

**BUY**  
**RM1.31**

12M- Target Price: RM1.60

**Stock data**

Market cap (RMm):	141.3
Issued shares (m):	107.9
52-week range:	RM0.805-RM1.65
3-mth avg daily volume:	321,517
Bloomberg code:	BPURI MK
YTD price chg since listing:	-6.4%
YTD KLCI chg:	-1.8%
Est. free float:	44.9%
<b>Major shareholders:</b>	
<i>Jentera Jati Sdn Bhd</i>	18.9%
<i>Bumimaju Mawar Sdn Bhd</i>	13.9%
<i>Hock Seng Tee</i>	13.6%
<i>Cheng Kiat Tan</i>	8.7%

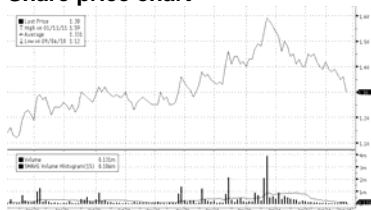
KLCI	FBM70	FBM100	Syariah	Hijrah
No	No	No	Yes	No

**Consensus**

FYE 31 Dec	2011E	2012E
Net profit (RMm):	19.9	33.0
EPS (sen):	19.0	32.0

**Forecast revision**

FYE 31 Dec	2011E	2012E
Previous Net profit (RMm):	19.9	33.0
Revision (%):	-17%	-47%
Revised Net profit (RMm):	16.5	17.4

**Share price chart**


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# Bina Puri Holdings

## FY10 results lower than expectations

Bina Puri FY10 net profit of RM12m came in only at 65% of our forecast. The lower than expected results were mainly due to some delays in new LCCT projects and as well as LRT expansion project. The EBIT margin has also declined to 11.6% from 13.1% due to higher operational cost and escalating building material prices. We lower down our forecast by 17% and 47% for FY11E and FY12E, respectively hence lowering our TP to RM1.60 from RM1.92. BUY maintained.

- **Results Review.** The FY10 results have been a disappointment to our forecast short of c. 35% of our full year forecast. This is mainly due to our over-estimate margin assumptions. On the positive note, the revenue was higher by 58% RM1.2b mark as there are more ongoing works and contract has been recognised during the year. Bina Puri has also announced 2% final dividend (less 25% tax).
- **QoQ, more project at the tail-end.** We see that lower EBIT margin in the 4Q10 due to a large chunk of the projects at the tail-end which less carrying profit to the Group. The net profit was down by 17% while its revenue increased by 26%.
- **Welcome the new “baby”.** We understand that the RTO between Bina Puri and Oriented Media Group (OMGB) is progressing very well at this juncture. Based from the management, Bina Puri will end up holding c. 60% of OMGB, which carrying the polyol business (Maskimi) and power generation business (BPMV).
- **Power generation business.** It's power supply business has actually bear fruit in 4Q10 at a contribution of RM1.6m revenue and 5% pre-tax margin. Based from the management, the power division is expected to contribute c. RM3m, RM4m and RM5m to the bottomline which is about 18% to our FY11E and FY12E earnings. Nonetheless, we have not imputed this contribution into our forecast pending further information gathered from the management.
- **3 power plants in Indonesia.** By FY11, there should be c. 3 power plants to be up and running with 2MW capacity each. We also understand that the management is currently in negotiation to build and operate another 1 power plant in Indonesia with the same capacity.
- **Maintain BUY with lower TP at RM1.60 from RM1.92, previously.** We tweaked our FY11 numbers lower by 17% due to delay in recognition of contracts and lower profit margin from 2% to 1%. Our TP is based on 10x PE FY11.

### Earnings Estimates

<u>FYE 31 Dec (RMm)</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10A</u>	<u>FY11F</u>	<u>FY12F</u>
Revenue	607.9	676.5	780.1	1,232.2	1,315.7	1,360.1
Pretax profit	8.5	8.0	11.5	14.3	26.6	27.9
Net profit	7.0	4.3	6.5	11.9	16.5	17.4
EPS (sen)	6.8	4.1	6.2	11.5	15.9	16.8
EPS growth (%)	37.1	-39.0	51.1	83.8	38.8	5.6
Gross DPS (sen)	6.0	4.0	4.0	4.0	4.0	6.0
NTA/share (RM)	0.89	0.90	0.95	1.03	1.15	1.27
Net gearing (%)	1.9	1.4	1.0	1.0	1.5	1.3
PER (x)	19.2	31.5	20.8	11.3	8.2	7.7
P/NTA (x)	1.5	1.4	1.4	1.3	1.1	1.0
Div. Yield (%)	4.6	3.1	3.1	3.1	3.1	4.6
ROE (%)	11.3	6.9	8.7	11.3	16.9	15.9

### Results review

<u>FYE December (RMm)</u>	<u>4Q09</u>	<u>1Q10</u>	<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>QoQ</u>	<u>YoY</u>	<u>FY09</u>	<u>FY10</u>	<u>YoY</u>
Revenue	250.7	298.4	267.7	294.8	371.3	26.0%	48.1%	780.1	1,232.2	57.9%
EBIT	2.7	1.8	3.8	3.4	2.6	-25.0%	-6.1%	13.1	11.6	-11.4%
EBIT margin (%)	1.1	0.6	1.4	1.2	0.7			7.0	3.9	
Investment Income	0.2	0.1	0.0	0.0	0.2			0.6	0.4	
Finance costs	(0.9)	(1.1)	(0.9)	(1.0)	(0.7)	-31.8%	-27.4%	(4.6)	(3.7)	-20.3%
Associates' contribution	(1.0)	0.2	0.3	0.1	(0.0)			(0.9)	0.6	
Pre-tax profit	4.5	2.6	4.4	4.2	3.1	-27.9%	-32.1%	11.4	14.3	25.2%
Tax	(2.5)	(0.6)	(0.8)	(0.9)	(0.3)			(4.0)	(2.7)	
MI	(0.0)	0.3	0.4	0.0	0.1			(1.1)	0.8	
Net profit	1.9	2.0	3.6	3.3	2.8	-16.4%	42.9%	6.3	11.6	83.3%
EPS (sen)	1.9	1.9	3.4	3.2	2.7	-16.4%	42.9%	6.1	11.2	83.3%

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