



Bina Puri Holdings Berhad

A Mini Conglomerate

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We are initiating coverage on Bina Puri Holdings Berhad (BPURI) with a BUY recommendation. We derive our target price of RM0.96/share based on a FY14PE multiple of 8x. This represents an upside of 20.0%.

BPURI started as a contractor back in 1975 but has diversified into various businesses including property development, highway concession, power generation, quarry & construction materials and polyol manufacturing. At current share price of RM0.80/share, the market values the "mini conglomerate" at only RM124.1mn.

Currently the construction division contributes more than 80% of the group's total revenue. Going forward, the group intends to grow its property development business and recurring incomes, and has set a target percentage of revenue contribution from construction, property development and recurring income at 40:40:20 ratio. This should lead to improvement in the overall margin and bottom line growth, aided by the possible synergy from its various inter-related businesses.

Investment Case

1. Established contractor with track record,
2. Earnings boost from property development, and
3. Increasing recurring incomes to reduce cyclical risk

Forecast

With an outstanding order book of RM1.9bn and assuming construction order book replenishment of RM1bn in FY13 and RM800mn each in FY14 and FY15, we estimate the company to generate net profit of RM9.0mn, RM18.5mn and RM26.4mn in FY13, FY14 and FY15 respectively.

Valuation

We initiate coverage on BPURI with target price of RM0.96, based on 8x FY14 earnings. Given the upside of 20.0%, we recommend a **BUY** call on BPURI.

Earnings Summary

FYE December (RMmn)	2011	2012	2013F	2014F	2015F
Revenue	1178.1	1280.1	1068.6	1198.5	1540.4
Gross Profit	88.1	68.3	64.1	77.9	100.1
EBITDA	41.2	31.5	37.0	56.2	69.7
EBITDA margin (%)	3.5	2.5	3.5	4.7	4.5
EBIT	30.9	20.7	23.8	42.9	56.2
PBT	25.8	16.4	15.8	34.1	47.8
PAT	6.0	5.1	9.0	18.5	26.4
EPS (sen)	5.4	4.1	6.2	11.9	17.0
PER (x)	14.8	19.4	12.9	6.7	4.7
Gross dividend (sen)	2.0	2.0	2.0	2.0	4.0
Dividend yield (%)	2.5	2.5	2.5	2.5	5.0
ROE (%)	5.0	3.9	5.8	9.9	12.4

TP: RM0.96(+20.0%)

Last traded: RM0.80

BUY

Share Information

Bloomberg Code	BIN MK
Bursa	BPURI
Stock Code	5932
Listing	Main Market
Share Cap (mn)	155.1
Market Cap (RMmn)	124.1
Par Value	1.00
52-wk Hi/Lo (RM)	0.875/0.57
12-mth Avg Daily Vol ('000 shrs)	381.1
Estimated Free Float (%)	49.52
Beta (x)	1.12

Major Shareholders (%)

Jentera Jati Sdn Bhd	- 13.14
Tee Hock Seng	- 10.16
Ng Keong Wee	- 9.09
Tan Cheng Kiat	- 6.04
Bumimaju Mawar Sdn Bhd	- 5.28

Forecast Revision

	FY13	FY14
Forecast Revision (%)	-	-
Net profit (RMmn)	9.0	18.5
Consensus (RM'mn)	9.0	12.2
TA's / Consensus (%)	99.7	151.6
Previous Rating	Buy (New)	

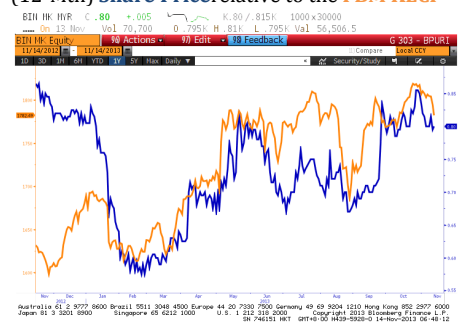
Financial Indicators

	FY13	FY14
Net Debt / Equity (%)	190.1	134.7
CFPS (sen)	(23.3)	69.9
Price / CFPS (x)	(3.4)	1.1
ROA (%)	0.9	1.8
NTA/Share (RM)	1.3	1.3
Price/NTA (x)	0.6	0.6

Share Performance (%)

Price Change	BPURI	FBM KLCI
1 mth	(1.2)	(0.1)
3 mth	11.1	(0.6)
6 mth	5.3	(0.3)
12 mth	(7.5)	9.2

(12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

About the Company

Established in 1975 and listed since 1995, BPURI is a construction company with more than 37 years of work experience in construction with various international exposures. The group is also involved in businesses of property development, quarry, hospitalities, manufacturing, power generation and highway concession.

Management and Major Shareholders

BPURI is a family run company with the management being led by the Group Managing Director, Tan Sri Datuk Tee Hock Seng, JP and supported prominently by family members that include the Founder Director, Dr Tony Tan Cheng Kiat, Matthew Tee Kai Woon, Datuk Henry Tee Hock Hin and Tay Hock Lee.

Tan Sri Datuk Tee Hock Seng, JP and family members are estimated to hold about 21.9% stake in BPURI. The major shareholders of BPURI is as shown in Appendix Exhibit 26.

Ng Keong Wee, the son of Gamuda Bhd's director Datuk Ng Kee Leen has emerged as a substantial shareholder in September 2013. He has bought 13mn shares in BPURI at RM1/share, significantly higher than the market price then, through private placements in September 2013. It was speculated that the Junior Ng may lead the property division in the group going forward.

Established contractor with track record

Since the establishment in 1975, it is estimated that the BPURI has completed close to RM12bn worth of projects. Among projects it has successfully completed include:

- roads and highways,
- bridges,
- interchanges,
- waterworks,
- land reclamation works,
- buildings works, and
- airports

Please see Exhibits 23 and 24 in Appendix depicting major local and overseas projects it has completed thus far.

Throughout the years, BPURI has secured various awards of excellence which include:



- i) BrandLaureate Corporate Award for Best Brand in Construction 2011-2012
- ii) Major Project Award Category by CIDB for Malaysian Construction Industry Excellence Awards (MCIEA) 2012
- iii) International Achievement Award by CIDB for Malaysian Construction Industry Excellence Awards (MCIEA) 2011
- iv) International Achievement Award by CIDB for Malaysia Construction Industry Excellence Awards (MCIEA) 2008
- v) Prominent Player Award to Group Managing Director, YBhg. Tan Sri Datuk Tee Hock Seng, JP by CIDB for Malaysian Construction Industry Excellence Awards (MCIEA) 2005

Currently, BPURI has an outstanding order book of RM1.9bn, about 1.8x of FY12 construction revenue. This is sufficient to keep its construction unit busy at least until 2015. The breakdown of the outstanding order book is as shown in Exhibit 1 below.


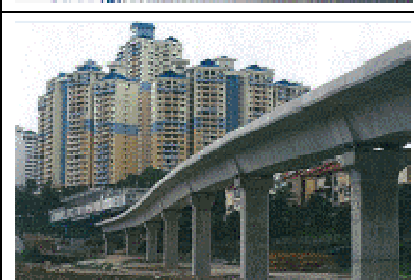
Exhibit 1: Outstanding Construction Order Book as of 30 September 13

Project	Value (RMmn)	Balance (RMmn)
Local		
400 units PPR Apartment, Kunak	18.6	3.1
Housing project, Sandakan	91.1	2.8
1664 unit apartment, Menggatal	224.1	1.6
HUKM Pre-clinical Building, Cheras	160.0	14.4
KLIA2	400.0	7.9
The Haven in Ipoh, Perak	82.3	3.3
Ampang LRT Extension Project	1,103.0	705.2
Sabah Administration Centre, KK	388.7	234.8
Kota Kinabalu Times Square	470.3	93.6
The Main Place, USJ21	135.0	6.2
Puri Tower, Puchong	35.5	7.4
SAMUR Project, Sabah (4 packages)	114.7	102.7
Melawati Mall, Taman Melawati	441.0	441.0
KOUMS UMS Hotel, Sabah	96.6	96.6
Sub-total	3760.9	1720.6
Overseas		
Stormwater Pipeline Project in Qurayat, Saudi Arabia	5.7	0.1
Stormwater Pipeline Project in Turaif, Saudi Arabia	19.9	1.0
Unilever Distribution Centre 2, Bangkok, Thailand	80.9	56.6
New HQ for MOFAT, Brunei Darussalam – Site preparation	12.8	12.2
Malaysia Embassy in Moscow	155.0	155.0
Sub-total	274.3	224.9
TOTAL	4035.2	1945.5

The major ongoing construction projects together with expected completion dates are as depicted in Exhibit 2.

Exhibit 2: Major ongoing construction projects

	KLIA2 Expected completion: Dec 2013
	Sabah New Administration Centre Expected completion: Oct 2014

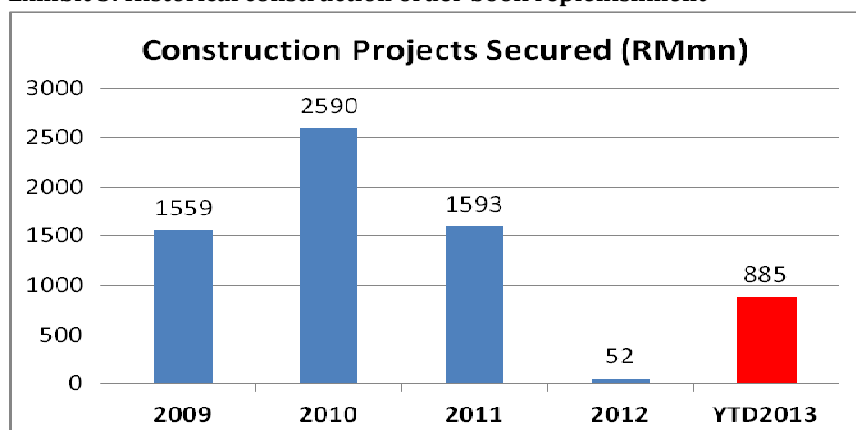
	<p>KK Times Square, Kota Kinabalu, Sabah</p> <p>Expected completion: Dec 2013</p>
	<p>LRT Extension (Ampang Line) – Pkg A</p> <p>Expected completion: Feb 2015</p>

Source: Company, TA Research

For the KLIA2 project, BPURI has a 40% stake in the UEM-Bina Puri JV and is responsible for the construction of the satellite building. To date, it has completed 98% of the works. On the controversial and potential liquidated and ascertained damages (LAD) of RM199k a day invoked since 16 June 2013 following the issuance of certificate of non-completion, the JV is confident of securing extension of time as there were many last minute requests and additional changes made, which reportedly include expanding the gross floor area by 60,000 sqm to 295,000 sqm, and adding counters to the immigration department as well as additional ticket booths and counters. In our earnings forecast, we have not factored any impact from the possible LAD as the situation is still fluid, pending further development on this matter. The construction works under BPURI's scope are expected to complete by end of December 2013 and presuming the worst case scenario, RM15.6mn of LAD could be imposed on BPURI.

Historically, the group has consistently been able to secure sizeable construction contracts, with an average order book replenishment of not less than RM1.3bn a year for the past 5 years, as depicted in Exhibit 3. We are not concerned over the minimal amount, totaling RM52mn of new construction projects secured in 2012 as we believe the group was focusing on project execution after securing extraordinary orders in the 3 previous years.

Exhibit 3: Historical construction order book replenishment



Source: Company, TA Research

The construction margin recorded by the group for the past 10 years was relatively low with a 10-year-average of 2.1%. Exhibit 4 below compares the operating margins of some of the listed construction companies with market capitalization below RM300mn. BPURI's average operating margin of 1.8% for the most recent 3 years was lower than the average of 3.9% of comparable companies.

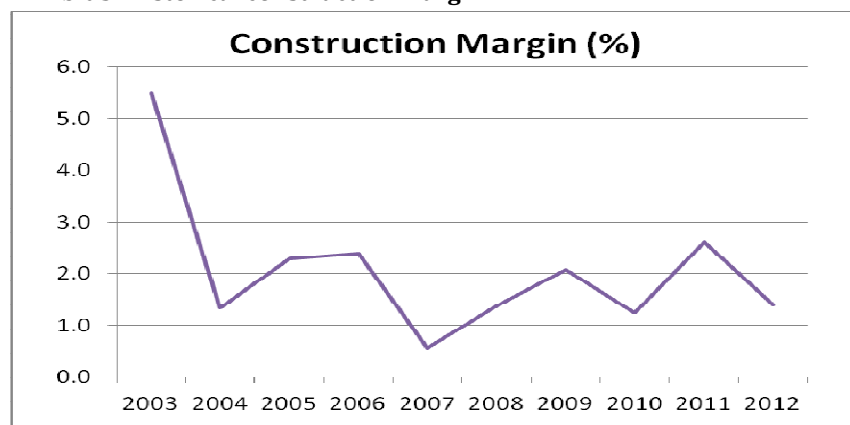
Exhibit 4: Comparison of operating margin among peers

Company	Operating Margin			
	FY10	FY11	FY12	Average
AZRB	-12.8%	5.9%	7.3%	0.1%
Bpuri	1.2%	2.5%	1.6%	1.8%
Cresbld	5.6%	8.2%	7.8%	7.2%
Fajar	18.6%	8.8%	-21.2%	2.1%
Gadang	8.1%	0.8%	7.9%	5.6%
Ireka	4.7%	2.4%	3.4%	3.5%
Melati	5.0%	8.2%	8.0%	7.1%
PLB	1.2%	2.2%	10.8%	4.7%
TRC	3.5%	1.9%	2.8%	2.7%
Average				3.9%

We think it could be due to the group's strategy of submitting competitive bids to secure projects. In projects such as LRT extension, margin for fees attending to nominated sub-contracts is usually lower than the typical construction margin and this could be another reason for the drag in the group's construction margin.

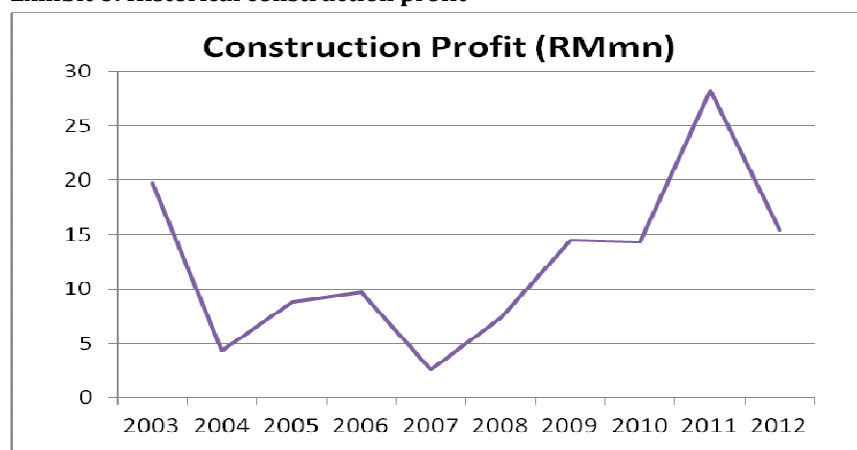
However, it should be noted that despite the low margin, the construction division has been consistently profitable at least for the most recent 10 years, as shown in Exhibits 5&6 below.

Exhibit 5: Historical construction margin



Source: Company, TA Research

Exhibit 6: Historical construction profit



Source: Company, TA Research

Going forward, we believe the prospects remain bright for BPURI given ample upcoming jobs, particularly rail-related projects and highway projects such as MRT Line 2, LRT line 3, Southern Double Track, West Coast Expressway, Kinrara-Damansara Expressway, East Klang Valley Expressway, Damansara-Shah Alam Expressway, Sungai Besi-Ulu Klang Expressway, Pengerang infrastructure works and Bandar Malaysia Development.

Earning Boost from Property Division

Currently, BPURI has 3 ongoing property development projects with unbilled sales of about RM96.6mn.

Exhibit 7: Ongoing property development projects

	<p>The Main Place, USJ 21, Selangor</p> <p>GDV: RM152.3mn</p> <p>Sales recorded: RM99.6mn</p>
	<p>The Puri Tower, Puchong, Selangor</p> <p>GDV: RM62.1mn</p> <p>Sales recorded: RM40.3mn</p>
	<p>Laman Villa, Mont Kiara North, KL</p> <p>GDV: 101.6mn</p> <p>Sales recorded: RM31.7mn</p>

Source: Company, TA Research

Going forward, we expect to see earnings boost from its property development division as the group has proposed development with potential GDV of RM2.3bn in the pipeline, of which majority of them are scheduled for launch in 2014 (See Exhibit 8).

Exhibit 8: Upcoming property development projects

Development Project	Total GDV (RMm)	Launch date
Petrie Villa, JB	110.4	1H14
Jesselton View, KK	61.0	4Q13
One Jesselton, KK	84.6	1H14
Ocean View, Miri	143.6	1H14
The Opus, KL	290.0	1H14
8 Avenue, KK	157.7	1H14
Rivo City, KL	1288.6	2Q/3Q14
Bangkok Marina Resort & Spa	200.0	4Q13
TOTAL	2335.9	

Source: Company, TA Research

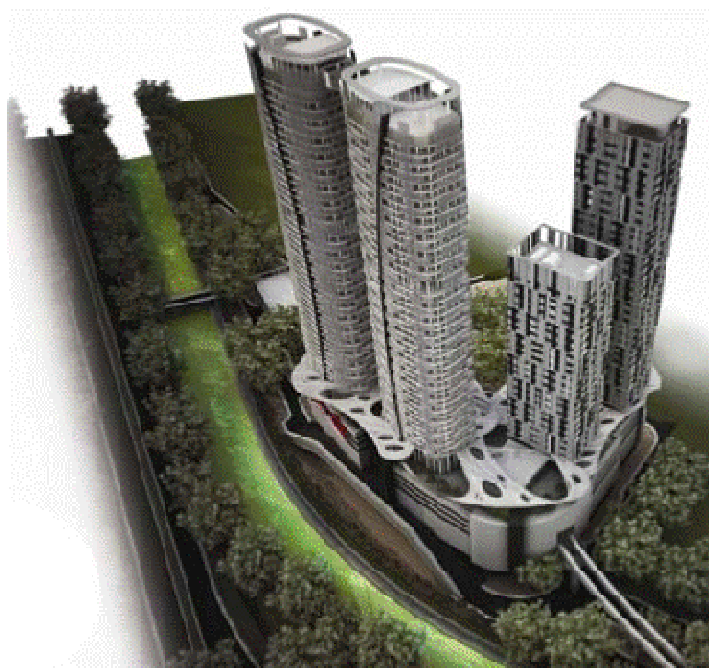
While most of the proposed property development projects are strategically located, the Rivo City project stands out as it carries significantly higher potential GDV of about RM1.3bn. It is expected to be launched in middle 2014 with the selling price pegged at between RM700 psf to RM900 psf for the commercial and residential properties. The selling price is considered attractive as compared with the properties the adjacent Kuala Lumpur Sentral area that are currently priced at a range of about RM1200 psf to RM 1500 psf.

Recall, in April 2013, Syarikat Prasarana Negara Berhad awarded the property development project in Brickfields to BPURI under a public-private partnership. Prasarana's entitlement for this project was not disclosed but we estimate that BPURI is entitled for about 80% of the GDV while the remaining of about 20% share will go to Prasarana.

Rivo City sits on a strategic location, within a stone's throw distance from the Tun Sambanthan Monorail Station, and having KL City Center, Mid Valley City, KL Sentral Transportation Hub and Kuen Cheng school located just within 1km radius from the proposed development. An access bridge has been proposed to provide direct access to Jalan Syed Putra.

The mixed development consists of 4 high rise towers, housing 1660 units of SOVO, 22-floor service suites, 3-storey commercial podium and sky bridge. The commercial podium will accommodate proposed new monorail station, retail centre, food outlets, sidewalk café, river walk alfresco, roof garden and sky garden.

Exhibit 9: Architect's impression of Rivo City



Source: Company

With 2 new development projects to be launched in 4Q13 and another 6 new development projects scheduled for launch in 2014, we expect the revenue contribution from the property division to surge from an estimated RM75mn in FY13 to RM125mn and RM238mn in FY14 and FY15 respectively.

Given the cooling measures on the property sector introduced in the 2014 Budget, we conservatively assume an EBIT margin of 10%-12%, to take into consideration of possible higher marketing and promotion expenses to boost sales. Nevertheless, given the development projects are located in property hot spots such as Klang Valley, Johor Bahru, Kota Kinabalu and Miri, we expect the division would be able to achieve satisfactory sales.

With the expansion in the property development business, we expect the division's operating profit to jump from an estimated RM7.5mn to RM13.0m in FY14 and RM22.5mn in FY15.

These pipeline projects are in line with the group's target to broaden its revenue based on a target of 40:40:20 ratio from construction, property development and recurring income.

Recurring Income

The group has taken initiatives to build up recurring income to reduce the risk associated with the cyclical nature of its construction business, as well as broadening its earnings base by diversifications. Currently, BPURI has hospitalities and power generation business providing recurring income to the group.

i) Power Generation

Via its 64% effective stake in PT Megapower Makmur, BPURI operates micro diesel generated power plants in Indonesia since 2010. The power generation agreement signed was for a period of 5 years, renewable yearly, for supply of electricity to PT Perusahaan Listrik Negara. Currently it runs 5 nos. of micro plants with a total capacity of 14MW at 4 locations in Indonesia as shown in Exhibit 10. We understood from the management that the power generation above is not subject to the risk of price fluctuation of diesel as the fuel is provided to its unit.

Besides, its subsidiary had also entered into an agreement with PT Perusahaan Listrik Negara to build and operate a mini hydro power plant with capacity of 4.2MW in Sulawesi at an estimated development cost of US\$12mn. The tenure of the power purchase agreement is 15 years with an option to extend another 15 years. The construction works has started in 2013 and the mini hydro power plant is expected to start generate electricity in 2015.

Upon completion, it will increase the power generation capacity in Indonesia to 18.2MW.

We expect the power generation division to record gradual growth with operating profit ranging between RM3.8mn to RM4.1mn for the period between 2013 and 2015 before seeing meaningful contribution from its hydro power plant in 2016.

Exhibit 10: Location of power plants Indonesia



Source: Company

Exhibit 11: Micro diesel generated power plant



Source: Company

ii) LATAR Expressway

BPURI holds 50% stake in KL-Kuala Selangor Expressway Bhd (KLKSE), the concessionaire for LATAR Expressway for a period of 40 years until 2048.

The 33km expressway links Northern part of Kuala Lumpur and Kuala Selangor. It forms part of the KL Outer Ring Road, a planned orbital ring road that will serve as an alternative to the existing Middle Ring Road.

Despite loss-making at current stage due to high finance cost and amortization, which is a norm for highway concessionaire, we are positive on the future traffic growth in view of rapid development in the surrounding areas such as Rawang, Kundang and Sungai Buloh, and upcoming massive developments along the corridor, judging from the sizeable landbanks held by major developers such as MAHSING, SPSETIA, GAMUDA and Low Yat Group in these areas. We expect the concession to turnaround in 2016.

As the group does not have significant influence in KLKSE as agreed earlier with its JV partner, the investment in the highway concession is treated as simple investment instead of using equity method. Hence, the results of the highway concession is not reflected in BPURI's income statement.

Exhibit 12: LATAR Expressway



Source: Company

iii) Retail Space at The Main Place, USJ 21

For the development of The Main Place, USJ 21, the group, via its indirect subsidiary, Sumbangan Legenda Sdn Bhd, is retaining the 3-floor retail space with 237k sqf of net lettable area for recurring rental income.

Currently, about 70% of retail space has been taken up. It is encouraged to see a list of established brands have signed up the tenancies. Among them are Jaya Grocer, Uniqlo, Popular Bookstore, Toys"R"Us, Daiso, Ace Hardware store, and well-known F&B outlets such as McDonalds, Starbucks, Dragon-i, Sushi Zanmai.

We expect the occupancy rate to increase to about 90% closer to the opening of the retail space expected in early 2014 given the large population catchment in the neighbourhood, as well as its strategic location of within walking distance to a proposed LRT station and direct access from Lebuhraya Damansara Puchong (LDP). With an expected average rental rate ranging between RM5 psf to RM7 psf, we expect revenue contributions of RM12.3mn and RM16.3mn and operating profit RM6.2mn and RM8.2mn for FY14 and FY15 respectively.

iv) OSP Puni Indah Residence, Brunei Darussalam

BPURI has invested about RM21.5m to refurbish 3 apartment blocks of Ong Sum Ping Sports Village into high-end serviced apartments. It operates 72 apartment units for 20 years from 2011 to 2031. Monthly rental income per unit is about \$3,500 Brunei Dollars (approx RM8900) and earnings contribution has started to flow in since 2011. It is understood that the property is currently fully occupied and is expected to generate annual gross rental of RM6mn to RM7mn a year with expected PBT of RM600k a year.

Exhibit 13: OSP Puni Indah Residence



Source: Company

v) Shop Offices at Jalan Pasar, KL

BPURI's property arm has invested RM16mn for the development and construction of 2 blocks shop offices at Jalan Pasar in KL for Chha Yong Association, KL. In return, BPURI is entitled for RM40.6mn of aggregate guaranteed investment income for 14 years with guaranteed income of at least RM220,000 per month. The investment has started to yield return beginning May 2013.

Exhibit 14: Shop offices at Jalan Pasar



Source: Company

Other Businesses

Besides construction, property development, hospitalities, power generation and high concession, the group also involves in quarry operations, construction materials and polyol manufacturing

i) Quarry and construction materials

BPURI has quarry operation at 3 locations, namely Hulu Langat in Selangor, Alor Gajah in Melaka and Simunjan, Sarawak. The equity interests, land area and production capacity of respective quarries are summarized as below:

Exhibit 15: Key info on quarry business

Location	Stake (%)	Land area(acre)	Production Capacity (MT/month)
Hulu Langat, Selangor	51	640	80,000
Alor Gajah, Melaka	70	95	70,000
Simunjan, Sarawak	100	180	50,000

Source: Company, TA Research

Sg Long Industries Sdn Bhd and KM Quarry Sdn Bhd which are operators for the quarries at Hulu Langat and Alor Gajah respectively also produce asphaltic products with monthly capacity of 20,000MT.

Currently the products are sold to external customers as well as for internal use. The division has been consistently generate annual revenue of close to RM100mn with an average PBT of close to RM3mn. We expect the business to remain stable supported by robust construction activities and property developments.

Exhibit 16: Quarry plant



ii) Polyol Manufacturing

It's 90% indirect subsidiary Maskimi Polyol Sdn Bhd is involved in the manufacturing and marketing of natural oil polyol (NOP) and NOP based polyurethane systems, which is used as raw material for cold insulation, pipe insulation, roof paneling, furniture parts, spray foam, car bumper insert and others.

The contribution from this division was minimal as the bottom line recorded in the past few years and oscillate about the breakeven level.

Exhibit 17: Natural Oil Polyol and NOP based polyurethane



Source: Company

Risks

Among the major risks that BPURI are exposed to include:

- i) Project execution risk
- ii) Fluctuation of prices of construction materials, labour and machinery & equipment
- iii) Shortage of labour and machinery & equipment
- iv) Currency risk as the group has businesses in several foreign countries
- v) Slow down in local property market
- vi) Possible imposition of liquidated and ascertained damages on KLIA2 project

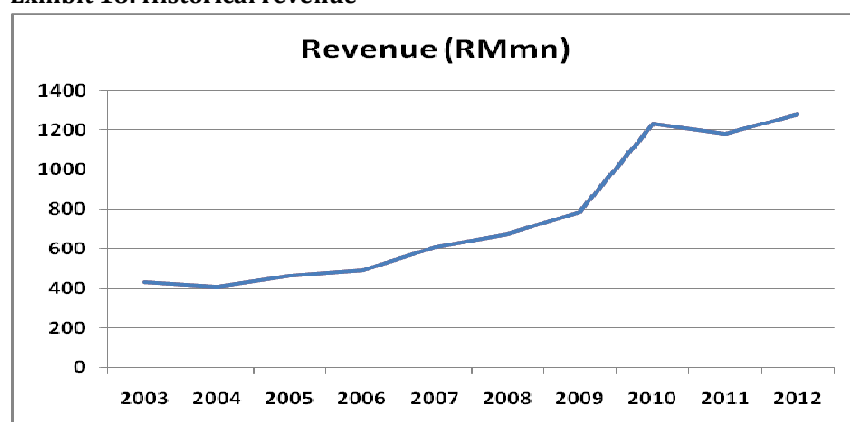
Financial Highlight

Between 2003 and 2012, the group's revenue grew at an CAGR of 12.8% from RM431.6mn to RM1,280.1mn. However, the net profit stayed in the range of RM4mn to RM7mn most of the time with minimal growth relative to the revenue growth due to margin compression.

Except for year 2003, the operating margin which fluctuated between 1.4% and 2.7% was relatively low compared to the industry. The 10-year-average net margin was below 1.0% at of 0.8%.

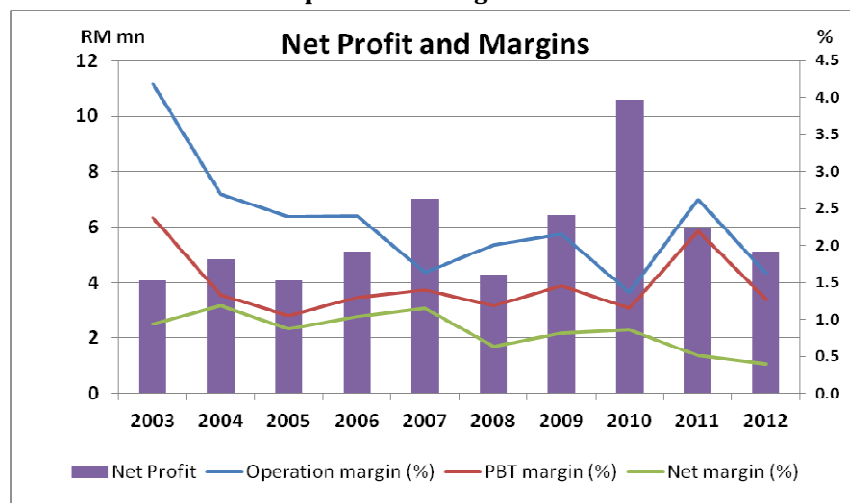
Despite the razor thin margin, the group has been consistently profitable at least for the past 10 year. Going forward, with higher contributions from its property development and recurring incomes, which are expected to carry higher margin, we expect the overall margin to improve together with the bottom line.

Exhibit 18: Historical revenue



Source: Company, TA Research

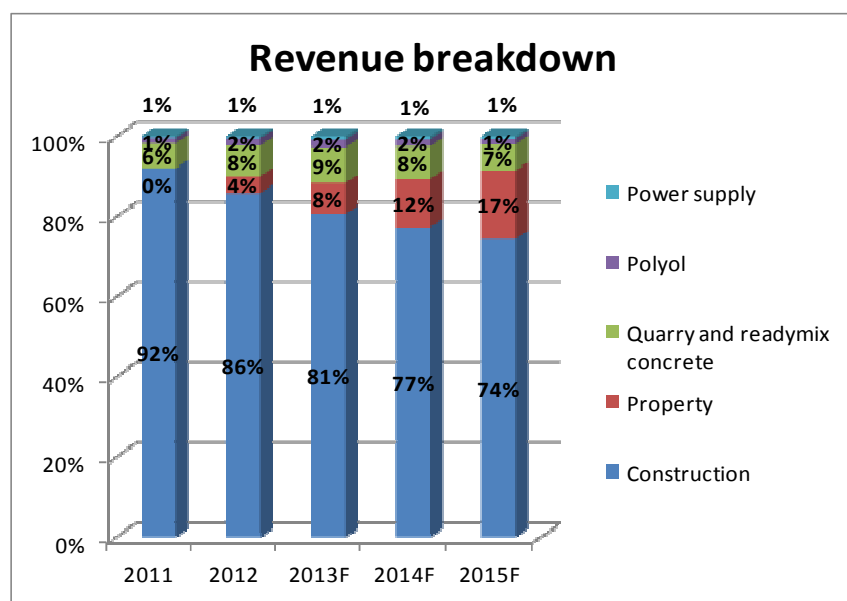
Exhibit 19: Historical net profit and margin



Source: Company, TA Research

Historically, BPURI's revenue and profit were mainly derived from its construction division. Going forward, in line with the group's intention to expand its property development and recurring incomes, we expect contribution from the property development continue to grow, while the percentage of contribution from the construction division to decline gradually, as depicted in Exhibit 20.

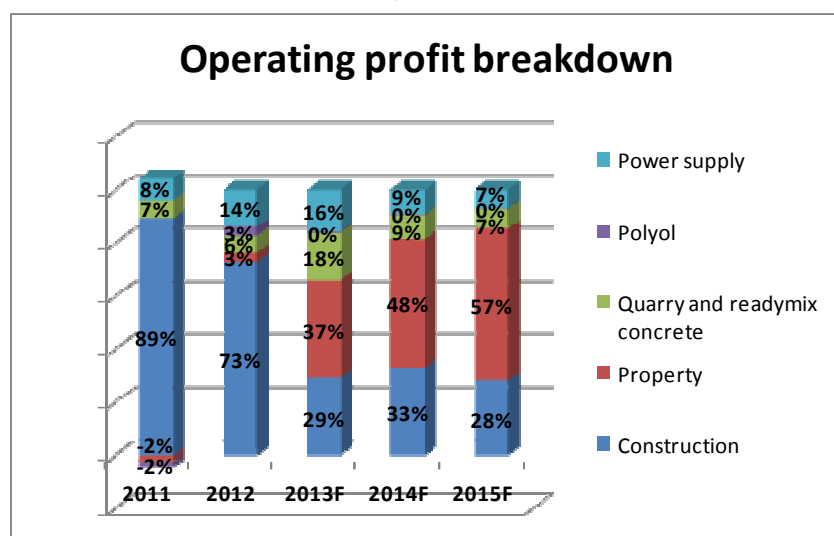
Exhibit 20: Revenue breakdown by divisions



Source: Company, TA Research

As for the operating profit, given the much higher property development margin as compared to construction margin, we expect the property division to overtake the construction division in term of operating profit contribution starting 2013, as shown in Exhibit 21.

Exhibit 21: Revenue breakdown by divisions



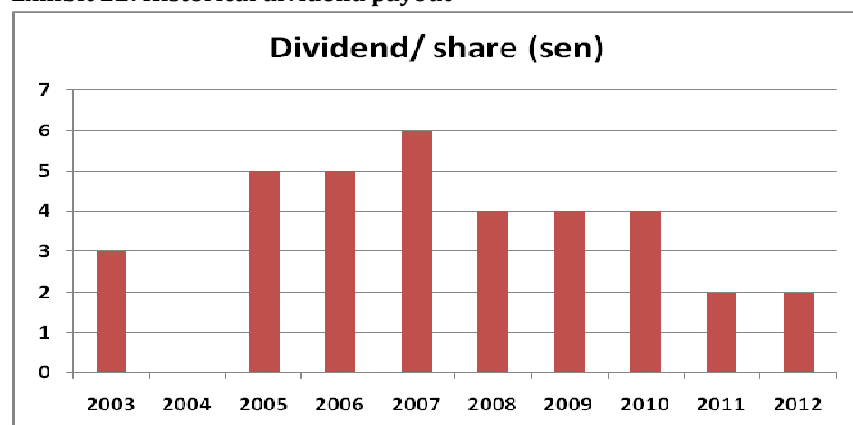
Source: Company, TA Research

On its balance sheet, the group's net gearing ratio increased from 1.4x in FY11 to 2.1x FY12 as bridging loan increased and the group geared up for its business expansion. However, with the equity raising of about RM29.7mn year-to-date, coupled with improved cash flow, we expect the net gearing ratio to be reduced to 1.9x in FY13 and drop further to a more comfortable level of about 1.3x to 1.4x in FY14 and FY15.

The group has been consistently paying dividend ranging between 2sen/share and 6sen/share in the past 10 years with exception in year 2004. We are not too concerned over the drop in dividend payout to 2sen/share in 2011 and 2012 from 4sen/share in the years before as the group was conserving cash to expand its property development business as well as building up its recurring incomes.

We expect an increase in dividend payout going forward when the group start reaping the profits from the property development business and recurring incomes that it sowed in recently years.

Exhibit 22: Historical dividend payout



Source: Company, TA Research

Forecast

For 1H13, the group recorded a lower net profit of RM4.0mn as compared to RM4.9mn achieved in the corresponding period last year. The drop in net profit was mainly due to contraction in construction earnings in tandem with lower construction revenue as several construction projects were completed, as well as slight decrease in overall margin. Going forward, we estimate the company to generate net profit of RM9.0mn, RM18.5mn and RM26.4mn in FY13, FY14 and FY15 respectively.

Assumptions

In our construction order book replenishment assumptions, we expect the group to secure RM1bn in 2013, and RM800mn each in 2014 and 2015. We forecast construction margins for the corresponding period to range between 1.5% to 2.0%, consistent with historical margin. Should the future construction margin improves, surge in construction earnings could be expected due to low base effect.

Valuation

By pegging FY14 earnings to an earnings multiple of 8x that we assign for small cap construction company, we arrive at a target price of RM0.96. With a potential upside of 20.0%, we initiate coverage on BPURI with **BUY** recommendation.

Peer Comparison

Company	Price	TP	Recomm.	Earnings growth (%)		PER (x)		ROE (%)		Div Yield (%)	
				CY13	CY14	CY13	CY14	FY13	FY14	FY13	FY14
GAMUDA	4.87	5.25	Buy	21.46	16.95	15.3	13.9	13.2	15.9	2.5	2.9
IJM	5.72	6.08	Hold	8.09	22.10	18.3	15.1	7.7	8.6	2.3	2.4
WCT	2.43	2.83	Buy	53.13	11.10	11.0	10.3	9.6	11.0	4.1	4.5
SENDAI	1.44	1.55	Sell	-9.36	14.72	10.7	9.3	12.8	13.4	2.8	3.5
NAIM	3.56	4.10	Buy	-2.05	38.53	10.3	7.5	10.0	12.7	2.8	2.8
TRC	0.56	0.60	Sell	146.08	42.63	10.6	7.5	7.6	10.1	3.6	3.6
Simple average				36.2	24.3	12.7	10.6	10.2	12.0	3.0	3.3
Market cap weighted				19.6	19.0	15.4	13.0	10.8	12.6	2.6	2.9
Big cap - Gamuda, IJM, WCT				20.4	18.1	15.9	13.9	10.7	12.6	2.6	2.9
BPURI	0.80	0.96	Buy	75.5	106.2	12.9	6.7	5.8	9.9	2.5	2.5

Financial Statement

Profit & Loss (RMmm)

YE Dec 31	2011	2012	2013F	2014F	2015F
Revenue	1,178.1	1,280.1	1,068.6	1,198.5	1,540.4
EBITDA	41.2	31.5	37.0	56.2	69.7
Dep. & amortisation	(10.3)	(10.8)	(13.2)	(13.3)	(13.5)
Finance cost	(5.0)	(6.8)	(8.6)	(9.2)	(8.8)
Associates	0.1	0.9	0.1	0.1	0.1
Jointly controlled entity	(2.4)	(1.4)	0.0	0.0	0.0
Investment income	2.3	2.9	0.5	0.3	0.3
PBT	25.8	16.4	15.8	34.1	47.8
Taxation	(19.1)	(10.6)	(5.5)	(11.9)	(16.7)
M	(0.8)	(0.7)	(1.3)	(3.7)	(4.7)
Profit After Tax	6.0	5.1	9.0	18.5	26.4
EPS (sen)	5.4	4.1	6.2	11.9	17.0
GDPS (sen)	2.0	2.0	2.0	2.0	4.0
Div yield (%)	2.5	2.5	2.5	2.5	5.0

Cash Flow (RMmm)

YE Dec 31	2011	2012	2013F	2014F	2015F
PBT	25.8	16.4	15.8	34.1	47.8
Adjustment	35.1	26.5	29.1	31.2	31.4
Dep. & amortisation	10.3	10.8	13.2	13.3	13.5
Changes in WC	(44.8)	(76.0)	(72.7)	61.0	(61.8)
Operational cash flow	(4.0)	(63.9)	(49.3)	96.3	(17.3)
Capex	(18.7)	(10.4)	(9.6)	(10.8)	(13.9)
Others	6.2	(32.2)	2.0	2.0	2.1
Investment cash flow	(12.5)	(42.6)	(7.6)	(8.7)	(11.8)
Debt raised/ (repaid)	73.6	145.0	2.3	29.9	(18.5)
Equity raised/ (repaid)	9.5	1.6	31.0	0.0	0.0
Dividend	(3.2)	(1.9)	(2.9)	(3.1)	(6.2)
Others	(92.4)	(187.4)	(38.0)	(35.5)	12.9
Financial cash flow	(12.5)	(42.6)	(7.6)	(8.7)	(11.8)
Net cash flow	11.6	17.5	(33.7)	108.4	(60.4)
Opening cash	42.2	53.8	71.3	37.6	146.0
Forex adjustment	0.3	(0.1)	0.0	0.0	0.0
Ending Cash	53.8	71.3	37.6	146.0	85.5

Balance Sheet (RMmm)

YE Dec 31	2011	2012	2013F	2014F	2015F
Fixed assets	94.6	101.6	102.0	104.1	108.7
Others	42.1	83.1	83.2	83.3	83.4
Total NCA	136.8	184.7	185.2	187.4	192.1
Cash	53.8	71.3	37.6	146.0	85.5
Others	695.7	766.2	784.3	767.4	945.4
CA	749.4	837.5	821.9	913.4	1,031.0
Total Assets	886.2	1,022.2	1,007.0	1,100.8	1,223.1
ST debt	252.3	368.1	368.1	368.1	368.1
Others	452.8	452.2	396.4	441.1	557.1
CL	705.1	820.3	764.4	809.2	925.1
Total Equity	142.4	149.4	187.8	206.9	231.7
LT borrowings	27.7	40.2	42.5	72.4	53.9
LT Liabilities	38.7	52.5	54.8	84.7	66.2
Total Equity & Liabilities	886.2	1,022.2	1,007.0	1,100.8	1,223.1

Ratio

YE Dec 31	2011	2012	2013F	2014F	2015F
Profitability ratios					
ROE (%)	0.1	3.9	5.8	9.9	12.4
ROA (%)	0.7	0.5	0.9	1.8	2.3
EBITDA margin (%)	3.5	2.5	3.5	4.7	4.5
PBT Margins (%)	2.2	1.3	1.5	2.8	3.1
Liquidity ratios					
Current ratio (x)	1.1	1.0	1.1	1.1	1.1
Quick ratio (x)	1.1	1.0	1.1	1.1	1.1
Leverage ratios					
Total liabilities/ equity (x)	5.2	5.8	4.4	4.3	4.3
Net debt/ equity (x)	1.4	2.1	1.9	1.3	1.4
Int. coverage ratio (x)	8.2	4.6	4.3	6.1	7.9
Growth ratios					
Sales (%)	(4.3)	8.7	(16.5)	12.2	28.5
Pretax (%)	82.9	(36.5)	(3.5)	115.3	40.1
Net earnings (%)	(43.4)	(14.8)	75.5	106.2	42.5
Total assets (%)	14.2	15.3	(1.5)	9.3	11.1

Appendix

Exhibit 23: Major overseas construction projects completed



- Highway from Vijaywada to Eluru, India
- RM262mn
- Completed in June 2002



- Malaysian Embassy Building, Beijing, China
- RM69.4mn
- Completed in July 2002



- Access Road to Suvarnabhumi Airport, Thailand
- RM182.2mn
- Completed in May 2006



- 2,000 Houses for the National Housing Scheme for Brunei
- RM691.7mn
- Completed in April 2011



- 2 Block Residential Towers in Al Reem Island, Abu Dhabi
- RM604.3mn
- Completed in June 2011



- 174 Units Villas for Defence Housing Authority, Lahore
- RM185mn
- Completed in September 2011



- 520 Units Houses and Infrastructure Works at Kg. Lugu, Brunei Darussalam
- RM158.3mn
- Completed in June 2013



- Completion of more than 26,000 units of Affordable Housing Projects in Thailand
- Value in excess of RM1.2bn

Exhibit 24: Major local construction projects completed



- Lahad Datu Hospital, Sabah
- RM72.9mn
- Completed in December 2011



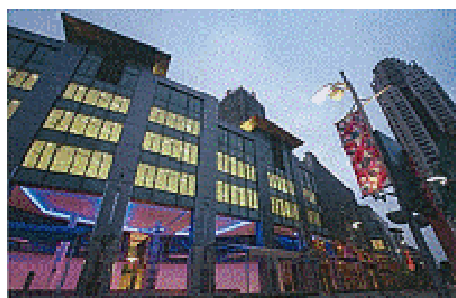
- Ministry of Education @ Parcel E, Putrajaya
- RM98.7mn
- Completed in March 2005



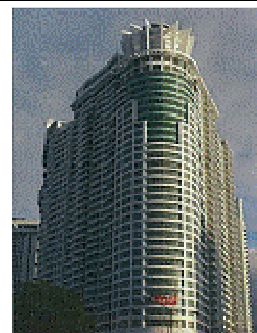
- Dewan Undangan Negeri, Kuching, Sarawak
- RM228.9mn
- Completed in April 2009



- Capital Square Condominium, Kuala Lumpur
- RM75.2mn
- Completed in March 2007



- Capital Square Retail Centre & Signature Office, Kuala Lumpur
- RM106.6mn
- Completed in September 2007



- Regalia Condominium, Kuala Lumpur
- RM185.0mn
- Completed in August 2012



- Plaza Merdeka, Kuching, Sarawak
- RM146.6
- Completed in August 2012



- Kem Batalion PGA, Muar, Johor
- RM300.0mn
- Completed in September 2012



- UITM Kota Samarahan, Sarawak
- RM306.9mn
- Completed in June 2013



- KK-Sulaman Coastal Road, Sabah
- RM314.6mn
- Completed in October 2000



- East-West Road (Package IV) Kupang-Gerik
- RM224.6mn
- Completed in December 2005



- Road from Nangoh-Paitan, Sabah
- RM303.8mn
- Completed in February 2006



- Road from Tenom-Sipitang, Sabah
- RM227.3mn
- Completed in April 2007

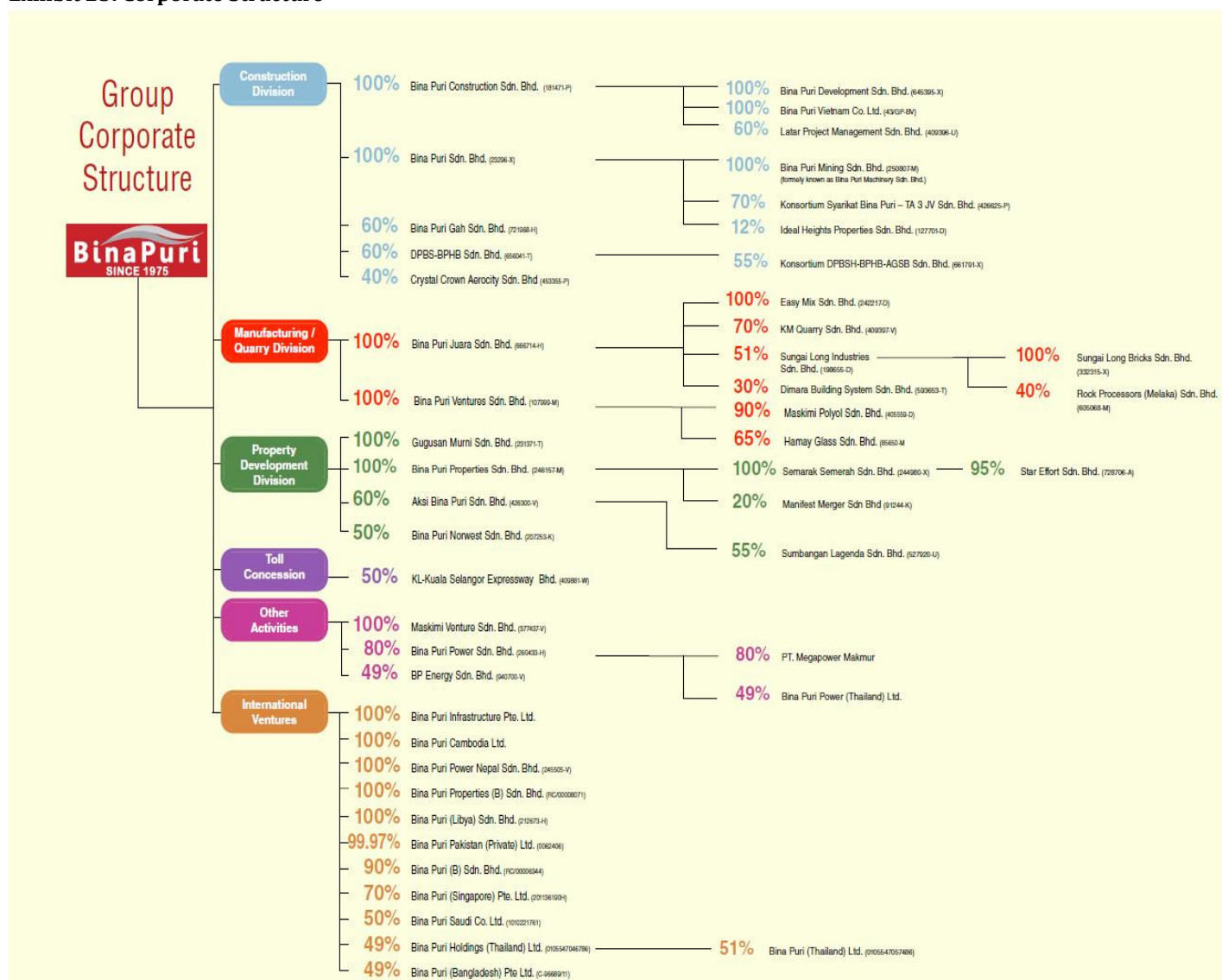


- Road from Kg. Susu/Sg. Bertam to Ringlet, Cameron Highland
- RM192.4mn
- Completed in August 2010



- Eastern Dispersal Link, Johor Bahru
- RM293.0mn
- Completed in September 2011

Exhibit 25: Corporate Structure



Source: Company

Exhibit 26: Substantial shareholders of BPURI (as of 31 October 2013)

Name	%
Jentera Jati Sdn Bhd	13.1
Tan Sri Datuk Tee Hock Seng	10.2
Ng Keong Wee	9.1
Dr. Tony Tan Cheng Kiat	6.0
Bumimaju Mawar Sdn Bhd	5.3

Source: Bloomberg, TA Research

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