

27 August 2008

**HOLD  
RM0.95**

Target Price: RM0.97

**Stock data**

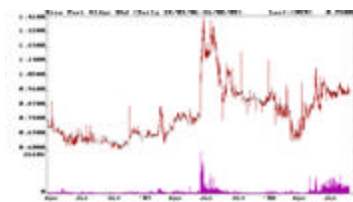
Market cap (RMm):	78.7
Issued shares (m):	82.8
52-week range:	RM0.65-RM1.20
3-mth avg daily volume:	299,576 shrs
Bloomberg code:	BINMK
Syariah:	Yes
YTD price chg:	+5.6%
YTD KLCI chg:	-25.9%
Est. free float:	45.16%
Major shareholders:	
<i>Jentera Jati S/B:</i>	24.61%
<i>Tan Sri Datuk Tee</i>	16.65%
<i>Hock Seng, JP:</i>	
<i>Dr Tan Cheng Kiat:</i>	10.96%
<i>Dato' Mohamed Feisal</i>	6.43%
<i>B. Ibrahim:</i>	
<i>Tee Hock Hin, Henry:</i>	6.04%

**Consensus**

FYE 31 Dec	2008E	2009E
Net profit (RMm):	na	na
EPS (sen):	na	na

**Forecast revision**

FYE 31 Dec	2008E	2009E
Revision (%):	-	-
Net profit (RMm):	7.3	7.7

**Share price chart**

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# Bina Puri Holdings

## 1H08 within expectations

- **1H08 revenue and net profit of RM329.9m and RM3.0m respectively was generally in line with our expectation. The improved 1H08 results was underpinned by higher profit contribution from the construction, property and quarry & premix division.**
- **QoQ, revenue rose 19.1% but EBIT increased by a higher 134.3% mainly on better margin for the construction, property and quarry & premix division.**
- **YoY, 1H08 revenue jumped 28.4% to RM329.9m on the back of higher construction and property contribution which more than offset lower sales of quarry & premix and the polyol division. 1H08 EBIT margin improved to 2.2% vs 1.8% in 1H07 given higher margin from the construction, property and quarry & premix division.**
- Overall construction margin is still very much depressed owing to escalating building material costs despite a slight increase in EBIT margin (1H08:1.6% vs 1H07:1.2%). Group is currently in negotiation with project clients to recover part of the higher material costs.
- With an **existing construction order book** of c.**RM2b**, group will be kept occupied for the next 3 years. The latest project secured is the RM293m subcontract works for the Eastern Dispersal Link in Johor Bahru from MRCB. We were made to understand that group is still tendering for some RM1b projects and expects to turn certain tenders into contracts.
- **Forecast and Hold recommendation maintained with unchanged target price of RM0.97** based on FY08 PER of 11x which is at the higher end for small to mid cap construction counters. The higher valuation is backed by strong earnings visibility from the RM2b order book, potential recurring income from the KL-Kuala Selangor Expressway concession and a decent yield of 6.2%.
- **Risks** to our earnings forecasts are 1) higher than expected material prices and 2) lower take up rate for group's properties.

**Results Highlights**

FYE: 31 Dec (RMm)	2Q FY07	3Q FY07	4Q FY07	1Q FY08	2Q FY08	QoQ Chg	YoY Chg	1H FY07	1H FY08	YoY YTD Chg
Revenue	160.9	151.8	195.1	150.6	179.3	19.1%	11.5%	265.7	329.9	24.2%
EBIT	1.9	2.3	2.3	2.1	5.0	134.3%	156.2%	4.8	7.1	46.9%
EBIT margin (%)	1.2	1.5	1.2	1.4	2.8	96.7%	129.9%	1.8	2.2	18.3%
Investment income	0.5	0.4	0.4	0.0	0.1	220.7%	-81.8%	0.5	0.1	-77.2%
Finance costs	-1.3	-1.1	-1.2	-1.3	-1.2	-6.7%	-11.0%	-2.8	-2.5	-9.9%
Associate	1.2	-1.1	0.4	0.9	-0.8	-189.8%	-170.9%	1.5	0.1	-93.6%
Pre-tax profit	2.3	0.4	1.8	1.8	3.1	71.6%	35.1%	4.1	4.8	18.9%
Taxation	-0.1	-0.2	0.2	-0.1	-0.9	539.4%	632.3%	-0.4	-1.1	160.5%
Profit after tax	2.1	0.2	2.0	1.6	2.1	31.0%	0.4%	3.7	3.8	3.3%
Minority interest	-0.5	-0.3	-0.1	-0.4	-0.3	-32.8%	-40.0%	-0.7	-0.7	11.6%
Net Profit	1.6	-0.1	2.0	1.2	1.8	54.2%	12.4%	3.0	3.0	1.5%
EPS (sen)	2.0	-0.1	2.4	1.4	2.2	54.2%	12.4%	3.6	3.7	1.5%

## Revenue and Operating Profit Breakdown

	2Q07	1Q08	2Q08	QoQ Chg	YoY Chg	1H07	1H08	YTD Chg	YoY Chg	Comments
<b>Revenue (RM m)</b>										
Construction	120.8	104.8	145.7	38.9%	20.6%	195.0	250.5	28.4%		Increased 1H08 revenue owning to higher construction and property contribution.
Property development	8.7	21.2	11.9	-43.7%	37.3%	15.5	33.1	113.5%		
Polyol	5.3	4.3	5.3	23.7%	0.9%	10.0	9.6	-3.8%		
Quarry & pre-mix	26.2	20.3	16.5	-18.8%	-37.2%	45.1	36.7	-18.7%		
<b>Total</b>	<b>160.9</b>	<b>150.6</b>	<b>179.3</b>	<b>19.1%</b>	<b>11.5%</b>	<b>265.7</b>	<b>329.9</b>	<b>24.2%</b>		
<b>Operating profit (RM m)</b>										
Construction	0.8	0.9	3.0	236.7%	299.1%	2.4	3.9	61.9%		1H08 margin improvement for construction, polyol, quarry & pre-mix division.
Property Developments	0.3	0.4	0.8	102.3%	147.5%	0.8	1.2	55.4%		
Polyol	0.3	0.3	0.2	-40.5%	-29.0%	0.4	0.5	19.1%		
Quarry & pre-mix	0.6	0.5	1.0	92.9%	64.4%	1.2	1.6	34.5%		
Others	0.0	0.0	0.0	1800%	153.3%	0.1	0.0	-146.0%		
<b>Total</b>	<b>1.9</b>	<b>2.1</b>	<b>5.0</b>	<b>134.3%</b>	<b>156.2%</b>	<b>4.8</b>	<b>7.1</b>	<b>46.9%</b>		

## Earnings Estimates

FYE 31 Dec (RMm)	2005	2006	2007	2008E	2009E
Revenue	464.8	491.6	607.9	688.7	722.1
Pretax profit	5.0	6.4	8.5	9.4	10.0
Net profit	4.1	5.1	7.0	7.3	7.7
EPS (sen)	4.9	6.2	8.5	8.8	9.3
EPS growth (%)	-14.4	26.3	37.1	3.5	6.1
Gross DPS (sen)	5.0	5.0	6.0	6.0	6.0
NTA/share (RM)	0.8	0.8	0.9	0.9	1.0
Net gearing (%)	2.8	4.1	1.9	1.8	2.0
PER (x)	19.4	15.4	11.2	10.8	10.2
P/NTA (x)	1.2	1.1	1.1	1.0	1.0
Div. Yield (%)	5.3	5.3	6.3	6.3	6.3
ROE (%)	5.1	7.8	11.3	11.5	11.6

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Published and printed by:

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