


AmResearch
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AmResearch Sdn Bhd

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YNH PROPERTY

(YNHB MK, YNHB.KL)

No Surprises
BUY

RM1.92

Target Price: RM2.34

Rationale for report : Results Update

	FY06E	FY07F	FY08F	FY09F
EPS (sen)	20.3	26.0	32.7	38.0
P/E (x)	9.4	7.4	5.9	5.1

Source : AmResearch

- YNH Property (“YNHP”) delivered FY06 final results which were in line with both our expectations and consensus estimates. FY06 net profit of RM71.8m came in at 99% of our full year forecast of RM72.9m and 98% of consensus estimate of RM73.1m.
- On a QoQ basis, revenue fell 9.5% to RM80.5m but pretax profit rose by 5.6% to RM26.7m. This led to a 4%-point expansion in EBIT margins to 33.4% as its maiden Klang Valley project 163 Residence reached a more significant level of profit recognition. We estimate that YNHP has recognised 25% of the total GDV of 163 Residence in 2H06. EBIT margins should also pick up in the upcoming quarters as the superstructure takes shape.
- Final dividend of 5 sen per share was declared, bringing FY06 dividend to 10 sen. This represents a payout ratio of 35% which is above its minimum payout policy of 30%. At current price, FY06 dividend yield is 5.2%.
- Although there was meaningful contribution from 163 Residence in 4Q06, FY06 earnings were still driven predominately by its Northern projects in Manjung. Existing demand for housing is being fuelled predominantly by the Lumut Naval base, TNB’s Janamanjung, Malakoff’s Segari IPP and Lumut Port. In recent years, Carotech has also set up a biodiesel plant, Kencana Petroleum has an oil and gas yard in Lumut while Industrial Concrete Products has recently purchased some land for expansion next to Lumut Port. This should further spur demand in Manjung.
- Key catalysts for the stock are i) another possible JV with CapitaLand for a project next to Plaza Mont’ Kiara; ii) a possible en-bloc sale of Radiant Mont’ Kiara to a foreign party and iii) earlier than expected launch of one its five projects worth RM912m clinched via JV with landowners.
- We reiterate our Buy recommendation on YNHP with a target price of RM2.34 based on 9x FY07F EPS. This is at a 23% discount to our RNAV/share estimate of RM3.05.

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For AmResearch Sdn Bhd

 Gan Kim Khoo
Executive Director

Quick Take