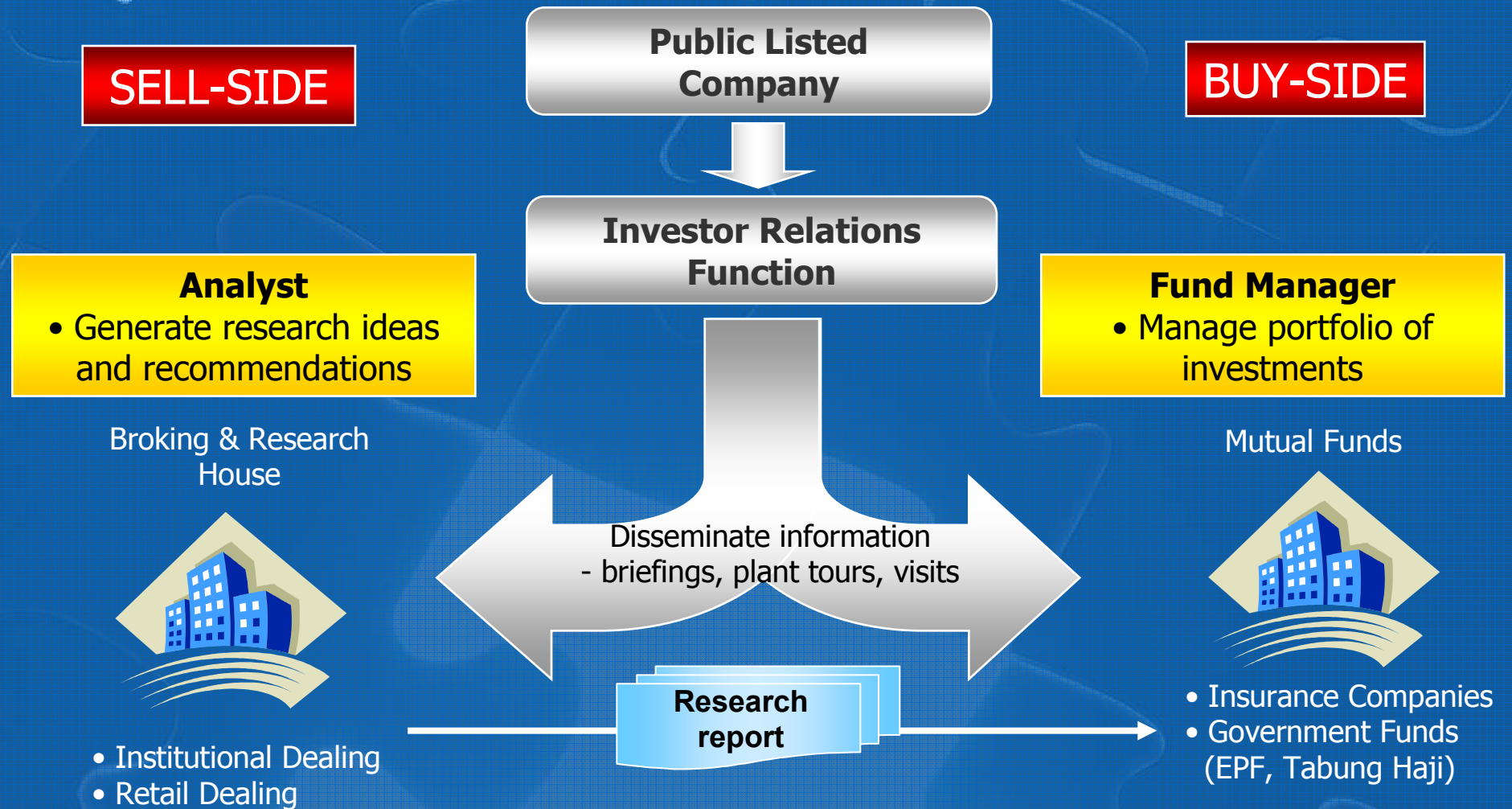


# **Effective IR from the Perspective of Fund Managers/Analysts (FM/A)**

**– Danny Choong –**



# Understanding the roles





# Agenda

- ❑ Effective IR framework
- ❑ What info are FM/A looking for?
- ❑ How to attract interest from FM/A?
- ❑ Managing FM/A expectation
- ❑ Handling difficult questions from FM/A
- ❑ Do's & Don'ts
- ❑ About ZJ





# Framework for effective IR





# Key areas of concern





## 2 Methods to Attract Interest

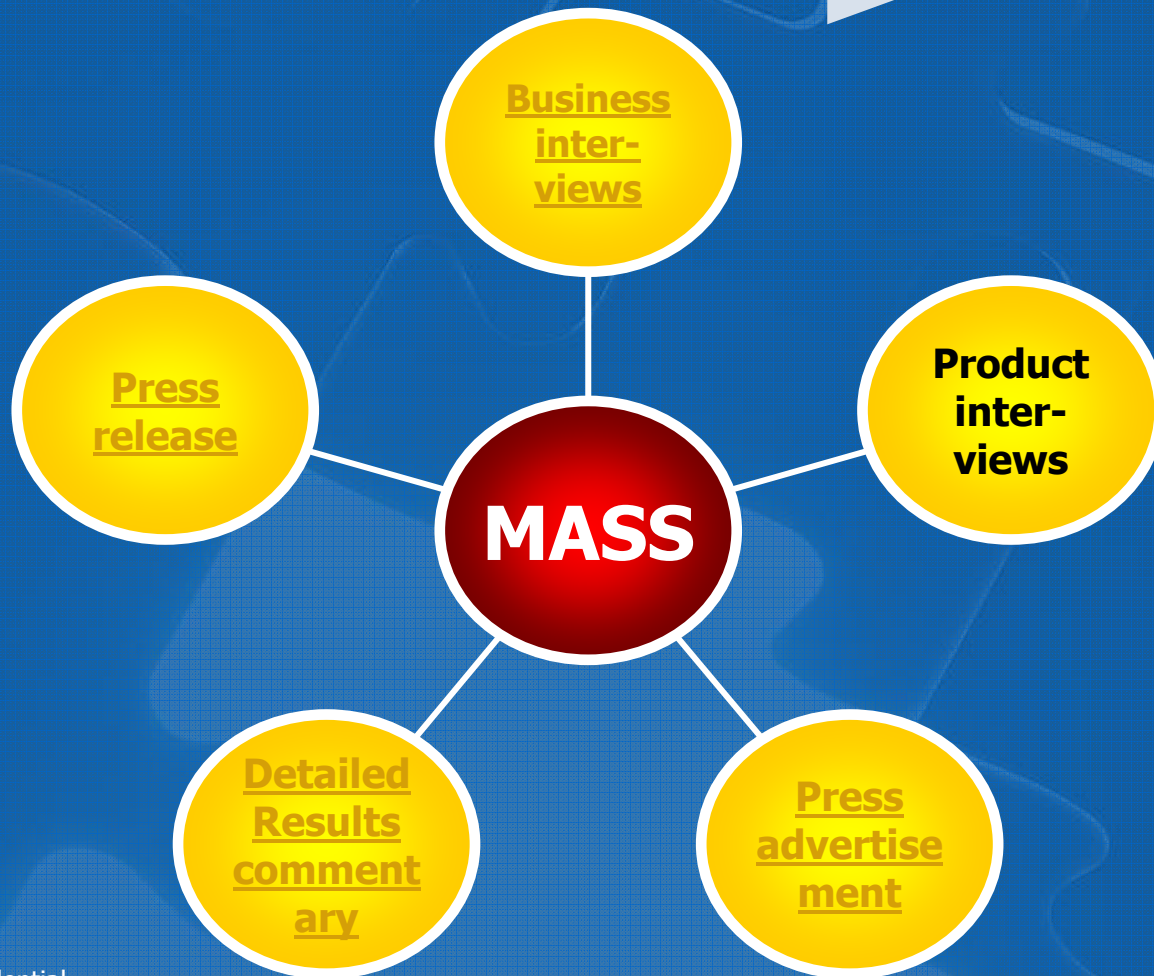
- **Mass**
  - Awareness to open public
  - Commonly via newspapers, magazines
- **Targeted**
  - Right message to the right audience
  - Interactive
  - Easy to obtain feedback





# Close-ended communication

1-way communication





# Open-ended communication

← 2-way communications →







# Suggested Approach to Build Interest

time →

Mass Communication

Targeted Communication

1

**Generate awareness**  
• Start to generate / increase awareness amongst FM/A

2

**Interactive communication**  
• Most effective once awareness is created and corporate image is formed

3

**Maintain presence**  
• Ensure open communication channels  
• Follow-up regularly with updated information

- Long term continuous process
- Takes time & effort to build & maintain relationships



# Managing expectations

## Why?

- Ensure FM/A stay informed & minimize panic decisions
- Avoid unnecessary surprise to FM/A

## How?

- Maintain proactive communication (even in bad times)
- Be open and share more information
- Be realistic and honest about business outlook
- Organize periodical update meetings

It's not so much about the actual outcome but rather, its **variation** from the **expected** outcome.





# Potential tough questions

## Guidance on answering some sensitive questions:-

Questions	Suggestions
Forecast revenue & profit	"Expects double-digit/single-digit growth" "Expect <local> contribution to maintain while <exports> to grow ~xx%"
Individual product margin	"That is rather sensitive info, however, the range is between xx% and yy%"
Breakdown of product sales mix	"Perhaps it's easier to...."
Market Share (when there is no report to substantiate the figure)	"To the best of our knowledge, there are xx companies like us but <state company's strengths>. Hence we estimated we have xx% market share in this industry"
Effects of unfavourable industry trends	"Yes, we are affected by the rise in <raw material> but <state some contingency plans or positive news going forward>"





## Answers to avoid...

Avoid answers which may not reflect well on management:-

- *"I don't know"*
- *"No comments"*
- *"I cannot tell you that"*
- *"Err.. Um..."*
- *"Oh, I forgot/don't remember the info"*

If you don't have answers on the spot, suggest  
*"Let me check and I shall revert to you shortly."*



## Do...

- ✓ Establish credentials based on track record
- ✓ Explain how management thrives ahead of competition
- ✓ Substantiate statements with figures & facts
- ✓ Be honest & forthcoming although things are less positive
- ✓ Stay focused on key message and growth prospects
- ✓ Show passion!





## Do not...

- ✘ Overly delve into history, losing focus on future (growth)
- ✘ Bad-mouth competitors
- ✘ Provide qualitative statements without substantiating data
- ✘ Hide the real situation & surprise on the downside
- ✘ Confuse audience by branching out into too many (irrelevant) topics
- ✘ Appear defensive or argumentative when provoked





# Q & A



# Thank you



For further enquiries, please e-mail me at

[danny@zj.com.my](mailto:danny@zj.com.my)





# About us

- Mergers & Acquisitions
- Corp. Restructuring
- Management Buy-Out
- Privatisation & spin offs
- Strategic advisory

**Corporate  
Finance  
Advisory**

- Fund raising (debt + equity)
- Listing exercise
- Derivative + structured products
- Capital restructurings

**Capital  
Markets**

**Investor  
Relations  
& Media  
Relations**

- Corporate road map
- IR Strategy
- Increase awareness
- Methodical dissemination of information

**Private  
Equity**

- Deal flow
- Origination & structuring
- Direct investments
- Nurturing/Value add
- Network development

**Investment  
Management**

- Development of active investment & financial strategies
- Valuation
- Performance monitoring

**ZJ  
Advisory**





# Media Article

## VENTURING ABROAD

LCL Corporation is banking on India and the Middle East as its main growth engine.

By Bhupinder Singh

**T**HE China economic development success story is now taking a back seat to the Indian subcontinent and the Middle East theme in local business news.

Petro dollars in the Middle East, and the information technology and outsourcing boom in India are financing a boom in construction and property development, transforming the landscape and lifestyles of people in the two economies.

Commercial and residential property projects are coming up faster than you can count. Against this backdrop, an increasing number of Malaysian companies are scouting the regions for trade and investment opportunities.

Some such companies like IJM Corporation Bhd, Petrolim Nasional Bhd, WCT Engineering Bhd and PECB Bhd have been successful. One company that is increasingly marking its footprints in the sands of the Middle East is LCL Corporation Bhd (LCL).

The second boarder, the country's top interior fit-out specialist, has won four contracts for its services in three hotels and an office tower block under construction in



LCL's Headquarters in Kajang



Low: LCL needs to build an image in Dubai

Dubai and Doha in the United Arab Emirates (UAE).

In fact, management is banking on the foreign market to power earnings growth at LCL. "There aren't going to be too many opportunities for our interior fit-out services in the country as most major projects like Putrajaya and Cyberjaya are almost complete. Government spending in the Ninth Malaysia Plan will go into infrastructure projects like roads and bridges. So, we are focusing on India and the Middle East for opportunities," Low Chin Meng, group managing director, tells *Malaysian Business*.

LCL's interior fit-out service refers to the renovation or refurbishment of new and existing building and premises. The company is

a one-stop centre offering interior design, decoration, fit-out and installation as well as complete refurbishment in flooring, ceiling, walling and installation of interior furniture and fittings.

LCL has four factories in the country to manufacture generic furniture that is also sold through retail outlets. The domestic market contributed 85% of the RM97.6 million the company made in financial year (FY) 2004. This is expected to decline in portion, but not in total size, to 75%-80% by the end of FY05 and to 50% by FY06 as overseas undertakings will become the main growth engine.

The market for interior fit-out services is estimated to be worth about RM1 billion annually in Malaysia, according to Low, while the Middle East market is easily 50 times that. "On average, some 20% to 25% of the cost of

### FACT FILE LCL CORPORATION BHD

<b>REVENUE</b>	
RM144.4 million	
<b>BOARD OF DIRECTORS</b>	
Datuk Syed Ariff Fadzilah Syed Awalludin (executive chairman)	
Low Chin Meng (group managing director)	
Mohd Akib Abd Rashid	
Low Chin Fui	
Tan Sri Abdul Halim Ali	
Pang Yew Foh	
Datuk Emam Mohd Haniff Emam	
Mohd Hussam	
Datuk Abul Wahab Harun	
Chiam Tau Meng	
<b>MARKET CAPITALISATION</b>	
RM50,000 - RM100,000	
<b>CONSTITUTIONAL SHAREHOLDERS</b>	
Low Chin Meng	36.7%
Mohd Akib Abd Rashid	8%
Datuk Syed Ariff Fadzilah Syed Awalludin	5%
<b>FINANCIAL RESULTS</b>	
Net profit of RM1.28 million for the second quarter ended June 30, 2005	



The HSBC EDP centre and the Perdana Leadership Foundation's library in Putrajaya are part of LCL's portfolio

a project would go to interior fit-out services and products," says Low, who's also a substantial shareholder of LCL.

The lure of UAE is easy to understand for LCL. In Dubai, where LCL has opened a regional office, there are 45 five-star hotels under construction and they are expected to be completed by the end of next year. Getting a slice of the market, however, won't be easy.

"American and European companies have established themselves there. LCL is a new player, so we need to build an image. LCL's strength is on delivery and quality assurance," Low says. He adds that LCL will be able to compete based on its record of success in international tenders in the past.

He cites the successful and timely completion of major projects for the government and the private sectors like the KL Convention Centre, the Westin Kuala Lumpur, the MAS Golden Lounge, the Ministry of Finance, the Ministry of Foreign Affairs, the HSBC Electronic Data Processing (EDP) Centre, IHLG Capital and Jaya Jusco stores.

Overseas projects have mainly been at Malaysian embassies in places like Havana in Cuba, Washington DC in the United States, Beijing in China, Singapore, Brunei as well as the Guest House at Hyde Park Gate in London, in the United Kingdom.

Incidentally, LCL's board also comprises of former diplomats in the form of Datuk Syed Ariff Fadzilah, who is the chairman, Datuk Emam Mohd Haniff, Datuk Abul Wahab Harun as well as current Employees' Provident Fund Chairman Tun Sri Abdul Halim Ali.

While the Middle East may provide the best market potential in the short term, LCL is venturing into India with the aim of laying the foundation to build a presence in the country for the long term.

LCL is in the midst of building a factory in Chennai in the southern state of Tamil Nadu to produce interior furniture and fittings. The factory is expected to be operational early next year.

"India is a fresh market for interior fit-out services as there are no one-stop service providers at the moment. Investment has been concentrated on infrastructure development, but some money is going into tourism-related businesses like hotels," explains Low.

LCL's venture into India has been in the form of a joint-venture with IJM which has interests in construction and property development in the country. IJM builds while LCL designs and provides the interior fit-out.

Such a working relationship is not confined to IJM alone. LCL, having worked with all major construction and property developers, is frequently called to put in tenders for interior fit-out services for projects in Malaysia and abroad.

The venture with IJM in India is an extension of the relationship. The focus on India and the UAE hasn't stopped the company from tendering for projects elsewhere. LCL has tendered for work in

Sudan, Pakistan and Bahrain. The company also has an associate company in Japan targeting the interior fit-out market there.

To keep control over quality and delivery, LCL produces most of the furniture (about 70%), fittings and fixtures in-house. The company has also started a maintenance arm to capture some recurring income on previous projects, which contributes a small amount to revenue.

LCL's branding strategy is weighted towards providing its services rather than the products it makes. The company also provides its services to the residential market, but this is not yet a significant contributor.

LCL's local projects include the Traders Hotel in the city centre, Myelin's supermarket in Subang Jaya, the Impiana hotel in Langkawi as well as the exclusive The Binjai condo project in the city centre.

Listed in January last year at RM1.50 per share, LCL's share price performance has been good, trading at RM1.98 at a prospective price earnings multiple of 6.7x for FY05 at the time of writing.

LCL's compounded annual growth rate of revenue for the three years (2002-2004) has been at 33% while pre-tax profit was at 67%. Low expects to see revenue grow by 25% into the first half of next year while margins maintain at about the 10% level.

"The ventures into the UAE and India have incurred costs which have eaten away at margin in the first half of this year, but I expect to see returns from the foreign ventures to roll in next year," says Low. That is not bad considering that construction companies are having a difficult time providing 5% margins to investors. LCL's track record over the past few years shows that its earnings are also less cyclical than that of construction players.

The second half performance, Low says, should be better as the period is seasonally the better half of the financial year contributing about 70% of the total income. Management is negotiating to buy a new factory in the country in preparation for growth of the business.

As it stands, its order book is healthy, worth over RM150 million from some 40 customers, according to Low, enough to keep LCL busy for the next 12 months.

The company gave a dividend of 10 sen in FY04, which translates into a dividend yield of 5%.



## LCL in Malaysian Business (October 2005)



# Press Advertisement

The Board of Directors of

**ie** IMPRESSIVE EDGE GROUP BERHAD  
爱德集团有限公司  
would like to say

**Thank You**

to



**H.E. Tun Datuk Seri Utama Mohd. Khalil bin Yaakob**  
Governor of Melaka  
for Officiating the Grand Opening Ceremony  
of Our New Manufacturing Plant  
on 8th December 2005.

IMPRESSIVE EDGE GROUP BERHAD (Sdn. Bhd.)  
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Fax: 06-324 0078 324 4078 325 5078 327 1978  
Website: www.ie-pradison.com  
E-mail: ieb@ipjaring.my



The Board of Directors of

**ie** IMPRESSIVE EDGE GROUP BERHAD  
爱德集团有限公司  
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**The Rt. Hon. Datuk Seri Hj. Mohd. Ali bin Mohd. Rustam**  
Chief Minister of Melaka  
for Your Presence During the Grand Opening  
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Tel: 06-324 0077 325 7977 324 6977 326 1977  
Fax: 06-324 0078 324 4078 325 5078 327 1978  
Website: www.ie-pradison.com  
E-mail: ieb@ipjaring.my







# Buy Report generated after 1-to-1 interview

AmWatch

24 November 2005

## News Highlights

Mayban Securities

### KNM Group Bhd (RM3.46): Maintain BUY

We attended KNM's analyst briefing yesterday. KNM remains our top pick in the oil and gas sector and we maintain our earnings forecast, as well as our BUY recommendation.

Some of the key points from the briefing are as follows:

- 1. Potential from minerals industry.** Management estimates that the minerals industry would contribute 40% to FY05 turnover, besides oil and gas (45%) and petrochemicals (15%). With the inclusion of the minerals industry in KNM's portfolio, turnover by region has also shifted. The Oceania region is estimated to be the major turnover driver with 43% of FY05 turnover, followed by Aisa (40%) and America (10%).
- 2. Order book at RM430m.** Order book stood at RM430m as at October 2005, mainly comprising of oil and gas (42.6%) followed by minerals processing (34.8%) and petrochemicals (22.6%).
- 3. Actively tendering RM3b worth of jobs.** KNM has tendered over RM3b of new jobs. Overseas tenders makes up 97% of the total new tenders. With success rate of between 20% and 25%, KNM may add between RM600m and RM750m to its FY06 order book.
- 4. Expansion in Brazil.** Recall that KNM has plans to set up a manufacturing plant in Brazil with an expected capacity of 4,000MT in FY06 with additional 4,000MT in FY07. Management may acquire a ready plant, which we think is sensible given the high demand for process equipment in Brazil.

Petrobras have recently published their 5-year plan (until 2010) and anticipate to invest USD56.4m over the period in exploration and production, gas pipelines, refinery and petrochemicals industries, among others.

KNM Group (RM3.46)

Buy

Salient points from Analyst Briefing

**The 5.3%-points decline QoQ in EBIT margin, to 11.7% in 3Q05** is mainly due to the start-up of 2-3 new projects during the quarter, one of them is Woodside North West Shelf LNG Phase V Expansion in Australia. According to management, initial stages of a project usually generate lowest margin as start-up costs such as purchase of consumables and tools for the project are incurred. Adding to that, contract billings are usually slower at the start of a project but will eventually pick up when construction work picks up momentum.

**Export revenue accounted for 95% of KNM's turnover in 3Q05** while sales of process equipment is expected to contribute up to 93% of its turnover in 2005.

**KNM's order book as at October 2005 amounted to RM430m...** This is expected to last until end-2006 and is made up of orders from the oil & gas industry (42.6%), minerals processing (34.8%) and petrochemicals (22.6%).

**... and Company has tendered for RM3.0bn new jobs.** KNM should be able to secured 20-25% or RM600-750m of the amount tendered, based on historical success rate in its bids. New projects within the bids which are likely to be awarded to KNM soon would be the Comalco Alumina refinery, Australia.

**Management revised their net profit forecast upwards by RM4m to RM40m for FY05** and from RM56m to RM58m in FY06.





# Press Release



**Viztel Solutions Berhad**  
(489232-W)



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Level 64, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.  
Tel: (603)-2711 7712 Fax: (603)-2711 7713 Website: www.viztel.com

## For Immediate Release

### VIZTEL's AUDRIE IMPRESSES CELCOM's SUBSCRIBERS

**Kuala Lumpur, 7 November 2005** – Telco software and voice technology specialist, Viztel Solutions Berhad ("Viztel" or the "Company") has developed and rolled out an innovative product called Automated Dialling Routine Intelligent Entity (AUDRIE). To date, Celcom Malaysia Berhad ("Celcom") is the **first** mobile telecommunications operator in the country to offer services using AUDRIE.

AUDRIE is an intelligent system designed and customised to make automated outbound phone calls in very large volumes and over a short period of time, that stand to inform the mobile subscribers on time-sensitive and important messages, namely credit limit, payment and billing updates on behalf of the mobile operators.





# Press coverage after press release

## Viztel expects higher revenue with Audrie

TELECOMMUNICATIONS software and voice technology provider Viztel Solutions Bhd expects its new product Automated Dialling Routine Intelligent Entity (Audrie) to contribute 10 per cent to its revenue this year.

Audrie is a system designed to make automated outbound phone calls in very large volumes and over a short period of time. The system is currently used by Celcom Malaysia Bhd.

With the system, mobile subscribers can receive time-sensitive and important messages such as credit limit, payment and billing updates on behalf of the mobile operators.

Viztel chief executive officer Lau Kin Wai said Audrie has the capability of making a phone call to the intended recipient at the right time of the day.

Despite the widespread usage of SMS, there are people who do not know how to use SMS. Audrie is seen as the perfect tool to reach out to such people.

Last year, the company posted RM2.1 million net profit on the back of RM8.8 million revenue.

Lau said Audrie is able to fit into various interfaces that can communicate with various databases, billing engine, payment systems and customer relationship management systems. It has the capacity to speak in nine languages including English, Bahasa Malaysia, Cantonese, Mandarin, Thai, Tagalog, Vietnamese, Japanese and Korean.

"With the deployment of Audrie at Celcom, we are confident that it will soon be implemented in other areas such as public service delivery and emergency services."

## Viztel expects new product to contribute 10% to revenue

TELCO software and voice technology specialist Viztel Solutions Bhd expects its newly-launched automated dialling routine intelligent entity (AUDRIE) to contribute 10% to revenue by the year-end, chief executive officer Lau Kin Wai said.

This optimism stemmed from the ability of the system to inform mobile subscribers on time-sensitive and important messages like credit limit, payment and billing on behalf of the mobile operators, he said.

Celcom (M) Bhd is the first mobile telco to use AUDRIE, which reminds subscribers on credit limit and bill payments to avoid service interruption.

"With the success deployment of AUDRIE at Celcom, we are confident it would soon be implemented in other areas such as public service delivery and emergency ser-

vices so as to enhance the efficiency and effectiveness towards the public sector," Lau said in Kuala Lumpur yesterday.

AUDRIE is an intelligent system designed and customised to make automated outbound phone calls in very large volumes and over a short period of time.

"AUDRIE has the intelligence of making a phone call to the intended recipient at the right time of the day and to read out the important messages so that these messages get to its intended recipient at a timely fashion," Lau said.

Viztel also has an established customer base in China, Thailand, Indonesia, Vietnam and Singapore.

Its customers include AirAsia Bhd, MBF Card Services Sdn Bhd, Time dotCom Bhd and TMnet Sdn Bhd, China Telecom and Thai AirAsia. — Bernama



Lau Kin Wai

Starbiz dated 8 November 2005

Business Times dated  
8 November 2005





# Detailed Results Commentary

## ATIS CORPORATION BERHAD

**CONTACT**  
 Ms Ong Phee Be  
 Chief Financial Officer, ATIS Corporation Bhd  
 Email : ongp@atis.com.my  
 Tel : 603-8925 2828 ; Fax : 603-8926 8978

23 November 2005

FOR PRIVATE CIRCULATION ONLY

### 2<sup>nd</sup> Quarter Results for Financial Period Ended 30 September 2005

ATIS Corporation Berhad (ATIS) recorded a net profit of RM5.5 million on the back of RM110.6 million turnover for the Group's second quarter results. On a cumulative 6-month basis (1HFY06), the Group's turnover and net profit came in at RM206.6 million and RM11.3 million respectively.

ATIS' 1HFY06 turnover of RM206.6 million represented an increase of 14.3% year-on-year (yoy) due to better sales volume. However, the growth was moderated by lower gross margin and higher operating expenses, resulting in operating profit decreasing 22% yoy to RM18.7 million.

The Group's lower gross margin was impacted by the challenging business environment. Meanwhile, its recent ventures into the overseas market (eg. Indonesia, Singapore and China) are still at a relatively early stage, hence the higher operating expenses. Nonetheless, ATIS expects to benefit from its diversified geographical reach in the next two years.

## ATIS CORPORATION BERHAD

ATIS Corporation Berhad: 2QFY06

FYE Mar (RM m)	Quarter-on-Quarter			Year-on-Year		Year to date		
	Sep 05	Jun 05	% chg	Sep 04	% chg	1HFY06	1HFY05	% chg
Turnover	110.6	98.1	15.1%	92.0	20.1%	206.6	180.9	14.3%
EBITDA	11.1	10.9	1.6%	13.1	-15.1%	22.0	29.9	-26.5%
Depreciation & Amort	(1.7)	(1.6)		(1.4)		(3.3)	(6.0)	
EBIT	9.4	9.3	1.1%	11.6	-19.2%	18.7	23.9	-22.0%
Finance cost	(1.1)	(0.8)		(0.5)		(2.0)	(1.8)	
Interest & other income	0.3	0.3		0.9		0.6	1.5	
Share of losses fr assoc.	-	-		(0.0)		-	(0.0)	
Pre-tax profit	8.6	8.8	-2.2%	11.6	-26.3%	17.3	23.8	-27.3%
Tax	(2.5)	(2.7)		(3.4)		(5.1)	(7.1)	
Minority interest	(0.8)	(0.3)		(0.2)		(0.3)	(0.3)	
Net profit	5.5	5.8	-5.0%	8.1	-31.9%	11.3	16.4	-31.0%
EPS (sen) - basic	3.45	3.68	-6.3%	5.07	-32.0%	7.13	10.34	-31.0%
EPS (sen) - diluted	NA	3.68		5.07		7.13	10.33	-31.0%
EBITDA margin	10.0%	11.4%		14.2%		10.6%	16.5%	
EBIT margin	8.5%	9.7%		12.6%		9.0%	13.2%	
Pre-tax margin	7.8%	9.1%		12.6%		8.4%	13.2%	
Net profit margin	5.0%	6.1%		8.7%		5.5%	9.1%	
NTA (RM)	0.85							

### About ATIS Corporation Berhad

ATIS is a one-stop total industrial supplier, listed on the Main Board of Bursa Malaysia Securities Berhad with a market capitalization of RM144.5 million. The three business divisions at ATIS are - industrial supply (largest revenue contributor at more than 90% contribution), industrial automation and plastic injection moulding. The Group has a large customer base of approximately 13,500 customers, supported by a wide range of products and an extensive branch network across Malaysia.

# Group Briefing – Fact Sheet



## Genetec Technology Berhad

(44537-W)

### Financial Performance



\* Annualised figure for 15-month period ended 31 March 2004

### Earnings Summary

	← FYE 31 December →			← FYE 31 Mar →		
RM (m)	FY00	FY01	FY02	FY04*	FY04*	FY06
Revenue	14.3	15.1	22.5	28.4	22.7	28.3
EBITDA	2.2	2.1	3.3	3.2	2.5	2.6
PBT	1.9	1.5	2.5	2.2	1.7	1.8
PAT	1.5	1.3	2.2	1.5	1.2	1.2
EPS (sen)**	1.3	1.1	1.8	1.2	1.0	1.0
Rev Growth	-	5.6%	45%	nm	0.9%	24.7%
PBT Growth	-	-20.5%	69.7%	nm	-31.4%	2.7%
PBT Margin	13.1%	8.9%	11.2%	7.6%	7.6%	5.3%

\* 15-month period ended 31 March 2004

\*\* Annualised figure \*\* Based on enlarged share out of 120.0m

### GENETEC TECHNOLOGY BERHAD (Genetec)

Genetec is one of the leading machine design specialists in Asia (ex-Japan) offering integrated engineering solutions for automation of manufacturing processes. Genetec designs and builds customised factory automation equipment and integrated vision inspection system, from conceptual design, development of prototype to mass replication of equipment.

### Major shareholders (post-listing)

Shares held directly	After IPO (%)	Under Moratorium (%)
ATIS	38.25	26.01
KW Chin	36.75	24.99
Total	75.00	51.00

### Utilization of proceeds

Rights issued raised RM4.2m, Public issue raised RM9m

	RM '000
Working Capital	9,958
Estimated Listing Expenses	1,200
Total	11,058*

\* Net of RM2.4m owed to ATIS

### Major shareholders (post-listing)

Shares held directly	After IPO (%)	Under Moratorium (%)
ATIS	38.25	26.01
KW Chin	36.75	24.99
Total	75.00	51.00

### Balance Sheet Summary

	FYE 31 March	FY06*
	RM (m)	RM (m)
Long term assets	3.8	
Current assets	31.1	
Current liabilities	14.3	
Long term liabilities	20.8	
Shareholders' funds	19.9	
NTA/share (RM)	0.16	
ROE (%)		5.1%
ROA (%)		3.1%
Net Cash		13.6

\* After public issue, before ESOs



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# Plant Tour



Plant Tour of Big Wheel Holdings Berhad  
September 2005, Sabah



# Press Coverage after Plant Tour

## Goodway expects double digit growth in FY06

By Cindy Tham

GOODWAY Integrated Industries Bhd expects double-digit revenue growth for the year ending Dec 31, 2006 after the completion of the acquisition of the tyre retreading businesses of two companies in Sabah, said Goodway chief executive officer Tai Boon Wee.

The acquisition involved the tyre retreading business of Sierra Growth Sdn Bhd for RM7 million cash and 100% of Big Wheel Holdings Sdn Bhd and its subsidiaries for RM24.69 million cash.

Goodway group registered a net profit of RM2.2 million on the back of a RM54.2 million turnover for the six months to June 30, 2005.

"The acquisitions are in line with Goodway's corporate strategy to expand the group's distribution network as well as increase its market share in the rubber compound and retread

tyre industries in Malaysia.

"The acquisitions will provide Goodway with an immediate revenue stream from the existing business operations of Big Wheel and Sierra Growth," Tai told reporters in Kota Kinabalu yesterday after a ceremony marking the completion of the acquisitions.

Goodway produces technical rubber compounds, tyre rubber compounds and other rubber related products. Its exports to over 20 countries contribute about 70% to group turnover.

Big wheel is one of the largest retreading companies in Sabah, with a 60% market share. It produces retread tyres for passenger cars, light trucks, highway trucks and mining trucks as well as off-the-road tyres.

Sierra Growth has given a profit guarantee of RM4 million in the next 12 months for the

tyre retreading business. Big Wheel has an annual turnover of RM23 million to RM25 million, while Sierra Growth's retreading business has an annual turnover of RM13 million to RM15 million.

"The production of retreading and solid tyres requires rubber compound materials, hence the increase of production in these tyres will also boost the consumption of rubber compound produced by Goodway.

"From now be the sole rubber supplier to Big Wheel, which purchased part

"Goodway share our technology, products marketing network. Big Wheel and Sierra produce retread are superior in quality," he added.

## Goodway beli aset Big Wheel RM24.7j

KOTA KINABALU 20 Sept. — Goodway Integrated Industries Bhd. (Goodway) memperengkapkan pengusaannya dengan membeli semula aset syarikat pengeluar tayar celup terbesar Sabah, Big Wheel Holdings Sdn. Bhd. (BWH) dengan nilai sebanyak RM24.7 juta.

Ketua Pegawai Eksekutif Goodway, Tai Boon Wee berkata, pembelian itu turut membabitkan perniagaan BWH termasuk anak syarikatnya, Sierra Growth Sdn. Bhd. (SGSB) yang menjalan-

kan pengeluaran dan pengedaran tayar celup di negeri ini.

Katanya, langkah itu selari dengan strategi korporat Goodway untuk memperluaskan rangkaian pengedarannya sekali gus meningkatkan saham mereka dalam industri tayar celup di Malaysia.

"Pencapaian itu akan memberi kebaikan kepada kedua-dua pihak kerana SGSB adalah sebuah syarikat yang bertapak kukuh di Sabah. Ia memberi kelebihan kepada Goodway untuk men-

jadi pengeluar utama tayar celup di rantau ini," katanya.

Beliau berkata demikian pada sidang akhbar selepas menandatangani Memorandum Persefahaman (MoU) antara Goodway dan SGSB di Hotel Hyatt Regency di sini, hari ini.

Menurut Boon Wee, MoU tersebut memberi sinergi kepada Goodway yang sememangnya mahir di dalam bidang membuat dan membekal sebatian getah bagi tujuan membuat tayar celup dan baru.

The Sun dated  
21 September 2005

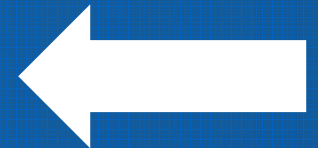
Utusan Malaysia dated  
21 September 2005





# Growth Drivers

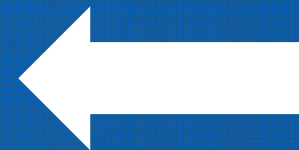
- Catalyst for higher turnover & profit, ie where is growth/demand coming from?
- Focused growth direction
- Clear corporate strategy





# Earnings Visibility

- Relatively clear earnings expectation for at least over the next 12 - 18 months
- Dislike big fluctuations

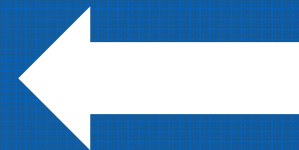






# Earnings Sustainability

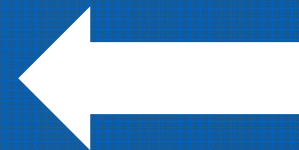
- Sustainable earnings is key, esp for long term investors
- Prefer gradual healthy growth over time





# Competitive edge

- Key differentiating factors from competitors
- Strong & comfortable position in the value chain

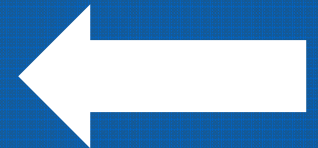






# Credible management

- Trustworthy, transparent & forthcoming management, especially with negative news
- Access to management, even during business downturn and/or crisis





# Healthy fundamentals

- Healthy balance sheet – not overstretching gearing or cash cycle for growth
- Decent dividend payout (for non-high growth firms)
- Good historical track record

