

Malaysia Flash Note

Refer to important disclosures at the end of this report

DBS Group Research . Equity

17 Feb 2016

Suria Capital Holdings (SURIA MK) : BUY

Mkt. Cap: US\$152m | **3m Avg. Daily Val:** US\$0.03m

Last Traded Price : RM2.19

Price Target : RM2.90 (32% upside)

Analyst

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Company Guide

[Suria Capital Holdings](#)
Summary of our point of view, and highlights the relevant data points, which are actively tracked

Implementing agency for SBCP's expansion programme

- **Appointed as an implementing agency for SBCP's expansion programme**
- **Maintain earnings forecasts pending further financial details**
- **Maintain BUY with an unchanged TP of RM2.90**

Suria has announced that its wholly-owned subsidiary, Sabah Ports Sdn Bhd (SPSB) has been appointed as the implementing agency for the Sapangar Bay Container Port (SBCP)'s expansion programme. Under the Eleventh Malaysia Plan, the Federal Government has allocated RM800m for the project, whereby funding under the first rolling plan will be staggered over two years (2016-2017).

The expansion will more than double SBCP's handling capacity to 1.25m TEUs (20-foot equivalent units), from its present 500,000 TEUs.

Comment: The appointment as an implementing agency for SBCP's expansion programme does not come as a big

surprise to us given that Suria Capital has been operating the port since its privatisation.

We understand that a masterplan to upgrade and expand SBCP infrastructure to allow main line operators will be prepared this year. Construction work for the first stage of the development will commence in early 2017 and expected to be completed by 2019.

Given that financial details of Suria's appointment on this project is scanty at this juncture, we are maintaining our earnings forecasts and TP for the group, pending its upcoming 4Q results to be announced next week.

We maintain our BUY recommendation for Suria with RM2.90 TP based on RNAV valuation. Our TP implies 15x forward PE.

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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