# CORAZA

## **CORAZA INTEGRATED TECHNOLOGY BERHAD (0240)**

ACE MARKET | 20 JANUARY 2022

#### **IPO STATISTICS**

| IPO Price (RM)                                      | 0.28                    |
|---|-------------------------|
| Fund Raised (RM million)                            | 32.98 from new issue    |
|   | 6.0 from offer for sale |
|   | Total: 38.98            |
| Enlarged issued share capital upon listing (million | 428.33                  |
| shares)   |                         |
| IPO Market Capitalisation (RM million)              | 119.93                  |
| Price Earnings Ratio                                | 19.0x                   |



#### **BUSINESS OVERVIEW**

Coraza is an integrated engineering supporting service. It is principally involved in the fabrication of sheet metal and precision machined components, as well as provision of related services, such as R&D and value-added sub-module assembly services.

The company caters its services to a wide range of industries, including semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E.

Revenue contribution by sector (based on FYE2020) as follow:

- Semiconductor (58.7%)
- Instrumentation (19.6%)
- Life science and medical devices (16.8%)
- Aerospace, telecommunications and E&E (4.9%)

Coraza's customers are mainly MNCs. For the FYE 2020, 86.2% of its revenue were attributed to MNCs.

Design and Development

Profit and Margin

**Business Activities** 

 Joint product development with its customers by collaborating with them on the design and development of their products to produce a prototype of the products.

- Prior to commencing production, engineers from both parties will work together to develop and refine the products design, finalise the required products, process and materials requirements, product assurance and quality and manufacturability.
- The nature of D&D activities differs for each product

 Integrated engineering supporting services provider offering wide range of services. All customers engage Coraza for end-to-end sheet metal fabrication and precision machining services without requiring outsourcing to multiple suppliers

- Established track record and long-standing relationships with customers. Coraza was also awarded with various accreditations such as ISO9001:2005 and AS9100D.
- Experienced and knowledgeable key management team led by Executive Chairman, Ng Fook San, who has over 40 years of experience in the E&E industry
- Continuous investment in machinery in line with improving technology and requirements to meet the market demand

As set out in the Independent Market Research report:

Competitive Strength

Industry Prospect

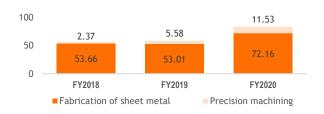
- The engineering support industry in Malaysia is projected to expand by a compound annual growth rate (CAGR) of 10.3% from 2020 to 2025.
- Global semiconductor industry is expected from USD440.4 billion in 2020 to USD550.9 billion in 2021
- Life sciences and medical technology industry is expected to grow in tandem with an ageing global population
- Instrumentation industry is anticipated to grow at a CAGR of 3.7% between 2021 to 2025.

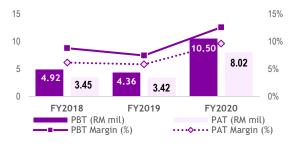
## **GROWTH STRATEGIES AND FUTURE PLANS**

- Construction of new factory over three phases in the next two years
- Purchase of new machinery over the next three years for existing and new factories.

### FINANCIAL PERFORMANCE & PEER ANALYSIS







\*PBT and PAT for FYE2020 include gain from disposal of property which is non-recurring

| Company                 | PAT Margin<br>(%) | PER (x) |
|-------------------------|-------------------|---------|
| Kobay Technology Berhad | 17.2              | 56.42   |
| UWC Berhad              | 26.4              | 67.72   |
| Coraza                  | 9.6               | 19.00   |

\* Peers listed on Bursa Malaysia only. PAT margin based on prospectus. Trailing 12 month PER data from Bloomberg at time of research except for Coraza at IPO

#### **PROMOTERS & SUBSTANTIAL SHAREHOLDERS**

| Promoter/ Substantial | Designation   | Shareholding after IPO |          |
|-----------------------|---|------------------------|----------|
| Shareholder           |   | Direct                 | Indirect |
| Paul Heng Weng Seng   | Promoter and Non-Independent Non-Executive Director | 48.3%                  | -        |
| Liew Sow Ying         | Promoter and Substantial Shareholder                | 19.3%                  | -        |
| Lim Teik Hoe          | Managing Director                                   | -                      | 19.3%    |

Peer Analysis

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