

20 August 2014

Bidvest Namibia	Target Price (c)	1400
FY14 Results Trading Statement	Current Price (c)	1303

Year End 30 June	2011	2012	2013	2014F	2015F	Recommendation	BUY
Revenue (N\$m)	1,919	2,702	3,355	3,700	4,149	NSX Code	BVN
EBITDA (N\$m)	545	647	601	633	717	Market Cap (N\$m)	2,762
Net profit (N\$m)	384	461	427	444	507	Shares in Issue (m)	212
HEPS (c)	120.0	140.3	129.5	141.5	164.5	Free float (%)	40
HEPS growth (%)	37.4	16.9	-7.7	9.3	16.3	52 week high	1303
DPS (c)	54.0	63.0	69.0	74.0	82.0	52 week low	1251
P/E (x)	10.17	8.90	9.80	8.98	7.72	Expected 12 m return (%)	16.3
DY (%)	4.3	5.0	5.4	5.8	6.5		

Source: BWH, IJG

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 115.2 and 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.

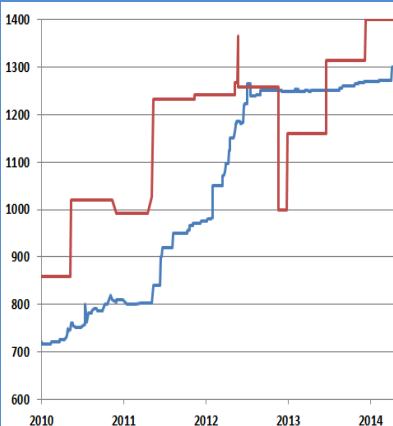
The midpoint HEPS of 116.6cps implies 2nd half HEPS of 60.6cps, which at first sight seems good considering the 9.3% increase on the previous half. However compared to the 75.3cps of the 2nd half of FY13, it is actually 19.5% lower. There exists a strong seasonal factor in the company's earnings with 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 29 August 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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