



Bina Puri Holdings Berhad

Dragged by Power and Building Materials Divisions

TP: RM0.895(+13.3%)

Last traded: RM0.79

BUY

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Review

- BPURI's 9M13 net profit of RM5.0mn came in below expectations, accounted for 55.3% and 55.2% of our and consensus' forecasts respectively. The variance was largely due to poorer-than-expected performance from the power generation and building materials divisions.
- YoY, 9M13 revenue dropped 23.7% to RM727.1mn as the construction activities at KLIA2 tapered off at finishing stage, coupled with recent completion of several construction projects. Despite this, the net profit for the corresponding period improved by 13.9% due to margin improvement.
- QoQ, the net profit of RM1.8mn was 12.1% higher despite revenue dropped by 23.0% lower as operating margin expanded from 1.6% to 2.4%.
- Its power generation business in Indonesia, which had been recording uninterrupted quarterly profit since the commencement of its operation in 4Q10, suffered an operating loss of RM1.5mn in 3Q13 due to forex loss, arising from weakening of Indonesia Rupiah against the USD. The building materials division which had been profitable since 3Q11 suffered the same fate, incurring operating loss RM0.2mn. We believe this was due to the new quarry site in Simunjan, Sarawak operating below efficient level.
- On a positive note, the operating margin for the construction division has improved to 2.4% from 0.7% in the immediate preceding quarter as projects with better margin accelerate, replacing the contribution from some of the older projects, which we think include KLIA2 project that carries lower margins. Operating margin for the property division surged to 28.0% from 2.0% QoQ, which we think could be due to additional rental income contribution from shop offices at Jalan Pasar, KL, which started to yield return since May 2013.
- No dividend was declared for this quarter, as expected.

Impact

- We cut the earnings forecast for FY13 to FY15 by 4.5% to 20.1% to reflect the weaker Indonesia Rupiah, as well as the lower contribution from the quarry division.

Outlook

- With total potential GDV of RM2.5bn in its property development pipeline and majority of the proposed developments scheduled to be launched in 1H14, we expect strong earnings boost in FY14 onwards..

Share Information

Bloomberg Code	BIN MK
Bursa	BPURI
Stock Code	5932
Listing	Main Market
Share Cap (mn)	155.1
Market Cap (RMmn)	122.5
Par Value	1.00
52-wk Hi/Lo (RM)	0.875/0.57
12-mth Avg Daily Vol ('000 shrs)	379.9
Estimated Free Float (%)	49.52
Beta (x)	1.11

Major Shareholders (%)

Jentera Jati Sdn Bhd	- 13.14
Tee Hock Seng	- 10.84
Ng Keong Wee	- 9.09
Tan Cheng Kiat	- 6.04
Bumimaju Mawar Sdn Bhd	- 5.28

Forecast Revision

	FY13	FY14
Forecast Revision (%)	(20.1)	(6.7)
Net profit (RMm)	7.2	17.4
Consensus (RM'mn)	9.0	15.4
TA's / Consensus (%)	79.6	112.8
Previous Rating	Buy (Maintained)	

Scorecard (%)

	% of FY	
vs TA	55.3	Below
vs Consensus	55.2	Below

Financial Indicators

	FY13	FY14
Net Debt / Equity (%)	190.1	134.7
CFPS (sen)	(23.3)	69.9
Price / CFPS (x)	(3.4)	1.1
ROA (%)	0.9	1.8
NTA/Share (RM)	1.3	1.3
Price/NTA (x)	0.6	0.6

Share Performance (%)

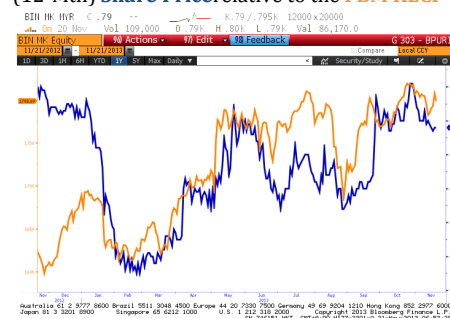
Price Change	BPURI	FBM KLCI
1 mth	(1.3)	0.4
3 mth	6.8	3.5
6 mth	0.6	1.7
12 mth	(6.0)	11.3

- With established construction track records, BPURI could benefit from the upcoming infrastructure works, especially highway projects and rail-related projects such as West Coast Expressway, Kinrara-Damansara Expressway, East Klang Valley Expressway, Damansara-Shah Alam Expressway, Sungai Besi-Ulu Klang Expressway, MRT Line 2 and Southern Double Track.

Valuation

- With the revision in earnings, we cut the target price for BPURI to RM0.895/share from RM0.96/share, based on unchanged 8x FY14 EPS. Maintain **BUY** call on BPURI with total potential return of 15.8%

(12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

Earnings Summary

FYE December (RMmn)	2011	2012	2013F	2014F	2015F
Revenue	1178.1	1280.1	1068.6	1203.5	1560.4
Gross Profit	88.1	68.3	64.1	78.2	101.4
EBITDA	41.2	31.5	33.2	53.5	67.7
EBITDA margin (%)	3.5	2.5	3.1	4.4	4.3
EBIT	30.9	20.7	20.0	40.2	54.2
PBT	25.8	16.4	12.0	31.4	45.8
PAT	6.0	5.1	7.2	17.4	25.7
EPS (sen)	5.4	4.1	4.9	11.2	16.5
PER (x)	14.6	19.2	16.0	7.1	4.8
Gross dividend (sen)	2.0	2.0	2.0	2.0	4.0
Dividend yield (%)	2.5	2.5	2.5	2.5	5.1
ROE (%)	5.0	3.9	4.7	9.5	12.4

3QFY13 Results Analysis

FYE Dec (RMmn)	3Q12	2Q13	3Q13	QoQ (%)	YoY (%)	9MFY12	9MFY13	YoY (%)
Revenue	367.0	256.2	197.2	(23.0)	(46.3)	953.2	727.1	(23.7)
COGS	(351.0)	(239.7)	(181.5)	(24.3)	(48.3)	(906.5)	(679.6)	(25.0)
GP	16.1	16.6	15.8	(4.9)	(2.1)	46.7	47.5	1.8
Other Op Income	0.6	1.9	3.3	67.7	433.1	4.0	6.8	70.6
Admin Expenses	(12.9)	(14.4)	(14.3)	(0.7)	10.4	(36.4)	(40.7)	12.0
Finance Costs	(1.6)	(1.9)	(2.1)	12.0	33.7	(5.0)	(5.9)	18.7
Associate	0.0	0.5	0.4	(27.1)	2700.0	0.6	1.1	102.5
Jointly controlled entity	(0.2)	0.0	0.0	(100.0)	(100.0)	(0.5)	0.0	(104.1)
Investment income	0.0	0.1	0.0	(57.1)	36.4	0.2	0.3	39.6
PBT	2.1	2.9	3.0	5.6	46.1	9.6	9.1	(4.5)
Tax	(1.2)	(1.1)	(1.6)	45.7	33.2	(3.8)	(3.7)	(2.1)
MI	(0.7)	(0.2)	0.4	(360.3)	(154.7)	(1.4)	(0.5)	(67.3)
PAT	0.1	1.6	1.8	12.1	1257.6	4.4	5.0	13.9
EPS (sen)*	0.1	1.3	1.3	5.6	1100.0	3.5	3.8	8.2
Dividend (sen)*	0.0	0.0	0.0	na	na	0.0	0.0	na
Margin (%):								
- PBT	0.6	1.1	1.5	0.4	1.0	1.0	1.3	0.3
- PAT	0.2	0.7	0.7	0.0	0.5	0.6	0.7	0.1
- Effective tax rate	59.1	39.1	53.9	14.8	(5.2)	39.6	40.6	2.5

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