

29 November 2016 | 3QFY16 Results Review

Mitrajaya Holdings Berhad

En route to meet FY16 estimates

Non-rated

Fair Value (FV): RM1.56

INVESTMENT HIGHLIGHTS

- **9MFY16 earnings largely within expectation**
- **Outstanding orderbook of RM1.35b until 2019**
- **Property unbilled sales at RM165.1m**
- **Not rated with FV of RM1.56 based on FY16F PER of 11x**

9MFY16 earnings largely within expectation. Mitrajaya Holdings Bhd's net profit was broadly in-line with our estimations, making up 82% of our full year forecast and 75% of consensus'. Net profit jumped 20%yoy during the period as revenue grew 12.6% backed by the growth in its construction and property segments. On a quarterly basis, earnings were up by 4% to RM26.9m mainly due to higher contribution from the property segment.

Outstanding orderbook of RM1.35b will last the company until 2019. The major jobs are: MACC Buildings at Precint 7, Putrajaya (RM286m), MK22 Condos at Mont Kiara (RM317m) and PJ Midtown complex building and external works at Seksyen 13, Petaling Jaya (RM293m). FY17 earnings will be supported by the MACC buildings and MK22 Condos jobs as these two projects reach their tail-end next year. Another income contributor will be the RM74.3m job it clinched earlier this month. The contract to construct the superstructure of PJ Sentral Tower 3 will commence in December and end by February 2018.

Property unbilled sales of RM165.1m, mainly from Wangsa 9 Residency as construction work progresses as planned. The unbilled sales for the Wangsa Maju condominium project was RM156m. Meanwhile, the unbilled sales for its South Africa project stood at RM9.1m. In the pipeline, it plans to launch 24 units of double-storey shop offices at Sungai Rengit, Pengerang valued at RM24m. We expect the local property segment to take the back seat going forward in view of the soft property market. Meanwhile, the construction arm will remain the main income driver.

Unchanged FV of RM1.56. We maintain our fair value which is derived from 11x FY16 EPS forecast of 14.15sen, as we maintain our earnings estimates. The valuation of 11x is in line with the average PER among small-mid cap construction players. Its FY16F earnings will be supported by its outstanding orderbook of RM1.35b and unbilled property sales of RM165.1m. 

RETURN STATS

Price (28 Nov 2016)	RM1.25
Fair Value	RM1.56
Expected Share Price Return	24.8%
Expected Dividend Yield	4.0%
Expected Total Return	+28.8%

STOCK INFO

KLCI	1,628.66
Bursa / Bloomberg	9571 MHB MK
Board / Sector	Main/ Construction
Syariah Compliant	Yes
Issued shares (m)	669.15
Par Value (RM)	0.50
Market cap. (RM'm)	836.44
Price over NA	1.46
52-wk price Range	RM1.02-RM1.47
Beta (against KLCI)	1.27
3-mth Avg Daily Vol	0.86m
3-mth Avg Daily Value	RM1.18m
Major Shareholders (%)	
Tan Eng Piow	40.63
Aw Eng Soon	2.09
Employees Provident Fund	1.83
Kenanga Unit Trust B	1.79

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	13.51	14.15
EPS growth (%)	NA	64%	84%	-1.0%	4%
PER (x)	27.51	16.82	9.16	9.15	8.83
Net Dividend (sen)	-	-	2.00	5.00	5.00
Dividend yield (%)	-	-	1.60	4.00	4.00

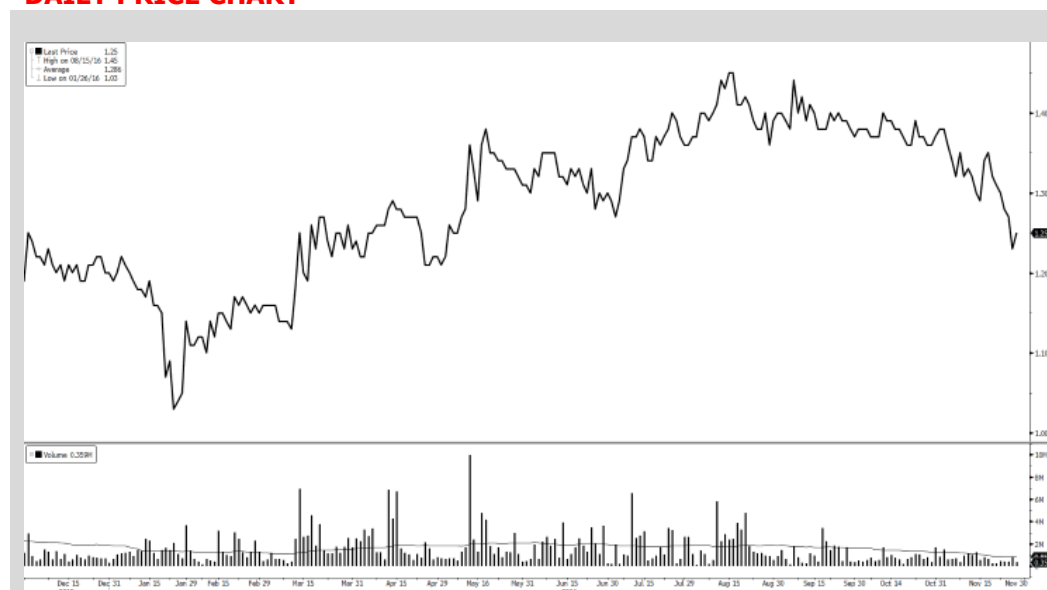
Source: Company, MIDFR

Mitrajaya: 3QFY16 Results Summary

FYE Dec	Quarterly Results			Cumulative		
	3Q16 (RM' m)	QoQ (%)	YoY (%)	FY15 (RM' m)	FY16 (RM' m)	YoY (%)
Revenue	251.41	2.38%	11.89%	614.74	692.46	12.64%
PBT	34.53	-10.89%	2.46%	82.11	97.32	18.52%
Net Profit	26.9	-9.21%	4.18%	62.31	74.98	20.33%
EPS (sen)	4.03	-12.39%	-1.23%	8.19	9.73	18.80%

Source: Company, MIDFR

DAILY PRICE CHART



Syed Muhammed Kifni
Ng Bei Shan
 ng.bs@midf.com.my
 03-2173 8461

Source: MIDFR, Company

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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.