

Financial Year End	31/12/2011
Report Period Ending	31/12/2011
Reporting Quarter	4Q-2011

MALAYSIA EQUITY BINA PURI HOLDINGS BHD

RESULTS REPORT

Recommendation	BUY
Target Price (MYR)	1.30
Current Price (MYR)	0.94

Industry Group	Engineering&Construction
Industry Sub Group	Building-Heavy Construct

Key Company Statistics

Bloomberg Ticker	BIN MK
Bursa Stock Code	5932
Issued Capital (mn shares)	123.5
Market Capitalisation (MYR mn)	115.5
52 week High (MYR)	1.41
52 week Low (MYR)	0.85
Average Volume (3 month) '000	172.5
1 Yr Return (%)	-27.4

Major Shareholders (%)

Jentera Jati Sdn Bhd	19.0
Bumimaju Maw ar Sdn Bhd	14.0
Tee Hock Seng	13.7

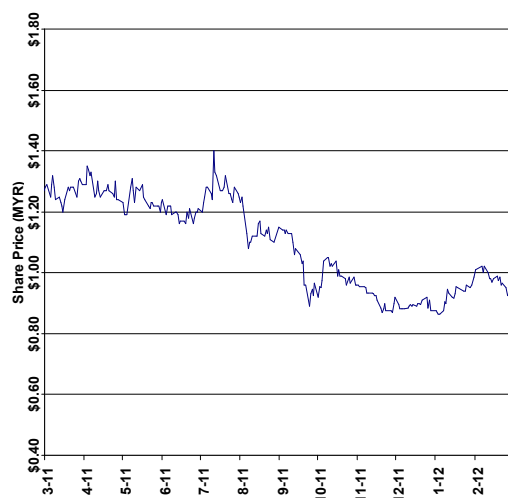
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

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SHARE PRICE LAST 12 MONTHS (MYR)



YTD 4Q FY11 revenue decreased 4.3% vs YTD 4Q FY10, whilst PBT grew 80.1% over the same period. BPHB's order book has grown very strongly over the past several quarters and now stands above MYR 2.7 bn. YTD 4Q FY11 operating margins expanded to 2.6% vs 1.4% YTD 4Q FY10. Net profit margins YTD 4Q FY11 were crimped by much higher effective tax rates. BPHB is gradually raising its operating margins by adding higher margin projects to its order book, e.g. the MYR 800mn GDV in property development projects in Klang Valley, Johor Bahru and Kota Kinabalu and the new highway concession in Pakistan.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) increases in construction materials cost, ii) rising interest rates as the company is highly geared, and iii) a sharp slowdown in the general level of economic activity in Malaysia or among the many economies where BPHB is active. This company has a global order book, which tends to diminish investment risk. However, a rising exchange rate could have adverse effects on overall profitability.

RECOMMENDATION

We maintain our BUY recommendation on BPHB with a fair value estimate of MYR 1.30. Value investors will be attracted by the combination of respectable earnings growth at earnings multiples in line with the company's peers. Looking ahead, average ROE is heading to levels of 14-16%, well above the 7-8% average seen over the period eight quarters. Meanwhile, at current prices, the shares trade on 0.8x current book value.

Though BPHB's net margins have historically been quite thin, the company has a proven record of building its order book. The other aspect that may put off investors is the very high debt/equity ratio that the company has historically maintained. It should be noted, however, that the ratio of operating profits to interest expense is 6.0x for YTD 4Q FY11 vs 4.6x for YTD 4Q FY10.

COMPANY PROFILE

Bina Puri Holdings Bhd ("BPHB") is mainly engaged in civil engineering/construction, quarry/ready mix concrete and property development. The group was founded in 1975 and was listed in 1995. BPHB derives a substantial portion of its order book overseas, and has completed major highway projects in India, housing projects in Thailand, luxury hotels in Nepal, and various types of buildings in China, Indonesia, and several countries throughout the Middle East.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2010	2011	2012F	2013F
Revenue	1,230.6	1,177.3	1,282.2	1,417.2
Revenue g (%)	56.2	-4.3	8.9	10.5
Net Profit	10.6	6.0	22.0	27.9
Net Profit g (%)	65.2	-43.1	>100	26.7
Dividends	3.1	3.2	3.1	3.1
Owners' Equity	109.7	129.2	148.0	172.7
Total Liabilities	654.1	758.2	846.8	945.7
Debt/Equity (%)	596.4	587.1	572.2	547.5
EPS (sen)	8.6	4.9	17.8	22.6
P-S (x)	0.1	0.1	0.1	0.1
P-E (x)	16.3	18.0	5.3	4.1
P-BV (x)	1.6	0.8	0.8	0.7
ROE %	9.7	4.7	14.9	16.1

MALAYSIA EQUITY
BINA PURI HOLDINGS BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

FY Dec	4Q-11	4Q-10	Q-o-Q %chg	YTD FY11	YTD FY10	Y-o-Y %chg
Revenue	289.0	369.7	-21.8	1,177.3	1,230.6	-4.3
Operating Profit	15.9	3.4	>100	30.7	16.8	82.7
Other Income	2.0	0.9	>100	6.5	6.0	9.1
Share of Associates	-0.6	0.0	>100	-0.1	0.6	na
Depreciation/Amort'n	-6.1	-6.1	1.1	-10.4	-8.6	21.1
Finance Costs	-1.8	-0.7	>100	-5.1	-3.7	39.4
Pre Tax Profit	12.2	2.9	>100	25.5	14.1	80.1
Tax	-13.8	-0.4	>100	-18.7	-2.8	>100
Minority Interest	0.0	-0.1	-96.5	-0.7	-0.8	-2.8
Net Profit to S'holders	-1.5	2.5	na	6.0	10.6	-43.1
Dividends	0.0	0.0	na	-3.2	-3.1	2.1
EPS (sen)	-1.2	2.0	na	4.9	8.6	-43.1
DPS (sen)	0.0	0.0	na	-2.6	-2.5	2.1
Operating Margin (%)	5.5	0.9	>100	2.6	1.4	90.9
Net Margin (%)	-0.5	0.7	na	0.5	0.9	-40.5
Effective Tax rates (%)	112.6	13.1	>100	73.4	19.6	>100
NTA/share (RM)				1.05	0.89	17.8

Comments
YTD 4Q FY11 revenue decreased 4.3% vs. YTD 4Q FY10. The company appears to be trading off sales growth for improved margins; a wise move in our opinion.
PBT margins substantially higher on improved project selection.
Net profit reduced by higher effective tax rate; We expect tax rates to revert lower towards statutory rates in the quarters ahead.

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current FY* Ending	TRC			
	Bina Puri Bhd Dec-12	Synergy Bhd Dec-12	Ahmad Zaki Bhd Dec-12	Kimlun Corp Bhd Dec-12
Revenue	1,282.2	430.0	586.0	717.0
Net Profit	22.0	14.8	13.0	46.9
Owners' Equity	148.0	325.3	193.1	250.1
Dividends	3.1	1.5	5.7	12.5
Market Cap	115.5	334.4	275.4	343.5
P-S (x)	0.1	0.8	0.5	0.5
P-E (x)	5.3	22.6	21.2	7.3
P-BV (x)	0.8	1.0	1.4	1.4
Div Yield (%)	2.7	0.4	2.1	3.6
Net Margins (%)	1.7	3.4	2.2	6.5
ROE (%)	14.9	4.5	6.7	18.8
Payout Ratio (%)	14.3	10.1	43.8	26.7

*Consensus data used for peers where available

PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)

FY Dec	2010	2011	2012F	2013F
Revenue	1,230.6	1,177.3	1,282.2	1,417.2
Operating Profit	16.8	30.7	37.6	47.1
Other Income	6.0	6.5	6.9	6.9
Share of Associates	0.6	-0.1	0.0	0.0
Depreciation/Amortization	-8.6	-10.4	-12.1	-12.6
Finance Costs	-3.7	-5.1	-4.8	-5.4
Pre Tax Profit	14.1	25.5	33.3	42.1
Tax	-2.8	-18.7	-11.0	-13.9
Minority Interest	-0.8	-0.7	-0.3	-0.4
Net Profit to Shareholders	10.6	6.0	22.0	27.9
Operating Margin (%)	1.4	2.6	2.9	3.3
PBT Margin (%)	1.1	2.2	2.6	3.0
Net Margin (%)	0.9	0.5	1.7	2.0
Effective Tax Rate (%)	19.6	73.4	33.0	33.0

BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

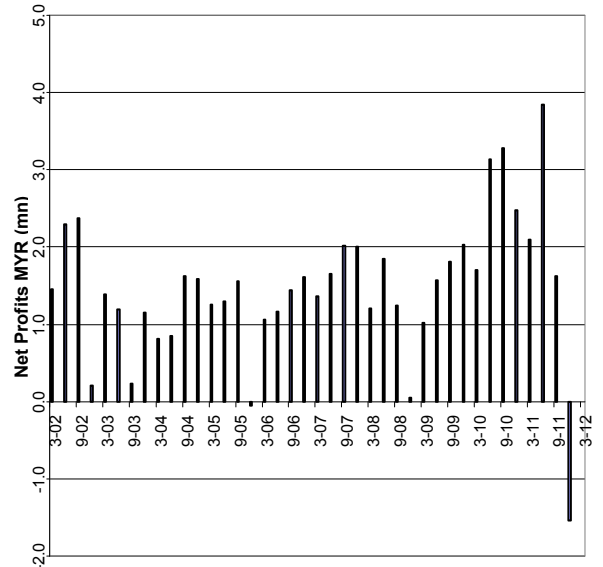
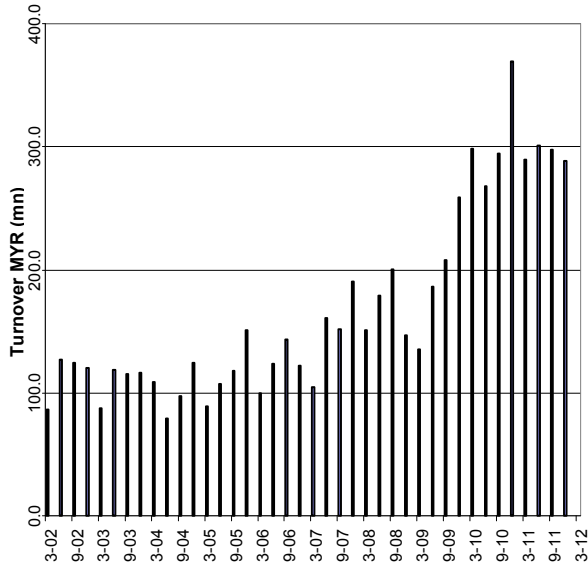
FY Dec	2010	2011	2012F	2013F
Total Assets	776.0	900.8	1,008.2	1,131.8
Fixed Assets	56.5	94.6	98.5	102.5
Current Assets	665.3	763.9	855.4	961.1
Other LT Assets	54.3	42.2	54.3	68.2
Current Liabilities	645.5	741.4	828.0	924.8
LT Liabilities	8.6	16.8	18.7	20.9
Total Liabilities	654.1	758.2	846.8	945.7
Share Capital	107.0	121.9	121.9	121.9
Minority Interest	12.2	13.4	13.4	13.4
Owners' Equity	109.7	129.2	148.0	172.7
Total Equity	121.9	142.6	161.4	186.1
Total Liabilities & Equity	776.0	900.8	1,008.2	1,131.8

PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2010	2011	2012F	2013F
Revenue	996.4	953.2	1038.1	1147.5
Cash Flow	15.5	13.3	27.6	32.8
Earnings	8.6	4.9	17.8	22.6
Dividends	2.5	2.6	2.5	2.5
Book Value	88.8	104.6	119.8	139.8
Payout (%)	29.6	53.1	14.3	11.3
P-S (x)	0.1	0.1	0.1	0.1
P-CF (x)	9.0	6.6	3.4	2.9
P-E (x)	16.3	18.0	5.3	4.1
P-BV (x)	1.6	0.8	0.8	0.7
Dividend Yield (%)	1.8	2.9	2.7	2.7
ROE (%)	9.7	4.7	14.9	16.1
Total Debt/Equity (%)	596.4	587.1	572.2	547.5

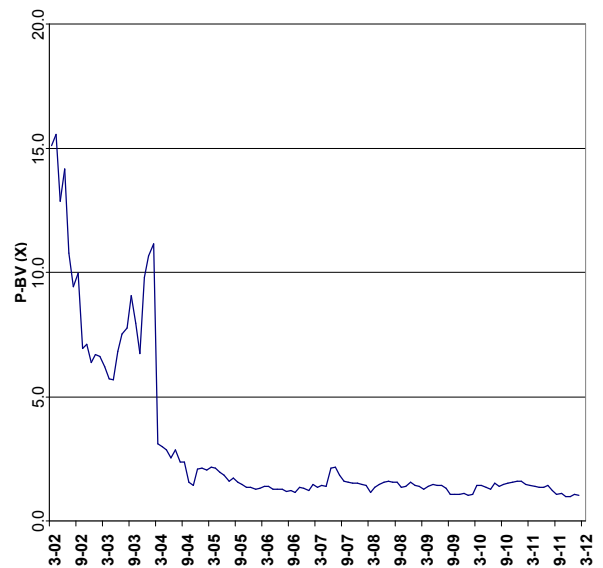
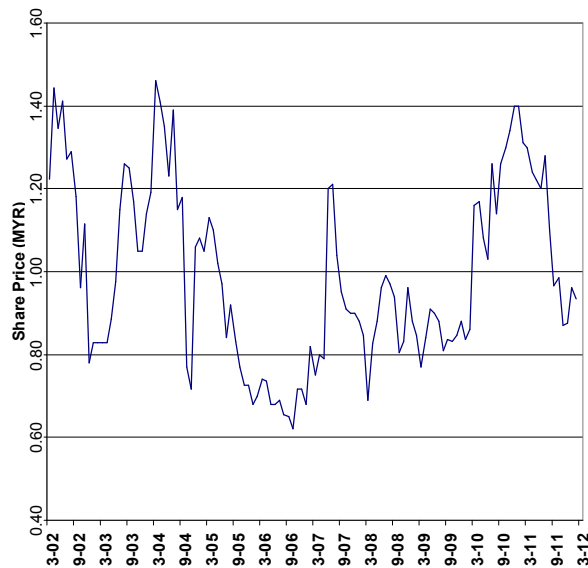
REVENUE - QUARTERLY LAST 10 YEARS (MYR mn)

NET PROFIT - Q' TERLY LAST 10 YRS (MYR mn)



SHARE PRICE - MONTHLY LAST 10 YEARS (MYR)

P-BV (X) - MONTHLY LAST 10 YEARS



**ANALYST'S DISCLOSURE**

BUY: Share price may exceed 10% over the next 12 months

TRADING BUY: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

HOLD: Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT: Target price has been attained. Look to accumulate at lower levels

SELL: Share price may fall by more than 10% over the next 12 months

NOT RATED (NR): Stock is not within regular research coverage

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J Charles Wilson
Head of Research

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Date of Recommendation	% Price Change Since Prior Recommendation
BIN MK Equity	28-Feb-11	BUY	1.70	1.31	
BIN MK Equity	20-Apr-11	BUY	1.70	1.27	-3.1%
BIN MK Equity	23-May-11	BUY	1.60	1.22	-3.9%
BIN MK Equity	22-Aug-11	BUY	1.60	1.12	-8.2%
BIN MK Equity	21-Nov-11	BUY	1.30	0.89	-21.0%
BIN MK Equity	29-Feb-12	BUY	1.30	0.94	5.6%

QUESTIONS?**CONTACT THE INVESTMENT ADVISER:**

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