

Company Update

28 March 2008

Leader Universal Holdings Bhd

BUY

200MW IPP in Cambodia sealed

FV (revised) : RM1.53 per share

Price (as at 27 Mar 08) **RM0.955**
KLCI **1,254.03**

Stock Data

Bursa stock code	4529
Bloomberg code	LUH MK
Board	Main
Sector	Industrial Products
Syariah Compliant status	Yes
Issued shares (m)	436.46
Par Value (RM)	1.00
Price/NTA	0.96
Market cap. (RM m)	416.82
52-week price Range	RM0.64 – RM1.38
Beta (against KLCI)	1.58
3-m Average Daily Volume	1.44m
3-m Average Daily Value*	RM 1.38m

* based on closing price

Shareholder's Data

Zun Holdings Sdn Bhd	11.8%
Gold Connection Asset Ltd	5.7%

Share Performance

	1m	3m	12m
Absolute (%)	2.7	-10.8	39.4
Relative (%-pts)	11.6	2.0	38.9

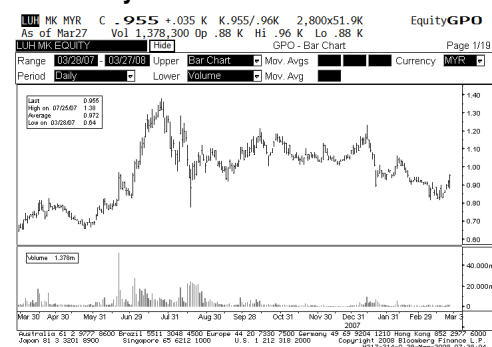
Price-Earnings Band

	FY - 2	FY - 1	FY
Upper	7.8	9.1	7.2
Lower	3.8	3.4	4.8

Important Balance Sheet Items (as at 31 Dec 2007)

NTA / share (RM)	0.993
Total Receivables (RM m)	450.3
Total Payables (RM m)	272.0
Total Inventories (RM m)	239.4
Total Assets (RM m)	1,345.7
Net Cash /(Debt) (RM m)	(303.6)

1-Year Daily Chart



Source: Company, Bloomberg, JF Apex Securities Bhd

Leader sealed yesterday the power purchase agreement (PPA) and implementation agreement (IA) with relevant authorities in Cambodia, signifying the successful launch of the 30-year Build-Own-Operate (BOO) 200MW power plant project in Sihanoukville. With the signing, uncertainty on this 50:50 joint venture is set aside, and the RM142m or 32 sen per share value enhancement should be reflected in the share price. Maintain Buy.

Power Plant – It consists of 4 units of 50MW coal-fired electricity power generation facility and a double circuit 230kV transmission line. It is undertaken by the JV company, Power Synergy Corporation Co Ltd (PSC).

PPA – Signed with Electricite du Cambodge (EDC) of the Ministry of Industry, Mines and Energy (MIME) of the Royal Government of Cambodia (RGC). The EDC undertakes to purchase energy on a minimum take basis of 86% of annual capacity at a base tariff rate of US\$0.07212 per kWh (circa RM0.23) with indexation and pass-through mechanism on fluctuation in fuel price. Validity of the PPA is with immediate effective and continues for 30 years from commercial operations.

IA – Entered into with the RGC represented by MIME on the implementation of the power project. PSC is accorded with the exclusive right to design, finance, construct, operate and maintain and manage the power project on a BOO basis.

Valuation – We have marginally revised downward the value of the project as the minimum take up rate is 86% against 100% in our model but cushioned by the higher rate of US\$0.07212 per kWh against our estimate of US\$0.06. This results in FV being reduced marginally by 4 sen to RM1.53 per share.

SOP Valuation for Leader Universal

	Net Profit FY08F(RMm)	PE rating (x)	Valuation (RMm)
Cable & Wire	57.6	8.5	489.6
Power Generation		WACC	
Cambodia – 35MW		12%	36.7
Cambodia – 200MW *		12%	142.0
Total			668.3
No of Shares (m)			436.5
Fair Value/share (RM)			1.53

Financial Summary

FYE Dec (RMm)	2006	2007	2008F	2009F
Revenue	2,365.0	2,821.7	3,063.0	3,295.3
Op. profit	91.5	123.9	134.8	140.8
Pretax profit	65.8	94.5	116.8	125.2
Net profit	35.3	66.0	74.7	80.0
EPS (sen)	8.1	15.1	17.1	18.3
PER (X)	11.8	6.3	5.6	5.2
Gross DPS (sen)	1.5	3.0	3.0	4.5
Gross Yield (%)	1.6	3.1	3.1	4.7

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JF APEX SECURITIES - RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

OUTPERFORM:	The stock's total returns* are expected to exceed KLCI's total return by 10% or more in the next 12 months.
MARKETPERFORM:	The stock's total returns* are expected to be within +10% or -10% of KLCI's total return.
UNDERPERFORM:	The stock's total returns* are expected to be below KLCI's total return by 10% or more in the next 12 months.
BUY:	The stock's total returns* are expected to be 15% or higher within the next 12 months.
SELL:	The stock's total returns* are expected to be -15% or worse within the next 12 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT:	The industry as defined by the analyst is expected to outperform the KLCI over the 12 months.
MARKETWEIGHT:	The industry as defined by the analyst is expected to perform in line with KLCI over the 12 months.
UNDERWEIGHT	The industry as defined by the analyst is expected to underperform the KLCI over the next 12 months.

*capital gain + dividend yield

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