



NOVA WELLNESS GROUP BERHAD

Fair Value: RM0.62

DESCRIPTION

Nova Wellness Group is involved in the development, production and sales of nutraceutical and skincare products under House Brand and OEM services for manufacturing dietary supplements and functional food products.

Fair Value	RM0.62
IPO Price	RM0.55
Expected Return	12.7%
Closing Application Date	
Retail	9 July 2018
Institutional	9 July 2018

Indicative Listing Date 20 July 2018

Market	ACE
Sector	Consumer
Bursa Code	0201
Bloomberg Ticker	NOVA MK

IPO DETAILS

Offer for Sale	-
Public Issue	81.7

UTILISATION OF PROCEEDS

Construction of a new GMP-compliant production facility	16.5
R&D activities	11.6
Expansion of retail market presence	5.0
Working capital	9.2
Estimated listing expenses	2.6
Total	44.9

KEY STOCK DATA

Market Capitalisation (RMm)	174.8
No. of Shares (m)	317.7

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Expansion Plans to Drive Growth

Nova Wellness Group Berhad (Nova) is scheduled for listing on 20 July 2018. It is expected to raise approximately RM44.9m from new issuance of 81.7m shares. Nova is involved in the development, production and sales of nutraceutical and skincare products under House Brand and OEM services for manufacturing dietary supplements and functional food products. We derive our **fair value of RM0.62** for Nova, based on 15x PE multiple to FY19F EPS. Key investment merits are construction of its new production plant, expansion of retail market presence and in-house R&D strength.

§ **Construction of a new GMP-compliant production facility.** Nova is constructing a new GMP-compliant production facility for the production of functional food and skincare products. The new plant, expected to complete by November 2018, will cost c.RM16.5m. Construction for Phase 2 is expected to complete in 4Q2018, while production operations are expected to commence by 1Q2019. Upon completion, production capacity for functional food is expected to increase from 0.69m bottles and 0.69m sachets to 3.43m bottles and 3.43m sachets. On top of that, by setting up its own in-house production for skincare products, Nova will have greater flexibility in production plans as well as focus on higher demand products and product variety.

§ **Expansion of retail market presence.** Nova plans to focus efforts to market the Group's house brands in order to improve its retail market presence. Strategies include i) expansion of geographical footprint, ii) brand presence in the NWPP's retail outlets, iii) online retail space, and iv) brand awareness campaigns. About RM5.0m from the IPO proceeds will be allocated for this purpose.

§ **Competitive strengths** include, amongst others, having an i) in-house R&D team which facilitates quickness to market, 2) wide range of nutraceutical and skincare products catering to diverse requirements, 3) distribution network across Malaysia, in addition to having presence in Indonesia and Thailand.

§ **RM0.62 fair value.** We derive a fair value of RM0.62 pegging a 15x PE multiple to Nova's FY2019F EPS of 4.1 sen. The 15x multiple is derived from ascribing a 10% discount to average PE multiple of peers operating within the health industry. This is justified given Nova's thick profit margin despite its small market capitalization and business scale. Earnings going forward are expected to be slightly affected due to the expiry of tax exemption, but will be cushioned by stable topline growth supported by expansion of retail market presence, new product launches as well as additional production capacity from the new plant.

KEY FORECAST TABLE

FYE June (RM m)	2015A	2016A	2017A	2018F	2019F	CAGR
Revenue	22.8	24.3	24.5	27.9	29.7	10.1%
Pre-tax Profit	12.3	13.6	13.6	15.3	16.3	9.6%
Net Profit	12.3	13.5	13.7	12.2	13.1	-2.3%
EPS (Sen)	5.2	5.7	5.8	3.8	4.1	-15.8%
P/E (x)	10.6	9.6	9.5	14.3	13.4	-
DPS (Sen)	5.4	6.4	5.1	1.2	1.2	-
Dividend Yield (%)	9.8	11.7	9.3	2.1	2.2	-

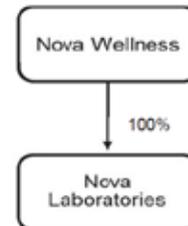
Source: Company, PublicInvest Research estimates, *excluding exceptional items

Company Background

Nova Wellness Group Berhad (Nova) was incorporated on 27 July 2016 as a private limited company under the name Nova Wellness Group Sdn Bhd. The Group was formed on 24 October 2017 following the completion of acquisition of Nova Laboratories, and was later converted into a public limited company on 31 October 2017. It is involved in the nutraceutical industry with the core business as follows:

- (i) development, production and sales of nutraceutical and skincare products under its house brands, and
- (ii) OEM development and production of nutraceutical products.

Figure 1: Corporate Structure



Source: Company Prospectus

Table 1: Corporate Milestones

Year	Achievement
1989	- Phang Nyie Lin and Tan Sok Mooi founded the business and began trading animal health products the next year
1997	- Commenced a small scale R&D on Phyllanthus niruri, a species of herb that has been traditionally used for the treatment of liver diseases
2000	- Developed Hepar-P Capsule as a liver tonic - Granted approvals for the marketing and sales of Hepar-P Capsule in Malaysia by MOH
2004	- Set up GMP-compliant production facility with R&D facilities in Sepang, Selangor, and began producing dietary supplements and animal health products
2006	- Awarded the BioNexus status by Malaysian Bioeconomy Development
2007	- Granted patent for herbal composition used in Hepar-P Capsule and Hepar-P Forte Caplet by MyIPO
2009	- Granted patent for stabilised composition used in Hepar-P Capsule and Hepar-P Forte Caplet by MyIPO
2010	- Launched the NWPP for independent retail pharmacies
2013	- Granted patent for the standardised extract from oil palm leaves comprising phenolic acids by State Intellectual Property Office of the PRC
2015	- Completed first clinical trial on Hepar-P Capsule for treatment of non-alcoholic fatty liver disease - Awarded 'BioNexus Achievement Award' by Malaysian Bioeconomy Development for outstanding achievement in the bio-based industries
2016	- Granted patent for the standardised extract from oil palm leaves comprising phenolic acids by MyIPO
2017	- Ceased animal health business to focus on development and production of house brands and OEM products

Source: Company Prospectus

Has developed 144 product formulations with 88 products sold under five different house brands

Over the years, a number of nutraceutical products were developed and produced under house brands and for OEM customers. They own two patents for the Hepar-P Capsule with MyIPO and two patents for standardised extract from oil palm leaves comprising phenolic acids with MyIPO and the State Intellectual Property Office of the PRC. As at 1 June 2018, the Group has developed 144 product formulations with 88 products sold under five different house brands in local and overseas markets. 37 of its house brand products are certified Halal by JAKIM. For

Primarily serves the domestic market

the OEM segment, 88 product formulations were developed, with 74 products manufactured for OEM customers. Among these, 12 OEM products are certified Halal by JAKIM. Nova primarily serves the domestic market, while its overseas exposure ranges between 10-15% in the past three years.

Business Operations

Nova operates within the nutraceutical industry. The Group's principal activities are: (i) development, production and sales of nutraceutical and skincare products under house brands; and (ii) OEM development and production of nutraceutical products. The products under house brands are categorized under nutraceutical products and skincare products. Under house brand nutraceutical products, Nova offers dietary supplements and functional food. As at 1 June 2018, there are 49 dietary supplements, 11 functional food products and 28 skincare products under house brands in both domestic and overseas markets.

Figure 2: Principal Activities



Source: Company Prospectus

Dietary supplements include vitamin, mineral and herbal supplements

i) Dietary supplements. Nova's dietary supplements include vitamin, mineral and herbal supplements, which are formulated to promote the daily intake of nutrients and provide various health benefits including improving blood circulation and enhancing overall health. The dietary supplements are marketed under 'Nova' house brand. As at 1 June 2018, there are 49 dietary supplements, consisting of 18 herbal products and 31 health supplements. One of Nova's key products under this category is Hepar-P Capsule, which contains Phyllanthus niruri standardised extract that is used as a liver tonic to improve liver health. Dietary supplements made up about 41.2% to 55.5% of revenue in FY15 to FY17. The Hepar-P Capsule alone contributed an average of 6.5% annually from FY15 to FY17.

Figure 3: Dietary supplements



Source: Company Prospectus

Functional food products are formulated to have low glycemic index and balanced nutrients

ii) Functional food. Developed with vitamins and other nutrients, Nova's functional food products are formulated to have low glycemic index and balanced nutrients to fulfil consumers' daily nutritional needs and manage sugar level. The functional food products are marketed under two house brands, 'ActivMax' and 'Sustinex'. There are 11 functional food products as at 1 June 2018. Nova's functional food products made up 13.5% to 17.2% of revenue in FY15 to FY17.

Figure 4: Functional food products



Source: Company Prospectus

Skincare products are marketed under the 'Novavis' and 'SP8' house brands

iii) Skincare products. Primarily developed using natural ingredients from plants, Nova's skincare products are marketed under the 'Novavis' and 'SP8' house brands. Currently, Nova outsources the manufacturing of its skincare products to Nutriskin Marketing Sdn Bhd based on Nova's own product formulations. The Group targets to commence the production of skincare products with the completion of its new production facility. As at 1 June 2018, Nova has 28 skincare products. These skincare products made up 0.1% to 0.2% of revenue in FY15 to FY17.

Figure 5: Skincare products



Source: Company Prospectus

Also provides OEM services

iv) OEM service for nutraceutical products. Apart from its house brands, Nova also provides OEM services for the production of dietary supplements and functional food products for its customers. The OEM products are then marketed by Nova's customers under their own brands. Nova's OEM services include formulation of products, procurement of raw materials and packaging materials, production and final packaging of finished products. The OEM customers have full product ownership of their OEM products including the product formulation. Nova also provides customised formulations services for its OEM customers, whereby Nova's R&D team works with its customer to develop customised product formulations to meet the specific needs and requirements of a customer. The customized formulations can include improvement to existing products or development of a new product or concept. OEM services made up 25.5% to 34.8% of revenue in FY15 to FY17. As at 1 June 2018, there are seven local OEM customers and two OEM customers from Hong Kong and Singapore respectively.

Constructing a new GMP-compliant production facility

Production capacity for functional food expected to increase from 0.69m bottles and 0.69m sachets to 3.43m bottles and 3.43m sachets

Expansion of geographical footprint

Strengthen reputation and recognition

Alternative platform to shop products

Future Plans

Construction of a new GMP-compliant production facility. In order to expand production capacity, Nova is constructing a new GMP-compliant production facility for the production of functional food and skincare products. The new plant, expected to complete by November 2018, will be situated on Nova's owned vacant land adjacent to the head office and current production facility in Sepang, Selangor. Phase 1 will involve office, laboratory, warehouse and production facility for functional food products, while Phase 2 will involve production facility for skincare products. The construction of the building for Phase 1 commenced in 1Q2018 and is expected to complete in the 2Q2018. Construction for Phase 2 is expected to begin in 2Q2018 and to complete in 4Q2018. Production operations are expected to commence by 1Q2019.

Table 2: Timeline for the construction of Nova's new plant

Milestone	Achievement
August 2017	- Commencement of piling works
November 2018	- Expected completion of construction
December 2018	- Expected completion of interior renovation
February 2019	- Expected receipt of all relevant approvals
March 2019	- Expected commencement of production operations

Source: Company Prospectus

As at 1 June 2018, Nova has incurred c.RM2.38m for the construction. Total cost is estimated to be RM16.5m, which will be financed using both the IPO proceeds and internally-generated funds. Upon completion, functional food and skincare products manufacturing will be housed in the new plant, while the existing plant will be used for dietary supplements production only. Production capacity for functional food is expected to increase from 0.69m bottles and 0.69m sachets to 3.43m bottles and 3.43m sachets. On top of that, by setting up its own in-house production for skincare products, Nova will have greater flexibility in production plans as well as focus on higher demand products and product variety.

Expansion of retail market presence. Nova plans to focus efforts to market the Group's house brands in order to improve its retail market presence. Strategies include i) expansion of geographical footprint, ii) brand presence in the NWPP's retail outlets, iii) online retail space, and iv) brand awareness campaigns. Funds will be from the IPO proceeds (RM5.0m) and internally-generated funds. The strategies are expected to be implemented within 36 months from the listing date.

i) **Expansion of geographical footprint.** This will be done by offering independent retail pharmacies exclusive distributorship through the Nova Wellness Partner Programme (NWPP). There are 105 NWPP partners in Malaysia as at 1 June 2018. Nova targets to increase the number of NWPP partners by 41 and 51 new partners in 2018 and 2019 respectively. The cost is estimated to be c.RM1.1m.

ii) **Brand presence** in NWPP's retail outlets to strengthen reputation and recognition, as well as to acquire new customers. To achieve this, Nova plans to secure prominent shelf space, dedicated display area, and co-organise health awareness campaigns. The cost is estimated to be c.RM1.5m.

iii) **Online retail space.** Nova has established an online store in June 2018 to reach consumers by providing an alternative platform to shop products, besides physical stores. This is expected to reach a wider set of consumers while increasing Nova's presence in the online retail space. The cost is estimated to be c.RM1.4m, including maintenance and further development for user-friendly experience.

iv) **Brand awareness campaigns** will be carried out through promotional campaigns in print media and social media advertisements. The cost is estimated to be c.RM1.0m.

In-house R&D team which allows flexibility and timeliness in expanding and improving its product offerings

Wide range of products comprising 49 dietary supplements, 11 functional food products and 28 skincare products

Distribution network across Malaysia

Product-related issues could impact brand image

Risk of manufacturing licenses getting revoked, or not renewed

Competitive Strengths

In-house R&D strength. Nova has an in-house R&D team which allows flexibility and timeliness in expanding and improving its product offerings to meet market and customers' demands and needs. There are five members in the R&D team consisting of a registered pharmacist, two microbiologists, and two laboratory technicians. Nova currently has two patents for *Phyllanthus niruri* standardised extract used in the formulations of Hepar-P Capsule and Hepar-P Forte Caplet, and two patents for the standardised extract from oil palm leaves comprising phenolic acids. Hepar-P Capsule and Hepar-P Forte Caplet has been produced and marketed since 2002 and 2006 respectively, while the two remaining patents for the standardized extract from oil palm leaves comprising phenolic acids are still at the development stage.

Nova's in-house R&D capabilities is considered a strong factor that enables the Group to respond faster to changing customer preferences and new market developments. As part of R&D activities, pre-clinical and clinical trials are conducted on its nutraceutical and skincare products, as products with clinically confirmed health benefits are expected to gain better acceptance by consumers. Nova targets to increase the number of clinically proven products under its portfolio by undertaking clinical trials on selected products from 2017 to 2020.

Wide range of nutraceutical and skincare products. Nova currently has a wide range of products comprising 49 dietary supplements, 11 functional food products and 28 skincare products. Nova's product range caters to the needs of consumers across different demographics and lifestyles. Its dietary supplements are formulated to increase the daily intake of nutrients that provide various health benefits. Nova's functional food products are formulated with low glycemic index and balanced nutrients to satisfy consumers' daily nutritional needs and manage sugar level. Meanwhile, its skincare products are primarily prepared using natural ingredients from plants, suitable for those seeking natural skin care solutions.

Distribution network across Malaysia. Nova's products are traded in the domestic and overseas market. In Malaysia, its house brand products are distributed through independent retail pharmacies, which currently numbers up to 227. Out of these independent retail pharmacies, 105 are also Nova Wellness Partner Programme (NWPP) partners. Nova gives NWPP partners exclusive distribution rights in specific areas and bulk discounts for purchase of house brand products. The NWPP partners also display Nova's products in special 'bookshelf' sections in their pharmacy outlets, which is expected to improve brand recognition. Furthermore, Nova works with the NWPP partners to gain information on the latest market trends, consumers' preferences and feedback on products, allowing Nova to tailor to consumer's needs more accurately and timely. For the overseas market, there are currently two non-exclusive agents that distribute its house brand products in Indonesia and Thailand.

Key Risks

Product-related issues could impact brand image. As Nova produces health-based products, any product-related issues such as product defects, product liability claims and product recalls may pose negative impact on its brand image. This may also result in losses due to destruction of inventories, cost of managing the product issue and loss of sales from product unavailability. Negative public perception regarding Nova's products, especially in terms of safety and quality may lead to lower product demand.

Manufacturing glitches. On top of that, any mishaps and unanticipated manufacturing glitches would put Nova in an unfavorable position. Depending on the degree and length of the impact, there is a risk of manufacturing licenses getting revoked. This may lead to disruption in operations and earnings affected negatively. On top of that, this may also jeopardize Nova's brand name and increase cautiousness among consumers. Operating in a regulated industry, there is also risk of licenses not being able to be renewed with the authorities, particularly if any new terms or conditions which we may be unable to fulfil are imposed in future.

Longer-than-expected gestation period of the new plant

Dependency on major customers and NWPP partners

Revenue grew by a CAGR of 3.6% from FY15 to FY17

Longer-than-expected gestation period of the new plant. In the event of unexpected delays in the completion and commencement of Nova's new GMP-compliant production facility, the Group may face difficulty to capture the expected growth in demand from its customers or to successfully commercialise additional production of functional food and skincare products in time. This may result in a longer-than-expected gestation period of the new plant and affect earnings contribution to the Group. In addition, the capacity expansion plan requires significant capital investment flow, and actual cost may exceed the estimated cost of c.RM16.5m, which could affect Nova's cash flow position.

Dependency on major customers and NWPP partners. A significant portion of Nova's revenue is contributed by three of its top customers, Powerlife (M) Sdn Bhd, All Day Pharmacy and AM PM Pharmacy Sdn Bhd, primarily due to their established business relationship. Collectively, these three customers make up 34.3% in FY17 revenue. In addition, Nova's NWPP partners also contribute significantly to total revenue. In FY17, NWPP partners make up 84.3% of house brand's total revenue and 60.3% of the Group's total revenue. It is important to note that there is no assurance that the NWPP partners will continue being in the programme or that Nova will continue to secure new NWPP partners in the future. The Group's earnings may be impacted if it is unable to secure new NWPP partners, or if it loses one of its main customers.

SWOT Analysis

Table 3: SWOT Analysis

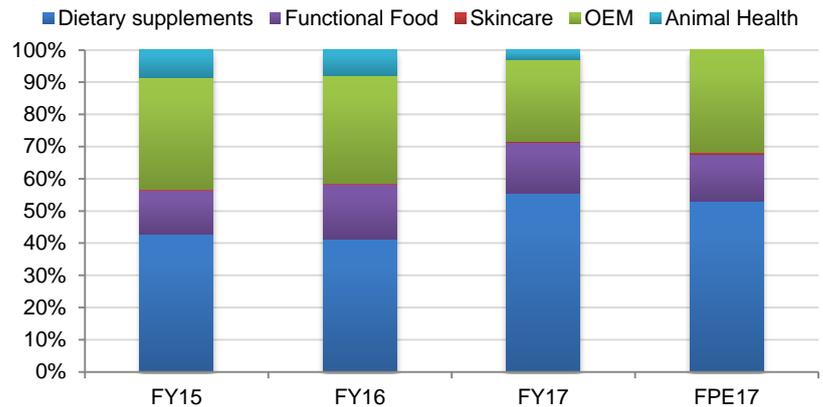
Strengths	Weaknesses
<ul style="list-style-type: none"> § In-house R&D strength § Wide range of nutraceutical and skincare products § Distribution network across Malaysia 	<ul style="list-style-type: none"> § Dependency on major customers and NWPP partners § Manufacturing glitches
Opportunities	Threats
<ul style="list-style-type: none"> · Additional capacity from the new GMP-compliant production facility · Expansion of retail market presence 	<ul style="list-style-type: none"> § Product-related issues could impact brand image § Longer-than-expected gestation period of the new plant

Source: PublicInvest Research

Financials

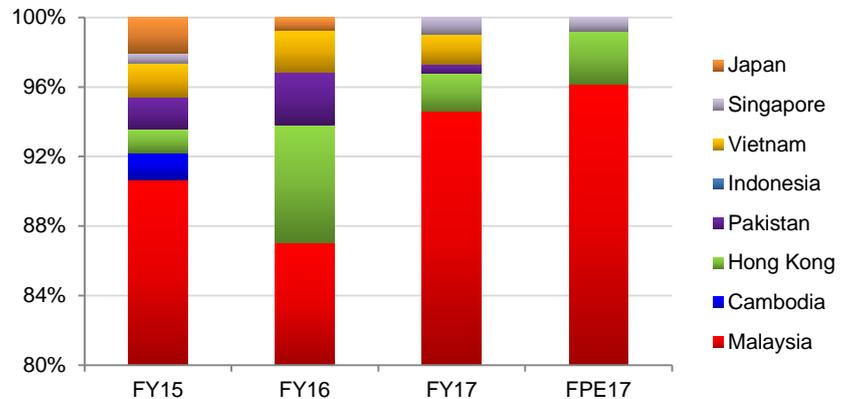
Nova's revenue grew by a CAGR of 3.6% from FY15 to FY17, primarily driven by house brand products, particularly the dietary supplements and functional foods segments. The OEM segment is the Group's second largest contributor at 34.8%, 33.6% and 25.5% of revenue in FY15, FY16 and FY17 respectively. In terms of location, the Group derives majority of its revenue domestically at 90.7%, 87.1% and 94.6% in FY15, FY16 and FY17 respectively. Going forward, we believe Nova's growth will continue to be supported by its expansion of retail market presence, in-house R&D strength to introduce new products and diversify existing product range, and continuous improvement in its wide distribution network services across Malaysia, as well as healthcare spending growth in Malaysia in tandem with improvement in living standards and health awareness.

Figure 6: Revenue by Segment (%)



Source: Company, PublicInvest Research

Figure 7: Revenue by Geographical Location (%)

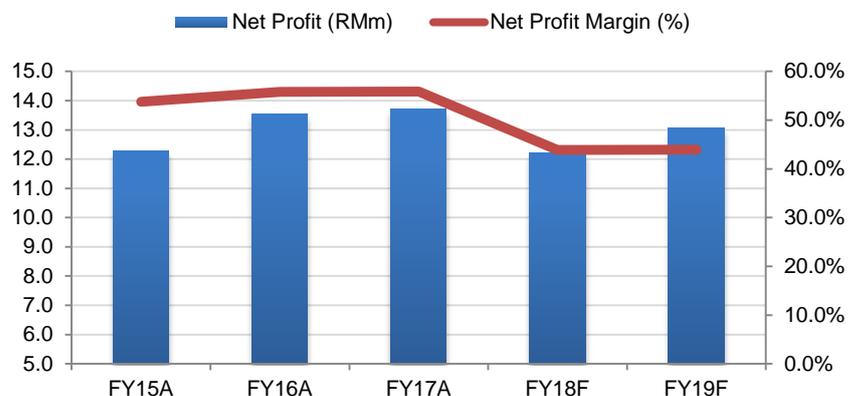


Source: Company, PublicInvest Research

Has been enjoying high net profit margin of 53.7%, 55.8% and 55.9% in FY15, FY16 and FY17

Earnings. In line with revenue performance, bottomline has been profitable in FY15 to FY17. Nova has been enjoying high net profit margin of 53.7%, 55.8% and 55.9% in FY15, FY16 and FY17 respectively due to lower depreciation costs and 100% tax exemptions arising from the BioNexus status granted to Nova Laboratories. However, in FPE17 (financial period ending 31 Dec 2017), Nova reported a lower net profit margin of 36.1% due to expiry of the tax exemption. We expect earnings to be slightly lower due to tax exemption, on top of other operating expenses, depreciation costs of new machinery and time taken to commence operations in the new production facility.

Figure 8: Net Profit (RMm) vs Net Profit Margin (%)



Source: Company, PublicInvest Research

Has enjoyed exemption from tax in previous years, but has expired on 30 June 2017

Has subsequently on 21 November 2017 applied a concessionary tax rate of 20%, and is currently under review

Recommends a 30% dividend payout for FY18

Fair value of RM0.62 pegging a 15x PE multiple to Nova's FY2019F EPS of 4.1 sen

Taxation. As mentioned, Nova has enjoyed exemption from tax in previous years, as its subsidiary, Nova Laboratories was granted the BioNexus status by Malaysian Bioeconomy Development in 2006. This allowed Nova Laboratories to enjoy tax exemption benefits statutory income on the qualifying activities for a period of 10 years from FY08 to FY17. The tax exemption has expired on 30 June 2017. Following that, Malaysian Bioeconomy Development has on 1 November 2017 confirmed that upon expiry of the tax exemption, Nova Laboratories is entitled to a concessionary tax rate of 20.0% on the statutory income generated from its qualifying activities for a period of 10 years. Nova has subsequently on 21 November 2017 applied for the concessionary tax rate to Malaysian Bioeconomy Development, and the application is currently under review. If the concessionary tax rate is not approved, Nova Laboratories will be subject to the normal tax rate of 24%.

Dividend. Nova recommends a 30% dividend payout for FY18. The Group has also made known its intention to adopt a dividend policy, though ability to declare dividends will be dependent on various factors. As a percentage of profit, Nova has declared 103.9%, 112.0% and 88.1% dividend payout in FY15, FY16 and FY17 respectively.

Valuations

P/E valuation approach. We derive a fair value of RM0.62 pegging a 15x PE multiple to Nova's FY2019F EPS of 4.1 sen. The 15x multiple is derived from ascribing a 10% discount to average PE multiple of peers operating within the health industry. This is justified given Nova's thick profit margin despite its small market capitalization and business scale. Earnings going forward are expected to be slightly affected due to the expiry of tax exemption, but will be cushioned by stable topline growth supported by expansion of retail market presence, new product launches as well as additional production capacity from new plant.

IPO Details

Nova is seeking to list on the ACE Market of Bursa Malaysia, tentatively on 20 July 2018, with an enlarged issued and paid-up share capital of 317,743,815 shares. Pursuant to IPO listing, the company's market capitalization is RM174.8m based on its IPO price of RM0.55.

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

Table 4: IPO Allocation

Categories	No. of shares	% of enlarged share capital
Retail offering		
- Malaysian Public	16,000,000	5.0
- Eligible persons (e.g. directors and employees)	15,000,000	4.7
Subtotal	31,000,000	9.7
Private placement		
- Malaysian/ Foreign institutional investors	50,660,000	16.0
Subtotal	50,660,000	16.0
Total	81,660,000	25.7

Source: Company Prospectus

Table 5: Post-IPO Share Capital

	<u>No. of shares</u>	<u>Share capital (RM)</u>
Issued share capital as at 28 June 2018	236,083,815	15,161,000
New shares to be issued pursuant to the IPO	81,660,000	44,913,000
Enlarged share capital upon listing	317,743,815	60,074,000

Source: Company Prospectus

Utilisation of IPO proceeds. Based on IPO listing price of RM0.55/share and 81,660,000 new shares, Nova W is expected to raise gross proceeds of RM44.9m. The allocation of gross proceeds is as Table 5.

Table 6: Utilisation of Proceeds

Description	Amount (RM'000)	Percentage of total gross proceeds (%)	Estimated timeframe for utilisation upon listing
Construction of a new GMP-compliant production facility	16,500	36.7	Within 24 months
R&D activities	11,600	25.8	Within 36 months
Expansion of retail market presence	5,000	11.2	Within 36 months
Working capital	9,213	20.5	Within 12 months
Estimated listing expenses	2,600	5.8	Immediate
Total	44,913	100.0	

Source: Company Prospectus

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE June (RM m)	2015A	2016A	2017A	2018F	2019F
Revenue	22.8	24.3	24.5	27.9	29.7
Operating Profit	12.3	13.6	13.6	15.3	16.3
Other Gains/(Losses)	0.0	0.0	0.0	0.0	0.0
Finance Costs	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	12.3	13.6	13.6	15.3	16.3
Income Tax	0.0	0.0	0.1	-3.1	-3.3
Effective Tax Rate (%)	-0.2	-0.1	0.7	-20.0	-20.0
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	12.3	13.5	13.7	12.2	13.1
Growth (%)					
Revenue	-	6.2	1.1	13.5	6.8
Operating Profit	-	10.1	0.4	12.2	7.0
Net Profit	-	10.2	1.3	-10.9	7.0

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE June (RM m)	2015A	2016A	2017A	2018F	2019F
Property, Plant & Equipment	4.1	3.7	3.7	4.2	4.6
Cash and Cash Equivalents	1.7	4.7	2.1	8.8	16.6
Receivables	10.6	8.2	9.2	10.4	11.1
Other Assets	8.5	9.9	11.4	12.0	12.5
Total Assets	24.9	26.5	26.3	35.4	44.9
Payables	2.4	5.4	3.7	4.2	4.5
Borrowings	0.0	0.0	0.0	0.0	0.0
Deferred Tax	0.2	0.3	0.2	0.2	0.2
Other Liabilities	2.9	3.2	3.1	3.1	3.1
Total Liabilities	5.6	8.8	7.0	7.5	7.8
Total Equity	19.4	17.7	19.4	27.9	37.1
Total Equity and Liabilities	24.9	26.5	26.3	35.4	44.9

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE June	2015A	2016A	2017A	2018F	2019F
Book Value Per Share	0.1	0.1	0.1	0.1	0.1
EPS (Sen)	5.2	5.7	5.8	3.8	4.1
DPS (Sen)	5.4	6.4	5.1	1.2	1.2
Payout Ratio (%)	103.9	112.0	88.1	30.0	30.0
ROA (%)	49.2	51.1	52.1	34.5	29.1
ROE (%)	63.4	76.3	70.8	43.8	35.3

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	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.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

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

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