

Headline	Hua Yang remains resilient amid weakening property market		
MediaTitle	The Edge Financial Daily		
Date	26 May 2015	Color	Full Color
Section	Home Business	Circulation	15,000
Page No	13	Readership	50,000
Language	English	ArticleSize	222 cm ²
Journalist	N/A	AdValue	RM 2,562
Frequency	Daily	PR Value	RM 7,686



Hua Yang remains resilient amid weakening property market

Hua Yang Bhd
(May 25, RM2.06)

Maintain neutral with unchanged target price of RM2.12. Hua Yang's fourth quarter ended March (4QFY15) net profit of RM30 million was flattish quarter-on-quarter (q-o-q), while it dipped by 21% year-on-year (y-o-y).

The meek performance was in tandem with current weakening property sentiment compounded by the attrition of securing loans for homebuyers.

New sales for the year declined by 37% from RM735 million to RM460 million. Despite the weaker sales, we reckon the steady bottom line was due to improved operating profit margin by four percentage points from 22% to 27%.

Unbilled sales for 4QFY15 amounted to RM702 million albeit easing 4% from 3Q due to slower recognition of new sales.

Management has guided targeted new sales of RM500 million for FY16 ending March 2016 on the back of planned launches of RM633 million high-rise and landed residential properties in the affordable segment.

A final single-tier dividend of eight sen was declared amounting to RM21 million payout for 4QFY15

Hua Yang Bhd

FYE MAR 31 (RM MIL)	2013	2014	2015	2016E	2017E
Turnover	409	510	584	730	760
Ebit	95	113	155	170	175
Pre-tax profit	95	112	153	165	170
Net profit	71	82	111	129	148
EPS (sen)	26.9	31.1	42.0	48.9	56.2
PER (x)	8	7	5	4	4
DPS (sen)	13.0	12.0	13.0	15.0	17.0
Div yield (%)	6	6	6	7	8
NTA/share (RM)	1.30	1.40	1.80	1.91	2.06
Margins					
Ebit margin (%)	23	22	27	23	23
Pre-tax margin (%)	23	22	26	23	22
Effective tax rate (%)	25.3	26.8	27.5	21.8	12.7
ROE (%)	21	21	27	30	33
ROA (%)	11	10	14	16	17
Net gearing (x)	0.30	0.56	0.49	0.40	0.40
Growth ratios					
Turnover (%)	34	25	15	25	4
Ebit (%)	30	19	37	10	3
Pre-tax profit (%)	32	18	37	8	3
Net profit (%)	34	15	35	16	15

Source: BIMB Securities Research

or 13 sen per share.

While the total payout for FY15 summed up to 31% of net profit. This implies an attractive yield of 6%.

Hua Yang continues to be resil-

ient as at least 80% of the group's products were priced below RM1 million. We maintain our FY16 earnings estimate of RM129 million. — *BIMB Research, May 25*