

01 March 2013

Bina Puri Holdings

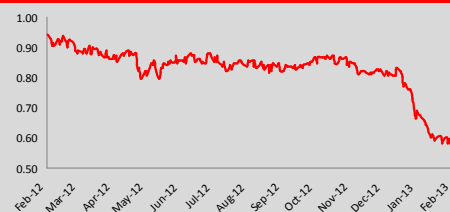
FY12 results below expectations

- Period** ■ 4QFY12/12MFY12
- Actual vs. Expectations** ■ BPURI's FY12 net profit of RM5.0m came in below our estimates, making up 93% of our FY12E net profit of RM5.4m, due to higher effective tax rate.
- Dividends** ■ A final dividend of 2 sen less tax at 25% was declared, as expected.
- Key Result Highlights** ■ **QoQ**, the 4Q12 pretax profit grew by 274% to RM7.8m despite a decrease in the revenue (-13%) due to the significant increase in the operating margin by 2.4ppt from 0.1% to 2.5%. The improvement was backed by its construction unit performance, where the operating profit improved 369% to RM7.6m and made up 98% of its total operating profit. Operating margin expansion is underpinned by 1.8ppt and 3.4ppt margin improvement on its construction and polyol segment.
- **YoY**, the group registered a net profit of RM0.7m against a loss of RM1.5m due mainly to a lower effective tax rate of 93% as compared to last years' effective tax rate of 113%. Bina Puri's effective tax rate remained high at 93% albeit a decrease of 20ppt due to the underprovision of its tax charges in the previous years.
- Outlook** ■ Moving forward, Bina Puri will continue to focus on executing its existing order book of c.RM2b given its low order book replenishment visibility in the near term.
- Change to Forecasts** ■ There are no changes to our earnings estimates.
- Rating** ■ **Maintain UNDERPERFORM**
- We are maintaining our UNDERPERFORM call on Bina Puri given the upcoming general election risk coupled with the lacklustre sentiment in the construction sector in the near term.
- Valuation** ■ We value Bina Puri at RM0.40 based on an unchanged 5.0x PER on its FY13E EPS.
- Risks** ■ Escalating building material prices.

UNDERPERFORM ↔

Price: RM0.59
Target Price: RM0.40 ↔

Share Price Performance



| | |
|---------------------|---------|
| KLCI | 1637.63 |
| YTD KLCI chg | -3.0% |
| YTD stock price chg | -26.7% |

Stock Information

| | |
|----------------------|---------------|
| Bloomberg Ticker | BIN MK Equity |
| Market Cap (RM m) | 73.4 |
| Issued shares | 124.4 |
| 52-week range (H) | 0.97 |
| 52-week range (L) | 0.57 |
| 3-mth avg daily vol: | 642,335 |
| Free Float | 63% |
| Beta | 1.3 |

Major Shareholders

| | |
|----------------------|-------|
| JENTERA JATI SDN BHD | 16.4% |
| HOCK SENG TEE | 12.6% |
| CHENG KIAT TAN | 7.5% |

Summary Earnings Table

| FYE Dec (RM m) | 2012A | 2013E | 2014E |
|-------------------|------------|-------------|-------------|
| Revenue | 1271.2 | 1,426 | 1,444 |
| Pretax profit | 17.3 | 19.0 | 19.8 |
| Net profit | 5.0 | 11.1 | 11.7 |
| Consensus NP | - | - | - |
| EPS (sen) | 3.7 | 8.1 | 8.5 |
| EPS growth (%) | -17% | 105% | 0% |
| DPS (sen) | 2.0 | 2.0 | 2.0 |
| NTA/ share (RM) | 1.0 | 1.1 | 1.1 |
| PER (x) | 15.3 | 7.3 | 6.9 |
| P/NTA (x) | 0.8 | 0.5 | 0.5 |
| Div. yield (%) | 3 | 3 | 3 |
| ROE (%) | 3.70 | 6.60 | 6.41 |

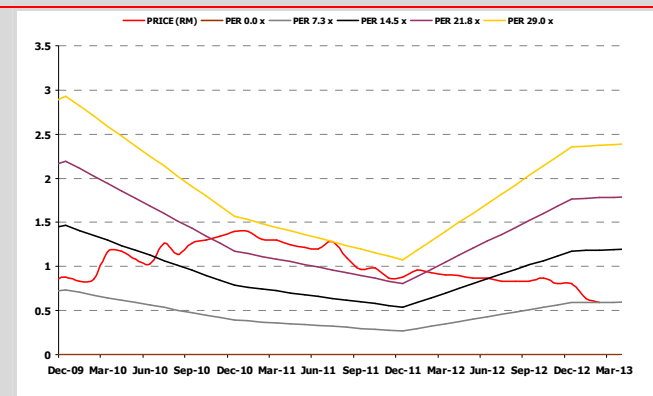
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Result Highlight

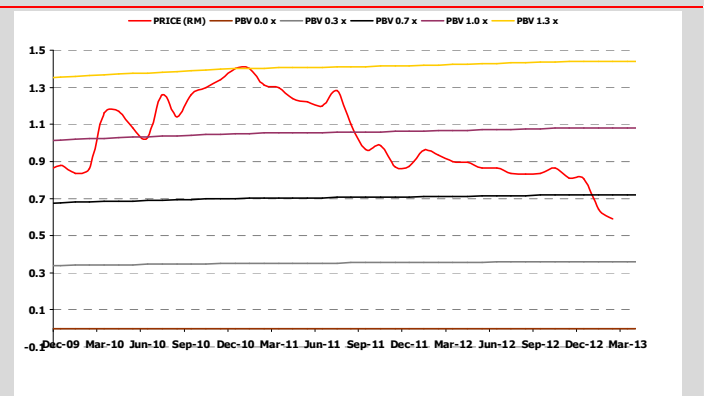
| FY 31 Dec (RMm) | 4Q12 | 3Q12 | QoQ | 4Q11 | YoY | FY12 | FY11 | YoY |
|------------------------|------------|------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Revenue | 318.0 | 367.0 | -13% | 289.0 | 10% | 1271.2 | 1177.0 | 8% |
| EBIT | 8.0 | 0.4 | 2073% | 11.6 | -31% | 12.9 | 23.3 | -45% |
| Pretax profit | 7.8 | 2.1 | 274% | 12.2 | -36% | 17.3 | 25.5 | -32% |
| Taxation | (7.2) | (1.2) | | (13.8) | | (11.0) | (18.7) | |
| Minority Interest | (0.1) | 0.7 | | - | | 1.4 | 0.7 | |
| Net Profit | 0.7 | 0.1 | 402% | -1.5 | -143% | 5.0 | 6.0 | -17% |
| EPS (sen) | 0.5 | 0.1 | 402% | -1.1 | -143% | 3.7 | 4.4 | -17% |
| Net gearing (x) | 2.5 | 2.6 | | 2.0 | | 2.5 | 2.0 | |
| EBIT margin (%) | 2.5% | 0.1% | | 4.0% | | 1.0% | 2.0% | |
| PBT margin (%) | 2.4% | 0.6% | | 4.2% | | 1.4% | 2.2% | |
| Net profit margin (%) | 0.2% | 0.0% | | -0.5% | | 0.4% | 0.5% | |
| Effective tax rate (%) | 92.4% | 59.1% | | 112.6% | | 63.2% | 73.4% | |

Source: Company, Kenanga Research

Forward PER



Forward PBV



Source: Bloomberg, Kenanga Research

Stock Ratings are defined as follows:

Stock Recommendations

- OUTPERFORM : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- MARKET PERFORM: A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERPERFORM : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

Sector Recommendations***

- OVERWEIGHT : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- NEUTRAL : A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERWEIGHT : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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