

Malaysia

ADD (initiation)

Consensus ratings*: Buy 2 Hold 0 Sell 0

Current price:	RM0.435
Target price:	RM0.55
Previous target:	RM
Up/downside:	26.4%
CGS-CIMB / Consensus:	-9.1%
Reuters:	RAMS.KL
Bloomberg:	RAMSSOL MK
Market cap:	US\$21.28m
	RM97.03m
Average daily turnover:	US\$0.11m
	RM0.49m
Current shares o/s:	223.1m
Free float:	43.6%

*Source: Bloomberg

Key changes in this note

➤ N/A



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.3	42.6	-50.6
Relative (%)	-0.4	41.2	-46.2

Major shareholders	% held
Tan Chee Seng	33.3
Lee Miew Lan	17.8
Wong Kum Loong	4.0

Analyst(s)



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Ramssol Berhad

Tapping into digitalisation of HCM

- We view Ramssol as a play on the benefits from the structural shift towards HCM digitalisation given its strong ASEAN presence (located in 5 countries).
- Its near-term outlook should be driven by further expansion into regional markets, with growing service offerings to cater to a wider clientele.
- Initiate with Add and RM0.55 TP (12x CY23F P/E), backed by robust growth prospects (FY21-24F EPS CAGR: +10.2%) and low CY23F P/E of 9.5x.

A leading human capital management technology solution provider

Ramssol, listed on the Ace Market at RM0.45/share (12 Jul 21), is a technology solutions provider, focusing on HR technology (human capital management [HCM] and employee collaboration tools). Besides a certified reseller of key third-party HCM software (Oracle, Sage, Lark, etc.), Ramssol has R&D capabilities to develop in-house HCM technology, i.e. Feet's and Profile.La. Its clientele include regional banks and multinationals.

Backed by strong management record and distributor relationship

Backed by Ramssol's experience in HRTECH (founders have >15 years average track record), we believe topline growth in this division (3-year CAGR of 7.5% across FY21-24F) will be driven by ongoing digitalisation effort by more companies and a larger product offering to cater to a wider clientele and their different needs. These include tie-ups with Darwinbox (digitalisation of SMEs) and Laiye (smart automation technology).

EDUTECH: A new growth pillar to drive revenue

We view Ramssol's new business pillar, EDUTECH as a new significant revenue driver (FY21-24F revenue CAGR of 274.5%) going forward. It aims to tap into Malaysia's Human Resource Development Corp's allocation (we estimate fund size of ~RM2bn in 2021) for its members to upskill their workers, while Ramssol is a certified provider of training for business digitalisation. From 2H22F, it will offer new training related to corporate liability and corruption awareness to its clients.

Expect a robust EPS CAGR of 10.2% across FY21-24F

Across FY21-24F, we project Ramssol to post a 3-year EPS CAGR of 10.2%, driven by: i) higher demand for HCM solutions and technology applications in existing markets, ii) expansion into more new markets and iii) broadening product portfolio. While we forecast a 20.1% yoy dip in FY22F core net profit (reduced contribution from HRTECH from completion of major projects in FY20-21), we believe that current valuations have more than accounted for this at 9.5x 1-year forward P/E (vs. historical P/E of 16.2x since IPO).

Initiate coverage with Add rating and a TP of RM0.55

We initiate coverage on Ramssol with an Add call and TP of RM0.55 (12x CY23F P/E, 30% discount to CY23F P/E of its Malaysian peers in IT solutions space). The discount is due to its lower market cap, high dependency on third-party IT solutions and relatively small product portfolio. Re-rating catalysts: stronger contribution from both HRTECH and EDUTECH divisions. Downside risks: weak margins and delays in completion of projects.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	25.33	52.52	52.29	63.06	73.33
Net Profit (RMm)	7.54	6.77	7.09	10.19	11.86
Core EPS (RM)	0.034	0.040	0.032	0.046	0.053
Core EPS Growth	69.2%	16.6%	(20.1%)	43.7%	16.4%
FD Core P/E (x)	12.74	10.93	13.68	9.52	8.18
Price To Sales (x)	3.83	1.85	1.86	1.54	1.32
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	11.47	13.25	11.49	7.18	4.94
P/FCFE (x)	43.65	NA	23.50	12.88	10.58
Net Gearing	7.2%	(13.0%)	(16.7%)	(26.6%)	(35.4%)
P/BV (x)	11.00	2.20	1.90	1.58	1.33
ROE	150%	34%	15%	18%	18%
% Change In Core EPS Estimates					
CGS-CIMB/Consensus EPS (x)			0.84	0.93	0.97

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Tapping into digitalisation of HCM

INVESTMENT THESIS

Established HCM solutions provider based in Malaysia ►

Listed on the ACE Market of Bursa Malaysia, Ramssol Group Berhad (Ramssol) was founded and established in 2010 by its founders: current CEO, Datuk Seri Tan Chee Seng, and current COO, Lee Miew Lan. With its founders' extensive experience in human capital management ([HCM] more than 15 years on average), Ramssol undertook its first project in HCM solutions in 2011, and has since expanded its operations to five countries as well as expanded its service offerings to other segments (ventured into IT staff augmentation, IT-related training and HCM technological applications). Currently, Ramssol's operations are segregated into two key segments:

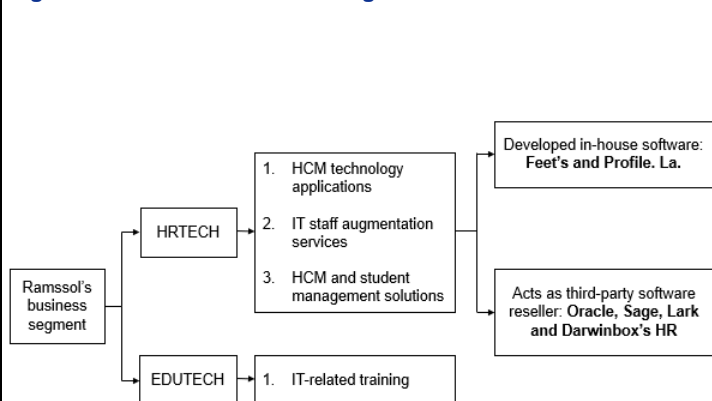
1) Human resource technology (HRTECH) – 99.7% of FY21 revenue

- Human capital management (HCM) and student management solutions – Implementation of third-party HCM software (Oracle Corp, etc.) with Ramssol as a certified reseller and implementer, while adding valued-added services such as digital communication tools (Zoom);
- HCM technology applications – Provides employee engagement and collaboration solutions, comprising in-house applications (Feet's and Profile.La) and third-party platforms (Lark and Zoom);
- IT staff augmentation services – Provides IT-related staff to business organization by recruiting and supplying suitable IT professionals for a fixed contractual period.

2) Education technology (EDUTECH) – 0.3% of FY21 revenue

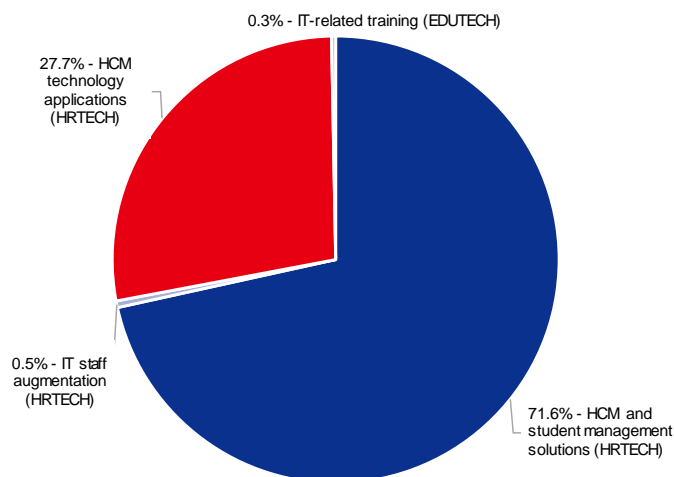
Under this segment, Ramssol markets and provides training for various subjects including information technology (IT) and anti-corruption. Meanwhile, Ramssol is also a registered training provider under Malaysia's Human Resource Development (HRD) Corp (a government body driving Malaysia's talent development aspirations through the collection of levy from employers and the funding of training and development programmes for the Malaysian workforce), as well as a member of the Singapore Human Resource Institute.

Figure 1: Ramssol's business segments breakdown



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Ramssol's revenue breakdown in FY21 (%)

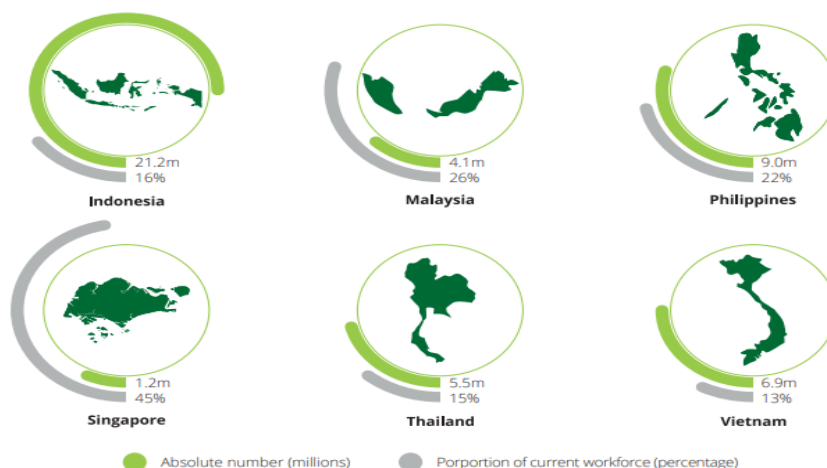


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Proxy to rising demand for HCM technology and solutions ►

We view Ramssol as a strong proxy to growing demand for human capital management (HCM) solutions as well as employee collaboration and engagement applications in Southeast Asia. In addition to higher demand amidst a digitalisation era, we see companies increasing investments to improve their HR services and workforce collaborations via HCM solutions and leveraging employee collaboration and engagement applications to support the rapid shift to remote/hybrid work and dynamic workforce, especially given emergence of work-from-home trend due to the COVID-19 pandemic.

Figure 3: Potential workforce transition to remote working arrangements across ASEAN-6 nations



SOURCES: CGS-CIMB RESEARCH, DELOITTE DATA

<https://www2.deloitte.com/content/dam/Deloitte/sq/Documents/human-capital/sq-hc-remote-work.pdf>

Figure 4: Potential workforce transition to remote working arrangements across occupations



SOURCES: CGS-CIMB RESEARCH, DELOITTE DATA

<https://www2.deloitte.com/content/dam/Deloitte/sq/Documents/human-capital/sq-hc-remote-work.pdf>

While it acts as a third-party reseller for a wide suite of HCM solutions (Oracle, Sage, Lark and Darwinbox's HR), it is able to add value to customers by offering differentiated customised solutions, which are backed by the company's extensive knowledge in HCM, strong track record and experienced management team (more than 15 years average experience in this field). While most of its business in the HCM space are project-based in nature, we believe that there is a certain element of recurring business for Ramssol post project implementation. This is given that Ramssol is able to benefit from: i) continuous upgrade and

further digitalisation of customers' HCM systems, and ii) system maintenance works.

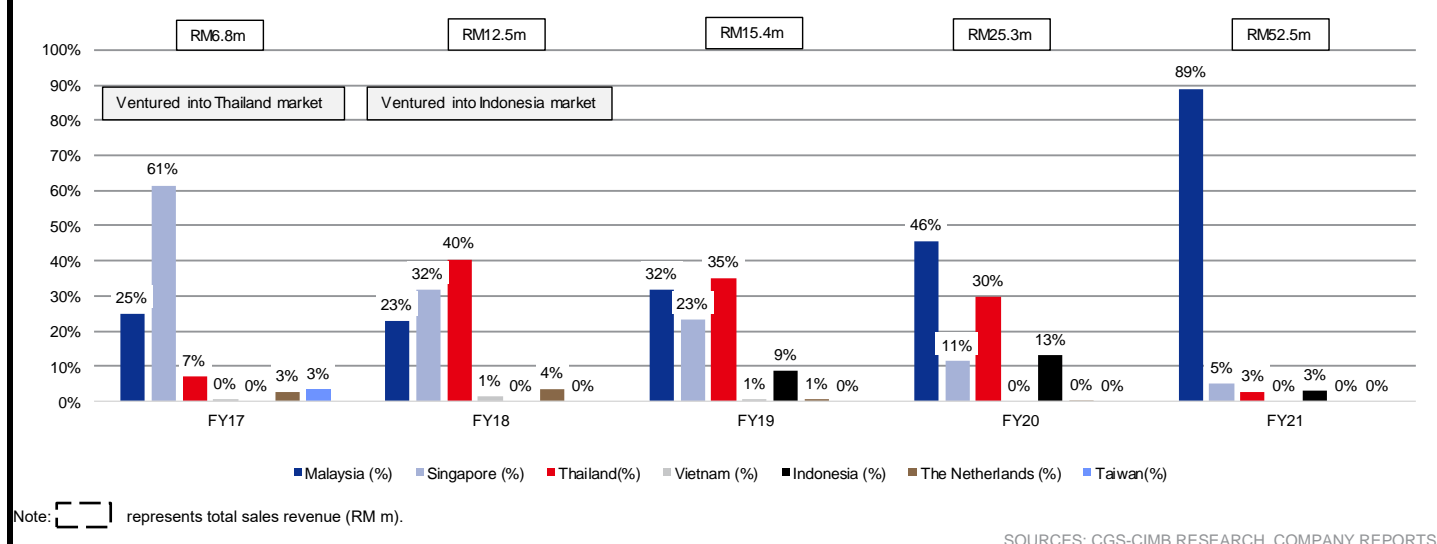
In addition, Ramssol stated that it has R&D capabilities that allow it to develop in-house technology solutions: Feet's and Profile.La. Note that, sales of its in-house technology solutions are minimal (we estimate to be less than 5% of FY21 revenue) at this juncture but we believe they are estimated to fetch higher margins compared to reselling third-party technology solutions.

Leveraging its regional presence and further expansion into more Southeast Asian countries ➤

While Ramssol's headquarters are located in Malaysia, the company currently has operations in a number of Southeast Asia countries, including Singapore, Indonesia, Thailand, Vietnam, etc. This allows the group to undertake regional projects especially for larger-scale customers (global and multinational corporations [MNCs] customers) that have operations in various Southeast Asian countries. Going forward, we believe the company may look to expand its Southeast Asia footprint into more new markets. We gather from its IPO prospectus that a new export market it aims to venture into is the Philippines, with no firm timeline provided at this juncture (we have yet to input any contribution from the Philippines at this point).

Currently, Ramssol's Feet's app is only available in Malaysia and Indonesia as the company is working on expanding its user base in both countries. In FY22, the company aims to expand the availability of Feet's and Lark to Thailand, Vietnam and Singapore. Given its existing presence in these markets (Oracle HCM solutions provider), we believe that Ramssol will be able to grow Lark and Feet's sales rapidly.

Figure 5: Sales breakdown by country (%)



Proven track record with extensive experience ➤

Since the business was founded in 2010, Ramssol has provided HCM and student management solutions to many notable local and foreign organisations including large enterprises, government-linked companies, MNCs, conglomerates and government agencies, as well as educational institutions in Southeast Asia. These end-users may have businesses across multiple industries and/or presence in multiple countries. Besides the countries in which Ramssol has a presence, the group has also been involved in HCM solution projects in the Philippines, Taiwan, Hong Kong, Japan, Australia and New Zealand, as some of its existing customers have offices or projects in these countries and requested that Ramssol extend its HCM solutions coverage to these countries (based on its IPO prospectus).

Figure 6: Ramssol's HCM solutions clientele



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: List of Ramssol's coverage of its major customers across Southeast Asia

Major customers	Country	% of total revenue					Length of business relationship (years) (2)
		FY17	FY18	FY19	FY20	FY21	
Megatech	Malaysia				35.6%	29.9%	2
Export Import Bank of Thailand	Thailand			10.5%	14.9%		2
CapitaLand Business Services Pte Ltd	Singapore		9.3%	15.3%	8.3%		3
Bank of Ayudhya Public Co., Ltd	Thailand				6.4%		2
PT Sigma Solusi Integrasi	Indonesia				4.6%		1
Company A	N/A					16.3%	1
Company B	Malaysia			13.1%			3
CV Surya Mandiri	Indonesia			8.4%			3
Company C	Malaysia			8.1%			7
P.R. Recruitment and Business Management Co Ltd	Thailand		27.4%				3
RHB Bank Berhad	Malaysia	15.0%	16.1%				6
CapitaLand Limited	Singapore	31.0%	8.0%				9
ThaiFoods Group Public Company Limited	Thailand		7.2%				4
CapitaLand Singapore BP&C Pte Ltd	Singapore	13.0%					6
National University of Singapore	Singapore	5.3%					6
Paramount Corporation Berhad	Malaysia	4.6%					5
Sub-total (%)		68.9%	67.9%	55.4%	69.8%	46.2%	
Total revenue (RM m)		6.8	12.5	15.4	25.3	52.5	

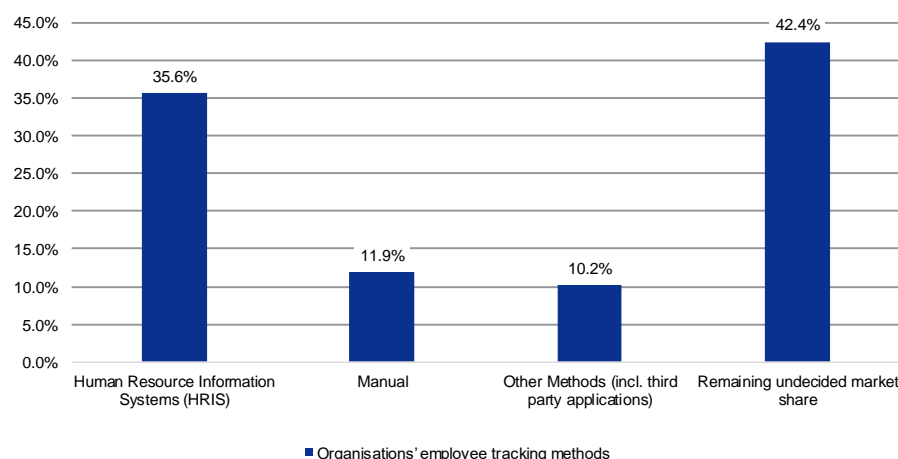
Note: As Ramssol only established RAMS EDUTECH on Mar 2022, Megatech's FY20-21 revenue is still recognized under HRTECH segment category.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Growing importance of employee engagement and happiness to drive demand for HCM technological applications ➤

With the growing digitalisation trend, there is a growing need for HCM technology applications, especially to monitor and manage employee well-being. Employee well-being has recently become one of the key emerging environmental, social and governance (ESG) issues for companies. According to Martina Cheung, president at analytics firm S&P Global Market Intelligence, the mental and physical health of employees is becoming a key issue as part of the 'S' pillar in ESG, as companies consider business risks of not taking good care of their staff (based on articles from ESG News in 2021).

In our view, this bodes well for Ramssol as it should lead to higher demand for HCM technology applications. This includes Feet's, its employee engagement application, as companies place more emphasis on employee engagement and their wellbeing. We note that Deloitte research data show 35.6% of organisations integrate technology into their Human Resource Information Systems (HRIS) to track their employees' wellbeing and performance. Only 11.9% do so manually, while 10.2% use other methods, such as using third party applications. There is still a large percentage of 42.4% potential market share still left undecided. We think most employers would demand for more automated HCM technology applications and thus, Ramssol is poised to gain market share in the HCM segment.

Figure 8: Organisations' employee tracking methods


SOURCES: CGS-CIMB RESEARCH, DELOITTE DATA

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-remote-work-the-road-to-the-future.pdf>

A news article by Business Today highlighted that Feet's was shortlisted as one of the top 7 regional Human Capital Management (HCM) Point Solution Vendors in the Asia/Pacific and Japan region in a report by Gartner, Inc. On top of that, our channel checks indicate that every user/account for Feet's is also entitled to a Zoom account.

Darwinbox: Ideal product to target digitalisation of SMEs ►

Going forward, Ramssol sees strong potential from the growing demand for HCM solutions, especially for SME businesses. This is given the rising digitalisation trend among smaller size companies, especially to automate day-to-day HR processes and increase efficiency.

In Feb 22, Ramssol was appointed by Darwinbox, a multi-billion dollar HMC company in India as an exclusive reseller in Malaysia. Founded in Aug 2015, Darwinbox is a leading provider of cloud-based Human Resources Management Software (HRMS) that was developed in Asia. Its products are used by more than 650 enterprises across 90 countries. It was also recently awarded the #1 Customer Choice award for HR Management Software by Gartner.

Figure 9: Pricing comparison between selected HR software providers

HCM software providers	Pricing (per employee)
Darwinbox	Starts at US\$8.00 per month
SAP Success Factors	Starts at US\$6.30 per month
Oracle HCM Workforce Management	Starts at US\$13.00 per month
Workday HCM	Starts at US\$100.00 per year (US\$8.33 per month)
Attendays HR Suite	Starts at US\$800.00 per year (US\$66.67 per month)
Avanti	Starts at US\$15.00 per month
Benefiz	Starts at US\$23.00 per month
BizyHR	Starts at US\$9.00 per month
Bamboo HR	Starts at US\$5.25 per month
Cube HRM	Starts at US\$100.00 per year (US\$8.33 per month)
Dynamics 365 Human Resources	Starts at US\$120.00 per month
Rippling	Starts at US\$8.00 per month
Gusto	Starts at US\$40.00 per month
Freshteam	Starts at US\$1.20 per month
Goco HCM Software	Starts at US\$5.00 per month

SOURCES: CGS-CIMB RESEARCH, SOFTWARE TESTING HELP WEBSITE, CAPTERRA HR PRICING GUIDE

Based on our channel checks, Oracle HCM solutions mainly cater to larger corporations and have higher price points. With Darwinbox, Ramssol is able to

target customers in the SME category given its more affordable price points (albeit with lower margins). In our view, this will allow Ramssol to tap into the rising digitalisation trend among ASEAN SMEs, which make up 97% of overall business establishments in the region, according to Asian Development Bank in a media article published by Tempo.co in Apr 2022.

Figure 10: GDP of SME by country in ASEAN (US\$ bn) is generally growing, showing potential for greater SME digitalisation

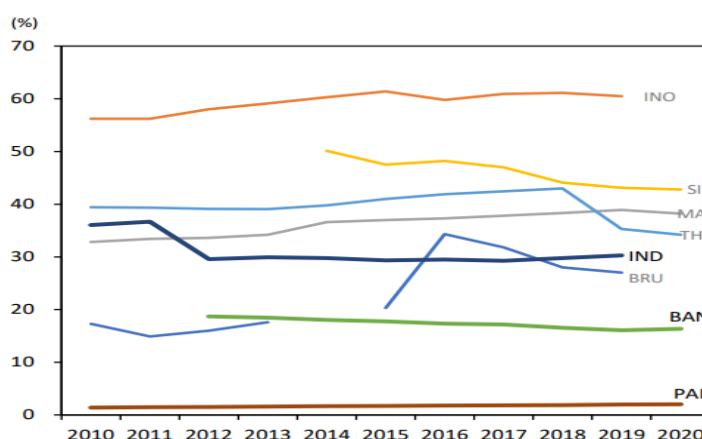
Country	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Brunei Darussalam	-	2.5	2.7	3.1	3.1	-	3.4	3.0	3.2	4.7	-
Indonesia	-	330.3	376.2	446.9	399.5	437.3	451.5	521.7	577.2	592.1	-
Malaysia	80.4	96.7	100.7	110.9	110.0	117.2	101.4	102.2	120.9	126.1	-
Singapore	-	-	-	-	-	136.2	128.0	130.7	149.6	149.5	153.7
Thailand	115.8	141.2	140.3	157.7	153.7	159.6	156.0	170.2	200.7	216.1	-
Yoy growth (%)											
Brunei Darussalam		6.6%	16.6%	0.8%			(9.5%)	4.8%	48.6%		
Indonesia		13.9%	18.8%	(10.6%)	9.5%	3.2%	15.5%	10.6%	2.6%		
Malaysia	20.3%	4.1%	10.1%	(0.8%)	6.6%	(13.5%)	0.9%	18.3%	4.3%		
Singapore						(6.0%)	2.1%	14.5%	(0.1%)	2.8%	
Thailand	22.0%	(0.7%)	12.4%	(2.5%)	3.8%	(2.2%)	9.1%	17.9%	7.7%		

Note: No data available for Cambodia, Vietnam, Myanmar and Philippines.

SOURCES: CGS-CIMB RESEARCH, ASIAN DEVELOPMENT BANK DATA

Website: <https://www.adb.org/sites/default/files/publication/646146/asia-sme-monitor-2020-volume-1.pdf>

Figure 11: Small and medium enterprise contribution to GDP



Note: BAN = Bangladesh; BRU = Brunei Darussalam; IND = India; INO = Indonesia; MAL = Malaysia; PAK = Pakistan; SIN = Singapore; THA = Thailand. For Pakistan, small manufacturing only.

SOURCES: CGS-CIMB RESEARCH, ASIAN DEVELOPMENT BANK DATA

<https://events.development.asia/system/files/materials/2021/12/202112-trends-and-challenges-msme-development-and-access-finance-south-asia-key-findings-asia-sme.pdf>

EDUTECH – A growth driver for the company ➤

Going forward, Ramssol views educational technology (EDUTECH) as a key growth driver. We believe that this new business pillar is synergistic as Ramssol will be able to tap into its existing clientele pool to market its training offerings while marketing its HCM solutions to clients acquired via its training courses.

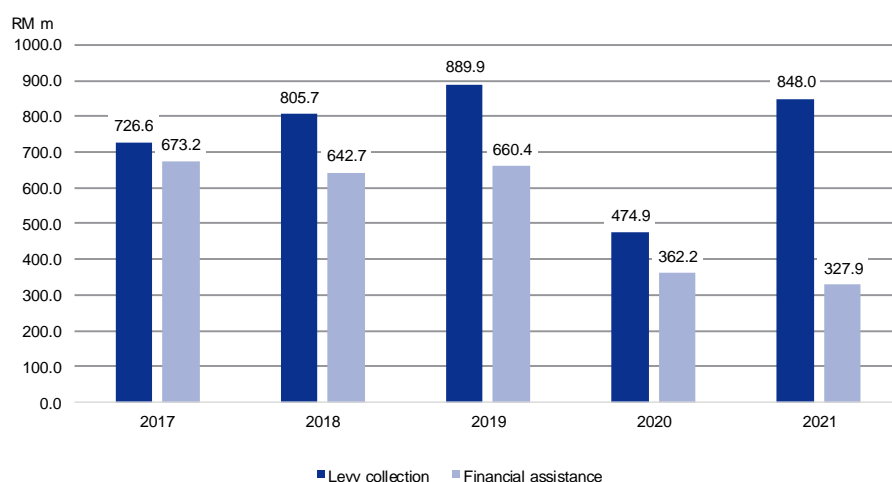
1) Tapping onto HRD CORP

The company has been a registered training provider under Human Resource Development Corp (HRDC) since 2021, offering more than 40 training courses (mainly focused on upskilling the general workforce).

Going forward, we believe it is likely to further tap into HRDC's allocation for training courses as companies can apply for funds from the corporation to enroll their workers in upskilling courses. In addition, the levy collected by HRDC has now expanded to all companies beyond mining, manufacturing and services sectors effective Jun 22. HRD Corp expects its levy collection will increase by 3x

vs. the amount collected in 2019 (RM900m). Note that all employers (across all sectors) in Malaysia with 10 or more Malaysian employees are required to register with the Human Resources Development Fund (HRDF) and pay a monthly levy amounting to 1% of the total monthly wages of its employees (based on HRDF's annual report).

Figure 12: HRDC's Approved Financial Assistance and Levy Collection from 2017 to 2021



SOURCES: CGS-CIMB RESEARCH, HRDC ANNUAL REPORT 2021

2) Tapping onto ELMU V Sdn Bhd

In Dec 21, The Group entered into a two-year agreement with ELMU V Sdn Bhd to exclusively market training courses on Legal Framework, Corporate Liability, Corruption Risk Management and Organisational Anti-Corruption Plan courses (namely the EXCEL programme) which are run by the Malaysian Anti-Corruption Academy (MACA). Note that EMLU is the strategic partner of MACA to provide understanding and knowledge to participants in safeguarding their business against corruption. Under the agreement, Ramssol will leverage its position as a human capital management solutions provider in Southeast Asia to advertise, market, promote and sell the training courses (conducted by EMLU V in collaboration with MACA) in the region.

We gathered from recent media reports in malaysiakini that the Special Cabinet Committee on Anti-Corruption will make the Integrity and Anti-Corruption Course compulsory at all higher learning institutions (IPTs) from next year (2023). Ramssol expects to benefit from the strong potential demand from all local universities (480 nationwide) for anti-corruption related courses. In addition, the company has several collaborations to drive growth in this segment, summarised below:

- Since Aug 20, Ramssol via an agreement with Megatech, provided IT training to retrenched or unemployed Malaysians under the Malaysian Government's Ministry of Human Resource's Penjana Kerjaya Programme (PENJANA).
- Ramssol announced a partnership with AI-firm Laiye (an Artificial Intelligence Robotic Process Automation (AI-RPA) firm) to be its first authorised training partner for intelligent automation technology across Southeast Asia to bring Robotic Process Automation (RPA) skills to build a future-ready workforce.
- The company also signed a two-year partnership with Impiana Hotels Bhd to provide Human Resources Development Corp (HRDC)-certified training programmes to support the Malaysian economy through upskilling and reskilling of the workforce. Participants were provided full access to the Feet's app for a year.

Forecasting 3-year CAGR net profit growth of 10.2% ➤

We forecast a 3-year core net profit CAGR of 10.2% over FY21-24F, underpinned by a revenue CAGR of 11.8%. This will mainly be driven by steady topline growth from the HRTECH division as well as growing contribution from its EDUTECH division. Note that we expect Ramssol to post a dip in margins in FY22 from its HRTECH division, owing to anticipation of higher sales of Darwinbox (have lower margins from more competitive pricing as Ramssol's target market for this product are SME businesses). However, we still expect overall margin expansion for Ramssol on the back of: i) higher contribution from EDUTECH (high-margin segment), and ii) lower marketing expenses.

On a side note, we are expecting a dip in FY22F results (-0.5% yoy in revenue and -20.1% yoy in core net profit. This is a result of expectations of lower contribution from HRTECH as a result of completion of major projects in FY20-21.

Figure 13: Key assumption table

	FY20	FY21	FY22F	FY23F	FY24F
Revenue (i + ii)	25.3	52.5	52.3	63.1	73.3
Growth (%)	N/A	107.4%	(0.5%)	20.6%	16.3%
(i) HRTECH	24.9	52.4	50.9	57.5	65.1
Growth (%)	N/A	110.3%	(2.9%)	13.1%	13.2%
Provision of HCM and student management solutions	15.3	37.6	40.4	46.5	53.4
Growth (%)	N/A	144.8%	7.5%	15.0%	15.0%
Provision of IT staff augmentation services	0.9	0.3	0.3	0.4	0.4
Growth (%)	N/A	(71.1%)	15.0%	25.0%	20.0%
Provision of HCM technology applications	8.7	14.5	10.2	10.7	11.2
Growth (%)	N/A	67.4%	(30.0%)	5.0%	5.0%
(ii) EDUTECH	0.4	0.2	1.4	5.6	8.2
Growth (%)	N/A	(63.1%)	806.2%	290.5%	48.4%
Provision of IT related training	0.4	0.2	0.2	0.2	0.2
Growth (%)	N/A	(63.1%)	10.0%	5.0%	0.0%
Laiye	0.0	0.0	0.3	0.4	0.6
Growth (%)	N/A	N/A	N/A	50.0%	50.0%
HRDC	0.0	0.0	0.0	0.0	0.0
Growth (%)	N/A	N/A	N/A	N/A	N/A
ELMU V S/B	0.0	0.0	0.0	3.5	5.3
Growth (%)	N/A	N/A	N/A	#DIV/0!	50.0%
Others	0.0	0.0	1.0	1.5	2.3
Growth (%)	N/A	N/A	N/A	50.0%	50.0%
Gross profit (i + ii)	15.3	27.5	26.4	32.8	38.7
Growth (%)	N/A	79.1%	(3.8%)	23.9%	18.1%
Margin (%)	60.6%	52.3%	50.5%	51.9%	52.8%
(i) HRTECH	15.0	27.5	25.8	30.3	35.0
Growth (%)	N/A	83.4%	(6.1%)	17.5%	15.3%
Margin (%)	60.2%	52.5%	50.8%	52.8%	53.8%
(ii) EDUTECH	0.4	0.0	0.6	2.4	3.7
Growth (%)	N/A	N/A	N/A	295.1%	53.5%
Margin (%)	84.0%	0.0%	43.0%	43.5%	45.0%
EBITDA profit	8.3	6.7	7.1	10.2	12.8
EBITDA margin (%)	32.8%	12.7%	13.5%	16.2%	17.5%
Margin growth (%)	N/A	(20.1%)	0.8%	2.6%	1.3%
Core net profit	7.6	8.9	7.1	10.2	11.9
Core net profit margin (%)	30.0%	16.9%	13.6%	16.2%	16.2%
Margin growth (%)	N/A	(13.1%)	(3.3%)	2.6%	0.0%

Note: Core net profit is after counting for one-off losses of RM2.1m (mainly IPO expenses of RM1.9m and inventories written off of RM0.2m).

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

INDUSTRY OUTLOOK

Industry driver 1: HCM solutions (Ramssol's largest revenue contributor) ➤

Globally, the HCM solutions industry can be divided into HCM software and HCM services, which focus on enhancing HR functions (automation, streamlining, integrating and centralising HR data).

1) HCM software

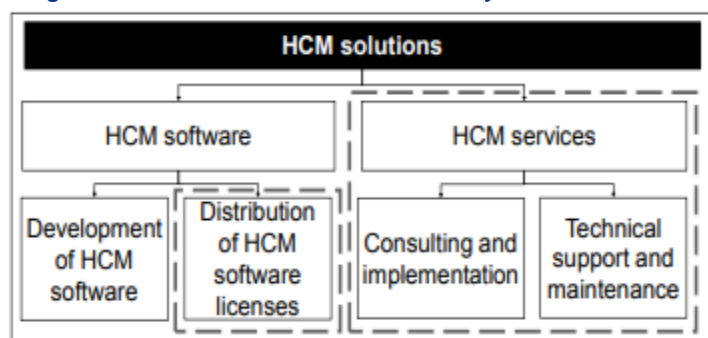
Collection of IT applications to help in the automation and streamlining of HR functions and processes. It comprises various modules in multiple aspects of HR management such as payroll processing, talent recruiting and onboarding, employee performance review, and attendance and leave management. HCM software is developed by HCM software vendors and distributed in the form of user licences.


2) HCM services

Consists of consulting, implementation, technical support and maintenance of HCM software. This aims to facilitate the adoption of HCM solutions by organisations, which can be segmented into two categories.

- **Consulting and implementation** - Consulting involves assessing, analysing, restructuring and reengineering an organisation's HR policies and procedures, in accordance with their HR management objectives and budget.
- **Technical support and maintenance** - Assisting organisations with technical issues and providing regular maintenance such as HCM software updates that include the latest HR policies and procedures.

Figure 14: Segmentation of the HCM solutions industry



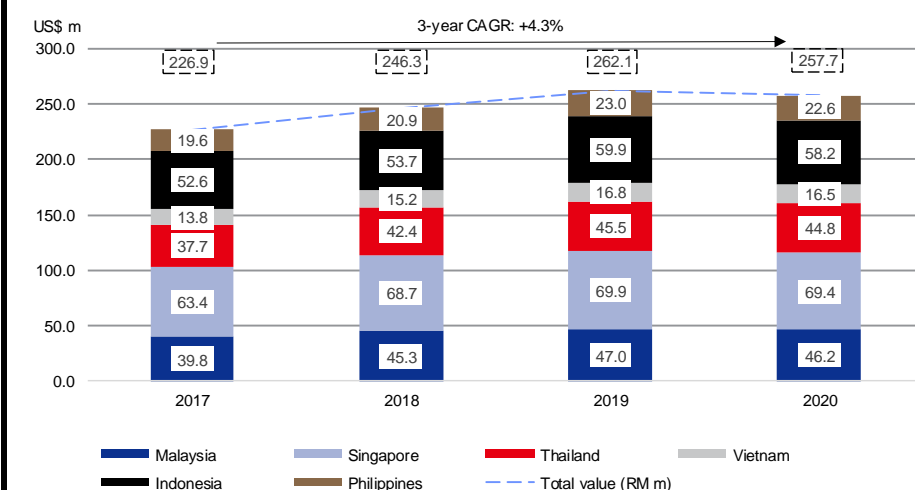
Note:  denotes the segments in which Ramssol Group is involved.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, SMITH ZANDER ANALYSIS

Ramssol is a full provider of HCM services, as well as a distributor of HCM software licences to its clients, though it does not develop HCM software. Among HCM software developers, ORACLE, SAP and Workday are the most comparable in terms of cost and functionality.

1.1 Market size for HCM solutions ➤

The HCM solutions industry is measured in terms of sales revenue from HCM software licences, consulting and implementation services, and technical support and maintenance services. Looking at the countries that Ramssol has exposure to, the size of the HCM solutions industry in these countries grew from a cumulative US\$226.9m (RM975.7m) in 2017 to US\$257.7m (RM1.1bn) in 2020 at a CAGR of 4.3%. Note that, the industry value is based on sales revenue from the provision of HCM solutions from Oracle, SAP and Workday.

Figure 15: HCM solutions industry sales revenue in selected markets, 2017-2020


Note: [] represents total sales revenue (RM m).

- (1) The industry size is computed based on sales revenue from the provision of HCM solutions using Oracle Corporation ("Oracle"), SAP SE ("SAP") and Workday, Inc. ("Workday")'s software.
- (2) HCM solutions catering to large organisations, namely Oracle, SAP and Workday's software are included in the computation of the industry size for HCM solutions in the countries involved, on the basis that they are comparable software due to the cost involved.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, QY RESEARCH, SMITH ZANDER ANALYSIS

1.2 Key industry players for HCM solutions ➤

Based on Ramssol's segmental revenue (FY20) derived from the provision of HCM and student management solutions, Ramssol is estimated by research and strategy consulting firm Smith Zander to have a market share of 1.3% in the HCM solutions industry of countries that Ramssol has market presence (comprising provision of HCM solutions using software from Oracle, SAP and Workday). This is a clear indication of the competitive nature of the HCM industry, particularly in terms of provision of HCM services. We gather that there are several key global players in the HCM solutions industry with different product and service offerings. Among the public listed companies, Ramssol faces competition from global players such as Accenture, Capgemini, HCL Technologies, Infosys, Wipro Limited and etc.

Figure 16: HCM solutions industry key players

Company name	Partnering HCM software vendors	Public listed	Principal markets
Accenture PLC	Oracle, SAP and Workday	Yes	Global
Capgemini SE	Oracle and SAP	Yes	Global
Deloitte Touche Tohmatsu Limited	Oracle, SAP and Workday	No	Global
EPI-USE Systems Limited	SAP	No	Global
Ernst & Young Global Limited	SAP	No	Global
Evolutionary Systems Pvt. Ltd. (a subsidiary of Mastek Limited)	Oracle	No	Global
HCL Technologies Limited	Oracle and SAP	Yes	Global
Infosys Limited	Oracle and SAP	Yes	Global
International Business Machines Corporation	Oracle, SAP and Workday	Yes	Global
KPMG International Limited	Oracle, SAP and Workday	No	Global
NTT DATA Business Solutions Malaysia Sdn Bhd	SAP	No	Malaysia/Singapore
PricewaterhouseCoopers International Limited	Oracle, SAP and Workday	No	Global
Ramssol Group	Oracle	-	Malaysia/Singapore, Thailand, Vietnam and Indonesia
Rolling Arrays Consulting Pte. Ltd.	SAP	No	Asia Pacific and Middle East regions
Rizing LLC	SAP	No	Global
Tech Mahindra Limited	Oracle and SAP	Yes	Global
Wipro Limited	Oracle and SAP	Yes	Global
4i Apps Solutions Private Limited	Oracle	No	Global

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, SMITH ZANDER ANALYSIS

1.3 Key drivers for demand of HCM solutions ➤

Going forward, demand for HCM solutions is expected by Smith Zander to be driven by:

- **The digitalisation of HR functions driving higher demand for HCM solutions** as the size of an organisation's workforce grows in tandem with business expansion and more labour is required to support growing business operations. With HCM solutions becoming more digitalised, employers are able to gain insight and overview on the value of employees to the organisation in a thorough manner at any point in time. This enables employers to align their talent strategies with overall business strategies to ensure that the growth of the company and their employees/workforce are sustainable.
- **HCM solutions are equipped with data analytics which enable organisations to gain insight into workforce trends** such as employee performance and engagement, employee needs, and attrition and retention rates. This will encourage the usage of HCM solutions to boost the overall organisation's efficiency and effectiveness.
- **Ability to identify possible future trends of their HR workforce.** This allows companies to plan ahead for their talent development and management strategies to ensure their HR can support the financial and operational growth of the organisation.

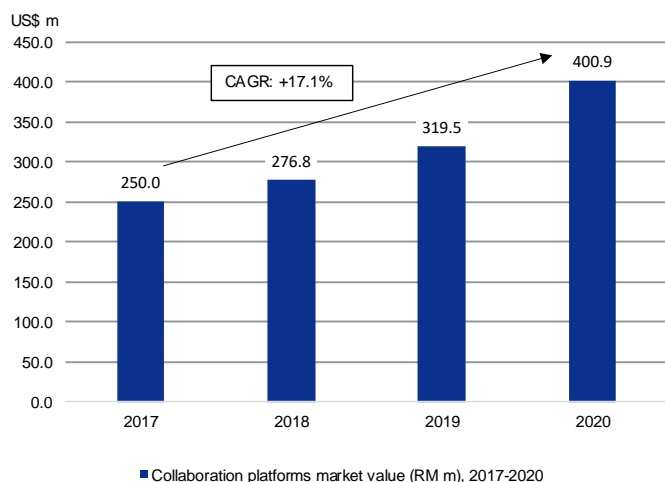
Industry driver 2: Employee engagement and collaboration platform industry ➤

Employee engagement and collaboration platforms are growing more important for organisations to connect and engage with employees, coupled with encouraging communication among employees. The need for these platforms has been further exacerbated by the Covid-19 pandemic leading to more hybrid and/or remote working concepts. These platforms help to promote relationships among workers, and build a better work environment. With various communication channels available in the market today, collaboration platforms are able to offer companies a single platform that integrates multiple communication tools, and other collaborative tools. This has also seen strong demand from the education sector, with students and teachers using this system to conduct online classes.

2.1 Market size for employee engagement and collaboration platform ➤

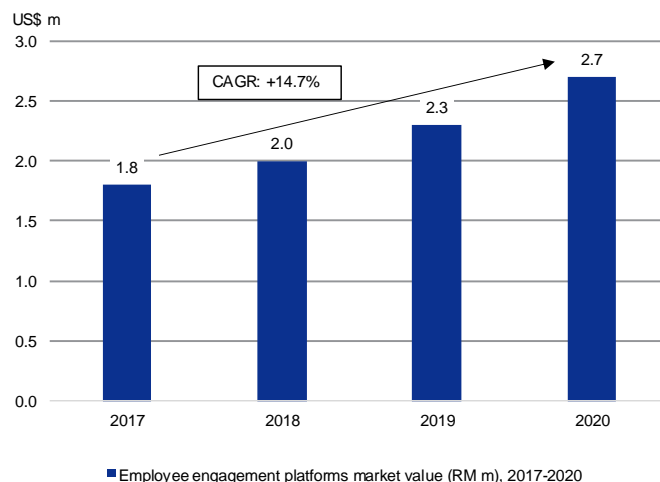
Based on countries where Ramssol has a presence, the total value of employee engagement platform market was valued at RM7.6m (US\$1.8m) in 2017, growing by a 3-year CAGR of 14.7% to RM11.2m (US\$2.7m) in 2020. On the other hand, the total value of collaboration platform market was valued at US\$250.0m (RM1.1bn) in 2017, growing at a 3-year CAGR of 17.1% to US\$400.9m (RM1.7bn) in 2020 (market size is based on industrial sales revenue as calculated by Smith Zander). Note that, Ramssol has in its portfolio its own in-house employee engagement application Feet's, as well as third-party apps such as Lark and Zoom since 2020.

Figure 17: Collaboration platforms market value (RM m), 2017-2020



SOURCES: CGS-CIMB RESEARCH, SMITH ZANDER ANALYSIS

Figure 18: Employee engagement platforms market value (RM m), 2017-2020



SOURCES: CGS-CIMB RESEARCH, SMITH ZANDER ANALYSIS

In 2020, the collective market size of employee engagement platforms and collaboration platforms was valued at US\$403.6m (RM1.7bn) by Smith Zander. This implies Ramssol's market share across the five ASEAN countries stood at 0.51% in 2020.

2.2 Key drivers of demand for employee engagement and collaboration platform solutions ➤

Going forward, demand for employee engagement and collaboration platforms is expected to rise further, according to Smith Zander. This will be driven by:

- **Gamification accelerates proactive interaction and participation to encourage employee engagement.** As such, data can be collected continuously and on a real-time basis compared to the traditional employee surveys conducted periodically and on a need-to basis. Employers can obtain real-time updates of employees' work sentiment and behaviour, thus giving them the ability to make data-driven decisions and improve the organisation's overall efficiency and effectiveness.
- **The need for platforms to improve productivity and facilitate workplace digital transformations grows** as businesses expand, thus driving higher demand for employee engagement and collaboration platforms.

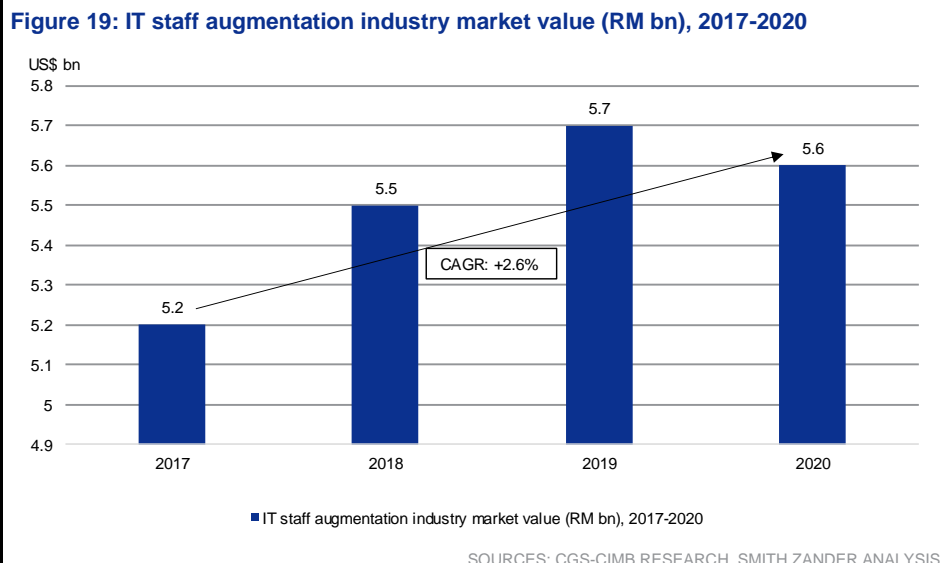
Industry driver 3: IT staff augmentation industry ➤

IT staff augmentation is an outsourcing engagement service offered by IT solutions and service providers to organisations who want to hire IT personnel or a team of IT personnel with specific IT skillsets for a fixed contractual period for predetermined assigned projects or to meet specific business needs. IT solution and service providers have internal talent databases, industry networks, technical IT knowledge, IT recruitment market knowledge and dedicated resources to handle the tedious and time-consuming recruitment process such as reviewing applications, conducting pre-employment screenings, and assessing and shortlisting candidates, on behalf of their customers.

3.1: Market size of the IT staff augmentation industry ➤

The size of the IT staff augmentation industry in the countries (in terms of sales revenue) where Ramssol has exposure, grew from US\$5.2bn (RM22.5bn) in 2017 to US\$5.6bn (RM23.7bn) in 2020, at a CAGR of 2.6% (market size is based on industrial sales revenue as calculated by Smith Zander). It is estimated

by Smith Zander that Ramssol had minimal market share of 0.004-0.01% over 2017-2020.



3.2 Key drivers of demand for IT staff augmentation services ➤

Going forward, demand for IT staff augmentation services will be driven by:

- **Digitalisation transformation in businesses globally led to demand for ad-hoc IT personnel with specialised skillsets.** For example, organisations leverage technology to enhance business and operational processes. However, many organisations may not have in-house IT teams or the required IT personnel with specialised skillsets to support all ad-hoc IT projects. As a result, they need IT staff augmentation services that provide organisations with access to dedicated skilled IT personnel for specific projects, which reduces the need to maintain full-time employees after the completion of the IT project.
- **Engaging IT staff augmentation services is ideal to minimise disruptions to daily HR operations** (for a small HR team) and speed up the project staffing process. This allows the HR team to reduce time spent on recruiting for ad-hoc projects and focus instead on core HR functions.

SWOT ANALYSIS

Figure 20: SWOT analysis

Strengths	Opportunities
Malaysia's leading human capital management (HCM) and technology provider	Expansion of the regional presence (especially Philippines) and subscriber base (Feet's and Lark) in Southeast Asia
Strong management team	R&D on the enhancement of Feet's and development of bolt-on modules for HCM solutions
Proven track record in operations	Increase cost efficiency
10 years of experience in HCM solutions and technology business	Increase in the sale of software licenses from large organisations
Weaknesses	Threats
Dependent on software vendors for the implementation of HCM and student management solutions and reselling of Lark	Financial risk exposure on the back of project-based and contract-based nature of business and the timing of delivery
Dependent on current directors and key senior management team	Exposure to sudden disruptions caused by serious pandemic and epidemic outbreaks
High turnover costs on team of consultants for the provision of HCM and student management solutions	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Strengths: In 2020, Ramssol was Malaysia's leading human capital management (HCM) and technology provider. Today, with headquarters in Malaysia, Ramssol has successfully grown its presence (establishing overseas sales offices) in Singapore, Thailand, Indonesia and Vietnam. With its ongoing expansion plans, we expect Ramssol to potentially grow into one of the significant human capital management players in Malaysia. In addition, we believe that Ramssol is led by a strong management team, which has in-depth industry knowledge, technical know-how and experience in HCM technology and solutions. Another strength is its R&D ability, which allows it to develop a strong portfolio of technological products to cater to a wider customer group and preferences.

Opportunities: We like Ramssol for its growth plans, in terms of expanding its regional presence in Southeast Asia (especially into the Philippines) and enlarging the subscriber base of Feet's and Lark (supported by strong R&D activities). This allows Ramssol to capture a larger market share in the global HCM market while launching new technological products to cater to changing consumer preferences and keeping up with market trends. Also, we see opportunities for Ramssol to grow its sales of software licences from large organisations, especially in the Southeast Asia region. In our view, these markets have strong growth potential given the higher demand for HCM on the back of digitalisation of HR functions and usage of data analytics.

Weaknesses: We think Ramssol's business is highly dependent on external third parties (software vendors) for the execution of HCM and student management solutions as well as the reselling of Lark as the company does not develop its own software. If there are any changes in Lark Technologies Pte Ltd's business strategy that results in the ceasing of Ramssol rights to resell, then the subsidiary, i.e. Rams Malaysia, will not be able to resell Lark and secure new subscriptions, and would lose monthly servicing fees by reselling Lark subscriptions. On the other hand, the turnover costs of retaining and attracting competent and skilled consultants may be too high for Ramssol to expand its operations.

Threats: The nature of Ramssol's business model is carried out by project and contract. Thus, revenue from the delivery of services is recognised upon the issuance of invoices based on project delivery milestones over the tenure of the project. As such, the timing of project delivery will affect billing schedules which would in turn affect revenue recognition, and may cause profit and operating cashflow to fluctuate. In addition, Ramssol's business and operations may be exposed to sudden disruptions caused by any pandemic and epidemic outbreaks that would result in less business activities.

KEY RISKS

Potential infringement on its/third-party intellectual property rights ➤

Ramssol retains the ownership rights of Feet's, which was launched in Malaysia in Mar 2019. On 12 Nov 2019, the company submitted a patent application to the Intellectual Property Corporation of Malaysia in relation to Feet's technology in Malaysia. However, there is no guarantee that the intellectual property rights will adequately protect against any external infringement of Feet's. In the development of Feet's, including all ongoing enhancements and modifications, there is also the possibility that the company could inadvertently infringe on intellectual property rights held by third-party(s). This would result in the risk of the third party challenging Ramssol on intellectual property rights or taking legal action against the company.

Competition from other solutions providers and software vendors ➤

Organisations and educational institutions that are the end users of HCM and student management solutions, respectively, may engage other HCM and student management solution providers. For example, institutions that utilise and/or want to utilise Oracle's HR solutions can engage other resellers or software vendors that are also registered as Oracle PartnerNetwork (OPN) members with Oracle Corp. Hence, Ramssol could face competition from these solution providers and software vendors in HCM and student management solutions. As at Jun 2021, there were 186 OPN members in Malaysia, 162 OPN members in Singapore, 120 OPN members in Thailand, 110 OPN members in Indonesia, and 97 OPN members in Vietnam.

Potential security breaches for its in-house and third-party HCM technology applications ➤

Ramssol subscribers' personal information and all data generated from Feet's are stored on a third-party cloud platform which is exposed to external security threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches which include unauthorised access to restricted information by employees. On the other hand, in February 2020, Rams Malaysia began to resell Lark, a third-party collaboration platform in Asia Pacific (including Japan and excluding Mainland China). Ramssol does not own Lark and subscribers' information are stored in Lark's database. In the event of security breaches at Lark and Feet's, and subscribers' information is leaked to unauthorised parties, as a reseller, Ramssol's reputation and relationship with subscribers may be adversely affected. Further, it may also lead to loss of subscribers' confidence in Ramssol which would adversely impact the reputation of the industry.

Loss of MSC status ➤

Rams Malaysia was granted Malaysia Status Company (MSC) status on 10 Nov 2014, which was further renewed in 2019 for another 5 years. All MSC Malaysia status companies are granted certain financial and non-financial incentives. At this juncture, there is no guarantee that the incentives will not be changed in the future. All of this could have an adverse impact on Ramssol's financial performance.

Dependency on software vendors/non-renewal of relationships with third-party suppliers ➤

Ramssol is an HCM solutions and technology specialist that provides HCM and student management solutions using third-party software developed by software vendors. As the company's own software customer base is still relatively small, Ramssol is mostly dependent on software vendors to implement HCM and student management solutions. Under HCM technology applications, the company is also dependent on Lark Technologies Pte Ltd, the software vendor, for sales of Lark. If there are any changes in reselling distributorship that results in the ceasing of the rights to resell, this would severely affect Ramssol's operations.

Dependent on key senior management ➤

Ramssol is largely dependent on continued contribution of extensive industry knowledge from Chief Executive Officer, Datuk Seri Tan Chee Seng and Chief Operating Officer, Lee Miew Lan. Further, the company is dependent on key senior management personnel who have expertise in different areas to ensure smooth operation of the business. As such, the loss of any Directors and key senior management simultaneously or within a short period may have an adverse impact on operations and future growth of the business.

Trademark issues ➤

Certain Ramssol's trademark applications are currently pending approval by the relevant regulatory authorities. There is no guarantee that this will be successful, and there may be issues on the exploitation of third-party intellectual rights.

Dependent on consultants ➤

Consultants are important in Ramssol's HCM and student management solutions business. Retaining and attracting competent and skilled consultants is crucial for continued success, future business growth and expansion. Any loss of consultants and inability to find suitable replacements in a timely manner may cause disruptions to project deliverables.

High trade receivable days leading to risk of write-off of receivables ➤

In its latest FY21 annual report, we note that its average trade receivables days were relatively high at 163 days in FY21 (FY20: 113 days). As per our channel checks, this could be mainly due to the nature of its business as a large proportion of its projects have milestones that when completed are billed towards the final quarter of the year. In addition, we think Ramssol has offered certain customers a longer trade receivables turnover period, especially for projects from government-linked companies or government agencies (based on its past historical trade receivables days breakdown in its annual reports). Particularly in FY21, more than 98% of trade receivables were less than 30 days past due.

Hence, we highlight that Ramssol could potentially face risks (receivable write-off) in the event that it is unable to collect payments from its customers.

Figure 21: High receivable days

Days	FY19	FY20	FY21	FY22F	FY23F	FY24F
Inventories days	0	9	0	0	0	0
Trade & other receivable days	57	191	233	233	213	203
Trade & other payable days	355	147	65	85	105	125
Cash conversion cycle (days)	-298	53	168	148	108	78
Days (average)**	FY19	FY20	FY21	FY22F	FY23F	FY24F
Inventories days	0	4	2	0	0	0
Trade & other receivable days	56	113	163	234	203	194
Trade & other payable days	200	212	62	74	89	109
Cash conversion cycle (days)	-143	-94	103	160	115	85
Note: ** Computed based on the average opening and closing balance of: i) trade receivables divided by the revenue, ii) trade payables divided by cost of sales (excluding staff costs), iii) inventory divided by cost of software licences, multiplied by the number of days in the respective financial year being 365 days.						
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS						

Credit concentration risks ➤

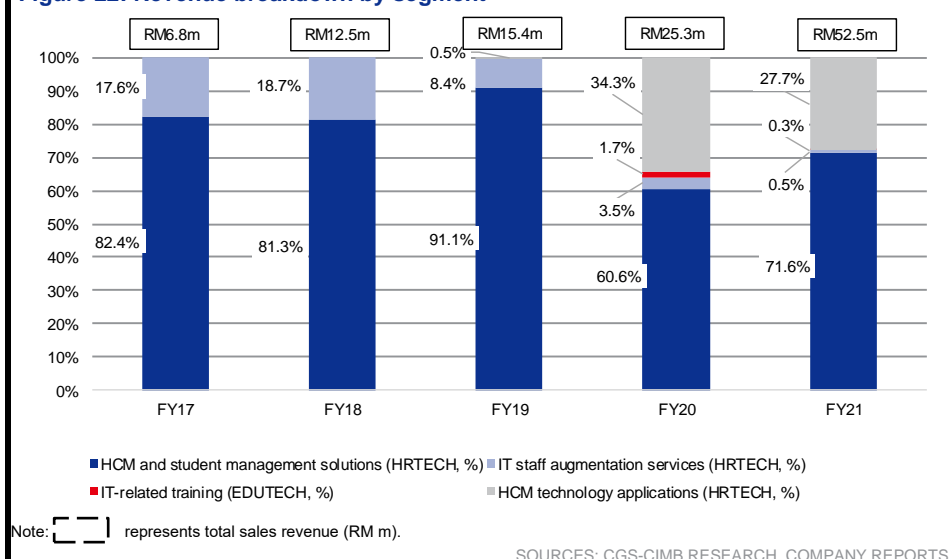
In FY17-21, Ramssol's major customers contributed 46.2-69.8% of its revenue. According to its FY21 annual report, eight clients (FY20: two) contributed approximately 93% (FY20: 70%) of its trade receivables in FY21. Hence, we think Ramssol could face major credit concentration risks.

FINANCIALS

Robust four-year revenue CAGR of 66.7% ➤

Over the FY17-21 period, Ramssol posted a four-year revenue CAGR of 66.7%, while creating yearly new highs in terms of annual revenue. This was mainly driven by strong growth from two key sub-segments from HRTECH; i) HCM and student management solutions and ii) HCM technology applications. The latter was driven by Ramssol securing distributorship of Lark from Feb 20 onwards as well as Zoom from Nov 20 onwards, which drove significant revenue contribution from this segment. This allowed Ramssol to capture strong demand for employee engagement and collaborative platforms during the Covid-19 pandemic. We understand that growth in the HCM and student management solutions segment was driven by organic growth by securing more projects from existing customers as well as new customers.

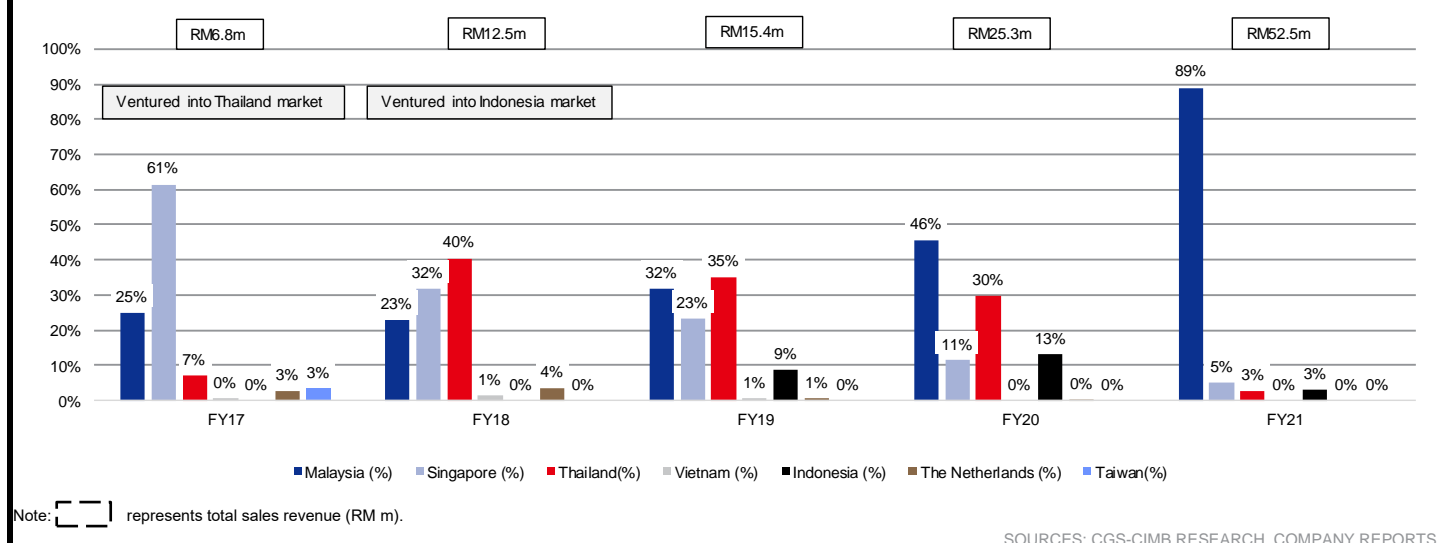
Figure 22: Revenue breakdown by segment



This is despite declining contribution from IT staff augmentation services since FY19 due to slower demand from customers from this segment as well as completion of contracts with existing customers.

Malaysia contributes large portion of its FY21 revenue ➤

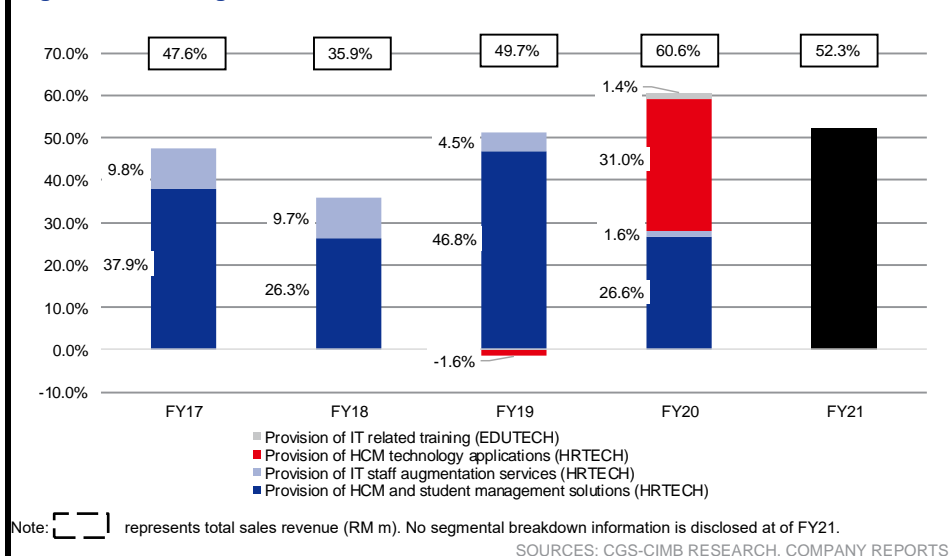
In terms of operating markets, Malaysia remains the key market for Ramssol, contributing 23.0-89.0% of its FY17-21 revenue. We also note that contribution from Singapore has been declining in terms of percentage over the years, due to completion of several HCM projects as well as lower contribution from IT augmentation services (mainly to Singapore operations). However, this has been offset by growing contribution from Malaysia, as well as from Indonesia and Thailand (up to FY20 due to the pandemic).

Figure 23: Sales breakdown by country (%)


Bulk of GP contributed from HCM and student management solutions ➤

In FY17-21, overall GP margins for Ramssol were in the range of 35.9-60.6%, reaching the peak of 60.6% in FY20. We note that GP margins in FY21 declined by 8.3% pts yoy, mainly due to higher staff cost incurred for new project implementation as well as rise in R&D costs (unable to be capitalised).

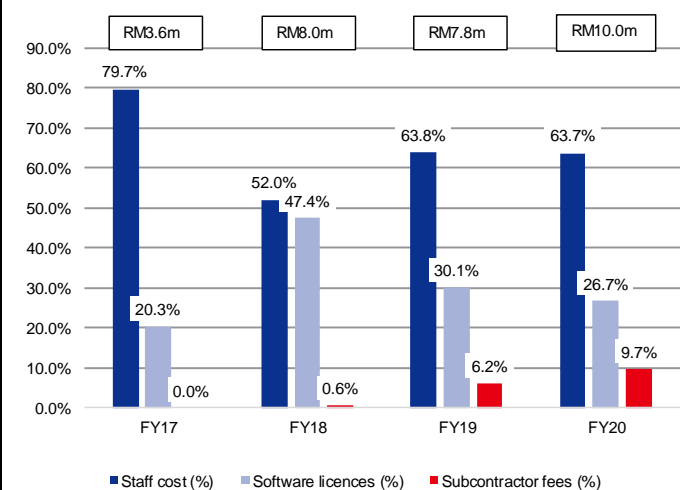
While Ramssol does not declare GP margins on a segmental basis in FY21, we looked at segmental GP margins from FY17-20 provided in its IPO prospectus. In FY20, HCM technology applications and IT-related training segments provided positive margin return at 31.0% and 1.4%, respectively. On the other hand, HCM and student management solutions segment had a lower GP margin of around 26.6% in FY20 vs. 46.8% in FY19 owing to the timing of the projects' implementation. The timing of cost of sales and revenue recognition for projects vary depending on project milestones and results. Nevertheless, we note that HCM and solutions management was still the largest contributor to Ramssol's GP margins in FY17-21.

Figure 24: GP margin breakdown


Bulk of its costs are staff-related expenses ➤

According to data provided in its IPO prospectus, staff was the biggest cost component for Ramssol at 52.0-79.7% of its total COGS (FY17-20). This is followed by software licences at 20.3-47.4% of total FY17-20 costs. Typically, cost of software licenses are incurred before the implementation of HCM solutions projects. Revenue from the resale of software licences purchased pertaining to the implementation of HCM solutions projects are recognised after meeting the project's milestones, as billings for the resale of these licences is bundled together with revenue from the implementation of HCM solutions projects. In addition, Ramssol hires subcontractors especially in the event that certain customers may require specialised expertise on an immediate basis and/or has a smaller budget (0.6-9.7% of total costs). Note that Ramssol did not declare cost breakdown on a segmental basis in FY21.

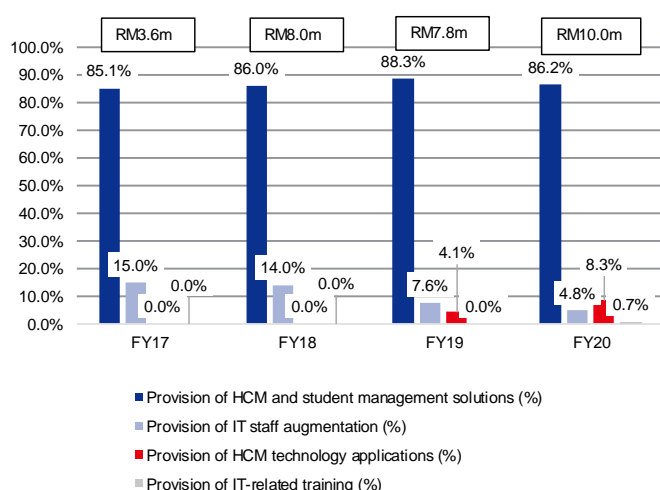
Figure 25: Cost of sales by cost item (% of total costs)



Note: [] represents total costs (RM m).

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 26: Cost of sales by business activities (% of total costs)



Note: [] represents total costs (RM m).

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Provision of HCM and student management solutions accounts for the largest component of cost of sales for business activities, which consistently constituted approximately 85.1-88.3% of total cost of sales across FY17-20. The second largest component is provision of IT staff augmentation, which accounted for about 4.8-15.0% of total cost of sales across FY17-20. As for cost of sales by geographical location in FY20, Malaysia, Singapore, Thailand, and Indonesia accounted for 24.2%, 21.0%, 41.2% and 13.6% of total costs, respectively.

Sales are mainly denominated in RM, with exposure to other regional currencies ➤

Ramssol's sales are mainly denominated in RM, with exposure to THB, SGD and IDR via its subsidiaries in these countries. We understand that Ramssol practices natural hedging (to limit exposure to currency fluctuations) as bulk of its purchases and staff costs are conducted in the local currency by each respective subsidiary. Hence, impact of currency fluctuations are minimal for Ramssol, in our view.

Figure 27: Breakdown of revenue by currencies

	FY17		FY18		FY19		FY20		FY21	
Currency	RM m	%	RM m	%	RM m	%	RM m	%	RM m	%
RM	1.7	24.9%	2.9	23.0%	6.3	40.8%	12.6	49.6%	46.7	89.0%
THB	0.5	7.1%	5.1	40.4%	5.4	35.2%	7.6	29.8%	1.5	2.8%
SGD	4.2	61.4%	4.0	31.8%	3.5	22.5%	2.8	11.2%	2.7	5.1%
US\$	0.4	6.2%	0.4	3.6%	0.1	0.6%	0.1	0.2%	0.0	0.0%
VND	0.0	0.4%	0.2	1.2%	0.1	0.6%	0.0	0.0%	0.0	0.0%
IDR	0.0	0.0%	0.0	0.0%	0.1	0.4%	2.3	9.1%	1.6	3.1%
Total revenue (RM m)	6.8	100.0%	12.5	100.0%	15.4	100.0%	25.3	100.0%	52.5	100.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 28: Breakdown of purchases by currencies

	FY17		FY18		FY19		FY20	
Currency	RM m	%	RM m	%	RM m	%	RM m	%
THB	0.3	41.0%	3.3	86.8%	2.3	81.8%	2.5	69.1%
US\$	0.0	0.0%	0.0	1.2%	0.3	10.9%	0.3	9.0%
SGD	0.3	37.9%	0.3	7.1%	0.2	7.4%	0.3	7.6%
RM	0.2	21.1%	0.2	5.0%	0.0	0.0%	0.0	0.0%
IDR	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.5	14.2%
Total purchases (RM m)	0.7	100.0%	3.8	100.0%	2.8	100.0%	3.6	100.0%

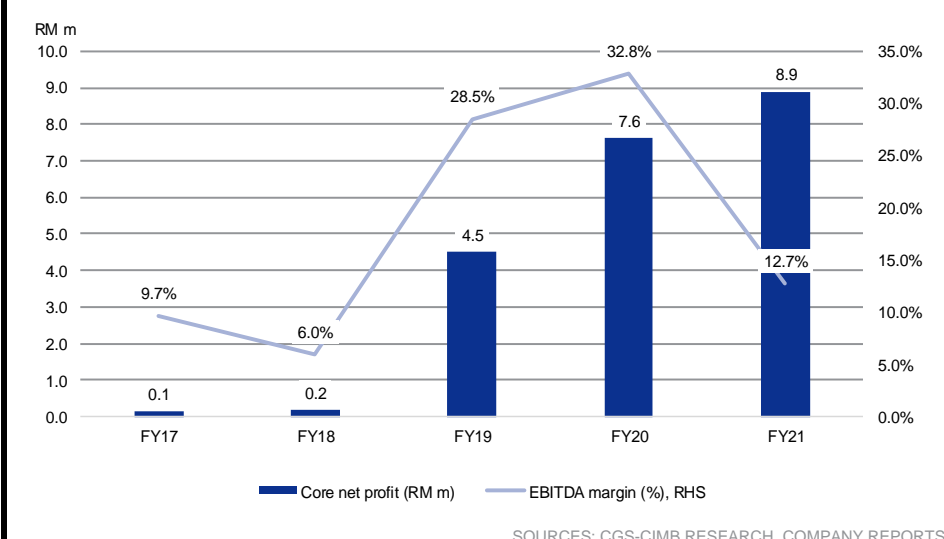
Note: No FY21 data is disclosed for this segment.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Robust 4-year EBITDA CAGR of 78.5% despite a yoy decline in FY21 EBITDA ➤

In tandem with revenue and relatively steady GP margins across FY17-21, Ramssol recorded a strong 4-year EBITDA CAGR of 78.5%. However, we note that FY21 EBITDA declined by 19.6% yoy despite +107.4% yoy growth in revenue. We attribute the lower yoy EBITDA margins in FY21 to higher staff cost incurred (hiring of more management personnel for business development purposes) and a surge in 2H21 marketing expenses to promote Feet's and Lark in its existing overseas markets.

With robust EBITDA growth across FY17-21, Ramssol posted a 4-year core net profit CAGR of 178.8%. However, FY21 net profit dipped 10.1% yoy to RM6.8m, in-line with the lower EBITDA. Nevertheless, we note that FY21 core net profit rose by 16.6% yoy to RM8.9m, after accounting for one-off losses of RM2.1m (mainly IPO expenses of RM1.9m and inventories written off of RM0.2m).

Figure 29: Core net profit and EBITDA margin


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Projecting 3-year (FY21-24F) core net profit CAGR of 10.2% ➤

We project a 3-year (FY21-24F) revenue CAGR of 11.8%, premised on: i) stronger organic demand for HCM solutions and employee engagement and collaboration platforms, ii) higher contribution from its EDUTECH division (collaboration with ELMU and more training courses with HDRC) and iii) more marketing activities across Ramssol's five operating markets.

In addition, we expect Ramssol to post a recovery in EBITDA margins across FY22-24F. This is premised by: i) higher economies of scale, ii) lower marketing expenses (incurred in 2H21) to promote its new product offerings, especially in overseas markets, and iii) decline in staff cost (to 30-32% of FY22-24F revenue) in tandem with the commencement of new projects.

Thus, we forecast Ramssol to post a core net profit CAGR of 10.2% over FY21-24F, in line with its revenue growth and recovery in operating margins. However, we forecast a 0.5% yoy decline in FY22F revenue and 20.1% yoy decline in FY22F core net profit. This is mainly owing to the completion of several large ticket projects in FY22F, leading to 30.0% yoy/2.9% yoy falls in contribution to revenue growth from the HCM technology applications/HRTECH segments respectively.

Figure 30: Key assumption table

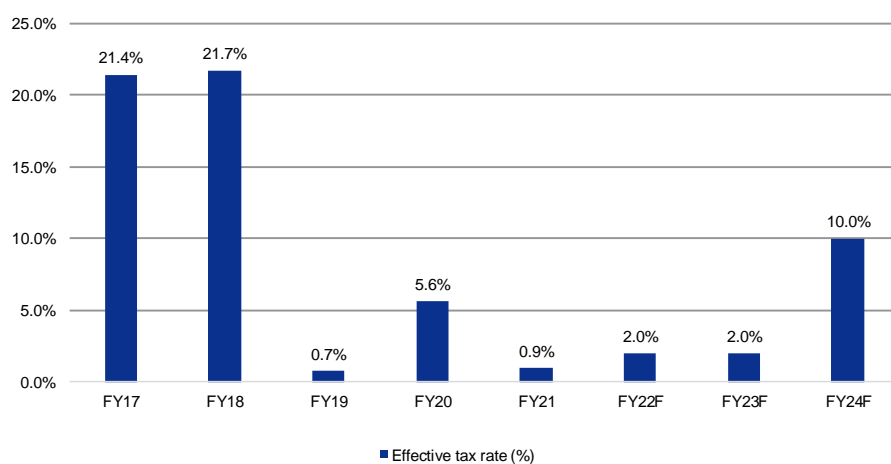
	FY20	FY21	FY22F	FY23F	FY24F
Revenue (i + ii)	25.3	52.5	52.3	63.1	73.3
Growth (%)	N/A	107.4%	(0.5%)	20.6%	16.3%
(i) HRTECH	24.9	52.4	50.9	57.5	65.1
Growth (%)	N/A	110.3%	(2.9%)	13.1%	13.2%
Provision of HCM and student management solutions	15.3	37.6	40.4	46.5	53.4
Growth (%)	N/A	144.8%	7.5%	15.0%	15.0%
Provision of IT staff augmentation services	0.9	0.3	0.3	0.4	0.4
Growth (%)	N/A	(71.1%)	15.0%	25.0%	20.0%
Provision of HCM technology applications	8.7	14.5	10.2	10.7	11.2
Growth (%)	N/A	67.4%	(30.0%)	5.0%	5.0%
(ii) EDUTECH	0.4	0.2	1.4	5.6	8.2
Growth (%)	N/A	(63.1%)	806.2%	290.5%	48.4%
Provision of IT related training	0.4	0.2	0.2	0.2	0.2
Growth (%)	N/A	(63.1%)	10.0%	5.0%	0.0%
Laiye	0.0	0.0	0.3	0.4	0.6
Growth (%)	N/A	N/A	N/A	50.0%	50.0%
HRDC	0.0	0.0	0.0	0.0	0.0
Growth (%)	N/A	N/A	N/A	N/A	N/A
ELMU V S/B	0.0	0.0	0.0	3.5	5.3
Growth (%)	N/A	N/A	N/A	#DIV/0!	50.0%
Others	0.0	0.0	1.0	1.5	2.3
Growth (%)	N/A	N/A	N/A	50.0%	50.0%
Gross profit (i + ii)	15.3	27.5	26.4	32.8	38.7
Growth (%)	N/A	79.1%	(3.8%)	23.9%	18.1%
Margin (%)	60.6%	52.3%	50.5%	51.9%	52.8%
(i) HRTECH	15.0	27.5	25.8	30.3	35.0
Growth (%)	N/A	83.4%	(6.1%)	17.5%	15.3%
Margin (%)	60.2%	52.5%	50.8%	52.8%	53.8%
(ii) EDUTECH	0.4	0.0	0.6	2.4	3.7
Growth (%)	N/A	N/A	N/A	295.1%	53.5%
Margin (%)	84.0%	0.0%	43.0%	43.5%	45.0%
EBITDA profit	8.3	6.7	7.1	10.2	12.8
EBITDA margin (%)	32.8%	12.7%	13.5%	16.2%	17.5%
Margin growth (%)	N/A	(20.1%)	0.8%	2.6%	1.3%
Core net profit	7.6	8.9	7.1	10.2	11.9
Core net profit margin (%)	30.0%	16.9%	13.6%	16.2%	16.2%
Margin growth (%)	N/A	(13.1%)	(3.3%)	2.6%	0.0%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Low tax rate thanks to MSC status ➤

Over FY17-21, Ramssol's effective tax rate was lower than statutory tax rate (24%) at around 0.7% to 21.7%. This was mainly thanks to its Malaysia Status Company (MSC) status granted by Malaysia Digital Economy Corporation (MDEC). However, its MSC status is set to expire in Nov 2024. We note that it was subjected to a higher tax rate in FY17-18, than in FY19, due to non-deductible tax expenses in earlier years. Ramssol was also granted income tax exemption in FY19 (due to the Pioneer Status granted to Rams Malaysia), which is effective up to 20 Nov 2024. While we gather that Ramssol plans to apply for a further extension of MSC status, we take a more conservative approach in assuming a tax rate of 10% in FY24F, compared to 2% in FY22-23F.

Figure 31: Effective tax rate (%)



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Strong balance sheet, with minimal capex ➤

As at end-2Q22, Ramssol was in a net cash position of RM10.9m. Its IPO in 3Q21 allowed the company to raise a total of RM25.1m, 10.0% and 25.3% of which have been mainly earmarked for expansion into new markets and R&D expenditure (Feet's), respectively, as per its IPO prospectus. In our view, Ramssol is unlikely to have any major capital expenditure in the next three years, with a remaining RM7.2m of its IPO proceeds yet to be utilised (RM4.8m earmarked for business expansion and RM2.4m for working capital purposes).

Nevertheless, we do not discount the possibility that Ramssol may choose to gear up if the company sees opportunities to grow its business. This could be in the form of organic expansion into new business segments as well as M&A opportunities to further enhance its service offerings and/or revenue streams.

Also, we expect its free cashflow generation to remain strong over FY22-24F, premised on prudent capital expenditure outlays and strong working capital management. However, we note that its average trade receivables days were relatively high at 163 days in FY21 (FY20: 113 days). However, as per our channel checks, this could be mainly due to the nature of its business as a large proportion of its projects have milestones that when completed are billed towards the final quarter of the year. In addition, we think Ramssol has offered certain customers a longer trade receivables turnover period, especially for projects from government-linked companies or government agencies (based on its past historical trade receivables days breakdown in its annual reports). Particularly in FY21, more than 98% of trade receivables were less than 30 days past due (based on its FY21 annual report).

Nevertheless, we do highlight that Ramssol could face credit risks (receivable write-off) in the event that it is unable to collect payments from its customers.

Figure 32: Net gearing ratio

(x)	FY19	FY20	FY21	FY22F	FY23F	FY24F
Current ratio	0.7	2.6	6.3	5.4	5.0	4.8
Gearing ratio	-7.7	0.5	0.1	0.1	0.1	0.0
Net gearing ratio	11.2	0.1	net cash	net cash	net cash	net cash

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 33: Steady working capital key ratios

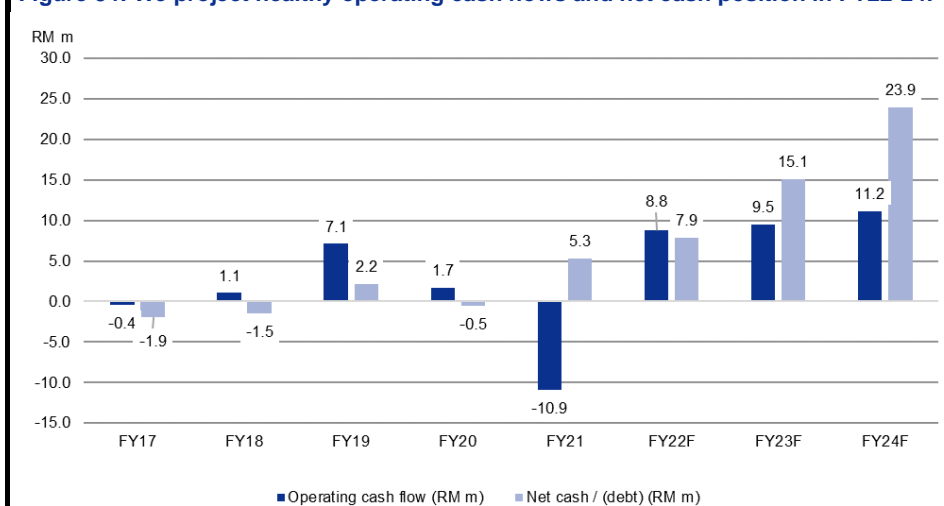
Days	FY19	FY20	FY21	FY22F	FY23F	FY24F
Inventories days	0	9	0	0	0	0
Trade & other receivable days	57	191	233	233	213	203
Trade & other payable days	355	147	65	85	105	125
Cash conversion cycle (days)	-298	53	168	148	108	78
Days (average)**	FY19	FY20	FY21	FY22F	FY23F	FY24F
Inventories days	0	4	2	0	0	0
Trade & other receivable days	56	113	163	234	203	194
Trade & other payable days	200	212	62	74	89	109
Cash conversion cycle (days)	-143	-94	103	160	115	85

Note: ** Computed based on the average opening and closing balance of: i) trade receivables divided by the revenue, ii) trade payables divided by cost of sales (excluding staff costs), iii) inventory divided by cost of software licences, multiplied by the number of days in the respective financial year being 365 days.

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

No dividend policy ➤

At this juncture, Ramssol does not have a dividend policy and has not declared any dividends since its IPO (3Q21). Going forward, we believe that Ramssol will focus on using its cash to support its expansion plans (as well as working capital required to grow existing businesses). Also, we believe that Ramssol will be persevering its cash in the event that any M&A opportunities arise. Hence, we are more prudent and do not input any dividend payout across FY22-24F.

Figure 34: We project healthy operating cash flows and net cash position in FY22-24F


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

VALUATION AND RECOMMENDATION

No listed Malaysian peers are direct competitors ➤

In our view, Ramssol does not have any direct competitors domestically given its unique exposure in the HCM-related space, as well as IT-related training services. In our view, the closest comparable peers in the local market are companies involved in IT-related services, though with other service offerings. These include the likes of MYEG (e-government services), Awanbiru Technology, N2N Connect (trading service), Datasonic (security-based ICT solutions), and Opensys (M) Berhad. As for rivals overseas, we believe that comparable peers mainly comprise companies that are HCM software developers, such as Oracle, SAP, Workday, Sage and Humanica.

Figure 35: Local and regional peer comparison

Company	Bloomberg ticker	Rec om.	Price (local curr.)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)	3-year EPS CAGR (%)	P/BV (x)	Recurring ROE (%)	EV/EBITDA (x)	Dividend Yield (%)					
						CY22F	CY23F									
Malaysia peers																
MY E.G. Services	MYEG MK**	Add	0.84	1.20	1,359	17.3	16.1	7.0%	3.5	3.0	22.6%	20.3%	13.3	12.2	1.8%	1.9%
Awanbiru Technology Bhd	AWTC MK**	Hold	0.33	0.49	56	33.6	37.8	na	1.4	1.3	4.2%	3.6%	22.3	23.4	0.0%	0.0%
N2N Connect Bhd	N2N MK	NR	0.45	NR	59	21.0	14.5	(6.5%)	NA	NA	4.7%	6.9%	4.6	4.4	3.3%	3.3%
Datasonic Group Bhd	DSON MK	NR	0.47	NR	292	23.7	17.7	0.7%	3.9	3.6	16.2%	21.7%	15.8	12.4	2.6%	3.9%
OpenSys M Bhd	OPEN MK	NR	0.37	NR	36	13.3	11.9	3.1%	1.9	1.7	15.3%	17.1%	5.4	5.0	3.0%	3.3%
Malaysia simple average						21.8	19.6	1.1%	2.7	2.4	12.6%	13.9%	12.3	11.5	2.1%	2.5%
Malaysia weighted average						18.9	17.1	5.3%	3.4	3.0	20.3%	19.5%	13.5	12.2	1.9%	2.2%
Regional peers																
Workday Inc	WDAY US	NR	152.65	NR	39,078	47.5	34.3	(229.6%)	9.0	7.3	16.1%	22.2%	25.6	21.4	NA	NA
Sage Therapeutics Inc	SAGE US	NR	41.26	NR	2,452	(4.7)	(5.2)	(8.7%)	1.9	2.5	(34.4%)	(31.3%)	(1.9)	(2.0)	NA	NA
Oracle Corp	ORCL US	NR	68.11	NR	183,601	15.0	12.8	4.4%	NA	45.0	NA	NA	12.5	9.9	1.9%	1.9%
SAP SE	SAP US	NR	82.93	NR	101,880	17.8	15.7	7.9%	NA	NA	13.4%	15.2%	14.6	12.6	NA	NA
Humanica PCL	HUMAN TB	NR	11.50	NR	269	43.3	30.6	17.9%	4.2	4.1	6.8%	9.6%	27.4	21.4	1.6%	2.3%
Regional simple average						23.8	17.6	(41.6%)	5.1	14.7	0.5%	3.9%	15.6	12.6	1.7%	2.1%
Regional weighted average						19.6	16.1	(22.5%)	1.1	26.1	5.8%	7.2%	14.6	12.0	1.1%	1.1%
Total weighted average						19.6	16.1	(22.4%)	1.1	26.0	5.9%	7.2%	14.6	12.0	1.1%	1.1%
Total simple average						22.8	18.6	(22.6%)	3.7	8.6	7.2%	9.5%	14.0	12.1	2.0%	2.4%
Ramssol Berhad	RAMSSOL MK	Add	0.44	0.55	21	13.7	9.5	2.2%	1.9	1.6	15.6%	18.1%	11.0	7.2	0.0%	0.0%
SOURCES: CGS-CIMB ESTIMATES, BLOOMBERG (DATA AS AT 21 SEPT 2022)																
ESTIMATES FOR NON-RATED (NR) STOCKS ARE BLOOMBERG CONSENSUS DATA																
TICKERS WITH ** ARE CGS-CIMB IN-HOUSE ESTIMATED DATA																

SOURCES: CGS-CIMB ESTIMATES, BLOOMBERG (DATA AS AT 21 SEPT 2022)
ESTIMATES FOR NON-RATED (NR) STOCKS ARE BLOOMBERG CONSENSUS DATA
TIKERS WITH ** ARE CGS-CIMB IN-HOUSE ESTIMATED DATA

Stock is under-researched ➤

Ramssol is an under-covered stock, with only one research house actively covering it as at 21 Sept 2022, based on Bloomberg. We think this could be due to the lack of comparable domestic peers and its recent listing (12 Jul 2021). At this juncture, we estimate that institutional holdings in the stock are minimal (less than <2%), based on its FY21 annual report. In our view, this stock could see an uptick in institutional investor participation in the stock, backed by better visibility as well as potentially robust earnings growth in FY22-24F.

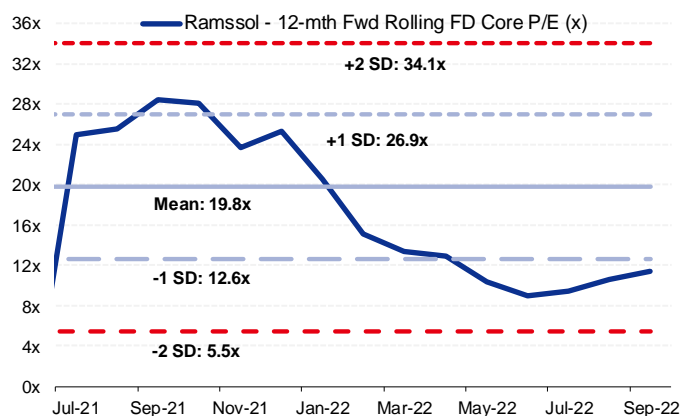
Initiating coverage with an Add rating, TP at RM0.55 ➤

We initiate coverage on Ramssol with an Add rating and TP of RM0.55. We employ P/E as our primary valuation methodology as we believe an earnings multiple is the most practical way to account for Ramssol's robust earnings growth trajectory. We peg our TP to a CY23F P/E of 12x, at a 30.0% discount to comparable local peers' weighted average CY23F P/E of 17.1x. The discount is mainly to account for: i) dependency on HCM software solutions from its key software vendors, ii) significantly smaller market cap, and iii) smaller market share in its operating markets.

Note that our target CY23F P/E is lower than its historical average P/E of 16.2x since IPO. Our TP also indicates a 1.6x P/BV in FY23F, which is below its historical P/BV mean of 3.8x (since its IPO as well).

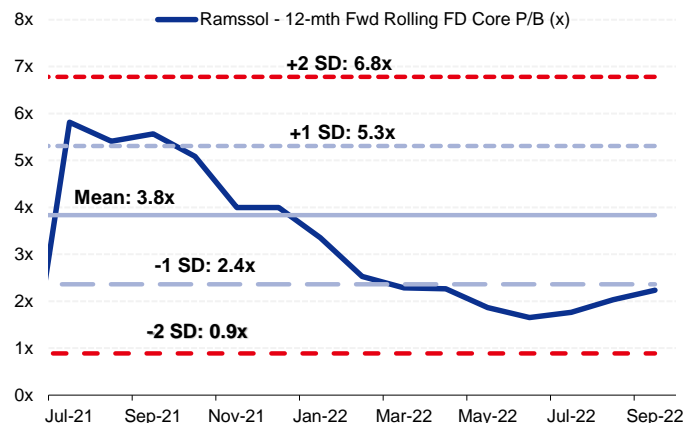
At this juncture, Ramssol is trading at 9.5x CY23F P/E, which is at a 20.8% discount to our target CY23 P/E. In our view, Ramssol's share price is well positioned for a re-rating with its robust earnings growth prospects (3-year core EPS CAGR of 10.2% across FY21-24F) and strong balance sheet (net cash of RM10.9m as at end-2Q22).

Figure 36: Ramssol's 12-mth Fwd Rolling FD Core P/E (x) / Commodities - current P/BV vs. core ROE



SOURCE: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 37: Ramssol's 12-mth Fwd Rolling FD Core P/E (x) / Commodities - current P/BV vs. core ROE



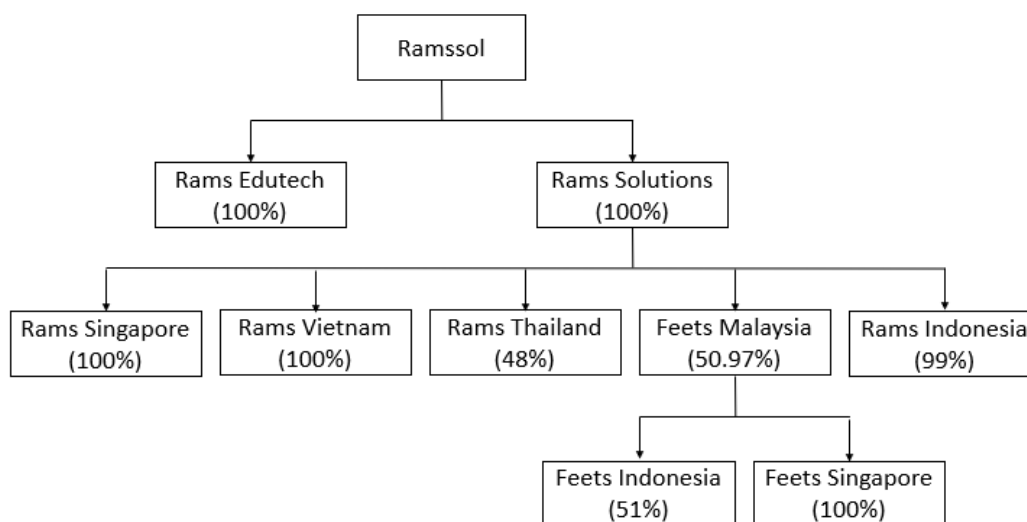
SOURCE: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

COMPANY BACKGROUND

A leading human capital solution provider in Malaysia ►

Founded in 2010, Ramssol (via formation of Rams Malaysia and Rams Singapore) was established by its founders: current CEO, Datuk Seri Tan Chee Seng, current COO, Lee Miew Lan and another business partner (that had subsequently disposed its entire stake in 2019, and no longer attached with Ramssol).

Figure 38: Company structure and its subsidiaries (as per FY21 annual report)



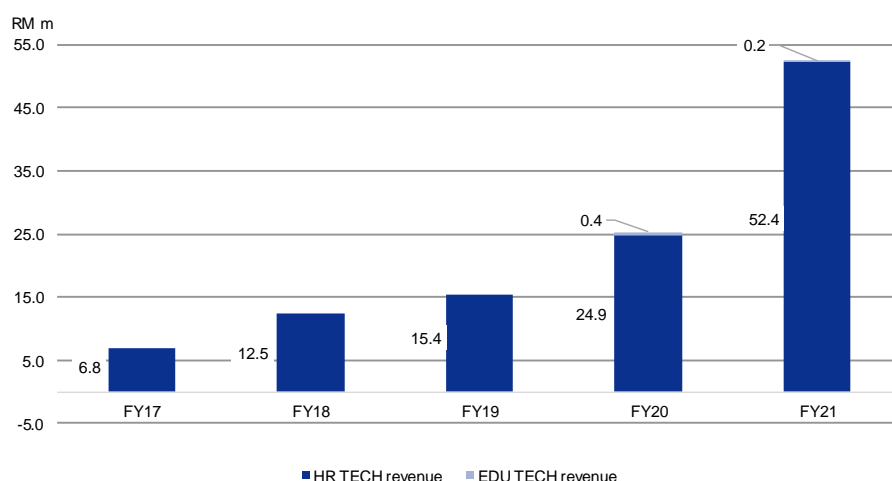
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

With its founders' extensive experience in human capital management, Ramssol undertook its first project in HCM solutions in 2011, and has since expanded its operations to five countries as well as expanded its service offerings to other segments (ventured into IT staff augmentation, IT-related training and HCM technological applications). On an interesting note, Ramssol registered as an Oracle PartnerNetwork (OPN) member under OPN Agreement in which Ramssol is granted permit to purchase and resell Oracle Corp's HCM software licenses to its clients.

Figure 39: Operations overview of both Malaysia headquarters and overseas offices across Southeast Asia



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 40: Revenue breakdown by segment (HRTECH and EDUTECH)


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

HRTECH remains its largest core business segment ➤

HRTECH is the largest revenue and earnings generator for Ramssol, accounting for 99.7% of its FY21 total revenue. In the HRTECH segment, there are three categories, as stated in its IPO prospectus:

i) Provision of HCM and student management solutions

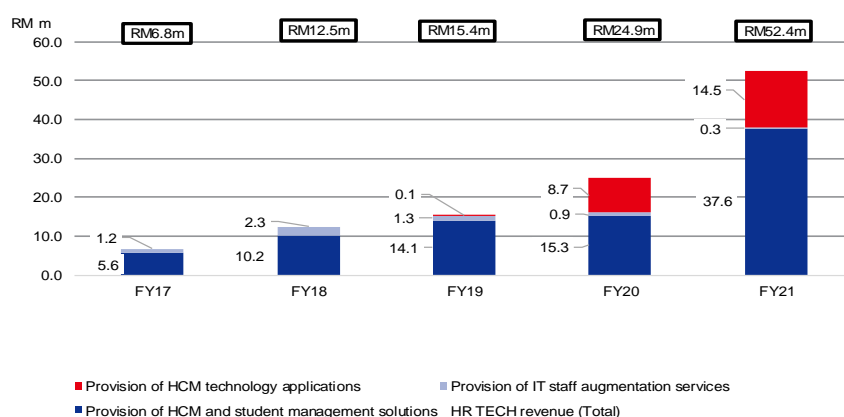
Ramssol acts as vendor for the sale of third-party software licenses to business organisations and educational institutions across Southeast Asia countries. It helps design and implement HCM and student management solutions for clients.

ii) Provision of IT staff augmentation services

Business organisations with low budget allocation would sometimes require IT expertise, often turning to freelancers or third-party agency companies. Ramssol helps these organisations recruit suitable IT professionals for a fixed contractual period or supplies the headcount required.

iii) Provision of HCM technology applications

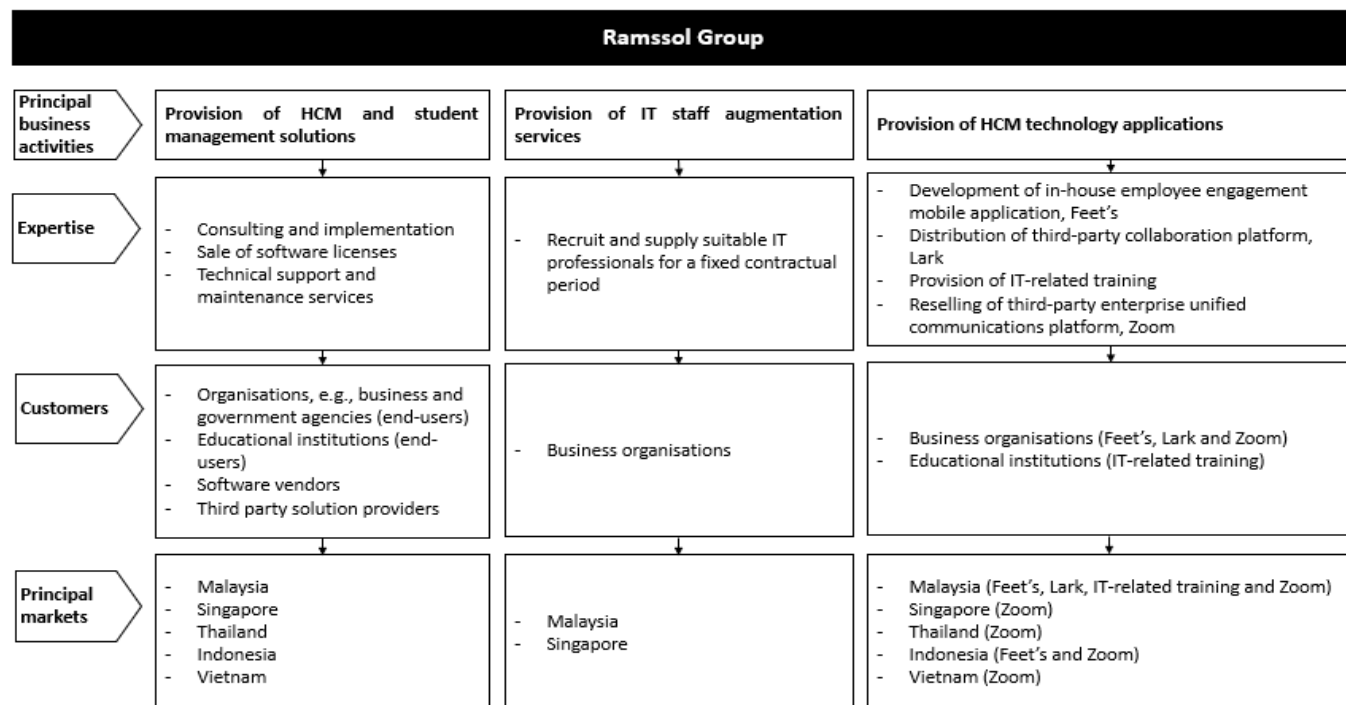
In addition to being a certified reseller for third-party enterprise solutions in the HCM segment, Ramssol can also incorporate value-added services to tailor the HCM solution or technology application to each client's needs. Feet's and Lark are among the main focus areas of Ramssol's operations. Feet's is an employee engagement mobile application that helps employers track their employees' daily wellbeing and performance. Meanwhile, Lark is a one-stop online collaboration platform that has multiple communication functions, such as instant messenger, calendar, email and video conferencing.

Figure 41: HR TECH segment revenue breakdown


Note:  represents total segmental revenue of HRTECH (RM m).

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 42: Overview of Ramssol's current business model (as per stated in its IPO prospectus)



Note:

- (1) Revenue from the provision of IT staff augmentation is derived from Malaysia and Singapore. However, this service can be extended to Thailand and Indonesia, depending on the customers' request.
- (2) Feet's is offered in Malaysia and Indonesia, while Lark is offered in Malaysia. However, Feet's can be offered to other countries which Ramssol has a business presence in, such as Singapore, Thailand and Vietnam; while Lark can also be offered to Thailand, Indonesia and Vietnam. The company does not intend to resell Lark in Singapore as the principal, Lark Technologies Pte Ltd, is based in Singapore and organisations that are interested in signing up Lark would approach Lark Technologies Pte Ltd directly. IT-related training is currently provided to unemployed Malaysians through Megatech, an educational institution in Malaysia. Zoom is currently offered in all countries that the company has a business presence in, namely Malaysia, Singapore, Thailand, Indonesia and Vietnam.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

EDUTECH: A new segment come into play ➤

On 20 Aug 2020, Ramssol ventured into EDUTECH, with the agreement through a partnership with Megatech to provide IT-related training to Megatech's students. Megatech is part of the Penjana Kerjaya Program introduced by the Government's Ministry of Human Resource to upskill unemployed Malaysians. The IT-related training provided through this programme focuses on office automation systems such as the digitalisation of business operations using computer software.

In addition, Ramssol is currently registered as a training provider under HRD Corp (previously known as HRDF) which allows the company to provide training to individuals. Currently, we understand that Ramssol is able to offer more than 40 training courses as a certified HRD Corp trainer. Further, it is also registered as a member of the Singapore Human Resource Institute which allows the company to expand its presence through various networking events held by the Singapore Human Resource Institute.

Figure 43: Revenue breakdown by business segments

Revenue by business segments	FY17		FY18		FY19		FY20		FY21	
	RM m	%	RM m	%	RM m	%	RM m	%	RM m	%
(i) HRTECH	6.8	100.0%	12.5	100.0%	15.4	100.0%	24.9	98.3%	52.4	99.7%
Provision of HCM and student management solutions	5.6	82.4%	10.2	81.3%	14.1	91.1%	15.3	60.6%	37.6	71.6%
- Consultation and implementation	1.6	23.1%	2.1	16.7%	8.5	55.1%	10.8	42.7%	NA	NA
- Sale of third party software licenses	0.8	11.4%	4.5	35.6%	1.5	9.9%	2.0	7.8%	NA	NA
- Technical support and maintenance	3.3	47.9%	3.6	29.0%	4.0	26.1%	2.6	10.1%	NA	NA
Provision of IT staff augmentation	1.2	17.6%	2.3	18.7%	1.3	8.4%	0.9	3.5%	0.3	0.5%
Provision of HCM technology applications	0.0	0.0%	0.0	0.0%	0.1	0.5%	8.7	34.3%	14.5	27.7%
(ii) EDUTECH	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.4	1.7%	0.2	0.3%
Provision of IT-related training	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.4	1.7%	0.2	0.3%
Total revenue	6.8	100.0%	12.5	100.0%	15.4	100.0%	25.3	100.0%	52.5	100.0%

Note: As Ramssol only established RAMS EDUTECH on Mar 2022, Megatech's FY20-21 revenue is still recognized under HRTECH segment category.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Ramssol resells third party software and in-house developed technology ➤

In terms of products and services, Ramssol's solutions comprise those developed in-house as well as third-party software. As a reseller, it currently offers third-party HCM and student management software for the provision of HCM and student management solutions to customers, and resells a third-party collaboration platform and a third-party enterprise unified communications platform.

The company has its own applications developed in-house such as Feet's and Profile.La and offers third-party software services such as Zoom, Darwinbox, and Oracle.

Figure 44: Business activities that its subsidiaries are involved in

Subsidiary	Business activities			
	HCM and student management solutions	IT staff augmentation ⁽¹⁾	HCM technology applications ⁽²⁾	IT- related training
Rams Malaysia	✓	✓	✓	✓
Rams Singapore	✓	✓	✓	
Rams Thailand	✓		✓	
Rams Vietnam	✓		✓	
Rams Indonesia	✓		✓	
Feets Malaysia and Feets Indonesia			✓	

Note:

- (i) Revenue from this segment is currently derived from Malaysia and Singapore. However, this service can be extended to Thailand and Indonesia, depending on the customers' requests.
- (ii) Feet's is currently offered in Malaysia and Indonesia, while Lark is currently offered in Malaysia. However, Feet's can be offered to other countries which we have business presence in, such as Singapore, Thailand and Vietnam; while Lark can also be offered to Thailand, Indonesia and Vietnam. Ramssol does not intend to resell Lark in Singapore as, Lark Technologies Pte Ltd is based in Singapore and organisations that are interested in signing up Lark would approach Lark Technologies Pte Ltd directly. Zoom is currently offered in all countries which Ramssol have business presence in, namely Malaysia, Singapore, Thailand, Indonesia and Vietnam.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 45: In-house and third party software product offerings

Offerings		Current business presence in region	Potential expansion into the region
In house software products			
Feet's	Employee engagement application	Malaysia Indonesia	Singapore Thailand Vietnam
Profile.La.	A resume verification platform serve both job seekers and employers during hiring processes	Malaysia	Southeast Asia countries
Third party software products			
Lark	Single online collaboration platform for business to have multiple communication functions such as email, instant messenger, teleconferencing and video conferencing	Malaysia	Thailand Indonesia Vietnam
Zoom	Offering virtual meeting functions between gadgets for Asia Pacific region (excluding People's Republic of China)	Malaysia Singapore Thailand Indonesia Vietnam	
Laiye	Provide artificial intelligence robotic process automation (AI-RPA) for more efficient workflow	Malaysia	Southeast Asia countries
Darwinbox	An cloud HRMS software to automate and simplify day-to-day HR processes	Malaysia	Southeast Asia countries
Oracle	On-premise software that supports all HR management aspects	Southeast Asia countries	-
Sage	On-premise software that supports all HR management aspects	Southeast Asia countries	-

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Ongoing proposed investment into IT consulting business ➤

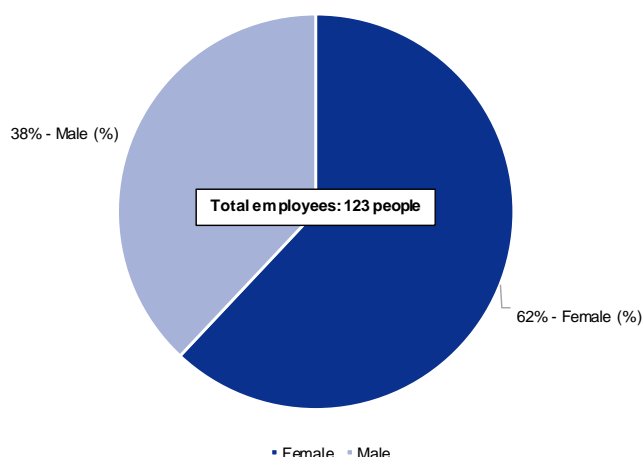
On 8 Sep 2022, Ramssol announced a proposal to acquire a 0.9% stake in VCI Global Limited (VCI). This is for a cash consideration of RM4m, valuing VCI at 20.9x P/E (based on its FY21's profit after tax of US\$4.8m/RM21.5m at exchange rate of US\$1:RM4.50 as per stated in its bursa announcement). Founded in 2013, VCI is a company established in Malaysia and involved in business and technology consulting, investment and related services. In addition to its presence in Malaysia, VCI has regional offices in Singapore, the US, and UK. This consideration will be satisfied wholly by cash and the transaction is expected by Ramssol to be completed by end-Sep 2022 (based on its Bursa announcement).

As VCI is also involved in the provision of IT consultancy and the software development business, we believe there will be synergistic opportunities with Ramssol's businesses in the larger IT space.

Note that VCI is undergoing its IPO process planning and targets to be listed on a foreign stock exchange (potential listing location is confidential at this juncture, according to its Bursa announcement). In the event whereby: i) VCI's IPO is unsuccessful in the next twelve months (from completion of acquisition), ii) VCI's IPO price is less than US\$4/share, and iii) there is material change in VCI's operations and financials, Ramssol has a put option that requires VCI to purchase the stake at its original purchasing price with a recurring cumulative income interest of 5% per annum (based on its Bursa announcement).

Promoting gender equality in the workplace ➤

As at end-FY21, Ramssol had a total workforce of 123 permanent employees. We understand that female workers make up 62% of its total workforce, while the remainder are males as per stated in its FY21 annual report. We are positive that Ramssol is promoting gender equality in its workplace. An interesting thing to note is its employees are between 24 and 50 years old (based on FY21 annual report). We gather its latest FY21 annual report that Ramssol hires contract workers depending on its project flow.



Figure 46: Female workers make up 62% of its total workforce as on end-FY21


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Product trademarks ➤

In countries where it has a presence, Ramssol has applied to register several of its trademarks, brand names and other intellectual property rights.

Figure 47: Trademark and patents

Product trademark					
Trademark	Proprietor	Registration no.	Registration date / Expiry date	Country of registration	Authority / Regulatory guidelines
	Feets	2018064646	26 July 2018 / 26 July 2028	Malaysia	MyIPO
	Feets	2018064647	26 July 2018 / 26 July 2028	Malaysia	MyIPO

Product patents					
Title of invention	Applicant	Application no.	Filing date	Country of registration	Authority / Regulatory Guidelines
Employee Engagement Platform	Feets Malaysia	PI2019006626	12 November 2019	Malaysia	MyIPO

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Board of directors ➤

Currently, Ramssol is led by its two key founders, Datuk Seri Tan Chee Seng (Group Managing Director) and Lee Miew Lan (Chief Operating Officer). Both are supported by four members of the board. Datuk Seri Tan Chee Seng is responsible for the overall business strategy of Ramssol, backed by 15 years of experience in the building and implementation of HCM solutions, as well as providing technical support for various HR projects. Meanwhile, Lee Miew Lan is responsible for building HR management solutions across various countries, especially in Southeast Asia, supported by 20 years of experience in local employment laws and operational dynamics of different countries.

Figure 48: Directors and key senior management

Name	Role	Age	Joining date	Years with Ramssol
Datuk Seri CM Vignaesvaran A/L Jeyandran	Independent Non-Executive Chairman	49	Sep-20	2.0
Datuk Seri Tan Chee Seng	Group Managing Director / Chief Executive Officer ("CEO")	38	Aug-10	12.0
Lee Miew Lan	Executive Director / Chief Operating Officer ("COO")	47	Aug-10	12.0
Liew Yu Hoe	Executive Director / Chief Information Officer ("CIO")	38	Mar-18	4.5
Sim Seng Loong @ Tai Seng	Independent Non-Executive Director	55	Sep-20	2.0
Goh Keng Tat	Independent Non-Executive Director	46	Sep-20	2.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Both key founders owns a total of 51.1% stake in Ramssol ➤

Currently, Ramssol's most substantial shareholder is Datuk Seri Tan Chee Seng, group managing director and CEO, who holds a 33.3% stake. This is followed by Ramssol's co-founder, Lee Miew Lan, with a 17.8% stake. Liew Yu Hoe, who is the Chief Information Officer (CIO) of the company, owns a 1.6% stake in the company as well. Wong Kum Loong who owns the other 46% stake in Feet's Malaysia, also owns a 4% stake in Ramssol. We assume that the remaining are free float shares (43.6%).

Figure 49: Directors' shareholdings

No	Names	Direct Interest	
		No. of shares (m)	%
1	Datuk Seri CM Vignaesvaran A/L Jeyandran	0.1	0.1%
2	Datuk Seri Tan Chee Seng	74.2	33.3%
3	Lee Miew Lan	39.8	17.8%
4	Liew Yu Hoe	3.7	1.6%
5	Goh Keng Tat	0.1	0.1%
6	Sim Seng Loong @ Tai Seng	0.1	0.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 50: List of top largest shareholders

No	Names	No. of shares (m)	%
1	Datuk Seri Tan Chee Seng	74.2	33.3%
2	Lee Miew Lan	39.8	17.8%
3	Wong Kum Loong	8.9	4.0%
4	Tan Sri Dr Lim Wee Chai	8.6	3.9%
5	Liew Yu Hoe	3.7	1.6%
6	Ng Yong Lin	2.9	1.3%

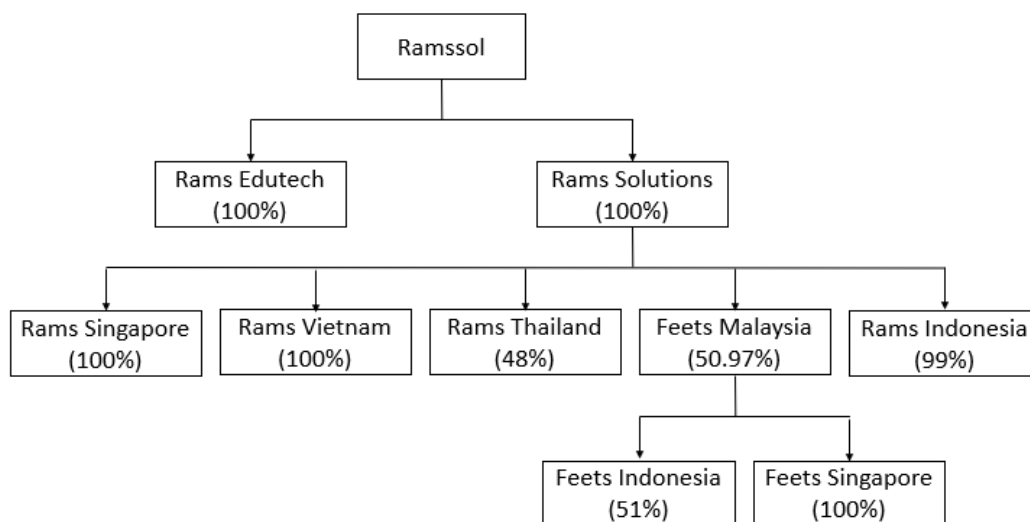
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

APPENDICES

Corporate structure ➤

Ramssol generally divides its subsidiaries into two main categories: i) HRTECH (Rams Solutions Sdn Bhd) and ii) EDUTECH (Rams EDUTECH Sdn Bhd).

Figure 51: Ramssol's current company structure (as per FY21 annual report)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

A recap of Ramssol's milestones since inception ➤

Figure 52: Corporate milestones

Corporate milestones	Accomplishments / Achievements
2010	Establishment of Rams Malaysia to undertake HCM and student management solutions business.
2011	Marked Ramssol's first project of HCM solutions and commencement of the company business in Singapore, and subsequently provide IT staff augmentation services.
2013	Rams Malaysia and Ram Singapore were registered as OPN member. Establishment of Rams Vietnam.
2014	Rams Malaysia obtained MSC status. Secured first project in Malaysia to provide consulting and implementation of HCM solutions and consulting of student management solutions.
2015	Expansion of HCM solutions business to Thailand and secured first consulting project in Vietnam from a BPO ("Business process outsourcing") Company, namely Harvey Nash Vietnam Co., Ltd.
2016	Nominated as 25 Most Promising Oracle Solutions Provider and obtained ISO 9001:2008 certification. Moreover, Ramssol was also nominated as Top 10 Oracle Cloud Solution Provider.
2017	Started the R&D of an employee engagement mobile application and secured first HCM solution project directly from local recruitment and BPO company in Thailand.
2018	Nominated as Top 25 HR Technology Solution Providers and successfully renewed to ISO 9001:2015 standard. The company also secured first project in Indonesia for the provision of consulting and implementation of HCM solutions and sale of software licences.
2019	Rams Indonesia and Feets Indonesia were both incorporated to expand Ramssol business presence in Indonesia. Ramssol Group Sdn Bhd was incorporated as an investment holding company.
2020	Rams Malaysia entered into a Lark Partner Network Agreement with Lark Technologies Pte Ltd to become a reseller of Lark, in Asia Pacific region. The company is involved in reselling of zoom, expanding business into the provision of IT-related training, and nominated as Best SME - HR Solution Provider.
2021	Ramssol Group was listed on ACE Market of Bursa Malaysia Securities Berhad and launched Feet's 2.0.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Details of its product/service offerings ➤

i) Provision of HCM and student management solutions

HCM and student management solutions are designed to manage employees and students, respectively. It aims to improve the efficiency of both workforce

management functions in organisations and student management functions in educational institutions.

- HCM solutions

Ramssol customises and incorporates HCM with predefined HR policies set by the organisations, later forming solutions to assist the organisation's HR management in all aspects from resignation/retirement, as illustrated below:

Figure 53: HCM solutions (aspects coverage)

Hiring			Resignation/retirement	
Recruitment and onboarding	Daily HR management	Remuneration and statutory contribution	Performance management	Exit and retirement
<ul style="list-style-type: none"> • Candidate management • Screening and background checking • On-boarding and induction programme 	<ul style="list-style-type: none"> • Payroll and claims processing • Attendance tracking • Leave management • Workforce planning 	<ul style="list-style-type: none"> • Retirement fund management • Employee tax management • Benefits management 	<ul style="list-style-type: none"> • Appraisal and performance review • Career development planning • Training and succession planning 	<ul style="list-style-type: none"> • Resignation and retirement management • Feedbacks management

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

- Student management solutions

Ramssol customises and incorporates student management solutions with predefined campus policies set by educational institutions, then develops solutions to assist the organisation's student management in all aspects from enrolment to graduation, as illustrated below:

Figure 54: Student management solutions (aspects coverage)

Enrolment			Graduation	
Admission and registration	Academic management	Non-academic management	Financial-related management	Expulsion and graduation
<ul style="list-style-type: none"> • Entry requirements screening • Orientation programme 	<ul style="list-style-type: none"> • Registration of study programme • Distribution of learning materials • Examination and grades management • Attendance tracking • Timetable management 	<ul style="list-style-type: none"> • Hostel management • Library management • Welfare management • Sports and recreational facilities management • Events and news announcement • Co-curriculum activities management 	<ul style="list-style-type: none"> • Fees payment • Scholarship management 	<ul style="list-style-type: none"> • Expulsion management • Graduation and alumni management

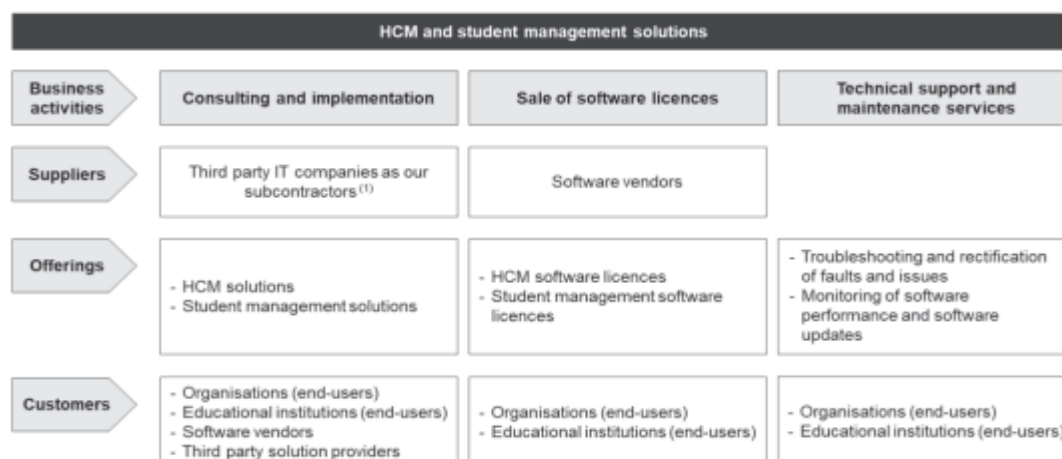
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

- Key business activities to provide HCM and student management solutions

In HCM and student management solutions, Ramssol focuses on three main business activities: i) consulting and implementation, ii) sale of software licences, and iii) technical support and maintenance services.

Ramssol provides consulting and implementation of HCM and student management solutions using third-party software. For example, the consultant group will first understand an organisation's HR practices through a user requirement study, and then design the overall HR workflow processes and solutions to address the organisation's HR issues. After evaluating user requirements, consultants propose and design an HCM or student management solution for the client. For the implementation, Ramssol finalises the solutions and executes them via: i) software customisation (based on types of modules required; HR & student management workflow; user interface reporting format and addition of bolt-on modules), ii) configuration and link between modules of the HCM or student management software and iii) deployment of the HCM software or student management solutions following system testing and user acceptance testing (it will then go live and is ready for use). Note that, Ramssol group's sales of consulting and implementation of HCM and student management solutions are derived on a project basis. The revenue generated from each project is determined based on various factors, including types of HCM or student management software, modules to be implemented, duration of project, number of consultants required and complexity of the solutions in terms of the end-users' employee or student management workflow processes.

Figure 55: Ramssol's key business activities in the provision of HCM and student management solutions



Note:

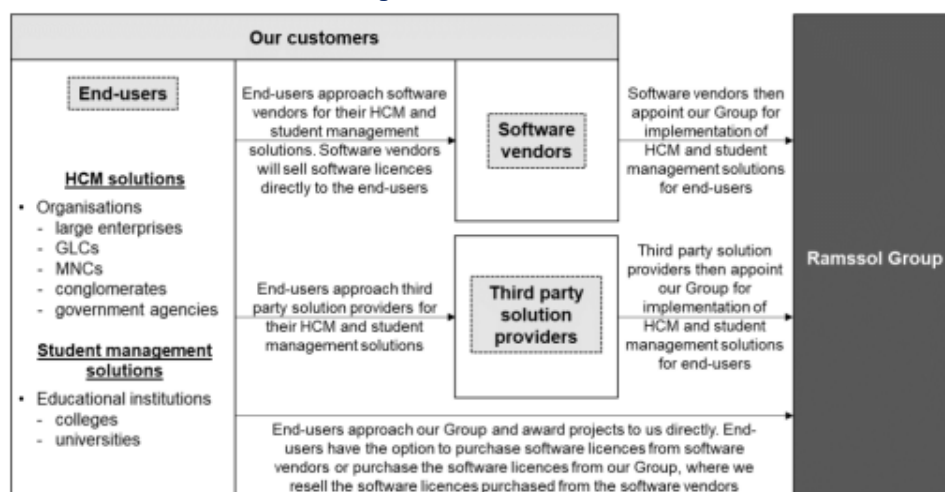
- (1) Ramssol outsourced some implementation works for HCM solutions that use Oracle Corp's HCM software, to other third party IT companies in the event of resource constraints. Further, the company also outsource some specialised IT works which are out of the scope of expertise, such as penetration test during system testing stage, to third party IT companies. Save for the above, the implementation of HCM and student management solutions are carried out in-house by Ramssol's team of consultants.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

HCM and student management software licences are required for organisations and educational institutions to implement HCM and student management solutions. Therefore, organisations and educational institutions may approach and award projects directly to Ramssol. They have the option to purchase HCM and student management software licences directly from the software vendors or from the Ramssol group, as Ramssol resells the software licences purchased from software vendors. Alternatively, some organisations and educational institutions may approach software vendors directly for their HCM and student management solution projects. Software vendors sell the licences to these organisations and educational institutions, and then appoint Ramssol to implement the solutions. In these cases, the software vendors are Ramssol's customers as Ramssol acts as a subcontractor to the software vendors. Furthermore, some organisations and educational institutions may also approach third-party solution providers for their HCM and student management solutions, and the third-party solution providers may also subcontract the implementation to another company.

The company does not sell HCM software licences on a standalone basis if it is not involved in the consulting and implementation for customers. Otherwise, the company can purchase and resell software licences to existing customers on a standalone basis for the purpose of renewing the licences on an annual basis.

Figure 56: Type of customers in HCM and student management solutions



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

To date, Ramssol is licenced by software vendors to resell the following licences:

Figure 57: Rights to resell various software licences

HCM software	Description
Oracle Peoplesoft HCM	An on-premises software that supports all aspects of HR management of an organisation.
Oracle PeopleSoft Campus Solutions	A software that integrates multiple functions and applications to facilitate the management of students from admission to graduation.
Oracle Cloud HCM	A cloud-based software that supports all aspects of HR management of an organisation.
Oracle Taleo Acquisition	A cloud-based recruitment application that connects hiring managers, recruiters, candidates and hiring platforms to expand the reach of candidates and improve the efficiency of hiring.
Sage EasyPay	An on-premises software that supports all aspects of HR management of an organisation.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Also, Ramssol provides user training and technical support and maintenance as after-sales services, once consultation, implementation and sales of software licensing have been completed. For example, users are trained on the functions of HCM or student management solutions. Ramssol provides complementary technical support and maintenance for a period of up to one year, starting from when the solutions “go live”, and support and services to organisations and educational institutions who do not engage the company for consulting and implementation of HCM and student management solutions. Moreover, Ramssol helps provide technical support to troubleshoot issues faced by end-users, monitors software performance and carries out maintenance services such as software updates.

ii) Provision of IT staff augmentation services

Ramssol is also involved in the provision of IT staff augmentation services, by recruiting and supplying IT professionals for internal IT projects on a fixed contractual period. For example, IT professionals are hired as and when they are needed, and are kept on Ramssol's payroll, whereby the company pays the salaries and manages the welfare/benefits of the IT professionals. The company will execute pre-employment screening and preliminary interviews to ensure the IT skillsets of these IT professionals match the requirements indicated by customers before the company refers the IT talents to customers for subsequent rounds of interviews. After that, the company will provide basic soft skills trainings and on-boarding briefings before the hires begin their employment with customers. Customers are charged a monthly fee comprising the salaries of the IT professionals plus a percentage mark-up fee. Some notable customers to whom Ramssol has provided IT staff augmentation services to include Oracle Malaysia, AIA Shared Services Sdn Bhd and CapitalLand Limited.

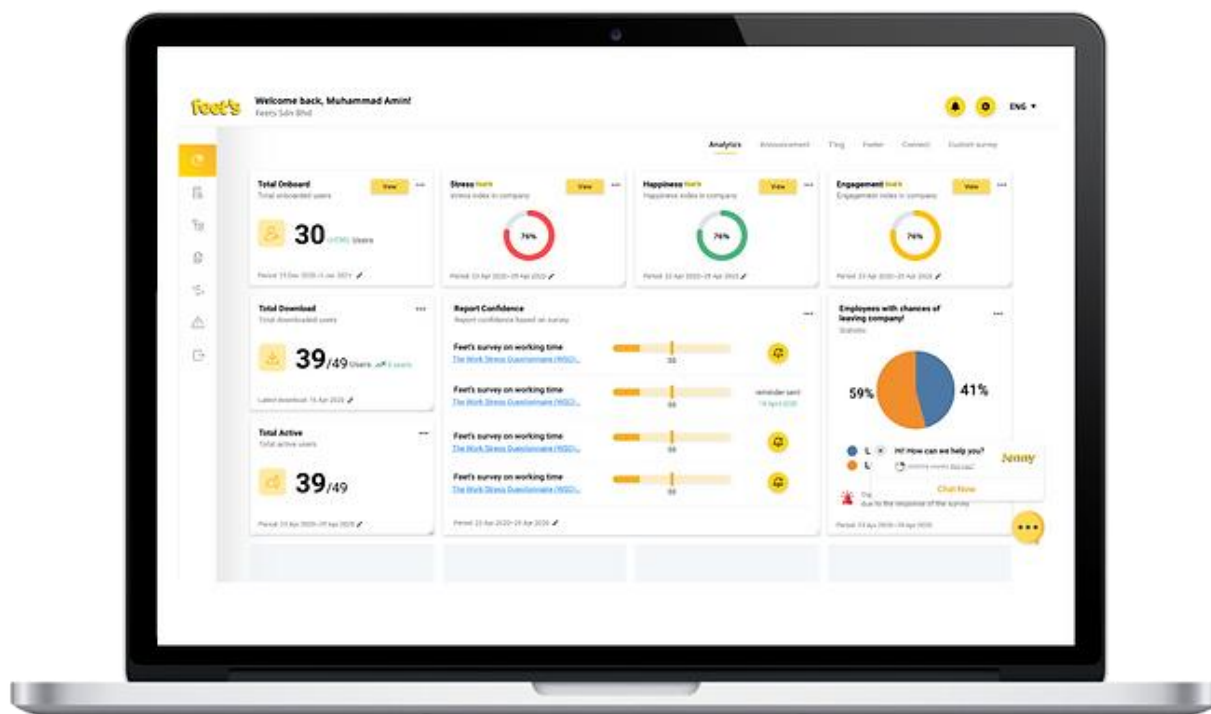
iii) Provision of HCM technology applications

• Feet's

Feet's is an employee engagement mobile application developed in-house and launched in 2019 in Malaysia and Indonesia. It encourages employees communications through built-in functions such as forums, peer recognition tools, suggestion platforms and meal groups. Feet's has an integrated Zoom feature, allowing users to access/create Zoom meetings or webinars within the Feet's app without having to pay extra for Zoom's integrated service. According to Ramssol's management, they are able to provide Zoom integrated services inside Feet's operating system at lower costs thanks to discounts from bulk purchasing Zoom packages. This enables companies to better foster relationships between employees and enhance transparency across all levels of employees. Ramssol sells Feet's to customers on a monthly subscription basis based on the number of users in the organisation. The dashboard below presents the stress, engagement and happiness level of employees to

management. In short, Feet's enables the organisation to have real-time updates of employees' work sentiment and behaviour, therefore allowing employers to be able to make prompt data-driven decisions to develop talent management strategies.

Figure 58: Feet's dashboard sample

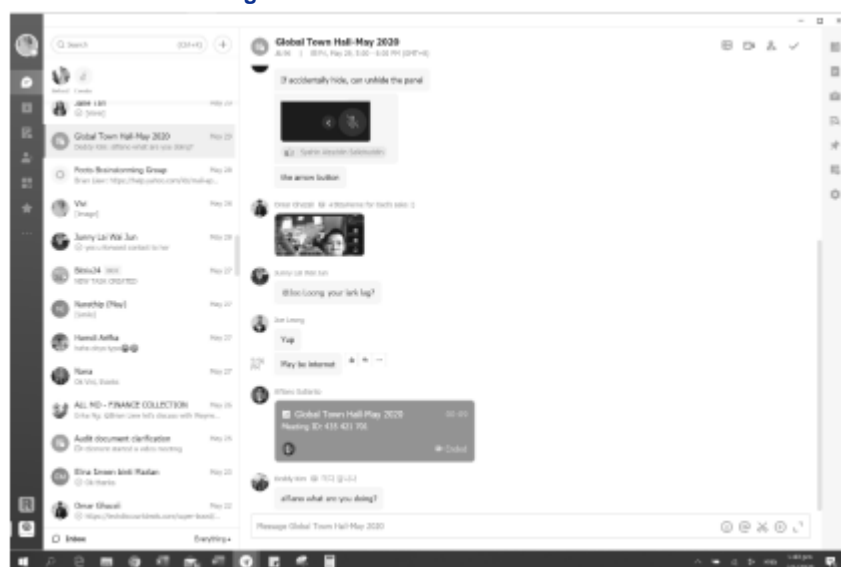


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

- **Lark**

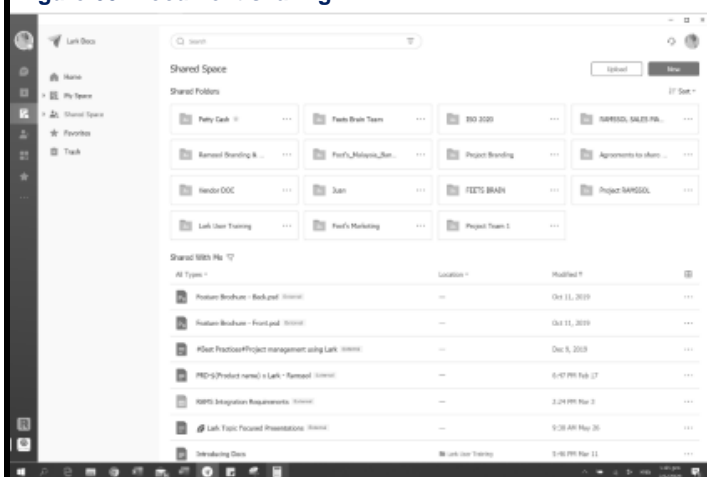
Rams Malaysia ventured into a Lark Partner Network Agreement with Lark Technologies Pte Ltd to resell Lark (a third-party collaboration platform), for the Asia Pacific region (including Japan and excluding Mainland China). Lark is a single online collaboration platform for businesses to seamlessly interconnect multiple communication functions such as email, instant messenger, teleconferencing and video conferencing, as well as other related functions. One of the important features Lark provides is the instant translation of messages and documents with recognition of over 100 languages, and can translate them into four languages (English, Chinese, Thai and Japanese). The language translation has 90% accuracy, according to Ramssol. This allows for effective communication and real-time interaction between employees and employers. Ramssol offers monthly subscription fees for Lark based on the type of account and number of users in the organisation.

Figure 59: Instant messenger



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 60: Document sharing



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 61: Calendar



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

- **IT-related training**

Rams Malaysia entered into an agreement with Megatech in Aug 2020, a Malaysian educational institution providing IT-related training to unemployed Malaysians under the Perjana Kerjaya Program introduced by the Government of Malaysia's Ministry of Human Resource. This training (conducted through Lark) focuses on office automation such as the digitalisation of business operations using computer software and refining Megatech's students skill set in the use of computer software to enhance the efficiency of business processes.

- **Zoom**

Ramssol started to resell or refer Zoom in Nov 2020. Zoom is an enterprise unified communications platform offering virtual meeting functions between gadgets for the Asia Pacific region (excluding People's Republic of China). The company is able to offer Zoom in all regions where Ramssol has a business presence in: Malaysia, Singapore, Thailand, Indonesia and Vietnam. Ramssol purchases and resells subscriptions to customers on an as-needed basis. The subscription package offered to customers can be renewed annually, and includes all types of licences made available by Zoom.

- **Profile.La**

Profile.La is a resume verification platform launched by Ramssol that serves both job seekers and employers during the hiring process. It helps to enhance the authenticity of a candidate's resume and background for security purposes and avoid any potential fraudulent activities. Users can share or retrieve verified individual professional profiles through Profile.La. Personal data are stored within a highly secured platform using blockchain technology that reduces the risk of fraud, breaches, and other cyberattacks.

According to Allied Market Research, the global employment screening services market was valued at US\$4.95bn (RM22bn) in 2020. It is estimated by Allied Market Research that the market will reach US\$9.2bn by 2028, growing at a CAGR of 9.2% from 2021 to 2028.

- **Laiye**

Ramssol collaborated with Laiye (an artificial intelligence robotic process automation (AI-RPA) firm) as its first authorised training partner for providing automation training to equip employees or jobseekers with a broad range of AI-RPA knowledge and skills across Southeast Asia. Robotic automation software is expected to grow at a CAGR of 50.7% from 2018 to 2023F as adoption of Industrial Revolution 4.0 (IR4.0) technologies accelerate, especially as businesses strive to become more efficient in the wake of COVID-19 challenges, according to the latest release of Worldwide ICT Spending Guide Industry and Company Size.

- **Darwinbox**

Darwinbox is a cloud-based software that supports all HR management aspects, providing an attractive cost-to-performance value for SMEs, given its feature-rich platform on enterprise cloud HCM at a fraction of the price of its competitors. Ramssol has obtained the exclusive rights to be a certified reseller of Darwinbox in Malaysia.



ESG in a nutshell

Ramssol Malaysia was granted MSC Malaysia status on 10 Nov 2014. Note that all MSC Malaysia status companies are granted certain financial and non-financial incentives. On top of that, Ramssol has received several accolades, such as 25 Most Promising Oracle Solution Providers (in 2016), Top 25 HR Technology Solution Providers (in 2018) and Best SME - HR Solution Provider (in 2020).

Keep your eye on

In 2021, Ramssol ventured into a two-year agreement with ELMU-V Sdn Bhd to carry out exclusive market training courses that will be conducted by both ELMU Education Group Sdn Bhd (EEG) and the Malaysia Anti-Corruption Academy (MACA).

Implications

We view this positively as part of Ramssol sustainability initiatives as we think this will help raise awareness of anti-corruption issues and improve its effectiveness in managing risks related to corruption.

ESG highlights

Ramssol had a total 123 employees as at end-FY21. By gender, 62% were female and 38% male, as stated in its FY21 annual report. In terms of ethnicity, it had a total of 102 Chinese and 21 Indian employees as at end-FY21.

Implications

We are positive on Ramssol's gender diversity, which is in line with its goal to provide equal employment opportunities. However, we are negative that its employee base is mostly made up of a single race. Going forward, we expect Ramssol to increase the ethnic diversity of its workforce.

Trends

As at end-FY21, Ramssol had three independent directors and only one female member on its board of directors, out of a total of six members.

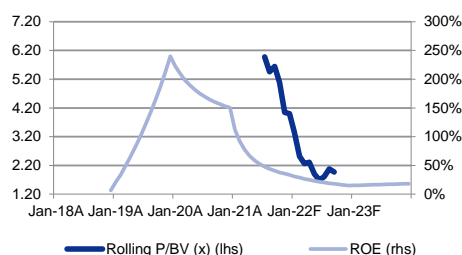
Implications

We are positive on this matter as the Malaysia Code of Corporate Governance (MCCG) advocates for at least half of the board to comprise of independent directors. Meanwhile, we are negative that Ramssol did not achieve the recommendation for 30% of its board members to be females.

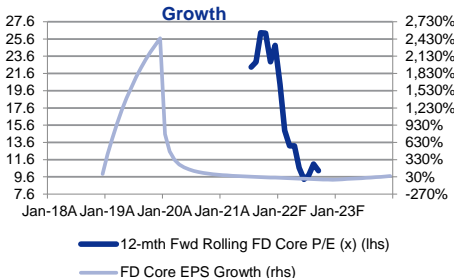
SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	25.33	52.52	52.29	63.06	73.33
Gross Profit	15.34	27.45	26.43	32.75	38.69
Operating EBITDA	8.32	6.69	7.08	10.21	12.84
Depreciation And Amortisation	(0.46)	(0.66)	(0.29)	(0.56)	(0.78)
Operating EBIT	7.86	6.02	6.79	9.65	12.06
Financial Income/(Expense)	(0.44)	(0.30)	(0.27)	(0.27)	(0.15)
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.05	0.19	0.20
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00	0.00
Profit Before Tax (pre-EI)	7.42	5.73	6.57	9.57	12.11
Exceptional Items			0.00	0.00	0.00
Pre-tax Profit	7.42	5.73	6.57	9.57	12.11
Taxation	(0.42)	(0.05)	(0.13)	(0.19)	(1.21)
Exceptional Income - post-tax					
Profit After Tax	7.01	5.67	6.43	9.38	10.90
Minority Interests	0.53	1.10	0.66	0.81	0.97
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	7.54	6.77	7.09	10.19	11.86
Recurring Net Profit	7.61	8.88	7.09	10.19	11.86
Fully Diluted Recurring Net Profit	7.61	8.88	7.09	10.19	11.86

Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	8.32	6.69	7.08	10.21	12.84
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(7.83)	(20.25)	1.71	(0.74)	(0.85)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2.50	3.72	0.56	0.71	0.94
Other Operating Cashflow	(0.91)	(0.96)	(0.51)	(0.64)	(0.74)
Net Interest (Paid)/Received	(0.04)	0.04	0.07	0.18	0.18
Tax Paid	(0.33)	(0.11)	(0.13)	(0.19)	(1.21)
Cashflow From Operations	1.71	(10.87)	8.77	9.54	11.17
Capex	(0.30)	(0.42)	(0.64)	(2.00)	(2.00)
Disposals Of FAs/subsidiaries	0.12	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	(4.00)	0.00	0.00
Other Investing Cashflow	(0.73)	(3.37)	0.00	0.00	0.00
Cash Flow From Investing	(0.90)	(3.78)	(4.64)	(2.00)	(2.00)
Debt Raised/(repaid)	1.42	(0.87)	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	25.09	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	0.00	0.00	0.00	0.00	0.00
Preferred Dividends					
Other Financing Cashflow	(3.20)	(3.98)	(0.34)	(0.34)	(0.34)
Cash Flow From Financing	(1.79)	20.25	(0.34)	(0.34)	(0.34)
Total Cash Generated	(0.98)	5.59	3.79	7.20	8.83
Free Cashflow To Equity	2.22	(15.52)	4.13	7.54	9.17
Free Cashflow To Firm	1.25	(14.29)	4.47	7.87	9.50

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	2.84	8.20	10.80	18.00	26.83
Total Debtors	13.25	33.57	33.42	36.85	40.84
Inventories	0.24	0.00	0.00	0.00	0.00
Total Other Current Assets	0.01	0.19	0.19	0.19	0.19
Total Current Assets	16.34	41.97	44.41	55.04	67.86
Fixed Assets	1.30	1.85	3.56	5.00	6.22
Total Investments	0.77	0.75	4.75	4.75	4.75
Intangible Assets	0.00	0.00	0.00	0.00	0.00
Total Other Non-Current Assets	1.35	4.77	4.60	4.60	4.60
Total Non-current Assets	3.41	7.37	12.92	14.36	15.57
Short-term Debt	1.57	1.47	1.47	1.47	1.47
Current Portion of Long-Term Debt					
Total Creditors	4.02	4.46	6.01	8.71	11.85
Other Current Liabilities	0.67	0.75	0.75	0.75	0.75
Total Current Liabilities	6.26	6.67	8.22	10.92	14.06
Total Long-term Debt	1.76	1.43	1.43	1.43	1.43
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4.97	0.33	0.33	0.33	0.33
Total Non-current Liabilities	6.73	1.76	1.76	1.76	1.76
Total Provisions	0.00	0.00	0.00	0.00	0.00
Total Liabilities	12.99	8.43	9.99	12.68	15.82
Shareholders' Equity	8.82	44.06	51.15	61.34	73.20
Minority Interests	(2.06)	(3.15)	(3.81)	(4.62)	(5.59)
Total Equity	6.77	40.91	47.34	56.72	67.61

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	64%	107%	(0%)	21%	16%
Operating EBITDA Growth	88.7%	(19.7%)	5.9%	44.2%	25.8%
Operating EBITDA Margin	32.8%	12.7%	13.5%	16.2%	17.5%
Net Cash Per Share (RM)	(0.00)	0.02	0.04	0.07	0.11
BVPS (RM)	0.04	0.20	0.23	0.27	0.33
Gross Interest Cover	17.74	16.68	20.20	28.70	35.88
Effective Tax Rate	5.6%	0.9%	2.0%	2.0%	10.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	113.2	162.7	233.8	203.4	193.9
Inventory Days	4.40	1.75	0.00	0.00	0.00
Accounts Payables Days	211.8	61.7	73.9	88.6	108.6
ROIC (%)	(314%)	40%	15%	21%	25%
ROCE (%)	138%	23%	15%	18%	19%
Return On Average Assets	49.4%	17.1%	12.5%	15.1%	14.4%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Provision of HCM and student management solutions	15.3	37.6	40.4	46.5	53.4
Provision of IT staff augmentation services	0.9	0.3	0.3	0.4	0.4
Provision of HCM technology applications	8.7	14.5	10.2	10.7	11.2
Provision of IT related training	0.4	0.2	0.2	0.2	0.2
Laiye	-	-	0.3	0.4	0.6
HRDC	-	-	-	-	-
ELMU V S/B	-	-	-	3.5	5.3
Others	-	-	1.0	1.5	2.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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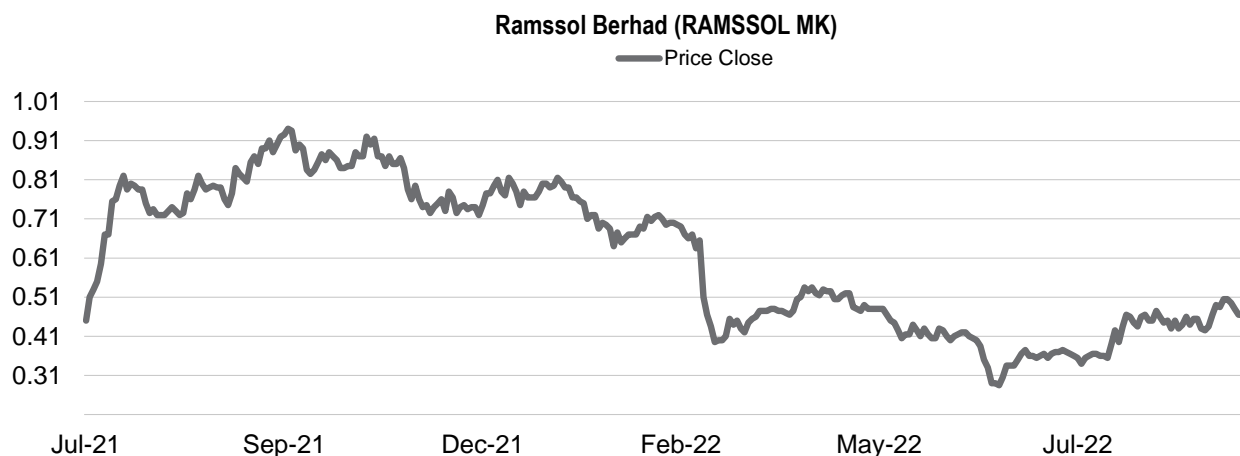
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2022		
643 companies under coverage for quarter ended on 30 June 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	68.4%	0.8%
Hold	24.6%	0.0%
Reduce	7.0%	0.2%

Spitzer Chart for stock being researched (2 year data)



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.