

# BOLTON

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## Bolton ready for the big league

### **Bolton Bhd** (July 21, 94.5 sen)

**Initiate coverage with buy call at 95 sen, target price of RM1.50:** Bolton is a compelling turnaround story with strong earnings growth potential. The past four years have seen Bolton disposing of non-core assets and re-branding itself as a niche property developer. Led by Datuk Azman Yahya

(ex-head of Danaharta), Bolton's net gearing has improved significantly from 105% in FY2006 to just 10% in FY2010. Armed with RM133 million of unbilled sales and a RM195 million debt facility, Bolton is in a good position to accelerate launches and replenish its landbank, including participating in the redevelopment of government land in the Klang, Val-

ley. It aims to be among Malaysia's top 10 developers within four years (now top 30).

Bolton is poised to launch three high-end condos in prime Kuala Lumpur and a commercial project in Puchong worth RM1.1 billion by end-2010: i) 6 Ceylon (90% booked since June 2010, average selling price: RM800 psf); ii) Arata@Kenny Hills

(-30% sold en-bloc; ASP: RM750 psf); iii) 51 Gurney (ASP: RM900 psf); and iv) Wharf@Taman Tasik Prima (retail & serviced apartments; GDV: RM650 million). Bolton will still have 1,210 acres for future launches (including 54 acres of prime land in the Klang Valley).

Bolton is trading at a steep 62% discount to realised net asset value

(RNAV) and 0.7 times P/BV against small/mid-cap developers' average of 45% and 0.8 times respectively. Our RNAV of RM2.43 has yet to factor in potential development value of its four-acre Jalan Mayang land (JV with CapitaLand's UMLand, about RM1.4 billion GDV) which could boost RNAV by 38 sen or 17%. — *HuwangDBS Vickers Research, July 21*