



Bina Puri Holdings Berhad

Listing its Power Generation Business

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TP: RM0.485 (+6.6%)

Last traded: RM0.455

HOLD

Target to list PT Megapower Makmur by 2Q16

Abroad, Bina Puri is targeting to make an IPO application by 2Q16 to list its power generation business, PT Megapower Makmur on the Indonesia Stock Exchange. It currently has a 64% effective stake in the company. The IPO is expected to raise US\$4.0mn from the public as additional working capital. The listing would also allow the company to have access to the capital market for future expansion. Upon listing, 30% of the enlarged share base is expected to be held by the public.

Currently, it operates a total of 28MW capacity of micro diesel generated power plants at eight locations in Indonesia. A new mini hydro power plant in Bantaeng, Sulawesi Selatan, Indonesia, when starts commercial operation by 1H16, will add another 4.2MW to its capacity. Management guided annual earnings of between RM4mn and RM5mn per annum from its utilities business.

We are positive on the development as the utilities segment would provide stable and recurring income, smoothening the cyclical earnings from its construction and property development businesses.

Higher order books and property sales expected locally

In Malaysia, the group has secured RM1.2bn of new contracts in 2015, versus RM765mn achieved in 2014. Its outstanding order book stands at RM1.9bn. For FY16, the management is looking at order book replenishment of RM1.0bn, which could come from civil works at RAPID Pengerang, Damansara-Shah Alam elevated expressway, Sungai Besi-Ulu Kelang elevated highway, Pan Borneo highway, KVMRT line 2, LRT line 3, Bus Rapid Transit KL and Bus Rapid Transit Kota Kinabalu. We have assumed RM800mn order book replenishment for FY16.

For its property development division, the management targets to double its property sales in FY16 to RM140mn, from RM70mn achieved in FY15. The increase in property sales is expected to be driven by its Opus Service Residence. Besides, it targets to launch Riveria Sentral @ KL, a transit-oriented development located in Brickfield, in 3Q16. The proposed development is a 30:70 JV with Titijaya Land Berhad.

Impact

We tweak FY17 earnings forecasts higher by 2.5% after adjusting our order book assumption to reflect actual order book replenishment of RM1.2bn for FY15 (versus our earlier assumption of RM1.4bn), and after factoring in earnings contribution from the 4.2MW mini hydro power dam.

Valuation

No change to our target price of **RM0.485**, based on unchanged target PE multiple to 8x CY16 EPS. Maintain our **HOLD** call on **BPURI**.

Share Information

| | |
|----------------------------------|-------------|
| Bloomberg Code | BIN MK |
| Bursa | BPURI |
| Stock Code | 5932 |
| Listing | Main Market |
| Share Cap (mn) | 229.8 |
| Market Cap (RMmn) | 104.6 |
| Par Value | 0.50 |
| 52-wk Hi/Lo (RM) | 0.65/0.33 |
| 12-mth Avg Daily Vol ('000 shrs) | 520.6 |
| Estimated Free Float (%) | 46.4 |
| Beta | 1.05 |

Major Shareholders (%)

| | |
|------------------------|--------|
| Jentera Jati Sdn Bhd | - 8.87 |
| Tee Hock Seng | - 7.31 |
| Ng Keong Wee | - 6.13 |
| Bumimaju Mawar Sdn Bhd | - 5.88 |

Forecast Revision

| | FY15 | FY16 |
|-----------------------|-------------------|------|
| Forecast Revision (%) | - | - |
| Net profit (RMmn) | 8.3 | 13.7 |
| Consensus | - | - |
| TA's / Consensus (%) | - | - |
| Previous Rating | Hold (Maintained) | |

Financial Indicators

| | FY15 | FY16 |
|-----------------------|--------|-------|
| Net Debt / Equity (%) | 206.1 | 193.7 |
| CFPS (sen) | (17.4) | 4.4 |
| Price / CFPS (x) | (2.6) | 10.4 |
| ROA (%) | 0.6 | 0.9 |
| NTA/Share (RM) | 1.2 | 1.2 |
| Price/NTA (x) | 0.4 | 0.4 |

Share Performance (%)

| Price Change | BPURI | FBM KLCI |
|--------------|--------|----------|
| 1 mth | 2.2 | 0.7 |
| 3 mth | (2.2) | (4.7) |
| 6 mth | (10.8) | (5.4) |
| 12 mth | (15.0) | (6.4) |

(12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

Financial Statements

| Profit & Loss (RMmn) | | | | | |
|---------------------------|---------|---------|---------|---------|---------|
| YE Dec 31 | 2013 | 2014 | 2015F | 2016F | 2017F |
| Revenue | 1,053.7 | 1,053.5 | 1,396.7 | 1,514.4 | 1,307.9 |
| EBITDA | 32.6 | 41.6 | 47.8 | 60.3 | 66.6 |
| Dep. & amortisation | (12.4) | (14.4) | (19.3) | (18.0) | (17.1) |
| Finance cost | (7.9) | (14.4) | (15.1) | (15.3) | (15.5) |
| Associates | 1.3 | (21.7) | 0.1 | 0.1 | 0.1 |
| Jointly controlled entity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investment income | 3.9 | 75.2 | 0.3 | 0.2 | 0.2 |
| PBT | 13.6 | 58.3 | 11.4 | 27.3 | 34.2 |
| Taxation | (7.8) | (10.8) | (3.7) | (10.4) | (13.0) |
| MI | (0.6) | (41.0) | (1.9) | (3.2) | (3.8) |
| Net profit | 5.2 | 6.5 | 5.8 | 13.7 | 17.4 |
| Core net profit | 5.2 | 6.9 | 8.3 | 13.7 | 17.4 |
| Core EPS (sen) | 3.9 | 4.0 | 3.8 | 6.0 | 7.6 |
| GDPS (sen) | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 |
| Div yield (%) | 3.3 | 4.4 | 4.4 | 4.4 | 4.4 |

| Cash Flow (RMmn) | | | | | |
|------------------------------|----------------|---------------|---------------|---------------|--------------|
| YE Dec 31 | 2013 | 2014 | 2015F | 2016F | 2017F |
| PBT | 13.6 | 58.3 | 11.4 | 27.3 | 34.2 |
| Adjustment | 36.6 | (7.4) | 37.2 | 35.9 | 35.0 |
| Dep. & amortisation | 12.4 | 14.4 | 19.3 | 18.0 | 17.1 |
| Changes in WC | (146.7) | 112.4 | (52.6) | (24.1) | (12.9) |
| Operational cash flow | (130.5) | 69.4 | (25.8) | 10.8 | 25.3 |
| Capex | (10.0) | (23.2) | (12.6) | (13.6) | (11.8) |
| Others | (90.1) | (39.2) | 3.0 | 2.8 | 2.6 |
| Investment cash flow | (100.1) | (62.4) | (9.6) | (10.9) | (9.1) |
| Debt raised/ (repaid) | 174.8 | (30.5) | (18.5) | 9.8 | 9.8 |
| Equity raised/ (repaid) | 32.4 | 20.6 | 19.9 | 5.0 | 0.0 |
| Dividend | (2.0) | (2.7) | (4.4) | (4.6) | (4.6) |
| Others | (305.4) | (49.9) | (6.6) | (21.1) | (14.4) |
| Financial cash flow | (100.1) | (62.4) | (9.6) | (10.9) | (9.1) |
| Net cash flow | (15.6) | 11.2 | (37.9) | 10.0 | 21.5 |
| Opening cash | 71.3 | 55.7 | 66.9 | 29.0 | 38.9 |
| Forex adjustment | 1.2 | (2.6) | 0.0 | 0.0 | 0.0 |
| Ending Cash | 55.7 | 66.9 | 29.0 | 38.9 | 60.5 |

| Balance Sheet (RMmn) | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| YE Dec 31 | 2013 | 2014 | 2015F | 2016F | 2017F |
| Fixed assets | 114.8 | 148.2 | 138.6 | 131.4 | 123.5 |
| Others | 161.3 | 347.6 | 347.7 | 347.8 | 347.9 |
| Total NCA | 276.1 | 495.9 | 486.3 | 479.3 | 471.4 |
| Cash | 55.7 | 66.9 | 29.0 | 38.9 | 60.5 |
| Others | 1,037.6 | 908.6 | 944.9 | 1,009.0 | 951.6 |
| CA | 1,093.3 | 975.5 | 973.9 | 1,047.9 | 1,012.1 |
| Total Assets | 1,369.4 | 1,471.4 | 1,460.2 | 1,527.2 | 1,483.5 |
| ST debt | 533.3 | 406.8 | 406.8 | 406.8 | 406.8 |
| Others | 563.4 | 521.9 | 506.0 | 545.8 | 475.7 |
| CL | 1,096.7 | 928.7 | 912.8 | 952.6 | 882.5 |
| LT borrowings | 70.7 | 213.1 | 194.6 | 204.4 | 214.2 |
| Others | 17.3 | 80.5 | 80.5 | 80.5 | 80.5 |
| LT Liabilities | 88.0 | 293.6 | 275.1 | 284.9 | 294.7 |
| Share cap | 157.1 | 89.0 | 108.8 | 113.8 | 113.8 |
| Reserves | 13.4 | 104.8 | 106.3 | 115.5 | 128.3 |
| NCI | 14.2 | 55.3 | 57.2 | 60.4 | 64.2 |
| Total Equity | 184.7 | 249.1 | 272.3 | 289.6 | 306.3 |
| Total Equity & Liabilities | 1,369.4 | 1,471.4 | 1,460.2 | 1,527.2 | 1,483.5 |

| Ratio | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| YE Dec 31 | 2013 | 2014 | 2015F | 2016F | 2017F |
| EBITDA margin (%) | 2.7 | 2.9 | 3.4 | 4.0 | 5.1 |
| Core EPS (sen) | 3.9 | 4.0 | 3.8 | 6.0 | 7.6 |
| EPS Growth (%) | (6.6) | (2.6) | (28.4) | 124.9 | 26.6 |
| PER (x) | 11.8 | 11.4 | 11.9 | 7.5 | 6.0 |
| GDPS (sen) | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 |
| Div Yield (%) | 3.3 | 4.4 | 4.4 | 4.4 | 4.4 |
| Net cash (RMm) | (533.4) | (541.8) | (561.2) | (561.0) | (549.3) |
| Net gearing (x) | 2.9 | 2.2 | 2.1 | 1.9 | 1.8 |
| ROE (%) | 3.6 | 2.1 | 4.1 | 6.2 | 7.4 |
| ROA (%) | 0.4 | 0.5 | 0.6 | 0.9 | 1.2 |
| NTA (RM) | 1.2 | 1.3 | 1.2 | 1.2 | 1.3 |
| P/NTA (x) | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |

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