

TELADAN SETIA GROUP BERHAD



ACE Market | Property

Teladan Setia Group Berhad (Teladan Setia) is a Melaka-based property developer with an established portfolio of landed, low rise, and high-rise residential properties as well as landed shop houses, offices and retail shops. With its proven track record of completing 20 projects worth RM2.12 billion in cumulative gross development value, Teladan Setia is ready to expand its presence to the Klang Valley market.

Stock Code	0230
Market Cap (RM m)	487.2
Share Outstanding (m)	805.3
Current Price (RM)	0.605
52-week range (H)	0.805
52-week range (L)	0.575

**Data as of 23 May 2022*

[Company profile](#)

1. Could you give us a brief introduction to your company and achievements?

Teladan Setia was founded in 1997 by the late Datuk Teo Poh Boon when it launched its maiden project in Melaka. Over the years, we have built a strong brand presence and good reputation among the locals in Melaka. The Group has expertise in both residential and mixed developments, with capabilities in developing landed and high-rise buildings.

We have achieved many notable milestones in the past two decades including being one of the very first developers to build gated and guarded (G&G) townships in Melaka when we completed The Tropicana in 2010. A year later, we introduced our first high-rise residential project with the launch of The Tropicana Residences. In 2018, we unveiled our most valuable project to date, Atlantis Residences. The high-rise development has a gross development value (GDV) of RM603.9 million. In the same year, we began adopting Quality Assessment System in Construction (QLASSIC) requirements for our developments to enhance our product confidence. To date, we have completed 20 projects with a cumulative GDV of RM2.12 billion, with a strong historical sales rate of 99%.

In 2021, we were successfully listed on the ACE Market of Bursa Malaysia.

2. What are your key success factors?

Our priority in understanding the local community played a huge role in the Group's success so far. Unlike bigger cities, most homebuyers in Melaka are locals who view houses as a place to settle down rather than an investment to be rented out or profit from. It requires a different set of strategies when it comes to developing and marketing these projects. There are nuances in the home designs and development plans that are unique to the demographic here which we have mastered. Other than that, marketing efforts often also come in the form of word-of-mouth and referrals. Lately, we are also beginning to see many children of our earlier customers purchasing new homes from us again.

3. Describe your recent financial performance

In financial year ended 31 December 2021 (FY2021) results, we reported revenue of RM196.9 million, which was a solid year-on-year (YoY) improvement of 31.7% versus the previous year. Overall, we benefitted from higher property sales on the back of a healthier economic environment. Additionally, we also managed to carry out comparatively more construction activities at our ongoing sites, resulting in higher progress billings. In tandem with the improved turnover, we concluded FY2021 with a net profit of RM32.7 million. This was a 27.6% YoY increase from the preceding year.

[Link to Teladan Setia's Annual Report 2021](#)

In our recently announced first quarter results for the period ended 31 March 2022 (1QFY22), we reported revenue of RM58.9 million, which was a 42.4% YoY increase from 1QFY21. Accordingly, our net profit rose by one-third to RM9.5 million. The bottom line was the highest since the Group's listing on the ACE Market. The stark improvement was reflective of the ongoing economic recovery.

[Link to Teladan Setia's 1QFY22 result](#)

4. How much is your landbank now? Any plans for development?

We currently hold an undeveloped landbank of around 1,109.3 acres. This is inclusive of the recently completed acquisition of 5 parcels of land in Jasin, Melaka measuring 338.3 acres on 12 May 2022. Apart from a 4.9-acre plot in Selangor, the remaining land parcels are located in Melaka. Teladan Setia is believed to be holding one of the largest undeveloped landbank amongst property developers in Melaka.

In 2022, we intend to launch new developments valued at approximately RM1.04 billion in GDV targeting the upper-middle-income segment and the masses. For the former, we are introducing Taman Bertam Heights Phase 1B, which is a G&G township project, as well as Taman Desa Bertam Phases 3B2 & 4A. These projects have spacious living areas and all-rounded amenities, characteristics sought after by homebuyers since the beginning of the pandemic.

Apart from that, we will be launching affordable housing projects with Taman Bertam Heights Phase 1A and Taman Impiana Kesang Phase 1. The segment is deemed to be equally attractive, particularly among first-time homebuyers who are ready to make their purchases now that the economic environment has improved.

Finally, the Group will also be making its entry into the Klang Valley with the launch of Lakeshore Residences in Seri Kembangan, Selangor. The two-towered serviced apartment is strategically located near the Serdang KTM station and The Mines shopping centre.

Development	Location	GDV (RM mil)
Lakeshore Residences	Selangor	574.5
Taman Bertam Heights 1A & 1B	Melaka	242.7
Taman Desa Bertam 3B2 & 4A	Melaka	152.8
Taman Impiana Kesang 1	Melaka	72.7
	Total	1,042.7

5. How has the COVID-19 pandemic impacted your business? Are you affected by labour shortages in the construction industry?

The COVID-19 pandemic has impacted many industries and markets across the globe. The property sector was no exception. Due to a weaker economic landscape, consumers were less willing to spend on big-ticket items such as homes. This was reflected in our FY2020 performance. Our results improved in FY2021 in line with the gradual recovery of the business environment. The better showing was also attributed to our digitalisation efforts in our sales and marketing functions. **After Movement Control Order (MCO) 1.0, we added a fully immersive 3D home tour feature on our website to overcome potential operational stoppages, which turned out handy during the Full MCO (FMCO) in mid-2021.**

We expect that home demands to be healthy in 2022. However, there will still be challenges ahead mainly from the supply side. Higher commodity prices due to overwhelming demand could lead to profit margin compression. **Further, labour shortages issue is also one of key challenges. However, we are hopeful that the situation will improve with the Government currently in discussion to bring in a fresh batch of foreign labours after freezing recruitment for almost two years since the pandemic.**

6. What is the outlook of the property sector moving forward? In your opinion, how long would it take for the property sector to recover to the pre-COVID level?

We are upbeat about the property sector in 2022. This is premised on the recent reopening of our international borders, as well as the recovery of the national economy and job market. With that, we shall see a comeback in consumer spending on big-ticket items such as houses. For Melaka in specific, the border reopening is set to benefit the tourism sector which contributes a sizeable portion to the state's Gross Domestic Product (GDP). Hence, we are hopeful that the improved purchasing power of the locals will subsequently translate to higher property sales in the state.

Though we are projecting a better year for the property market, we believe it will take some time before we return to a pre-pandemic level given the severity of the COVID-19 crisis. We think 2023 will be a more realistic target.

7. Did you benefit from the Home Ownership Campaign (HOC) earlier? Would you hope for the campaign to continue in the near future?

We did benefit from it as we were actively participating in the HOC. Of course, it will be beneficial to the sector and the Group if the HOC returns in the future.

Nonetheless, we are still grateful for incentives pushed out by the Government including the introduction of the Housing Credit Guarantee Scheme with up to RM2.0 billion in provision. Also, despite the recent increase in the Overnight Policy Rate (OPR) from 1.75% to 2.00%, the current monetary policy, in general, is still in favour of our industry. Home loans are still relatively cheap.

8. Lastly, what is your value proposition and why should investors invest in your company?

Teladan Setia is a reputable property developer in Melaka. With over two decades of experience here, we have a deep understanding of what the locals want in their homes. We also possess the right strategy and formula when it comes to selling as witnessed by our historical sales rate of 99%. Supported by our sizeable undeveloped landbank of 1,109.3 acres, we are confident of replicating our success at a much larger scale moving forward.

Furthermore, the Group will be introducing its maiden project in the Klang Valley this year. We believe our experience in developing high-rise residential in Melaka will come in handy for our upcoming serviced apartment project in Seri Kembangan, Selangor. **As we embark on this geographical expansion, we believe the growth trajectory of the Group will be further elevated over the coming years. With that, shareholders' value is expected to rise accordingly.**

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