YNH earnings sustained by RM800m unbilled sales

▶ YNH PROPERTY BHD				
	2009	**2010F**	**2011F**	**2012F**
REVENUE (RM mil)	246.6	245.9	283.5	354.2
NET PROFIT (RM mil)	51.9	58.4	68.5	86.7
EPS (sen)	13.6	14.6	17.0	21.5
P/E (x)	12.5	11.7	10.0	7.9

▶ **Recommendation: Hold**

Target Price: RM1.58

By ECMLibra Investment Research (Aug 27)

Within Expectations

YNH Property Bhd's 1HFY10 results came in within house and market expectations as net profit of RM30.8 million achieved 52.7% and 50% of house and consensus full-year estimates respectively.

An interim net DPS of three sen was declared, which is positive and suggests that our full-year net DPS estimate of 4.3 sen may be exceeded.

Sustainable Earnings

We see little potential for 2H10 earnings to surprise as Ceriaan Kiara and Lot 163 Suites have already been completed.

Its 2H10 earnings will be sustained by existing unbilled sales of around RM800 million, of which RM600 million relates to projects which may not commence construction in FY10 such as Kiara 163 and Menara YNH.

Fraser Residence bookings

On the bright side, Fraser Residence (GDV RM550 million) finally takes off as piling works have already commenced and bookings for 100 units out of 446 units have been received.

Earnings contribution is likely to commence in FY11 as we expect signing of SPAs will take awhile to complete.

On Kiara 163 (GDV RM875 million), the management is reviewing its serviced apartments' indicative selling price of RM600 to RM700 psf following Mah Sing Bhd's Icon Mont Kiara launch at RM1,100 psf recently. If launched at similar price, the GDV of this project may be raised to RM1.2 billion.

Upgrade to 'Hold'

We raised our FY11 and FY12 estimates by 26.3% and 9% respectively on improving earnings outlook.

We upgraded our 'Sell' call to a 'Hold' while TP is revised to RM1.58 from RM1.40 as we continue to peg historical average 10x P/E to mid-FY11 EPS.