

## Glomac Berhad

(5020 | GLMC MK) Main | Property

### Looking Forward to A Better FY24

#### KEY INVESTMENT HIGHLIGHTS

- **FY23 earnings above expectations**
- **Looking forward to a better FY24**
- **Positive new sales outlook**
- **Earnings estimates revised upwards**
- **Maintain BUY with an unchanged TP of RM0.43**

**FY23 earnings above expectations.** Glomac Berhad (Glomac) FY23 core net earnings of RM31.3m came in above expectations, making up 116% and 106% of our and consensus full year estimates respectively. The positive deviation was mainly due to the higher than expected progress billing. Meanwhile, dividend of 1.25sen per share was proposed, which translates into dividend yield of 4%.

**Looking forward to a better FY24.** Sequentially, 4QFY23 core net income jumped to RM13.9m from 420k in 3QFY23 as earnings in 3QFY23 were impacted by higher tax rate, higher expenses and lower progress billing. The strong earnings in 4QFY23 was driven by the acceleration of progress billing in 4QFY23. On yearly basis, 4QFY23 core net earnings was marginally lower at RM13.9m (-9.1%yoy), bringing cumulative FY23 core net income to RM31.3m (-14.4%yoy). The lower earnings in FY23 were mainly dragged by lower progress billing and higher financing cost. Looking ahead, we expect earnings to be better in FY24 due to pick up in progress billing as labour shortage issue is gradually resolved.

**Positive new sales outlook.** Glomac recorded strong new property sales of RM148m in 4QFY23 against new property sales of RM48m in 3QFY23. That brought total new sales to RM302m in FY23, higher than new sales of RM160m achieved in FY22. New sales in FY23 were mainly contributed by projects in Bandar Saujana Utama, Plaza @ Kelana Jaya and 121 Residences. Meanwhile, unbilled sales increased to RM528m in 4QFY23 from RM448m in 3QFY23 due to strong property sales in 4QFY23. Looking forward, new sales prospect remains positive as Glomac targets to launch projects with total GDV of RM475m in FY24.

**Maintain BUY with unchanged TP of RM0.43.** We revise our FY24F/25F earnings forecast by +9.2%/+7.2% to factor in the higher progress billing. We also introduce our earnings forecast for FY26F. We maintain our **TP** for Glomac at **RM0.43**, based on 75% discount to RNAV. We remain positive on earnings outlook for Glomac due to pick up in progress billing and better new sales outlook. Besides, valuation of Glomac is undemanding, trading at 80% discount to latest NTA of RM1.53 per share. Meanwhile, balance sheet of Glomac is healthy with low net gearing of 0.16x. Hence, we maintain our **BUY** call on Glomac.

**Maintain BUY**

**Unchanged Target Price: RM0.43**

#### RETURN STATISTICS

Price @ 21 June 2023 (RM)	0.31
Expected share price return (%)	38.7
Expected dividend yield (%)	4.0
<b>Expected total return (%)</b>	<b>42.7</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.6	4.2
3 months	0.0	-0.7
12 months	1.6	6.3

#### INVESTMENT STATISTICS

FYE April	2024E	2025F	2026F
Revenue	384	453	467
Gross Profit	120	143	150
Profit Before Tax	40	53	56
Core PATAMI	40	53	56
Core EPS	5.26	6.95	7.32
DPS	1.50	1.50	1.50
Dividend Yield	4.84%	4.84%	4.84%

#### KEY STATISTICS

FBM KLCI	1,393.45
Issue shares (m)	768.07
Estimated free float (%)	23.50
Market Capitalisation (RM'm)	238
52-wk price range	RM0.27-RM0.34
3-mth average daily volume (m)	0.17
3-mth average daily value (RM'm)	0.05
Top Shareholders (%)	
Bin Fateh Din Mohamed	21.01
Mohamed Mansor Fateh	19.14
Fong Loong Tuck	17.05
Shapadu Capital Sdn Bhd	11.45

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## Glomac Berhad: 4Q23 RESULTS SUMMARY

FYE April (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY23	%YoY	%QoQ	FY23	%YoY
Revenue	131.09	78.2%	98.6%	341.02	31.4%
Gross profit	42.78	19.6%	136.1%	107.20	11.3%
Profit before tax	20.86	-16.8%	391.2%	50.45	-12.3%
Core PBT	20.86	-17.3%	391.2%	50.51	-12.4%
Net income	13.93	-7.8%	3223.9%	31.34	-14.1%
Core net income	13.93	-8.9%	3223.9%	31.40	-14.4%
EPS (sen)	1.81	-8.9%	3223.9%	4.09	-14.3%
Core EPS	1.81	-8.9%	3223.9%	4.09	-14.3%
Net DPS	1.25	-16.7%	N/A	1.25	-16.7%
NTA/share (RM)	1.53	3%	1.2%	1.53	2.9%
Net gearing (x)	0.16	-33%	-21.3%	0.16	-33.2%
Core PBT margin (%)	15.9%	N/A	N/A	14.8%	N/A

## GLOMAC RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Projects</b>				
Lakeside Residences	100%	3446	10%	163.76
GreenTec, Puchong	51%	1555	10%	49.60
Saujana KLIA	100%	835	10%	64.84
Saujana Perdana	100%	182	10%	14.14
Saujana Utama 5	100%	325	10%	25.33
Saujana Rawang	100%	290	10%	22.53
Sri Saujana, Johor	100%	178	10%	13.83
Saujana Jaya, Johor	100%	612	10%	45.45
Glomac Cyberjaya	100%	123	10%	9.56
Glomac Cyberjaya 2	100%	126	10%	9.79
Unbilled sales		542		40.25
<b>Total</b>				<b>459.07</b>
Shareholders Funds				1145.48

Net cash/(debt)	-276.25
Total RNAV	1328.31
Number of shares (m)	768.07
RNAV per share	1.73
Discount	75%
Target Price	0.43

Source: MIDFR

## FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	259	341	384	453	467
Gross Profit	96	107	120	143	150
Core PBT	58	51	64	85	89
Net Income	36	31	40	53	56
Core Net Income	37	31	40	53	56
Core EPS (sen)	4.8	4.1	5.3	6.9	7.3
Core PER (x)	6.5	7.6	5.9	4.5	4.2
NTA/share	1.49	1.53	1.57	1.62	1.69
P/NTA	0.21	0.20	0.20	0.19	0.18

Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
<b>ASSETS</b>					
Non-current Assets					
Property, plant and equipment	40.18	39.23	41.19	43.25	45.42
Investment properties	345.10	344.80	348.25	351.73	355.25
Inventories	719.66	766.44	791.73	839.23	889.59
Other non-current assets	96.70	114.15	95.38	101.69	101.69
Total Non-current Assets	1201.64	1264.62	1276.55	1335.91	1391.94
Current Assets					
Inventories	238.35	167.34	165.67	164.01	162.37
Contract assets	169.28	189.76	185.97	182.25	178.60
Deposits, cash and bank balances	215.41	288.84	324.14	338.73	353.97
Other current assets	119.74	120.64	119.09	109.36	121.58
Total Current Assets	742.77	766.59	794.87	794.35	816.52
<b>TOTAL ASSETS</b>	<b>1944.40</b>	<b>2031.21</b>	<b>2071.42</b>	<b>2130.26</b>	<b>2208.46</b>
<b>EQUITY &amp; LIABILITIES</b>					
Capital and Reserves					
Issued capital	418.63	418.63	418.63	418.63	418.63
Retained earnings	740.10	772.68	801.55	843.39	899.69
Other capital and reserves	-13.25	-13.48	-14.15	-14.86	-15.60
Equity att. To owners of the company	1145.48	1177.83	1206.03	1247.16	1302.72
Non-controlling interests	66.56	66.45	68.45	70.50	72.62
Total Equity	1212.04	1244.29	1274.48	1317.66	1375.34

Non-current Liabilities					
Borrowings	240.01	147.42	143.00	147.58	152.30
Other non-current liabilities	0.45	1.91	1.97	2.03	2.09
<b>Total Non-current Liabilities</b>	<b>240.46</b>	<b>149.34</b>	<b>144.97</b>	<b>149.61</b>	<b>154.39</b>
Current Liabilities					
Trade payables	85.43	106.13	108.25	110.42	112.62
Borrowings	251.64	331.17	341.44	348.27	359.76
Other current liabilities	154.84	200.28	202.28	204.31	206.35
<b>Total Current Liabilities</b>	<b>491.91</b>	<b>637.58</b>	<b>651.97</b>	<b>662.99</b>	<b>678.73</b>
<b>Total Liabilities</b>	<b>732.36</b>	<b>786.92</b>	<b>796.95</b>	<b>812.60</b>	<b>833.13</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1944.40</b>	<b>2031.21</b>	<b>2071.42</b>	<b>2130.26</b>	<b>2208.46</b>
<b>Cash Flow (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
Cash Flows From/(Used In) Operating Activities					
Profit before tax	57.51	50.45	64.11	84.72	89.38
Adjustments	38.51	31.91	19.90	0.98	-1.97
Operating Profit/(Loss) Before Working Capital Changes	96.02	82.37	84.01	85.69	87.41
Cash Generated From/(Used In) Operations	47.87	145.55	126.63	130.43	134.34
Net Cash From/(Used In) Operating Activities	13.61	101.40	103.94	89.39	91.89
Cash Flows (Used In)/From Investing Activities					
Purchase of PPE	-0.36	-1.11	-1.15	-1.20	-1.24
Interest Received	2.68	3.70	3.77	3.98	4.20
Others	0.68	1.08	1.10	1.14	1.18
Net Cash (Used In)/From Investing Activities	3.00	3.67	3.72	3.92	4.13
Cash Flows From/(Used In) Financing Activities					
Net Cash From/(Used In) Financing Activities	-19.00	-30.74	25.02	21.34	17.96
<b>Net Increase In Cash and Cash Equivalents</b>	<b>-2.39</b>	<b>74.33</b>	<b>132.68</b>	<b>114.65</b>	<b>113.98</b>
<b>Cash and Cash Equivalents at Beginning of FY</b>	<b>194.11</b>	<b>191.69</b>	<b>263.74</b>	<b>396.42</b>	<b>511.07</b>
<b>Cash and Cash Equivalents at End of FY</b>	<b>191.69</b>	<b>263.74</b>	<b>396.42</b>	<b>511.07</b>	<b>625.05</b>
<b>Profitability Margins</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
EBIT margin	37.1%	31.4%	31.2%	31.5%	32.2%
PBT margin	22.2%	14.8%	16.7%	18.7%	19.2%
Core PATAMI margin	14.1%	9.2%	10.5%	11.8%	12.1%
ROE	3.2%	2.7%	3.3%	4.3%	4.3%
ROA	1.9%	1.5%	1.9%	2.5%	2.5%

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#### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

##### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% 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.

##### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell