



## Sentoria Group Bhd

### FY14 Net Profit to Match FY13

**TP: RM1.20 (+35.0%)**

*Last Traded: RM0.89*

**Buy**

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#### Briefing Takeaways:

We attended Sentoria's 1HFY14 results briefing and summarized the key takeaways below.

#### 1) Taman Bukit Gambang is the Key Contributor to Sales

For 1HFY14, the group focused on the completion of Taman Bukit Rangan 1 as well as the construction of four on-going projects. As a result, there were insignificant new property sales achieved in 1HFY14, thus the group's unbilled sales reduced to RM100mn as compared to RM164mn six months ago.

Despite the absence of new launches in 1HFY14, we believe the group is able to sustain its property earnings given that RM240mn worth of properties are scheduled for launch later this year. Notably, the group plans to launch Taman Bukit Gambang (GDV: RM160mn) later this month – see **Table 1**. Over 400 registrants were received for the projects. This was encouraging given the scale of development in Kuantan. Besides, we understand that the foundation works have already commenced and hence, this project will start contributing to the group's earnings in this financial year.

**Table 1: Taman Bukit Gambang to be launched in end June 2014**

Property Type	Units	GDV
SS Terrace	640	RM160mn
SS Semi-D	156	
DS Industrial Terrace	23	
DS Shops	90	
	<b>909</b>	

Source: Company, TA Research

Elsewhere, management indicated that the sales of resort villas within its Global Heritage @ Bukit Gambang Resort City (BGRG) have been slow after the implementation of the new minimum price for foreign property purchases of RM1mn. Management is in the midst of re-strategizing the product offering and re-launching it by end this year.

#### 2) Leisure and hospitality division is expected to see increase in visitors

BGRG water park and safari park collectively attracted 322.7k visitors in 1HFY14, a 6% decrease as compared to the same corresponding period last year – see **Figure 1**. Hotel occupancy was also lower at 20.3% vs 24.4% in 1H13. The reduction in visitor number and occupancy rate was attributed to unexpected flood that struck Kuantan in Dec-13, which had affected road accessibility to BGRG.

#### Share Information

Bloomberg Code	SNT:MK
Stock Name	SNTORIA
Stock Code	5213
Listing	Main Market
Share Cap (mn)	440.0
Market Cap (RMmn)	374.0
Par Value	0.20
52-wk Hi/Lo (RM)	0.92/0.60
12-mth Avg Daily Vol ('000 shrs)	198.20
Estimated Free Float (%)	22.5
Beta	0.54

#### Major Shareholders (%)

Sentoria Capital	- 62.0
State Secretary Pahang	- 10.5

#### Forecast Revision

	FY14	FY15
Forecast Revision (%)	-	-
Net profit (RMm)	54.5	72.2
Consensus	n.a	n.a
TA's / Consensus (%)	n.a	n.a
Previous Rating	-	-

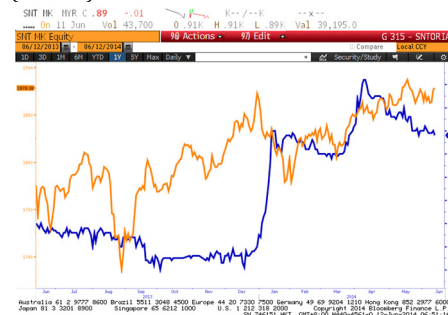
#### Financial Indicators

	FY14	FY15
Net Debt / Equity (%)	40.3	49.7
FCPS (sen)	(0.1)	(0.1)
Price / CFPS (x)	nm	nm
ROA (%)	17.1	17.6
NTA/Share (RM)	0.7	0.8
Price/NTA (x)	1.3	1.1

#### Share Performance (%)

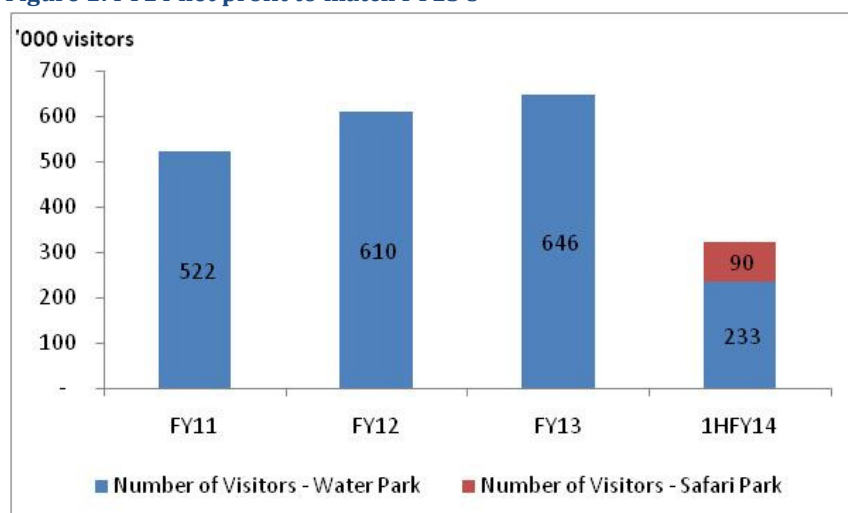
Price Change	SNTORIA	FBM KLCI
1 mth	(4.8)	0.7
3 mth	4.7	3.3
6 mth	41.3	2.4
12 mth	27.1	5.8

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



Source: Bloomberg

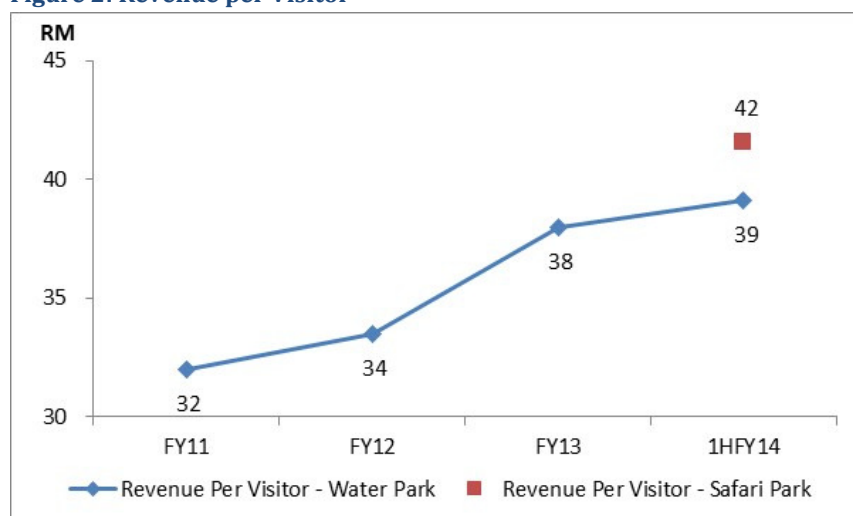
**Figure 1: FY14 net profit to match FY13's**



Source: Company, TA Research

Meanwhile, the rising visitor spending is the bright spot amid BGRC's reduction in visitor numbers - see **Figure 2**. Based on the ticket price of RM26 and RM19 for adult and child respectively, revenue per visitor of RM39 implies that 40% of water park revenues are derived from ancillary sales. According to management, the group derived its ancillary revenue mainly from F&B sales with an average spent per pax of RM8. Management indicates that Safari Park in Bukit Gambang Resort City has yet to reflect its true capacity and targets to welcome its two-hundred thousandth visitor by end of FY14 as it now fully operational with newly added attractions and wildlife.

**Figure 2: Revenue per Visitor**



Source: Company, TA Research

### 3) FY14 net profit to match FY13's

As discussed in the earlier session, Sentoria is expected to chart a good set of results in 2HFY14. Although the group reported net profit of RM10.9mn in 1HFY14 (+5.0% YoY), which accounted for 20% of our full-year earnings forecasts, management remains confident that the group's FY14 full-year net profit to be able to match FY13. This will be driven mainly by maiden contribution from Taman Bukit Gambang; and ii) increasing billing from Taman Bukit Rangan 2 which will be gradually handed-over to purchasers over the next 2 quarters (about RM74mn). In addition, management anticipates higher visitors and better occupancy rates in 2HFY14 as indicated by the strong forward bookings in the coming months.

## Impact

Maintained.

## Valuation

We keep our SOP target price unchanged at RM1.20/share, based on respective unchanged CY15 PER multiples of 7x for the property division and 10x for the leisure and hospitality division. Maintain **Buy**.

## Earnings Summary

YE Sep 30		2012	2013	2014F	2015F	2016F
Revenue		179.3	207.5	250.9	318.2	416.8
EBITDA		57.1	55.2	74.1	98.9	128.9
EBITDA Margins	(%)	31.9	26.6	29.5	31.1	30.9
Pretax profit		49.4	43.8	55.0	72.9	94.3
Net profit		47.8	53.1	54.5	72.2	93.3
Net profit -adj		47.8	53.1	54.5	72.2	93.3
EPS -Adj	(sen)	10.9	12.1	12.4	16.4	21.2
EPS Growth	(%)	24.0	11.0	2.6	32.5	29.3
PER	(x)	8.2	7.4	7.2	5.4	4.2
Gross Div - adj	(sen)	1.8	2.0	2.0	2.0	2.0
Div Yield	(%)	2.0	2.2	2.2	2.2	2.2
ROE	(%)	31.1	23.7	20.1	22.2	23.4

Table 2: SOP Valuation

Segments	CY15 Net Profit (RM1mm)	Target CY15 PER (x)	Value (RM1mm)	Value/share (RM)	Remarks
Property	65.2	7	456.3	1.04	Target PER for small cap developer
Leisure	12.3	10	123.5	0.28	53% discount to global peers PER average of 22x
	77.5		579.7	1.32	
Warrant Proceeds			52.8	-	88mm warrant @RM0.60
Total			632.5	1.20	

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