

Good start for Pesona Metro

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Pesona Metro Holdings Bhd

FYE DEC (RM MIL)	2016	2017E	2018F	2019F
Revenue	393	776	909	956
Ebitda	41	55	71	82
Ebit	30	42	57	68
PBT	29	41	56	66
Core Patmi	20	30	42	49
Core EPS (sen)	3.0	4.5	6.2	7.4
PER (x)	22.5	14.8	10.8	9.2
Net DPS (sen)	2.0	2.0	3.0	3.0
Net dividend yield (%)	3.0	3.0	4.4	4.4
BV per share	0.22	0.24	0.27	0.32
P/B (x)	3.1	2.8	2.5	2.1
ROE (%)	14.3	20.0	24.3	25.0
Net gearing (%)	Cash	29.9	12.7	Cash

Source: HLIB Research

Pesona Metro Holdings Bhd (May 24, 67 sen)

Maintain buy with an unchanged target price of 81 sen: Pesona Metro Holdings Bhd reported its first quarter of financial year 2017 (1QFY17) results with revenue of RM160.5 million (+52% quarter-on-quarter [q-o-q], +61% year-on-year [y-o-y]) and earnings of RM6 million (+37% q-o-q, -3% y-o-y).

1Q earnings made up 19% of our full-year forecast which we deem to be within expectations as momentum should accelerate in the coming quarters.

We are not concerned about the flattish earnings in 1Q (-3% y-o-y) as other income was exceptionally high in the same period last year (RM7.9 million) due to interest earned on re-

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ceivables for the Universiti Malaysia Perlis (UniMAP) project.

More importantly is the strong earnings momentum q-o-q (+37%) driven by the execution of its sizeable order book of RM1.9 billion (five times cover on FY16 construction revenue). Following a quiet 1QFY17 for job wins, management expects

this to pick up soon enough and is confident to achieve RM500 million for the year.

In the near term, Pesona Metro is in the running for a hospital job (RM100 million). It is also finalising a tender for a building job (RM300 million to RM400 million) and some road works.

The acquisition of SEP Resources (M) Sdn Bhd (eventual concessionaire of the UniMAP hostel) has been delayed from 1Q to 3Q due to delays in obtaining the certificate of acceptance.

Management expects this to be resolved soon as all the necessary defect works have been fixed and students have been occupying the hostel since 4QFY16. — *Hong Leong Investment Bank Research, May 24*