

Press Release

14 May 2020

For Immediate Release

SECURED SALES OF RM470 MILLION FOR 1ST QUARTER OF FY2020

Revised Sales Target to RM3.80 billion

KUALA LUMPUR - S P Setia Berhad today announced that the Group had achieved a revenue of RM702.7 million and profit before tax of RM104.0 million for the first quarter ended 31 March 2020. Over the same period, the Group secured sales of RM470.0 million. Local projects contributed RM364 million, which represented approximately 77% of the total sales whilst the remaining RM106 million or approximately 23% were contributed largely by international projects such as *UNO Melbourne*, *Sapphire by the Gardens* and *Marque Residences* in Australia as well as *Daintree Residence* in Singapore. On the local front, sales were largely from the Central region with RM223 million, aided by RM86 million contributions from the Southern region while Northern region contributed another RM55 million. The total sales secured were also complemented by the concerted effort in clearing inventories where RM102 million worth of inventories were monetised during this period.

“In addition to the sales secured, the Group in the first quarter of FY2020 had also secured RM723 million bookings in the pipeline. During the extended conditional MCO period, the focus will be on the swift conversion of these bookings into sales,” said Dato’ Khor Chap Jen, President & CEO of S P Setia Berhad.

The Covid-19 pandemic has led to the unprecedented implementation of the MCO, which resulted in most businesses and social activities being severely disrupted. The property industry is not spared, and as a result, the anticipated recovery will not happen so soon. Instead, the subdued sentiment is expected to worsen and be prolonged. Some form of contraction is expected, but as the property industry has already been facing strong headwinds for the past few years, the contraction is more likely to be buffered rather than a steep decline.

The Group will have to be prepared for a very different operating landscape post-Covid-19. The recovery of the property industry will largely depend on the improvement of the broader economy and also the buyers' sentiment, which for now, remains weak as many are adopting a wait-and-see attitude.

“Nevertheless, the purchase of property is a relatively safe and sound investment in the medium to longer-term. Thus owner-occupiers and some investors may emerge due to attractive offerings by property developers,” said Dato' Khor.

Prior to the start of the MCO, the Group had launched projects worth approximately RM478 million of Gross Development Value, all in the Klang Valley area. These projects comprised of landed properties such as 2-storey terraced houses in *Alam Impian* priced from RM714,000 onwards, 2-storey terraced houses in *Bandar Kinrara* priced from RM1.0 million onwards, 2-storey semi-detached houses in *Setia Alam* priced from RM1.0 million onwards as well as 2-storey terraced houses in *Setia Safiro* priced from RM800,000 onwards. The Group had witnessed good responses from prospective buyers of these projects where the take-up rates had been most encouraging.

Starting from 13 April 2020, several additional economic sectors, including the construction sector, have been allowed to apply for recommencement of work on the condition of strict adherence to health and safety guidelines. Subject to the authorities' approval, some of the eligibility requirements to resume construction work are projects that have achieved physical progress of 90% and above, maintenance works, sloping works and building projects with 70 IBS score and above. Several construction sites of the Group that met the eligibility requirements had been gradually granted approval, and though construction work is not carried out at full swing, this relaxation of the MCO allowed some construction work to slowly resume.

The continued practice of social distancing over the extended conditional MCO period will impact on construction progress. Concerns on job security remain heightened, and consumers will be more cautious about their spending, especially on purchasing 'big ticket' items such as properties. Hence, as the Group expects that economic activities will take some time to recover, the sales target for FY2020 is revised from RM4.55 billion to RM3.80 billion, which is aligned to the present market conditions.



“The outlook for FY2020 remains challenging and uncertain as the full impact of the Covid-19 pandemic has not been ascertained. However, the Group remains resilient as unbilled sales totalling RM9.80 billion will place the Group in good stead during this challenging time and see the Group through over the next 2 years,” continued Dato’ Khor.

Moving forward, other than focusing on clearing the completed inventories, the Group will remain prudent with limited new launches concentrating on the mid-range landed units in established townships to cater to the demand of owner-occupiers. The Group is also anchored by 48 on-going projects and an effective remaining land banks of 8,718 acres with a Gross Development Value of RM138.87 billion as at 31 March 2020.

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About S P Setia Berhad

Since its incorporation in 1974, S P Setia has been a household name in the property development industry. The Group is recognised as one of Malaysia’s leading listed real estate players with a portfolio that encompasses townships, eco-sanctuaries, luxury enclaves, high-rise residences, commercial and retail developments.

S P Setia is the only Malaysian developer to have received eleven FIABCI World Gold Prix d’Excellence Awards by the International Real Estate Federation (FIABCI) and twelve FIABCI Malaysia Property Awards. In 2019, S P Setia was ranked No.1 in The Edge Malaysia Top Property Developers Awards for a record-breaking 12th time, the only developer to have achieved this feat since the inception of the awards.

The Group is well-established in three key economic centres of Malaysia, namely Klang Valley, Johor Bahru and Penang besides having a project in Sabah. Its international reach now includes six countries which are Vietnam, Australia, Singapore, China, the United Kingdom and Japan.

As of 31 March 2020, the Group has 48 ongoing projects, with an effective remaining land banks of 8,718 acres valued at a Gross Development Value of RM138.87 billion and total unbilled sales of RM9.80 billion.

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