

Headline	Hua Yang remains resilient amid weakening property		
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## 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 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 resilient 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*

This article first appeared in *The Edge Financial Daily*, on May 26, 2015.

### Hua Yang Bhd

FYEMAR 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
<b>Margins</b>					
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
<b>Growth ratios</b>					
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