

BOLTON

Date : 22 July 2010
Publication : www.theedgeproperty.com
Title : BOLTON ready for the big league

Bolton ready for the big league
By The Edge Financial Daily
Thursday, 22 July 2010 19:43

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 rebranding 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 Valley. 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 UM Land, about RM1.4 billion GDV) which could boost RNAV by 38 sen or 17%. — HwangDBS Vickers Research, July 21

This article appeared in The Edge Financial Daily, July 22, 2010.