



## Hua Yang Berhad

Starting FY15 on Stronger Footing

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### Result Preview

Hua Yang will release its 1QFY15 results next Wednesday (16 July 2014) and we expect 1Q net profit to range between RM20-25mn, representing 18-23% of our full-year projections. On a YoY basis, we expect 1QFY15 earnings to grow by 62-103%, driven by RM808mn unbilled sales as at Mar-14. Projects which are expected to contribute significantly to the group's bottom line are; One South, Sentrío Suites and Metia Residences.

### Management targets FY15 new sales of RM500mn – RM600mn

To recap, Hua Yang's new property sales hit a record high of RM735mn in FY14, driven by three new launches i.e Greenz @ One South, Sentrío Suites, and Metia Residences. Management sets a target of RM500-600mn new sales for FY15 vs our projections of RM550mn. FY15 new sales are expected to be lower than FY14 as management intends to focus on project execution and ensures on-time delivery of its RM808mn unbilled sales.

### 1Q Sales Derived from Existing Projects

There were no new launches during 1QFY15. Therefore, 1QFY15 sales are expected to be mainly derived from the conversions of Metia Residences and Sentrío Suites bookings. Meanwhile, township developments at Perak and Johor are also expected to contribute stable sales of RM15-20mn each. Looking forward, we believe the group is on track to achieve its sales target of RM500mn-600mn, underpinned by its pipeline launches worth RM1.1bn across Klang Valley, Johor and Perak. The group recently previewed Citywood @ Johor Bahru (Serviced Apartment, GDV: RM216mn) and Cube @ One South (SoHo, GDV: RM105mn). We understand that these two projects have garnered encouraging bookings which are expected to turn into sales in 2Q-3QFY15.

### Forecast

No change to our FY15-17 earnings forecasts. We continue to project the group to record new sales of RM550-760mn for the next three years.

### Valuation

We like Hua Yang's strategy to continue focusing on affordable housing and believe the group's sales to be less affected by cooling measures. Maintain **Buy** on Hua Yang with an unchanged target price of RM3.05, based on 7x CY15 earnings.

**TP: RM3.05 (+39.4%)**

Last traded: RM2.19

**BUY**

### Share Information

Bloomberg Code	HYB MK
Stock Name	HUAYANG
Stock Code	5062
Listing	Main Market
Share Cap (mn)	264.0
Market Cap (RMmn)	578.2
Par Value	1.00
52-wk Hi/Lo (RM)	2.42/1.74
12-mth Avg Daily Vol ('000 shrs)	509.2
Estimated Free Float (%)	60.0
Beta	1.4

### Major Shareholders (%)

Heng Holdings - 30.7  
Cham Poh Meng - 6.5

### Forecast Revision

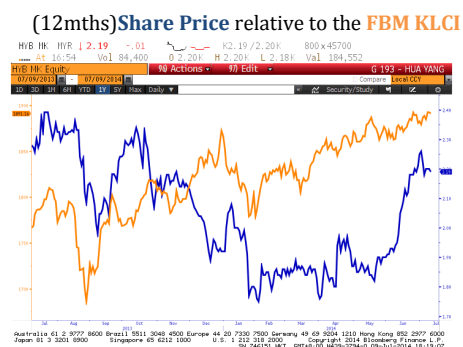
	FY15	FY16
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	108.3	117.4
Consensus	101.5	116.0
TA's / Consensus (%)	106.7	101.2
Previous Rating	Buy (Maintained)	

### Financial Indicators

	FY15	FY16
Net Debt / Equity (%)	38.3	24.3
FCFPS (sen)	27.3	31.0
Price / CFPS (x)	8.0	7.1
ROE (%)	25.5	23.4
ROA (%)	12.8	13.1
NTA/Share (RM)	1.7	2.0
Price/NTA (x)	1.3	1.1

### Share Performance (%)

Price Change	HUAYANG	FBM KLCI
1 mth	12.3	0.8
3 mth	19.7	1.7
6 mth	9.5	3.5
12 mth	(3.7)	6.9



Source: Bloomberg

**Earnings Summary (RM mn)**

<b>FYEMar 31</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15f</b>	<b>FY16f</b>	<b>FY17f</b>
Revenue	408.7	509.9	669.7	726.9	782.9
EBITDA	96.5	114.1	149.8	161.9	173.8
EBITDA margin (%)	23.6	22.4	22.4	22.3	22.2
Pretax profit	95.3	112.4	144.4	156.6	168.6
Net profit	70.5	82.2	108.3	117.4	126.5
Core net profit	70.5	82.2	108.3	117.4	126.5
EPS* (sen)	26.7	31.1	41.0	44.5	47.9
EPS growth (%)	21.0	16.6	31.8	8.4	7.7
PER (x) #	8.2	7.0	5.3	4.9	4.6
GDPS* (sen)	9.9	12.0	13.0	14.0	15.0
Div yield (%) #	4.5	5.5	5.9	6.4	6.8
Core ROE (%)	23.5	22.8	25.5	23.4	21.6

\* Adjusted for the 1:4 bonus issue completed in FY13 & 1:3 bonus issue completed in FY14

# Based on adj-EPS and DPS after \*

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