

SKB Shutters Corporation Berhad (7115)

Profit on Track

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BUY ↔

TP: RM 1.03 (25%) ↔

Current Share Price: RM 0.825

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 1HFY25 core net profit of RM11mil came within our expectation at 53%. On a QoQ basis, 2QFY25 core net profit declined by 14% due to higher tax rate of 48%, compared to 20% in 1QFY25. Its tax rate fluctuate every quarter, but we believe the full year effective tax rate will be 25%-27% vs 36% in 1HFY25. Meanwhile, EBITDA improved by 27% mainly due to better operational efficiency and lower manufacturing cost. The group declared an interim dividend of 4.0 sen per share, we believe reflects management's confidence in its outlook and comes as a positive surprise.

Outlook

 We remain positive on SKBSHUT's earnings ahead driven by (i) increased project completions in key sectors such as mall, industrial, data centres and public infrastructure, and (ii) improved product mix, enhancing margins and profitability. Additionally, the new plant is set to be completed by 4QCY25 and operate by 2QCY26. The new plant will incorporate advanced automation line to boost efficiency and reduce lead time. We also understand both new and old plants can be operated concurrently to avoid any downtime in production while some machines will move to new plant. With this expanded capacity, we project a 15-20% revenue growth in FY27F, driven by higher production volumes and improve operational capabilities. We maintain our forecast, call and TP of RM1.03 based on unchanged 10x FY26F PER, given more completion of projects in FY25 and stronger earnings growth from shutter and door segment.

Key Assumptions

Revenue Growth	Before			After		
	FY2025E	FY2026E	FY2027E	FY2025E	FY2026E	FY2027E
Shutter & Door	20%	15%	15%	20%	15%	15%
Racking	5%	5%	5%	5%	5%	5%

Results Summary

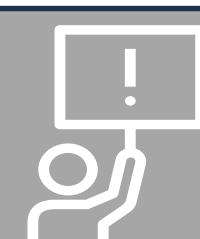
FYE 30 Jun (RMm)	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	1HFY24	1HFY25	YoY (%)
Revenue	29.0	35.8	35.1	-2.1	20.7	53.8	70.9	31.7
EBITDA	6.9	8.9	11.3	27.3	65.3	12.1	20.3	67.1
Depreciation	-1.2	-1.2	-1.2	-0.2	-2.3	-2.4	-2.5	-2.0
EBIT	5.7	7.7	10.1	31.6	78.6	9.7	17.8	83.2
Pretax Profit	5.3	7.4	9.9	33.9	87.7	8.9	17.3	94.0
Taxation	-1.9	-1.4	-4.8	-231.7	-153.3	-2.8	-6.2	-122.7
Net Profit	3.4	5.9	5.1	-14.2	50.9	6.1	11.0	80.9
Core Net Profit	3.4	5.9	5.1	-14.2	50.9	6.1	11.0	80.9

Margin (%)

EBITDA	23.6	24.9	32.4		22.5	28.6
Pretax	18.2	20.6	28.2		16.6	24.4
Core Net Profit	11.6	16.6	14.5		11.3	15.6

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)	7.3	6.9	8.0	7.2	6.4
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)	7.3	6.9	8.0	7.2	6.4
Net DPS (sen)	0	0	4	0	0
Dividend Yield (%)	0	0	4.8	0	0
ROE (%)	13.0	12.4	14.0	13.5	13.0
P/BV (x)	0.9	0.9	1.1	1.0	0.8



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Tradeview Research Investment Rating System

Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period