

PROPERTY

PETALING JAYA: Sime Darby Property Bhd is expected to sustain its growth momentum in the financial year ending Dec 31, 2024 (FY24), following a strong showing in FY23.

As part of its growth strategy, the property developer is set to expand its product mix by introducing more high-rise developments and industrial projects.

Optimistic about Sime Darby Property's prospects, several brokerages have raised their target prices for the company.

Hong Leong Investment Bank (HLIB) Research, for instance, increased its target price for the counter to RM1.10 from RM1.05 previously after raising its earnings forecasts for the company for FY24 and FY25. It maintained its "buy" call on Sime Darby Property.

TA Research also reiterated "buy" on the counter, with a higher target price of 91 sen from 89 sen previously, while Kenanga Research downgraded its recommendation to "market perform" from "outperform" previously, but it raised its target price for Sime Darby Property to 84 sen from 69 sen previously after raising its FY24 earnings forecast for the company.

HLIB Research noted that Sime Darby Property concluded FY23 with its highest revenue and operating profit post-2017 demerger, driven by normalised site progress and sustained strong sales.

In its report yesterday, the brokerage said the rising investment in industrial properties in Malaysia would bode well for Sime Darby Property's industrial properties sales and leasing prospects for its Industrial

Sime Darby Property to sustain growth in FY24

Introduction of more high-rise developments a win

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Hong Leong Investment Bank Research

Development Fund.

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Sime Darby Property's FY23 net profit rose 29.2% to RM407.9mil from RM315.8mil in FY22, as annual revenue grew 25.3% to RM3.4bil from RM2.7bil previously.

For FY23, it achieved RM3.3bil in sales, surpassing its initial target of RM2.7bil.

For FY24, Sime Darby Property set a sales target of RM3bil, aiming to launch RM3.9bil

worth of products comprising 34% industrial, 32% residential landed, and 31% residential high-rise developments.

"The management remains optimistic, attributing resilience to demand for properties in strategic locations and at attractive price points.

"As of Feb 4, the group had secured bookings totalling RM1.9bil," TA Research wrote in its report, citing a conference call with Sime Darby Property.

"The 2024 financial performance outlook for Battersea Power Station is expected to improve, driven by reduced holding costs as

more units are leased out and improved rentals.

"The anticipation of stabilised or potentially reduced interest rates is likely to stimulate demand in the overall UK residential market," it added.

Kenanga Research said Sime Darby Property's FY23 results beat expectations, with core net profit growth driven by strong sales of residential and industrial products.

These, the brokerage noted, would likely remain the group's key focus in FY24.

"Looking forward, Sime Darby Property is expanding its product mix by introducing more high-rise developments and industrial projects. This initiative reflects a proactive approach to capitalise on market demand and diversify its product offerings," it said.

"We like Sime Darby Property for its diversified portfolio in both landed residential and industrial products which reduce its dependency on residential high-rise products; strong foothold in matured townships, and proactive initiatives to boost recurring income via strategic investments," it added.