

Headline	I-Bhd kept at outperform on prospect of stronger H2 earnings		
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I-Bhd kept at 'outperform' on prospect of stronger H2 earnings

analyst report

I-BHD
By PublicInvest Research
Outperform
Target Price: RM0.73

I-BHD registered a net profit of RM14.7mil, a 72.3% increase in the second quarter ended June 30, 2016 compared to a year ago.

PublicInvest Research said that the growth was attributed mainly to higher contribution from the property development division.

It added that I-Bhd's other divisions performed within expectations with the leisure division weaker due to the festive season.

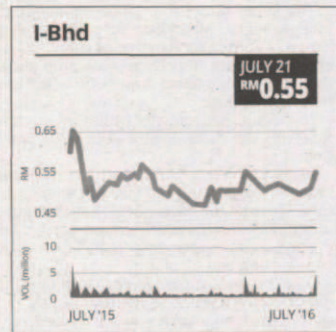
PublicInvest said that the group's first half of 2016 net profit of RM30mil constituted only 35.3% of its full year estimate.

But the research house expects stronger earnings by I-Bhd in the second half of this year from completion of its i-SOHO project and faster billings from on-going projects such as i-Suites, Parisien, Liberty and Hyde Tower.

It maintained its "outperform" rating on I-Bhd with a target price of RM0.73, pegged at 60% discount to sum-of-parts value of RM1.83 as it continues to like company's value proposition and its prime position in benefitting from the urbanization of the outer Klang Valley region (Klang and Shah Alam) given its prime location.

I-Bhd has unbilled sales of RM718.6mil, from RM743.0mil in the previous quarter.

The company is slated for launch this year-end is the "Central Towers" development, a project which comprises an office tower, two residential towers, the DoubleTree by Hilton hotel, a convention center and a performing arts center with estimated gross development value of RM1.2bil.



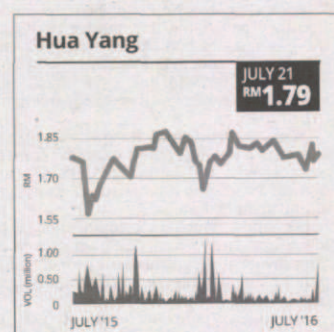
Meanwhile on I-Bhd's property investment, PublicInvest said that the contribution that segment is still not meaningful yet as most investment assets are still under construction or at early stages.

Nonetheless, it reckoned that the property investment division would eventually be a mainstay of I-Bhd upon full maturity with an estimated portfolio size of about RM1bil.

HSS ENGINEERS BHD
By MIDF Research
Non-rated
Fair Value: RM0.59

HSS Engineers Bhd has an outstanding orderbook of RM366mil that would be billed progressively over the next two to five years, said MIDF Research.

The total outstanding orderbook ranges from highway, railway, airport to power plant. MIDF said that HSS' management team has an average of more than 30 years in the engineering consultancy services industry. On the company geographical expansion plans, its overseas turnover ranged from 2% to 6% in the past three



years, MIDF said.
HSS has an office in Chennai, India and plans to further expand the operations there through a partnership with the locals.

MIDF said that HSS targets to use RM15mil or 47% of its initial public offering (IPO) proceeds to expand the operations there.

It reckoned that the opportunity in India lies in the government efforts to develop the nation's infrastructure with an estimated allocation of US\$1.2 trillion.

Aside from India, HSS plans to enter the Middle East and Indonesia.

The company also targeting to provide support services to the utilities sector due to strong government support for the water sector and Tenaga Nasional Bhd's RM10.8bil capital expenditure will also boost demand for the power sector. For FY15, power and water only make up 1% of its total revenue. MIDF said that HSS plans to use RM9mil of its IPO proceeds for this purpose.

HUA YANG BHD
By Kenanga Research
Market perform
Target Price: RM1.83

FOR financial year ending March 31, 2017, Hua Yang Bhd's management aspires to achieve its property sales target of RM500mil, said Kenanga Research.

The research house said that sales would be driven by the company's planned launches of about RM721mil.

Despite the target sales by Hua Yang, Kenanga said that it still opt to maintain its sales estimates at RM409.2mil.

This is due to a cautious view on the property market.

Kenanga said that for the first quarter ended June 30, 2016, Hua Yang's property sales of RM53.2mil.

This was short of its and management's full-year sales target of RM400mil and RM500mil due to lack of new launches coupled with slowdown in the property market.

Hua Yang's net profit in Q1FY17 was down by 20% year-on-year on the back of lower revenue registered (-10%) due to slower construction recognition for its on-going projects.

Its gearing during the first quarter inched up to 0.5 times from 0.34 times in the previous quarter due to the drawdown of borrowings for the purchase of its Prai and Kota Masai land.

Kenanga said it will maintain its forecast for Hua Yang's FY17 and FY18 earnings estimate at RM106.1mil and RM96.7mil respectively.

Kenanga said that Hua Yang's unbilled sales of RM410.1mil would provide earnings visibility for a year.

It maintained its "market perform" rating on Hua Yang's share price at RM1.83 based on an unchanged revalued net asset value (RNAV) discount of 48% to its RNAV of RM3.52.

Kenanga added that the its target price implied FY17 and FY18E price-earnings ratio of 4.6-5 times.