



## Bina Puri Holdings Berhad

Softer Results in 3Q16

**TP: RM0.435**(+7.4%)

Last traded: **RM0.405**

**HOLD**

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### Review

- BPURI's 9M16 core profit of RM6.9mn came in within expectations, accounting for 54.5% 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, 9M16 core profit improved 10.4% as top line grew 5.0% to RM839.6mn. The better results were due mainly to the surge in property earnings (PBT +114.0%), aided by improved earnings in its power division (PBT +336.2%). However, this was partially offset by weaker performance of its construction division (PBT -49.9%) as construction margin declined 0.27% pts to 0.24%.
- QoQ, the core net profit was 11.5% lower at RM2.1mn, mainly dragged by lower contribution from the property division (PBT -66.5%). On a positive note, the construction division turned around from a LBT of RM1.2mn to a PBT of RM1.1mn. Meanwhile, the power division saw an increase in PBT from RM1.6mn to RM2.5mn after the 4.2MW mini hydro plant commenced its operation in June 2016.

### Impact

- Maintain forecasts.

### 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)	1.0
Par Value	0.50
52-wk Hi/Low (RM)	0.51/0.36
12-mth Avg Daily Vol ('000 shrs)	633.4
Estimated Free Float (%)	46.7
Beta (x)	0.92

### 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 (%)	-	-
Net profit (RMmn)	12.6	15.1
Consensus (RM'mn)	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Maintained)	

### Scorecard (%)

	% of FY	
vs TA	54.5	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	(14.6)	(3.1)
3 mth	9.3	(3.1)
6 mth	10.8	(0.5)
12 mth	0.0	(3.8)

### (12-Mth) Share Pricerelative to the FBM KLCI



## 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)	10.1	11.4	7.8	6.5	7.3
Gross dividend (sen)	2.0	0.0	0.0	0.0	2.0
Dividend yield (%)	4.9	0.0	0.0	0.0	4.9
ROE (%)	2.1	3.7	5.6	6.2	5.3

\*Excluding revaluation gain on investment property and share of loss from reclassification of holding in KL-Kuala Selangor Expressway Bhd from investment to associate in 2014

## 3QFY16 Results Analysis

FYE Dec (RMmn)	3Q15	2Q16	3Q16	QoQ (%)	YoY (%)	9MFY15	9MFY16	YoY (%)
Revenue	195.1	302.6	242.5	(19.8)	24.3	799.9	839.6	5.0
COGS	(174.0)	(277.8)	(219.3)	(21.1)	26.1	(738.4)	(771.8)	4.5
GP	21.1	24.8	23.2	(6.1)	10.2	61.5	67.8	10.4
Other Op Income	1.0	1.9	3.1	59.9	206.4	5.0	9.0	80.8
Admin Expenses	(16.0)	(12.1)	(14.0)	15.7	(12.5)	(47.9)	(41.5)	(13.4)
Finance Costs	(3.4)	(4.0)	(5.2)	29.0	52.0	(11.5)	(13.7)	18.8
Associate	(0.9)	(0.7)	(4.0)	435.6	318.8	(1.6)	(6.1)	286.4
Investment income	1.3	0.0	0.0	(100.0)	(100.0)	2.6	0.1	(97.5)
PBT	3.1	9.9	3.2	(67.5)	3.9	8.1	15.6	93.9
Tax	(1.5)	(3.3)	(3.0)	(9.8)	102.4	(2.1)	(7.1)	235.6
MI	(0.4)	(5.7)	(1.7)	(70.8)	312.2	(2.2)	(8.3)	276.9
Net profit	1.2	0.9	(1.4)	(258.2)	(217.3)	3.8	0.3	(92.4)
Core net profit	2.5	2.4	2.1	(11.5)	(13.6)	6.2	6.9	10.4
Core EPS (sen)	1.3	1.0	0.0	(256.4)	(195.3)	3.9	2.0	(37.1)
Dividend (sen)	0.0	0.0	0.0	na	na	0.0	0.0	na
Margin (%):				% pts	% pts			% pts
- PBT	1.6	3.3	1.3	(1.9)	(0.3)	1.0	1.9	0.9
- PAT	0.8	2.2	0.1	(2.1)	(0.7)	0.7	1.0	0.3
- Effective tax rate	47.6	33.4	92.7	59.3	45.1	26.2	45.4	19.2

## Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.  
**HOLD** : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.  
**SELL** : Total return is lower than the required rate of return.  
**Not Rated:** The company is not under coverage. The report is for information only.

**Total Return** is defined as expected share price appreciation plus gross dividend over the next 12 months.

**Required Rate of Return** of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

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