

(richDad) - GKENT: Target Price RM4.50

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1. **FY17 earnings doubled!** Net income surged 106% to RM101m. Accordingly, EPS jumped 103% to 27.0 sen. Reason for the huge earnings increase is the record contributions from the Group's Engineering and Metering divisions.

	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Jan 2017	31 Jan 2016	31 Jan 2017	31 Jan 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	189,141	265,584	598,965	536,207
2 Profit/(loss) before tax	58,024	27,789	134,243	70,699
3 Profit/(loss) for the period	42,148	19,660	101,410	50,074
4 Profit/(loss) attributable to ordinary equity holders of the parent	42,148	19,660	101,410	50,074
5 Basic earnings/(loss) per share (Subunit)	11.20	5.20	27.00	13.30
6 Proposed/Declared dividend per share	5.00	3.50	10.00	7.00

2. **Dividend of 5.0 sen announced.** Inclusive of the earlier dividend of 3.0 sen and 2.0 sen, total dividend for the year is 10.0 sen. This means 3.1% dividend yield which is very good for construction company.
3. **Share split of 2 to 3!!!** This is another good news because it will improve the liquidity.
4. **Positive outlook for FY18 (ending Jan-2018).** In the Company's press release, it was mentioned that "The Board is optimistic of our prospects as our strong order book provides **immense** earnings visibility going forward." The word IMMENSE is seldom used unless they are really confident, so I guess FY18 has high chance to have good earnings growth again.
5. **Target Price: RM4.50.** Use 15x PE to FY18 estimated EPS of 30 sen to get this Target Price. 15x PE for high growth construction company (earnings growth > 100%) is quite conservative. EPS of 30 sen (11% higher than FY17) is also not too high.