

Asia File Corporation Bhd

Ended FY24 On A Solid Tone

Summary

- **Ended FY24 within expectations.** In 4QFY24, ASIAFLE recorded core PATMI of RM15.4m (+12.1% QoQ, +65.0% YoY), bringing the core PATMI to RM52.1m (+64.6% YoY) for FY24. The core PATMI came in within expectations, accounting to 102.8% of our forecast (consensus forecast stood at RM39.4m).
- **Dividend.** Final dividend of 3.5 sen per share was declared.
- **QoQ.** The revenue for the quarter added 6.7% contributed by the revenue contribution from filing (+5.0% QoQ) and consumer ware (+14.9%) divisions. In turn, operating profit rose 58% QoQ and 87% QoQ, respectively. Meanwhile, the share of profit from the associate was lower at RM0.47m, declined from RM1.68m in 3Q24. For the quarter, core PATMI margin improved to 21.4% (vs. 20.4% in 3Q24).
- **YoY.** Despite the drop in revenue by -7.9% due to softer demand from the filing division, declined -12.6%, but was offset by the consumer ware divisions, which increased by 18.8%. The core PATMI jumped 64.6%, thanks to (i) better operating profit in the consumer ware division and (ii) higher share of profit from associate at RM0.47m vs a loss of RM3.94m in 4Q23.
- **YTD.** Overall, the group's revenue decreased -7.3% to RM294.2m as weaker demand was observed in both the filing and consumer ware segments due to the impact of impact of digitalisation and softer demand for food ware packaging post-Covid pandemic, respectively.
- **Outlook.** In view of the gradual recovery in its consumer ware products in 2H24, we believe it may provide decent upside on the earnings going forward. Also, the Group will be putting more effort by launching new products and deepen its product penetration on various e-commerce platforms in both the local and overseas markets and may provide upside towards its margins.

Valuation & Recommendation

- **Forecast.** Unchanged.
- **Maintained BUY with TP of RM2.70.** We maintained the Buy recommendation on ASIAFLE, with a higher target price of RM2.70 as we roll over to FY25f earnings. The target price is derived by ascribing a P/E of 10.0x to FY25f EPS of 27.0 sen. Also, we like the group's net cash position of RM316.9m (74.1% of the current market cap of RM427.75m) as at FY24. Given the strong dividend track records, we do not rule out windfall dividends to reward the shareholders moving forward.
- **Recommendation risks** include the (i) supply chain disruptions, which may translate to higher operating costs and (ii) forex risks as its export proceeds are mainly denominated in GBP and EUR, while import is predominantly priced in USD. Any depreciation of GBP/MYR or EUR/MYR could exert pressure to the group's margin.

Results Note – 4QFY24

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BUY

Share price	RM2.20
Target price	RM2.70
Previous TP	RM2.60
Capital upside	22.5%
Dividend return	3.6%
Total return	26.1%

Company profile

Principally involved in the manufacturing and trading of filing and consumer ware products.

Stock information

Bursa Code	7129
Bloomberg ticker	AF MK
Listing market	MAIN
Share issued (m)	194.8
Market Cap (m)	428.6
52W High/Low	2.33 / 1.71
Est. Free float (%)	21.0
Beta (x)	0.8
3-mth avg vol ('000)	28.5
Shariah compliant	Yes

Major shareholders %

Prestige Elegance M Sdn	43.0
Amanah Saham Nasional Bhd	19.3
FMR LLC	5.1

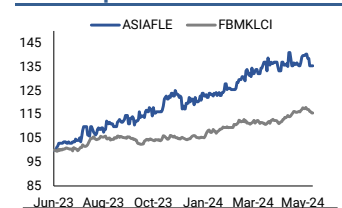
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	0.0	-0.5	28.7
Relative	-0.4	-4.1	11.3

Earnings snapshot

FYE (Dec)	FY23	FY24f	FY25f
PATMI (m)	31.6	50.6	52.4
EPS (sen)	16.3	26.1	27.0
P/E (x)	13.7	8.6	8.3

Relative performance chart



Tuesday, 04 Jun, 2024

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Quarterly performance

FYE Mar (RM m)	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	78.3	67.5	72.0	6.7	(7.9)	317.6	294.2	(7.3)
PBT	13.3	15.2	20.3	34.2	53.2	43.8	64.7	47.7
PAT	9.4	13.8	15.4	11.9	65.1	31.7	52.2	64.6
Core PATMI	9.4	13.8	15.4	12.1	65.0	31.6	52.1	64.6
Reported PATMI	9.4	13.8	15.4	11.9	65.1	31.6	52.1	64.7
Core EPS (sen)	4.8	7.1	7.9	11.9	65.1	16.2	26.8	64.7
PBT margin (%)	17.0	22.5	28.2			13.8	22.0	
Core PATMI margin (%)	12.0	20.4	21.4			10.0	17.7	

Source: Malacca Securities

Financial Highlights

All items in (RM m) unless otherwise stated

Income Statement						Balance Sheet					
FYE Mar (RM m)	FY22	FY23	FY24f	FY25f	FY26f	FYE Mar (RM m)	FY22	FY23	FY24f	FY25f	FY26f
Revenue	323.0	317.6	311.9	336.3	365.2	Cash	133.6	248.1	314.1	340.9	369.7
EBITDA	45.6	63.8	70.2	72.3	74.9	Receivables	68.1	60.9	63.2	68.2	74.0
EBIT	35.1	52.3	58.6	60.5	62.9	Inventories	109.4	97.6	97.4	104.2	114.1
Net finance income/ (cost)	0.3	0.2	(0.0)	(0.0)	(0.0)	PPE	114.0	110.4	101.9	99.6	95.5
Associates & JV	13.0	(8.7)	6.0	6.4	6.7	Others	352.7	284.7	246.3	239.3	232.5
Profit before tax	48.4	43.8	64.6	66.8	69.6	Assets	777.9	801.7	823.0	852.2	885.8
Tax	(8.1)	(12.1)	(13.9)	(14.4)	(15.0)	Debts	2.4	-	-	-	-
Net profit	40.2	31.7	50.7	52.5	54.6	Payables	36.7	29.8	35.9	38.4	42.0
Minority interest	0.0	(0.1)	(0.0)	(0.0)	(0.0)	Others	21.7	23.3	23.6	23.7	23.4
Core earnings	40.3	31.6	50.6	52.4	54.6	Liabilities	60.8	53.0	59.5	62.0	65.4
Exceptional items	(3.1)	(0.1)	-	-	-	Shareholder's equity	716.6	748.1	783.5	817.6	853.0
Reported earnings	43.4	31.7	50.6	52.4	54.6	Minority interest	0.5	0.5	-	-	-
						Equity	717.1	748.7	783.5	817.6	853.0
Cash Flow Statement						Valuation & Ratios					
FYE Mar (RM m)	FY22	FY23	FY24f	FY25f	FY26f	FYE Mar (RM m)	FY22	FY23	FY24f	FY25f	FY26f
Profit before taxation	48.4	43.8	64.6	66.8	69.6	Core EPS (sen)	20.5	16.1	25.8	26.7	27.8
Depreciation & amortisation	10.5	11.6	11.6	11.8	12.0	P/E (x)	9.9	12.6	7.9	7.6	7.3
Changes in working capital	(26.5)	12.1	4.0	(9.2)	(12.1)	DPS (sen)	2.0	2.0	7.8	9.4	9.8
Share of JV profits	(13.0)	8.7	(6.0)	(6.4)	(6.7)	Dividend yield	1.0%	1.0%	3.8%	4.6%	4.8%
Taxation	(8.1)	(12.1)	(13.9)	(14.4)	(15.0)	BVPS (RM)	3.68	3.84	4.03	4.20	4.38
Others	2.8	(2.4)	2.6	(3.5)	(3.5)	P/B (x)	0.56	0.53	0.51	0.49	0.47
Operating cash flow	14.1	61.6	62.8	45.2	44.2	EBITDA margin	14.1%	20.1%	22.5%	21.5%	20.5%
Net capex	(7.3)	-	(6.9)	(7.4)	(5.8)	EBIT margin	10.9%	16.5%	18.8%	18.0%	17.2%
Others	(57.6)	57.3	45.4	14.7	14.7	PBT margin	15.0%	13.8%	20.7%	19.9%	19.0%
Investing cash flow	(64.8)	57.3	38.6	7.3	8.9	PAT margin	12.5%	10.0%	16.2%	15.6%	15.0%
Changes in borrowings	(23.8)	(2.4)	-	-	-	Core PAT margin	12.5%	10.0%	16.2%	15.6%	14.9%
Issuance of shares	-	0.1	(0.1)	-	-	ROE	5.8%	4.3%	6.6%	6.5%	6.5%
Dividends paid	(2.3)	(3.9)	(15.2)	(18.3)	(19.1)	ROA	5.2%	4.0%	6.2%	6.3%	6.3%
Others	(3.1)	(2.0)	-	-	-	Net gearing	CASH	CASH	CASH	CASH	CASH
Financing cash flow	(29.2)	(8.2)	(15.3)	(18.3)	(19.1)						
Net cash flow	(81.6)	114.5	66.1	26.8	28.8						
Forex	(1.8)	-	-	-	-						
Others	1.8	-	-	-	-						
Beginning cash	215.2	133.6	248.1	314.1	340.9						
Ending cash	133.6	248.1	314.1	340.9	369.7						

Source: Malacca Securities

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(a) nil.


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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

