

GDB Holdings Berhad

A Strong Q2

TP: RM0.52 (+26.8%)

Last Traded: RM0.41

BUY

Ooi Beng Hooi

Tel: +603-2167 9612

benghooi@ta.com.my

www.taonline.com.my

Results Review

- GDB's 1H18 core profit of RM16.4mn came in within our expectation, accounting for 56.7% of our full-year estimate.
- It declared a first interim dividend of 1sen/share, which will go ex on 6 September 2018.
- No YoY comparative figures were available as the company was listed on 27 March 2018.
- For 2Q18, it reported a core profit of RM9.2mn, backed by quarterly revenue of RM68.4mn. For the cumulative 6 months, it achieved a core profit of RM16.4mn with revenue of RM149.5mn.
- QoQ, net profit for the reporting quarter jumped 25.7% to RM9.2mn, despite the revenue was 15.7% lower at RM68.4mn. The lower revenue was due to lower contribution from Westside III project, which is near completion, and Etiqa Office Tower that was delivered on 13 July 2018, while AIRA Residence and Menara Hap Seng 3 projects were still at initial stage of construction.
- Sequentially, the operating margin surged 6.1% pts to 17.3%, underpinned by cost savings achieved for completed projects after finalisation of accounts, as well as progressive review of costs on completed works for projects near completion.
- Its net cash position inched up from RM80.4mn a quarter ago to RM83.3mn (13.3sen/share).

Impact

- Maintain FY18 to FY20 earnings forecasts.

Outlook

- The outstanding order book stood at RM664.0mn, sufficient to provide earnings visibility to the company till end-2019.

Valuation

- Maintain **BUY** call on the stock with an unchanged target price of **RM0.52**, based on 10x CY19 earnings.

Share Information

Bloomberg Code	GDB MK
Bursa	GDB
Stock Code	0198
Listing	Ace Market
Share Cap (mn)	625.0
Market Cap (RMmn)	256.3
52-wk Hi/Lo (RM)	0.45/0.275
12-mth Avg Daily Vol ('000 shrs)	1991.2
Estimated Free Float (%)	18.9
Beta	na

Major Shareholders (%)

CHC Holdings Sdn Bhd	- 51.80
Alexander Lo	- 22.26

Forecast Revision

	FY18	FY19
Forecast Revision (%)	-	-
Net profit (RMmn)	29.0	32.4
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	

Financial Indicators

	FY18	FY19
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	7.6	(1.0)
Price / CFPS (x)	5.4	(42.8)
ROA (%)	13.8	10.9
NTA/Share (sen)	16.7	20.4
Price/NTA (x)	2.5	2.0

Scorecard

	% of FY	
vs. TA	56.7	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	GDB	FBM KLCI
1 mth	3.8	2.7
3 mth	39.0	2.0
6 mth	na	(2.7)
12 mth	na	2.0

(12-Mth) Share Price relative to the FBMKLCI

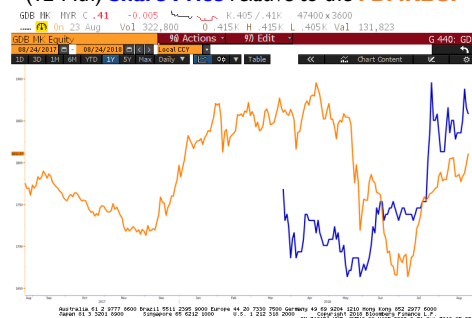


Table 1: Earnings Summary (RMmn)

FYE Dec (RMmn)	2016	2017	2018F	2019F	2020F
Revenue	276.9	296.8	421.0	520.0	513.9
Gross profit	23.8	35.0	42.9	49.4	48.8
EBITDA	24.9	34.7	42.8	48.7	51.4
EBITDA margin (%)	9.0	11.7	10.2	9.4	10.0
EBIT	21.4	30.5	38.2	43.8	43.1
Reported PBT	21.4	30.5	38.2	43.8	43.1
Core PBT	21.4	31.4	38.9	43.8	43.1
Reported net profit	14.2	22.5	28.3	32.4	31.9
Core profit	14.2	23.4	29.0	32.4	31.9
Core EPS* (sen)	2.6	3.8	4.6	5.2	5.1
PER (x)	15.9	10.9	8.8	7.9	8.0
Gross dividend (sen)	na	na	1.2	1.5	1.8
Dividend yield (%)	na	na	2.9	3.7	4.4
ROE (%)	72.3	69.9	40.2	28.0	23.2

Note: * based on enlarged share base of 625.0mn

Table 2: 2QFY18 Results Analysis (RMmn)

FYE Dec	2Q17	1Q18	2Q18	QoQ (%)	YoY (%)	6MFY17	6MFY18	YoY (%)
Revenue	88.5	81.1	68.4	(15.7)	na	na	149.5	na
Operating profit	8.0	9.0	11.8	30.9	na	na	20.9	na
Profit before taxation	8.0	9.0	11.8	30.9	na	na	20.9	na
Core PBT	8.3	9.7	11.9	10.5	na	na	21.6	na
Income tax expense	(2.1)	(2.4)	(2.7)	10.5	na	na	(5.1)	na
Net profit	6.0	6.6	9.1	38.4	na	na	15.7	na
Core net profit	6.3	7.3	9.2	25.7	na	na	16.4	na
Reported EPS (sen)*	1.0	1.1	1.5	38.4	na	na	2.5	na
Core EPS (sen)*	1.0	1.2	1.5	25.7	na	na	2.6	na
Dividend (sen)	0.0	0.0	1.0	na	na	na	1.0	na
Margin (%):								
- Operating	9.0	11.1	17.3	6.1	na	na	14.0	na
- Core PBT	9.4	12.0	17.3	5.3	na	na	14.4	na
- PAT	7.1	9.0	13.4	4.4	na	na	11.0	na
- Effective tax rate	25.6	27.0	22.8	(4.2)	na	na	24.6	na

Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.
HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.
SELL : Total return is lower than the required rate of return.
Not Rated: The company is not under coverage. The report is for information only.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

As of Friday, August 24, 2018, the analyst, Ooi Beng Hooi, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD (14948-M)

A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my