

3 June 2010

BUY
RM1.88

Target Price: RM2.96

Stock data

Market cap (RMm):	225.6
Issued shares (m):	120.0
52-week range:	RM1.84-RM2.22
3-mth avg daily volume:	3,417 shrs
Bloomberg code:	NPC MK
YTD price chg:	-5.5%
YTD KLCI chg:	+0.3%
Est. free float:	34.0%
Major shareholders:	
<i>Jubilant Ventures S/B:</i>	32.0%
<i>Dato' Koh Kin Lip:</i>	18.9%
<i>Dato' Loo Pang Kee:</i>	8.5%
<i>Loo Ngin Kong:</i>	6.6%

KLCI	FBM70	FBM100	Syariah	Hijrah
No	No	No	Yes	No

Consensus

FYE 31 Dec	2010E	2011E
Net profit (RMm):	n.a.	n.a.
EPS (sen):	n.a.	n.a.

Forecast revision

FYE 31 Dec	2010E	2011E
Prev. net profit (RMm):	33.2	34.3
Revision (%):	-	-
Revised net profit (RMm):	33.2	34.3

Share price chart

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NPC Resources

1QFY10 above expectations

- **1QFY10 net profit of RM10.1m was above** with our **FY10 profit forecast of RM33.3m**. This was achieved on a higher than expected CPO price of RM2,505/MT.
- **QoQ, 1Q10 revenue increased a marginal 4.5% to RM90.3m**. Flattish revenue was mainly due to the combine effects of higher CPO price realised (1Q10: RM2,505/MT vs 4Q09: RM2,285/MT) and lower production. 1Q production, CPO volumes production was down by 5.2% to 31.0k MT and FFB of -19% to 39k MT.
- **YoY, 1QFY10 turnover and EBIT increase 49.9% and 33.1%** respectively mainly due to higher FFB production from own estates and CPO price realised. This is inline with the sector's performance.
- **Reiterate BUY and maintain target price at RM2.96** based on our **12x PER to FY10**. Note that our forecast and valuation for NPC are conservative compared to other big cap planters which are already trading at CY10 PER of c.18x based on CPO price of RM2,400/MT.

Results Highlights

FYE: 31 Dec (RMm)	1Q09	2Q09	3Q09	4Q09	1Q10	%QoC	%YoY	1QFY09	1QFY10	YoY YTD Chg
Revenue	60.2	84.4	83.7	86.4	90.3	4.5%	49.9%	60.2	90.3	49.9%
EBIT	11.8	9.1	15.8	12.6	15.7	24.8%	33.1%	11.8	15.7	33.1%
EBIT margin (%)	19.6%	10.8%	18.9%	14.6%	17.4%	19.4%	-11.2%	0.2	0.2	-11.2%
Finance costs	(0.4)	(0.4)	(0.4)	(0.7)	(0.5)	-34.5%	15.8%	(0.4)	(0.5)	15.8%
Pretax profit	11.4	8.7	15.4	11.9	11.5	-3.7%	0.4%	11.4	11.5	0.4%
Taxation	(3.0)	(2.2)	(3.8)	(0.7)	(3.8)	453.9%	25.2%	(3.0)	(3.8)	25.2%
Minority interest	(1.1)	(0.7)	(1.1)	(1.5)	(1.4)	-8.8%	23.2%	(1.1)	(1.4)	23.2%
Net profit	7.3	5.8	10.5	11.5	10.1	-12.7%	38.8%	7.3	10.1	38.8%
EPS (sen)	6.0	4.8	8.8	9.6	8.4	-12.7%	38.7%	6.0	8.4	38.7%

Revenue and Operating Profit Breakdown

	3Q09	4Q09	1Q10	%QoQ	%YoY	1QFY09	1QFY10	YoY YTD Chg	Comments
Revenue									
Plantation	81.5	84.2	89.0	5.7%	50.5%	59.1	89.0	50.5%	1Q10 plantation revenue was marginally higher qoq as the impact of higher CPO price was cushion-off from lower CPO production.
Hotel	1.9	2.0	1.2	-39.5%	21.1%	1.0	1.2	21.1%	
Fishery	0.3	0.3	0.2	-50.2%	26.0%	0.1	0.2	26.0%	
Total	83.7	86.4	90.3	4.5%	49.9%	60.2	90.3	49.9%	
Segment EBIT									
Plantation	16.9	14.5	17.1	18.4%	29.4%	13.2	17.1	29.4%	1Q10 plantation profit higher QoQ on the back of higher CPO price.
Hotel	0.0	0.3	-0.3	181.0%	-23.6%	(0.3)	(0.3)	-23.6%	
Fishery	0.0	0.1	0.0	-87.1%	28.6%	0.0	0.0	28.6%	Hotel and fishery still at breakeven levels.
Unallocated exp.	-1.0	-2.2	-1.1	-48.9%	6.2%	(1.1)	(1.1)	6.2%	
Total	15.8	12.6	15.7	24.8%	33.0%	11.8	15.7	33.0%	

Earnings Estimates

FYE 31 Dec(RMm)	2007	2008	2009	2010E	2011E
Revenue (RMm)	313.7	401.8	314.7	327.4	336.6
Pretax profit (RMm)	47.3	58.8	47.5	47.6	49.2
Net profit (RMm)	33.2	39.6	33.3	33.2	34.3
EPS (sen)	27.7	33.0	27.7	27.7	28.6
EPS growth (%)	64.9	19.2	(16.0)	(0.1)	3.3
Gross DPS (sen)	6.0	9.0	6.0	7.0	7.0
NTA/share (RM)	1.5	1.8	2.0	2.2	2.4
Net gearing (x)	0.1	0.1	0.1	0.1	0.0
PER (x)	7.1	6.0	7.1	7.1	6.9
P/NTA (x)	1.3	1.1	1.0	0.9	0.8
Div. Yield (%)	3.0	4.6	3.0	3.6	3.6
ROE (%)	18.0	19.0	14.2	12.6	11.8

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