

25 April 2018 | Company Visit Note

Genting Plantations Berhad

Visit to Genting Highlands Premium Outlets (GHPO)

Maintain BUY
Unchanged Target Price: RM12.00

INVESTMENT HIGHLIGHTS

- Visited Genting Highlands Premium Outlets (GHPO)
- Positive on GHPO prospect
- Genting Simon profit contribution at 6.6% to GENP
- Earnings estimate maintained
- Maintain BUY with TP of RM12.00

Visited Genting Highlands Premium Outlets (GHPO). We recently visited Genting Highlands Premium Outlets (GHPO) which is a 50:50 joint venture (JV) between Genting Plantations (GENP) and Simon Property Group (SPG). Recall that GHPO is Malaysia's second premium outlet after Johor Premium Outlets and it opened its doors to the public on 15 June 2017. GHPO sits on 350,000 square feet of land with Net Lettable Area (NLA) of 270,000 square feet. It has more than 150 designers and brand name stores offering savings of up to 70%.

Positive on GHPO prospect. We returned from the trip feeling positive on GHPO prospect as we gather that it has achieved 99% occupancy rate. There is also a potential for expansion as GHPO still has land for expansion. Based on the good footfall and high occupancy rate, we believe that GHPO may start Phase 2 expansion in either 2020 or 2021.

Genting Simon profit contribution at 6.6% to GENP. In FY17, Genting Simon contributed Profit Before Tax of RM30.3m (or 6.6% of GENP PBT). This is a significant improvement of 44% yoy. Note that Genting Simon PBT includes the profit from both GHPO and Johor Premium Outlets.

Earnings estimate maintained. We maintain our FY18 CNI forecast of RM346m. We also maintain our FY19 CNI forecast of RM379m. Our earnings estimates are maintained as the information that we gather has been factored in previously.

Maintain BUY with TP of RM12.00. Our TP is based on Sum Of Parts (Refer Page 2). We like the Company as we expect its FFB growth of 13% yoy to be the strongest among planters under our coverage. This is due to new contribution from recently acquired estate of 12,893 ha and 5000 ha coming to maturity in Indonesia. In 1QFY18, GENP FFB volume has grown by 20%yoy to 485,510 tonnes. 

RETURN STATS	
Price (24 Apr 2018)	RM9.81
Target Price	RM12.00
Expected Share Price Return	22.3%
Expected Dividend Yield	2.4%
Expected Total Return	24.7%
STOCK INFO	
KLCI	1865.34
Bursa / Bloomberg	2291 / GENP MK
Board / Sector	Main / Plantations
Syariah Compliant	Yes
Issued shares (mil)	803.37
Market cap. (RM'm)	7,881.10
Price over NA	1.82
52-wk price Range	RM9.41 - RM11.5
Beta (against KLCI)	0.53
3-mth Avg Daily Vol	0.36m
3-mth Avg Daily Value	RM3.67m
Major Shareholders	
Genting Bhd	50.66%
EPF	15.66%

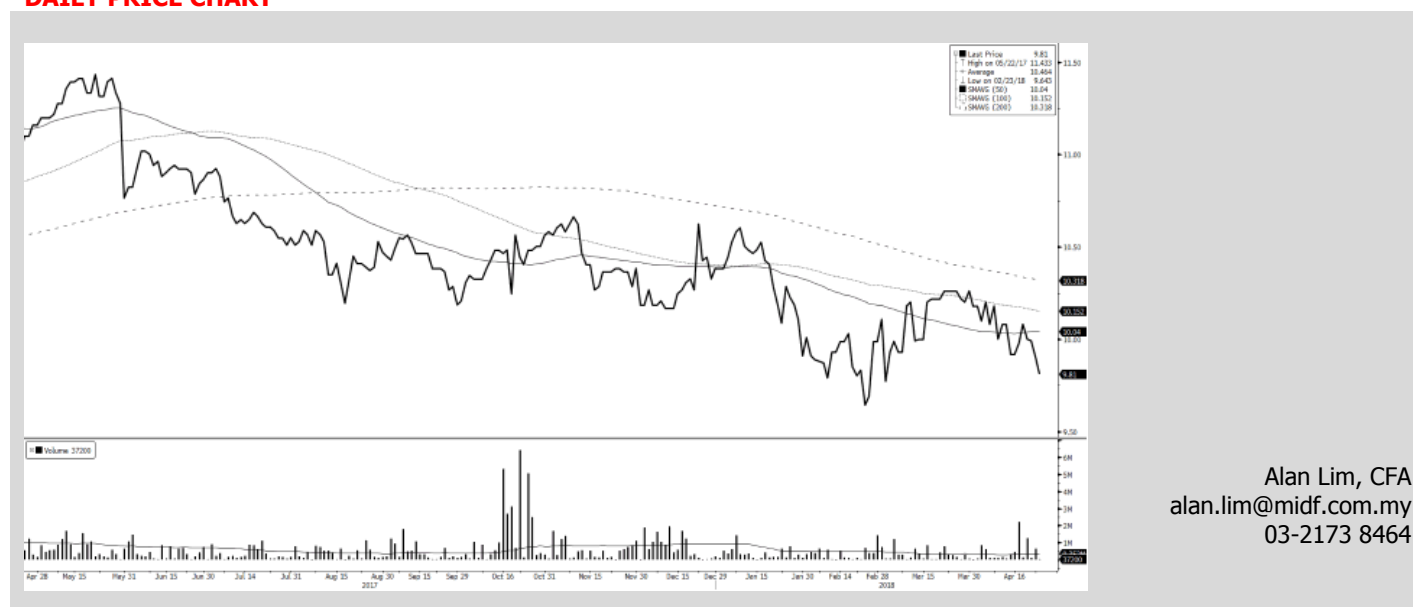
INVESTMENT HIGHLIGHTS

FYE Dec	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	1,375	1,480	1,804	1,791	1,995
EBIT	276	483	501	441	463
PBT	247	449	461	460	517
Net Income	190	338	338	346	379
Core Net Income	210	271	336	346	379
EPS (sen)	24.8	42.8	42.1	43.2	47.3
Core EPS (sen)	27.5	34.4	41.9	43.2	47.3
Net DPS (sen)	5.5	21.0	26.0	23.7	26.0
Net Dvd Yield	0.6%	2.1%	2.7%	2.4%	2.7%
Core PER	35.7	28.5	23.4	22.7	20.7
NTA/share (RM)	5.31	5.38	5.37	5.56	5.77
P/NTA	1.85	1.82	1.83	1.76	1.70
ROE	4.5%	7.9%	7.8%	7.7%	8.1%
ROA	3.7%	4.3%	4.0%	4.1%	4.5%

Sum-of-Parts Valuation

Divisions	Valuation	Note	Fair Value (RM 'm)
Plantation	23.7x FY18E earnings	23.7x is at 10% discount to big cap planters	8,507
Property	RNAV	Target PE Mainly land in Johor & Kedah	1,109
Sum-Of-Parts (RM m)			9,617
No of shares (m)			802
Target Price (RM)			12.00

DAILY PRICE CHART



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Source: Bloomberg

Pictures Of GHPO



Source: MIDF Research

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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	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.