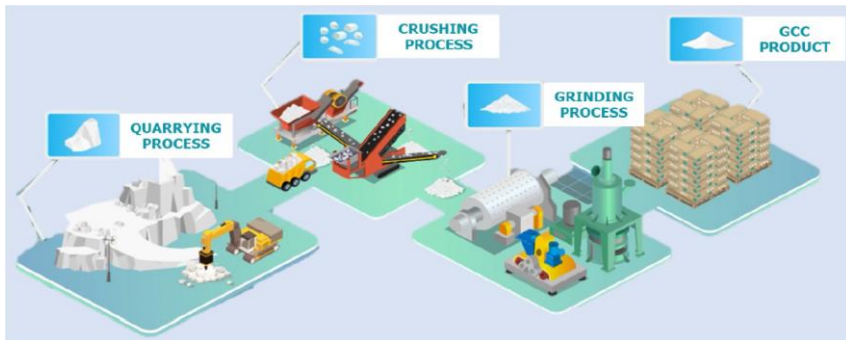


Top-3 Calcium Carbonate Manufacturer

Zantat Holdings Berhad

Through its subsidiaries, Zantat Holdings Berhad (“Zantat”) is principally involved in the production of Ground Calcium Carbonate (“GCC”) and Calcium Carbonate (“CC”) dispersions. The Group is also involved in the production of kaolin dispersion, processing of ultrafine Precipitated Calcium Carbonate (“PCC”) powder, trading of other industrial minerals (talcum powder and limestone chips), and sales of limestone quarry products.

Production of GCC



Source: Company Prospectus

Investment Highlight

- Global demand anchors solid future growth** – Global CC export posted growth of 4.5% compound annual growth rate (“CAGR”) between 2020 and 2022. Malaysia’s export of CC is only at 5.1% of the total global value of USD811.1 – this translates solid future growth for Zantat.
- Strong CC demand from the largest world population** – India as the largest population posted 20.2% consumption in CC. It relies from oversea import to meet its needs. Malaysia supplied 26.1% of the India’s total import of CC in 2022/23.
- CC as critical component in many industries** – CC is widely used in many industries as an important input material, which promotes growth mainly in Manufacturing Industry (“MI”). The real gross domestic product (“GDP”) of MI is forecasted to grow by 4.2% in 2024.
- Healthy rubber glove demand** – Global demand for rubber glove driven by industrial demand from high population countries like China and India boosts the need of CC.

Main Competitive Advantages

- Diverse industrial applications** – Provides Zantat a wide addressable market to long-term sustainability growth
- 50-year limestone reserves** – Two (2) pieces of leasehold lands with limestone reserves estimated total volume at 19 million (“mn”) tonnes ensure a ready supply of limestone for efficient operation.
- Consistent high-quality product** – High quality products that comply with the industry standard maintain customers’ trust and loyalty.

Top 5 Global Customers

Customers	Country	Revenue Contribution	Year of Business
Alok Group	India	21.40%	10
Sonali Group	India	12.10%	11
Konkan Speciality Polyproducts Pvt Ltd	India	7.50%	11
Plastiblends India Ltd	India	2.80%	11
Petrotech Products India Pvt Ltd	India	1.80%	11

Source: Company Prospectus

Peers Financial Comparison

Company	Revenue (RM mil)	PAT (%)
Zantat Group	113.00	4.80
Peers		
Omya Malaysia S/B	325.20	-22.70
Imerys Minerals Malaysia S/B	203.10	3.50
Pulai Rock Inds. S/B	39.00	-1.70

ACE Market (Building Materials)

IPO Price: RM0.25



IPO TIMELINE

Opening Date	6 Mar 2024
Closing Date	13 Mar 2024
Listing Date	27 Mar 2024

IPO Details

	Shares(mn)
Offer for Sale	16.80
Public Issue	56.00
Enlarged share	280.00

Substantial Shareholders

	Shares(mn)	(%)
CLHF Resources	110.51	39.40
Teh Ah Soon @ Teh Soon Tick	18.65	6.60
Chan Eng Hue	16.58	5.90
Chan Hup Ooi	7.74	2.80

Utilisation of IPO Proceeds

	RM(mn)	(%)
Upgrading R&D facilities	3.83	27.36
Upgrading Calrock Perak infrastructure	1.00	7.14
New machine investment	1.35	9.64
Repayment bank borrowings	3.39	24.21
Working capital	1.43	10.21
Estimated listing expenses	3.00	21.43
Total	14.00	100.00

Allocation

	Shares(mn)	%
Public Issue		
Malaysian Public via balloting process:		
• Public investors	7.00	2.50
• Bumiputera public investors	7.00	2.50
Eligible Parties	11.20	4.00
Placement to selected investors	30.80	11.00
Subtotal	56.00	20.00
Offer for sale		
Other institutional and selected investors	16.80	6.00
Subtotal	16.80	6.00
Total	72.80	26.00
Total enlarged share capital upon listing	280.00	

Source: Company Prospectus

Key Financial Summary

FYE May (RMmn)	2020	2021	2022	2023 FPE
Revenue	107.21	119.46	113.02	91.09
Gross Profit	47.16	60.17	52.08	35.89
Pre-tax Profit	8.53	9.11	7.34	7.83
Core Net Profit	6.24	6.50	5.42	5.67
Core EPS (Sen)	2.23	2.32	1.94	2.03
P/E (x)	11.23	10.76	12.92	12.34

Source: Company Prospectus, Eco Asia Research Estimates

EPS and P/E from 2020A to 2022A (pre-IPO) are on pro-forma basis for comparative purposes only.

DEFINITION OF RATINGS

Eco Asia Investment Advice uses the following rating system:

STOCK RECOMMENDATION

BUY Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.

TRADING BUY Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.

HOLD Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.

TRADING SELL Share price may fall by more than 15% in the next 3 months.

SELL Share price may fall by more than 10% over the next 12 months.

NOT RATED Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months

NEUTRAL The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months

UNDERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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