

18 October 2005

YNH PROPERTY BERHAD (YNHPROP)		Price:	RM 1.24
		Market Capitalisation:	RM 435m
		Board:	Main
		Sector:	Properties
Stock Code:	3158	Recommendation:	BUY

Key Stock Statistics

	2004	2005
EPS (est.)	14.9	16.4
P/E (est.)	8.3	7.6
Dividend/Share		10.5
NTA/Share (RM)		1.17
Book Value/Share		1.22
Issued Capital (mil shares)		350.6
52-weeks Share Price Range	RM1.40 (H) - RM1.18 (L)	
<u>Major Shareholders:</u>	%	
Dato' Dr Yu Kuan Chon	22.4	

Per Share Data

	2002	2003	2004	2005F
Book Value (RM)	na	1.11	1.16	1.18
Cash Flow (sen)	na	(0.1)	15.2	16.6
Earnings (sen)	na	(0.8)	14.9	16.4
Dividend (sen)	na	5.0	10.5	10.0
Payout Ratio	na	>100	51.5	47.0
PER (x)	na	>100	8.3	7.6
P/Cash Flow (x)	na	>100	8.2	7.5
P/Book Value (x)	na	1.2	1.2	1.1
Dividend Yield (%)	na	4.0	8.5	8.1
ROE (%)	na	(0.2)	12.6	13.0
Net Gearing (%)	na	23.1	20.3	20.7

P&L Analysis (RM mil)

Year-end:	2002	2003	2004	2005F
Revenue	na	72.4	99.7	171.9
Operating Profit	na	35.5	53.5	79.1
Depreciation	na	(0.5)	(0.7)	(0.8)
Interest Expenses	na	(5.1)	(3.2)	(4.7)
Pre-tax Profit	na	8.1	51.0	74.7
Effective Tax Rate (%)	na	106.6	24.9	28.0
Net Profit	na	(0.5)	38.3	53.8
Operating Margin (%)	na	49.1	53.6	46.0
Pre-tax Margin (%)	na	11.2	51.2	43.4
Net-Margin (%)	na	(0.7)	38.4	31.3

Share Price Chart



3Q 2005 Result Highlights:

	Cum 3Q05	Cum 3Q04	% Change
Revenue	129.1	84.7	52
Operating Profit	59.2	40.6	46
Depreciation	(0.6)	(0.5)	20
Interest Expense	(3.1)	(2.2)	41
Pre-tax Profit	55.5	37.9	46
Net Profit	40.6	28.6	42
EPS (Sen)	12.6	11.2	12
Operating Margin	46%	48%	
Pre-tax Margin	43%	45%	
Net-Margin	31%	34%	

Within expectations. YNH's pretax profit jumped 46% in the 9 month period on a 52% rise in turnover, but EPS grew by a slower 12% due to a larger share base of 322.3m as a result of the issue of 85m new shares to Bumiputera investors at an issue price of RM 1.22 per share and the exercise of employee share options. Projects in Perak such as Medan Sitiawan and Manjung Point contributed 80% of the Group revenue and pretax profit during the period. Pretax margin for the 9-month period was 43% compared to 45% in the previous corresponding period due to a higher proportion of lower-margin products during the period.

Dividend policy of at least 30% of profit after tax. Together with the announcement of the 3Q05 results, the Group also announced a policy of allocating at least 30% of its profit after tax for future declaration of dividends. This seems low but YNH continues to guide for a net payout of closer to 50% in FY2005. Hence, we have projected a gross dividend of 10 sen in 2005 (translating to a net payout of 47%).

Healthy balance sheet. As at 30 Jun 2005, YNH had debts of RM65m and cash of RM9.3m, translating into a net gearing of 13%.

Keeping FY2005 EPS estimate. YNH should be on track to register EPS growth of 10-15% p.a in FY2005 and FY2006. Projects in Kuala Lumpur will take over the driver seat in FY2006, as they are projected to contribute as much as 80% of group profits with the balance 20% from Perak projects. YNH currently has 3 property projects in Kuala Lumpur, namely Lot 163 suites, Radiant Mont' Kiara and Wisma YNH. The soft launch of Lot 163 Suites was in 3Q 2004 and the take-up rate is an encouraging 70% for the service apartment. Unbilled sales for the Group were a healthy RM300m as of 30 Sep 2005.

Table 1: Property projects

	GDV (RMm)	Type
Projects in Kuala Lumpur	1238	
◆ Lot 163 Suites, Jalan Perak	218	Service apartments, offices, retail mall
◆ Radiant Kiara, Mont' Kiara	140	High-end condominium
◆ Wisma YNH	880	Service apartments, offices
Projects in Perak	1678	
◆ Ipoh projects	160	Shop-offices
◆ Teluk Intan	18	Shop-lots
◆ Manjung	1500	Township development

Recommendation

YNH remains on BUY list on its attractive dividend yields, even though its PERs and price/book are at slight premium to peers.

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