



Sentoria Group Bhd

Secures 2 Construction Contracts Totaling RM110mn

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TP: RM0.92 (+13.7%)

Last Traded: RM0.81

Hold

2 construction contracts worth RM110mn

Sentoria has clinched two development projects; one in Kuantan and another in Sepang. Both the contracts are collectively worth RM110mn. Finer details of each contract are as follows:

Contract 1:

Sentoria has accepted a Letter of Award (LoA) from H.A. Properties Sdn Bhd for the design and build of a proposed development of 75 acres of government land in Kuantan. The proposed development consists of approximately 800 units of single-storey terrace houses, single-storey semi-detached houses, single-storey shop and infrastructure works. The contract, which is worth RM90mn, had commenced on Mar 21, 2016, with completion targeted by Mar 31, 2020.

Contract 2:

Separately, Sentoria also accepted a LoA from Grinterra Sdn Bhd for a contract that is for the design and build of one block of apartment with 128 units at Sepang, Selangor. With a contract sum of RM20mn, the proposed project had started on Mar 21, 2016 and is expected to complete by Mar 20, 2019.

According to announcement, Sentoria is responsible for the supervision, labour, materials, tools and machinery for the construction and completion of the contracted works.

Impact

Overall, we are positive on the contract wins as these will diversify the group's earnings. Nevertheless, the bottom-line impact is expected to be insignificant. Using a typical contractor PBT margin of 6%, we raise our FY16-18 earnings by 2-3%. We do not expect decent margin for these contracts as we understand that these are affordable home projects.

Valuation

Following the change in earnings forecast, our target price is revised higher to RM0.92/share (from RM0.90/share previously), based on unchanged 10x CY16 EPS. Maintain **Hold**.

Share Information

Bloomberg Code	SNT:MK
Stock Name	SNTORIA
Stock Code	5213
Listing	Main Market
Share Cap (mn)	484.1
Market Cap (RMmn)	392.1
Par Value	0.20
52-wk Hi/Low (RM)	1.13/0.76
12-mth Avg Daily Vol ('000 shrs)	107.88
Estimated Free Float (%)	26.9
Beta	0.51

Major Shareholders (%)

Sentoria Capital	- 61.6
State Secretary Pahang	- 11.5

Forecast Revision

	FY16	FY17
Forecast Revision (%)	1.9	2.6
Net profit (RMm)	39.5	59.8
Consensus	n.a	n.a
TA's / Consensus (%)	n.a	n.a
Previous Rating	Hold (Maintained)	

Financial Indicators

	FY16	FY17
Net Debt / Equity (%)	67.5	82.1
FCPS (sen)	(0.3)	(0.2)
Price / FCPS (x)	nm	nm
ROA (%)	7.5	8.8
NTA/Share (RM)	0.8	0.9
Price/NTA (x)	1.0	0.9

Share Performance (%)

Price Change	SNTORIA	FBM KLCI
1 mth	(1.2)	2.8
3 mth	(9.0)	3.7
6 mth	(17.3)	6.9
12 mth	(21.4)	(4.0)

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



Source: Bloomberg

Profit & Loss (RMm)

YE Sep 30	2014	2015	2016f	2017f	2018f
Revenue	218.4	219.6	322.4	434.2	562.7
EBITDA	53.8	55.7	86.5	120.0	162.5
Dep. & amortisation	(12.9)	(16.1)	(23.9)	(29.5)	(36.4)
Fair value gain	1.5	8.3	0.0	0.0	0.0
Net finance cost	(6.9)	(10.8)	(16.1)	(20.1)	(25.4)
Normalised PBT	34.0	28.8	46.5	70.3	100.7
Taxation	(6.5)	(5.0)	(7.0)	(10.6)	(17.9)
MI	0.1	0.0	0.0	0.0	0.0
Reported Net profit	29.1	32.1	39.5	59.8	82.8
Normalised net profit (sen)	28.0	25.9	39.5	59.8	82.8
Core EPS* (sen)	6.4	5.3	8.2	12.3	17.1
GDPS (sen)	2.0	2.0	2.0	2.0	2.0
Div Yield (%)	2.5	2.5	2.5	2.5	2.5

Cash Flow (RMm)

YE Sep 30	2014	2015	2016f	2017f	2018f
PBT	35.5	37.1	46.5	70.3	100.7
Adjustments	3.0	10.8	16.1	20.1	25.4
Dep. & amortisation	12.9	16.1	23.9	29.5	36.4
Changes in WC	(31.4)	(50.1)	(9.4)	(51.2)	(60.7)
Operational cash flow	19.9	13.9	77.1	68.8	101.8
Capex	(49.8)	(121.3)	(199.5)	(159.5)	(191.4)
Others	(17.8)	0.0	0.0	0.0	0.0
Investment cash flow	(67.7)	(121.3)	(199.5)	(159.5)	(191.4)
Debt raised/(repaid)	81.9	125.0	125.0	100.0	100.0
Equity raised(repaid)	0.0	6.0	0.0	0.0	0.0
Dividend	(8.8)	(9.7)	(9.7)	(9.7)	(9.7)
Others	(5.5)	0.0	0.0	0.0	0.0
Financial cash flow	67.6	121.3	115.3	90.3	90.3
Net cash flow	19.9	13.9	(7.0)	(0.4)	0.7

Assumptions

YE Sep 30	2014	2015	2016f	2017f	2018f
New Sales (RM mn)	228	111	250	350	450
Prop Dev Margins (%)	29	28	26	25	24
No of Visitors ('000)	632	577	645	656	862
Revenue/Visitor (RM)	39	40	40	41	42

Balance Sheet (RMm)

YE Sep 30	2014	2015	2016f	2017f	2018f
PPE	334.9	345.5	440.8	560.6	700.3
Investment Properties	10.9	19.6	20.6	21.6	22.6
Others	78.8	71.3	150.6	159.7	173.9
Total Non Current Assets	424.6	436.3	611.9	741.9	896.8
Trade Receivables	152.9	156.8	189.7	255.4	331.0
Inventories	6.3	5.2	7.9	10.6	13.7
Cash	18.5	13.3	6.3	5.9	6.6
Others	55.0	81.8	103.7	135.6	172.3
Current Assets	232.7	257.2	307.5	407.5	523.6
Total assets	657.2	693.6	919.5	1149.4	1420.4
ST debt	18.6	20.6	25.6	5.6	(14.4)
Trade Payables	173.4	159.3	230.3	310.2	408.1
Other current liabilities	6.1	2.4	2.4	2.4	2.4
Current Liabilities	198.0	182.3	258.4	318.2	396.1
Shareholders' funds	324.7	376.3	406.1	456.2	529.3
MI	0.0	0.1	0.1	0.1	0.1
Long Term Borrowings	134.6	134.9	254.9	374.9	494.9
Total Equity and Liabilities	657.2	693.6	919.5	1149.4	1420.4

Ratio

YE Sep 30	2014	2015	2016f	2017f	2018f
EPS Growth (%)	(47.2)	(16.1)	52.8	51.2	38.5
PER (x)	12.7	15.2	9.9	6.6	4.7
GDPS (sen)	2.0	2.0	2.0	2.0	2.0
Div Yield (%)	2.5	2.5	2.5	2.5	2.5
Net Debt/ (Net cash) (RMm)	134.7	142.1	274.2	374.6	473.9
Net gearing (x)	0.4	0.4	0.7	0.8	0.9
ROE (%)	9.8	7.4	10.1	13.9	16.8
ROA (%)	7.9	6.0	7.5	8.8	10.1
NTA/share (RM)	0.7	0.8	0.8	0.9	1.1
P/NTA (x)	1.1	1.0	1.0	0.9	0.7

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