Ventus Aqua Limited

Delivering a direct investment in glass manufacturing

Ventus Aqua Ltd listed on the NSX on July 31 after raising $2m at $0.30/share and issuing an additional 47.79m shares to acquire Sydney Sunny Glass and the assets it leases to manufacture high-grade commercial glass. Up until the IPO, Ventus Aqua had been a holding company established to find and acquire an operating asset in the Australian glass production and supply industry. The company had raised $3m pre-IPO for this purpose. Sydney Sunny Glass (SSG) operates a 20,000 sqm glass production and supply facility in Smithfield in Sydney’s west and has secured a major project in Box Hill, Victoria where it is supplying and installing the glass windows, glazed roofing, automated windows and wind screens on the 380 residence Panorama tower. Sydney Sunny Glass’s contract is valued at $12.25m.

Business model

Ventus Aqua is an investment company which was established in early 2019 to find and acquire an operating business in the Australian glass production and supply industry. Prior to its IPO on the NSX, Ventus Aqua entered into agreements to acquire Sydney Sunny Glass, a Sydney-based glass production and supply company, and the lease equipment and associated leasing enterprise from BauMart Holdings. Ventus Aqua issued 36.139m shares to the SSG vendors and 11.667m shares to BauMart Holdings for its assets. The lease assets include a Liscg glass processing line, an automatic storage and retrieval system, a high grade and high performance glass cutting module machinery, high performance laminating machinery and high performance washing and cleaning equipment. SSG has become a wholly-owned subsidiary of Ventus Aqua and is leasing the equipment from its new parent. SSG’s largest shareholder and managing director, Shengqiang “Sunny” Chi has been appointed managing director of Ventus Aqua. SSG was founded in 2014 and operates two divisions: a glass supply division which focuses on the manufacture and supply of custom-made and architectural glass products for use in residential and commercial buildings in Australia and a glass contracting solutions division which focuses on providing developers and construction companies with an integrated glass supply solution on an individual project basis. SSG has also undertaken an R&D program to develop cyclonic glass through the use of new laminating and bonding techniques. It is seeking to develop a much lighter and thinner glass capable of withstanding debris impacts of up to 320km/h and plans to continue the program in the short to medium term.

Recent operational performance

As Ventus Aqua has operated as an investment company until its float, it is more appropriate to set out Sydney Sunny Glass’ historical earnings. On a proforma basis the combined group had net cash of $2.32m at IPO and net assets of $7.9m.

<table>
<thead>
<tr>
<th>Year ended</th>
<th>Revenue ($m)</th>
<th>Gross Profit ($m)</th>
<th>GP Margin %</th>
<th>EBITDA ($m)</th>
<th>NPAT Adj ($m)</th>
<th>NPAT reported ($m)</th>
<th>EPS (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-18</td>
<td>4.490</td>
<td>2.81</td>
<td>62.6</td>
<td>0.35</td>
<td>(0.12)</td>
<td>0.01</td>
<td>n.a.</td>
</tr>
<tr>
<td>Jun-19</td>
<td>4.520</td>
<td>1.99</td>
<td>44.0</td>
<td>(0.57)</td>
<td>(0.95)</td>
<td>(0.82)</td>
<td>n.a.</td>
</tr>
<tr>
<td>Dec-19*</td>
<td>2.190</td>
<td>0.83</td>
<td>37.9</td>
<td>(0.45)</td>
<td>(0.87)</td>
<td>(0.93)</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

*Six months to Dec 2019 NPAT Adj incorporates impact of AASB16 on leases

Source: Company data

* The RaaS S-Point score is based on the company’s performance in its last reported full year. Past performance is not a reflection of future performance.
FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd
ABN 99 614 783 363
Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD
ABN 92 168 734 530
AFSL 456663

Effective Date: 26th November 2018
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- how we transact with you
- how we are paid, and
- complaint processes

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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