

27 February 2018 | 4QFY17 Earnings Review

Genting Plantations Berhad

Cheers from the special dividend

Maintain BUY

Adjusted Target Price: RM12.70
(Previously RM12.60)

INVESTMENT HIGHLIGHTS


- **FY17 earnings within expectations**
- **Cheers from the special dividend**
- **FY17 earnings improved 24% yoy**
- **Earnings estimate maintained**
- **Maintain BUY with higher TP of RM12.70 after rollover of valuation to FY18**

FY17 earnings within expectations. Genting Plantations Berhad (GENP) FY17 core net income (CNI) of RM336m was within expectation, meeting 100% and 101% of our and consensus forecasts.

Cheers from the special dividend of 11.0 sen on top of the final dividend of 9.5 sen. The special dividend of 11.0 sen is a positive surprise. Note that the ex-date is on 9-March (payment date: 29-March). Final dividend of 9.5 sen is also announced and we believe that this will be approved by shareholders in the upcoming Annual General Meeting (AGM). Total dividend for FY17 is 26.0 sen and this is 24% higher than FY16 dividend of 21.0 sen.

FY17 core earnings improved 24% yoy. FY17 CNI climbed 24%yoy to RM336m due to higher FFB production (+17%yoy to 1.88m tonnes) and higher CPO price (+3%yoy to RM2715 per tonne).

Earnings estimate maintained. We maintain our FY18 CNI forecast of RM385m. We also introduce our FY19 CNI forecast of RM408m. The 15% core earnings growth expected in FY18 should be supported by good CPO price and strong FFB growth expected at 13%.

Maintain BUY with higher TP of RM12.70. Our TP is based on Sum Of Parts (Refer Page 2). The higher TP is due to rollover of valuation to FY18. We like GENP due to robust 17% FFB growth in FY17. Looking ahead into FY18, we expect its FFB growth to stay strong with 13% FFB growth as we expect another full year contribution from recently acquired estates coupled with 5000 ha of landbank to mature in Indonesia. 

RETURN STATS	
Price (26 Feb 2018)	RM9.80
Target Price	RM12.70
Expected Share Price Return	29.6%
Expected Dividend Yield	2.7%
Expected Total Return	32.3%
STOCK INFO	
KLCI	1860.08
Bursa / Bloomberg	2291 / GENP MK
Board / Sector	Main / Plantations
Syariah Compliant	Yes
Issued shares (mil)	803.29
Market cap. (RM'm)	7,872.22
Price over NA	1.84
52-wk price Range	RM9.52 - RM11.7
Beta (against KLCI)	0.54
3-mth Avg Daily Vol	0.47m
3-mth Avg Daily Value	RM4.89m
Major Shareholders	
Genting Bhd	50.67%
EPF	15.57%

INVESTMENT HIGHLIGHTS

FYE Dec	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	1,375	1,480	1,804	1,779	1,863
EBIT	276	483	501	506	501
PBT	247	449	461	524	556
Net Income	190	338	338	385	408
Core Net Income	210	271	336	385	408
EPS (sen)	24.8	42.8	42.1	48.0	50.9
Core EPS (sen)	27.5	34.4	41.9	48.0	50.9
Net DPS (sen)	5.5	21.0	26.0	26.4	28.0
Net Dvd Yield	0.6%	2.1%	2.7%	2.7%	2.9%
Core PER	35.7	28.5	23.4	20.4	19.3
NTA/share (RM)	5.31	5.38	5.37	5.58	5.81
P/NTA	1.85	1.82	1.83	1.76	1.69
ROE	4.5%	7.9%	7.8%	8.5%	8.7%
ROA	3.7%	4.3%	4.0%	4.5%	4.8%

GENP: 4QFY17 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY17	%YoY	%QoQ	FY17	%YoY
Revenue	528.4	3%	23%	1804.3	22%
EBIT	154.6	-42%	32%	501.0	4%
PBT	142.1	-45%	31%	461.1	3%
Net Income	117.7	-38%	54%	337.7	0%
Core Net Income	103.5	-14%	31%	336.2	24%
EPS (sen)	14.83	-39%	54%	42.13	-2%
Core EPS (sen)	13.05	-23%	31%	41.94	22%
Net DPS (sen)	20.5	8%	NA	26.0	24%
CPO Price (RM/MT)	2577	-10%	-2%	2715	3%
FFB Volume ('k MT)	535	1%	10%	1884	17%
EBIT Margin	29.2%	NA	NA	27.8%	NA
PBT Margin	26.9%	NA	NA	25.6%	NA

Sum-of-Parts Valuation

Divisions	Valuation	Note	Fair Value (RM 'm)
Plantation	24.7x FY18E earnings	24.7x is at 10% discount to big cap planters Target PE	9,068
Property	RNAV	Mainly land in Johor & Kedah	1,109
Sum-Of-Parts (RM m)			10,178
No of shares (m)			802
Target Price (RM)			12.70

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	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.