

04 May 2018 | Corporate Update

Felda Global Ventures

Denied restructuring and takeover rumours

INVESTMENT HIGHLIGHTS

- **Denied restructuring and takeover rumours**
- **Neutral on the news**
- **Earnings estimate maintained**
- **Maintain NEUTRAL with TP of RM1.75**

Denied restructuring and takeover rumours. According to The Edge Financial Daily, Felda Global Ventures (FGV) has denied talk that it will be announcing a large scale restructuring or be taken over before the General Election on 9 May. This is in response to International Palm Oil Monitor (IPOM) report on 30 April which suggested such move.

Neutral on the news. As we did not factor restructuring or takeover previously, the news is not expected to have significant impact on share price. We believe that the key share price driver for the company is its core earnings.

Earnings estimate maintained. We maintain our FY18 core earnings estimate of RM106m. We also maintain our FY19 core earnings estimate of RM117m. The news is not expected to have impact on earnings.

Maintain Neutral with TP of RM1.75. Our TP is based on 1.1x Price To Book Valuation (Mean Valuation). We do not foresee significant downside to share price as the Company has been registering core net profit in the past two quarters suggesting more sustainable earnings trend. The next key event to watch will be the 1QFY18 earnings which will be released before end of May.



Maintain NEUTRAL

Unchanged Target Price: RM1.75

RETURN STATS	
Price (3 May 2018)	RM1.66
Target Price	RM1.75
Expected Share Price Return	+5.4%
Expected Dividend Yield	+3.0%
Expected Total Return	+8.4%

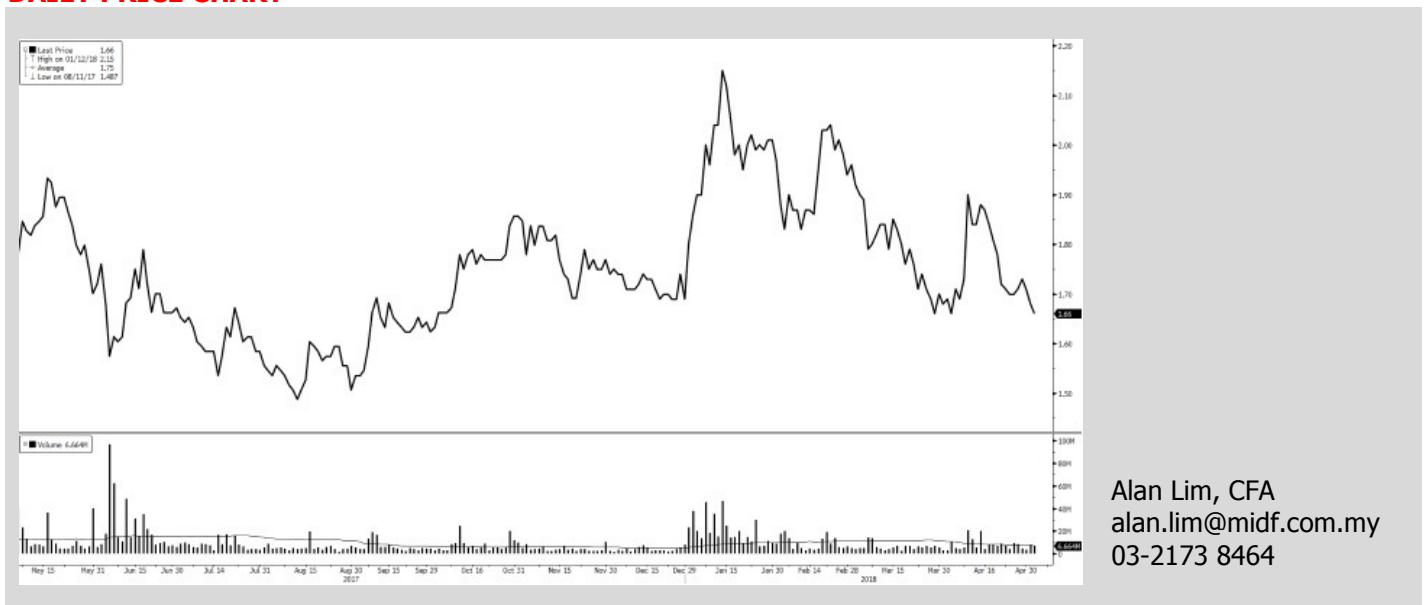
STOCK INFO	
KLCI	1851.80
Bursa / Bloomberg	5222 / FGV MK
Board / Sector	Main / Plantations
Syariah Compliant	Yes
Issued shares (mil)	3648.15
Market cap. (RM'm)	6,055.93
Price over NA	1.08
52-wk price Range	RM1.51 - RM2.18
Beta (against KLCI)	1.65
3-mth Avg Daily Vol	7.48m
3-mth Avg Daily Value	RM13.7m
Major Shareholders	
FELDA	33.66%
KWAP	7.95%
LEMBAGA TABUNG HAJI	7.79%

INVESTMENT STATISTICS

FYE Dec	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	15,670	17,241	16,975	20,352	21,259
EBIT	682	446	801	536	610
PBT	384	260	417	347	366
Net Income	117	31	144	106	117
Core Net Income	(106)	(157)	59	106	117
EPS (sen)	3.21	0.86	3.94	2.90	3.21
Core EPS (sen)	(2.91)	(4.30)	1.62	2.90	3.21
Net DPS (sen)	4.0	0.0	5.0	5.0	5.0
Net Dvd Yield	2.4%	0.0%	3.0%	3.0%	3.0%
Core PER	(57.1)	(38.6)	102.4	57.2	51.7
NTA/share (RM)	1.19	1.16	1.11	1.09	1.07
P/NTA	1.40	1.44	1.50	1.53	1.55
ROE	2.0%	0.5%	2.6%	1.9%	2.1%
ROA	0.6%	0.1%	0.7%	0.5%	0.5%

Source: Company, MIDF Research Forecast

DAILY PRICE CHART



Alan Lim, CFA
 alan.lim@midf.com.my
 03-2173 8464

Source: Bloomberg

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (23878 - X).
 (Bank Pelaburan)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (23878-X). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This document may not be reproduced, distributed or published in any form or for any purpose.

MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.