

## Results Note **TAMBUN INDAH LAND BHD** 15<sup>th</sup> Aug 2011 **RM0.665**

### BUY

Current Price	RM0.665
Current Target Price	RM1.23
Previous Target Price	RM0.95
Previous Recommendation	BUY
Upside to Target	84%

#### Stock Codes

Masa	TAMBUN / 5191
Bloomberg	TILB MK

#### Stock & Market Data

KLCI	1,483.67
Listing	Main Market
Sector	PROPERTY
Syariah Compliance	YES
Par Value	RM0.50
Issued Shares	221.0m
Market Capitalisation	RM146.9m
YTD Performance	45.6%
52-week Hi/Lo	RM0.865/ RM0.65
6M Average Volume	264,295 shares
Estimated Free Float	36.9%
Majority Shareholders: - (Direct & indirect)	
	Siram Permai (40.38%)
	Amal Pintas (10.39%)
	Tah-Wah (8.98%)
	Kiak Seng Teh (3.04%)

#### Key Indicators at FYDec 10

ROA	11.7%
ROE	18.9%
Net Debt/Equity	Net Cash
Price / Asset per share	*n.m.

\*not meaningful - shares in issue as at Dec10 pre-IPO data

#### Share Price Performance Chart



**2QFY11 Results.** In 2Q ended June 2011, Tambun Indah Land (TAMBUN) revenues increased by 46% to RM52.4m from RM36m registered in 1QFY11. Costs increased by a bigger quantum. The cost of sales increased by 61% to RM38m and the cost of operations by 68% to RM1.7m. All margin segments experienced a decline in range of 7% to 5% due to cost pressures. However, on account of the operating leverage, net income for the period still increased by 7.5% to RM8.3m from RM7.8m. Profit attributable to shareholders was down by 27% to RM4.7m from RM6.4m; due to minority shareholders' share of profits increasing by 170% to RM3.5m from RM1.3m. Management attributed the increase of cost and weakening of margin to the acquisition cost of land for the proposed Pridaman, Ikhtiar Bitara and the Bandar Tasek Mutiara projects.

**On-going projects.** TAMBUN currently has 11 development projects involving 1,545 units with a gross development value (GDV) RM523.28m at an average selling price (ASP) of RM338,692. This entire project is expected to be complete by the earliest 2013, but no later than 2014. For the 1H2011, they manage to sell 562 units worth RM211.62m at an ASP of RM376,548 per unit. ASP increased by 11%. The unsold stock as at 30 June 2011 stood at RM188m or 35.9% of GDV, with RM355m sold or 67% of GDV. Most of the sales are coming from the Pearl Garden, Impian Residence, Pearl Villas and Carissa Park.

**Future Projects.** Going forward, TAMBUN has lined up 8 new projects with GDV of RM684.96m within 2012 to 2015, an increase of 30% GDV. Three significant projects in the pipeline are Pearl Residence 1 (GDV: RM180m), Straits Garden (GDV: RM180m) and Pearl Indah (GDV: RM131.31m). Once all of that has been completed TILB plans to develop the balance of the Pearl City project estimated at RM2,231.95m that will last them until 2020.

#### Investments Statistics

YE 31 Dec (RM m)	2009	2010	2011F	2012F
Revenue	100.9	128.1	136.1	149.7
Net Profit	23.9	25.2	29.4	32.3
Growth	1.5%	5.7%	16.5%	10.0%
EPS (sen)	10.80	11.41	13.29	14.63
DPS (sen)	0.00	4.60	5.36	5.90
NTA/Share (RM)	N/A	0.60	0.74	0.88
Net Cash/(Debt) (RM m)	N/A	4.12	4.79	5.27
Net Debt/Equity	N/A	Cash	Cash	Cash
PER (x)	N/A	N/A	5.4	4.9
Dividend Yield	N/A	N/A	7.5%	8.2%
ROA	N/A	11.7%	19.9%	18.1%
ROE	N/A	18.9%	19.8%	18.0%
P/NTA (x)	N/A	N/A	1.0	0.8

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**Recommendation.** We estimate TAMBUN's fair value at RM1.23. Our fair value is based on its GDV and our estimated RNAV of RM2.23 per share. As usual, because the RNAV approach invariably results in a value higher than current BV per share, we discount it for fair value estimation purposes at 0.55x in line with observed discounts to industry-wide P/BV multiples for property stocks with capitalisation of less than RM500m.

## Balance Sheet

FYE 31 <sup>st</sup> Mar / RM m	FY10	June 2011
Fixed and long term assets	62.5	31.1
Current Assets	152.7	214.8
Current Liabilities	75.7	30.4
Net Current Assets	77.0	184.3
	<b>139.5</b>	<b>215.5</b>
Capital and reserves	119.7	150.6
Minority interest	14.0	26.4
Long term and deferred liabilities	5.8	38.5
	<b>139.5</b>	<b>215.5</b>

Income Statement (Rm mn)	1Q	2Q	% chg	% chg 6M ended
FYE 31 <sup>st</sup> Dec	Mar-11	Jun-11	QoQ	YoY Jun-11
Revenue	36.0	52.4	45.9%	N/A
Costs of Sale	(24.1)	(38.7)	60.8%	N/A
<b>Gross Profit</b>	<b>11.9</b>	<b>13.8</b>	15.7%	N/A
Other operating income	0.4	0.3	-35.0%	N/A
Administrative expenses	(1.0)	(1.7)	67.6%	N/A
<b>Operating Profit</b>	<b>11.3</b>	<b>12.4</b>	9.2%	N/A
Sales & marketing expenses	(0.9)	(1.0)	15.7%	N/A
Profit Before Taxation	10.5	11.4	8.7%	N/A
Taxation	(2.7)	(3.0)	12.1%	N/A
<b>Profit For The Periods</b>	<b>7.8</b>	<b>8.3</b>	7.5%	N/A
Profit attributable to:				
Owners of the company	6.4	4.7	-26.5%	N/A
Minority interests	1.3	3.5	169.1%	N/A
	<b>7.8</b>	<b>8.3</b>		<b>16.1</b>
Basic EPS (sen)	2.98	2.14	-28.2%	
Gross Profit Margin	33.1%	26.3%	-6.9%	29.0%
Pretax Margin	29.2%	21.7%	-7.4%	24.7%
Net Profit Margin	21.6%	15.9%	-5.7%	18.2%
Effective Tax Rate	26.0%	26.8%	0.8%	26.4%

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## RNAV Computations

Projects	TAMBUN Stake	GDV (RM'm)	DCF@8% WACC
<b>On-Going Projects</b>			
Carissa Park	50%	25.93	0.80
Pearl Garden	70%	139.13	5.99
Dahlia Park	100%	45.24	2.78
Impian Residence	50%	43.67	1.34
Tanjung Heights	100%	47.17	2.90
Pearl Villas	70%	137.97	5.94
New Juru Industrial Park	100%	35.83	2.20
Capri Park	100%	48.34	2.97
Sold GDV ongoing project	100%	335.00	(20.61)
<b>Futures Projects 2011/12 to 2014/15</b>			
Kelisa Residence	100%	34.00	3.02
Pearl Indah	70%	131.31	8.17
Pearl Square	70%	55.10	3.43
BM Residence	100%	39.25	3.49
Pearl Residence 1	70%	180.00	11.20
Straits Garden	100%	180.00	16.01
Taman Bukit Residence	100%	24.30	2.16
Carissa Villas	50%	41.00	1.82
<b>Planned Projects after 2012</b>			
Pearl Residence 2	70%	201.00	27.90
Pearl Residence 3	70%	366.95	50.93
Pearl City Commercial Center	70%	642.00	127.29
Other phases-Pearl City	70%	1022.00	141.85
Total GDV		<u>2,231.95</u>	
<b>Total value of properties</b>			<b>401.60</b>
Minus total BV for land held for development			(20.76)
Minus debt			(38.27)
SHF @ 30 June 2011			150.56
Total RNAV			<b>493.13</b>
No. of shares(m)			221.00
RNAV per share			<b>2.23</b>

Source: Company, Jupiter Research

Peer Comparison	Last	Market		Pretax	PE Ratio (x)		EPS (RM)		Dividend Yield (%)		ROE (%)		Share
	Price	Cap	Revenue	Margin	FY10	FY11F	FY10	FY11F	FY10	FY11F	FY10	FY11F	
Company	(RM)	(RM'mn)	(RM'mn)	(%)									Issued mn
Hauyang	1.420	157.7	188.87	18.20	6.3	5.9	25.52	28.63	4.7	4.9	12.10	13.20	108.0
Nadayu	1.310	302.5	67.49	32.48	69.6	6.3	1.40	21.21	3.6	2.0	1.00	15.50	230.9
Tambun	0.670	149.1	40.00	24.70	N/A	5.4	11.41	13.29	N/A	7.5	N/A	19.90	221.0
Average			98.79	25.1		5.9	12.8	21.0		4.8		16.2	

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