Corporate Update

S P Setia Berhad

(8664 | SPSB MK) Main | Property

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

2QFY25 Results Review Attractive Valuation

1HFY25 earnings within our expectation. S P Setia 1HFY25 core net income of RM176.8m came in within our expectation but below consensus expectation, making up 45% and 41% of our and consensus full year estimates respectively.

Higher sequential earnings due to land sales gain. On a sequential basis, 2QFY25 core net income climbed to RM110.5m (+64.7%qoq) mainly driven by recognition of Taman Pelangi land sales in 2QFY25. The higher land sales gain has more than enough to offset lower contribution from joint ventures and higher administrative and general expenses.

Lower earnings due to high base effect. On a yearly basis, 2QFY25 core net income declined to RM110.5m (-53.9%yoy) due to high base earnings in 2QFY24. Note that earnings in 2QFY24 were ballooned by higher land sales and bumper profit contribution from projects in Australia and Vietnam following handovers of completed projects. Nevertheless, the improved performance of Battersea Power Station cushioned the lower earnings. Meanwhile, cumulative earnings in 1HFY25 were lower at RM176.8m (-43.4%yoy) due to lower land sales gain and normalised earnings from bumper profit recognition from Australia and Vietnam projects.

New sales at RM1.9b in 1HFY25. S P Setia recorded new sales of RM1.18b in 2QFY25, higher than new sales of RM718m in 1QFY25. That brought total new sales in 1HFY25 to RM1.9b which makes up 40% of new sales target of RM4.8b for FY25. Domestic projects were the key sales contributor, contributing 75% to total sales while international projects contributed 25% to total sales. Meanwhile, land sales contributed to 12% to total new sales in 1HFY25. On the other hand, unbilled sales stood at RM3.9b, providing less than one year earnings visibility.

Upgrade to BUY with an unchanged target price of RM1.25. We maintain our FY25/26/27 earnings forecast. Our TP for S P Setia is unchanged at 1.25, based on 70% discount to RNAV. We upgrade S P Setia to BUY from NEUTRAL as the recent share price weakness presents buying opportunity. Valuation of S P Setia is attractive as it is trading at steep discount of 63% to latest NTA per share of RM2.91.

Upgrade to **BUY** (from NEUTRAL)

Unchanged Target Price **RM1.25**

RETURN STATISTICS	
Price @ 20th Aug 2025 (RM)	1.09
Expected share price return (%)	+14.7
Expected dividend yield (%)	+2.3
Expected total return (%)	+17.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-8.4	-12.0
3months	-2.7	-13.6
12 months	-16.2	-13.3

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	4,262	4,800	5,035
Operating Profit	960	1,075	1,082
Profit Before Tax	564	621	686
Core PATAMI	393	433	478
Core EPS	9.37	10.32	11.39
DPS	2.50	2.50	2.85
Dividend Yield	2.3%	2.3%	2.6%

KEY STATISTICS

FBM KLCI	1,588.21
Issue shares (m)	4,715
Estimated free float (%)	49.74
Market Capitalisation (RM'm)	5,453
52-wk price range	RM0.99– RM1.5
3-mth average daily volume (m)	6.07
3-mth average daily value (RM'm)	6.90
Top Shareholders (%)	
Amanah Saham Nasional Bhd	28.51
Yayasan Pelaburan Bumiputra	20.88
EPF	9.40
KWAP	7.98

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S P Setia Berhad: 2QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	943.7	-36.9%	22.5%	1714.4	-42.3%
Core EBIT	324.2	-44.9%	35.0%	564.4	-35.0%
Core PBT	206.4	-49.9%	45.8%	347.1	-41.0%
Net Income	99.8	-66.2%	48.9%	166.8	-55.2%
Core Net Income	110.5	-53.9%	64.7%	176.8	-43.4%
EPS (sen)	1.99	-69.9%	48.9%	3.3	-60.2%
Core EPS (sen)	2.21	-59.0%	64.7%	3.6	-49.5%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	2.91	NA	NA	2.9	NA
Net Gearing (x)	0.37	NA	NA	0.37	NA
Core EBIT Margin	34.4%	NA	NA	32.9%	NA
Core PBT Margin	21.9%	NA	NA	20.2%	NA

Source: Company, MBSB Research

S P Setia RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Setia Alam	100%	1006.61	10%	62.53
Setia City	100%	8961	10%	407.47
Setia Alaman	100%	4177.98	10%	206.85
Setia Ecohill	100%	1883	10%	111.60
Setia Ecohill 2	100%	1883	10%	263.79
Glengowrie	100%	2160	10%	83.63
Setia Mayuri	100%	740.98	10%	46.03
Setia Eco Park	50%	1860	10%	42.29
Precinct Arundina @ Setia Eco Park	100%	230	10%	14.29
Setia Eco Glades	70%	853	10%	32.29
Setia Safiro	70%	784	10%	31.06
Setia Eco Templer	100%	833	10%	47.14
Setia Warisan Tropika	100%	558	10%	30.18
KL Eco City	100%	2203.62	10%	119.17
Setia Federal Hill	100%	20190	10%	533.56
Setia Alamsari North	100%	909.95	10%	51.50
Setia Alamsari South	100%	3198	10%	172.95
Putrajaya	60%	361.88	10%	13.49
Setia Trio	70%	1.2	10%	0.06
QSPH	50%	16298	10%	292.49
Bandar Kinrara	51%	2721	10%	75.05
Setia Bayuemas (I&P)	52%	2374	10%	56.03
Setia Bayuemas (PG)	100%	372.9	10%	19.29
Alam Damai	70%	629	10%	27.35
Setia AlamImpian	99.9%	7579	10%	344.29
Temasya Glenmarie	66%	2822	10%	75.10
Setia Fontaines	100%	11914	10%	314.85
Setia Eco Forest @ Tanjung Bungah	100%	960	10%	49.66
Setia Pearl Island	100%	635	10%	32.85
Bukit Dumbar	100%	539	10%	35.12

Setia Sky Vista	100%	450	10%	23.28
Setia Sky Hill	100%	341	10%	17.64
Seri Bayu	100%	240	10%	12.41
Setia Raintree Residence	100%	200	10%	10.34
Setia Sky Ville	100%	153	10%	7.91
Setia Miracca (Setia Sky Cubes)	100%	235	10%	13.93
Pangsapuri Rimbun	100%	18	10%	0.93
Setia Indah Johor	100%	229.36	10%	14.95
Setia Tropika	100%	1096	10%	56.69
Setia Eco Cascadia	100%	1645.63	10%	81.48
Setia Business Park II	100%	293.67	10%	19.14
Bukit Indah Johor	100%	528.45	10%	29.91
Setia Eco Gardens	70%	1248	10%	45.19
Setia Business Park I	70%	312	10%	11.30
Taman Perling	100%	222.49	10%	13.82
Taman Pelangi	100%	1658.7	10%	93.87
Taman Rinting	89%	763	10%	35.16
Taman Pelangi Indah I	100%	2004	10%	83.96
Taman Industri Jaya	100%	53.49	10%	3.17
Taman Pelangi Indah II	100%	7939	10%	274.65
Mukim Tanjung Kupang	100%	1763	10%	76.92
Mukim Serkat, Pontian	100%	311	10%	15.40
Aeropod @ Tanjung Aru	100%	1350	10%	73.01
Lintas Land	100%	925	10%	57.46
Shangri-La Melbourne Hotel	100%	1643	10%	107.07
Battersea Power Station	40%	28216	10%	535.30
EcoLakes, My Phuoc	57%	640	10%	22.76
EcoXuan, Lai Thieu	95%	608	10%	32.77
Setia Izumisano City Centre	100%	2488.49	10%	123.21
Unbilled sales		6760		397.87
Total				5,883.4
Shareholder Funds				14,217.5
Total RNAV				20,100.93
Fully Diluted Number of shares				4827.2
RNAV per share				4.16
Discount				70%
Target Price (RM)				**1.25**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	4,374	5,294	4,262	4,800	5,035
EBIT	1,084	1,486	960	1,075	1,082
PBT	688	1,032	564	621	686
Net Income	299	576	393	433	478
Core Net Income	331	486	393	433	478
Core EPS (sen)	8.0	10.6	9.4	10.3	11.4
Core PER (x)	13.6	10.2	11.6	10.6	9.6
NTA/share	3.44	2.99	3.02	3.05	3.09
P/NTA	0.32	0.37	0.36	0.36	0.35

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment properties	1,980	2,001	2,021	2,041	2,062
Inventories	12,357	12,279	12,500	12,725	12,954
Total non-current assets	19,479	18,978	19,206	19,244	19,667
Inventories - Property dev cost	2,159	2,437	2,461	2,486	2,511
Short term deposits	441	733	1,197	1,542	2,119
Cash and bank balances	2,054	2,408	2,019	2,161	2,196
Other assets	4,873	3,048	3,810	3,540	2,773
Total Assets	29,006	27,604	28,694	28,972	29,266
LT Borrowings	7,102	6,383	6,829	7,308	7,819
ST Borrowings	3,043	2,204	2,711	2,651	2,593
Other Liabilities	3,198	3,174	3,158	2,822	2,461
Total Liability	13,344	11,760	12,698	12,780	12,873
Share capital	8,723	9,238	9,238	9,238	9,238
Other Equity	6,940	6,606	6,758	6,954	7,155
Total Equity	15,663	15,844	15,996	16,192	16,393
Equity + Liability	29,006	27,604	28,694	28,972	29,266

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	656	1122	564	621	686
Net cash from operating activities	2301	3417	2563	2535	2507
Cash flows from investing activities					
Addition to inventories	-330	-771	-663	-570	-542
Net cash used in investing activities	-382	-537	-408	-228	-128
Cash flows from financing activities					
Drawndown of bank borrowings	1777	1301	1171	1054	1077
Net cash from/(used in) financing activities	-2163	-2157	-1877	-1820	-1766
Net increase/(decrease) in cash and cash equivalents	-243	723	278	486	613
Cash and cash equivalent at 1 January	2495	2255	2938	3216	3702
Cash and cash equivalent at 1 December	2255	2938	3216	3702	4315

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	24.8%	28.1%	22.5%	22.4%	21.5%
PBT margin	15.7%	19.5%	13.2%	12.9%	13.6%
PAT margin	6.8%	10.9%	9.2%	9.0%	9.5%
Core PATAMI margin	7.6%	9.2%	9.2%	9.0%	9.5%
ROE	2.3%	3.3%	2.5%	2.7%	2.9%
ROA	1.1%	1.8%	1.4%	1.5%	1.6%

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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