

KUALA LUMPUR (June 29): Building and infrastructure construction services provider TCS Group Holdings Bhd is aiming to raise RM20.7 million from its initial public offering (IPO) to fund its expansion plans.

In a statement in conjunction with the launch of its prospectus, TCS Group managing director Datuk Ir Tee Chai Seng said the company is confident that the listing exercise will allow it to further strengthen its foothold in the construction industry and gain access to the capital market to fuel its expansion plans.

“Going forward, we have plans to further strengthen our presence in the high-rise, purpose-built and institutional building segments, backed by our established track record in building construction projects. In addition, we will also broaden our revenue stream by venturing into infrastructure construction services to include major roads, highways and bridges.” he said.

Tee expressed optimism about long-term prospects for the construction industry in spite of challenges brought about by the Covid-19 pandemic, underpinned by the implementation of various government measures and economic stimulus packages to strengthen the Malaysian economy.

He said the progressive reopening of the economy from May 2020 following the movement control order (MCO) led to the resumption of construction activities, adding that various government initiatives and the resumption of large-scale infrastructure projects with high multiplier effects will boost demand for the construction sector.

The majority of TCS Group’s projects are located in the Klang Valley and Negeri Sembilan, with customers including renowned property developers such as S P Setia Bhd, IJM Corp Bhd, United Malaysian Land Bhd, Tropicana Corp Bhd and Worldwide Holdings Bhd.

In terms of financial performance, the group’s revenue increased from RM103.6 million for the financial year ended Dec 31, 2016 (FY16) to RM358.4 million for FY19, representing a three-year compound annual growth rate (CAGR) of 51.2%. Profit after tax (PAT), meanwhile, increased from RM5.1 million for FY16 to RM15.7 million for FY19, growing at a three-year CAGR of 45.4%.

TCS Group will raise about RM20.7 million from the IPO exercise, of which RM13 million or 62.8% of total proceeds is earmarked for the purchase of new construction machinery and equipment within 36 months from the listing, RM4.2 million or 20.3% for working capital for construction projects within 24 months from the listing, and the balance RM3.5 million or 16.9% to defray the listing expenses within three months from the listing.

Its IPO exercise entails a public issue of 90 million new shares representing 25% of the group’s enlarged total number of shares, as well as an offer for sale of up to 18 million shares.

The allocation of the 90 million new shares includes up to 10.8 million shares for the Malaysian public via balloting (with at least 5.4 million set aside for bumiputera investors), up to 7.2 million shares for eligible directors, employees and persons who have contributed to the success of the group, up to 32.4 million shares for institutional and selected investors by way of private placement, and the remaining 39.6 million shares placed out to identified bumiputera investors approved by the Ministry of International Trade and Industry (MITI).

Following the launch of TCS Group's prospectus, applications for the public issue are now open and will close on July 10, 2020 at 5pm.

Tentatively, the group is scheduled to be listed on the ACE Market of Bursa Malaysia on July 23, 2020, and will have a market capitalisation of RM82.8 million based on the issue price of 23 sen and its enlarged total number of issued shares of 360 million shares.

RHB Investment Bank is the sole principal adviser, sponsor, sole underwriter and sole placement agent for the IPO exercise.

Original Source: <https://www.theedgemarkets.com/article/ace-marketbound-tcs-group-raise-rm207m-ipo-fund-expansion>