

Press Release

13 November 2020

For Immediate Release

SALES OF RM2.26 BILLION SECURED UP TO Q3FY2020
Fair chance to hit sales target of RM3.80 billion

KUALA LUMPUR – S P Setia Berhad today announced that the Group registered a revenue of RM1.08 billion and a loss before tax of RM219.0 million for the third financial quarter ended 30 September 2020 and for the year-to-date 30 September 2020, the Group recorded a revenue of RM2.11 billion and a loss before tax of RM277.4 million. The loss was due to a share of impairment of RM336.3 million (£62.4 million), arising from the Group’s 40% owned joint venture company, Battersea Project Holding Company Ltd, UK (“BPHC”) in the 3rd quarter 2020.

The shareholders of BPHC collectively resolved to recognise such impairment of its inventories under development amid the challenges presented by the Covid-19 pandemic and specifically the impact on the delivery of the Battersea Power Station project in London, UK. The said impairment does not have any impact on the Group’s cash flow position.

Excluding the aforesaid impairment, the Group would have a profit before tax of RM117.2 million for the third financial quarter ended 30 September 2020 and profit before tax of RM201.3 million for the year-to-date 30 September 2020.

It is worth noting that for the nine months period ended 30 September 2020, the Group secured total sales of RM2.26 billion. Local projects contributed RM1.85 billion or approximately 82% of the sales whilst the remaining RM410.0 million or approximately 18% 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 mainly from the Central region with RM1.36 billion, aided by RM306.0 million contribution from the Southern region while Northern region contributed another RM160.0 million. The total sales secured were also complemented by the concerted effort in clearing completed inventories, whereby RM462.0 million worth of completed inventories were monetised during this period. Notwithstanding the above, our sales registered as at 31 October 2020 stood at RM2.86 billion.

“We are heartened that as at 31 October 2020, our sales and secured bookings stood at RM2.86 billion and RM1.67 billion respectively. We noted that many potential buyers realised the importance of owning a home that complements their lifestyle and needs under the new norm. Our key focus for the next 2 months would be on the swift conversion of these bookings into sales, and hence, we believe we have a fair chance to achieve our sales target of RM3.80 billion set for this financial year,” said Dato’ Khor Chap Jen, President & CEO of S P Setia Berhad.

As part of the effort to stimulate the national housing sector activities, the Government supported and reintroduced the Home Ownership Campaign (“HOC”) 2020 which was well received by the buyers at large. Additional incentives are given, such as uplifting of the loan margin and exemption of RPGT for disposal of residential properties also contributed an uptick in buying interests.

“The OPR cuts which totalled to 125bps year-to-date to an all-time low of 1.75% provided the much-needed cushioning and support to the housing demand, particularly in the primary market. We can see a relatively stronger recovery in the loan application growth for residential property purchases and are mainly owner-occupied and in the mid and affordable market segment,” added Dato’ Khor.

In the recent Malaysian Budget 2021 announcement, the Government outlined several measures to further increase homeownership which include full stamp duty exemptions on both instruments of transfer and loan agreement for the purchase of property worth up to RM500,000 by first-time homebuyers. These measures will take effect from 1 January 2021 to 31 December 2025.

“The exemption will help to encourage sales to first-time homebuyers. Waiving of this duty is a good move to help boost the interest as it lessens the affordability gap for first-time homebuyers,” said Dato’ Khor.

Despite the uncertain outlook and the economic aftershocks brought about by the Covid-19 pandemic in the ensuing Conditional Movement Control Order (“CMCO”) period, many potential homebuyers are still on the hunt for a bargain and to take advantage of the incentives given under current buyers’ market condition.

Taking the cue from the current market demand and the buyers’ affordability level, the Group rides on its strong brand presence in several major townships namely *Setia Alam*, *Bandar Kinrara* and *Alam Impian* and launched several landed residential projects in Q3FY2020 with a combined gross development value of approximately RM340.0 million. Take-up rate is strong, especially in the mid-range landed units as proven in some of our projects recent launches. For instance, the 2-storey terrace houses in *Alam Impian* priced at RM730,000 onwards recorded a 92% take-up rate. And over in *Setia Alam*, the much anticipated 2-storey terrace houses priced from RM768,000 witnessed a 90% secured bookings rate. Elsewhere in Southern region, *Setia Tropika* launched its 2-storey cluster homes with encouraging response priced from RM870,000.



In line with the new norm, buyers are increasingly more adaptive and at ease using digital tools and means to source for their new homes. Heeding this paradigm shift, the Group is placing more emphasis on digital marketing initiatives and virtual events to engage its broad-based customers. The Group is also leveraging on targeted social media and messaging applications to assist buyers in their buying process. An app called “Setia On-The-Go” was created to introduce our vast range of properties to potential homebuyers. Our online presence is further equipped with “Setia Virtual-X”, an online property showcase platform having interactive functions along with combined features such as virtual tours and walk-throughs, virtual events and virtual show units.

Backed by an unbilled sales totalling RM9.82 billion in place, this will sustain the Group for the next two years. The Group is currently anchored by 48 on-going projects and an effective remaining land banks of 8,653 acres with a Gross Development Value of RM137.44 billion as at 30 September 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 twelve 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 the three key economic centres of Malaysia, namely Klang Valley, Johor Bahru and Penang and also has a project in Sabah. Its international reach now includes six countries which are Vietnam, Australia, Singapore, China, the United Kingdom and Japan.

As of 30 September 2020, the Group has 48 on-going projects, with an effective remaining land banks of 8,653 acres valued at a Gross Development Value of RM137.44 billion and total unbilled sales of RM9.82 billion.

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