

*Hot Stock*

## **GFM rises 4% following positive analyst outlook**

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KUALA LUMPUR (Feb 12): Shares in GFM Services Bhd rose 4% in the morning session today against the backdrop of a positive analyst outlook on the stock.

At 12.28pm, GFM rose 2 sen to 52 sen with 243,700 shares done.

In an investment idea note today, Rakuten Trade recommended a "buy" rating on the facility management specialist at 50 sen with a target price of 60 sen based on 13x PER FY18 of FBM Small Cap.

It said the valuation is premised on GFM's proposed acquisition and potential move to the Main Board may see renewed interest in the stock.

Rakuten said GFM's proposed acquisition of KP Mukah Sdn Bhd, which holds the concessionaire until 2035 to provide facilities management to UiTM in Mukah, Sarawak for RM130 million valuing at 7.3x PER, that is set to more than double their earnings.

"The inclusion of UiTM Mukah would see GFM as a concession owner with earnings visibility for 18 years and is expected to complete by 3Q18.

"GFM's existing orderbook of RM262 million from 26 ongoing projects are expected to provide earnings visibility and recurring income for three to five years," it said.

Rakuten said GFM's net margins remain higher than its peers at 15% coupled with a 40% dividend policy of net profits translating to yield at 4%.

"GFM is expected to achieve double digit earnings growth [in] FY18, achieving RM30 million net profit in FY19 translating to 7.8x PER," it said.

*SOURCE:*

*<https://www.theedgemarkets.com/article/gfm-rises-4-following-positive-analyst-outlook>*