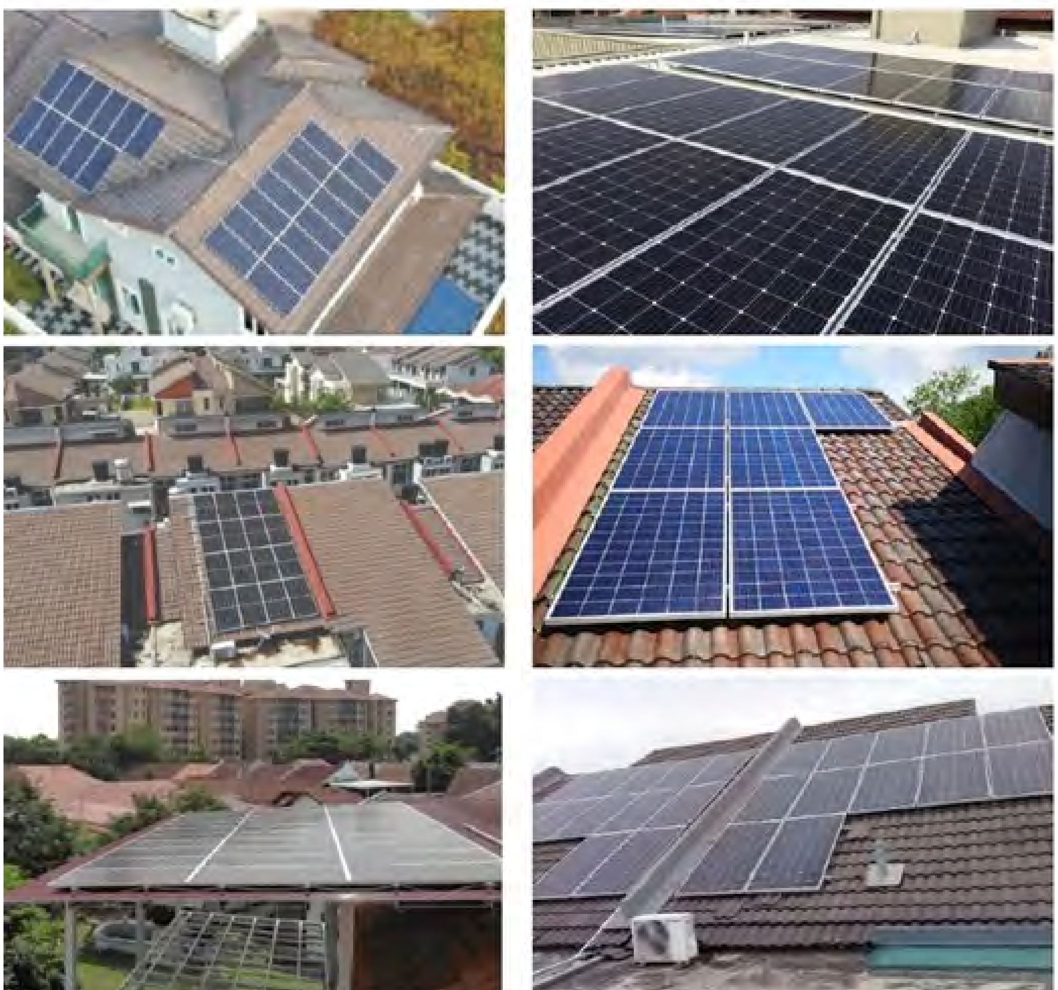
### ❑ *Starting small as contractor, growing big to LSSPV*

Commencing operations by providing solar PV installation services for residential projects in Alor Setar, Kedah in 2012, Solarvest focused on higher value engineering design and project management services while appointing subcontractors for labour-intensive equipment installations.

The group's first EPCC turnkey job for an industrial building was for Dewan Perhimpunan China Kedah's 23kWp (kilowatt peak, the maximum possible output in direct current of a solar photovoltaic system) capacity project which involved quota applications to SEDA's FIT mechanism. In 2014, Solarvest secured a 1MWp (megawatt peak) solar plant project in Pokok Sena, Kedah to broaden its earnings base and showcase the group's capabilities.

Solarvest launched Powertrack in 2016 to undertake operations and maintenance of solar PV systems. The government also replaced the earlier FIT system with the net energy metering mechanism, which allows for self-consumption of electricity for solar PV while selling excess energy to distribution licencees like Tenaga Nasional at prevailing displaced cost structures. This was subsequently

**EXHIBIT 1: ROOFTOP SOLAR INSTALLATIONS**



*Source: Solarvest*

**EXHIBIT 2: COMMERCIAL AND INDUSTRIAL SOLAR INSTALLATIONS**


*Source: Solarvest*

revised to offsetting the excess electricity against consumption on a unit-to-unit billing basis in 2018.

The government also introduced the large-scale solar photovoltaic (LSSPV) mechanism to encourage private sector participation in building grid-connected solar plants with capacities between 1MWp and 50MWp, subsequently raised to 100MWp in Peninsular Malaysia in 2019.

In 2019, the group secured its first floating LSSPV subcontractor job for SPIC Energy's 13MWp in Kuala Langat, Selangor and 3 Perak-based projects with a combined installed capacity of 38.6MWp in Kampar, Kamunting and Kinta for Asia Meranti Group.

### ❑ *Competitive strength*

While the industry has multiple smaller scale contractors, Solarvest's competitive strength lies in:

- **Savvy entrepreneurial drive** from its 3 co-founders, who have commendably guided Solarvest's impressive 5-year FY16/FY21 revenue growth of 45% and listing upgrade from the ACE Market to the Main Board.
- **Proven execution capabilities**, **larger scale of operations and lower cost of funding** supported with established design and engineering expertise over the past 9 years.
- **Strong business development personnel** involved in educating targeted clientele on the benefits and investment returns of adopting solar PV systems by catering to each customer's specific requirements.
- **Client referral and retention programmes** with commissions ranging 1%–3% of contract value for the introducer upon successful project completion.
- **Partner collaboration** with strategic investors such as Chin Hin Group and Eastern Group as well as bilateral referral programmes with equipment vendors such as Jinko Solar Technology, Hanwha Q Cells and Sungrow Power Supply. The group also works with leasing partners such as Nefin Technologies and Cleantech Energy Corp to secure EPCC jobs.

### ❑ *Supported by strategic shareholders*

In 2017, Main Board-listed Chin Hin Group, a building materials trader and manufacturer, property developer and contractor, acquired a 45% equity stake in Atlantic Blue for RM25mil.

This enabled Solarvest to leverage Chin Hin's business networks which helped to secure new clients, drive the group's business momentum and eventually relocate its headquarters to Klang Valley in 2018.

The group has also partnered with Cheong Kah Cheng, a shareholder and director of property developer, Eastern Group, which allowed Solarvest to expand the group's presence in Johor.

## PROSPECTS

### ❑ *Building up recurring income profile*

Solarvest aims to build its recurring income to represent 30% of annual revenue through investing in large-scale solar (LSS) farms and corporate power purchase agreements (PPA) via its Powervest programmes and standalone contracts.

In August this year, Solarvest Holdings has secured a 21-year PPA with Tenaga Nasional for 50MWp of solar park projects over 3 projects from Round 4 of Malaysia's $4^{th}$ tender of the LSSPV programme.

By the end of 2022, the 25MW solar plant in Manjung and 13MW facility in Kuala Selangor is targeted for completion. The remaining 12MW farm in Manjung, Perak is targeted for completion in 4Q2023. Upon full completion, the group expects these facilities increase the group's FY25F net profit onwards by RM8mil annually.

Solarvest plans to fund 80% of the construction of the new LSS developments potentially costing RM160mil from term loans and the balance from its net cash position, which stood at RM87mil on 31 March 2021. It aims to secure the needed permits by end-2021, lease the requisite land and launch construction activities by early 2022.

### ❑ *Offering flexible financing packages*

Solarvest offers flexible financing packages to mitigate clients' upfront capital and encourage faster adoption of renewable energy solutions.

The group's solar financing programme Powervest consists of two models Powerflex and Powerlease which offer tailor-made solutions to commercial and industrial users with differing financing needs.

Powerflex offers a flexible financial package with zero upfront costs in which businesses can opt to fully own the solar PV system by obtaining 100% financing or co-own the asset with Solarvest with a 50% stake.

Repayment will be on a monthly instalment basis to financial institution and Solarvest over a customisable period ranging between three and 10 years. This could translate to savings of up to 50% for electricity bills excluding tax incentives as high as 48% on the investment.

Powerlease is a long-term lease agreement between Solarvest, partners and prospective customers from the sale

**EXHIBIT 3: LARGE-SCALE SOLAR FARMS**


*Source: Solarvest*

and purchase of electricity generated from the solar PV system.

The customer pays a tariff rate directly to Solarvest and its partners that could be up to 30% lower than what is normally charged by Tenaga Nasional while enjoying free operation and maintenance costs throughout the lease period. When the contract expires, the ownership of the asset will be automatically handed over to the customer

- ***Rising RE demand from government and multinationals***

The Malaysian government has set a target for renewable energy (RE) sources of 31% of the national electricity capacity generation mix by 2025 and 40% in 2035 from 6% in operation currently, in which solar energy accounts for up to 80% of RE in the system.

This will be further supported by the rolled out of various government initiatives and programmes that support solar PV installation such as net energy metering (NEM) targeting residential owners.

From 2015 to 2019, RE has rapidly grown by a CAGR of 50.3% with solar PV accounting for 45.5% of the increase. On an accelerated case basis, the International Energy Agency is projecting Asean PV to rise 2.5x to 50GW by 2025 from 20GW in 2021.

Rising environmental awareness together with a gradual phasing out of special industrial tariff discount are expected to encourage more business owners to adopt solar PV to reduce utility costs.

On the international front, multinational companies such as Facebook, AEON, Tesco, Google, Intel and Coca Cola have committed to sourcing 100% of their energy requirements from RE. In 2019, the share of RE generation of global PPAs signed by RE100 members has risen from just 3% in 2015 to 29% in 2019.

## FINANCIALS

- ***Expect earnings rebound from MCO relaxation***

The group's 1HFY22 net profit plunged 76% YoY to just RM1mil due to project delays arising from Covid-19 movement control orders.

Nevertheless, we expect a rebound in 2HFY22 earnings with the recent relaxation in restrictions since early this month as demonstrated by average quarterly revenue in 2QFY21–4QFY21 tripling from 1QFY21.

Supported by a growing pipeline of projects boosted by an additional LSS recurring income, consensus is projecting a superior FY18/FY23F EPS CAGR of 24%, above regional peers' 17.5x. The recently introduced prosperity tax will not have any impact as Solarvest's FY22F group pretax is below RM100mil.

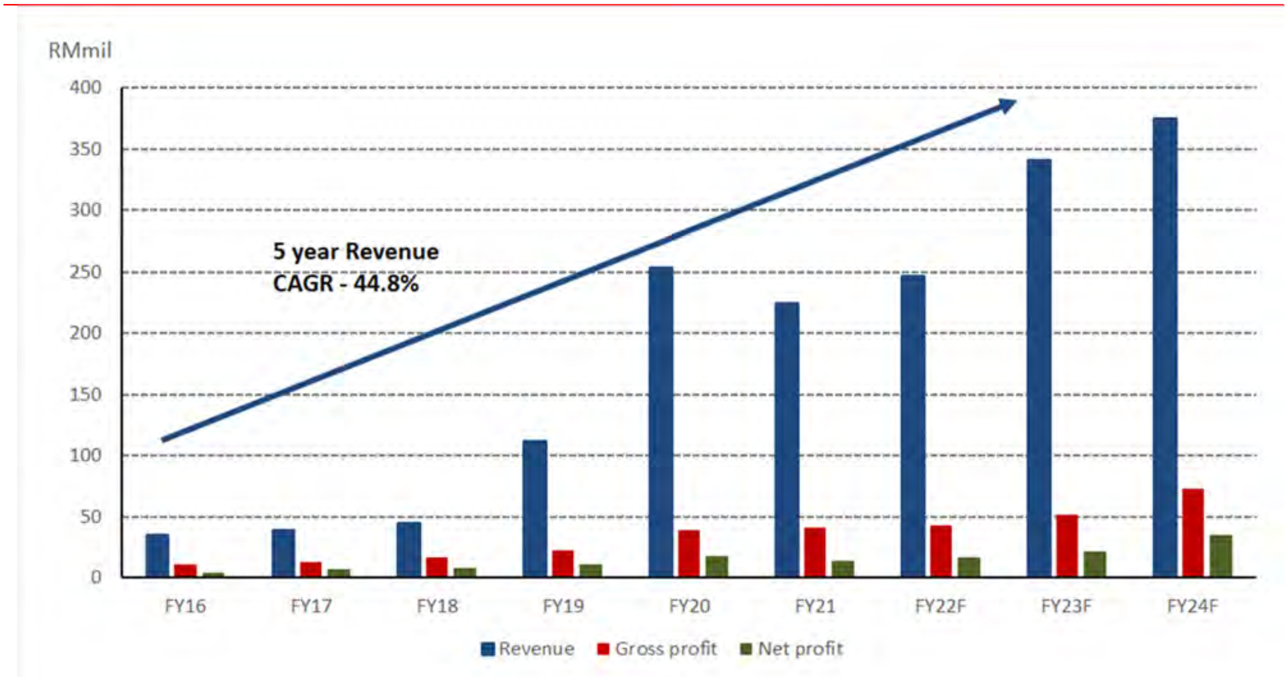
This will substantively bolster the group's net cash position from RM87mil currently, partly financing the budgeted capex of RM160mil for the new Perak solar plants.

- ***Robust order book pipeline***

The group's medium and longer-term prospects are underpinned by its unbilled order book of RM629mil (2.9x FY21 EPCC revenue), which is set to escalate on tenders worth RM1bil against the background of Malaysia's ambitious renewable target.

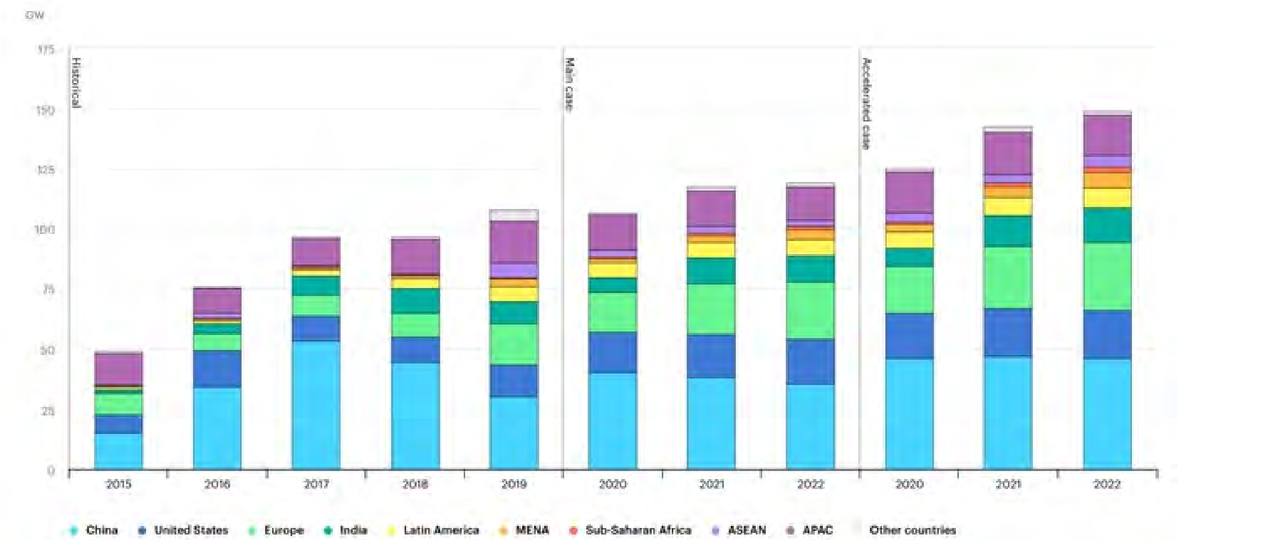
The installation of LSS projects account for 66% of Solarvest's outstanding order book and the balance for

**EXHIBIT 4: SOLARVEST'S REVENUE, GROSS PROFIT AND EARNINGS PROJECTIONS**



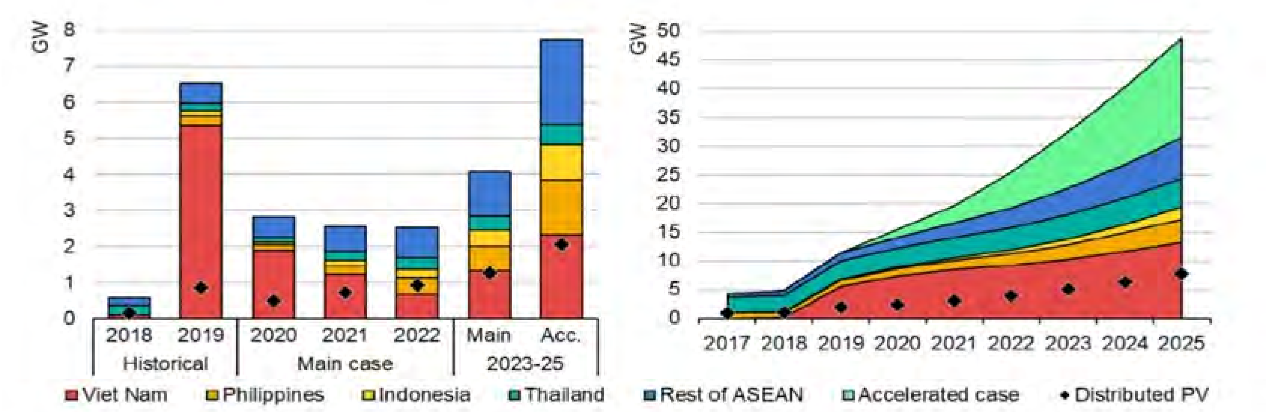

*Source: Bursa Malaysia & Bloomberg consensus estimate*

**EXHIBIT 5: SOLAR PV NET CAPACITY EXPANSION BY COUNTRY/REGION**




Source: IEA

**EXHIBIT 6: ASEAN SOLAR PV ADDITIONS**




Source: IEA

commercial and industrial rooftop developments. For the tender pipeline, 70% are from Malaysian rooftop and LSS projects, 17% in the Philippines and the remaining 13% in Taiwan.

In Malaysia alone, Solarvest is targeting 200MW–300MW of LSS projects out of a potential market of 800MW and 100MW of rooftop jobs (20% of NEM prospects with a capacity of 500MW).

- ***Expanding regionally***

The group expects to accelerate its efforts in overseas ventures on EPCC contracts and project development in solar asset investment. Taiwan is set to be the next key market with many opportunities to be tapped due to the country's robust growth plan to install 20GW of solar PV by 2025.

In June last year, Solarvest acquired a 51% equity stake in Tailai Energy Co Ltd for RM0.4mil cash as a platform to venture into Taiwan, which aims to increase solar energy generation by 20GW to reach a 20% electricity share of RE by 2025. This comprises 17GW of ground mounted solar projects and 3GW of rooftop PV.

Solarvest is applying for a developer licence for 40MW floating farm project and bidding for a 90MW EPCC job in Taiwan. Recently, Solarvest entered into an MoU with Taiwan-listed solar PV investor and contractor Hsinjing Holdings Corp Ltd to develop up to 500MW by 2025. Over 5 years, the group aims to develop 1GW of solar assets in Taiwan.

In the Philippines, the group is eyeing a 1,000MW pipeline together with Vivant Corporation with which the group has already secured 2 pilot projects.

**EXHIBIT 7: REGIONAL PEER VALUATIONS**

| | | Market cap US$mil | PE (x) 2022 | PE (x) 2023 | EV/EBITDA (x) 2022 | EV/EBITDA (x) 2023 | FY18/FY23F CAGR EPS growth % | ROE (%) 2022 | ROE (%) 2023 | CY21 Net debt/ EBITDA x | PBV x |
|---|---|---|---|---|---|---|---|---|---|---|---|
| NextEra Energy | US | 179,849.5 | 33.4 | 31.1 | 19.2 | 17.6 | 9.9 | 13.0 | 13.2 | 4.8 | 4.1 |
| Enphase Energy | US | 24,884.6 | 60.0 | 46.7 | 51.4 | 37.9 | >100 | 37.8 | 33.6 | (1.4) | 36.9 |
| First Solar Inc | US | 9,418.4 | 42.3 | 23.7 | 13.5 | 9.2 | 12.9 | 4.9 | 6.7 | (1.8) | 1.9 |
| SunPower Corp | US | 3,727.9 | 48.8 | 27.5 | 27.9 | 18.0 | >100 | 17.1 | 24.1 | 1.3 | 10.8 |
| Solarvest | Malaysia | 199.6 | 55.7 | 25.0 | 33.2 | 15.6 | 15.9 | 10.2 | 16.6 | (2.2) | 6.2 |
| Cypark Resources | Malaysia | 126.8 | 5.8 | 5.5 | 8.2 | 7.2 | (0.6) | 8.7 | 8.5 | 7.6 | 0.6 |
| ***Average*** | | | ***41.0*** | ***26.6*** | ***25.6*** | ***17.6*** | ***n/a*** | ***15.3*** | ***17.1*** | ***1.4*** | ***10.1*** |
| ***Average (excluding Cypark)*** | | | ***48.0*** | ***30.8*** | ***29.0*** | ***19.7*** | ***n/a*** | ***16.6*** | ***18.8*** | ***0.1*** | ***12.0*** |

*Source: Bloomberg & consensus estimate*

## KEY RISKS

❑ ***Mitigating rising solar panel costs and competition***

As an EPCC service provider, Solarvest is liable for poor or late performance from its subcontractors which may lead to liquidated ascertained damages and reputational damage. Even so, Solarvest has been in operation since 2012 and has built a good track record in delivering projects on time without incurring any late delivery charges.

The group is exposed to rising solar panel costs, which account for up to 50% of project costs, given the global supply chain and logistics disruptions currently. However, we understand that Solarvest is negotiating with its customers to pass through the higher costs according to contract terms. Management has signed price agreements with key suppliers with adequate inventory until the end of the year, by when the group expects a normalisation from the current supply disruptions.

While competition in the solar EPCC market is increasing globally, the LSS awards are offered only to domestic players and there are few with the necessary scale of operation. Additionally, Solarvest had developed strategic partnerships with investors and equipment vendors to leverage on its established LSS credentials and strong delivery track record.

As the group aims to expand its footprint regionally, we highlight that the Taiwan and Vietnam markets may present socio-political and economic risks under different regimes. Hence, the group is tying up with local partners to jointly bid for EPCC jobs and co-own renewable projects to diversify its risks (See Exhibit 11 for SWOT Analysis).

## ESG ASSESSMENT

❑ ***Premium rating of 4 stars***

Since the group's commencement of business, Solarvest has installed 345MW of solar energy projects which could power 155K homes, save 14mil trees and remove 306K tonnes of Co2.

Given that the group is in the RE market, we have accorded the maximum 5 stars for zero-carbon initiatives and pollution control measures together with 4 stars for health & safety compliance that is already a requisite standard in the electrical services sector.

For supply chain auditing, corruption-free pledge, accessibility and transparency, we rate the group with the average 3 stars.

All in, the weighted average environmental, social and corporate governance (ESG) score for Solarvest translates to 4 stars, which yields a premium of 3% over other listed companies.

## REGIONAL VALUATIONS

❑ ***Valuations at steep discount to 1-year peak***

Amongst the larger domestic companies, we view Samaiden Group, which is still listed on the ACE Market, as a direct rival with a similar solar PV business model to Solarvest. However, we view Samaiden's valuations as not comparable given the ACE Market's lower liquidity.

While Cypark Resources invests in renewable and LSS projects, the company does not offer turnkey EPCC services to external parties.

Together with Cypark's uncomfortably high net debt/EBITDA of 7.6x, negative FY18/FY23F EPS CAGR of -1% and lower FY23F ROE of 8.5x vs. Solarvest's higher 16.6%, we do not view Cypark, currently trading at a low FY22F PE of 6x, as directly comparable.

Amid the investor enthusiasm for renewable plays, solar energy companies such as SunPower Corp with superior FY22F ROE of 17% and FY18/FY23F EPS CAGR of >100% is trading at a bullish FY23F EV/EBITDA of 18x currently.

Enphase Energy with a net cash position and a higher FY22F ROE of 38% trades at an even higher FY23F EV/EBITDA of 38x.

Compared with these foreign companies, Solarvest's CY23F EV/EBITDA of 16x appears reasonable. Even so, Solarvest's current share price is 40% below the stock's all-time peak of RM2.07 on 15 Feb 2021.

**EXHIBIT 8: PB BAND CHART**

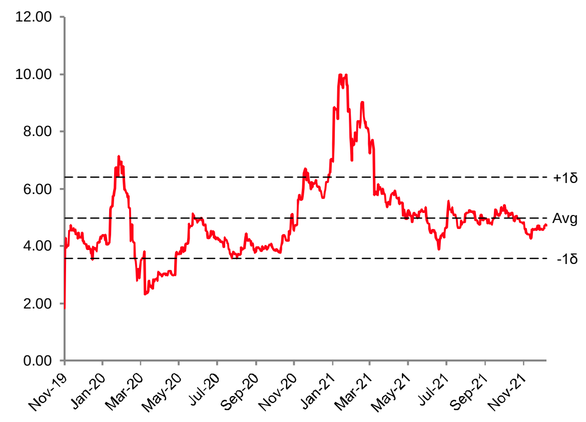



**EXHIBIT 9: PE BAND CHART**

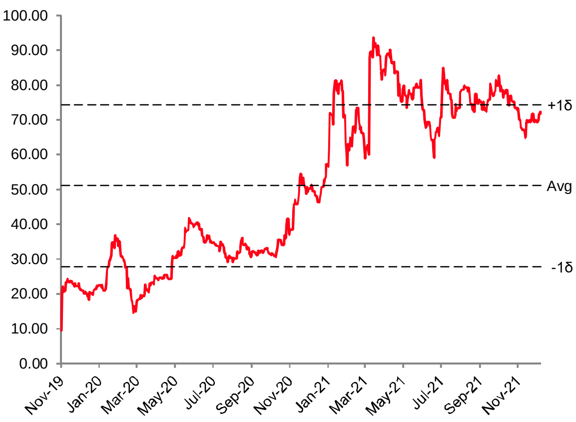



**EXHIBIT 10: ESG RATING**

| | | | | | |
|---|---|---|---|---|---|
| **Overall** | ★ | ★ | ★ | ★ | |
| Zero-carbon initiatives | ★ | ★ | ★ | ★ | ★ |
| Work site safety | ★ | ★ | ★ | ★ | |
| Shareholder accountability | ★ | ★ | ★ | | |
| Social responsibility | ★ | ★ | ★ | ★ | |
| Pollution control | ★ | ★ | ★ | ★ | ★ |
| Supply chain auditing | ★ | ★ | ★ | | |
| Corruption-free pledge | ★ | ★ | ★ | | |
| Accessibility & transparency | ★ | ★ | ★ | | |

*We accord a discount/premium of **-6%, -3%, 0%, +3%** and **+6%** on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-star*

*Source: AmInvestment Bank*

**EXHIBIT 11: SWOT ANALYSIS**

| Strengths | Weaknesses |
|---|---|
| Robust order book pipeline of RM629mil (2.9x FY21 EPCC revenue) | Relatively small balance sheet compared to the huge RE opportunities locally and domestically. |
| Strong track record in completing end-to-end EPCC contracts on time and without incurring any late delivery charges even during MCO. | Labour constraints from lack of foreign labour or MCO restrictions could delay or constrain work progress. |
| Net cash position of RM90mil. | Liability to cost overruns and late delivery charges due to poor execution or MCO lockdowns. |
| Building up recurring income profile by investing in LSS farms and corporate power purchase agreements. | |
| Offering flexible financing packages to retail customers to adopt renewable solutions | |
| Experienced management team offering consultancy, site surveys, feasibility studies and full fledged EPCC services. | |

| Opportunities | Threats |
|---|---|
| Malaysian government has set a RE target for national electricity generation mix to rise to 40% in 2035 from just 6% currently. | Escalating costs of solar panels from supply chain disruptions. |
| Local LSS projects are only offered to domestic players, who are limited in terms of scale and resources. | Rising competition from multiple local and foreign EPCC providers and alternative energy generation from biomass, small hydropower and geothermal sources. |
| Rising solar demand from ESG-conscious mulitnationals which have committed to attain 100% of energy requirements from RE. | Changes in technology may reduce demand for current systems being offered to clients. |
| Earnings recovery from MCO relaxation | Loss of key senior management and technical staff may disrupt operations. |
| Eyeing EPCC and investment opportunities in Taiwan and Philippines. | Adverse government policy changes to RE generation. |

*Source: AmInvestment Bank*

**EXHIBIT 12: FINANCIAL DATA**

| Income Statement (RMmil, YE Mar) | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|
| Revenue | 39.0 | 45.1 | 112.2 | 253.4 | 224.3 |
| **EBITDA** | **14.0** | **14.7** | **16.6** | **19.8** | **24.5** |
| Net int inc/(exp) | (0.6) | (0.6) | (1.1) | (1.5) | (1.8) |
| Depreciation | 0.8 | 1.2 | 1.7 | 2.2 | 3.0 |
| Associates | - | - | - | - | - |
| Exceptional items | (7.0) | (6.0) | (5.0) | (4.0) | (3.0) |
| Pre-tax profit | 7.2 | 9.3 | 12.2 | 16.5 | 22.7 |
| Tax | (0.7) | (1.1) | (1.1) | (0.5) | (6.3) |
| Minority interest | 0.0 | 0.0 | 0.0 | (0.3) | (0.3) |
| Net profit | 6.5 | 8.2 | 11.1 | 15.7 | 16.1 |
| **Core net profit** | **13.5** | **14.2** | **16.1** | **19.7** | **19.1** |

| Balance Sheet (RMmil, YE Mar) | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|
| Property, plant & equipment | 11.6 | 14.7 | 14.7 | 16.4 | 19.6 |
| Other non-current assets | 1.9 | 1.2 | 4.3 | 7.2 | 9.8 |
| **Total non-current assets** | **13.5** | **15.9** | **19.0** | **23.6** | **29.5** |
| Cash | 4.5 | 3.5 | 22.4 | 61.0 | 92.2 |
| Trade & other receivables | 8.5 | 15.1 | 42.8 | 62.3 | 94.0 |
| Other current assets | 0.9 | 1.3 | 1.9 | - | 0.2 |
| **Total current assets** | **13.9** | **20.0** | **67.1** | **123.2** | **186.4** |
| Trade & other payables | 3.6 | 4.6 | 28.1 | 46.3 | 59.8 |
| Borrowings | 1.7 | 2.5 | 7.7 | 7.6 | 2.4 |
| Other current liabilities | 2.6 | 1.3 | 8.4 | 17.7 | 11.0 |
| **Total current liabilities** | **7.9** | **8.4** | **44.3** | **71.6** | **73.2** |
| Long-term borrowings | 8.0 | 6.9 | 5.8 | 3.3 | 2.9 |
| Other long-term liabilities | 0.8 | 1.4 | 6.4 | 10.5 | 17.6 |
| **Total long-term liabilities** | **8.8** | **8.3** | **12.2** | **13.8** | **20.6** |
| **Shareholders' funds** | **12.3** | **20.6** | **31.7** | **80.8** | **131.4** |
| Minority interests | - | - | - | 0.4 | 1.0 |
| BV/share (RM) | 0.02 | 0.03 | 0.05 | 0.13 | 0.21 |

| Cash Flow (RMmil, YE Mar) | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|
| Pre-tax profit | 7.2 | 9.3 | 12.2 | 16.5 | 22.7 |
| Associates | - | - | - | - | - |
| Depreciation | 0.8 | 1.2 | 1.7 | 2.2 | 3.0 |
| Net change in working capital | (0.5) | (7.3) | 2.4 | 9.9 | (25.2) |
| Others | (9.5) | - | (29.2) | (103.1) | (67.0) |
| **Cash flow from operations** | **(1.9)** | **3.2** | **(12.9)** | **(74.5)** | **(66.5)** |
| Capital expenditure | (2.5) | (2.5) | (2.0) | (0.3) | (2.4) |
| Net investments & sale of fixed assets | - | - | | | |
| Others | - | - | - | - | - |
| **Cash flow from investing** | **(2.5)** | **(2.5)** | **(2.0)** | **(0.3)** | **(2.4)** |
| Debt raised/(repaid) | - | - | - | - | - |
| Equity raised/(repaid) | - | - | - | 33.6 | 38.6 |
| Dividends paid | - | - | - | - | (6.3) |
| **Cash flow from financing** | - | - | - | 33.6 | 32.2 |
| Net cash flow | (4.4) | 0.7 | (14.9) | (41.2) | (36.7) |
| Net debt b/f | 9.5 | 5.2 | 5.9 | (8.9) | (50.1) |
| Net debt c/f | 5.2 | 5.9 | (8.9) | (50.1) | (86.8) |

| Key Ratios (YE Dec) | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|
| Revenue growth (%) | 10.6 | 15.5 | 149.0 | 125.9 | (11.5) |
| EBITDA growth (%) | 6.8 | 5.4 | 13.1 | 18.7 | 24.2 |
| Pre-tax margins (%) | 38.6 | 28.9 | 31.5 | 34.7 | 37.6 |
| Net profit margins (%) | 56.5 | 26.7 | 35.0 | 40.8 | 3.1 |
| Interest cover (%) | 24.16 | 23.59 | 15.19 | 13.06 | 13.40 |
| Effective tax rate (%) | 9.9 | 11.5 | 9.2 | 3.1 | 27.6 |
| Net dividend payout (%) | - | - | - | - | - |
| Debtors turnover (days) | 54.3 | 32.8 | 50.6 | 43.2 | 73.2 |
| Stock turnover (days) | 14.4 | 11.6 | 6.6 | 28.5 | 16.8 |
| Creditors turnover (days) | 27.8 | 36.8 | 103.6 | 74.0 | 100.0 |

*Source: Company, AmInvestment Bank estimates*

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