



Bina Puri Holdings Berhad

Weaker results from property and building materials divisions in Q2

TP: RM0.735 (+10.5%)

Last traded: RM0.665

HOLD

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Review

- BPURI's 1H14 net profit of RM3.2mn came in below our expectation, accounted for 38.1% of our full year forecast. The variance was due to lower-than-expected contributions from the property development division and quarry & readymix concrete divisions.
- YoY, 1H14 net profit inched up 3.8% to RM3.2mn in tandem with 2.5% growth in revenue to RM442.8mn. While the construction and property division recorded 47.3% and 202.0% growth in operating profits in 1H14, the better results were offset by weaker 1H performance of its quarry & readymix concrete division which turned from operating profit of RM2.5mn into marginal loss.
- QoQ, while the net profit jumped 82.1% to RM2.1mn, mainly due to lower minority interest, the PBT dropped 57.3% due to weaker results from the property (operating profit: -32.8%) and building materials divisions (operating profit: -18.4%).

Impact

- We cut our earnings forecasts for FY14 to FY16 by 3.7% to 22.5% to reflect the lower margin experienced by its property division and building materials divisions. We also factored in possible slower than our expected progress of The Opus@KL property development project.

Outlook

- Supported by an outstanding order book of about RM2.2bn, which translate into 2.5x of FY13 construction revenue, it is expected to keep the construction team busy at least until 2017.
- While the group has a total potential GDV of RM3.0bn in its property development pipeline, the introduction of property cooling measures late last year may dampen the sentiment in the property market, resulting in property developers, including BPURI to be more cautious in new property launches.

Valuation

- With the earnings adjustments, we revise the target price lower from RM0.76/share to **RM0.735/share**, based on unchanged PE multiple of 8x CY15 EPS. Maintain **HOLD** call on **BPURI**

Share Information

Bloomberg Code	BIN MK
Bursa	BPURI
Stock Code	5932
Listing	Main Market
Share Cap (mn)	177.9
Market Cap (RMmn)	118.3
Par Value	1.00
52-wk Hi/Lo (RM)	0.875/0.63
12-mth Avg Daily Vol ('000 shrs)	435.0
Estimated Free Float (%)	35
Beta (x)	1.01

Major Shareholders (%)

Jentera Jati Sdn Bhd	- 11.46
Tee Hock Seng	- 8.64
Ng Keong Wee	- 7.92
Bumimaju Mawar Sdn Bhd	- 5.31
Tan Cheng Kiat	- 5.27

Forecast Revision

	FY14	FY15
Forecast Revision (%)	(22.5)	(3.7)
Net profit (RMm)	6.7	16.3
Consensus (RM'mn)	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Maintained)	

Scorecard (%)

	% of FY	
vs TA	38.1	Below
vs Consensus	na	na

Financial Indicators

	FY14	FY15
Net Debt / Equity (%)	127.1	143.5
CFPS (sen)	66.8	(40.5)
Price / CFPS (x)	1.0	(1.6)
ROA (%)	0.6	1.4
NTA/Share (RM)	1.2	1.3
Price/NTA (x)	0.6	0.5

Share Performance (%)

Price Change	BPURI	FBM KLCI
1 mth	(1.5)	(0.8)
3 mth	0.8	(0.1)
6 mth	(5.7)	2.2
12 mth	(5.0)	8.1

(12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

Earnings Summary

FYE December (RMmn)	2012	2013	2014F	2015F	2016F
Revenue	1280.1	1058.4	1154.6	1499.4	1704.6
Gross Profit	68.3	65.1	73.6	96.0	110.8
EBITDA	31.5	34.2	35.5	52.8	77.8
EBITDA margin (%)	2.5	3.2	3.1	3.5	4.6
EBIT	20.7	21.8	22.2	39.3	63.7
PBT	16.4	13.9	13.4	30.9	55.0
PAT	5.1	5.5	6.7	16.3	31.2
EPS (sen)	4.1	4.0	3.8	9.2	17.6
PER (x)	16.1	16.5	17.7	7.2	3.8
Gross dividend (sen)	2.0	1.5	2.0	4.0	4.0
Dividend yield (%)	3.0	2.3	3.0	6.0	6.0
ROE (%)	3.9	3.6	3.6	7.8	13.3

2QFY14 Results Analysis

FYE Dec (RMmn)	2Q13	1Q14	2Q14	QoQ (%)	YoY (%)	6MFY13	6MFY14	YoY (%)
Revenue	256.2	270.8	272.6	0.7	6.4	529.9	543.4	2.5
COGS	(239.7)	(255.3)	(257.5)	0.9	7.5	(498.2)	(512.8)	2.9
GP	16.6	15.5	15.1	(3.0)	(9.0)	31.7	30.6	(3.5)
Other Op Income	1.9	4.8	0.9	(82.3)	(55.9)	3.6	5.7	59.2
Admin Expenses	(14.4)	(13.1)	(13.0)	(0.7)	(9.7)	(26.5)	(26.0)	(1.7)
Finance Costs	(1.9)	(3.1)	(2.0)	(35.0)	5.6	(3.8)	(5.1)	33.4
Associate	0.5	0.0	0.9	>1000.0	77.6	0.8	0.9	18.6
Jointly controlled entity	0.0	0.0	0.0	na	(100.0)	0.0	0.0	(100.0)
Investment income	0.1	0.3	0.1	(62.0)	5.7	0.3	0.4	42.4
PBT	2.9	4.6	2.0	(57.3)	(32.0)	6.1	6.5	6.9
Tax	(1.1)	(1.4)	(0.6)	(59.3)	(50.3)	(2.1)	(1.9)	(7.1)
MI	(0.2)	(2.0)	0.7	(135.9)	(583.4)	(0.9)	(1.3)	52.0
PAT	1.6	1.2	2.1	82.1	32.9	3.2	3.3	3.8
EPS (sen)	1.3	0.7	1.2	70.8	(1.6)	2.5	2.0	(22.3)
Dividend (sen)	0.0	0.0	0.0	na	na	0.0	0.0	na
Margin (%):				% pts	% pts			% pts
- PBT	1.1	1.7	0.7	(1.0)	(0.4)	1.2	1.2	0.0
- PAT	0.7	1.2	0.5	(0.7)	(0.2)	0.8	0.8	0.1
- Effective tax rate	39.1	30.0	28.6	(1.4)	(10.5)	34.0	29.5	(13.1)

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