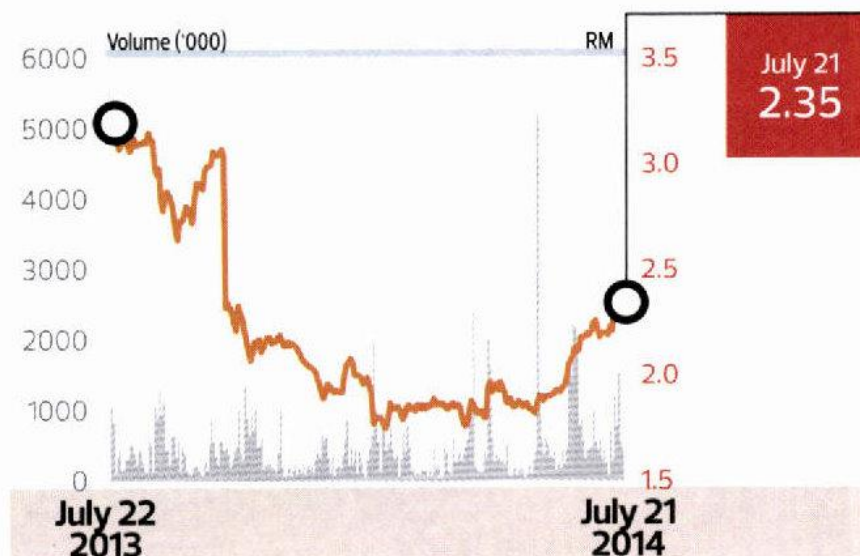


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Hua Yang Bhd

Target price: **RM2.60 OUTPERFORM**



KENANGA RESEARCH (JULY 18): Following an analyst briefing last week, we remain assured of Hua Yang's pipeline launches and business prospects, which may include land acquisitions in the next six months. We raise our target price to RM2.60, based on a 26% discount on a higher RNAV of RM3.52 (previously RM2.91), as we have built in a gross development value replenishment assumption of RM1.6 billion.

However, we would like the group to fund part of its land purchases with cash calls rather than rely solely on its RM250 million sukuk exercise, to ensure that its balance sheet remains manageable.

Currently, the market is in the mood for RNAV expansion plays. We are maintaining our FY15 sales estimates of RM665 million vis-à-vis management's target of RM600 million as we expect demand to pick up with the company continuing its launches in 2H14.

At our target price, its dividend yields remain attractive at 5%.