Glomac Berhad

(5020 | GLMC MK) Main | Property

***Maintain* NEUTRAL**

Margin Expansion in 1HFY25

***Unchanged* Target Price: RM0.39**

KEY INVESTMENT HIGHLIGHTS

- **1HFY25 earnings within expectations**
- **Margin expansion in 1HFY25**
- **New sales picked up in 2QFY25**
- **Earnings estimates maintained**
- **Maintain NEUTRAL with an unchanged TP of RM0.39**

1HFY25 earnings within expectations. Glomac Berhad (Glomac) 1HFY25 core net income of RM11.3m came in within expectations, making up 53% of ours and consensus full year forecast. Glomac announced first interim dividend of 1sen per share.

Margin expansion in 1HFY25. On a sequential basis, 2QFY25 core net income eased to RM3.98m (-45.3%qoq), in line with lower topline (-23%qoq). Earnings in 2QFY25 normalised from a high base in 1QFY25 as earnings in 1QFY25 were boosted by the sale of completed properties. On a yearly basis, 2QFY25 core net income surged to RM3.98m from RM480k in 2QFY24 as earnings in 2QFY24 were dragged by earnings recognition of lower margin products namely Seri Kenanga RSKU at Saujana Utama. That brought 1HFY25 core net income higher at RM11.3m (+147.5%yoy). Notably, the gross profit margin expanded to 30.3% in 1HFY25 from 24% in 1HFY24 as margin normalized. Meanwhile, key revenue contributors in 1HFY25 were ongoing projects namely Saujana Perdana, Plaza@Kelana Jaya and 121 Residences.

New sales picked up in 2QFY25. Glomac recorded higher sales of RM68m in 2QFY25 from RM20m new sales in 1QFY25. New sales in 2QFY25 were mainly driven by terrace houses at Serai@SBCR, Bandar Saujana Utama. Demand for landed houses at Bandar Saujana Utama remains strong with Serai@SBCR nearly fully sold within 3 months of launch. Looking ahead, management expects the new sales momentum to be stronger in 2HFY25 on the back of planned launches with GDV of RM385m in 2HFY25. On the other hand, unbilled sales increased to RM413m in 2QFY25 from RM388m in 1QFY25, providing more than one year earnings visibility.

Maintain NEUTRAL with an unchanged TP of RM0.39. We are making no changes to our earnings forecast for FY25F/26F/27F. We also maintain our **TP** for Glomac at **RM0.39**, based on 82% discount to RNAV. Overall, we see that the new sales outlook for Glomac will be supported by new launches of landed properties going forward, we are maintaining our **NEUTRAL** call on Glomac due to limited upside.

RETURN STATISTICS	
Price @ 27 Nov 2024 (RM)	0.405
Expected share price return (%)	-3.7
Expected dividend yield (%)	+3.2
Expected total return (%)	**-0.5**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.7	-3.9
3 months	-2.4	7.0
12 months	9.5	-1.2

INVESTMENT STATISTICS

FYE April	2025E	2026F	2027F
Revenue	385	409	483
Gross Profit	89	111	131
Profit Before Tax	21	33	44
Core PATAMI	21	33	44
Core EPS	2.77	4.33	5.74
DPS	1.30	1.40	1.50
Dividend Yield	3.2%	3.5 %	3.7%

KEY STATISTICS	
FBM KLCI	1,604.25
Issue shares (m)	767.49
Estimated free float (%)	24.41
Market Capitalisation (RM'm)	310.84
52-wk price range	RM0.3-RM0.47
3-mth average daily volume (m)	0.29
3-mth average daily value (RM'm)	0.12
Top Shareholders (%)	
Bin Fateh Din Mohamed	21.01
Mohamed Mansor Fateh	19.18
Fong Loong Tuck	17.05
Shapadu Capital Sdn Bhd	11.88

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Glomac Berhad: 2QFY25 RESULTS SUMMARY

FYE April (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	56.41	1.1%	-23.0%	129.69	11.9%
Gross profit	16.73	37.3%	-26.0%	39.35	41.6%
Profit before tax	6.23	845.4%	-47.2%	18.04	162.6%
Core PBT	6.23	845.4%	-47.2%	18.04	162.6%
Net income	3.98	724.0%	-45.3%	11.26	147.5%
Core net income	3.98	724.0%	-45.3%	11.26	147.5%
EPS (sen)	0.52	724.0%	-45.3%	1.47	147.5%
Core EPS	0.52	724.0%	-45.3%	1.47	147.5%
Net DPS	1.0	N/A	N/A	1.0	N/A
NTA/share (RM)	1.57	1%	-0.5%	1.57	0.9%
Net gearing (x)	0.04	-63%	-36.5%	0.04	-62.6%
Core PBT margin (%)	11.0	N/A	N/A	11.0	N/A

Source: Company, MIDFR

GLOMAC RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Lakeside Residences	100%	3446	10%	159.68
Loop City, Puchong	51%	1555	10%	50.17
Saujana KLIA	100%	835	10%	65.65
Saujana Perdana	100%	182	10%	9.63
Saujana Utama 5	100%	325	10%	23.93
Saujana Rawang	100%	290	10%	22.37
Sri Saujana, Johor	100%	178	10%	14.06
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		504		37.43

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Total				**447.43**
Shareholders Funds				1202.68
Number of shares (m)				768.07
RNAV per share				2.13
Discount				82%
Target Price (RM)				**0.39**

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	341.0	266.7	384.9	408.7	483.1
Gross Profit	107.2	73.4	89.3	111.2	130.9
Core PBT	50.5	15.9	33.7	52.7	69.9
Net Income	31.3	23.6	21.2	33.2	44.0
Core Net Income	31.4	6.6	21.2	33.2	44.0
Core EPS (sen)	4.1	0.9	2.8	4.3	5.7
Core PER (x)	9.9	47.1	14.6	9.4	7.1
NTA/share	1.5	1.6	1.6	1.6	1.7
P/NTA	0.26	0.26	0.26	0.25	0.24

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
ASSETS					
Non-current Assets					
Property, plant and equipment	39.23	36.94	38.79	40.73	42.76
Investment properties	344.80	350.21	353.71	357.25	360.82
Inventories	766.44	750.30	795.32	843.04	893.62
Other non-current assets	114.15	121.32	101.69	101.69	102.69
Total Non-current Assets	1264.62	1258.77	1289.51	1342.70	1399.90
Current Assets					
Inventories	167.34	197.68	195.70	193.74	191.80
Contract assets	189.76	74.33	72.84	71.38	69.96
Deposits, cash and bank balances	288.84	314.29	328.43	343.21	358.65
Other current assets	120.64	129.81	113.82	89.62	82.22
Total Current Assets	766.59	716.10	710.79	697.96	702.63
TOTAL ASSETS	**2031.21**	**1974.87**	**2000.30**	**2040.66**	**2102.53**
EQUITY & LIABILITIES					
Capital and Reserves					
Issued capital	418.63	418.63	418.63	418.63	419.63
Retained earnings	772.68	797.46	808.71	831.19	875.23
Other capital and reserves	-13.48	-13.42	-14.09	-14.80	-15.54

Equity att. To owners of the company	1177.83	1202.68	1213.25	1235.02	1279.33
Non-controlling interests	66.45	38.01	39.15	40.32	41.53
Total Equity	1244.29	1240.68	1252.40	1275.34	1320.86
Non-current Liabilities					
Borrowings	147.42	134.65	138.95	143.40	146.27
Other non-current liabilities	1.91	2.20	2.27	2.34	2.41
Total Non-current Liabilities	149.34	136.85	141.22	145.74	148.68
Current Liabilities					
Trade payables	106.13	80.45	82.06	83.70	85.38
Borrowings	331.17	256.43	261.55	270.18	272.89
Other current liabilities	200.28	260.46	263.06	265.69	274.73
Total Current Liabilities	637.58	597.33	606.68	619.58	632.99
Total Liabilities	786.92	734.18	747.90	765.32	781.67
TOTAL EQUITY & LIABILITIES	**2031.21**	**1974.87**	**2000.30**	**2040.66**	**2102.53**

Cash Flow (RM'm)	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
Cash Flows From/(Used In) Operating Activities					
Profit before tax	50.45	32.85	33.69	52.73	69.91
Adjustments	31.91	11.30	11.35	-6.79	-23.05
Operating Profit/(Loss) Before Working Capital Changes	82.37	44.16	45.04	45.94	46.86
Cash Generated From/(Used In) Operations	145.55	172.59	177.77	183.10	188.59
Net Cash From/(Used In) Operating Activities	101.40	138.23	103.68	106.58	109.56
Cash Flows (Used In)/From Investing Activities					
Purchase of PPE	-1.11	-0.44	-0.46	-0.48	-0.50
Interest Received	3.70	4.42	4.66	4.92	5.19
Others	1.08	-25.21	-26.04	-26.90	-27.79
Net Cash (Used In)/From Investing Activities	3.67	-21.24	-21.85	-22.47	-23.10
Cash Flows From/(Used In) Financing Activities					
Net Cash From/(Used In) Financing Activities	-30.74	-100.35	-57.89	-46.75	-38.10
Net Increase In Cash and Cash Equivalents	**74.33**	**16.65**	**23.94**	**37.36**	**48.35**
Cash and Cash Equivalents at Beginning of FY	**191.69**	**261.49**	**278.13**	**302.07**	**339.43**
Cash and Cash Equivalents at End of FY	**261.49**	**278.13**	**302.07**	**339.43**	**387.79**

Profitability Margins	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
EBIT margin	31.4%	27.5%	23.2%	27.2%	27.1%
PBT margin	14.8%	5.9%	8.8%	12.9%	14.5%
Core PATAMI margin	9.2%	2.5%	5.5%	8.1%	9.1%
ROE	2.7%	0.5%	1.7%	2.7%	3.4%
ROA	1.5%	0.3%	1.1%	1.6%	2.1%

Source: Bloomberg, 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