



TT Vision Holdings Berhad

“IPO Note – A multi-industry ATE expert”

Ace Market
Technology
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IPO Price: RM0.34
Fair Value: RM0.62

Valuation / Recommendation

We have a SUBSCRIBE recommendation on TT Vision Holdings Berhad with a target price of RM0.62 based on FY23F EPS of 2.7 sen and a PE of 23.1x in line with its peers' average. We like the stock for its solid track record and strong R&D capabilities. The target price represents a potential return of 82.4% over the IPO price.

Investment Insights

Strong R&D capabilities. The company recently performed various R&D on new product developments and enhancements to further develop and enhance the features of its machine vision equipment. This enables the company to keep abreast of the latest technological developments and fulfil its customer's needs.

Moving forward, the company plans to utilise its IPO proceeds to strengthen its R&D initiatives and focus on product development such as the solar wafer sorter with vision inspection and testing capabilities, PL inspection module, equipment with inspection and testing capabilities used in production of solar cells and solar panel TF scanner which will allow the company to maintain its competitiveness in the market. The company's R&D efforts also resulted in the approval of 2 utility innovation patents of which the duration for both the utility innovation patents are valid up to 2031.

Established business relationship. The company has developed and established a long-term business relationship with some of its major customers namely Customer group A, Maxeon group, Hanwha Malaysia, and Inari Technology Sdn Bhd who have been dealing with the group for approximately 18 years, 9 years, 5 years, and 11 years respectively. The company also recently acquired new major customers such as Dominant Opto and Customer B which will broaden its customer base and increase its profitability going forward.

Experienced management team and solid track record. The company has accumulated a track record of approximately 20 years in the industry, serving a diverse group of customers which are in the optoelectronics, solar cells, discrete components, and IC sectors within the semiconductor industry.

Under the leadership of CEO Goon Koon Yin who is responsible for the Group's corporate development and has more than 20 years of experience in the semiconductors, electronic manufacturing services and the robotic and solar industry, the company was able to achieve a 3-year revenue CAGR of 51.25% from FY19 to FY21 despite the COVID-19 pandemic in 2020.

Risk factors. (1) Skilled-labour shortages. (2) Dependency on certain major customers. (3) Material supply chain disruption.

INVESTMENT STATISTICS	FY20	FY21	FY22F	FY23F	FY24F
Revenue (RM m)	24.9	47.3	56.7	68.1	74.9
EBITDA (RM m)	4.7	12.2	15.2	18.0	21.4
EBITDA Margin (%)	18.9	25.8	26.8	26.5	28.6
PAT (RM m)	1.5	8.3	10.4	12.6	15.2
PAT Margin (%)	6.1	17.6	18.4	18.5	20.3
EPS (sen)	0.3	1.8	2.2	2.7	3.2
EPS Growth (%)	-	450.1	25.1	20.7	20.5
BV Per Share (sen)	9.5	11.3	13.5	22.4	25.6
PE (x)	105.0	19.1	15.3	12.6	10.5
Net gearing/ (net cash) (%)	Net	Net	Net	Net	Net
	Debt	Debt	Cash	Cash	Cash
ROA (%)	2.2	10.3	11.3	9.8	10.6
ROE (%)	3.4	15.7	16.5	12.0	12.7

Sources: Company, Mercury Securities

Business Overview

TT Vision Holdings Berhad is an investment holding company. Through its subsidiaries, the company is involved in the development and manufacturing of machine vision equipment and provision of related products and services.

Listing Details

Listing Date	18 Jan 23
New Shares (m)	84.5
Offer For Sale (m)	10.5
Funds Raised (Rm m)	28.7

Post Listing

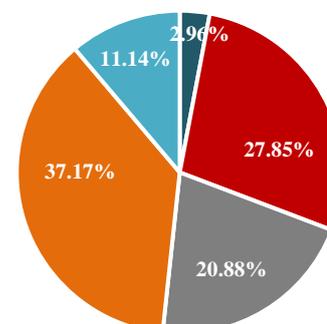
Ordinary shares (m)	468.0
Market Cap (RM m)	159.1
Free Float	18.1%
P/E (FY21)	19.1x

Promoters

Goon Koon Yin	21.51%
Wong Yih Hsow	21.51%
Jennie Tan Yen-Li	2.48%

Utilization of IPO Proceeds (RM m)

Marketing activities (Within 24 months)	0.85
R&D expenditure (Within 24 months)	8.0
Borrowings repayment (Within 24 months)	6.0
Working capital (Within 24 months)	10.7
Listing expenses (Immediate)	3.2



- Marketing activities
- R&D expenditure
- Borrowings repayment
- Working capital
- Listing expenses

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IPO details

	Offer for sale (m)	Public issue (m)	Total (m)	(%)
(i) Malaysian Public via Balloting	-	23.4	23.4	5.00%
(ii) Eligible Directors and employees as well as persons who have contributed to the success of the Group	-	18.1	18.1	3.87%
(iii) Private placement to Bumiputera investors approved by MITI	-	-	-	-
(iv) Private placement to selected investors	10.5	43.0	53.5	11.43%
Total	10.5	84.5	95.0	20.3%

Source: Company

Group structure post listing



Source: Company

Peers' comparison

Company	Bloomberg Ticker	Share Price (RM)	Market Cap (RM'm)	PE (x)		EPS (sen)		EPS Growth		P/BV (x)	
				FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
QES Group	QES MK	0.67	558.9	19.1	20.9	3.5	3.2	53.5%	-8.6%	3.7	3.9
Pentamaster	PENT MK	4.59	3,264.9	35.3	29.1	13.0	15.8	27.0%	21.5%	5.1	4.4
Mi Tech	MI MK	1.29	1,156.4	23.9	18.2	5.4	7.1	-28.0%	31.5%	1.1	1.1
Elsoft	ELSR MK	0.58	392.2	32.2	21.5	1.8	2.7	3.5%	50.0%	3.4	3.4
Aemulus	AMLS MK	0.49	327.3	25.1	25.8	2.0	1.9	6.6%	-2.6%	1.4	1.6
Average				27.1	23.1						

Source: Company

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