

## ROXY-PACIFIC: Adjusted NAV inches up to 78.32 cents a share

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**THE 1Q2016 headline numbers for Roxy-Pacific Holdings look dismal but the underlying value of the business remains substantially above that suggested by the stock's market price.**

Roxy's adjusted net asset value (NAV) was 78.32 cents a share as at end-March 2016, up a little from 77.16 cents as at end-Dec 2015.

In contrast, its share price traded recently at 48.5 cents.

The adjusted NAV has two components -- the book value and the revaluation surplus.

Roxy measures its property, plant and equipment at cost less depreciation and impairment loss.

A revaluation surplus arises as a result of the excess of the fair value of its hotel properties (includes Grand Mercure Roxy Hotel, Noku Kyoto Hotel in Kyoto, Japan and hotel property in Phuket, Thailand) and own use premises over their carrying amounts.

Roxy estimated the fair value of these properties to be \$588.3 million (unchanged from as at 31 December 2015) mainly based on valuation carried out by an independent valuer on 31 Dec 2015.

The revaluation surplus is estimated to be \$464.8 million (31 December 2015: \$463.4 million).

Thus, Roxy's business value is not substantially reflected in the share price --- and the market is (understandably) focusing on the headline numbers.

◆ Excluding Centropod@Changi, 1Q2016 net profit increased by > 7X

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### Roxy Pacific Holdings

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<b>Share price:</b>	<b>Adjusted NAV:</b>
<b>48.5 c</b>	<b>78.32 c</b>

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**Property development:** In 1Q2016, revenue declined 52% to \$88.3 million from \$184.3 million in 1Q2015. The decrease was largely due to an absence of revenue recognition (S\$141.4 m) from the completion of Centropod@Changi, a commercial development project which obtained its Temporary Occupation Permit in 1Q2015.

The decrease was partially offset by revenue recognised from Whitehaven, Trilive and LIV on Sophia projects.

### Property development revenue

**1Q2016** S\$88.3 m

**1Q2015** S\$184.3 m

(boosted by \$141.4 m revenue recognition from Centropod@Changi (*right*))



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**Hotel ownership:** Revenue from this segment, which contributed 11% to the Group's turnover, rose by 7% to \$11.7 million from \$10.9 million in 1Q2015.

Grand Mercure Roxy Hotel maintained an average occupancy rate ("AOR"), average room rate ("ARR") and revenue per available room ("RevPar") of 89.1%, \$163.9 and \$146.0 in 1Q2016 respectively.

In 1Q2015, AOR was 87.2%, ARR \$172.5 and RevPar: \$150.4.

**Property Investment:** Revenue from this segment, which was consistent with 1Q2015, constituted the balance of the Group's turnover of 3%. The segment generated revenue of \$3.0 million in 1Q2016.

At the end of the day, Roxy's 1Q2016 net profit fell 76% to **\$10.9 million** on \$103.0 million revenue (-48% y-o-y). Excluding Centropod@Changi, net profit surged more than 7X y-o-y.

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*Roxy-Pacific's Powerpoint presentation slides are available [here](#).*

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