



BIMB SECURITIES RESEARCH MARKET INSIGHT

PP16795/03/2013(031743)

1QFY13

Tambun Indah

BUY ◀ ▶

Above

Still going strong

Price: RM0.95
Target Price: (+14%) RM1.08

The Stock Data

Bloomberg Ticker	TILB MK	Altman Z-score	N.A
Market Cap	294.8	YTD price chg	25.2%
Issued shares	312.0	YTD KLCI chg	1.1%
52-week range (H)	1.00	Beta	0.9
52-week range (L)	0.51	Major Shareholders	
3-mth avg daily volume	1,286,452	SIRAM PERMAI	40.1%
Free Float	42.7%	AMAL PINTAS	10.7%
Shariah Compliant	Y	KIAK SENG TEH	6.6%
Financial Derivatives	Y		

Share Performance (%)	1mth	3mth	12mth
Absolute	5.6	18.9	76.3
vs. KLCI	50.1	13.8	50.1

Consensus	2013	2014
Net Profit	48.9	58.2
EPS (sen)	15.0	17.9

Historical Price Ratio (x)	2010	2011	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	45.4	53.5
EPS (sen)	11.4	10.6	18.4	14.0	16.5
EPS growth (%)	0%	-7%	74%	-21%	16%
PER (x)	8.3	9.0	5.2	6.8	5.8
DPS (sen)	7.6	4.6	9.1	7.2	8.5
Div. Yield (%)	8.0%	4.8%	9.6%	7.6%	8.9%
NTA/share (RM)	0.28	0.45	0.66	0.47	0.48

Margins

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%	16%	16%
ROA	12%	7%	9%	7%	8%
Net Gearing (x)	NC	NC	NC	NC	NC

Growth ratios

Turnover		384%	55%	11%	17%
EBIT		65%	73%	2%	16%
Pretax profit		65%	69%	5%	18%
Core Net profit		-7%	75%	11%	18%

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Tambun Indah's 1Q13 net profit of RM11.7m came in within our and market expectations, making up 25% and 23% of our and the consensus projections. The decent performance was mainly driven by strong responses to its Pearl Residence and Straits Garden. We have raised our TP higher to RM1.08 from RM0.97 as we adjusted our estimates for the company's land prices given the higher expected demand for TILB's projects going forward in view of the upcoming new Penang second link as well as the demand spillover from the Penang Island. **Maintain BUY.**

Within expectation. Tambun Indah's 1Q13 net profit improved to RM11.7m (+4% QoQ, +28% YoY) and is within our and market expectations. Bulk of the sales were derived from Straits Garden and Pearl Residence which received encouraging responses with registered bookings of 80% and 65% respectively with actual take-ups of 70% and 42% to date. The overall EBIT margin also improved slightly to 29% from 28% due to a better product mix as well as the higher pricing attained for its Pearl Residence.

RM250m new launches in FY13. We believe the group's RM350m 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. The projects that will be rolled out include Pearl Residence 2 and 3, Pearl Avenue and Taman Bukit Residence.

Increased borrowings. The group's borrowings have increased to RM109m from RM84m, largely attributed to a land purchase (Parcel R3 for RM60m), where RM20m was funded via borrowings. To recap, the land located within Pearl City will be used for commercial developments including a shopping mall, shop houses and a hospital.

Recommendation. We have raised our TP higher to RM1.08 from RM0.97 as we adjusted our estimates for the company's land prices given the higher expected demand for TILB's projects going forward in view of the upcoming new Penang second link as well as the demand spillover from the Penang Island. Our TP is based on a 20% discount to Tambun Indah's RNAV. **Maintain BUY.**

Share Price Chart



Quarterly figures

FYE 31 Dec (RM'm)	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	QoQ	YoY	3MFY12	YTD Chg	
Revenue	66.0	78.8	76.6	75.5	78.3	4%	19%	66.0	78.3	19%
EBIT	18.5	18.0	21.8	21.2	23.0	8%	24%	18.5	23.0	24%
Pretax profit	18.2	17.9	22.1	20.8	24.0	15%	32%	18.2	24.0	32%
Taxation	-5.1	-5.1	-6.4	-5.3	-7.1	32%	39%	-5.1	-7.1	39%
Minority interest	-3.9	-3.3	-4.8	-4.2	-5.2	22%	32%	-3.9	-5.2	32%
Net Profit	9.2	9.5	10.9	11.3	11.7	4%	28%	9.2	11.7	28%
EPS (sen)	4.13	4.28	4.91	5.07	3.77	-26%	-9%	4.13	3.77	-9%
Net gearing (x)	NC	NC	NC	NC	0.04	N/A	N/A	NC	0.04	N/A
EBIT margin (%)	28%	23%	28%	28%	29%	4%	5%	28%	29%	5%
PBT margin (%)	28%	23%	29%	28%	31%	11%	11%	28%	31%	11%
Net margin (%)	-8%	-6%	-8%	-7%	-9%	27%	17%	-8%	-9%	17%
Effective tax rate	-28%	-29%	-29%	-26%	-29%	15%	5%	-28%	-29%	5%

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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