



## Sentoria Group Berhad

Launching RM241mn New Projects in 2HFY17

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY\*

Thiam Chiann Wen

Tel: +603-2167 9615

cwthiam@ta.com.my

www.taonline.com.my

### Review

- Sentoria reported 1HFY17 net profit of RM12.6mn, which came in at 41% of our full-year earnings forecasts. However, we deem the results in line as 2HFY17 should see 1) stronger progress billing from its on-going project; and 2) higher theme park and resort revenue.
- Despite recording a strong 19% YoY growth in revenue, 1HFY17 net profit only grew only by 2% to RM12.6mn. Property development margin contracted 4.5ppt YoY, due to higher contribution from affordable homes projects which have lower margin. Meanwhile, the leisure & hospitality division turned to an operating loss of RM0.6mn, compared to a profit of RM3.0mn for the same reporting period last year
- Sequentially, the group's 2QFY17 net profit fell 51% QoQ to RM4.2mn underpinned by a 11% drop in revenue. The weaker QoQ performance was mainly due to lower revenue from the leisure & hospitality division as 2Q is a seasonally weak quarter for the group.

### Impact

- We keep our earnings forecasts unchanged for now, pending more guidance from the management in an analyst briefing to be held on Thursday,

### Outlook

- Going forward, the group will continue to focus on building affordable homes in its key operating areas such as Kuantan, Kuching and Klang Valley. For the 2<sup>nd</sup> half of 2017, the group intends to launch new projects worth RM241mn, which include "Rumah Selangorku" in Morib (estimated GDV RM138mn) and Rumah Spektra in Kuching (estimated GDV RM103mn).
- Future earnings are expected to be anchored by unrecognized revenue of RM245mn. This represents 1.2x of our projected FY17 revenue for property division.

### Valuation

- No change to our target price of RM0.80 at this juncture, based on unchanged 8x CY18 EPS. We place our recommendation under review, pending the analyst briefing on Thursday, 25 May.

**TP: RM0.80** (-4.2%)

Last traded: RM0.84

Under Review

#### Share Information

Bloomberg Code	SNT:MK
Stock Name	SNTORIA
Stock Code	5213
Listing	Main Market
Share Cap (mn)	487.0
Market Cap (RMmn)	409.1
Par Value	0.20
52-wk Hi/Lo (RM)	1.00/0.69
12-mth Avg Daily Vol ('000 shrs)	176.90
Estimated Free Float (%)	22.1
Beta	0.30

#### Major Shareholders (%)

Sentoria Capital	- 62.3
State Secretary Pahang	- 11.4

#### Forecast Revision

	FY17	FY18
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	30.8	46.8
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Under Review)	

#### Financial Indicators

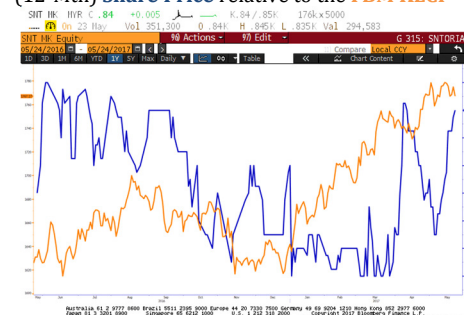
	FY17	FY18
Net Debt / Equity (%)	63.8	83.9
FCPS (sen)	(0.0)	0.0
Price / CFPS (x)	nm	nm
ROA (%)	5.5	6.6
NTA/Share (RM)	0.9	1.0
Price/NTA (x)	0.9	0.9

	%of FY	
vs TA	41.0	Within
vs Consensus	n.a	n.a

#### Share Performance (%)

Price Change	SNTORIA	FBM KLCI
1 mth	5.0	0.6
3 mth	13.5	4.1
6 mth	7.7	8.8
12 mth	7.7	8.7

(12-Mth) Share Price relative to the FBM KLCI



Source: Bloomberg

**Earnings Summary (RM'mn)**

<b>YE Sep 30</b>	<b>2015</b>	<b>2016</b>	<b>2017F</b>	<b>2018F</b>	<b>2019F</b>
Revenue	219.6	224.2	298.5	320.1	381.9
EBITDA	51.3	54.6	72.7	90.1	105.7
EBITDA Margins (%)	23.4	24.3	24.4	28.2	27.7
Pretax profit	28.8	39.4	36.2	44.7	50.8
Net profit	32.1	33.1	30.8	46.8	54.3
Net profit -adj	25.9	28.8	30.8	46.8	54.3
EPS -Adj (sen)	5.3	5.9	6.4	9.7	11.2
EPS Growth (%)	(16.1)	11.3	6.9	52.0	16.1
PER (x)	15.7	14.1	13.2	8.7	7.5
Gross Div - adj (sen)	2.0	0.0	1.0	1.0	1.0
Div Yield (%)	2.4	0.0	1.2	1.2	1.2
ROE (%)	7.4	7.4	7.4	10.4	11.0

**2QFY17 Results Analysis (RM mn)**

	<b>2Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>OoQ (%)</b>	<b>YoY (%)</b>	<b>1HFY16</b>	<b>1HFY17</b>	<b>YoY (%)</b>
<b>Revenue</b>	<b>47.9</b>	<b>60.0</b>	<b>53.2</b>	<b>(11.3)</b>	<b>11.1</b>	<b>94.9</b>	<b>113.3</b>	<b>19.3</b>
<i>Property Development</i>	36.8	45.8	45.4	(0.9)	23.2	65.5	91.2	39.3
<i>Leisure</i>	11.1	14.2	7.9	(44.8)	(29.2)	29.5	22.1	(25.1)
EBITDA	11.2	14.0	10.0	(28.2)	(10.2)	26.5	24.0	(9.5)
<b>EBIT</b>	<b>8.1</b>	<b>11.2</b>	<b>7.3</b>	<b>(34.8)</b>	<b>(9.8)</b>	<b>20.3</b>	<b>18.5</b>	<b>(8.9)</b>
<i>Property Development</i>	9.7	9.5	11.2	17.8	16.0	17.8	20.8	16.4
<i>Leisure</i>	(1.5)	2.5	(3.1)	(224.7)	108.6	3.0	(0.6)	(120.9)
<i>Others</i>	(0.8)	(0.4)	(0.5)	32.8	(39.9)	(1.5)	(0.8)	(46.8)
<i>Eliminations</i>	0.6	(0.5)	(0.3)	(37.1)	(150.6)	1.0	(0.8)	184.4
Fair Value Gain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance Cost	(1.7)	(0.6)	(0.6)	(7.5)	(67.8)	(3.5)	(1.2)	(67.4)
PBT	6.4	10.6	6.7	(36.3)	5.8	16.7	17.3	3.5
Normalised PBT	6.4	10.6	6.7	(36.3)	5.8	16.7	17.3	3.5
Tax	(2.3)	(2.1)	(2.6)	22.6	10.9	(4.3)	(4.7)	9.3
MI	0.0	0.0	0.0	(20.0)	0.0	0.0	0.0	0.0
Reported Net profit	4.0	8.5	4.2	(51.0)	3.0	12.5	12.6	1.5
Normalised net profit	4.0	8.5	4.2	(51.0)	3.0	12.5	12.6	1.5
EPS -adj (sen)	0.8	1.8	0.9	(51.4)	3.7	2.6	2.6	1.6
GDPS -adj (sen)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	23.3	23.3	18.8	(4.4)	(4.4)	27.9	21.2	(6.7)
<b>EBIT Margin (%)</b>	<b>16.9</b>	<b>17.6</b>	<b>12.7</b>	<b>(5.0)</b>	<b>(0.6)</b>	<b>17.6</b>	<b>15.3</b>	<b>(2.3)</b>
<i>Property Development (%)</i>	26.3	20.8	24.8	3.9	(1.5)	27.3	22.8	(4.5)
<i>Leisure (%)</i>	(13.6)	17.7	(40.0)	(57.7)	(26.4)	10.1	(2.8)	(12.9)
Pretax Margin (%)	13.3	17.6	12.7	(5.0)	(0.6)	17.6	15.3	(2.3)
Net Margin (%)	8.4	14.1	7.8	(6.3)	(0.6)	13.1	11.2	(2.0)
Effective Tax Rate (%)	(36.6)	(19.9)	(38.4)	(18.4)	(1.8)	(25.6)	(27.1)	(1.5)

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

### Stock Recommendation Guideline

**BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.  
**HOLD** : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.  
**SELL** : Total return is lower than the required rate of return.  
**Not Rated:** The company is not under coverage. The report is for information only.

**Total Return** is defined as expected share price appreciation plus gross dividend over the next 12 months.

**Required Rate of Return** of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

### Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

*This report has been prepared by TA SECURITIES HOLDINGS BERHAD for purposes of CMDR-Bursa Research Scheme ("CBRS") administered by Bursa Malaysia Berhad and will be compensated to undertake the scheme. TA SECURITIES HOLDINGS BERHAD has produced this report independent of any influence from the CBRS or the subject company.*

For more information about CBRS and other research reports, please visit Bursa Malaysia's website at:  
<http://www.bursamalaysia.com/market/listed-companies/research-repository/research-reports>

for TA SECURITIES HOLDINGS BERHAD<sup>(14948-M)</sup>  
 (A Participating Organisation of Bursa Malaysia Securities Berhad)  
 Kaladher Govindan – Head of Research