



## Sentoria Group Bhd

### RM80mn PR1MA Contract in Kuantan

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**TP: RM1.22 (+38.6%)**

**Last Traded: RM0.88**

**Buy**

#### RM80mn PR1MA Contract

Grintera Sdn Bhd (GSB) has appointed Sentoria as the turnkey contractor of building and infrastructure works of the proposed project of Pembangunan Perumahan Rakyat 1 Malaysia (PRIMA) on 79.2 acres of government land in Kuantan with a contract sum of RM80mn.

The scope of works of Sentoria is to be responsible for supervision, supply of labour, material, tools and machinery for the construction and completion of the contract works, observe and comply with any site safety rules and regulations during the execution of the Contract Works and liaise and co-ordinate with GSB and consultant with respect to the contract works.

The PR1MA project comprise of 612 units of single storey semi-detached houses, 1 unit of single storey bungalow and 16 units of single storey shop lot. According to the announcement, the project is expected to commence on 1 July 2014 and completed by 31 Dec 2016.

#### Impact

We are positive on the contract win but the bottom-line impact is expected to be insignificant. Using a typical contractor PBT margin of 6%, we raise our FY14-16 earnings by 0.9-2.6%. We do not expect decent margin for PR1MA house project as it is supposed to be affordable.

#### Valuation

Following our earnings revision, our SOP target price is revised higher to RM1.22/share (from RM1.20 previously), based on respective CY15 PER multiples of 7x for the property division and 10x for the leisure and hospitality division. Maintain **Buy**.

#### Share Information

Bloomberg Code	SNT:MK
Stock Name	SNTORIA
Stock Code	5213
Listing	Main Market
Share Cap (mn)	440.0
Market Cap (RMmn)	387.2
Par Value	0.20
52-wk Hi/Lo (RM)	1.03/0.60
12-mth Avg Daily Vol ('000 shrs)	283.09
Estimated Free Float (%)	22.5
Beta	0.4

#### Major Shareholders (%)

Sentoria Capital	- 62.0
State Secretary Pahang	- 10.5

#### Forecast Revision

	FY14	FY15
Forecast Revision (%)	0.9	2.6
Net profit (RMm)	55.0	74.1
Consensus	n.a	n.a
TA's / Consensus (%)	n.a	n.a
Previous Rating	-	-

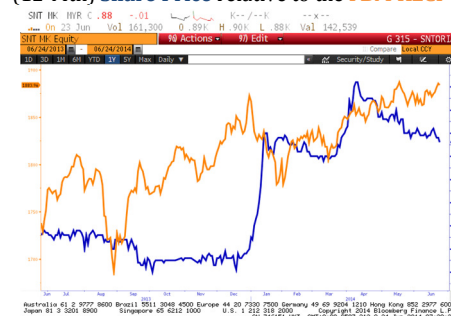
#### Financial Indicators

	FY14	FY15
Net Debt / Equity (%)	40.7	50.9
FCPS (sen)	(0.1)	(0.1)
Price / CFPS (x)	nm	nm
ROA (%)	17.2	18.1
NTA/Share (RM)	0.7	0.8
Price/NTA (x)	1.3	1.1

#### Share Performance (%)

Price Change	SNTORIA	FBM KLCI
1 mth	(2.2)	0.8
3 mth	0.6	2.7
6 mth	37.5	2.6
12 mth	29.4	8.4

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



Source: Bloomberg

## Earnings Summary

YE Sep 30		2012	2013	2014F	2015F	2016F
Revenue		179.3	207.5	258.9	350.2	448.8
EBITDA		57.1	55.2	74.5	100.8	130.8
EBITDA Margins	(%)	31.9	26.6	28.8	28.8	29.2
Pretax profit		49.4	43.8	55.5	74.9	96.2
Net profit		47.8	53.1	55.0	74.1	95.2
Net profit -adj		47.8	53.1	55.0	74.1	95.2
EPS -Adj	(sen)	10.9	12.1	12.5	16.8	21.6
EPS Growth	(%)	24.0	11.0	3.5	34.8	28.5
PER	(x)	8.1	7.3	7.0	5.2	4.1
Gross Div - adj	(sen)	1.8	2.0	2.0	2.0	2.0
Div Yield	(%)	2.1	2.3	2.3	2.3	2.3
ROE	(%)	31.1	23.7	20.3	22.7	23.6

**Table 1: SOP Valuation**

Segments	CY15 Net Profit (RM mn)	Target CY15 PER (x)	Value (RM mn)	Value/share (RM)	Remarks
Property	66.9	7	468.0	1.06	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	1.34	
Warrant Proceeds			52.8	-	88 mn warrant @ RM0.60
Total			632.5	1.22	

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