

07 April 2014 | Small-cap Highlights

## Suria Capital Holdings Bhd

Call this port



Non-rated

Fair value: RM3.15

### INVESTMENT HIGHLIGHTS

- Suria Capital's core business is divided into four streams including: (i) port operations, (ii) logistics and bunkering services, (iii) contract and engineering segment and (iv) ferry terminal.
- Controls the major ports in Sabah, namely Sapangar Bay Oil/Container terminal, Kota Kinabalu Port, Kudat Port, Sandakan Port, Tawau Port, Lahad Datu Port and Kunak Port.
- Port operation was its largest source of revenue with 85% of contribution in FY13 (2012: 88%).
- The group's very first property foray following a JV with SBC in Jesselton Quay project is expected to kick-start in FY14 and the tentative completion year in 2017.
- A mixed property development which comprising various business districts as well as a tourism hub.
- Net saleable value (NSV) of RM1.8b for the Jesselton project.
- Under the JV agreement, the group would receive a minimum guaranteed 18% of NSV that will be paid in cash with eight tranches.
- Sale of the land for the project will entail one-off net gain of RM153m for the group.
- The project starts to catch the eye of the international cruise liner as it will be equipped with an international cruise terminal.

### VALUATION

- We are valuing Suria Capital with a FV of **RM3.15**, on the back of EPS14 of 21sen, premised on the average PER of mid-cap port operator of 15x.



#### RETURN STATS

Price (4 April 2014)	RM2.70
Target Price	RM3.15
Expected Share Price Return	+16.7%
Expected Dividend Yield	+3.0%
<b>Expected Total Return</b>	<b>+19.7%</b>

#### STOCK INFO

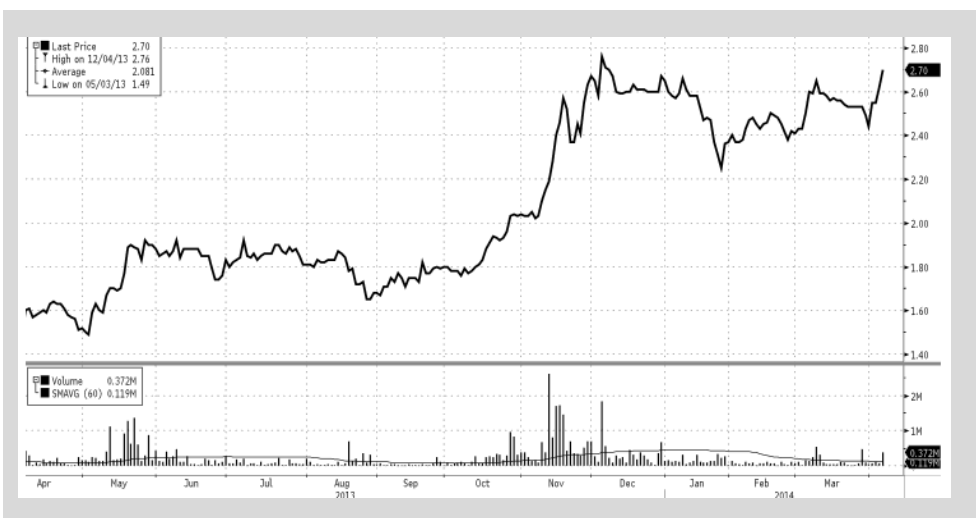
KLCI	1,856.61
Bursa / Bloomberg	6521 / SURIA MK
Board / Sector	Main/Trading Services
Syariah Compliant	Yes
Issued shares (mil)	283
Par Value (RM)	1.00
Market cap. (RM'm)	764.1
Price over NA	0.91x
52-wk price Range	RM1.44- RM2.77
Beta (against KLCI)	1.05
3-mth Avg Daily Vol	0.12m
3-mth Avg Daily Value	RM0.29m
<b>Major Shareholders</b>	
Sabah State Government	46.18
LTH	9.21
Capital Dynamics Asset	3.30

## INVESTMENT STATISTICS

FYE Dec	FY11	FY12	FY13	FY14F
Revenue (RM' m)	276.0	262.9	263.3	276.5
EBIT (RM'm)	110.3	107.6	114.6	113.4
Pretax Profit (RM' m)	74.4	70.1	83.2	78.6
Net Profit (RM' m)	53.6	50.9	62.0	58.9
EPS (sen)	18.9	18.0	21.9	20.8
EPS growth (%)	(5.2)	(5.0)	21.8	(5.0)
PER (x)	14.3	15.0	12.3	13.0
Net Dividend (sen)	6.0	6.2	7.5	8.0
Net Dividend Yield (%)	2.2	2.3	2.8	3.0

Source: Company, Forecasts by MIDFR

## DAILY PRICE CHART



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### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.