

## Flash Note

# Benalec Hldgs

BHB MK  
RM1.19

**TR BUY (maintain)**

**Price Target: RM1.98 (↔)**

## Disposing more land in Melaka

### Disposal of six pieces of land in Melaka for RM51.0m at RM39 psf

Benalec announced that Orientalcove Property, a wholly-owned subsidiary company of Benalec Sdn Bhd which in turn is a wholly-owned subsidiary of Benalec, had on 24 September 2013 entered into a Conditional Sale and Purchase Agreement with Ultra Harmony Development to dispose of six pieces of leasehold vacant land in Pekan Klebang Seksyen III, Daerah Melaka Tengah, Melaka measuring a total of approximately 121,404 sq m for a total cash consideration of RM51.0m or ~RM39 psf. This sale follows the disposal of eight pieces of land measuring a total of ~168,160 sq m in the same vicinity for a total cash consideration of RM54.3m or ~RM30 psf two months ago.

### Disposal at a higher psf price result in gain of RM9.2m

The latest land disposal is expected to be completed by 1Q2014 and result in a net gain of RM9.2m or ~RM7 psf compared to a net gain of RM7.1m or ~RM4 psf for the July land disposal. Rising demand and selling prices of land in the reclamation concession area off Melaka bodes well for the group as it still has ~360 acres of land stocks as well as significant area to be reclaimed in the area. The group also has land stocks for sale in Selangor. We expect more disposals in the coming months.

### Agreement on Tanjung Piai concession still pending; Maintain TR BUY

While disposal of its land stocks at higher prices are positive, we still see the signing of a definitive Sale and Purchase Agreement with 1MY Strategic Oil Terminal for the reclamation of ~1,000 acres of land off the coast of Tanjung Piai as a more significant share price driver. Management remains confident that a definitive SPA will be signed by 11 December 2013. We maintain our FY13-15 forecasts and **TR BUY** call.

### Earnings and Valuation Summary

FYE 30 June	2012	2013	2014E	2015E	2015E
Revenue (RMm)	289.0	265.8	180.0	210.0	250.0
EBITDA (RMm)	130.6	105.2	150.4	137.7	154.9
Pretax profit (RMm)	100.2	64.9	118.4	105.7	124.9
Net profit (RMm)	82.7	56.5	91.2	81.4	97.2
EPS (sen)	10.3	7.0	11.3	10.1	12.1
PER (x)	11.6	17.0	10.5	11.8	9.8
Core net profit (RMm)	82.7	56.5	91.2	82.4	99.2
Core EPS (sen)	10.3	7.0	11.3	10.2	12.3
Core EPS growth (%)	(21.9)	(31.7)	61.5	(9.6)	20.4
Core PER (x)	11.6	17.0	10.5	11.6	9.7
Net DPS (sen)	3.0	3.0	3.0	3.0	3.0
Dividend Yield (%)	2.5	2.5	2.5	2.5	2.5
EV/EBITDA (x)	6.7	8.8	4.9	5.7	4.7
Consensus profit (RMm)			76.6	88.7	110.4
Affin/Consensus (x)			1.2	0.9	0.9

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## Equity Rating Structure and Definitions

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<b>BUY</b>	Total return is expected to exceed +15% over a 12-month period
<b>TRADING BUY (TR BUY)</b>	Total return is expected to exceed +15% over a 3-month period due to short-term positive development, but fundamentals are not strong enough to warrant a Buy call. This is to cater to investors who are willing to take on higher risks
<b>ADD</b>	Total return is expected to be between 0% to +15% over a 12-month period
<b>REDUCE</b>	Total return is expected to be between 0% to -15% over a 12-month period
<b>TRADING SELL (TR SELL)</b>	Total return is expected to exceed -15% over a 3-month period due to short-term negative development, but fundamentals are strong enough to avoid a Sell call. This is to cater to investors who are willing to take on higher risks
<b>SELL</b>	Total return is expected to be below -15% over a 12-month period
<b>NOT RATED</b>	Affin Investment Bank does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation
<b>OVERWEIGHT</b>	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
<b>NEUTRAL</b>	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
<b>UNDERWEIGHT</b>	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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