



BIMB SECURITIES RESEARCH MARKET INSIGHT

PP16795/03/2013(031743)

2QFY15

Tambun Indah

Buy ▲

Below

Weak Quarter

Price: RM1.43
Target Price: (+24%) RM1.78

Stock Data

Bloomberg Ticker	TILB MK	Altman Z-score	n.a.
Market Cap	606.3	YTD price chg	-11.7%
Issued shares	424.0	YTD KLCI chg	-10.3%
52-week range (H)	2.62	Beta	1.2
2-week range (L)	1.35	Major Shareholders	
3-mth avg daily volume	203,344	Siram Permai	33.6%
Free Float	51.9%	Amal Pintas	8.5%
Shariah Compliant	Y	Kiak Seng Teh	6.0%
Financial Derivatives	n.a.		

Share Performance (%)

	1mth	3mth	12mth
Absolute	(16.4)	(17.8)	(39.8)
vs. KLCI	(8.9)	(8.3)	(31.5)

Consensus

	2014	2015	2016
Net Profit	97.5	116.8	126.0
EPS (sen)	23.8	28.0	30.3

Historical Price Ratio (x)

	FY 2012	FY 2013	FY 2014
Price Earnings	5.7	7.7	8.7
Price to Book	1.0	1.7	2.3

Financial Highlights

FYE 31 Dec	2012	2013	2014	2015E	2016E
Turnover	296.7	376.4	466.8	637.6	669.5
EBIT	80.4	118.2	142.7	192.5	204.6
Pretax profit	79.0	117.7	138.2	196.5	210.0
Net Profit	40.8	65.0	102.5	109.4	116.9
EPS (sen)	11.3	18.0	24.3	26.0	27.7
PER (x)	13.0	7.9	5.9	5.5	5.2
DPS (sen)	5.3	6.6	6.6	6.6	6.6
Div. Yield (%)	3.7%	4.6%	4.6%	4.6%	4.6%
NTA/share (RM)	0.54	0.48	0.95	1.17	1.45

Margins

	2012	2013	2014	2015E	2016E
EBIT margin	27.1%	31.4%	30.6%	30.2%	30.6%
Pretax margin	26.6%	31.3%	29.6%	30.8%	31.4%
Effective tax rate	27.8%	25.4%	25.0%	25.0%	25.0%
ROE	18%	21%	26%	22%	20%
ROA	9%	13%	15%	14%	12%
Net Gearing (x)	NC	NC	NC	NC	NC

Growth ratios

	2012	2013	2014	2015E	2016E
Turnover	55%	27%	24%	37%	5%
EBIT	72%	47%	21%	35%	6%
Pretax profit	69%	49%	17%	42%	7%
Net profit	75%	59%	58%	7%	7%

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Tambun Indah's 1H15 net profit is slightly below our expectation, making up 43% & 40% of ours & consensus earnings forecasts respectively. QoQ net profit & revenue plunged 43% & 54% respectively, albeit overall margins showed markedly improvement. The weak 2Q was due to most projects are nearing completion & handover, whilst only 2 new projects were launched at end 2014 which are still at an early stage of construction. We maintain our TP of RM1.78 derived on a blended PE & PBV of FY16 estimates. We upgrade to BUY as we reckon the share price as retrace to an attractive entry level.

Below expectation. Tambun Indah's 2Q results suffered a dipped, which saw its net profit plunge 43% QoQ, in tandem with weaker sales. Albeit the weak quarter, we reckon the margins remain strong, with PBT margin improved by 5%ppt QoQ.

Pearl City projects, key driver to the group's sales. Ytd sales contributed by Pearl City was 63% derived from the current ongoing projects namely Pearl Residence, Pearl Impian, Pearl Avenue, Pearl Harmoni & Pearl Avenue 2. We expect the sales from Pearl City to remain resilient as most of the products are landed residential & affordably priced.

Strong fundamentals. For 1H15, the group still enjoying strong take up rate averaging 90% for its ongoing projects, with a total GDV of RM1.2bn & unbilled sales of RM408bn. Hence providing earnings visibility at least for the next 3 years.

Expecting 25% dividend payout which translates into dps of 6.6 sen for FY15E. Ytd no dividend has yet to be declared. This will translate into an attractive yield of 4.6% based on closing price of RM1.43.

Recommendation. We maintain our FY15 and FY16 earnings forecasts given the demand from Pearl City projects. We maintain TP of RM1.78 based on blended valuation of PE & PBV of 6.5x and 1.5x respectively premised on FY16E. We upgrade to **BUY** from HOLD previously as we reckon the share price has revert to an attractive entry level. We reckon the group's fundamental remains intact with high take-up rate albeit weak sentiment on the sector.

Share Price Chart



Quarterly figures

FYE 31 Dec (RM'm)	2Q14	3Q14	4Q14	1Q15	2Q15	QoQ Chg	YoY Chg	1H14	1H15	YTD Chg
Revenue	128.0	116.8	110.1	130.4	60.0	-54.0%	-53.1%	240.0	190.4	-20.7%
EBIT	34.5	36.7	35.8	42.4	23.2	-45.4%	-32.8%	70.2	65.6	-6.6%
Pretax profit	33.1	34.8	35.1	41.3	22.2	-46.2%	-32.8%	68.4	63.5	-7.1%
Taxation	7.4	9.0	8.7	10.9	4.9	-55.1%	-33.5%	17.2	15.8	-8.3%
Minority interest	0.3	0.2	0.6	0.5	0.2	-48.0%	-8.3%	0.4	0.7	85.2%
Net Profit	25.4	25.5	25.9	29.9	17.1	-42.9%	-32.8%	50.7	47.0	-7.4%
EPS (sen)	6.00	6.02	6.10	7.05	4.03	-42.9%	-32.8%	11.96	11.1	-7.4%
Net gearing (x)	0.01	0.00	0.09	0.05	0.15	202.3%	900.0%	0.01	0.15	900.0%
EBIT margin (%)	26.9%	31.4%	32.5%	32.5%	38.6%	18.6%	43.2%	29.3%	34.5%	17.8%
PBT margin (%)	25.8%	29.8%	31.9%	31.7%	37.0%	17.0%	43.3%	28.5%	33.4%	17.1%
Net margin (%)	19.9%	21.9%	23.5%	22.9%	28.5%	24.1%	43.2%	21.1%	24.7%	16.7%
Effective tax rate (%)	22.3%	25.9%	24.7%	26.4%	22.0%	-16.6%	-1.0%	7.2%	8.3%	15.6%

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.
HOLD	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

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