



BIMB SECURITIES RESEARCH MARKET INSIGHT

PP16795/03/2013(031743)

3QFY13

Tambun Indah

Buy ◀▶

Inline

Shining Pearl

Price:

RM1.41

Target Price:

(+20.1%) RM1.70

Stock Data

Bloomberg Ticker	TILB MK	Altman Z-score	NA
Market Cap	479.1	YTD price chg	88.1%
Issued shares	337.4	YTD KLCI chg	7.0%
52-week range (H)	1.59	Beta	1.0
2-week range (L)	0.70	Major Shareholders	
3-mth avg daily volume	595,176	Siram Permai	37.9%
Free Float	45.2%	Amal Pintas	9.9%
Shariah Compliant	Y	Kiak Seng Teh	7.1%
Financial Derivatives	Y		

Share Performance (%)

	1mth	3mth	12mth
Absolute	(2.1)	(5.4)	113.3
vs. KLCI	82.2	(9.3)	82.2

Consensus

	2014	2015
Net Profit	53.0	83.7
EPS (sen)	0.2	0.2

Historical Price Ratio (x)

	FY 2010	FY 2011	FY 2012
Price Earnings	N/A	4.1	5.7
Price to Book	N/A	1.0	1.0

Financial Highlights

FYE 31 Dec	2010	2011	2012	2013E	2014E
Turnover	39.6	191.8	296.9	328.5	384.8
EBIT	28.3	46.7	80.7	82.6	96.1
Pretax profit	28.4	46.8	79.0	83.3	98.2
Net Profit	25.2	23.4	40.8	54.2	63.8
EPS (sen)	11.4	10.6	18.4	15.0	17.7
PER (x)	0%	-7%	74%	-12%	16%
DPS (sen)	13.5	14.6	8.4	10.3	8.7
Div. Yield (%)	7.6	4.6	9.1	8.0	9.5
NTA/share (RM)	4.9%	3.0%	5.9%	5.2%	6.1%

Margins

	2010	2011	2012	2013E	2014E
EBIT margin	71.5%	24.3%	27.2%	25.2%	25.0%
Pretax margin	71.7%	24.4%	26.6%	25.4%	25.5%
Effective tax rate	7.6%	27.9%	27.8%	25.0%	25.0%
ROE	21%	15%	18%	19%	18%
ROA	12%	7%	9%	8%	9%
Net Gearing (x)	NC	NC	NC	NC	NC

Growth ratios

	2010	2011	2012	2013E	2014E
Turnover	N/A	384%	55%	11%	17%
EBIT	N/A	65%	73%	2%	16%
Pretax profit	N/A	65%	69%	5%	18%
Net profit	N/A	-7%	75%	33%	18%

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Tambun Indah's 3Q13 net profit of RM17.2m came in within our but slightly above market expectations. Bulk of the sales was mainly from Pearl Residence (approx. 72.3% of total segment revenue). Going forward, we expect higher demand for TILB's projects in view of the upcoming new Penang second link as well as more FDIs into Mainland Penang, suggesting more opportunities ahead. As such, we maintain our TP at RM1.71 based on RNAV. Given the 20% upside potential to the stock, we maintain BUY.

Within expectation. Tambun Indah's 3Q13 net profits improved to RM17.2m (+23% QoQ, +58% YoY) while its YTD net profit also improved by 45% YoY. This is within our expectation which makes up 79% of our estimates but was slightly above consensus. Bulk of the sales was derived from Pearl Residence as well as the commercial portion of Pearl City which contributed approximately 72.3% of the total property development revenue. It received encouraging responses from its ongoing projects with a high take-up rate of 70% to date. The overall EBIT margin also improved to 32% from 29% last year due to a better product mix as well as the higher pricing attained for its Pearl Residence.

Stronger demand ahead. We believe the group's RM400-500m sales target for FY13 is achievable on the back of its existing projects worth RM800m in GDV launched last year and its planned RM250m worth of new launches this year such as Camelia Park, Seri Permai and Taman Bukit Residence. Going forward, we anticipate stronger demand for its projects given the accessibility via Penang second link which is due for completion in 4QCY13. Furthermore, with new plant setups from Aviatron, Honeywell Aerospace and the recently announced Haemonetics Corp, this will be the new catalyst for mainland Penang as it will boost business activities hence more job opportunities.

Keeping our numbers and Maintain BUY. We made no changes in our earnings forecast and maintain our TP at RM1.71 based on RNAV. We expect higher demand for TILB's projects going forward in view of the upcoming new Penang second link and more opportunities from new FDI and given the 20% upside potential to the stock, we maintain our BUY call.

Share Price Chart



Quarterly figures

FY 31 Dec (RMm)	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	QoQ Chg	YoY Chg	FY12	FY13	YTD Chg
Revenue	76.6	75.5	78.3	82.6	97.1	17%	27%	221.5	258.0	16%
EBIT	21.8	21.2	23.0	26.0	31.3	20%	43%	58.3	80.2	38%
Pretax profit	22.1	20.8	24.0	26.3	31.2	19%	41%	58.1	81.4	40%
Taxation	-6.4	-5.3	-7.1	-7.2	-7.7	6%	20%	-16.6	-21.9	32%
Minority interest	-4.8	-4.2	-5.2	-5.1	-6.3	24%	31%	-12.0	-16.6	38%
Net Profit	10.9	11.3	11.7	14.0	17.2	23%	58%	29.6	42.9	45%
EPS (sen)	4.91	5.07	3.77	4.49	5.53	23%	12%	13.32	13.79	4%
Net gearing (x)	NC	NC	0.04	NC	NC	N/A	N/A	NC	NC	N/A
EBIT margin (%)	28%	28%	29%	31%	32%	2%	13%	26%	31%	18%
PBT margin (%)	29%	28%	31%	32%	32%	1%	11%	26%	32%	20%
Net margin (%)	-8%	-7%	-9%	-9%	-8%	-10%	-5%	-7%	-9%	13%
Effective tax rate (%)	29%	26%	29%	27%	25%	-11%	-15%	29%	27%	-6%

Source: BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
NEUTRAL	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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