



Bina Puri Holdings Berhad

Property Division Outshines

TP: RM0.435 (+14.5%)

Last traded: RM0.38

HOLD

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Ooi Beng Hooi

+603-2167-9612

benghooi@ta.com.my

www.taonline.com.my

Review

- BPURI's 1H16 core profit of RM4.7mn came in at 37.6% of our full-year forecast. We deem the results in line as we expect stronger contribution from its property development, Opus, in the coming quarters, and higher contribution from its 4.2MW mini hydro power plant, which started operation in June 2016.
- YoY, 1HFY16 core profit improved 26.1% despite marginal decrease in top line to RM597.1mn. The better results were due mainly to the surge in property earnings (PBT +177.5%), aided by improved earnings in its power division (PBT +228.5%). However, this was partially offset by weaker performance of its construction division (PBT -65.7%).
- QoQ, the core profit inched up 3.6% to RM2.4mn attributed mainly to significantly stronger property earnings which contributed from sales of Main Place Residence in USJ 21. However, the construction division turned into the red with a LBT of RM1.2mn, compared with PBT of RM1.8mn in the immediate preceding quarter.
- The final accounts mediation with Malaysia Airports Holdings Berhad in relation to the construction works carried out at KLIA2 by UEMC-Bina Puri JV had been resolved with satisfactory closure. This alleviates investors' concern on potential huge late ascertained damages to be imposed on **BPURI** as previously sought by MAHB.

Impact

- Maintain.

Outlook

- After securing a sizeable works package of Pan Borneo Highway lately, we estimate the outstanding order stands at RM2.0bn, which would provide earnings visibility for the next 3 years. Going forward, we expect BPURI to tender for works packages in LRT line 3, MRT line 2 and BRT in Kota Kinabalu. We have assumed RM800mn order book replenishment for FY16 vs YTD wins of RM561mn.

Valuation

- No change to our target price of **RM0.435**, based on 7x CY17 EPS. Maintain **HOLD** call on **BPURI**.

Share Information

Bloomberg Code	BIN MK
Bursa	BPURI
Stock Code	5932
Listing	Main Market
Share Cap (mn)	242.1
Market Cap (RMmn)	92.0
Par Value	0.50
52-wk Hi/Lo (RM)	0.49/0.366
12-mth Avg Daily Vol ('000 shrs)	631.9
Estimated Free Float (%)	46.7
Beta (x)	0.94

Major Shareholders (%)

Jentera Jati Sdn Bhd	- 8.42
Tee Hock Seng	- 7.64
Ng Keong Wee	- 5.82
Bumimaju Mawar Sdn Bhd	- 5.58

Forecast Revision

	FY16	FY17
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	12.6	15.1
Consensus (RM'mn)	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Maintained)	

Scorecard (%)

	% of FY	
vs TA	37.6	Within
vs Consensus	na	na

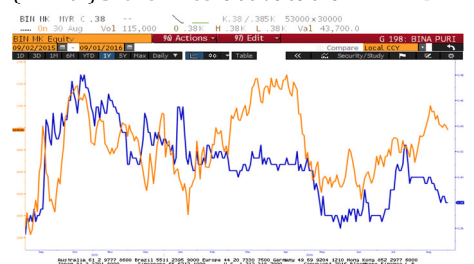
Financial Indicators

	FY16	FY17
Net Debt / Equity (%)	197.8	180.9
CFPS (sen)	(23.5)	11.9
Price / CFPS (x)	(1.6)	3.2
ROA (%)	0.8	1.0
NTA/Share (RM)	1.2	1.3
Price/NTA (x)	0.3	0.3

Share Performance (%)

Price Change	BPURI	FBM KLCI
1 mth	(5.0)	1.5
3 mth	2.7	3.2
6 mth	(6.2)	1.4
12 mth	4.1	4.1

(12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

Earnings Summary

FYE December (RMmn)	2014	2015	2016F	2017F	2018F
Revenue	1053.5	1227.9	1393.9	1186.8	1391.3
Gross profit	64.8	104.2	139.4	130.5	153.0
EBITDA	41.6	76.5	64.1	67.3	62.8
EBITDA margin (%)	3.9	6.2	4.6	5.7	4.5
EBIT	27.2	62.7	41.3	46.3	43.6
PBT	58.3	35.7	25.4	30.2	27.3
Net profit	6.5	3.4	12.6	15.1	13.5
Core profit	6.9	7.5	12.6	15.1	13.5
Core EPS (sen)	4.0	3.6	5.2	6.2	5.5
PER (x)	9.5	10.7	7.3	6.1	6.9
Gross dividend (sen)	2.0	0.0	0.0	0.0	2.0
Dividend yield (%)	5.3	0.0	0.0	0.0	5.3
ROE (%)	2.1	3.7	5.6	6.2	5.3

2QFY16 Results Analysis

FYE Dec (RMmn)	2Q15	1Q16	2Q16	QoQ (%)	YoY (%)	6MFY15	6MFY16	YoY (%)
Revenue	266.4	294.5	302.6	2.8	13.6	604.8	597.1	(1.3)
COGS	(246.5)	(274.6)	(277.8)	1.2	12.7	(564.4)	(552.5)	(2.1)
GP	19.9	19.8	24.8	24.8	24.3	40.4	44.6	10.5
Other Op Income	1.4	3.9	1.9	(50.9)	35.7	4.0	5.9	48.7
Admin Expenses	(16.4)	(15.5)	(12.1)	(22.1)	(26.4)	(32.0)	(27.5)	(13.9)
Finance Costs	(3.8)	(4.4)	(4.0)	(8.0)	5.1	(8.1)	(8.4)	4.7
Associate	(0.0)	(1.4)	(0.7)	(47.4)	>100.0	(0.6)	(2.1)	>100.0
Investment income	0.8	0.0	0.0	(46.5)	(97.1)	1.3	0.1	(95.0)
PBT	1.9	2.5	9.9	>100.0	>100.0	5.0	12.4	>100.0
Tax	0.0	(0.8)	(3.3)	>100.0	<(100.0)	(0.6)	(4.1)	>100.0
MI	(0.6)	(0.9)	(5.7)	>100.0	>100.0	(1.8)	(6.6)	>100.0
Net profit	1.3	0.8	0.9	11.1	(30.9)	2.5	1.7	(32.7)
Core net profit	1.7	2.3	2.4	3.6	41.5	3.8	4.7	26.1
Core EPS (sen)	0.9	1.0	1.0	11.4	(41.8)	3.9	2.0	4.8
Dividend (sen)	0.0	0.0	0.0	na	na	0.0	0.0	na
Margin (%):				% pts	% pts			% pts
- PBT	0.7	0.9	3.3	2.4	2.6	0.8	2.1	1.3
- PAT	0.7	0.6	2.2	1.6	1.5	0.7	1.4	0.7
- Effective tax rate	(0.5)	32.1	33.4	1.3	33.9	12.9	33.1	20.2

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 Kaladher Govindan – Head of Research