

99 Speed Mart becomes FBM KLCI constituent after robust growth in market value

BY LEE WENG KHUEN AND JENNY NG

Of the 55 initial public offerings (IPOs) on Bursa Malaysia this year, only 11 were listed on the Main Market. Of these, one stood out as the largest IPO on the local bourse in the last seven years and also the biggest retail IPO in Asean since 2020.

The bragging rights belonged to 99 Speed Mart Retail Holdings Bhd (KL:99SMART), a household name in its own right, given that it has more than 2,600 mini markets throughout the country.

A total of RM2.36 billion was raised from its listing exercise, including RM1.7 billion from an offer for sale of 1.028 billion shares by founder and CEO Lee Thiam Wah and his wife Ng Lee Tieng. Proceeds from the issuance of new shares were allocated as fresh capital for expansion.

There is a six-month moratorium period on the shares held by Lee and Ng, who collectively own an 83% stake.

Despite concerns over its valuations prior to its listing, the company did not disappoint. Its shares gained 47.9% to close at RM2.44 on Dec 20, from its IPO price of RM1.65 per share in September.

This translates into a forward price-earnings ratio (PER) of about 40 times, compared with its historical PER of 34.7 times at the time of listing.

The commendable share price performance — which gives it a market value in excess of RM21 billion compared with RM13.9 billion when it listed on Sept 9 — led to 99 Speed Mart being included as one of the constituents in the recent FBM KLCI review.

There were a total of 14 cornerstone in-

	DETAILS	ADVISERS
Best deal	99 Speed Mart Retail Holdings Bhd's RM2.36 billion IPO	CIMB Investment Bank (principal adviser, sole bookrunner, sole managing underwriter and joint underwriter); Affin Hwang Investment Bank (joint underwriter); RHB Investment Bank (joint underwriter)
Notable mention	Keyfield International Bhd's RM188.06 million IPO	M&A Securities (principal adviser, underwriter and joint placement agent); Maybank Investment Bank (joint placement agent)



99 Speed Mart's IPO was the biggest on the local bourse in the last seven years

vestors for the IPO, taking up RM1.3 billion shares, or 64.5% of the institutional offering — the largest cornerstone amount raised for a Malaysian IPO since 2012.

The cornerstone investors included AHAM Asset Management Bhd, Areca Capital Sdn Bhd, AIA, Great Eastern Life Assurance, the Employees Provident Fund and the Social Security Organisation (Perkeso).

Net profit fell 3.5% year on year (y-o-y) to

RM107.16 million for the third quarter ended Sept 30, 2024 (3QFY2024). 99 Speed Mart attributed that to higher administrative and other operating spending, which included one-off special staff bonuses and IPO listing expenses totalling RM23.2 million. Excluding the one-off expenses, its normalised net profit increased 13.2% y-o-y to RM126 million for the quarter under review.

Net profit for 9MFY2024 came in at

RM365.85 million, up 24.6% from RM293.69 million in the previous corresponding period, driven by the expansion of its outlet network.

Bloomberg data shows that the company is forecast to register a higher net profit of RM616.5 million in FY2025 from the expected RM520 million in FY2024.

99 Speed Mart is supported 19 distribution centres. In July this year, the group expanded its bulk sales e-commerce platform to the southern region following the official launch in the Klang Valley in December 2023.

CIMB Investment Bank was the sole principal adviser, bookrunner and managing underwriter, and joint underwriter for the IPO.

NOTABLE MENTION

A Main Market IPO deserving a special mention in 2024 is Keyfield International Bhd (KL:KEYFIELD) which made its debut on Bursa Malaysia on April 22, raising RM188.06 million. The listing is notable because the stock has sustained its performance, closing 114.4% higher than its IPO price of 90 sen on its first day and up 137.8% at its closing price of RM2.14 on Dec 20, making it the best performing newcomer on the Main Market.

According to data from Dealogic, the 114.4% jump was the best maiden day performance of a Main Market IPO stock in the last decade, since that of Bermaz Auto Bhd (KL:BAUTO) (previously Berjaya Auto) in 2013, which gained 160% on its listing day.

Keyfield owns and operates 10 offshore service vessels and is principally involved in the chartering of vessels, providing offshore accommodation, catering, housekeeping, laundry and medical support services. It is licensed by Petroliaam Nasional Bhd (Petronas), enabling it to be a panel contractor

and to participate in tenders that have been called for by the national oil company. The average age of its fleet is about six years, compared with the industry average of 10 years for accommodation workboats.

The IPO involved a public issue of 208.96 million new shares, representing 26.1% of its enlarged issued share capital. Of these, 144.96 million new shares were fully placed out to selected investors and bumiputera investors approved by the Ministry of Investment, Trade and Industry.

Meanwhile, the retail offering was oversubscribed by 9.69 times, the highest retail demand among Main Market IPOs in 2024 at the time of Keyfield's listing exercise. Its IPO price of 90 sen implied a valuation of 6.2 times and 5.4 times its forecast earnings for FY2024 and FY2025 respectively.

The bulk of the proceeds were used to settle the balance of the purchase consideration for two vessels, *Blooming Wisdom* (34.6%) and *Helms 1* (18.6%).

An investor who bought into Keyfield at the IPO price would have seen a return of almost 150% at its closing price of RM2.14 on Dec 20, after taking into account its dividend per share (DPS) of eight sen. The company has made three dividend payments since its debut. The DPS of eight sen works out to a trailing 12-month (TTM) yield of 3.74%. **E**



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