

Glomac Berhad

(5020 | GLMC MK) Main | Property

Ended FY24 on A Weaker Note

KEY INVESTMENT HIGHLIGHTS

- **FY24 earnings below expectations**
- **Ended FY24 on a weaker note**
- **FY24 new sales at RM360m**
- **Earnings estimates revised downwards**
- **Downgrade to NEUTRAL with an unchanged TP of RM0.43**

FY24 earnings below expectations. Glomac Berhad (Glomac) FY24 core net income of RM6.6m came below expectations, making up 43% and 47% of our consensus forecast. Note that we have excluded the fair value gain of RM17m for Glo Damansara Mall in our core net income calculations. The negative deviation was due to the weaker than expected progress billing in 4QFY24. Glomac proposed a dividend of 1.25sen per share for FY24 which translates into a dividend yield of 2.8%.

Ended FY24 on a weaker note. Glomac recorded a core net loss of -RM1.8m in 4QFY24 against core net income of RM4.3m in 3QFY24 due to lower revenue recognition from its property projects (-31.2%qoq). That brought cumulative core net earnings in FY24 to RM6.6m (-79%yoy). The weaker earnings were in line with lower revenue (-21.8%yoy) as progress billing from its projects was weaker than expected. Besides, the lower gross profit margin of 28% in FY24 against that of 31% in FY23 dragged earnings mainly due to earnings recognition from lower margin projects namely Seri Kenanga RSKU. On a positive note, the balance sheet of Glomac remains healthy with a low net gearing of 0.06x.

FY24 new sales at RM360m. Glomac registered strong sales of RM218m in 4QFY24, bringing total new sales to RM360m in FY24, which is higher than new sales of RM302m in FY23. Meanwhile, 60% of new sales in FY24 were contributed by projects at Lakeside Residences which include semi-D projects and shop lots. Looking forward, new sales momentum in FY25 is expected to be stronger due to a planned launch with GDV of 425m for FY25. On the other hand, unbilled sales increased to RM504m in 4QFY24 from RM347m in 3QFY24, providing close to two years' earnings visibility.

Downgrade to NEUTRAL with an unchanged TP of RM0.43. We revised our FY25F/26F earnings forecast by -35%/-24% to factor in lower progress billing and lower margin. We also introduce our earnings forecast for FY27F. We maintain our **TP** for Glomac at **RM0.43**, based on 80% discount to RNAV. While the earnings of Glomac is unexciting, we see that sales prospect to remain stable. Meanwhile, we downgrade our call on Glomac to **NEUTRAL** from Buy due to limited upside.

Downgrade to NEUTRAL

(Previously BUY)

Unchanged Target Price: RM0.43

RETURN STATISTICS

Price @ 13 June 2024 (RM)	0.445
Expected share price return (%)	-3.4
Expected dividend yield (%)	+2.8
Expected total return (%)	-0.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.4	10.8
3 months	12.8	16.7
12 months	41.9	21.6

INVESTMENT STATISTICS

FYE April	2025E	2026F	2027F
Revenue	385	409	483
Gross Profit	89	111	131
Profit Before Tax	21	33	44
Core PATAMI	21	33	44
Core EPS	2.77	4.33	5.74
DPS	1.30	1.40	1.50
Dividend Yield	2.92%	3.15%	3.37%

KEY STATISTICS

FBM KLCI	1,610.17
Issue shares (m)	767.49
Estimated free float (%)	25.63
Market Capitalisation (RM'm)	356
52-wk price range	RM0.3-RM0.46
3-mth average daily volume (m)	2.14
3-mth average daily value (RM'm)	0.88
Top Shareholders (%)	
Bin Fateh Din Mohamed	21.01
Mohamed Mansor Fateh	19.14
Fong Loong Tuck	17.05
Shapadu Capital Sdn Bhd	11.59

Analyst

Jessica Low Jze Tieng
jessica.low@midf.com.my

Glomac Berhad: 4QFY24 RESULTS SUMMARY

FYE April (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	61.47	-53.1%	-31.2%	266.73	-21.8%
Gross profit	21.74	-49.2%	-9.1%	73.44	-31.5%
Profit before tax	19.82	-5.0%	221.8%	32.85	-34.9%
Core PBT	2.82	-86.5%	-57.7%	16.37	-67.6%
Net income	15.24	9.4%	299.8%	23.59	-24.7%
Core net income	-1.76	N/A	N/A	6.59	-79.0%
EPS (sen)	1.99	9.4%	299.8%	3.07	-24.7%
Core EPS	-0.23	N/A	N/A	0.86	-79.0%
Net DPS	1.25	0.0%	N/A	1.25	0.0%
NTA/share (RM)	1.57	2%	1.3%	1.57	-74.2%
Net gearing (x)	0.06	N/A	N/A	0.06	N/A
Core PBT margin (%)	4.6%	N/A	N/A	6.1%	N/A

GLOMAC RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Lakeside Residences	100%	3446	10%	159.68
Loop City, Puchong	51%	1555	10%	50.17
Saujana KLIA	100%	835	10%	65.65
Saujana Perdana	100%	182	10%	9.63
Saujana Utama 5	100%	325	10%	23.93
Saujana Rawang	100%	290	10%	22.37
Sri Saujana, Johor	100%	178	10%	14.06
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		504		37.43
Total				447.43

Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Shareholders' Funds			1,202.68
Number of shares (m)			768.07
RNAV per share			2.13
Discount			80%
Target Price (RM)			0.43

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	341.0	266.7	384.9	408.7	483.1
Gross Profit	107.2	73.4	89.3	111.2	130.9
Core PBT	50.5	15.9	33.7	52.7	69.9
Net Income	31.3	23.6	21.2	33.2	44.0
Core Net Income	31.4	6.6	21.2	33.2	44.0
Core EPS (sen)	4.1	0.9	2.8	4.3	5.7
Core PER (x)	10.9	51.8	16.1	10.3	7.8
NTA/share	1.5	1.6	1.6	1.6	1.7
P/NTA	0.29	0.28	0.28	0.28	0.27

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
ASSETS					
Non-current Assets					
Property, plant and equipment	39.23	36.94	38.79	40.73	42.76
Investment properties	344.80	350.21	353.71	357.25	360.82
Inventories	766.44	750.30	795.32	843.04	893.62
Other non-current assets	114.15	121.32	101.69	101.69	102.69
Total Non-current Assets	1264.62	1258.77	1289.51	1342.70	1399.90
Current Assets					
Inventories	167.34	197.68	195.70	193.74	191.80
Contract assets	189.76	74.33	72.84	71.38	69.96
Deposits, cash and bank balances	288.84	314.29	328.43	343.21	358.65
Other current assets	120.64	129.81	113.82	89.62	82.22
Total Current Assets	766.59	716.10	710.79	697.96	702.63
TOTAL ASSETS	2031.21	1974.87	2000.30	2040.66	2102.53
EQUITY & LIABILITIES					
Capital and Reserves					
Issued capital	418.63	418.63	418.63	418.63	419.63
Retained earnings	772.68	797.46	808.71	831.19	875.23
Other capital and reserves	-13.48	-13.42	-14.09	-14.80	-15.54
Equity att. To owners of the company	1177.83	1202.68	1213.25	1235.02	1279.33
Non-controlling interests	66.45	38.01	39.15	40.32	41.53
Total Equity	1244.29	1240.68	1252.40	1275.34	1320.86

Non-current Liabilities					
Borrowings	147.42	134.65	138.95	143.40	146.27
Other non-current liabilities	1.91	2.20	2.27	2.34	2.41
Total Non-current Liabilities	149.34	136.85	141.22	145.74	148.68
Current Liabilities					
Trade payables	106.13	80.45	82.06	83.70	85.38
Borrowings	331.17	256.43	261.55	270.18	272.89
Other current liabilities	200.28	260.46	263.06	265.69	274.73
Total Current Liabilities	637.58	597.33	606.68	619.58	632.99
Total Liabilities	786.92	734.18	747.90	765.32	781.67
TOTAL EQUITY & LIABILITIES	2031.21	1974.87	2000.30	2040.66	2102.53
Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
Cash Flows From/(Used In) Operating Activities					
Profit before tax	50.45	32.85	33.69	52.73	69.91
Adjustments	31.91	11.30	11.35	-6.79	-23.05
Operating Profit/(Loss) Before Working Capital Changes	82.37	44.16	45.04	45.94	46.86
Cash Generated From/(Used In) Operations	145.55	172.59	177.77	183.10	188.59
Net Cash From/(Used In) Operating Activities	101.40	138.23	103.68	106.58	109.56
Cash Flows (Used In)/From Investing Activities					
Purchase of PPE	-1.11	-0.44	-0.46	-0.48	-0.50
Interest Received	3.70	4.42	4.66	4.92	5.19
Others	1.08	-25.21	-26.04	-26.90	-27.79
Net Cash (Used In)/From Investing Activities	3.67	-21.24	-21.85	-22.47	-23.10
Cash Flows From/(Used In) Financing Activities					
Net Cash From/ (Used In) Financing Activities	-30.74	-100.35	-57.89	-46.75	-38.10
Net Increase in Cash and Cash Equivalents	74.33	16.65	23.94	37.36	48.35
Cash and Cash Equivalents at Beginning of FY	191.69	261.49	278.13	302.07	339.43
Cash and Cash Equivalents at End of FY	261.49	278.13	302.07	339.43	387.79
Profitability Margins	2023A	2024A	2025F	2026F	2027F
EBIT margin	31.4%	27.5%	23.2%	27.2%	27.1%
PBT margin	14.8%	5.9%	8.8%	12.9%	14.5%
Core PATAMI margin	9.2%	2.5%	5.5%	8.1%	9.1%
ROE	2.7%	0.5%	1.7%	2.7%	3.4%
ROA	1.5%	0.3%	1.1%	1.6%	2.1%

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077(23878 – X)).
 (Bank Pelaburan)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) pursuant to the Research Incentive Program under Bursa Research Incentive Scheme (“Bursa RISE”) administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

This report has been prepared by MIDF Investment for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related companies and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, “Representatives”) shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have an interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such companies mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment’s prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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