

26 February 2014 | 4QFY13 Results Review

## Globetronics Technology Bhd

*New products to ensure earnings continue to grow*

**Maintain BUY**

**Unchanged Target Price (TP): RM4.19**

### INVESTMENT HIGHLIGHTS

- Both revenue and earnings came in within our expectation
- Expect further announcement on dividend to boost FY13 dividend
- Maintain BUY with DDM-derived TP of RM4.19 per share

**Earnings accounted for 98.9% of full year forecast.** Net profits increased by 27.3% to RM52.6. This is mainly attributable to higher volume loadings from most of the customers, better economy of scale coupled with productivity improvement/cost control programme carried out in the group. Net profit margin also expanded by 2.1p.p. to 16.4%

**Revenue grew by 10.8% to RM312.4m.** This is mainly supported by higher revenue from the Malaysia and Singapore segment which increased by 1.8% and 67.6% respectively to RM217.8m and RM88.2m. This help to offset lower revenue contribution from the United States which decreased by 41% to RM11.8m.

**No change in forecast.** We believe earnings growth remain intact. For FY14, we expect 2H14 to deliver stronger earnings due to the inclusion of 3 new products offering.

**Final dividend yet to come.** To-date, dividend declared amounted to 14sen or a yield of 4.3%. This is 5sen lower than our estimates of 19sen. However, we are expecting the company to announce a final round of dividend later on. Based on previous trend, this should take place on April 2014. As such, we remain optimistic on the dividend prospect.

**Maintain BUY recommendation.** We continue to remain upbeat on the prospect of the company. Three new products that will come onboard later this year would further boost in the company's earnings moving forward. In addition, dividend yield is expected to remain attractive at about 6% level. This is also in-line with our positive industry sector view that the demand for tablet and smartphone remains strong. As such, we are reiterating our BUY recommendation on Globetronic with an unchanged target price of RM4.19 per share based DDM valuation methodology.

### RETURN STATS

Price (25 February 2014)	RM3.26
Target Price	RM4.19
Expected Share Price Return	+28.5%
Expected Dividend Yield	+5.8%
<b>Expected Total Return</b>	<b>+34.3%</b>

### STOCK INFO

KLCI	1,833.7
Bursa / Bloomberg	7022 / GTB MK
Board / Sector	Main/ Tech
Syariah Compliant	Yes
Issued shares (mil)	272.3
Par Value (RM)	0.50
Market cap. (RM'm)	911
Price over NA	3.1x
52-wk price Range	RM1.64 – RM3.42
Beta (against KLCI)	1.38
3-mth Avg Daily Vol	0.4m
3-mth Avg Daily Value	RM1.4m
Major Shareholders (%)	
Wiserite Sdn Bhd	18.01
General Produce Agency	7.33
Lembaga Tabung Haji	5.38



## INVESTMENT STATISTICS

FYE Dec	2012	2013	2014E	2015F
Revenue (RM m)	290.0	321.4	462.8	596.1
EBIT (RM m)	46.6	60.6	75.0	88.9
Pretax (RM m)	48.3	62.5	77.1	91.1
Net Profit (RM m)	41.3	52.6	65.0	77.5
EPS (sen)	15.3	19.0	23.6	28.1
EPS Growth (%)	52.8	24.1	24.1	19.2
PER (x)	21.3	17.2	13.8	11.6
Net Dividend (sen)	14.0	19.0*	19.0	19.5
Net Dividend (%)	5.2	5.8	5.8	6.0

Source: Announcement, MIDFR estimates \*forecast

## 4QFY13 RESULTS SUMMARY

(All in RM'm unless stated otherwise)	Quarterly Results			Full Year	
FYE Dec	4Q13	% YoY	% QoQ	2013	%YTD
Revenue	78.5	-8.0	-1.2	321.4	10.8
EBITDA	23.9	3.8	-8.5	99.1	1.0
Depreciation and amortisation	-9.4	-26.7	15.5	-38.4	-25.3
EBIT	14.5	42.4	-19.4	60.6	30.0
Finance costs	0.0	nm	nm	0.0	5.0
Interest income	0.6	-19.2	-18.3	1.8	8.4
Associate's contribution	0.0	-53.3	-16.0	0.1	88.9
PBT	15.0	38.0	-19.4	62.5	29.4
Taxation	-1.9	-687.3	-44.0	-9.9	41.9
PAT	13.1	16.7	-13.8	52.6	27.3
EPS (sen)	4.72	13.8	-14.0	19.0	24.1
		+/-ppts	+/-ppts		+/-ppts
EBITDA margin (%)	30.4	3.5	-2.4	30.8	-3.0
EBIT margin (%)	18.4	6.5	-4.2	18.9	2.8
PAT margin (%)	16.7	3.5	-2.4	16.4	2.1
Effective tax rate (%)	12.9	15.9	-5.7	15.9	1.4

## DAILY PRICE CHART



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### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected, by -15% or more, over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% 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.