

IPO FACT SHEET

Kim Teck Cheong Consolidated Berhad

ISSUE STATISTICS

Offer Size: 142m of New Ordinary Shares

- Public/Retail – 34.00m shares
- Employees, Directors and Others – 16.26m shares
- Placement for Selected Investors – 91.75m shares

Price: RM0.15

NA Per Share (post-IPO): RM0.19

Historical PE: 10.9x (FY15)

Market Cap (post-IPO): RM76.54m

Open: 28 Oct 15

Close: 12 Nov 15

Listing Date: 25 Nov 15

Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Joint Placement Agent: RHB Investment Bank Berhad

	2012	2013	2014
Revenue (RMm)	200.33	222.73	229.53
PBT (RMm)	5.60	13.60	7.39
Profit After Tax (RMm)	3.97	11.74	5.55
PBT Margin (%)	2.80	6.11	3.22
PAT Margin (%)	1.98	5.27	2.42
Net EPS (sen)	1.06	3.14	1.49

BACKGROUND

- Kim Teck Cheong Consolidated (KTC) is in the business of providing market access and coverage of consumer packaged goods (CPG) where it is involved in the distribution and warehousing of third party brands as well as its own brands of products in East Malaysia namely Sabah, Labuan and Sarawak. Within its portfolio of third party brands, KTC covers F&B products including dry, frozen and chilled food, as well as beverages while non-food products include personal care, household, baby care, over-the-counter (OTC) drugs and health supplements. In addition, it is also continually building on the distribution and warehousing of its own brand of CPG which includes frozen, dry food products as well as beverage products. A small portion of KTC's business also involves manufacturing of its own brand of bakery products, which commenced in February 2014.

BUSINESS STRATEGY AND FUTURE PLANS

- Establishment of a new distribution centre in Brunei.
- Acquisition of warehousing facilities in Sarawak.
- Construction of new warehousing facility in Kota Kinabalu, Sabah.
- Expansion of own brands of CPG.
- New markets for manufactured bakery products.
- Expansion of manufacturing facility and new bakery products in Sabah.

COMPETITIVE STRENGTHS

- Wide coverage on recognisable CPG brands.
- Wide distribution network.
- Established track record.
- Economies of scale.

- Experienced directors and key management personnel.

KEY RISKS

- Dependence on the distribution of third party brands of CPG for its brand owners.
- Risk of disruptions to warehousing facilities, manufacturing facility and business operations.
- Dependence on external manufacturer.
- Risk of product liability.
- Risk of depreciation in the value of ringgit.
- Risk of direct sourcing from brand owners by its customers.
- Risk of increase in buying power of hypermarkets and other chain retailers.

DIVIDEND POLICY

- No dividend policy.

USE OF PROCEEDS

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

	(RMm)	As a Percentage of Gross Proceeds (%)
Acquisition of Warehousing Facilities in Sibul, Miri and Kuching	9.00	42.26
Construction of New Warehousing facility in Kota Kinabalu, Sabah	2.00	9.39
Purchase of Equipment for the following:		
a) New Warehousing Facility in Kota Kinabalu, Sabah	1.00	4.69
b) Three Production Lines for Bakery Products in Sabah	1.00	4.69
c) A Production Line for Bakery Products in Sarawak	1.00	4.69
Working Capital	4.70	22.07
Estimated Listing Expenses	2.60	12.21
Total Gross Proceeds	21.30	100.00

Source: Prospectus, UOB Kay Hian

PEER COMPARISON

Company	Ticker	Rec	Share Price 3 Nov 15 (RM)	Target Price (RM)	Market Cap (RMm)	PE		ROE (%)	P/BV (x)	Net Gearing (%)	Div Yield (%)
						2013 (x)	2014 (x)				
Yee Lee Corporation	YEE MK	BUY	1.94	2.46	355.2	10.2	12.9	8.0	1.0	18.0	1.6
DKSH Holdings (M)	DKSH MK	NOT RATED	4.44	n.a.	700.2	4.0	11.7	13.0	1.5	CASH	0.0
Tiong Nam Logistics Holdings	TNL MK	NOT RATED	1.40	n.a.	583.3	35.0	7.8	21.6	1.5	78.2	2.1

Source: Bloomberg, UOB Kay Hian

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