

**DATE** : 02 SEP 2024  
**PUBLICATION** : THE EDGE  
**SECTION** : CAPITAL  
**HEADLINE** : STEEL HAWK'S LEAP TO ACE TRANSFER TO STIR INVESTOR INTEREST  
**CATEGORY** : MENTIONED  
**MEASUREMENT** : 189 CM<sup>2</sup>  
**TONE** : NEUTRAL  
**REMARKS** : N/A

## Steel Hawk's LEAP to ACE transfer to stir investor interest

BY CHERYL POO

Bursa Malaysia is expected to be enlivened this week by the listing of oil and gas services provider Steel Hawk Bhd (KL:SKHAWK) on the ACE Market on Monday.

Steel Hawk's initial public offering has been oversubscribed by 276.83 times. The company will have a market capitalisation of RM73.5 million based on its IPO price of 15 sen apiece, a 36% premium over its current trading price of 11 sen on the LEAP Market.

Steel Hawk's listing, which will be the bourse's first transition from the LEAP Market to the ACE Market under the LEAP Market Transfer Framework, is expected to raise up to RM13.5 million. The IPO will see 90 million new shares issued, of which 24.5 million were allocated to the Malaysian public.

Steel Hawk shareholders include the company's deputy chairman and executive director Datuk Sharman K Michael, as well as Radiant Capital Sdn Bhd — held by Steel Hawk CEO Salimi Khairuddin and chief operating officer Khairul Nazri Kamarudin. Salimi and Khairul Nazri have 61% and 39% equity interest respectively in Radiant Capital. As at March 9, 2024, Sharman held 32.1% of Steel Hawk while Radiant Capital had the lion's share at 45.9%.

As the company had already exhausted the RM3.2 million raised in its LEAP Market listing in October 2021, more than 51% of the proceeds raised on Monday will be allocated to constructing its own fabrication yard at the proposed Teluk Kalung Facility 2 in Terengganu. The intention is to expand its fabrication capacity by five times to about 65 tonnes per month from 13 tonnes per month currently in the proposed fabrication yard on land close to its existing Kalung facility.

Malacca Securities, in an Aug 21 report, projected Steel Hawk's revenue to grow by 8.3% to 9.6% to reach RM78.6 million to RM94.4 million for the financial year ending Dec 31, 2024 (FY2024), with core net profit expected to increase by at least 6.4% to RM11.9 million, supported by the overall expansion plans coupled with projected growth in Petrolim Nasional Bhd's (Petronas) domestic capital expenditure.

Where Steel Hawk's valuation is concerned, the research house estimates a fair value (FV) of 39 sen, representing 160% upside to the IPO price of 15 sen per share.

"The FV is derived by pegging a price-earnings ratio of 15 times to the FY2025 forecast earnings per share of 2.59 sen, which we believe is justified with the average PER ratio of 15.9 times the Bloomberg GICS Industry's Energy Equipment and Services sector," Malacca Securities said.

"The outlook for the oil and gas (O&G) industry looks robust and we are bidding vigorously for jobs. As an opex (operating expenditure) contractor, things are looking good for us. Petrolim Nasional Bhd's spending is high [and we expect to benefit from] the high number of maintenance

COMPANY PROSPECTUS, BLOOMBERG

Steel Hawk's IPO details	
Issue price	15 sen
Paid-up capital	RM15 mil
Controlling shareholders	56.38%
Subscription rate (public portion)	308.4 times
Fair value	39 sen (Malacca Securities)
	17 sen (PublicInvest Research)
Listing date	Sept 5

### Financial data for FY2021 to FY2023

	FY2021	FY2022	FY2023
Revenue (RM mil)	24.8	66.3	72.5
Net profit	2	5.8	7.2
EPS (sen)	0.42	1.19	1.47
Dividend per share (sen)	0.1	0.2	-
Dividend yield (%)	0.67	1.33	-

Note: FY ended Dec 31

jobs. We are bidding for 24 to 25 mid- to long-term projects, with results set to be released around the year end so we will know our prospects for the next few years by then," Sharman tells *The Edge*.

Steel Hawk was incorporated in December 2020 as a private limited company to provide onshore and offshore support services for the oil and gas industry. Its three core business segments provide engineering, procurement, construction and commissioning (EPC) services for chemical injection skids and facilities improvement and maintenance of topside O&G facilities; installation and maintenance of oilfield equipment; and supply of oilfield equipment.

Steel Hawk's other plans include expanding its EPC services to the renewable energy industry to serve customers in the solar and hydroelectric energy fields, from just O&G currently. Its focus will be on these two subsegments to tap rising demand for the installation and maintenance of solar panels and systems, power cables, poles, power stations and

grid interconnection facilities.

Meanwhile, Steel Hawk foresees that its EPC services and solutions will also be required during the commissioning and installation of equipment such as turbines and penstocks, as well as future installation of machinery and maintenance works.

Steel Hawk also intends to venture into integrated hook-up and commissioning (HUC) services within the O&G industry. HUC refers to the final phase of a project when facilities such as platforms, pipelines and associated infrastructure are brought together, interconnected and made operational to prepare for the start-up of an asset for O&G production.

According to the company's prospectus, Steel Hawk is dependent on Petronas as the group contributed 85.84%, 54.47%, 45.64% and 61.39% to its total revenue for FY2020 to FY2023 and the financial period ended March 31, 2024, respectively.

UOB Kay Hian Securities is the principal adviser, sponsor, underwriter and placement agent for this IPO.

### How have 2024 IPOs performed so far?

NAME	LAST PRICE AS AT AUG 28, 2024 (RM)	IPO PRICE (RM)	IPO DATE	GAINS/(LOSS) AGAINST IPO PRICE (%)	MARKET CAPITALISATION (RM MIL)
<b>MAIN MARKET</b>					
Pro Lintas Infra Business Trust	0.93	0.95	March 25	-2.11	1,023
Keyfield International Bhd	2.36	0.90	April 22	162.22	1,890
MKH Oil Palm (East Kalimantan) Bhd	0.56	0.62	April 30	-9.68	573.2
Feytech Holdings Bhd	0.90	0.80	May 21	12.5	754.7
Johor Plantations Group Bhd	0.97	0.84	July 9	15.48	2,430
Well Chip Group Bhd	1.51	1.15	July 23	31.3	906
<b>ACE MARKET</b>					
Go Hub Capital Bhd	1.24	0.35	July 3	254.29	476
UUE Holdings Bhd	0.63	0.24	July 2	162.5	431.9
Master Tec Group Bhd	1.04	0.39	Jan 29	166.67	1,381.2
Kawan Renergy Bhd	0.58	0.30	May 29	93.33	316
Farm Price Holdings Bhd	0.58	0.24	May 14	141.67	256.6
KJTS Group Bhd	0.65	0.27	Jan 26	140.74	447
HE Group Bhd	0.56	0.28	Jan 30	100	248.6
Ocean Fresh Bhd	0.37	0.28	July 4	32.14	77.8
Topmix Bhd Bhd	0.48	0.31	April 23	54.84	189
Zantat Holdings Bhd	0.36	0.25	March 27	44	99
TSA Group Bhd	0.86	0.55	Feb 2	56.36	264.5
AGX Group Bhd	0.46	0.35	Feb 7	31.43	201.3
SBH Marine Holdings Bhd	0.27	0.22	April 8	22.73	240
Kucingko Bhd	0.30	0.30	July 26	0	150
Sin-Kung Logistics Bhd	0.16	0.13	May 15	23.08	192
BWYS Group Bhd	0.22	0.22	July 22	0	226
Agricore CS Holdings Bhd	0.56	0.50	June 21	12	113.6
Wentel Engineering Holdings Bhd	0.34	0.26	Feb 6	30.77	380
Alpha IVF Group Bhd	0.320	0.32	March 22	0	1530
KTI Landmark Bhd	0.240	0.30	June 19	-20	192
Smart Asla Chemical Bhd	0.32	0.40	May 28	-20	116.5
SBH Marine Holdings Bhd	0.27	0.22	April 8	22.73	240
Sik Cheong Bhd	0.22	0.27	Aug 13	-18.52	58.7
Elridge Energy Holdings Bhd	0.4	0.29	Aug 22	37.93	800
EPB Group Bhd	0.58	0.26	Aug 23	123.08	215.8
Vetece Holdings Bhd	0.365	0.25	Aug 28	46	143