

## IPO FACT SHEET

### Nova Wellness Group Berhad

#### ISSUE STATISTICS

**Offer Size:** Public Issue of 81.66m New Ordinary Shares

- Public – 16.00m shares
- Eligible Persons – 15.00m shares
- Private Placement to Identified Investors – 50.66m shares

**Price:** RM0.55

**NA Per Share (post-IPO):** RM0.21

**Historical PE:** 12.7x

**Market Cap (post-IPO):** RM174.8m

**Open:** 28 June 18

**Close:** 9 July 18

**Listing Date:** 20 July 18

**Principal Adviser, Sole Underwriter and Sole Placement Agent:** Kenanga Investment Bank Bhd

|                             | FYE 30 Jun |       |       | FPE 31 Dec |       |
|-----------------------------|------------|-------|-------|------------|-------|
|                             | 2015       | 2016  | 2017  | 2016       | 2017  |
| Revenue (RMm)               | 22.85      | 24.27 | 24.54 | 12.58      | 12.49 |
| Gross Profit (RMm)          | 16.76      | 17.70 | 17.58 | 9.14       | 8.50  |
| Profit After Tax (RMm)      | 12.28      | 13.54 | 13.71 | 7.22       | 4.51  |
| Gross Profit Margin (%)     | 73.3       | 72.9  | 71.7  | 72.6       | 68.1  |
| PBT Margin (%)              | 53.9       | 55.8  | 55.5  | 55.8       | 47.1  |
| Profit After Tax Margin (%) | 53.7       | 55.8  | 55.9  | 57.4       | 36.1  |
| Effective Tax Rate (%)      | 0.2        | 0.1   | (0.7) | (3.0)      | 23.3  |

Source: Prospectus, UOB Kay Hian

#### BACKGROUND

Nova Wellness through its wholly-owned subsidiary, Nova Laboratories is principally involved in the development, production and sales of nutraceutical and skincare products; and OEM development and production of nutraceutical products.

#### BUSINESS ACTIVITIES



Source: Prospectus

### COMPETITIVE STRENGTHS

- In-house R&D capability enables flexibility and respond faster to the changing market developments;
- Own production facility that allow the company to control the entire production process with minimal unplanned interruption;
- Distribution network of 227 independent retail pharmacies across Malaysia for its house brand products;
- Wide range of nutraceutical and skincare products comprising 49 dietary supplements, 11 functional food products and 28 skincare products; and
- Experienced management team led by Managing Director cum Chief Research Officer, Phang Nyie Lin with over 20 years of experience.

### BUSINESS STRATEGY AND FUTURE PLANS

- Construction of a new GMP-compliant production facility for the production of functional food and skincare products;
- To place greater focus to market its house brand and improve retail market presence; and
- To have more clinically proven products under its portfolio by undertaking clinical trials on selected products from 2017 to 2020.

### KEY RISKS

- Dependent on the successful development and commercialisation of new products;
- Exposure to risk of unsuccessful pre-clinical and clinical trials, which may affect its competitiveness and ability to increase sales;
- Gestation period of the new GMP-compliant production facility;
- Impact of the new GMP-compliant production facilities and tax expenses on future profit of the group; and
- Disruption to business operations.

### DIVIDEND POLICY

- The group intends to adopt a dividend payout ratio of at least 30% of its annual audited PAT attributable to the shareholders of the company.

### USE OF PROCEEDS

- The intended use of the expected gross proceeds from the proposed public issue is as follows:

|   | (RMm)        | (%)           | Expected Timeframe for Utilisation from the Date of Listing |
|---|--------------|---------------|---|
| Construction of a New GMP-compliant Production Facility | 11.50        | 36.70         | Within 24 months  |
| R&D Activities  | 11.60        | 25.80         | Within 36 months  |
| Expansion of its Retail Market Presence                 | 5.00         | 11.20         | Within 36 months  |
| Working Capital   | 9.21         | 20.50         | Within 12 months  |
| Estimated Listing Expenses                              | 2.60         | 5.80          | Immediately   |
| <b>Total</b>  | <b>44.91</b> | <b>100.00</b> |   |

Source: Prospectus, UOB Kay Hian

### PEER COMPARISON

| Company                       | Ticker  | Rec       | Share Price<br>29 Jun 18<br>(RM) | Market<br>Cap<br>(RMm) | PE           |              |              | P/BV         |              | Net<br>Gearing<br>(x) | Dividend<br>Yield<br>(%) |
|-------------------------------|---------|-----------|----------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|-----------------------|--------------------------|
|                               |         |           |                                  |                        | 2018F<br>(x) | 2019F<br>(x) | 2020F<br>(x) | 2018F<br>(x) | 2019F<br>(x) |                       |                          |
| Apex Healthcare               | APEX MK | NOT RATED | 6.79                             | 795.4                  | 16.4         | 14.1         | 12.0         | 2.1          | 1.9          | Cash                  | 2.4                      |
| CCM Duopharma Biotech         | CCMD MK | NOT RATED | 1.14                             | 742.0                  | 17.0         | 15.6         | 13.7         | n.a.         | n.a.         | 0.07                  | 3.4                      |
| Y.S.P. Southeast Asia Holding | YSP MK  | NOT RATED | 2.55                             | 351.8                  | 11.4         | 9.8          | 8.0          | 1.1          | 1.1          | Cash                  | 3.6                      |
| <b>Average</b>                |         |           |                                  |                        | <b>15.0</b>  | <b>13.2</b>  | <b>11.3</b>  | <b>1.6</b>   | <b>1.5</b>   |                       | <b>3.1</b>               |

Source: Bloomberg, UOB Kay Hian

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