



## BinaPuri Holdings Berhad

Construction and Property Margins Improved in 4Q14

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TA Research Team Coverage

+603-2167-9612

benghooi@ta.com.my

www.taonline.com.my

**TP: RM0.735** (+31.3%)

Last traded: RM0.56

**BUY**

### Review

- Excluding extraordinary items amounting to -RM1.6mn, arising from revaluation of investment properties and loss from share of results in associate after its holding in KL-Kuala Selangor Expressway Bhd was reclassified from an investment to an associate, BPURI's FY14 core net profit of RM7.7mn came in above our expectations, accounting for 115.1% of our forecast. The variance was mainly due to better-than-expected construction margin.
- A dividend of 2 sen/share was declared (FY13: 1.5sen/share).
- YoY, FY14 core net profit jumped 41.1% to RM7.7mn while revenue increased marginally by 0.4% to RM1,062.8mn. The improvement in core net profit was due to lower minority interests. The core PBT and core profit after tax before minority interests were flat at RM13.9mn and RM6.0mn respectively in both FY14 and FY13.
- QoQ, the core net profit surged 74.7% to RM2.8mn despite revenue dropped by 28.7% to RM216.2mn. The higher core net profit was attributed to significant margin improvement in the construction property division.

### Impact

- No change to our earnings forecasts.

### Outlook

- The group still has sizable outstanding construction order book of about RM2.0bn, which could last for the next 2 years until 2016.
- The group has a total potential GDV of RM3.0bn in its property development pipeline. The Opus Residence with an estimated GDV RM400mn was launched in January 2015. We understand that of the two blocks, first block has been fully booked while the second block has achieved 30% booking soon it was launched. We expect the project to propel the group property earnings from 2015 to 2017.

### Valuation

- No change to our target price of **RM0.735/share**, based on unchanged PE multiple of 8x CY15 EPS. Maintain our **BUY** call on **BPURI**

### Share Information

Bloomberg Code	BIN MK
Bursa	BPURI
Stock Code	5932
Listing	Main Market
Share Cap (mn)	185.5
Market Cap (RMmn)	103.9
Par Value	0.50
52-wk Hi/Lo (RM)	0.80/0.50
12-mth Avg Daily Vol ('000 shrs)	410.4
Estimated Free Float (%)	37.6
Beta (x)	1.1
<b>Major Shareholders (%)</b>	
Jentera Jati Sdn Bhd	10.99
Tee Hock Seng	8.29
Ng Keong Wee	7.60
Bumimaju Mawar Sdn Bhd	5.10
Tan Cheng Kiat	5.05

### Forecast Revision

	FY15	FY16
Forecast Revision (%)	-	-
Net profit (RMm)	16.3	31.2
Consensus (RM'mn)	na	na
TA's / Consensus (%)	na	na
Previous Rating	Buy (Maintained)	

### Scorecard (%)

	% of FY	
vs TA	115.1	Above
vs Consensus	na	na

### Financial Indicators

	FY15	FY16
Net Debt / Equity (%)	106.9	122.7
CFPS (sen)	(36.5)	(10.7)
Price / CFPS (x)	(1.5)	(5.2)
ROA (%)	1.2	2.2
NTA/Share (RM)	1.1	1.2
Price/NTA (x)	0.5	0.5

### Share Performance (%)

Price Change	BPURI	FBM KLCI
1 mth	(8.2)	1.4
3 mth	(8.2)	(1.1)
6 mth	(15.8)	(2.2)
12 mth	(20.6)	(0.1)

### (12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

### Earnings Summary

FYE December (RMmn)	2013	2014	2015F	2016F	2017F
Revenue	1058.4	1062.8	1495.5	1700.6	1482.9
Gross profit	65.1	64.8	133.1	170.1	163.1
EBITDA	34.2	31.6	52.4	76.6	91.6
EBITDA margin (%)	3.2	3.0	3.5	4.5	6.2
EBIT	16.3	17.1	39.2	63.6	78.6
PBT	13.9	13.9	31.6	55.8	70.6
Net profit	5.2	7.7	16.3	31.2	40.2
Core net profit	5.2	7.7	16.3	31.2	40.2
Core EPS (sen)	3.9	4.4	9.0	17.3	22.3
PER (x)	14.5	12.6	6.2	3.2	2.5
Gross dividend (sen)	1.5	2.0	4.0	4.0	5.0
Dividend yield (%)	2.7	3.6	7.1	7.1	8.9
ROE (%)	3.6	2.1	9.0	15.7	17.8

Note: \*Excluding revaluation gain on investment property and share of loss from reclassification of holding in KL-Kuala Selangor Expressway Bhd from investment to associate in 2014

### 4QFY14 Results Analysis

FYE Dec (RMmn)	4Q13	3Q14	4Q14	QoQ (%)	YoY (%)	FY13	FY14	YoY (%)
Revenue	331.3	303.2	216.2	(28.7)	(34.8)	1058.4	1062.8	0.4
COGS	(313.6)	(288.0)	(197.3)	(31.5)	(37.1)	(993.3)	(998.0)	0.5
GP	17.6	15.3	18.9	23.5	7.0	65.1	64.8	(0.5)
Other pp Income	0.8	3.3	2.7	(17.8)	255.5	7.6	11.7	54.6
Admin expenses	(14.6)	(15.6)	(16.8)	7.3	15.2	(55.3)	(58.4)	5.7
Finance costs	(2.0)	(2.9)	(7.5)	158.1	274.1	(7.9)	(15.5)	95.3
Associate	0.2	(0.1)	0.1	<(100.0)	(11.7)	1.3	0.9	(29.4)
Jointly controlled entity	0.0	0.0	0.0	na	na	0.0	0.0	(100.0)
Investment income	2.7	2.7	7.4	175.3	168.5	3.1	10.4	240.0
PBT*	4.7	2.6	4.8	86.8	1.7	13.9	13.9	0.3
Tax	(4.1)	(1.6)	(4.4)	172.5	6.5	(7.8)	(7.9)	1.3
MI	(0.1)	0.6	2.4	271.5	<(100.0)	(0.6)	1.7	<(100.0)
Net profit*	0.5	1.6	2.8	74.7	456.1	5.2	7.7	47.5
Core net profit	0.5	1.6	2.8	74.7	456.1	5.2	7.7	41.1
Core EPS (sen)	0.3	0.9	1.6	(24.2)	109.1	3.9	4.4	15.2
Dividend (sen)	1.5	0.0	2.0	na	33.3	1.5	2.0	33.3
Margin (%):				% pts	% pts			% pts
- PBT	1.4	0.9	2.2	1.4	0.8	1.3	1.3	(0.0)
- PAT	0.2	0.3	0.2	(0.1)	0.0	0.6	0.6	(0.0)
- Effective tax rate	87.1	62.5	91.2	28.7	4.1	56.5	57.0	0.9

Note: \*Excluding revaluation gain on investment property and share of loss from reclassification of holding in KL-Kuala Selangor Expressway Bhd from investment to associate in 2014

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Kaladher Govindan – Head of Research