

# Glomac in strong position for landbank acquisitions

► GLOMAC BHD				
	2009	2010F	2011F	2012F
REVENUE (RM mil)	345.3	317.8	457.0	455.5
NET PROFIT (RM mil)	34.2	42.6	47.1	57.2
EPS (sen)	12.2	14.5	15.6	18.9
P/E (x)	10.4	8.7	8.1	6.7

- **Recommendation: Buy**  
**Target Price: RM1.87**  
 By ECMLibra Investment  
 Research (June 30)

## Pleasant Surprise

GLOMAC Bhd's FY2010 results came in within house expectation but slightly ahead of consensus.

Excluding provision of CLO sub-bonds of RM1.9 million, the adjusted net profit of RM42.6 million was 2.6% and 6.1% above house and consensus estimates respectively.

Another pleasant surprise came in the form of higher second and final net dividend of 3.4 sen, which brings full-year net DPS to 6.4 sen as compared to 5.9 sen in FY2009.

## RM588m Unbilled Sales

A bumper property sales of RM277 million was achieved in 4QFY10 on the back of the en bloc sale of Tower D, Glomac Damansara (RM170.7 million) while RM508m was achieved for FY10 as compared to RM172m in FY09.

Accordingly, Glomac secured its highest ever unbilled sales of RM588m, which is almost twice its annual revenue.

For FY11, management is planning RM621m of new launches.

## Strong financial position

Although net gearing stayed flat at 0.12x YoY, Glomac will be in net cash position if RM84.8 million of short-term invest-

ment is taken into account.

Assuming a maximum net gearing of 0.5x, the company can raise RM260 million for landbank acquisitions.

Assuming land cost makes up 10%-20% of GDV, Glomac has the potential to increase its remaining GDV of RM2.5 billion by 50%-100%.

## Reiterate 'Buy' Call

We reiterate our buy call premise upon Glomac's 2-year earnings CAGR of 14.1% with an undemanding implied PEG ratio of just 0.6x.

Target price has been raised to RM1.87 from RM1.80 as we rollover our valuation to FY11 by continuing to peg a 12x P/E.