

George Kent (Malaysia) Bhd. : Neutral outlook but great fundamentals

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George Kent (Malaysia) Bhd. relative valuation is now NEUTRAL. It was previously rated UNDERVALUED, and has a fundamental analysis score of 78.

Our analysis is based on comparing George Kent (Malaysia) Bhd. with the following peers – Ideal Jacobs (Malaysia) Corporation Bhd., Nitin Fire Protection Industries Limited, Create Technology & Science Co., Ltd. Class A and Eco-Tek Holdings Limited (0162-MY, 532854-IN, 000551-CN and 8169-HK).

Relative Valuation

George Kent (Malaysia) Bhd. is currently neutrally valued, as its previous close of MYR 2.84 lies within the CapitalCube estimate range of MYR 2.75 to MYR 3.91. Over the last 52 week period, George Kent (Malaysia) Bhd. has fluctuated between MYR 1.18 and MYR 3.05.

Company Overview

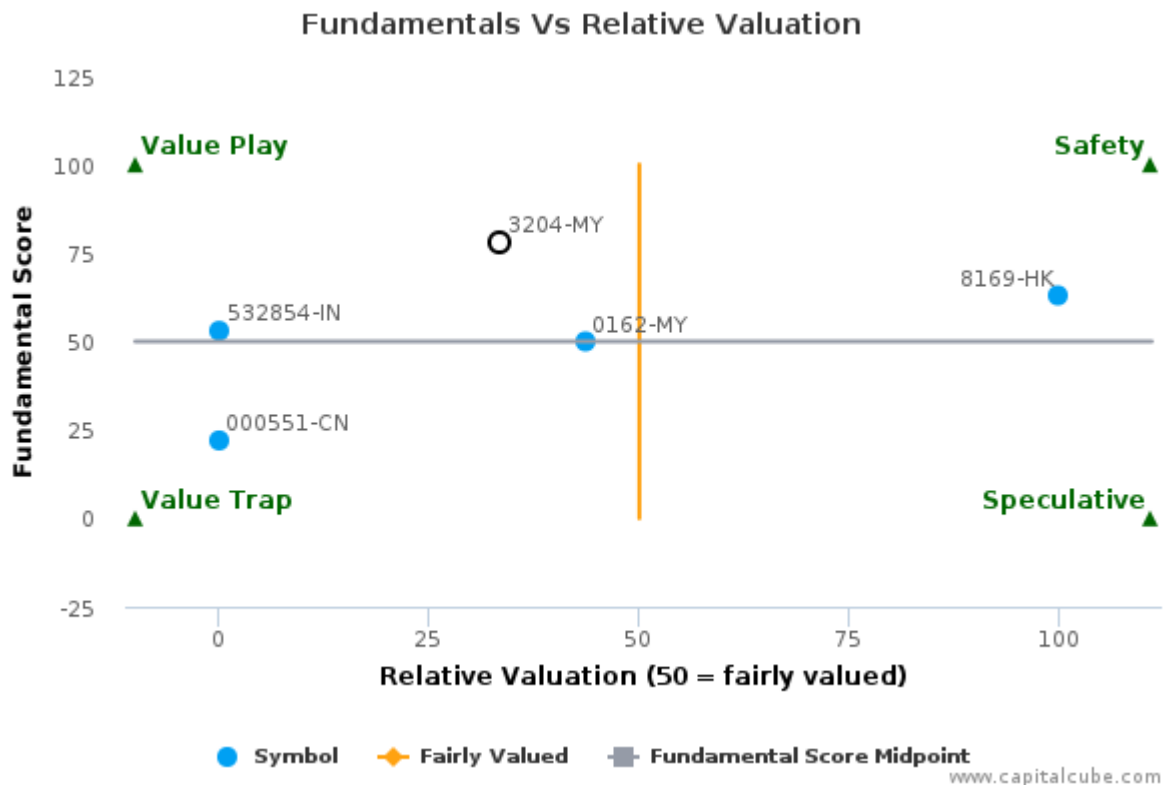
- Considering peers, relative outperformance over the last year and the last month suggest a leading position.
- George Kent (Malaysia) Bhd. currently trades at a higher Price/Book ratio (2.98) than its peer median (1.38).
- [3204-MY](#)'s operating performance is relatively good compared to its peers. The market currently does not expect high earnings growth relative to its peers but seems to expect the company to maintain its relatively high rates of return.
- [3204-MY](#) has relatively high profit margins while operating with median asset turns.
- Change in the company's annual revenues seems to be coming at the expense of earnings.
- [3204-MY](#)'s return on assets currently and over the past five years suggest that its relatively high operating returns are sustainable.
- The company's median gross margin and relatively high pre-tax margins suggest non-differentiated product portfolio but with tight cost control relative to peers.
- While [3204-MY](#)'s revenues in recent years have grown faster than the peer median, the market gives the stock a P/E ratio that is around peer median suggesting that the market has some questions about the company's long-term strategy.

- The company's level of capital investment suggests it might be under-investing in a business with above median returns.
- [3204-MY](#) has the financial and operating capacity to borrow quickly.

Investment Outlook

George Kent (Malaysia) Bhd. has a fundamental score of 78 and has a relative valuation of NEUTRAL.

George Kent (Malaysia) Bhd. is on the top left quadrant of the CapitalCube Value – Price Matrix. We classify this space a 'Value Play'. Here, George Kent (Malaysia) Bhd. is potentially undervalued, since it trades below its CapitalCube Implied Price of 3.33. At the same time, George Kent (Malaysia) Bhd. is also fundamentally strong with a score of 78. This is a classic value stock definition.



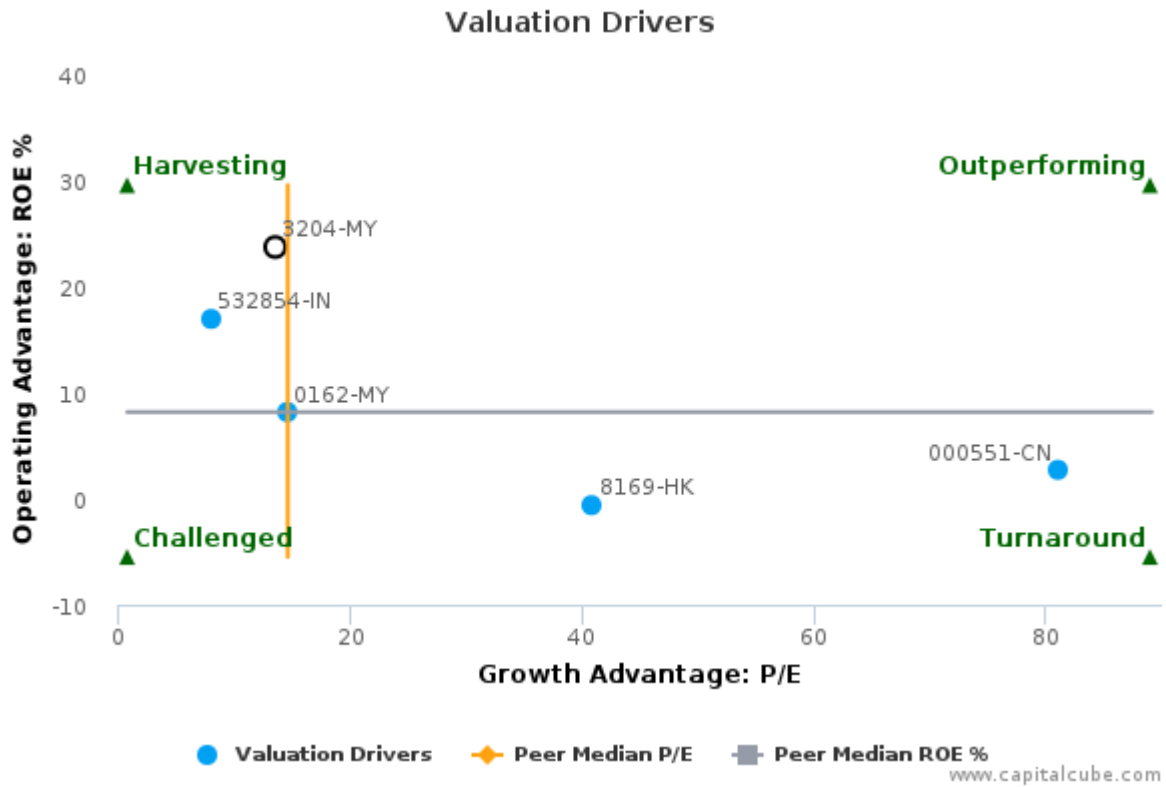
Quadrant label definitions. Hover to know more

Safety, Value Play, Value Trap, Speculative

Drivers of Valuation

The market seems to expect [3204-MY](#) to maintain its relatively high returns. [3204-MY](#)'s operating performance is higher than the median of its chosen peers (ROE of 23.70% compared to the peer median ROE of 8.16%) but the market does not seem to expect higher growth relative to peers (P/E of 13.48 compared to peer median of 14.50) but simply to maintain its relatively high rates of return.

The company currently trades at a higher Price/Book ratio of 2.98 compared to its peer median of 1.38.



Quadrant label definitions. Hover to know more

Outperforming, Harvesting, Challenged, Turnaround

[3204-MY](#) has moved to a relatively high ROE from an Harvesting profile at the recent year-end.

Price To Earnings

