

Banking on nature attractions

COMPANY
IRM LISTING
BOARD
PRICE
IPO Tracker

By TEE LIN SAY
linsay@thestar.com.my

Amid the lush greenery in the outskirts of Kuantan, Pahang, there lies a secret modern-day oasis known mainly to the locals in the area. This 45.8-acre aquatic amusement park is called Bukit Gambang Resort City.

Nestled in the middle of 547 acres, Bukit Gambang has seen one million visitors since its opening in July 2009, thus making it the third most visited amusement park in Malaysia after Genting Resort and Sunway Resort.

Encouraged by the good response, its developer and operator Sentoria Group Bhd is now in the midst of expanding, and works are already under way for a brand new safari theme park which will commence operations by year-end.

Projected to be fully operational by 2014, visitors can expect exotic offerings from the safari park, with concepts such as an elephant lodge with elephants freely roaming outside cottages, nocturnal jungles, tiger valleys and bear mountains.

The first two components of the safari park, the night jungle and foreign village will be opened September this year.

"Construction work for the RM48mil safari park had started in November 2011, and we are planning to complete it in two years. Further down, Sentoria plans to construct an aquarium park for RM30mil and an adventure land for RM170mil," says Sentoria's joint managing director Datuk Gan Kim Leong.

The other managing director is Datuk Jimmy Chan. Both are former

Sentoria building on its Bukit Gambang success with safari park and residential projects



Wet fun: Exciting activities awaits families at Bukit Gambang's Coco Beach. Sentoria started off as a fledgling property developer and has since sold more than 4,000 units of affordable homes in Kuantan.

engineers who decided to start their own property development company a decade ago.

"Yes, people do ask how did two engineers start a theme park? Well that big piece of land was floating in the market, and we saw the opportunity. We had also surveyed how the other water theme parks in Malaysia fared. Hence, we submitted a proposal to the Government and that's how it came about," says Gan.

Chan says Sentoria is targeting two million visitors per year once all these new parks come onstream in 2018. He also hopes to generate a revenue of RM100 per visitor, hence revenue from the theme park should be RM200mil by then.

The Bukit Gambang theme park is accessible via the East Coast Highway while Firefly flies direct from Penang, Kuala Lumpur and Singapore.

"Right now, most of our visitors are locals. But we are getting visitors from Singapore and the Klang Valley. To cater for the increase in visitors, we have in the pipeline three residential projects, which will be able to accommodate a total of 6,000 visitors," says Chan.

Existing accommodation for the Bukit Gambang Resort is primarily the Carribean Bay Resort, which has 998 rooms. The average occupancy rate here in the last two years has been 24.5% and 30.5% respectively.

"We are quiet on weekdays and fully booked during weekends and holidays," says Gan.

One of the residential projects in the pipeline is the RM92mil Arabian Bay Resort, which will have 546 units of resort suites.

"For the Arabian Bay Resort, we have already achieved an 82% take-up rate under a sales and leaseback

agreement. We embarked on this agreement to remain asset light and to utilise our capital more efficiently," says Gan.

Chan says the leisure and hospitality division contributes 30% to revenue while its property segment contributes 70%. He is targeting a 50:50 ratio contribution by 2018.

Sentoria started off as a fledgling property developer in 2001. To date, it has completed and sold more than 4,000 units of affordable homes, mainly in Kuantan.

One of its key attractions has been its affordable pricing. For instance, a low-cost house complete with plaster ceiling is sold for RM35,000, while terrace houses range between RM65,000 and RM105,000. A semi-detached house is priced at RM128,000.

Sentoria currently holds a 25% market share of the Kuantan residential market. Its strategy has been to embark on joint ventures with landowners to develop townships.

"Moving forward, we are looking to replicate our success in Kuantan in the outskirts of Negri Sembilan and Selangor. We are on the lookout for land in those areas," says Chan.

Earnings-wise, Sentoria has been growing by an average compounded growth rate of some 20% since 2008.

For the 10 months to October in calendar year 2011, the group's revenue increased 53.4% to RM143.7mil and net profit jumped 211.51% to RM33.6mil. The results of 2011 were partially due to an additional deferred-tax assets of RM12.6mil from its hospitality segment.

As of the 10 months to 2011, 70% of the revenue came from property development while the remainder came from its leisure and hospitality division. Gan adds that while most of the properties from its existing

developments have been sold, there will still be revenue recognition over the next few years.

Set to be listed on the Main Market of Bursa Malaysia on Feb 23, Sentoria will be raising RM51.6mil from its initial public offering (IPO). It intends to use the bulk of the proceeds from the IPO for its theme park development as well as to repay RM11.2mil in bank borrowings.

As at July 31, 2011, Sentoria has gross borrowings of RM50.1mil and cash of RM10.5mil. Post its IPO exercise, it will have gross borrowings of 40.1mil and cash of RM38.1mil.

Sentoria's IPO entails a public issue of 60 million new shares and an offer for sale of 40 million shares to International Trade and Industry Ministry investors. The company will have a total of 400 million shares at 20 sen, with a paid-up capital of RM80mil. Chan and Gan will jointly own 62% of the company or 247.98 million shares.

Based on its IPO price of 85 sen, Sentoria will have a market capitalisation of RM348mil. The stock will be trading at a 2012 price earnings ratio of 6.5 times. This means that Sentoria is projected to make some RM52mil for its financial year ending Sept 30, 2012.

Meanwhile, of the 60 million public shares, 20 million are allocated for public balloting and 10 million for eligible directors, employees and business associates of the group. About 30 million shares will be allocated for private placement at 87 sen apiece. The 40million shares for Miti investors are priced at 87 sen each.

AmlInvestment Bank Bhd is the principal advisor, managing underwriter and joint placement agent for the IPO, while Kenanga Investment Bank Bhd is the joint placement agent.