

LB Aluminium

Recommendation: **NOT RANKED**

Stock Code: 9326

Bloomberg: LBA MK

Price: MYR0.54

12-Month Target Price: N/A

Date: October 23, 2007

Board: Main

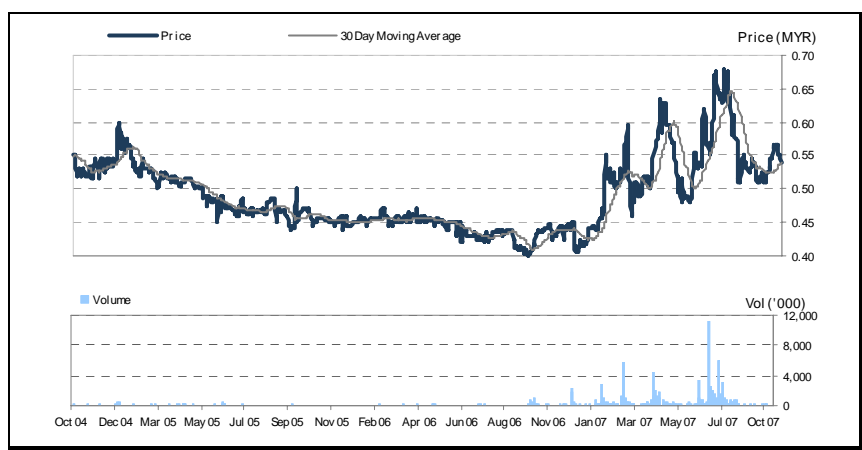
Sector: Industrial Products

GICS: Materials/Aluminum

Market Value - Total: MYR134.2 mln

Summary: LB Aluminium (LBA) is the largest supplier of aluminium extrusion products in Malaysia and one of the largest aluminium extrusion manufacturers in Southeast Asia with an annual production capacity of 50,000 metric tonnes.

Analyst: Ching Wah Tam



Recent Developments

Recommendation & Investment Risks

- Pending the renewal of the CBRS research scheme, and confirmation that LBA will be participating in the new scheme, we suspend coverage of the stock until further notice. Our last recommendation was Buy. Our last 12-month target price was MYR0.68.
- As developments in LBA may impact the company's fundamental outlook and valuation during the suspension of coverage, please note that current earnings forecasts may become stale and should not be seen to be representative of our view.

Key Stock Statistics

	2007	2008E
FY Apr.	5.5	7.4
Reported EPS (sen)	9.7	7.3
PER (x)	3.5	3.5
Dividend/Share (sen)	0.68	0.72
NTA/Share (MYR)	0.68	0.72
Book Value/Share (MYR)	0.68	0.72
No. of Outstanding Shares (mln)	248.5	
52-week Share Price Range (MYR)	0.41 - 0.68	
Major Shareholders:	%	
Leow Chong Howa	24.2	
Leow Sok Hoon	16.0	
Leow Keng Soon	10.1	

Per Share Data

	2005	2006	2007	2008E
FY Apr.	0.60	0.65	0.68	0.72
Book Value (MYR)	9.6	9.5	9.6	11.5
Cash Flow (sen)	6.3	6.0	5.5	7.4
Reported Earnings (sen)	3.5	3.5	3.5	3.5
Dividend (sen)	22.5	23.7	25.4	19.1
Payout Ratio (%)	8.6	9.1	9.7	7.3
PER (x)	5.6	5.7	5.6	4.7
P/Cash Flow (x)	0.9	0.8	0.8	0.7
P/Book Value (x)	6.5	6.5	6.5	6.5
Dividend Yield (%)	10.9	9.5	8.3	10.5
ROE (%)	25.6	43.2	47.1	49.8
Net Gearing (%)				

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Profit & Loss

FY Apr. / MYR mln	2006	2007	2008E	2009E
Reported Revenue	254.8	315.8	363.4	431.3
Reported Operating Profit	21.1	20.0	26.6	29.4
Depreciation & Amortization	-8.9	-10.2	-10.1	-10.2
Net Interest Income / (Expense)	-2.6	-4.2	-5.0	-5.8
Reported Pre-tax Profit	18.2	15.9	22.6	24.6
Effective Tax Rate (%)	18.5	13.2	18.8	17.5
Reported Net Profit	14.8	13.8	18.3	20.3
Reported Operating Margin (%)	8.3	6.3	7.3	6.8
Reported Pre-tax Margin (%)	7.1	5.0	6.2	5.7
Reported Net Margin (%)	5.8	4.4	5.0	4.7

Source: Company data, S&P Equity Research

Standard & Poor's Equity Research Services

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Glossary

Strong Buy: Total return is expected to outperform the total return of the KLCI or KL Emas Index respectively, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

Buy: Total return is expected to outperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months, with shares rising in price on an absolute basis.

Hold: Total return is expected to closely approximate the total return of the KLCI or KL Emas Index respectively, over the coming 12 months with shares generally rising in price on an absolute basis.

Sell: Total return is expected to underperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months and share price is not anticipated to show a gain.

Strong Sell: Total return is expected to underperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months by a wide margin, with shares falling in price on an absolute basis.

S&P 12 Month Target Price – The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

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For residents of Malaysia. All queries in relation to this report should be referred to Alexander Chia, Desmond Ch'ng or Ching Wah Tam.

Recommendation and Target Price History

Date	Recommendation	Target Price
New	Not Ranked	
14-Aug-07	Buy	0.68
12-Jul-07	Hold	0.68
7-May-07	Hold	0.60
2-Apr-07	Strong Buy	0.60
2-Oct-06	Strong Buy	0.50
31-Jul-06	Buy	0.50
5-Jul-06	Buy	0.50
25-Jan-06	Hold	0.49

