20 August 2014

Bidvest Namibia

FY14 Results Trading Statement

Target Price (c)	1400
Current Price (c)	1303

Year End 30 June	2011	2012	2013	2014F	2015F
Revenue (N$m)	1,919	2,702	3,355	3,700	4,149
EBITDA (N$m)	545	647	601	633	717
Net profit (N$m)	384	461	427	444	507
HEPS (c)	120.0	140.3	129.5	141.5	164.5
HEPS growth (%)	37.4	16.9	-7.7	9.3	16.3
DPS (c)	54.0	63.0	69.0	74.0	82.0
P/E (x)	10.17	8.90	9.80	8.98	7.72
DY (%)	4.3	5.0	5.4	5.8	6.5

Source: BWH, IJG

Recommendation	BUY
NSX Code	BVN
Market Cap (N$m)	2,762
Shares in Issue (m)	212
Free float (%)	40
52 week high	1303
52 week low	1251
Expected 12 m return (%)	16.3

Trading Statement

Bidvest Namibia released a trading statement today in which management has guided EPS and HEPS to be down by between 9% and 11%. The company expects Basic EPS of 115.3 to 117.9c (midpoint of approximately 116.6), while HEPS is expected to be between 115.2and 117.8 (midpoint of 116.5).This in our view is a fairly big miss considering that we forecasted HEPS growth of 9.3% as opposed to the decline.

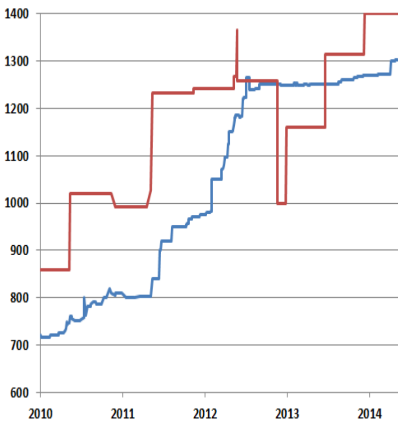
The midpoint HEPS of 116.6cps implies 2nd half HEPS of 60.6cps, which at first sight seems good considering the 9.3% increase on the previous half. However compared to the 75.3cps of the 2ndhalf of FY13, it is actually 19.5% lower. There exists a strong seasonal factor in the company's earnings with fishing revenue traditionally accelerating in the 2nd half. We suspect the miss in earnings are likely top line driven, with either weaker prices or slower catches attributing to the negative surprise.

Should the company wish to maintain the previous years total dividend of 69cps, the payout rate will need to increase to 59.2%. Previous talks with management showed a reluctance to move significantly above the 50% payout level, thus there exists a high probability that we might see a dividend cut.

Target price and recommendation

Results are expected to be released on SENS on 28 August 2014 and in the press on 29August 2014; as such left our forecasts and target price unchanged and retain our BUY recommendation for the meantime.

BVN closing price vs Target Price



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