



**MERCURY SECURITIES SDN BHD**  
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## AHB HLDGS BHD

### FY20 - is the worst over?

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#### FY20 losses widen by impairment and share based payment expenses

4Q20 revenue increase to RM2.3m (yoy:+1.5%, qoq:+122%) however loss after tax (LAT) widen to RM3.7m compare to LAT of RM2.5m in previous quarter. FY20 result disappoint with revenue RM10.0m and LAT of RM6.6m as revenue didn't pick up due to CMCO and losses widen by receivable impairment and share based payment expenses nevertheless the worst likely over and expect revenue and earnings to improve progressively in coming quarters.

#### Turnaround strategies - Turn challenges into opportunities with New Products

In response to challenge caused by Covid-19, management lay out the following to turnaround its operations.

1. Cost optimization - variable cost structure and agile workforce
2. expand products offering - distribution for high-end market segment (i.e.CAPPELLINI), Covid Protection Panels (Fig 1), SpaceCom Medical Hub (Fig 2), Work-From-Home (WFH) furniture
3. e-commerce platform to be launched in 1Q21 to capture new marketplace opportunities and digital customer segments for WFH products

#### Maintain Buy recommendation with lower TP of RM0.288

We continue favor the company for its established brand, innovative quality office furniture solutions, healthy balance sheet and proactive management. In view of slow momentum in recovery, we have revised our forecast accordingly to reflect slower translation of its strong order books into revenue due to CMCO nevertheless we expect the company swing back to black in FY21 and maintain our recommendation with lower target price of RM0.288 based on P/E of 8.0x on our estimated EPS for FY21F.

#### EARNINGS SUMMARY

FY 30 Sep (RM m)	2019A	2020A	2021E	2022E	2023E
Revenue	23.0	10.3	85.5	69.8	71.2
EBITDA	(1.7)	(3.1)	12.8	13.0	13.2
Net Profit	(3.7)	(6.6)	8.5	8.7	8.9
EPS (Sen)	(1.6)	(2.7)	3.7	3.8	3.8
EPS Growth (%)	-	-	-	2.0	2.0
Net DPS (Sen)	-	-	-	-	-
PE Ratio	-	-	5.9	5.8	5.7
Dividend Yield (%)	-	-	-	-	-
Debt(Cash)/Equity (%)	(4.8)	(7.8)	(10.9)	(12.7)	(14.0)
ROA (%)	(11.5)	(8.3)	27.9	26.9	26.0
ROE (%)	(13.3)	(9.5)	25.0	20.4	17.2
NTA per share (RM)	0.11	0.10	0.14	0.17	0.21
Price to NTA (x)	1.0	2.6	1.9	1.5	1.2

## UPDATE REPORT

Dec 08, 2020

Home & Office Furnishings

**Non-rated**

Price: RM 0.200

Target Price: RM 0.288

#### Company Description

AHB provides office furniture solutions, products from integrated-system furniture to modular solutions to partition walls.

#### Stock Return Information

KLCI	1,628.0
Expected Share Return (%)	40.4
Expected Dividend Yield (%)	0.0
Expected Total Return (%)	40.4

#### Share Information

Bloomberg Code	AHBH MK
Stock Code	7315
Listing	MAIN
Issued Shares (m)	246.2
Market Cap (RM m)	50.5
52W High	0.41
52W Low	0.04
Estimated Free Float (%)	58.5
Beta (X)	1.1
3-month Average Vol.	7,522,630

#### Top 3 Shareholders (%)

Yong Yoke Keong	14.0
ARC Argent Asia Cap S/B	5.6



#### Price Performance

	1M	3M	12M
Absolute (%)	-4.7	-14.6	86.4
Relative to Index (%)	-12.0	-22.5	79.6

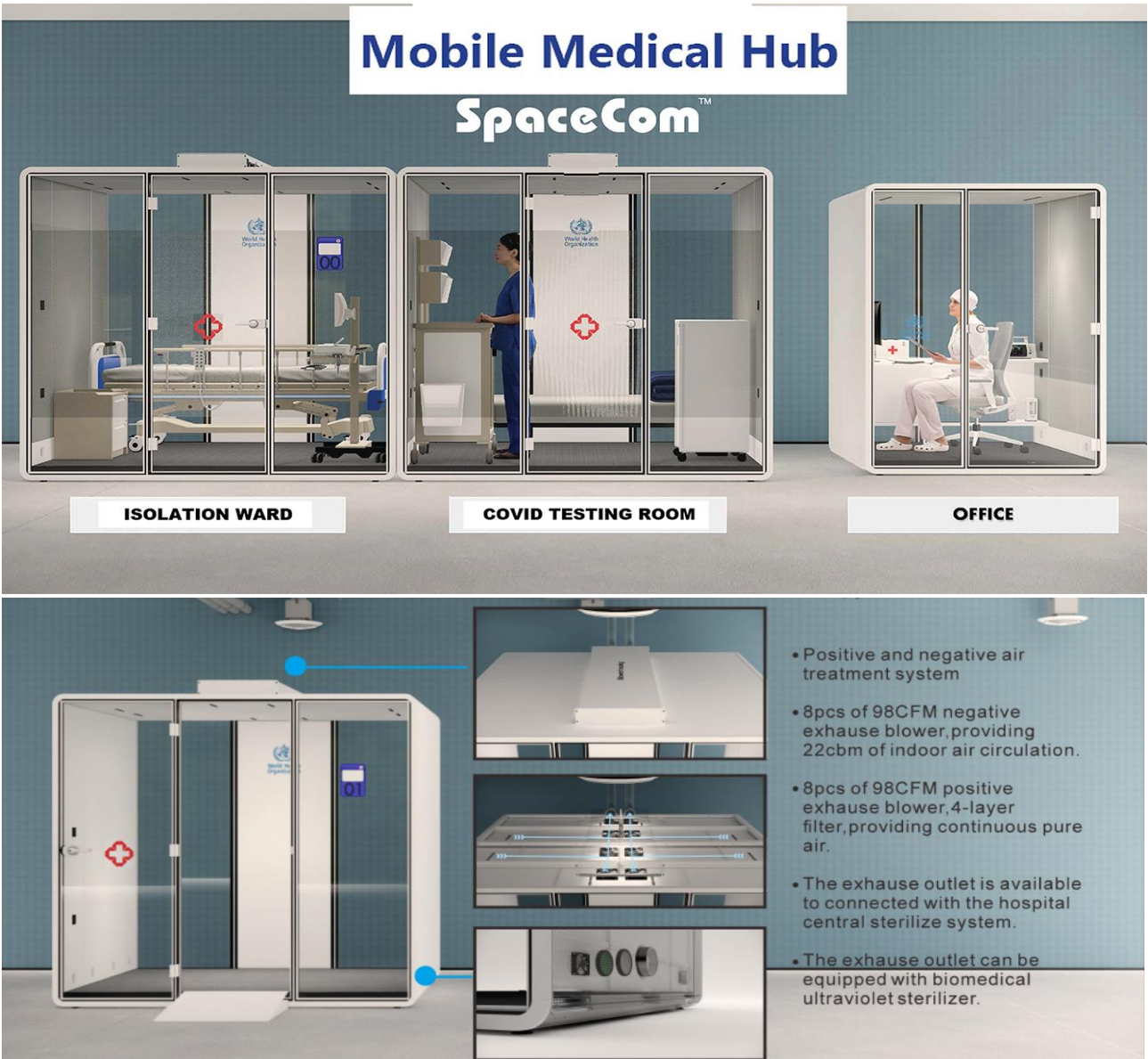
Denny Oh  
[dennyoh@mersec.com.my](mailto:dennyoh@mersec.com.my)  
+603 6203 7227

Fig 1: Covid Panels



Source: company and Mercury Securities

Fig 2: SpaceCom Medical Hub



Source: company and Mercury Securities

Fig 3: Latest Quarterly results comparison

FYE 30 Sep (RM m)	Individual Quarters						Cumulative Quarter		
	YoY			QoQ			YoY		
	4Q20	4Q19	yoy %	4Q20	3Q20	qoq%	12 mths ended 4Q20	18 mths ended 4Q19	yoy %
Revenue	2.3	2.2	1.5	2.3	1.0	122.0	10.3	13.4	-22.8
EBITDA	(1.5)	(3.6)	-	(1.5)	(2.0)	-	(3.1)	(1.9)	-
Finance cost	(0.1)	0.0	-	(0.1)	0.0	-	(0.2)	0.0	-
Depreciation of PPE	(0.3)	(0.5)	-	(0.3)	(0.4)	-	(1.5)	(1.3)	-
Depreciation of right-of-use asset	(0.4)	0.0	-	(0.4)	0.0	-	(0.4)	0.0	-
share based payment expenses	(1.3)	(1.2)	-	(1.3)	0.0	-	(1.5)	(1.2)	-
PBT	(3.7)	(5.3)	-	(3.7)	(2.5)	-	(6.6)	(4.4)	-
Taxation	0.0	(0.1)	-	0.0	0.0	-	-	-	-
PAT /(LAT)	(3.7)	(5.4)	-	(3.7)	(2.5)	-	(6.6)	(4.4)	-
MI	0.0	0.0	-	0.0	-	-	-	-	-
PATMI	(3.7)	(5.4)	-	(3.7)	(2.5)	-	(6.6)	(4.4)	-
extraordinary items	1.7	1.0	-	1.7	0.0	-	1.7	1.0	-
Core net profit	(2.1)	(4.4)	-	(2.1)	(2.5)	-	(5.0)	(3.4)	-
Basic EPS (sen)	(1.5)	(2.2)	-	(1.5)	(1.0)	-	(2.7)	(1.8)	-
Diluted EPS (sen)	(1.5)	(2.2)	-	(1.5)	(1.0)	-	(2.7)	(1.8)	-
Core EPS (sen)	(0.8)	(1.8)	-	(0.8)	(1.0)	-	(2.0)	(1.4)	-

Source: company and Mercury Securities

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This report is written by:

**DENNY OH**  
RESEARCH ANALYST

Published and printed by:

**MERCURY SECURITIES SDN BHD (113193-W)**

L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur

Telephone: (603) - 6203 7227 Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)

Email: [mercurykl@mersec.com.my](mailto:mercurykl@mersec.com.my)

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