

Corporate Highlights

Results Note

YNH Property

FY05 Results Spot On

22 February 2006

Share Price : RM1.24
Fair Value : RM1.75
Recom : **Outperform**
(Maintained)

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RHBRI	Consensus
<input type="checkbox"/>	Above <input type="checkbox"/>
<input checked="" type="checkbox"/>	In Line <input checked="" type="checkbox"/>
<input type="checkbox"/>	Below <input type="checkbox"/>

- ◆ **FY12/05 results spot on.** Full year net profit of RM55m is in line with our forecasts of RM55.7m and consensus net profit of RM57.1m.
- ◆ **Strong demand for its northern projects.** Strong demand in its captive market in the Setiawan-Majung area has propelled the group's earnings higher by 43.5% yoy in FY05. Effective cost control and low land costs helped margins to improve and stay about the 40% mark. The completion of piling works at its KL Sentral construction project also contributed positively to the earnings growth. Profits in 4Q were boosted by RM0.8m write-back on interest expense.
- ◆ **Higher-than-expected final dividend.** YNH proposed a final dividend of 5 sen (higher than our projection of 4.5 sen for the second half). Total for the year is 11 sen, higher than 10.5 sen in the previous year.
- ◆ **Double-digit earnings growth ahead – relatively secured.** With works on the Lot 163 Suites project progressing and take-up rate of 80% (GDV of RM218m), FY06 earnings would benefit significantly from the progress billings of this project. Demand for its products up north is also holding up due to its captive civil servant market. Moreover, profits from the recent land sale and the KL Sentral construction contract would further propel earnings growth. Thus, we expect the company to register 30% earnings growth in FY06.

Table 1 : Earnings Review

FYE Dec (RMm)	4Q04	3Q05	4Q05	% qoq	% yoy	FY04	FY05	% yoy	
Turnover	30.2	50.6	47.1	(7.0)	55.6	122.0	176.1	44.4	Strong sales from its projects in Setiawan-Majung area and Ipoh as well as completion of piling works at the KL Sentral project (construction)
Operating profit	13.9	19.2	21.1	9.8	52.1	54.2	79.7	47.1	Slight improvement in margin
Net int inc/(exp)	(1.0)	(1.0)	0.6	NM	NM	(3.2)	(2.5)	(19.5)	Write back of interest amounting to RM0.8m in 4Q
Pre-tax profit	12.9	18.3	21.7	18.6	68.1	51.0	77.1	51.2	Higher margin and lower interest expense
Taxation	(3.2)	(4.5)	(7.3)	62.7	124.7	(12.7)	(22.1)	74.6	Tax rate normalised
Net profit	9.7	13.8	14.4	4.4	49.2	38.3	55.0	43.5	Filtered down
Net EPS (sen)	3.7	4.0	4.1	3.3	11.1	14.9	16.7	11.8	
NTA / shr (RM)	1.09	1.17	1.21			1.09	1.21		

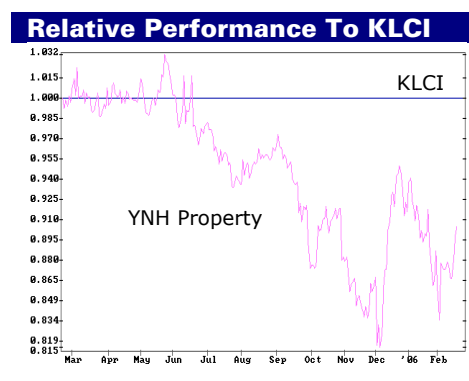
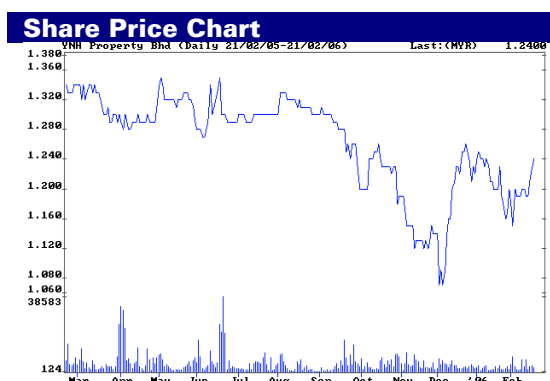
- ◆ **More KL projects in the pipeline – to sustain earnings growth up to 2012.** The planned launches of Radiant Kiara (GDV of RM140m) in Mont Kiara in mid-06 and the Wisma YNH development (GDV of RM880m) in end-06 would further sustain earnings growth up to 2012. Note that construction works on the Radiant Kiara have commenced and upon its official launch in mid-06, work progress is expected to reach 30%. As for its Wisma YNH development, works are expected to commence soon. We were given to understand that there may be a potential block sale for its commercial tower (total project consists of an office tower and two residential towers).
- ◆ **Maintain Outperform.** The stock offers low PER valuation, double-digit earnings growth over the next three years and high dividend yield of 8.9%. We also like its consistency in delivering earnings as well as attractive dividend payout since its listing in late 2003. Fair value is pegged at RM1.75 (8x FY06 EPS), lowered from RM1.79 previously following some fine-tuning and larger paid-up capital.

Table 2 : Investment Statistics (YNHPROP; Code: 3158) Bloomberg Ticker : YNHB MK

FYE Dec (RMm)	Revenue (RMm)	PBT (RMm)	Net profit (RMm)	EPS (sen)	Growth (%)	PER (x)	P/NTA (x)	C. EPS* (sen)	EV/EBITDA (x)	P/CF (x)	Div yld (%)	
2005 (a)	176.1	77.1	55.0	16.7	11.8	7.4	1.0	-	6.4	8.7	8.9	
2006 (f)	220.8	107.4	76.6	21.8	30.8	5.7	0.9	22.5	4.6	10.9	8.9	
2007 (f)	272.4	124.2	88.5	25.2	15.6	4.9	0.8	-	3.9	8.2	8.9	
2008 (f)	332.0	137.3	97.9	27.9	10.6	4.4	0.7	-	3.4	6.8	8.9	
Issued Capital (m shares)				346.3	Major shareholders				(%)			
Market Capitalisation (RMm)				429.4	Yu Kuan Chon				9.3			
Daily Trading Volume (m shares)				0.3	Yu Kuan Huat				8.8			
52-week Price Range (RM / s)				1.07 – 1.35	EPF				6.0			
					Prudential Plc				5.1			

Main Board Listing /Non-Trustee Stock/Syariah Approved Stock By The SC

* Consensus based on IBES Estimates



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