



Sentoria Group Berhad

Stronger Property Sales from 2Q Onwards

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Thiam Chiann Wen

Tel: +603-2167 9615

cwthiam@ta.com.my

www.taonline.com.my

Review

- Sentoria reported 1QFY16 net profit of RM8.4mn. Results were below expectations at 19% of our full-year earnings forecast. We attribute the earnings miss to the timing of recognition of property development profits.
- 1QFY16 net profit fell 25% YoY to RM8.4mn, on the back of 27% decrease in revenue. The weaker performance was attributed to lower revenue from property development division as newly launched projects have yet to reach significant billing stage.
- Sequentially, the group's 1QFY16 net profit increased 26% YoY, underpinned by 1) leisure and hospitality division, which returned to the black in 1QFY16 and 2) lower finance cost.

Impact

- We lower our new FY16-17 sales assumptions to RM250-350mn from RM290-381mn previously. We also adjust our progress billing assumptions to reflect the timing of new launches. All in our FY16-17 earnings are revised lower by 7-11%. We also introduce our FY18 earnings forecasts.

Outlook

- There were no sizable new launches rolled out during the quarter under review. As such, the group only recorded RM9.1mn new sales in 1QFY16, which was mainly derived from its on-going projects in Kuantan and Ataria Service Suites @ Borneo Samariang Resort City (launched in Sept-15).
- Management maintains its FY16 sales target of RM250mn, driven by RM500mn worth of launches. Following the healthy take up for the first phase of Borneo Samariang Resort City, Ataria Suites (64% take up), the group rolled out landed properties (single storey terrace and semi-d) in Jan and Feb. These landed properties were 56% booked within a month. The group has also launched the maiden phase of Sentoria Morib Resort City, Riviera (GDV: RM101mn) early this month. It features 156 units of resort villa with indicative selling price starting from RM638k/unit. Response was encouraging with 146 units (or 94%) booked to date.

Valuation

- Following the change in earnings forecast, our target price is revised lower to RM0.90/share (from RM1.00/share previously), based on unchanged 10x CY16 EPS. We maintain our **Hold** recommendation with a potential total return of 12.4%.

TP: RM0.90 (+10.0%)

Last traded: RM0.82

Hold

Share Information

Bloomberg Code	SNT:MK
Stock Name	SNTORIA
Stock Code	5213
Listing	Main Market
Share Cap (mn)	484.1
Market Cap (RMmn)	397.0
Par Value	0.20
52-wk Hi/Lo (RM)	1.13/0.79
12-mth Avg Daily Vol ('000 shrs)	107.48
Estimated Free Float (%)	22.5
Beta	0.61

Major Shareholders (%)

Sentoria Capital	- 61.6
State Secretary Pahang	- 11.5

Forecast Revision

	FY16	FY17
Forecast Revision (%)	(10.5)	(7.0)
Net profit (RMmn)	38.8	58.3
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Maintained)	

Financial Indicators

	FY16	FY17
Net Debt / Equity (%)	67.2	81.8
FCPS (sen)	(0.2)	(0.2)
Price / CFPS (x)	nm	nm
ROA (%)	7.4	8.6
NTA/Share (RM)	0.8	0.9
Price/NTA (x)	1.0	0.9

	%of FY	
vs TA	19.0	Below
vs Consensus	n.a	n.a

Share Performance (%)

Price Change	SNTORIA	FBM KLCI
1 mth	1.2	(0.3)
3 mth	(8.9)	(0.5)
6 mth	(13.7)	3.1
12 mth	(25.5)	(8.7)

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



Source: Bloomberg

Earnings Summary (RM'mn)

YE Sep 30	2014	2015	2016F	2017F	2018F
Revenue	218.4	219.6	307.9	405.0	557.2
EBITDA	53.8	55.7	85.6	118.2	161.1
EBITDA Margins (%)	24.6	25.4	27.8	29.2	28.9
Pretax profit	34.0	28.8	45.6	68.6	99.3
Net profit	29.1	32.1	38.8	58.3	80.6
Net profit -adj	28.0	25.9	38.8	58.3	80.6
EPS -Adj (sen)	6.4	5.3	8.0	12.0	16.6
EPS Growth (%)	(47.2)	(16.1)	49.9	50.3	38.3
PER (x)	12.9	15.3	10.2	6.8	4.9
Gross Div - adj (sen)	2.0	2.0	2.0	2.0	2.0
Div Yield (%)	2.4	2.4	2.4	2.4	2.4
ROE (%)	9.8	7.4	9.9	13.6	16.5

EPS and DPS are adjusted for 1:10 bonus issue completed in FY13

1QFY16 Results Analysis (RM mn)

	1Q15	4Q15	1Q16	OoQ (%)	YoY (%)
Revenue	64.0	58.3	47.0	(2.5)	(26.6)
Property Development	44.4	48.2	28.6	183.9	(35.6)
Leisure	19.6	10.1	18.4	(2.4)	(6.1)
EBITDA	19.3	18.8	15.4	(2.4)	(20.6)
EBIT	16.4	15.7	12.2	(1.5)	(25.8)
Property Development	15.1	12.4	8.2	(328.1)	(45.9)
Leisure	2.3	(3.6)	4.5	(39.6)	96.5
Others	49.3	7.4	(0.8)	59.1	(101.6)
Eliminations	(50.3)	(0.5)	0.4	(95.7)	(100.7)
Fair Value Gain	0.0	8.3	0.0	nm	nm
Finance Cost	(2.3)	(3.3)	(1.8)	(45.3)	(19.5)
PBT	14.2	12.4	10.4	(16.5)	(26.8)
Normalised PBT	14.2	4.1	10.4	153.8	(26.8)
Tax	(2.9)	0.5	(2.0)	>100	(33.0)
MI	0.0	0.0	0.0	0.0	0.0
Reported Net profit	11.3	12.9	8.4	(34.9)	(25.2)
Normalised net profit	11.3	6.7	8.4	26.3	(25.2)
EPS -adj (sen)	2.3	1.4	1.7	26.3	(25.2)
GDPS -adj (sen)	0.0	1.0	0.0	nm	nm
EBITDA Margin (%)	30.2	32.3	32.7	0.3	2.5
EBIT Margin (%)	25.7	27.0	25.9	(1.1)	0.3
Property Development (%)	34.0	25.7	28.5	2.9	(5.5)
Leisure (%)	11.7	(35.5)	24.4	59.9	12.7
Pretax Margin (%)	22.1	7.0	22.1	15.1	(0.1)
Net Margin (%)	17.6	11.4	17.9	6.5	0.3
Effective Tax Rate (%)	20.7	(12.0)	18.9	30.9	(1.8)

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 Kaladher Govindan – Head of Research