

Ire-Tex Corporation Berhad

New Listing Fact Sheet

Issue Price: RM1.40

Closing on: 6 Feb

Trading on: 18 Feb

Second Board bound Ire-Tex Corporation Berhad (ITCB) is principally engaged in the design and fabrication of protective and cushion packaging products based on polymer-based foam materials. The packaging products are used predominantly by manufacturers in the computer and computer peripherals industry for shipment of sensitive and fragile end-products. Based on its RM1.40/share IPO price and prospectus profit forecast, ITCB is priced at 7.8x Dec 04 EPS.

• **Business overview.** Fabrication activities contributed 64% of 7-months ended July 03 turnover whilst conversion of corrugated paper boxes contributed 12%. The Group also manufactures polymer-based materials and performs contract manufacturing services (5% and 4% of turnover for the period respectively). 70% and 30% of turnover for the period was derived from the operations in Malaysia and China respectively.

• **Expansion plans.** The Group intends to increase its market penetration in China by setting up more production plants to serve the protective packaging and contract manufacturing needs of various multi-national corporations (MNCs). In addition, the Group plans to incorporate a new raw material known as V-shield for packaging semiconductors. The Group plans to fabricate V-shield to cater to manufacturers in the local semiconductor industry. Regionally, the Group intends to introduce V-shield to paperboard converters in Indonesia, Vietnam and Philippines.

• **Highlights of financial performance.** From FY98-FY02, the Group's net profit rose from RM2.6m to RM6.1m (representing a CAGR of 24%) backed by its revenue growing at a CAGR of 25%. For FY04, the Group forecasts RM7.2m net profit (+14% y-o-y) on RM65.2m turnover (+7% y-o-y).

Earnings & Valuations

FY Dec (RMm)	2001A	2002A	2003E [#]	2004F [#]
Turnover	66.7	59.4	61.0	65.2
EBITDA	10.6	9.4	n.a	n.a
Pre-Tax Profit	8.2	6.8	8.1	9.7
Net Profit	7.2	6.1	6.3 [@]	7.2
EPS (sen) *	18.0	15.3	15.9 [@]	18.0
EPS Growth (%)	57.0	(15.0)	3.9	13.2
P / E Ratio (x) ^	7.8	9.3	8.8	7.8
DPS (sen)	n.m	n.m	n.m	3.6
Div Yield (%) ^	n.m	n.m	n.m	2.6
Book Value (RM)	n.m	n.m	n.m	1.35
P / Book Value (x) ^	n.m	n.m	n.m	1.0

* Based on enlarged share capital of 40.0m

^ Based on RM1.40 issue price

Based on prospectus forecast

@ If deduct pre-acquisition profit of RM4.2m, net profit will be RM2.1m, and EPS will be 5.3sen

Historical Financial Summary

FY Dec (RMm)	2000A	2001A	2002A
Turnover	49.8	66.7	59.4
EBITDA	8.2	10.6	9.4
Pretax Profit	6.0	8.2	6.8
Net Profit	4.6	7.2	6.1
Margin Analysis % :			
EBITDA	16.5	15.9	15.8
Pretax Profit	12.0	12.3	11.5
Net Profit	9.2	10.8	10.3

Listed Peers

n.a.

Sector Historical Valuation

n.a.

At a Glance

Sector: Trading/services

Issue Statistics:

LISTING DETAILS

Issue Manager: Arab-Malaysia

Funds Raised (RMm) #: 24.5

Shares on offer (m): 17.8

New Shares (m): 9.8

Vendor Shares (m): 8.0

Placement Shs (m): 14.0

Public Offer (m): 3.8

Includes proceeds from Rights Issue

POST LISTING

Ord Share Cap (m): 40.0

Mkt Cap (RMm) * : 56.0

Est Free Float %: 44.1

* Based on RM1.40 issue price

USE OF PROCEEDS

(RMm) #

Repayment of bank borrowings 3.5

Purchase of land & building, plant & machinery 12.9

Overseas business plan 2.0

Working capital 4.3

Est. listing expense 1.8

Includes proceeds from Rights Issue

Management:

Dr Yap Tatt Keat MD

Christopher A. Purcell Deputy MD

Ownership:

Ire-Tex Holdings Sdn Bhd 21%

Dr Yap Tatt Keat 14%

Ire-Tex Packaging Ltd 13%

Business Description:

Key Activities & Products:

Fabrication of protective and cushion packaging products.

Customers: Multi-national corporations (MNCs)

Suppliers: Main raw materials include foams, corrugated paperboard, moisture bags and wood.

Geographic Spread:

Factories in Peninsular Malaysia and China.

Hwang-DBS Vickers Research Star Rating System

- ★★★★★ - Strong Buy (>30% upside over the next 6 months)
- ★★★★☆ - Buy (>20% upside over the next 12 months)
- ★★★☆☆ - Hold (10-20% upside over the next 12 months)
- ★★☆☆☆ - Fully Valued (Trade within a +/-10% range over the next 12 months)
- ★☆☆☆☆ - Sell (>10% downside over the next 12 months)

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Teh Chi-Chang, CFA, Director