

## HOLD RM1.47

Target Price: RM1.50

### Stock data

Market cap (RMm):	2,008.0			
Issued shares (m):	1,366.0			
52-week range:	RM0.72-RM1.67			
3-mth avg daily volume:	7,080,192 shrs			
Bloomberg code:	MRC MK			
YTD price chg:	+17.4%			
YTD KLCI chg:	-1.1%			
Est. free float:	68.4%			
Major shareholders:				
EPF:	31.6%			
KLCI	FBM70	FBM100	Syariah	Hijrah
No	Yes	Yes	Yes	No

### Consensus

FYE 31 Dec	2010E	2011E
Net profit (RMm):	56.5	79.3
EPS (sen):	4.6	6.6

### Forecast Revision

FYE 31 Dec	2009E	2010E
Previous Net profit (RMm):	27.5	56.6
Revision (%)	25%	-
Revised Net Profit (RMm)	34.5	-

### Share price chart



Yeonzon Yeow  
Tel: 603-2713 2292  
yeonzon@kenanga.com.my

## MRCB

### EPF's GO at RM1.50

- **Post rights issue, EPF's shareholding in MRCB has reached 33.78%. As such, it has triggered a conditional general offer and has offered to buy all the remaining shares of at RM1.50 per share.**
- **RM1.50 is a fair price** given its is 25% above our sum of part RNAV target price of RM1.20 and 5% premium over the last two months weighted average closing price of RM1.38.
- **Possibility of a placement post completion of GO exercise.** We believe that post completion of the GO exercise, EPF could possibility look to pare down its stakes in MRCB via a placement exercise. We believe it is not in the interest to private MRCB. And it is in the interest of major shareholders to have more liquidity in the share trading of the stock.
- **We advise investors to subscribe to the GO at RM1.50** and revised upwards our target price to RM1.50.

### Earnings Estimates

FYE 31 Dec	2008	2009	2010F	2011F	2012F
Turnover (RMm)	788.6	921.6	1,548.9	1,948.5	1,373.2
Pretax profit (RMm)	(42.2)	46.5	111.0	143.1	97.5
Net profit (RMm)	(56.6)	34.6	56.6	80.9	51.8
Net profit growth (%)	-239.0%	-161.0%	63.9%	42.9%	-36.0%
EPS (sen)	(4.15)	2.53	4.15	5.92	3.79
EPS growth (%)	-239.0%	-161.0%	63.9%	42.9%	-36.0%
DPS (sen)	nm	nm	nm	nm	nm
NTA/share (RM)	0.58	0.49	0.92	0.97	0.89
Net gearing (x)	0.8	0.6	0.4	0.3	0.3
PER (x)	(35.5)	58.1	35.5	24.8	38.8
P/NTA (x)	2.5	3.0	1.6	1.5	1.7
Div. Yield (%)	nm	nm	nm	nm	nm
EV/EBITDA (x)	26.9	15.1	12.5	10.2	13.7
ROE (%)	-11.5%	6.6%	9.7%	12.3%	7.3%

*This page has been intentionally left blank*

---

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

---

Published and printed by:  
**KENANGA INVESTMENT BANK BERHAD (15678-H)**  
8th Floor, Kenanga International, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia  
Telephone: (603) 2166 6822 Facsimile: (603) 2166 6823 Website: [www.kenangaresearch.com](http://www.kenangaresearch.com)



Yeonzon Yeow  
Head of Research