



Sentoria Group Berhad

Headline Profit Boosted by Fair Value Gain

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Review

- Sentoria reported FY15 net profit of RM32.1mn (+10% YoY). Excluding the fair value gain on investment properties which amounted to RM8.3mn, FY15 normalised net profit fell 8% YoY to RM25.9mn. Results were below expectations at 90% of our full-year earnings forecast. We attribute the earnings miss to weaker-than-expected performance across its operating divisions.
- The board declared an interim dividend of 1sen/share for FY15. We expect the board to propose another final dividend of 1sen/share in Jan-16, which will subject to approval in an AGM to be held in Mar-16. This has been the practice of the group since listing in 2012.
- FY15 normalised net profit decreased 8% YoY despite revenue grew marginally by 1%. Property development division revenue grew 2% YoY but EBIT was down 10%. We believe this was due to higher progress billing from PR1MA project with low profit margin.
- The group's 4QY15 normalised net profit plunged 25% YoY but surged 42% QoQ to RM6.7mn. The decline in YoY performance was largely due to lower progress billing and property margin, as well as wider losses recorded in the leisure division. Comparing to 3QFY15, the surge in sequential profit was driven by higher contribution from the property development division(+51% in revenue) and higher tax credit.

Impact

- Maintained FY16 -17 forecasts, pending analyst briefing to be held later today.

Outlook

- Going forward, the group will continue to focus on building affordable homes in Kuantan. In addition, the group will also actively bidding for contracts to build PR1MA homes.
- The group has successfully launched its second resort city in Kuching, i.e Borneo Samariang Resort City in Sept-15. First phase of this project will feature 428 units of serviced apartments with an indicative price of RM171k for the studio unit and RM279k for the family suite. We understand that the units were 80% sold within a month and will contribute to FY16 sales.

Valuation

- We maintain our **Sell** recommendation with an unchanged target price of RM0.86, based on 8 x CY16 EPS.

TP: RM0.86 (-4.4%)

Last traded: RM0.90

Sell

Share Information

Bloomberg Code	SNT:MK
Stock Name	SNTORIA
Stock Code	5213
Listing	Main Market
Share Cap (mn)	484.1
Market Cap (RMmn)	435.7
Par Value	0.20
52-wk Hi/Lo (RM)	1.35/0.85
12-mth Avg Daily Vol ('000 shrs)	141.5
Estimated Free Float (%)	22.4
Beta	0.53

Major Shareholders (%)

Sentoria Capital	- 62.0
State Secretary Pahang	- 11.5

Forecast Revision

	FY16	FY17
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	45.7	56.9
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Sell (Maintained)	

Financial Indicators

	FY16	FY17
Net Debt / Equity (%)	69.0	82.4
FCPS (sen)	(0.3)	0.0
Price / CFPS (x)	nm	nm
ROA (%)	8.7	8.4
NTA/Share (RM)	0.9	1.0
Price/NTA (x)	1.0	0.9

	%of FY	
vs TA	90.0	Below
vs Consensus	n.a	n.a

Share Performance (%)

Price Change	SNTORIA	FBM KLCI
1 mth	1.1	1.0
3 mth	(5.3)	4.3
6 mth	(14.3)	(3.7)
12 mth	(35.3)	(7.6)

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



Source: Bloomberg

Earnings Summary (RM'mn)

YE Sep 30	2013	2014	2015	2016F	2017F
Revenue	207.5	218.4	219.6	365.3	424.1
EBITDA	55.2	53.8	55.7	93.9	116.8
EBITDA Margins (%)	26.6	24.6	25.4	25.7	27.5
Pretax profit	43.8	34.0	28.8	53.7	67.0
Net profit	53.1	29.1	32.1	45.7	56.9
Net profit -adj	53.1	28.0	25.9	45.7	56.9
EPS -Adj (sen)	12.1	6.4	5.8	10.1	12.6
EPS Growth (%)	0.9	(47.2)	(9.7)	76.5	24.6
PER (x)	7.5	14.1	15.7	8.9	7.1
Gross Div - adj (sen)	2.0	2.0	2.0	2.0	2.0
Div Yield (%)	2.2	2.2	2.2	2.2	2.2
ROE (%)	23.7	9.8	7.4	11.6	13.0

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

4Q FY15 Results Analysis (RM mn)

	4Q14	3Q15	4Q15	QoQ (%)	YoY (%)	FY14	MFY15	YoY (%)
Revenue	64.5	45.9	58.3	27.2	(9.6)	218.4	219.6	0.5
Property Development	52.2	31.9	48.2	51.1	(7.6)	160.6	164.5	2.4
Leisure	12.3	13.9	10.1	(27.6)	(18.1)	57.8	55.1	(4.7)
EBITDA	18.2	10.7	18.8	76.8	3.4	53.0	59.9	13.1
EBIT	15.5	7.6	15.7	106.7	1.7	42.4	48.0	13.0
Property Development	16.8	7.3	12.4	68.9	(26.5)	50.9	45.8	(10.0)
Leisure	(1.3)	0.2	(3.6)	>-100	>-100	(5.4)	(3.2)	(41.2)
Others	(0.7)	(0.5)	7.4	>100	>100	8.7	55.6	>100
Eliminations	0.7	0.6	(0.5)	>100	>100	(11.8)	(50.3)	>-100
Fair Value Gain	1.5	0.0	8.3	nm	>100	1.5	8.3	>100
Finance Cost	(2.2)	(3.2)	(3.3)	3.8	52.6	(7.0)	(10.8)	55.6
PBT	13.3	4.4	12.4	181.1	(6.6)	35.5	37.1	4.7
Normalised PBT	11.8	4.4	4.1	(7.5)	(65.4)	34.0	28.8	(15.3)
Tax	(3.3)	0.3	0.5	>100	(115.0)	(6.5)	(5.0)	(22.7)
MI	0.0	(0.0)	0.0	nm	(92.3)	0.1	0.0	(90.5)
Reported Net profit	10.1	4.7	12.9	175.8	28.4	29.1	32.1	10.3
Normalised net profit	8.9	4.7	6.7	42.3	(25.4)	28.0	25.9	(7.6)
EPS -adj (sen)	2.0	1.0	2.6	162.0	29.0	6.4	6.9	8.2
GDPS -adj (sen)	1.0	0.0	1.0	nm	0.0	1.0	1.0	0.0
EBITDA Margin (%)	28.3	23.2	32.3	9.1	4.1	24.3	27.3	3.0
EBIT Margin (%)	18.3	9.6	7.0	(2.6)	(11.3)	16.2	16.9	0.7
Property Development (%)	13.9	10.2	11.4	1.2	(2.4)	12.8	11.8	(1.0)
Leisure (%)	(27.6)	5.9	12.0	6.0	39.6	(19.1)	(17.4)	1.7
Pretax Margin (%)	19.5	11.9	9.6	(2.2)	(9.9)	14.4	15.3	0.9
Net Margin (%)	14.5	6.4	10.2	3.8	(4.3)	12.4	11.9	(0.5)
Effective Tax Rate (%)	(25.6)	(46.4)	5.9	52.3	31.6	(14.5)	(22.3)	(7.8)

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