

Company Update

20 November 2017

# Titijaya Land Berhad

## Project Odeon KL on track

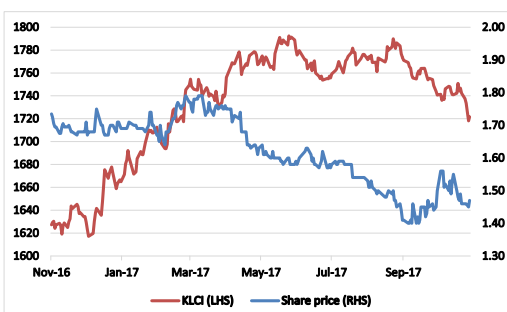
**BUY**  
Maintained

KLCI	1721.6 points
Share Price	RM1.47
Target Price	RM2.06
Expected share price return	40.1%
Expected dividend return	0.6%
Expected total return	40.7%

<b>Stock Data</b>	
Bursa / Bloomberg code	5239 / TTJ MK
Market / Board	Main / Industrial
Syariah Compliant status	Yes
Issued shares (m)	617.85
Market cap	RM908.24m
Par value	RM0.50
52-week price Range	RM1.38 – 1.82
Beta (against KLCI)	0.66
3-m Average Daily Volume	0.45m
3-m Average Daily Value <sup>^</sup>	RM0.66m

<b>Share Performance</b>			
	1m	3m	12m
Absolute (%)	-2.0	0.7	-15.5
Relative (%-pts)	-0.9	-1.5	-20.3

<b>Major Shareholders</b>		%
TITIJAYA GROUP SDN BHD		58.31
TITI KAYA SDN BHD		7.83
AIA BHD		5.19
Estimated free float		36.05



Source: Bloomberg

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### What's New

- **Titijaya Land Berhad (Titijaya) announced that the Group will form a JV with Golden Vogue Sdn Bhd, Mohd Hazmil Bin Mohd Kassim and Lim Soo Huen to co-develop a piece of land in Jalan Tuanku Abdul Rahman, KL measuring 2.9 acres.**

### Comment

- **Dispel the earlier concern on the hiccup of the project.** We are positive with this JV agreement as it dispels the earlier concern of the project being hit a snag as highlighted by the media whereby there was a 'For Sale' signage being put up on the land. However, the new government ruling of indefinite freeze on the development of shopping malls, offices and luxury properties (worth more than RM1m) could prompt the Group to revise its initial plan of building a retail mall on the site.
- **Initial plan of RM1.5b mixed development project.** To recap, Titijaya plans to have a RM1.5b mixed development property project on this former Odeon Cinema site in the KL city center. The 2.9 acre of land is strategic located in Jln TAR with walking distance to SOGO, Pertama Complex, Dang Wangi Police HQ and Maju Junction mall. We understand that Titijaya targets to commence and launch the project, named Odeon KL in CY2018 by constructing a retail mall and two blocks of serviced apartments with built-up ranging from 450 to 850sf, and an indicative selling price of RM450k/unit onwards. Due to the new government ruling which will come into effect next month, we believe the GDV of the project could be scaled down.
- **Profit sharing of development profits.** The Group will pay the land owner of 20% of the gross development profit (including land cost). The payment will be throughout the development progress or in advance as may be mutually agreed by both parties.

### Earnings Outlook/Revision

- **No change to our earnings estimates for FY18-19F pending official launching of the above project.**

### Valuation/Recommendation

- **Maintain BUY on Titijaya with an unchanged target price of RM2.06, based on 35% discount to its fully-diluted RNAV/share of RM3.17.**

- We advise investors to accumulate the share as we believe that the Group is able to fast track its projects execution to ride on the current property recovery. This is backed by its unique business model, landbanking strategy and marketing efforts in targeting mass market segment.

**Figure 1: Financial Summary**

Year to 30 June (RMm)	FY2015	FY2016	FY2017	FY2018F	FY2019F
Revenue	340.7	400.1	380.9	381.8	406.5
Gross profit	149.4	141.5	145.7	148.9	162.6
Operating profit	111.8	93.5	114.1	118.5	130.8
Profit before tax	111.1	91.6	110.5	114.5	126.0
Net profit	80.9	68.3	76.6	83.0	90.4
Core net profit	80.9	68.3	76.6	83.0	90.4
EPS (sen)	19.7	16.7	18.7	20.3	22.0
DPS (sen)	4.5	0.5	1.0	2.0	3.0
P/E (x)	7.4	8.8	7.9	7.3	6.7
P/BV (x)	1.3	1.1	0.9	0.9	0.8
Diluted EPS (sen)	10.4	9.3	10.0	10.6	11.3
FD P/E	14.1	15.8	14.6	13.8	13.0
Revenue growth (%)	20.0	17.4	-4.8	0.2	6.5
Net profit growth (%)	13.5	-15.6	12.2	8.4	8.9
Core net profit growth (%)	13.5	-15.6	12.2	8.4	8.9
Gross margin (%)	43.9	35.4	38.3	39.0	40.0
Operating margin (%)	32.8	23.4	30.0	31.0	32.2
PBT margin (%)	32.6	22.9	29.0	30.0	31.0
Dividend yield (%)	3.1	0.3	0.7	1.4	2.0
Net gearing (%)	-2.2	32.1	37.4	29.8	29.7
ROE (%)	17.0	12.9	11.3	12.7	12.5
ROA (%)	7.7	6.3	5.1	6.6	6.8

Source: Company, JF Apex

**Figure 1: RNAV**

On-going projects	Remaining GDV RM(m)	Stake (%)	DCF of development profits	Basis
H2O	794	100	135.3	Cost of equity: 9%
3 Elements	400	100	70.9	
Mutiara Residence	30.3	100	5.8	
Emery @ Kemensah	50.7	100	9.4	
Seri Alam Residence	340	100	60.3	
Park Residency Cheras	75.3	100	14.5	
Riveria @ KL Sentral	1000	56	84.1	
Klang Sentral	700	100	113.9	
3rdNvenue @ Jln Ampang	1800	70	151.7	
The Shore @ Kota Kinabalu	575	70	56.8	
Odeon KL	1500	100	191.3	
Trio Monfort	1500	100	191.3	
Areca @ Penang	2520	100	319.6	
Damansara West	2400	100	318.1	
<b>Total</b>	<b>13685.3</b>		<b>1723.0</b>	
Shareholders' equity			651.8	9MFY17
Proceeds from ICPS			1014.8	615m shares @ RM1.65
Proceeds from Consideration shares			115.6	79.7m shares @ RM1.45
<b>RNAV</b>			<b>3505.1</b>	
Enlarged no. of shares			1104.7	
<b>FD RNAV/share</b>			<b>3.17</b>	

Source: Company, JF Apex

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**STOCK RECOMMENDATIONS**

**BUY** : The stock's total returns\* are expected to exceed 10% within the next 12 months.

**HOLD** : The stock's total returns\* are expected to be within +10% to – 10% within the next 12 months.

**SELL** : The stock's total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY** : The stock's total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL** : The stock's total returns\* are expected to be below -10% within the next 3 months.

**SECTOR RECOMMENDATIONS**

**OVERWEIGHT** : The industry as defined by the analyst is expected to exceed 10% within the next 12 months.

**MARKETWEIGHT** : The industry as defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

**UNDERWEIGHT** : The industry as defined by the analyst, is expected to be below -10% within the next 12 months.

\*capital gain + dividend yield

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