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Page : 4
Headline : Hua Yang's 9MFY16 net profit within expectations

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KUCHING: Hua Yang Bhd's (Hua Yang) first nine months of financial year 2016 (9MFY16) net profit has come in within analysts' expectations.

In a filing on Bursa Malaysia, Hua Yang said that for the quarter under review, the group achieved profit after tax of RM30.16 million, representing a decrease of RM0.78 million (three per cent) as compared to the preceding year's corresponding quarter.

As for Hua Yang's 9MFY16 net profit, it amounted to RM88.73 million, a 9.73 per cent increase from the year earlier period's RM80.86 million.

According to the research arm of TA Securities Holdings Bhd (TA Research), the group's 9MFY16 net profit was underpinned by revenue growth of 3.9 per cent year on year (y-o-y) and lower effective tax rate (down 2.1 percentage point, or ppt, y-o-y).

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TA Research

Hua Yang's 9MFY16 net profit of RM88.7 million came in within TA Research's expectations, accounting for 77 per cent and 76 per cent of its and consensus forecasts respectively.

The research arm noted that a single-tier interim dividend of five sen per share was declared, maintaining the same quantum as in the corresponding period of last year.

TA Research's earnings forecasts have remained unchanged, pending more updates from analyst briefing.

On Hua Yang's outlook, TA Research said that management has slashed the group's FY16 sales target by 20 per cent to RM400 million from RM500 million previously, mainly due to revised launches.

The research arm noted that in

view of the challenging property market outlook, the official launch of Mines South will be delayed to the second half of FY17 (2HFY17) from the fourth quarter of FY16 (4QFY16) previously.

While TA Research was not overly surprised on the revision, it came in lower than the research arm's sales projection of RM425 million.

"We believe the variance could be due to our optimism on the take up rate for Cube and Zeta @ One South and Citywoods @ Johor.

"In our model, we had already expect the launch of Mines South to be in FY17," the research arm said. All in, TA Research maintained its 'sell' recommendation with an unchanged target price of RM1.95 per share, based on five-fold current year 2016 (CY16) earnings per share (EPS).



Photo shows an artist's impression of Citywoods. Analysts are optimistic about the take up rate for Cube and Zeta @ On South and Citywoods @ Johor.