



BIMB SECURITIES RESEARCH MARKET INSIGHT

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2QFY13

Tambun Indah

Neutral ◀▶

In line

Shining Pearl

Price:

RM1.54

Target Price:

(+10%) RM1.70

Stock Data

Bloomberg Ticker	TILB MK	Altman Z-score	N.A
Market Cap	514.7	YTD price chg	104.0%
Issued shares	334.2	YTD KLCI chg	5.3%
52-week range (H)	1.56	Beta	1.1
2-week range (L)	0.58	Major Shareholders	
3-mth avg daily volume	1,146,589	SIRAM PERMAI	37.8%
Free Float	45.1%	AMAL PINTAS	10.0%
Shariah Compliant	Y	KIAK SENG TEH	7.1%
Financial Derivatives	Y		

Share Performance (%)

	1mth	3mth	12mth
Absolute	7.7	23.2	148.3
vs. KLCI	111.7	22.6	111.7

Consensus

	2013	2014
Net Profit	8.0	69.5
EPS (sen)	0.2	0.2

Historical Price Ratio (x)

	FY 2010	FY 2011	FY 2012
Price Earnings		4.1	5.7
Price to Book		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		384%	55%	11%	17%
EBIT		65%	73%	2%	16%
Pretax profit		65%	69%	5%	18%
Net profit		-7%	75%	33%	18%

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Tambun Indah's 2Q13 net profit of RM14m came in within our and market expectations, making up 47% and 51% of ours and the consensus projections. Bulk of the sales was mainly from Pearl Residence (approx. 62.3% 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 raised our TP higher to RM1.71 from RM1.35 based on RNAV. Given the limited upside potential, we are still Neutral on the stock.

Within expectation. Tambun Indah's 2Q13 net profits improved to RM14m (+19% QoQ, +47% YoY) while its YTD net profit also improved by 38% YoY. Bulk of the sales was derived from Pearl Residence which contributed approximately 62.3% of the total property development revenue. The group saw encouraging responses from its ongoing projects with a high take-up rate of 70% to date. The overall EBIT margin also improved to 31% from 29% 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 RM800m in GDV launched last year and 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, the new plant setup from Aviatron, Honeywell Aerospace and the recently announced Haemonetics Corp, this will be new catalyst for residential properties esp. for mainland Penang.

Recommendation. We have raised our TP higher to RM1.71 from RM1.35 after removing 20% discount on its RNAV to reflect its latest market transactions. Furthermore, we expect higher demand for TILB's projects going forward in view of the upcoming new Penang second link and more opportunities from new FDIs. Maintain Neutral.

Share Price Chart



Quarterly figures

FY 31 Dec (RMm)	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	QoQ Chg	YoY Chg	FY12	FY13	YTD Chg
Revenue	78.8	76.6	75.5	78.3	82.6	5%	5%	144.8	160.9	11%
EBIT	18.0	21.8	21.2	23.0	26.0	13%	44%	36.5	49.0	34%
Pretax profit	17.9	22.1	20.8	24.0	26.3	10%	47%	36.0	50.3	39%
Taxation	-5.1	-6.4	-5.3	-7.1	-7.2	2%	41%	-10.2	-14.3	40%
Minority interest	-3.3	-4.8	-4.2	-5.2	-5.1	-2%	56%	-7.2	-10.3	43%
Net Profit	9.5	10.9	11.3	11.7	14.0	19%	47%	18.7	25.7	38%
EPS (sen)	4.28	4.91	5.07	3.77	4.49	19%	5%	8.40	8.26	-2%
Net gearing (x)	NC	NC	NC	0.04	NC	N/A	N/A	NC	NC	N/A
EBIT margin (%)	23%	28%	28%	29%	31%	7%	38%	25%	30%	21%
PBT margin (%)	23%	29%	28%	31%	32%	4%	40%	25%	31%	26%
Net margin (%)	-6%	-8%	-7%	-9%	-9%	-3%	34%	-7%	-9%	26%
Effective tax rate (%)	-29%	-29%	-26%	-29%	-27%	-7%	-4%	-28%	-28%	0%

Source: BIMB Securities

