

Bintulu Port Holdings

A Safe Harbour Amid Macro Headwinds

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BIPORT's FY22 results met our forecast but missed consensus estimate. It benefitted from: (i) stronger LNG shipments on China reopening and robust demand from Japan, (ii) higher palm oil exports, and (iii) rising inbound and outbound cargoes movements in Samalaju Industrial Park. We maintain our FY23F net profit, TP of RM6.00 and OUTPERFORM call.

FY22 core net profit met our forecast but missed consensus estimate by 10%. It declared a fourth interim NDPS of 3.0 sen (ex-date: 23 Mar; payment date: 24 Mar 2023) in 4QFY22 vs. 3.0 sen paid in 4QFY21, bringing FY22 total NDPS to 14.0 sen (FY21: 12.0 sen), within expectation.

YoY, FY22 revenue rose 8% driven by: (i) a 6% revenue growth at Bintulu Port, and (ii) a 20% revenue growth at Samalaju Industrial Port.

In terms of cargo type, the LNG segment recovered in 4QFY22 on stronger demand from China reopening and robust demand from Japan, while the non-LNG segment (comprising dry bulk, break bulk, liquid bulk and containerised cargoes) grew stronger driven by the plantation sector (import of fertiliser, export of palm products) and heavy industries in Samalaju Industrial Park (import of alumina, coal and coke, export of aluminium and manganese).

FY22 core net profit rose significantly higher by 20% (excluding one-off item of RM9.4m), boosted by margin expansion alongside rising cargoes handled at Samalaju Industrial Port. To recap, Samalaju Industrial Port commands better margins given its much higher tariffs than Bintulu Port. These were partially offset by: (i) higher fuel cost, (ii) a slight increase in staff cost (due to the upward revision in the minimum wage that benefitted 21% of its total workforce), and (iii) a higher effective tax rate at 28.2% vs. 22.9%.

QoQ, 4QFY22 revenue grew marginally as stronger revenue from Bintulu port (+5%) driven by China reopening and robust demand from Japan, though partially offset by lower revenue from Samalaju Industrial Port (-13%) which we believe was due to weaker cargoes volume from OMH (OP; TP: RM2.95). Its effective tax rate was lower at 24.9% vs. 36.1%, courtesy of recognition of investment tax allowance.

4QFY22 core net profit fell 8% on lower cargoes handled at Samalaju Industrial Port as mentioned above.

Forecasts. We maintain our FY23 net profit and introduce our FY24 numbers.

We keep our DCF-derived TP of RM6.00 (WACC: 5.8%; TG: 2%). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3).

We like BIPORT for: (i) its steady income stream from handling LNG cargoes for Malaysia LNG Sdn Bhd (that typically makes up close to 50% of its total profit), (ii) it could potentially enjoy a step-up in earnings if Bintulu Port is granted a significant hike in its port tariffs, and (iii) the tremendous growth potential of Samalaju Industrial Port backed by rising investment in heavy industries in Samalaju Industrial Park. Maintain **OUTPERFORM**.

Risks to our call include: (i) inability of Bintulu Port to secure an adequate port tariff hike to offset escalating operating cost, and (ii) a global recession hurting heavy industries in Samalaju Industrial Park.

OUTPERFORM ↔

Price: RM5.20
Target Price: RM6.00 ↔

Expected Capital Gain: RM0.80 15%
Expected Divd. Yield: RM0.14 3%
Expected Total Gain: RM0.94 18%

KLCI Index 1,454.19

Stock Information

Bloomberg Ticker	BPH MK Equity
Bursa Code	5032
Listing Market	Main Market
Shariah Compliant	Yes
Shares Outstanding	460.0
Market Cap (RM m)	2,392.0
Par value per share (RM)	N/A
52-week range (H)	5.60
52-week range (L)	4.77
Free Float	9%
Beta	0.3
3-mth avg daily vol	7,271

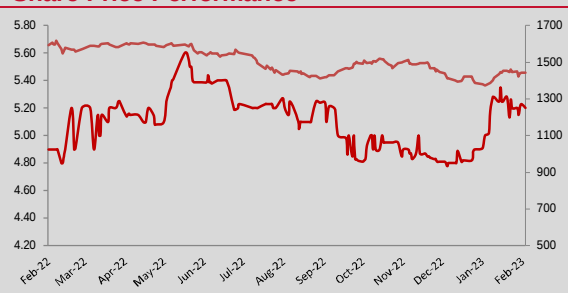
Major Shareholders

Petroleum Nasional Berhad	28.5%
State Financial Secretary	26.7%
Equisar Asset Sdn Bhd	13.0%

Summary Earnings Table

FY Dec (RM m)	2022A	2023F	2024F
Revenue	793.1	850.5	910.0
EBIT	226.4	245.3	248.9
PBT	178.0	200.1	213.3
Net Profit	127.7	144.0	147.2
Core Net Profit	118.2	144.0	147.2
Consensus (NP)	-	134.5	139.0
Earnings Revision	-	-	NEW
Core EPS (sen)	25.7	31.3	32.0
Core EPS growth (%)	19.8	21.8	2.2
NDPS (sen)	14.0	17.4	17.8
BVPS (RM)	3.81	3.95	4.10
PER (x)	20.2	16.6	16.3
PBV (x)	1.4	1.3	1.3
Net Gearing (x)	N.cash	N.cash	N.cash
Net Div. Yield (%)	2.7	3.3	3.4

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	4.0%	6.1%	6.1%
Relative (%)	6.9%	8.3%	15.7%

01 March 2023

Results Highlights

FYE Dec (RM m)	4QFY22	3QFY22	QoQ	4QFY21	YoY	FY22	FY21	YoY
Revenue	201.4	199.1	1%	193.1	4%	793.1	735.3	8%
EBIT	57.2	57.0	0%	48.2	19%	225.0	185.9	21%
PBT	47.5	44.8	6%	34.1	39%	178.0	126.3	41%
Tax Expense	(11.8)	(16.2)	N/A	262.7	N/A	(50.3)	(29.0)	N/A
Net Profit (NP)	35.7	28.7	25%	296.8	-88%	127.7	363.2	-65%
CNP	26.2	28.7	-8%	32.3	-19%	118.2	98.7	20%
NDPS (sen)	3.0	3.0		3.0		14.0	12.0	
EBIT Margin	28.4%	28.6%		24.9%		28.4%	25.3%	
PBT Margin	23.6%	22.5%		17.7%		22.4%	17.2%	
CNP Margin	13.0%	14.4%		16.7%		14.9%	13.4%	
Effective Tax Rate	24.9%	36.1%		-770.5%		28.2%	22.9%	
Segmental Revenue	4QFY22	3QFY22	QoQ	4QFY21	YoY	FY22	FY21	YoY
-Port Operation	190.1	189.6	0%	183.9	3%	758.7	702.7	8%
-Bulking Services	15.4	13.7	12%	13.5	14%	50.8	49.0	4%
-Others	(4.1)	(4.2)	-2%	(4.2)	-3%	(16.4)	(16.5)	0%
Total Revenue	201.4	199.1	1%	193.1	4%	793.1	735.3	8%
Revenue by Port								
-Bintulu	148.7	141.8	5%	140.6	6%	582.4	548.1	6%
-Samalaju Industrial	38.6	44.3	-13%	36.8	5%	164.2	136.9	20%
-Adjustment	2.8	3.5	-20%	6.5	-57%	12.2	17.7	-31%
Port Operation	190.1	189.6	0%	183.9	3%	758.7	702.7	8%
Segmental Profit								
-Port Operation	43.6	45.2	-3%	36.9	18%	173.0	116.5	49%
-Bulking Services	4.9	6.6	-26%	4.0	22%	17.1	17.9	-4%
-Others	(1.0)	(6.9)	-86%	(6.8)	-85%	(12.1)	(8.0)	50%
Total Profit	47.5	44.9	6%	34.2	39%	178.0	126.3	41%

Source: Company, Kenanga Research

01 March 2023

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BINTULU PORT HOLDINGS BHD	OP	5.20	6.00	15.38%	2,392.0	Y	12/2022	31.3	32.0	21.8%	2.2%	16.6	16.3	1.3	8.1%	17.4	3.3%
POS MALAYSIA BHD	UP	0.585	0.460	-21.37%	457.9	Y	12/2022	(6.9)	(2.1)	-153.3%	-129.9%	N.A.	N.A.	0.6	-6.8%	0.0	0.0%
SWIFT HAULAGE BHD	OP	0.470	1.00	112.77%	418.2	Y	12/2022	7.1	7.7	11.6%	8.0%	6.6	6.1	0.6	9.4%	2.2	4.7%
WESTPORTS HOLDINGS BHD	MP	3.70	3.65	-1.35%	12,617.0	Y	12/2022	20.6	21.7	9.3%	5.5%	18.0	17.0	3.7	20.9%	15.5	4.2%
SECTOR AGGREGATE					15,885.1					-27.6%	-28.5%	13.7	13.1	1.5	7.9%		3.1%

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Port Service Quality & Safety	★	★	★		
	Cybersecurity & Data Privacy	★	★	★	★	
	Customer Experience	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★	★	
	Effluent & Water Management	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

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Stock Ratings are defined as follows:**Stock Recommendations****

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

***** The Expected Total Return might contain rounding discrepancy*********Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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Published by:

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