



WCT HOLDINGS BERHAD

Neutral

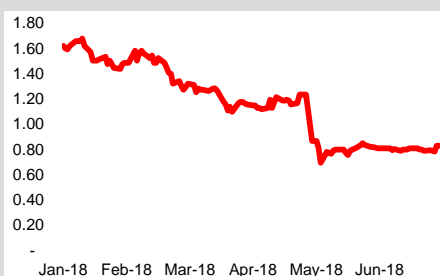
DESCRIPTION

Malaysian construction company with core businesses in civil engineering construction, property development and investment and management of properties and concession assets.

12-Month Target Price RM1.00
 Current Price RM0.83
 Expected Return +20%

Market Main
 Sector Construction
 Bursa Code 9679
 Bloomberg Ticker WCTHG MK
 Shariah-Compliant Yes

SHARE PRICE CHART



52 Week Range (RM) 0.70-1.99
 3-Month Average Vol ('000) 11,687.3

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	1.2	-29.0	-50.9
Relative Returns	5.4	-24.1	-49.3

KEY STOCK DATA

Market Capitalisation (RMm) 1,152.0
 No. of Shares (m) 1,387.9

MAJOR SHAREHOLDERS

	%
Tan Sri Desmond Lim	17.6
EPF	8.9
Lembaga Tabung Haji	8.7

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Snags RM555m Building Job

WCT Holdings Berhad announced that it has secured a building job from Lendlease Projects (M) Sdn Bhd yesterday. The job award snagged is for the proposed commercial mixed development on Plot 1 within the Tun Razak Exchange (TRX) which has a contract sum of RM555m. This contract, which is the Group's first in FY18, is within the job replenishment rate target of RM2bn. To recap, the total value of building jobs in tender stood at RM4.9bn as at 1QFY18. The other possible new job eyed by the Group is the building job at Pavilion Damansara Heights to meet its target of new jobs replenishment of RM2bn in FY18. Outstanding orderbook is now estimated in excess of RM5.5bn, ensuring revenue visibility for the next 2-3 years. Our earnings estimates are kept unchanged for now. Given the state of flux currently, we still maintain our **Neutral** recommendation and SOTP-derived fair value of RM1.00.

§ **Scope of works.** The scope of works among others include: (i) 4 levels of Shopping Complex, (ii) 3 levels of Car Park, (iii) 1 level Open Landscape with Retail Space and 1 Information Centre (future development), (iv) Future Development Plot, on Lot PT157, Seksyen 67, Jalan Tun Razak / Jalan Davis, Bandaraya Kuala Lumpur" to WCT Berhad ("WCTB"), a wholly-owned subsidiary of the Company. Contract duration was not revealed in the announcement. Assuming 6% PBT margin, the project is expected to yield c.RM25m in net profit during the construction period.

KEY FORECAST TABLE

FYE Dec (RM m)	2016A	2017A	2018F	2019F	2020F	CAGR (%)
Revenue	1,933.6	1,905.9	2,576.4	2,682.4	2,683.5	6.8
Operating Profit	182.5	313.4	279.2	314.2	314.6	11.5
Pre-tax Profit	122.0	230.6	188.7	228.3	233.2	13.8
Net Profit	68.4	154.6	151.2	181.3	185.0	22.0
EPS (Sen)	5.1	11.4	11.2	13.4	13.7	22.0
P/E (x)	16.3	7.3	7.4	6.2	6.1	
DPS (Sen)	3.0	3.0	3.0	3.0	3.0	
Dividend Yield (%)	3.6	3.6	3.6	3.6	3.6	

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Dec (RM m)	2016A	2017A	2018F	2019F	2020F
Revenue	1,933.6	1,905.9	2,576.4	2,682.4	2,683.5
Gross Profit	244.1	347.7	488.9	519.9	530.9
Operating expenses	-61.6	-34.2	-209.7	-205.7	-216.3
Operating Profit	182.5	313.4	279.2	314.2	314.6
Other Gains / (Losses)	1.0	-19.6	17.3	17.9	18.4
Finance Costs	-61.5	-63.2	-107.8	-103.8	-99.8
Pre-tax Profit	122.0	230.6	188.7	228.3	233.2
Income Tax	-56.8	-78.7	-45.3	-54.8	-56.0
Effective Tax Rate (%)	46.6	34.1	24.0	24.0	24.0
Minorities	3.2	2.7	7.8	7.8	7.8
Net Profit	68.4	154.6	151.2	181.3	185.0
Growth					
Revenue (%)	0.5	15.9	11.1	3.2	4.1
Gross Profit (%)	27.0	-19.5	13.6	5.5	6.3
Net Profit	42.3	-67.3	10.5	28.9	19.9

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2016A	2017A	2018F	2019F	2020F
Property, Plant & Equipment	320.9	364.4	407.8	453.0	500.3
Cash and Cash Equivalents	1,103.6	1,038.1	707.7	629.9	596.1
Receivables	1,280.6	1,262.2	1,706.3	1,776.5	1,777.2
Other Assets	4,001.5	3,980.5	4,343.5	4,400.4	4,400.4
Total Assets	6,706.6	6,645.2	7,165.3	7,259.8	7,274.0
Payables	984.6	970.5	1,312.0	1,365.9	1,366.5
Borrowings	2,565.2	2,440.5	2,351.1	2,261.7	2,172.3
Tax payable	35.4	35.4	35.4	35.4	35.4
Other Liabilities	709.0	701.3	886.1	915.3	915.6
Total Liabilities	4,294.2	4,147.7	4,584.6	4,578.4	4,489.9
Shareholders' Equity	2,412.5	2,497.5	2,580.7	2,681.4	2,784.2
Total Equity and Liabilities	6,706.7	6,645.2	7,165.3	7,259.8	7,274.0

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2016A	2017A	2018F	2019F	2020F
Book Value Per Share	1.7	1.7	1.8	1.9	1.9
NTA Per Share	1.7	1.7	1.8	1.9	1.9
EPS (Sen)	5.1	11.4	11.2	13.4	13.7
DPS (Sen)	3.0	3.0	3.0	3.0	3.0
Payout Ratio (%)	59.3	26.2	26.8	22.4	21.9
ROA (%)	2.5	1.0	2.1	2.0	2.4
ROE (%)	2.9	6.3	6.0	6.9	6.8

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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Published and printed by:
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