

Quick Comment

Finbar Group Ltd (FRI \$1.25) Buy

Analyst	Date	Price Target
Gavin Allen	27 th July 2015	\$1.79/sh

2015 earnings and dividend guidance Title

Key points

- FRI have released full year 2015 guidance looking for \$25.5m (we were forecasting \$25.3m) and a final dividend of 6c, again in line with expectations.
- This equates to full year dividends of 10c per share, which we believe to be maintainable long term, and consequently the stock yields 8% fully franked.
- FRI had a record cash balance of \$69m at June 30 and are well placed to fund future growth beyond what is already an impressive project pipeline.
- The business has presales in place of \$400m compared to \$239m this time last year and while project timing will always play a part, FRI is well placed for medium term growth.
- The next significant milestone is the Civic Heart project, which will be launched shortly and at \$400m is the largest project ever undertaken by FRI. A good presales outcome on this project would be a significant catalyst in our opinion. Importantly the Aurelia project, next door to the Civic Heart, achieved very strong presales on launch in February.

Investment Thesis

In general FRI are finding market conditions steady. At \$1.25 the stock trades at 11x the guided \$25.5m and yields 8% fully franked, which is hardly demanding. The level of presales is however very strong and this, together with the Civic Heart project (soon to be launched) and we would expect FRI to see steady growth over the medium term consistent with our \$1.79 PT.

Finbar Group (FRI)

Share Price	1.25	A\$/sh	Enterprise Value	220	A\$/m
Price Target	1.79	A\$/sh	Corp Debt	0	A\$/m
Valuation	1.79	A\$/sh	Cash	69	A\$/m
Shares on issue	229.1	m(dil)			
Market Capitalisation	288.7	A\$m			

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