



BROKER'S CALLS

Hatten Land kept at 'buy' on improving Malacca property market

By: Samantha Chiew
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SINGAPORE (Aug 18): CIMB is maintaining its "add" call on Hatten Land with a target price of 38 cents on better fourth quarter operating performance.

In 4Q17, the Malaysia-based developer reported a trebling of net profits to RM59.7 million (\$19 million) along with a 24% revenue increase to RM130 million.

See: Hatten FY17 earnings treble to \$19 mil despite RTO expenses; declares maiden dividend

In a Thursday report, analyst Lock Mun Yee says that she remains positive about Malacca's property market on improving tourist flows and planned megainfrastructure projects such as the KL-Singapore High Speed rail and Melaka Gateway.

"These developments are likely to transform the landscape of Malacca and boost its attraction as a holiday and investment destination," says Lock.

In fact, Hatten's better FY17 earnings came from progressive billings and higher sales in its developments in Malacca – Hatten City P2 and Harbour City development.

The group's Imperio Mall is already 60% taken up while 56% of Imperio Residences have been sold.

Concurrently, Harbour City Suites and Harbour City Resort saw further sales growth of 14% and 25%, respectively, bringing takeup rate to 95% and 49%. As at June, Hatten had remaining unbilled sales of RM662 million.

In July, the group launched the Satori mixed development, Malacca's first wellness-themed integrated project, comprising Satori Suites, Satori Residences and Satori commercial.

"Although no details were given, we understand that the initial offering of the hotel suites garnered a strong booking rate. We expect this development to have a GDV of RM300 million (\$95.3 million), which would extend the group's forward income visibility," says Lock.

The group's balance sheet also showed improvement with a debt-to-equity ratio of 1.6x at end FY17.

Therefore, the group is well positioned to tap into growth opportunities, including the acquisition of land under its right-of-first-refusal pipeline from its sponsor, as well as potentially venture into other parts of Malaysia or overseas, adds Lock.

Shares in Hatten are trading at 20 cents as at 10.58am.

Source: [The Edge Singapore](#)