



AmInvestment Bank

Company report

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PLANTATION

TSH RESOURCES

(TSH MK, TSH.KL)

3 June 2020

Another fire at Ekowood's plant in Gopeng

SELL

Price: RM0.88

Fair Value: RM0.80

Rationale for report: Company update

YE to Dec	FY19	FY20F	FY21F	FY22F
EPS (sen)	3.2	4.3	4.4	5.1
PE (x)	27.4	20.5	20.0	17.2

Source : AmInvestment Bank Bhd

- TSH Resources announced that a fire has occurred at Ekowood International's factory at Gopeng, Perak at 7.50pm on 1 June 2020.
- TSH said that the estimated loss has yet to be ascertained.
- However, all the assets at the factory are adequately insured. Adequate insurance coverage has been taken for consequential business loss.
- Ekowood produces wood flooring products. Most of the wood flooring products are exported to the EU, China, Australia and New Zealand. Ekowood recorded a marginal loss in FY19.
- This is the second time that there has been a fire at Ekowood's factory.
- There was a fire at Ekowood's factory in Gopeng in February 2019. TSH recognised insurance claims for the fire in FY19.
- TSH recorded insurance claims of RM41.7mil in respect of the fire in FY19. Inventory write-offs amounted to RM18.6mil while inventory write-downs amounted to RM4.7mil.
- We maintain SELL on TSH Resources with a fair value of RM0.80/share.

Quick Take

TABLE 1 : VALUATION MATRIX

(RM mil) YE Dec	FY18	FY19	FY20F	FY21F	FY22F
Revenue (RMmil)	906.4	838.9	911.9	990.5	1062.9
Net profit (RMmil)	40.5	44.3	59.3	60.7	70.5
EPS (sen)	2.9	3.2	4.3	4.4	5.1
EPS growth (%)	(58.4)	9.6	33.9	2.4	16.1
Consensus net (RMmil)	57.6	39.1	75.4	92.5	104.9
DPS (sen)	1.0	1.0	1.5	2.0	2.5
PE (x)	30.1	27.4	20.5	20.0	17.2
EV/EBITDA (x)	14.2	13.1	13.9	13.3	11.8
Div yield (%)	1.1	1.1	1.7	2.3	2.8
ROE (%)	2.9	3.1	4.0	4.0	4.6

Source : AmInvestment Bank Bhd

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