



22 February 2013

Bina Puri Holdings

RM155m contract to kick start the year

News

- Bina Puri ("BPURI") announced that Konsortium Bina Puri-Beringin Waja had accepted a RM155m contract award from Jabatan Kerja Raya (JKR) for the design and construction of the Malaysian Embassy in Moscow, Russia.

Comments

- We are positive on the RM155m contract award from JKR as this would be BPURI's first contract award in 2013. However, the job has no impact to our FY13 earnings estimates as it is deemed to be part of our order book replenishment forecast.
- The job scope encompasses the design and built works for the construction of the Malaysian Embassy in Moscow, Russia and is anticipated to be completed in 36 months upon commencement. To recap, this would be the second embassy project awarded to BPURI as it had earlier constructed the Malaysian Embassy in Beijing, China and undertaken several international projects in the past.
- BPURI's current order book now stands at c.RM2b and this should provide earnings visibility for the group for another two years.

Outlook

- Moving forward, we believe that with the completion of KLIA2 in June 2013, it would free up the company's cash flow and allow the group to bid for other projects.

Forecast

- No changes to our FY12E and FY13E earnings.

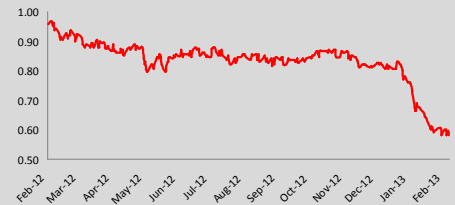
Rating**Maintain UNDERPERFORM.****Valuation**

- We are maintaining our Target Price of RM0.40 based on 5.0x PER of FY13 earnings.

Risks

- Delays in construction projects.
- Escalation in its raw materials and labour costs.

UNDERPERFORM ↔

Price: RM0.58**Target Price: RM0.40 ↔****Share Price Performance**

KLCI	1614.05
YTD KLCI chg	-4.4%
YTD stock price chg	-28.0%

Stock Information

Bloomberg Ticker	BIN MK Equity
Market Cap (RM m)	72.2
Issued shares	124.4
52-week range (H)	0.99
52-week range (L)	0.57
3-mth avg daily vol:	602,048
Free Float	63%
Beta	1.3

Major Shareholders

JENTERA JATI SDN	16.4%
HOCK SENG TEE	12.6%
CHENG KIAT TAN	7.5%

Summary Earnings Table

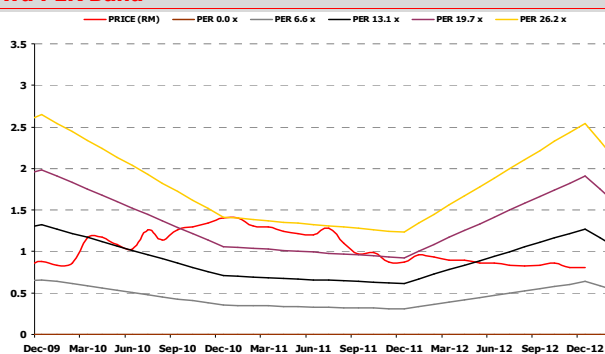
FYE Dec (RM m)	2011A	2012E	2013E
Revenue	1,177	1,227	1,426
Pretax profit	25.7	13.2	19.0
Net profit	6.2	5.4	11.1
EPS (sen)	4.5	3.9	8.1
EPS growth (%)	-45%	-13%	105%
GDPS (sen)	3.0	2.0	2.0
NTA/ share (RM)	1.1	1.1	1.1
PER (x)	10.7	6.6	3.6
P/NTA (x)	5.2	3.4	3.4
Div. yield (%)	0.5	0.5	0.5
EV/ EBITDA (x)	7.7	10.7	8.0
ROE (%)	4.8	3.5	6.6

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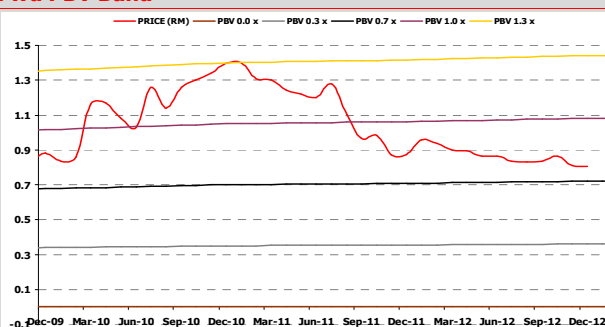
Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2009A	2010A	2011A	2012E	2013E	FY Dec (RM m)	2009A	2010A	2011A	2012E	2013E
Revenue	780.1	1232.2	1177.1	1227.5	1426.4	Growth					
EBITDA	24.9	27.2	45.7	36.6	43.7	Turnover (%)	15.3%	58.0%	-4.5%	4.3%	16.2%
Depreciation	(8.0)	(7.3)	(12.3)	(13.5)	(14.9)	EBITDA (%)	22.2%	9.5%	67.5%	-19.9%	19.6%
Operating Profit	16.9	19.9	33.4	23.0	28.9	Operating Profit (%)	28.0%	17.7%	67.5%	-30.9%	25.2%
Other Income	0.9	0.9	0.0	0.0	0.0	PBT (%)	58.3%	6.7%	89.1%	-48.7%	44.1%
Interest Exp	(3.1)	(7.2)	(7.7)	(9.9)	(9.9)	Core Net Profit (%)	72.5%	51.4%	-44.6%	-12.8%	104.9%
Associate	(2.4)	0.0	0.0	0.0	0.0						
Exceptional Items	0.0	0.0	0.0	0.0	0.0	Profitability (%)					
PBT	12.7	13.6	25.7	13.2	19.0	EBITDA Margin	3.2%	2.2%	3.9%	3.0%	3.1%
Taxation	(4.2)	(2.7)	(18.9)	(5.3)	(5.4)	Operating Margin	2.2%	1.6%	2.8%	1.9%	2.0%
Minority Interest	(1.1)	0.3	(0.6)	(2.5)	(2.5)	PBT Margin	1.6%	1.1%	2.2%	1.1%	1.3%
Net Profit	7.4	11.2	6.2	5.4	11.1	Core Net Margin	0.9%	0.9%	0.5%	0.4%	0.8%
Core Net Profit	7.4	11.2	6.2	5.4	11.1	Effective Tax Rate	33.3%	19.8%	73.7%	40.0%	28.5%
						ROA	1.1%	1.4%	0.7%	0.6%	1.2%
						ROE	7.4%	10.2%	4.8%	3.5%	6.6%
						DuPont Analysis					
						Net Margin (%)	0.9%	0.9%	0.5%	0.4%	0.8%
						Assets Turnover (x)	1.2	1.6	1.3	1.3	1.5
						Leverage Factor (x)	6.5	7.1	6.9	6.0	5.6
						ROE (%)	7.4%	10.2%	4.8%	3.5%	6.6%
						Leverage					
						Debt/Asset (x)	0.3	0.3	0.3	0.4	0.4
						Debt/Equity (x)	2.0	2.2	2.2	2.2	2.0
						Net Cash/(Debt)	0.8	0.7	0.7	0.9	0.9
						Net Debt/Equity (x)	1.5	1.5	1.6	1.9	1.7
						Valuations					
						EPS (sen)	7.1	10.8	5.4	8.8	15.9
						Core EPS (sen)	7.1	10.8	5.4	8.8	15.9
						GDPS (sen)	4.0	4.0	3.0	2.0	2.0
						NTA (RM)	1.0	1.0	1.1	1.1	1.1
						PER (x)	8.1	5.4	10.7	6.6	3.6
						Gross Div. Yield (%)	6.9%	6.9%	5.2%	3.4%	3.4%
						P/NTA (x)	0.6	0.6	0.5	0.5	0.5
						EV/EBITDA (x)	11.3	10.8	7.7	10.7	8.0

Source: Kenanga Research

Fwd PER Band



Fwd PBV Band



Source: Kenanga Research

Stock Ratings are defined as follows:

Stock Recommendations

- OUTPERFORM : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- MARKET PERFORM: A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERPERFORM : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

Sector Recommendations***

- OVERWEIGHT : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- NEUTRAL : A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERWEIGHT : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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