

24 June 2015

Mitrajaya Holdings Bhd

Superb Earnings Prospect

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Initiating coverage on Mitrajaya Holdings Bhd (MITRA) with an OUTPERFORM rating and Target Price (TP) of RM2.35. We reckon that this under-researched stock is one of the good quality small-mid cap stocks with strong earnings growth visibility and compelling prospects. Key investment merits include: (i) superb potential earnings growth in the near-medium-term backed by record high orderbook achieved early this year, (ii) targeting to sustain the record-high orderbook by replenishing another RM1.0b new contracts this year, (iii) margin that is above industry average, (iv) being one of the potential beneficiaries of 11MP, (v) property division supported by strategic location of land (next to LRT stations), (vi) strong balance sheet with net gearing of 0.2x vs industry's net gearing of 0.5x. Interestingly, despite the strong fundamentals, the stock is still trading at single digit PER valuation, i.e. Fwd-PER of 7.4x. This is relatively cheaper than that of small-mid cap contractors' Fwd-PER range of 10-14x. Our TP of RM2.35 implies 9.4x PER that offers potential upside of 26.3%

Superb potential earnings growth. While we expect the group to approach the RM1.0b revenue mark in FY16, we forecast for MITRA's earnings to grow by 47%-27% in FY15E-FY16E driven mainly by the group's record high orderbook of RM1.9b achieved early this year coupled with sustainable margins.

Targeting to secure RM1.0b new jobs this year. YTD, MITRA has replenished RM230m worth of new contracts and management is targeting to secure another RM770m before the end of the year, to make up its total target of RM1.0b. Conservatively, we only forecast the group to secure RM700.0m this year. Hence, there could be further upside potential to our current earnings estimates.

Above-average construction margins. MITRA has consistently achieved pre-tax margins that are above industry average in its construction division. In FY14, MITRA delivered 9.8% PBT margin for its construction division, higher than that of sector's PBT margin of 7.9%. The group is able to fetch higher margins as the group adopts value engineering and design while some projects are secured with good pricing.

To benefit from 11MP announcement. Among the key projects under 11MP that MITRA can participate are: (i) LRT3, and (ii) development of 606.0k affordable houses. We believe MITRA stands a good chance of securing those projects due to its track record. MITRA is currently building LRT extension stations. The group also has been building affordable houses for the government in Putrajaya. Latest project that it secured was earlier this year where it was appointed the main contractor to build RM230.0m PPA1M public apartments in Putrajaya.

Property division to be supported by strategic property location. We like the fact that MITRA's property project in Wangsa 9 (Phase 1) achieved 70% take-up rate despite the challenging property market environment. We believe this is due to the strategic location of the land which is adjacent to a LRT station. Other than this, MITRA has another piece of land (15 acres) in Puchong Prima, which is also adjacent to an upcoming LRT station. Total GDV stands at RM1.5b which consist of mixed development project that going to be linked to the LRT station.

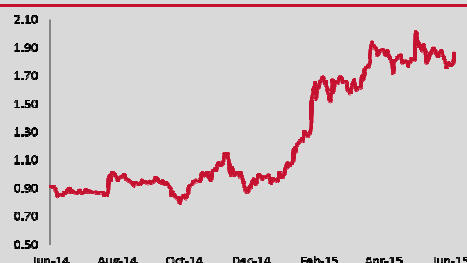
Strong balance sheet. The group's net gearing ratio stood at 0.2x. This is relatively lower than that of the construction average net gearing of 0.5x. Strong balance sheet provides more room to gear up to invest for future growth.

Still trading at single digit valuation despite the strong fundamentals. Despite the solid investment merits, the stock is still trading at Fwd-PER of only 7.4x. This is relatively cheaper than small-mid cap contractors PER range of 10-14x. If the stock trade at 10.0x Fwd-PER, the stock's market cap will be as high as RM1.1b on par with HSL, MUHIBAH, WCT and upcoming IPO SunCon.

OUTPERFORM

Price: RM1.86
Target Price: RM2.35

Share Price Performance



KLCI	1,726.86
YTD KLCI chg	-2.0%
YTD stock price chg	89.8%

Stock Information

Bloomberg Ticker	MHB MK Equity
Market Cap (RM m)	760.9
Issued shares	409.1
52-week range (H)	2.08
52-week range (L)	0.79
3-mth avg daily vol:	2,189,866
Free Float	56%
Beta	1.6

Major Shareholders

ENG PIOW TAN	39.9%
AW ENG SOON	2.0%
HONG LEONG ASSET MAN	2.0%

Summary Earnings Table

FY Dec (RM'm)	2014A	2015E	2016E
Turnover	520.2	878.6	1,109.4
EBIT	76.1	109.8	137.6
PBT	72.5	104.4	132.3
Net Profit (NP)	53.8	78.9	99.8
Core net profit	53.8	78.9	99.8
Consensus (NP)	n.a.	103.8	117.0
Earnings Revision	n.a.	n.a.	n.a.
Basic EPS	13.5	19.9	25.1
*FD1 EPS (sen)	12.1	17.7	22.4
**FD2 EPS (sen)	10.2	15.0	19.0
EPS growth (%)	83%	46.8%	26.5%
DPS (sen)	2.0	4.8	5.6
NTA/Share (RM)	0.75	0.87	1.01
Basic PER (x)	13.7	9.4	7.4
*FD1 PER (x)	15.4	10.5	8.3
**FD2 PER (x)	18.2	12.4	9.8
BVPS (RM)	0.75	0.87	1.01
Net Gearing (x)	0.2	0.1	0.0
Dividend Yield (%)	1.1	2.6	3.0

*FD1: Based on diluted share base assuming full conversion of existing warrant-C

**FD2: Based on fully diluted share base assuming full conversion of existing warrant-C and proposed warrant-D.

EXECUTIVE SUMMARY

Initiating coverage on Mitrajaya Holdings Bhd (MITRA) with an OUTPERFORM rating and Target Price (TP) of RM2.35.

We reckon that this under-researched stock is one of the good quality small-mid cap stocks with strong earnings growth visibility coupled due to its compelling prospects. Key investment merits include: (i) superb potential earnings growth in the near-medium-term backed by record high orderbook achieved early this year, (ii) targeting to sustain the record-high orderbook by replenishing another RM1.0b new contracts this year, (iii) margin that is above industry average, (iv) being one of the potential beneficiaries of 11MP, (v) property division supported by strategic location of land (next to LRT stations), (vi) strong balance sheet with net gearing of 0.2x vs industry's net gearing of 0.5x. Interestingly, despite the strong fundamentals, the stock is still trading at single digit PER valuation, i.e. fwd-PER of 7.4x. This is relatively cheaper than that of small-mid cap contractors' PER range of 10-14x. Our TP of RM2.35 implies 10.0x PER that offers potential upside of 26.3%

INVESTMENT MERIT

Superb potential earnings growth. While we expect the group to approach the RM1.0b revenue mark in FY16, we forecast that MITRA's earnings will grow by 47%-27% in FY15E-FY16E driven mainly by the group's record high orderbook of RM1.9b achieved early this year coupled with sustainable margins. This is higher than contractors' average earnings growth of 11.9%-7.2% in FY15-FY16 (those that under our coverage). Note that the record-high orderbook is significantly higher than its historical average orderbook of RM300.0m-RM500.0m. Hence, leading to the expected superior earnings growth. In terms of sustainability, current orderbook will provide earnings visibility for the next 3 years.

MITRA's Outstanding Orderbook

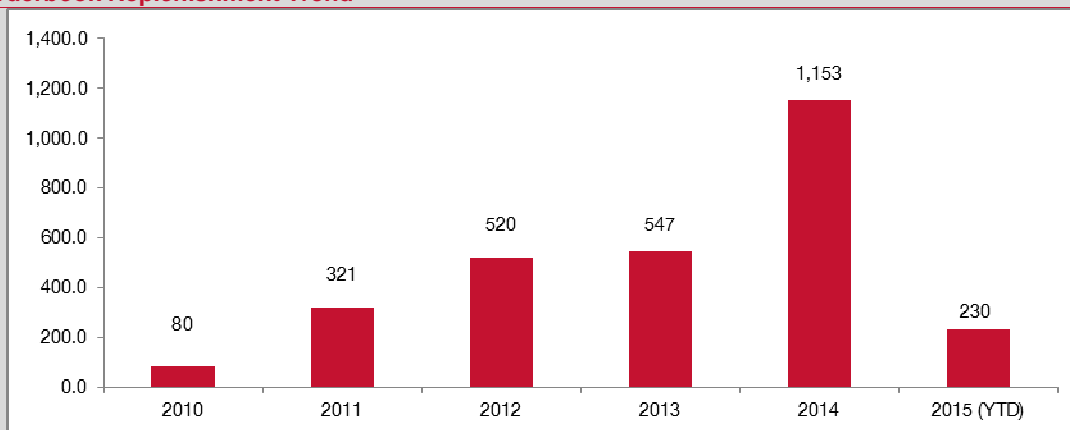
Contract	Client	RM'm	Contract Duration
MACC Buildings at Preceint 7, Putrajaya	Putrajaya Holdings	368	4 Mar 14 - 3 Mar 17
2 Blocks of Condominium, Symphony Hills, Cyberjaya	UEM Sunrise	217	2 Apr 14 - 11 Aug 16
Raffles Amercian School, Nusajaya, Johor	Raffles	259	19 Jan 15 - 18 Jul 16
2 Building Blocks of MK22 Condos, Mont Kiara	UEM Sunrise	386	3 Nov 14 - 2 Aug 17
Building Project	Bank Negara Malaysia	168	2 Jan 15 - 31 Mar 16
3 Blocks of Public Apartment (PPA1M)	Putrajaya Homes	227	9 Feb 15 - 8 Feb 18
Kelana Jaya (KLJ) and Ampang (AMG) Line Extension Projects (total 6 stations)	Prasarana	102	2015
Others	-	21	2015
		1,748	

Source: Company, Kenanga Research

Targeting to secure RM1.0b new jobs in FY15. YTD, MITRA has replenished RM230.0m worth of new contracts and management is targeting to secure another RM770.0m before end of the year, making up its total new wins target of RM1.0b. This is supported by its current tenderbook of RM1.6b. The tenderbook consists of building projects of which 55% is in Putrajaya, 32% in the Klang Valley and 13% in Johor. We understand the tenderbook is more focused in Putrajaya because the group has excellent track records in Putrajaya spanning 10 years, through its involvement in building construction there. The group also is building new and good track records with a premium developer - UEM Sunrise - as well. Hence, we believe chances of meeting the new wins target of RM1.0b is rather higher judging from their track record. Even so, we opt to be conservative for now, only forecasting the group to secure new wins of RM700.0m this year. Hence, if the management's target is met, there could be further upside to our current earnings estimates.

MITRA's orderbook replenishment rise more than doubled in FY14. We noticed that the group's orderbook ramped up by more than double in FY14. The key turning point for MITRA was reaching the RM1.0b mark of orderbook last year as the group was able to secure 2 new jobs from its new client, UEM Sunrise. Their ability to do is attributed to the group's quality and the track record in delivering high-rise building apartments. One of the high-rise apartments that was successfully completed was the Trigon Apartments in Setiawalk Puchong.

MITRA's Orderbook Replenishment Trend



Source: Company, Kenanga Research

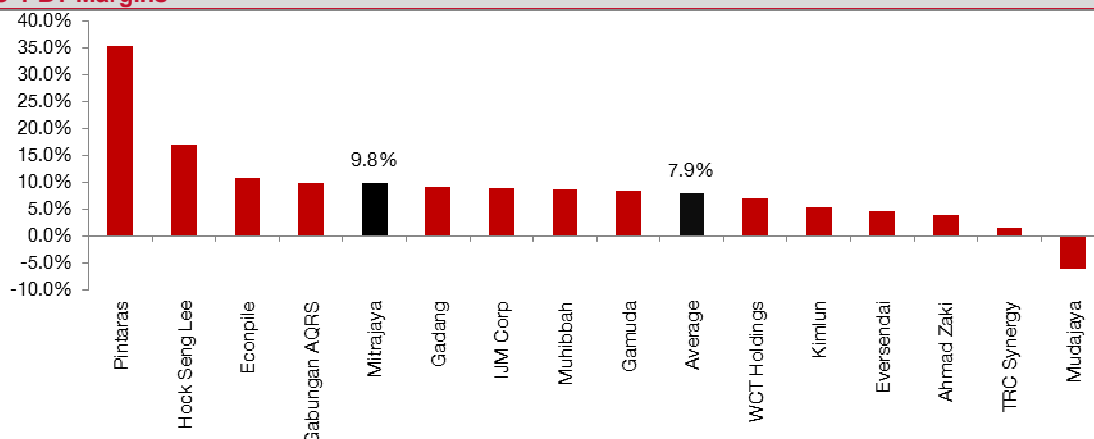
MITRA's Tenderbook To-Date

Tenders Submitted	Approximate Project Value (RM'm)
Building works in Putrajaya	780
Building works in Klang Valley	700
Infrastructure project in Klang Valley	120
	<hr/> 1,600

Source: Company, Kenanga Research

Above-average construction margins. MITRA has consistently achieved pre-tax margins that are above industry average in its construction division. Over FY14, MITRA delivered 9.8% PBT margin for its construction division, which is higher than that of sector's average PBT margin of 7.9%. The group is able to fetch higher margins as the group adopts value engineering, proposing new design and some projects are secured with good pricing.

Contractors' PBT Margins



Source: Company, Kenanga Research

To benefit from 11MP announcement. Among the key projects under 11MP that MITRA can participate in are: (i) LRT3, and (ii) development of 606.0k affordable houses. We believe MITRA stands a good chance of securing these projects backed by its excellent track record. MITRA is currently building LRT extension stations and also has been building affordable houses for the government in Putrajaya. Latest project that it secured was earlier this year where it appointed the main contractor to build RM230.0m PPA1M public apartments in Putrajaya.

Property division to be supported by strategic property land. We like the fact that MITRA's property project in Wangsa 9 (Phase 1) achieved 70% take-up rate despite the challenging property market environment. We believe this is due to the location of the land which is adjacent to a LRT station. Total GDV for Wangsa 9 project stood at RM680.0m, with both Phase 1 and Phase 2 currently on-going. Pricing wise, the condo is priced at average RM700 psf with an average built-up size of 1,500 sf. With such pricing and the built-up size, MITRA is targeting the high-end market; although this segment is the most challenging currently, we reckon that they have higher odds of attracting buyers given the connectivity angle.

Other than this, MITRA has another piece of land (15 acres) that is also adjacent to an upcoming LRT station namely Puchong Prima. The project is expected to be launched in end-2015. Total GDV stands at RM1.5b which will be a mixed development project with: (i) 5-storey shopping mall & two basement car parks, (ii) three blocks of serviced apartment, and (iii) one block of boutique hotel with 150 rooms linked to the LRT station. The group is expected to launch this project by end of 2015 and it will take about 3-5 years to complete the whole project. We also believe the group is able to fetch high margins or at least their current sustainable margins (19%) for this project thanks to their low land cost.

Strong balance sheet. The group's net gearing ratio stood at 0.2x. This is relatively lower than that of the construction sector's average net gearing of 0.5x. We believe that the strong balance sheet provides more room for the group to gear up for future growth. For example, MITRA will have no issues financing the working capital for its upcoming mixed development project in Puchong Prima (RM1.5b GDV).

COMPANY OUTLOOK

Construction division to sustain at least for the next three years. Thanks to their strong orderbook, MITRA's construction division should sustain at least for the next three years. In terms of future growth, the division should be driven by the government's spending on infrastructure projects and development of affordable housing projects for the next five years under 11MP. Furthermore, the group's orderbook should also be sustained by the implementation of affordable housing by private developers. All in, we expect this division's PBT to grow by 79%-41% in FY15-FY16. Going forward, management still expects this division to be the main earnings driver. Currently, this division contributes about 50% of total group's pre-tax profit. Over the next 2 years, we expect this division to continue making up 50% -to 60% of the group's pretax profit as it is driven by their strong orderbook.

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Property division to be driven by Wangsa 9 and Puchong Prima. While the group's unbilled sales currently stands at RM176.7m which can last for the next two years, we expect the property segment to continue to grow supported by its existing project, Wangsa 9 (GDV: RM680m) as well as upcoming project in Puchong Prima (GDV: RM1.5b). All in, we estimate this division's PBT to grow by 28%-5% in FY15-FY16. Going forward, management expects this division to continue to support the group's bottomline. Currently, the division is contributing about 25% of total group's pre-tax profit. We also understand that the group is considering acquisition of new landbank should the price be attractive and is targeting good matured locations in the Klang Valley.

Stable earnings from South Africa land sales. This division has been consistently contributing about RM5.0-8.0m PBT to the group's PBT every year. Going forward, management expects this division to contribute more, at RM10.0-RM15.0m per annum driven by higher value land sales as well as plans to sell the residential houses. According to management, a total of 140 bungalow houses are expected to be developed over the next three years. Besides this, there are also plans to develop a business park consisting of neighbourhood shopping mall, office building and high-end serviced apartment. Management expects both shopping mall and office building to generate recurring and sustainable income upon completion in 2017. As at end-2014, the group has remaining 139 acres landbank and the group is expected to finish selling the entire landbank in 2018. To recap, the group ventured to South Africa as a contractor for the Blue Valley Golf and Country Estate (BVGCE) in 1999. One year after, MITRA acquired 60% stake in BVGCE and acquired the remaining 40% in 2001. Total landbank of the BVGCE owned was 300 hectares (741.3 acres).

Disposing its healthcare unit. On 15 April 2015, MITRA announced its intention to dispose all of its interest in 51.0% owned subsidiary, Optimax Eye Specialist Centre Sdn Bhd, a British laser eye correction chain, for RM5.1m. Despite the healthcare unit turning profitable since FY13 with a PBT of RM0.8m in FY14, we are positive on the proposed disposal as the group can focus on its core businesses, i.e. construction and property businesses. Moreover, should MITRA is able to sell this division at the price tag of RM5.1m, the group is expected to book disposal gain of RM2.6m.

INDUSTRY OUTLOOK

Construction

Construction sector should be busy for the next five years driven by 11MP. Prime Minister unveiled the 11th Malaysia Plan (11MP) on 21 May 2015. The government is allocating RM260.0b for the entire 11MP in which a huge portion will be allocated for infrastructure spending. Among the mega projects announced in 11MP are: (i) KL-Singapore High-Speed Rail (RM40.0b), (ii) LRT3 (RM9.0b), (iii) MRT Line 2 (RM25.0b), (iv) Pan-Borneo highway (RM27.0b) and Malaysian Vision Valley (N.A.).

11th Malaysia Plan Project List

No	Project	Estimate Value (RM m)
1	MRT2	25,000
2	LRT3	9,000
3	KL-Singapore HSR	40,000
4	Pan Borneo Highway	27,000
5	Malaysia Vision Valley	N.A
6	6 new hospitals at Kemaman, Bentong, Baling, Pendang, Pasir Gudang dan Maran	N.A
7	Upgrade 2 hospitals (Hospital Tawau and Hospital Kota Marudu)	N.A
8	5 new power plants	28,000
9	Gemas-JB Electrified Double Track	8,000
10	Sewerage treatment plant and pipe network	2,000
11	New airport	N.A
12	Central Spine Road	N.A
13	Pengerang Integrated Petroleum Complex	53,000

Source: 11MP Announcement

Who will benefit from 11MP? By large, the whole sector should benefit from the 11MP. In specifics, contractors that already have exposure in MRT project should benefit from MRT2 and MRT3. Meanwhile, contractors with expertise in site preparation and earthworks such as WCT and GADANG will benefit from the initial stage of construction of Bandar Malaysia and Kg Baru redevelopment. Meanwhile, highways construction jobs such as Senawang-KLIA Expressway, SKIP, SUKE and DASH will also benefit highway builders namely IJM, GAMUDA, WCT, BPURI, AZRB, MRCB, GADANG, MUHIBAH, MUDAJYA and PESONA. As for more specialized works such as segmental box girders, piling jobs and structural steel works (super structure building), SENDAI, KIMLUN, PTARAS and ECONBHD should benefit. As for building-related works, IJM, WCT, MITRA and KIMLUN have more chances of securing some packages in mixed development projects.

What to expect in the next 3-6 months? While all these mega projects under 11MP may not be executed immediately in the near-term, we believe there are still more job flows in the next 3-6 months. We expect few projects to be awarded by this year namely: (i) KL118 (RM2.0b), PDP role of LRT3 (RM9.0b), (ii) PDP role of Penang ITMP (RM27.0b), (iii) Pan Borneo Highway packages (RM27.0b) and (iv) WCE highway open tender packages (RM2.2b). Among the names likely to benefit from these job flows are: IJM, WCT, SUNWAY, GAMUDA, GADANG, HSL and NAIM.

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Property

Things are already tough on the ground prior to GST. On the ground, we are seeing developers embarking on heavy promotional efforts to achieve take-up rates and clear unsold units/inventories. Furthermore, new project launches have been relatively slow and even with the new project launches, we noticed that developers have only released 'bite size' portions. This is even before the implementation of GST on 1-Apr. This is widely anticipated, as we had previously highlighted that a pre-GST demand rally is unlikely given buyers' wait-and-see attitude and tighter lending liquidity.

Lending remains tight. Jan-15 residential loans applied surged by 9% Ytd-YoY after 12 consecutive months of YTD declines. Data is too limited at this juncture to determine if this had anything to do with the 'pre-GST' demand rally, although we are inclined to lean towards 'unlikely'. Nonetheless, corresponding residential loans approved for Jan-15 remained relatively lukewarm at +3% Ytd-YoY, indicating that lending liquidity to the sector remains very challenging. Although Bank Negara Malaysia (BNM) is satisfied with the effects arising from the series of tightening policies, we believe the situation is likely to abate in the near-term given weak systems loans growth and high Loan-Deposit Ratios (LDR) of 81.8% at Jan-15.

Uninspiring sales trends will lead to weaker future earnings. Most developers are guiding flattish to declining sales trends and in our universe, we expect FY15/16E – FY16/17E sales to drop by an average of 8%-1% while average earnings growth is likely at 7%-7%, respectively. Besides affordability issues and tighter lending liquidity to the sector, we observe that buyers are adopting a longer-than-expected 'wait-and-see' stance due to macroeconomic uncertainties whilst many are not sure how GST will affect the property market.

RISKS

Lower-than-expected margins. Nonetheless, the group has recently invested in equipments in order for construction of affordable housing and LRT stations, which resulted in cost savings. Furthermore, MITRA has substantial savings in land costs, hence we are positive that the group will be able to sustain their favourable margins.

Delay in construction works. This will provide downside risks to our earnings forecasts. However, the group has excellent track records in delivering projects within the given time frame.

Lower-than-expected orderbook replenishment. Note that we have been conservative in forecasting the group's new contracts at only RM700.0m this year versus management's target of RM1.0b. With its track record and tenderbook, we believe MITRA is able to achieve at least RM700.0m new wins this year.

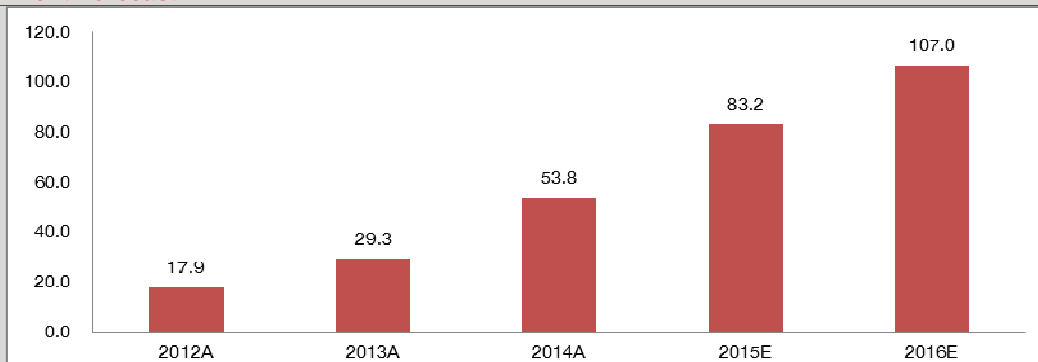
Lower-than-expected property sales. In line with our in-house property analyst's view, the overall property down-cycles, tightening of banking liquidity and potential sharp interest rate hikes may slow down demand for property significantly. However, the group is still able to achieve strong take-up rate for its Wangsa 9 project. This is thanks to its land that is located near LRT stations.

Political risks? We do not think change in political landscape in Malaysia will affect MITRA's long-term prospect given its good merit as well as excellent track records in delivering projects.

Other risks include: (i) Further increases in interest rate which might affect its property sales, (ii) cut or delay in government spending on infrastructure and affordable housing projects, and (iii) global financial crisis.

FINANCIAL ANALYSIS

Expecting strong FY15-16E earnings growth of 47-27%. While the group's earnings grew by 83% in FY14, we expect the group to deliver another superior growth of 47-27% in FY15-FY16E driven by: (i) 36-40% orderbook burn rate in FY15-16E, (ii) RM700.0m new wins in FY15E and FY16E, (iii) new property sales of RM40.0-68.0m in FY15-16E, (iv) PBT margins forecast for construction and property division of 9% and 20% for FY15E and FY16E, respectively. At this juncture, we believe the potential upside to our forecasts should be from the construction division as our assumption is 30% lower than management's target wins for this year of RM1.0b. All in, based on our forecast, MITRA's 3-year (FY13-FY16) CAGR is 54%.

MITRA's Net Profit Forecast

Source: Company, Kenanga Research

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Strong balance sheet with net gearing ratio at 0.2x. We gather that the group has already made significant investment in equipments previously for the constructions of affordable housing projects and LRT stations. Having said that, the group still have more room to gear up for future growth. We believe the big cash outflow in the near-medium term will be the working capital for its upcoming Puchong Prima mixed development project. Assuming MITRA raise about RM150m via borrowings to kick-off the project, the group's net gearing ratio would still be at a manageable level of 0.5x.

Consistent dividend payment. Although MITRA does not have dividend policy, so far, for the last three years, the group has been consistently distributing dividends to its shareholders. Last year, the group paid 5.0 sen DPS and we expect the group to continue to at least maintain the DPS of 5.0 sen again this year on the back of 55% earnings growth. This translates into a decent 2.7% dividend yield and 24% payout ratio (historical payout range over last 2 years: 15-27%).

LATEST CORPORATE EXERCISE

Proposed to undertake bonus issues and free warrants. On 13th March 2015, MITRA proposed to undertake: (i) 1-for-2 bonus issue up to 222.6m new shares, (ii) bonus issue of up to 89.1m free warrants (Warrants-D) on the basis of 1 free warrants-D for every 5 existing MITRA shares, and (iii) ESOS up to 15% of the issued and paid up share capital of MITRA to the directors and employees. Rationale for the proposed bonus issue and the free warrants are to reward the group's loyal shareholders as well as enhancing the trading liquidity and marketability of MITRA shares. Post bonus issue and assuming the free warrants (Warrants-D) and its existing warrants (Warrants-C) are fully converted, MITRA's share base will be expanded to 747.5m shares and the group is expected to raise RM130.6m gross proceeds from the free warrants exercise. Ex-bonus, the stock will be adjusted to RM1.25 from current price of RM1.87. The bonus issue is expected to be completed in 3Q15. After this bonus issue, the group does not have any plan to further issue new bonus issue in the near-medium term as its reserve is expected to be substantially reduced to RM56.9m from RM156.8m.

VALUATION

Peer comparison. It is very interesting to note that MITRA is only trading at FY16 PER of 7.4x, a huge 37% discount to the average fwd-PER construction stocks under our coverage. We like to highlight that MITRA deserved a higher PER given its strong fundamentals. Firstly, MITRA's earnings growth (55%-29% in FY15-16) is higher than the average construction stocks' earnings growth under our coverage (excluding BENALEC due to volatile earnings) of 25.1-9.7%. Secondly, MITRA's margins are also above the industry average (10.0% vs 7.9%). Thirdly, MITRA's orderbook consider decent, providing visibility for the next 3 years. Even after we zoom in further, its closest peers (based on market cap range of RM500.0m-1.0b), are currently trading at FY16 PER of 7.0x-12.0x. Hence, due to its strong fundamentals, we believe MITRA should be trading at least at 10.0x, which is at the lower-end of our target fwd-PER of 10-14x for small-mid cap construction stocks.

OUTPERFORM rating and TP of RM2.35. We derive our TP after applying Sum-of-parts valuation methodology. We reckon that SoP is the best valuation method for MITRA to reflect the group's different business segments, i.e. construction and property. For construction, we ascribed FY16E PER of 11.0x, in line with its small-mid cap construction peers' PER range of 10-14x. Meanwhile, for the property, we value the division using RNAV with 60% discount (in line with small-mid cap developers RNAV discount average of 60%). As for other divisions, we are applying RNAV method to value its South Africa Blue Valley land (60% discount) and book value for its healthcare unit. All in, MITRA's SoP-based TP is RM2.35/share. Our TP implies FY16 PER of 10.0x, at the lower-end of small-mid cap peers' range of 10-14x.

Peer Comparison

NAME	Price	Mkt Cap	PER (x)			Est. Div. Yld.	1 Yr Fwd NP Growth	2 Yr Fwd NP Growth	Orderbook (RM m)
	(RM)		Actual	1 Yr Fwd	2 Yr Fwd				
Benalec Holdings	0.57	455.5	12.9	52.8	7.4	3.5	-75.5	609.6	300.0
Eversendai Corp	0.88	677.2	20.3	9.0	8.1	2.3	126.2	10.4	2000.0
Gamuda	5.02	12077.6	17.0	17.6	17.4	2.4	-3.5	1.0	1600.0
IJM Corp	7.02	12536.8	25.7	17.3	16.3	2.1	48.6	6.0	7000.0
Kimlun Corp	1.33	399.7	11.8	8.6	8.0	3.0	36.6	8.0	1190.0
Muhibbah Engineering	2.27	1062.0	13.0	12.3	12.0	2.0	5.9	2.5	1951.0
Hock Seng Lee	1.85	1016.6	13.2	10.9	10.0	2.2	21.3	9.2	870.0
Naim Holdings	2.41	571.0	5.8	8.1	7.0	1.7	-28.3	15.3	1000.0
WCT Holdings	1.52	1650.1	10.3	11.2	10.3	4.3	-8.2	8.8	3600.0
MMC Corp	2.46	7490.8	23.2	23.8	22.1	0.0	-2.4	7.7	5000.0
Mitrajaya Holdings	1.86	739.4	13.7	9.4	7.4	3.0	46.8	26.5	1876.0
Average			15.2	16.4	11.4				

Source: Company, Kenanga Research

Table 1: Sum-of-parts valuation

Segment	Stake	Method	Value (RMm)
Construction	100%	FY16 PE of 12x	736.2
Property Division (ex-South Africa)	100%	RNAV (50% discount)	402.9
South Africa	100%	RNAV (50% discount)	40.1
Healthcare (Optimax)	51%	Book Value	2.5
Sub Total			1,181.6
Proceed from warrants (C and D)			130.6
Total			1,312.2
No of FD shares			524.9
SOP/share			2.50

Source: Kenanga Research

APPENDIX

Mitrajaya Holdings Berhad ("MITRA") is primarily involved in construction and civil engineering related fields. It is also involved in property, healthcare, and overseas operation in South Africa.

Construction division

Through its subsidiary, Pembinaan Mitrajaya Sdn Bhd, MITRA is involved in infrastructure construction, building construction, including high-rise and low-rise residential and commercial buildings, industrial buildings, and institutional buildings for education and healthcare. Construction segment is the biggest contributor to MITRA's revenue and pre-tax profits, accounting for 71% and 50% of its total revenue and pre-tax profits in FY14, respectively.

MITRA has completed a few major national projects such as: Kuala Lumpur International Airport (KLIA), KL's Light Rail Transit System, the CyberJaya Flagship Zone, the Putrajaya Federal Administrative Centre, the East Coast Economic Region, the Iskandar Southern Development Corridor, and numerous other projects. In addition, the group is also involved in other businesses including property development and manufacturing.

Property division

Property is the second major contributor in MITRA's earnings. The division accounted for 19% and 25% of its total revenue and pre-tax earnings in FY14, respectively. It has total undeveloped landbank of approximately 260 acres.

Overseas operation in South Africa

The group has overseas operation in which it owns the clubhouse, 18-hole golf course & admin office building in the 300-hectare Blue Valley Golf and Country Estate in South Africa since 1998. It is located centrally to Johannesburg, the country's business hub and Capital City, Pretoria and Sandton. The group has about 152 acres of vacant lots in the country that are ready to be sold.

From year 2014, the company started to develop the Residential 2 lots instead of selling the lots as land parcels. A total of 140 units of houses are expected to be developed over the next three years. As for the 26.8 acre wide Business Park (Ext 30 and 40), the company is planning to develop a neighbourhood shopping mall (build and lease), office building, medical centre and high-end serviced apartment. This project is expected to generate an additional profit of ZAR148.0m.

Healthcare division

In April 2015, MITRA has announced its intention to dispose all of its interest in 51% owned subsidiary, Optimax Eye Specialist Centre Sdn Bhd, a British laser eye correction chain, for RM5.1m. Pursuant to the pre-emption terms of the shareholders agreement dated Dec 13, 2001, between MITRA and Datuk Tan Boon Hock, the company had given notice of its disposal intention to the latter, whereby Tan has to reply within 30 days of his acceptance. Otherwise, the company will be entitled to deal with the sale shares in accordance with the terms of the shareholders' agreement.

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MITRA Group Structure



- Construction
- Property Development
- Healthcare
- Manufacturing & Trading
- Others



Source: Company

Board of Directors' Profile

Name	Position	Background
General Tan Sri Ismail Bin Hassan (R)	Independent Non-Executive Chairman	<ul style="list-style-type: none"> Appointed as an Independent Non-Executive Chairman on 9 August 2000 and Chairman of the company on 26 November 2009 Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee Director of Pembinaan Mitrajaya Sdn Bhd Prior to joining MITRA, served as a Commission Officer in the Malaysian Army for 36 years and held many key appointments at Field Command, Training Command and the Ministry of Defence levels before retiring as Chief of Army in December 1997 Holds directorships in Asma Agro (M) Sdn Bhd and Camire Sdn Bhd
Tan Eng Piow	Group Managing Director	<ul style="list-style-type: none"> Appointed as Managing Director on 9 September 1994 One of the founding members of Pembinaan Mitrajaya Sdn Bhd A member of the Institution of Engineers Malaysia Has more than 35 years of extensive technical and management experience in the construction industry and has been actively involved in the management and operations of MITRA Oversee the Group's development, growth and expansion
Foo Chek Lee	Executive Director	<ul style="list-style-type: none"> Appointed as a Director on 1 August 1995 An Executive Director of MITRA and the Managing Director of Pembinaan Mitrajaya Sdn Bhd Prior to joining Pembinaan Mitrajaya Sdn Bhd as General Manager, served with Jabatan Kerja Raya for 14 years Has more than 24 years of extensive technical and management experience which includes all aspects of civil engineering construction and project management Vice President of Masters Builders Association Malaysia A council member of National Council of Occupational Safety and Health (NCOSH) and a Board member of NIOSH Certification Sdn Bhd
Cho Wai Ling	Executive Director	<ul style="list-style-type: none"> Appointed as an Executive Director on 1 September 2014 A member of the Malaysian Institute of Accountants since 2001 Started her career with MITRA in 1999, job scope covers industries comprising construction, property development, manufacturing, trading, healthcare and investment holding Group Finance Manager of MITRA
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Independent Non-Executive Director	<ul style="list-style-type: none"> Appointed as an Independent Non-Executive Director on 26 February 2002 Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee Held positions in the Government including State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall, Under Secretary for Ministry of Defence and Ministry of Finance, Secretary General of Ministry of Domestic Trade and Consumer Affairs and Secretary General of the Ministry of Home Affairs from 1998-2000 Chairman of Prinsiptek Corporation Bhd and TSR Capital Berhad Independent Non-Executive Director of Pinehill Pacific Bhd (formerly known as Multi Vest Resources Bhd) Deputy President of The Olympic Council of Malaysia, a position held since 2011 Deputy President of Malaysian Tenpin Bowling Congress (MTBC) and a member of the Advisory Board of City Hall Kuala Lumpur (DBKL)
Ir Zakaria Bin Nanyan	Independent Non-Executive Director	<ul style="list-style-type: none"> Appointed as an Independent Non-Executive Director on 26 February 2002 A member of the Audit Committee and the Nomination and Remuneration Committee A Professional Engineer and a Member of The Institution of Engineers Malaysia Prior to joining MITRA, was the Director General of the Department of Occupational Safety and Health Malaysia from 1992 to 1998. A Director of Pressure Care Sdn Bhd Chairman of the Board of Examiners for the Site Safety Supervisors Course conducted by The Masters Builders Association Malaysia
Roland Kenneth Selvanayagam	Independent Non-Executive Director	<ul style="list-style-type: none"> Appointed as an Executive Director on 23 April 1998 and redesignated as Independent Non-Executive Director on 28 March 2011 A member of the Audit Committee A professionally qualified accountant with over 30 years post qualifying commercial experience Prior to involvement with MITRA, was employed within the British American Tobacco Group, Sears Roebuck Group and the PT Mayora Indah Group – where he was the pioneer General Manager for their Malaysian operations At various times, he has held directorships (listed & unlisted companies) in various countries including South Africa, Sri Lanka, Singapore, Thailand and Australia

Source: Company; Kenanga Research

Group Milestone

Year	History
1985	<ul style="list-style-type: none"> Incorporation of Pembinaan Mitrajaya Sdn Bhd ("PMSB"). PMSB is involved in civil engineering, building and road construction works and supply of construction materials.
1993	<ul style="list-style-type: none"> Mitrajaya Holdings Berhad was incorporated as an investment holding company.
1994	<ul style="list-style-type: none"> Listed on the Second Board of Kuala Lumpur Stock Exchange (now Bursa Malaysia Securities Berhad).
1997	<ul style="list-style-type: none"> Completion of RM400m worth of contracts involving earth works, perimeter roads and civil works for Kuala Lumpur International Airport
1998	<ul style="list-style-type: none"> Transferred to the Main Board of Kuala Lumpur Stock Exchange (now Bursa Malaysia Securities Berhad).
1999	<ul style="list-style-type: none"> Acquired a 60% stake in Mitrajaya Development SA (Pty) Ltd. ("MDSA") (formerly known as Samrand Mitrajaya Development (Pty) Ltd.), a company incorporated in South Africa through its subsidiary, Mitrajaya Development Sdn Bhd. MDSA is the developer of Samrand Golf and Country Estate (renamed to Blue Valley Golf and Country Estate in June 2001) in South Africa. Acquired a 51% controlling stake in Primaharta Development Sdn Bhd ("Primaharta"). Primaharta is the developer of Puchong Prima in Puchong, Selangor. Started its first property development project in Puchong Prima, a 250-acre integrated township development project.
2001	<ul style="list-style-type: none"> Acquisition of the remaining 40.0% of the equity interest in Mitrajaya Development SA (Pty) Ltd. by Mitrajaya Development Sdn Bhd. Acquired 51% equity interest in Optimax Eye Specialist Centre Sdn Bhd ("Optimax") (formerly known as Precious Premier (M) Sdn Bhd). Optimax holds the franchise for "Optimax", a United Kingdom chain specialising in laser eye correction using refractive surgery procedures, in Malaysia. Acquired 100% equity interest in Blue Valley Golf & Country Club (Pty) Ltd ("Blue Valley") through Mitrajaya Development SA (Pty) Ltd. Blue Valley manages the operations of the golf club in Blue Valley Golf and Country Estate in South Africa.
2003	<ul style="list-style-type: none"> Moved into corporate office in Puchong Prima. Pembinaan Mitrajaya Sdn Bhd received 5 years' Excellent Service Award from Master Builders Association of Malaysia (MBAM).
2007	<ul style="list-style-type: none"> Primaharta Development Sdn Bhd successfully launched Desa Idaman - a residential development with tropical-themed 5-storey apartments with private water theme park facilities in Puchong Prima. Optimax Eye Specialist Centre Sdn Bhd was adjudged the best Small and Medium-sized Enterprises (SME) brand for Eye Care by the Brand Laureate Award for Brand Excellence in Health Care – Eye Care.
2008	<ul style="list-style-type: none"> Kina-Bijak Sdn Bhd successfully launched the Group's first high-end residential project – Kiara 9 Residency for 1 block of 209 units of luxury condominiums and 16 exclusive units of Garden Villa.
2011	<ul style="list-style-type: none"> Pembinaan Mitrajaya Sdn Bhd successfully secured the first project worth RM90.8 million for the construction of LRT stations 3, 4, & 5 for Ampang Extension Line.
2012	<ul style="list-style-type: none"> Acquired the remaining 49% of the equity interest in Primaharta. Pembinaan Mitrajaya Sdn Bhd successfully secured another 2 projects worth RM102.1 million for the construction of LRT stations 8 & 9 of Ampang Extension Line and LRT stations 11 & 12 of Kelana Jaya Extension Line.
2013	<ul style="list-style-type: none"> Pembinaan Mitrajaya Sdn Bhd received 15 years' Excellent Service Award from Master Builders Association of Malaysia (MBAM). Pembinaan Mitrajaya Sdn Bhd successfully secured the first biggest project worth RM 427.9 million from Putrajaya Holdings Sdn Bhd for the construction of Malaysian Anti-Corruption Commission office building. Optimax Eye Specialist Centre Sdn Bhd was the first Malaysian outfit to officially launch the Flapless Lasik procedure known as Relex Smile.
2014	<ul style="list-style-type: none"> Pembinaan Mitrajaya Sdn Bhd successfully secured new projects totalling RM1.2 billion in 2014. In 3Q14, Mitrajaya Homes Sdn Bhd launched its high-rise residential project - Wangsa 9 Residency - 3 blocks of 565 units of luxury condominiums in Wangsa Maju.
2015	<ul style="list-style-type: none"> Pembinaan Mitrajaya Sdn Bhd successfully secured a new project – Perumahan Penjawat Awam 1 Malaysia (PPA1M) of RM230 million from Putrajaya Homes Sdn Bhd and achieved our highest construction order book of RM1.88 billion as at to-date.

Source: Company; Kenanga Research

Construction Project Details

A. Current Construction Projects

Residensi 22



Residensi 22 @ Mont' Kiara, Kuala Lumpur

Current

Project Name:

Residensi 22

Location:

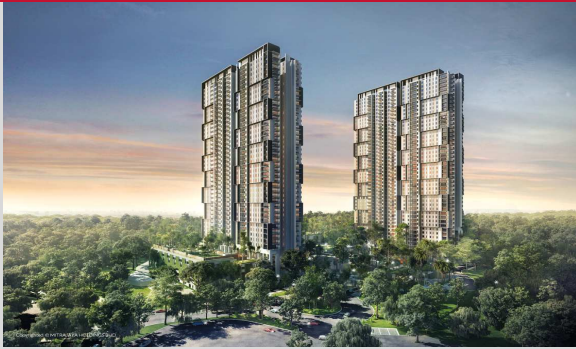
Mont' Kiara, Kuala Lumpur

Brief Description

- The Structural Works, Architectural Works, M&E Works, External Works and Landscape Works for 63 units of Double Storey Terrace Houses in Precinct 11, Putrajaya
- The project received recognition for its outstanding achievement under Putrajaya Holdings' Construction Quality Assessment, from which a financial incentive was awarded

Sources: Company

Verdi



Sources: Company

Verdi @ Symphony Hills, Cyberjaya

Current

Project Name:

Verdi

Location:

Symphony Hills, Cyberjaya

Brief Description

- The Structural Works, Architectural Works, Plumbing Works, Landscape Works, ID Works and other specialist work for 2 blocks of apartments of 44 & 45-storey respectively, including 5 levels of podium car parks

MACC Headquarters



Sources: Company

MACC Headquarters @ Putrajaya

Current

Project Name:

MACC Headquarters

Location:

Putrajaya

Brief Description

- The Design and Build project consists of 3 office towers & 1 podium block for carpark for Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) at lot 7G1, Putrajaya next to Ibu Pejabat Bomba & IPPD Putrajaya

LRT Extension Stations



Sources: Company

LRT Extension Stations @ Sri Petaling – Putra Heights

Current

Project Name:

LRT Extension Stations

Location:

Sri Petaling – Putra Heights

Brief Description

- Construction of the Ampang (AMG) Line Stations 3, 4, 5, 8, 9, and Kelana Jaya (KLJ) Line Stations 11, 12, including associated TNB SSUs, PPUs, and Traction Power Sub-Stations.

Raffles American School



Sources: Company

Raffles American School @ Nusajaya, Johor

Current

Project Name:

Raffles American School

Location:

Nusajaya, Johor

Brief Description

- A pre-kindergarten Grade 12 academy within Iskandar Edacity Region, Nusajaya, Johor
- Construction of 24 blocks of buildings with a total gross floor area of approximate 77,000 square meter

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B. Completed Construction Projects

To-date, PMSB has completed projects worth RM3.0b since its incorporation in 1985.

Precinct 11 Zone 10E



Precinct 11 Zone 10E @ Putrajaya

Completed

Project Name:

Precinct 11 Zone 10E

Location:

Putrajaya

Brief Description

- The Structural Works, Architectural Works, M&E Works, External Works and Landscape Works for 63 units of Double Storey Terrace Houses in Precinct 11, Putrajaya
- The project received recognition for its outstanding achievement under Putrajaya Holdings' Construction Quality Assessment, from which a financial incentive was awarded

Sources: Company

PR1MA Precinct 11



PR1MA Precinct 11 @ Putrajaya

Completed

Project Name:

PR1MA Precinct 11

Location:

Putrajaya

Brief Description

- Construction and completion of public units for Zone 12E & 12F at Precinct 11, Putrajaya, including 560 units medium cost apartment (3 blocks), 2 units three-storey shop office, 6 units two-storey shop office, surau, dewan serbaguna, rumah sampah, covered walkway & car wash bay

Sources: Company

Heriot-Watt University



Heriot-Watt University @ Putrajaya

Completed

Project Name:

Heriot-Watt University

Location:

Putrajaya

Brief Description

- Comprises of 5 storey campus with 1 level sub-basement carparks with green curve roof features

Sources: Company

Property Portfolio Details

A. Upcoming Property Projects

Puchong Prima Mixed Development



Sources: Company

Puchong Prima Mixed Development @ Selangor

Upcoming

Project Name:	Puchong Prima Mixed Development
Location:	Selangor
Type	Retail mall, hotel and service apartments
Details	It will serve as a transportation hub with the integrated bus and taxi terminal and a fully covered link bridge connection to the upcoming LRT Station, located just 150 m away.

B. Current Property Projects

Wangsa 9 Residency



Sources: Company

Wangsa 9 Residency @ Wangsa Maju, Kuala Lumpur

Current

Project Name:	Wangsa 9 Residency
Location:	Wangsa Maju, Kuala Lumpur
Type	Condominium
Built up/unit (sf)	1,033 to 2,336
Details	565 units of condominiums in 3 blocks

280 Park Homes



Sources: Company

280 Park Homes @ Puchong Prima, Selangor

Current

Project Name:	280 Park Homes
Location:	Puchong Prima, Selangor
Type	Low-density, low-rise condominium
Built up/unit (sf)	2-storey units: 2,422 to 3,035: 3-storey units: 3,595 to 4,370
Details	280 units duplex apartments in 11 blocks complete with an iconic Clubhouse

C. Completed Property Projects

Kiara 9 Residency



Sources: Company

Kiara 9 Residency @ Mont' Kiara, Kuala Lumpur

Completed

Project Name:	Kiara 9 Residency
Location:	Mont' Kiara, Kuala Lumpur
Type	Luxury condominium and private garden villas
Details	193 units of luxury condominiums and 16 units of private garden villas

Puchong Prima Business Centre



Sources: Company

Puchong Prima Business Centre @ Puchong Prima, Selangor

Completed

Project Name:	Puchong Prima Business Centre
Location:	Puchong Prima, Selangor
Type	4-storey shop office
Details	Mitrajaya Homes's first flagship development. There is a proposed upcoming LRT station located within walking distance

Desa Idaman Residences



Sources: Company

Desa Idaman Residences @ Puchong Prima, Selangor

Completed

Project Name:	Desa Idaman Residences
Location:	Puchong Prima, Selangor
Type	Gated and guarded resort
Details	Awarded with "Excellent Landscape Design & Planning" by the Malaysian Landscape Architectural Awards 2010.

Desa Impiana



Sources: Company

Desa Impiana @ Puchong Prima, Selangor

Completed

Project Name:	Desa Impiana
Location:	Puchong Prima, Selangor
Type	High-rise condominium
Details	Also offers limited units of very unique duplexes, a condo-style living with the space of a 2-storey home

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Lavender Terraces



Sources: Company

Lavender Terraces @ Puchong Prima, Selangor

Completed	
Project Name:	Lavender Terraces
Location:	Puchong Prima, Selangor
Type	Terrace
Details	Just minutes away from IOI Mall, Tesco Puchong, Giant Bandar Puteri, USJ, Cyberjaya and Putrajaya

Property - Landbank Details

Landbank Details

Location	Type	Land Area (Acres)	BV @ 31-Dec-14		Indicative Market Value	
			RM'm	RM psf	RM'm	RM psf
Banting, Selangor	Freehold	180.00	29.11	3.71	117.61	15.00
Pulau Melaka (92 bungalow lots)	Leasehold	17.84	28.42	36.58	60.00	77.22
Seksyen 28, Petaling Jaya	Leasehold	9.30	41.95	103.55	101.28	250.00
Sungei Rengit, Johor	Freehold	10.80	4.87	10.36	20.00	42.51
Bukit Beruntung (residential & industrial)	Freehold	16.89	9.76	13.27	22.00	29.91
Wangsa Maju	Leasehold	7.83	28.75	84.32	102.28	300.00
Puchong Prima (commercial land)	Freehold	15.00	21.57	33.01	200.00	306.09
Total		257.66	164.43		623.17	

Sources: Company

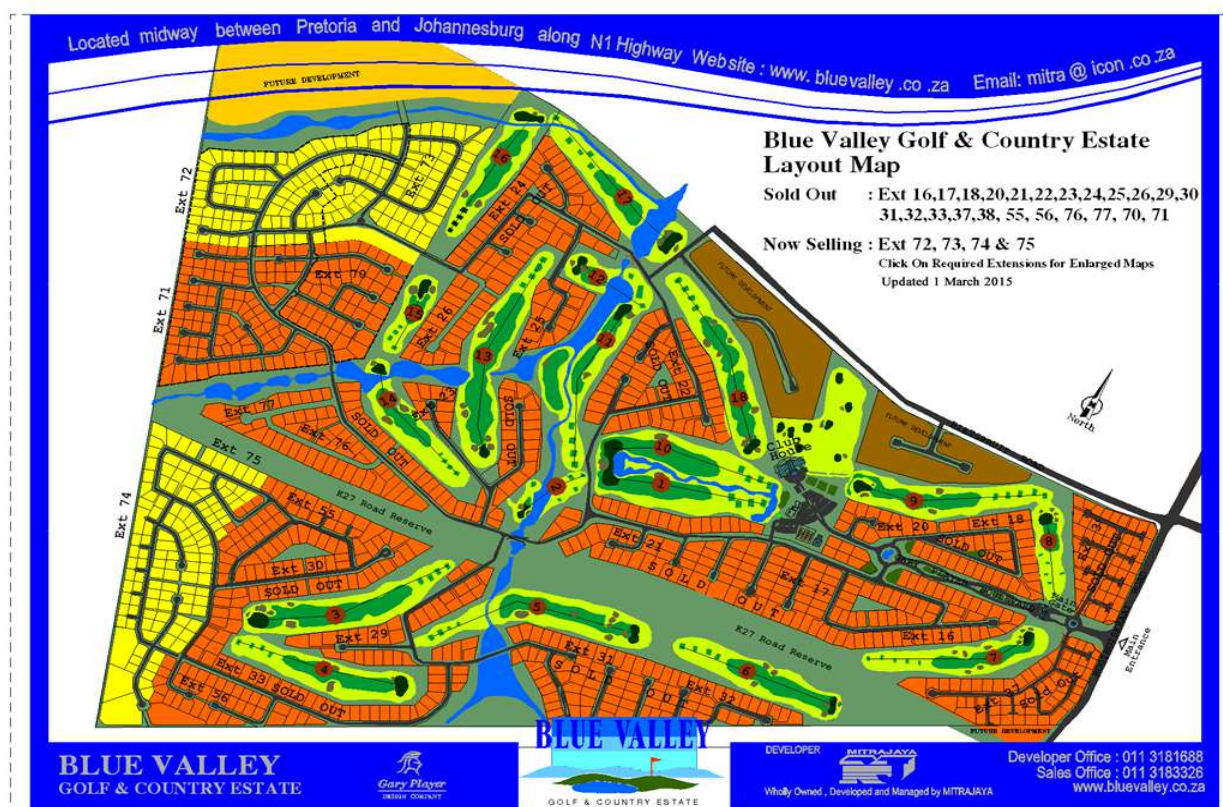
Overseas Operation in South Africa

Roadmap to Blue Valley Golf & Country Estate



Sources: Company

Blue Valley Golf & Country Estate Layout Map



Sources: Company

Investment in South Africa Milestone

Year	History
1998	• MITRA ventured to South Africa as a contractor for the Blue Valley Gold and Country Estate ("BVGCE")
1999	• MITRA acquired 60% equity interest in Mitrajaya Development SA (Pty) Ltd ("MDSA") the developer of the BVGCE.
2001	• MDSA became a wholly owned subsidiary of MITRA after its acquisition of the remaining 40% equity interest in MDSA.
To-date	• The Blue Valley Golf & Country Estate is a 300ha Business and Residential Property Development situated around an 18 hole Gary Player designed golf course. • Total residential stands sold to-date has exceeded 1,100 of which 690 houses are completed and occupied.

Source: Company

Healthcare Division

Services and Location of Optimax

Services provided by Optimax

Eye examination
Laser vision correction
Refractive lens exchange ("RLE")
Implantable contact lens ("ICL")
Other eye specialist services (cataract, glaucoma, pediatric eye care, dry eyes etc)

7 centers nationwide

Taman Tun Dr Ismail, Kuala Lumpur
Shah Alam
Penang (eye hospital)
Johor Bahru
Seremban
Klang
Kuching

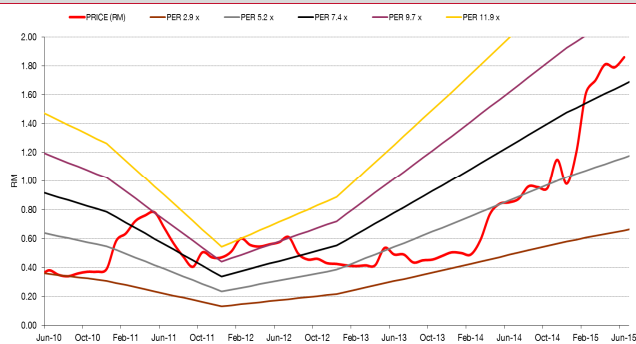
Sources: Company

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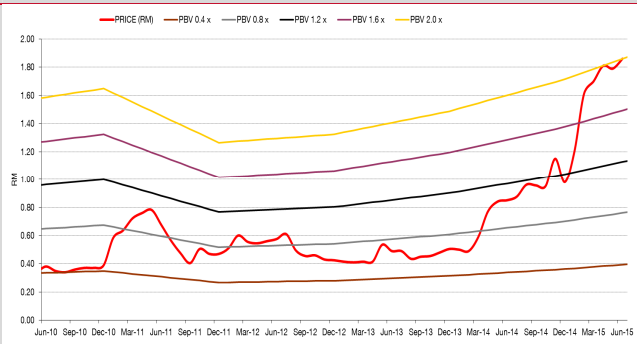
Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2012A	2013A	2014A	2015E	2016E	FY Dec (RM m)	2012A	2013A	2014A	2015E	2016E
Revenue	250.5	338.4	520.2	878.6	1,109.4	Growth					
EBITDA	38.9	53.7	85.6	118.8	147.1	Turnover (%)	-84%	35%	54%	69%	26%
Depreciation	7.5	10.0	9.5	9.0	9.5	EBITDA (%)	-85%	38%	59%	39%	24%
Operating Profit	31.4	43.7	76.1	109.8	137.6	Operating Profit (%)	-88%	39%	74%	44%	25%
Other Income	4.8	8.5	5.1	0.0	0.0	PBT (%)	-87%	45%	80%	44%	27%
Interest Exp	-3.5	-3.4	-3.6	-5.3	-5.3	Net Profit (%)	-89%	64%	83%	47%	26%
Associate	-0.1	0.0	0.0	0.0	0.0	Profitability (%)					
Exceptional Items	0.0	1.0	2.0	3.0	4.0	EBITDA Margin	16%	16%	16%	14%	13%
PBT	27.8	40.3	72.5	104.4	132.3	Operating Margin	13%	13%	15%	12%	12%
Taxation	-9.0	-11.6	-19.3	-26.1	-33.1	PBT Margin	11%	12%	14%	12%	12%
Minority Interest	1.0	-0.7	-0.6	-0.6	-0.6	Net Margin	7%	9%	10%	9%	9%
Net Profit	17.9	29.3	53.8	78.9	99.8	Effective Tax Rate	32%	29%	27%	25%	25%
Core Net Profit	17.9	29.3	53.8	78.9	99.8	ROA	3%	5%	8%	11%	13%
Balance Sheet						ROE	5%	8%	14%	17%	19%
FY Dec (RM m)	2012A	2013A	2014E	2015E	2016E	DuPont Analysis					
PPE	41.0	37.7	41.4	39.5	40.5	Net Margin (%)	7%	9%	10%	9%	9%
Intangible Assets	3.1	3.2	3.2	3.2	3.2	Assets Turnover (x)	0.5	0.6	0.8	1.3	1.4
Other FA	139.6	133.1	98.4	115.8	107.1	Leverage Factor (x)	1.6	1.6	1.6	1.5	1.5
Inventories	160.4	124.9	93.9	126.4	115.1	ROE (%)	5%	8%	14%	17%	19%
Receivables	120.2	123.2	183.5	201.8	282.6	Leverage					
Other CA	80.1	137.9	219.4	206.8	244.9	Debt/Asset (x)	0.1	0.1	0.2	0.1	0.1
Cash	3.3	19.1	23.9	51.3	72.4	Debt/Equity (x)	0.2	0.2	0.3	0.2	0.2
Total Assets	544.3	560.0	639.9	693.5	793.3	Net Cash/(Debt)	1.0	0.8	0.8	0.4	0.3
Payables	119.9	118.8	125.2	122.0	123.6	Net Debt/Equity (x)	0.2	0.2	0.2	0.1	0.0
ST Borrowings	55.9	62.5	83.0	72.7	77.9	Valuations					
Other ST Liability	8.2	7.1	16.3	11.7	14.0	Basic EPS (sen)	4.5	7.4	13.5	19.9	25.1
LT Borrowings	24.6	19.1	19.0	19.1	19.1	FD1 EPS (sen)	4.0	6.6	12.1	17.7	22.4
Other LT Liability	1.4	1.6	1.1	1.3	1.2	FD2 EPS (sen)	3.4	5.6	10.2	15.0	19.0
Minorities Int.	1.9	1.3	0.7	1.0	0.9	DPS (sen)	5.0	2.0	2.0	4.8	5.6
Net Assets	334.3	350.9	395.2	455.5	532.8	NTA (RM)	0.64	0.67	0.75	0.87	1.01
Share Capital	198.8	198.8	198.8	198.8	198.8	Basic PER (x)	41.2	25.2	13.7	9.4	7.4
Reserves	134.4	151.8	196.7	256.7	334.2	FD1 PER (x)	46.2	28.3	15.4	10.5	8.3
Equity	334.3	350.9	395.2	455.5	532.8	FD2 PER (x)	54.5	33.3	18.2	12.4	9.8
Cashflow Statement						Div. Yield (%)	2.7	1.1	1.1	2.6	3.0
FY Dec (RM m)	2012A	2013A	2014E	2015E	2016E	BVPS (RM)	0.64	0.67	0.75	0.87	1.01
Operating CF	25.1	23.1	7.5	18.6	16.4	P/NTA (x)	2.9	2.8	2.5	2.1	1.8
Investing CF	(7.6)	4.8	(4.5)	(2.4)	(0.7)	EV/EBITDA (x)	19.6	13.8	8.6	6.0	4.7
Financing CF	(26.4)	(26.3)	14.2	(12.8)	(8.3)						
Change In Cash	(8.8)	1.6	17.2	3.3	7.4						
Free CF	17.5	28.0	3.0	16.2	15.7						

Source: Kenanga Research

Fwd PER Band



Fwd PBV Band



Source: Bloomberg, Kenanga Research

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Peer Comparison

CORE COVERAGE																
NAME	Price	Mkt Cap	PER (x)			Est. Div. Yld.	Est. ROE	P/BV	Net Profit (RMm)			1 Yr Fwd NP Growth	2 Yr Fwd NP Growth	Target Price	Rating	YTD (%)
	(RM)	(RMm)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(x)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(RM)		
BENALEC HOLDINGS BHD	0.60	479.5	13.6	55.6	7.8	3.3	1.5	0.9	35.3	8.6	61.2	-75.5	609.6	Under Review	Under Review	6.19
EVERSENDAI CORP BHD	0.91	704.2	21.1	9.3	8.5	2.2	8.2	0.8	33.4	75.5	83.3	126.2	10.4	1.08	Outperform	16.67
GAMUDA BHD	4.94	11885.1	16.7	17.3	17.1	2.4	14.3	2.5	712.3	687.2	694.3	-3.5	1.0	5.29	Market Perform	-1.40
IJM CORP BHD	6.89	12305.7	25.2	16.9	16.0	2.2	7.9	1.3	488.6	726.1	769.7	48.6	6.0	7.95	Outperform	4.87
KIMLUN CORP BHD	1.33	399.7	11.8	8.6	8.0	3.0	10.6	0.9	33.8	46.2	49.9	36.6	8.0	1.66	Outperform	11.76
MUHIKBAH ENGINEERING (M) BHD	2.31	1080.8	13.3	12.5	12.1	2.2	8.2	1.0	81.5	86.4	89.5	5.9	3.6	2.88	Outperform	23.53
HOCK SENG LEE BERHAD	1.86	1022.1	13.3	11.0	10.0	2.2	13.1	1.4	76.9	93.3	101.9	21.3	9.2	2.18	Outperform	9.41
NAIM HOLDINGS BERHAD	2.38	563.9	5.7	8.0	6.9	1.7	5.2	0.4	98.3	70.5	81.3	-28.3	15.3	2.72	Market Perform	-20.13
WCT HOLDINGS BHD	1.48	1606.6	10.0	10.9	10.0	4.4	7.4	0.8	160.2	147.1	160.1	-8.2	8.8	1.95	Outperform	-5.99
MMC CORP BHD	2.46	7490.8	23.2	23.8	22.1	0.0	4.0	0.9	322.4	314.6	338.7	-2.4	7.7	3.10	Outperform	2.93
MITRAJAYA HOLDINGS BHD	1.86	760.9	14.1	9.6	7.6	2.6	22.2	2.1	53.8	78.9	99.8	46.7	26.5	2.35	Outperform	89.80
Average			15.3	16.7	11.5											
NOT RATED/ON OUR RADAR																
NAME	Price	Mkt Cap	PER (x)			Est. Div. Yld.	Est. ROE	P/BV	Net Profit (RMm)			1 Yr Fwd NP Growth	2 Yr Fwd NP Growth	Target Price	Rating	YTD (%)
	(RM)	(RMm)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(x)	Actual	1 Yr Fwd	2 Yr Fwd	(%)	(%)	(RM)		
MUDAJAYA	1.38	743.0	-10.6	22.1	15.4	2.2	3.1	0.7	-70.2	33.6	48.1	-147.8	43.3	n.a.	Not Rated	-4.83
PROTASCO	1.78	595.1	-12.4	8.2	7.6	6.2	16.7	1.4	-47.9	72.4	78.2	-251.3	8.0	2.25	Trading Buy	25.35
PINTARAS JAYA	3.90	634.5	11.7	12.2	12.4	3.8	n.a.	n.a.	54.2	51.9	51.1	-4.3	-1.5	4.78	Trading Buy	4.56
GABUNGAN AQRS	1.17	452.7	8.6	6.5	6.5	3.8	n.a.	n.a.	52.9	69.3	69.8	31.1	0.7	n.a.	Not Rated	-6.40
GADANG HOLDINGS	1.45	313.7	7.1	7.4	6.6	2.8	12.6	0.9	43.9	42.2	47.2	-3.9	11.8	2.00	Take Profit	7.41
AZRB	0.69	332.6	26.2	12.8	9.5	1.4	n.a.	n.a.	12.7	25.9	34.9	103.8	34.7	n.a.	Not Rated	2.22
TRC SYNERGY	0.38	182.6	51.2	8.6	6.7	2.9	6.2	0.5	3.6	21.4	27.3	498.9	27.9	n.a.	Not Rated	0.00
BINA PURI	0.54	116.8	19.0	11.7	5.8	7.4	n.a.	n.a.	6.1	10.0	20.0	63.0	100.0	n.a.	Not Rated	0.00
Average			12.6	11.2	8.8											

*as at 23rd June 2015

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 sector'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 sector's Expected Total Return is WITHIN the range of 3% to 10%.
UNDERWEIGHT	: A particular sector'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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