



Naim Holdings Bhd

1st Major KVMRT Package to East Malaysia Contractor

TP: RM2.26(+30.6%)

Last traded: RM1.73

BUY

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Secured Package S4 of KVMRT Line 1

Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) has awarded the Package S4, which is for the construction and completion of the Section 16, Pusat Bandar Damansara and Semantan elevated stations and other associated works, worth RM208.2m to Naim Engineering Sdn Bhd, a wholly-owned subsidiary of Naim Holdings Bhd (Naim).

It is understood that 11 out of the 14 pre-qualified tenderers submitted their bids for this package.

This is one of the first two station works packages awarded by the MRT Corp and Naim is the 1st contractor in East Malaysia who has secured a main package of the KVMRT works.

Based on the tender procurement schedule, the works are expected to be completed by 2Q15.

We are positive on the job secured by Naim as the penetration into the KVMRT project would allow the group to price more competitively in future packages, which include those of line 2 and line 3 due to partial saving from the costs of mobilization of construction team and some preliminary items.

Forecast

As the job secured is within part of our forecast job replenishment expected by the company for FY12, we maintain our FY12-14 earnings projections. We maintain our new jobs assumptions of RM700m FY12, and RM600m each for FY13 and FY14.

Valuation

Based on 10x CY13 construction earnings, 4x property earnings and a 20% holding discount to 14x O&G earnings, we arrive at the fair value of RM2.26/share. Given the potential upside of 30.6%, we maintain **Buy** call on Naim.

SHARE INFO

Bloomberg Code	NHB MK
Bursa Name	NAIM
Stock Code	5073
Listing	Main Market
Share Cap (m)	250.0
Market Cap @ RM (RMm)	425.0
Par Value (RM)	1.00
52-wk Hi/Lo (RM)	2.40/1.54
12-mth Avg Daily Vol (000' shrs)	257
Estimated Free Float (%)	38
Beta	1.28
Major Shareholders (%)	

Island Harvest - 12.25
Tapak Beringin - 10.96
Lembaga Tabung Haji - 9.99
Datuk Hasmi Hasnan - 6.67
Naim Holdings Bhd - 5.22
Skim Amanah Saham - 5.00

FORECAST REVISION

	FY12	FY13
Forecast Revision (%)	-	-
Net profit (RMm)	67.1	72.2
Consensus	76.1	89.7
TA/Consensus (%)	88	80
Previous Rating	Buy (Maintained)	

FINANCIAL INDICATORS

	FY12	FY13
Net debt/equity (%)	8.7	8.8
CFPS (sen)	(2.7)	(20.6)
P/CFPS (x)	nm	nm
ROA (%)	5.1	5.1
NTA/Share (RM)	3.1	3.4
Price/ NTA (x)	0.5	0.5

SHARE PERFORMANCE

Price chg (%)	NAIM	FBMKLCI
1 mth	1.8	3.1
3 mth	(16.4)	1.4
6 mth	2.4	6.7
12 mth	(27.6)	2.8

(12-Mth) Share Price relative to the FBM KLCI



Source: Bloomberg

Earnings Summary

FYE Dec (RMmn)	2010	2011	2012F	2013F	2014F
Revenue	612.7	409.6	442.3	613.9	641.3
EBITDA	123.3	34.7	83.0	89.9	91.5
EBITDA margin (%)	20.1	8.5	18.8	14.6	14.3
EBIT	109.4	21.7	69.1	77.8	80.8
Net finance cost	(3.8)	(10.2)	(13.9)	(20.8)	(20.8)
Associates & JV	26.5	45.9	36.0	41.3	40.0
Profit Before Tax	132.0	57.3	91.3	98.2	100.0
Net profit	97.8	46.9	67.1	72.2	73.5
EPS (sen)	41.3	19.8	26.8	28.9	29.4
PER (x)	4.8	10.1	6.4	6.0	5.9
Dividend (sen)	10.0	8.0	10.0	10.0	10.0
Dividend Yield (%)	5.00	4.00	5.78	5.78	5.78
ROE (%)	14.2	6.4	8.7	8.8	8.4

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