

▶ BOUSTEAD HOLDINGS BHD				
	2009	2010F	2011F	2012F
REVENUE (RM mil)	5,392.0	5,455.2	5,544.5	5,931.1
NET PROFIT (RM mil)	341.6	418.3	486.7	490.5
EPS (sen)	36.3	44.5	51.8	52.2
P/E (x)	9.4	7.6	6.6	6.5

Boustead Holding's FFB production up by 9.6% q-o-q

▶ Recommendation:

Hold

Target Price: RM3.56

By ECM Libra Investment Research (June 1)

Below Expectations

ANNUALISED, net profits for 1QFY10 came in some 20% below our estimates and 10% below consensus estimates. The key area when the shortfall came compared to our expectations was in the heavy industries segment.

Otherwise, other segments performed within expectations. Year-on-year (y-o-y), earnings of the group as a whole were better predominantly due to a higher CPO ASP but on a quarter-on-quarter (q-o-q) basis, bottom line

was softer due to lower contributions from Affin Holdings.

Plantations Segment Recovers Somewhat

For 1QFY10, the group achieved a CPO ASP of RM2,499 per mt which is below the MPOB average price of RM2,569 per mt and that helped the segment turn in PBT that was 163% higher y-o-y.

Besides this, FFB yields were also better y-o-y and FFB production was up 1.5% y-o-y and a good 9.6% q-o-q. The group said that yields in Peninsula Malaysia have been better this year after a period of tree stress over FY09.

To note matured hectareage in Peninsula makes up 35% of total group estates. Indo-

nesia continues to bring the group's average down however and until the estates are sold full potential of Boustead's plantation segment will not be realised.

Heavy Industries Off To A Slow Start

Earnings of BHIC were off to a slow start this year with current total yard utilisation at only 60% and the group completing several commercial vessel jobs over 4Q09.

Besides that, Boustead Naval Shipyard only has one more vessel to be delivered (currently the vessel is being tested) and now awaits a new tranche of vessels to be built from the Royal Malaysian Navy.