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Recommendation:	BUY
Current Price:	RM 0.74
Previous Target Price:	RM 0.76
Target Price:	RM 0.89
Upside/Downside:	21.1%

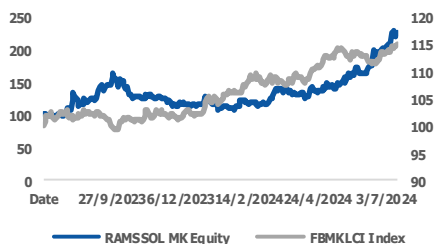
Stock information

Board	ACE
Sector	Technology
Bursa / Bloomberg Code	0236 / RAMSSOL MK
Syariah Compliant	Yes
FTSE4Good Index	No
FTSE ESG Rating	N/A
Bloomberg ESG Rating	N/A
Shares issued (m)	319.0
Market Cap (RM' m)	234.4
52-Week Price Range (RM)	0.77-0.32
Beta (x)	0.9
Free float (%)	49.1
3M Average Volume (m)	8.9
3M Average Value (RM' m)	4.9

Top 3 Shareholders

	(%)
Tan Chee Seng	23.9
Lim Wee Chai	5.7
Lee Miew Lan	3.7

Share Price Performance



	1M	3M	12M
Absolute (%)	27.8	56.4	122.7
Relative (%)	25.0	51.4	97.4

Ramssol Group Berhad

Another Record-Breaking Quarter







Summary

- **1HFY24 core net profit at RM8.5m came in line with our expectations, making up to 50.2% of our core net profit forecast at RM17.0m.**
- **Earnings growth in coming quarters will be supported by (i) progressive rollout of new products under PeopleTech, (ii) contribution from newly acquired GeekStart, (iv) introduction of AutoTech in 2HFY24 and (v) additions of EXCEL courses under EduTech.**
- **Re-iterate BUY recommendation with a higher target price of RM0.89, by pegging 21.0x P/E multiple to fully diluted FY25F EPS of 4.2 sen.**

Results Review

- **Results review.** 2QFY24 core net profit jumped 96.7% yoy to RM4.4m, driven by stronger contribution from human capital management (HCM) solutions segment that was boosted by collaboration and recurring of HCM software subscriptions and licenses distributorship. Revenue for the quarter grew 70.9% yoy to RM17.3m.
- **Broadly in line.** 1HFY24 core net profit at RM8.5m came within our expectations, making up to 50.2% of our core net profit forecast at RM17.0m and was at 58.4% of consensus forecasted net profit of RM14.6m. Already, 1HFY24 core net profit has surpassed FY23 core net profit of RM6.3m.
- **Operations Highlights.** During the quarter, contribution from Malaysia market makes up to RM14.4m or 83.0% of total revenue. Meanwhile, Ramssol has entered into several collaborations such as partnership with E3 - Entrepreneurs Empowering Entrepreneurs to boost compliance framework, Ramco Systems Sdn Bhd and acquisition of 51% equity stake in GeekStart Co Ltd.
- **Industry Highlights.** Outlook for human capital management (HCM) industry is expected to remain stable as businesses gradually transforms traditional human resource functions into efficient workforce management. Demand for integration of automation as well as AI generative functions will continue to remain supportive towards the HCM industry.
- **Outlook.** Sequential earnings growth in coming quarters is expected to be propelled by (i) progressive rollout of products and development under PeopleTech, (ii) contribution from newly acquired GeekStart in 2HFY24, (iii) rollout of AutoTech with earnings momentum gaining pace in later part of 2H24 and (iv) introduction of four EXCEL courses in 2024 as oppose to only one in 2023 to boost EduTech segment. Looking ahead, the Group remains active in rollout of new products and development under PeopleTech as well as partnership and/or acquisition of technology players within the South East Asia region.
- **Valuation.** No changes to our earnings forecast given that reported results were largely in line. Re-iterate our **BUY** recommendation with a higher target price of RM0.89, by pegging a higher P/E multiple of 21.0x (+1.0 SD of 2-year historical mean average) to fully diluted FY25F EPS of 4.2 sen.
- **Risk.** Potential vulnerability of security breaches, intrusion, or compromise of sensitive data. Slower-than-expected new projects kick-off.

Figure 1: Results Comparison

FYE Dec (RM m)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	1HFY23	1HFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	17.3	10.1	70.9	14.4	20.0	16.6	31.7	91.4		Stronger contribution from HCM segment
EBITDA	6.3	2.6	139.7	5.9	5.5	5.0	12.2	144.1		
Pre-tax profit	4.9	2.1	129.7	4.5	7.7	4.1	9.4	127.7		In line with stronger topline growth
Net profit	4.3	2.1	104.6	4.1	5.8	4.1	8.4	104.6		
Core net profit	4.4	2.2	96.7	4.2	4.3	4.3	8.5	97.7		
Core EPS (sen)	1.3	0.7	96.7	1.3	4.3	1.3	2.6	97.7		
EBITDA margin (%)	36.3	25.9		41.2		30.2	38.5			
PBT margin (%)	28.2	21.0		31.4		24.9	29.7			
Core PATMI margin (%)	25.2	21.9		28.9		26.0	26.9			

Source: Company, Apex Securities

Financial Highlights
Income Statement

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	52.5	27.9	30.4	63.7	80.9
Gross Profit	27.4	15.4	22.2	44.6	56.7
EBITDA	6.6	4.4	9.4	24.2	28.3
Depreciation & Amortisation	-0.6	-0.7	-1.0	-4.0	-5.7
EBIT	6.0	3.7	8.4	20.2	22.6
Net Finance Income/ (Cost)	-0.3	-0.4	-1.3	-1.3	-1.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	5.7	3.4	7.2	18.9	21.2
Tax	-0.1	-0.3	-1.2	-2.3	-2.5
Profit After Tax	5.7	3.1	6.0	16.7	18.7
Minority Interest	-1.1	-0.7	-0.3	-0.3	-0.4
Net Profit	6.8	3.8	6.3	17.0	19.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	6.8	3.8	6.3	17.0	19.1
Diluted Core Net Profit	-	-	-	17.0	19.1

Key Ratios

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
EBITDA margin	12.5%	15.8%	31.0%	38.0%	35.0%
EBIT margin	11.5%	13.4%	27.8%	31.7%	28.0%
PBT margin	10.9%	12.0%	23.7%	29.7%	26.3%
PAT margin	10.8%	11.1%	19.8%	26.1%	23.1%
NP margin	12.9%	13.6%	20.6%	26.7%	23.6%
Core NP margin	12.9%	13.6%	20.6%	26.7%	23.6%
ROE	16.6%	7.4%	7.7%	16.6%	16.1%
ROA	13.7%	5.9%	6.2%	13.3%	13.3%
Net gearing	Net Cash	Net Cash	7.0%	5.0%	14%

Key Assumptions

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
HCM solutions market share	3.7%	13%	12%	16%	16%
Bikes transaction market share	0.0%	0.0%	0.0%	5.0%	6.0%

Valuations

	FY25F
Diluted Core EPS (RM)	0.042
P/E multiple (x)	21.0
Fair Value (RM)	0.89

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Cash	8.2	8.4	8.3	13.2	14.8
Receivables	33.0	22.7	16.6	21.0	26.6
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.8	8.9	22.9	38.2	44.5
Total Current Assets	42.0	40.0	47.8	72.4	85.9
Fixed Assets	1.9	3.5	3.3	5.7	8.1
Intangibles	3.9	15.1	43.5	43.5	43.5
Other non-current assets	1.6	5.6	6.2	6.2	6.2
Total Non-current assets	7.4	24.2	53.1	55.4	57.8
Short-term Debt	1.4	1.5	9.2	11.0	9.9
Payables	4.7	4.0	4.8	5.7	7.3
Other Current Liabilities	0.0	1.2	0.6	1.0	1.3
Total Current Liabilities	6.1	6.7	14.6	17.8	18.5
Long-term Debt	2.2	6.1	4.8	7.3	6.6
Other non-current liabilities	0.1	0.2	0.1	0.1	0.1
Total Non-current Liabilities	2.3	6.3	4.9	7.4	6.7
Shareholder's equity	44.1	55.1	85.2	107.4	124.0
Minority interest	-3.2	-3.9	-3.9	-4.8	-5.5
Total Equity	40.9	51.3	81.3	102.6	118.6

Cash Flow

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Pre-tax profit	5.7	3.4	7.2	18.9	21.2
Depreciation & amortisation	0.6	0.7	1.0	4.0	5.7
Changes in working capital	-20.7	2.5	-7.8	18.4	10.1
Others	-1.2	-0.6	-0.8	-1.5	-1.5
Operating cash flow	-13.2	7.1	1.1	42.8	38.5
Net capex	-4.0	-1.9	-0.2	-0.2	2.4
Others	0.0	-15.4	-30.3	-30.0	-35.0
Investing cash flow	-3.9	-17.4	-30.5	-30.2	-32.6
Dividends paid	0.0	0.0	0.0	-1.7	-2.5
Others	22.7	10.4	19.5	4.2	-1.8
Financing cash flow	22.7	10.4	19.5	2.6	-4.3
Net cash flow	5.6	0.2	-9.9	15.2	1.6
Forex	-0.2	0.0	0.0	0.0	0.0
Others	0.6	0.0	9.8	-10.4	0.0
Beginning cash	2.2	8.2	8.4	8.3	13.2
Ending cash	8.2	8.4	8.3	13.2	14.8

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
<p>Head Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7890 8899</p> <p>Petaling Jaya Office: 16th Floor, Menara Choy Fook Onn, No.1B Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7620 1118</p>	<p>Head Office: Kong Ming Ming (ext 2002) Lee Chen Ming (ext 2029) Shirley Chang (ext 2026) Ahmad Mujib (ext 2028) Azfar Bin Abdul Aziz (ext 2031) Aizzat Bin Mohd Daud (ext 2030)</p> <p>Institutional Dealing Team:</p> <p>PJ Office: General Line: (603) 7620 1118</p>	<p>Head Office: Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069) Chelsea Chew (ext 2070) Tan Sue Wen (ext 2095)</p>

RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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