

Taliworks Corporation

Recommendation: **NOT RANKED**

Stock Code: **8524**

Bloomberg: **CI MK**

Price: **MYR1.70**

12-Month Target Price: **NA**

Date: **April 16, 2010**

Board: Main

Sector: Trading/Services

GICS: Utilities/Water Utilities

Market Value - Total: MYR640.4 mln

Summary: Taliworks operates and maintains water treatment plants in Selangor and Langkawi, Kedah. In addition, it undertakes water related and waste management projects in China and Malaysia. The group expanded its business into highway management in 2007. The stock is a component of the FBM EMAS.

Analyst: Chok Wai Lee, CFA



Recent Developments

Recommendation & Investment Risks

- We are suspending coverage of Taliworks pending a universe coverage change as the CBRS II scheme is completing. Our last call and target price are Buy and MYR1.90 respectively.
- Please note that our recommendation and target price may no longer represent our current view on the company. If readers have any queries, please direct them to asiaequityresearch@standardandpoors.com. For residents of Malaysia, all queries in relation to this report should be referred to Alexander Chia, Desmond Ch'ng or Ching Wah Tam in our K.L. office.

Key Stock Statistics

	2009	2010E
FY Dec.		
Reported EPS (sen)	10.3	10.2
PER (x)	16.5	16.7
Dividend/Share (sen)	6.0	6.0
NTA/Share (MYR)	0.95	1.01
Book Value/Share (MYR)	1.00	1.05
No. of Outstanding Shares (mln)	376.7	
52-week Share Price Range (MYR)	1.35 - 1.84	
Major Shareholders:	%	
Lim Chee Meng and family	52.4	
Kumpulan Perangsang Selangor	19.7	

*Stock deemed Shariah compliant by the Securities Commission.

Per Share Data

	2007	2008	2009	2010E
FY Dec.				
Book Value (MYR)	0.88	0.93	1.00	1.05
Cash Flow (sen)	11.9	14.2	11.6	11.4
Reported Earnings (sen)	9.0	12.2	10.3	10.2
Dividend (sen)	9.5	6.3	6.0	6.0
Payout Ratio (%)	63.5	35.6	43.6	44.3
PER (x)	18.9	14.0	16.5	16.7
P/Cash Flow (x)	14.2	12.0	14.7	14.9
P/Book Value (x)	1.9	1.8	1.7	1.6
Dividend Yield (%)	5.6	3.7	3.5	3.5
ROE (%)	12.8	14.4	10.7	9.9
Net Gearing (%)	55.2	50.3	24.8	13.8

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FY Dec. / MYR mln	2008	2009	2010E	2011E
Reported Revenue	226.4	158.9	160.9	156.3
Reported Operating Profit	69.5	58.7	48.1	50.4
Depreciation & Amortization	-4.5	-4.7	-4.8	-5.0
Net Interest Income / (Expense)	-13.2	-14.9	-7.6	-7.9
Reported Pre-tax Profit	59.4	51.4	49.2	51.6
Effective Tax Rate (%)	22.0	23.4	21.7	23.0
Reported Net Profit	45.8	38.9	38.2	39.4
Reported Operating Margin (%)	30.7	37.0	29.9	32.2
Reported Pre-tax Margin (%)	26.2	32.3	30.6	33.0
Reported Net Margin (%)	20.2	24.5	23.8	25.2

Source: Company data, S&P Equity Research

Standard & Poor's Equity Research Services

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Glossary

Strong Buy: Total return is expected to outperform the total return of the KLCI or KL Emas Index respectively, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

Buy: Total return is expected to outperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months, with shares rising in price on an absolute basis.

Hold: Total return is expected to closely approximate the total return of the KLCI or KL Emas Index respectively, over the coming 12 months with shares generally rising in price on an absolute basis.

Sell: Total return is expected to underperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months and share price is not anticipated to show a gain.

Strong Sell: Total return is expected to underperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months by a wide margin, with shares falling in price on an absolute basis.

S&P 12 Month Target Price – The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Shariah-compliant stock - As defined by the Shariah Advisory Council of Malaysia's Securities Commission

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Required Disclosures

Recommendation and Target Price History

Date	Recommendation	Target Price
New	Not Ranked	
1-Dec-09	Buy	1.90
25-Feb-09	Hold	1.90
26-Nov-08	Buy	1.90
29-Aug-08	Buy	2.30
30-May-08	Hold	2.30
10-Apr-08	Buy	2.30
10-Sep-07	Hold	2.10

