BMS Holdings Berhad (BMS)

Growth Off The Tiles

- **Via its subsidiaries, BMS specializes in the retail, wholesale, and project sales of tiles and stone surfaces in Malaysia. Its diverse portfolio includes porcelain, ceramic, natural, and engineered stones, along with mosaic tiles, bathware, and kitchenware. The Group operates a network of 20 retail showrooms across Peninsular Malaysia and Sarawak.**
- **Given that its strong brand recognition stems from its extensive geographical presence, backed by a wide range of offerings, we forecast a 3-year earnings CAGR of 13.0%. We opine the retail segment, which caters to the domestic mass consumer market, specifically for house owners and end users, is experiencing higher demand, driven by optimistic consumer spending. Moreover, we pencil a GPM margin to normalize back to c.33.3-33.6%.**
- **Hence, we ascribed a 15.0x P/E based on its mid-FY27f EPS to arrive at the RM0.25 FV. While the valuation is a 11.8% discount from the Consumer Index 2-year average of 17.0x, we believe it is justified given the Group's comparatively smaller net margins and market capitalization.**

Investment Merits

To continue the legacy of excellence… BMS has consistently generated over RM170.0 m in sales from its retail segment alone over the past three years, thanks to its strong market position and the brand recognition it has built for JUBIN BMS since 1993. Moreover, its operational facilities across Malaysia serve as distribution centres, enabling wholesalers to minimise inventories while relying on prompt deliveries, consequently enhancing customer satisfaction.

…through the IPO war chest. BMS's extensive and growing operational network across Malaysian states, supported by its wide range of product offerings, positions the Group for stronger brand awareness, providing a clear competitive edge over peers with more concentrated state presence. Accordingly, BMS aims to utilise approximately 42.8% (c. RM34.3 m) of the IPO proceeds to expand its retail showrooms; all of which have a quick payback turnover of less than one year, as well as to establish new distribution centres.

More contributions from project based… BMS's project segment recorded a commendable 3-year revenue CAGR of 50.5%, rising from RM22.5 m in FY22 to RM76.6 m in FY25. This notable sales growth is linked to the robust upswing in the Malaysian property sector, particularly the strong recovery following the COVID-19 pandemic from 2021 to 2023. Overall, we expect a healthy property market to drive new property launches, all of which would benefit BMS as a key supplier of tiles and stones for residential developments.

Beneficiary of stronger Ringgit. BMS is poised to benefit from the stronger ringgit, as a significant portion (~60% in FY24) of its inventory purchases was sourced from overseas third-party suppliers, with transactions denominated in foreign currencies such as USD, RMB, and THB. As such, the recent strengthening of the ringgit, with further appreciation expected according to Bloomberg Consensus, is expected to alleviate rising cost pressures on goods purchases.

IPO Notes – Non Rated

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Not Rated

Share price	**RM0.22**
Target price	**RM0.25**
Previous TP	**-**
Capital upside	13.6%
Dividend return	2.1%
Total return	15.7%

Company profile

BMS Holdings sells diverse tiles, stone surfaces, and kitchen/bathware across 20 retail showrooms in Malaysia. Its strength lies in its broad product portfolio and wide geographical presence.

Stock information

Bursa Code	0385
Bloomberg ticker	BMS MK
Listing market	ACE
Share issued (m)	1,540.0
Market Cap (m)	338.8
Shariah compliant	YES

Major shareholders %

Ang Kwee Peng	62.9
Ang Weng Liang	17.5
Yu Bee Chew	17.1

Earnings snapshot

FYE (Jun)	FY25	FY26f	FY27f
PATMI (m)	21.5	24.3	27.3
EPS (sen)	1.39	1.58	1.77
P/E (x)	15.8	14.0	12.4

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Company Overview

Through its wholly-owned subsidiaries, BMS Holdings Berhad mainly engaged in the retail, wholesale, and project sales of tiles and stone surfaces in Malaysia. The Group's diverse product portfolio comprises porcelain and ceramic tiles, natural stones, engineered stones, and mosaic tiles, complemented by bathware and kitchenware products. As of the latest practicable date (LPD), the Group manages a network of 20 retail showrooms across Peninsular Malaysia and Sarawak.

The Group's revenue contribution by business activities:

i. **Retail (59.79% of FYE25 revenue).** As at the LPD, BMS Group operates 20 retail showrooms across Malaysia; includes 16 showrooms in Peninsular Malaysia located in Johor, Selangor, Kuala Lumpur and Negeri Sembilan, and 4 showrooms in Sarawak.

ii. **Wholesale (16.29% of FYE25 revenue).** Under this segment, the Group distributes tiles, stone surfaces, bathware and kitchenware to resellers, who then sell the products in their original form to end-users and tradespeople.

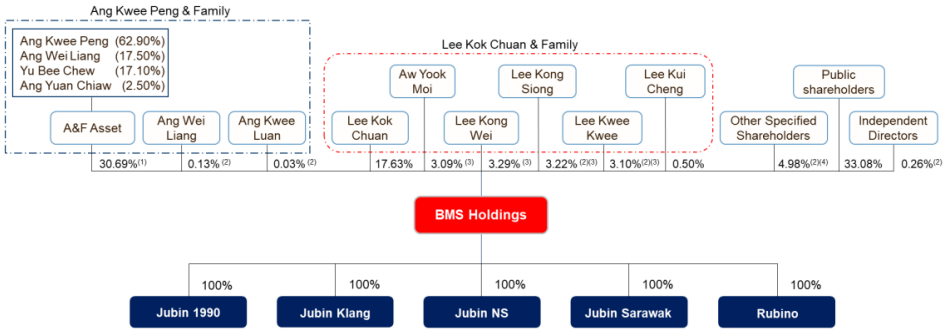
iii. **Project (23.92% of FYE25 revenue).** The group also supplies tiles, stone surfaces, bathware and kitchenware for building construction and renovation projects; which mainly consist of construction contractors and property developers.

Fig #1 BMS's Offerings Under Its Belt



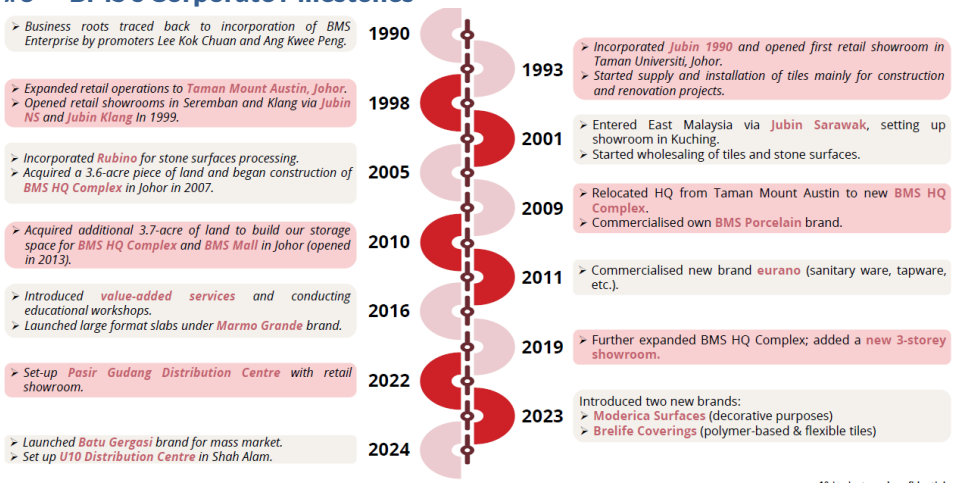
Source: BMS Holdings Berhad

Fig #2 Post-IPO Corporate & Shareholders Structure



Source: BMS Holdings Berhad

Fig #3 BMS's Corporate Milestones



Source: BMS Holdings Berhad

Helming the Group are:

i. **Ang Kwee Peng (Managing Director).** Co-founding BMS Enterprise in 1990, he has since played a pivotal role in expanding the Group's retail footprint across Johor, Negeri Sembilan, Klang, and Sarawak, as well as diversifying into tile and stone surface processing through Rubino in 2005.

ii. **Lee Kok Chuan (Executive Director).** Co-founded BMS Enterprise with Ang Kwee Peng and subsequently co-established multiple subsidiaries, including Jubin 1990, Jubin NS, Jubin Klang, Jubin Sarawak, and Rubino.

iii. **Lee Kong Siong (Chief Operating Officer).** Joined Jubin 1990 as a Stock Controller and progressed through roles including Store Supervisor, Wholesale Sales, and Wholesale Marketing Manager, which led to his appointment as Chief Operating Officer in 2022.

iv. **Ang Wei Liang (Chief Marketing Officer).** Responsible in developing and executing comprehensive marketing strategies, spearheading branding initiatives and driving customer engagement as well as identifying new products to enhance the Group's overall visibility in the market.

Fig #4 BMS's SWOT Analysis

Strength	**Weakness**
• Poised to benefit from the ringgit strengthening. • BMS's strong project segment is underpinned by stable partnerships with major developers like Eco World.	• Limited storage would delay in deliveries to its wholesale or project segments if BMS cannot keep up with a sudden spike in demand. • It is also exposed to currency fluctuation risks.
Opportunity	**Threat**
• Robust sales guidance from major developers like Eco World and KSL should provide ample room for BMS to grow, underpinned by its stable relationships. • Overall positive outlook on construction sector.	• As competitive landscape is intense, a lower offering price from its competitors could affect customer preferences. • Slower or stringent import policies could bottleneck BMS's supply chain.

Source: M+ Research

Future Plans and Strategies

Setting up new retail showrooms. BMS Holding Berhad plans to expand its operations by setting up eight additional retail showrooms, a new Seremban retail showroom and seven new retail showrooms in the Klang Valley, to build on the Group's existing brand awareness and track record of its presence to provide more convenience and access for potential customers.

Setting up a new distribution centre. BMS Holding Berhad plans to set up a new distribution centre in the Klang Valley on the back of its revenue growth, as well as to support its showroom expansion strategies in the central region. The location has yet to be identified by the Group. The Group plans to complete the construction or acquisition of the distribution centre by 2027, and it expects to commence operations in 2028.

Launch new products. BMS Holding Berhad plans to roll out the "Eco Terra" tile collection made from recycled materials and cement, alongside the "EcoMarble" lightweight marble series for decorative use. The Group will also introduce soft/foam composite tiles offering cushioning, acoustic dampening, and insulation benefits. Additionally, new Senova and Hurricane Flush brands will be launched to expand its bathware and kitchenware portfolio.

Fig #5 Utilisation Of Proceeds

Use of proceeds	RM 'm	%	Estimated time frame
Expansion of operations and facilities	34.28	42.81	Within 36 months
Upgrading of existing operational facilities and ICT system	17.00	21.23	Within 24 months
Marketing activities	4.00	5.00	Within 24 months
Working capital	18.80	23.47	Within 12 months
Estimated listing expenses	6.00	7.49	Within 3 months
Total	**80.08**	**100.00**	

Source: BMS Holdings Berhad

Financial Highlights

Financial highlights. Group revenue surged from RM207.9m in FY22 to RM320.2m in FY25, achieving a CAGR of 15.5% over the 3-year period. The significant growth was driven by an increase in both its retail and project segments, supported by strong demand for the Group's goods. Moreover, BMS has maintained a healthy GPM of over 33% for the past four years. GPM stood at 35.1% in FY24, (IMR's peer average: 14.8%) indicating efficient cost management and strong pricing power. Gross profit increased from RM100.2m in FY23 to RM112.4m in FY24, driven by higher sales volumes and optimised production costs. All in all, net profit margins have been holding relatively steady at 6-7%.

Forecasts. Given that its strong brand recognition stems from its extensive geographical presence, backed by a wide range of offerings, we forecast a 3-year earnings CAGR of 13.0%. We opine the retail segment, which caters to the domestic mass consumer market, specifically for house owners and end users, is experiencing higher demand, driven by optimistic consumer spending. This segment provides necessary cash flow to support its projects, allowing the Group to capture more market share within its project segment. All in all, we project the project segment to grow with a 25.0% CAGR over the next three years. Moreover, we pencil a GPM margin to normalize back to c.33.3-33.6%.

Valuation. We ascribed a 15.0x P/E based on its mid-FY27f EPS to arrive at the RM0.25 FV. While the valuation is a 11.8% discount from the Consumer Index 2-year average of 17.0x, we believe it is justified given the Group's comparatively smaller net margins and market capitalization.

Risk Factors

Supply Chain Disruption Risk. The company is highly dependent on imported tiles, stone surfaces, bathware, and kitchenware, mainly from China. Any prolonged supply chain disruptions, shipping delays, or seasonal production halts could lead to stock shortages, delayed deliveries, and increased freight costs, negatively impacting operations and financial performance.

Storage Capacity Constraints. With approximately 8,800 SKUs and 620,000 sq. ft. of storage space already at 89% utilization, limited storage capacity could restrict the company's ability to maintain adequate inventory. This may result in delayed customer deliveries, potential sales loss, and operational inefficiencies if future expansion plans face delays or constraints.

Environmental, Social & Governance (ESG) Practices

Environmental (E)

i. Expanding renewable energy usage through rooftop solar PV installations at several operational facilities, with plans to extend to more sites to reduce greenhouse gas emissions.

ii. Ensuring full compliance with DOE requirements by engaging licensed scheduled-waste collectors for proper handling of waste generated at the Tebrau Processing Plant.

Social (S)

i. Strong focus on workplace safety and health, guided by a formal policy and a dedicated committee. A total of 38 employees have completed the DOSH-certified Occupational Safety and Health Coordinator course, with ongoing safety training conducted.

ii. Commitment to gender equality and cultural diversity, providing equal opportunities in employment, career development, and remuneration while prohibiting discrimination and inappropriate conduct.

Governance (G)

i. The Board upholds strong governance aligned with the MCCG, emphasizing ethical conduct, transparency, accountability, and sustainability to enhance long-term shareholder value.

ii. Adoption of key MCCG-recommended practices, supported by internal policies and procedures to ensure compliance with relevant laws including the MACC Act 2009, Whistleblower Protection Act 2010, Personal Data Protection Act 2010, Employment Act 1955 and OSHA 1994.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	20	23	30	25	29
Receivables	17	25	14	16	17
Inventories	75	95	112	126	143
PPE	89	91	186	195	196
Others	79	75	84	84	84
Assets	**280**	**309**	**425**	**446**	**469**
Debts	75	85	84	83	82
Payables	10	13	16	19	21
Others	24	34	45	45	45
Liabilities	**110**	**132**	**145**	**146**	**148**
Shareholder's equity	171	178	280	299	321
Minority interest	-	-	-	-	-
Equity	**171**	**178**	**280**	**299**	**321**

Cash Flow Statement

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	19	29	32	36	41
Depreciation & amortisation	6	6	8	9	10
Changes in working capital	16	(25)	(3)	(14)	(16)
Share of JV profits	-	-	-	-	-
Taxation	(5)	(7)	(8)	(9)	(10)
Others	(1)	10	(80)	(0)	0
Operating cash flow	**36**	**13**	**(51)**	**23**	**25**
Net capex	(16)	(6)	(18)	(18)	(11)
Others	7	3	-	-	-
Investing cash flow	**(9)**	**(3)**	**(18)**	**(18)**	**(11)**
Changes in borrowings	(10)	10	(1)	(1)	(1)
Issuance of shares	0	-	77	-	-
Dividends paid	(9)	(10)	(7)	(8)	(9)
Others	(5)	(7)	-	-	-
Financing cash flow	**(24)**	**(7)**	**69**	**(9)**	**(10)**
Net cash flow	**3**	**3**	**1**	**(4)**	**3**
Forex	-	-	-	-	-
Others	(1)	-	-	-	-
Beginning cash	18	20	29	30	25
Ending cash	20	23	30	25	29

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**255**	**294**	**361**	**407**	**460**
EBITDA	29	38	44	49	54
EBIT	23	32	36	39	44
Net finance income/ (cost)	(3)	(3)	(4)	(4)	(4)
Associates & JV	-	-	-	-	-
Profit before tax	**19**	**29**	**32**	**36**	**41**
Tax	(5)	(7)	(8)	(9)	(10)
Net profit	**14**	**21**	**24**	**27**	**31**
Minority interest	-	-	-	-	-
Core earnings	**14**	**21**	**24**	**27**	**31**
Exceptional items	-	-	-	-	-
Reported earnings	14	21	24	27	31

Valuation & Ratios

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	0.9	1.4	1.6	1.8	2.0
P/E (x)	23.7	16.0	14.0	12.4	10.9
EV/EBITDA (x)	13.9	10.4	9.0	8.2	7.4
DPS (sen)	0.6	0.6	0.5	0.5	0.6
Dividend yield	2.7%	3.0%	2.1%	2.4%	2.7%
BVPS (RM)	0.11	0.12	0.18	0.19	0.21
P/B (x)	2.0	1.9	1.2	1.1	1.1
EBITDA margin	11.2%	13.0%	12.2%	11.9%	11.7%
EBIT margin	8.8%	10.8%	9.9%	9.7%	9.6%
PBT margin	7.5%	9.7%	8.8%	8.8%	8.9%
Net margin	5.6%	7.2%	6.7%	6.7%	6.7%
ROE	8.5%	12.2%	11.2%	9.4%	10.0%
ROA	5.0%	7.2%	6.8%	6.3%	6.8%
Net gearing	32.1%	34.6%	19.2%	19.1%	16.5%

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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