Corporate Update| Wednesday, 21 December 2022

Glomac Berhad

(5020| GLMC MK) Property | Property

Positive new sales outlook

***Maintain* BUY**

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

KEY INVESTMENT HIGHLIGHTS

- **RM510m planned launches for 2HFY23 intact**
- **GreenTec in Puchong is the key project launch in 2HFY23**
- **Positive new sales outlook for FY23**
- **Earnings forecast maintained**
- **Maintain BUY with unchanged TP of RM0.48**

We recently had an update on Glomac Berhad (Glomac) with management. Post update with management, we remain upbeat on new sales prospect for Glomac in the near-term driven by its planned launches in 2HFY23.

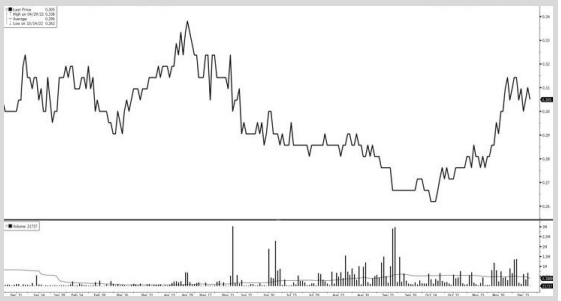
RM510m planned launches for 2HFY23 intact. Glomac planned launches with total GDV of RM510m for 2HFY23. Key launches for 2HFY23 include phase one of GreenTec in Puchong with GDV of RM340m. Note that GreenTec is a new integrated residential development in Puchong with total GDV of RM1.57b. We gather that phase one of GreenTec is expected to be launched in 4QFY23 pending approval from authority. Glomac targets to launch 980 units of SOHO & serviced apartments with average size ranging from 450 sf – 750 sf. Average price per unit is affordable at RM350k. Meanwhile, other launches for 2HFY23 include double-storey terrace at Suajana KLIA with GDV of RM100m and affordable high-rise apartments at Lakeside Residence with GDV of RM70m.

Positive new sales outlook for FY23. Glomac registered new sales of RM106m in 1HFY23, contributed mainly by property launches at Bandar Saujana Utama, 121 Residences, Lakeside Residences and Plaza @ Kelana Jaya. Looking ahead, we expect Glomac to register higher new sales in FY23 against new sales of RM160m achieved in FY22. New sales in 2HFY23 are expected to support by new project launches and sale of ongoing projects namely Plaza @ Kelana Jaya and 121 Residences. Besides, the potential monetisation of inventory may also help in support new sales growth in FY23.

Maintain BUY with unchanged TP of RM0.48. Post update with management, we maintain to our earnings forecast for FY23/24/25F. We also maintain our **TP** for Glomac at **RM0.48**, based on 72% discount to RNAV. We remain positive on Glomac due to its positive new sales outlook which underpinned by its strategy of selling properties within affordable price range. Valuation is undemanding, trading at 80% discount to its latest NTA per share of RM1.51. Hence, we maintain our **BUY** call on Glomac.

RETURN STATISTICS	
Price @ 20 Dec 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	5.2	3.8
3 months	8.9	7.4
12 months	-4.7	-3.0

KEY STATISTICS	
FBM KLCI	1,467.32
Syariah compliant	Yes
Issue shares (m)	768.07
F4BGM Index	N/A
ESG Grading Band (Star rating)	N/A
Estimated free float (%)	24.10
Market Capitalisation (RM'm)	234
52-wk price range	RM0.27- RM0.36
Beta vs FBM KLCI (x)	0.84
3-mth average daily volume (m)	0.47
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	11.75

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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 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