

YNH Property Berhad

FY07 results within expectations

- FY07 results within expectations:** Net profit of M\$88MM, a 26% Y/Y rise for FY07, came in just 3% below our expectations (at the EPS level, after accounting for the new shares issued in 3Q07, FY07 earnings rose 18% Y/Y). The variance was due mainly to non-operational items – i.e., higher-than-expected taxes and interest expense. In 4Q07 alone, Y/Y net profit rose 30% while EPS increased 16%. Total GDPS of 11 sen was declared, representing a 35% payout ratio and a net yield of 3.1%.
- Key project/growth drivers:** FY07 earnings were driven by progress billings from the company's residential/commercial property projects in Manjung and Ipoh, and from its '163 Suites' condo project near KLCC. We expect the Manjung project and '163 Suites' will continue to drive earnings in FY08 on top of new contributions from YNH's Ceriaan Kiara condo project in Mont Kiara (GDV: M\$189MM) and, to a small extent, the soon-to-be-launched, 70%-owned mixed commercial/residential project (GDV: M\$680MM) on prime land next to Plaza Mont Kiara. By FY09, we assume the M\$1.84B Grade A office project will start to drive growth. Kuwait Finance House (KFH) recently offered to buy 50% of the said office space for M\$920MM. The group is still in negotiations with other parties to sell remaining 50% of the space.
- Maintain OW:** Sentiment on property stocks remains poor given regional concerns, but on the ground the physical property market continues to remain strong, in our view. We see minimal downside risk at current levels given a FY08E P/E of 8.3x (sector average: 16x), price to book of 1.3x, net yield of 4.2%, and 39% discount to RNAV. Our Dec-08 PT is M\$4.10 is based on RNAV. A key risk to our PT is failure to come to a final deal conclusion on the office project upon signing of the S&P to be formalized with KFH.

YNH Property (Bloomberg: YNHB MK; Reuters: YNHB.KL): 4Q07 results

M\$ in millions, year-end Dec.	4Q07	4Q06	% Y/Y	3Q07
Turnover	108.0	70.3	54%	55.4
Operating profit	31.5	22.9	38%	31.1
Margin (%)	29%	33%		56%
PBT	30.2	21.7	39%	30.1
Net profit	21.6	16.6	30%	22.9
Reported EPS (sen)	5.47	4.73	16%	5.83

Source: Company reports.

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Overweight

M\$2.51

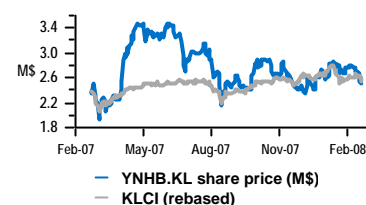
22 February 2008
Price Target: M\$4.10

Malaysia
Property

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Price Performance



	YTD	-1M	-3M	-12M
Absolute	-7.0%	-5.6%	2.0%	5.9%
Relative	-1.8%	-6.7%	0.1%	-0.8%

Source: RIMES, Reuters.

Company data

52-wk range (M\$)	M\$1.85-3.52
Mkt. cap (M\$MM)	1024.81
Mkt. cap (US\$MM)	318.66
Shares O/S (MM)	395.68
Free float (%)	83.73
Avg. daily volume	2.05
Liquidity (M\$ MM)	5.37
Exchange rate	3.22
KLCI Index	1370.79
Year-end	Dec-31

Source: Bloomberg.

Valuations

	FY07E	FY08E
Old EPS (sen)	30.7	44.9
New EPS (sen)	30.1	44.3
% change	-2%	-1%
P/E (x)	8.3	5.7
ROE (%)	16.6	21.6
P/B (x)	1.3	1.1
Dec 08 price target	4.10	

Source: JPMorgan estimates.

Table 1: YNH Property – FY07 results breakdown

M\$ in millions, YE Dec.	4Q07	4Q06	% Y/Y	3Q07	% Q/Q	12M07	12M06	% Y/Y
Turnover	108.0	70.3	54%	55.4	95%	289.6	255.1	14%
Operating profit	31.5	22.9	38%	31.1	1%	122.8	97.7	26%
Margin (%)	29%	33%		56%		42.4%	38.3%	
Finance costs	-1.3	-1.2	-205%	-1.0	30%	-4.6	-4.0	15%
PBT	30.2	21.7	39%	30.1	0%	118.2	93.7	26%
Net profit	21.6	16.6	30%	22.9	-6%	87.9*	69.5	26%
Reported EPS (sen)	5.47	4.73	16%	5.83	-6%	23.3	19.8	18%

Source: Company reports. Note: Includes one-off gain of M\$3.7MM from sale of land. Stripping this out, core net profit still rose 21% Y/Y.

Table 2: YNH Property – Earnings summary

M\$ in millions, YE Dec.	FY06	FY07	FY08E	FY09E	FY10E
Sales	255.1	289.6	411.0	776.2	1,039.4
Core Net profit	69.5	87.9	118.0	173.5	208.5
Core EPS (M\$)	0.20	0.22	0.30	0.44	0.53
DPS (M\$¢)	0.07	0.08	0.11	0.15	0.19
Sales growth (%)	51	14	42	89	34
Net profit growth (%)	49	26	34	47	20
EPS growth (%)	39	14	35	47	20
ROE (%)	15.0	15.2	16.6	21.6	22.5
ROCE (%)	12.6	13.1	13.8	20.5	22.8
P/E (x)	12.8	11.3	8.3	5.7	4.7
P/BV (x)	1.8	1.5	1.3	1.1	1.0
EV/EBITDA (x)	10.6	8.4	6.6	3.7	2.8
Div yield (%)	2.9	3.1	4.2	6.2	7.4

Source: Company reports, JP Morgan estimates.

Table 3: YNH Property—Base case RNAV

Undeveloped land	% Held	GDV (M\$MM)	Acres	Revaluation surplus* (M\$MM)
Manjung, Perak state	100%	2000	1,000	354
<u>Klang Valley (all on prime land)</u>				
163 Residence, KL, near KLCC	100%	278	1	49
Ceriaan Kiara, Mont Kiara	100%	189	3	44
Menara YNH	60%	1,840	3	341
Mont' Kiara, next to Plaza Mont' Kiara	70%	680	6	185
Jalan Sultan Ismail	90%	200	2	47
Duta Nusantara, Duta Solaris	90%	712	14	146
Recent acq. near Duta Solaris, Nusantara	100%	300	3	48
Federal Highway landbank	100%	100	1	
Total		6,299	1,033	1,214
Less: taxation				328
Net revaluation surplus				886
Add: FY07 shareholders funds				669
Add: Estimated gain from sale of 40%- stake in Menara YNH to JV partner				38
Total RNAV				1,593
No. of existing shares				393
RNAV/share				4.10

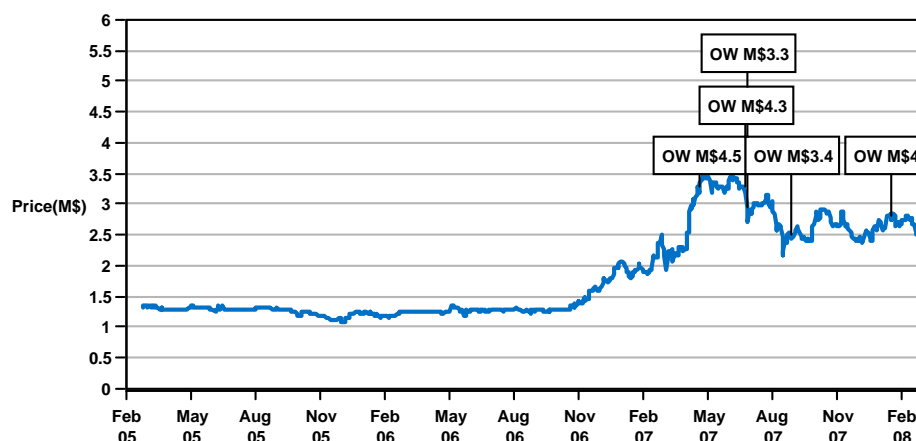
Source: Company reports, JP Morgan. Note: *Arrived at based on future development profits discounted at a WACC of 9%.

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Important Disclosures

YNH Property Berhad (YNHB.KL) Price Chart



Date	Rating	Share Price (M\$)	Price Target (M\$)
19-Apr-07	OW	3.28	4.50
25-Jun-07	OW	3.30	4.30
27-Jun-07	OW	2.95	3.30
27-Aug-07	OW	2.50	3.40
15-Jan-08	OW	2.81	4.10

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
 Initiated coverage Apr 19, 2007. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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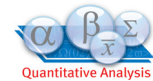
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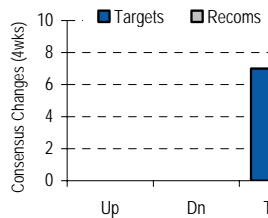
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All Data As Of 25-Feb-08

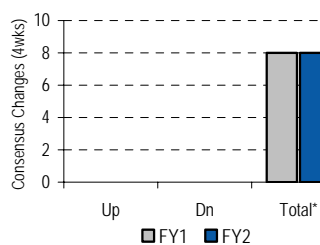
Q-Snapshot: YNH Property Bhd



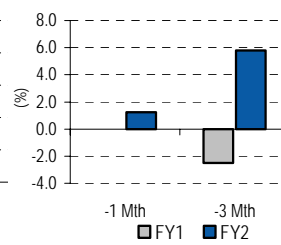
Targets & Recommendations



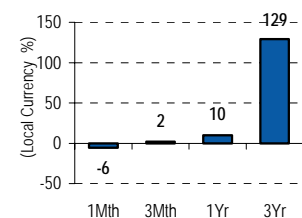
EPS Revisions



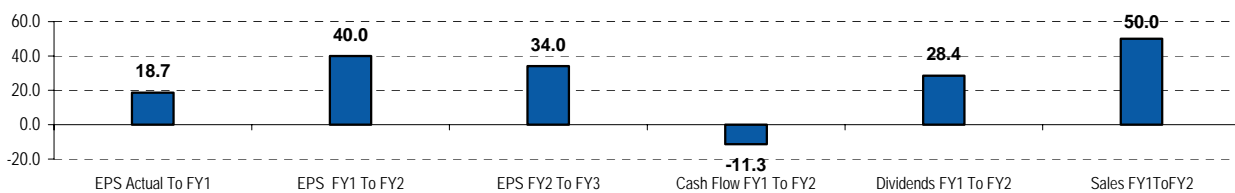
EPS Momentum (%)



Historical Total Return (%)



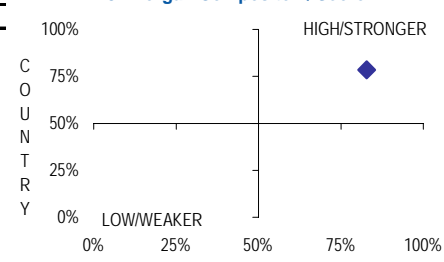
Consensus Growth Outlook (%)



Quant Return Drivers (A Score >50% indicates company ranks 'above average')

Score 0% (worst) to 100% (best)	vs Country Peers	vs (regional) IBES Industry Peers
Valuations: P/E Vs Market (12mth fwd EPS)	91%	88%
Valuations: P/E Vs Sector (12mth fwd EPS)	89%	82%
Valuations: EPS Growth (forecast)	73%	71%
Momentum: 12 Month Price Momentum	55%	53%
Momentum: 1 Month Price Reversion	73%	87%
Quality: Return On Equity (forecast)	49%	63%
Quality: Earnings Risk (Variation in Consensus)	68%	66%
Earnings&Sentiment: Earnings Momentum	44%	70%
Earnings&Sentiment: Change in Recoms	31%	49%
Earnings&Sentiment: Net Revisions Fy2 EPS	48%	53%

JPMorgan Composite Q-Score



COMPOSITE Q-SCORE** (0% To 100%)

79% vs 83%

Regional IBES Industry Peers (Closest by Size, Consensus. ADV = Average daily value traded in US\$m over the last 3 mths)

Code	Name	Country	USD MCAP	ADV	PE FY1	Q-Score**
SRV-AU	Servcorp Ltd.	Australia	340	0.62	12.5	62%
6165-MY	Sunrise Bhd	Malaysia	337	0.80	6.7	84%
8878-JP	The Japan General Estate Co. Ltd.	Japan	324	8.92	5.1	41%
5109-MY	Starhill REIT	Malaysia	322	0.11	12.8	50%
SMRA-ID	Summarecon Agung	Indonesia	319	0.48	15.8	42%
3158-MY	YNH Property Bhd	Malaysia	306	1.41	10.7	83%
LPN-TH	L.P.N. Development PCL	Thailand	302	1.46	8.9	78%
1473-MY	Bandar Raya Developments Bhd	Malaysia	288	0.60	10.2	83%
5073-MY	Naim Cendera Holdings Bhd	Malaysia	284	0.32	9.7	81%
KIJA-ID	Kawasan Industri Jababeka	Indonesia	275	1.83	29.1	37%
8934-JP	Sun Frontier Fudousan Co. Ltd.	Japan	274	2.93	5.4	34%

Country Peers (Closest by Size, Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

Code	Name	Industry	USD MCAP	ADV	PE FY1	Q-Score**
6165-MY	Sunrise Bhd	Real Estate Development	337	0.80	6.7	82%
5231-MY	Pelikan International Corp. Bhd	Other Transportation	333	0.26	9.2	88%
8133-MY	Boustead Heavy Industries Corp. Bhd	Trucks/Construction/Farm Machinery	330	1.13	3.3	99%
5109-MY	Starhill REIT	Real Estate Investment Trusts	322	0.11	12.8	29%
2615-MY	JT International Bhd	Tobacco	309	0.04	10.6	33%
3158-MY	YNH Property Bhd	Agricultural Commodities/Milling	306	1.41	10.7	79%
4243-MY	WTK Holdings Bhd	Forest Products	297	0.19	11.7	10%
1473-MY	Bandar Raya Developments Bhd	Real Estate Development	288	0.60	10.2	81%
5135-MY	Sarawak Plantation Bhd	Agricultural Commodities/Milling	287	0.48	13.5	13%
5073-MY	Naim Cendera Holdings Bhd	Engineering & Construction	284	0.32	9.7	72%
5115-MY	Alam Maritim Resources Bhd	Oilfield Services/Equipment	282	0.22	20.4	87%

Source: Factset, Thomson and JPMorgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/qsnapshot/>
 Q-Snapshots are a product of JPMorgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.'

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 * Total number of target prices, recommendations or EPS forecasts that make up consensus. ** The Composite Q-Score is calculated by weighting and combining the 10 Quant return drivers shown. The higher the Q-Score the higher the one month expected return. On a 14 Year back-test the stocks with the highest Q-Scores have been shown (on average) to significantly outperform those stocks with the lowest Q-Scores in this universe.

YNH Property: Summary of Financials

Profit and Loss statement						Cash flow statement					
MYR in millions, year-end Dec	FY06A	FY07A	FY08E	FY09E	FY10E	MYR in millions, year-end Dec	FY06A	FY07A	FY08E	FY09E	FY10E
Revenues	255	290	411	776	1,039	EBIT	98	123	158	280	368
% change Y/Y	51.2	13.6	41.9	88.9	33.9	Depreciation & amortisation	2	2	3	5	7
EBIT	98	123	158	280	368	Change in working capital	-35	-102	-85	-184	-133
% change Y/Y	26.0	25.7	43.6	69.6	23.1	Taxes	-24	-30	-43	-73	-90
EBIT Margin (%)	38.3	42.4	38.3	36.1	35.4	Cash flow from operations	40	-7	33	28	152
Net Interest	-4	-5	-6	-7	-7	Capex	-4	-100	-43	-35	-27
Earnings before tax	94	118	171	292	361	Disposal/ (purchase)	-5	-1	0	0	0
% change Y/Y	24.9	26.1	44.4	71.1	23.6	Net Interest	-4	-5	-6	-7	-7
Tax	-24	-30	-43	-73	-90	Free cash flow	28	-113	-15	-14	118
as % of EBT	25.9	25.7	25.0	25.0	25.0	Equity raised/ (repaid)	4	127	0	0	0
Net Income (Reported)	69	88	118	173	209	Debt raised/ (repaid)	-20	45	0	0	0
% change Y/Y	30	26	34	47	20	Other	-5	-3	0	0	0
Core Net Profit	69	88	118	173	209	Dividends paid	25	31	41	61	73
% change Y/Y	49	26	34	47	20	Beginning cash	34	15	39	2	-54
Shares Outstanding	354	395	393	393	393	Ending cash	15	39	2	-54	-9
EPS (reported)	0.20	0.22	0.30	0.44	0.53	DPS	0.07	0.08	0.11	0.15	0.19
% change Y/Y	39	13	35	47	20						
Core EPS	0.196	0.223	0.301	0.443	0.531						
% change Y/Y	39	14	35	47	20						
Balance sheet						Ratio Analysis					
MYR in millions, year-end Dec	FY06A	FY07A	FY08E	FY09E	FY10E	%, year-end Dec	FY06A	FY07A	FY08E	FY09E	FY10E
Cash and cash equivalents	15	39	2	-54	-9	EBIT margin	38.3	42.4	38.3	36.1	35.4
Accounts receivable	123	104	198	374	501	Operating margin	38.3	42.4	38.3	36.1	35.4
Inventories	18	33	33	62	83	Net profit margin	27.2	30.3	28.7	22.4	20.1
Others	211	346	346	346	346	SG&A/sales					
Current assets	368	522	579	728	921	Sales per share growth	51.2	13.6	41.9	88.9	33.9
LT investments	24	25	25	25	25	Sales growth	51.2	13.6	41.9	88.9	33.9
Net fixed assets	94	118	171	292	361	Net profit growth	29.7	26.4	34.3	47.0	20.2
Total assets	667	921	1,017	1,197	1,410	EPS growth	38.9	13.3	35.3	47.0	20.2
Liabilities						Interest coverage (x)	0.1	0.1	0.0	0.0	0.0
ST loans	74	127	127	127	127	Net debt to total capital	13	12	15	18	12
Payables	46	73	82	104	119	Net debt to equity	17	15	19	23	15
Others	12	14	14	14	14	Sales/assets	38	31	40	65	74
Total current liabilities	133	214	224	245	260	Assets/equity	137	137	136	139	142
Long term debt	22	14	14	14	14	ROE	15.0	15.2	16.6	21.6	22.5
Other liabilities	25	21	32	77	139	ROCE	12.6	13.1	13.8	20.5	22.8
Total liabilities	180	250	269	336	414						
Shareholders' equity	487	671	748	861	996						
BVPS	1.38	1.70	1.91	2.19	2.54						

Source: Company reports, JPMorgan estimates.