WILSON & YORK

28/2/2011

Financial Year End	31/12/2010
Report Period Ending	31/12/2010

Recommendation	BUY
Target Price (MYR)	1.70
Current Price (MYR)	1.31

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

Key Company Statistics	
Bloomberg Ticker	BIN MK
Bursa Stock Code	5932
Issued Share Capital (mn)	107.9
Market Capitalisation (MYR mn)	141.3
52 week High (MYR)	1.65
52 week Low (MYR)	0.81
Average Volume (3 month) '000	446.8
1 Yr Return (%)	55.7

Major Shareholders (%)	
Jentera Jati Sdn Bhd	19.0
Bumimaju Mawar Sdn Bhd	14.0
Tee Hock Seng	13.7

FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHIJRAH
No	No	No	No

REPORT INDEX

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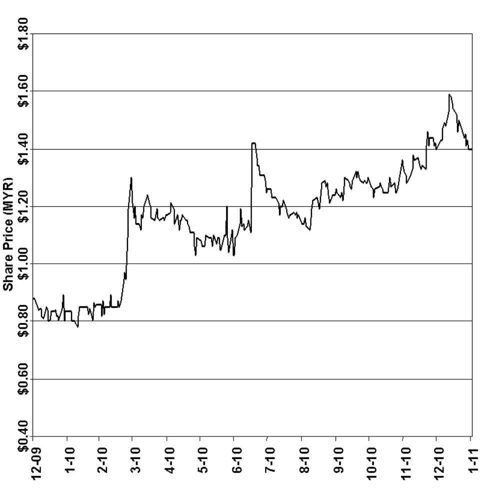
SHARE PRICE LAST 12 MONTHS (MYR)



MALAYSIA EQUITY
BINA PURI HOLDINGS BHD

RESULTS REPORT

YTD 4Q FY11 revenue grew over 50% year on year, whilst net profits grew more than 70% over the same period. BPHB's order book has grown very strongly over the past several quarters and now stands at about MYR 2.5 bn, enough to sustain a steady flow of profits for the next three years. Net margins expanded slightly from 0.8% to 0.9% as effective tax rates fell yoy. Low operating margins have been a hallmark of the company for many years, though operating margins may grow slightly wider with the undertaking of MYR 800mn GDV in various property development projects in Klang Valley, Johor Bahru and Kota Kinabalu.

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 1.70. Value investors will be attracted by the combination of very strong earnings growth at earnings multiples well below the company's peers. Looking ahead, average ROE is heading to levels of 11-12%, well above the 7-8% average seen over the period eight quarters. Meanwhile, at current prices, the shares trade on 1.2x trailing book value and 1.0x current book value.

Compared to many of its peers in sales and market cap, BPHB offers a higher ROE at lower multiples. Though net margins have historically been quite thin, BPHB 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 that interest cover is currently 2.9x which provides a useful margin of safety.

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	2009	2010	2011F	2012F
Revenue	788.0	1,232.2	1,486.3	1,738.7
Revenue g (%)	16.3	56.4	20.6	17.0
Net Profit	6.4	11.1	16.2	18.9
Net Profit g (%)	47.6	73.0	46.1	16.2
Dividends	2.5	3.1	3.1	3.1
Equity	111.2	121.6	134.7	150.4
Total Liabilities	535.2	656.0	732.6	818.1
Debt/Equity (%)	481.2	539.5	544.0	544.0
EPS (sen)	5.9	10.3	15.0	17.5
P-S (x)	0.1	0.1	0.1	0.1
P-E (x)	14.8	13.6	8.7	7.5
P-BV (x)	0.9	1.2	1.0	0.9
ROE %	5.8	9.1	12.0	12.5

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

FY Dec	4Q-10	4Q-09	Q-o-Q %chg	YTD FY10	YTD FY09	Y-o-Y %chg
Revenue	371.3	258.6	43.6	1,232.2	788.0	56.4
Operating Profit	3.9	6.3	-38.8	17.2	17.0	1.4
Other Income	0.9	3.5	-74.8	6.2	8.4	-26.4
Share of Associates	0.0	-1.1	na	0.6	-1.4	na
Depreciation/Amort'n	-0.9	-1.7	-45.5	-4.1	-6.9	-41.2
Finance Costs	-0.7	-0.8	-15.5	-3.7	-4.5	-18.0
Pre Tax Profit	3.4	4.6	-26.9	14.6	11.5	26.8
Tax	-0.3	-2.6	-88.8	-2.7	-4.1	-34.2
Minority Interest	0.1	-0.1	na	0.8	1.0	-20.8
Net Profit to S'holders	3.0	2.0	46.7	11.1	6.4	73.0
Dividends	0.0	0.0	na	-3.1	-2.5	24.8
EPS (sen)	2.8	1.9	46.7	10.3	5.9	73.0
DPS (sen)	0.0	0.0	na	-2.9	-2.3	24.8
Operating Margin (%)	1.0	2.4	-57.4	1.4	2.2	-35.2
Net Margin (%)	0.8	0.8		0.9	0.8	10.7
Tax rates (%)	9.9	129.9	-92.3	18.4	35.5	-48.1

Comments

Revenue higher due to substantial increase in order book

Operating margin low er on rising materials cost

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

Current FY* Ending	Bina Puri Bhd Dec-11	TRC Synergy Bhd Dec-11	Ahmad Zaki Bhd Dec-11	Kimlun Corp Bhd Dec-11
Revenue	1,486.3	387.9	460.0	550.0
Net Profit	16.2	17.2	20.0	39.0
Equity	134.7	309.5	191.9	208.9
Dividends	3.1	6.0	7.0	14.1
Market Cap	141.3	256.9	232.5	360.2
P-S (x)	0.1	0.7	0.5	0.7
P-E (x)	8.7	14.9	11.6	9.2
P-BV (x)	1.0	0.8	1.2	1.7
Div Yield (%)	2.2	2.3	3.0	3.9
Net Margins (%)	1.1	4.4	4.3	7.1
ROE (%)	12.0	5.6	10.4	18.7
Payout Ratio (%)	19.3	34.9	35.0	36.2

*Consensus data used for peers where available

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

FY Dec	2009	2010	2011F	2012F
Revenue	788.0	1,232.2	1,486.3	1,738.7
Operating Profit	17.0	17.2	22.3	26.1
Other Income	8.4	6.2	3.5	3.5
Share of Associates	-1.4	0.6	-1.0	-1.0
Depreciation/Amortization	-6.9	-4.1	-3.9	-4.0
Finance Costs	-4.5	-3.7	-2.8	-3.1
Pre Tax Profit	11.5	14.6	21.3	24.8
Tax	-4.1	-2.7	-4.9	-5.7
Minority Interest	1.0	0.8	0.2	0.2
Net Profit to Shareholders	6.4	11.1	16.2	18.9
Operating Margin (%)	2.2	1.4	1.5	1.5
PBT Margin (%)	1.5	1.2	1.4	1.4
Net Margin (%)	0.8	0.9	1.1	1.1
Effective Tax Rate (%)	35.5	18.4	23.0	23.0

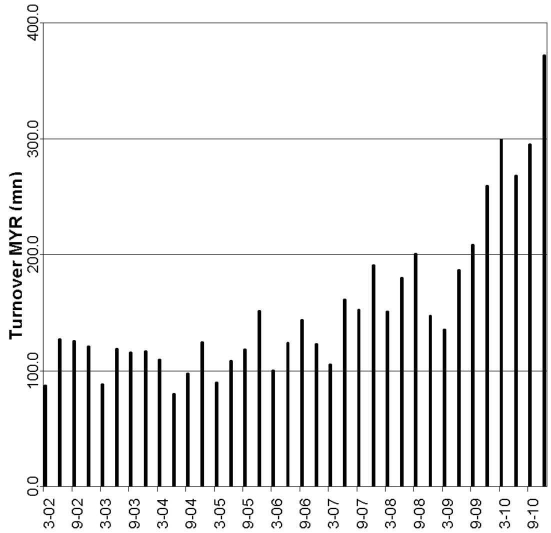
BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

FY Dec	2009	2010	2011F	2012F
Total Assets	646.4	777.5	867.3	968.5
Fixed Assets	61.3	56.5	58.8	61.2
Current Assets	532.3	666.4	743.5	830.4
Other LT Assets	52.7	54.3	64.9	77.0
Current Liabilities	524.9	649.0	724.8	809.4
LT Liabilities	10.3	7.0	7.8	8.7
Total Liabilities	535.2	656.0	732.6	818.1
Share Capital	104.2	107.9	107.9	107.9
Minority Interest	11.2	12.1	12.1	12.1
Ow ner's Equity	100.0	109.5	122.6	138.3
Total Equity	111.2	121.6	134.7	150.4
Total Liabilities & Equity	646.4	777.5	867.3	968.5

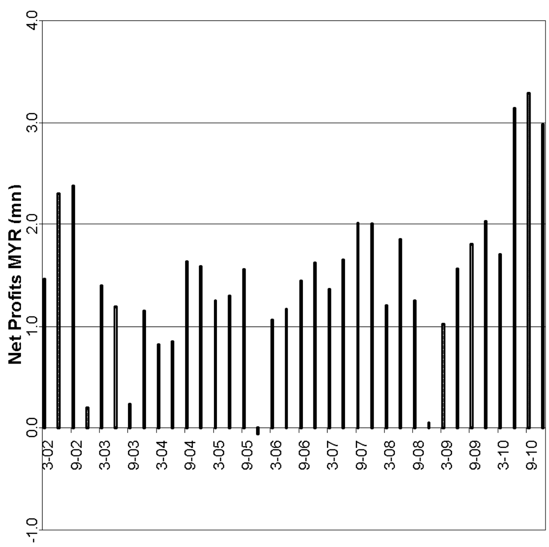
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2009	2010	2011F	2012F
Revenue	730.3	1142.0	1377.4	1611.4
Cash Flow	12.4	14.1	18.6	21.2
Earnings	5.9	10.3	15.0	17.5
Dividends	2.3	2.9	2.9	2.9
Book Value	103.1	112.7	124.8	139.4
Payout (%)	39.1	28.2	19.3	16.6
P-S (x)	0.1	0.1	0.1	0.1
P-CF (x)	7.1	10.0	7.0	6.2
P-E (x)	14.8	13.6	8.7	7.5
P-BV (x)	0.9	1.2	1.0	0.9
Dividend Yield (%)	2.6	2.1	2.2	2.2
ROE (%)	5.8	9.1	12.0	12.5
Total Debt/Equity (%)	481.2	539.5	544.0	544.0

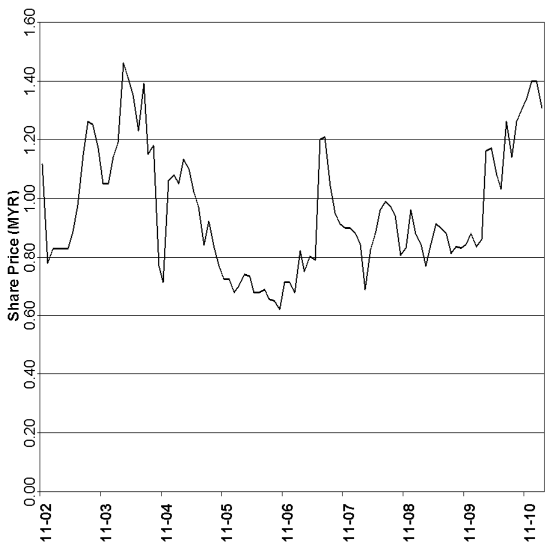
REVENUE (QUARTERLY, LAST 8 YEARS, MYR mn)



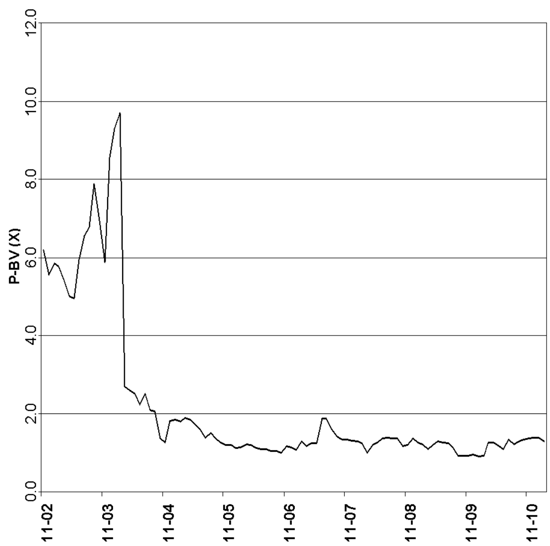
NET PROFIT (Q'TERLY, LAST 8 YRS, MYR mn)



SHARE PRICE (MONTHLY, LAST 8 YEARS, MYR)



P-BV (X) (MONTHLY, LAST 8 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

QUESTIONS?
CONTACT THE INVESTMENT ADVISER:

Wilson & York Global Advisers Sdn Bhd
Suite B-11-3A, Level 11, Block B, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Malaysia

Tel: +603 6203 2280
Fax: +603 6203 2281

E-mail info@wygainvesments.com
Website: www.wygainvestments.com

CONTACT THE COMPANY:

Bina Puri Holdings Berhad
Wisma Bina Puri
88 Jalan Bukit Idaman 8/1, Bukit Idaman
68100 Selayang, Selangor Darul Ehsan
Malaysia

Tel: +603 6136 3333
Fax: +603 6136 9999

Website: www.binapuri.com.my