

Up-to-date in 60 seconds

Background: OKP Holdings is a local infrastructure and civil engineering company. It specialises in the construction of roads and airport infrastructure, as well as oil and gas-related infrastructure for petrochemical plants and oil storage terminals.

Recent development: FY10 turned out to be a record year for OKP with revenue and net profit up 7.6% YoY and 17.4% YoY, respectively. This was a result of strong growth in the construction segment. OKP is also making efforts to expand its business overseas.

Key ratios...

Price-to-earnings: 9.3x

Price-to-NTA: 2.4x

Dividend per share / yield: S\$0.05/8.3%

Net cash/(debt) per share: S\$0.37

Net cash as % of market cap: 58%

Source: Company, Bloomberg

Everything else...

Share price	S\$0.605
Issued shares (m)	281.57
Market cap (\$m)	170.35
Free float (%)	32
Recent fundraising activities	Jan 2010: Rights issue of 61.8m warrants (Ex. price at \$0.20) on the basis of 1:4 ordinary shares
Financial YE	31 Dec
Major shareholders	Or Kim Peow Investments 54.8% China Sonangol Intl 8.0%
YTD change	+6.14%
52-wk price range	\$0.420-0.625

Source: Company, Bloomberg

Our view

► **Sustained construction demand.** The Building & Construction Authority expects construction demand this year to be at \$22-28b with \$12-15b coming from the public sector. Looking further ahead, a sustained demand of \$19-26b is expected for 2012 and 2013. OKP is poised to benefit, especially from public projects which have been the mainstay of its earnings base.

► **Good orderbook visibility.** As at 22 February 2011, OKP had an outstanding orderbook of \$309.9m, with projects stretching up to 2014. This should provide strong support for its earnings for the next few years. Moreover, there is still a high possibility of new contract wins.

► **Strong net cash position.** Net cash makes up 58% of its market capitalisation. Dividend yield of 8.3% for FY10 is impressive. Based on consensus estimates, the stock trades at an undemanding forward FY11 PER of 8.5x and would look even more attractive if net cash is stripped out.

Public Projects Secured

Project	Value (\$m)
CTE widening	119.3
Construction & maintenance works in Tuas	5.2
Repair/upgrade of roads in Central Sector	19.4
Repair/upgrade of roads in North-West Sector	14.9
Desilting of Bt Timah Diversion Canal	6.0
Cleantech Park Phase 1	14.5
Road raising works along Orchard Road	22.2
Angullia Park	83.5
Widening of Old Choa Chu Kang Road	28.5
Sewer extension works at various locations	4.2
Total	317.7

Source: Company

Summary Financials

Year End Dec 31	2006	2007	2008	2009	2010
Revenue (\$m)	73.3	124.7	101.8	130.0	139.9
Pre-tax (\$m)	5.4	13.7	12.2	17.1	20.4
Net Profit (\$m)	4.1	11.0	9.5	14.4	17.0
EPS (S cts)	2.0	4.9	4.2	6.1	6.5
EPS growth (%)	n.m.	145.0	-14.3	45.2	6.6
PER (x)	30.3	12.3	14.4	9.9	9.3
Yield (%)	2.5	3.3	3.3	3.3	8.3