



Atrium REIT

“Maintaining FY22 net profit forecast”

Bloomberg: ATRM MK | Reuters: ATRL.KL | Stock Code: 5130

Valuation / Recommendation

We are maintaining our net profit forecast of RM23.1 m for FY22. We are also maintaining our price target of RM1.69 and BUY recommendation for Atrium REIT.

Investment Highlights

Net rental income dipped 2.2% to RM8.9 m in 1Q22 (1Q21: RM9.1 m). The decrease in net rental income was due to 1) rent free amortization adjustment and 2) higher property operating expenses mainly attributed to the additional property expenses from Atrium Shah Alam 4.

1Q22 net profit of RM5.5 m (1Q21: RM6.5 m net profit). The 15.7% yoy decline in net profit was mainly due to higher finance costs. Despite the decline, net profit was still within our expectations.

First interim income distribution of 2.20 sen per unit in respect of 1Q22 (1Q21: 2.50 sen). Ex-Date: 18 May 2022. Payment Date: 02 June 2022.

Atrium Shah Alam 4 to boost net profit and distributions once tenanted. Atrium Shah Alam 4 is currently undergoing a major asset enhancement initiative to upgrade the existing factory building to a grade A warehouse facility with completion targeted by 4Q22.

Risk factors. Unable to rent out properties at reasonable rental rates once existing leases expire.

Share Information	Top 3 Shareholders (%)		
Market Cap (RM m)	304.9	Tuck Chan Kam	21.3
Issued Shares (m)	204.6	Hong Leong Assurance Bhd	7.5
52W High (RM)	1.58	Glory Blitz Industries Sdn Bhd	7.0
52W Low (RM)	1.42		
Estimated Free Float (%)	56.5		
Beta vs FBMKLCI	0.37		
65-Day Average Vol. ('000)	57.2		

Sources: Mercury Securities, Company, Bloomberg, Wall Street Journal

INVESTMENT STATISTICS FY Dec	FY19	FY20	FY21	FY22F	FY23F
Revenue (RM m)	23.0	34.4	39.1	40.9	46.4
Net Rental Income (RM m)	21.4	32.2	36.4	38.0	43.2
Net profit (RM m)	3.5	21.0	18.2	23.1	25.5
Earnings Per Unit (sen)	2.3	10.2	8.9	11.3	12.5
EPS Growth (%)	(76.4)	355.1	(13.1)	26.6	10.7
PE (x)*	46.2	14.6	16.7	13.2	11.9
Gross Distribution Yield (%)*	7.5	8.6	6.5	6.8	7.5
Net Gearing (%)**	54.1	69.1	87.6	86.5	85.2
ROA (%)	0.8	4.2	3.4	4.3	4.7
Return on Unitholders' Funds (%)	1.3	7.9	6.9	8.7	9.5
NA Per Unit (RM)	1.28	1.30	1.29	1.30	1.31

Sources: Mercury Securities, Company

*PE and gross distribution yield for FY19-20 are based on the closing share price of the last trading day of FY19-20.

**Net gearing is calculated as: (Total debt – Cash & Equivalents)/Total Unitholders' Funds

MAIN MARKET

REITS

BUY

TP: RM1.69

Price: RM1.49

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RESULTS (RM m) FY Dec 31	1Q22	4Q21	qoq %	1Q21	yoy %
Net Rental Income	8.9	9.1	(2.0)	9.1	(2.2)
EBIT	7.6	2.3	224.9	8.1	(6.1)
Net Finance Expense	(2.1)	(2.6)	-	(1.5)	-
Profit Before Tax	5.5	(0.3)	-	6.5	(15.7)
Net Profit	5.5	(0.4)	-	6.5	(15.7)
Earnings per unit (Sen)	2.7	(0.2)	-	3.2	(15.7)

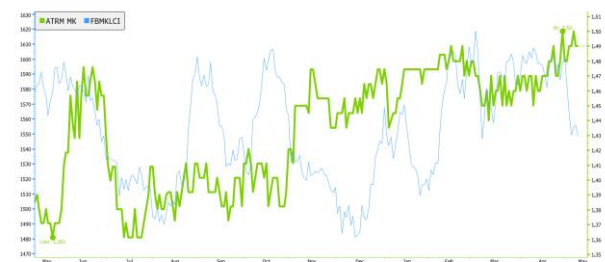
Business Overview

Atrium REIT is an industrial asset focused real estate investment trust. Its property portfolio consists of eight industrial properties located in prime locations in the Klang Valley and Penang, namely, Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Shah Alam 3, Atrium Shah Alam 4, Atrium Puchong, Atrium USJ, Atrium Bayan Lepas 1 and Atrium Bayan Lepas 2.

Stock Return Information

FBMKLCI (pts)	1,555.93
Expected Capital Gains (%)	13.4
Expected Gross Distribution Yield (%)	6.8
Expected Total Return (%)	20.2

Price Performance	1M	3M	12M
Absolute (%)	1.4	0.4	7.6
Relative to Index (%)	4.4	1.8	8.9



Sources: Mercury Securities, Bloomberg, Company

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