

BUY
RM1.42

Target Price: RM1.77

Bina Puri Holdings

JV secures RM997m LCCT project

Stock data

Market cap (RMm):	149.1
Issued shares (m):	105.0
52-week range:	RM0.705 - RM1.42
3-mth avg daily volume:	190,623 shrs
Bloomberg code:	BIN MK
YTD price chg:	+61.4%
YTD KLCI chg:	5.0%
Est. free float:	37.7%
Major shareholders:	
<i>Jentera Jati:</i>	19.4%
<i>Sen Tan Sri Datuk Tee</i>	14.6%
<i>Hock Seng, JP:</i>	
<i>Bumimaju Mawar:</i>	14.3%
<i>Dr Tan Cheng Kiat:</i>	8.9%
<i>Dato' Mohamed Feisal:</i>	5.1%

KLCI	FBM70	FBM100	Syariah	Hijrah
No	No	No	Yes	No

Consensus

FYE31 Dec	2010E	2011E
Net profit (RMm):	n.a.	n.a.
EPS (sen):	n.a.	n.a.

Forecast revision

FYE31 Dec	2010E	2011E
Prev. netprofit (RMm):	10.0	11.9
% revision:	+81%	+72%
Revised net profit (RMm):	18.1	20.5

Share price chart

 The Research Team Tel: 603-2713 2292
research@kenanga.com.my

- LCCT contract secured through its JV with UEM.** Bina Puri announced that its 40:60 JV with UEMC had been awarded the LCCT contract worth RM997m. Bina Puri holds 40% in the JV which will add some RM398m to the topline for the next 1.5 years. The completion of the project is expected within 20 months which is until 1Q12. We see that this news as favourable for Bina Puri as it will contribute positively to its FY10 and FY11 earnings.
- Order book at RM2.7 b for the next 2 years.** We are impressed with the Group's success in securing the LCCT contract after it has secured the RM307m project to build UiTM campus in Sarawak in May 2010. With the LCCT project, the Group will add another RM398m its current order book. This bodes well for Bina Puri prospect in FY10 and FY11 supported with other government related projects coming up during the 2H10 to 2H11.
- Property development to feature in longer term.** Following the recent land acquisition in Mukim Batu which has been earmarked for high end property development with estimated GDV of RM60m, we are yet factored the earnings in our forecast as it is still preliminary at this juncture coupled with the risk of low take up rate for high end properties.
- Margin could be around 6%.** We opined that the execution remains challenging given that the tight deadline for completion. On the positive note, the shorter dateline would benefit Bina Puri to counter inflationary and volatility impact in building material prices. Conservatively, we are expecting margin to be at 6% which is lower than management indication at 10%. Overall, we expect the Group to record 2% net margin for FY10.
- Upgrade to BUY with higher TP of RM1.77 from RM0.97, previously.** We have revised our earnings forecast higher by 81% and 72% for FY10 and FY11, respectively to reflect the newly secured LCCT contract as it has exceeded our estimates in securing new contracts in FY10. We are maintaining 10x PE valuation to FY10 EPS to derive a new TP at RM1.77. With the 25% upside and positive news on contract award for construction sector, hence we have upgraded our recommendation from HOLD to BUY. The risk to our recommendation is lower than expected margin due to delays in completion and higher building material prices.

Earnings Estimates

FYE 31 Dec (RMm)	FY06	FY07	FY08	FY09	FY10F	FY11F
Revenue	491.6	607.9	676.5	780.1	924.7	1,092.3
Pretax profit	6.4	8.5	8.0	11.4	27.8	32.2
Net profit	5.1	7.0	4.3	6.4	18.1	20.5
EPS (sen)	4.9	6.8	4.1	6.2	17.4	19.8
EPS growth (%)	26.3	37.1	-39.0	50.0	181.8	13.4
Gross DPS (sen)	5.0	6.0	4.0	4.0	4.0	4.0
NTA/share (RM)	0.8	0.9	0.9	1.0	1.1	1.2
Net gearing (%)	4.1	1.9	1.4	1.0	1.0	1.0
PER (x)	28.8	21.0	34.4	22.9	8.1	7.2
P/NTA (x)	1.7	1.6	1.6	1.5	1.3	1.1
Div. Yield (%)	3.5	4.2	2.8	2.8	2.8	2.8
ROE (%)	7.8	11.3	6.9	8.6	18.8	19.1

This page has been intentionally left blank

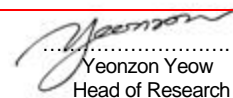
CMDF-Bursa Research Scheme ("CBRS")

This report has been prepared by Kenanga Investment Bank Berhad (KIBB) for purposes of CB RS administered by Bursa Malaysia Berhad, independent from any influence from CBRS or the subject company. KIBB will receive total compensation of RM15,000 each year for each company covered by it under CBRS. For more information about CBRS, please visit Bursa Malaysia's website at: <http://www.bursamalaysia.com/website/bm/>

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H) (formerly known as K&N Kenanga Bhd)
8th Floor, Kenanga International, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Telephone: (603) 2166 6822 Facsimile: (603) 2166 6823 Website: www.kenangaresearch.com


.....
Yeonzon Yeow
Head of Research