

2Q FYE SEP 2012 RESULTS REPORT
Date: 29 May 2012

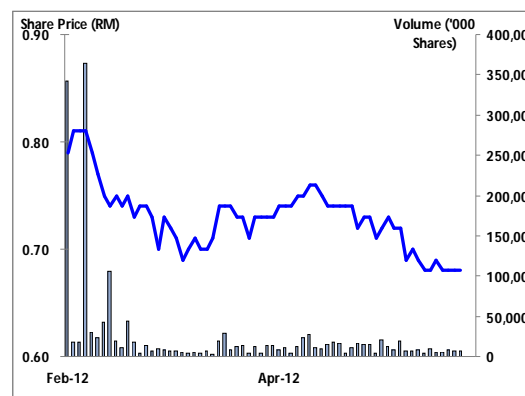
Name of PLC: <i>Sentoria Group Berhad</i>	Fair Value:	RM0.89
Business Summary : <i>A property developer and leisure & hospitality group based in Pahang</i>		
Major Shareholders : <i>Sentoria Capital (62%)</i>		
PLC Website : <i>www.sentoria.com.my</i>	Recommendation:	Buy
IR Contact : <i>Encik Nasiruddin Nasrun</i> <i>nasir@sentoria.com.my</i>	Market Capitalisation:	RM272.0 mil
	Current Price :	RM0.68
	Market / Sector:	Property
	Stock Code:	5213
Analyst : <i>Danny Oh / Lim Boon Ngee</i> <i>Tel : +603 2163 3200; Email : dannyoh@nra.com.my</i>		

Key Stock Statistics	FY12F	FY13F
EPS (est.)	11.3	12.5
P/E (est.)	6.0	5.4
Dividend/Share	2.0	2.0
NTA/Share (RM)	51.3	55.0
Book Value/Share (sen)	51.3	55.0
Issued Capital (mil shares)	400	400
52-weeks Share Price Range (sen)	65.5 - 88.5	

Per Share Data	2010	2011	2012F	2013F
Year-end 30 Sep				
Book Value (sen)	17.4	45.0	51.3	55.0
Cash Flow (sen)	0.4	2.6	3.0	3.3
Earnings (sen)	4.8	11.5	11.3	12.5
Dividend (sen)	-	-	2.0	2.0
Payout Ratio (%)	-	-	17.7	16.0
PER (x)	14.2	5.9	6.0	5.4
P/Cash Flow (x)	170.0	26.2	22.7	20.6
P/Book Value (x)	3.9	1.5	1.3	1.2
Dividend Yield (%)	-	-	2.9	2.9
ROE (%)	32.1	25.4	25.0	21.2
Net Gearing (%)	35.0	1.3	1.0	1.5

P&L Analysis (RM mil)	2010	2011*	2012F	2013F
Year-end 30 Sep				
Revenue	123.2	172.4	210.5	273.4
Operating Profit	24.6	42.7	50.0	64.6
Depreciation	3.1	3.8	4.5	5.0
Interest Expenses	2.5	2.4	2.5	3.0
Pre-tax Profit	22.6	40.3	47.5	61.6
Tax Rate (%)	14.6	-13.6	5.1	18.8
Net Profit	19.3	45.8	45.1	50.0
Operating Margin (%)	20.0	24.8	23.8	23.6
Pre-tax Margin (%)	18.3	23.4	22.6	22.5
Net-Margin (%)	15.7	26.6	21.4	18.3

* annualised

Share Price Chart

1. 2Q2012 Results Highlights

Year-ended 30 Sep	2Q2012 RM mil	1Q2012 RM mil	Chg %
Revenue	39.0	57.9	(32.6)
Operating Profit	9.3	16.3	(42.9)
Depreciation	(1.0)	(0.9)	-
Interest Expenses	(0.6)	(0.6)	-
Pre-tax Profit	8.6	15.7	(45.2)
Net Profit	6.2	11.8	(47.5)
Operating Margin (%)	23.8	28.2	
Pre-tax Margin (%)	22.1	27.1	
Net-Margin (%)	15.9	20.4	

- Compared to the preceding quarter ended 31 Dec 2011, the property development division registered lower revenue and earnings due to the festive and rainy season in the quarter under review which reduced the effective working days.

- The leisure and hospitality division also saw lower comparative numbers due to the fact that the preceding quarter was a seasonally strong quarter which included a long-school holiday which benefited its theme park and hotel operations. It also coincided with the seasonal year-end peak vacation period.
- In line with its expansion plan in Bukit Gambang Resort City, new properties were launched, two sub-phases of its Global Heritage South project, namely the San Francisco Villa and Amsterdam Villa for the higher-end market with a gross development value of RM50 mil.
- A housing project near Kuantan Town was also launched, Taman Bukit Rengin which comprises 474 units of terrace houses and semi-Ds with gross development value of RM58 mil. As to-date, the take-up is strong with all the units almost fully booked.
- An interim single-tier dividend of 1 sen per share was announced in respect of FYE 30 Sep 2012.
- There are no comparative figures to the preceding financial year's corresponding period as this is the second quarterly report since its listing on 23 February 2012.

Financial Review

Year-ended 30 Sep	1H YE2012
	RM mil
Revenue	96.9
Operating Profit	25.6
Depreciation	(1.9)
Interest Expenses	(1.3)
Pre-tax Profit	24.4
Net Profit	18.0
Operating Margin (%)	25.2
Pre-tax Margin (%)	26.4
Net-Margin (%)	18.6

- Based on the first-half results, the performance is in line with our expectations and on track to meet our forecast. In terms of revenue breakdown, the property development contributed 69% while the leisure and hospitality division 31% and 75% to 25% on operating profit.
- Theme park attendance stood at 346,000 visitors in the first half with average revenue per visitor (ARPV) of RM32.40 compared to 522,000 visitors and ARPV of RM32.00 for the whole of FYE30 Sep 2011.
- There are no comparative figures to the preceding financial year's corresponding period as this is the second quarterly report since its listing on 23 February 2012.

2. Earnings Outlook

- The completion of Arabian Bay Resort and opening of Safari Park Phase 1 and 2 by 3Q calendar year 2012 will drive its leisure & hospitality division which is imputed in our FY13 forecasts.
- Revenue from property development is backed by unbilled sales of RM134 mil while future growth will be driven by RM541.7 mil worth of new launchings over the next three years.
- The new launching, namely the Global Heritage South and Taman Bukit Rengin with a combined GDV of RM108 mil will keep its property development division busy for the next two years.

3. Recommendation

- We believe that the investment merit of Sentoria Group Berhad is its solid earning base in property development in a niche market, complemented by a growing leisure and hospitality division which will create a group cash-cow going forward based on its master plan. Earnings growth in the leisure and hospitality will be driven by expansion in visitor numbers as more attractions are added and increase in average revenue per visitor as well as growth in its accommodation units.
- Trading at PERs of 6.0x and 5.4x for FY11 and FY12, we maintain our BUY recommendation on Sentoria Group Berhad as it implied a potential capital appreciation of 30.0% based on our fair value of 89.0 sen per share.

Disclosures/Disclaimer

Investment ratings:

Buy (generally >10% upside over the next 12 months)

Hold (generally negative 10% downside to positive 10% upside over the next 12 months)

Sell (generally >10% downside over the next 12 months)

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