


DMG & Partners Research
CONSUMER

Lynette Tan
 +65 6232 3895
 lynette.tan@sg.oskgroup.com

Terence Wong, CFA
 +65 6232 3896
 terence.wong@sg.oskgroup.com

Consumer

The company imports, exports, licenses, distributes and retails consumer fashion wear and accessories and timepieces. It also has its own proprietary brand, RAOUL.

Stock Profile/Statistics

	FJB SP
Bloomberg Ticker	STI
Issued Share Capital (m)	2786.9
Market Capitalisation (S\$m)	568.7
52 week H L Price (S\$)	170.6
Average Volume ('000)	0.44 0.29
YTD Returns (%)	407.4
Net gearing (%)	(29.4)
Altman Z-Score	25.3
ROCE/WACC	2.5
Beta (x)	0.8
Book Value/share (S¢)	1.2
	24.1

Major Shareholders (%)

Benjamin Family	27.1
Lim Eng Hock	17.8
Raffles Investments	11.0
Aberdeen Asset Management	7.8

Share Performance (%)

Month	Absolute	Relative
1m	(4.8)	(9.2)
3m	(6.3)	(5.0)
6m	(20.0)	(8.3)
12m	(29.4)	(14.1)

6-month Share Price Performance

1QFY12 Results Review

Private Circulation Only

F J BENJAMIN

BUY	↔
Price	S\$0.30
Previous Target	S\$0.44
Target	↔ S\$0.44

Commendable results, challenging environment

FJB achieved PATMI of S\$3.8m (+19% YoY) in 1QFY12, on the back of a 16% growth in revenue to S\$96.0m. The results were in line with our estimates. The higher revenue was largely due to improved performance across its key markets, despite the economic uncertainty unfolding in US and Europe. While consumer sentiment in Asia remains healthy, it could still soften with the growing Eurozone uncertainty, which could result in a challenging operating environment for FJB. FJB's strong brand portfolio, Asian retail network and management's ability at managing inventory and costs while maintaining margins would help it ride out the uncertain environment. Maintain BUY with TP of S\$0.44.

Asia is still attractive for retailers. Revenue from its Hong Kong and China markets rose sharply by 35% and 67% respectively, with the introduction of new brand and more points-of-sale amidst strong consumer demand. We view this as an indication that demand for lifestyle brands is still healthy, especially in China and Hong Kong, with a growing Asian middle class that is more affluent. Hence, this provides FJB with opportunities to try and secure rights to distribute and retail fashion labels that are looking to expand in Asia.

Good management policies help improve margins. On a QoQ basis, revenue edged up 8%. Coupled with good cost management policies, operating margins improved sequentially (1QFY12: 6.5% vs 4QFY11: 6.1%).

Gearing rises as Group expands business to drive growth. FJB's borrowings increased 32% over the past quarter, mainly due to the funding of its business growth and expansion, especially in Indonesia. As a result, net gearing was 25.3% as at end 1QFY12 (vs 5.5% at end FY11).

FYE 30 Jun (S\$m)	FY09	FY10	FY11	FY12F	FY13F
Turnover	299.9	289.4	353.9	380.0	408.3
Net profit	(2.7)	8.3	13.0	16.0	18.7
% chg YoY	-118.0	-410.4	56.9	23.7	16.6
Consensus				15.6	18.3
EPS (S¢)	(0.5)	1.5	2.3	2.8	3.3
DPS (S¢)	0.5	2.0	2.0	2.0	2.0
Div Yield (%)	1.6	6.6	6.6	6.6	6.6
ROE (%)	-2.0	6.0	9.9	11.7	12.8
ROA (%)	-1.1	3.2	4.6	5.5	6.2
P/E (x)	n.m.	21.0	13.4	10.8	9.3
P/B (x)	1.3	1.3	1.3	1.3	1.2

Source: Company and DMG Estimates

DMG & Partners Securities Pte Ltd may have received compensation from the company covered in this report for its corporate finance or its dealing activities; this report is therefore classified as a non-independent report. Please refer to important disclosures at the end of this publication.

Figure 1: Quarterly financials

YE 30 Jun (S\$m)	1Q12	1Q11	YoY%	4Q11	QoQ%	Remarks
Revenue	96.0	82.9	15.8%	88.9	8.0%	In line with expectations
Cost of sales	(54.2)	(46.8)	15.9%	(52.3)	3.7%	
Other income	1.4	0.5	N.M.	2.3	-37.7%	
Depreciation	(1.5)	(1.7)	-8.3%	(1.7)	-8.3%	
Rental of premises	(11.0)	(10.9)	1.1%	(11.7)	-5.2%	
Other operating expenses	(24.3)	(21.6)	12.6%	(20.2)	20.8%	
Finance cost	(0.4)	(0.4)	12.0%	(0.6)	-26.6%	
	-	-	0.0%	(0.2)	-	
Exceptional items					100.0%	
Forex gain/(loss)	(0.9)	1.8	N.M.	(1.9)	-52.7%	
	0.5	0.4	11.8%	(0.2)	-	
Share of associates					371.3%	
Profit before taxes	5.4	4.2	30.9%	2.7	104.2%	
Income tax	(1.8)	(1.0)	84.3%	(0.3)	417.3%	
Minority interest	0.1	-	100.0%	-	0.0%	
Net income	3.8	3.2	19.1%	2.3	64.0%	In line with expectations
<u>Margins</u>						
Gross	43.5%	43.5%	0.0ppts	41.2%	2.3ppts	
Operating profit	6.5%	2.8%	3.7ppts	6.1%	0.4ppts	
PBT	5.7%	5.0%	0.7ppts	3.0%	2.7ppts	
PATMI	4.0%	3.9%	0.1ppts	2.6%	1.4ppts	

Source: Company

FINANCIAL SUMMARY

Year End 30 Jun (\$\$m)				
Income Statement				
	FY10	FY11	FY12F	FY13F
Revenue	289.4	353.9	380.0	408.3
Cost of sales	(170.1)	(202.5)	(216.6)	(232.8)
Other income	10.4	5.8	7.6	8.2
Depreciation	(7.6)	(6.3)	(7.3)	(7.1)
Rental of premises	(41.1)	(45.9)	(51.3)	(56.4)
Other operating expenses	(71.5)	(86.9)	(92.3)	(99.2)
Finance cost	(1.7)	(1.7)	(1.9)	(1.7)
Exceptional items	(0.4)	(0.8)	-	2.0
Share of associates	1.8	1.5	1.9	2.0
Profit Before Taxes	9.2	17.0	20.0	23.4
Income Tax Expense	(1.0)	(4.3)	(4.0)	(4.7)
Net Income	8.3	13.0	16.0	18.7
Balance Sheet				
	FY10	FY11	FY12F	FY13F
Fixed Assets	31.3	29.8	30.5	28.4
Others	12.5	14.1	15.2	15.7
Non-Current Assets	43.8	44.4	46.2	44.6
Inventories	86.5	94.4	112.1	128.4
Trade debtors	43.5	57.6	60.8	63.3
Others	22.0	22.5	24.3	28.2
Cash at bank and on hand	59.7	65.2	49.6	38.7
Current Assets	211.7	239.7	246.8	258.6
Total assets	255.5	284.1	293.1	303.2
Trade and other creditors	62.0	74.9	83.6	89.8
Bank borrowings	50.5	71.3	64.2	57.8
Others	1.7	2.6	4.4	5.0
Current liabilities	114.1	148.8	152.1	152.7
Bank borrowings	1.4	-	-	-
Others	2.8	3.8	3.8	4.0
Non-current liabilities	4.2	3.8	3.8	4.0
Total liabilities	118.4	152.6	156.0	156.7
Net assets	137.2	131.5	137.1	146.5
Share capital	165.4	165.4	165.4	165.4
Reserves	(28.4)	(33.9)	(28.3)	(18.9)
	137.1	131.6	137.2	146.6
Minority interest	0.1	(0.1)	(0.1)	(0.1)
Shareholder's funds	137.2	131.5	137.1	146.5

Cash Flow				
	FY10	FY11	FY12F	FY13F
Profit Before Taxation	9.2	17.0	20.0	23.4
Non-cash items	11.5	4.5	7.3	6.8
Changes in Working Capital	4.5	(11.1)	(12.2)	(12.6)
Income Tax Paid	0.9	(3.3)	(2.3)	(4.0)
Net cash from operations	26.2	7.1	12.9	13.6
Purchase of fixed assets	(5.1)	(7.8)	(8.0)	(5.0)
Interest received	0.1	0.1	0.0	0.0
Others	11.1	(0.4)	-	-
Net cash used in investments	6.0	(8.2)	(8.0)	(5.0)
Net proceeds from share issue	-	-	-	-
(Repayment of)/Proceeds from bank borrowings	(6.8)	11.4	(7.2)	(6.4)
Interest paid	(1.8)	(1.8)	(2.0)	(1.8)
Dividends paid	(2.8)	(11.4)	(11.4)	(11.4)
Others	-	-	-	-
Net cash from financing	(11.4)	(1.7)	(20.5)	(19.6)
Net increase / (decrease) in cash	20.8	(2.8)	(15.6)	(11.0)
Cash (beginning)	14.8	35.5	32.4	16.8
Net effect of exchange rate	(0.0)	(0.3)	-	-
Cash (end)	35.5	32.4	16.8	5.9

Ratios				
	FY10	FY11	FY12F	FY13F
Growth & Margin (%)				
Revenue Growth	(3.5)	22.3	7.4	7.5
EBIT Growth	413.2	89.9	11.2	5.0
EBIT Margin	3.3	5.1	5.3	5.2
Pretax Profit Growth	(545.9)	84.7	17.6	16.6
Pretax Profit Margin	3.2	4.8	5.3	5.7
Tax rate	10.5	26.0	20.0	20.0
Net Income Growth	(410.4)	56.9	23.7	16.6

Revenue Breakdown				
	FY10	FY11	FY12F	FY13F
Retail	152.1	180.4	198.4	218.3
Distribution	77.7	98.4	104.2	109.4
Export	59.6	75.1	77.4	79.7
Total	289.4	353.9	380.0	408.3

Source: Company and DMG estimates

DMG & Partners Research Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated: Stock is not within regular research coverage

DISCLAIMERS

This research is issued by DMG & Partners Research Pte Ltd and it is for general distribution only. It does not have any regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this research report. You should independently evaluate particular investments and consult an independent financial adviser before making any investments or entering into any transaction in relation to any securities or investment instruments mentioned in this report.

The information contained herein has been obtained from sources we believed to be reliable but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions and views expressed in this report are subject to change without notice.

This report does not constitute or form part of any offer or solicitation of any offer to buy or sell any securities.

DMG & Partners Research Pte Ltd is a wholly owned subsidiary of DMG & Partners Securities Pte Ltd, a joint venture between OSK Investment Bank Berhad and Deutsche Asia Pacific Holdings Pte Ltd (a subsidiary of Deutsche Bank Group). DMG & Partners Securities Pte Ltd is a Member of the Singapore Exchange Securities Trading Limited.

DMG & Partners Securities Pte Ltd and their associates, directors, and/or employees may have positions in, and may effect transactions in the securities covered in the report, and may also perform or seek to perform broking and other corporate finance related services for the corporations whose securities are covered in the report.

As of the day before 15 November 2011, DMG & Partners Securities Pte Ltd and its subsidiaries, including DMG & Partners Research Pte Ltd, do not have proprietary positions in the subject companies, except for:

- a) Nil
- b) Nil

As of the day before 15 November 2011, none of the analysts who covered the stock in this report has an interest in the subject companies covered in this report, except for:

- | Analyst | Company |
|---------|---------|
| a) Nil | |
| b) Nil | |

DMG & Partners Research Pte. Ltd. (Reg. No. 200808705N)

Kuala Lumpur	Hong Kong	Singapore
Malaysia Research Office OSK Research Sdn. Bhd. 6 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Malaysia Tel : +(60) 3 9207 7688 Fax : +(60) 3 2175 3202	OSK Securities Hong Kong Ltd. 12 th Floor, World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908	DMG & Partners Securities Pte. Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211
Jakarta	Shanghai	Phnom Penh
PT OSK Nusadana Securities Indonesia Plaza CIMB Niaga, 14th Floor, Jl. Jend. Sudirman Kav.25, Jakarta Selatan 12920, Indonesia. Tel : (6221) 2598 6888 Fax : (6221) 2598 6777	OSK (China) Investment Advisory Co. Ltd. Room 6506, Plaza 66 No.1266, West Nan Jing Road 200040 Shanghai China Tel : +(8621) 6288 9611 Fax : +(8621) 6288 9633	OSK Indochina Securities Limited No. 1-3, Street 271, Sangkat Toeuk Thla, Khan Sen Sok, Phnom Penh, Cambodia Tel: (855) 23 969 161 Fax: (855) 23 969 171
Bangkok		
OSK Securities (Thailand) PCL 191, Silom Complex Building 16th Floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand Tel: +(66) 2200 2000 Fax : +(66) 2632 0191		