

**3Q FYE SEP 2012 RESULTS REPORT**

Date: 28 Aug 2012

<b>Name of PLC:</b> Sentoria Group Berhad	<b>Fair Value:</b>	RM0.89
<b>Business Summary :</b> A property developer and leisure & hospitality group based in Pahang		
<b>Major Shareholders :</b> Sentoria Capital (62%)		
<b>PLC Website :</b> www.sentoria.com.my	<b>Recommendation:</b>	Buy
<b>IR Contact :</b> Encik Nasiruddin Nasrun nasir@sentoria.com.my	<b>Market Capitalisation:</b>	RM258.0 mil
	<b>Current Price :</b>	64.5 sen
	<b>Market / Sector:</b>	Property
	<b>Stock Code:</b>	5213
<b>Analyst :</b> Danny Oh / Lim Boon Ngee Tel : +603 2163 3200; Email : dannyoh@nra.com.my		

Key Stock Statistics	FY12F	FY13F
EPS (est.)	11.3	12.5
P/E (est.)	5.7	5.2
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)	60.0 - 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)	13.4	5.6	5.7	5.2
P/Cash Flow (x)	161.3	24.8	21.5	19.5
P/Book Value (x)	3.7	1.4	1.3	1.2
Dividend Yield (%)	-	-	3.1	3.1
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. 3Q2012 Results Highlights**

Year-ended 30 Sep	3Q2012 RM mil	2Q2012 RM mil	Chg %
Revenue	38.5	39.0	(1.3)
Operating Profit	15.6	9.3	67.7
Depreciation	(1.2)	(1.0)	-
Interest Expenses	(0.5)	(0.6)	-
Pre-tax Profit	15.1	8.6	75.6
Net Profit	13.0	6.2	109.7
Operating Margin (%)	40.5	23.8	
Pre-tax Margin (%)	39.2	22.1	
Net-Margin (%)	33.8	15.9	

- Compared to the preceding quarter ended 31 Mar 2012, revenue growth was flat but operating profit surged on sales of commercial lands which propelled pre-tax profit by 75.6% to RM15.1 million. Margins also benefited, rising strongly across the board.

- Its Taman Bukit Rangin project which comprises 474 units of affordable terrace houses and semi-Ds with gross development value of RM58 mil was officially launched in the quarter under review. Targeted mainly towards civil servants who are not dependent on commercial loans, the project has received strong response with a take-up rate of 91% as to-date.
- The leisure and hospitality division enjoyed better park attendance due to the long school holidays in May and June 2012. Total number of visitors reached surged to 160,126 in 3QFY21012 compared to 135,085 in the preceding quarter boosted by its efforts to raise the theme park profile mainly through media advertising nationwide. Average revenue per visitor for the water theme park also rose, to RM35.60 from RM34.50 recorded last quarter, partly attributed to optional “add-ons” such as package meals and daily cabana rentals.
- Its ballroom in the Arabian Bay Resort recently received recognition from the Malaysia Book of Records as the “Largest Pillarless Ballroom in Malaysia”. With its 3,100 pax capacity, the ballroom will act as an additional attraction, especially for mega-events which will complement its hotel and theme park activities.
- There are no comparative figures to the preceding financial year’s corresponding period as this is the third quarterly report since its listing on 23 February 2012.

### Financial Review

Year-ended 30 Sep	9M2012
	RM mil
Revenue	135.4
Operating Profit	41.2
Depreciation	(3.2)
Interest Expenses	(1.8)
Pre-tax Profit	39.4
Net Profit	31.1
Operating Margin (%)	30.4
Pre-tax Margin (%)	29.1
Net-Margin (%)	23.0

- Based on the 9-month results, SGB has achieved 64% of our full-year revenue forecast and 82% of pre-tax profit and we expect more billings of property sales in the last financial quarter to propel revenue and earnings higher. As at 30 June 2012, unbilled property sales stood at RM86.6 million
- The theme park is performing well with rising attendance and average revenue per visitor (ARPV). Total theme park attendance stood at 506,201 visitors for the nine-month period with ARPV of RM33.42 compared to the average annual attendance of around 520,000 for the past two years and ARPV of RM29.5.
- Property development contributed 67.3% (RM91.1 million) while leisure & hospitality contributed 32.7% (RM44.3 million) of revenue. At the pre-tax profit level, property development constituted 80% with 20% from leisure and hospitality.
- There are no comparative figures to the preceding financial year’s corresponding period as this is the third quarterly report since its listing on 23 February 2012.

### Company Background

Sentoria Group Berhad is a property developer based in the state of Pahang which started operations in 2001 and later diversified into leisure and hospitality via the Bukit Gambang Resort City (BGRC) in 2007. SGB is positioned for further growth through (i) expansion of its leisure & hospitality division (ii) sustained launching of new property developments and (iii) expansion into other states. Long-term growth potential lies in Bukit

Gambang Resort City (BGRC), riding on its master-plan which envisaged 2 mil visitors upon full completion by 2020 which will create a strong cash-flow stream.

## **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. The opening of a new theme park, the Bukit Gambang Safari Park in November 2012 will enhance the overall attractiveness of the Bukit Gambang Resort City and expected to boost its hospitality division in terms of higher accommodation rate and longer visitor stay period and hence revenue.
- Its property development earnings are underpinned by RM541.7 mil worth of new launchings over the next three years.

## **3. Recommendation**

- We believe that the investment merit of Sentoria Group Berhad is its solid earnings 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. Based on the track record so far, its leisure and hospitality division is on an upward trend supported by healthy increase in visitor numbers and average daily spending. Planned additions such as the coming Safari Park this November will boost the division further by increasing the overall attractiveness of Bukit Gambang Resort City to attract and sustain visitors.
- Trading at PERs of 5.7x and 5.2x for FY11 and FY12, we continue to keep our BUY recommendation on Sentoria Group Berhad. Fair value is maintained at 89.0 sen.

## 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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