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Evergreen Fibreboard Bhd

Over the past week, Johor-based Evergreen Fibreboard saw sharply higher trading volume, which drove its share price to rally 5.1% to a high of 62.0 sen, before paring back gains to close at 60.5 sen on Wednesday.

Evergreen Fibreboard produces wood-based products such as medium density fibreboard (MDF), particleboard and a wide range of wooden furniture. The company also manufactures downstream products such as paper, veneer, printed, melamine board laminations and knock down furniture.

It operates seven manufacturing plants in Malaysia, three in Thailand and one each in Indonesia and Singapore. Annual production capacity for its medium density fibreboard (MDF) and particleboard operations exceed 1.30 million cubic meters. The company's products are mainly exported to Middle East and Southeast Asia.

Over the past two years, the company has been experiencing consecutive annual decline in revenue, from RM1.06 billion in 2011 to RM938.7 million in 2013. Following weak demand from the Middle East, a supply glut in fibreboard and wood products, and rising production and logistic costs, Evergreen fell into the red last year, for the first time since its listing in 2005.

It posted net losses of RM42.8 million in 2013, from net profit of RM32.2 in 2012. This trend continued into 2014, with net losses of RM14.2 million so far for the first nine months of 2014. At its peak, the company chalked up net profit of just under RM120 million in 2007 and 2010.

Evergreen's balance sheet has a net gearing ratio of 32.5% with its last dividend paid of 1 sen per share in 2012. No dividends were paid in 2013. Although the stock is trading at just 0.4 times book, Evergreen's fundamentals appear unexciting given the uncertain earnings outlook. The Edge Research rates it a Fundamental Score of 0.75 out of 3.0.



Valuation factor *	1.20
Fundamental factor **	0.75
Trailing 12m P/E (x)	0.00
Trailing 12m PEG (x)	0.00
P/NAV (x)	0.38
Trailing 12M Dividend yield (%)	0.00
Market capitalisation (RM mil)	302.66
Shares outstanding (ex-treasury) mil	512.98
Beta	1.28
12-month price range	0.46 - 0.67

*Valuation factor — Composite measure of historical return & valuation

**Fundamental factor — Composite measure of balance sheet strength & profitability

Note: A score of 3.0 is the best to have and 0.0 is the worst to have

EVERGREEN FIBREBOARD BHD (ALL FIGURES IN RM MIL)	FY11 31/12/2011	FY12 31/12/2012	FY13 31/12/2013	LATEST 3QFY14 30/9/2014
Income Statement				
Turnover	1,062.0	1,032.0	938.7	234.5
EBITDA	139.5	108.5	33.2	30.9
Depreciation and amortisation	63.3	68.2	68.3	15.9
EBIT	76.2	40.3	(35.1)	15.0
Associates	0.9	(0.8)	-	-
Interest income	2.0	1.6	1.0	0.2
Interest expense	13.6	15.3	14.9	3.2
Extraordinary gain/(loss)	-	-	-	-
Pre-tax profit/(loss)	65.5	25.7	(49.0)	12.0
Net profit/(loss) - owners of company	63.6	32.2	(42.8)	10.1
Balance sheet				
Fixed assets - PPE	882.6	863.5	839.9	808.9
Biological assets	-	15.2	16.0	16.1
Intangibles & goodwill	19.8	19.8	19.7	19.7
Cash and equivalents	119.0	83.9	55.6	53.1
Total current assets	394.5	458.7	411.2	405.2
ST borrowings	117.5	228.4	268.2	268.4
Total current liabilities	265.7	348.7	399.8	403.8
Total assets	1036.0	1008.0	887.0	846.1
Shareholders' fund	809.1	825.8	786.2	776.1
Long term borrowings	200.0	142.6	69.0	37.1

EVERGREEN FIBREBOARD BHD RATIOS	FY11 31/12/2011	FY12 31/12/2012	FY13 31/12/2013	ROLLING 12-MTH
DPS (RM)	0.02	0.01	-	-
Net asset per share (RM)	1.58	1.61	1.53	1.51
ROE (%)	8.10	3.93	(5.31)	(2.60)
ROA (%)	6.20	3.15	(4.51)	(2.24)
Turnover growth (%)	11.61	(2.83)	(9.01)	2.20
Net profit growth (%)	(40.67)	(49.40)	-	-
Net margin (%)	5.98	3.11	(4.56)	(2.19)
Current ratio (x)	1.48	1.31	1.02	1.00
Gearing (%)	24.52	34.76	35.81	32.51
Interest cover (x)	10.27	7.09	2.22	4.05

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