

Newspaper : The Edge Financial Daily  
 Date : 16th June 2014  
 Title : Bina Puri set to bag RM300m Brunei job  
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Bina Puri Holdings Bhd  
 (207184-X)

## Home business

# Bina Puri set to bag RM300m Brunei job

**The group completed 2,000 homes in the pilot scheme there in 2011**

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KUALA LUMPUR: Bina Puri Holdings Bhd is close to clinching a deal worth close to RM300 million from Brunei's Ministry of Development to build some 1,000 units of affordable houses in Kampung Lugu, Brunei, said a source close to the matter.

"This is an international tender. If Bina Puri gets it, it will have to complete the project within two years," the source told *The Edge Financial Daily*.

Bina Puri is no stranger to Brunei. According to its website, the group had completed 2,000 homes in the pilot scheme for Brunei's National Housing Scheme in 2011. The contract was worth RM693 million.

The construction outfit's order book will increase to nearly RM2 billion should it win the latest round of job building the affordable houses but generally with thin profit margins, resulting in a wide disparity between its top and bottom lines.

According to TA Securities' lat-

est note on Bina Puri dated May 29, the group has an outstanding order book of RM1.7 billion.

This year, Bina Puri's first and hitherto only contract win came in April when it was awarded a RM247.84 million contract to build Lembaga Kemajuan Ikan Malaysia's Fishery Complex in Kuching, Sarawak.

In the first quarter ended March 31, 2014 (1QFY14), Bina Puri's net profit of RM1.17 million came from revenue of RM270.82 million, meaning a net margin of 0.43%. It made a gross profit of RM15.54 million, yielding a margin of 5.74%.

In the previous corresponding quarter, it made a higher net profit of RM1.57 million on revenue of RM273.68 million, translating into a net margin of 0.57%. Its gross profit was RM15.17 million.

Bina Puri, which has diversified its business into property development, power and quarry mining, is still heavily reliant on its construction division to contribute to the company's financials. In 1QFY14, 79.42% of the group's revenue came from its construction segment.

The segment's pretax margin was 0.35%. Bina Puri's second-biggest revenue contributor, the property development segment, registered a pretax profit of RM1.93 million on revenue of RM25.82 million,

translating into a margin of 7.45%.

TA Securities attributed Bina Puri's 1QFY14's net profit drop to the company's construction and property development divisions' margins, which were less than what the research firm had expected.

Subsequently, the research house cut its earnings forecast for FY14 to FY16 by 4.1% to 41% "to reflect the margin compression experienced by its construction division, as well as slower-than-expected launch of the RM1.3 billion Rivo City Development."

While Bina Puri has thin margins for its construction division, TA Securities said Bina Puri's construction track record will allow the group to bid for major infrastructure projects such as the West Coast Expressway and the second line of the Mass Rapid Transit.

TA Securities has a "hold" call on Bina Puri, with a target price of 76 sen.

Bina Puri's stock started off the year hovering above the 70-sen level. In April, it reached its year-to-date high of 78.5 sen and saw regular trading volumes in the range of 9 million, which was 300 times higher than the regular volume. Last Friday, it closed 0.5 sen or 0.74% lower at 67 sen with 30,000 shares exchanging hands.