

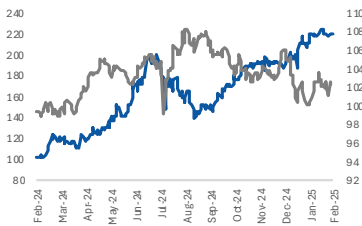
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| | |
|--------------------------------|--------------|
| Recommendation: | HOLD |
| Current Price: | RM 0.83 |
| Previous Target Price: | RM 0.86 |
| Target Price: | RM 0.78 ↓ |
| Capital Upside/ Downside: | -6.0% |
| Dividend Yield (%): | 0.0% |
| Total Upside/ Downside: | -6.0% |

| | |
|--------------------------|------------------|
| Stock information | |
| Board | ACE |
| Sector | Technology |
| Bursa / Bloomberg Code | 236 / RAMSSOL MK |
| Syariah Compliant | Yes |
| ESG Rating | ★★★ |
| Shares issued (m) | 359.5 |
| Market Cap (RM' m) | 298.3 |
| 52-Week Price Range (RM) | 0.87-0.37 |
| Beta (x) | 0.4 |
| Freefloat (%) | 51.5 |
| 3M Average Volume (m) | 3.3 |
| 3M Average Value (RM' m) | 2.6 |

| | |
|---------------------------|------|
| Top 3 Shareholders | |
| Tan Chee Seng | 22.8 |
| Lim Wee Chai | 5.4 |
| Lee Miew Lan | 3.3 |

Share Price Performance



| | 1M | 3M | 12M |
|--------------|------|------|-------|
| Absolute (%) | -0.6 | 14.5 | 118.4 |
| Relative (%) | -2.5 | 15.0 | 113.6 |

Ramssol Group Bhd

Missed expectations

Executive Summary

- Ramssol reported FY24 core net profit of RM13.5m (+105.8% yoy), missing expectations at 79% of our RM17.1m forecast and 84% of consensus RM16m, due to weaker sales from Malaysian customers deferring projects.
- 4QFY24 CNP declined -23.4% yoy and -85.8% qoq, impacted by higher operating costs and sluggish HCM project deliveries. Revenue rose +33.1% yoy but fell -46.3% qoq
- Lowering FY25F/FY26F earnings by -10%/-16% to reflect expectation of weaker project pipeline and higher operating costs from new product rollouts.
- Downgrade to HOLD with a lower TP of RM0.78 (from RM0.86), adjusting valuation to 21.0x P/E on FY25F EPS of 4.0 sen, amid cautious sentiment on HCM solutions sustainability and Thailand business profitability clarity.

Results missed expectations. Ramssol reported a core net profit (CNP) of RM13.5m (+105.8% yoy), falling short of our in-house estimate of RM17.1m (79% achievement) and the consensus forecast of RM61m (84% achievement). The shortfall primarily stemmed from lower sales among Malaysian customers, who deferred projects due to year-end procurement patterns. Separately, we noted an unusual entry in Ramssol's Thailand segment reporting, where the EBIT figure exceeded reported revenue. Since this discrepancy was not addressed in the report, we believe it may involve a one-off non-operating income item that which potentially reduced the overall CNP even further.

YoY. In 4QFY24, CNP dropped by 23.4% yoy, despite revenue rising 33.1% yoy, as higher operating expenses compressed margins.

QoQ. CNP plummeted 85.8% qoq to RM0.6m, primarily due to sluggish HCM project deliveries in the quarter. Revenue fell 46.3% qoq to RM10.5m.

Dividend. The Group declared its first-ever dividend since listing, at 0.28 sen/share, payable on 16 April 2025.

Outlook. We adopt a more cautious view on Ramssol's ability to sustain HCM solutions project wins and deliveries after the weaker-than-expected results. Although the newly acquired Thailand business contributed higher revenue this quarter (RM3.3m vs. RM0.9m previously), we await clarity on its profitability—particularly in light of the unusual segment profit figure. Moreover, the rollout of new product offerings is likely to elevate operating costs and amortization of intangible assets.

Earnings Revision. We are reducing our CNP forecasts by 10% for FY25F and 16% for FY26F, by lowering sales and margin assumptions across all business segments following the coverage transfer from previous analyst and the disappointing results.

Valuation. We downgrade Ramssol to a **HOLD** with a lower target price of RM0.78 (from RM0.86), reflecting our earnings revision. Our valuation is based on a 21.0x P/E multiple applied to the revised fully diluted FY25F EPS of 4.0 sen and incorporates a three-star ESG rating.

Risk. Potential vulnerabilities include security breaches or data compromises, as well as slower-than-expected kick-off of new projects.

Earnings Summary

| FYE Sep (RM m) | FY22 | FY23 | FY24 | FY25F | FY26F |
|-----------------------|-------------|-------------|-------------|--------------|--------------|
| Revenue | 27.9 | 30.4 | 61.7 | 80.9 | 85.4 |
| EBITDA | 4.4 | 9.4 | 20.6 | 23.5 | 26.5 |
| Pre-tax profit | 3.4 | 7.2 | 15.8 | 17.8 | 20.3 |
| Net profit | 3.8 | 6.3 | 13.5 | 17.6 | 18.4 |
| Core net profit | 3.8 | 6.3 | 13.5 | 17.6 | 18.4 |
| Core EPS (sen) | 1.1 | 1.8 | 3.8 | 5.0 | 5.2 |
| P/E (x) | 66.4 | 40.1 | 18.6 | 14.3 | 13.7 |
| P/B (x) | 4.9 | 3.1 | 2.2 | 2.5 | 2.3 |
| EV/EBITDA (x) | 56.3 | 25.7 | 12.3 | 10.0 | 8.5 |
| Dividend Yield (%) | 0.0% | 0.0% | 0.7% | 1.1% | 1.1% |
| Net Gearing (%) | Net Cash | 0.1 | Net Cash | Net Cash | Net Cash |

Source: Company, Apex Securities

Results Note

Friday, 28 Feb, 2025

Results Comparison

| FYE Dec (RM m) | 4QFY24 | 4QFY23 | yoy (%) | 3QFY24 | qoq (%) | 12MFY24 | 12MFY23 | yoy (%) | Comments |
|----------------------------|--------|--------|---------|--------|---------|---------|---------|---------|----------|
| Revenue | 10.5 | 7.9 | 33.1 | 19.5 | (46.3) | 61.7 | 30.6 | 101.8 | |
| EBITDA | 3.0 | 3.0 | 1.4 | 5.3 | (43.4) | 20.6 | 9.8 | 110.2 | |
| Pre-tax profit | 1.8 | 1.6 | 13.4 | 4.6 | (60.3) | 15.8 | 7.1 | 123.9 | |
| Net profit | 0.6 | 0.8 | (23.4) | 4.4 | (85.8) | 13.5 | 6.6 | 105.8 | |
| Core net profit | 0.6 | 0.8 | (23.4) | 4.4 | (85.8) | 13.5 | 6.6 | 105.8 | |
| Core EPS (sen) | 0.1 | 0.1 | (23.4) | 0.5 | (85.8) | 1.6 | 0.8 | 105.8 | |
| EBITDA margin (%) | 28.8 | 37.8 | | 27.3 | | 33.3 | 32.0 | | |
| PBT margin (%) | 17.4 | 20.5 | | 23.6 | | 25.7 | 23.1 | | |
| Core net profit margin (%) | 5.9 | 10.3 | | 22.4 | | 21.9 | 21.5 | | |

Source: Company, Apex Securities

Segmental Breakdown

| FYE Dec (RM m) | 4QFY24 | 4QFY23 | yoy (%) | 3QFY24 | qoq (%) | 12MFY24 | 12MFY23 | yoy (%) | Comments |
|------------------------|--------------|--------------|-------------|--------------|---------------|--------------|--------------|--------------|--|
| Revenue | | | | | | | | | |
| Malaysia | 6.9 | 3.5 | 96.8 | 18.5 | (63.1) | 48.5 | 19.8 | 145.7 | |
| Singapore | (0.0) | 0.2 | nm | - | nm | 0.0 | 1.1 | (95.5) | |
| Thailand | 3.3 | 0.2 | 1,726.7 | 0.9 | 258.6 | 11.3 | 3.5 | 227.5 | |
| Others | 0.3 | 4.0 | (91.9) | - | nm | 1.7 | 6.2 | (72.2) | |
| Total | 10.5 | 7.9 | 33.1 | 19.5 | (46.3) | 61.7 | 30.6 | 101.8 | |
| EBIT | | | | | | | | | |
| Malaysia | (2.6) | (0.3) | 872.8 | 4.4 | nm | 12.4 | 3.5 | 249.1 | |
| Singapore | (0.3) | (0.1) | 155.9 | (0.1) | 470.5 | (0.8) | (0.1) | 740.0 | |
| Thailand | 5.2 | (0.6) | nm | 1.7 | 197.3 | 7.3 | 1.4 | 419.9 | Profit potentially included one-off non operation income |
| Others | 0.1 | 3.0 | (95.3) | (0.1) | nm | 7.3 | 3.5 | 108.6 | |
| Total | 2.4 | 2.0 | 18.6 | 5.9 | (59.7) | 26.2 | 8.4 | 213.7 | |
| EBIT margin (%) | | | | | | | | | |
| Malaysia | -37.6% | -7.6% | | 23.6% | | 25.5% | 17.9% | | |
| Singapore | 3163.6% | -87.2% | | #DIV/0! | | -1542.9% | -8.2% | | |
| Thailand | 157.5% | -325.6% | | 190.0% | | 64.3% | 40.5% | | |
| Aggregate Total | 22.9% | 25.7% | | 30.5% | | 42.5% | 27.3% | | |

Source: Company, Apex Securities

Results Note

Friday, 28 Feb, 2025

Financial Highlights

Income Statement

| FYE Dec (RM m) | FY22 | FY23 | FY24 | FY25F | FY26F |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 27.9 | 30.4 | 61.7 | 80.9 | 85.4 |
| Gross Profit | 15.4 | 22.2 | 43.2 | 52.6 | 55.5 |
| EBITDA | 4.4 | 9.4 | 20.6 | 23.5 | 26.5 |
| Depreciation & Amortisation | -0.7 | -1.0 | -3.0 | -4.3 | -5.0 |
| EBIT | 3.7 | 8.4 | 17.6 | 19.1 | 21.5 |
| Net Finance Income/ (Cost) | -0.4 | -1.3 | -1.8 | -1.4 | -1.2 |
| Associates & JV | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 3.4 | 7.2 | 15.8 | 17.8 | 20.3 |
| Tax | 0.3 | 1.2 | 1.2 | 2.1 | 2.4 |
| Profit After Tax | 3.1 | 6.0 | 14.6 | 15.6 | 17.8 |
| Minority Interest | -0.7 | -0.3 | -1.1 | -1.9 | -0.6 |
| Net Profit | 3.8 | 6.3 | 13.5 | 17.6 | 18.4 |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Core Net Profit | 3.8 | 6.3 | 13.5 | 17.6 | 18.4 |

Key Ratios

| FYE Sep | FY22 | FY23 | FY24 | FY25F | FY26F |
|--------------------|----------|-------|----------|----------|----------|
| EPS (sen) | 1.1 | 1.8 | 3.8 | 5.0 | 5.2 |
| P/E (x) | 66.4 | 40.1 | 18.6 | 14.3 | 13.7 |
| P/B (x) | 4.9 | 3.1 | 2.2 | 2.5 | 2.3 |
| EV/EBITDA (x) | 56.3 | 25.7 | 12.3 | 10.0 | 8.5 |
| DPS (sen) | 0.0 | 0.0 | 0.5 | 0.8 | 0.8 |
| Dividend Yield (%) | 0.0% | 0.0% | 0.7% | 1.1% | 1.1% |
| EBITDA margin (%) | 15.8% | 31.0% | 33.3% | 29.0% | 31.0% |
| EBIT margin (%) | 13.4% | 27.8% | 28.5% | 23.7% | 25.2% |
| PBT margin (%) | 12.0% | 23.7% | 25.7% | 22.0% | 23.7% |
| PAT margin (%) | 11.1% | 19.8% | 23.8% | 19.3% | 20.9% |
| NP margin (%) | 13.6% | 20.6% | 21.9% | 21.7% | 21.5% |
| CNP margin (%) | 13.6% | 20.6% | 21.9% | 21.7% | 21.5% |
| ROE (%) | 6.9% | 7.3% | 11.8% | 14.8% | 13.7% |
| ROA (%) | 5.9% | 6.2% | 8.7% | 13.7% | 13.9% |
| Gearing (%) | 14.7% | 17.3% | 24.8% | 16.1% | 13.8% |
| Net gearing (%) | Net Cash | 7.0% | Net Cash | Net Cash | Net Cash |

Valuations

| | FY25F |
|--------------------------------|-------------|
| Core Diluted EPS (RM) | 0.037 |
| P/E multiple (x) | 210 |
| Fair Value (RM) | 0.78 |
| ESG premium/discount | 0.0% |
| Implied Fair Value (RM) | 0.78 |

Source: Company, Apex Securities

Balance Sheet

| FYE Dec (RM m) | FY22 | FY23 | FY24 | FY25F | FY26F |
|--------------------------------------|-------------|-------------|--------------|--------------|--------------|
| FYE Dec (RM m) | FY22 | FY23 | FY24 | FY25F | FY26F |
| Cash | 8.4 | 8.3 | 30.7 | 16.5 | 16.3 |
| Receivables | 22.7 | 16.6 | 22.4 | 26.6 | 25.7 |
| Inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other current assets | 8.9 | 22.9 | 42.3 | 25.9 | 27.3 |
| Total Current Assets | 40.0 | 47.8 | 95.4 | 69.0 | 69.4 |
| Fixed Assets | 3.5 | 3.3 | 3.0 | 9.9 | 13.5 |
| Intangibles | 15.1 | 43.5 | 48.6 | 43.5 | 43.5 |
| Other non-current assets | 5.6 | 6.2 | 9.0 | 6.2 | 6.2 |
| Total Non-Current Assets | 24.2 | 53.1 | 60.5 | 59.7 | 63.2 |
| Short-term debt | 15 | 9.2 | 14.4 | 9.9 | 8.9 |
| Payables | 12 | 0.6 | 4.1 | 16 | 16 |
| Other current liabilities | 4.0 | 4.8 | 10.0 | 8.5 | 9.0 |
| Total Current Liabilities | 6.7 | 14.6 | 28.5 | 19.9 | 19.5 |
| Long-term debt | 6.1 | 4.8 | 13.7 | 6.6 | 5.9 |
| Other non-current liabilities | 0.2 | 0.1 | 0.4 | 0.1 | 0.1 |
| Total Non-Current Liabilities | 6.3 | 4.9 | 14.2 | 6.7 | 6.0 |
| Shareholder's equity | 55.1 | 85.2 | 114.7 | 118.8 | 134.5 |
| Minority interest | -3.9 | -3.9 | -1.4 | -16.7 | -27.4 |
| Total Equity | 51.3 | 81.3 | 113.2 | 102.1 | 107.1 |

Cash Flow

| FYE Dec (RM m) | FY22 | FY23 | FY24 | FY25F | FY26F |
|-----------------------------|--------------|--------------|-------------|--------------|--------------|
| FYE Dec (RM m) | FY22 | FY23 | FY24 | FY25F | FY26F |
| Pre-tax profit | 3.4 | 7.2 | 15.8 | 17.8 | 20.3 |
| Depreciation & amortisation | 0.7 | 1.0 | -3.0 | 4.3 | 5.0 |
| Changes in working capital | 2.5 | -7.8 | -7.5 | 4.1 | 0.0 |
| Others | 0.6 | 0.8 | 1.9 | 1.5 | 1.5 |
| Operating cash flow | 7.1 | 1.1 | 7.3 | 27.7 | 26.8 |
| Net capex | -19 | -0.2 | -0.1 | 2.8 | 3.8 |
| Others | -15.4 | -30.3 | -7.6 | -28.1 | -33.5 |
| Investing cash flow | -17.4 | -30.5 | -7.7 | -25.3 | -29.8 |
| Dividends paid | 0.0 | 0.0 | 0.0 | -2.7 | -2.7 |
| Others | 10.4 | 19.5 | 21.1 | -1.8 | 5.4 |
| Financing cash flow | 10.4 | 19.5 | 21.1 | -4.5 | 2.7 |
| Net cash flow | 0.2 | -9.9 | 20.7 | -2.1 | -0.3 |
| Forex | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Beginning cash | 7.6 | 7.8 | -2.0 | 18.6 | 16.5 |
| Ending cash | 7.8 | -2.0 | 18.6 | 16.5 | 16.3 |

Results Note

Friday, 28 Feb, 2025

ESG Matrix Framework:

Environment

| Parameters | Rating | Comments |
|------------------|--------|--|
| Climate | ★★★ | Minimise printing of hard copy documents and promotes digital collaboration and documentation storage and installing solar panel in head office to reduce carbon emissions |
| Waste & Effluent | ★★★ | Adopts hybrid or flexible working arrangement to reduce emissions produced from commuting |
| Energy | ★★★ | Total energy consumption stood at 91,996 kWh |
| Water | ★★★ | Nil |
| Compliance | ★★★ | In compliance with local and international environmental regulations |

Social

| | | |
|--------------------------------|-----|---|
| Diversity | ★★★ | Employees breakdown by gender; Male (72%), Female (28%) |
| Human Rights | ★★★ | No complaints concerning human rights violation |
| Occupational Safety and Health | ★★★ | 1Achieved Zero (0) work-related injuries across all divisions |
| Labour Practices | ★★★ | 46 hours of total training based on in-house training need analysis |

Governance

| | | |
|--------------|-----|--|
| CSR Strategy | ★★★ | Organised various charity events such as Orphanage Home Deepavali and Cat & Dog Adoption Drive |
| Management | ★★★ | 28.6% women representation at the Board level |
| Stakeholders | ★★★ | Regular engagements apart from 4x analyst briefings per annum, 1x AGM per annum |

Overall ESG Scoring: ★★★

Recommendation Framework:

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.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.