SKB Shutters Corporation Berhad (7115)

Lower sales on festive holiday

By Tan Jia Hui / jiahui@tradeviewcapital.my

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 9MFY25 core net profit of RM15.6m came within our expectation at 76%. On a QoQ basis, 3QFY25 revenue dropped by 12% mainly due to lower sale of shutter products, while we believe that was due also due to the festive season. The core net profit declined by 10% QoQ was due to higher manufacturing fixed cost and administrative cost.

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		
	FY2025F	FY2026F	FY2027F	FY2025F	FY2026F	FY2027F
Shutter & Door	20%	15%	15%	20%	15%	15%
Racking	5%	5%	5%	5%	5%	5%

Results Summary

FYE 30 Jun (RMm)	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9MFY24	9MFY25	YoY (%)
Revenue	30.7	35.1	30.5	-12.9	-0.6	84.5	101.4	20.0
EBITDA	7.6	11.3	7.0	-38.1	-8.0	19.8	27.3	38.1
Depreciation	-1.2	-1.2	-1.2	-0.8	-3.0	-3.6	-3.7	-2.3
EBIT	6.4	10.1	5.8	-42.8	-10.0	16.1	23.6	46.1
Pretax Profit	6.1	9.9	5.7	-42.1	-6.3	15.0	23.0	53.2
Taxation	-2.2	-4.8	-1.1	-76.3	-49.2	-5.0	-7.4	-46.4
Net Profit	3.9	5.1	4.6	-10.0	18.5	10.0	15.6	56.6
Core Net Profit	3.9	5.1	4.6	-10.0	18.5	10.0	15.6	56.6
Margin (%)								
EBITDA	24.9	32.4	23.0			23.4	26.9	
Pretax	19.9	28.2	18.7			17.8	22.7	
Core Net Profit	12.6	14.5	15.0			11.8	15.4	

Financial Exhibits

FYE 30 Jun	FY2023A	FY2024A	FY2025F	FY2026F	FY2027F
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	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)	7.3	6.9	7.7	6.9	6.2
Net DPS (sen)	0	0	4	0	0
Dividend Yield (%)	0	0	5.0	0	0
ROE (%)	13.0	12.4	14.0	13.5	13.0
P/BV (x)	0.9	0.9	1.1	0.9	0.8

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