



Bina Puri Holdings Berhad

Concluding FY16 On A Strong Note

TP: RM0.49 (+8.9%)

Last traded: RM0.45

HOLD

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Review

- BPURI's FY16 core profit of RM12.9mn came in within expectation, accounting for 102.5% of our full-year forecast.
- YoY, FY16 core profit surged 42.1% despite the top line was 17.8% lower at RM1,046.9mn. The improved results were due mainly to favourable job mix with lower minority interest. Better performance of the power division arising from higher generating capacity was offset by weaker performance by its construction, property, building materials and polyol divisions.
- QoQ, the core profit jumped 183.7% to RM6.1mn, mainly boosted by stronger performance of its construction, property and power divisions, as well as higher other operating income.

Impact

- Adjustments to our earnings forecasts are made to reflect i) actual RM561mn of construction contracts secured in FY16 versus our assumptions of RM1.0bn; and actual FY16 property sales of RM190mn versus our assumptions of RM100.0mn. All in, FY17 earnings forecast is reduced by 1.7% but earnings estimate for FY18 is raised by 10.9%.

Outlook

- Currently the group has an outstanding order book of RM1.6bn, translating into 1.9x FY16 construction revenue. This would provide earnings visibility to the group for the next 3 years.
- Its property division has a healthy unbilled sales of RM195mn after recording property sales of RM190mn in FY16, versus about RM100mn a year earlier.

Valuation

- In view of the encouraging property sales, we raise the target PE multiple for BPURI from 7x to 8x. We raise the target price of BPURI from RM0.435 to **RM0.49**, Maintain **HOLD** call on **BPURI**.

Share Information

Bloomberg Code	BIN MK
Bursa	BPURI
Stock Code	5932
Listing	Main Market
Share Cap (mn)	248.5
Market Cap (RMmn)	111.8
Par Value	0.50
52-wk Hi/Lo (RM)	0.51/0.36
12-mth Avg Daily Vol ('000 shrs)	637.5
Estimated Free Float (%)	48.1
Beta (x)	0.81
Major Shareholders (%)	
	Jentera Jati Sdn Bhd - 8.20
	Tee Hock Seng - 7.44
	Ng Keong Wee - 5.67
	Bumimaju Mawar Sdn Bhd - 5.44

Forecast Revision

	FY17	FY18
Forecast Revision (%)	(1.7)	10.9
Net profit (RMm)	14.9	14.9
Consensus (RM'mn)	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Maintained)	

Scorecard (%)

	% of FY	
vs TA	102.5	Within
vs Consensus	na	na

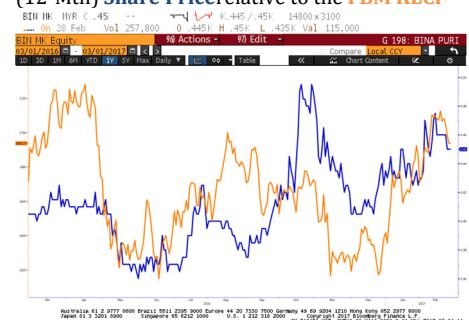
Financial Indicators

	FY17	FY18
Net Debt / Equity (%)	180.1	158.7
CFPS (sen)	0.4	2.2
Price / CFPS (x)	93.6	18.8
ROA (%)	1.0	1.0
NTA/Share (RM)	1.3	1.4
Price/NTA (x)	0.3	0.3

Share Performance (%)

Price Change	BPURI	FBM KLCI
1 mth	4.7	1.3
3 mth	11.1	4.6
6 mth	18.4	0.9
12 mth	8.4	2.4

(12-Mth) Share Pricerelative to the FBM KLCI



Source: Bloomberg

Earnings Summary

FYE December (RMmn)	2015	2016	2017F	2018F	2019F
Revenue	1227.9	1046.9	1093.3	1157.8	1077.7
Gross profit	104.2	85.5	120.3	127.4	118.5
EBITDA	76.5	69.5	66.1	64.4	61.5
EBITDA margin (%)	6.2	6.6	6.0	5.6	5.7
EBIT	62.7	54.2	45.2	45.3	43.9
PBT	35.7	27.0	29.8	30.9	30.7
Net profit	3.4	1.0	14.9	14.9	14.4
Core profit*	7.5	12.9	14.9	14.9	14.4
Core EPS (sen)	3.6	5.4	6.1	6.2	5.9
PER (x)	11.4	7.4	6.6	6.6	6.8
Gross dividend (sen)	0.0	0.0	0.0	1.0	1.0
Dividend yield (%)	0.0	0.0	0.0	2.5	2.5
ROE (%)	3.7	5.9	6.1	5.8	5.4

*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

4QFY16 Results Analysis

FYE Dec (RMmn)	4Q15	3Q16	4Q16	QoQ (%)	YoY (%)	FY15	FY16	YoY (%)
Revenue	473.6	242.5	207.3	(14.5)	(56.2)	1,273.5	1,046.9	(17.8)
COGS	(428.9)	(219.3)	(189.6)	(13.6)	(55.8)	(1,167.3)	(961.3)	(17.6)
GP	44.7	23.2	17.7	(23.9)	(60.4)	106.1	85.5	(19.4)
Other Op Income	3.9	3.1	14.3	>100.0	>100.0	8.9	23.3	>100.0
Admin Expenses	(29.1)	(14.0)	(13.2)	(5.2)	(54.5)	(77.0)	(54.7)	(28.9)
Finance Costs	(7.3)	(5.2)	(6.0)	14.2	(18.5)	(18.8)	(19.6)	4.3
Associate	(9.1)	(4.0)	(1.4)	(63.4)	(84.1)	(10.7)	(7.5)	(29.5)
Investment income	20.7	0.0	0.0	na	<(100.0)	23.3	0.1	(99.7)
PBT	23.8	3.2	11.4	>100.0	(52.2)	31.8	27.0	(15.2)
Tax	(10.1)	(3.0)	(6.5)	>100.0	(35.8)	(12.2)	(13.6)	11.1
MI	(14.1)	(1.7)	(4.1)	>100.0	(70.9)	(16.3)	(12.4)	(24.1)
Net profit	(0.5)	(1.4)	0.8	<(100.0)	<(100.0)	3.3	1.0	(68.4)
Core net profit	2.9	2.1	6.1	>100.0	>100.0	9.1	12.9	42.1
Core EPS (sen)	1.5	0.9	2.5	<(100.0)	<(100.0)	3.9	5.4	13.6
Dividend (sen)	0.0	0.0	0.0	na	na	0.0	0.0	na
Margin (%):				% pts	% pts			% pts
- PBT	5.0	1.3	5.5	4.2	0.5	2.5	2.6	0.1
- PAT	2.9	0.1	2.3	2.3	(0.5)	1.5	1.3	(0.3)
- Effective tax rate	42.6	92.7	57.2	(35.5)	14.6	38.4	50.3	11.9

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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