Corporate Update

Suria Capital Holdings Berhad

(6521 | SURIA MK) Main | Transportation & Logistics

ESG 3 Stars

SHARIAH Compliant

Maintain **SELL**

Revised Target Price **RM1.02** (from RM1.60)

4QFY24 Results Review
More Upside Could Come

Maintain SELL. We had not fully reflected the impact of the Sapangar Bay Container Port (SBCP) transitioning into a joint venture (JV), which lessened its direct earnings contribution, leading to a lower-than-expected result. However, we remain upbeat about the long-term value this partnership could bring to SBCP, leveraging DP World's expertise as one of the top five global port operators, holding an estimated 9% share of the market worldwide. After incorporating the earnings revision and full-year updates, our DCF-derived target price has been lowered to **RM1.02** from RM1.60 (WACC: 7.5%, g: 1%).

Below expectations. After adjusting for one-offs, Suria posted a core LATAMI of -RM2.7m in 4QFY24, bringing FY24 core PATAMI to RM41.7m or 79% of our full-year projection, due to the reason stated above. Additionally, conventional cargo volumes came in at 93% of our full-year assumption, adding to the shortfall.

Bulk oil slide led to conventional volume decline. Container throughput in 4QFY24 fell sharply by -66.1%yoy following the transfer of management control of SBCP to DP World, resulting in Suria now holding a 49% stake. As for the conventional segment, throughput declined by -10.5%yoy, mainly due to lower bulk oil volume at the Sabah Oil & Gas Terminal (SOGT) sufferance wharf. All these factors contributed to a -36.2%yoy decline in its port operations revenue. The core LATAMI of -RM2.7m represents a -142.7%yoy decline compared to 4QFY23.

First full quarter post-SBCP JV transition. Compared to the preceding quarter, container throughput also declined by -66.1%qoq following the transfer of SBCP in Sep-24. To note, SBCP – Suria's flagship port – contributed 72% of the total TEUs in FY23, with the remainder coming from Tawau Port and Sandakan Port. The -3.8%qoq decline in conventional throughput was likely due to the same reason stated above. The core LATAMI of -RM2.7m marks a -116.9%qoq decline as compared to 3QFY24.

Earnings revised down. With SBCP's contribution now classified under associate earnings, we have lowered our FY25F/FY26F forecasts by -35%/-36%, respectively. A key potential earnings boost could come from the long-anticipated port tariff revision.

RETURN STATISTICS	
Price @ 28th February 2025 (RM)	1.67
Expected share price return (%)	-38.9
Expected dividend yield (%)	+1.8
Expected total return (%)	-37.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.9	-8.9
3 months	-10.9	-11.7
12 months	-24.1	-25.2

INVESTMENT STATISTICS

FYE Dec	2024A	2025F	2026F
Operating revenue	236.1	177.9	185.9
EBIT	44.3	51.3	51.7
PBT	48.1	46.1	47.2
Core PATAMI	41.7	35.0	35.9
EPS (sen)	9.7	10.1	10.4
DPS (sen)	3.0	3.0	3.1
Dividend yield (%)	1.8	1.8	1.9

KEY STATISTICS

FBM KLCI	1,574.70
Issued shares (m)	345.82
Estimated free float (%)	36.68
Market Capitalisation (RM'm)	567.15
52-wk price range	RM1.62 - RM2.32
3-mth average daily volume (m)	0.01
3-mth average daily value (RM'm)	0.02
Top Shareholders (%)	
Warisan Harta Sdn Bhd	45.40
Amanah Raya	4.37
Yayasan Sabah	3.67

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SURIA CAPITAL: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Operating revenue	43.2	67.0	66.5	-35.5%	-35.0%	246.1	248.8	-1.1%
EBIT	-14.3	21.4	6.8	-166.6%	-308.4%	44.3	45.4	-2.6%
Net finance costs	-0.3	1.0	0.3	-126.7%	-178.6%	2.0	3.3	-38.4%
PBT	-12.7	22.4	7.2	-156.9%	-277.6%	48.1	48.7	-1.3%
Tax expense	-0.5	-5.4	-2.0	90.0%	72.8%	-14.6	-14.4	-1.5%
PATAMI	-13.3	17.0	5.2	-178.1%	-356.0%	33.5	34.3	-2.5%
Core PATAMI	-2.7	15.7	6.2	-116.9%	-142.7%	41.7	31.3	33.1%
				ppts	**ppts**			**ppts**
EBIT margin (%)	-33.0%	31.9%	10.3%	-64.9	-43.3	18.0%	18.3%	-0.3
PBT margin (%)	-29.5%	33.4%	10.8%	-62.8	-40.2	19.5%	19.6%	0.0
Core PATAMI margin (%)	-6.2%	23.4%	9.4%	-29.6	-15.5	17.0%	12.6%	4.4
Effective tax rate (%)	4.2%	-24.1%	-27.7%	28.3	31.9	-30.4%	-29.6%	-0.8

SEGMENTAL BREAKDOWN & OPERATIONAL STATISTICS

	Quarterly					Cumulatively		
Revenue	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Port operations	40.7	64.7	63.8	-37.1%	-36.2%	236.1	241.3	-2.2%
Property development & leasing	1.1	0.9	0.9	19.4%	19.0%	3.9	1.8	116.7%
Logistics & bunkering services	0.7	0.6	0.4	12.3%	51.1%	2.1	1.7	26.0%
Contract and engineering & ferry terminal operations	1.4	1.6	1.1	-15.7%	25.6%	6.0	4.9	22.2%
Operating Profit	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Port operations	-10.4	21.5	5.0	-148.4%	-307.5%	46.9	44.5	5.2%
Property development & leasing	-1.97	2.4	2.4	-183.2%	-183.2%	4.7	8.0	-42.1%
Logistics & bunkering services	0.3	0.3	0.2	11.1%	47.4%	1.0	0.9	19.7%
Contract and engineering & ferry terminal operations	-1.3	0.5	0.9	-346.0%	-240.7%	0.1	1.0	-86.9%
Operational Statistics	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Container throughput* (TEU)	37,478	110,595	110,595	-66.1%	-66.1%	386,293	428,313	-9.8%
Conventional throughput (m MT)	5.1	5.3	5.7	-3.8%	-10.5%	21.4	21.5	-0.5%

Source: Suria Capital, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	237.2	241.3	236.1	177.9	185.9
EBIT	76.0	45.4	44.3	51.3	51.7
PBT	67.0	48.7	48.1	46.1	47.2
Taxation	-7.9	-14.4	-14.6	-11.1	-11.3
PATAMI	59.1	34.3	33.5	35.0	35.9
Core PATAMI	48.6	28.7	41.7	35.0	35.9
EPS (sen)	17.1	9.9	9.7	10.1	10.4
PER (x)	9.8	16.8	17.2	16.5	16.1
DPS (sen)	4.0	4.5	3.0	3.0	3.1
Dividend yield (%)	2.4	2.7	1.8	1.8	1.9

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
Concession assets	717.2	713.8	420.1	684.2	647.9
PPE	70.8	100.1	53.0	98.9	98.4
Non-current assets	**1,106.3**	**1,101.4**	**969.3**	**1,279.3**	**1,242.5**
Trade debtors	29.0	31.2	40.2	23.6	24.7
Cash	114.4	131.4	81.8	228.0	270.2
Current assets	**300.8**	**342.9**	**415.7**	**377.0**	**430.1**
Long-term debt	59.3	66.6	20.7	299.3	289.3
Non-current liabilities	**259.8**	**254.5**	**178.2**	**456.9**	**446.9**
Trade creditors	40.5	37.9	31.3	23.9	25.0
Short-term debt	6.6	10.2	3.5	6.6	6.6
Current liabilities	**76.6**	**72.6**	**66.5**	**62.2**	**63.3**
Share capital	358.8	358.8	358.8	358.8	358.8
Retained earnings	712.2	758.8	781.9	778.5	803.7
Equity	**1,070.6**	**1,117.2**	**1,140.3**	**1,137.0**	**1,162.1**

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	67.0	48.7	48.1	46.1	47.2
D & A	59.0	62.9	55.0	67.6	69.0
Changes in WC	-21.6	-9.2	-21.7	6.4	-9.7
Operating cash flow	**83.3**	**78.5**	**58.9**	**109.1**	**95.1**
Capital expenditure	-57.3	-35.8	-0.8	-32.3	-32.1
Investing cash flow	**-111.7**	**-49.0**	**-16.9**	**-32.3**	**-32.1**
Debt raised/(repaid)	55.5	12.3	0.0	80.0	-10.0
Dividends paid	-8.3	-20.6	-10.4	-10.5	-10.8
Financing cash flow	**57.1**	**-12.6**	**-65.8**	**69.5**	**-20.8**
Net cash flow	**28.7**	**16.9**	**-23.8**	**146.3**	**42.3**
Beginning cash flow	**59.9**	**88.6**	**105.5**	**81.7**	**228.0**
Ending cash flow	**88.6**	**105.5**	**81.7**	**228.0**	**270.2**

Profitability Ratios (%)	2022A	2023A	2024A	2025F	2026F
EBIT margin	28.1%	18.3%	18.0%	27.2%	26.2%
PBT margin	24.7%	19.6%	19.5%	24.4%	23.9%
PATAMI margin	21.8%	13.8%	13.6%	18.5%	18.2%
Core PATAMI margin	18.0%	11.5%	17.0%	18.5%	18.2%
ROA	3.5%	2.0%	3.0%	2.1%	2.1%
ROE	4.5%	2.6%	3.7%	3.1%	3.1%

Growth (%)	2022A	2023A	2024A	2025F	2026F
Revenue growth	15.5%	1.7%	-2.2%	-24.6%	4.5%
PBT growth	14.4%	-27.3%	-1.3%	-4.2%	2.6%
PATAMI growth	49.6%	-41.9%	-2.5%	4.5%	2.6%
Core PATAMI growth	-3.1%	-41.0%	45.4%	-16.1%	2.6%

Port Throughput	2022A	2023A	2024A	2025F	2026F
Containers (m TEUs)	23.2	21.5	21.4	22.0	22.5
Conventional (m MT)	0.45	0.43	0.39	0.32	0.33

Source: Suria Capital, 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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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