

Bison Consolidated Bhd

RESULTS UPDATE

NEUTRAL

Target Price **RM 1.30**
Current Price **RM 1.49**
Consensus Target Price **RM 1.36**

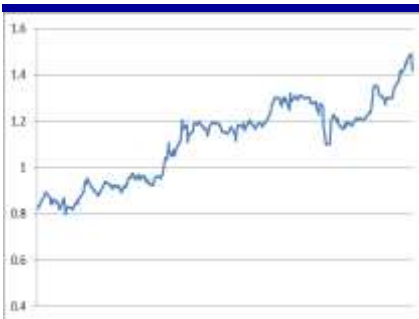
Key Statistics

Bloomberg Ticker	BISON MK
Masa Ticker / Stock Code	BISON/5275
Shares Issued (m)	682
Market Capitalisation (RM'm)	1016
52 Week Hi/Lo Price (RM)	1.61/.805
Avg Trading Volume (3-mth)	706,722
Est Free Float (m)	223.8
YTD Returns (%)	70.6
Beta (x)	NA

Major Shareholders (%)

D&D Consolidated	59.63
KWAP	5.69

1-Year Share Price Performance



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Earnings on track

Going forward, we forecast earnings growth of 23.3% and 16.2% for FY18 and FY19 respectively driven by the opening of new outlets. PAT margin may be expected to dip with the start up cost of its RM35m food processing center for Ready-to-Eat offerings. We are downgrade to NEUTRAL due to the rapid price 23% appreciation; after our previous BUY recommendation. Our fair value is RM1.30 at 30x PER to FY18 EPS, a discount to 7-Eleven Malaysia's 38.5x. We continue to favour Bison for 1) the resilient nature of the consumer sector which translates into steady revenues/earnings 2) growth led by new outlets and its fresh food business. Risks to our call 1) delay in food manufacturing center commencement 2) lower footfall 3) supply chain hiccups.

◆ Earnings roll in - on the spot

Bison's FY17 earnings represents 99% and 97% of our and consensus earnings forecast. FY17 revenue and earnings grew 23.8% YoY and 32.57% YoY respectively attributable to the opening of additional outlets and a better product mix. Bison added 70 new outlets in FY17 and closed 8 stores, ending the year with 356 stores. QoQ basis, PAT contracted 14.2% despite revenue growth of 9.2%. Higher administrative expenses and we suspect, inferior sales mix offset gains in preceding quarters.

◆ 90 new stores next year

The company targets adding 90 new stores in FY18, 20 more new stores than will be seen in FY17. To recap, Bison's food processing centre is expected to commence operations in 1QFY19, boosting revenue growth and margin expansion via its fresh food sales.

Table 1 :Investment Highlights & Earnings Forecasts

FYE 31 Oct (RM' mil)	2015	2016	2017	2018(F)
Revenue	217.5	263.6	326.5	392.4
GP	74.4	94.0	119.8	142.0
EBITDA	21.7	28.2	36.2	44.1
PAT	12.7	18.1	24.0	29.6
EPS	1.9	2.7	3.5	4.3
Earnings Growth (%)	5.0	42.4	32.5	23.3
GP Margin	34.2%	35.7%	36.7%	36.2%
EBITDA Margin	10.0%	10.7%	11.1%	11.2%
PER (x)	80.0	56.2	42.4	34.4
ROE (%)	NA	12%	10%	11%
ROA (%)	NA	9%	8%	9%
Net Gearing Ratio	0.18	NET CASH	NET CASH	NET CASH
BV/Share	0.18	0.22	0.35	0.39
P/B Ratio	6.15	6.69	4.22	3.80
Dividend (sen)	N/A	0.75	1	1.2
Dividend Yield	N/A	0.50%	0.67%	0.81%

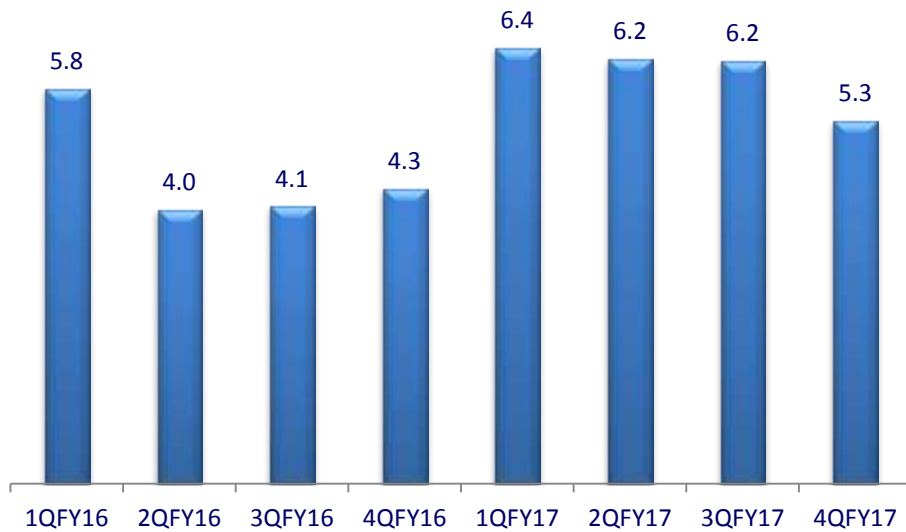
Sources: *Inter-Pacific, Company*

Quarterly Income Statement and Comparison

FYE 31st Oct (RM m)	4QFY17	4QFY16	YoY chg (%)	3QFY17	QoQ chg (%)	FY17	FY16	YTD chg (%)
Revenue	89.3	72.4	23.2	81.7	9.2	326.46	263.56	23.86
Gross Profit	31.8	25.8	23.2	30.4	4.4	119.77	93.99	27.43
Profit before tax	6.9	5.8	18.8	8.0	(14.0)	30.52	23.62	29.20
Tax Expenses	(5.3)	(1.5)	258	(1.8)	190.6	(6.48)	(5.49)	18.08
PAT	5.3	4.3	23.1	6.2	(14.2)	24.04	18.13	32.57
EBITDA	7.5	6.7	11.0	8.9	(16.5)	33.61	26.37	27.49
GP Margin	35.6%	35.6%	0.0	37.2%	(4.4)	36.7%	35.7%	2.88
PAT Margin	5.9%	8.0%	(25.6)	9.8%	(39.3)	7.4%	6.9%	7.03
EBITDA Margin	8.4%	5.9%	40.6	7.6%	10.6	10.3%	10.0%	2.93
EPS (sen)	0.9	0.8	10.2	0.6	47.7	3.51	2.65	32.57

Inter-Pacific, Company

Quarterly Earnings (RM m)



Inter-Pacific, Company

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(ii) As of December 19, 2017, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report: (a) Lai Yoon Hui: nil.

Signed



Pong Teng Siew
Director
Inter-Pacific Research Sdn Bhd

Ratings System

Ratings:	Description:
BUY	Total return is expected to exceed 15% in the next 12 months
NEUTRAL	Total return is expected to be between above -15% to 15% in the next 12 months
SELL	Total return is expected to be below -15% in the next 12 months

Abbreviation

Abbreviation	Definition	Abbreviation	Definition
PER	Price Earnings Ratio	CAGR	Compounded Annual Growth Rate
PEG	PER to Growth	CAPEX	Capital Expenditure
EPS	Earnings per Share	DPS	Dividend per Share
FYE	Financial Year End	ROA	Return on Asset
FY	Financial Year	ROE	Return on Equity
CY	Calendar Year	PBT	Profit Before Tax
MoM	Month-on-Month	PAT	Profit After Tax
QoQ	Quarter-on-Quarter	EV	Enterprise Value
YoY	Year-on-Year	EBIT	Earnings Before Interest And Tax
YTD	Year-to-Date	EBITDA	EBIT Depreciation & Amortisation
p.a.	Per Annum	WACC	Weighted Average Cost of Capital
DCF	Discounted Cash Flow	NTA	Net Tangible Asset
FCF	Free Cash Flow	BV	Book Value
NAV	Net Asset Value	PATAMI	Profit After Tax and Minority Interest

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