

SKB Shutters Corporation Berhad (7115)



QoQ holding up steadily

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BUY ↔

TP: RM 1.03 (30%) ↓

Current Share Price: RM 0.795

Result Report

Value

Investment Horizon

12 months

Valuation

Our target price is based on:

FY26F PE of 10x, in line with its indirect peers as serving the same industry. We are projecting stronger earnings growth from shutters & doors segment driven by more projects ahead.

Results Review

SKBSHUT's 1QFY25 core net profit of RM5.9mil came above our expectation at 32%. The positive variance due to increase in sale of steel door products. On a QoQ basis, 1QFY25 core net profit declined by 7% due to higher operational cost as EBITDA margin dropped by 2%-point to 25% and higher effective tax rate of 20% from 8% in 4QFY24.

Outlook

We maintain our optimism on SKBSHUT as the recovery in the construction sector and expansion in industrial and infrastructure segments continue to boost revenue. We also expect potential bonus contributions from data centres in FY25 and beyond as more inflow of FDI. We increase our FY25-FY27F earnings forecast by 12-18%, reflecting a more favorable product mix despite current capacity limitations. It's important to note that the historical 1Q is typically the weakest quarter of the year due to the bidding project season. Thus, subsequent quarters will strengthen as the group secures more projects. We tweak our TP to RM1.03 (from RM1.24) based on unchanged 10x FY25F PER, to account for changes in the share base due to warrant exercise in CY25.

Peer Comparison

Name	Last price	Market Cap	FYE	Earnings Growth			PE		Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
UNITED U-LI CORP BHD	1.55	337.6	12/2024	-23.5	60.8	10.4	11.1	6.7	5.2	8.6
BWYS GROUP BHD	0.24	246.1	12/2024	26.0	23.8	13.9	10.7	8.7	1.7	12.9
Simple Avg				1.2	42.3	12.1	10.9	7.7	3.4	10.7
SKB SHUTTERS CORP BHD	0.795	111.8	06/2025	25.0	8.3	7.3	5.4	4.9	0.0	13.2

As 28 November 2024

Results Summary

FYE 30 Jun (RMm)	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)
Revenue	24.7	31.2	35.8	14.6	44.7
EBITDA	5.3	8.6	8.9	4.1	69.4
Depreciation	-1.2	-1.2	-1.2	-1.6	-1.7
EBIT	4.1	7.4	7.7	4.5	89.7
Pretax Profit	3.6	7.0	7.4	6.1	>100
Taxation	-0.9	-0.6	-1.4	nm	-59.1
Net Profit	2.7	6.4	5.9	-7.1	>100
Core Net Profit	2.7	6.4	5.9	-7.1	>100
Margin (%)					
EBITDA	21.3	27.4	24.9		
Pretax	14.7	22.3	20.6		
Core Net Profit	11.0	20.5	16.6		

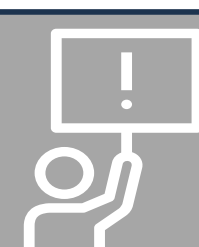
Financial Exhibits

FYE 30 Jun	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	112.1	115.7	130.4	147.0	165.9
EBITDA (RMm)	24.4	28.3	34.1	38.4	42.6
Pretax profit (RMm)	18.4	22.0	27.3	30.4	33.8
Net profit (RMm)	15.0	16.4	20.5	22.8	25.3
EPS (sen)	11.4	11.9	10.3	11.5	12.8
PER (x)	7.0	6.7	7.7	6.9	6.2
Core net profit (RMm)	15.0	16.4	20.5	22.8	25.3
Core EPS (sen)	11.4	11.9	10.3	11.5	12.8
Core EPS growth (%)	56.3	5.1	-13.4	11.5	11.0
Core PER (x)	7.0	6.7	7.7	6.9	6.2
Net DPS (sen)	0	0	0	0	0
Dividend Yield (%)	0	0	0	0	0
ROE (%)	13.0	12.4	13.4	13.0	12.6
P/BV (x)	0.9	0.8	1.0	0.9	0.7

FY25E-FY27E share base expand to 198mil shares due to warrant exercise

Key Assumptions

Revenue Growth	Before			After		
	FY2025E	FY2026E	FY2027E	FY2025E	FY2026E	FY2027E
Shutter & Door	7%	10%	14%	20%	15%	15%
Racking	3%	3%	3%	5%	5%	5%



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