

Flash Note

Refer to important disclosures at the end of this report

Malaysia Equity Research

30 May 2016

Suria Capital Holdings (SURIA MK) : **BUY**

Mkt. Cap: US\$158m | **3m Avg. Daily Val:** US\$0.03m

Last Traded Price : RM2.24

Price Target : RM2.90 (29% upside) (Prev RM2.90)

Shariah Compliant: Yes

Analyst

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A good start

- **1Q16 results were above expectations**
- **Expect Jesselton Quay project to be launched in 2H16**
- **Maintain BUY with RM2.90 TP**

Ahead of expectations. Suria Capital reported 1QFY16 core earnings of RM16m (+93% q-o-q, +19% y-o-y), meeting 29% of our full year earnings estimate. The stronger profit was mainly driven by higher contributions from its property development business.

Flattish contributions from port operations.

Contributions from its port operations were relatively flat at RM18.4m (<1% y-o-y), as higher revenue of RM53m (+3% y-o-y) was offset by higher expenses.

Expect JQ project to be launch in 2H. We understand that although the group has obtained the development order (DO) for the Jesselton Quay (JQ)

project, management has revised its traffic plan for submission and is still awaiting approvals from the authorities. We have assumed that JQ project will be launched in 2H16.

Maintaining earnings forecasts for now. We are maintaining our FY16-17 earnings forecasts for the group, pending our meeting with management.

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

Flash Note

Quarterly / Interim Income Statement (RMm)

FY Dec	1Q2015	4Q2015	1Q2016	% chg yoy	% chg qoq
Revenue	61.8	61.1	55.2	(10.7)	(9.7)
Cost of Goods Sold	(38.6)	(56.1)	(31.3)	(18.8)	(44.2)
Gross Profit	23.2	5.00	23.9	2.9	378.0
Other Oper. (Exp)/Inc	(4.1)	7.70	(1.6)	(61.3)	nm
Operating Profit	19.1	12.7	22.3	16.8	75.6
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	nm	nm
Associates & JV Inc	0.0	0.0	0.0	nm	nm
Net Interest (Exp)/Inc	(1.1)	(1.0)	(0.8)	26.1	20.0
Exceptional Gain/(Loss)	0.0	(1.0)	0.0	nm	nm
Pre-tax Profit	18.0	10.7	21.5	19.4	100.9
Tax	(4.6)	(3.8)	(5.5)	18.7	44.7
Minority Interest	0.02	0.40	0.0	nm	nm
Net Profit	13.4	7.30	16.0	19.4	119.2
Net profit bef Except.	13.4	8.30	16.0	19.4	92.8
EBITDA	29.1	57.8	67.4	131.7	16.6
Margins (%)					
Gross Margins	37.6	8.2	43.3		
Opg Profit Margins	30.9	20.8	40.4		
Net Profit Margins	21.7	11.9	29.0		

Source of all data: Company, AllianceDBS Research

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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