

DSE Ticker	: SEAPEARL	IPO Size	: BDT 150 mn	Analyst Yousuf Ahammed yousuf.ahammed@lbsbd.com
Bloomberg Code	: SEAPEARL BD Equity	No Lock in on first trading day	: 11.0 mn shares	
Sector	: Travel & Leisure	Issue date	: 28-Mar-19	

Table : IPO Snapshot

IPO Size (BDT mn)	150.0
IPO Size (Shares mn)	15.0
Face Value Per Share (BDT)	10
Offer Price Per Share (BDT)	10
Year End	June
Sector	Travel & Leisure
Revenue in 2018 (BDT mn)	468.9
Net Profit in 2018 (BDT mn)	83.7
Latest EPS Annualized (Post IPO) (BDT)	0.7
Issue Date of Prospectus	28-Mar-19
Subscription Open Date	22-Apr-19
Subscription Close Date	6-May-19

Source: LBSL Research and Company Prospectus

Table : Production Capacity and Capacity Utilization Rate (rooms)

Particulars	2018
Installed Capacity	81,249
Production	49,660
Capacity utilized (%)	61.1%

Source: LBSL Research and Company Prospectus

Table : Capital Structure of the Company

Particulars	Amount (BDT mn)
Paid-up Capital (Prior to IPO)	1000.0
Capital to be issued as IPO	150.0
Paid-up Capital (after IPO)	1150.0

Source: LBSL Research and Company Prospectus

Table : Use of IPO Proceeds

Particulars	Use of IPO Proceeds in BDT mn	Use of IPO Proceeds in %
Interior, finishing, furniture & fixture (157 rooms)	106.8	10.7%
Acquisition of land	26.7	2.7%
IPO Expenses	16.5	1.7%
Total	1,000.0	100.0%

Source: LBSL Research and Company Prospectus

Company Overview

Sea Pearl Beach Resort & Spa Limited (the owner of “Royal Tulip Sea Pearl Beach Resort & Spa Cox’s Bazar”) a Five Star resort & hotel in Bangladesh, started its commercial operation from 17 September 2015. The principal activities of the Company throughout the period were carrying out Resort & Hotel business.

The Company constructed its Five Star Resort and Hotel Complex on a total land area of 10.28 acre with ten story building having total floor area of nearly 450,000 sft. The Complex has operated total 493 rooms out of which currently 241 rooms are available for guests, Balance of 252 rooms are not usable. From IPO proceeds Tk. 106,827,300 use for 157 rooms made useable. However, 95 rooms will remain unusable even after use of full IPO proceeds. There are 7 restaurants, 1 bar, 2 conference rooms, 1 hall room, 1 health club, 2 swimming pools, 2 tennis courts, vehicle parking place and all other guest facilities associated with a world class resort and hotel.

Table : Projected Production Capacity and Capacity Utilization Rate (rooms)

Particulars	2018-19	2019-20	2020-21
Capacity Utilization	55,770	87,816	99,123
Utilization Rate	63%	67%	68%

Source: LBSL Research and Company Prospectus

Table : Major Revenue Contribution FY18

Particulars	2017 - 18	Percentage
Room Revenue	240.2	51.2%
Food & Beverage Revenue	193.6	41.3%
Minor Operating department	24.6	5.3%
Space rent and Other revenue	10.5	2.2%
Total	468.9	100%

Source: LBSL Research and Company Prospectus

Table : New Project Cost (BDT mn)

Particulars	Estimated Project Total Cost	From IPO Proceeds	From Own Finance
Land and Land Development	121.2	26.7	147.9
Building and Other Civil Works	3,342.0	0	3,342.0
Furniture and Fixture	263.7	106.8	370.5
Computer Accessories and Equipment	1.7	0	1.7
Mechinaries	509.6	0	509.6
Equipment	209.3	0	209.3
Vehicle	8.3	0	8.3
Total Fixed Cost	4,455.8	133.5	4,589.3
Net Working Capital	212.6	4.1	216.7
Total Project Cost	4,668.4	137.6	4,806.0

Source: LBSL Research and Company Prospectus

Table : New Project Financing (BDT mn)

Particulars	Estimated Project Total Cost	From IPO Proceeds	From Own Finance
Existing Loan	35.2	0	35.2
SPBRSL 20% Convertible Bond	3,472.2	0	3,472.2
Short-term Bank Borrowings	113.4	0	113.4
Total Debt	3,620.7	0	3,620.7
Shareholder's Capital	1,000.0	150.0	1,150.0
Retained Earnings	47.7	(12.4)	35.3
Total Equity	1,047.7	137.6	1,185.3
Total Debt and Equity	4,668.4	137.6	4,806.0
Debt to Equity	0	0.75	75:25

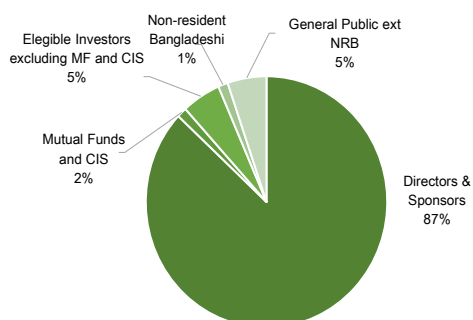
Source: LBSL Research and Company Prospectus

Lock-in Period

54,058,000 shares held by Sponsors/Directors are locked-in until 28 April 2022 and 45,942,000 shares held by private placement in Pre-IPO period is locked-in until 28 April 2020.

25% shares of Mutual Fund and Eligible Investors (1,875,000 shares) are locked-in until 28 October 2019 and another 25% (1,875,000 shares) is locked-in until 28 January 2020. To be precise, 9.8% of total shareholding (11,250,000 shares) will have no lock-in provision on the first trading day.

Chart : Shareholding Pattern (Post IPO)



Source: LBSL Research and Company Prospectus

Table : Number of Securities to be Entitled for Each Category of Applicants in IPO

Particulars	Number of shares	Percentage of holding
EI excluding mutual funds and CIS	6,000,000	40%
Mutual Fund and CIS	1,500,000	10%
Non-resident Bangladeshi (NRB)	1,500,000	10%
General Public ext. NRB	6,000,000	40%
Total number of IPO shares	15,000,000	100%

Source: LBSL Research and Company Prospectus

Business Highlights

- The company achieved outstanding performance throughout the year 2018 with topline and bottom-line growth of 41.4% and 52.3% respectively.
- The gross profit margin of the company increased by 39.03 % from the earlier period. During the period the return on average equity was 8.1% where it was 50.3% in the previous year. At the end of 2018 the company's return of average asset was 1.0% that was 0.8% in 2017.
- The debt to equity ratio of the company decreased to 40.3 times from 3.5 times in the earlier periods. Overall, the scenario of debt contribution in the capital structure of the company has gradually decreased over last couple of years.
- At the end of year 2019 the post IPO EPS of the company amounted to BDT 0.4 while EPS was BDT 0.34 in FY 2018 registering a YoY increase of 35.7%.
- Key raw materials are supplied from local vendors.

Table : Price with post-IPO EPS (Amount in BDT)

Latest EPS	0.7	0.7	0.7	0.7	0.7
P/E ratios	5.0	10.0	15.0	20.0	25.0
Price per share	3.5	7.1	10.6	14.1	17.7

Source: LBSL Research and Company Prospectus

Table : Income Statements (Amount in BDT mn)

Particulars	FY 2016	FY 2017	FY 2018
Sales	74.6	331.6	468.9
Less: Cost of Goods Sold	26.4	67.7	102.1
Gross Profit	48.2	263.9	366.8
Less: Operating Expenses	54.3	120.8	181.0
Operating Income	(6.1)	143.0	185.9
Less: Financial Expenses	38.1	96.5	97.9
Net Operating Income	(44.2)	46.6	87.9
Add: Other non-operation Income	0	0	0
Less: Loss on sale of property, plant & equipment	0	0	0
Less: Loss on sale of Investment in shares	0	0	0
Profit before WPPF and provision for income Tax	0	0	0
Contribution to WPPF and welfare fund	0	0	4.2
Provision for loss on investment in shares	0	0	0
Profit before Tax	(44.2)	46.6	83.7
Less: Provision for Income Tax	15.5	(16.3)	(37.6)
Net Profit after Tax	(28.7)	30.3	46.1
Earnings per Share Par Value of TK. 10/-	-0.2	0.3	0.4

*Note: EPS has been calculated with post-IPO number of shares and latest EPS is annualized

Table : Key Ratios

Particulars	FY 2016	FY 2017	FY 2018
Gross Profit Margin	64.7%	79.6%	78.2%
Operating Profit Margin	-8.1%	43.1%	39.6%
Net Profit Margin	-38.5%	9.1%	9.8%
ROAE	-4.5%	50.3%	8.1%
ROAA	-0.7%	0.8%	1.0%
Debt to Equity (times)	96.1	40.3	3.5

Source: LBSL Research and Company Prospectus

Table: Statement of financial position (Amount in BDT mn)

Particulars	FY 2016	FY 2017	FY 2018
NON CURRENT ASSETS			
Property, Plant & Equipment	985.4	1,829.0	2,825.7
Capital Work in Progress	2,745.6	2,214.2	1,505.3
Deferred Tax Assets	15.5	0	0
Preliminary Expenses	0.1	0	0
Pre-Operating Expenditures	0.2	0	0
Total Non-Current Assets	3,746.7	4,043.2	4,331.0
CURRENT ASSETS			
Stock of Construction Material	15.4	19.6	25.4
Inventories	1.2	4.3	20.5
Accounts receivables	3.0	7.2	69.7
Advances, Deposits & Prepayments	125.2	44.0	109.7
Cash and Cash Equivalents	12.6	10.9	231.0
Total Current assets	157.4	85.9	456.3
TOTAL ASSETS	3,904.0	4,129.2	4,787.3
EQUITY & LIABILITIES			
Share Capital	62.5	85.0	1,000.0
Retained earnings	(28.7)	1.6	47.7
Total Shareholder's equity	33.8	86.6	1,047.7
Non-current portion of Secured Term Loan	2,465.3	3,202.9	22.4
SPBRSL 20% Convertible Secured Bond	0	0	3,472.2
Share Money Deposit	509.5	487.0	0
Deferred tax liabilities	0	0.8	28.6
Total non-current liabilities	2,974.8	3,690.7	3,523.1
CURRENT LIABILITIES			
Current portion of Secured term loan	653.8	147.5	12.8
Short Term loan	130.1	136.7	113.4
Accounts Payable	95.5	58.2	49.1
Accruals and Provisions	16.0	9.4	41.2
Total Current Liabilities	895.4	351.9	216.5
Total Liabilities	3,870.2	4,042.6	3,739.6
TOTAL EQUITY & LIABILITIES	3,904.0	4,129.2	4,787.3
Related party payable	0	0	0
Provision for income tax	254.2	589.7	511.5
Provision for WPPF & welfare fund/employee benefit	111.2	81.6	55.0
Liabilities for expenses and provision	422.6	340.4	311.2
Total Liabilities	7,714.0	6,785.6	6,242.0
Total Shareholders' Equity & Liabilities	13,800.4	12,499.2	11,264.0

Source: LBSL Research and Company Prospectus

LBSL's research reports are also available on

Bloomberg LANB <GO>

& Lankabd.com

This document ("the Report") is published by LankaBangla Securities Ltd ("LBSL") for information only for its clients. All information and analyses in this Report have been compiled from and analyzed on the basis of LBSL's own research of publicly available documentation and information. LBSL has prepared the Report solely for informational purposes and it is consistent with the Rules and Regulations of SEC. The information provided in the Report is not intended to, and does not encompass all the factors to be considered in a best execution analysis and related order routing determinations. LBSL does not represent, warrant, or guarantee that the Report is accurate. LBSL disclaims liability for any direct, indirect, punitive, special, consequential, or incidental damages related to the Report or the use of the Report. The information and analysis provided in the Report may be impacted by market data system outages or errors, both internal and external, and affected by frequent movement of market and events. Certain assumptions have been made in preparing the Report, and changes to the assumptions may have a material impact on results. The Report does not endorse or recommend any particular security or market participant. LBSL, its analysts, and officers confirm that they have not received and will not receive any direct or indirect compensation in exchange for expressing any specific recommendation, opinion, or views in its Report. The information and data provided herein is the exclusive property of LBSL and cannot be redistributed in any form or manner without the prior written consent of LBSL. This disclaimer applies to the Report in its entirety, irrespective of whether the Report is used or viewed in whole or in part.

LBSL Capital Market Research Department

Zobayed Al Mamun Hasan

Head of Research

zobayed.hasan@lbsbd.com

Analyst

Tanzina Ahmed Chowdhury
Md. Fozlul Hoque
Rufaiya Zabin
Md. Yousuf Ahammed
Tahan Abdullah
Mashrur Ahmed Chowdhury
Shatosree Saha

Designation

Assistant Manager
Research Associate
Research Associate
Research Associate
Research Associate
Research Associate
Research Associate

E-mail

tanzina@lbsbd.com
md.fozlul.hoque@lbsbd.com
rufaiya.zabin@lbsbd.com
yousuf.ahammed@lbsbd.com
tahan.abdullah@lbsbd.com
mashrur.ahmed@lbsbd.com
shatosree.saha@lbsbd.com

Institutional & Foreign Trade Department

Rehan Muhammad

Head of Institutional & Foreign Trade

rehan@lbsbd.com/
rmuhammad1@bloomberg.net

LankaBangla Securities Limited

Research & Analysis Department
Corporate Office
A.A. Bhaban (Level-5)
23 Motijheel C/A
Dhaka-1000, Bangladesh
Phone: +880-2-9513794 (Ext-118)
Fax: +880-2-9563902
Website: lankabd.com