Glomac Berhad

(5020| GLMC MK) Property | Property

***Maintain* BUY**

Better new sales outlook

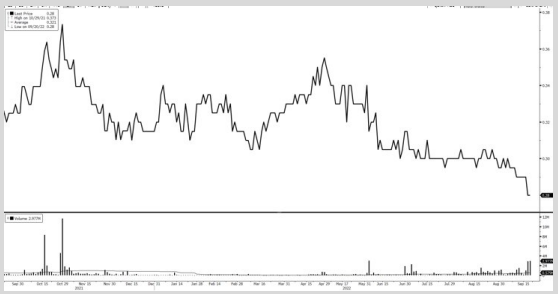
***Unchanged* Target Price: RM0.48**

KEY INVESTMENT HIGHLIGHTS

- **1QFY23 earnings deemed within expectations**
- **Stronger earnings anticipated in the coming quarters**
- **Better new sales outlook**
- **Earnings forecast maintained**
- **Maintain BUY with unchanged TP of RM0.48**

RETURN STATISTICS	
Price @ 21st Sept 2022 (RM)	0.28
Expected share price return (%)	71.4
Expected dividend yield (%)	5.4
Expected total return (%)	**+76.8**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-8.2	-5.6
3 months	-11.1	-10.7
12 months	-16.4	-11.7

KEY STATISTICS	
FBM KLCI	1,447.18
Syariah compliant	Yes
Issue shares (m)	768.07
F4BGM Index	N/A
ESG Grading Band (Star rating)	N/A
Estimated free float (%)	24.54
Market Capitalisation (RM'm)	214.98
52-wk price range	RM0.27- RM0.41
Beta vs FBM KLCI (x)	0.74
Monthly velocity (%)	60.45
Monthly volatility (%)	11.14
3-mth average daily volume (m)	0.55
3-mth average daily value (RM'm)	0.16
Top Shareholders (%)	
Bin Fateh Din Mohamed Mansor	21.01
Mohamed Mansor Fateh Iskandar Bin	19.14
Fong Loong Tuck	17.05
Shapadu Capital Sdn Bhd	10.43

1QFY23 earnings deemed within expectations. Glomac Berhad (Glomac) reported core earnings of RM5.18m for 1QFY23. Earnings is deemed within expectations despite it only made up 12.3% and 13.6% of our and consensus full year forecast as 1Q is seasonally weaker quarter.

Stronger earnings anticipated in the coming quarters. Sequentially, 1QFY23 core net earnings were lower at RM5.18m (-66.1%qoq), in line with lower topline (-11%qoq). The lower earnings could be attributed to seasonally lower progress billing in 1Q. On yearly basis, 1QFY23 core net earnings tripled to RM5.18m due to low base in 1QFY22 as nationwide lockdown impacted progress billing at project sites in 1QFY22. Earnings recovered in 1QFY23 due to resumption of construction activities at its key contributing projects namely Saujana Perdana, Plaza @ Kelana Jaya and 121 Residences. Looking ahead, we expect stronger earnings in the coming quarters due to pick up in progress billing of its township projects. Meanwhile, balance sheet remains healthy with net gearing improved to 0.23x in 1QFY23 from 0.24x in 4QFY22.

Better new sales outlook. Glomac recorded new property sales of RM52m in 1QFY23, lower than new sales of RM84m in 4QFY22. Lakeside Residences contributed 29% to new sales in 1QFY23, followed by Bandar Saujana Utama (17.3%) and Plaza @ Kelana Jaya (13.4%). We expect new property sales to recover to above RM300m in FY23 from new sales of RM160m in FY22, driven by planned new launches with GDV of RM470m in FY23. Meanwhile, unbilled sales eased marginally to RM512m in 1QFY23 from RM542m in 4QFY22, providing 2 years earnings visibility.

Maintain BUY with unchanged TP of RM0.48. We make no changes to our earnings forecast for FY23/24/25F. We expect stronger earnings in FY23 and FY24 mainly due to pick up in construction activities at project sites. We maintain our **BUY** call on Glomac with unchanged **TP** of **RM0.48**, based on 72% discount to RNAV. We continue to favour Glomac for its strategy of targeting affordable price range properties which continue to sustain demand for its township projects. Valuation is also undemanding, trading at 81% discount to its latest NTA per share of RM1.51.

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INVESTMENT STATISTICS

FYE April (RM m)	FY21	FY22	FY23F	FY24F	FY25F
Revenue	366.9	259.5	363.2	385.3	421.6
Gross profit	114.2	96.3	113.7	120.2	132.8
Core Profit Before Tax	71.1	57.7	66.7	70.6	80.9
Net Income	28.9	36.5	42.0	44.5	51.0
Core Net Income	41.9	36.7	42.0	44.5	51.0
EPS (sen)	3.8	4.8	5.5	5.8	6.6
Core EPS (sen)	5.5	4.8	5.5	5.8	6.6
Net DPS (sen)	1.00	1.50	1.50	1.50	1.50
Net Dvd Yield	3.6%	5.4%	5.4%	5.4%	5.4%
Core PER	5.12	5.87	5.12	4.83	4.22
NTA/share (RM)	1.46	1.49	1.53	1.57	1.64
P/NTA	0.19	0.19	0.18	0.18	0.17
Core ROE	3.8%	3.2%	3.6%	3.7%	4.1%
Core ROA	2.2%	1.9%	2.1%	2.2%	2.4%
Net Gearing	0.25	0.24	0.23	0.20	0.20

Source: Company, MIDFR

GLOMAC: 1QFY23 RESULTS SUMMARY

FYE April (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY23	*%YoY*	*%QoQ*	FY23	*%YoY*
Revenue	65.49	127.1%	-11.0%	65.49	127.1%
Gross profit	17.91	51.6%	-50.0%	17.91	51.6%
Profit before tax	7.86	108.4%	-68.6%	7.86	108.4%
Core PBT	7.86	108.4%	-68.9%	7.86	108.4%
Net income	5.18	199.7%	-65.7%	5.18	199.7%
Core net income	5.18	199.7%	-66.1%	5.18	199.7%
EPS (sen)	0.67	199.7%	-66.1%	0.67	199.7%
Core EPS	0.67	199.7%	-66.1%	0.67	199.7%
Net DPS	0.00	N/A	-100.0%	0.00	N/A
NTA/share (RM)	1.51	5%	1.6%	1.51	4.6%
Net gearing (x)	0.23	-13%	-3.7%	0.23	-12.8%
Core PBT margin (%)	12.0%	N/A	N/A	12.0%	N/A

Source: Company, MIDFR

GLOMAC RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Lakeside Residences	100%	3446	10%	163.76
GreenTec, Puchong	51%	1555	10%	49.60
Saujana KLIA	100%	835	10%	64.84
Saujana Perdana	100%	182	10%	14.14
Saujana Utama 5	100%	325	10%	25.33
Saujana Rawang	100%	290	10%	22.53
Sri Saujana, Johor	100%	178	10%	13.83
Saujana Jaya, Johor	100%	612	10%	45.45
Glomac Cyberjaya	100%	123	10%	9.56
Glomac Cyberjaya 2	100%	126	10%	9.79
Unbilled sales		542		40.25
Total				**459.07**
Shareholders Funds				1145.48
Net cash/(debt)				-276.25
Total RNAV				1328.31
Number of shares (m)				768.07
RNAV per share				1.73
Discount				72%
Target Price				0.48

Source: MIDFR

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% 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.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology