



News Flash – Tambun Indah

Proposing Dividend Reinvestment Scheme (DSR)

BUY

Price: RM0.955

Target Price: RM1.080

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Tambun Indah (TILB) has proposed to undertake a DSR that will allow shareholders of TILB to have the option to either (i) reinvest their full or partial dividend entitlements in new ordinary shares of RM0.50 each in TILB or (ii) receive full dividend in cash. The dilutive impact would be minimal depending on the quantum from Option I. We do not expect any material impact to TILB's fundamentals from this exercise hence, maintaining our BUY recommendation and target price of RM1.08. We are still positive on TILB future developments as we expect improving demand for TILB's projects going forward in view of the impending opening of Penang's second link as well as demand spillover from the Penang Island.

Proposes dividend reinvestment scheme (DSR). It was announced on Bursa that Tambun Indah (TILB) has proposed to undertake a DSR that will allow shareholders of TILB to have the option to elect to (i) reinvest their full or partial dividend entitlements in new shares or (ii) receive full dividend in cash. New shares will be issued at an issue price of less than 10% discount to the 5 day market day VWAP.

No material dilutive impact. Assuming all the outstanding ESOS options and warrants are exercised and all the shareholders elect for the DSR, the share base will only be increased from 360.6m shares (fully diluted) to 375.3m shares (with the assumption that the new issue is issued at a price of RM0.81 per share based on a 5-day market VWAP on 29 March 2013 and the FY12 final dividend of 3.3 sen fully electable). The proposed DSR will have a minimal effect on the shareholding composition. Should the enlarged share base be at 375.3m shares, our EPS for FY13 and FY14 will be diluted slightly to 12.1 sen (-4%) and 14.2 sen (-4.2%) respectively. Note that we have conservatively assumed here that the cash proceeds save would be utilised only for general working capital purposes.

Recommendation. All said, we do not think the DSR would post any material impacts to TILB. We maintain a BUY recommendation and target price of RM1.08 as we are still positive on TILB future developments as we expect higher demand for TILB's projects going forward in view of the coming opening of the new Penang second link as well as demand spillover from the Penang Island. Our TP is based on a 20% discount to its RNAV.

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

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