

14 September 2018 | Corporate Update

## FGV Holdings Berhad

*Suspend its Group President/CEO*

### INVESTMENT HIGHLIGHTS

- **Suspend its Group President/CEO**
- **Business as usual in the mean time**
- **We are neutral on the news**
- **Earnings estimates maintained**
- **Maintain NEUTRAL with TP of RM1.54**

**Suspend its Group President/CEO.** FGV Holdings Berhad (FGV) announced that the Company has suspended its Group President / Chief Executive Officer (GP/CEO) effective 13-September-2018, pending further notification by the Board. We gather that the move was following the Notice of Inquiry which has been issued to the GP/CEO following the conclusion of internal investigations into 10 critical issues. It was mentioned in the announcement that each of these issues has resulted in financial loss for FGV and its shareholders.

**Business as usual in the mean time.** FGV explained that the Special Board Committee 2 (SBC2) will take over the GP/CEO responsibilities. The members of the SBC2 are four FGV Directors (Chairman - Datuk Wira Azhar Abdul Hamid, Datuk Dr. Salmiah Ahmad, Dr. Mohamed Nazeeb P.Alithambi and Datin Hoi Lai Ping).

**We are neutral on the news.** The news is not entirely a surprise as FGV has announced that it was investigating several of its business practices. This is due to "adverse findings" from an earlier probe into its investments.

**Earnings estimate maintained.** In our view, the Company's operation should not be affected. Hence, we maintain our FY18 core net loss forecast of RM72.7m. We expect earnings improvement in FY19 with core net profit forecast of RM73.7m (unchanged from previous estimate).

**Maintain NEUTRAL with TP of RM1.54.** Our TP is based on 1.0x Price To Book. The next key event to watch will be the 3QFY18 earnings which will be released by end of November. Despite the weak earnings prospect in the near term, the share price is trading at its Book Value of RM1.54 hence suggesting limited downside.



**Maintain NEUTRAL**

**Unchanged Target Price: RM1.54**

#### RETURN STATS

Price (13 Sep 2018)	RM1.54
Target Price	RM1.54
Expected Share Price Return	+0.0%
Expected Dividend Yield	+0.0%
<b>Expected Total Return</b>	<b>+0.0%</b>

#### STOCK INFO

KLCI	1792.60
Bursa / Bloomberg	5222 / FGV MK
Board / Sector	Main / Plantation
Syariah Compliant	Yes
Issued shares (mil)	3648.15
Market cap. (RM'm)	5,618.15
Price over NA	1.01
52-wk price Range	RM1.45 - RM2.18
Beta (against KLCI)	1.62
3-mth Avg Daily Vol	5.42m
3-mth Avg Daily Value	RM8.65m

#### Major Shareholders

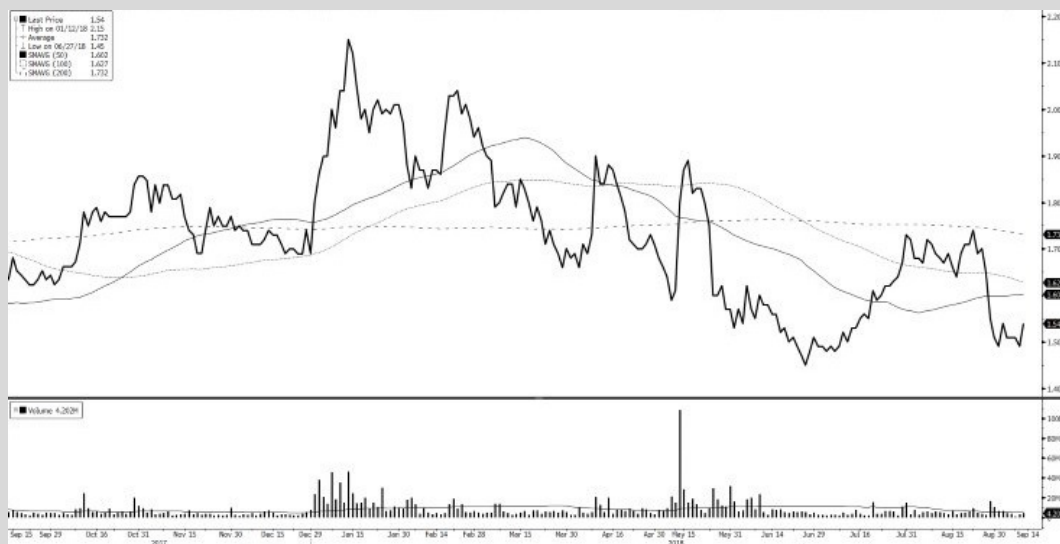
FELDA	33.66%
KWAP	7.83%
LEMBAGA TABUNG HAJI	7.83%

## INVESTMENT STATISTICS

FYE Dec (RM'm, unless otherwise stated)	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	15,670	17,241	16,975	19,683	20,698
EBIT	682	446	801	124	378
PBT	384	260	417	(65)	136
Net Income	117.1	31.5	143.7	(72.7)	73.7
Core Net Income	(106.0)	(157.0)	59.2	(72.7)	73.7
EPS (sen)	3.21	0.86	3.94	(1.99)	2.02
Core EPS (sen)	(2.91)	(4.30)	1.62	(1.99)	2.02
Net DPS (sen)	4.0	0.0	5.0	0.0	0.0
Net Dvd Yield	2.6%	0.0%	3.2%	0.0%	0.0%
PER	(53.0)	(35.8)	95.0	(77.3)	76.3
NTA/share (RM)	1.19	1.16	1.11	1.09	1.11
P/NTA	1.30	1.33	1.39	1.42	1.39
ROE	2.0%	0.5%	2.6%	-1.3%	1.3%
ROA	0.6%	0.1%	0.7%	-0.3%	0.3%

Source: MIDFR, Company

## DAILY PRICE CHART



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### 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.