

Glomac Berhad

(5020 | GLMC MK) Main | Property

Tepid Outlook

KEY INVESTMENT HIGHLIGHTS

- Meeting with Glomac
- Sales driven by landed properties
- Slow sales from Loop City Residences
- Earnings estimates maintained
- Maintain NEUTRAL with an unchanged TP of RM0.43

Meeting with Glomac. We had a meeting with Glomac Berhad (Glomac) and came away feeling neutral on its outlook in the near-term. Key takeaways from the meeting as below:

Sales driven by landed properties. Glomac recorded encouraging property sales of RM218m in 4QFY24, which brought total new sales to RM360m in FY24. Close to 70% of total new sales in FY24 were contributed by landed properties in Lakeside Residences and Suajana KLIA. Notably, property sales at Lakeside Residences were mainly driven by the launch of semi-Ds namely Keys. Phase 1 of Keys which comprising 98 units of Semi-Ds (3,200 sqft) has total estimated GDV of RM239m with average selling price per unit of RM2.4m. The first release of 42 units was fully sold while the second release of 56 units is close to 40% taken up. On the other hand, double-storey terrace at Allamanda Suajana KLIA which was launched in January 2024 were 88% taken up mainly due to the affordable average selling price per unit of RM530k. Meanwhile, future development of landed properties in Lakeside Residences and Suajana KLIA should continue to support new sales as demand for landed house remains strong.

Slow sales from Loop City Residences. Glomac soft launched Loop City Residences, its first high-rise project in Puchong. Loop City Residences comprise of 980 units of SOHO & serviced apartment with a total GDV of RM340m. Sizes of units range from 450sf to 750sf with selling prices from RM300k to RM560k. Response for Loop Residences was tepid with take up rate of 20%. We opine that the low takes up rate could be due to the high supply of high-rise condominium projects in Puchong. High rise projects at the surrounding area include The Wyn Residences by Land & General with 1,546 units of serviced apartment, Danau Puchong by YTL Land and Development Bhd which consists of two blocks of 32-storey residential towers, and 2Rio Residence by IOI Properties Group which offers 632 units of service apartments. Overall, we think that contribution from Loop City Residences should kick in meaningfully from FY26 onwards as Glomac is likely to officially launch and start construction of Loop City Residences upon take-up rate hitting above 50%.

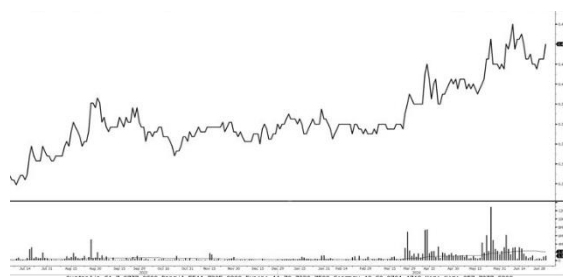
Maintain NEUTRAL

Unchanged Target Price: RM0.43

RETURN STATISTICS

Price @ 4 July 2024 (RM)	0.44
Expected share price return (%)	-2.3
Expected dividend yield (%)	+2.8
Expected total return (%)	+0.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.8	4.8
3 months	3.5	11.3
12 months	37.5	18.5

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	3.0%	3.2%	3.4%

KEY STATISTICS

FBM KLCI	1,616.75
Issue shares (m)	767.49
Estimated free float (%)	25.61
Market Capitalisation (RM'm)	352
52-wk price range	RM0.3-RM0.47
3-mth average daily volume (m)	2.11
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	11.63

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Maintain NEUTRAL with an unchanged TP of RM0.43. Post meeting, we make no changes to our earnings forecast for FY25F/26F/27F. We maintain our **TP** for Glomac at **RM0.43**, based on 80% discount to RNAV. Earnings outlook for Glomac is expected to be dragged slightly by the weaker margin. Nevertheless, new sales prospect for Glomac in FY25 is expected to be stable and better on the back of planned launch with GDV of RM425m for FY25. New sales momentum should continue to sustain by launch of its landed properties in Puchong, Saujana Utama and Saujana KLIA. Hence, we maintain our **NEUTRAL** call on Glomac.



GLOMAC RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Lakeside Residences	100%	3,446	10%	159.68
Loop City, Puchong	51%	1,555	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
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)	10.8	51.2	15.9	10.2	7.7
NTA/share	1.5	1.6	1.6	1.6	1.7
P/NTA	0.29	0.28	0.28	0.27	0.26
Balance Sheet (RM'm)					
ASSETS	2023A	2024A	2025F	2026F	2027F
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%

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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