

Teladan Setia goes against the tide to reap premium debut on ACE market

By Cheah Chor Sooi | 21 hours ago | in Markets



THE soft real estate market environment does not deter Melaka-based property developer Teladan Setia Group Bhd from commanding a premium when it debuted at the ACE Market of Bursa Malaysia this morning.

From a listing price of 48 sen, the stock opened at 60 sen at the strike of the gong at 9am with an opening volume of 32.53 million shares.

The stock closed up 9.5 sen or 19.79% at 57.5 sen at the close of the morning trading session with 183.15 million shares traded, thus valuing the company at RM370 mil.

Teladan Setia is the largest initial public offering (IPO) on the local bourse in terms of amount thus far in 2021. From this IPO exercise, the group raised a total of RM77.3 mil, of which RM35 mil or 45.3% of the proceeds will be allocated for land acquisition in Melaka.

Another RM33.1 mil (42.8%) will be used as working capital for project development, RM4 mil (5.2%) for repayment of bank borrowings, while the balance RM5.2 mil (6.7%) has been earmarked for listing expenses.

Year-to-date, Teladan Setia is the fourth company to be listed in Bursa Malaysia after HPP Holdings Bhd (ACE Market), Jishan Bhd (LEAP Market) and Mobilia Holdings Bhd (ACE Market).

Currently, Teladan Setia has a diversified portfolio of developments comprising landed, low-rise and high-rise residential properties as well as landed shop houses, offices, and retail shops.

Since the group's establishment in 1997, Teladan Setia has completed property projects with a total gross development value (GDV) of RM2.1 bil. It currently has an undeveloped landbank totalling 73.9 acres and is in the process of acquiring another 145.2 acres of land. Most of the company's landbank is located in Melaka.

"We remain optimistic on the long-term outlook of the residential property sector in Melaka, supported by the state's leading position in the manufacturing and tourism sectors," commented Teladan Setia's managing director Richard Teo Lay Ban.

"In the past, our previous property development projects have received strong market acceptance from the local buyers. This is testament to our proven track record and extensive knowledge of the market's needs."

Over the next two years, the group is scheduled to launch four projects with total GDV of RM995.2 mil.

These upcoming projects are landed residential units located in Melaka. Currently, the Group's on-going developments are valued at a GDV of RM623 mil.

For its FY2020, Teladan Setia posted a revenue of RM149.6 mil with a net profit of RM25.3 mil. The company's gross profit margin and net profit margin remained high at 36.0% and 16.9% respectively.

Teladan Setia has adopted a dividend policy to distribute at least 20% of its annual net profits to shareholders. – March 16, 2021