

# CEOMORNINGBRIEF

KUALA LUMPUR (Nov 29): Aurelius Technologies Bhd (ATech), en route to the Main Market on Dec 16, is seeking to raise RM104.73 million from its initial public offering (IPO) to fund its expansion plans.

The IPO entails the issuance of up to 103.87 million new shares at an issue price of RM1.36 apiece, according to the company's prospectus launched on Monday.

ATech is offering 77.01 million new shares and an offer for sale of 26.86 million shares. Atech said the institutional offering of 80.96 million shares represented 22.6% of its enlarged issued share capital, while the retail offering of 22.91 million shares represented 6.4% of its enlarged issued shares.

ATech is an electronics manufacturing services (EMS) player that offers a comprehensive range of EMS to multinational corporations across 11 countries covering Asia Pacific, Americas and Europe.

During the group's prospectus launch, ATech executive director and chief executive officer (CEO) Lee Chong Yeow said the group's IPO will enable it to speed up its plan to grow, strengthen and leverage its core competency of providing EMS for industrial electronics products as well as continue its expansion into the production of IoT modules that the company started offering in early 2020.

"We are also expanding our production facilities with the construction of a

## Main Market-bound Aurelius Technologies to raise RM104.73m from IPO

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new factory adjacent to our existing plant in Kulim Hi-Tech Park. The new factory will enable us to add floor space to grow the semiconductor component modules production, to cater for lithium-ion battery pack production and our existing EMS operations.

"We will have a total of 15 SMT lines by end-2023 from both the new factory and additions to the current factory. These new SMT lines will increase our annual capacity by 198.7% for the financial year ending Jan 31, 2024 (FY24) from FY21 to meet the expected increase in demand from our customers," Lee said.

ATech has earmarked RM40 million from the IPO proceeds to buy new machinery and equipment, RM29.52 million

for repayment of borrowings, RM28.13 million for working capital, and RM7.08 million for listing expenses.

ATech is expected to have a market capitalisation of RM487.12 million upon listing, based on its issue price of RM1.36 per share, which values it at 36 times price-earnings (P/E) ratio.

ATech posted a profit after tax (PAT) of RM13.2 million for the seven months ended Aug 31, 2021 on a revenue of RM200.04 million.

Maybank Investment Bank Bhd is the principal adviser, sole bookrunner and sole underwriter of the exercise. The bank's head of equity capital markets Raymond Chooi said the premium valuation is justifiable, due to the group's growth prospect.

Chooi said back on the envelope calculations show that based on annualised earnings, the group is expected to post a PAT RM22 million for FY22.

"So comparing on that basis for the calendar year 2021, across the peers of ATech, namely the EMS players in Malaysia, you will find that the valuation multiple here is actually in line with its peers.

"Not forgetting also the most important aspect, the company's growth potential... the financial year 2023 would benefit from that expansion" he explained.

As of Nov 1, 2021, ATech has an unbilled order book of RM482.7 million.