

Company Flash Note

Suria Capital Holdings

Bloomberg: SURIA MK | Reuters: SURI.KL

Refer to important disclosures at the end of this report

Malaysia Equity Research

27 Apr 2015

BUY RM2.53 KLCI : 1,862.58

Price Target : 12-Month RM 3.55 (under review)

Shariah Compliant: Yes

Analyst

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Price Relative



Forecasts and Valuation

FY Dec (RM m)	2013A	2014A	2015F	2016F
Revenue	263	274	300	340
EBITDA	125	125	142	167
Pre-tax Profit	82	79	97	122
Net Profit	61	55	72	88
Net Pft (Pre Ex.)	61	55	72	88
EPS (sen)	21.6	19.6	25.4	31.1
EPS Pre Ex. (sen)	21.4	19.6	25.4	31.1
EPS Gth (%)	20	(9)	30	23
EPS Gth Pre Ex (%)	11	(9)	30	23
Diluted EPS (sen)	21.4	19.6	25.4	31.1
Net DPS (sen)	7.5	7.0	8.9	10.9
BV Per Share (sen)	295.9	309.6	326.1	346.4
PE (X)	11.7	12.9	10.0	8.1
PE Pre Ex. (X)	11.8	12.9	10.0	8.1
P/Cash Flow (X)	5.6	14.8	6.5	7.1
EV/EBITDA (X)	5.6	5.5	4.9	3.9
Net Div Yield (%)	3.0	2.8	3.5	4.3
P/Book Value (X)	0.9	0.8	0.8	0.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	7.5	6.5	8.0	9.3

Source of all data: Company, AllianceDBS, Bloomberg Finance L.P

Jesselton Quay development may be launched soon

- **DO finally obtained; expect JQ property project to be launched this year**
- **Positive development since further project delays could disrupt SBC's payments to Suria**
- **Maintain BUY, RM3.55 TP under review, pending management meeting**

Jesselton Quay (JQ) project may be launched soon.

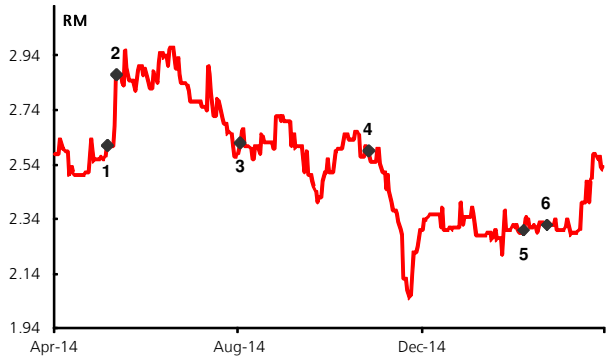
The Starbizweek highlighted that Suria Capital (Suria)'s JV with SBC Corp Bhd (SBC) to develop JQ is finally taking shape. The latter is planning to launch the first phase of commercial properties at Jesselton Quay's waterfront project at its sales gallery in Kota Kinabalu soon.

Long overdue development. To recap, the group had entered into a JV with SBC in May 2013 to develop 16.25 acres of its 23.25-acre land around KK Port with a minimum net saleable value (NSV) of RM1.8bn over eight years. Under the JV agreement, SBC is responsible for all costs and matters relating to the 16-acre waterfront development, Jesselton Quay, which will comprise of shops, service suites, retail mall, hotel, and office towers. As landowner, Suria will receive a minimum guaranteed return of RM324m or 18% of total GDV (whichever is higher) in eight scheduled payments throughout the development period. Nonetheless, the development project has faced delays pending regulatory approvals.

DO finally obtained; project expected to be launched this year. We gather from management that the group has finally obtained the development order (DO) for the project. Management is in the process of submitting the building plan and subdivision application to the authority, and approvals are expected in the coming months. As such, the development is expected to be launched in the later part of this year.

Maintain BUY, TP under review. We are positive on the news that the group has finally obtained the DO after a long delay, as further project deferrals could disrupt the scheduled payments to Suria from SBC, which could pose downside risk to our DCF derived TP for the group. We are maintaining our Buy recommendation on Suria and put our target price of RM3.55 under review, pending our upcoming meeting with management.

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date	Closing Price	Target Price	Rating
1:	30 May 14	2.61	3.75	Buy
2:	05 Jun 14	2.87	3.75	Buy
3:	26 Aug 14	2.62	3.75	Buy
4:	19 Nov 14	2.59	3.75	Buy
5:	02 Mar 15	2.30	3.55	Buy
6:	17 Mar 15	2.32	3.55	Buy

Source: AllianceDBS

DISCLOSURE

Stock rating definitions

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 > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

Adex = advertising expenditure	EPS = earnings per share	PBT = profit before tax
bn = billion	EV = enterprise value	P/B = price / book ratio
BV = book value	FCF = free cash flow	P/E = price / earnings ratio
CF = cash flow	FV = fair value	PEG = P/E ratio to growth ratio
CAGR = compounded annual growth rate	FY = financial year	q-o-q = quarter-on-quarter
Capex = capital expenditure	m = million	RM = Ringgit
CY = calendar year	M-o-m = month-on-month	ROA = return on assets
Div yld = dividend yield	NAV = net assets value	ROE = return on equity
DCF = discounted cash flow	NM = not meaningful	TP = target price
DDM = dividend discount model	NTA = net tangible assets	trn = trillion
DPS = dividend per share	NR = not rated	WACC = weighted average cost of capital
EBIT = earnings before interest & tax	p.a. = per annum	y-o-y = year-on-year
EBITDA = EBIT before depreciation and amortisation	PAT = profit after tax	YTD = year-to-date

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Published and Printed by

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