

27 May 2016 | 1QFY16 Results Review

Mitrajaya Holdings Berhad

A solid start with growth from all divisions

Non-rated

Fair Value (FV): RM1.56

INVESTMENT HIGHLIGHTS

- **1QFY16 earnings within expectations at RM18.46m**
- **Earnings up 38%yoy boosted by construction and property**
- **Maintain FY16 forecast**
- **Fair value of RM1.56 based on FY16F PER of 11x**

1QFY16 earnings within expectations at RM18.46m. Mitrajaya's first quarter results came in broadly within expectation, making up 20% of our and consensus full year estimates. The improved on-year earnings is premised on its revenue which increased by 26.6% to RM195.5m. We believe that earnings will pick up in the coming quarters as construction activities increase.

Earnings up 38%yoy boosted by construction and property.

Profit before tax (PBT) for its construction arm increased by 15.4%yoy to RM15m. Its property division saw a huge improvement in this quarter as PBT surged 83.6%yoy to RM5.82m from a low base of RM3.17m last year. The much higher contribution from the property segment is due to new sales from both on-going and completed projects such as Wangsa 9 Residency in Wangsa Maju and 280 Park Homes in Puchong Prima. Meanwhile, its investment in South Africa saw PBT rose 8.7%yoy to RM2.73m. Sequentially, earnings fell 27%qoq as a result of lower construction activities in 1QFY16.

Maintain FY16 forecast as we expect earnings to pick up in the coming quarters. Earnings visibility is supported by its orderbook of ~RM1.8b. On top of that, the company is bidding for jobs worth ~RM2.7b. Year-to-date, it has announced contracts worth RM450m. We expect the construction arm to continue to be the main driver of its earnings. It will be supported by slew of infrastructure and affordable housing jobs in the market. The improvement seen in its property division is also encouraging amid a slower growth in the overall market.

Unchanged Fair Value of RM1.56. We maintain our fair value which is derived from 11x FY16 EPS forecast of 14.15sen. The valuation of 11x is in line with the average PER among small-mid cap construction players. 

RETURN STATS

Price (26 May 2016)	RM1.33
Fair Value	RM1.56
Expected Share Price Return	17.3%
Expected Dividend Yield	3.8%
Expected Total Return	+21.1%

STOCK INFO

KLCI	1,631.09
Bursa / Bloomberg	9571 MHB MK
Board / Sector	Main/ Construction
Syariah Compliant	Yes
Issued shares (m)	643.06
Par Value (RM)	0.50
Market cap. (RM'm)	855.27
Price over NA	1.70x
52-wk price Range	RM0.80- RM1.39
Beta (against KLCI)	1.43
3-mth Avg Daily Vol	2.01m
3-mth Avg Daily Value	RM2.53m
Major Shareholders (%)	
Tan Eng Piow	40.44
Employees Provident Fund	2.62
Kumpulan Wang Persaraan	2.51
Aw Eng Soon	1.94

INVESTMENT STATISTICS

FYE Dec	FY12	FY13	FY14	FY15	FY16F
Revenue (RM'm)	250.54	338.44	520.21	891.05	918.00
Pretax Profit (RM'm)	27.84	40.30	72.48	124.83	129.74
Net Profit (RM'm)	18.88	28.65	53.29	87.78	90.82
EPS (sen)	4.54	7.43	13.64	13.66	14.15
EPS growth (%)	NA	64%	84%	0.14%	4%
PER (x)	29.27	17.89	9.75	9.74	9.40
Net Dividend (sen)	-	-	2.00	5.00	5.00
Net Dividend (%)	-	-	1.50	3.76	3.76

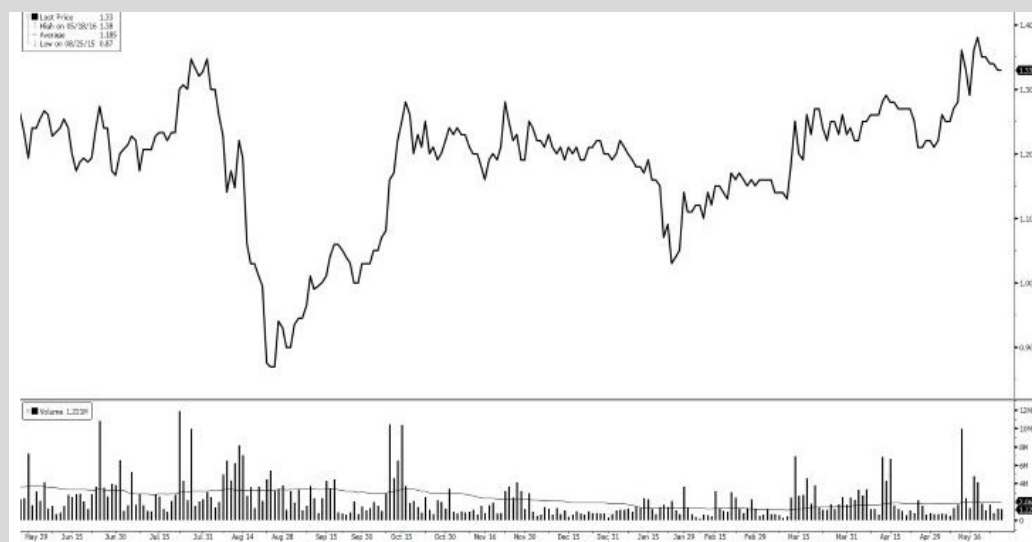
Source: Company, MIDFR

Mitrajaya: 1QFY16 Results Summary

FYE Dec	Quarterly Results			Cumulative		
	1Q16 (RM' m)	QoQ (%)	YoY (%)	FY15 (RM' m)	FY16 (RM' m)	YoY (%)
Revenue	195.49	-20.84%	26.56%	154.47	195.49	26.56%
PBT	24.00	-39.92%	37.38%	17.47	24.00	37.38%
Net Profit	18.46	-27.18%	37.86%	13.39	18.46	37.86%
EPS (sen)	2.88	-27.09%	27.43%	2.26	2.88	27.43%

Source: Company

DAILY PRICE CHART



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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	Total return is expected to be <-15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.