

Headline	S P Setia sees strong 3Q sales, records RM134m net profit
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This shows that the group's strategies are effective despite the soft market condition — CEO

BY GHO CHEE YUAN

KUALA LUMPUR: S P Setia Bhd achieved a net profit of RM134.07 million or 4.88 sen per share in the three months ended Sept 30, 2016 on revenue of RM1.26 billion, as it saw strong sales of RM943 million during the quarter.

This pushed its cumulative nine-month earnings to RM383.24 million or 14.36 sen per share, as revenue came in at RM3.19 billion, the property developer said in its bourse filing yesterday. There were no comparable figures given as the group changed its financial year end last year from Oct 31 to Dec 31.

On Aug 23, it announced a single-tier interim dividend of four sen per share, which would be payable on Nov 22. Shareholders have the option to reinvest the interim dividend in new S P Setia shares.

In a statement, SP Setia said it had achieved total sales of RM2.4 billion as at Oct 31, 2016, reflecting stronger demand for its projects in the second half of financial year 2016.

For the nine months ended Sept 30, 2016, the group achieved sales of RM2.05 billion; local projects contributed 89% of that, with international ones making up 11%. "The sales secured are largely from the central region with RM1.43 billion, while the southern, northern and eastern regions combined delivered RM386 million in sales, and international projects contributed RM232 million respectively," said the property developer.

It said the strong third-quarter sales of RM943 million are mainly in line with its expectations and the group foresees a continuing trend for the remaining months of 2016.

About S P Setia's performance,

its president and chief executive officer (CEO) Datuk Khor Chap Jen said the group is satisfied with the performance recorded during the quarter as it shows S P Setia's strategies were effective.

"Despite the soft market condition, we [have] observed resilient demand for affordable apartments and mid-priced properties, while demand for condominiums that satisfy the affluent market's lifestyle needs in underserved areas such

as Taman Seputeh is promising."

He believed the group would be able to customise its launches accordingly to suit market needs, given the expertise it has. Locally, projects in the Klang Valley continued to be a major contributor to the group, with a strong take-up rate recorded.

"This bears testament to the product quality and facilities we have put in place for the affordable apartments that resulted in homebuyers choosing Setia over others," he remarked.

As for the southern region, its two-storey terrace houses in Bukit Indah, Johor, have so far chalked up an 80% take-up rate, indicating that underlying demand is still strong for landed properties in Iskandar Malaysia, said the developer.

On the international front, Khor

said though there had been renewed interest in the Battersea Power Station development due to a weakening British pound, the "wait-and-see" approach still lingers as the market awaits for more clarity post-Brexit (British exit from the European Union).

"Nevertheless, the transaction secured with Apple Inc to take approximately 500,000 sq ft of office space in Battersea Power Station lends credence that Battersea Power Station is a great business location

and London is still an international business centre. The strength of Apple's brand name will be a great catalyst to uplift the value of Battersea Power Station," he said.

In Australia, Khor cited, the group's Maison apartments in Carnegie, Melbourne, achieved a 65% take-up rate despite the Australian government's tightening measures, especially for foreign investors.

Moving forward, S P Setia said it had delayed some of its apartment launches, but bringing forward the launches of more mid-priced landed properties and retail shoplots. "The group's prospects going forward remain positive, with total unbilled sales of RM8.39 billion, anchored by 31 ongoing projects and effective remaining land bank of 3,595 acres (1,455ha) with a gross development value of RM70.65 billion as at Sept 30," he added.