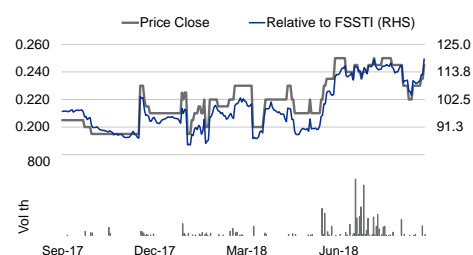


Singapore

**NON RATED**


Current price:	S\$0.25
Consensus Tgt Price:	N/A
Up/downside:	N/A
Reuters:	BANL.SI
Bloomberg:	BLT SP
Market cap:	US\$20.37m
	S\$28.03m
Average daily turnover:	US\$0.01m
	S\$0.01m
Current shares o/s:	115.2m
Free float:	34.5%



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	0	4.3	19.5
Relative (%)	3.4	13.7	22.4

<b>Major shareholders</b>	% held
Wang Wei	24.7
Teng Woo Boon	22.8
Teng Kim Sui	6.0

This **Eyes On the Ground** report represents a preliminary assessment of the subject company, and does not represent initiation into CGS-CIMB's coverage universe. It does not carry investment ratings and CGS-CIMB does not commit to regular updates on an ongoing basis.

# Ban Leong Technologies Ltd

## 25-year track record in IT product distribution

- Ban Leong has more than 25 years of experience as an IT products distributor, focusing on the Southeast Asian market.
- The company has been listed on the Main Board of the Singapore Stock Exchange (SGX) since Jun 2005.
- Ban Leong achieved record-high pretax profit in FY3/18 due to its focus on its core Southeast Asian market and disposal of its Australian operations.
- Ban Leong is keen to increase its exposure to the China/Hong Kong market in a prudent manner.
- The stock trades at a historical FY18 P/E of 5.2x, with dividend yield of 7.1%.

### Established IT products distributor

Incorporated in 1993, Ban Leong is a technology products distributor for a diverse range of IT accessories, multimedia and data storage products. Over the past 25 years, Ban Leong believes it has made its brand name synonymous with fashionable, innovative and user-focused tech-savvy products through regular marketing activities. Ban Leong is currently the authorised distributor for more than 178 products sold under 52 brand names.

### Product segments

In FY18, the IT accessories segment accounted for 33% of Ban Leong's revenue, while the multimedia segment comprised 65%. The remaining 2% of FY18 revenue was derived from the data storage segment. In terms of FY18 operating profit, IT accessories accounted for 51%, followed by the multimedia segment with 48% and the data storage segment with 1%.

### Strong earnings performance in FY18

Management believes that FY18 marked a new earnings growth phase for the group, when it achieved record-high pretax profit of S\$6.4m. Total DPS of 1.75 Scts was paid with respect to FY18. FY18 was the 13<sup>th</sup> consecutive year that Ban Leong has paid out dividends. On a cumulative basis, Ban Leong has paid S\$0.1595 in dividends since its listing on the SGX Main Board in 2005.

### Southeast Asia to stay core market, with eye on Hong Kong/China

Ban Leong intends to continue focusing on its core Southeast Asian market. The group is also exploring opportunities in Hong Kong and China, as it hopes to expand its presence there. It expects the global IT industry to continue to be very competitive. Hence, careful management of product mix is crucial to sustain profit margins and optimise returns. Ban Leong also offers IT products for sale through its own e-store, as younger consumers tend to make most of their purchases online.

### Historical valuations

Ban Leong trades at a historical FY18 P/E of 5.2x and dividend yield of 7.1%. On a historical FY18 P/BV basis, Ban Leong trades at 0.97x against ROE of 18.6%.

### Analyst(s)


**William TNG, CFA**

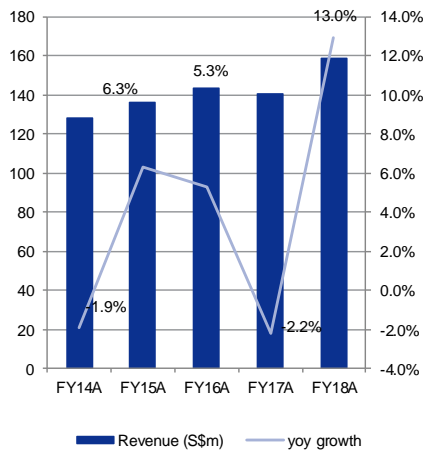
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Financial Summary	Mar-14A	Mar-15A	Mar-16A	Mar-17A	Mar-18A
(S\$, m)					
Revenue	128.3	136.4	143.6	140.4	158.6
Gross profit	15.1	14.7	15.1	12.9	16.3
Gross profit margins	11.8%	10.8%	10.5%	9.2%	10.3%
Pretax profit	2.0	1.4	2.9	2.3	6.4
Net profit	1.4	0.8	2.1	2.6	5.4
EPS (S cts)	1.2	0.7	1.8	2.3	4.7
EPS growth	13.2%	-42.6%	162.5%	na	107.7%
P/E (x)	20.4	35.6	13.5	10.9	5.2
DPS (S cts)	1.00	1.00	1.00	1.00	1.75
Dividend yield (%)	4.1%	4.1%	4.1%	4.1%	7.1%
P/BV (x)	1.22	1.23	1.20	1.12	0.97
ROE	5.99%	3.47%	8.88%	10.33%	18.56%
Net cash per share (S cts)	net gearing	1.21	2.28	9.38	9.41

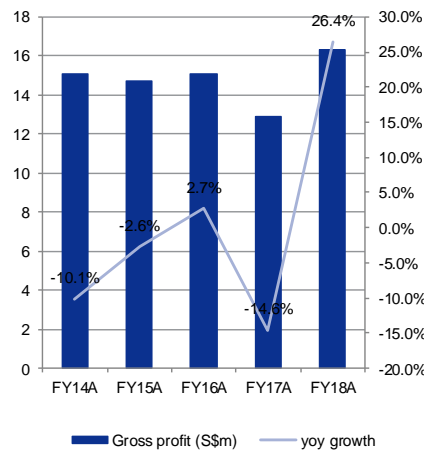
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Historical revenue trend**



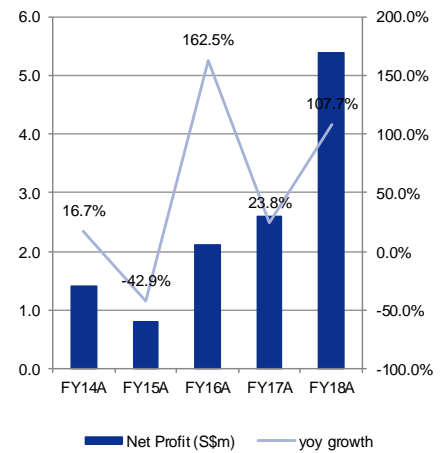
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Historical gross profit trend**



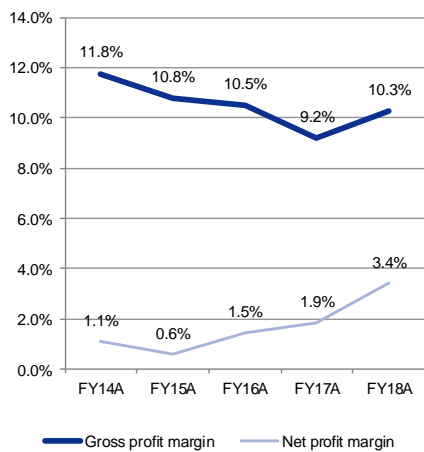
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Historical net profit trend**



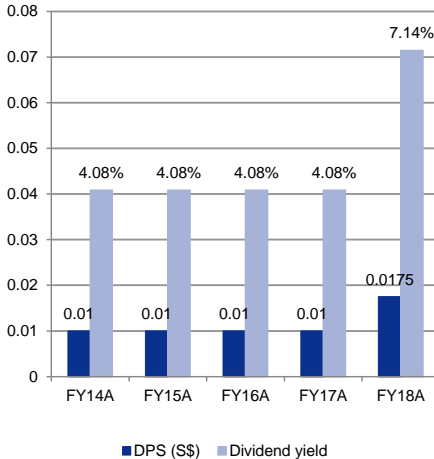
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Historical gross and net margin trends**



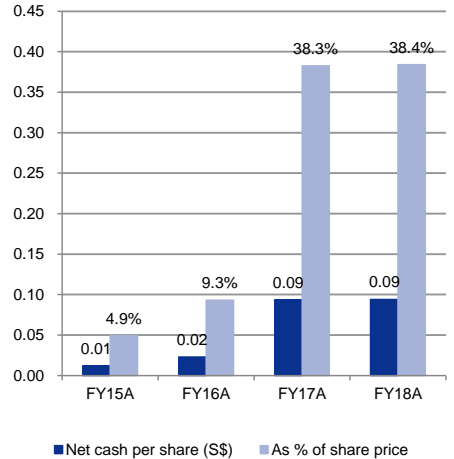
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Historical DPS and dividend yield**



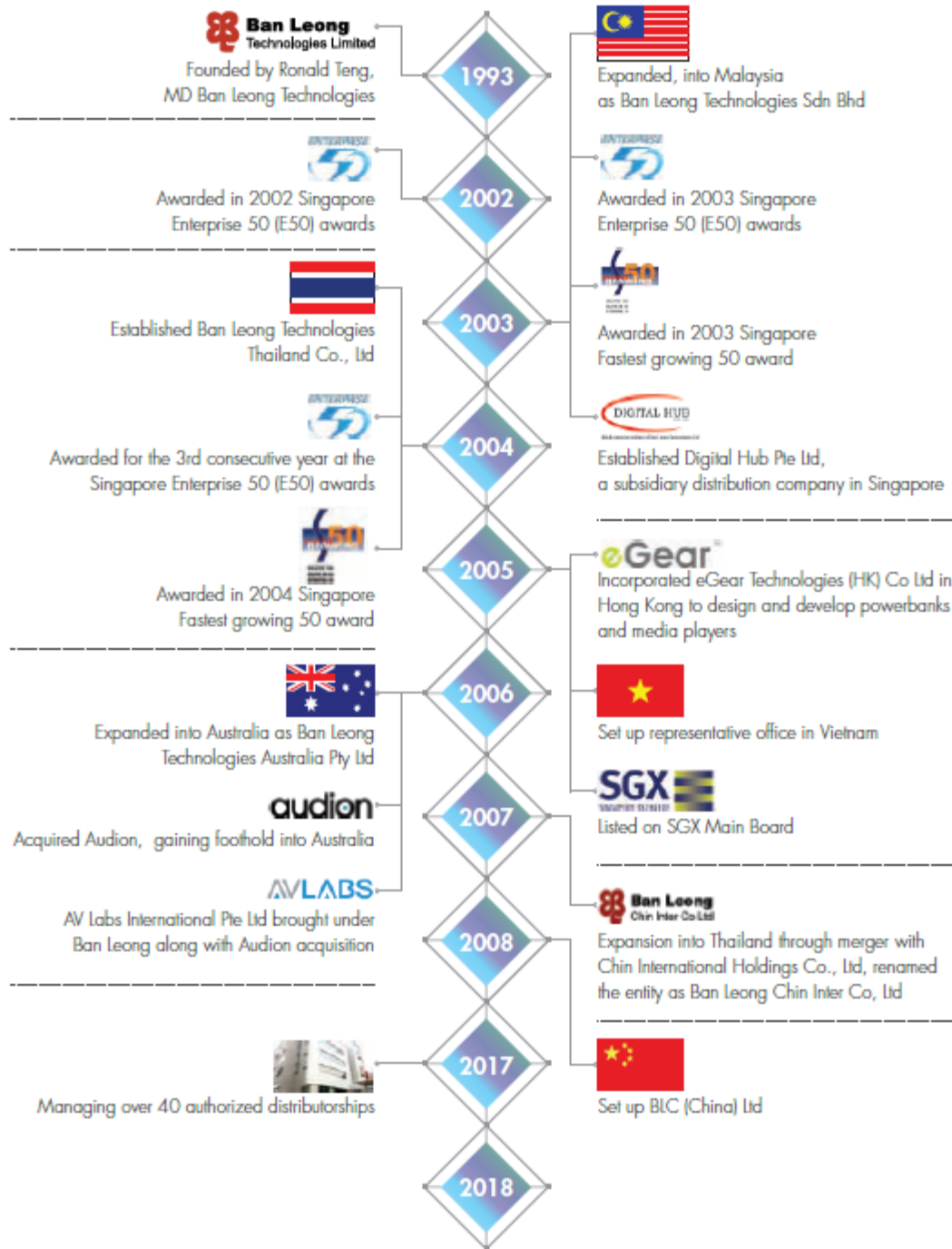
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Net cash per share and as % of share price**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Key corporate milestones



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Ban Leong's IT product distribution**



With over 25 years in the IT distribution business - we curate, procure and distribute a wide range of tech products across the region.

**Business-to-Consumer:** Our B2C team covers customers across IT retail channels, e-commerce platforms and direct end-users. With the expansion of our product portfolio, we have also penetrated Mobile and Consumer Electronics divisions in the retail market.

**Business-to-Business:** We service over 1,350 System Integrators with coverage over Government, Hospitality, Education and Telco sectors amongst others.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: Ban Leong's logistics services**

**LOGISTICS**

With an integrated inventory management system as well as warehouse storage facilities and our fleet of delivery vehicles, we provide end-to-end logistic solutions for our vendors and customers.

Our shipping department also manages inbound and outbound shipments from our network of vendors around the world.



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 10: Ban Leong's tech support services**

**TECH SUPPORT**

Leveraging on our expertise and knowledge on IT products, we offer aftersales services in terms of repairs and replacement according to warranties offered by manufacturers.

Our technical support team operates hotlines and walk-in service centers at our office locations regionally to fulfil product support queries.



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 11: Ban Leong's product marketing services**



Going beyond traditional distribution models of "box-moving" services. Our marketing and product teams key drivers in delivering vendor objectives and managing brand portfolios in-country.

With a focus on demand generation, we actively seek opportunities in brand building and in-country marketing. Covering multi-channel approach in events, PR, channel marketing, digital marketing and social media.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: Product segments



**IT ACCESSORIES**

Consumer I.T products such as Computer Systems, Components, Peripherals, Printers and Mobile products from Wearables, Accessories and Powerpacks. New categories include Smart Home solutions and Robotics.



**MULTIMEDIA**

Audio and Video products ranging from Earphones, Speakers and Cameras to Commercial and Consumer Displays.



**DATA STORAGE**

Data storage devices such as Portable and Cloud drives, HDD enclosures, Blue Ray and portable DVD-RW.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 13: Brands represented by Ban Leong



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2018		
1203 companies under coverage for quarter ended on 30 June 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	62.3%	4.5%
Hold	26.2%	2.5%
Reduce	9.3%	0.8%

#### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

**AAV** – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BCP** - Excellent, Certified, **BCPG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** - Excellent, Declared, **GGC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, n/a, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Very Good, Declared, **MALEE** – Very Good, n/a, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Very Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** – Very Good, Declared, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, n/a, **TCAP** – Excellent, Certified, **THAI** – Very Good, n/a, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Excellent, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Good, n/a, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Excellent, Declared, **TTW** – Very Good, n/a, **TU** – Excellent, Declared, **TVO** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

**Companies participating in Thailand’s Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:**

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

### Recommendation Framework

#### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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