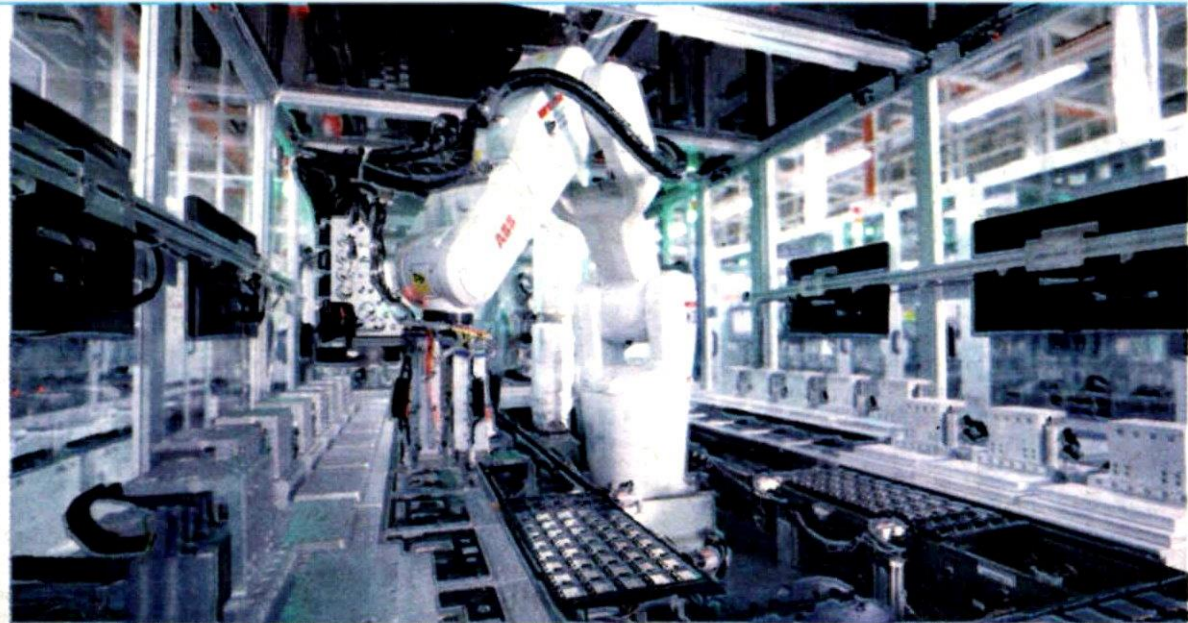


NEW STRAITS TIMES



Aurelius Technologies Bhd's growth is expected to be driven by key segments including communications and Internet of Things products, electronic devices and semiconductor components, according to TA Securities Holdings Bhd.

RM482.7M ORDER BOOK

TA Securities initiates coverage on ATech with target price of RM1.73

KUALA LUMPUR: Aurelius Technologies Bhd's (ATech) revenue and net profit are expected to grow at a three-year compound annual growth rate of 5.8 per cent and 33.7 per cent to RM429 million and RM37.6 million, respectively, from financial years 2021 to 2024.

TA Securities Holdings Bhd said this was premised on sales growth assumption of 2.5, 7.5 and 7.5 per cent for the financial years 2021 to 2023.

"We anticipate growth to be driven by the company's key segments, including communications and Internet of Things (IoT) products, electronic devices and semiconductor components, on the back of economic recovery and growing demand for communications and IoT products

amid the global digital transformation.

"Furthermore, we also foresee an upside to ATech's profitability alongside increasing contributions from 'customer F' for the manufacturing of semiconductor components (IoT modules).

"We believe margins in this newer area will be higher as the processes are higher up the value chain," said the research firm in a note yesterday.

TA Securities forecasts ATech's overall net margins to double from 4.3 per cent in financial year 2021 to 8.8 per cent by financial year 2024. It said ATech's order book stood at RM482.7 million as of Nov 1.

It has initiated coverage on ATech with a target price of RM1.73.

The research firm said at the initial public offering (IPO) price of RM1.36 per share, ATech was priced at a trailing price-to-earnings (PE) of 31 times against its financial year 2021 earnings per share (EPS).

"We opine that the assigned PE multiple is justified by ATech's double-digit earnings growth prospects on the back of its expansion plans to capitalise on growth from the communications and IoT amid the global digital transformation and latent prospects from its upcoming lithium-ion battery pack system.

"For reference, its peers on the local bourse, including VS Industry Bhd, SKP Resources Bhd and PIE Industrial Bhd, trade in the range of 16 to 20 times against the 2022 EPS," it said.