



VOLCANO BERHAD (0232)

ACE MARKET | 6 APRIL 2021 | INDUSTRIAL PRODUCTS & SERVICES

IPO STATISTICS

IPO Price (RM)	0.35
Fund Raised (RM million)	8.75 from new issue 12.25 from offer for sale Total: 21.00
Enlarged issued share capital upon listing (million)	165.00
IPO Market Capitalisation (RM million)	57.75
Price Earnings Ratio	15.09x

Use of Proceed (RM8.75 million from new issue)

- Purchase of machineries and equipment
- Estimated listing expenses



BUSINESS OVERVIEW

<p>Business Activities</p> <p>Volcano Berhad is principally involved in the manufacturing of parts and components used in the E&E and automotive industry, namely:</p> <ul style="list-style-type: none"> Manufacturing of nameplates; and Manufacturing of plastic injection moulded parts 	<p>Types of Customers</p> <p>MNCs (FYE2020: RM47.06 million, 89.59%)</p> <p>OEMs and other customers (FYE2020: RM5.47 million, 10.41%)</p>
<p>Location of Operation</p> <ul style="list-style-type: none"> Head office and factory in Perai, Penang - Manufacturing of nameplates Factory in Rayong, Thailand - Manufacturing of nameplates and plastic injection moulded parts 	<p>R&D Achievement</p> <p>2002 - Upgraded conventional metal stamping process using belt/mechanical stamping method to hydraulic stamping system.</p> <p>2004 - Manual silk screen printing process to fully-automated silk screen printing process</p> <p>2014 to 2017 - Laser cutting method to achieve high precision cutting, enabling them to refine their product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation</p> <p>Continuous and on-going - Continuous re-engineering of the manufacturing process involving laser cutting machine for metal and non-metal nameplate</p>
<p>Products & Services</p> <p>Metal Nameplates</p> <ul style="list-style-type: none"> Logo nameplates, identification or informative nameplates, other die-cut parts <p>Non-metal Nameplates</p> <ul style="list-style-type: none"> Logo nameplates, other die-cut parts, control panels/ membrane switches, spacers/ insulators, overlays/panels/decorative nameplates <p>Plastic Injection Moulded Parts</p> <ul style="list-style-type: none"> For home appliances, automotive 	

GROWTH STRATEGIES AND FUTURE PLANS

- Improve efficiency and capabilities of nameplate manufacturing process through purchase of additional laser cutting machines and pick and paste machines
- Expand plastic injection moulded parts manufacturing business with the purchase of additional plastic injection moulding machines
- Expand factory in Rayong, Thailand in anticipation of business growth

FINANCIAL PERFORMANCE & PEER ANALYSIS

Revenue Breakdown and GP Margin

Year	Revenue (RM mil)	GP Margin (%)
FY2018	58.65	32.35%
FY2019	55.89	30.65%
FY2020	52.53	28.82%

Profit and Margin

Year	PBT (RM mil)	PAT (RM mil)	PBT Margin (%)	PAT Margin (%)
FY2018	8.68	6.95	15.1%	12.9%
FY2019	6.95	4.78	12.6%	9.1%
FY2020	6.48	3.38	12.3%	6.3%

Revenue Segmentation

Year	Nameplate	Plastic Injection
FY2018	21.77	36.88
FY2019	20.23	35.67
FY2020	17.88	34.64

Peer Analysis

	Volcano	Chiyoda Integre (TYO)	Sanko Sangyo (TYO)
PAT Margin (%)	6.44	2.68	(0.196)
PER (x)	15.09	17.55	-

* PAT margin based on annual reports and Bloomberg, Trailing 12 month PER data from Bloomberg at time of research except for Volcano at IPO

PROMOTERS & SUBSTANTIAL SHAREHOLDERS

Promoter/ Substantial Shareholder	Designation	Shareholding after IPO	
		Direct	Indirect
Datuk Ch'ng Huat Seng	Promoter & substantial shareholder. Managing Director.	16.97%	-
Gan Yew Thiam	Promoter & substantial shareholder. Non-Independent Executive Director	12.73%	-
Dato' Wong Tze Peng	Promoter & substantial shareholder. Non-Independent Executive Director	14.85%	-
Yeap Guan Seng	Promoter & substantial shareholder. Non-Independent Executive Director	6.36%	-
Khoo Boo Wui	Promoter & substantial shareholder. CFO.	12.73%	-

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