

In this edition of our Listed Company Insight segment, we're catching up with **Mr Deepak Rathod, Chief Operating Officer of RB Patel Group Limited (RBG)**; one of the top five SPSE listed companies both by way of market share and investor demand.

Because RBG is listed on the Exchange, Fijians like yourself, have the opportunity to **INVEST** in and become part-owners of this great and growing business.



GROUP RESULTS & FINANCIAL PERFORMANCE

SPSE: 2016 was a relatively strong financial year for RBG, with Profit after tax up 24.2%. What would you attribute these strong financial results to?

In this highly competitive Omni channel world, retailers must truly differentiate or die. In terms of our retail branding and value proposition we continue to strive to create value for our customers. This value proposition is ingrained in our logo: **WE MAKE IT EASY - SAVE TIME, SAVE MONEY, GREAT RANGE.**

We have made our brand synonymous with breath of assortment and perceived value. Our low prices come through mastery of supply chain and being able to drive our stockholding and operating costs down while maintaining shelf stocks on a massive assortment of goods in store.

The result is that while consumers trust that they will have one stop shopping with everything they need they also believe that they get very good value at reasonable prices. The continued review of our operations at store level and how we buy and move products has also been a key part of our success.

Share Price Growth



TURNING CHALLENGES INTO OPPORTUNITIES

SPSE: What were the key challenges for the business in FY16

- The supermarket industry continues to see increases in store numbers without the corresponding increase in customers. This generally means more competition for the players already in the industry with the challenge of retaining and increasing customers and revenue.

	Jun-14	Jun-15	Jun-16
	FJD	FJD	FJD
Operating Revenue	101,491,391	104,944,604	114,815,886
Net Profit After Tax	5,927,552	5,919,319	7,351,154
Net Profit Margin	5.84	5.64	6.40

	Jun-14	Jun-15	Jun-16
	(%)	(%)	(%)
Return on Equity	23.54	22.01	24.46
Return on Assets	12.38	13.30	14.54

RETURNS TO SHAREHOLDERS

SPSE: RBG's Dividend per Share was increased to \$0.15 per share this year, reflecting Management's commitment to delivering a competitive return of 4.8% (Tax-Free) to investors. Can investors expect the same level of dividend yield for RBG shares moving forward?

Yes and we believe that this commitment is very achievable.

	Jun-14	Jun-15	Jun-16
	(%)	(%)	(%)
Dividend Per Share	\$0.14	\$0.14	\$0.15
Dividend Yield (Tax Free)	5.43	4.68	4.52
Capital Gain (Tax Free)	14.67	15.50	4.03

SPSE: What were the key challenges for the business in FY16

- Finding new shop locations has continued to be a very real challenge. Most populated areas are now saturated with shops and supermarkets. We are currently in discussions on a number of sites and developments.
- The industry also continues to be dominated by pricing as the primary means of attracting customers to stores. Strategies to counter this are required to be thought out on an ongoing basis.

Of course there are others but each challenge has brought opportunities or benefits to the way we have been forced to develop internal responses. In particular, the lack of growth due to the unavailability of sites has forced us to reengineer the manner in which we approach the operations at our stores together with our buying and sourcing practices. ***This reengineering has provided some very real benefits as our financial results indicate.***

GROWTH AND EXPANSION

SPSE: RBG's 2016 Annual Report has some exciting updates on the JetPoint expansion. What impact is this expected to have on the company's financial position and Shareholder value?

We at RB Patel always approach projects from the point of view of shareholder value. This project is no exception. The car park building will have nine shops and offices on the ground floor and should generate adequate revenue and parking space to enable us to continue with the next phase of development at the **JetPoint** complex which is expected to further add value to the complex.

SPSE: We note that there are further developments planned for HarbourPoint and a recently acquired property in Tamavua. Can you shed some light on what this plans may involve?

The **Lami** site was originally earmarked for three developments. The first was a supermarket and attached retail shops and offices. The second, which is currently on the drawing board may include further retail entertainment at the lower level and a multipurpose convention centre on the top floor. The **Tamavua** property was acquired to develop an apartment complex. The details are yet to be finalised.

FUTURE OUTLOOK

SPSE: What new projects or innovations can RBG customers and investors expect during this new financial year?

Apart from projects, RBG recently launched its Website together with the Online store for buying. This has been developed mainly to provide Fijians who live and work overseas as well as friends and relatives of those living in Fiji an opportunity to confidently buy a range of specific goods for those living in Fiji.

SPSE: There is insatiable demand for RBG shares. Would an additional issue of RBG shares to finance these capital projects be on the table?

There is a possibility but this may not happen anytime soon. In the past five years we have consistently retained a portion of retained earnings for these capital projects. RBG has embarked on a development stage to ensure that it benefits from its real estate portfolio as well as the trading side.



Mr. EsromY Immanu'el,
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Investment Advisor –
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Stockbroking industry recommendation: ACCUMULATE

RBG is moving to a mature stage but it is pleasing to note that the Company's strategies are to expand their shops further whilst diversifying into property investments which will make the company grow its earnings and asset base further in years to come to increase both company and shareholder value.

Your thoughts on current RBG share price? *Correctly valued for the time being and may move up further once their current projects start earning revenue.*

INTERESTED IN BUYING/SELLING RBG SHARES?

Current Dividend Yield: 4.8% (Tax-free)

Share Price (as at 19/Oct/16): \$3.15

Best Bid (as at 19/Oct/16): \$3.12

Best Offer (as at 19/Oct/16): Nil

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