

## Samurai 2K

20-50% growth in existing SEA markets, with potentially large U.S. opportunity - Company Visit Note

We met with Mr. Ian Ong, CEO of Samurai 2K, a producer and marketer of aerosol spray paints for two-wheelers, primarily in Indonesia and Malaysia. We discussed the 5x growth in revenues in the Indonesian market and 39% in Malaysia over the last two years. Management highlighted the potential of the Indonesian market (64% of revenues) to grow 50% y/y for the next few years and 20% y/y growth for Malaysia. Management also discussed its plans to enter the North American market with 5x higher pricing of products and a much larger volume potential in terms of market opportunity. Samurai 2K is the only producer of a patented 2K aerosol can product in SEA markets, which the company believes is a key differentiator from its competitors, offering significantly better results. Management highlighted a more established competitor firm, Kwasny, which has a similar 2K product with presence in the U.S. and European markets.

- Indonesia and Malaysian markets to continue to drive growth:** Samurai 2K expects 20-50% y/y growth in revenues in its current markets, led by overall growth of two-wheeler sales, increasing affordability to color/design for re-sale/aesthetic enhancement, and increasing market share. Samurai's patented 2K aerosol spray technology is a key differentiator delivering better durability, finish, and dispersion, as per Management. The 2x price of the product offers the company better margins and returns vs. other products, as per Management. Samurai is now utilizing local third-party distributors in Indonesia vs. its 67%-owned local subsidiary previously – driving 3x higher sales in 2017 vs. last year.
- U.S – the new frontier for growth:** Management sees the 254mn vehicle U.S. market as a big opportunity. They expect 5x the pricing and significant volume potential (6-15 cans per vehicle) in the market. The company expects to launch its products in the next few months into the market, growing cautiously over the next few years. The initial entry is expected to target the Truck bed refinishing industry, which Management sees as a niche and a potential opportunity. Management expects little headwinds from competitors with similar products.
- Stock performance and earnings profile:** Samurai 2K stock has outperformed the index by 93% over 12m, trading at c43x P/E multiple on trailing earnings. Profits of the company went up more than c6x in FY18 from a year ago.

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**Table 3: Samurai 2K Aerosol Ltd (Reuters: SAMR.SI, Bloomberg: SAMUR SP), Financial data**

RM millions, year-end 31 March	2016	2017	2018
Sales	30.6	39.4	90.0
Gross Profit	12.3	17.8	38.7
EBITDA (excl. listing expense)	7.5	9.9	17.0
PATMI	5.4	2.2	11.7
EPS (in RM sen)	5.4	2.2	10.6
DPS (in SGD cents)	-	-	0.6
Shareholder Equity	11.9	24.8	65.8
Net Debt/ Equity %	-38.6%	-40.9%	-47.8%
Return on invested capital %	40.8%	25.6%	22.6%
Return on Equity %	59.2%	12.1%	25.8%
P/E ratio (YE)	-	30.7	39.1
P/B ratio (YE)	-	2.9	6.7
Dividend Yield %	-	0.0%	0.4%
EV to EBITDA (excl. listing expense) (YE EV)	-	5.9	24.9

Source: Company data. Year-end share price (in S\$)- FY17: 0.23, FY18: 1.36.

**See page 30 for analyst certification and important disclosures, including non-US analyst disclosures.**

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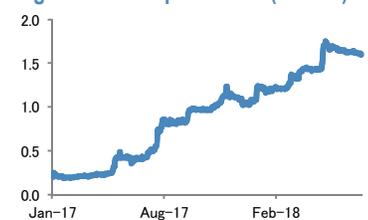
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### SAMUR SP, Not Covered

SGD 1.58, August 13, 2018

**Figure 1: Share price chart (in SGD)**



Source: Bloomberg.

**Table 1: One-year price performance**

	1M	3M	12M
Absolute (%)	-3.1%	10.5%	91.5%
Relative (%)	-2.5%	19.5%	93.5%

Source: Bloomberg.

**Table 2: Company data**

52-wk range (SGD)	0.8 - 1.81
Mkt cap. (SGD mn)	174
Mkt cap. (US\$ mn)	126
Shares O/S (mn)	110
Free float (%)	33%
3 mth Avg. daily volume	0.0
3 mth- Average Daily Value (SGD mn)	0.1
Exchange rate	1.4
STI Index	3245
Year-end	Mar

Source: Bloomberg.

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## Business Snapshot

Samurai 2K Aerosol Limited is involved in the manufacturing, distribution and marketing of aerosol coating cans for the automotive refinishing and refurbishing industry. It sells its products through a number of distributors and retailers in Malaysia, Indonesia, Thailand, Philippines, Vietnam, UK and Singapore. The company has a patented 2K Aerosol spray can system which differentiates it from the competitor's offerings in terms of better durability, finish and texture. It is a leading player in Asia for two-wheeler aerosol products in Malaysia and Indonesia. It sold 15.8 million cans in FY18. Indonesia is the largest market for the company with 64% of the total revenues coming from Indonesia, followed by Malaysia at 27%. The company owns 67% of the Indonesia-based subsidiary – PT Samurai Paint, which traditionally handled import, distribution and marketing, but now primarily engages in marketing and promotion activities.

In the last three years, the revenue of the company has grown at a CAGR of 71.4%, gross profit has grown at 77.3% and net profit at 48.2%.

## Takeaways from the Meeting

### Key Points

- **Successful execution in U.S. Market can be a key driver for a substantial leg-up in growth:** Samurai 2K is looking to enter the North American Market (U.S. and Canada) later this year. Management aims to initially take a few months to a year to familiarize themselves with the market before launching products on a larger scale. At present, they are evaluating various strategies for distribution - including tying up with larger distributors, car/pick-up truck workshop chains, other stores etc. Management aims to start distribution gradually - maybe in some localities before expanding more aggressively into the market. They aim to target the bed lining/refinishing segment of Pick-up Trucks initially, given the niche potential and given it's been largely untapped. The 2K product would be priced competitively vs. the alternative of using the services of a professional workshop/spray gun for the truck owner. The pricing of each can at \$23-25 would be at a significant premium to the \$3-8 pricing in its current ASEAN markets. Given low costs of shipping (12 cents a can) and import duty (3.5%), a successful U.S. venture would be highly accretive to earnings, as per Management. Management pointed to the 254mn car and truck market to indicate the size of the opportunity. Management estimates there would be a need for 6-15 cans to complete coat the Truck bed with color. Samurai 2K sold 15.8mn cans in FY18 across Indonesia and Malaysia. Management mentioned a large potential for the U.S. market – for ex. 150k cans sold in first year can grow to 5-10x the volume in next 5 years.
- **Existing markets of Indonesia and Malaysia to continue to drive 20-50% y/y growth:** Samurai 2K's revenues from Indonesia more than tripled in FY18 while revenues in its home Malaysian market improved 36% y/y. The increase in Indonesia was led by a shift in distribution strategy - from local subsidiary to independent third party distributors. The company appointed three distributors across three regions in Indonesia to distribute their products locally vs. directly distributing through the 67%-owned Indonesian subsidiary. The company believes the uplift in sales is led by both new points of sales and like-for-like

growth. Management expects revenues from Malaysia to grow 20% y/y, while Indonesian (and rest of Asia) is expected to grow on a 50% run-rate for the next few years. ASP of products have increased by a CAGR of 4.5% over the last three years, while costs are linked to crude oil prices – as per Management. Frost & Sullivan valued the automotive coatings market at \$ 377mn in 2015 for the 4 ASEAN countries – Malaysia, Indonesia, Thailand and Vietnam.

- Discussing the threat from competition:** Samurai 2K faces competition from other aerosol can paint producers in the Asian markets. The Management feels the key differentiator with peers is its 2K aerosol product which is more than 2x the price but offers two components – hardener and resin in one can. The paint is delivered through a patented technology, making it more durable, smoother finish, resistance to scratches and a more dispersed spray pattern making it more economical. The technology was introduced by Samurai 2K in South East Asia in 2015 and subsequently improved upon. Management highlights there is only one other large company globally which manufactures a similar 2K product– Kwasny International, based out of Germany. Kwasny already has a significant presence in U.S. and Europe across industries - Automotive, Rail, Marine, Agriculture, Earthmoving and OEMs. Management feels that by creating a specific niche by targeting the Truck bed refinishing industry, they can slowly penetrate the market even though an existing competitor (Kwasny) has a similar product. They point out that the recently patented (April 2018) Single head 2k can –instead of Kwasny’s double head can – is easier to use for the end consumer. This would give them the edge vs. the competition, as per Management.

### SWOT



Source: Management discussions.

## North America – A new market for Samurai 2K

Samurai has traditionally targeted the two-wheeler segment in Malaysia and Indonesia. Currently only 8.5% of the revenues for Samurai 2K are generated outside of Malaysia and Indonesia - from Thailand, Vietnam, Philippines, U.K. and Singapore. It now plans to enter the U.S. market – targeting the Pick-up trucks paint market. Samurai expects to market aerosol paints to line Truck beds; improving durability and corrosion resistance.

Management sees a large potential for its products in the U.S. market. Currently professionals use an air-spray gun to paint the truck-bed lining. This costs \$400-700 depending upon the size of the truck and can take 1-2 days, as per Management. Using the company's products, this can instead be done in \$150-375 cost and within 4 hrs. The do-it-yourself optionality and better finish from the company's products, makes it more convenient and efficient for truck owners, as per Management.

Table 4: Patent Status in Key Markets

Single Head 2K - Invention Patents			
Patent	Jurisdiction	Expiry Date	Status
PI 2014703712	Malaysia	Not applicable	Pending
PCT/MY2015/000090	International PCT	Not applicable	Pending
15832785.8	European Patent Office	Not applicable	Pending
2015104394011	PRC	Not applicable	Pending
PI 2014703782	Malaysia	Not applicable	Pending
2016542278	Japan	Not applicable	Pending
2939212	Canada	04/11/2035	Granted
15/034,183	USA	14/11/2035	Granted
Dual Head 2K - Innovation Patents			
Utility Innovation	Jurisdiction	Expiry Date	Status
2-2015-00035	Vietnam	Not applicable	Pending
S00201500758	Indonesia	Not applicable	Pending
UI 2015700336	Malaysia	Not applicable	Pending
22015000027	Philippines	22/01/2022	Granted
2015205413316	PRC	23/07/2025	Granted
1503000149	Thailand	09/02/2021	Granted
2014200800229	PRC	22/02/2024	Granted
2015100078	Australia	23/01/2023	Ceased
Industrial Design			
Industrial Design	Jurisdiction	Expiry Date	Status
41362	Indonesia	21/08/2019	Granted
MY14 -E0486-0101	Malaysia	22/02/2019	Granted
3-2014-000908	Philippines	22/08/2019	Granted
D20141006B	Singapore	21/08/2019	Granted
4036870	United Kingdom	20/08/2019	Granted
3-2014-01395	Vietnam	22/08/2019	Granted
201430033354.7	PRC	22/02/2024	Granted
201530450357.5	PRC	12/11/2025	Granted
1402002337	Thailand	NA	Pending

Source: Company data. Most of the Industrial Design patents can be extended until 2029/2039.

Samurai 2K was recently (April 2018) granted an invention patent in the United States and Canada, for its proprietary 'Single Head 2K System' of delivery of aerosol paint. This enables the company to market its products more effectively, as per Management. Products are expected to be launched soon. Management expects a slow ramp-up of sales for the next one year. They have started by setting up a small office and renting some warehouse space (5,000 sqf). The company is incurring expenses of about \$20,000 a month (since last 6-7 months) to build the U.S. presence, as per Management. Shipping costs them 12cents a can while import duty is small at 3.5%. Management believes the U.S. vertical has a large potential given the size of the market and better pricing. Each can is to be priced at \$25, vs. \$5 on average in current ASEAN markets.

**Table 5: Comparison between 1K and 2K products across various factors**

Properties	1K Products	2K Products
Formulation	Paint solution	Paint solution + hardener
Spray system	Single component aerosol spray system	Dual component aerosol spray system
Bonding	The binder in the paint solidifies and dries as the solvent evaporates.	The paint solution is mixed with hardener prior to spraying .A chemical bonding takes place and a solid layer is formed. The chemical bond formed through this method is stronger than that formed in the 1K system.
Weather Resistance	Fair	Excellent
Adhesion	Fair	Excellent
Gloss Retention	Fair	With Epoxy is fair and with PU is excellent
Anti-corrosion	Fair	Good
Touch Dry	15 minutes	30 minutes
Hardness	Fair	Excellent with epoxy, good with PU

Source: Company reports.

The company sold 15.8 million cans in FY18, which increased by 133% from FY17. Management has plans to expand capacity by introducing two new lines – each line has a capacity to produce 8.8mn cans a year.

**Table 6: Samurai 2K: Income Statement (per can)**

YE : 31st March	FY2016	FY2017	FY2018
<b>Income Statement (in RM)</b>			
Revenue	5.6	5.8	5.7
Cost of sales	(3.3)	(3.2)	(3.2)
Gross Profit	2.2	2.6	2.4
Other (expenses)/income	0.1	0.1	(0.2)
Administrative expenses	(0.7)	(1.5)	(0.7)
Marketing and distribution expenses	(0.3)	(0.5)	(0.5)
Finance costs	(0.0)	(0.1)	(0.0)
Profit before tax	1.2	0.6	1.0
Income tax expense	(0.2)	(0.4)	(0.2)
Profit for the year	1.0	0.3	0.8
Non-controlling interests	-	(0.1)	0.0
PATMI	1.0	0.3	0.7
EBITDA (excl. listing expense)	1.4	1.4	1.1
EBIT (excl. listing expense)	1.3	1.3	1.0

Source: Company data.

Samurai 2K already distributes its products in the United Kingdom through hardware chains. Post expanding in United States and Canada, Samurai would look to expand into Australia and Japan, as per Management.

## Existing business – Indonesia and Malaysia

Table 7: Samurai’s popular brands of paints

Brand	Division	Segmentation	Description
Samurai / Kurobushi	Paint - Standard & Premium	Motorcycle Paint	Motorcycle repainting & refurbishing products, marketed under Kurobushi brand
Khameleon	Paint - Premium	Motorcycle Paint	Special mixes of pigments, offers paint with a 3D visual effect.
Geigi	Maintenance & Others	Motorcycle cosmetic re-finishing paint	Products to maintain the exterior and prevent further damage from wear and tear.
Ninjutsu	Maintenance & Others	Motorcycle maintenance	Product for ongoing care and maintenance of motorcycles
Canbrush	Paint - Standard & Premium	Household Paint	Household paint products
CanArt	Paint - Standard	Graffiti Paint	Thicker, weatherproof, and fast drying paint coupled with an anti-drip formulation for graffiti
Bushido	Paint - Premium	Industrial Paint	Products used for painting and maintenance coatings in the industrial, construction, marine & agricultural segments

Source: Company data.

Sixty-four percent of Samurai’s FY18 revenues were generated from Indonesia, while 27% came from Malaysia. The company’s main manufacturing facility is in Malaysia (Johor), while it distributes its products in Indonesia through a subsidiary (67% owned).

Figure 2: Market size (US mn) for aerosol spray paints for Two-Wheelers in the aftermarket



Source: Company Reports, Frost and Sullivan.

Samurai 2k believes a two-wheeler is re-painted on average every 2-3 years in the below-mentioned geographies for maintenance purposes, driving the sale for aerosol DIY paint cans.

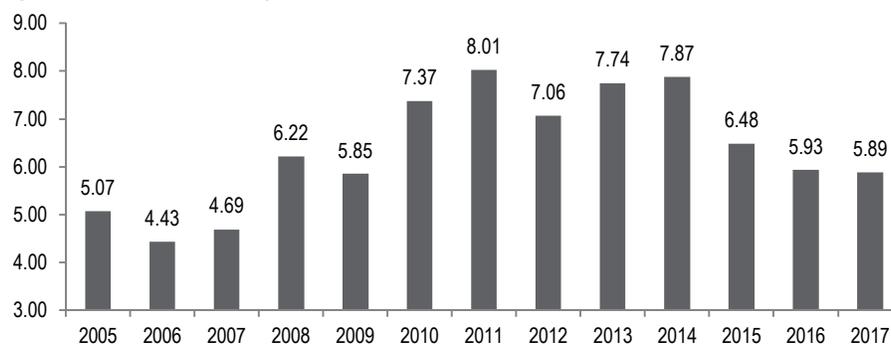
Figure 3: Market size (in mn cans) for aerosol spray paints for Two-Wheelers in the aftermarket

Particulars	2010	2015	2020	CAGR (2015-20)
<b>Southeast Asia</b>	83.9	117.5	158.8	6.2%
<b>Indonesia</b>	41.5	58.0	83.6	7.6%
<b>Malaysia</b>	11.1	14.3	15.8	2.0%
<b>Thailand</b>	16.2	20.8	24.2	3.1%
<b>Vietnam</b>	15.0	24.4	35.2	7.6%

Source: Company Reports, Frost and Sullivan.

Indonesia's revenue contribution to Samurai 2K has risen dramatically (+224%) over the last year as brand recognition and distribution within the country has improved. Moreover, regular training and education on the correct usage and application of aerosol cans have helped drive up sales. The company sells a majority of the cans through unorganized motorcycle workshops with limited presence in hardware stores and paint shops. Samurai has limited its focus on automobiles (primarily two-wheelers) among the various applications of aerosol paints. The company believes it is easier to upsell its premium products in this category given better quality and durability of its '2K' paint technology. A typical motorcycle paint job requires 7-8 cans including primer, color and top-coat.

Figure 4: Indonesia's Motorcycle sales (Annual in mn number of vehicles)



Source: CEIC.

The company's revenues are split into premium vs. standard paints. Standard paints constitute almost 60% of the revenues while Premium paints constitute the rest i.e., c40%. Given higher margins for the Premium paints (almost double), contribution to the bottom line is almost equally split between the two categories. The company took up prices by 10% across the board last year, as per Management. Management expects at least 50% y/y growth in volumes to continue in Indonesia, 20% for Malaysia and 50% for the rest of Asia.

Table 8: Sensitivity of earnings to movement in foreign currency

Currency	Change	Impact on PAT (%)
SGD/RM	Strengthens/Weakens by 10%	22.3 %/( 22.3%)
IDR/RM	Strengthens/Weakens by 10%	14.6 %/( 14.6%)

Source: Company reports.

Samurai 2K quotes industry analysis done by Frost & Sullivan, which estimates growth in 2K systems at 30% CAGR over 2015-20 vs. 7.2% for the 1K system.

Figure 5: Breakdown of market (US mn) by technology – 1K vs. 2K in the 4 ASEAN geographies – Thailand, Indonesia, Malaysia and Vietnam



Source: Company Reports, Frost and Sullivan.

## Competition

Management believes most Aerosol paint companies focus on general purposes like painting furniture, walls, wood, etc. Samurai's focus on the automotive market is unique and gives it the advantage to produce and market paints suited for automotive applications as per Management. Samurai claims to be the biggest automotive focused aerosol paint operator in Asia.

Nippon paint, Botny (ATM Spray paint), TOA are some of the competitors selling aerosol paints in the company's current markets of operation. However, Management believes Samurai's differentiator is the focus on automotive applications and the 2K technology. Spraymax (Kwasny Intl.), manufactured in Germany, is the only large direct competitor for the company in the developed markets, as per Management. Kwasny also promotes a similar 2K technology in their spray aerosol cans. The cans are manufactured in Germany. The company manufactures products for Automotive, Rail, Marine, Agriculture, Earthmoving and OEMs. Spraymax produces 26.5mn units, 2,500tons of paint and 35m of plastic parts in a year. They market products in North America and Europe.

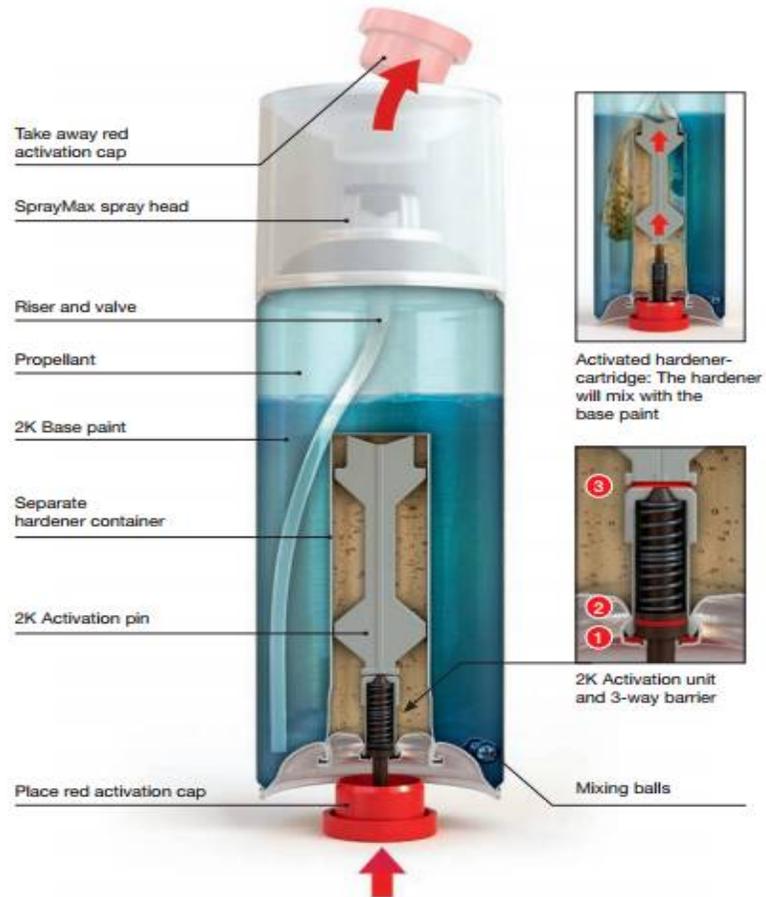
**Table 9: Aerosol Paint Industry and Comparative Landscape within Indonesia and Malaysia**

	Brand	Price Range (per can)	Distribution	Geographical Presence
<b>Malaysia</b>				
Samurai	1K Products	US\$2.4 (400cc can vs. 300cc for peers) US\$7.4 for 2K	Distributors, retailers and wholesalers	Malaysia, Thailand, Indonesia, Singapore, Philippines
DPI Snd Bhd	Kromoto, DPI Auto Spray Paint, DPI 614 Aerosol Spray Paint	US\$1.8 -2.5	hardware stores such as Green Forest Plumbing Hardware Trading, Pontian Hardware Machinery	Malaysia
Nippon Paint (M) Sdn Bhd	Pylox	US\$1.9	Large hardware stores, ACE Hardware	Indonesia, Malaysia, Thailand and Vietnam
Aeromix Distribution Sdn Bhd	Aeromix	NA	10 dealers/ distributors in Malaysia & 8 in international locations including India, Bangladesh and ASEAN countries.	Malaysia, other Asian countries including Sri Lanka, India, Singapore Yamen
PT RJ London Chemical Industries	Bosny, Red Fox	US\$1.9	Antara Hardware, Amfix Trading Sdn. Bhd.	Indonesia, Singapore, Philippines
<b>Indonesia</b>				
Samurai	1K Products	US\$2.4 (400cc can vs. 300cc for peers) US\$7.4 for 2K	Distributors, retailers and wholesalers. Only brand selling 2K	Malaysia, Thailand, Indonesia, Singapore, Philippines
PT Nipsea Paint and Chemicals	Pylox	US\$1.9	High brand visibility and loyal dealers all over Indonesia	Indonesia, Malaysia, Thailand and Vietnam
PT Murni Cahaya Pratama (MCP)	Aerox 800	US\$4.5	Partnered with Ace Hardware for its product, turnover of approximately 17 million cans in a year, OEM agreement with Honda and Yamaha	Indonesia
PT RJ London Paint	RJ Acrylic Epoxy Spray Paint	US\$1.9	Distributors in most of the urban cities in Indonesia. Focused on OEM painting for automotive and two-wheelers and has contracts with Yamaha and Mitsubishi.	Indonesia, Singapore, Philippines
PT Difan Prima Paint	Diton Spray Paint	US\$1.6	Hardware & paint stores. distributors in every urban city in Indonesia	Indonesia

Source: Company reports, Frost & Sullivan. As of 2016.

Figure 6: Kwasny's 2K Technology

SprayMax 2 components technology



Source: Spraymax.

Table 10: Peer valuations

Company	Ticker	Price (LC)	ADV 3M	Market Cap (USD mn)	EBIT margin LFY	P/E (x)		EV/EBIT (x)		ROE (%) 1FY	ROCE LFY	Net debt/EBITDA LFY
						1FY	2FY	1FY	2FY			
SAMURAI 2K AEROS	SAMUR SP	1.6	74	127	27	NA	NA	NA	NA	NA	22.7	(1.2)
<u>Specialty paints and auto paints companies</u>												
KANSAI PAINT	4613 JP	2,253	2,148,326	5,526	8	23.0	20.6	17.9	14.6	8.9	5.2	1.1
NIPPON PAINT HOL	4612 JP	4,070	2,239,628	11,914	12	35.1	31.2	16.7	14.7	7.1	9.3	(0.8)
CHUGOKU MARINE	4617 JP	964	341,925	599	3	NA	29.3	NA	NA	2.5	2.0	(2.2)
DULUXGROUP LTD	DLX AU	7	10,271	2,123	12	19.7	19.0	14.8	14.0	37.1	18.7	1.6
AKZO NOBEL	AKZA NA	81	44,452	23,592	7	28.3	23.6	30.1	23.2	14.8	9.4	2.4
RPM INTL INC	RPM US	63	79,940	8,431	9	20.1	16.7	15.9	14.0	28.0	11.6	3.1
AXALTA COATING S	AXTA US	30	56,123	7,191	10	23.0	19.7	18.4	16.7	21.8	NA	4.0
TIKKURILA OYJ	TIK1V FH	14	478	728	NA	24.2	17.8	21.5	15.6	14.3	NA	NA

Source: Bloomberg. Prices as of August 13, 2018.

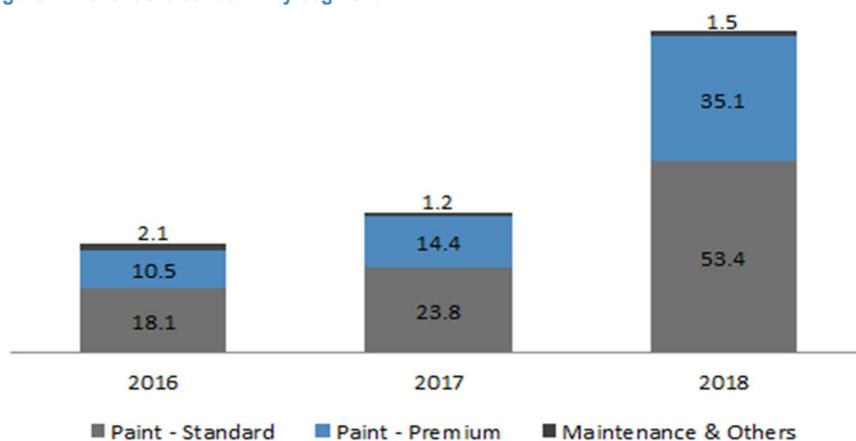
## Company Background

Samurai 2K Aerosol Limited is involved in the manufacturing, distribution and marketing of aerosol coating solutions for the automotive refinishing and refurbishing industry. The company has c.800 products that are sold under its eight home brands and are distributed in Malaysia, Indonesia, Thailand, Philippines, Vietnam, UK, and Singapore.

The company's business is divided into three main segments: Standard Paint, Premium Paint and Maintenance & Other segment. The Standard Paint segment includes standard color aerosol spray paints. The Premium Paint products are high-quality aerosol paint with additional features. The Maintenance and Others section includes motorcycle maintenance and motorcycle cosmetic products.

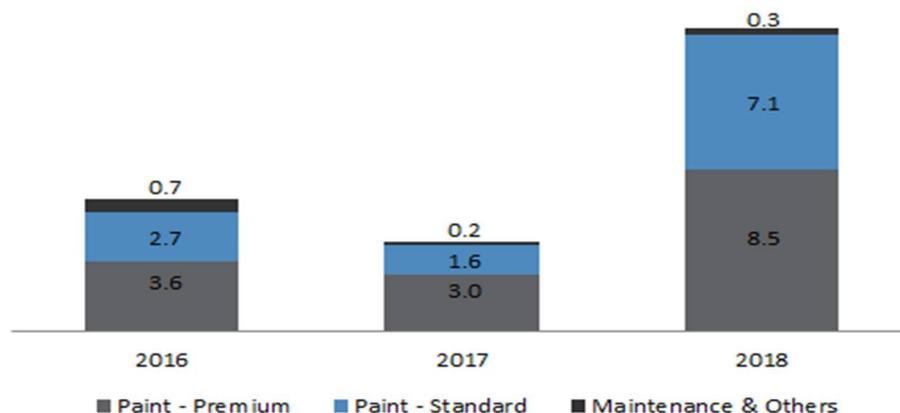
The company is headquartered in Malaysia with its production facility located in Johor. It listed on the Catalist board of the Singapore Stock Exchange on 16 January 2017.

Figure 7: Revenue breakdown by segment



Source: Company data.

Figure 8: Segment profit trends



Source: Company data.

## Description of products

The Standard Paint segment includes standard color aerosol spray paints that accounts for 59% of their revenue and 45% of the profit. The products in the segment are standard 1K products, which stands for 1 component: resin. These products are used to paint automobiles, graffiti artwork and in households. Products under the brand “CanArt” are for graffiti artists, households’ use products from the "Canbrush" brand and “Samurai” and “Kurobushi” are for automotive and industrial uses.

The products offered by the Premium segment are high-quality 1K products. These include fluorescent, metallic and candy color aerosol spray paint products, high temperature aerosol spray paint products, primer products, epoxy products. Apart from the high-quality 1K products the company also sells 2K products. The premium segment accounts for close to 39% of the company’s revenue and 53% of the profit.

The 2K stands for two components: resin and hardener. The company has two kinds of 2K products epoxy and polyurethane. The epoxy resin provides flexibility, hardness, abrasion resistance, chemical resistance, high adhesion and corrosion protection when in its cured form. It needs a reaction partner, the hardener, to be cured. The polyurethane is the cured product formed due to the chemical reaction between the hardener and hydroxyl atoms. This offers color stability and gloss retention and is used as a top coat.

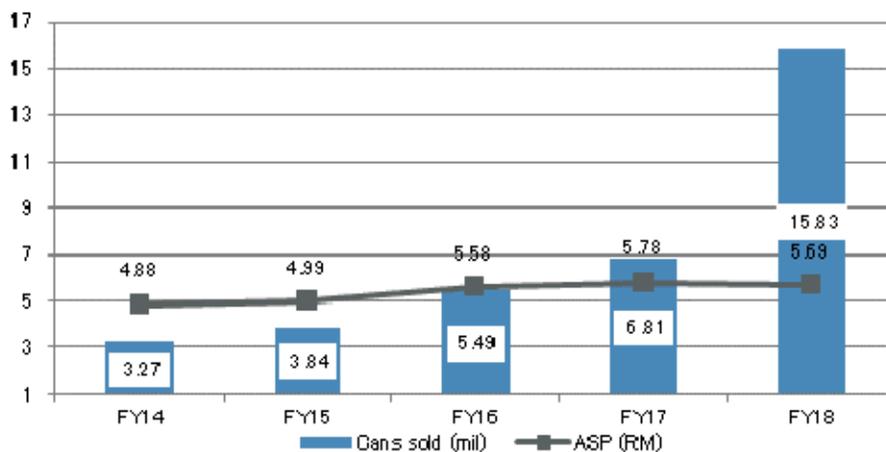
The Maintenance and Others section includes motorcycle maintenance and motorcycle cosmetic products sold under the Ninjustsu and Geiji brands, respectively. They account for 2% of the company's revenues and profits.

**Table 11: Products sold under the Maintenance segment**

<b>Ninjustsu</b>	<b>Motorcycle maintenance</b>
Engine Degreaser	Cleans the engine in minutes
Carburetor Cleaner	Dissolves and removes harmful carbon, gum, sludge and varnish deposits.
Spray Grease	High performance lubrication for motorcycles
Gasket Cleaner	A solvents based general cleaner that dissolves tar, grease, dried oil, adhesives etc.
Brake Cleaner	Removes the brake fluid, grease, oily dirt from brake components
Chain Oil	To make the chain run smoother and last longer
<b>Geiji</b>	<b>Motorcycle cosmetics</b>
Tire Shine	Removes dirt and restores the original colour of the tyre
Metal Polish	Cleans, restores and protects any polished metal
Paint Polish	Cleaner, polish and protectant for motorcycle
Helmet Deodorant	Sterilization in helmet
Tire Inflator	Seal small tire punctures and inflation of tires in emergency
Motor Shampoo	Cleaning the external part of a motorcycle

Source: Company data.

Figure 9: Total no. of cans sold & average selling price



Source: Company data.

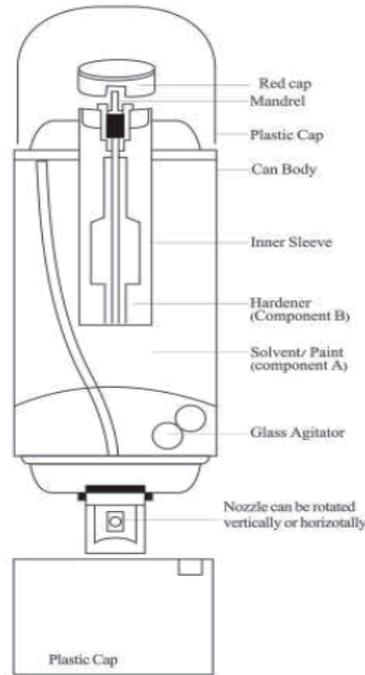
### The 2K technology

Conventionally, the resin and the hardener need to be mixed in an air gun and then applied to the surface. The mix can only be used within 3-4 hours of the mixing after which it starts to solidify. This process requires expertise regarding the mixing ratios and extra equipment like the air gun. With the 2K technology, both the components are present inside the spray can in the required ratio. They are stored in separate compartments separated by an inner sleeve and are only mixed when the can is ready to be used. The 2K technology is manufactured by one other large manufacturer in the world, a German company called Kwasny, as per Management.

The company developed the original 2K system in January 2015. It is equipped with two separate heads located at the two different ends. The two heads are connected to the two components in the can. To use the product the head connected to the hardener has to be pushed. This breaks the inner sleeve separating the two components and allows them to mix. The spray is then applied through the nozzle at the other end.

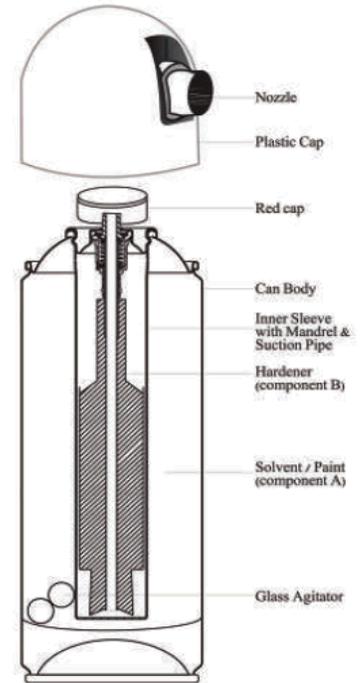
The second version of the product was launched in 2017. It combines both the heads into one nozzle. To use the product, the head has to be pushed in. This breaks the inner sleeve and the two components get mixed. The spray is then applied through the same head. The company received an invention patent for this technology from the US starting from April 2018 till 2035. The second version of the product is only sold in the US.

Figure 10: The original version of the 2K system



Source: Company data.

Figure 11: The second version of the 2K system



Source: Company reports.

Figure 12: 2K spray can description

**2K In a Can**  
 PATENTED

**INTELLECTUAL PATENTED PROPERTY**

**1** Press the red cap until produces 'pop' sound from within.  
 PRESS TO PUNCTURE

**2** Shake to mix Part A & Part B well for 2 minutes.  
 SHAKE TO MIX A & B

**3** Change the red cap with nozzle to start spraying.  
 SPRAY A + B

Labels: Nozzle can be rotated vertically or horizontally, Red cap, Plastic round cap, Hardener (PU / Epoxy), Resin with pigment (Solvent / Water-based), Inner Sleeve with mandrel & suction pipe, Glass agitator.

**No More Paint Discharge Without Puncturing!**  
 After pressed, the inner sleeve will be punctured and hardener inside will flow out to mix with resin in the can body.

**Touch dry : 35 minutes /25°C**  
**100% dry : 7 days**  
**Intercoat : 10-15 minutes**  
**Storage : 24 months /25°C**  
**Potlife PU : 4hrs /25°C**  
**Potlife Epoxy : 24hrs /25°C**

- Shake well for 60 seconds.
- Spray distance should be between 8cm to 15 cm.

Source: Company reports.

Table 12: Comparison between various technologies

	Aerosol Spray 1K	Aerosol Spray 2K (Single Head)	Aerosol Spray 2K (Double Head)	Spray Gun	Airbrush
Composition	Paint	Paint + Hardener	Paint + Hardener	Paint + Hardener	Paint + Hardener
Gloss	Least	Medium	Medium	Best	Best
Drying time	Medium	Best	Best	Least	Least
Ease to use	Easy	Easy	Easy	Difficult	Difficult
Application spread	Specially used for spot repairs	Good for metallic parts and DIY applications	Good for metallic parts and DIY applications	Good for all types of two wheelers	Good for all types of two wheelers
Ag. price	c.\$1.5 to \$2 per can. c.\$15-\$20 per two-wheeler	-	\$7-9 per can Around \$25 per two wheeler	Around \$50 per two-wheeler for basic paint	Around \$50 per two-wheeler for basic paint
Average volume	10-12 cans for full repainting	2-4 cans for full repainting	2-4 cans for full repainting	-	-

Source: Company reports.

## Production & Distribution

The company is headquartered in Malaysia with its production facility located in Johor. It acquired two new factories in FY2017 including which its total capacity is 12.8 million cans per year. It is in the process of expanding its capacity and is adding one additional production line to do the same. Each line can produce 2000 cartons a day, which contains 12 spray cans. With the additions of the line production should increase to approximately 17 million cans per year.

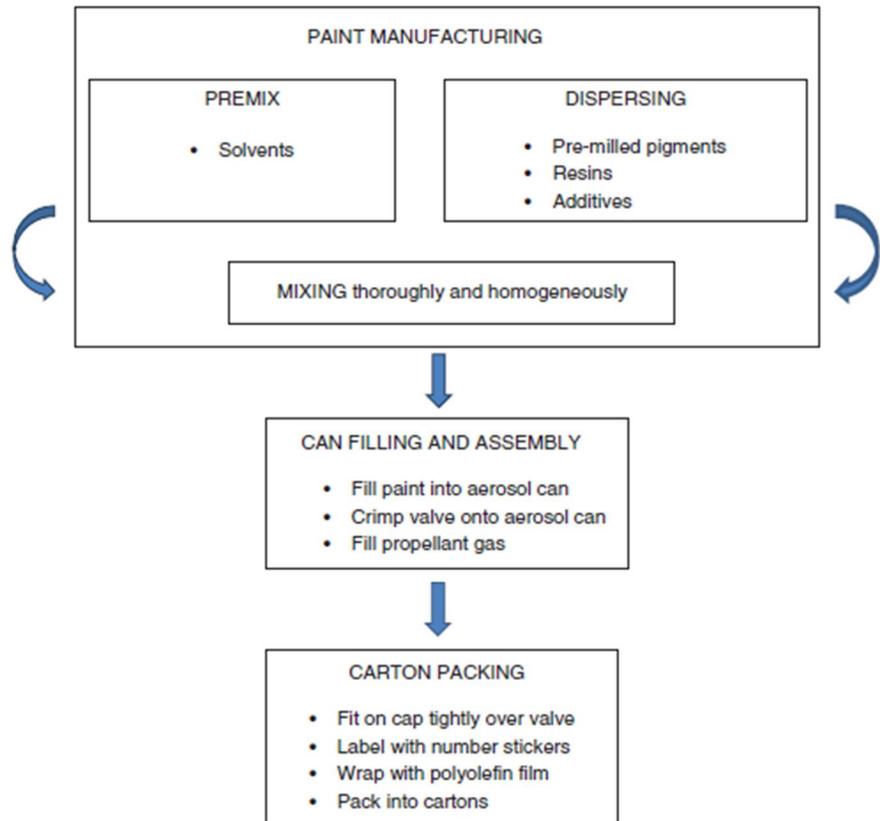
Table 13: Production Capacity

	FY 2014	FY 2015	FY 2016	8M 2018
Utilization Rate	75%	90%	78%	72%
Actual output	3.5	4.2	6.0	9.1
Estimated Production capacity	4.7	4.7	7.7	12.8

Source: Company reports.

Direct raw material required for the production include resin, additives, propellant, solvents, pigments, aerosol cans and packaging materials. Direct raw material costs accounted for 83.4% of the total cost of sales in 1Q FY17. Prices of the raw materials are linked to crude oil prices as per company reports. Some materials are sourced from Malaysia while a few are imported from Japan and Europe. Bulk purchase of raw materials gives the company pricing power.

Figure 13: Aerosol Paint Production Process

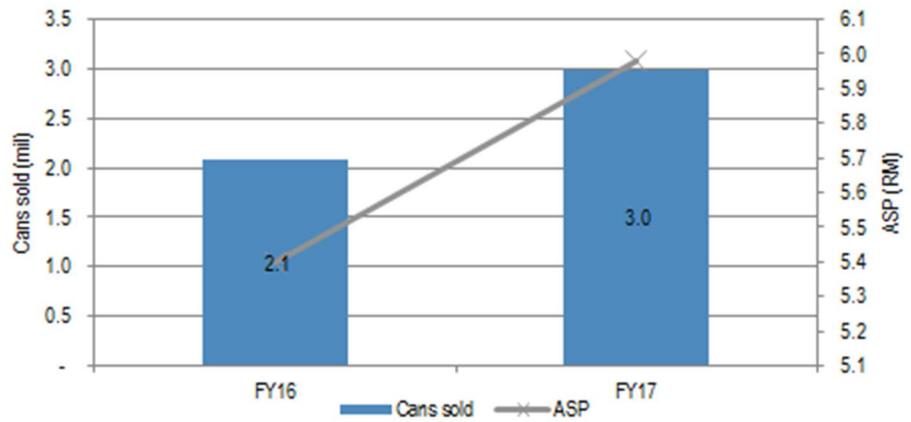


Source: Company reports.

The company started its operations in Malaysia in 2005, Indonesia in 2011, Thailand in 2015, Vietnam and Philippines in 2016 and Cambodia in 2018. They are the leading players in Asia for two-wheeler aerosol products.

Indonesia is the largest market for Samurai. 64.3% of the company's total revenue comes from Indonesia. As per Management, the company changed its distribution strategy in the last financial year from carrying out its own distribution process through its subsidiary to outsourcing the process to three local master distributors.

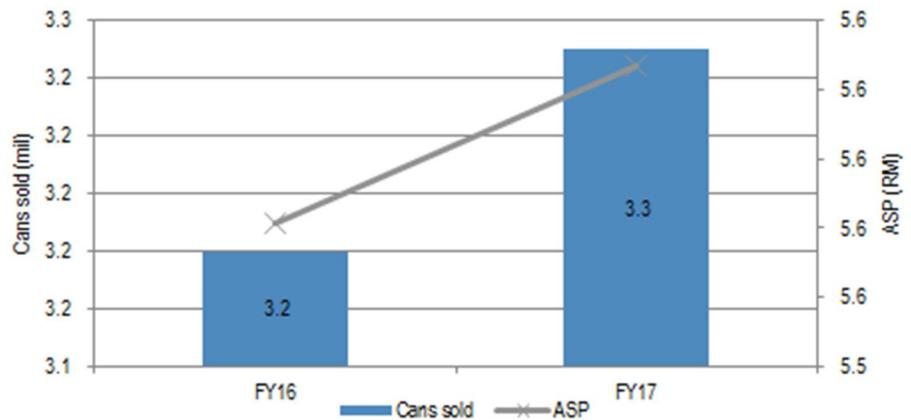
Figure 14: Samurai 2K growth trends in Indonesia



Source: Company reports.

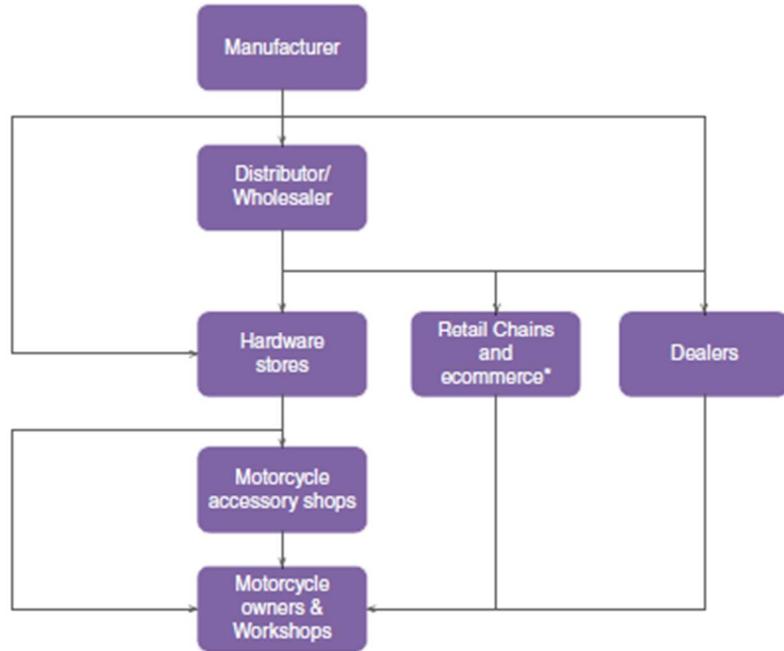
Management expects the growth in Malaysia to be around 20% and in Indonesia and the rest of Asia to be around 50%. In Malaysia, the retail selling price of standard paint cans are MYR9-10 and that for the older version of the 2K spray cans are MYR30. Around 7-8 cans of the product is used per motorcycle.

Figure 15: Samurai 2K growth trends in Malaysia



Source: Company reports.

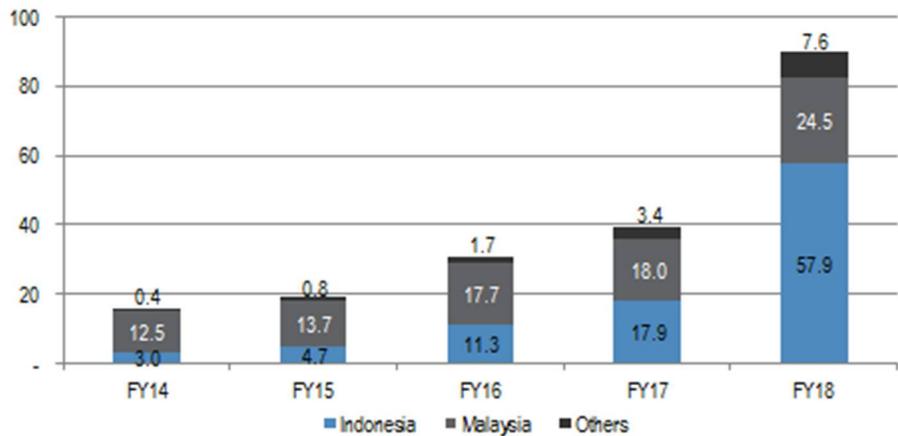
Figure 16: Malaysia Aerosol Spray Paint Industry Overview



Source: Frost & Sullivan.

The company is in the process of developing new products which would further expand Samurai 2K's target market, as per Management.

Figure 17: Revenue Breakdown by Region



Source: Company reports.

Prior to the IPO, the company did not have the appropriate business license to carry out its distribution activities in Indonesia. This was in breach of the license they held at the time, as per company reports. The company has not been held accountable for the breach and has applied for the correct license to carry out the distribution activities. However, it still may be subject to sanctions for the past breaches, as per company reports. As per company reports, sanctions can include written warnings and/or online warnings, limitation of the business activities, suspension of the business activities and/or capital investment facilities, or cancellation/revocation of the capital investment and/or business licenses and/or business activities and/or investment facilities.

The company was in breach of the safety and health regulation laws in Malaysia, as per company reports. It has made the required changes to be compliant in April 2016 but can be sanctioned for past breaches as per company reports. The damages can include reputational damage, temporary loss of key personnel and damage to future relationships and dealings with the government, amongst others, as per company reports.

## Expansion into the US

As per Management, expansion into the US is the next driver of growth for the company. The company has already received a utility patent for the one head 2K system in the US. It is starting a test run of its product in New Jersey, targeting the workshops and paint shops to carry their products initially. The company has a warehouse of 5,000 sq. feet to help with this expansion.

The company is planning to target the refinishing market for bed liners for pick-up trucks. This is a new niche segment for the company to help them position themselves in the market as even their German competitor, Kwasny, has not entered it yet, as per Management.

Management plans to produce the products in Malaysia and ship it to the US. The shipping cost is 0.12 cents per can and an import duty of 3.5%. The average selling price for these cans is aimed to be approximately USD 25. Kwasny has its operations in the US and is selling 1K and 2K products under its brand “Spray Max.”

**Table 14: Price comparison for different products**

Spray Max Products sold in US	Price (US\$)	Samurai Products sold in Malaysia	Price (US\$)
1K Base Coat Paint (10.1 oz)	29.34	Spray Paint Standard Color (400 ml)	2.4
2K Single Stage Paint (9.6 oz)	31.06	Spray Paint 2K	7.4
1K Acrylic Clear Coat (10.6 oz)	12.39	1K Clear Top Coat (300 ml)	4.9
2K Clear Coat High gloss Glamour (11.8 oz)	19.52	Spray Paint 2K Top Coat Clear 2K01	8.1
2K Epoxy Rust Cure Primer (14.1 oz)	24.78	2K Epoxy Metal Primer	7.4

Source: 66 autocolour data, company reports, Shopee Note: Prices for Samurai are converted at a USD = 4.06 RM exchange rate.

## Financial Summary

### Income Statement

Table 15: Income Statement

YE : 31st March (in RM millions)	2016	2017	2018	16-17 change	17-18 change
Revenue	30.6	39.4	90.0	28%	129%
Cost of sales	(18.3)	(21.6)	(51.3)	18%	138%
Gross Profit	12.3	17.8	38.7	44%	118%
Other (expenses)/income	0.3	0.8	(3.8)	160%	-555%
Administrative expenses	(3.9)	(10.3)	(11.6)	169%	12%
Marketing and distribution expenses	(1.7)	(3.5)	(7.2)	100%	107%
Finance costs	(0.3)	(0.5)	(0.5)	83%	-1%
Profit before tax	6.8	4.3	15.6	-37%	265%
Income tax expense	(1.3)	(2.4)	(3.7)	83%	53%
Profit for the year	5.4	1.8	11.9	-66%	546%
Non-controlling interests	-	(0.4)	0.2	na	-154%
PATMI	5.4	2.2	11.7	-59%	427%
No. of shares outstanding	100.4	100.0	109.9	0%	10%
EPS (in RM sen)	5.4	2.2	10.6	-59%	379%
Listing Expense	-	4.4	-	na	na
D&A	0.5	0.8	1.1	57%	43%
EBITDA	7.5	5.5	17.0	-27%	211%
EBITDA (excl. listing expense)	7.5	9.9	17.0	32%	73%
EBIT (excl. listing expense)	7.0	9.1	15.9	30%	75%
Dividend per share (in SGD Cents)	-	-	0.6	na	na
Total Dividend declared (in SGD)	-	-	659,526.0	na	na

Source: Company data.

Table 16: Income Statement: Semi Annual

YE : 31st March (in RM millions)	Semi Annual Ended				
	30-Mar-17	30-Sep-17	30-Mar-18	sa-o-sa change	y-o-y change
Revenue	22.2	34.5	55.5	61%	150%
Cost of sales	(12.4)	(19.0)	(32.3)	70%	161%
Gross Profit	9.9	15.5	23.2	50%	135%
Other (expenses)/income	0.4	(0.4)	(3.4)	807%	-890%
Administrative expenses	(6.4)	(4.7)	(6.8)	43%	7%
Marketing and distribution expenses	(2.0)	(2.2)	(5.0)	122%	148%
Finance costs	(0.3)	(0.3)	(0.2)	-17%	-22%
Profit before tax	1.7	7.8	7.8	-1%	371%
Income tax expense	(1.3)	(1.5)	(2.2)	42%	67%
Profit for the year	0.3	6.3	5.6	-11%	1519%
Non-controlling interests	(0.4)	(0.1)	0.3	-349%	-191%
PATMI	0.7	6.4	5.3	-18%	626%
No. of shares outstanding	100.0	100.0	109.9	10%	10%
EPS (in RM sen)	0.7	6.4	4.8	-26%	561%
D&A	0.4	0.5	0.6	22%	48%
EBITDA (excl. listing expense)	5.2	8.5	8.5	0%	64%
EBIT (excl. listing expense)	4.8	8.0	7.9	-2%	65%

Source: Company data.

## Segment Information

Table 17: Segment Breakdown

YE : 31st March (in RM millions)	2016	2017	2018	16-17 change	17-18 change
<b>Revenue breakdown by region</b>	<b>30.6</b>	<b>39.4</b>	<b>90.0</b>	<b>28%</b>	<b>129%</b>
Indonesia	11.3	17.9	57.9	32%	224%
Malaysia	17.7	18.0	24.5	37%	36%
Others	1.7	3.4	7.6	-45%	123%
<b>Segment profit</b>	<b>7.0</b>	<b>4.7</b>	<b>15.9</b>	<b>28%</b>	<b>239%</b>
Paint - Standard	2.7	1.6	7.1	58%	359%
Paint - Premium	3.6	3.0	8.5	2%	186%
Maintenance & Others	0.7	0.2	0.3	103%	74%
<b>Revenue breakdown by segment</b>	<b>30.6</b>	<b>39.4</b>	<b>90.0</b>	<b>-33%</b>	<b>129%</b>
Paint - Standard	18.1	23.8	53.4	-42%	124%
Paint - Premium	10.5	14.4	35.1	-18%	144%
Maintenance & Others	2.1	1.2	1.5	-75%	28%
<b>Segment profit margin</b>	<b>23%</b>	<b>12%</b>	<b>18%</b>	<b>-48%</b>	<b>48%</b>
Paint - Standard	15%	7%	13%	-56%	105%
Paint - Premium	35%	21%	24%	-40%	17%
Maintenance & Others	33%	15%	20%	-55%	36%
<b>No. of cans sold</b>	<b>5.5</b>	<b>6.8</b>	<b>15.8</b>	<b>24%</b>	<b>132%</b>

Source: Company data.

Table 18: Segment Breakdown: Quarterly

YE : 31st March (in RM millions)	Semi Annual Ended			sa-o-sa change	y-o-y change
	30-Mar-17	30-Sep-17	30-Mar-18		
<b>Revenue breakdown by segment</b>	<b>22.2</b>	<b>34.5</b>	<b>55.5</b>	<b>61%</b>	<b>150%</b>
Paint - Standard	13.7	20.8	32.6	57%	138%
Paint - Premium	8.2	13.1	22.0	68%	169%
Maintenance & Others	0.3	0.6	0.9	50%	154%
<b>Revenue breakdown by region</b>	<b>22.2</b>	<b>34.5</b>	<b>55.5</b>	<b>61%</b>	<b>149%</b>
Indonesia	10.6	19.8	38.1	92%	260%
Malaysia	9.3	11.5	13.0	13%	39%
Others	2.3	3.2	4.4	39%	91%
<b>No. of cans sold</b>	<b>3.8</b>	<b>6.1</b>	<b>9.8</b>	<b>61%</b>	<b>155%</b>

Source: Company data.

## Balance Sheet

Table 19: Balance Sheet

YE : 31st March (in RM millions)	2016	2017	2018
<b>ASSETS</b>			
Property, plant and equipment	5.1	10.9	16.1
Intangible assets	0.0	0.0	0.2
Investment in subsidiaries	-	-	-
Deferred tax assets	0.0	0.0	0.1
Other receivables	0.6	0.3	-
<b>Non-current assets</b>	<b>5.7</b>	<b>11.2</b>	<b>16.4</b>
Inventories	5.4	6.4	8.3
Trade and other receivables	6.9	5.2	29.9
Cash and bank balances	10.2	19.9	39.3
<b>Current assets</b>	<b>22.5</b>	<b>31.5</b>	<b>77.5</b>
<b>Total assets</b>	<b>28.2</b>	<b>42.7</b>	<b>93.8</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1.3	23.3	52.7
Foreign currency translation reserve	0.2	0.3	0.1
Retained earnings/(accumulated losses)	10.4	12.6	23.5
Merger reserves	-	(11.3)	(10.5)
Equity attributable to:			
Equity holders of the Company	11.9	24.8	65.8
Non-controlling interest	-	(0.0)	0.2
<b>Total equity</b>	<b>11.9</b>	<b>24.8</b>	<b>65.9</b>
<b>LIABILITIES</b>			
Trade and other payables	10.4	7.0	18.8
Borrowings	4.2	4.7	3.6
Tax payable	-	0.3	0.5
<b>Total current liabilities</b>	<b>14.5</b>	<b>12.0</b>	<b>23.0</b>
Borrowings	1.4	5.1	4.2
Deferred tax liabilities	0.3	0.6	0.5
Other payables	0.1	0.2	0.3
<b>Total non-current liabilities</b>	<b>1.8</b>	<b>5.9</b>	<b>4.9</b>
<b>Total liabilities</b>	<b>16.3</b>	<b>17.9</b>	<b>27.9</b>
<b>Total equity and liabilities</b>	<b>28.2</b>	<b>42.7</b>	<b>93.8</b>

Source: Company reports.

## Cash Flow Statement

Table 20: Cash Flow Statement

YE : 31st March (in RM millions)	2016	2017	2018
Cash flow from operating activities			
Profit before tax	6.8	4.3	15.6
Adjustments for:			
Depreciation of property, plant and equipment	0.5	0.8	1.1
Amortisation of intangible asset	0.0	0.0	0.0
Property, plant and equipment written off	-	0.0	0.0
Gain on disposal of property, plant and equipment	-	-	(0.0)
Interest expenses	0.3	0.5	0.5
Interest income	(0.0)	(0.1)	(0.2)
Write-off of trade receivables	0.0	-	-
Listing expenses	-	4.4	-
<b>Operating cash flow before working capital changes</b>	<b>7.5</b>	<b>9.9</b>	<b>17.0</b>
Working capital changes:			
Inventories	(2.0)	(1.0)	(1.9)
Trade and other receivables	(3.7)	2.1	(24.4)
Trade and other payables	7.6	(3.6)	12.6
Currency transaction adjustments	0.0	0.0	(0.2)
Cash flow generated from operations	9.4	7.5	3.1
Income tax paid	(1.3)	(1.9)	(3.9)
Interest received	0.0	0.1	0.2
Interest paid	(0.3)	(0.5)	(0.5)
<b>Net cash (used in)/generated from operating activities</b>	<b>7.9</b>	<b>5.1</b>	<b>(1.1)</b>
Cash flow from investing activities			
Purchase of intangible assets	(0.0)	-	(0.2)
Deposit for purchase of property, plant and equipment	(0.6)	(0.3)	-
Proceeds from disposal of property, plant and equipment	-	-	0.0
Purchase of property, plant and equipment	(2.5)	(5.9)	(6.4)
<b>Net cash used in investing activities</b>	<b>(3.0)</b>	<b>(6.1)</b>	<b>(6.5)</b>
Cash flow from financing activities			
(Increase)/decrease in fixed deposits pledged	(0.4)	0.2	(0.0)
Proceeds from issuance of ordinary shares	-	12.4	29.4
Payment of initial public offering related expenses	-	(5.9)	-
Repayment of obligations under finance lease	(0.1)	(0.1)	(0.1)
Proceeds from bank borrowings	2.2	4.8	-
Repayment of bank borrowings	(0.2)	(0.6)	(1.9)
<b>Net cash generated from financing activities</b>	<b>1.4</b>	<b>10.8</b>	<b>27.3</b>
Net change in cash and cash equivalents	6.3	9.8	19.7
Cash and cash equivalents at beginning of financial year	2.4	8.8	18.7
Effect of exchange rate changes on cash and cash equivalents	-	0.2	(0.4)
Cash and cash equivalents at end of financial year	8.8	18.7	38.1
<b>Capex (incl. acquisitions)</b>	<b>(2.5)</b>	<b>(5.9)</b>	<b>(6.6)</b>
<b>Acquisitions</b>	<b>-</b>	<b>1.0</b>	<b>2.0</b>
<b>FCFF</b>	<b>5.7</b>	<b>(0.3)</b>	<b>(7.4)</b>

Source: Company data.

## Ratio Analysis

Table 21: Ratio Analysis

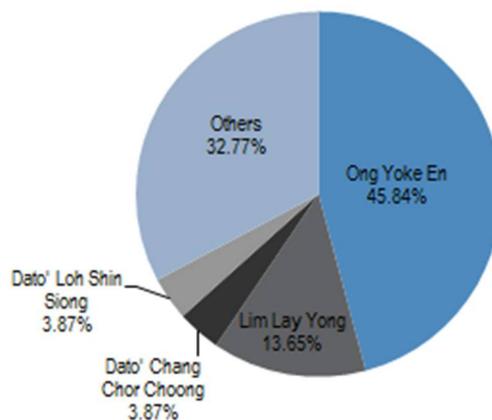
Ratios	2016	2017	2018
<b>Margins (%)</b>			
Gross Margin	40.2%	45.1%	43.0%
EBITDA margins	24.4%	13.9%	18.9%
EBITDA (excl. listing expense) margins	24.4%	25.1%	18.9%
EBIT (excl. listing expense) margins	22.8%	23.1%	17.7%
PBT margins	22.1%	10.9%	17.4%
PAT margins	17.7%	4.7%	13.2%
PATMI margins	17.7%	5.6%	13.0%
<b>in RM millions</b>			
Total assets	28.2	42.7	93.8
Total assets -CL (ex-Bank Debt)	17.9	35.3	74.5
Net assets	11.9	24.8	65.9
Total equity	11.9	24.8	65.9
Total Debt	5.6	9.8	7.8
Net Debt	(4.6)	(10.1)	(31.5)
Capital Employed (Total Assets - Current Liabilities)	13.7	30.7	70.8
Avg. Capital Employed	10.8	22.2	50.8
Average (Total assets -CL (ex-Bank Debt))	14.1	26.6	54.9
Invested Capital (Total Equity+ Total Debt)	17.5	34.6	73.7
Average invested capital	13.8	26.0	54.1
<b>Working Capital Ratios</b>			
Net Working Capital (Receivables + Inventory - Payables)	1.9	4.6	19.3
Average Net Working Capital	2.9	3.3	12.0
Net Working Capital/ Sales %	9.4%	8.3%	13.3%
Receivable Days	60.4	56.3	71.2
Payable Days	130.67	147.07	91.93
Inventory Days	87.12	99.45	52.08
Cash Conversion Cycle	16.8	8.7	31.3
<b>Profitability Ratios</b>			
RoA (%) - PAT / Average (Total Assets-CL (ex Bank Debt))	38.5%	6.9%	21.7%
RoCE (%) -- (EBIT - tax)/ Average CE	52.5%	30.0%	24.1%
RoIC (%) -- (EBIT - tax)/ Average IC	40.8%	25.6%	22.6%
ROE (%) - total (PATMI/ Average Shareholders Equity)	59.2%	12.1%	25.8%
<b>Leverage Ratios</b>			
Net debt/equity (%)	-38.6%	-40.9%	-47.8%
EBITDA (excl. listing expense) / Interest expense (x)	27.9	20.1	35.0
<b>Liquidity Ratios</b>			
Current ratio (x)	1.5	2.6	3.4
Quick Ratio (x) (Current Assets - Inventory - Prepayments)/ CL	1.2	2.1	3.0
<b>Du-Pont Decomposition</b>			
PATMI margin	17.7%	5.6%	13.0%
Revenue/Assets	1.5	1.1	1.3
Assets/Equity	2.3	1.9	1.5
ROE (Du-pont)	59.2%	12.1%	25.8%

Source: Company data.

## Management & Shareholding Structure

As of 13 June 2018, the free float percentage of the company was approximately 30.40%. Ong Yoke En is the largest shareholder with a holding of 45.48% in the company's shares. The second-largest shareholder is Lim Lay Yong with a holding of 13.65%.

Figure 18: Shareholding Structure



Source: Company data.

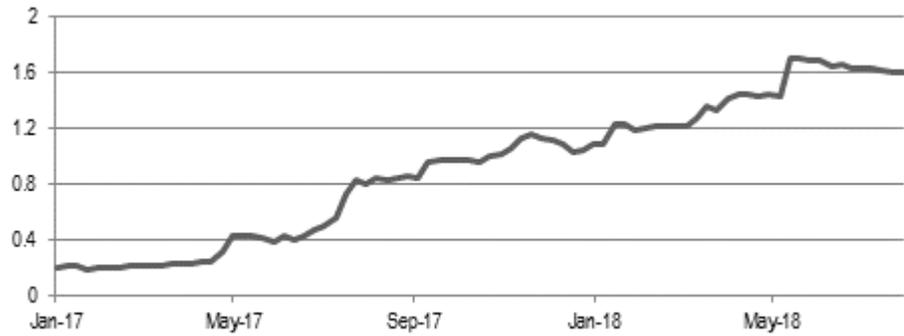
Table 22: Key Management

Ong Yoke En	Executive Director & CEO	Graduated from the Universiti Kebangsaan Malaysia with a Bachelor of Arts in 1993. He has more than 20 years of diverse and strong working experience in the aerosol industry holding leadership positions in various aerosol companies in Malaysia. He leads the senior executive team and sets the strategic direction of the Group. He is also actively involved in the research and development of the Group's aerosol products. He played a key role in the Group's invention of the single head 2K system.
Lim Lay Yong	Executive Director & COO	Graduated from the Simon Fraser University (Canada) with a Bachelor of Science (Biochemistry) in 1994 and obtained a Graduate Diploma in Health Science (Herbal Medicine) from The University of New England (Australia) in 2007. Has a diverse and strong working experience having served in various capacities for more than 20 years in marketing and product manufacturing. As the COO of the Group, she oversees the daily operations of the Group, helps in designing and implementing business strategies, plans and procedures and managing relationships with vendors
Sia Shu Yee	CFO	Graduated from Multimedia University in 2004 with a Bachelor of Accounting (Hons). Joined the Group in August 2015. She gained her audit experience when she was a senior auditor at Ernst & Young. She was the group accountant cum finance manager at BCB Berhad, a Bursa Malaysia listed company involved in property development, construction and hotel operations, where she oversaw all financial matters such as finance and treasury planning, financial risk management and investor relations.
Puah Thye Lay	Sales Director	Joined the Group in 2009. She has approximately 20 years of sales experience. She worked in a few fast-moving consumer goods companies where she led a team of salesmen and merchandisers and assisted in the expansion of the business. As Sales Director, Ms Puah is in charge of the sales department and is currently involved in the training of the Group's sales team in a few countries.

Source: Company reports.

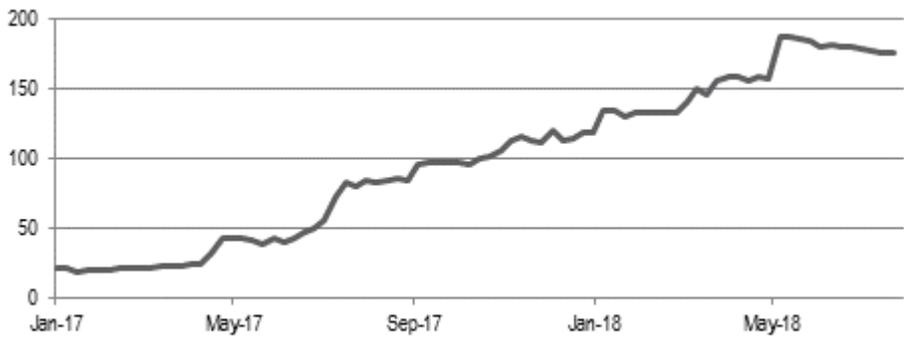
## Share Price & Key Events

Figure 19: Share price performance (in SGD)



Source: Bloomberg.

Figure 20: Market capitalization (in SGD million)



Source: Company reports.

**Table 23: Samurai 2K Aerosol Limited: Key Events**

February 1997	Orientus Industry Sdn. Bhd. was acquired by Mr Ong Yoke En. The company started private label manufacturing for a full range of household detergent products and started exporting to Singapore.
January 1998	Started private label manufacturing for a private labelling product, Elephant Glue, and was one of the leading contract packer of industrial grade superglue in Malaysia.
March 2001	Began exporting blister packs of superglue to United States of America, the Czech Republic and the United Kingdom.
January 2005	Reduction in private label manufacturing activities and began refocusing efforts towards proprietary manufacturing including the development of own spray paints products and established first proprietary brand, "Samurai".
September 2006	Sales branches in Sabah and Sarawak began operations.
September 2008	Incorporated Creative Paint Marketing Sdn. Bhd. in Malaysia to support the branding, marketing, sales and distribution of "Samurai" in Malaysia and neighboring regions
December 2009	Acquired paint-mixing and manufacturing know-how and formulations from Asia Paint (Singapore) Pte Ltd.
June 2010	Started selling in Indonesia after setting up an office in Jakarta, Indonesia, with the incorporation of PT Samurai Paint.
March 2011	Incorporated Samurai Paint (UK) Limited with a third party in order to penetrate the UK market.
August 2011	Expanded the supplier network from Malaysia to include The People's Republic of China, and Supreme Wish Holdings Limited was incorporated in Hong Kong in August to act as the procurement office liaising with PRC suppliers.
February 2012	Exported products under our "Canbrush" brand to the United Kingdom and began establishing businesses there.
February 2013	Incorporated Samurai 2K USA Inc.
January 2015	Developed the 2K system. This original version was equipped with two heads.
March 2016	Initiated a soft launch for a second version of the 2K system which was designed with a single head.
March 2016	Company was incorporated in Singapore.
January 2017	Company was listed in Catalist of the Singapore Exchange Securities Trading Limited (the "SGXST").
October 2017	Signed a Memorandum of Understanding with Genesis GD Sdn Bhd to award Genesis the sole and exclusive distributorship of the Group's products in Cambodia
March 2018	Officially deregistered Supreme Wish Holdings Limited by the Companies Registry of Hong Kong
April 2018	Granted for the invention patent by the United States for the Single Head 2K system till 2035.
June 2018	Cash dividend of SGD 0.006 per ordinary share was announced with respect to FY 2018.

Source: Company reports.

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