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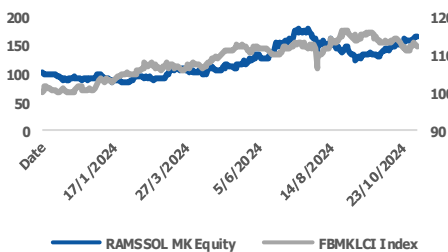
Recommendation:	BUY
Current Price:	RM 0.71
Previous Target Price:	RM 0.89
Target Price:	RM 0.86
Upside/Downside:	21.1%

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)	353.9
Market Cap (RM' m)	251.3
52-Week Price Range (RM)	0.77-0.35
Beta (x)	0.6
Free float (%)	51.1
3M Average Volume (m)	2.7
3M Average Value (RM' m)	1.7

Top 3 Shareholders	(%)
Tan Chee Seng	23.2
Lim Wee Chai	5.2
Lee Miew Lan	3.3

Share Price Performance



	1M	3M	12M
Absolute (%)	17.4	6.0	67.1
Relative (%)	19.1	5.8	50.0

Ramssol Group Berhad

Another decent quarter

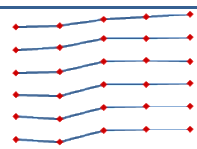
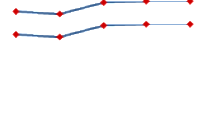
Summary

- **Ramssol's CNP of RM4.4m (+202.2% yoy, +0.1% qoq) in 3QFY24, bringing 9MFY24 CNP to RM12.9m (+123.9% yoy), came in-line, accounting to 75.4% and 79.1% of ours and consensus forecasts at RM17.1m and RM16.3m respectively.**
- **Tweaked our CNP forecast higher by +1.4%/+3.9% for FY25F/FY26F to RM19.4m/RM21.6m to account for the recent contract secured for the AI-integrated healthcare system in Thailand.**
- **Re-iterate BUY recommendation with a lower target price of RM0.86, based on 21.0x P/E multiple pegged to revised fully diluted FY25F EPS of 4.0 sen post earnings revision and adjustment for enlarged share capital with additional 21.9m shares exercised under ESOS.**

Results Review

- **Results review.** 3QFY24 core net profit (CNP) at RM4.4m (+202.2% yoy, +0.1% qoq), was 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 to RM19.5m (+218.2% yoy, +12.4% qoq).
- **Results in line.** 9MFY24 CNP at RM12.9m (+123.9% yoy) came within our expectations, making up to 75.4% of our core net profit forecast at RM17.1m and was at 79.1% of consensus forecasted net profit of RM16.3m.
- **Operations Highlights.** During the quarter, contribution from Malaysia market makes up to RM18.5m or 95.3% of total revenue. Meanwhile, Ramssol has entered into several collaborations and partnership including the RM35.6m contract to undertake an artificial intelligence (AI) healthcare solutions project for a hospital by Multi Distribution Services Company Ltd.
- **Industry Highlights.** Oracle's intention to establish its initial public cloud region in Malaysia with a capex of US\$6.5bn underscores the potential addressable market of Malaysian organisations in updating applications, transferring workload to the cloud, and experimenting with data, analytics, and AI.
- **Outlook.** Earnings growth will be anchored by (i) progressive rollout of products and development in the human capital management under PeopleTech, (ii) contribution from newly acquired GeekStart that was completed on 24 Sep 2024 and (iii) introduction of four EXCEL courses in 2024 as oppose to only one in 2023 to boost EduTech segment.
- **Valuation.** Tweaked our CNP forecast higher by +1.4%/+3.9% for FY25/FY26 to RM19.4m/RM21.6m to account for the recent contract secured for the AI-integrated healthcare system in Thailand. Re-iterate our **BUY** recommendation, but with a slightly lower TP of RM0.86 post earnings revision and adjustment on enlarged share capital with additional 21.9m shares exercised under ESOS.
- **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)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY23	9MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	19.5	6.1	218.2	17.3	12.4	22.7	51.2	125.6		Stronger contribution from HCM segment
EBITDA	6.5	2.0	222.1	6.3	3.7	7.0	18.7	166.5		
Pre-tax profit	4.6	1.3	245.9	4.9	(6.0)	5.5	14.0	156.4		
Net profit	4.6	1.3	249.4	4.3	6.2	5.4	13.1	139.7		
Core net profit	4.4	1.4	202.2	4.4	0.1	5.8	12.9	123.9		
Core EPS (sen)	1.2	0.4	202.2	1.2	0.1	1.6	3.6	123.9		In line with stronger topline growth
EBITDA margin (%)	33.4	33.0		36.2		31.0	36.6			
PBT margin (%)	23.6	21.7		28.2		24.1	27.4			
Core PATMI margin (%)	22.4	23.6		25.2		25.4	25.2			

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
Revenue	27.9	30.4	63.6	82.8	95.4
Gross Profit	15.4	22.2	44.5	58.0	66.8
EBITDA	4.4	9.4	23.5	25.7	30.5
Depreciation & Amortisation	-0.7	-1.0	-3.3	-4.5	-5.1
EBIT	3.7	8.4	20.2	21.2	25.4
Net Finance Income/ (Cost)	-0.4	-1.3	-1.3	-1.4	-1.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	3.4	7.2	18.9	19.8	24.2
Tax	0.3	1.2	2.3	2.4	2.9
Profit After Tax	3.1	6.0	16.6	17.5	21.3
Minority Interest	-0.7	-0.3	-0.4	-1.9	-0.6
Net Profit	3.8	6.3	17.1	19.4	21.9
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	3.8	6.3	17.1	19.4	21.9
Diluted Core Net Profit	-	-	17.1	19.4	21.9

Key Ratios

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
P/E (x)	66.4	40.1	14.7	13.0	11.5
EBITDA margin	15.8%	31.0%	37.0%	31.0%	32.0%
EBIT margin	13.4%	27.8%	31.8%	25.6%	26.7%
PBT margin	12.0%	23.7%	29.7%	24.0%	25.4%
PAT margin	11.1%	19.8%	26.2%	21.1%	22.3%
NP margin	13.6%	20.6%	26.9%	23.4%	22.9%
Core NP margin	13.6%	20.6%	26.9%	23.4%	22.9%
ROE	7.4%	7.7%	17.9%	18.0%	18.5%
ROA	5.9%	6.2%	14.2%	14.6%	15.2%
Net gearing	Net Cash	7.0%	0.1%	Net Cash	Net Cash

Valuations

	FY25F
Diluted Core EPS (RM)	0.04
P/E multiple (x)	21.0
Fair Value (RM)	0.86

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
Cash	8.4	8.3	18.2	19.6	19.7
Receivables	22.7	16.6	20.9	27.2	28.8
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	8.9	22.9	25.4	26.5	30.5
Total Current Assets	40.0	47.8	64.5	73.3	78.9
Fixed Assets	3.5	3.3	6.4	10.2	14.6
Intangibles	15.1	43.5	43.5	43.5	43.5
Other non-current assets	5.6	6.2	6.2	6.2	6.2
Total Non-current assets	24.2	53.1	56.1	59.9	64.3
Short-term Debt	1.5	9.2	11.0	9.9	8.9
Payables	4.0	4.8	5.7	7.5	8.6
Other Current Liabilities	1.2	0.6	1.0	1.4	1.6
Total Current Liabilities	6.7	14.6	17.7	18.7	19.0
Long-term Debt	6.1	4.8	7.3	6.6	5.9
Other non-current liabilities	0.2	0.1	0.1	0.1	0.1
Total Non-current Liabilities	6.3	4.9	7.4	6.7	6.0
Shareholder's equity	55.1	85.2	107.4	124.2	143.4
Minority interest	-3.9	-3.9	-12.0	-16.3	-25.1
Total Equity	51.3	81.3	95.5	107.9	118.2

Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
Pre-tax profit	3.4	7.2	18.9	19.8	24.2
Depreciation & amortisation	0.7	1.0	3.3	4.5	5.1
Changes in working capital	2.5	-7.8	5.6	5.3	4.2
Others	-0.6	-0.8	-1.5	-1.5	-1.5
Operating cash flow	7.1	1.1	29.3	31.1	35.0
Net capex	-1.9	-0.2	-0.2	3.0	3.8
Others	-15.4	-30.3	-11.4	-28.3	-34.5
Investing cash flow	-17.4	-30.5	-11.6	-25.3	-30.7
Dividends paid	0.0	0.0	-1.8	-2.7	-2.7
Others	10.4	19.5	4.2	-1.8	-1.6
Financing cash flow	10.4	19.5	2.4	-4.5	-4.3
Net cash flow	0.2	-9.9	20.2	1.4	0.0
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	9.8	-10.4	0.0	0.0
Beginning cash	8.2	8.4	8.3	18.2	19.6
Ending cash	8.4	8.3	18.2	19.6	19.7

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
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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

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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