2QFY23 Results Review (Within)| Thursday, 01 December 2022

Glomac Berhad

(5020| GLMC MK) Property | Property

***Maintain* BUY**

Decent new sales outlook

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

KEY INVESTMENT HIGHLIGHTS

- **1HFY23 earnings deemed within expectations**
- **Earnings driven by higher progress billing**
- **Decent new sales outlook**
- **Earnings forecast maintained**
- **Maintain BUY with unchanged TP of RM0.48**

1HFY23 earnings deemed within expectations. Glomac Berhad (Glomac) 1HFY23 core net earnings of RM17.05m deemed within expectations despite it made up 41% and 46% of our and consensus full year forecast respectively as we anticipate stronger quarters ahead. We expect earnings to pick up in the coming quarters due to acceleration of progress billing.

Earnings driven by higher progress billing. Sequentially, 2QFY23 core net earnings increased to RM11.87m (+129%qoq) in tandem with higher topline (+19.8%qoq) as progress billing accelerated. On yearly basis, 2QFY23 core net income was higher (+3%yoy), bringing 1HFY23 earnings higher at RM17.05m (+28.7%yoy). The earnings growth was due to higher progress billing following resumption of construction activities at project sites while earnings in 1HFY22 were hit by disruption to construction activities due to lockdown. Earnings in 1HFY22 were mainly contributed by its ongoing projects namely Saujana Perdana, Plaza @ Kelana Jaya and 121 Residences.

Decent new sales outlook. Glomac recorded new property sales of RM54m in 2QFY23, flattish against new sales of RM52m in 1QFY23. That brought new sales to RM106m in 1HFY23. Moving forward, new sales momentum is expected to support by planned new launches with GDV of RM510m in 2HFY23. Planned launches in 2HFY23 includes GreenTec (GDV: RM340m), Saujana KLIA (GDV: RM100m) and Lakeside Residences (RM70m). Meanwhile, unbilled sales eased marginally from RM512m in 1QFY23 to RM491m in 2QFY23, 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 remain positive on prospect for Glomac as its township projects which offer affordable price range properties are well received by home buyers. Valuation is also undemanding, trading at 80% discount to its latest NTA per share of RM1.51. Hence, we maintain our **BUY** call on Glomac with unchanged **TP** of **RM0.48**, based on 72% discount to RNAV.

RETURN STATISTICS	
Price @ 30 Nov 2022 (RM)	0.305
Expected share price return (%)	57.4
Expected dividend yield (%)	4.9
Expected total return (%)	**62.3**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	7.0	5.7
3 months	8.9	5.8
12 months	-9.0	-6.7

KEY STATISTICS	
FBM KLCI	1,488.80
Syariah compliant	Yes
Issue shares (m)	768.07
F4BGM Index	N/A
ESG Grading Band (Star rating)	N/A
Estimated free float (%)	24.20
Market Capitalisation (RM'm)	234
52-wk price range	RM0.27- RM0.36
Beta vs FBM KLCI (x)	0.85
3-mth average daily volume (m)	0.49
3-mth average daily value (RM'm)	0.14
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	10.75

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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	3.3%	4.9%	4.9%	4.9%	4.9%
Core PER	5.57	6.39	5.57	5.26	4.59
NTA/share (RM)	1.46	1.49	1.53	1.57	1.64
P/NTA	0.21	0.20	0.20	0.19	0.19
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: 2QFY23 RESULTS SUMMARY

FYE April (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY23	%YoY	%QoQ	FY23	%YoY
Revenue	78.43	4.0%	19.8%	143.93	38.1%
Gross profit	28.39	-0.3%	58.6%	46.30	14.9%
Profit before tax	17.50	-10.3%	122.7%	25.35	8.9%
Core PBT	17.56	-10.0%	123.5%	25.41	9.1%
Net income	11.81	2.5%	128.1%	16.99	28.2%
Core net income	11.87	3.0%	129.2%	17.05	28.7%
EPS (sen)	1.55	3.0%	129.2%	2.22	28.7%
Core EPS	1.55	3.0%	129.2%	2.22	28.7%
Net DPS	0.00	N/A	N/A	0.00	N/A
NTA/share (RM)	1.51	3%	0%	1.51	3.0%
Net gearing (x)	0.22	-7%	N/A	0.22	N/A
Core PBT margin (%)	22.4%	N/A	N/A	17.7%	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