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Headline : Hua Yang Renews Earnings Growth

Hua Yang renews earnings growth

Hua Yang Bhd
(Nov 12, RM1.64)

Overweight with a target price of RM2.24:

Hua Yang is very much on track and has been one of the best performing property counters in the past few years. The growth engine has been renewed with the acquisition of its Puchong land with a gross development value (GDV) of RM1.5 billion. Recent quarters have been very strong without disappointing expectations. However, we do note that the macro industry perception remains cautious.

We see strong earnings growth for Hua Yang in 2015. We expect strong double digit growth then, with catalysts from Hua Yang's Desa Pandan, Kuala Lumpur, and Section 13, Shah Alam, Selangor, serviced apartment projects and perhaps the developer's Puchong, Selangor, development.

Revenue recently surged 36.2% year-on-year (y-o-y) and continued to grow 5.8% quarter on quarter (q-o-q). Net profit followed by an increase of 22.3% y-o-y and 3% q-o-q.

Upon recent developments, analysis and forecasts show that Hua Yang's foreseeable performance is strong for the next five to six years. This is an enhancement from the strong visibility of two to three years previously. This is testament to the strong landbanking, leadership and market savvy of Hua Yang.

The remaining GDV now stands at an admirable RM4 billion, with very comfortable unbilled sales of RM471.3 million. The unbilled sales translate into 1.5 times and GDV into 13 times 2012 revenue.

Hua Yang is on track to grow strongly on the back of growing unbilled sales, reputation and strong landbank replenishment. We like Hua Yang for its generous dividends as well. — *SJ Securities, Nov 12*