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Headline : Hua Yang Ramps Up Revenue Target For FY2014

Hua Yang **ramps up** revenue target for FY2014

> Property developer expects to achieve RM500m by the end of March

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BATU CAVES: Property developer Hua Yang Bhd expects to achieve RM500 million revenue by financial year ending March 31, 2014 (FY14), a year earlier than its initial target of FY15 based on its current financial results and pipeline of projects.

"For FY14, we expect the growth momentum to be sustained because we are in the affordable segment. There has also been strong enquiry for our new projects. Based on our unbilled sales as well as good revenue and profit, we expect some 25% growth for FY14," its CFO May Chan (pix) told *SunBiz* in an interview recently.

She said the company, which is focused on the affordable homes segment, aims to move beyond the affordable homes segment once it achieves RM800 million revenue.

"We currently target first time homebuyers. Our price range is from RM90,000 to RM400,000. Once our revenue is at RM800 million, then we will look into different segments," she said. The company aims to achieve RM800 million revenue by 2018.

"Based on our results for the nine

months and our pipeline of projects, we are confident of achieving better results for the full financial year FY13," she said.

For the nine months ended Dec 31, 2012 (9M FY13), its net profit grew 34.1% to RM53.5 million from RM39.9 million a year ago while revenue for the same period grew 37.9% to RM306.3 million from RM222.1 million a year ago.

"Our nine months result for FY13 is the same as what we achieved for the full year of FY12 and this is due to sustained contribution from key ongoing projects such as One South and our townships Taman Pulai Indah in Johor and Bandar Universiti Seri Iskandar in Perak," she said.

For the full year ended March 31, 2012 (FY12), it posted net profit of RM53 million and revenue of RM306.4 million. Chan said the company has been able to sustain a compounded annual growth rate in net profit of 68.3% from 2008 till 2012.

"Although we pushed back some of our launches this FY13, we could still achieve the same profit and revenue in 9M FY13 compared with full year FY12," she added.

Its gross profit margins have also been growing steadily over the last

few years, from 29.5% in FY11 to 35.2% in FY12. For 9M FY13 its gross profit margin was at 37.9%.

The company declared a FY13 interim gross dividend of 5 sen per share less 25% tax and for FY12 it declared dividend of 15 sen per share which translates to a current yield of over 7%.

"Although we do not have a formal dividend policy, we aim to maintain healthy dividend payouts of at least 25% of profits. We also have a low gearing level (net gearing of 0.1 times) which gives us financial flexibility in landbank acquisitions," she added.

According to her, Hua Yang has been eyeing land in Penang, Sabah and Sarawak but has yet to conclude any deals. In Penang, it is eyeing areas such as Juru and Batu Kawan while in Sabah and Sarawak, it is looking for partners as the approval process is "very different" from Peninsular Malaysia.

"For now, we remain focused in the Klang Valley, Johor and Perak, especially areas with ready infrastructure and secondary areas like Puchong and Putrajaya," she said.

Chan said the 9M FY13 growth was fuelled by unbilled sales of

RM506 million for 9M FY13, average take-up rate of 85% across its projects, new sales of RM312.2 million for the same period and planned launches of RM463 million in FY13.

To date, it has launched RM300 million out of the planned launches, with RM163 million left to go until March. It also has a pipeline of projects worth RM3.8 billion which will keep them busy for the next six to eight years.

"We already have approvals for most of our pipeline projects. It is just a matter of rolling out our plans," she added.

Its five on-going projects are One South in Selangor, Bandar Universiti Seri Iskandar in Perak, Taman Pulai Indah in Johor, Taman Pulai Hijauan in Johor and Senawang Link in Negeri Sembilan.

For FY14, it expects to launch at least three projects located at Section 13 in Shah Alam, Desa Pandan in Kuala Lumpur and Jalan Abdul Samad in Johor. These projects have a total GDV of RM571 million.

It also expects to finalise the acquisition of 11.6ha of land in Puchong by March.

